Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, November 24, 2009 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112

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

Members Absent: J. Ray Scott and Deedra Climer Bass.

1. CALL TO ORDER: Namatevs called the meeting to order at 9:05 a.m.

2. MINUTES OF THE PREVIOUS MEETINGS: Motion by Doe to receive and file the minutes of the October 27, 2009 meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve – YCUA Resolution No. 09-14 Increasing AFSCME MERS Employee Contribution – Gwyn Belcher

Ms. Belcher advised the Board that this is the same resolution that was passed in September for Teamsters and non-union employees. She indicated that, as a result of the AFSCME contract ratification and approval, this is standard procedure with MERS for increasing the employee contribution from 1% to 3%.

Larry J. Doe inquired as to whether this takes YCUA’s contribution from 14% to 12%. Ms. Belcher responded that this will reduce YCUA’s required contribution in the future. She indicated that the impact of this change will not be seen until the valuation as of December 31, 2009 is completed, for a September 1, 2011 effective date.

Ms. Belcher recommended approval of YCUA Resolution No. 09-14 Increasing AFSCME MERS Employee Contribution.
Motion by Peoples to approve YCUA Resolution No. 09-14 Increasing AFSCME MERS Employee Contribution. Support by Doe. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - YCUA Resolution No. 09-15 re: Health Care Saving Program and Participation Agreement – Gwyn Belcher

Ms. Belcher advised the Board that, as part of the AFSCME contract negotiations and the Authority’s move from a defined benefit retiree health program to a defined contribution health program, YCUA is going to start a health care savings plan with MERS. She indicated that this is paperwork that needs to be formally adopted by our governing Board in order to do that. Ms. Belcher also explained that this allows the Authority to open an investment account and also outlines the participation agreement and the parameters of how the fund and the account will be put together.

Larry J. Doe inquired as to whether this only applies to future employees. Ms. Belcher responded that, right now, the way the group will be set up based on the participation agreement is the parameter would be any employee with a hire date on or after September 1, 2009.

Ms. Belcher recommended approval of YCUA Resolution No. 09-15 re: Health Care Saving Program and Participation Agreement.

Motion by Doe to approve the YCUA Resolution No. 09-15 re: Health Care Saving Program and Participation Agreement. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – YCUA Resolution No. 09-16 Authorizing the Issuance of Not to Exceed $1.15 Million YCUA Wastewater System No. 5 Bonds (City of Ypsilanti and Charter Township of Ypsilanti) – Larry R. Thomas

Mr. Thomas advised the Board that this resolution authorizes the sale of $1.15 million in bonds for the wastewater treatment plant energy and process optimization project. He indicated that this project is designed to reduce energy and chemical usage at the wastewater treatment plant through equipment replacement and improvements to the operating strategy.

Mr. Thomas also explained that the bonding will be through the SRF fund and that the interest rate is 2.5%. He pointed out that ARRA funds are included, which will be in the form of a 40% principal forgiveness. Mr. Thomas explained that both the city and township have completed their referendum periods and have approved bond contracts with the Authority.
He further advised that Tom Colis from Miller Canfield was present and wished to provide additional information to the Board.

Mr. Colis advised the Board that the bond issue will close January 22, 2010. He indicated that a conference call will take place on December 21st that will finalize the dollar amounts. Mr. Colis also explained that the 40% principal forgiveness from the Feds has not been locked in just yet because they are looking to see all of the projects in the pool, the bids for which are due November 30th. He pointed out that the result of the bids that are still out will determine how much SRF funds will be allocated but that the early indication is still 40% and that it may change slightly. Mr. Colis explained that YCUA will know in the next few weeks. He further advised that the Authority has received the benefit of these funds for the last few deals so the timing has been perfect. Mr. Colis stated that everything is in order from the legal side. He acknowledged that the 2.5% interest rate is locked in.

Mr. Thomas recommended approval of YCUA Resolution No. 09-16 Authorizing the Issuance of Not to Exceed $1.15 Million YCUA Wastewater System No. 5 Bonds (City of Ypsilanti and Charter Township of Ypsilanti).

Motion by Peoples to approve YCUA Resolution No. 09-16 Authorizing the Issuance of Not to Exceed $1.15 Million YCUA Wastewater System No. 5 Bonds (City of Ypsilanti and Charter Township of Ypsilanti). Support by Doe. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – YCUA Resolution No. 09-17 Authorizing the Issuance of Not to Exceed $875,000 YCUA Wastewater System No. 6 Bonds (Charter Township of Ypsilanti) – Larry R. Thomas

Mr. Thomas advised the Board that this resolution authorizes the sale of $875,000 in bonds for the replacement of two sewage pumping stations in Ypsilanti Township. He indicated that all of the same things apply as in the last item. Mr. Thomas also explained that Tom Colis wished to make a few comments.

Mr. Colis advised the Board that the only difference with this issue is that it relates only to the township where the last item related to both the city and the township.

Mr. Thomas recommended approval of YCUA Resolution No. 09-17 Authorizing the Issuance of Not to Exceed $875,000 YCUA Wastewater System No. 6 Bonds (Charter Township of Ypsilanti).

Motion by Doe to approve YCUA Resolution No. 09-17 Authorizing the Issuance of Not to Exceed $875,000 YCUA Wastewater System No. 6
Bonds (Charter Township of Ypsilanti). Support by Peoples. In favor: All. Opposed: None. (Motion carried)


Mr. Jessee advised the Board that this project involves the completion of approximately nine tasks that will increase YCUA’s operational efficiency and optimize its process control. He indicated that Tetra Tech completed the bidding procedure and three bids were received. Mr. Jessee also explained that the bids ranged in price from $984,228 to $1,275,000. He pointed out that Tetra Tech is recommending that the Authority award its contract to Phoenix Contractors, Inc. of Ypsilanti in the amount of $984,228. Mr. Jessee explained that Tetra Tech is also recommending a 10% contingency, which brings the full amount to $1,082,728. He further advised that there will also be a resolution required for this project because SRF requires a signed contract by December 12, 2009. Mr. Jessee stated that obtaining a signed contract by this deadline may be difficult with the holidays approaching, so the resolution will take its place.

Mr. Jessee recommended approval of the award of the contract with Phoenix Contractors, Inc. for the Energy and Process Optimization Construction Project in the amount of $1,082,728. He also recommended a motion to add to the agenda YCUA Resolution No. 09-18 approving the contract in the amount of $984,228 with a 10% contingency for a total of $1,082,728 as well as a motion to approve the same.

Motion by Peoples to approve the award of the contract with Phoenix Contractors, Inc. for the Energy and Process Optimization Construction Project in the amount of $1,082,728. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Motion by Doe to add to the agenda YCUA Resolution No. 09-18 approving the contract in the amount of $984,228 with a 10% contingency for a total of $1,082,728. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Motion by Peoples to approve YCUA Resolution No. 09-18 approving the contract in the amount of $984,228 with a 10% contingency for a total of $1,082,728. Support by Doe. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Energy and Process Optimization Construction Phase Engineering Services – T. Michael Jessee

Mr. Jessee advised the Board that Tetra Tech will provide onsite observation of the project to ensure that all things are constructed and
installed according to specifications outlined in the bidding documents. He indicated that they will also be there to resolve any issues that may arise out of the construction process. Mr. Jessee also explained that Tetra Tech issued YCUA a cost not-to-exceed $87,000.

Mr. Jessee recommended approval of the award of the contract with Tetra Tech for Energy and Process Optimization Construction Phase Engineering Services in the not-to-exceed amount of $87,000.

Motion by Peoples to approve the award of the contract with Tetra Tech for Energy and Process Optimization Construction Phase Engineering Services in the not-to-exceed amount of $87,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve – Emerick and Duncan Pump Station Project – T. Michael Jessee

Mr. Jessee advised the Board that this project is part of the State Revolving fund. He indicated that this project includes the remodeling and replacement of two pump stations at Emerick Street near the middle school and Duncan Street near Harris. Mr. Jessee also explained that there were three bids submitted with the low bid from Sinatech and the second lowest bid from Posen Construction of Shelby Township. He pointed out that the low bid was not considered because the subcontractors’ names were not disclosed under the designation of major subcontractors and suppliers. Mr. Jessee explained that a listing of current projects under the bidder’s qualification and experience statement was also not provided. He further advised that the Disadvantaged Business Enterprises program subcontractor performance forms as required by the EPA were also not submitted.

Mr. Jessee stated that YCUA staff met with Stantec and discussed this issue and decided that the bid would not be accepted. He acknowledged that the Authority then contacted MDEQ to verify that this would not be a deterrent to YCUA’s receiving SRF funds and they assured the Authority that it would not.

Mr. Jessee recommended approval of the award of the contract with Posen Construction for the Emerick and Duncan Pump Station Project in the amount of $760,762.22. He also recommended a motion to add to the agenda YCUA Resolution No. 09-19 approving the contract in the amount of $691,762.22 with a 10% contingency for a total of $760,762.22 as well as a motion to approve the same.

Motion by Peoples to approve the award of the contract with Posen Construction for the Emerick and Duncan Pump Station Project in the
amount of $760,762.22. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Motion by Peoples to add to the agenda YCUA Resolution No. 09-19 approving the contract in the amount of $691,762.22 with a 10% contingency for a total of $760,762.22. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Motion by Peoples to approve YCUA Resolution No. 09-19 approving the contract in the amount of $691,762.22 with a 10% contingency for a total of $760,762.22. Support by Doe. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve – Emerick and Duncan Pump Station Project Engineering Services – T. Michael Jessee

Mr. Jessee advised the Board that Stantec provided a quote for a not-to-exceed amount of $75,000. He indicated that they will personally oversee the project and ensure that the pump stations are built according to specifications and all the outlined procedures within the contract.

Mr. Jessee recommended approval of the award of the contract with Stantec for the Emerick and Duncan Pump Station Project Engineering Services in the amount of $75,000.

Motion by Peoples to approve the award of the contract with Stantec for the Emerick and Duncan Pump Station Project Engineering Services in the amount of $75,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Larry J. Doe inquired as to when Mr. Jessee became aware that these resolutions would be necessary and why they were not added to the agenda sooner. Mr. Jessee responded that he found out about their necessary late Friday or early Monday after the agenda had been finalized. Mr. Doe commented that is does not look good that these resolutions are being requested at the minute and suggested that it appears as though something untoward is occurring. Gwyn Belcher interjected that, in the future should this occur again, the Board packet will be amended prior to the Board meeting to reflect an agenda, director’s synopsis, and supporting materials for similar items.

I. Request to Approve – Incinerator Duct Insulation Project – T. Michael Jessee

Mr. Jessee reminded the Board that, at the last Board meeting, a request was approved under Other Business for YCUA to enter into a contract with a contractor after the bidding procedure for insulation of the
incinerator ductwork in an amount to-to-exceed $52,000. He indicated that the bidding procedure has since been completed and Master Mechanical Insulation of Troy, Michigan was the lowest bidder at $52,000 with a $5,200 contingency for a total project cost of $57,200.

Mr. Jessee recommended approval of the award of the contract with Master Mechanical Insulation in the amount of $57,200.

Mr. Namatevs commented that the Authority’s new incinerator has been an ongoing mess and inquired as to whether it will continue to represent a drain on resources. Mr. Jessee responded that the incinerator is a $10 million piece of equipment on the leading edge of technology. He reminded the Board that YCUA is the only utility in the country that has an incinerator with a granulated activated carbon unit. Mr. Jessee indicated that these are issues that one should expect with new technology and that, with this current situation, the moisture problem. Mr. Jessee also explained that there are no guarantees but that this is the best option the Authority has. He pointed out that, after this work is complete, the incinerator itself should be in a good operating condition for three to five years. Mr. Jessee explained that the incinerator will be shut down once a year for inspection and maintenance but that this should be one of the last major repairs.

Motion by Doe to approve the award of the contract with Master Mechanical Insulation in the amount of $57,200. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

J. Request for Final Acceptance – Berg Medical Office as a Public Utility – T. Michael Jessee

Mr. Jessee advised the Board that Berg Medical facility is located on Huron River Drive near the EMU stadium. He indicated that YCUA will accept 130-feet of eight-inch water main and also a fire hydrant at this location. Mr. Jessee also explained that the developer has $100 remaining in escrow which will be refunded to them.

Mr. Jessee recommended final acceptance of Berg Medical Office as a Public Utility.

Motion by Peoples to approve final acceptance of Berg Medical Office as a Public Utility. Support by Doe. In favor: All. Opposed: None. (Motion carried)

K. Request to Approve – Change Order re: Sweet Road – T. Michael Jessee
Mr. Jessee advised the Board that the sanitary along Sweet Road was replaced along with some water main work in 2002. He indicated that Rainbow Construction, the contractor, allowed the last payment and this change order to remain on the table until about three months ago when they approached the Authority and wanted to submit the change order. Mr. Jessee also explained that the change order has been reviewed and that Rolland Sizemore, who was involved with the project, concurs that it is in order. He pointed out that the change order is in the amount of $17,222.45.

Mr. Jessee explained that the original project cost was $304,000 with no contingency approved on this project. He further advised that the contractor also recently requested payment on an outstanding balance of $16,000, which is already scheduled for payment and does not need to be approved under this item.

Mr. Jessee stated that the contractor does not have an explanation as for why these items are being requested seven years later. He acknowledged that a large chunk of the change order is due to soft spots in the road where the sub-base was very spongy due to natural conditions and there was concern that the asphalt would not maintain its integrity. Mr. Jessee confirmed that the work in this regard was done to specifications and that some of the extras were requested by YCUA at the time. He explained that YCUA staff met with Rainbow Construction and Tetra Tech and asked if they were willing to negotiate on the price and the contractor indicated he would reduce the total by $800, which was refused by YCUA and deemed unacceptable.

Gwyn Belcher inquired as to whether there is any kind of statute of limitations that might apply to this situation. Thomas E. Daniels responded that he would have to look into it further but that generally a contract is a contract regardless of the amount of time that has gone by.

Tom Allbaugh interjected that this situation arose out of a dispute over the repair of a wooden decorative fence on an adjacent parcel of land in the amount of about $2,400. He indicated that the $16,000 balance was never in dispute and that the remainder of the change order amount that did not involve the fence was deemed to be legitimate. Mr. Allbaugh also explained that his office pleaded with the contractor to resolve this issue and submit their final pay application and sign the balancing change order but that it was never done.

Mr. Namatevs recommended a motion to disapprove this item in lieu of further investigation and an appeal of the contractor directly to the Board at a subsequent meeting.
Mr. Jessee recommended that the Board table the change order for further consideration next month.

Motion by Peoples to disapprove the Change Order re: Sweet Road. Support by Doe. In favor: All. Opposed: None. (Motion carried)

L. Request to Approve – Change Order re: Perrin Street Sanitary Sewer
– T. Michael Jessee

Mr. Jessee reminded the Board that YCUA staff had planned to pipe-burst the Perrin Street sanitary sewer at the intersection of Perrin and Cross Streets. He indicated that, as the project began, it was discovered that the storm drain belonging to the city was directly below the sanitary main. Mr. Jessee also explained that had the sanitary main been pipe-burst as planned, damage may have occurred to the storm drain belonging to the city. He pointed out that YCUA met with the contractors and that it was decided to open-cut the main and replace it under normal procedures. Mr. Jessee explained that this resulted in a change order in the amount of $22,534. He further advised that this cost is for the open-cut procedure as well as the installation of a new manhole.

Mr. Jessee stated that, when this item was first approved by the Board, there was concern over the amount of the contingency, which was 25%. He acknowledged that the reason these large contingencies are in place from time to time is because of situations like this one in mature neighborhoods. Mr. Jessee confirmed that old blueprints are not always accurate and result in unforeseen circumstances such as this.

Mr. Jessee recommended approval of the Change Order re: Perrin Street Sanitary Sewer in the amount of $22,534.

Larry J. Doe inquired as to whether the As-Built drawings have been updated to reflect the new information. Mr. Jessee responded affirmatively.

Motion by Peoples to approve the Change Order re: Perrin Street Sanitary Sewer in the amount of $22,534. Support by Doe. In favor: All. Opposed: None. (Motion carried)

M. Request to Approve – Emergency Sanitary Sewer Repair by C.A. Hull
– T. Michael Jessee

Mr. Jessee reminded the Board that there had been a major issue with C.A. Hull regarding a 16-inch sanitary main that they hit and filled with concrete and refused to pay for. He indicated that, as YCUA staff began bypass pumping and other procedures to attempt to alleviate the situation,
C.A. Hull also hit a 24-inch sanitary main about 200 yards east of the original location.

Mr. Jessee also explained that the secondary event was YCUA’s fault because Authority staff did not mark the main as requested by Miss Dig. He pointed out that the employees responsible were dealt with appropriately.

Mr. Jessee explained that YCUA requested that C.A. Hull assist in a temporary repair on that main and they did so at a cost of $10,492. He further advised that, because of the issue with the concrete in the first main, the Authority has not made payment on this invoice. Mr. Jessee stated that the outstanding issue has been resolved and YCUA prevailed in court with a settlement check of $240,000, which covers most of the Authority’s damages. He acknowledged that it is now time to submit payment to C.A. Hull for the emergency repair requested on the second main.

Mr. Jessee recommended approval of the Emergency Sanitary Sewer Repair by C.A. Hull in the amount of $10,492.

Motion by Doe to approve the Emergency Sanitary Sewer Repair by C.A. Hull in the amount of $10,492. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

N. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Fund Balance Report for October 31, 2009. 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 Financial Report – Authority Net Assets Report for October 31, 2009. 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.

P. Usage Report – Consumption Report - Larry R. Thomas

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.
Mark Namatevs commented that the 17% drop in water consumption and 20% decrease in sewer consumption so far this year are very significant numbers and inquired as to whether this reflects a impact on budgetary projections. Mr. Thomas responded that a decrease was budgeted, perhaps not this large, but that the decreases should even out and become less significant because the irrigation decrease occurs in September and October and the months following the usage would be more normal.

Informational only; no motion from the Board required.

Q. Attorney’s Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has three items to report on. He indicated that this will be the last report on C.A. Hull.

Mr. Daniels also explained that a favorable verdict was received in the C.A. Hull matter in trial court in the amount of $240,000 and that, with attorney fee sanctions and interest and costs added, the total judgment came to $252,000. He pointed out that C.A. Hull was prepared to file an appeal and, in exchange for them waiving their appeal rights and shutting the case down completely, YCUA accepted a settlement in the amount of $240,000. Mr. Daniels explained that this check has been received and the final order has been entered and the case is closed. He further advised that this is an excellent final result.

Mr. Daniels advised the Board that a court order was entered on November 18th dismissing WTUA’s appeal on the arbitration matter which also confirmed the arbitration award. He indicated that this matter is now closed with the exception of one final matter involving a motion and brief for attorney fee sanctions that YCUA intends to file in the near future.

Mr. Daniels advised the Board that the Meade Westvaco matter is now the most significant legal activity involving YCUA at the present time. He indicated that there have been ongoing discovery issues including the exchange of documents and a couple of motions by YCUA to compel Meade Westvaco to produce certain documents that have been withheld. Mr. Daniels also explained that the Authority has received one favorable ruling from the district court in that regard, giving Meade Westvaco another opportunity to submit additional documents and a privilege log on documents that they claim were privileged. He pointed out that YCUA has had an opportunity to assess that and file a follow-up motion once the determination was made that they have continued to fail to comply with the court rules.

Mr. Daniels explained that Meade Westvaco and Bioclimatic filed Motions for Summary Disposition on September 30th. He further advised
that YCUA’s extensive response briefs were filed on October 30th and opposing parties have filed reply briefs. Mr. Daniels stated that this hearing is scheduled in federal district court on December 10th. He acknowledged that Larry Thomas will be present along with John Herrygers of Christman Company. Mr. Daniels confirmed that YCUA does not expect to get a decision from the judge that day because his pattern in the past has been to listen to argument, read the briefs, and submit a written opinion at a later date.

Informational only; no motion from the Board required.

R. Director’s Report - Larry R. Thomas

There was no director’s report for the month.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

S. Informational Item - Update on District Compliance Agreement with MDEQ – T. Michael Jessee

Mr. Jessee advised the Board that, about six years ago, YCUA entered into a District Compliance Agreement with MDEQ due to a certain backup that occurred at the South Golfside pump station. He indicated that the Authority negotiated with MDEQ, who based their recommendations and requirements for YCUA from the sanitary master plan. Mr. Jessee also explained that the master plan was prepared in 1999 or 2000. He pointed out that YCUA has continued to work with MDEQ as it completed their recommendation and mandated projects, which included the addition of bypass piping and generator redundancy at the smaller facilities as well as a full-blown inflow and infiltration study of Paint Creek / Huron River interceptor and Whittaker Road trunk line.

Mr. Jessee explained that Tetra Tech was hired to assist with these projects, who recommended the need for additional line from Michigan Avenue south to I-94 due to surcharging in the existing line. He further advised that the master plan was then revised and a different modeling was used to determine the effect of a major rain storm. Mr. Jessee stated that staff used an antecedent moisture methodology to do this analysis, which MDEQ initially rejected. He acknowledged that YCUA staff met with MDEQ two or three times and they finally agreed.

Mr. Jessee confirmed that YCUA has recently received confirmation from MDEQ that the Authority is no longer required to do the improvements on the Paint Creek / Huron River interceptor, which will result in an
approximate savings to the Authority of $6 million dollars. He explained that he wished to publicly thank Chief Compliance Officer Perry M. Thomas, Engineering Manager Scott D. Westover and his staff, and Orchard, Hiltz, and McCliment staff for their work on the revised sanitary modeling master plan.

The Board thanked the individuals involved for their good work.

Informational only; no motion from the Board required.

6. Statements and Checks: Motion by Peoples to pay the bills in the amount of $2,612,548.07 with an addendum in the amount of $43,152.50. Support by Doe. In favor: All. Opposed: None. (Motion carried)

7. Public Comments:
Perry M. Thomas thanked Larry R. Thomas and T. Michael Jessee for their efforts involved in the aforementioned District Compliance Agreement.

8. Adjournment: Motion by Peoples to adjourn the meeting at 10:11 a.m. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

[Signature]

DEEDRA CLIMER BASS, Secretary - Treasurer
MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM OF MICHIGAN
YCUA RESOLUTION NO. 09-14 INCREASING MERS EMPLOYEE CONTRIBUTION
(OTHER THAN DB COMPONENT OF HYBRID PROGRAM)

In accordance with the MERS Plan Document of 1996, the Ypsilanti Community Utilities Authority
adopts the following benefits for: Division 01 - AFSCME
(Municipality No.) Reporting Unit No., MERS Division No. and Name

A “division” is defined as an employee or group of employees covered by the same benefit programs and the same employee contribution program. Each division has a specific MERS number and name, such as “Div. 10, General-Admin.,” and is part of a Reporting Unit, such as: “01.”

Supporting Supplemental Valuation is dated NA

BENEFIT MULTIPLIER

From (Current Benefit Multiplier) To (New Benefit Multiplier) Effective Date

Provisions for Earlier Normal Retirement

☐ F50/25 ☐ F50/30 ☐ F(N)-Years and Out (Specify number of years) ☐ F55/25 ☐ F55/30
Effective Date

EMPLOYEE CONTRIBUTION RATE

New Rate 3%
Effective Date 10/1/2009

ADDITIONAL BENEFITS AFFECTING FUTURE RETIREES

☐ FAC 3 ☐ FAC 5 ☐ V-6 ☐ V-8 ☐ V-10 ☐ RS - 50%
☐ D-2 ☐ E-2 ☐ DROP + with ____ %
Effective Date

RETIREE COST-OF-LIVING BENEFIT PROGRAMS FOR CURRENT RETIREES

☐ E Standard ☐ E-1
☐ E - Other (Specify Factor Adjustment Years)
Effective Date

WINDOW PERIOD (If applicable)

From (Date) To (Date)

I CERTIFY THAT THE ABOVE WAS ADOPTED BY

YCUA Board of Commissioners 11/24/2009
Governor Body Date of Meeting
Vice Chair November 24, 2009
Title Date

Authorized Signature MARK NAMATEVS

NOTE: Standard/Nonstandard Benefit Provisions—Attach page fully describing provision(s), and (1) a complete copy of the fully executed collective bargaining agreement and a certified copy of official minutes where the collective bargaining agreement or this Resolution was adopted, or (2) a copy of the arbitration or mediation decision. If further information is needed, please contact MERS Employer Services Division at 1 (800) 767-6377.

F18 Resol Chng MERS Bene (9-19-06)
YCUA RESOLUTION NO. 09-15
RE: HEALTH CARE SAVINGS PROGRAM

Ypsilanti Community Utilities Authority
________________________
(Participating Employer)

Municipal Employees' Retirement System of Michigan
1134 Municipal Way
Lansing, MI 48917
517-703-9030

Restated: March 13, 2007
(Adopted: May 14, 2003, amended
August 11, 2004, restated November
15, 2005)
UNIFORM RESOLUTION ADOPTING THE MERS
HEALTH CARE SAVINGS PROGRAM
(Excluding Plans Governed by Internal Revenue Code Section 401(h))

WHEREAS, the Municipal Employees' Retirement System ("MERS") Plan Document of 1996, effective October 1, 1996, authorized the Municipal Employees' Retirement Board ("Board") to establish additional programs including but not limited to defined benefit and defined contribution program (MERS Plan Document Section 36(2)(a); MCL 38.1536(2)(a));

WHEREAS, the Board has authorized MERS' establishment of the health care savings program ("HCSP" or "Program"), which a participating municipality or court, or another eligible public employer that is a political subdivision of the State which constitutes a "municipality" under MERS Plan Document Section 2B(4); MCL 38.1502b(2) ("Eligible Employer"), may adopt for its Eligible Employees;

WHEREAS, MERS has been determined by the Internal Revenue Service to be a tax-qualified "governmental plan" and trust under section 401(a) of the Internal Revenue Code of 1986, and all trust assets within MERS reserves are therefore exempt from taxation under Code section 501(a) (IRS Letter of Favorable Determination dated June 15, 2005);

WHEREAS, the Board has established a governmental trust (the "Trust Fund") to hold the assets of the HCSP, which Trust Fund shall be administered under the discretion of the Board as fiduciary, directly by (or through a combination of) MERS or MERS' duly-appointed Program Administrator;

WHEREAS, 1999 PA 149, the Public Employee Health Care Fund Investment Act, MCL 38.1211 et seq. ("PA 149") provides for the creation by a public corporation of a public employee health care fund, and its administration, investment, and management, in order to accumulate funds to provide for the funding of health benefits for retirees and beneficiaries;

WHEREAS, a separate MERS health care trust fund created under PA 149 also constitutes a governmental trust established by a public corporation ("municipality") as an Eligible Employer, provided that all such employers shall be the State of Michigan, its political subdivisions, and any public entity the income of which is excluded from gross income under Section 115 of the Internal Revenue Code; provided further, that the PA 149 trust shall not accept assets from any defined benefit health account established under Section 401(h) of the Internal Revenue Code;

WHEREAS, the Board acts as investment fiduciary for the pooled assets of each MERS participating municipality and court enrolled in MERS defined benefit programs, Health Care Savings Program, the Retiree Health Funding Vehicle, and the Investment Services Pool Program, on whose behalf MERS performs all plan administration and investment functions, and such participating municipalities and courts have full membership, representation and voting rights at the Annual Meeting as provided under Plan Section 45; MCL 38.1545.

WHEREAS, the Board also acts as investment fiduciary for those participating employers who are non-MERS participating municipalities and courts that have adopted the
MERS Health Care Savings Program, Retiree Health Funding Vehicle, or Investment Service Pool Program, and such entities are not accorded membership, representation or voting rights provided to MERS participating municipalities and courts at the Annual meeting under Plan Section 45; MCL 38.1545.

WHEREAS, adoption of this Uniform Resolution and Participation Agreement (the “Uniform Resolution”) by each Eligible Employer is necessary and required in order that the benefits available under the MERS HCSP may be extended;

- It is expressly agreed and understood as an integral and nonseverable part of extension or continuation of coverage under this HCSP Resolution that Section 43B of the MERS Plan Document shall not apply to this Uniform Resolution Adopting MERS HCSP, the Participation Agreement, the Trust Plan Document, the Trust Agreement, and their administration or interpretation.

- In the event any alteration of the language, terms or conditions stated in this Uniform Resolution Adopting MERS HCSP is made or occurs, under MERS Plan Document Section 43B or other plan provision or other law, it is expressly recognized that MERS and the Board, as fiduciary of the MERS Plan and its trust reserves, and whose authority is nondelegable, shall have no obligation or duty: to administer (or to have administered) the Trust; or to continue administration by the Program Administrator or by MERS directly.

WHEREAS, concurrent with this HCSP Uniform Resolution, and as a continuing obligation, this governing body has completed, approved, and submitted to MERS documents necessary for participation in and implementation of the HCSP. This obligation applies to any documents deemed necessary to the operation of the Trust by the Program Administrator;

NOW, THEREFORE, BE IT RESOLVED that the governing body adopts (or readopts) the MERS HCSP as provided below.

SECTION 1. HCSP PARTICIPATION

EFFECTIVE November 24, 2009, the MERS HCSP is hereby adopted by the Ypsilanti Community Utilities Authority

(MERS municipality or court or other eligible employer)

CONTRIBUTIONS. Basic Employer contributions, Mandatory Salary Reduction Contributions, Mandatory Leave Conversion Contributions, and Post-tax Employee Contributions, shall be remitted pursuant to MERS by the Eligible Employer, and credited to the Eligible Employer’s separate fund within the MERS Trust Fund. Employer contributions may be made as a percentage of salary and/or by a specified dollar amount.

INVESTMENT of funds accumulated and held in the Health Care Savings Program Trust Fund shall be held in a separate reserve and invested on a pooled basis by MERS subject to
the Public Employee Retirement System Investment Act ("PERSIA"), 1965 PA 314, as provided by MERS Plan Document Section 39; MCL 38.1539, and PA 149.

THE ELIGIBLE EMPLOYER shall abide by the terms of the HCSP, including all investment, administration, and service agreements, and all applicable provisions of the Code and other law. It is affirmed that no assets from any defined benefit health account established under Section 401(h) of the Internal Revenue Code shall be transferred to, or accepted by, MERS.

SECTION 2. IMPLEMENTATION DIRECTIONS FOR MERS AS HCSP INVESTMENT FIDUCIARY AND TRUSTEE

(A) The governing body of this Eligible Employer desires that all assets placed in its MERS HCSP Trust Fund (as a sub-fund within all pooled HCSP trust funds with MERS) be administered by MERS, which shall act as investment fiduciary with all powers provided under Public Employee Retirement System Investment Act, pursuant to PA 149, all applicable provisions of the Internal Revenue Code and other relevant law.

(B) The governing body desires, and MERS upon its approval of this Resolution agrees, that all funds accumulated and held in the MERS HCSP Trust Fund shall be invested and managed by MERS within the collective and commingled investment of all HCSP funds held in trust for all Eligible Employers.

(C) All monies in the MERS HCSP Trust Fund (and any earnings thereon, positive or negative) shall be held and invested for the sole purpose of paying health care benefits for the exclusive benefit of "Eligible Employees" who shall constitute "qualified persons" who have retired or separated from employment with the Eligible Employer, and for any expenses of administration, and shall not be used for any other purpose, and shall not be distributed to the State.

(D) The Eligible Employer will fund on a defined contribution, individual account, basis its MERS HCSP Trust sub-fund to provide funds for health care benefits for "Eligible Employees" who shall constitute "qualified persons." Participation in and any coverage under HCSP shall not constitute nor be construed to constitute an "accrued financial benefit" under Article 9 Section 24 of the Michigan Constitution of 1963.

(E) The Eligible Employer designates and incorporates as "Eligible Employees" who shall constitute "qualified persons" under this HCSP Resolution those who are "Eligible Employees as defined in the HCSP Participation Agreement under this HCSP.

(F) Director of Administrative Services (Use title of official, not name) shall be the Eligible Employer's HCSP Coordinator; shall designate in writing the "qualified persons" on whose behalf trust fund monies shall be made available under any MERS (or non-MERS) retiree health care benefit program, including, but not limited to, MERS HCSP, or MERS Premier Health; receive necessary
reports, notices, etc.; shall act on behalf of the Eligible Employer; and may delegate any administrative duties relating to the Fund to appropriate departments.

(G) Fees and Expenses for the MERS HCSP are contained in Addendum A to this Resolution.

SECTION 3. EFFECTIVENESS OF THIS HCSP UNIFORM RESOLUTION

This Resolution shall have no legal effect until a certified copy of this adopting Resolution shall be filed with MERS, and MERS determines that all necessary requirements under MERS Plan Document Section 36(2)(a), 1999 PA 149 and other relevant laws, and this Resolution have been met. Upon MERS' determination that all necessary documents have been submitted, MERS shall record its formal approval upon this Resolution, and return a copy to the Eligible Employer's HCSP Coordinator as identified above.

In the event an amendatory resolution or other action by the Eligible Employer is required by MERS, such Resolution or action shall be deemed effective as of the date of the initial Resolution or action where concurred in by this governing body and MERS (and the Program Administrator if necessary). Section 54 of the MERS Plan Document shall apply to this Resolution and all acts performed under its authority. The terms and conditions of this Resolution supersede and stand in place of any prior resolution, and its terms are controlling.

I hereby certify that the above is a true copy of the Uniform Resolution Adopting The MERS Health Care Savings Program, adopted at the official meeting held by the governing body of this municipality:

On November 24, 2009

MARK NAMATEVS, Vice Chair

Please send MERS fully executed copy of:

1. This HCSP Uniform Resolution;
2. Participation Agreement;
3. Certified minutes stating Governing Body approval; and
4. Union contract language and/or personnel policy.

RECEIVED AND APPROVED BY THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

Dated: ________________, 20___

(Authorized MERS signatory)
HEALTH CARE SAVINGS PROGRAM
PARTICIPATION AGREEMENT

Ypsilanti Community Utilities Authority
(Participating Employer)

Municipal Employees' Retirement System of Michigan
1134 Municipal Way
Lansing, MI 48917
517-703-9030

Restated: November 15, 2005
HEALTH CARE SAVINGS PROGRAM EMPLOYER

Effective Date of this Participation Agreement November 24, 2009

Health Care Savings Program Coordinator (Name and title) Gwyn Belcher
Director of Administrative Services

Address Ypsilanti Community Utilities Authority, 2777 State Road, Ypsilanti, MI 48198-9112

Phone (734) 484-4600 Facsimile (734) 484-7344

E-mail gbelcher@ycua.org

COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units or personnel/employee classifications ("Covered Group"), in Health Care Savings Program or select from the listing below. **Contributions shall be made on the same basis within each Covered Group identified by this agreement, and remitted as directed by the Program Administrator.** If the Employer has varying coverage or contribution structures between groups, a separate agreement will need to be completed for each covered group. This agreement encompasses the group(s) listed below:

All Eligible Employees within the following bargaining unit(s) or personnel/employee classification(s) (must specify below, e.g., MERS Division 1; All Police & Fire; or Police Command):
All Full Time employees hired on or after 9/1/09

ELIGIBLE EMPLOYEES

Only Employees of a "municipality" may be covered by the Health Care Savings Program Participation Agreement. Independent contractors may not participate in the Health Care Savings Program. 2. Subject to other conditions in the Trust Document and this Participation Agreement, the following Covered Group of Employees are deemed to be "qualified persons" eligible to participate in the Health Care Savings Program:

Check one or both:

☐ With respect to Covered Groups, this Participation Agreement covers all employees who are in a collective bargaining unit, subject to the terms of the collective bargaining agreement.
With respect to Covered Groups, this Participation Agreement covers all employees who are subject to the same personnel policy, according to the terms of the policy.

The Employer shall provide MERS with the name, address, Social Security Number, and date of birth for each Eligible Employee, as defined by the Participation Agreement on Employee Enrollment and Beneficiary Designation forms to be provided by MERS Health Care Savings Program.

EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. Once you have determined the contribution structure, language should be added in the appropriate area below. Contributions shall be made on the same basis within each Covered Group specified in this agreement, and remitted to MERS as directed by the Program Administrator along with the Participation Report, to be credited to the individual accounts of Eligible Employees as follows:

Check one or more, as applicable:

☐ Basic Employer (Before-Tax) Contributions

These employer contributions may be made as a percentage of salary and/or by a specified dollar amount. Identify below the basic employer contribution formula to be applied to the covered groups within the Health Care Savings Program identified in this agreement.

Contribution structure (specify): The Authority shall contribute $100 per month.

☐ Vesting Cycle For Basic Employer Contributions Only

The employer contributions identified in this Participation Agreement are subject to the following vesting cycle.

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FORFEITURE PROVISION. Upon separation from the service with the Employer prior to meeting required vesting schedule set out above, or upon Death of the Participant, prior to meeting the required vesting schedule, a Participant’s account assets shall:

Check only one, as applicable:

☐ Remain in the HCSP sub-trust to be reallocated among all Plan Participants in on equal dollar basis
☐ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
☒ Be transferred to the Employer’s Health Funding Vehicle ("RHFV").

☒ Mandatory Salary Reduction (Before-Tax) Contributions

Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory salary reduction resulting from collective bargaining or the establishment of a personnel policy. These reductions may be made as a percentage of salary or a specific dollar amount.

Contribution structure (specify): Employees shall contribute $2.50 per month with the ability to elect up to 100% of their salary. Employees may increase their contributions but never decrease them.

☒ Mandatory Leave Conversion (Before-Tax) Contributions

Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory conversion of accrued leave including, but not limited to vacation, holiday, sick leave, or severance amounts otherwise paid out, to a cash contribution. These contributions may be calculated as a percentage of accrued leave or a specific dollar amount representing the accrued leave. Leave conversions may be made on an annual basis or at separation from service, or at such other time as the Employer indicates. (Note: The leave conversion program shall not permit employees the option of receiving cash in lieu of the employer contribution.)

The following type of leave shall be converted to an employer cash contribution to Health Care Savings Program:

Check one or more, as applicable:

☒ Vacation Leave Conversion Contribution Structure:

☐ As of _________________, ___________% of vacation leave must be contributed to HCSP.

(Annual Date or X weeks prior to termination)

☒ Other (specify): 100% of vacation leave as of 2 weeks from the date of termination must be contributed to the HCSP
Sick Leave Conversion Contribution Structure:

☐ As of __________, ______% of sick leave must be contributed to HCSP.
   (Annual Date or X weeks prior to termination)

☐ Other (specify): As of December 31st, 100% of the remaining eligible sick
   bank must be contributed to the HCSP

Personal Leave Conversion Contribution Structure:

☐ As of __________, ______% of personal leave must be contributed to HCSP.
   (Annual Date or X weeks prior to termination)

☐ Other (specify): As of January 31st, 100% of the remaining eligible PTO
   bank must be contributed to the HCSP

Severance Pay Conversion Contribution Structure:

☐ As of __________, ______% of severance pay must be contributed to HCSP.
   (Annual Date or X weeks prior to termination)

☐ Other (specify):

Post-Tax Employee Contributions

The Participating Employer hereby elects to permit post-tax Employee Contributions to be made
by Eligible Employees within the Covered Group(s), which shall be remitted as directed by the
Program Administrator, to be credited to the individual accounts of Eligible Employees. All
Employee Contributions must be remitted to MERS along with the Participation Report.

MODIFICATION OF THE TERMS OF THE PARTICIPATION AGREEMENT

If a Participating Employer desires to amend any of its previous elections contained in
this Participation Agreement, including attachments, the Governing Body by official action must
adopt a new Participation Agreement and forward it to the Board for approval. The amendment
of the new Participation Agreement is not effective until approved by the Board and other
procedures required by the Trust Plan Document have been implemented.
STATE LAW

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

TERMINATION OF THE PARTICIPATION AGREEMENT

This Participation Agreement may be terminated only in accordance with the Trust Plan Document.

EXECUTION BY GOVERNING BODY OF MUNICIPALITY

The foregoing Participation Agreement is hereby adopted and approved on the 24th day of November, 2009.

GOVERNING BODY

Ypsilanti Community Utilities Authority
Name of Employer

Signed

Printed Name MARK NAMATEVS
Title Vice Chair
Date of Signature 11/24/09

MERS APPROVAL

The Participation Agreement is approved by MERS. Contributions shall first be remitted beginning with the month of ____________, 20__.

Dated: ________________, 20__

By ____________________________
(Authorized MERS signatory)

Title ____________________________
ADDENDUM A

Fees and Expenses for the MERS HCSP are as follows:

(a) The administrative fee is $25 per year and 50 basis points per year (50 hundredths of 1 percent). The basis point fee will be applied by MERS to the fair market value of assets determined as of the first business day of each month. The fees will be deducted from the individual’s account. A quarterly statement will be provided following each quarter.

(b) The administrative fee is separate from and does not include underlying investment management expenses netted from all MERS trust funds under investment on a daily valuation basis.

Dated: November 24, 2009

(Signature of authorized official)

VICE CHAIR

>Title

RECEIVED AND APPROVED BY THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

Dated: _____________, 20__

(Authorized MERS HCSP signatory)
YCUA RESOLUTION No. 09-16
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $1,150,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM NO. 5 BONDS (CITY OF YPSILANTI AND CHARTER TOWNSHIP OF YPSILANTI)

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 24th day of November 2009 at 9:00 o’clock a.m., Eastern Standard Time.

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

ABSENT: Commissioners J. Ray Scott and Deedra Climer Bass

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

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

WHEREAS, the Authority, the City of Ypsilanti and the Charter Township of Ypsilanti (each a “Local Unit”; together, the “Local Units”) have entered into a Contract dated October 27, 2009 (the “Contract”) for the acquisition and construction of certain wastewater system improvements, consisting of the acquisition, construction and installation of various improvements to the existing Wastewater Treatment Plant, together with all necessary appurtenances and attachments thereto, to serve the Local Units (the “Project”); and

WHEREAS, under the provisions of the Contract, each 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 each 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 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 each 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 Municipal Bond Authority (“MMBA”), whereby bonds of the Authority are sold to the MMBA and bear interest at a fixed rate of two and one-half percent (2.5%) 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 MMBA to pay the cost of the Project; and

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

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

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

(c) “Contract” means the Contract dated as of October 27, 2009 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 No. 5 (City of Ypsilanti and Charter Township of Ypsilanti), consisting of the acquisition, construction and installation of various improvements to the existing Wastewater Treatment Plant, together with all necessary appurtenances and attachments thereto, to serve the Local Units, including site acquisition and development therefor, and necessary demolition thereof as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by the Authority’s consulting engineers (the “Consulting Engineers”) are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of citizens of the Local 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 $1,150,000 and the Local Units’ share thereof of not to exceed $1,150,000, 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 $1,150,000, 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. 5 BONDS (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:
Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the “Purchase Contract”) between the Authority and the MMBA providing for sale of the Bonds, and the Director, Chair, Secretary and Treasurer of the Authority (the “Authorized Officers”) are authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above.

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

The Bonds shall bear interest at a rate of two and one-half percent (2.5%) 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 MMBA.
The Bonds principal amount is expected to be drawn down by the Authority periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Authority.

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

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

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

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

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority, for the payment of which each 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. Each 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 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 MMBA and approved by the Local Units, the Bonds may additionally be secured by a revenue sharing pledge of each 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 NO. 5 (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 Mamba 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 Municipal Bond Authority (the “Authority”), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid 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 (subject to any principal forgiveness as provided for in Schedule A), 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 $1,150,000 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 October 1, 2010, 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 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 $1,150,000, 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 and Charter Township of Ypsilanti, Washtenaw County, Michigan (the “Local Units”) to the Issuer pursuant to a certain Contract dated as of October 27, 2009 (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 No. 5 (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 pledged their limited tax full faith and credit for the payment of their 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 respective 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 either 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: MARK NAMATEVS, Vice Chair

Countersigned:

By: GREGORY A. PEOPLES, Commissioner
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, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Issuer is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

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Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable October 1, 2010, 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. 5 (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 each 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 MMBA and Supplemental Agreement among the Authority, the MMBA 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 MMBA as contemplated herein.

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

Section 18. Section Headings. Section headings are for convenience only and do not constitute a part of this resolution.
Section 19. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

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

AYES: Commissioners 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 24th day of November 2009 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
MINUTES OF A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE YPSILANTI COMMUNITY UTILITIES AUTHORITY, COUNTY OF WASHTENAW, MICHIGAN, HELD IN THE AUTHORITY, ON THE 24TH DAY OF NOVEMBER 2009 AT 9:00 O’CLOCK A.M., EASTERN STANDARD TIME.

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

ABSENT:               Commissioners        J. Ray Scott and 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 October 27, 2009 (the “Contract”) for the acquisition, construction and installation of improvements to various pump stations, 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 Municipal Bond Authority (“MMBA”), whereby bonds of the Authority are sold to the MMBA and bear interest at a fixed rate of two and one-half percent (2.5%) 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 MMBA to pay the cost of the Project; and

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

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

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

(b) “Bonds” means the bonds of the Authority described herein and, specifically, in Section 5 hereof.
(c) “Contract” means the Contract dated as of October 27, 2009 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. 6 (Charter Township of Ypsilanti), consisting of the acquisition, construction and installation of improvements to various pump stations, together with all necessary appurtenances and attachments thereto, to serve the Local Unit, including site acquisition and development therefor, and necessary demolition thereof as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

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

Section 3. Estimated Cost; Useful Life of Local Unit’s Share of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in
Section 5 of this resolution, in the amount of not to exceed $875,000 and the Local Unit’s share thereof of not to exceed $875,000, 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 $875,000, 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. 6 BONDS (CHARTER TOWNSHIP OF YPSILANTI), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on October 1 in the years and amounts as follows:
Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the “Purchase Contract”) between the Authority and the MMBA providing for sale of the Bonds, and the Director, Chair, Secretary and Treasurer of the Authority (the “Authorized Officers”) are authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above.

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

The Bonds shall bear interest at a rate of two and one-half percent (2.5%) 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 MMBA.
The Bonds principal amount is expected to be drawn down by the Authority periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Authority.

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

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

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

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

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

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

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

Section 9. Establishment of the Debt Retirement Fund. The Authority shall, after the adoption of this resolution and the delivery of the Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND - YPSILANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM NO. 6 (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 MMBA and approved by bond counsel:
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW

YPSILANTI COMMUNITY UTILITIES AUTHORITY
WASTEWATER SYSTEM NO. 6 BOND (CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Municipal Bond Authority
PRINCIPAL AMOUNT: Eight Hundred Seventy-Five Thousand Dollars ($875,000)
DATE OF ORIGINAL ISSUE: __________, 2010

The YPSILANTI COMMUNITY UTILITIES AUTHORITY, a public corporation of the State of Michigan (the “Issuer”), for value received, hereby promises to pay to the Michigan Municipal Bond Authority (the “Authority”), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid 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 (subject to any principal forgiveness as provided for in Schedule A), 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 $875,000 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 October 1, 2010, 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 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 $875,000, 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 October 27, 2009 (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. 6 (Charter Township of Ypsilanti) (the “System”). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Unit has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Local Unit is obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable statutory, constitutional and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

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

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

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

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

(SEAL)

Countersigned:

By:  
GREGORY A. PEOPLES, Commissioner
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, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Issuer is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

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<td>$875,000.00</td>
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Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable October 1, 2010, 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. 6 (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 MMBA and Supplemental Agreement among the Authority, the MMBA 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 MMBA as contemplated herein.

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

Section 18. Section Headings. Section headings are for convenience only and do not constitute a part of this resolution.
Section 19. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

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

AYES: Commissioners  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 24th day of November 2009 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
Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 24th day of November 2009 at 9:00 o’clock a.m., Eastern Standard Time.

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

ABSENT: Commissioners J. Ray Scott and Deedra Climer Bass

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

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, 2009 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 $984,228 from Phoenix Contracting, Inc.; and

WHEREAS, the project engineer, Tetra Tech, Inc. has recommended awarding the contract to the low responsive 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 Phoenix Contracting, Inc., contingent upon successful financial arrangements with the SRF Program.
AYES: Commissioners 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 24th day of November 2009 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
YCUA RESOLUTION No. 09-19
TO TENTATIVELY AWARD A CONSTRUCTION CONTRACT
FOR WASTEWATER SYSTEM IMPROVEMENTS

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 24th day of November 2009 at 9:00 o’clock a.m., Eastern Standard Time.

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

ABSENT: Commissioners J. Ray Scott and Deedra Climer Bass

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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, 2009 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 $691,762.22 from Posen Construction, Inc.; and

WHEREAS, the project engineer, Stantec Consulting Michigan, Inc. has recommended awarding the contract to the low responsive 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 Posen Construction, Inc., contingent upon successful financial arrangements with the SRF Program.
AYES: Commissioners  Mark Namatevs, Larry J. Doe, and Gregory A. Peoples

NAYS: Commissioners  None

RESOLUTION DECLARED ADOPTED.

MARK NAMATEVS, Vice Chair
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MARK NAMATEVS, Vice Chair