



Minutes

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

Members Present: J. Ray Scott, Mark Namatevs, Deedra Climer Bass, and Larry J. Doe.

Members Absent: Gregory A. Peoples.

1. **CALL TO ORDER:** Scott called the meeting to order at 9:09 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Doe to receive and file the minutes of the February 24, 2009 meeting as presented. Support by Namatevs. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – YCUA Resolution No. 09-1 re: Retirement of Russ Harris – Larry R. Thomas**

Mr. Thomas advised the Board that Russ Harris is a YCUA employee with 33 years of service. He indicated that Mr. Harris worked in the wastewater treatment plant and the laboratory. Mr. Thomas also explained that Mr. Harris has requested retirement as of March 31, 2009. He pointed out that this item is a standard retirement resolution.

Mr. Thomas recommended approval of YCUA Resolution No. 09-1 re: Retirement of Russ Harris.

Motion by Namatevs to approve YCUA Resolution No. 09-1 re: Retirement of Russ Harris. Support by Bass. In favor: All. Opposed: None. (Motion carried)
 - B. **Request to Approve – YCUA Resolution No. 09-2 Approving Contracts – Larry R. Thomas**

Mr. Thomas directed the Board's attention to a letter from Tom Colis, the Authority's bond counsel, regarding two contracts for two upcoming bond issues. He indicated that the bonds involve a DWRF water main replacement project on Hewitt Road and work to be done at the Martz Road and Willow Run sewage pumping stations.

Mr. Thomas also explained that the work at the pump stations will involve installation of an additional header similar to the work that has already been done at Snow Road and Factory Street over the last two years. He pointed out that there will also be some additional upgrades to these stations with installations of an additional pump and controls. Mr. Thomas explained that there is some federal stimulus money in both of these loans that is in the form of 42% principal forgiveness in the DWRF money and 22% in the SRF money. He further advised that this does not affect the contracts or the resolutions. Mr. Thomas stated that Tom Colis was present to provide further information and answer any questions they may have.

Mr. Colis advised the Board that these are the standard contracts for DWRF and SRF projects. He indicated that these two projects are for the benefit of Ypsilanti Township. Mr. Colis also explained that the DWRF project is ready to move at the third quarter and the two SRF are fourth quarter projects, which means one closes in June and the other two in September. He pointed out that separate bond authorizing resolutions will be brought before them on the drinking water project at the next month's meeting and on the SRF later on.

Mr. Colis explained that the state was not comfortable that it had statutory authority to provide the stimulus money as a grant so they have done so as principal forgiveness. He further advised that this means that YCUA only has to pay back 58% of every DWRF dollar YCUA borrows and 78% of every SRF dollar. Mr. Colis stated that the final figures might move a little bit but they will be pretty close to those stated. He acknowledged that YCUA has a preliminary schedule for the full principal amount of the bonds because the Authority still needs those proceeds to fill the projects.

Mr. Colis confirmed that YCUA will receive a new pay back schedule from the state that will carry through for the next few quarters until the Authority uses up all of the stimulus money. He explained that the 2.5% interest rate will not change.

Mr. Colis pointed out that township officials met and approved the contracts. He also stated that, as Mr. Thomas indicated, the SRF encompasses two projects which have been combined into one contract

but that there will be two series of bonds for the SRF and one bond for the DWRF.

Mr. Colis advised the Board that a ballpark figure for the DWRF is a not-to-exceed amount of \$600,000 and \$6.5 million for the two SRF projects. He indicated that, in order to obtain the stimulus money, the contracts must contain a provision that requires compliance with the federal Davis – Bacon Act regarding prevailing wage and reporting requirements as well as a Buy American provision.

Mr. Thomas recommended approval of YCUA Resolution No. 09-2 Approving Contracts.

J. Ray Scott inquired as to whether there is any risk to the Authority if the funds from the state fall through. Mr. Colis responded that YCUA wasn't originally planning on the stimulus money being there so the resources to pay these funds back were already in place. Mr. Scott also asked who will be overseeing the Davis – Bacon and Buy American provisions. Mr. Colis responded that there is an ongoing reporting requirement of the federal Davis – Bacon Act that will accomplish that. Larry R. Thomas added that the Davis – Bacon language is standard in YCUA's contracts but that the Buy American provision is something new that will be added to the bidding documents.

Deedra Climer Bass inquired as to whether interest must be paid on the portion of the principal that is being forgiven. Mr. Colis responded that the Authority only pays interest on the portion that has to be paid back. Ms. Bass also asked whether the Buy American provision requires that products be 100% American made. Mr. Colis responded affirmatively but added that waivers can be obtained in the event that a certain product is not made in this country. He stated that the Buy American provision can potentially increase the projects' cost but that the stimulus money being provided offsets this.

Joh Kang advised the Board that because YCUA has been practicing these policies all along, there is no additional cost involved per se.

Larry J. Doe commented that it is still important that there be a mechanism in place to make absolutely sure these provisions are being met. Mr. Jesse responded the Authority generally does this, particularly on smaller projects. Mr. Colis added that YCUA is protected as long as its contracts certify that its contractors be in compliance as well.

J. Ray Scott indicated that it is important that the Authority not be penalized for not providing proper oversight and that it will be crucial to fulfill all reporting obligations.

Motion by Namatevs to approve YCUA Resolution No. 09-2 Approving Contracts. Support by Bass. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – McKenny Double Check Valve Assembly Installation – T. Michael Jessee

Mr. Jessee reminded the Board that, over the past two years, the Authority has been installing double-check valves where YCUA connects to the Eastern Michigan University system in order to abate the fact that the Authority is using the EMU system as a flow-through water system. He indicated that YCUA wants to capitalize on some work that EMU is currently doing at the Mark Jefferson Science Complex and that Authority staff contacted their contractor to obtain a quote on the installation of the double-check valve assembly.

Mr. Jessee also explained that the contractor responded with a cost of \$31,000, which is well below the \$53,000 that was budgeted. He pointed out that the proposal also calls for a contingency of \$4,000.

Mr. Jessee recommended approval of McKenny Double Check Valve Assembly Installation in the amount of \$35,000.

Motion by Doe to approve McKenny Double Check Valve Assembly Installation in the amount of \$35,000. Support by Bass. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – OHM Hewitt Road Engineering Proposal – T. Michael Jessee

Mr. Jessee reminded the Board that the Authority is preparing to replace the water main along Hewitt Road. He indicated that about 2,000 feet of water main will be replaced from Packard to just north of Washtenaw.

Mr. Jessee also explained that, in order to provide onsite observation and engineering requests from the contractor, YCUA contacted OHM and requested a proposal for the same. He pointed out that OHM responded with a not-to-exceed budget of \$64,400.

Mr. Jessee recommended approval of OHM Hewitt Road Engineering Proposal with the not-to-exceed amount of \$64,400.

Motion by Bass to approve the OHM Hewitt Road Engineering Proposal with the not-to-exceed budget of \$64,400. Support by Doe. In favor: All. Opposed: None. (Motion carried)

E. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for

February 28, 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.

F. Financial Report – Authority Net Assets - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for February 28, 2009. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Larry J. Doe inquired as to why sewage disposal sales should a significant reduction for the month. Mr. Thomas responded that the biggest reason is that there was a pretty big dip from WTUA this month. Dwayne Harrigan interjected that, when the audit was closed out, the previous month was subtracted from the current numbers and some adjustments were made to put it back into this year so that the books would agree with the audit. He stated that this took some income from the February revenue and that it was a timing issue.

Informational only; no motion from the Board required.

G. 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.

Informational only; no motion from the Board required.

H. Attorney's Report – Larry R. Thomas

Mr. Thomas advised the Board that YCUA attorney Thomas E. Daniels was not able to attend today's Board meeting due to the ongoing WTUA arbitration hearings. He indicated that the arbitration is going as well as can be expected. Mr. Thomas also explained that there is a recess in the hearing that morning but that it will continue at noon for the last witnesses and closing arguments on the following day. He pointed out that there should be a decision by early next week.

Mr. Thomas explained that the C.A. Hull trial began on March 6th and that two witnesses have testified. He further advised that there is one witness on the stand and the trial will continue on April 3rd.

Informational only; no motion from the Board required.

K. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that he has been very busy with the WTUA arbitration and that he will be returning at noon.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

L. Tetra Tech Proposal re: Energy and Process Organization – T. Michael Jessee

Mr. Jessee advised the Board that, with the American Recovery and Reinvestment Act, there will be funds offered for energy savings and environmental issues. He indicated that the reduction of energy and chemicals and renewal energy are the topics of those “green funds”. Mr. Jessee also explained that the Authority is very interested in those funds and contacted Tetra Tech and requested a proposal to evaluate YCUA’s energy and chemical consumptions and also assist the Authority in qualifying for the ARRA funds. He pointed out that Tetra Tech responded with a proposal that will encompass six tasks:

- A kick-off meeting to discuss the objectives in the area of energy and chemical consumption reduction,
- A facility energy and chemical usage audit,
- Development of alternatives and priority alignment of suitable changes in operation,
- Preparation of a report to include optimization plan and capital improvement plan development,
- Preparation of an application for the State Revolving Fund, which will administer the “green dollars”, and
- Assistance with the implementation of the capital improvement in order to secure the Authority’s objective.

Mr. Jessee explained that YCUA’s objective is to secure the federal funds in order to improve the Authority’s overall operation. He further advised that this will include the major pump stations and the wastewater treatment plant. Mr. Jessee stated that staff hopes that this will result in a 5 -10% reduction in electric, natural gas, and chemical usage. He acknowledged that there is \$2,099,000 budgeted for electricity and \$1,060,000 has been spent. Mr. Jessee confirmed that \$600,000 has been budgeted for electricity in the pump stations and \$212,000 has been spent

and \$83,000 for natural gas and \$18,000 has been spent. He explained that \$1 million has been budgeted in the plant for natural gas and \$336,000 has been spent.

Mr. Jessee pointed out that with this proposal, YCUA stands to save about \$150,000 - \$300,000 at today's consumption rates. He also stated that the Authority needs to have this plan in place and submitted by July 1, 2009, which is the deadline for submittal of a revised Sanitary Revolving Fund Plan that currently involves Martz Road and Willow Run pump stations.

Mr. Jessee recommended approval of the Tetra Tech Proposal re: Energy and Process Organization in the amount of \$59,500, which includes \$52,000 for the overall plan and the option of task 5 to prepare the application for the SRF funding.

Tom Allbaugh advised the Board that YCUA staff developed the current project plans so they will provide whatever assistance is required up to and including preparing the application for SRF. He indicated the Authority is already very conscious of the cost of operating its facilities and that this is just another opportunity to further improve that process.

J. Ray Scott interjected that this plan enhances the efficiencies that are already in place at YCUA.

T. Michael Jessee added that staff considered doing this using YCUA's in-house engineering department but that they really do not have the expertise on staff to do the electrical evaluation.

Deedra Climer Bass inquired as to whether the figure quoted includes implementation. Mr. Jessee responded that it does not. Tom Allbaugh added that a lot of the savings will flow from improvements that don't involve a lot of capital expenditures. He stated that there are two kinds of things that can happen: one being the ability to refine and improve on what's already there and the other being the investment of capital dollars to achieve long-term savings.

Larry J. Doe inquired as to what items would not require capital. Tom Allbaugh responded that a small, incremental improvement on the efficiency of the energy consumption and chemical addition used in the Authority's wastewater treatment process using existing equipment and control systems could result in tens of thousands of dollars in savings. He added that the rub is that anything that changes energy use has the potential to cause a process upset, so it is important to look at both sides of the equation.

Mr. Doe then inquired as to what kinds of capital improvements might be considered. Mr. Allbaugh responded that upgraded controls will clearly

result in energy savings. Mr. Doe asked if this is something that is likely to be approved for these funds. Mr. Allbaugh responded that the “green” program has not yet been completely defined but that, at minimum, pump replacements at Factory Street and Snow Road will qualify under the SRF for 22% capital forgiveness.

Mr. Jessee reminded the Board that YCUA has modified the operation of the incinerator in that it now runs for two or three weeks at a time and is then shut down for two to three weeks, which has resulted in considerable savings. He added that staff has been analyzing the Authority’s natural gas consumption through the incinerator and that this proposal should find further energy reductions in this area.

Mr. Jessee also indicated that it is important to keep in mind that an 11% increase for electricity is being predicted this year and another 9% next year, so an actual dollar savings might not be seen but if the consumption is reduced, there is a savings in spite of the increasing overall costs. He stated that it is extremely difficult to budget for utilities because you never know which way the market is going to go.

Deedra Climer Bass interjected that internal process improvements or controls will not necessarily cost any money but that, just to be clear, there may be a request for dollars to implement other projects that do require new equipment. Mr. Jessee responded that what the Board should see as a result of this proposal is an audit that can be discussed in order to establish a prioritized plan to be brought to the Board for consideration.

Motion by Doe to the Tetra Tech Proposal re: Energy and Process Organization in the amount of \$59,500. Support by Bass. In favor: All. Opposed: None. (Motion carried)

6. **STATEMENTS AND CHECKS:** Motion by Bass to pay the bills in the amount of \$2,470,480.13 with an addendum in the amount of \$6,466.46. Support by Doe. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

Bob Bucko of the Municipal Insurance Alliance and the Michigan Township Participating Plan addressed the Board. He indicated that his company provides risk management services to over 1,740 public entities across the state and another 3,000 across the Midwest ranging from the smallest townships to the largest cities and counties. Mr. Bucko stated that he came before the Board last year and asked to present a proposal for the Authority’s Property and Casualty Insurance but that, at that time, the expiration of the policy had been moved from September to July 1st and he was unable to coordinate the proposal. He advised that he has come before the Board again because there is a provision in YCUA’s

program that requires the current carrier must be notified 90-days prior of an intent to bid.

Larry R. Thomas interjected that YCUA is in the process of preparing an RFP for the insurance, which should be available yet this week.

8. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 10:05 a.m. Support by Bass. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

DEEDRA CLIMER BASS, Secretary/Treasurer

YCUA RESOLUTION NO. 09-1 ANNOUNCING
THE RETIREMENT OF RUSS HARRIS AND
COMMENDING HIM FOR HIS SERVICE

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 March 2009 at 9:00 o'clock a.m., Eastern Daylight Time.

PRESENT: Commissioners J. Ray Scott, Mark Namatevs, Deedra Climer Bass,
and Larry J. Doe

ABSENT: Commissioners Gregory A. Peoples

The following preamble and resolution were offered by Commissioner Namatevs and supported by Commissioner Bass.

WHEREAS, Russ Harris, an employee of the Ypsilanti Community Utilities Authority, has completed thirty-three (33) years of service to the Authority; and

WHEREAS, Russ Harris has requested retirement as of March 31, 2009 and

WHEREAS, Russ Harris demonstrated probity, loyalty, dependability, and dedication to his employment;
and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Ypsilanti Community Utilities Authority commends Russ Harris for his accomplishments and years of service to the Authority and expresses its appreciation to him.

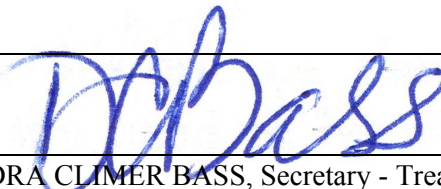
BE IT FURTHER RESOLVED THAT a suitably inscribed copy of this Resolution of Retirement be sent to Russ Harris as an expression of the Board's sincere appreciation for his years of service and the desire to convey its best wishes for good health and happiness in his retirement.

AYES: Commissioners J. Ray Scott, Mark Namatevs, Deedra Climer Bass,
and Larry J. Doe.

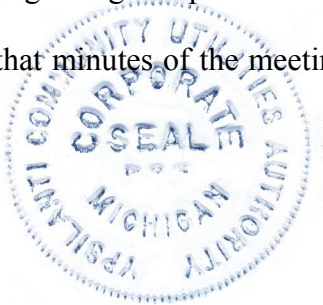
NAYS: Commissioners None.

RESOLUTION DECLARED ADOPTED.




DEEDRA CLIMER BASS, Secretary - Treasurer

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 March 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.



DEEDRA CLIMER BASS, Secretary - Treasurer

YCUA RESOLUTION NO. 09-2 APPROVING CONTRACTS

Ypsilanti Community Utilities Authority
County of Washtenaw, Michigan

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

PRESENT: Commissioners J. Ray Scott, Mark Namatevs, Deedra Climer Bass,
and Larry J. Doe

ABSENT: Commissioners Gregory A. Peoples

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

WHEREAS, the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, intends to authorize the issuance and sale of its Water Supply System No. 8 Bonds (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended in an amount of not to exceed Six Hundred Thousand Dollars (\$600,000), for the purpose of defraying the cost of acquiring and constructing water supply system improvements to service the Charter Township of Ypsilanti; and

WHEREAS, a DWRP Contract has been prepared between the Authority and the Township to provide for the financing of the cost of acquiring and constructing said improvements, which DWRP Contract has been reviewed by the Board of Commissioners; and

WHEREAS, the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, intends to authorize the issuance and sale of its Wastewater System No. 4 Bonds (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended, to be issued in two series, in an aggregate amount of not to exceed Six Million Four Hundred

Ninety-Five Thousand Dollars (\$6,495,000), for the purpose of defraying the cost of the acquisition, construction and installation of various improvements to the Martz Road pump station and the Willow Run pump station, together with all necessary appurtenances and attachments thereto, to service the Charter Township of Ypsilanti; and

WHEREAS, an SRF Contract has been prepared between the Authority and the Township to provide for the financing of the cost of acquiring and constructing said improvements, which SRF Contract has been reviewed by the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The DWRP Contract and the SRF Contract, each dated as of March 24, 2009 between the Authority and the Charter Township of Ypsilanti are hereby approved and the Chair and Secretary are each authorized to sign the same on behalf of the Authority.

2. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution by and the same hereby are rescinded.

AYES: Commissioners J. Ray Scott, Mark Namatevs, Deedra Climer Bass,
and Larry J. Doe.

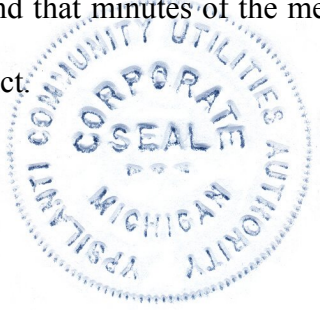
NAYS: Commissioners None.

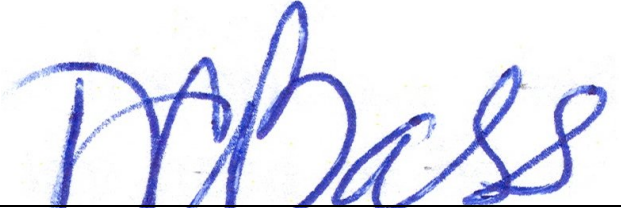
RESOLUTION DECLARED ADOPTED.



Deedra Climer Bass
DEEDRA CLIMER BASS, Secretary / Treasurer

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 March, 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.




DEEDRA CLIMER BASS, Secretary / Treasurer

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