



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, November 27, 2007 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: Deedra Climer Bass.

1. **CALL TO ORDER:** Doe called the meeting to order at 4:08 p.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Namatevs to receive and file the minutes of the October 23, 2007 meeting. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – YCUA Resolution No. 07-9 Authorizing Issuance of Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township) – Larry R. Thomas**

Mr. Thomas directed the Board's attention to YCUA Resolution No. 07-9 Authorizing Issuance of Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township). He indicated that the proceeds of this bond sale will be used to finance a water main replacement in a portion of Holmes Road in Ypsilanti Township as part of the 2008 Capital Improvement projects. Mr. Thomas also explained that the Washtenaw County Road Commission is set to proceed with phase II of its multi-year Holmes Road project to improve and resurface the road from Rue Deauville to Spencer Lane. He pointed out that the water main will be replaced in this same stretch.

Mr. Thomas explained that YCUA staff and attorney are in the process of drafting an agreement with the road commission since they will bid the

entire project. He further advised that this agreement is not yet ready for Board action at this time.

Mr. Thomas stated that this is a DWRF-approved project and that the bonds will be sold through that program. He acknowledged that the rate this year is 2.5%. Mr. Thomas confirmed that YCUA's bond counsel representative Tom Colis was present to answer any questions they may have.

Mr. Colis advised the Board that this is a new money project for the Holmes Road Phase II project. He indicated that approximately \$1,945,000 is being targeted but that the hope is that the cost will come in at a little less than that. Mr. Colis also explained that this resolution authorizes a not-to-exceed amount so that the bond size can ultimately be reduced once the final cost of the project is determined. He pointed out that, as Mr. Thomas indicated, this is a Drinking Water Revolving Fund qualified through MDEQ and that 2.5% will be the interest rate.

Mr. Colis explained that the current schedule is to close in early April of 2008. He further advised that the next item is the refunding contract, which ties in with this item. Mr. Colis stated that Ypsilanti Township has already approved that contract. He acknowledged that this is subject to the 45-day referendum period associated with entering into the contract.

Mr. Colis confirmed that this is typical of similar bond issues in the past that have been issued on behalf of the township through the DWRF and that he anticipates no problems whatsoever with this issue. He explained that YCUA Engineering Manager has estimated that total costs for the project are likely to come in around \$1.5 million but that the final number won't be available until the project is bid.

Mr. Colis pointed out that the principal payment will be made on October 1st.

Mr. Thomas recommended approval of YCUA Resolution No. 07-9 Authorizing Issuance of Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township).

Motion by Peoples to approve YCUA Resolution No. 07-9 Authorizing Issuance of Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township). Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – YCUA Resolution No. 07-10 Approving Contract re: Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township) – Larry R. Thomas

Mr. Thomas advised the Board that YCUA Resolution No. 07-10 Approving Contract re: Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township) relates to the same bond issue as presented in the previous item. He indicated that this resolution approves the contract between YCUA and Ypsilanti Township. Mr. Thomas also explained that through this document, the township pledges its full faith and credit to the bond holders and YCUA agrees to make the bond payments. He pointed out that the Ypsilanti Township Board of Trustees approved this contract on November 6th.

Mr. Colis advised the Board that this contract is subject to a right of referendum so a notice was published with respect to the township entering into it. He indicated that, in effect, the contract will not be effective until the 45-day referendum period has expired and no petition has been filed, which will be late December or early January.

Mr. Colis also explained that if a petition is filed within the referendum period, YCUA would not be able to proceed with the bond issuance unless the issue was voted upon.

Mr. Thomas recommended approval of YCUA Resolution No. 07-10 Approving Contract re: Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township).

Motion by Namatevs to approve YCUA Resolution No. 07-10 Approving Contract re: Not To Exceed \$1,945,000 YCUA Water Supply System No. 7 Bonds (Township). Support by Peoples. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – 2008 Board Meeting Schedule – Larry R. Thomas

Mr. Thomas directed the Board's attention to a draft schedule for the Board meeting dates for 2008. He indicated that several of the dates fall close to various holidays throughout the year. Mr. Thomas also explained that the Board may wish to consider moving some of these dates to alternate days.

Mr. Thomas recommended approval of the 2008 Board meeting schedule as presented.

Gregory A. Peoples interjected that he has no problem with the dates of the meetings but that the start time poses a problem with another meeting he has at 5:30 p.m. He indicated that he would prefer a start time of 3:30 p.m. Larry J. Doe advised that the meetings were originally at 3:00 p.m.

but that there was some concern several years ago that some YCUA employees could not attend at that time. He indicated that the time was changed to 4:00 p.m. to accommodate those employees. Mr. Doe also explained that there have been previous discussions to move the meeting back to 3:00 p.m. but it was decided not to. He pointed out that he also prefers the meeting to begin earlier but that the matter should be discussed at a time when the entire Board is in attendance as J. Ray Scott was not present for this portion of the meeting.

Mr. Namatevs advised that he would be OK with a change back to 3:00 p.m. in light of the fact that in the last two years, there has only been a small handful of employees who have attended. He indicated that there doesn't seem to be a whole lot of interest in keeping the Board meetings at 4:00 p.m.

Motion by Namatevs to approve the 2008 Board meeting schedule as presented pending full Board discussion on the Board meeting start time. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - 2007 Road Repairs Final Change Order – T. Michael Jessee

Mr. Jessee advised the Board that this is the final change order for the 2007 road repairs. He indicated that the Authority had a road repair project with Best Asphalt in the amount of \$169,050. Mr. Jessee also explained that all of those road repairs have been completed and the final change order is being submitted for Board approval. He pointed out that there are three items on the change order. Mr. Jessee explained that the first resulted in an increase of \$19,308.45. He further advised that this change order is a final tabulation of the material actually used in the field to complete the road repairs.

Mr. Jessee stated that the majority of this came out of the 4 – 8 inch specification in the contract. He acknowledged that it should be noted that YCUA included another eight locations of road repairs to be completed in this contract after the contract was signed. Mr. Jessee confirmed that those road repairs were either created or discovered after the contract was signed. He explained that there is a spreadsheet attached that indicates that those costs were estimated at \$33,743.

Mr. Jessee pointed out that the second item is a deduction in the amount of \$3,901 for the amount of stone used under the asphalt. He also stated that there was not as much aggregate needed as originally anticipated.

Mr. Jessee advised that the last item is an increase of \$2,499.17 for areas where it was found that the asphalt was in excess of 14 inches deep. He indicated that there was one area on Michigan Avenue where the asphalt was actually 20 inches deep. Mr. Jessee also explained that the contractor had no problem doing the repair but that he would require submittal of a change order for the extra asphalt. He pointed out that YCUA agreed.

Mr. Jessee explained that the final change order represents an increase in cost of \$17,906.05, which is 57.8% of the \$30,950 contingency.

Mr. Jessee recommended approval of the 2007 Road Repairs Final Change Order in the amount of \$17,906.05.

Motion by Namatevs to approve 2007 Road Repairs Final Change Order in the amount of \$17,906.05. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Snow Road Header Replacement Project - T. Michael Jessee

Mr. Jessee advised the Board that YCUA owns a pump station on Snow Road in Ypsilanti Township. He indicated that that pumping station serves a large population in Ypsilanti Township as well as some flow from Pittsfield and Augusta Townships. Mr. Jessee also explained that, in the late 1990s, it was discovered that the piping inside the station was extremely thin. He pointed out that a contractor was hired to do welding over the pipe work to insure that it would have some longevity.

Mr. Jessee explained that Tetra Tech was then contacted to do the design specifications and project bidding for the replacement of the large discharge header at the top of the station and the discharge piping from each pump in the station. He further advised that they came back with a bid from Titus Welding in the amount of \$809,000. Mr. Jessee stated that a contingency amount is being requested in the amount off \$80,000 for an overall budget of \$889,000 for this project.

He acknowledged that this exact project was done at the Factory Street station in the city of Ypsilanti, which was just completed. Mr. Jessee confirmed that the Factory Street project went very well and also utilized Titus Welding.

Mr. Thomas advised the Board that, as part of this motion, an authorization should be made to use the Township Division lease funds to pay for the project. He indicated that the current Factory Street project is paid through the EPA Replacement Reserve. Mr. Thomas also explained

that the authorization should be changed for the Factory Street project from the City Division EPA reserve to the City Division Lease Fund so that both projects are coming out of the lease funds. He pointed out that the reason for this request is to keep the lease funds and the EPA funds relatively consistent for both divisions. Mr. Thomas explained that the EPA Replacement Fund may be a more appropriate place to fund potential costs for future odor control costs.

Mr. Thomas recommended approval of the Snow Road Header Replacement Project in the amount of \$889,000 to be paid through Township Division Lease Funds along with a change in the funding source for the Factory Street Header Replacement Project from the City Division EPA Replacement Fund to the City Division Lease Funds.

Motion by Namatevs to approve the Snow Road Header Replacement Project in the amount of \$889,000 to be paid through Township Division Lease Funds along with a change in the funding source for the Factory Street Header Replacement Project from the City Division EPA Replacement Fund to the City Division Lease Funds. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve - Tetra Tech Snow Road Header Replacement Construction Services - T. Michael Jessee

Mr. Jessee advised the Board that this item is tied to the previous item. He indicated that YCUA contacted Tetra Tech and asked for proposals to make sure that the construction contract administration and all of the engineering associated with the construction of the Snow Road project would be covered and addressed properly. Mr. Jessee also explained that they submitted a proposal in the amount of \$85,000 for the same.

Mr. Jessee recommended approval of the Tetra Tech Snow Road Header Replacement Construction Services proposal in the amount of \$85,000.

Motion by Peoples to approve the Tetra Tech Snow Road Header Replacement Construction Services proposal in the amount of \$85,000. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - Replacement of Anthracite Coal for the Wastewater Treatment Plant - T. Michael Jessee

Mr. Jessee advised the Board that, as part of wastewater treatment, the final clarifier water is filtered in preparation for disinfection. He indicated that it is gravity-fed through a layer of coal, sand, coarser sand, small rock,

larger rock, and largest rock. Mr. Jessee also explained that through the years, as these filters are backwashed to make sure they stay clean and operate effectively, they lose some of the coal back into the treatment process, which ends up back at the head of the plant and eventually leaves the plant as grit. He pointed out that, in order to replace that coal, staff went through the bidding process and received several bids.

Mr. Jessee explained that one of the bids was disqualified due to the fact that CEI only bid on the coal and did not provide a quote on the installation. He further advised that the coal must be pumped as slurry up approximately two floors to the filter area. Mr. Jessee stated that do to this manually is very difficult and that it did not work well the last time it was attempted 10 or 15 years ago. He acknowledged that Great Lakes Filter submitted a bid in the amount of \$92,665 for this job and that YCUA staff is requesting a contingency budget in the amount of \$9,200 for an overall budget of \$101,865.

Mr. Jessee recommended approval of Replacement of Anthracite Coal for the Wastewater Treatment Plant contract award to Great Lakes Filter in the amount of \$101,865.

Motion by Peoples to approve Replacement of Anthracite Coal for the Wastewater Treatment Plant contract award to Great Lakes Filter in the amount of \$101,865. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve - Underground Fuel Storage Pipeline Replacement for the Service Center - T. Michael Jessee

Mr. Jessee advised the Board that the Service Center, which does all of the underground work for the Authority, has two underground fuel tanks. He indicated that one is a diesel tank and the other is a gasoline tank. Mr. Jessee also explained that, approximately eight months ago, the tanks underwent annual inspection by the state and that it was decided that the pipe work going to the pumps was in poor condition and that they would like it replaced. He pointed out that this is basically a regulatory item.

Mr. Jessee explained that YCUA staff went through the bidding procedure and that Oscar Lawson submitted a bid in the amount of \$41,970. He further advised that YCUA staff is requesting a 15% contingency budget of \$6,300 for an overall construction budget of \$48,270.

Mr. Jessee stated that also included in this bid is testing of the soil around the pipe work itself to make sure that there has been no leakage. He acknowledged that, if anything is found during this testing, there will be

an abatement process but that such activity would be brought to the Board if necessary. Mr. Jessee confirmed that these tanks were previously tested for leakage and that there are monitoring devices inside the tanks that alert staff if there is water getting in or if the fuel levels are dropping for any reason. He explained that staff is not concerned with leakage in the tanks but, rather, the leakage of the pipe work from the tank to the pumps.

Larry R. Thomas interjected that the tanks are relatively new and were in compliance with regulations when YCUA switched all of the older tanks to above-ground in the early 1990s. He also stated that the double-wall tanks were installed in the late 1980s.

Mr. Jessee recommended approval of the Underground Fuel Storage Pipeline Replacement for the Service Center contract award to Oscar Lawson in the amount of \$48,270.

Motion by Namatevs to approve the Underground Fuel Storage Pipeline Replacement for the Service Center contract award to Oscar Lawson in the amount of \$48,270. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

I. Request to Approve – Hewitt / Valley / Congress Water Main Replacement Change Order No. 1 - T. Michael Jessee

Mr. Jessee advised the Board that Orchard, Hiltz, and McCliment has submitted Hewitt / Valley / Congress Water Main Replacement Change Order No. 1 in the amount of \$18,715.10. He indicated that the change order addresses 32 items for an increase of \$313,563.70 and 17 items for a decrease of \$294,848.60. Mr. Jessee also explained that his memo addresses all items in excess of \$30,000.

He pointed out that item 31 addresses additional exploratory excavation to locate utilities. Mr. Jessee explained that many of the utilities including gas, water, and sanitary were underneath driveways and had to be excavated to minimize the amount of underground work for the replacement of the water main. He further advised that this resulted in a \$40,000 increase.

Mr. Jessee stated that item 45 represents an additional 2,147 feet of eight-inch water main installed in a class B trench. He acknowledged that the cost of this item was \$139,587. Mr. Jessee confirmed that a class B trench is a trench that is used in areas such as the greenbelt. He explained that class A trenches are used to go under roads.

Mr. Jessee pointed out that item 81 addresses additional asphalt required to restore driveways that were disturbed during the installation of the water main. He also stated that many of the water leads, stop boxes, and sanitary leads were located under driveways. Mr. Jessee advised that YCUA instructed OHM to have these sanitary and water leads located in the greenbelts, which would make them accessible in the future. He indicated that this resulted in a cost of \$36,508.

Mr. Jessee also explained that item 34 addresses the sub-grate undercutting for anticipated road repairs. He pointed out that, due to the fact that a lot of this was done with pipe bursting and class B trenches, there was a lot of road work. Mr. Jessee explained that the deletion of this by the contractor resulted in a \$33,640 reduction in cost.

He further advised that item 44 is a deletion of 1,722 feet of class A trench for water main replacement. Mr. Jessee stated that this resulted in a reduction of \$129,187.

He acknowledged that item 46 is the deletion of 300 feet of eight-inch water main utilizing bore and jack installation procedure. Mr. Jessee confirmed that this resulted in a \$48,000 cost reduction because the contractor did not utilize that procedure.

He explained that this change order increases the contract price by approximately .9% of the original contract amount. Mr. Jessee pointed out that staff knew where the main was but, that as the construction progresses, the plans were changed in the field to allow for easier and more cost-effective construction.

Mr. Jessee recommended approval of Hewitt / Valley / Congress Water Main Replacement Change Order No. 1 in the amount of \$18,715.10.

Motion by Namatevs to approve Hewitt / Valley / Congress Water Main Replacement Change Order No. 1 in the amount of \$18,715.10. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

J. Request to Approve - Midway Water Main Replacement Change Order No. 1 - T. Michael Jessee

Mr. Jessee advised the Board that this change order represents a cost reduction in the amount of \$13,698.55. He indicated that his memo addresses all items in excess of \$3,000.

Mr. Jessee also explained that the first item is the additional removal of 664 square yards of sidewalk. He pointed out that the cost of this was \$5,743.60.

Mr. Jessee explained that item 21 addresses an additional 90.5 linear feet of 12-inch water main, which cost \$4,570.25.

He further advised that item 51 addresses an additional 5,178 feet of four-inch sidewalk, which is an increase of \$13,980.60.

Mr. Jessee stated that the next item is the replacement of an inoperative 12-inch gate valve at Clark Road and Midway. He acknowledged that, rather than to try to do more gate valve shutting on Clark Road, staff had the gate replaced, resulting in an increase in cost of \$4,351.

Mr. Jessee confirmed that, likewise on Holmes Road, it was discovered that the valves there needed to be isolated in order to connect the new water main and that it turned out to be very difficult to do so. He explained that the contractor worked feverishly to get those valves isolated. Mr. Jessee pointed out that this work resulted in additional labor in the amount of \$5,600.97. He also stated that those valves will be scheduled to be replaced in the Holmes Road Phase II project.

Mr. Jessee advised that a 12-inch line stop was specified in the contract but was not utilized. He indicated that this resulted in a decrease of \$8,250.

Mr. Jessee also explained that item 56 addresses the reconstruction of drainage and utility structure specified in the contract. He pointed out that this was also not utilized, resulting in a reduction of \$3,850.

Mr. Jessee explained that the reconstruction of sanitary structure specified in the contract was not utilized due to the construction and resulted in a reduction of \$3,480.

He further advised that included in this contract was work for Ypsilanti Township for additional sidewalks on Midway. Mr. Jessee stated that this work was to remove 455 square yards of sidewalk, the installation of 3,827 square yards of four-side sidewalk, and 268 square yards of six-inch sidewalk to the water main construction contract. He acknowledged that Ypsilanti Township will reimburse YCUA in the amount of \$15,206.65 for that work.

Mr. Jessee recommended approval of Midway Water Main Replacement Change Order No. 1 in the credit amount of \$13,698.55.

Motion by Peoples to approve Midway Water Main Replacement Change Order No. 1 in the credit amount of \$13,698.55. Support by Scott. In favor: All. Opposed: None. (Motion carried)

K. Request to Approve – OHM Proposal re: Holmes Road Water Main Replacement Project Phase II - T. Michael Jessee

Mr. Jessee advised the Board that YCUA is gearing up for Holmes Road Phase II Water Main Replacement. He indicated that this project will replace the water main from Rue Deauville heading east to Spencer Lane. Mr. Jessee also explained that this involves the installation of 8,000 feet of 12-inch and 16-inch water main. He pointed out that YCUA asked OHM for a construction proposal to insure that the contractor follows specified contract documents and to make sure that the construction is completed on time. Mr. Jessee explained that they submitted a proposal in the amount of \$165,000 for those engineering construction services.

Mr. Jessee recommended approval of OHM Proposal re: Holmes Road Water Main Replacement Project Phase II in the amount of \$165,000.

Motion by Peoples to approve OHM Proposal re: Holmes Road Water Main Replacement Project Phase II in the amount of \$165,000. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

L. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance 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. Financial Report – Authority Net Assets - Larry R. Thomas

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

N. 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.

O. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has three items to report on and two with brief reminder comments.

He indicated that, relative to the status of the resolution of the dispute with IDI, staff has moved forward as planned in every respect but one. Mr. Daniels also explained that the exception is procuring IDI's signature on the final letter agreement. He pointed out that they haven't done so in conjunction with some very recent telephone communication between their key person, Kelly Froelich, and John Herrygers from the Christman Company. Mr. Daniels explained that, because they have expressed some nervousness regarding the final approval of their work on the issue of automation. He further advised that he spoke with Mr. Herrygers that morning and that Mr. Herrygers has not spoken with IDI, who has indicated that they intend to move forward, that there is a deal and agreement, and that they are sending a written summary of their specific plans and schedule for the automation work. Mr. Daniels stated that they are hoping to receive some sort of nod from Tetra Tech on whether that fits into what Tetra Tech defines as what will be ultimately accepted in the end. He acknowledged that, in addition to this, it was been agreed that Tom Allbaugh will be making some direct contact with Mr. Froelich to confirm Tetra Tech's willingness to work with them and that Tetra Tech is not going to be unreasonable in its final approval of the work that is done by automation. Mr. Daniels confirmed that, in fact, it conveyed to them that Tetra Tech's assessment of the current situation on automation is that, with a very small amount of work and effort on IDI's part, they will achieve what is required on automation. He explained that no one likes the fact that they have not signed off on this matter but everything else is moving forward regardless. Mr. Daniels pointed out that, at one point in time, there was some question as to whether IDI would be present for the shutdown in December to do the inspection in the close phase and that Mr. Jessee had even indicated at one point in time that he would be willing to move that to January.

Mr. Daniels advised the Board that the complaint against Meade Westvaco has been revised, amended, and filed. He indicated that service was received on Meade Westvaco two days ago on the Bioclimatic matter. Mr. Daniels also explained that the complaint includes two additional counts essentially on the theory that YCUA was misled in entering into the contract by Meade Westvaco's employees and agents and that, for that reason, they cannot withdraw from the contract at this time. He pointed out that he has sent a letter as recent as last week to Larry Thomas and John Herrygers, because The Christman Company is also one of the plaintiffs in the case along with YCUA, and copied the key staff at YCUA and also Chairman Doe. Mr. Daniels explained that that letter will probably be circulated to the Board and provides some specific detail about the nature of the complaint that has been made against Meade

Westvaco as well as the Authority's current assessment and opinion as to the strength of that claim.

He further advised that the third item to report on is the situation with WTUA and the dispute relative to their failure to pay the full lookback from this past fiscal year. Mr. Daniels stated that YCUA filed a claim for arbitration but that no response has been received from WTUA. He acknowledged that this is not unusual at all because no response is an indication that the complaint is denied and the matter moves forward to an arbitration hearing. Mr. Daniels confirmed that the Authority has received notice from the American Arbitration Association that they have accepted the case as they typically would and that it will take some time to locate an arbitrator that both sides agree is acceptable. He explained that there will probably be an arbitration sometime early in 2008, probably within the first quarter.

Mr. Daniels pointed out that C.A. Hull litigation regarding the I-94 sound-wall damage is ongoing and that pretrial discovery is taking place. He also stated that the ABC Paving appeal on the joint contract with the county road commission is still pending and that YCUA is waiting for notice from the Court of Appeals on when oral argument will take place.

Informational only; no motion from the Board required.

P. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that, as a follow up to Mr. Daniels's comments regarding WTUA, he has spoken with WTUA Director Aaron Sprague and that he is fine with moving on to arbitration. He indicated that YCUA staff and the attorney are continuing their meetings with DWSD on a new water supply contract. Mr. Thomas also explained that these meetings are moving forward very well and that he is optimistic that there may be a draft of the new water supply contract with DWSD for the Board's consideration next year.

He pointed out that the Authority is continuing to operate its biofilter pilot unit to determine the effectiveness and loading characteristics on a potential future system. Mr. Thomas explained YCUA will also be experimenting with discharging the foul air generated from the solids handling sections of the plant into the intake of the blowers on the aeration tanks for treatment and to determine the feasibility of that particular method. He further advised that there is always air blowing into the aeration tanks to add oxygen and to keep all of the bioflock suspended. Mr. Thomas stated that the oxygen in the tanks will hopefully oxidize the hydrogen sulfide and bacteria and use some or all of that material as a

food source. He acknowledged that the question is whether the acidic matter in the foul air will damage the metal in the Authority's blowers. Mr. Thomas confirmed that there are a few plants that are presently using this technology, including Traverse City. He explained that YCUA is still adding a significant amount of chemicals and that the biofilter is treating only a small percentage of what is being generated. Mr. Thomas pointed out that YCUA is continuing its efforts to find the best solution to the odor problems.

Gregory A. Peoples inquired as to the level of effectiveness of the biofilter thus far. Mr. Jessee responded that, with the appropriate loading rates, the biofilter is very effective, but that the problem is with estimating the proper loading rates for a full-scale installation. He indicated that there are several ways of addressing that, such as a trickling bioscrubber that will take out some of the contaminants with water and reduces the loading rate on the biofilter. Mr. Jessee also explained that, as long as approximately 50 to 60 parts per million of hydrogen sulfide are being fed, the biofilter is very effective. He pointed out that, unfortunately, some of the areas that need to be treated have concentrations that are much higher, sometimes into the 100s. Mr. Jessee explained that the odor complaints are down. Perry M. Thomas concurred, indicating that there have been only one or two in recent months. Larry R. Thomas added that he is hopeful that the public is aware of all of the work that is being done.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

Q. South Harris Road Rear Yard Sanitary Sewer Emergency Repair – T. Michael Jessee

Mr. Jessee advised the Board that, approximately three or three and one-half weeks ago, staff discovered a section of backyard sanitary main that was in very poor condition. He indicated that the pipe was egg-shaped and had cracks and missing pieces of pipe. Mr. Jessee also explained that sanitary mains are relined every year and that staff asked YCUA's regular contractor Insituform for their opinion. He pointed out that that Insituform said that they could reline the failing pipe but that they would not guarantee the work. Mr. Jessee explained that Scott D. Westover then began the bidding process for pipe bursting, which is a procedure where the old pipe is burst and a new PVC pipe is pulled in behind it. He further advised that two bids were received: one in the amount of \$57,500 from

Utility Services in Belleville and another for \$47,777.77 from Midwest Trench Services. Mr. Jessee stated that staff is also requesting a contingency budget of \$7,166.67 for a total overall budget of \$54,944.44. He acknowledged that this is only about 60 feet of 10-inch main, which is very expensive. Mr. Jessee confirmed that one of the reasons it is so expensive is because it is located in backyards. He explained that it is located on Harris Road and that there is a garage located over a portion of the pipe. Mr. Jessee pointed out that some fencing and landscaping will have to be removed and two large trenches dug for the pipe bursting. He also stated that the leads will need to be cut out and the entire area restored. Mr. Jessee advised that YCUA staff is very concerned about the collapse of the pipe, which could result in dozens of sanitary backups.

Mr. Jessee recommended approval of the South Harris Road Rear Yard Sanitary Sewer Emergency Repair contract award to Midwest Trench Services in the amount of \$54,944.44.

Motion by Peoples to approve the South Harris Road Rear Yard Sanitary Sewer Emergency Repair contract award to Midwest Trench Services in the amount of \$54,944.44. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

6. **STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of \$3,157,593.52 with an addendum of \$1,202. Support by Scott. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **EXECUTIVE SESSION:** Motion by Namatevs to move into the closed session of the meeting at 5:05 p.m. Support by Scott. By roll call vote: Ayes: Larry J. Doe, Mark Namatevs, J. Ray Scott, and Gregory A. Peoples. Nays: None. (Motion carried)

The Board came out of Executive Session at 5:25 p.m.

9. **ADJOURNMENT:** Motion by Namatevs to adjourn the meeting at 5:26 p.m. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



MARK NAMATEVS, Secretary/Treasurer

YCUA RESOLUTION NO. 07-9
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$1,945,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 7 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)

Minutes of a regular meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 27th day of November, 2007, at 4:00 p.m., Eastern Standard Time.

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

ABSENT: Commissioners: J. Ray Scott and Deedra Climer Bass

The following preamble and resolution were offered by Member Peoples and supported by Member 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 Contract (the "Contract") for the acquisition, construction, financing, operation and maintenance of water supply system improvements, more particularly described in the Contract, to provide improved water supply 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 Drinking Water Revolving Fund ("DWRP") financing program being administered by the Michigan Department of Environmental Quality ("MDEQ") and the Michigan Municipal Bond Authority ("MMBA"), whereby bonds of the Authority are sold to the MMBA and bear interest at a fixed rate of two and one-half percent (2.5%) per annum; and

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

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

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

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

(a) "Authority" means the Ypsilanti Community Utilities Authority.

(b) "Bonds" means the bonds of the Authority described herein and, specifically, in Section 5 hereof.

(c) “Contract” means the contract 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 Water Supply System No. 7 (Charter Township of Ypsilanti), consisting of the acquisition, construction and equipping of water supply system improvements 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 \$1,945,000 and the Local Unit’s share

thereof of not to exceed \$1,945,000, 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 \$1,945,000, 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 WATER SUPPLY SYSTEM NO. 7 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 April 1 in the years and amounts as follows:

\$ 75,000	2009;
80,000	2010;
80,000	2011;
80,000	2012;
85,000	2013;
85,000	2014;
90,000	2015;
90,000	2016;
95,000	2017;
95,000	2018;
95,000	2019;
100,000	2020;
100,000	2021;
105,000	2022;
110,000	2023;
110,000	2024;
115,000	2025;
115,000	2026;
120,000	2027;
120,000	2028.

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 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 WATER SUPPLY SYSTEM NO. 7 (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:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW

YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 7 BOND (CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Municipal Bond Authority
PRINCIPAL AMOUNT: One Million Nine Hundred Forty-Five Thousand Dollars
(\$1,945,000)
DATE OF ORIGINAL ISSUE: _____, 2008

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 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, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth in Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$1,945,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.5%) per annum. Interest is first payable on October 1, 2008, 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 Trust Company, N.A., or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository"); (b) the Issuer agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of this bond shall be given by the Issuer and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

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

This bond is the single, fully-registered, non-convertible bond in the principal sum of \$1,945,000, issued under and in pursuance of a resolution duly adopted by the Board of Commissioners of the Issuer under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying the cost of constructing improvements to the System (as hereinafter defined).

This bond is payable solely from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti, Washtenaw County, Michigan (the “Local Unit”) to the Issuer pursuant to a certain Contract dated as of November 27, 2007 (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 water supply system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as Ypsilanti Community Utilities Authority Water Supply System No. 7 (Charter Township of Ypsilanti) (the “System”). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Unit has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Local Unit is obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable statutory, constitutional and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

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

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

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

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

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

YPSILANTI COMMUNITY UTILITIES AUTHORITY

By: 
LARRY J. DOE, Chair



(SEAL)

Countersigned:

By: 
MARK NAMATEVS, Secretary - Treasurer

SCHEDULE A

Repayment of the Principal Amount shall be made according to the following schedule until the full Principal Amount disbursed to the Issuer is repaid, unless prepaid as provided in the bond. In event that the Principal Amount disbursed to the Issuer is less than \$1,945,000 or in event of prepayment of the bond, the Authority may prepare a new payment schedule which shall be approved by a resolution of the Issuer.

\$ 75,000	2009;
80,000	2010;
80,000	2011;
80,000	2012;
85,000	2013;
85,000	2014;
90,000	2015;
90,000	2016;
95,000	2017;
95,000	2018;
95,000	2019;
100,000	2020;
100,000	2021;
105,000	2022;
110,000	2023;
110,000	2024;
115,000	2025;
115,000	2026;
120,000	2027;
120,000	2028.

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 WATER SUPPLY SYSTEM NO. 7 (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.

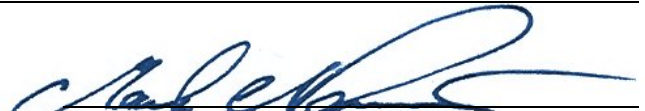
Section 19. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

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

The foregoing resolution was offered by Commissioner Peoples and supported by Commissioner Namatevs and adopted by the following roll call vote:

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

NAYS: Commissioners: None.


MARK NAMATEVS, Secretary - Treasurer

I, the undersigned, Secretary – Treasurer of the Ypsilanti Community Utilities Authority, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Commissioners of the Authority at a regular meeting held on November 27, 2007 and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


MARK NAMATEVS, Secretary - Treasurer

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YCUA RESOLUTION NO. 07-10 APPROVING CONTRACT
RE: NOT TO EXCEED
\$1,945,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 7 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 27th day of November, 2007, at 4:00 o'clock p.m., Eastern Standard Time.

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

ABSENT: Commissioners J. Ray Scott and Deedra Climer Bass

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

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. 7 Bonds (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended in an amount of not to exceed One Million Nine Hundred Forty-Five Thousand Dollars (\$1,945,000), 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 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 Contract has been reviewed by the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Contract dated as of November 27, 2007 between the Authority and the Charter Township of Ypsilanti is 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 Larry J. Doe, Mark Namatevs, and Gregory A. Peoples

NAYS: Commissioners None.

RESOLUTION DECLARED ADOPTED.


MARK NAMATEVS, 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 27th day of November, 2007 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, Secretary - Treasurer