



# Minutes

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**YPSILANTI COMMUNITY UTILITIES AUTHORITY  
BOARD OF COMMISSIONERS MEETING  
Tuesday, July 28, 2009 – 9:00 a.m.  
YCUA Administration Building  
2777 State Road  
Ypsilanti, MI 48198-9112**

**Members Present:** J. Ray Scott, Mark Namatevs, and Larry J. Doe.

**Members Absent:** Deedra Climer Bass and Gregory A Peoples.

1. **CALL TO ORDER:** Scott called the meeting to order at 9:15 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Namatevs to receive and file the minutes of the June 23, 2009 meeting as presented. Support by Doe. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
  - A. **Request to Approve – Resolution No. 09-10 Authorizing the Issuance of Not To Exceed \$6,495,000 YCUA Wastewater System No. 4 Bonds (Charter Township of Ypsilanti) – Larry R. Thomas**

Mr. Thomas advised the Board that YCUA’s bond counsel Tom Colis was present to provide a report on this item and answer any questions from the Board.

Mr. Colis advised the Board that this is a resolution for the Martz Road and Willow Run pump station projects. He indicated that this would go through the Clean Water Revolving Fund, which is a state program through MDEQ. Mr. Colis also explained that the bonds would be purchased by the state through the Michigan Municipal Bond Authority at a 2.5% interest rate with a 40% principal forgiveness.

He pointed out that, the Authority previously issued \$600,000 bonds for the Hewitt Road project through the Drinking Water program, an almost identical program, and that the 40% applied to that as well. Mr. Colis explained that the principal forgiveness is off of the actual dollar amount

borrowed. He further advised that a ceiling of \$6.495 million has been set and, depending on how much is actually needed for the project, 60% of that will actually be paid back. Mr. Colis stated that this translates to 40 cents on every dollar borrowed from the state is forgiven and 60 cents on each dollar is paid back. He acknowledged that, when this is factored into a 2.5% interest rate, it is a very beneficial savings to the Authority.

Mr. Colis confirmed that a brief conference call with Larry Thomas, MDEQ, the bond authority, the AGs office, Paul Stauder, and him is set for August 18<sup>th</sup> and that closing is set for September 21<sup>st</sup> when bond proceeds will be available. He explained that this is when YCUA can start making requisitions for funding the project. Mr. Colis pointed out that, unlike a traditional bond issue, this is a draw-down loan which means the Authority doesn't get a pool of money that sits in a construction fund that earns interest rather it submits requisitions to MDEQ who then sends the money needed to pay contractors within 10 days.

He also stated that this authorizes one series of bonds not to exceed \$6.495 million with interest to be paid back in 20 installments and the first principal payment will be on October 1, 2010.

Mr. Colis advised the Board that those principal dates are set so that, within a year after the project is completed, the principal payments begin. He indicated that he worked with Scott Westover and determined that October 1, 2010 would be the appropriate first principal payment date.

Mr. Colis also explained that this also authorizes a purchase contract with the state bond authority at 2.5% interest with these principal payments along with a supplemental agreement with MDEQ and the state, which will have in it that principal forgiveness language. He pointed out that this resolution doesn't actually provide for that but that the separate agreements that are signed with the state and MDEQ will indicate the 40% principal forgiveness.

Mark Namatevs commented that this sounds like a good deal. Mr. Colis responded that it is.

Larry J. Doe inquired as to whether the bonds can be paid off early. Mr. Colis responded that this would need to be negotiated with the state but that there is a provision for that. Mr. Doe then inquired as to whether the higher bond amount was budgeted, which would allow the Authority to pay the bonds off early. Larry R. Thomas responded that the current budget ends August 31, 2010, so these payments will appear in the 2010 – 2011 fiscal year budget. Mr. Colis explained that, going forward, the state

will show what the actual reduced figures will be so that the Authority can use it for planning purposes.

Mr. Thomas recommended approval of Resolution No. 09-10 Authorizing the Issuance of Not To Exceed \$6,495,000 YCUA Wastewater System No. 4 Bonds (Charter Township of Ypsilanti).

Motion by Doe to approve Resolution No. 09-10 Authorizing the Issuance of Not To Exceed \$6,495,000 YCUA Wastewater System No. 4 Bonds (Charter Township of Ypsilanti). Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

**B. Request to Approve – Revised Fiscal Year 2009 – 2010 Authority Budget – Larry R. Thomas**

Mr. Thomas reminded the Board that they approved a budget for the fiscal year beginning September 1, 2009 at the previous month's meeting. He indicated that, at the same, the Board also approved a 5.5% water rate increase in the Township Division and recommendations for a 4% sewer increase in the Township Division, a 5.5% water increase in the City Division, a 4% sewer increase in the City Division, and a 2% surcharge decrease in the City Division.

Mr. Thomas also explained that, following last month's meeting, YCUA staff revisited the wastewater treatment plant operations, particularly in terms of the reduction in flows coming into the plant in light of the current economic downturn. He pointed out that staff came to the conclusion that it is no longer necessary to process sludge at the wastewater treatment plant on the midnight shift in order to maintain treatment.

Mr. Thomas explained that staff is recommending that the midnight shift become a non-operational shift with employees present to maintain and monitor the ongoing processes much like the current wastewater treatment plant weekend shifts. He further advised that this allows for the elimination of five positions at the wastewater treatment plant: three wastewater operators and two foremen. Mr. Thomas stated that this, along with some other smaller changes, has resulted in a budget that no longer requires a sewer rate increase. He acknowledged that staff is now recommending that the budget be amended with these changes in order to eliminate the sewer rate increase in both divisions of the Authority.

Mr. Thomas recommended approval of Revised Fiscal Year 2009 – 2010 Authority Budget and a change in the recommendation to both communities that eliminates the sewer increase recommendation that was previously approved.

Larry J. Doe inquired as to what revenue the 4% sewer rate increase would bring in and what cost was deleted by eliminating the midnight shift. Mr. Thomas responded that the 4% of revenue would have been approximately \$500,000 and the elimination of the midnight shift as well as some other less significant changes has eliminated the same amount from expenses so the bottom line is the same with a break-even budget. He added that these figures do take in unemployment benefits and other similar expenses.

Mr. Doe then inquired as to whether Mr. Thomas had been able to come up with an answer to his previous question about whether one unit of water in the city costs the same as one unit of water in the township when debt is not taken into account. Mr. Thomas responded that he has asked Dwayne Harrigan to get him additional information on depreciation divided differently than it shows up in the audit but that the information is not yet available. Mr. Doe indicated that the issue is that they need to be able to sell this to the public in a manner in which it appears as though the two communities are paying the exact same thing.

Mr. Doe also explained that he is of the opinion the township surcharge should be increased so that the final increase percentages are the same for both divisions.

John Kang interjected that this issue was discussed at length during the last rate study and it was decided that because of the extremely complicated accounting involved, it was best left alone. He indicated that if the Board desires a more unified system it can be done with a great deal of effort.

Mark Namatevs suggested that a feasibility study be done to this end. J. Ray Scott indicated that he would support such a study and that he is of the opinion that YCUA would be foolish to pass up this opportunity to find a better way of doing things, particularly in light of the current economic environment.

Pat Morris, resident, YCUA employee, and Chief Steward of the AFSCME union, addressed the Board and voiced his opinion that it would not be wise to spend money on a feasibility study when the Authority has been forced because of economic factors to cut operating expenses by \$2.5 million and lay off five people. He indicated that YCUA employees are in the midst of contract negotiations and are anxiously awaiting a budget in order to move forward with a firm plan for the future and that they would not advocate yet another delay in the budget approval process. Mr. Morris also explained that the longer this drags on, the more likely the employees are to wonder about the security of their jobs.

Larry R. Thomas interjected that, if the Board is in agreement that it does not wish to approve the budget as presented, he recommends that they at least approve the recommendation to the city to proceed with the 5.5% rate increase and the 2% decrease in the surcharge since this is already a month behind schedule and is already on the City Council's next meeting agenda.

Mr. Doe conceded that it would be best to pass the revised budget as presented and to find a way to do things better at some point in the future.

Motion by Namatevs to approve the Revised Fiscal Year 2009 – 2010 Authority Budget. Support by Doe. In favor: All. Opposed: None. (Motion carried)

**C. Request to Approve – Sewer Use Ordinances – Perry M. Thomas**

Mr. Thomas advised the Board that staff is recommending that this item be tabled until next month's meeting. He indicated that, specifically, WTUA has some concerns about the changes in these ordinances.

Motion by Doe to table the Sewer Use Ordinances. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

**D. Request to Approve - Martz Road and Willow Run Pump Station Improvements – T. Michael Jessee**

Mr. Jessee reminded the Board that they approved the sale of the bonds for this project earlier in the meeting. He indicated that this project will involve the replacement of the discharge header inside the stations and adding a redundant header. Mr. Jessee also explained that, at the Willow Run location, staff will be replacing the pumps and the comminutor and adding variable frequency drives for the pumps, which will cut down on energy consumption. He pointed out that the Martz Road portion will include the replacement of the pumps and comminutor as well as adding a larger generator and installing VFDs for energy conservation. Mr. Jessee explained that Martz Road will also require a larger electrical service because of the pumps will be increased in size due to the Authority's District Compliance Agreement with MDEQ some years back.

He further advised that Tetra Tech provided the bidding documents and conducted the bidding procedure, which resulted in five bids. Mr. Jessee stated that the low bidder made a mathematical error and asked that their bid be rescinded. He acknowledged that J.F. Cavanaugh Company came in next at \$4,156,000 with a \$250,000 contingency for a total construction cost of \$4,406,000.

Mr. Jessee recommended approval of the Martz Road and Willow Run Pump Station Improvements in the amount of \$4,406,000.

Mark Namatevs inquired as to how many pump stations the Authority has that are similar in scope to these. Mr. Jessee responded that the Factory Street and Snow Road pump station improvements are complete and that these are the last two. He indicated that Snow Road may need to be upgraded in a few years for an update in capacity depending on the direction of future flows. Mr. Jessee also explained that there are four smaller pump stations that Authority staff wishes to address next year. He pointed out that those four projects will come in at about \$500,000 each.

Motion by Namatevs to approve the Martz Road and Willow Run Pump Station Improvements in the amount of \$4,406,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

**E. Request to Approve - Martz Road and Willow Run Pump Station Construction Engineering Proposal from Tetra Tech – T. Michael Jessee**

Mr. Jessee advised the Board that staff asked Tetra Tech to prepare a proposal for this project to ensure that the construction at the two major pump stations is completed within specifications and design conditions. He indicated that they responded with a proposal in the amount of \$360,000 and that staff is suggesting a \$6,000 contingency for a total proposed amount of \$396,000.

Mr. Jessee recommended approval of the Construction Engineering Proposal from Tetra Tech for the Martz Road and Willow Run Pump Station Improvements in the amount of \$396,000.

Motion by Namatevs to approve the Construction Engineering Proposal from Tetra Tech for the Martz Road and Willow Run Pump Station Improvements in the amount of \$396,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

**F. Request to Approve - 2009 Road Repair Project Phase II – T. Michael Jessee**

Mr. Jessee advised the Board that YCUA has submitted sealed bids for the Phase II road repair projects for this year. He indicated that there were seven bids submitted with the lowest bid from Midwest Paving Contractors in the amount of \$119,000. Mr. Jessee also explained that staff is also recommending a contingency in the amount of \$17,890 for a total project budget of \$137,000. He pointed out that YCUA did a road repair early this year, which turned out to be fairly successful with some minor oversights. Mr. Jessee explained that this second phase effort will

take care of all the road cuts made in the last four to five months and a list of older cuts.

Mr. Jessee recommended approval of the 2009 Road Repair Project Phase II in the amount of \$137,000.

Motion by Doe to approve the 2009 Road Repair Project Phase II in the amount of \$137,000. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

**G. Request to Approve - Administration Sidewalk Repair Change Order No. 2 – T. Michael Jessee**

Mr. Jessee advised the Board that this is the final change order for this project. He indicated that it addressed the ADA requirements for the entrance area as well as the widening of the sidewalk by one foot. Mr. Jessee also explained that the total for the change order is \$945.75. He pointed out that the project is still within budget.

Mr. Jessee recommended approval of Administration Sidewalk Repair Change Order No. 2 in the amount of \$945.75.

Motion by Namatevs to approve Administration Sidewalk Repair Change Order No. 2 in the amount of \$945.75. Support by Doe. In favor: All. Opposed: None. (Motion carried)

**H. Request to Approve - 2009 Road Repair Phase I Change Order – T. Michael Jessee**

Mr. Jessee advised the Board that the Phase I road repairs have been completed, however, there is a change order in the amount of \$36,357.94. He indicated that the majority of the change resulted in the thickness of the bituminous pavement from the 4 – 8-inch area. Mr. Jessee also explained that in the previous agenda item, the bidding procedure was modified to include more in that area so this should not happen again. He pointed out that there was a decrease in the 4-inches or less pavement in the amount of \$63,000, an increase in the 4 – 8-inch thickness of \$111,576.44, and that other line items result in a decrease of \$12,177. Mr. Jessee explained that the total amount of the change order is \$36,357.94.

Mr. Jessee recommended approval of 2009 Road Repair Phase I Change Order in the amount of \$36,357.94.

Motion by Doe to approve 2009 Road Repair Phase I Change Order in the amount of \$36,357.94. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

**I. Request to Approve - Bridge Road Water Storage Tank Coating Project – T. Michael Jessee**

Mr. Jessee advised the Board that Dixon Engineering prepared the bidding documents, went through the bidding procedure, and 11 bids were received for the coating and cathodic protection for the Bridge Road facility. He indicated that the lowest bid was received from Industrial Painting Contractors, however, they requested to withdraw their bid due to mathematical error. Mr. Jessee also explained that the next lowest bid was from L.C. United in the amount of \$192,000. He pointed out that staff is also requesting a contingency in the amount of \$20,000 for a total project cost of \$212,000. Mr. Jessee explained that approximately \$280,000 was budgeted for this project, so staff is very pleased with the bids that came in.

Mr. Jessee recommended approval of the Bridge Road Water Storage Tank Coating Project in the amount of \$212,000.

Larry R. Thomas interjected that along with Mr. Jessee's recommendation there should be a recommendation to the Ypsilanti Township Board of Trustees to use Reserve for Construction funds.

Motion by Doe to approve the Bridge Road Water Storage Tank Coating Project in the amount of \$212,000 with a recommendation to the Ypsilanti Township Board of Trustees to use Reserve for Construction funds. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

**J. Fund Balance Report - Larry R. Thomas**

Mr. Thomas directed the Board's attention to the Fund Balance Report for June 30, 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.

**K. Financial Report – Authority Net Assets - Larry R. Thomas**

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for June 30, 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.

**L. 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.

**M. Attorney's Report – Thomas E. Daniels**

Mr. Thomas advised the Board that Mr. Daniels was not able to attend the meeting due to personal matters but that he has prepared his report in writing. He indicated that there are three items contained in the report:

**CA Hull Litigation:** *As previously reported, the final day of trial was 6/5/09. YCUA's written rebuttal summation was timely filed on 7/10/09. The judge has indicated she will issue her written decision within 30 days of 7/10/09.*

**Bioclimatic—MeadWestvaco Litigation:** *Pre-trial discovery is essentially complete, but YCUA has filed a motion to compel more thorough answers by MeadWestvaco to YCUA's written discovery request. Again, YCUA filed a motion to amend its complaint to add a count of fraud. This followed discovery that MeadWestvaco decided to withdraw from MeadWestvaco Air Systems, LLC before signing the contract with TCC / YCUA. MeadWestvaco has filed a response in opposition, claiming that YCUA may not amend at this time. YCUA has filed a rebuttal and we have been informed by the court that a hearing and oral argument will not be scheduled by the court. Rather, the court reports that it will decide this issue based on the written motions and briefs.*

**WTUA Arbitration Appeal:** *As reported to the Board by previous letter, YCUA has now filed its motion requesting summary dismissal of WTUA's appeal. WTUA has responded with its cross motion for summary disposition in WTUA's favor. Additional briefing will occur and these motions will be argued on 8/13/09.*

Informational only; no motion from the Board required.

**N. Director's Report - Larry R. Thomas**

Mr. Thomas advised the Board that he has one item to report. He indicated that YCUA received a very positive mention in Ann Arbor Business Review. Mr. Thomas also explained that the Authority's recent campaign of press releases has resulted in this favorable report. He distributed the article for the Board's review.

Informational only; no motion from the Board required.

**4. OLD BUSINESS:**

**O. Request to Approve – Fats, Oils, and Grease Policy – Perry M. Thomas**

Motion by Doe to untable the Fats, Oils, and Grease Policy. Support by Namatevs. In favor by roll call vote: All. Opposed: None. (Motion carried)

Mr. Thomas advised the Board that he is requesting consideration and approval of the YCUA Fats, Oils, and Grease (FOG) Mitigation Program Policy. He indicated that the primary purpose of this policy is to set standards for managing the food service establishments in the City of Ypsilanti and Ypsilanti Township. Mr. Thomas also explained that staff realized the need for this policy when it was mitigating a problem in Depot Town that was created by FOG discharges into the wastewater collection system. He pointed out that the policy exempts five types of food service establishments. Mr. Thomas explained that the YCUA database lists 306 food service establishments in the city and township. He further advised that, utilizing current observations, staff estimates that 60% of these food service establishments currently have a FOG interceptor or would qualify for an exemption, which leaves approximately 120 food service establishments that will require a determination of their need for FOG protection.

Mr. Thomas stated that he has received one more price for a typical installation. He acknowledged that 25-gallon per minute, manually cleaned interceptors will run \$1,100 to \$2,800, 35-gallon per minute, manually cleaned interceptors will run \$1,500 to \$3,000, 25-gallon per minute, automatically cleaned interceptors will run \$4,700 - \$6,300, and 35-gallon per minute, automatically cleaned interceptors will run \$5,000 - \$7,500. Mr. Thomas confirmed that larger units are incrementally higher.

He explained that, if this policy is adopted, it will be mailed to all of the food service establishments with a notification of three public forums that will be held at YCUA to present the policy again. Mr. Thomas pointed out that interceptor vendors will be present at those meetings. He also stated that, upon the notification of a food service establishment that a certain fixture must be equipped with FOG protection, the business will have one year to comply.

Mr. Thomas recommended approval of the Fats, Oils, and Grease Policy.

Mr. Doe inquired as to how many of the 120 businesses will require only a small unit. Mr. Thomas responded that only a small minority will need a larger unit. Mr. Namatevs inquired as to what size unit a restaurant the size of Aubree's on Whittaker Road would require. Mr. Thomas responded that they could get by with a basic, low-cost unit.

Mr. Namatevs commented that he is very pleased with the extra effort being made in terms of the public hearings and presentations by vendors.

Motion by Namatevs to approve the Fats, Oils, and Grease Policy.  
Support by Doe. In favor: All. Opposed: None. (Motion carried)

**5. OTHER BUSINESS:**

There was no other business for the month.

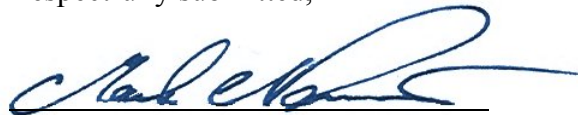
- 6. STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of \$2,576,008.10 with an addendum in the amount of \$14,056.43.  
Support by Doe. In favor: All. Opposed: None. (Motion carried)

**7. PUBLIC COMMENTS:**

There were no public comments for the month.

- 8. ADJOURNMENT:** Motion by Namatevs to adjourn the meeting at 10:40 a.m.  
Support by Doe. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



MARK NAMATEVS, Vice-Chair



**YCUA RESOLUTION No. 09-10**  
**AUTHORIZING THE ISSUANCE OF NOT TO EXCEED**  
**\$6,495,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**WASTEWATER SYSTEM NO. 4 BONDS**  
**(CHARTER TOWNSHIP OF YPSILANTI)**

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 28<sup>th</sup> day of July 2009 at 9:00 o'clock a.m., Eastern Daylight Time.

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

ABSENT: Commissioners Deedra Climer Bass and Gregory A. Peoples.

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

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

WHEREAS, the Authority and the Charter Township of Ypsilanti (the "Local Unit") have entered into a SRF Contract dated March 24, 2009 (the "Contract") for 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, more particularly described in the Contract, to provide improved wastewater system service for the Local Unit (the "Project"); and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay the cost of the System to be financed by the issuance of bonds of the Authority by paying the installments plus interest thereon, as specified in Section 10 of the Contract, and the Local Unit has further obligated itself to levy taxes annually to the extent necessary for the purpose of meeting said installments plus

interest thereon, subject, however, to applicable constitutional, statutory and charter tax rate limitations, all as provided in Section 11 of the Contract; and

WHEREAS, the use of the water supply system improvements will be made available to the Local Unit, and citizens thereof, in return for annual payments which will be applied to offset the payment obligations of the Authority; and

WHEREAS, the Authority now proposes to issue its bonds, as authorized by Section 9 of the Act, in anticipation of and secured solely by the contractual obligations of the Local Unit to provide the necessary funds to pay the Local Unit's share of the cost of acquiring and constructing the System (hereinafter defined), and all things necessary to the authorization and issuance of the Authority's bonds under the Act having been done and the Authority being now empowered to issue, and desirous of authorizing the issuance of, the bonds; and

WHEREAS, the Project qualifies for the State of Michigan Clean Water Revolving Fund ("SRF") financing program being administered by the Michigan Department of Environmental Quality ("MDEQ") and the Michigan Municipal Bond Authority ("MMBA"), whereby bonds of the Authority are sold to the MMBA and bear interest at a fixed rate of two and one-half percent (2.5%) per annum; and

WHEREAS, the plans for the Project are in process of preparation and are anticipated to be approved by MDEQ; and

WHEREAS, in pursuance of the authority granted by Act 233, the Authority desires to issue and sell the necessary bonds to the MMBA to pay the cost of the Project; and

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

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

- (a) “Authority” means the Ypsilanti Community Utilities Authority.
- (b) “Bonds” means the bonds of the Authority described herein and, specifically, in Section 5 hereof.
- (c) “Contract” means the SRF Contract dated as of March 24, 2009 between the Authority and the Local Unit.
- (d) “Contractual Payments” means the debt service installment payments required to be made by the Local Unit to the Authority pursuant to the provisions of Section 10 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this resolution.
- (e) “Department of Treasury” means the Department of Treasury of the State of Michigan.
- (f) “Depository Bank” means the Michigan bank or trust company selected by the Board which is a member of the Federal Deposit Insurance Corporation.
- (g) “System” means the Ypsilanti Community Utilities Authority Wastewater System No. 4 (Charter Township of Ypsilanti), consisting of the acquisition, construction and installation of various improvements to the Martz Road pump station and the Willow Run pump station in the Local Unit, including site acquisition and development therefor, and necessary demolition thereof as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

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

Section 3. Estimated Cost; Useful Life of Local Unit's Share of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in Section 5 of this resolution, in the amount of not to exceed \$6,495,000 and the Local Unit's share thereof of not to exceed \$6,495,000, is hereby approved and confirmed. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Unit's share of the cost of the System, including payment of engineering, legal and financing expenses, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of not to exceed \$6,495,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated WASTEWATER SYSTEM NO. 4 BONDS (CHARTER TOWNSHIP OF YPSILANTI), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on October 1 in the years and amounts as follows:

2010	\$255,000
2011	260,000
2012	270,000
2013	270,000
2014	280,000
2015	285,000
2016	295,000
2017	305,000
2018	310,000
2019	320,000
2020	325,000
2021	330,000
2022	340,000
2023	350,000
2024	360,000
2025	370,000
2026	380,000
2027	390,000
2028	395,000
2029	405,000

Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the “Purchase Contract”) between the Authority and the MMBA providing for sale of the Bonds, and the Director, Chair, Secretary and Treasurer of the Authority (the “Authorized Officers”) are authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above.

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

The Bonds shall bear interest at a rate of two and one-half percent (2.5%) per annum on the par value thereof or such other rate as evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law, and the Authorized Officers shall deliver the Bonds in accordance with the delivery instructions of the MMBA.

The Bonds principal amount is expected to be drawn down by the Authority periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Authority.

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

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

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

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

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority, for the payment of which the Local Unit has, in the Contract, pledged its limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. The Local Unit has covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds are issued, or, if necessary, to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter tax rate limitations. All of such Contractual Payments are hereby pledged solely and only for the payment of principal of and interest on the Bonds. The holder or holders of the Bonds, representing in

the aggregate not less than twenty percent (20%) of the entire issue then outstanding, may, by suit, action or other proceedings, protect and enforce the aforesaid pledge and enforce and compel the performance of all duties of the officials of the Authority, including, but not limited to, compelling the Local Unit, by proceedings in a court of competent jurisdiction or other appropriate forum, to make the Contractual Payments, appropriate general funds, and levy and collect appropriate taxes as herein authorized and as may be required under the Contract to be so appropriated, certified, levied and collected by the Local Unit for the Contractual Payments.

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

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

Section 9. Establishment of the Debt Retirement Fund. The Authority shall, after the adoption of this resolution and the delivery of the Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND - YPSILANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM NO. 4 (CHARTER TOWNSHIP OF YPSILANTI) (the "Debt Retirement Fund"), into which the Authority shall deposit the proceeds of the Bonds representing premium or accrued interest paid at the time of delivery of the Bonds, if any, and all Contractual Payments as received. The moneys from time to time on hand in the Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on the Bonds.

Section 10. Operation and Maintenance. The operation, maintenance and administration of the System, and the acquisition and construction thereof, shall be under the overall jurisdiction and control of the Authority.

Section 11. Bond Form. The Bonds shall be in substantially the following form, subject to such modifications which may be required by the Michigan Attorney General and the MMBA and approved by bond counsel:

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF WASHTENAW

YPSILANTI COMMUNITY UTILITIES AUTHORITY  
WASTEWATER SYSTEM NO. 4 BOND (CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Municipal Bond Authority  
PRINCIPAL AMOUNT: Six Million Four Hundred Ninety Five Thousand Dollars  
(\$6,495,000)  
DATE OF ORIGINAL ISSUE: \_\_\_\_\_, 2009

The YPSILANTI COMMUNITY UTILITIES AUTHORITY, a public corporation of the State of Michigan (the "Issuer"), for value received, hereby promises to pay to the Michigan Municipal Bond Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time the Principal Amount is being drawn down by the Issuer under this bond, the Authority will periodically provide to the Issuer a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding Principal Amount actually advanced (subject to any principal forgiveness as provided for in Schedule A), all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth in Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$6,495,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.5%) per annum. Interest is first payable on April 1, 2010, and semiannually thereafter on the first days of April and October of each year, as set forth in the Purchase Contract.

Notwithstanding any other provision of this bond, as long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at the designated office of The Bank of New York Mellon Trust Company, N.A., or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository"); (b) the Issuer agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of this bond shall be given by the Issuer and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

### Additional Interest

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the “additional interest”) at a rate equal to the rate of interest which is two percent above the Authority’s cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Issuer’s default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer’s pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

This bond is the single, fully-registered, non-convertible bond in the principal sum of \$6,495,000, issued under and in pursuance of a resolution duly adopted by the Board of Commissioners of the Issuer under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying the cost of constructing improvements to the System (as hereinafter defined).

This bond is payable solely from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti, Washtenaw County, Michigan (the “Local Unit”) to the Issuer pursuant to a certain SRF Contract dated as of March 24, 2009 (the “Contract”), between the Local Unit and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing wastewater system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as Ypsilanti Community Utilities Authority Wastewater System No. 4 (Charter Township of Ypsilanti) (the “System”). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Unit has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Local Unit is obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable statutory, constitutional and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

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

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

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

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

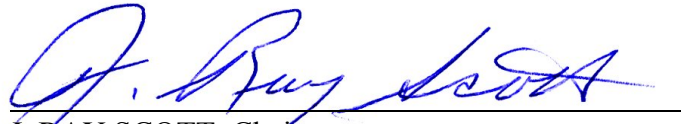
IN WITNESS WHEREOF, YPSILANTI COMMUNITY UTILITIES AUTHORITY, by its Board of Commissioners, has caused this bond to be signed in the name of said Issuer by the manual signature of its Chair and to be countersigned by the manual signature of its Secretary and its corporate seal to be imprinted hereon, all as of the Date of Original Issue.

YPSILANTI COMMUNITY UTILITIES AUTHORITY



(SEAL)

By:

  
J. RAY SCOTT, Chair

Countersigned:

By:

  
MARK NAMATEVS, Vice-Chair

DEQ Project No.: 5334-01  
 DEQ Approved Amt: \$6,495,000

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Issuer is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

<u>Due Date</u>	<u>Amount of Principal Installment Due</u>
October 1, 2010	\$255,000
October 1, 2011	260,000
October 1, 2012	270,000
October 1, 2013	270,000
October 1, 2014	280,000
October 1, 2015	285,000
October 1, 2016	295,000
October 1, 2017	305,000
October 1, 2018	310,000
October 1, 2019	320,000
October 1, 2021	325,000
October 1, 2021	330,000
October 1, 2022	340,000
October 1, 2023	350,000
October 1, 2024	360,000
October 1, 2025	370,000
October 1, 2026	380,000
October 1, 2027	390,000
October 1, 2028	395,000
October 1, 2029	405,000
	\$6,495,000.00

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable April 1, 2010, and semi-annually hereafter.

The Issuer agrees that it will deposit with the Authority's Depository, or such other place as shall be designated in writing to the Issuer by the Authority payments of the principal of, premium, if any, and interest on this bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. In the event that the Authority's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment.

Section 12. Additional Bonds. Nothing contained in this resolution or the Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of the Act, but any such additional bonds shall in no way have any lien on or be payable out of the Contractual Payments pledged to the payment of the Bonds, except such additional bonds as may be necessary may be issued to complete the System pursuant to the authorization provided in Section 16 of the Contract.

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for premium or accrued interest described below, shall be deposited in a special depository account in the Depository Bank designated "YPSILANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM NO. 4 (CHARTER TOWNSHIP OF YPSILANTI) CONSTRUCTION FUND" (the "Construction Fund"). Proceeds of the Bonds representing premium or accrued interest paid at the time of delivery of the Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 9 of this resolution. The moneys in the Construction Fund shall be used solely and only to pay costs of the improvements authorized in this resolution and any engineering, legal, bond insurance, financing or other expenses incidental thereto on authorization of the Authority, in accordance with the provisions of the Contract. Any unexpended balance remaining in the Construction Fund after completion of the System may be used for the improvement or enlargement of the System or for other projects of the Authority undertaken on behalf of the Local Unit, if such use be approved by the Local Unit. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Unit shall receive a credit for the amount of such balance against the Contractual Payment next due.

Section 14. Investment of Funds. Moneys in any funds and accounts of the Authority may be invested by the Authority in United States government obligations, the principal of and interest on which are guaranteed by the United States government, or in interest-bearing time deposits, as shall from time to time be determined by the Authority. In the event such investments are made, the securities representing the same shall be kept on deposit with the depository or depositories of the fund or funds from which such investments are made and such securities and the income therefrom shall become part of the Debt Retirement Fund, to the extent necessary to pay amounts owing on the Bonds.

Section 15. Resolution and Contract. The provisions of this resolution, together with the Contract, shall constitute a contract between the Authority and the holder or holders from time to time of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of the provisions of this resolution and the Contract may be made which would materially lessen the security for the Bonds.

Section 16. Covenants with Bondholders. The Authority covenants and agrees with the successive holders of the Bonds, so long as any of the Bonds remain outstanding and unpaid as to either principal or interest, as follows:

(a) The Authority will punctually perform all of its obligations and duties under this resolution and the Contract, including the collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The Authority will apply and use the proceeds of sale of the Bonds for the purposes and in the manner required by the Contract and this resolution.

(c) The Authority will maintain and keep proper books of record and account relative to the application of funds for the construction of the System and the Contractual Payments received pursuant to the Contract. Not later than three (3) months after the end of each year, the Authority shall cause to be prepared a statement in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of sale of the Bonds, the cash

receipts from the Contractual Payments during such year and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the System and application of funds therefor or for the payment of the Bonds during such year. A certified copy of said statement shall be filed with the Clerk of the Local Unit and a copy shall also be sent to the manager or managers of the account purchasing the Bonds. The Authority shall also cause an annual audit of the books of record and account for the preceding operating year to be made by a recognized independent certified public accountant and shall mail such audit to the manager or managers of the account purchasing the Bonds and the Department of Treasury. The aforesaid audit may be submitted to said manager(s) in place of the aforesaid statement.

(d) The Authority shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Bonds pursuant to §148(c) of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder, in such a manner as to cause the bonds to be “arbitrage bonds” within the meaning of §103(b)(2) and §148 and the applicable regulations thereunder.

Section 17. Purchase Contract. When prepared, the proposed forms of Purchase Contract between the Authority and the MMBA and Supplemental Agreement among the Authority, the MMBA and MDEQ shall be authorized to be approved by any or all of the Authorized Officers, and they are each authorized and directed to execute such documents with such revisions permitted by law and not materially adverse to the Authority as may be necessary or advisable to accomplish the sale of the Bonds to the MMBA as contemplated herein.

The Authorized Officers are hereby jointly or severally authorized to take any actions necessary to comply with requirements of the MMBA and MDEQ in connection with sale of the Bonds to the MMBA. The Authorized Officers are hereby jointly or severally authorized to execute and deliver such

other contracts, certificates, documents, instruments, applications and other papers as may be required by the MMBA or MDEQ or as may be otherwise necessary or convenient to effect the approval, sale and delivery of the Bonds.

Section 18. Section Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 19. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

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

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

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NAYS:           Commissioners       Deedra Climer Bass and Gregory A. Peoples.

RESOLUTION DECLARED ADOPTED.



MARK NAMATEVS, Vice-Chair

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 28<sup>th</sup> day of July 2009 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.



MARK NAMATEVS, Vice-Chair