Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Wednesday, January 25, 2017 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI  48198-9112


Members Absent:  None.

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

2. MINUTES OF THE PREVIOUS MEETING:  Motion by Bodary to receive and file the minutes of the December 28, 2016 meeting as presented.  Support by Jason.  In favor: All.  Opposed: None.  (Motion carried.)

3. NEW BUSINESS:

   A.  Request to Approve - YCUA Resolution No. 17-1 Approving Refunding Contract and Authorizing Not to Exceed $7.5 Million 2017 Refunding Bonds – Tom Colis and Jeff Castro

   Mr. Colis advised the Board that this is an opportunity for YCUA to refund existing bonds with lower interest rate bonds, similarly to what was done in 2016.  He indicated that there is a cost associated with this but that the net savings make this a worthwhile endeavor.  Mr. Colis explained that the actual rates won’t be available until the bonds enter the market, so the resolution authorizes certain parameters for the bonds to access the market to determine whether the savings warrant moving forward as well as a refunding contract with Ypsilanti Township.  He pointed out that the Ypsilanti Township Board of Trustees approved the refunding contract last week.  Mr. Colis then outlined the process going forward in more detail.
Mr. Doe inquired as to how much Standard & Poor's will charge as the rating agency. Mr. Colis responded that their fees won’t be realized until the bonds enter the market.

Ms. Stumbo inquired as to the approximate anticipated net savings. Mr. Colis responded that $500,000 in savings in today’s market is a likely figure. Mr. Castro interjected that would equal $30,000 annually over the next 15 years.

Motion by Doe to approve YCUA Resolution No. 17-1 Approving Refunding Contract and Authorizing Not to Exceed $7.5 Million 2017 Refunding Bonds. Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)


Mr. Castro advised the Board that the audit is a requirement of state statute. He indicated that the Finance Committee met and reviewed the documents. Mr. Castro explained that Mark Kettner from Rehmann Robson was present to give a brief overview and answer any questions.

Mr. Kettner then proceeded to provide information to the Board.

Ms. Stumbo inquired as to what percentage YCUA’s OPEB is currently funded. Dwayne Harrigan responded that within the next three or four months, with significant increase in the MERS investment return and decrease in actuarial liability, he expects OPEB to be 90% funded.

Motion by Ichesco to approve Comprehensive Annual Financial Report (CAFR) For Fiscal Year 2015 – 2016. Support by Jason. In favor: All. Opposed: None. (Motion carried.)

C. Informational Item - Proposed Sewer Use Ordinance Revisions – Luther D. Blackburn

Mr. Blackburn advised the Board that he has been discussing this matter in his Environmental Reports for about a year. He indicated that he finally has a working document that incorporates the revisions.

Mr. Blackburn explained that the primary impetus for these revisions is the Special Alternative Limit (SAL) program for enacting different limits in the Sewer Use Ordinance (SUO). He pointed out that the change would allow YCUA to set aside certain allocations that are not needed by some users for use by others, rather than applying the same parameters to all users regardless of their industry’s individual needs. Mr. Blackburn also explained that this change would be more business-friendly to prospective users coming into the system, would result in more revenue for YCUA,
and would allow potential leniency to users that are currently under enforcement action. He further advised that YCUA would retain the authority to rescind the allocations at any time and there is no contract or guarantee with the users of any kind.

Mr. Blackburn stated that changes also allow for more consistency in language throughout the SUO as well as provide for clarity with regard to Director’s authority for connection of roof down-spouts and drainage.

He acknowledged that this also includes minor revisions to the FOG program policy language regarding implementation in contract communities as well as the local initiative limit giving YCUA the authority to apply a limit to any pollutant in unforeseen circumstances.

YCUA attorney Thomas E. Daniels then addressed the Board. He indicated that, every five years or so, there are revisions made to the SUO in the attempt to create more flexibility for YCUA, more protections for the wastewater treatment plant, and allow for allocations limits that are mutually-beneficial to local businesses and the Authority.

Mr. Daniels explained that this does not create any risk for YCUA because at any time, if the Authority deems that there is any adversity being caused by an SAL, it can be immediately withdrawn without notice and subjected to daily fines.

The matter was then discussed at length.

Mr. Blackburn confirmed that this is a first draft and that his plan is to send a letter to the contract communities for public comment. He explained that if any substantive changes are made as a result, this item will come back to the YCUA Board for review. Mr. Blackburn pointed out that he would like to wrap this up with the next couple of months for final approval by MDEQ, at which time it would come back to the YCUA Board for official approval and member and contract community approvals.

Informational only; no motion from the Board required.

D. Request to Approve – Authorization to Seek Bids re: 2017 Road Repairs Phase 1 (O & M Expense Account No. 902-161) – Scott D. Westover

Motion by Jason to provide Authorization to Seek Bids re: 2017 Road Repairs Phase 1 (O & M Expense Account No. 902-161). Support by Bodary.

Mr. Westover advised the Board that this is the first of two contracts for road repairs for the year. He indicated that there are 43 locations included
in this request. Mr. Westover explained that he anticipates bringing the bid results and a recommendation back before the Board for their approval at the February meeting. He pointed out that the repairs will be conducted between May 1st and June 30th.

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

E. **Request to Approve - Change Order No. 2 re: Big Four Pump Stations Heating and Ventilation Systems Improvements in the Amount of $2,493.61 (SRF Project Account No. 902-166)** – Scott D. Westover

Motion by Jason to approve Request to Approve - Change Order No. 2 re: Big Four Pump Stations Heating and Ventilation Systems Improvements in the Amount of $2,493.61 (SRF Project Account No. 902-166). Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

F. **Request to Approve – Proposal re: SCADA System Upgrades in the Not-to-Exceed Amount of $250,000 (Restricted Funds Account No. 901-550)** – Stewart Carroll

Motion by Bodary to approve Proposal re: SCADA System Upgrades in the Not-to-Exceed Amount of $250,000 (Restricted Funds Account No. 901-550). Support by Ichesco.

Mr. Carroll advised the Board that this bid request was approved by the Board at their July meeting. He indicated that, initially, YCUA received proposals from nine different firms, which were then narrowed down based on recommended software and hardware configuration, ability to perform services, and support capabilities to four: Kennedy, PAC Engineering, Tetra Tech, and Utilities Instrumentation Service (UIS).

Mr. Carroll explained that, during the evaluation of the remaining four proposals, YCUA staff determined that it would be beneficial to change the SCADA operating system from Wonderware to Trihedral VTSCADA. He pointed out that since the proposals from Kennedy and UIS were the only two of the final four that recommended the VTSCADA system, revised final proposals with total project budgets were requested of the two firms.

Mr. Carroll also explained that, of the two, YCUA has determined that the proposal submitted by Kennedy best meets the needs of the Authority because of their significantly lower cost, shorter time-frame for implementation, and higher availability of dedicated staff for support moving forward.
Ms. Stumbo inquired as to whether this controls the head of the plant. Mr. Carroll responded that it controls the entire wastewater and water distribution systems.

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

G. Request to Approve – Change to YCUA Hiring Policy - Kevin M. Welch

Mr. Welch advised the Board that the changes being requested relate to external hiring. He indicated that the most significant change is to discontinue the practice of accepting applications when there is no job opening. Mr. Welch explained that this practice is cumbersome in that, when an opening does occur, human resources has to refer back to applications that were placed previously, even though they might not be interested in the job being offered, and ask them to re-apply. He pointed out that, while the Authority does not do much outside hiring, it would be more equitable to potential applicants and easier for the human resources department to manage if applications were only accepted when there are jobs posted.

Mr. Welch also explained that the other minor changes being recommended reflect current practices such as no longer accepting hard copy applications and posting job openings on websites like Craigslist.

Mr. Bodary inquired as to why the minimum group of four applications is being discontinued. Mr. Welch responded that YCUA would like to have the flexibility of interviewing a smaller group if there are fewer than four qualified applicants.

Mr. Jason inquired as to how applicants can apply electronically if they don’t have Internet access or if they have reading impairments. Mr. Welch responded that there is a computer kiosk in the human resources department for applicants without Internet access and accommodations can be made for applicants’ individual needs.

Motion by Doe to approve Change to YCUA Hiring Policy.  Support by Ichesco.  In favor: All.  Opposed: None.  (Motion carried.)

H. Request to Approve – YCUA Resolution No. 17-2 re: Addition of MERS 457 Supplemental Retirement Program - Kevin M. Welch

Mr. Welch advised the Board that YCUA currently offers a 457 deferred compensation program through ICMA-RC, which is fully funded by the employees. He indicated that that MERS, who administers the Authority’s pension program, is offering a comparable 457 plan with differing investments. Mr. Welch explained that the human resources department
would like to offer the MERS 457 plan in addition to the ICMA program, which would be done at no cost to YCUA. He pointed out that one of the advantages of the MERS program is that the fees are about 1% less, which could be a major benefit to a younger employee that will be in the program for 25 or more years.

Motion by Bodary to approve YCUA Resolution No. 17-2 re: Addition of MERS 457 Supplemental Retirement Program. Support by Doe. In favor: All. Opposed: None. (Motion carried.)

I. Request to Approve – HR Specialist Base Pay Increase - Kevin M. Welch

Mr. Welch advised the Board that the intent of this request is to bring this position more in line with the responsibilities that have been added to the position over the years. He indicated that the health insurance benefit package is one of the major responsibilities of this position and the fact that it is now fully self-funded requires a considerable amount of day-to-day attention. Mr. Welch explained that as a result of this close daily monitoring, YCUA’s claims experience has been lower than projections.

He pointed out that the Affordable Care Act, assuming it will continue to exist, requires the submission of specialized reports which could potentially require the hiring of someone outside the Authority to prepare them. Mr. Welch also explained that the increase is in line with other managerial positions at YCUA.

Motion by Jason to approve the HR Specialist Base Pay Increase. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

J. Fund Balance Report – Dwayne Harrigan

Informational only; no motion from the Board required.


Informational only; no motion from the Board required.

L. Usage Report – Consumption Report – Jeff Castro

Informational only; no motion from the Board required.

M. Attorney’s Report – Thomas E. Daniels

There was no Attorney’s Report for the month.

N. Director’s Report - Jeff Castro

Mr. Castro advised the Board that, as was discussed at the December Board meeting, the Washtenaw County Road Commission (WCRC) sent an email in June of 2016 to the YCUA Board of Commissioners indicating
that they had recently made changes to who pays for public utility relocations involved with WCRC road and bridge projects such as fire hydrants relocations and sanitary manhole castings. He indicated that the WCRC subsequently sent an invoice to the Authority in November of 2016 in the amount of $36,000 but offered YCUA the opportunity to pay $18,000 in satisfaction of the same due to the late notice of the changes.

Mr. Castro explained that, in December of 2016, the YCUA Board voted to not pay the invoice and that, since then, he and Commissioner Doe met with the WCRC to question those changes and ask for the already requested meeting minutes indicating that they were given directive from their Board to make those changes. He pointed out that the WCRC continues to be unable to supply those minutes but did offer to reduce the invoice to $10,500 and then, after further communication from Commissioner Doe, again to $7,500.

Mr. Castro also explained that YCUA has repeatedly asked for the minutes relative to this change and WCRC, to date, has been unable to comply. He further advised that, despite the WCRC’s inability to document their policy change, it is likely they will do so in the future. Mr. Castro stated that, therefore, he is asking the YCUA Board of Commissioners to consider his recommendation to pay the $7,500 invoice at this time. Mr. Doe concurred with the recommendation with the contingency that the WCRC provide the requested documentation. The matter was then discussed at length.

Motion by Bodary to authorize payment of a specific invoice in the amount of $7,500 with protest and the contingency that the WCRC provide proof of a pre-existing policy approved by their Board or adopt and provide documentation of a similar policy retroactively. Support by Ichescos.

The matter was then discussed in more detail.

In favor: Two. Opposed: Three. (Motion failed.)

More discussion followed.

Mr. Castro advised the Board that the Nexus Pipeline has contacted YCUA to get the Authority’s approval on two items. He indicated that the first item is a request to cross State Road at Watson because YCUA owns the private road. Mr. Castro explained that, after further investigation, it was discovered that the WCRC has a right-of-way along State Road and, as such, they will be the agency that issues the permit crossing. He pointed out that the second item is a request for YCUA to consider signing a letter of no objection, copies of which he provided to the Board, which
would serve to protect the Authority’s infrastructure and does not grant or permit any authorization beyond that protection.

Mr. Daniels interjected and outlined the letter of no objection. He indicated that YCUA staff would like to add language that indicates, among other things, that when work is being done in the vicinity of YCUA facilities, a staff member from the Authority would be present and their wages compensated for by Nexus. Mr. Daniels explained that staff is aware that these are sensitive issues and wishes to have the input of the Board before these revisions are requested of Nexus, particularly since the pipeline has been so controversial.

The matter was then discussed further.

Mr. Castro further advised that the current letter of no objection will be edited to reflect YCUA’s requirements as discussed and the final letter will be brought back to the Board for approval at a later date.

Ms. Stumbo concurred that this pipeline construction has been very disruptive to local residents so these protections are crucial.

4. OLD BUSINESS:

O. Request to Approve – Salem Township Wastewater Disposal Agreement – Jeff Castro (Tabled Item)

Motion by Doe to remove this item from table. Support by Bodary. By roll call vote: Ayes: Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason. Nayes: None. (Motion carried)

Mr. Castro advised the Board that, as was discussed at the July and August 2013 Board meetings, YCUA has been in negotiations with Salem Township since 2010 regarding the lease of .3 MGD of annual average daily flow in wastewater treatment capacity. He directed the Board’s attention to the contract relative to the same, which he indicated is similar to the new-generation agreements currently in place with other communities. Mr. Castro then outlined some of the highlights of the agreement. He pointed out that the construction will most likely not be completed for three years. Mr. Castro recommended approval of the agreement.

Mr. Doe inquired as to why Salem Township’s payments won’t begin immediately. Mr. Daniels responded that typically on a project like this, instead of pulling from a general fund, expenses will be funded through user charges, which will not occur until after construction is complete and wastewater transportation begins. He indicated that, during that time, interest will accrue, therefore it makes sense to defer the payments.
Mr. Doe then inquired as to what would happen if, at some point during the construction, they decide to pull out. Mr. Daniels responded that they would owe YCUA for the reserved capacity during that time and the Authority would rescind the .3 MGD.

Ms. Stumbo inquired as to what other contracts YCUA has entered into like this one. Mr. Daniels responded that this agreement is unique in the sense that a line to YCUA is being constructed for the first time. The matter was then discussed at length.

Motion by Bodary to authorize proceeding with the contract negotiations with Salem Township with the contingency that the issue of the deferred payments be reconsidered in favor of the receipt of payments beginning concurrent with the effective date of the contract. Support by Doe. In favor: All. Opposed: None. (Motion carried.)

P. Request to Approve - Revisions to Fats, Oil, and Grease (FOG) Program Policy – Luther D. Blackburn (Tabled Item)

Motion by Bodary to remove this item from table. Support by Doe. By roll call vote: Ayes: Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason. Nayes: None. (Motion carried)

Mr. Blackburn reminded the Board that he originally presented this item at their November 2016 meeting and that the Board originally approved the Authority’s FOG mitigation program policy in 2009. He indicated that the program is utilized to regulate food service establishments in the City of Ypsilanti and Ypsilanti Township and has been very successful but that staff is hoping to make two significant revisions.

Mr. Blackburn explained that the first recommended revision is reducing to 90 days the current one-year timeframe within which food service establishments are required to install a grease protection device. He pointed out that a 90-day deadline actually works out to be 120 days from the time of inspection.

Mr. Blackburn also explained that the second recommended revision is to change the policy language so that it specifies regulation of only establishments engaging primarily in food service activities. He further advised that this change still retains the ability to manage other food service establishments if an issue is found.

Motion by Doe to approve the Revisions to Fats, Oil, and Grease (FOG) Program Policy. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

5. OTHER BUSINESS: There was no Other Business for the month.
6. **STATEMENTS AND CHECKS:** Motion by Ichesco to pay the bills in the amount of $2,829,901.68. Support by Doe. In favor: All. Opposed: None. (Motion carried.)

7. **PUBLIC COMMENTS:** There were no Public Comments for the month.

8. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 5:42 p.m. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

Respectfully submitted,

JON R. ICHESCO, Secretary - Treasurer
WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and Act 233, Public Acts of Michigan, 1955, as amended ("Act 233") permits the Ypsilanti Community Utilities Authority (the "Authority") to refund all or part of the funded indebtedness of the Authority; and

WHEREAS, the Charter Township of Ypsilanti (the "Township") and the Authority have entered into a Contract, dated as of October 1, 2001, and a Contract Supplement, dated March 1, 2002, wherein the Authority agreed to acquire and construct sewer improvements for the benefit of the Township (together, the "2002 Contract"); and

WHEREAS, bonds of the Authority were issued pursuant to the 2002 Contract, denominated 2002 Sanitary Sewer System No. 3 Bonds (Charter Township of Ypsilanti), dated as of November 26, 2002 (the "2002 Bonds"); and

WHEREAS, the Township and the Authority have entered into a Water Supply System No. 6 Contract and Refunding Contract, dated as of February 6, 2007, for the purpose of acquiring and constructing water supply system improvements for the benefit of the Township and refunding portions of the 2002 Bonds (the "Contract"); and

WHEREAS, bonds have been issued pursuant to the Contract, denominated 2007 Water Supply System No. 6 Bonds and Refunding Bonds (the "Prior Bonds"); and

WHEREAS, the Township and the Authority have determined that it is in the best interest of the Township and the Authority to refund all or part of the Prior Bonds maturing in
the years 2018 through 2032; and

WHEREAS, pursuant to authority of Act 34 and Act 233, the Authority and the Township have or will shortly execute a contract (the “Refunding Contract”) providing for the implementation of such refunding program and for other details in connection therewith, said Refunding Contract being attached hereto in full and made a part of this resolution pursuant to law; and

WHEREAS, all things necessary for the authorization of such refunding bonds pursuant to the provisions of law have been done, and the Authority is now empowered and desires to authorize the issuance of such refunding bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE YPSILANTI COMMUNITY UTILITIES AUTHORITY AS FOLLOWS:

Section 1. For the purpose of raising all or a portion of the money to refund all or part of the Prior Bonds maturing in the years 2018 through 2032, and pursuant to authority of Act 34 and Act 233, there shall be issued refunding bonds of the Authority (the “Refunding Bonds”) as hereinafter set forth. The Refunding Bonds shall be designated “2017 Refunding Bonds (Charter Township of Ypsilanti)” and shall be in the aggregate principal amount of not to exceed Seven Million Five Hundred Thousand Dollars ($7,500,000), as finally determined upon sale thereof, consisting of bonds registered as to principal and interest of the denomination of $5,000 or integral multiples of $5,000, be dated as of their date of delivery, or such other date as provided in the Sales Order approving the sale of the Refunding Bonds (the “Sales Order”) numbered as determined by the Transfer Agent (hereinafter defined), and maturing annually in such years and on such dates as shall be determined at the time of sale and in the amounts as determined in the Sales Order.
The Refunding Bonds shall bear interest at a rate or rates to be determined upon negotiated sale, payable on such interest payment dates as provided in the Sales Order.

The Refunding Bonds may be issued as serial or term bonds, or any combination thereof.

Interest shall be paid by check drawn on the Transfer Agent, mailed to the registered owner of the Refunding Bonds at the registered address, as shown on the registration books of the Authority maintained by the Transfer Agent. Interest shall be payable to the registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment or the first day of the month, if the payment date is the fifteenth day of the month. The date of determination of registered owner for purposes of payment for interest as provided in this paragraph may be changed by the Authority to conform to market practice in the future. The principal of the Refunding Bonds shall be payable at a bank or trust company as a registrar and transfer agent for the Refunding Bonds to be selected by the Director, Chair, Secretary or Treasurer of the Authority (each, an “Authorized Officer”) upon presentation and surrender of the appropriate Bond (the “Transfer Agent”).

The designation, date of original issue and the principal and interest payment dates may be changed in the Sales Order.

Section 2. The Chair and Secretary of the Authority are hereby authorized and directed to execute said Refunding Bonds by means of their facsimile signatures when issued and sold for and on behalf of the Authority and to cause to be imprinted thereon a facsimile of the seal of the Authority. No bond of this series shall be valid until authenticated by an authorized signatory of the Transfer Agent. The bonds shall be delivered to the Transfer Agent for authentication and shall then be delivered to the Purchaser (hereinafter defined) in accordance with instructions from the Treasurer of the Authority upon payment of the purchase price for the
bonds. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Section 3. The Refunding Bonds and the interest thereon shall be payable from the contractual payments of the Township received by the Authority, for the payment of which the Township has in the Refunding Contract pledged its limited tax full faith and credit pursuant to the provisions of Act 233. The Township has covenanted and agreed to levy taxes annually to the extent necessary to provide the funds to meet its contractual payments when due in anticipation of which the Refunding Bonds are issued, which taxes shall be subject to applicable constitutional and statutory limits. All of such contractual payments are hereby pledged solely and only for the payment of principal of and interest on the Refunding Bonds.

Section 4. It shall be the duty of the Authority, after the adoption of this resolution and the sale of the Refunding Bonds, to open a special depository account with a bank or trust company to be designated by the Authority to be designated DEBT RETIREMENT FUND - YPSILANTI COMMUNITY UTILITIES AUTHORITY 2017 REFUNDING BONDS (CHARTER TOWNSHIP OF YPSILANTI) (the “Debt Retirement Fund”), into which account the Authority shall deposit 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 Refunding Bonds. The accrued interest received upon delivery of the Refunding Bonds shall also be deposited in the Debt Retirement Fund.

Section 5. The proceeds of the Refunding Bonds, along with certain cash to be made available pursuant to the Refunding Contract, if any, shall be used to pay the costs of issuance thereof and to secure payment of the Bonds as provided in this paragraph. Upon receipt of such proceeds the accrued interest, if any, shall be deposited in the Debt Retirement Fund. From the
remaining proceeds of the Refunding Bonds there shall be set aside a sum sufficient to pay the costs of issuance of the Refunding Bonds in a fund designated BOND ISSUANCE FUND (the “Bond Issuance Fund”), which may be established by the Authority or by the Escrow Agent (hereinafter defined). Moneys in the Bond Issuance Fund shall be used solely to pay expenses of issuance of the Refunding Bonds. Any amounts remaining in the Bond Issuance Fund after payment of issuance expenses shall be transferred to the Debt Retirement Fund for the Refunding Bonds.

The balance of the proceeds of the Refunding Bonds shall be deposited in an escrow fund (the “Escrow Fund”) consisting of cash and investments in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing and used to pay principal and interest on the Refunding Bonds. The Authorized Officers are each hereby individually authorized and directed to (a) take all steps necessary to call the Refunding Bonds for redemption, including the preparation and mailing of a notice of redemption and (b) negotiate terms of an escrow agreement with a bank or trust company to be selected by an Authorized Officer to act as escrow agent and (c) execute the escrow agreement on behalf of the Authority. The amounts held in the Escrow Fund shall be such that the cash and investments and income received thereon will be sufficient without reinvestment to pay the principal and interest on the Bonds when due at maturity or call for redemption as required by this Section. Following establishment of the Escrow Fund, any debt retirement funds held by the Authority for the Prior Bonds being refunded shall be transferred to the Debt Retirement Fund for the Refunding Bonds. The Authorized Officers are each authorized and directed to purchase or cause to be purchased, escrow securities, including United States Treasury Obligations – State
and Local Government Series (SLGS), in an amount sufficient to fund the Escrow Fund.

Section 6. Any of the Authorized Officers shall determine in the Sales Order whether the Refunding Bonds shall be subject to redemption prior to maturity and the times and prices, and terms and conditions of such redemption.

Unless waived by any registered owner of Refunding Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the Authority. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates; CUSIP numbers, if any; certificate numbers (and in the case of partial redemption) the called amounts of each certificate; the redemption date; the redemption price or premium; the place where Refunding Bonds called for redemption are to be surrendered for payment; and that interest on Refunding Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

Section 7. The Refunding Bonds shall be substantially in the following form with such changes as shall be required to conform to the final terms of the Refunding Bonds established by the Sales Order:
The Ypsilanti Community Utilities Authority (the “Issuer”), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Date of Maturity specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on November 1, 2017 and semiannually thereafter. Principal of this bond is payable at the principal ______ trustee office of __________, ________, __________, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the Registered Owner hereof not less than sixty (60) days prior to any interest payment date (the “Transfer Agent”). Interest on this bond is payable to the Registered Owner of record as of the fifteenth (15th) day of the month preceding the payment date as shown on the registration books of the Issuer maintained by the Transfer Agent, by check or draft mailed to the Registered Owner at the registered address.

The bonds of this issue are payable from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti, County of Washtenaw, Michigan, to the Issuer, pursuant to certain contracts between the Issuer and the Township, including a Refunding Contract. By the provisions of said contracts and pursuant to the authorization provided by law, the Township has pledged its limited tax full faith and credit for the payment of said contractual payments. The Issuer has irrevocably pledged to the payment of this issue of bonds the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on the bonds of this issue when due. The full faith and credit pledge of the Township is its limited tax general obligation, and the Township is required to pay its debt service commitment on the bonds as a first budget obligation from its general funds including the collection of any ad valorem taxes which it is authorized to levy subject to applicable constitutional and statutory tax limitations.

This bond is one of a total authorized issue of bonds of even original issue date, aggregating the principal sum of $_______, issued pursuant to a resolution duly adopted by the Commission of the Issuer on January 25, 2017, and 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, and Act 34, Public Acts of Michigan, 2001, as amended, for the purpose of refunding part of a series of outstanding bonds of the Issuer. 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 above described resolutions.

Bonds of this issue maturing in the years 20__ to 20__, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions of bonds of this issue in multiples of $5,000 maturing in the year 20__ and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, in any order of maturity and by lot within
any maturity, on any date on or after _________ 1, 20__, at par and accrued interest to the date fixed for redemption.

[Insert Term Bond Provisions, if applicable]

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

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

Any bond may be transferred by the person in whose name it is registered, in person or by his duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver a new bond or bonds in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent will not register the transfer of or exchange any bond selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond, and the series of which this is one, have been done and performed in regular and due time and form as required by law.

This bond is not valid or obligatory for any purpose until the Transfer Agent’s Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the Ypsilanti Community Utilities Authority, by its Commission, has caused this bond to be signed in its name by the facsimile signature of its Chair and to be countersigned by the facsimile signature of its Secretary and a facsimile of the corporate seal of said Issuer to be imprinted hereon, all as of the Date of Original Issue.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

By: [Signature]

Its: BRENDAL L. STUMBO, Chair

Countersigned:

Its: JON R. ICHESSCO, Secretary - Treasurer

MILLER, CANFIELD, PADDocks AND STONE, P.L.C.

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Certificate of Authentication

This bond is one of the bonds described in the within-mentioned resolution.

____________________________
Transfer Agent

By: ________________________________
Authorized Signatory

Date of Authentication: ________________

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
Section 8. Nothing contained in this resolution or the Refunding Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of Act 233 for any of the purposes authorized by said Act, but any such bonds shall in no way have any lien on or be payable out of the contractual payments pledged to the payment of the Refunding Bonds.

Section 9. The provisions of this resolution, together with the Refunding Contract, shall constitute a contract between the Authority and the holder or holders of the Refunding Bonds from time to time, and after the issuance of such Refunding Bonds, no change, variation or alteration of the provisions of this resolution and the Refunding Contract may be made which would lessen the security for the Refunding Bonds. The provisions of this resolution and the Refunding Contract shall be enforceable by appropriate proceedings taken by such holder either at law or in equity.

Section 10. The Authority covenants and agrees with the successive holders of the Refunding Bonds that so long as any Refunding Bonds remain outstanding and unpaid as to either principal or interest:

(a) The Authority will punctually perform all of its obligations and duties under this resolution and the Refunding Contract, including all 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 the sale of the Refunding Bonds for the purposes and in the manner required by the Refunding Contract and this resolution. The Authority will maintain and keep proper books of record and account relative to the application of such proceeds and the contractual payments received.
pursuant to the Refunding Contract. Not later than four (4) 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 the sale of the Refunding Bonds, the cash receipts from the contractual payments and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Refunding Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the application of funds therefor or for the payment of Refunding Bonds during such year. A certified copy of said statement shall be filed with the Secretary of the Authority and the Township Clerk and a copy shall also be sent to the manager of the syndicate purchasing the Refunding Bonds.

Section 11. The Authority hereby appoints Hutchinson, Shockey, Erley & Co. senior managing underwriter for the Refunding Bonds (the “Underwriter”). Any of the Authorized Officers are each hereby authorized to negotiate and execute a Bond Purchase Agreement with the Underwriter, finalizing the details of the Refunding Bonds within the authorized parameters of the Resolution and each is authorized to execute and deliver a Sales Order approving the final terms of the Refunding Bonds, adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, designation of series, the portion or portions of the Prior Bonds to be refunded, and other matters, within the parameters established by this resolution, provided that the principal amount of Refunding Bonds
issued shall not exceed the principal amount authorized in this resolution, the true interest cost on
the Refunding Bonds shall not exceed three and one-half percent (3.5%), a net present value
savings of at least 3% on the Prior Bonds to be refunded shall exist upon the sale of the
Refunding Bonds and said refunding, and the maximum Underwriter’s spread shall not exceed
$7.50 per thousand (0.75%) of the par amount of the Refunding Bonds.

Section 12. The Authority hereby covenants that it shall comply with the requirements
of Rule 15c2-12 of the Securities and Exchange Commission regarding continuing disclosure to
negotiate a bond purchase agreement for the sale of the Refunding Bonds with the Underwriter
and to execute the same on behalf of the Authority.

Section 13. The Authorized Officers are each authorized to approve circulation of both
a Preliminary and Final Official Statement describing the Refunding Bonds, to secure ratings for
the Refunding Bonds, and to purchase municipal bond insurance for the Refunding Bonds.

Section 14. The Authority has considered the option of selling the Refunding Bonds
through a competitive sale and a negotiated sale and, pursuant to the requirements of Act 34,
determines that a negotiated sale of the Refunding Bonds will result in the most efficient and
expeditious means of selling the Refunding Bonds due to the flexibility in the timing and sizing
of the Refunding Bonds.

Section 15. The Authority shall, to the extent permitted by law, take all actions within
its control necessary to maintain the exclusion of the interest on the Refunding Bonds from gross
income for federal income tax purposes under the Internal Revenue Code of 1986, as amended
(the “Code”), including, but not limited to, actions relating to any required rebate of arbitrage
earnings and the expenditure and investment of Refunding Bond proceeds and moneys deemed
to be Refunding Bond proceeds. If deemed appropriate, any of the Authorized Officers is
authorized to designate the Refunding Bonds as “qualified tax exempt obligations” for purposes of deduction of interest expense by financial institutions pursuant to the Code.

Section 16. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

Section 17. The Refunding Contract is hereby approved and the Chair and Secretary are authorized to execute the same on behalf of the Authority.

Section 18. This resolution shall become effective immediately upon its passage.
Minutes of a Regular Meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 25th day of January, 2017 at which the following Commissioners were present: Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason and the following were absent: None.

The attached resolution was moved by Commissioner Doe and seconded by Commissioner Ichesco. The following Commissioners voted aye: Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason and the following Commissioners voted nay: None.

RESOLUTION DECLARED ADOPTED

JON R. ICHESCO, Secretary – Treasurer
I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Commission of the Ypsilanti Community Utilities Authority, at a Regular Meeting held on January 25, 2017, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

JON R. ICHESCO, Secretary – Treasurer

28177709.9/099369-00040
YCUA RESOLUTION NO. 17-2

MERS Uniform 457 Supplemental Retirement Program Resolution

This Resolution, together with the MERS 457 Supplemental Retirement Program and Trust Master Plan Document and the MERS 457 Supplemental Retirement Program Participation Agreement and any Addendum thereto, constitute the entire MERS 457 Deferred Compensation Plan Document.

WHEREAS, the Municipal Employees Retirement Act of 1984, Section 36(2)(a), MCL 38.1536(2)(a) (MERS Plan Document (Section 36(2)(a)) authorizes the Municipal Employees’ Retirement Board (the “Board”) to “establish additional programs including but not limited to defined benefit, defined contribution, ancillary benefits, health and welfare benefits, and other postemployment benefit programs,” and on November 8, 2011, the Municipal Employees’ Retirement Board adopted the MERS 457 Deferred Compensation Plan.

WHEREAS, this Uniform Resolution has been approved by the Board under the authority of Section 36(2)(a), and the Board has authorized the MERS 457 Deferred Compensation Plan, which shall not be implemented unless in strict compliance with the terms and conditions of this Resolution.

WHEREAS, the Participating Employer, a participating “municipality” (as defined in Section 2b(2) in the Municipal Employees Retirement Act of 1984; MCL 38.1502b(2); Plan Document Section 2b(4)) or participating “court” (circuit, district or probate court as defined in Section 2a(4) – (6) of the Act, MCL 38.1502a(4) – (6); Plan Document Section 2a(4) – (6)) within the State of Michigan has determined that in the interest of attracting and retaining qualified employees, it wishes to offer a deferred compensation plan;

WHEREAS, the Participating Employer has also determined that it wishes to encourage employees’ saving for retirement by offering salary reduction contributions;

WHEREAS, the Participating Employer has reviewed the MERS 457 Supplemental Retirement Program (“Plan”);

WHEREAS, the Participating Employer wishes to participate in the Plan to provide certain benefits to its employees, reduce overall administrative costs, and afford attractive investment opportunities;

WHEREAS, the Participating Employer is an Employer as defined in the Plan;

WHEREAS, concurrent with this Resolution, and as a continuing obligation, this Governing Body has completed and approved, and submitted to MERS and the Board documents necessary for adoption and implementation of the Plan; and

WHEREAS, the Governing Body for and on behalf of the Participating Employer is authorized by law to adopt this Resolution approving the Participation Agreement on behalf of the Participating Employer. In the event any alteration of the terms or conditions stated in this Resolution is made or occurs, it is expressly recognized that MERS and the Retirement Board, as sole trustee and fiduciary of the Plan and its trust reserves, and whose authority is nondelegable, shall have no obligation or duty to continue to administer (or to have administered) the MERS 457 Supplemental Retirement Program for the Participating Employer.

NOW, THEREFORE, BE IT RESOLVED that the Governing Body adopts the MERS 457 Supplemental Retirement Program as provided below.
I. The Participating Employer adopts the Plan for its Employees.

II. The Participating Employer hereby adopts the terms of the Participation Agreement, which is attached hereto and made a part of this Resolution. The Participation Agreement sets forth the Employees to be covered by the Plan, the benefits to be provided by the Participating Employer under the Plan, and any conditions imposed by the Participating Employer with respect to, but not inconsistent with, the Plan. The Participating Employer reserves the right to amend its elections under the Participation Agreement, so long as the amendment is not inconsistent with the Plan or the Internal Revenue Code or other applicable law and is approved by the Board.

III. The Participating Employer shall abide by the terms of the Plan, including amendments to the Plan made by the Board, all investment, administrative, and other service agreements of the Plan and the Trust, and all applicable provisions of the Internal Revenue Code and other applicable law.

IV. The Participating Employer acknowledges that the Board is only responsible for the Plan and any other plans of the Employer administered by MERS and that the Board has no responsibility for other employee benefit plans maintained by the Employer that are not part of MERS.

V. The Participating Employer accepts the administrative services to be provided by MERS and any services provided by a Service Manager as delegated by the Board. The Participating Employer acknowledges that fees will be imposed with respect to the services provided and that such fees may be deducted from the Participants’ accounts.

VI. The Participating Employer acknowledges that the Plan contains provisions for involuntary Plan termination.

VII. The Participating Employer acknowledges that all assets held in connection with the Plan, including all contributions to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of Participants and their Beneficiaries under the Plan. No part of the assets and income of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries and for defraying reasonable expenses of the Plan. All amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the Plan, shall be transferred to the Board to be held, managed, invested and distributed as part of the Trust Fund in accordance with the provisions of the Plan. All contributions to the Plan must be transferred by the Participating Employer to the Trust Fund. All benefits under the Plan shall be distributed solely from the Trust Fund pursuant to the Plan.

VIII. This Resolution and the Participation Agreement shall be submitted to the Board for its approval. The Board shall determine whether the Resolution complies with the Plan, and, if it does, shall provide appropriate forms to the Participating Employer to implement participation in the Plan. The Board may refuse to approve a Participation Agreement by an Employer that does not possess State statutory authority to participate in the Plan. The Governing Body hereby acknowledges that it is responsible to assure that this Resolution and the Participation Agreement are adopted and executed in accordance with the requirements of applicable law.
MERS Uniform 457 Supplemental Retirement Program Resolution

BE IT FINALLY RESOLVED: This Resolution shall have no legal effect under the Plan until a certified copy of this adopting Resolution is filed with MERS, and MERS determines that all necessary requirements under the 457 Supplemental Retirement Program Plan and Trust, the Participation Agreement, and this Resolution have been met. All dates for implementation of the Plan shall be determined by MERS from the date of filing with MERS of this Resolution in proper form and content. Upon MERS determination that all necessary documents have been submitted to MERS, MERS shall record its formal approval upon this Resolution, and return a copy to the Employer.

In the event an amendatory Resolution or other action by the municipality is required, such Resolution or action shall be deemed effective as of the date of the initial Resolution or action where concurred by this Governing Body and MERS (and a third-party administrator, if applicable and necessary). 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 a Resolution adopted at the official meeting held on

January 25, 2017. [Signature of authorized official]  
BRENDA L. STUMBO, Chair

Municipality name: Ypsilanti Community Utilities Authority

Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: ______________________, 20__  
(Authorized MERS signatory)
I. Loan Reference

This loan addendum is for the All employees (Eligible Employees) employees of the Ypsilanti Community Utilities Authority (Employer) which modifies the 457 Supplemental Retirement Program Adoption Agreement effective 01/01/2017 (MM/DD/YYYY) (Adoption Date) with respect to current participants in MERS.

The Employer offers the following retirement plans (e.g., 457, 401a, 403(b) plans, etc.) to its employees in addition to the MERS 457 Program: DB, HCSP, and RHFV.

☐ None

If the Employer has other plans listed above, the Employer agrees to coordinate the application of the maximum loan limits among the MERS 457 Program and any other retirement plans which the Employer may sponsor. The Employer hereby acknowledges that MERS is not able to perform such coordination and accepts the delegation of this responsibility.

The Employer agrees to report to MERS within 1 month any of the following events relating to a participant with an outstanding loan: death, disability, unpaid leave of absence, military leave, change to a part-time position, termination of employment, or any other circumstances which the Employer has reason to believe will impact the repayment of the outstanding loan.

II. Loan Procedures

1. **Availability.** Any participant who is an active employee may apply to the Employer, or its designee, for a loan from the employee’s account balance in the Program. Loans will be available to all such participants on a uniform and nondiscriminatory basis upon submission of the required loan application forms. All loans are subject to the approval of the Employer and MERS, or its designee.

2. **Purpose.** A general purpose loan may be obtained for any purpose.

3. **Restrictions on Availability.** A participant may not have more than two (2) outstanding loan(s) at any one time.

4. **Frequency.** A participant may not apply for a loan any more frequently than once per a rolling 12-month period.

5. **Minimum Amount.** The minimum loan amount is One Thousand Dollars ($1,000.00).
6. **Maximum Amount**

The maximum amount for all outstanding loans to the participant from the Program and all other plans the participant participates in is the lesser of:

(a) Fifty Thousand Dollars ($50,000.00), reduced by the highest outstanding balance of loans from all the plans in which the participant participates during the one (1) year period ending on the day before the date on which the loan is to be made; or

(b) One-half (1/2) of the sum of the vested account balance, reduced by the participant’s current outstanding balance of all loans from all plans of the participant for that participant, determined as of the loan application date.

The maximum amount will also be reduced by the amount of any existing loan balance (including accrued interest).

7. **Domestic Relations Orders**

No loans will be made during a period when MERS, or its designee, is determining whether a domestic relations order affecting the participant’s accounts is an “eligible domestic relations order” as defined by the Eligible Domestic Relations Order Act, MCL 38.1701, et seq.

8. **Interest Rate**

(a) The interest rate to be charged on a loan will be the prime interest rate (as reported by the Wall Street Journal or any successor thereto) plus two percent (2.00%) and is fixed for the life of the loan. The interest rate will be the established rate in effect on the date the loan application becomes effective and is approved by MERS.

(b) Interest payments on the loans by participants are not deductible for tax purposes.

9. **Term**

(a) The term of the loan must extend for at least one (1) year from the date of the loan but must not exceed five (5) years.

(b) The term of the loan will end prior to the end of the applicable period and the outstanding balance (principal and accrued interest) will become immediately due and payable on the earlier of:

1. in the case of a participant who becomes eligible for a program distribution (other than an in-service distribution beginning at age 70½) which begins after the beginning date of the loan, the date such distribution begins;

2. the date of distribution or separation of (1) the participant’s accounts pursuant to an eligible domestic relations order, or (2) any portion of the accounts which causes the remaining portion of the accounts to be less than the security interest established at the time of inception of the loan;

3. the date of termination of employment of the participant as provided in paragraph 15; or

4. the date of a default on the loan as provided in paragraph 16.

(c) The term of the loan shall not exceed a period which would cause the payment to be less than Five Dollars ($5.00) per week.

(d) Loans may not be refinanced for any reason.
10. Repayment
   (a) Each loan must be repaid in substantially equal installments, with payments not less frequently than each payroll period beginning as specified in loan document but no later than 30 days from receipt of payment.
   
   (b) The participant must authorize repayment of the principal and interest of each loan to be made by regular payroll deduction payments and reported to MERS according to reporting cycle selected in Adoption Agreement. If the scheduled repayment amount is greater than the participant’s payroll, the participant must make payment in full for any remaining repayment amount not collected through payroll deduction by delivering to the Employer or its designee, a check or other negotiable instrument (not cash) payable to the Employer.
   
   (c) Repayments will be reallocated to the participant’s account according to the investment election made by the participant, and in effect at the time the payment is processed to the participant’s account.

11. Unpaid Leave of Absence
   During the term of a loan, if a participant takes an approved leave of absence without pay, the participant may choose to suspend regular loan payments for up to one year during such unpaid leave of absence. Suspension of payments will not cause the term of the loan to be extended beyond its original term, and such suspended payments (and accrued interest) will become due and payable at the end of the original loan term in one lump sum payment. If a participant on a leave of absence without pay chooses to continue regular payments during such unpaid leave of absence, payments may be made by check or other negotiable instrument (not cash) made payable to the Employer and delivered to the Employer, or its designee.

12. Military Service
   As permitted under Code Section 414(u), if a participant with an outstanding program loan takes a leave of absence for a period of military service; such participant may elect to suspend regular loan payments during such period of military service, regardless of the duration of such service. Upon completion of such military service, the participant must resume making loan repayments in an amount which is not less than the original repayment amount, and in installments which are not less frequent than the frequency required under the terms of the original loan. The loan must be repaid in full (including interest that accrues during the period of military service at a rate not to exceed 6% compounded annually) by no later than the date of the original loan plus the period of military service. Any balance due and payable at the end of the adjusted loan term must be paid in one lump sum payment. Such lump sum payments may be made by check or other negotiable instrument (not cash) made payable to the Employer and delivered to the Employer, or its designee.

13. Prepayments
   The participant may repay, without penalty, the entire outstanding principal balance of the loan and accrued interest to date of repayment. Prepayments should be made by check or other negotiable instrument (not cash) made payable to the Employer and delivered to the Employer or its designee, who shall report the payment to MERS.
14. **Loan Processing Fees**

Any loan processing fee charged by MERS will be paid by the participant. Following loan issuance, MERS will deduct an initial processing fee of One Hundred and Fifty Dollars ($150.00) from the participant’s remaining vested account balance. MERS reserves the right to charge an annual maintenance fee.

15. **Termination of Employment**

(a) The entire amount outstanding on the participant’s loan will be due and payable on the date of the participant’s termination of employment. The date a participant terminates employment is the date on which the participant quits, retires, is discharged, or dies. If the loan is not paid in full at termination, default will occur and paragraph 16 applies.

(b) No distributions to a participant (other than in-service withdrawals, as limited under paragraph 18(b)) will be made prior to repayment of all outstanding loans, including interest, costs, and expenses due thereon regardless of termination of employment. If there is a distributable event with respect to the participant, the accounts of the participant will be applied against any outstanding loans to the extent necessary to fully repay the same as provided in paragraph 17.

16. **Defaults and Remedies**

(a) The Program, or its designee, may declare a default on a loan as of the last day of the quarter following the quarter in which either of the following occurs:

1. the participant fails to make a payment (other than due to an unpaid leave of absence as provided in item 11 or military service as provided in item 12 of this Loan Addendum); or

2. MERS, or its designee, in good faith deems the 457 Program insecure with respect to the repayment of the loan and notifies the participant of this deemed insecurity.

(b) If a default occurs prior to a distributable event, the defaulted loan amount will be a taxable “deemed” distribution. When the participant is later eligible for a distribution, the amount distributed will be net of the loan balance, adjusted for interest. This “offset” at the time of distribution is not taxable.

(c) When a default occurs simultaneously with a distributable event, the defaulted loan balance will be treated as part of the actual taxable distribution.

(d) A participant will not be eligible to receive any subsequent loans if the participant has ever defaulted on a plan loan.

17. **Source of Loan Funds**

Any loan to a participant will be considered a separate asset of the trust fund segregated for the benefit of such participant. The loan proceeds will come from the fund or funds of the participant in which the vested accumulated balance is invested on a pro-rata basis.
18. **Security**
   (a) The participant must pledge his or her remaining vested account balance as the security interest for the loan, which will be reduced by the amount of loan plus any accrued interest should the loan be defaulted.
   (b) The unpaid portion of the loan is not available for the participant in-service withdrawals.
   (c) No loans will be permitted to a participant who has previously defaulted on a loan.

19. **Loan Application and Processing**
   (a) Loan applications may be made by completing the required forms obtained from the Employer or its designee, and submitting them to the Employer or its designee.
   (b) All loans will be subject to approval by the Employer or its designee. The Employer, or its designee, will designate the individual or individuals authorized to approve loans.
   (c) If a loan application is approved, the Employer, or its designee, will forward the approved application materials to MERS. The amount of the loan will be issued to the participant as soon as administratively feasible after the completed application is submitted to MERS and MERS determines that the participant is eligible for the requested loan.
   (d) If a loan application is denied, the Employer, or its designee, will notify the participant in writing.

**III. Enforcement**

In the event a filing under the IRS Employee Plans Compliance Resolution System becomes necessary with respect to a loan, the filing may, at MERS' discretion, be managed by MERS; however, the Employer shall be responsible for paying all costs and fees associated with such filing, including legal fees.
MERS 457 Participation Agreement

The Employer, a participating municipality or participating court within the state of Michigan, hereby agrees to adopt and administer the MERS 457 Program provided by the Municipal Employees' Retirement System of Michigan, in accordance with the MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

I. Employer Name: Ypsilanti Community Utilities Authority
   (Name of municipality or court)

   Municipality Number: 8106 Division Number (if amendment): ______

   If new to MERS, please provide your municipality's fiscal year: ______ through ______.

   Month Month

II. Effective Date: The MERS 457(b) Program will be effective as follows (choose one):

   □ Original Adoption. The MERS 457(b) Program will be effective January 2017
   (Month and year), with respect to contributions upon approval by the Program Administrator.

   □ To establish a new plan or replace current 457 carrier with the MERS 457 Program.

   □ To add the MERS 457 Program in addition to another 457 carrier.

   Plan Name(s) and Provider(s):

   ICMA

   VERY IMPORTANT: All eligible programs of a Participating Employer are considered to be a single plan for purposes of compliance with Code Section 457(b). Thus, if a Participating Employer has more than one eligible 457 (or additional investment options under a 457(b) arrangement with more than one vendor), the Participating Employer is responsible for ensuring that all of its arrangements, treated as a single program, comply with the 457(b) requirements. In order to fulfill its responsibility for monitoring coordination of multiple programs, the Participating Employer must carefully review the Master Plan Document provisions.

   □ Amendment and Restatement. The amended and restated MERS 457(b) Program will be effective
   (Month and year), with respect to contributions upon approval by the Program Administrator. The MERS 457(b) Program was originally effective
   (Month and year).

III. Eligible Employees: Only Employees as defined in the Program may be covered by the Participation Agreement. Subject to other conditions in the Program, this Agreement, and Addendum (if applicable), the following Employees are eligible to participate in the Program:

   All employees

IV. Contributions will be remitted (check one):

   □ Weekly
   □ Bi-Weekly (every other week)
   □ Semi-Monthly (twice each month)
   □ Monthly
   □ Other (must specify)
MERS 457 Participation Agreement

V. Roth Deferral Contributions: ☐ shall be permitted ☐ shall not be permitted

If Roth Deferral Contributions are elected, the Program will allow Roth rollover contributions from other designated Roth 457(b), 401(k), or 403(b) Plans. Roth in-plan rollovers will also be allowed. Roth in-plan rollovers allow a participant who has reached 70½ or who has incurred a severance from employment to elect to have all or a portion of his or her pre-tax contribution account directly rolled into a designated Roth rollover account under the plan if the amount would otherwise be permitted to be distributed as an eligible rollover distribution. Any amounts that are rolled to the Roth rollover account are considered to be irrevocable and may not be rolled back to the pre-tax account.

VI. Loans: ☐ shall be permitted ☐ shall not be permitted

If Loans are elected, please complete and attach the MERS 457 Loan Addendum.

VII. Automatic Enrollment: ☐ shall be permitted ☐ shall not be permitted

If selected, please complete and attach the MERS 457 Eligible Automatic Contribution Arrangement (EACA) Addendum.

VIII. Employer Contributions: ☐ shall be permitted ☐ shall not be permitted

If selected, please complete and attach the MERS 457 Employer Contribution Addendum.

IX. Modification of the Terms of the Participation Agreement

If the employer desires to amend any of its elections contained in the Participation Agreement, including attachments/addendums, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Participation Agreement. The amendment of the new agreement is not effective until approved by MERS.

X. Enforcement

1. This Participation Agreement, including attachments/addendums may be terminated only in accordance with the Master Plan Document

2. The Employer hereby agrees to the provisions of the MERS 457 Supplemental Retirement Program and Trust Master Plan Document.

3. The employer hereby acknowledges it understands that failure to properly fill out this Participation Agreement may result in the ineligibility of the program.

XI. Execution

Authorized Designee of Governing Body of Municipality or Chief Judge of Court

The foregoing Participation Agreement is hereby approved by Ypsilanti Community Utilities Authority (Name of Approving Employer)

Authorized signature: BRENDA L. STUMBO

Title: CHAIR

Witness signature: 

Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: , 20 Signature: (Authorized MERS Signatory)