Minutes

YPILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, May 27, 2003 – 3:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112


Members Absent: Peter J. Murdock

1. CALL TO ORDER: Stumbo called the meeting to order at 3:05 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the April 22, 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: Issuance of $1.85 Million YCUA Water Supply System No. 4 Bonds (Charter Township of Ypsilanti) - Dennis R. Neiman

   Mr. Neiman directed the Board’s attention to an amended and restated contract between the Authority and Ypsilanti Township, which he prepared. He indicated that the contract is regarding the sale of bonds in the amount of $1.85 million for the purposes of a water main replacement project at South Harris Road and a water main installation in Sherman Oaks subdivision. Mr. Neiman also explained that these two projects have been in the planning and design stages for over one year, they are at a stage where they cannot be abandoned, and it is in YCUA’s best interests that they proceed. He pointed
out that the Authority does not have sufficient fund balance to complete the projects at this time; therefore these bonds are being sold. Mr. Neiman explained that this is a standard contract for a bond sale.

He further advised that the Sherman Oaks water main project is a special assessment district, so the Authority will be reimbursed through special assessments by the Township for that portion of the cost of the debt service. Mr. Neiman stated that the remaining debt service would be paid through the surcharge recently enacted by the Township.

Mr. Neiman recommended approval of YCUA - Charter Township of Ypsilanti Amended and Restated Contract re: Issuance of $1.85 Million YCUA Water Supply System No. 4 Bonds (Charter Township of Ypsilanti).

Brenda L. Stumbo inquired as to whether a special will be called for this bond sale. Mr. Neiman responded that the bond issue has been planned around the regular YCUA Board meeting schedule.

Karen Lovejoy Roe inquired as to how much of the bond payment would be paid through the special assessment and how much is going to be paid by the Authority. Larry R. Thomas responded that the special assessment would cover only the construction costs at Sherman Oaks, the amount of which has yet to be determined since the contract has yet to be bid. Scott Westover interjected that the construction estimate for Sherman Oaks is about $680,000.

Motion by Doe to approve the recommendation regarding the YCUA - Charter Township of Ypsilanti Amended and Restated Contract re: Issuance of $1.85 Million YCUA Water Supply System No. 4 Bonds (Charter Township of Ypsilanti). Support by Roe. In favor: All. Opposed: None. (Motion carried)

B. YCUA Resolution No. 03-14 Approving Amended and Restated Contract and Authorizing the Issuance of $1.85 Million YCUA Water Supply System No. 4 Bonds (Charter Township of Ypsilanti) - Dennis R. Neiman

Mr. Neiman directed the Board’s attention to a resolution regarding the contract approved in item 3.A and which he also prepared.

Mr. Neiman recommended approval of YCUA Resolution No. 03-14 Approving Amended and Restated Contract and Authorizing the Issuance of $1.85 Million YCUA Water Supply System No. 4 Bonds (Charter Township
Motion by Roe to approve the recommendation regarding the YCUA Resolution No. 03-14 Approving Amended and Restated Contract and Authorizing the Issuance of $1.85 Million YCUA Water Supply System No. 4 Bonds (Charter Township of Ypsilanti). Support by Doe. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Rebuild of McGregor Pumping Station Motor Rotor - T. Michael Jessee

Mr. Jessee directed the Board’s attention to his letter regarding a repair needed for a pump at the McGregor Road pumping station. He indicated that this station pumps the treated wastewater from YCUA’s plant to the Rouge River. Mr. Jessee also explained that this particular pump is in need of repair or replacement. He pointed out that prices were secured for both. Mr. Jessee explained that replacement would cost $55,000 and repair would cost $21,165. He further advised that the repair is less costly than replacement and faster. Mr. Jessee stated that funds would be authorized from the Wastewater Treatment Plant improvement fund.

Mr. Jessee recommended approval of request to rebuild McGregor Pumping Station motor rotor at a cost of 21,165 with funds to be authorized from the Wastewater Treatment Plant improvement fund.

Brenda L. Stumbo inquired as to how long a rebuild will take and how long it will last. Mr. Jessee responded that it would take three weeks and that the work comes with a one-year warranty. He further commented that if the work is done properly, which he anticipates it will be, the repair should last indefinitely.

Larry J. Doe inquired as to the length of the warranty on a new unit. Mr. Jessee responded that new units generally come with one-year warranties as well.

Ms. Stumbo asked what factors dictated the decision to go with a rebuild versus a new unit. Mr. Jessee responded that, if the rebuild price were 70% or more of the replacement cost, YCUA would go with a new unit. He added, however, that taking into consideration the financial situation of the Authority, they decided to lower that percentage in this case.

Ms. Stumbo inquired asked, if the financial situation were different, would he
make the same recommendation. Mr. Jessee responded affirmatively.

Motion by Roe to approve the recommendation regarding the request to rebuild McGregor Pumping Station motor rotor at a cost of $21,165 with funds to be authorized from the Wastewater Treatment Plant improvement fund. Support by Doe. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Change Order No. 2 re: Ultraviolet Disinfection Project - Larry R. Thomas

Mr. Thomas directed the Board’s attention to Change Order No. 2 for the ultraviolet disinfection project at the wastewater plant. He indicated that the change order is in the amount of $40,851.09 and covers six changes. Mr. Thomas also explained that the changes and reasons for the changes are detailed in the packet information. He pointed out that all of these changes were discussed with staff prior to work proceeding and are recommended by Authority staff for approval. Mr. Thomas explained that all of the changes provide added value to the project for YCUA or are justified due to weather conditions. He further advised that sufficient funds are available in YCUA’s contingency fund to cover the expenses of Change Order No. 2.

Mr. Thomas recommended approval of Change Order No. 2 re: Ultraviolet Disinfection Project in the amount of $40,851.09.

Thomas A. Allbaugh interjected that a signed copy of the change order had been received from WTUA, indicating that they concur with the changes therein.

Larry J. Doe inquired as to whether any of the equipment listed in item 201 is interchangeable with anything else. Mr. Allbaugh indicated that this 48—volt power supply equipment was required so that the sump pumps can be interchangeable with other sump pumps in the plant, which is advantageous in the event that a pump should ever go down without warning. Mr. Doe inquired as to how many pumps are in place. Mr. Allbaugh responded that there are two, one as a backup and one in use. Mr. Doe asked if the cost of the pumps is the same. Mr. Allbaugh responded that he did not recall that there was any cost associated with changing the pumps from 240 volt to 480 volt.

Brenda L. Stumbo inquired as to whether the Washtenaw County Road Commission will allow boring on item 206. Mr. Allbaugh responded that they did not want an open cut across McGregor and that there is a cost to drill
under the pavement so that it is not damaged.

Larry J. Doe inquired as to whether, when presenting bid requests, should YCUA know in advance if the road commission will require the Authority to construct in certain ways and whether, if the bidding process allowed for such “worst case scenarios,” any cost savings might be realized. Mr. Allbaugh responded that, in most cases, they are in communication with the road commission but that, in this case, he did not know if they were consulted in advance. Ms. Stumbo interjected that she was under the impression that, in the past, it was standard procedure to consult the road commission prior to issuing RFPs.

Edward B. Koryzno, Jr. commented that, for the record, the 141-day delay was due to the Authority’s inability to have the agreement concerning the funding of the construction trust account negotiated with WTUA.

Brenda L. Stumbo inquired as to whether the Ultraviolet Disinfection was currently online. Dr. S. Joh Kang responded that the system was up and running. Tom Allbaugh interjected that the three-day trial operation period is half over.

Larry J. Doe asked if the project was on schedule. Mr. Allbaugh responded that, from the original schedule, it was anticipated that the project would be completed by the end of 2002, putting the project behind by 140 days. Mr. Doe further inquired as to the status of the old chlorine gas. Perry M. Thomas responded that less than 1,000 pounds remain on site and can be returned.

Motion by Koryzno to approve the recommendation regarding the Change Order No. 2 re: Ultraviolet Disinfection Project in the amount of $40,851.09. Support by Roe. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Elimination of Safety Savings Bond Program - Larry R. Thomas

Mr. Thomas advised the Board that, due to the current financial situation of the Authority, he is recommending the amendment of the policy of issuing savings bonds to employees who experience no lost-time injuries within a two-year period. He indicated that this amendment would recognize employees for their safety efforts by rewarding them a Certificate of Achievement. Mr. Thomas also explained that, by eliminating the savings bonds, YCUA would cut approximately $3,500 from its annual expenses. He
pointed out that it is important that employee safety continue to be the priority it has always been at the Authority, but that it is also time to review a program that is over 17 years old.

Mr. Thomas recommended approval of the language change in YCUA’s safety policy to reflect elimination of the savings bond program.

Motion by Doe to approve the recommendation regarding the language change in YCUA’s safety policy to reflect elimination of the savings bond program. Support by Roe. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Commencement of Work on Kingwood Street Sanitary Sewer Repairs  – Martin Jeppesen

Mr. Jeppesen advised the Board that, as part of the City main replacement projects, the Authority has undertaken the televising of many of the sewer mains in the effected areas. He indicated that YCUA’s crews have made repairs of any sewers where needed and two breaks in Kingwood Street where identified. Mr. Jeppesen explained, however, that the sewers are too deep for YCUA’s equipment to repair. He pointed out that Scott Martin, Superintendent of Service, requested quotes from two contractors working in the area, SBG and Anderzak-Pitzen. Mr. Jeppesen also explained that the Authority received a quote for the repairs from SBG at a cost not to exceed $15,000. He further advised that Anderzak-Pitzen declined to give us a quote, as they did not want to do the job at all. Mr. Jeppesen stated that this is borderline emergency work as the sewer has collapsed. He acknowledged that flow is still moving through the collapsed sewer but it could become plugged at any time. Mr. Jeppesen confirmed that there is an old account in the City division titled “Improvement Fund,” which, at the present time, has a balance of approximately $48,000. He explained that the only restriction on the use of this money is Board approval.

Mr. Jeppesen recommended approval of the request to commence work on the Kingwood Street sanitary sewer repairs in the amount of $15,000 to be funded through the City Division Improvement Fund.

Motion by Roe to approve the recommendation regarding the request to commence work on the Kingwood Street sanitary sewer repairs in the amount of $15,000 to be funded through the City Division Improvement Fund. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve – YCUA Resolution No. 03-13 Creating Checking
Account for YCUA Health Insurance Fund - Larry R. Thomas

Mr. Thomas advised that Board that the Authority needs to set up a new checking account for the YCUA health insurance plan. He reminded them that YCUA has a self-funded insurance program and that, at the present time, funds are transferred to YCUA’s third-party administrator, Regency, as they are needed to pay out claims. Mr. Thomas indicated that new government regulations require an account of YCUA’s own, from which Regency will pay YCUA’s health insurance claims.

Mr. Thomas recommended approval of YCUA Resolution No. 03-13 Creating Checking Account for YCUA Health Insurance Fund.

Motion by Roe to approve the recommendation regarding the YCUA Resolution No. 03-13 Creating Checking Account for YCUA Health Insurance Fund. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

H. Second Quarterly Report - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the second quarterly report. He continued to give a detailed analysis of the information contained in the report.

Mr. Thomas highlighted information that indicates that purchased water from Detroit has decreased. He explained that much of that is due to the DWSD meter being inaccurate.

Ms. Stumbo asked what was being done to correct the Detroit meter problems and voiced her concern that, once Detroit does repair its meter, they will attempt to back-bill YCUA for the difference. Mr. Thomas indicated that the Authority has contacted DWSD and requested that they repaid the meter, but they have yet to do so.

Karen Lovejoy Roe commented that this report is more accurate than last year’s trend.

Mr. Thomas continued by directing the Board’s attention to new reports designed to better track consumption and revenues in the City and Township Divisions, particularly among the Authority’s largest customers. He pointed out that Hydramatic’s consumption has leveled off for December, January, February, and March but that their consumption is still significantly lower.
than it was in the past. He indicated that he recently spoke with representatives from Hydramatic and that they were noncommittal as to whether they will be using more water or discharging more sewage in the future. Mr. Thomas reported that they would be adding a 6-speed transmission line next year, which will increase usage somewhat. Mr. Thomas stated that this concerns him, somewhat, in terms of selling the excess capacity that the Authority presently has. He indicated that he will be talking with Hydramatic more in the near future in order to determine more specific information as to how much of their past capacity they may need back. Mr. Thomas added that there were a couple of strong potential customers for that capacity.

Karen Lovejoy Roe inquired as to the possibility of leasing that capacity on a temporary basis in case Hydramatic would need it back on a later date. Thomas E. Daniels responded that several problems occur in the practical matter of shutting off a lessee at the end of a lease. He indicated, therefore, that the lease issue should be further researched before it is an option.

Larry R. Thomas suggested that a committee be established, including one or two Board members, to discuss these options so that it would not be necessary to wait for a Board meeting to act.

Mr. Thomas recommended acceptance of the second quarterly report.

Motion by Koryzno to approve the recommendation regarding the Second Quarterly Report. Support by Roe. In favor: All. Opposed: None. (Motion carried)

I. Community Development Projects - Samuel S. Hu

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

1. Project Name: Huron Meadows Condominiums
   Proj. Location: Westside of Prospect Rd between Clark Rd. & Holmes Rd., Ypsilanti Township
   Project Stage: Detail Engineering and Permit Application (Water and Sewer Permits)
   Received by YCUA: March 20, 2003. (Model Water & Sewer)
   Developer: Huron Meadows Development, LLC, Plymouth, MI
   Engineer: Arpee/Donnan, Inc., Livonia, MI
   Background: The developer proposes to develop a
Multiple Family community.

Area of Development: 6.918 acres
Number of Units: 36 units
Estimated water use: 14,400 gpd (400 gpd/unit x 36 units)
Estimated sanitary sewer use: 10,800 gpd (300 gpd/unit x 36 units)
Equivalent to: 32 detached dwelling units

Informational only; no motion from the Board required.

J. Director’s Report - Larry R. Thomas

Mr. Thomas advised the Board that the Ypsilanti Township rate increase request was approved in the amount of 15% for water, an increase of two cents above the 15% in the second step, an increase in the surcharge of 5%, the discontinuance of the discount, and the automatic pass-through of DWSD increases.

He also advised that the Ypsilanti City Council had its first reading and approved an 8% increase in water, the discontinuance of the discount, and a 22% surcharge increase. Mr. Thomas stated that City Council elected not to include the automatic pass-through from DWSD in their ordinance. He indicated that the second reading was scheduled for June 3, 2003.

Brenda L. Stumbo offered to Edward B. Koryzno, Jr. that, if it would help, she would talk to City Council members about the automatic pass-through. Mr. Koryzno stated that she was welcomed to do so but indicated that he did not know if it would help.

Mr. Thomas added that the Authority was also still researching the possibility of early retirements.

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 $1,969,996.79 plus an addendum in the amount of $2,434,579.78. Support by Koryzno. 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 3:50 p.m. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

LARRY J. DOE, Secretary/Treasurer
DEPOSIT ACCOUNT/LOAN/LEASE RESOLUTION

Account Name: YCUA Health Insurance Account

X Business Corporation Non-Profit OR

Unincorporated Association Non-Profit

The undersigned certifies to being the Secretary of Ypsilanti Community Utilities Authority organized under the laws of the State of Michigan

hereafter "Company", and at a meeting duly called held at which a quorum of the Board of Directors was present or by other means authorized by law the following resolutions were duly adopted:

RESOLVED, that National City ("Bank") is designated a depository of the Company, with full authority to accept deposits of money, checks and other instruments (hereinafter "items") to the credit of this Company in accounts with Bank, in accordance with the oral or written instructions of any person making the deposit and subject to the present or subsequently amended Rules of Bank ("Rules") receipt of which is hereby acknowledged; and that this Company hereby guarantees to Bank the payment of all items which are deposited in its account(s) and the certification of these Resolutions by the undersigned shall bind the Company upon this guaranty.

RESOLVED, that Bank is authorized to pay or otherwise honor or apply in accordance with the Rules without inquiry and without regard to the application of the proceeds thereof, all checks, drafts and other orders for the payment, transfer or withdrawal of money from any and all accounts maintained by this Company with Bank, including those drawn to the individual order of a signer, when signed, accepted or endorsed by any ONE of the following officers, managers, employees or agents of this Company:

NAME
1. George Stommel
2. 
3. 
4. 
5. 

RESOLVED, that a facsimile signature of any or all of the above-named signers, regardless of by whom or by what means the facsimile signature is affixed, is to be relied on by Bank without any duty on the part of Bank to determine the genuineness of or authorization for said facsimile signature.

RESOLVED, that any none of the following officers, managers, employees or agents of this Company may negotiate and may bind this Company in one or more agreements with Bank and/or National City Leasing Corporation (collectively National City) to obtain loans and other credits, leases, including, but not limited to sales/leaseback transactions, and letters of credit subject to such terms as Bank may require including the power to contest judgment against the Company where permitted by law and to provide security by any means, including, but not limited to, assignment, transfer, endorsement, conveyance, mortgage, pledge, hypothecation and/or delivery of property of any kind at any time held or owned by this Company.

NAME
1. 
2. 
3. 
4. 
5. 

RESOLVED, that any of the above-named may access Safe Deposit Boxes, if any, leased in the name of the Company.

RESOLVED, that any of the above-named may bind this Company in one or more agreements with National City to provide night depository or any other banking related services.

RESOLVED, that National City be furnished a certified copy of these Resolutions and that National City is authorized to rely on these Resolutions until receipt by it of written notice, in form satisfactory to National City of any change or revocation hereof.

The undersigned certifies that the foregoing is a true copy of the resolutions so adopted, that such resolutions are still in full force and effect as of this date, and that such resolutions do not violate any charter or bylaw provision of this Company.

IN WITNESS WHEREOF, the undersigned has set his/her hand on the 27th day of May, 2003.

Secretary
Larry J. Doe
Bank Use Only

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# SIGNATURES REQUIRED

(Rev. 3/98) 0265
Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority held on the 27th day of May, 2003, at 3:00 p.m., Eastern Daylight Time.

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

ABSENT: Commissioners Peter J. Murdock

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

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 for the purposes set forth in the Act; and

WHEREAS, the Authority and the Charter Township of Ypsilanti (the “Local Unit”) intend to enter into the Amended and Restated Contract (as hereinafter defined) 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, which Amended and Restated Contract is attached hereto and made a part of this resolution; and

WHEREAS, the Amended and Restated Contract is hereby granted the approval of the Board of Commissioners of the Authority (the “Board”) and has been approved by the legislative body of the Local Unit and has been fully executed by the Local Unit, with execution by the Authority to be authorized hereby; and

WHEREAS, plans, specifications and estimates of cost for the System have been prepared by the
Authority’s consulting engineers (the “Consulting Engineers”), and are hereby granted the approval of the Authority; and

WHEREAS, under the provisions of the Amended and Restated 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 Amended and Restated 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 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.

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 6 hereof.
(c) “Contract” or “Amended and Restated Contract” means the Amended and Restated Contract between the Authority and the Local Unit, dated as of May 1, 2003 which has been approved by the Local Unit, and which the Authority hereby approves and authorizes its Chair and Secretary to execute, as attached to this resolution.

(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, 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.

(h) “Transfer Agent” means Fifth Third Bank, Michigan, Grand Rapids, Michigan.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by 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. Approval of Contract. The Contract is hereby approved, and the Chair and Secretary of the Board are hereby authorized to execute the Contract.
Section 4. Estimated Cost; Useful Life 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 approximately $1,850,000 is hereby approved and confirmed. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 5. 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, including a bond discount, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of $1,850,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 6. 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 fully-registered form in the denomination of $5,000 or multiples of $5,000 not exceeding for each maturity the principal amount of such maturity, dated as of July 1, 2003, numbered as determined by the Transfer Agent and mature on October 1 in the years and amounts as follows:

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The Bonds shall bear interest at a rate or rates to be determined on public sale thereof, but in any event not exceeding 7% per annum, payable on April 1, 2004, and semiannually thereafter, by check drawn on the Transfer Agent, mailed to the registered owner at the registered address, as shown on the registration books of the Authority maintained by the Transfer Agent. Interest shall be payable to the
registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Authority to conform to market practice in the future. The principal of the Bonds shall be payable upon presentation and surrender of the appropriate Bond at the office of the Transfer Agent.

The Bonds shall be subject to redemption prior to maturity as provided in Section 12 hereof.

Section 7. Execution and Delivery of Bonds; Transfer Agent Duties. The Bonds shall be signed with the facsimile signature of the Chair of the Authority and countersigned by the facsimile signature of the Secretary of the Authority. The Bonds shall have the corporate seal, or a facsimile thereof, of the Authority impressed or imprinted thereon. Fifth Third Bank, Michigan, Grand Rapids, Michigan is hereby appointed to act as Transfer Agent for the Bonds. No Bond of this series shall be valid until authenticated by an authorized officer of the Transfer Agent, if necessary. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Authority.
Upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

The Chair, Secretary or Director of the Authority is hereby authorized to execute an agreement with the Transfer Agent regarding the duties and responsibilities of the Transfer Agent.

If any Bond shall become mutilated, the Authority, at the expense of the holder of the Bond, shall execute, and the Transfer Agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Transfer Agent of the mutilated Bond. If any Bond issued under this resolution shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Transfer Agent and, if this evidence is satisfactory to both and indemnity satisfactory to the Transfer Agent shall be given, the Authority, at the expense of the owner, shall execute, and the Transfer Agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, Public Acts of Michigan, 1972, as amended, being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws, or any applicable law hereafter enacted in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Transfer Agent may pay the same without surrender thereof.

Section 8. 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.

Section 9. 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 10. 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 11. 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 12. Bond Form. The Bonds shall be in substantially the following form:
YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 4 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)

Interest Rate  Maturity Date  Date of Original Issue  CUSIP

October 1, ___  July 1, 2003

Registered Owner:

Principal Amount:  Dollars

YPSILANTI COMMUNITY UTILITIES AUTHORITY, a public corporation of the State of Michigan (the “Issuer”), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on April 1, 2004, and semiannually thereafter. Principal of this bond is payable upon presentation and surrender thereof at the principal office of Fifth Third Bank, Michigan, Grand Rapids, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the “Transfer Agent”). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is as of the fifteenth (15) day of the month prior to each interest payment date, the registered owner, at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent.

The bonds of this issue are 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 May 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 issue of bonds the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on the bonds of this issue when due.

This bond is one of a series of bonds of even Date of Original Issue, aggregating the principal sum of $1,850,000, 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 the System.

Bonds of this issue maturing October 1, _____ and October 1, _____ are subject to mandatory sinking fund redemption prior to maturity, by lot in such manner as the Transfer Agent may determine, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date on the dates and in the principal amounts as follows:

Bonds maturing in the years 2005 to 2013, inclusive, shall not be subject to redemption prior to maturity.

Bonds or $5,000 portions thereof maturing in the years 2014 to 2023, inclusive, shall be subject to redemption prior to maturity, at the option of the Authority, in any order and by lot within a single maturity, on any interest payment date on or after October 1, 2013. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption.

Notice of redemption shall be given to the registered owner of any bond to be redeemed by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the Authority kept by the Transfer Agent. Bonds shall be called for redemption in multiples of $5,000 shall be treated as representing the number of bonds obtained by dividing the denominations of the bond by $5,000 and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the registered owner thereof with the same interest rate and maturity. No further interest shall accrue on bonds called for redemption after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

Any bond may be transferred by the person in whose name it is registered, in person or by the registered owner’s duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver, a new bond or bonds, in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the registered owner requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required to issue, register the transfer of or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the day of that mailing.

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 said bonds, in order to make them valid and binding obligations of said Authority, 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,
This bond is not valid or obligatory for any purpose until the Transfer Agent’s Certificate of Authentication on this bond has been executed by the Transfer Agent.

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 Authority authorizing the issuance of the bonds.

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

YPSILANTI COMMUNITY UTILITIES AUTHORITY

By:  
BRENDA L. STUMBO, Chair

Countersigned:

By:  
LARRY J. DOE, Secretary/Treasurer
Certificate of Authentication

This bond is one of the bonds described in the above-referenced resolution.

FIFTH THIRD BANK, MICHIGAN
Grand Rapids, Michigan, Transfer Agent

By: _____________________________
    Authorized Signature

Date of Registration: ________________
Section 13. 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 14. 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 10 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 15. 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 depositaries 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 16. 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 17. 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 six (6) 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 18. Notice of Sale. The Secretary shall fix a date for sale of the Bonds and cause notice of sale of the Bonds to be published in The Bond Buyer, New York, New York, or any other newspaper approved by the Department of Treasury, at least seven (7) full days before the date fixed for sale of the Bonds. The notice of sale shall be in substantially the following form:
OFFICIAL NOTICE OF SALE
$1,850,000
YPSILANTI COMMUNITY UTILITIES AUTHORITY
COUNTY OF WASHTENAW, STATE OF MICHIGAN
WATER SUPPLY SYSTEM NO. 4 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)

SEALED, FAXED OR ELECTRONIC BIDS: Bidders may submit bids for the purchase of the above bonds follows:

SEALED BIDS will be received by the undersigned at the Offices of the Authority located at 2777 State Road, Ypsilanti, Michigan 48198 on Tuesday, the 24th day of June, 2003 until 3:00 p.m., Eastern Daylight Time at which time and place said bids will be publicly opened and read.

SEALED BIDS will also be received on the same date and until the same time at the office of the Michigan Advisory Council of Michigan (the “MAC”), 1445 First National Building, Detroit, Michigan 48226 at which time and place said bids will be simultaneously opened and read.

FAXED BIDS: Signed bids may be submitted by fax to the Authority at fax number (734) 484-4699, attention Secretary or by MAC members only to the MAC at (313) 963-0943; provided that faxed bids must be arrived before the time of sale and the bidder bears all risks of transmission failure and the GOOD FAITH DEPOSIT MUST BE MADE AND RECEIVED as described in the section contained “GOOD FAITH” below.

ELECTRONIC BIDS: Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or Client Services, 40 West 23rd Street, New York, New York 10010, (212) 812-0600. NO ELECTRONIC BID WILL BE ACCEPTED UNLESS THE BIDDER HAS SUBMITTED A FINANCIAL SURETY BOND OR A CERTIFIED OR CASHIERS CHECK IN THE AMOUNT DESCRIBED IN THE SECTION CAPTIONED “GOOD FAITH” BELOW. IF ANY PROVISIONS OF THIS NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE OF SALE SHALL CONTROL. NO CHANGE OF THE DATED DATE WILL BE ALLOWED FOR THE COMPUTATION OF THE WINNING BID.

BOND DETAILS: Said bonds will be registered bonds of the denomination of $5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of July 1, 2003, numbered in order of registration, and will bear interest from their date payable on April 1, 2004 and semiannually thereafter.

The bonds will mature on the 1st day of October of each of the years, as follows:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
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<tbody>
<tr>
<td>$55,000</td>
<td>2005</td>
</tr>
<tr>
<td>60,000</td>
<td>2006</td>
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<tr>
<td>65,000</td>
<td>2007</td>
</tr>
<tr>
<td>100,000</td>
<td>2015</td>
</tr>
<tr>
<td>105,000</td>
<td>2016</td>
</tr>
<tr>
<td>110,000</td>
<td>2017</td>
</tr>
</tbody>
</table>
TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in the years 2014 through 2023, inclusive, as serial bonds or term bonds or both. The bid must designate whether each of the principal requirements shown above for the years 2014 through 2023, inclusive, represent a serial maturity or mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule for the years 2014 through 2023, inclusive, shall be represented by either serial maturities or mandatory redemption requirements, or a combination or both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION: Bonds of this issue maturing in the years 2005 to 2013, inclusive, shall not be subject to redemption prior to maturity. Bonds or $5,000 portions thereof maturing in the years 2014 and thereafter, shall be subject to redemption prior to maturity, at the option of the Authority, in such order of maturity as the Authority may determine, and by lot within any maturity, on any interest payment date on or after October 1, 2013, at par accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the transfer agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the transfer agent to redeem said bond or portion thereof.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 7% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. Interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. The difference between the lowest and highest rates bid on the bonds shall not exceed 2% per annum. THE INTEREST RATE FOR EACH SERIAL OR TERM BOND MATURITY SHALL BE EQUAL TO OR GREATER THAN THE PRECEDING SERIAL OR TERM BOND MATURITY. No proposal for the purchase of less than all of the bonds or at a price less than 98.75% of their par value will be considered.

TRANSFER AGENT AND REGISTRATION: Principal and interest shall be payable at the corporate trust office of Fifth Third Bank, Michigan, Grand Rapids, Michigan, or such other transfer agent as the Authority may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check or draft mailed to the registered owner of record as shown on the registration books kept by the transfer agent as of the 15th day prior to an interest payment date. The bonds will be transferred only upon the registration books of

70,000 2008;  115,000 2018;
75,000 2009;  120,000 2019;
80,000 2010 and 2011;  125,000 2020;
85,000 2012;  135,000 2021;
90,000 2013;  140,000 2022;
95,000 2014;  145,000 2023.
the Authority kept by the transfer agent.

**BOOK-ENTRY ONLY:** The bonds will be issued in book-entry-only form only as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for the Depository Trust Company (“D.T.C.”), New York, New York. D.T.C. will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of $5,000 or any multiple thereof. Purchasers will not receive certificates representing their interests in bonds purchased. It shall be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds. The book-entry-only system is described further in the preliminary Official Statement for the bonds.

**PURPOSE AND SECURITY:** The bonds of this issue are payable solely from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti (the “Township”) to the Issuer pursuant to a certain Amended and Restated Contract (the “Contract”), between the Township and the Issuer, whereby the Issuer is to assist in the financing of the cost of the acquisition and construction of water supply system improvements and all appurtenances and attachments thereto, said system being designated as the 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 Township has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Township 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 issue of bonds the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on the bonds of this issue when due. The rights or remedies of bondholders may be affected by bankruptcy laws or other creditors’ rights legislation now existing or hereafter enacted.

**MICHIGAN PROPERTY TAX REFORM:** Legislation has been introduced in the Michigan legislature which, if enacted in its present form, would exempt either $10,000, $15,000, $20,000 or $25,000 of taxable value of personal property from collection. The final forms and thus the ultimate impact of this legislation, if enacted, on the Township's finances cannot be determined at this time. In addition, the Michigan Department of Treasury approved revisions to the State’s personal property tax tables which became effective in the year 2000 and which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal informally indicated that it might allow the new multipliers to be applied retroactively in pending personal property tax appeals. In anticipation of the new multipliers, many personal property taxpayers filed appeals of their existing tax assessments. The financial impact of the change in multipliers and any appeals, if successful, on the Township's operating revenues and revenues available for debt service is unknown. The ultimate nature, extent and impact of the legislation or administrative action and of other tax and revenue measures which are still under consideration cannot currently be predicted. No assurance can be given that any future legislation or administrative action, if enacted or implemented, will not adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of an investment therein. Purchasers of the Bonds offered herein should be alert to the potential effect of such measures upon the Bonds, the security therefor, and the operations of the Township.
GOOD FAITH: A certified or cashier’s check, or a Financial Surety Bond, in either instance in the amount of $37,000 drawn upon an incorporated bank or trust company and payable to the order of the Authority’s Treasurer is required for each bid as a guarantee of good faith on the part of the bidder, to be forfeited as a portion of the Authority’s damages if such bid be accepted and the bidder fails to take up and pay for the bonds. If a check is used, it must accompany the bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such Financial Surety Bond must be submitted to either the Authority’s financial advisor, Stauder, Barch & Associates, Inc. or the Municipal Advisory Council of Michigan, at least one hour, prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose good faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then the purchaser is required to submit its good faith deposit to the Authority in the form of a cashier’s check (or wire transfer such amount as instructed by the Issuer or its financial advisor) not later than Twelve o’clock, Noon, Eastern Daylight Time, on the next business day following the award. If such good faith deposit is not received by that time, the Financial Surety Bond may be drawn by the Authority to satisfy the good faith deposit requirement. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser of the bonds fails to honor its accepted bid, the good faith deposit will be retained by the Issuer. No interest shall be allowed on the good faith checks, and checks of the unsuccessful bidders will be promptly returned to each bidder’s representative or by registered mail. The good faith check of the successful bidder may be immediately cashed, in which event payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on April 1, 2004, and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to July 23, 2003, in an amount equal to the price bid, excluding accrued interest. Each bidder shall state in its bid the true interest cost to the Authority, computed in the manner specified above.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, assuming compliance with certain covenants, interest on the bonds is excluded from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation in the State of Michigan except inheritance taxes and taxes on gains realized from the sale, payment or other disposition thereof. The successful bidder will be required to furnish, prior to the delivery of the bonds, a certificate in a form acceptable to bond counsel as to the “issue price” of the bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the “Code”).

NOT QUALIFIED TAX EXEMPT OBLIGATIONS: Neither the Authority and the Local Unit have designated the Bonds as “qualified tax exempt obligations” for purposes of deduction of interest expense by financial institutions, pursuant to the Code.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be printed on the reverse side of each bond and the original of which will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds,
Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

**DELIVERY OF BONDS:** The Authority will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. Payment for the bonds shall be made in immediately available funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid for by the Authority; provided, however, that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

**THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.**

**OFFICIAL STATEMENT:** A Preliminary Official Statement that the Authority and the Township deem to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and exchange Commission, has been prepared and may be obtained from Stauder, Barch & Associates, Inc., financial advisors to the Authority, at the address and telephone listed under FINANCIAL CONSULTANT below. Stauder, Barch & Associates, Inc., will provide the winning bidder with a reasonable number of final Official Statements within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12. Additional copies of the Official Statement will be supplied by Stauder, Barch & Associates, Inc., upon request and agreement by the purchaser to pay the cost of additional copies. There request for additional copies should be made to Stauder, Barch & Associates, Inc. within 24 hours of the time of sale.

**CONTINUING DISCLOSURE:** As described more fully in the Official Statement, the Township has agreed in a resolution to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, on or prior to the 180th day after the end of its fiscal year commencing with the fiscal year ended December 31, 2003, (i) certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the Township to provide the required annual financial information on or before the date specified in (i) above.
FINANCIAL CONSULTANT: Further information relating to the Bond may be obtained from the Authority’s Financial Consultant, Stauder, Barch & Associates, Inc., 3989 Research Park Drive, Ann Arbor, Michigan 48108. Telephone (734) 668-6688. Facsimile (734) 668-6723.

ENVELOPES containing the bids should be plainly marked “Proposal for Water Supply System No. 4 Bonds.”

LARRY J. DOE, Secretary/Treasurer
Ypsilanti Community Utilities Authority
Section 19. Section Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 20. 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 21. Effective Date. This resolution shall become effective immediately upon its adoption.

The foregoing resolution was offered by Member Roe and supported by Member Doe 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 Commissioners of the Authority at a regular meeting held on May 27, 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