Members Present: Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason.

Members Absent: Brenda L. Stumbo.

1. CALL TO ORDER: Mr. Bodary called the meeting to order at 4:00 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the June 22, 2016 meeting as presented. Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve - YCUA Resolution No. 16-7 Authorizing Issuance of Not-to-Exceed $4 Million 2016 Wastewater System Bonds for Tyler Pond Trestle Replacement Project 5617-01 (Charter Township of Ypsilanti) – Scott D. Westover

Motion by Doe to approve YCUA Resolution No. 16-7 Authorizing Issuance of Not-to-Exceed $4 Million 2016 Wastewater System Bonds for Tyler Pond Trestle Replacement Project 5617-01 (Charter Township of Ypsilanti). Support by Ichesco.

Mr. Westover advised the Board that this resolution is required by the State Revolving Fund (SRF) loan program to keep the bond process moving. He indicated that the work is a joint project with Ypsilanti Township.

In favor: All. Opposed: None. (Motion carried.)

B. Request to Approve - YCUA Resolution No. 16-8 Authorizing Issuance of Not-to-Exceed $2,250,000 2016 Wastewater System Bonds for Wastewater Treatment Plant Improvements Project 5364-01 (City of Ypsilanti and Charter Township of Ypsilanti) – Scott D. Westover
Motion by Jason to approve YCUA Resolution No. 16-8 Authorizing Issuance of Not-to-Exceed $2,250,000 2016 Wastewater System Bonds for Wastewater Treatment Plant Improvements Project 5364-01 (City of Ypsilanti and Charter Township of Ypsilanti). Support by Ichesco.

Mr. Westover advised the Board that is similar to the previous item in that it is a requirement of the SRF program. He indicated that the work involves improvements to the McGregor pump station across the street from the wastewater treatment plant.

Mr. Bodary inquired as to whether this item was originally presented to the Board in the amount of $1.5 million. Mr. Westover responded affirmatively, indicating that the original project conception was in that range but the scope of work in the recent notice of intent is for the higher amount yet still within the bond ceiling.

Mr. Doe inquired as to whether WTUA will pick up some of the cost of the bond payments. Mr. Castro responded affirmatively.

In favor: All. Opposed: None. (Motion carried.)

C. **Request to Approve – Extension of Auditor’s Engagement** – Jeff Castro

Motion by Jason to approve the Extension of Auditor’s Engagement. Support by Doe.

Mr. Castro advised the Board that Mark Kettner has provided a proposal to continue to perform YCUA’s Comprehensive Annual Financial Report for the next five years. He indicated that the proposal contains the same cost schedule that was established in 2011, which is, in effect, a rollback in price. Mr. Castro explained that Rehmann Robson has a very satisfactory history of auditing the Authority’s statements and producing its reports.

In favor: All. Opposed: None. (Motion carried.)

D. **Request to Approve – Award of Contract re: 2016 Road Repairs Phase 2 in the Amount of $248,500 (O & M Expense Account No. 902-161)** - Scott D. Westover

Motion by Doe to approve the Award of Contract re: 2016 Road Repairs Phase 2 in the Amount of $248,500 (O & M Expense Account No. 902-161). Support by Ichesco.

Mr. Westover advised the Board that the low bidder is Best Asphalt, which has completed the last two fall projects. He indicated the second lowest bidder, Midwest Pavement, did the last two spring projects. Mr. Westover explained that both Best Asphalt and Midwest do good work. He pointed out that this phase of road repairs includes about 55 locations.
In favor: All.  Opposed: None.  (Motion carried.)

E. Request to Approve – Change Order No. 2 re: Wastewater Treatment Plant Grit Handling System Improvements in the Amount of $101,541.68 (SRF Project Account No. 902-165) - Scott D. Westover

Motion by Doe to approve Change Order No. 2 re: Wastewater Treatment Plant Grit Handling System Improvements in the Amount of $101,541.68 (SRF Project Account No. 902-165).  Support by Ichesco.

Mr. Westover advised the Board that this change order represents the final modifications to the contract.

Mr. Doe inquired as to whether the project is under budget.  Mr. Westover responded that the construction costs have exceeded the bid amount and contingency.  He indicated that there was one large item related to an unforeseen condition that fell outside the SRF scope of work.  Mr. Westover explained that this is a justifiable expense due to the importance of getting all three grit tanks in good working order for the foreseeable future.  Mr. Castro added that when the grit chamber was drained, staff realized that the deflector paddles had deteriorated badly and needed to be replaced.  Mr. Westover also explained that while grit tank no. 3 was part of the plant expansion project and was also inspected as recent as five years ago, the deflectors in that tank deteriorated much more quickly than YCUA staff or Tetra Tech could have predicted.

In favor: All.  Opposed: None.  (Motion carried.)

F. Request to Approve – Purchase of Replacement Aeration Mixers in the Amount of $46,737 (EPA Fund Expense Account No. 901-550) - Kevin G. Dupuis

Motion by Doe to approve the Purchase of Replacement Aeration Mixers in the Amount of $46,737 (EPA Fund Expense Account No. 901-550).  Support by Ichesco.

Stacey Reynolds, appearing on behalf of Mr. Dupuis, advised the Board that a lot of research was done on these mixers and, as a result, the energy savings are considerable.  He indicated that, if every mixer in plant was replaced, the Authority would save $1 million over a ten-year period.

Mr. Reynolds explained that the vendor was present at the meeting and that a sample mixer was outside the building in a truck bed for the Board to take a look at.

In favor: All.  Opposed: None.  (Motion carried.)

G. Request to Approve – Authorization to Seek Bids re: SCADA System Upgrades (Restricted Funds Account No. 901-550) - Stewart Carroll
Motion by Doe to provide Authorization to Seek Bids re: SCADA System Upgrades (Restricted Funds Account No. 901-550). Support by Ichesco.

Mr. Carroll advised the Board that the Supervisory Control Data Acquisition (SCADA) system is a network separate from the main business network which allows the Authority to monitor all of the water distribution and wastewater operations. He indicated that staff is requesting an upgrade because the hardware is 12 years old and the software is two versions behind.

Mr. Bodary inquired as to when the bids are likely to come in. Mr. Carroll responded that a conservative estimate is October.

In favor: All. Opposed: None. (Motion carried.)

H. Request to Approve - Authorization to Seek Bids re: Wastewater Treatment Plant Bulk Chemicals Purchase (O & M Expense Account No. 550-736) – Luther D. Blackburn

Motion by Jason to provide Authorization to Seek Bids re: Wastewater Treatment Plant Bulk Chemicals Purchase (O & M Expense Account No. 550-736). Support by Ichesco.

Mr. Blackburn advised the Board that this is the annual process for the wastewater treatment plant bulk chemical purchase. He indicated that a change from previous years was the addition of caustic soda in the incineration process for sulfur dioxide removal but that, due to the incinerator being down for a significant amount of time this past year, its usage was not realized. Mr. Blackburn explained that twelve-month agreements ending in October have historically been requested but that is being adjusted this year to coincide with the close of the fiscal year at the end of August. He pointed out that bidders will be given the option of a 10-month or a 22-month contract in order to realize this change.

Mr. Bodary inquired as to whether multiple bidders responded the last time this was bid out. Mr. Reynolds responded affirmatively.

In favor: All. Opposed: None. (Motion carried.)

I. Request to Approve - Award of Contract re: Incinerator Emission Testing and Relative Accuracy Test Audit in the Approximate Amount of $55,500 (O & M Expense Account No. 550-815) – Luther D. Blackburn

Motion by Ichesco to approve the Award of Contract re: Incinerator Emission Testing and Relative Accuracy Test Audit in the Approximate Amount of $55,500 (O & M Expense Account No. 550-815). Support by Jason.
Mr. Blackburn advised the Board that this year’s testing is slightly different from previous years in that two mobilization efforts that are being added.

He indicated the first is a re-test of the hydrogen chloride analysis that was done in December of 2015, which showed an elevated level above the regulatory limit under the Maximum Achievable Control Technology Standard. Mr. Blackburn explained that the elevated result was technically not a violation but that MDEQ has urged YCUA to re-test after restarting the incinerator.

He pointed out that the second effort will be a test that has not been done since 2006, which is essentially verifying the accuracy of certain monitoring equipment associated with the incinerator. Mr. Blackburn also explained that this testing will allow the Authority to obtain approval for more flexibility in the operating parameters of the incinerator as well as reduced chemical costs.

Mr. Ichesco inquired as to whether the incinerator will be back online before this testing occurs. Mr. Blackburn responded that the incinerator will be re-started the following Monday. Mr. Ichesco congratulated him as well as Mr. Dupuis and Mr. Reynolds for their success in getting the incinerator back up and running.

In favor: All. Opposed: None. (Motion carried.)

J. Fund Balance Report – Dwayne Harrigan
   Informational only; no motion from the Board required.

   Informational only; no motion from the Board required.

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

   Informational only; no motion from the Board required.

M. Attorney’s Report – Thomas E. Daniels
   There was no Attorney’s Report for the month.

N. Director’s Report - Jeff Castro
   Mr. Castro advised the Board that the hot weather has resulted in an increase in water sales that have not been realized since 2012.
Mr. Castro then thanked and complimented the wastewater and maintenance departments who worked diligently under very hot conditions to get the incinerator back online.

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 Ichesco to pay the bills in the amount of $3,048,001.14. Support by Doe. In favor: All. Opposed: None. (Motion carried.)

7. **PUBLIC COMMENTS:** Mr. Jason advised the Board that, on several occasions over the last few months, he has heard the public praise YCUA’s employees and the quality of their work. He thanked the Authority’s staff for doing a great job and making a solid impact in the community.

8. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 4:29 p.m. Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)

Respectfully submitted,

MICHAEL BODARY, Vice-Chair
Minutes of a regular meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 27th day of July, 2016, at 4:00 p.m., prevailing Eastern Time.

PRESENT: Commissioners: Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason.

ABSENT: Commissioners: Brenda L. Stumbo.

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

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 an Amended and Restated SRF Contract dated August 1, 2016 (the “Contract”) for the purpose of acquiring and constructing wastewater system improvements, consisting of a new bridge over Tyler Pond to replace two existing timber trestles that carry gravity sewer and force main pipes to serve the Local Unit (the “Project”); and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay its share of 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 and statutory 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 Amended and Restated SRF Contract dated as of August 1, 2016 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 (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 $4,000,000 and the Local Unit’s share thereof of not to exceed $4,000,000, is hereby approved and confirmed. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Unit’s share of the cost of the System, including payment of engineering, legal and financing expenses, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of not to exceed $4,000,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated WASTEWATER SYSTEM BONDS, SERIES 2016 (CHARTER TOWNSHIP OF YPSILANTI), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on October 1 in the years and amounts as follows, 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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<tbody>
<tr>
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<td>225,000</td>
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<td>2034</td>
<td>235,000</td>
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</table>
Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the “Purchase Contract”) between the Authority and the 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 or facsimile signature of the Chair of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall have the corporate seal of the Authority impressed, imprinted or printed 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 and statutory 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 - YPSILANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM, SERIES 2016 (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 BOND, SERIES 2016
(CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: Four Million Dollars
($4,000,000)

DATE OF ORIGINAL ISSUE: September 16, 2016

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 $4,000,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.5%) per annum. Interest is first payable on April 1, 2017, 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
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 and one-half 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 $4,000,000, 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 Amended and Restated SRF Contract dated as of August 1, 2016 (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 (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 constitutional and statutory tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

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

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

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

IN WITNESS WHEREOF, YPSILANTI COMMUNITY UTILITIES AUTHORITY, by its Board of Commissioners, has caused this bond to be signed in the name of said Issuer by the [manual/facsimile] signature of its Chair and to be countersigned by the [manual/facsimile] 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: ____________________________
    MICHAEL BODARY, Vice-Chair

Counter signed:

By: ____________________________
    JON R. ICHESCO, Secretary – Treasurer
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.

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<th>Due Date</th>
<th>Amount of Principal Installment Due</th>
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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, 2017, 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, SERIES 2016 (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 Ichesco and adopted by the following roll call vote:

AYES: Commissioners: Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

NAYS: Commissioners: None.

JON R. ICHESCO, 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 July 27, 2016 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.

JON R. ICHESCO, Secretary - Treasurer

24843666.2/099369-00039
YCUA RESOLUTION No. 16-8
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
$2,250,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WASTEWATER SYSTEM BONDS, SERIES 2016
(CITY OF YPSILANTI AND CHARTER TOWNSHIP OF YPSILANTI)

Minutes of a regular meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 27th day of July, 2016, at 4:00 p.m., prevailing Eastern Time.

PRESENT: Commissioners: Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason.
ABSENT: Commissioners: Brenda L. Stumbo.

The following preamble and resolution were offered by Member Jason and supported by Member Ichesco:

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 (together, the “Local Units”) for the purposes set forth in the Act; and

WHEREAS, the Authority and the Local Units have entered into a Contract dated as of August 1, 2016 (the “Contract”) for the purpose of acquiring and constructing wastewater system improvements, consisting of improvements to the effluent pump station, together with all necessary appurtenances and attachments thereto to be acquired and constructed to serve the Local Units (the “Project”); and

WHEREAS, under the provisions of the Contract, the Local Units have obligated themselves to pay their respective shares of 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 Units have further obligated themselves 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 Units, 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 Units to provide the necessary funds to pay the Local Units’ 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.

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 August 1, 2016 between the Authority and the Local Units.

(d) “Contractual Payments” means the debt service installment payments required to be made by the Local Units 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 (City of Ypsilanti and 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 Units to acquire, construct and complete the System as provided in said plans and specifications.

Section 3. Estimated Cost; Useful Life of Local Units’ 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 $2,250,000 and the Local Units’ share thereof of not to exceed $2,250,000, 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 Units’ 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 $2,250,000, 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 BONDS, SERIES 2016 (CITY OF YPSILANTI AND 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 Units pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on October 1 in the years and amounts as follows, 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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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 Units have, in the Contract, pledged their respective limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. The Local Units have covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due their respective Contractual Payments in anticipation of which the Bonds are issued, or, if necessary, to levy ad valorem taxes on all taxable property within their respective 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 Units, 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 Units for the
Contractual Payments.

If required by the MFA and approved by the Local Units, the Bonds may additionally be
secured by a revenue sharing pledge of the Local Units.

Section 8. Custody of Funds. The Treasurer of the Authority shall be custodian of all
funds of the Authority belonging to or associated with the System, and such funds shall be
deposited in the Depository Bank.

Section 9. Establishment of the Debt Retirement Fund. The Authority shall, after the
adoption of this resolution and the delivery of the Bonds herein authorized, open a special
depository account with the Depository Bank to be designated DEBT RETIREMENT FUND -
YPsilanti Community Utilities Authority Wastewater System Bonds, Series 2016 (City of Ypsilanti and 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:
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 $2,250,000 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, 2017, and semiannually thereafter on the first days of October and April 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 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 and one-half 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 $2,250,000, 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 City of Ypsilanti, Washtenaw County, Michigan and the Charter Township of Ypsilanti, Washtenaw County, Michigan (together, the “Local Units”) to the Issuer pursuant to a certain Contract dated as of August 1, 2016 (the “Contract”), between the Local Units 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 Units, said system being designated as Ypsilanti Community Utilities Authority Wastewater System (City of Ypsilanti and Charter Township of Ypsilanti) (the “System”). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Units have each pledged their respective limited tax full faith and credit for the payment of their respective contractual payments, and the Local Units are obligated to pay such amounts from their general funds, including collections of ad valorem taxes on all taxable property within their boundaries, subject to applicable statutory, constitutional and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.
Bonds may be subject to redemption prior to maturity by the Issuer only with the prior written consent of the Authority and on such terms as may be required by the Authority.

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

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of this bond, in order to make it a valid and binding obligation of said Issuer, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Units 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:  

MICHAEL BODARY, Vice-Chair

Countersigned:

By:  

JON R. ICHESCO, Secretary – Treasurer
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.

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<td>October 1, 2037</td>
<td>140,000</td>
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</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, 2017, 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 BONDS, SERIES 2016 (CITY OF YPSILANTI AND 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 Units, if such use be approved by the Local Units. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Units 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 Jason and supported by Commissioner Ichesco and adopted by the following roll call vote:

AYES:  Commissioners:  Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

NAYS:  Commissioners:  None.

JON R. ICHESCO, 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 July 27, 2016 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.

JON R. ICHESCO, Secretary - Treasurer

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