



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, June 24, 2008 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: J. Ray Scott, Deedra Climer Bass, Larry J. Doe, and Gregory A. Peoples.

Members Absent: Mark Namatevs.

1. **CALL TO ORDER:** Scott called the meeting to order at 9:00 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Peoples to receive and file the minutes of the May 27, 2008 meeting as presented. Support by Doe. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Informational Item – 2008 Audit Engagement Letter – Larry R. Thomas**

Mr. Thomas directed the Board's attention to a letter from the Authority's auditors at Rehmann Robson regarding the audit for the year that will be ending August 31, 2008. He indicated that it is a standard engagement letter informing the Board of the various aspects of the anticipated audit. Mr. Thomas also explained that the letter details the audit objectives, management responsibilities, audit procedures, internal controls, compliance, and fees. He pointed out that Rehmann Robson is currently under contract to perform the audit as their original contractual engagement was extended last year for an additional three years. Mr. Thomas explained that this is the standard engagement letter for an auditor informing the Board of the Authority of the requirements of the anticipated audit. He further advised that there is an option for two more years in the 2006 contract. Mr. Thomas stated that it has been approximately five years since proposals were requested for auditing services and the contract was awarded to Rehmann Robson out of the four

bidders. He acknowledged that Rehmann Robson was the low bidder at the time although bid price was not the only criterion that was examined.

Gregory A. Peoples interjected that it might be a good idea to consider having other firms submit bids again just to make sure that Rehmann Robson is staying competitive. Larry J. Doe concurred. Mr. Thomas responded that next year might be a better time to do so since the new Finance Director will be more comfortable in his position at that time. J. Ray Scott added that if the services are bid out again in the future, it will be important to have a good grasp on the range of criteria as opposed to simply comparing costs.

Informational only; no motion from the Board required.

B. Request to Approve – Wastewater Treatment Plant Roof Replacement Project Phase II – T. Michael Jessee

Mr. Jessee reminded the Board that the phase I roof replacement project was approved by them two months previous. He indicated that phase I has now been completed. Mr. Jessee also explained that, upon reviewing the funds available to the Authority and the financial situation of the contractors in the area, staff has decided to proceed with phase II. He pointed out that phase II will include six facilities: the grit / screen building, retention building no. 1, retention building no. 2, the chlorine building, the chlorine building canopies, and a portion of the filter building.

Mr. Jessee explained that the phase II project involves 26,152 square feet of roofing. He further advised that bids were requested pursuant to YCUA's purchasing policy and that numerous bids were received. Mr. Jessee stated that the lowest bid was received from D3 of Brighton, Michigan in the amount of \$142,200. He acknowledged that staff is also requesting a contingency in the amount of \$21,330 for a total project budget of \$163,530. Mr. Jessee confirmed that the previous contract unit price totaled \$7.11 and the unit price on this contract is \$5.43. He explained that this is a huge reduction and many of the contractors are grateful to find work these days.

Mr. Jessee recommended approval of Wastewater Treatment Plant Roof Replacement Project Phase II in the amount of \$142,200 with a contingency of \$21,330 for a total project budget of \$163,530.

Motion by Doe to approve Wastewater Treatment Plant Roof Replacement Project Phase II in the amount of \$142,200 with a contingency of \$21,330 for a total project budget of \$163,530. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Wastewater Treatment Plant Aeration Deck Coating Project – T. Michael Jessee

Mr. Jessee advised the Board that many of YCUA's buildings have concrete deckings. He indicated that there is a very large concrete deck at the south end of the aeration tanks that provides the structure for the outfall of the aeration tank as well as the roofing of the aeration gallery. Mr. Jessee also explained that this deck began leaking some years back and emergency patches were made. He pointed out that these temporary measures are not sufficient and staff decided to go out for bids for a full recoating of the concrete deck.

Mr. Jessee explained that two other structures were included in the bid: the primary splitting flume valve deck no. 1 and primary splitting flume valve deck no. 2. He further advised that two bids were received and that the lowest bid was received from Michigan Specialty Coatings of Port Huron, Michigan in the amount of \$64,743. Mr. Jessee stated that staff is also requesting a 25% contingency amount of \$15,257 for a total project budget of \$80,000. He acknowledged that there is approximately 16,750 square feet of concrete decking that will be coated.

Mr. Jessee recommended approval of the Wastewater Treatment Plant Aeration Deck Coating Project in the amount of \$64,743 with a contingency amount of \$15,257 for a total project budget of \$80,000.

Motion by Peoples to approve the Wastewater Treatment Plant Aeration Deck Coating Project in the amount of \$64,743 with a contingency amount of \$15,257 for a total project budget of \$80,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – YCUA Resolution No. 08-7 re: State Revolving Fund Project Plan – T. Michael Jessee

Mr. Jessee directed the Board's attention to resolution 08-7 regarding the YCUA State Revolving Fund project plan amendment dated June 26, 2008. He indicated that the Authority has applied for a Sanitary State Revolving Fund loan application, which will assist YCUA in funding 12 projects over the next four years. Mr. Jessee also explained that the adoption of this resolution, YCUA Director Larry R. Thomas will be named as the authorized signer of the application documents.

Mr. Jessee recommended approval of YCUA Resolution No. 08-7 re: State Revolving Fund Project Plan.

Motion by Bass to approve YCUA Resolution No. 08-7 re: State Revolving Fund Project Plan. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Final Change Order re: Roof Replacement Project Phase I – T. Michael Jessee

Mr. Jessee advised the Board that this is the first and final change order for the Phase I Roof Replacement Project. He reminded them that the Board approved this project in the amount of \$113,000 with a contingency amount of approximately \$17,000 for a total project cost of \$130,000. Mr. Jessee also explained that this project has been completed.

He pointed out that the change order addresses five items. Mr. Jessee explained that the first item was to install 720 square feet of crickets at a cost of \$2,750.40. He further advised that a cricket is a raised area of a roof that facilitates proper drainage. Mr. Jessee stated that the second item refers to additional stone walkways throughout the rubberized roofing at a cost of \$2,063. He acknowledged that item no. 3 refers to an additional 288 square feet of roofing repairs of the solids building that were not included in the RFP at a cost of \$2,176. Mr. Jessee confirmed that item 4 refers to the repair of small areas damaged by normal wear and tear at a cost of \$2,285. He explained that item 5 refers to a double layer of linear footage of plywood insulation that was not necessary, which reduced the cost by \$1,500.

Mr. Jessee pointed out that, with approval of this change order, the final cost of this project is \$120,974.40, which is approximately \$9,205.60 less than the approved budget.

Mr. Jessee recommended approval of Final Change Order re: Roof Replacement Project Phase I in the amount of \$7,774.40.

Motion by Doe to approve Final Change Order re: Roof Replacement Project Phase I in the amount of \$7,774.40. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

F. Request for Final Acceptance – CVS Community Development Project as a Public Utility – T. Michael Jessee

Mr. Jessee advised the Board that the developer of the CVS construction on Whittaker Road has submitted the maintenance and guarantee bond. He indicated that staff is requesting that the Board accept the development as a public utility at this time. Mr. Jessee also explained that the developer's escrow in the amount of \$122 will be refunded upon the Board's approval.

Mr. Jessee recommended approval of Final Acceptance of CVS Community Development Project as a Public Utility and refund of the escrow in the amount of \$122.

Motion by Peoples to approve Final Acceptance of CVS Community Development Project as a Public Utility and refund of the escrow in the amount of \$122. Support by Doe. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - Public Acceptance of Multiple Projects / Escrow Funds – T. Michael Jessee

Mr. Jessee reminded the Board that, at the previous month's Board meeting, they approved the procedure outlining acceptance of public utilities in lieu of maintenance and guarantee bonds by holding escrow funds for a two-year period. He indicated that these are three projects that fall under that procedure as they do not have their maintenance and guarantee bonds in place. Mr. Jessee also explained that YCUA staff has secured proper documentation from OHM and the project inspectors, the punch list items have been addressed, and all other criteria for public acceptance have been met. He pointed out that the list provided to the Board outlines the amount of monies left in escrow for each project.

Mr. Jessee explained that he would expect Amberly Grove to post their maintenance and guarantee bond to get their \$31,000. He further advised that, if that occurs, the Authority will accept the M & G bond and move forward.

Mr. Jessee recommended approval of Public Acceptance of Multiple Projects / Escrow Funds as presented.

Motion by Bass to approve Public Acceptance of Multiple Projects / Escrow Funds as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

H. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for May 31, 2008. 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.

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

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for May 31, 2008. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Gregory A. Peoples asked that, in the future, these reports have page numbers included.

Informational only; no motion from the Board required.

J. 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.

K. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has four items to report on, three of which have been reported on for the last four monthly reports and are pieces of litigation or similar transactions that are ongoing as the Board has heard over the past several months.

He indicated that the C. A. Hull matter is the litigation involving the damage to the sewer near the Harris Road overpass at I-94 during the sound wall project. Mr. Daniels also explained that discovery has been concluded and that several depositions took place and a number of documents exchanged. He pointed out that the next benchmark is a case evaluation which will occur on September 10, 2008 but that he expects that that will be preceded by at least one motion to dismiss that is anticipated from URS as well as some settlement discussions. Mr. Daniels explained that C.A. Hull has invited YCUA staff to participate in a system of cyber-settle discussions, which is a system whereby Zurich Insurance, C. A. Hull's representative, has already posted three different settlement numbers of which the Authority has not yet been informed. He further advised that YCUA has been invited to submit a number before the end of July and, if that number hits within a certain range of the three numbers posted by Zurich, then the case is settled. Mr. Daniels stated that, if this doesn't occur, the Authority can submit another number less than the top offer. He acknowledged that this process can be repeated three times and see if the blind matching of numbers can result in a settlement. Mr. Daniels confirmed that he and Mike Jessee are working on this and hope to submit the first number in the next week to 10 days.

Mr. Daniels advised the Board that there is good news to report on the Meade Westvaco matter. He indicated that the matter was before the federal court on June 11th arguing two critical motions. Mr. Daniels also explained that one of those was YCUA's motion to remand the case to the state court, which was denied. He pointed out that this is not a terrible outcome because the federal judge is good and the case can be litigated in federal court just as it can be in state court, although the Authority would prefer to be in state court. Mr. Daniels explained that, on a much more positive note, Meade Westvaco's motion to dismiss the case was denied by the judge, which gives YCUA a clear path to continue to litigate the case against Bioclimatic and to keep Meade Westvaco involved in the case. He further advised that he expects Meade Westvaco to be filing its answer shortly and that there is already some written discovery out requesting a number of documents that are needed. Mr. Daniels stated that

this information should be available to report on at the July Board meeting.

Mr. Daniels advised the Board that the WTUA arbitration continues and that there was a witness list exchange that occurred recently. He indicated that the next step in that arbitration is a set of stipulated facts, which are due to the arbitration panel by July 30th.

Mr. Daniels also explained that the ABC Paving case is the matter involving the county contract to do road repairs on Tyler Road. He pointed out that this contract included infrastructure work that YCUA wanted done in conjunction with the road work. Mr. Daniels explained that the Authority was named as a defendant in that dispute between the contractor and the county road commission. He further advised that the complaint against YCUA was dismissed at the trial court level but that an appeal was filed by the plaintiff. Mr. Daniels stated that there will be oral argument in the court of appeals on July 1st. He acknowledged that he will have a report on this action at the July Board meeting. Mr. Daniels confirmed that the report will likely be simply that the oral argument has been completed and the parties are waiting for a written opinion from the court, which is typically the way that is done.

Informational only; no motion from the Board required.

N. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that Mark Namatevs has supplied him with information regarding a west coast group of green plumbers. He indicated that the objective of the group is to work with municipalities to reduce water usage. Mr. Thomas also explained that Mr. Namatevs asked him to consider participation in this group. He pointed out that he is of the opinion that the \$25,000 membership fee is somewhat pricey for what YCUA would receive in return. Mr. Thomas explained that he is not in favor of getting involved and feels that the Authority is fortunate to be located in a part of the country where there is as much water as is needed. He further advised that he would like to avoid anything that might discourage people from buying the Authority's product. Mr. Thomas stated that, despite his opinion, he will take any direction the Board wishes to make.

J. Ray Scott responded that, without Mr. Namatevs's presence to advocate for the program that he recommended, he is of the opinion that this matter should be held until the July meeting so that Mr. Namatevs can present the Board with his viewpoint.

Larry J. Doe suggested that, perhaps, something can be included in the next resident newsletter that provides customers the opportunity to contact this group on their own if they wish to conserve water. Mr. Scott

concurred and commented that the newsletter that recently went out was excellent.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

There was no other business for the month.

- 6. STATEMENTS AND CHECKS:** Motion by Bass to pay the bills in the amount of \$2,683,925.48 with an addendum of \$2,056.25. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS:

Mr. Bob Buckle of the Stevenson Company in Shelby Township, as representative of the Municipal Insurance Alliance, addressed the Board as a sales call.

- 8. ADJOURNMENT:** Motion by Doe to adjourn the meeting at 9:35 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

DEEDRA CLIMER BASS, Secretary/Treasurer

YCUA RESOLUTION NO. 08-7
TO ADOPT THE
YCUA STATE REVOLVING FUND PROJECT PLAN
AMENDMENT DATED JUNE 26, 2008

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 June 2008 at 9:00 o'clock a.m., Eastern Daylight Time.

PRESENT: Commissioners J. Ray Scott, Deedra Climer Bass, Larry J. Doe, and
Gregory A. Peoples

ABSENT: Commissioners Mark Namatevs

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

WHEREAS, the Ypsilanti Community Utilities Authority recognizes the need to make improvements to its existing wastewater collection and treatment system; and

WHEREAS, the Ypsilanti Community Utilities Authority prepared a State Revolving Fund Project Plan for the City of Ypsilanti and Charter Township of Ypsilanti, which recommends the implementation of twelve separate improvements during the next four years; and

WHEREAS, said Project Plan update was presented at a Public Hearing held on Thursday, June 19, 2008 and all public comments have been considered and addressed;

NOW THEREFORE BE IT RESOLVED, that the Ypsilanti Community Utilities Authority formally adopts said Project Plan update and agrees to implement the selected alternatives stated in the Project Plan.

BE IT FURTHER RESOLVED, that the Director of the Ypsilanti Community Utilities

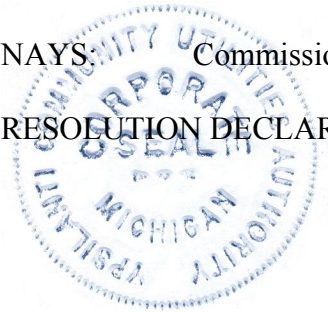
Authority, a position currently held by Larry R. Thomas, is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan update as the first step in applying to the State of Michigan for revolving fund loans to assist in the implementation of the selected alternatives.

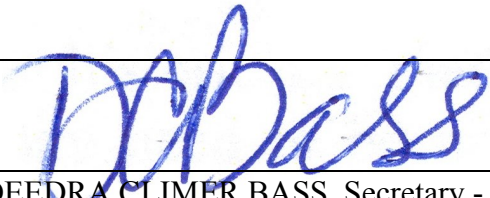
AYES: Commissioners J. Ray Scott, Deedra Climer Bass, Larry J. Doe, and

Gregory A. Peoples

NAYS: Commissioners None.

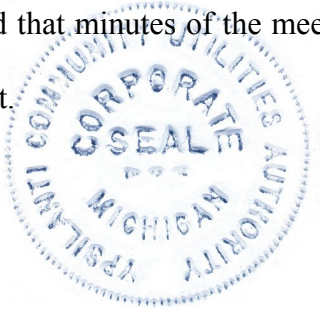
RESOLUTION DECLARED ADOPTED.





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 June 2008 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