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

Members Absent: Deedra Climer Bass.

1. **CALL TO ORDER:** Mr. Scott called the meeting to order at 9:06 a.m.

2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Peoples to receive and file the minutes of the June 28, 2011 meeting as presented. Support by Doe. In favor: All. Opposed: None. (Motion carried.)

3. **NEW BUSINESS:**

   A. **Request to Approve – Michigan Municipal League Workers’ Compensation Fund Vote for Trustee** – Larry R. Thomas

   Mr. Thomas advised the Board that the Michigan Municipal League Workers’ Compensation Fund will elect five trustees this year. He indicated that the information from the MML contained in their packets provides details on the five incumbents selected by the nominating committee. Mr. Thomas explained that the YCUA Board can vote on the election by supporting those five or write in anyone else they would recommend.

   Mr. Thomas recommended approval of Michigan Municipal League Workers’ Compensation Fund Vote for Trustee as presented.

   Motion by Peoples to approve the Michigan Municipal League Workers’ Compensation Fund Vote for Trustee as presented. Support by Doe. In favor: All. Opposed: None. (Motion carried)

   B. **Request to Approve – YCUA Resolution No. 11-4 Authorizing the Sale of Not-To-Exceed $3.5 Million Wastewater System No. 8 Bonds (Charter Township of Ypsilanti) for Snow Road Pump Station Improvements** – Larry R. Thomas
Mr. Thomas advised the Board that this resolution authorizes the issuance of the Not-To-Exceed $3.5 Million Wastewater System No. 8 Bonds (Charter Township of Ypsilanti) to finance the Snow Road Pump Station Improvements project. He indicated that Tom Colis was present to provide more information and answer any questions from the Board.

Mr. Colis reminded the Board that, at last month’s meeting, the contract between YCUA and Ypsilanti Township relative to this bond issue was approved. He indicated that these bonds are being purchased by the state through the Michigan Finance Authority and that they qualify for the State Revolving Fund program, which provides a 2.5% interest rate.

Mr. Colis explained that, once the bids are approved, the not-to-exceed figure will be refined to reflect the figures in the bids and the amount that the MDEQ ultimately approves. He pointed out that the number will most likely end up being slightly less.

Mr. Colis also explained that no further Board actions will be required after this resolution is approved and that this bond issue is scheduled to close in early September, which is when the funds will be available. He further advised that this resolution is very similar to the ones approved in the recent past with the exception that this one does not contain a provision for principal forgiveness.

Mr. Colis recommended approval of YCUA Resolution No. 11-4 Authorizing the Sale of Not-To-Exceed $3.5 Million Wastewater System No. 8 Bonds (Charter Township of Ypsilanti) for Snow Road Pump Station Improvements.

Motion by Doe to approve YCUA Resolution No. 11-4 Authorizing the Sale of Not-To-Exceed $3.5 Million Wastewater System No. 8 Bonds (Charter Township of Ypsilanti) for Snow Road Pump Station Improvements. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – YCUA Resolution No. 11-5 re: Snow Road Pump Station Upgrade Project – T. Michael Jessee

Mr. Jessee advised the Board that this item includes approval of a resolution required by the State Revolving Fund and the project itself. He indicated that this project was bid out by Tetra Tech and involves the replacement of five pumps, the channel monster, the controls for the pumps, and various other items will need to be replaced.

Mr. Jessee explained that the bids came in fairly well, with the low bid from Cavanaugh for $3,222,000. He pointed out that the bid includes the option for a smaller channel monster, which would reduce the price by $36,000. Mr. Jessee also explained that the channel monster choice will ultimately be made by YCUA staff, who will evaluate both options. He
further advised that Tetra Tech is recommending a 10% contingency for the project, bringing the total budget to $3,322,000.

Mr. Jessee recommended approval of YCUA Resolution No. 11-5 re: Snow Road Pump Station Upgrade Project as well as the award of the project bid in the amount of $3,322,000.

Motion by Doe to approve YCUA Resolution No. 11-5 re: Snow Road Pump Station Upgrade Project as well as the award of the project bid in the amount of $3,322,000. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Tetra Tech Proposal re: Snow Road Pump Station Upgrade Project Construction Observation – T. Michael Jessee

Mr. Jessee advised the Board that YCUA requested Tetra Tech, who designed this project, to provide the Authority with a proposal to supply construction observation. He indicated that the observation will ensure that the project is built according to the specifications in the bidding documents. Mr. Jessee explained that Tetra Tech responded with a cost of $215,000 and is requesting a contingency of $21,500 for a total budget amount of $236,500.

Mr. Jessee recommended approval of Tetra Tech Proposal re: Snow Road Pump Station Upgrade Project Construction Observation in the amount of $236,500.

Motion by Peoples to approve Tetra Tech Proposal re: Snow Road Pump Station Upgrade Project Construction Observation in the amount of $236,500. Support by Doe. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – 2011 Road Repairs Project – T. Michael Jessee

Mr. Jessee advised the Board that this is the annual project to repair all of the road cuts that have occurred over the previous year relative to water main and sewer service work. He indicated that there were nine prospective bidders and two bids were received.

Mr. Jessee explained that the low bid was from Al’s Asphalt in the amount of $320,485. He pointed out that, in addition to that amount, staff is also requesting a 6% contingency in the amount of $19,515 for a total budget of $340,000. Mr. Jessee also explained that YCUA has awarded road repair bids to Al’s Asphalt in the past and that staff has been pleased with the quality of work and the overall price.

Gregory A. Peoples inquired as to what happened to the other seven bidders. Mr. Jessee responded that he discussed this with Scott Westover, YCUA’s engineering manager, and that they do not have an answer.
Mr. Jessee recommended approval of the 2011 Road Repairs Project in the amount of $340,000.

Motion by Namatevs to approve the 2011 Road Repairs Project in the amount of $340,000. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Service Center Security System Project – T.

Michael Jessee

Mr. Jessee reminded the Board that, in 2008, the Board approved a project for a security system at the Service Center. He indicated that the Service Center houses the Authority’s 24-hour, 7-day-a-week water distribution operations. Mr. Jessee explained that there have been issues recently where a gentleman wandered into the facility late at night, prompting a call to the police. He pointed out that the security cameras at the Service Center have been problematic since they were installed.

Mr. Jessee also explained that SER, the company that installed the cameras, has fulfilled its one-year warranty work and YCUA is now responsible for absorbing the costs to repair and maintain the system. He further advised that it has become very expensive and that the manufacturer has been called out numerous times. Mr. Jessee stated that staff recently made the determination that the camera system should be replaced, the bidding procedure was undertaken, and eight proposals were received. He acknowledged that they ranged from $21,862 to $66,195.

Mr. Jessee confirmed that the proposals were evaluated and two of the vendors were brought in for an interview. He explained that, from those interviews, it was determined that Integ Security Solutions offered the best options. Mr. Jessee pointed out that they will install 16 cameras from one megapixel to five megapixels, a digital recorder, its own server and network, and two backup power supplies. He also stated that their bid came in at $40,024 along with a 10% contingency for a total cost of $44,024.

Mr. Jessee recommended approval of the Service Center Security System Project in the amount of $44,024.

Mark Namatevs inquired as to why the existing cameras failed so quickly. Mr. Jessee responded that the Service Center operates on an electrical system that switches from DTE to generator power every Wednesday, which is when the camera problems would occur. He indicated that the Authority has spent about $18,000 to date trying to combat this issue and repair and maintain the $20,000 system. Mr. Jessee explained that the new bids were examined thoroughly to make sure that this conflict with the generator power will not occur again. He pointed out that the old cameras had a lot of moving parts which were of poor quality and constantly failing and that the new equipment does not.
Gregory A. Peoples inquired as to whether the old equipment can be salvaged and used elsewhere. Mr. Jessee responded that this was discussed with the maintenance department and it was determined that the cameras can possibly be used in remote locations pending further investigation.

Larry J. Doe inquired as to how many cameras are presently placed. Mr. Jessee responded that there are 10, and this new system will have 16, all of which are powered over Ethernet cable. Mr. Doe interjected that the new cameras installed by the township at West Willow are wireless and that he wonders if wireless cameras wouldn’t be a better option. Mark Namatevs responded that the problem with wireless cameras is that it is very easy to jam Wi-Fi, disabling the entire network.

Mr. Doe also inquired as to whether someone is onsite at all times to monitor for system failures and security breaches. Gwyn Belcher responded affirmatively. Mr. Jessee added that this system will protect the water distribution system, which is recommended by Homeland Security, and also protect the employees.

Mr. Scott interjected that you get what you pay for and that it is best that YCUA make a financial investment in making sure its security is the best it can possibly be. Mr. Jessee responded that YCUA staff did its due diligence to make sure the company and its equipment are reputable and technologically state-of-the-art. Mr. Namatevs commented that it is inevitable that the equipment will become obsolete within ten years as technology advances but asked for assurance that YCUA staff is confident that this is cutting edge technology. Mr. Jessee responded that he is comfortable in standing by the decision.

Motion by Namatevs to approve the Service Center Security System Project in the amount of $44,024. Support by Doe. In favor: All. Opposed: None. (Motion carried)


Mr. Jessee advised the Board that this is the standard three-way agreement that YCUA has entered into in the past. He indicated that this homeowner lives at the corner of Carpenter and Bemis Roads and that Pittsfield Township does not have any water services in the area. Mr. Jessee explained that Pittsfield Township has expressed their approval of the agreement. He pointed out that YCUA Board approval is also required.

Mr. Jessee also explained that, per usual, Tom Daniels will be drafting and recording the final agreement. Mr. Daniels indicated that the three-way agreement has been completed. Mr. Thomas added that a three-way agreement is required because the property is not located in one of YCUA’s member communities.
Mr. Jessee recommended approval of the Three-Way Agreement for Water Service re: Pittsfield, YCUA, and Property Owner.

Motion by Namatevs to approve the Three-Way Agreement for Water Service re: Pittsfield, YCUA, and Property Owner. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve – Service Center Spoils Removal – T. Michael Jessee

Mr. Jessee advised the Board that, as water and sewer main break repairs are made, a huge amount of spoils is accumulated. He indicated that spoils are the dirt, concrete, and asphalt removed from the roadways.

Mr. Jessee explained that the spoils have been stockpiled at the Service Center on Clark Road for about 30 years now. He pointed out that some of the approximately 10,000 cubic yards of spoils need to be removed before they start spilling over into a nearby creek.

Mr. Jessee also explained that some work has been done to manage the spoils but that the time has come to begin to reduce the amount of spoils there. He further advised that this project was bid with three alternatives: 3,000 cubic yards, 6,000 cubic yards, and 9,000 cubic yards. Mr. Jessee stated that, based on those amounts, it was determined that 6,000 cubic yards was the best option. He acknowledged that the low responsible bidder was from North Star Ranch in Howell at $39,000 with a 5% contingency of $2,000 for a total cost of $41,000.

Mr. Jessee confirmed that this contractor has done satisfactory work for YCUA in the past. Mr. Scott commented that he would like to get a report on when the Authority plans to remove the remaining 4,000 cubic feet along with any additional spoils added in the meantime. Mr. Thomas responded that the plan is to “catch up” on 30 years of accumulation by removing a little more than half this year, the remaining portion in 2012, and then do an annual removal going forward.

Mr. Doe inquired as to where the spoils will be taken. Mr. Jessee responded that they are taken to a landfill.

Mr. Jessee recommended approval of the Service Center Spoils Removal in the amount of $41,000.

Motion by Peoples to approve the Service Center Spoils Removal in the amount of $41,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

I. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Fund Balance Report for June 30, 2011. He then proceeded to give a detailed report of the information contained in the report and answered questions from the
Informational only; no motion from the Board required.

J. **Financial Report – Authority Net Assets** - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Report for June 30, 2011. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.


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

Informational only; no motion from the Board required.

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

There was no Attorney’s Report for the month.

M. **Director’s Report** - Larry R. Thomas

Mr. Thomas advised the Board that the City of Ypsilanti meter upgrade project is continuing and that 451 upgrades have been completed. He indicated that 217 meters still require replacement and that appointments have been made for 86 of those. Mr. Thomas explained that additional letters on the few outstanding meters will be going out shortly.

Mr. Thomas also explained that McGraw Wentworth, a medical benefits agency, recently advised YCUA that it is a “Trend Bender”. He further advised that this is awarded to organizations with smaller increases in health care costs compared to the average of the 614 employers surveyed in southeastern Michigan. Mr. Thomas stated that the Authority’s average cost increases have been less than 4% during 2010 – 2011, which is significantly lower than statewide average, and that YCUA’s health care cost increase is in the bottom percentile of organizations that are participating in the study. He acknowledged that the Authority’s Human Resources should be commended for their excellent work in controlling YCUA’s health care costs. The Board concurred. Mr. Scott congratulated them on being publicly recognized for the trend that they recognized during the last budgeting session.

4. **OLD BUSINESS:**

There was no old business for the month.

5. **OTHER BUSINESS:**

There was no other business for the month.
6. **STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of $2,293,992.46. Support by Doe. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

   There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 9:49 a.m. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

[Signature]

MARK NAMATEVS, Vice-Chair
YCUA RESOLUTION No. 11-4 AUTHORIZING THE ISSUANCE OF
NOT TO EXCEED $3,500,000
YPSILANTI COMMUNITY UTILITIES AUTHORITY
WASTEWATER SYSTEM NO. 8 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 on the 26th day of July, 2011 at 9:00 o’clock a.m., prevailing Eastern Time.

PRESENT: Commissioners J. Ray Scott, Mark Namatevs, Larry J. Doe, and Gregory A Peoples

ABSENT: Commissioners Deedra Climer Bass

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

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”) have entered into a Contract dated June 28, 2011 (the “Contract”) for the acquisition, construction and installation of improvements to the Snow Road pump station in the Local Unit, including pump replacement and electrical and control system upgrades, together with all necessary appurtenances and attachments thereto, to serve the Local Unit (the “Project”); and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay the cost of the Project to be financed by the issuance of bonds of the Authority by paying the installments plus interest thereon, as specified in Section 10 of the Contract, and the Local Unit
has further obligated itself to levy taxes annually to the extent necessary for the purpose of meeting said installments plus interest thereon, subject, however, to applicable constitutional, statutory and charter tax rate limitations, all as provided in Section 11 of the Contract; and

WHEREAS, the use of the Project 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 State Revolving Fund ("SRF") financing program being administered by the Michigan Department of Environmental Quality ("MDEQ") and the Michigan Finance Authority ("MFA"), whereby bonds of the Authority are sold to the MFA and bear interest at a fixed rate of two and one-half percent (2.5%) per annum; and

WHEREAS, the plans for the Project are in process of preparation and are anticipated to 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 MFA to pay the cost of the Project; and

THEREFORE, BE IT RESOLVED BY THE BOARD OF THE AUTHORITY AS FOLLOWS:
Section 1. Definitions. Wherever used in this resolution or in the Bonds to be issued hereunder, except where otherwise indicated by the context:

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

(b) “Bonds” means the bonds of the Authority described herein and, specifically, in Section 5 hereof.

(c) “Contract” means the Contract dated as of June 28, 2011 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 Wastewater System No. 8 (Charter Township of Ypsilanti), consisting of the Project, 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.

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 $3,500,000 and the Local Unit’s share thereof of not to exceed $3,500,000, 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 $3,500,000, 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 WASTEWATER SYSTEM NO. 8 BONDS (CHARTER TOWNSHIP OF YPSILANTI), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on April 1 in the years and amounts as follows, subject to revision by any Authorized Officer (hereinafter defined) in the event that the principal amount of the Bonds issued is reduced:

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<th>Year</th>
<th>Amount</th>
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<td>2032</td>
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</tbody>
</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 MFA providing for sale of the Bonds, and any of 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 MFA at the time of prepayment.

The Bonds shall bear interest at a rate of two and one-half percent (2.5%) 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 MFA.

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 MFA 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. The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, or such other bank as may be determined by the MFA, 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 MFA 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 -
YPSTANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM NO. 8
(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, subject to such modifications which may be required by the Michigan Attorney General and the MFA and approved by bond counsel:
UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF WASHTENAW  

YPSILANTI COMMUNITY UTILITIES AUTHORITY  
WASTEWATER SYSTEM NO. 8 BOND (CHARTER TOWNSHIP OF YPSILANTI)  

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: Three Million Five Hundred Thousand Dollars ($3,500,000)

DATE OF ORIGINAL ISSUE: __________, 2011

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 Finance 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 or reduced 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 $3,500,000 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 (2.5%) per annum. Interest is first payable on April 1, 2012, 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 designated office of The Bank of New York Mellon Trust Company, N.A., 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 due dates hereof.

-9-
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 $3,500,000, issued under and in pursuance of a resolution duly adopted by the Board of Commissioners of the Issuer under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying the cost of constructing improvements to the System (as hereinafter defined).

This bond is payable solely from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti, Washtenaw County, Michigan (the “Local Unit”) to the Issuer pursuant to a certain Contract dated as of June 28, 2011 (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 wastewater system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as Ypsilanti Community Utilities Authority Wastewater System No. 8 (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.

-10-
This bond is transferable only upon the registration books of the Issuer by the registered owner of record in person, or by the registered owner’s attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Issuer duly executed by the registered owner or the registered owner’s attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of this bond, in order to make it a valid and binding obligation of said Issuer, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Unit does not exceed any constitutional, charter or statutory limitation.

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

IN WITNESS WHEREOF, YPSILANTI COMMUNITY UTILITIES AUTHORITY, by its Board of Commissioners, has caused this bond to be signed in the name of said Issuer by the manual signature of its 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: J. RAY SCOTT, Chair

Countersigned:

By: MARK NAMATEVS, Vice-Chair
DEQ Project No.: 5425-01  
DEQ Approved Amt: $3,500,000

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order, or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Amount of Principal Installment Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2013</td>
<td>$135,000</td>
</tr>
<tr>
<td>April 1, 2014</td>
<td>140,000</td>
</tr>
<tr>
<td>April 1, 2015</td>
<td>145,000</td>
</tr>
<tr>
<td>April 1, 2016</td>
<td>145,000</td>
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<tr>
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<td>215,000</td>
</tr>
<tr>
<td>April 1, 2032</td>
<td>220,000</td>
</tr>
</tbody>
</table>

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable April 1, 2012, and semi-annually hereafter.

The Issuer agrees that it will deposit with the Authority’s Depository, or such other place as shall be designated in writing to the Issuer by the Authority payments of the principal of, premium, if any, and interest on this bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. In the event that the Authority’s Depository has not received the Issuer’s deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority’s administrative costs and lost investment earnings attributable to that late payment.
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 WASTEWATER SYSTEM NO. 8 (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. When prepared, the proposed forms of Purchase Contract between the Authority and the MFA and Supplemental Agreement among the Authority, the MFA and MDEQ shall be authorized to be approved by any or all of the Authorized Officers, and they are each 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 MFA as contemplated herein.

The Authorized Officers are hereby jointly or severally authorized to take any actions necessary to comply with requirements of the MFA and MDEQ in connection with sale of the Bonds to the MFA. 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 MFA 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 Commissioner Doe and supported by Commissioner Peoples and adopted by the following roll call vote:

AYES: Commissioners  J. Ray Scott, Mark Namatevs, Larry J. Doe, and Gregory A. Peoples

NAYS: Commissioners  None.

RESOLUTION DECLARED ADOPTED.

MARK NAMATEVS, Vice-Chair
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 July 26, 2011 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.

MARK NAMATEVS, Vice-Chair
YCUA RESOLUTION No. 11-5 TO TENTATIVELY AWARD
A CONSTRUCTION CONTRACT
FOR WASTEWATER SYSTEM IMPROVEMENTS
(Snow Road Pump Station)

Ypsilanti Community Utilities Authority
County of Washtenaw, Michigan

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community
Utilities Authority, County of Washtenaw, Michigan, held on the 26th day of July, 2011 at 9:00 o’clock
a.m., prevailing Eastern Time.

PRESENT: Commissioners J. Ray Scott, Mark Namatevs, Larry J. Doe, and
Gregory A. Peoples

ABSENT: Commissioners Deedra Climer Bass

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

WHEREAS, the Ypsilanti Community Utilities Authority wishes to construct improvements to
its existing wastewater treatment and collection system; and

WHEREAS, the wastewater system improvements project formally adopted on June 23, 2000
will be funded through Michigan’s SRF Program and

WHEREAS, the Ypsilanti Community Utilities Authority has sought and received construction
bids for the proposed improvements and has received a low responsive bid in the amount of $3,022,000
from J.F. Cavanaugh Company; and

WHEREAS, the project engineer, Tetra Tech, Inc. has recommended awarding the contract to
the low bidder.

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti Community Utilities Authority
tentatively awards the contract for construction of the proposed wastewater system improvements
project to J.F. Cavanaugh Company, contingent upon successful financial arrangements with the SRF
Program.

AYES: Commissioners
J. Ray Scott, Mark Namatevs, Larry J. Doe, and
Gregory A. Peoples

NAYS: Commissioners
None.

RESOLUTION DECLARED ADOPTED.

MARK NAMATEVS, Vice-Chair
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 26th day of July, 2011 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.

MARK NAMATEVS, Vice-Chair