



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, October 25, 2005 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Larry J. Doe, Edward B. Koryzno, Jr., Mark Namatevs, J. Ray Scott, and Philip W. Wagner.

Members Absent: None.

1. **CALL TO ORDER:** Doe called the meeting to order at 4:04 p.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Scott to receive and file the minutes of the September 27, 2005 meeting. Support by Wagner. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Resolution No. 05-17 Approving Contract re: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township) – Larry R. Thomas**

Mr. Thomas directed the Board's attention to a resolution regarding the contract between YCUA and Ypsilanti Township authorizing the issuance and sale of Water Supply System No. 5 Bonds in the amount not to exceed \$6.2 million. He then introduced Dennis R. Neiman, YCUA's bond attorney, who then addressed the Board.

Mr. Neiman indicated that the Authority will issue the bonds using the full faith and credit of Ypsilanti Township. He also explained that proceeds from the bonds will be used for water system improvements within Ypsilanti Township. Mr. Neiman pointed out that YCUA is planning three large water main replacement projects in Ypsilanti Township for next year's construction season. He explained that the Authority is qualified to finance these projects through the Drinking Water Revolving Fund. Mr. Neiman further advised that the Authority will be paying the bond payments through the revenues generated in the Ypsilanti Township Division of YCUA.

Mr. Neiman recommended approval of Resolution No. 05-17 Approving Contract re: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township).

Philip W. Wagner inquired as to whether there is any conflict of interest in light of Larry J. Doe serving as Chair for the YCUA Board at the same time as he is Treasurer for Ypsilanti Township. Mr. Neiman responded that there is no conflict of interest and Thomas E. Daniels concurred.

Motion by Wagner to approve Resolution No. 05-17 Approving Contract re: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township). Support by Scott. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – Contract re: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township) – Larry R. Thomas

Mr. Thomas directed the Board's attention to the contract referenced in item A. He indicated that this contract needs approval as part of the bond requirements.

Mr. Thomas recommended approval of the Contract re: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township).

Motion by Scott to approve the Contract re: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township). Support by Wagner. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Resolution No. 05-18 Authorizing Issuance Not to Exceed: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township) – Larry R. Thomas

Mr. Thomas directed the Board's attention to the resolution authorizing the issuance of the above-referenced bonds. He indicated that this resolution needs to be approved as part of the bond requirements.

Mr. Thomas recommended approval of Resolution No. 05-18 Authorizing Issuance Not to Exceed: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township).

Motion by Scott to approve Resolution No. 05-18 Authorizing Issuance Not to Exceed: \$6.2 Million YCUA Water Supply No. 5 Bonds (Township). Support by Wagner. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - Designation of Authorized Representative for DWRF Loan 7174-01 – Larry R. Thomas

Mr. Thomas advised the Board that the DWRF loan program requires a designated representative authorized to sign various documents as required to qualify for reimbursement of funds as the project progresses. He indicated that, in the past, he has always been designated as the

representative. Mr. Thomas also explained that this is a requirement for the timely release of funds from the DWRF to YCUA.

Mr. Thomas recommended approval of the request for designation of Larry R. Thomas as the authorized representative for DWRF loan no. 7174-01.

Motion by Scott to approve the request for designation of Larry R. Thomas as the authorized representative for DWRF loan no. 7174-01. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

E. Request to Proceed – Land Purchase – Larry R. Thomas

Mr. Thomas advised the Board that there is a 17-acre parcel of land for sale immediately west of the wastewater treatment plant. He indicated that it is his opinion that it would be in the best long-term interest of the Authority to purchase this land if a reasonable price can be negotiated for its purchase. Mr. Thomas also explained that, although YCUA has no immediate plans for the use of this property, it would allow us to expand this facility in the future if that became desirable. He pointed out that, in order to begin the due diligence process, the Authority will need to have the land accessed. Mr. Thomas explained that, before spending any funds on this process, he would like a motion of support from the Board that it is appropriate to begin expending funds toward the possible purchase of property west of the wastewater treatment plant. He further advised that the budget is not known at this time.

Mr. Thomas recommended approval of the request for authorization to proceed with the process and negotiations for the purchase of the 17-acre parcel to the west of the wastewater treatment plant.

J. Ray Scott suggested that parameters be set for this purchase prior to proceeding. Thomas E. Daniels responded that he has received a quote from one qualified appraiser who estimated \$2,200 to do the work. Larry R. Thomas added that typically they would get two or three bids before making a final choice.

Motion by Koryzno to approve request for authorization to proceed with the process and negotiations for the purchase of the 17-acre parcel to the west of the wastewater treatment plant in an amount not to exceed \$3,000. Support by Scott. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Change Order No. 21 re: Wastewater Treatment Plant Expansion/Improvements Project – T. Michael Jessee

Mr. Jessee directed the Board's attention to Change Order No. 21 for the WWTP expansion/improvements project as well as his memo regarding the change order. He indicated that the change order covers several items addressed in his memo and represents an increase in the project cost in the amount of \$78,589. Mr. Jessee also explained that this change order

brings total changes to \$2,576,880. He pointed out that the change order addresses items that were discovered during the project as well as changes that staff requested. Mr. Jessee explained that there are sufficient funds in the contingency fund to cover this increase.

Mr. Jessee recommended approval of Change Order No. 21 re: wastewater treatment plant Expansion/Improvements Project in the amount of \$78,589.

Motion by Koryzno to approve Change Order No. 21 re: wastewater treatment plant Expansion/Improvements Project in the amount of \$78,589. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve – Change Order re: Ash Removal Project - T. Michael Jessee

Mr. Jessee directed the Board's attention to his memo regarding a change order for the ash removal project. He indicated that the Authority contracted to have one of YCUA's ash lagoons emptied in July with Prolime, Inc. Mr. Jessee also explained that the expected cost was \$66,000 but the actual project was completed for \$55,2825. He pointed out that Prolime has submitted a change order in the amount of \$2,335.84 due to the drastic change in the price of diesel fuel that occurred during the excavation period. Mr. Jessee explained that staff met with Prolime and has determined that a more reasonable figure would be \$1,018.18. He further advised that, due to the storms in the Gulf of Mexico that occurred during the excavation and removal of the ash, the cost of diesel fuel increased dramatically. Mr. Jessee stated that, although the Authority is under no obligation to approve this change order, it is the opinion of YCUA staff that it is a reasonable request. He acknowledged that this will increase the cost of the project by \$1,018.18, which is still under the expense approved by the Board for the project.

Mr. Jessee recommended approval of the Ash Removal Project Change Order in the amount of \$1,018.18.

J. Ray Scott asked for clarification that the savings to YCUA totaled \$10,000. Mr. Jessee responded that those funds were not actually saved because the \$66,000 was an estimated figure based on removing the full 10,000 tons of ash, when, in reality, only 8,376 tons of ash were removed. He added that it was impossible to project an accurate tonnage of ash due to the moisture content of it.

Motion by Scott to approve the Ash Removal Project Change Order in the amount of \$1,018.18. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve – Vehicle Purchases – T. Michael Jessee

Mr. Jessee directed the Board's attention to a memo from Henry Gerst recommending approval of bids for the purchase of vehicles for the Authority as well as a bid tabulation from the various responding bidders. He indicated that the bids were advertised in compliance with the Authority's purchasing policy. Mr. Jessee also explained that these are replacement vehicles for the Authority's fleet. He pointed out that a like number of old vehicles will be retired and sold at auction. Mr. Jessee explained that the total of the purchases is \$304,051. He further advised that these purchases are budgeted in YCUA's capital acquisition budget for this fiscal year.

Mr. Jessee recommended approval of the vehicle purchases as presented in the memo to him from Henry Gerst dated October 18, 2005.

Motion by Wagner to approve the vehicle purchases as presented in the memo to him from Henry Gerst dated October 18, 2005. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

I. Request to Approve – Budget Amendment re: First Avenue Project – T. Michael Jessee

Mr. Jessee directed the Board's attention to a memo from Mike Jessee regarding a budget amendment request from OHM on the First Avenue Water Main Replacement Project in the city as well as a letter from OHM. He indicated that OHM is requesting an additional \$14,000 for the engineering services related to this project. Mr. Jessee also explained that the originally approved amount was \$22,950. He pointed out that, with this budget amendment, the amount will increase to \$36,950. Mr. Jessee explained that additional man-hours were required by OHM over anticipated due to the slow rate of installation by the contractor, more Orangeburg sanitary sewer leads needing replacement, and additional time required due to MDOT requirements. He further advised that funds are available to cover this increase.

Mr. Jessee recommended approval of the First Avenue Project budget amendment request in the amount of \$14,000 for a total budget of \$36,950.

Philip W. Wagner asked that, in future contracts, a completion date be specified. Edward B. Koryzno, Jr. concurred.

Motion by Scott to approve the First Avenue Project budget amendment request in the amount of \$14,000 for a total budget of \$36,950. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

J. Request to Approve – Customer Service Folding/Inserting Equipment Purchases – Gwyn Belcher

Ms. Belcher directed the Board's attention to a memo from Cathy Moorman to Gwyn Belcher regarding a recommendation for the purchase

of new folding and inserting equipment for the Authority. She indicated that this piece of equipment is used to fold the water bills and insert them into envelopes. Ms. Belcher also explained that an RFP was prepared for this purchase and advertised in compliance with the Authority's purchasing policy. She pointed out that only one bid was received that met the mandatory requirements of the RFP. Ms. Belcher explained that the bid from Neopost, Inc. is recommended in the amount of \$19,600. She further advised that the current folding and inserting equipment is need of replacement. Ms. Belcher stated that this equipment is budgeted in YCUA's capital acquisition budget for this fiscal year.

Ms. Belcher recommended approval to purchase the folding and inserting equipment from Neopost, Inc. in the amount of \$19,600.

Edward B. Koryzno, Jr. inquired as to the age of the present equipment. Ms. Belcher responded that the existing device is eight years old. She added that the Authority now bills weekly instead of monthly, which creates even more difficulty with the existing machine because it jams frequently. Ms. Belcher indicated that the equipment is also used for collection letters, tax letters, as well as payroll.

Motion by Scott to approve the purchase of the folding and inserting equipment from Neopost, Inc. in the amount of \$19,600. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

K. Informational Item – Fourth Quarterly Year-End Production Report – T. Michael Jessee

Mr. Jessee directed the Board's attention to the fourth quarterly year-end production report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board, paraphrased as follows:

The following information is an overview of the departmental accomplishments and overtime expenditures for the fiscal year 2004/2005.

State of the Authority

Ypsilanti Community Utilities Authority has enjoyed a productive fiscal year. Production levels are acceptable with multiple examples of teamwork being applied to various projects. This would include the Sanitary System Evaluation Survey of the Paint Creek collection system, the installation of the sanitary stations by-pass piping installations, the timely implementation of the shut-off notices, and the response of all departments regarding the complications to wastewater operations created by the expansion of the wastewater treatment plant expansion.

The management team has reduced the overtime expenditures by \$110,648.58 in comparison to the previous year; this in itself is an accomplishment that required diligence and dedication. The desire of the management team to

reduce cost in the area of overtime expenditures has been realized with this accomplishment.

The YCUA employees continue to contribute to the collective good of the Authority. As we all are aware, the YCUA employees are the greatest assets of the Authority. All employees are to be recognized for their contribution to the success of the Authority.

This report will highlight the production rates, efforts of cooperation between the departments, and overtime expenditures that that were observed during the fiscal year 2004/2005.

Maintenance Department

The maintenance department has enjoyed a productive year. There were 9,425-work orders completed for the fiscal year 2004/2005. This represents an increase of 21.1% when in comparison to the 7,780 work orders completed during the fiscal year 2004/2005. The increase in work orders is to be expected with the expansion of the wastewater facility (spreadsheet attached).

Safety is an ongoing issue within the maintenance department. The wastewater treatment plant lockout tag-out program is being addressed with the removal of the demolished equipment and the addition of the new equipment. This insures proper information is readily available for the employees for the lockout of hazardous energy when repairs are in progress.

The installation of by-pass piping is being addressed at the sanitary pumping facilities. The Service Center crews are installing the pipe work while the maintenance department personnel manually operate the pumping stations. By-pass installations have been completed at the following stations, Grove Road, West Michigan Avenue and Emerick Street. The Emerick Street installation was completed in a moment of opportunity. There was a discharge pipe broken during a normal repair, this necessitated excavation in order to replace the broken pipe. The Service Center and maintenance department took advantage of the excavation to install the by-pass piping. In order to secure Michigan department of Environmental Quality permission the engineering and compliance departments coordinated efforts to provide the proper documentation for quick approval. Teamwork at its finest, congratulations to all involved.

The overtime expenditures for the maintenance department were \$109,888.85, this represents 61.09% of the \$179,892.00 budgeted. There was a reduction of \$1,445.43 in comparison to the previous fiscal year expenditures.

Wastewater Treatment Plant

The wastewater treatment plant expansion has resulted in new operational equipment being placed on line. This would include 2-boilers, bar screen and grit clarifier, grit classifier, 4-primary clarifiers, 4-aeration tanks, 4-final clarifiers, belt presses, primary sludge storage tanks, and a variety of pumps.

With the proper training, the wastewater staff has assumed ownership of the operation of the equipment with enthusiasm. The management team of the wastewater treatment plant continues to display foresight and effectiveness in addressing the day-to-day tasks of the operational staff and the demands of the expansion project. This is evident when considering the operational changes that were implemented during the coating of the influent well and the seeding of the new treatment trains (primary clarifier, aeration tank, and final clarifier). The successful operation of the new equipment and the treatment trains are an example of the ability of our wastewater staff.

The wastewater treatment plant operational staff processed 7,975,262,000 gallons of sanitary flow for the 2004/2005 fiscal year, this is a decrease of 7.4 % or 133,707,000 gallons when compared to the previous fiscal year total of 8,108,969,000 gallons. A total of 25,039.9 tons of sanitary sludge was disposed of during the fiscal year. This represents a 12.36% decrease in comparison to the previous year total of 28,572.21 tons. There are spreadsheet attached illustrating the flow rates and disposal tonnage.

YCUA invoiced \$127,707.65 for the acceptance and treatment of 1,824,395 gallons of septage sewage. With 1,327,050 gallons, \$92,893.50 invoiced, accepted in the previous fiscal year there has been an increase of 37.47 % of septage sewage received and processed (spreadsheet attached).

The wastewater treatment department has reduced the overtime expenditures by 41.55% in comparison to the previous fiscal year. During the fiscal year there were \$78,060.69 expended for overtime compared to \$148,845.09 in the previous year. This represents a \$70,784.40 reduction in actual expenditures. The wastewater staff has been diligent in the management of overtime funds, this is evident based upon the reduction

Compliance Department

The compliance department has had a productive fiscal year. The Laboratory staff completed 35,090 analyses during the fiscal year. Additionally, the industrial pretreatment division conducted 45 sampling events, 32 inspections, and reviewed 204 self-monitoring reports. The control authority enforcement actions included 40 violation notice letters, 14 notice of violations, 5 administrative order to show cause hearings, issued 2 consent orders, and issued 7 termination notices. The compliance department submitted 9 reports to the appropriate agencies (spreadsheet attached indicating all activities).

On October 14, 2005 YCUA employees became involved with the investigation of an alleged incident of sanitary discharge into a storm collection system. YCUA personnel conducted the necessary procedures in an effort to confirm that an illegal discharge had occurred. This included laboratory analyses of the collected samples and a dye flow test of the storm system. From those activities a civil injunction hearing was scheduled and YCUA employees were requested to attend a Preliminary examination. Mr.

Ben Amrhein, Service Center Foreman, Mr. Romulo Aquino, Chemist, Ms. Deborah Iles, Laboratory Technician, Mr. Perry Thomas, Chief compliance Officer, and Mr. William Woodward, Industrial Pretreatment Program Supervisor, were in attendance with Mr. William Woodward and Ms. Deborah Iles testifying. It is my understanding that a trial may occur early in 2006. This is an example of the dedication and commitment of the YCUA employees in protecting our natural resources. Good job to all the employees that played a part in the investigation and the hearing.

The compliance department overtime expenditures are included in the Wastewater department overtime totals. With the 2005/2006 fiscal year the overtime expenditures will be monitored and recorded individually.

Customer Service Department

The customer service department has utilized the new Caselle utility billing software system for a full year with positive results. The new software has improved efficiencies and effectiveness to the complicated needs of the Authority's billing requirements. A great deal of credit belongs to Cathy Moorman and the customer service department staff for their continued effort to utilize the software to its fullest potential.

As the attached spreadsheets indicate, the new software has allowed the customer service department to better manage the Authority's over 20,000 customer accounts and provided tools to allow for analysis of the revenue they produce. Pam Brady has moved the collection efforts to the next level; she has improved the amount collected, improved the timeliness within the collection process, and has done so while treating our customers with fairness and respect. Additionally, Gail Thomas has done an excellent job collecting outstanding Accounts Receivable, which include a variety of revenue sources such as IPP fees, septage revenue, and engineering fees. As the spreadsheet indicates, outstanding receivables over 90 days have dropped from 61.41% of all receivables last quarter to 35.73% this quarter. Now that a full year's cycle has been run with the new software, the customer service department will begin to set target numbers as goals to increase the amount and timeliness of revenue collected. This has been set as a priority for the department during the 2005-06 fiscal year.

The overtime expenditures for the customer service department were \$2,279.01, which represents 18.94% of the \$12,034 budget. The Customer service department reduced their overtime expenditures by \$279.07 this fiscal year. This represents a 10.9% reduction.

Engineering Department

The engineering department has enjoyed a successful fiscal year. The estimated savings associated with engineering projects is \$14,500 for the fourth quarter and \$104,000 for the fiscal year (spreadsheet attached). There has been \$61,929.31 invoiced for the community development review fees with

\$49,439.11 collected. This results in an engineering department contribution of \$153,439.11 to the Authority.

The fiscal year overtime expenditures were \$758.78, this represents 5.09% of the \$14,920 budgeted. This is an expected amount of overtime for an engineering operation. The engineering department overtime has not been tracked in the previous years due to the mid-year arrival of the current engineer. Those cost are now been tracked and comparisons will be available by the end of the fiscal year 2005/2006.

Service Department

The Service Center staff has worked diligently to relocate the stock room. This has been accomplished with assistance from the maintenance department. All of the stock is now housed in one location with the proper inventory controls in place. The automated work order system is still in progress with completion expected in the near future.

The Service department dedicated two employees two assist Tetra Tech in the Sanitary System Evaluation Study of the Paint Creek collection area, Mr. Don Tackett and Mr. Jeremy Rippey. This is a cost savings to the authority by reducing the labor cost of the project. Both employees are enjoying the challenge.

The sanitary flushing program revisal has proved to be beneficial in addressing problem areas within the collection system. Through this program there was 732,099 feet of sanitary mains flushed this fiscal year. This has assisted in the sanitary basement back-ups remaining at a all time low. This can be attributed to the dedication of our Teamsters and AFSCME members to execute the revised flushing schedule.

The Service Center department has had a productive third quarter with 30,989 tasks completed this fiscal year (spreadsheet attached).

Overtime expenditures for the fiscal year are \$127,834.87 (chart attached), this represents 55.29% of the \$195,045 budgeted. Additionally, there has been a reduction of \$33,509.04, 20.8%, in overtime expenditures in comparison to the previous year expenditures of \$161,093.13. The dedication of the YCUA employees to reduce costs coupled with the replacement of water mains has had a positive effect on our overtime expenditures.

Water Distribution Department

YCUA purchased 5,103,473,644 gallons of water during the fiscal year. Water distribution records indicate 873,473,676 gallons were distributed in the City Division and 4,229,999,968 gallons in the Township Division. In the previous fiscal year there were 892,776,440 gallons distributed in the city for a decrease of 2.2% and 4,0195,104,480 gallons distributed in the township for a increase of 3.3%. Spreadsheets are attached illustrating the consumption in cubic feet and gallons.

The water distribution department has incurred \$38,824.85 in overtime expenditures through the fiscal year. This represents 46.21% of the \$84,012.00 budgeted (chart attached). There has been a reduction of \$2,968.08, 7.1%, in comparison to the \$41,792.93 expended in the previous fiscal year.

Meter Department

The meter department continues to increase production and decrease overtime expenditures. This fiscal year the meter department completed 10,006 tasks, recorded 32 training hours. This represents an increase in production by 2000 completed tasks, 24.98%, in comparison to 8,006 tasks completed during the previous fiscal year. The meter department is addressing the turn-off notices in a timely fashion, which was a problem in the recent past. This is due to the diligence of the customer service and meter department staffs.

The meter department incurred \$9,959.01 in overtime expenditures during the fiscal year. This represents 66.30% of the \$15,022 budget (chart attached). In comparison to the previous fiscal year there has been a \$1,662.56, 14.3%, reduction in overtime expenditures.

Edward B. Koryzno, Jr. complimented Mr. Jessee and the employees of the Authority for such a positive report, particularly in terms of increasing collections and accounts receivables, reducing overtime, and increasing productivity and efficiency. J. Ray Scott and Larry J. Doe echoed his sentiments.

Informational only; no motion from the Board required.

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 Reports for September. He then proceeded to give a detailed report of the information contained in the reports 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.

Edward B. Koryzno, Jr. inquired as to the reason for the variance between water and sewer usage at Eastern Michigan University. Mr. Thomas responded that there are deduct meters present at EMU for any facilities

such as pools that only use water and that those do not get charged for sewer.

Informational only; no motion from the Board required.

O. Director's Report - Larry R. Thomas

Larry R. Thomas reminded that Board that he had forwarded to them a letter from Thomas E. Daniels regarding YCUA's lease for the Shadford Tower with T-Mobile. He indicated that a sub-contractor had contacted the Authority indicating that they wished to re-negotiate that lease. Mr. Thomas stated that this subcontractor suggested the possibility that, due to a merger between T-Mobile and Sprint, they may attempt to pull out of the lease altogether if YCUA did not take steps to renegotiate the lease at a lower price with a guarantee not to pull out for a longer period of time. He advised that he discussed this with Mr. Daniels, who confirmed that T-Mobile is not likely to be in a position that they can pull out of the existing agreement and recommended that we not renegotiate with T-Mobile at this time. Mr. Daniels concurred and indicated that he located a consultant on water tower cell phone antenna leases who was very helpful in making his determination. He added that he doesn't wish to send the message that there is no risk at all that T-Mobile may terminate the lease in five years but that the risk is very slim and that, if they did, the equipment would need to be removed immediately, making room for the next lessee. Mr. Daniels indicated that this tactic is being used across the country as a "scare tactic" in an attempt to get utilities to re-negotiate tower leases for lower prices.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

P. Request to Approve - Change Order No. 2 re: South DDA Parking Lot Water Main Repaving (Tabled Item) - T. Michael Jessee

Motion by Wagner to remove the item from table. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Mr. Jessee reminded the Board that this item was tabled at the August meeting and was not removed from the table at the September meeting. He directed the Board's attention to information regarding Change Order No. 2 for the DDA parking lots water main replacement project as well as his memo describing the five issues in the change order. Mr. Jessee also explained that Change Order No. 2 increases the cost of the project by \$20,152.08. He pointed out that, additionally, the Authority have received a letter from the contractor, AG Excavating, dated October 18, 2005 requesting assistance in expediting the change order request. Mr. Jessee explained that conditions unanticipated in the original contract were encountered, resulting in increased cost to the contractor, which is now

being billed to us. He further advised that funds are available to cover this expense.

Mr. Jessee recommended approval of Change Order No. 2 re: South DDA Parking Lot Water Main Repaving in the amount of \$20,152.08.

Mark Swanson, owner of 192 West Michigan Avenue, addressed the Board and gave a brief narration of the sequence of events from his point of view and asked that the YCUA Board of Commissioners delay approval of the change order until such time as the matter is settled with YCUA's contractor in or out of court.

Next to address the Board was the vice president of AG Excavating, the contractor in question. He requested that their change order be duly processed in that YCUA is not a party to the matter and hand and is still obligated to pay the contractor for the work done. Thomas E. Daniels responded that YCUA indeed has a contract with AG Excavating that it is obligated to fulfill regardless of this matter to which the Authority is not a party. He added that events such as this are why YCUA carries liability insurance and stated that if Mr. Swanson couldn't come to an agreement with the contractor and filed a lawsuit including the Authority, YCUA could seek defense on terms of hold harmless indemnification. Philip W. Wagner advised the assembly that as an excavation contractor, he concurs with Mr. Daniels's position.

Motion by Koryzno to approve Change Order No. 2 re: South DDA Parking Lot Water Main Repaving in the amount of \$20,152.08. Support by Scott. In favor: All. Opposed: None. (Motion carried)

5. OTHER BUSINESS:

There was no other business for the month.

- 6. STATEMENTS AND CHECKS:** Motion by Doe to pay the bills in the amount of \$2,162,678.27 plus an addendum in the amount of \$1,640,090.79. Support by Wagner. In favor: All. Opposed: None. (Motion carried.)

7. PUBLIC COMMENTS:

There were no public comments for the month.

- 8. CLOSED SESSION:** Larry R. Thomas recommended adjourning the open session and calling to order a closed session in order to discuss his performance evaluation. Motion by Koryzno to accept Mr. Thomas's recommendation for adjourning the open session and calling to order a closed session in order to discuss his performance evaluation. Support by Wagner. By roll call vote: Ayes: Larry J. Doe, Edward B. Koryzno, Jr., Mark Namatevs, J. Ray Scott, and Philip W. Wagner. Nays: None. (Motion carried)

(Board then met in closed session.)

9. **ADJOURNMENT:** Motion by Scott to adjourn the meeting at 5:31 p.m. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,




MARK NAMATEVS, Secretary/Treasurer

YCUA RESOLUTION NO. 05-17 APPROVING CONTRACT
(YCUA WATER SUPPLY SYSTEM NO. 5 BONDS)
CHARTER TOWNSHIP OF YPSILANTI
COUNTY OF WASHTENAW, STATE OF MICHIGAN

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 25th day of October, 2005, at 4:00 o'clock p.m., Eastern Daylight Time.

PRESENT: Commissioners Larry J. Doe, Edward B. Koryzno, Jr., and Philip W. Wagner, and
J. Ray Scott

ABSENT: Commissioners Mark Namatevs

The following preamble and resolution were offered by Commissioner Wagner and supported by Commissioner Scott:

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. 5 Bonds (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended in an amount of not to exceed Six Million Two Hundred Thousand Dollars (\$6,200,000), 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 October 25, 2005 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, Edward B. Koryzno, Jr., Philip W. Wagner, and
J. Ray Scott

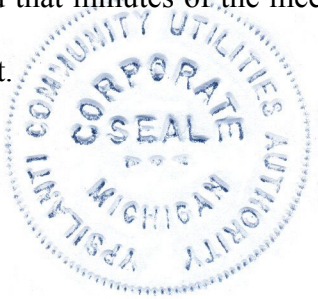
NAYS: Commissioners None.

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 25th day of October, 2005 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

YCUA RESOLUTION No. 05-18 AUTHORIZING
THE ISSUANCE OF NOT TO EXCEED
\$6,200,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 5 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority held on the 25th day of October, 2005, at 4:00 p.m., Eastern Daylight Time.

PRESENT: Commissioners Larry J. Doe, Edward B. Koryzno, Jr., and Philip W. Wagner, and
J. Ray Scott

ABSENT: Commissioners Mark Namatevs

The following preamble and resolution were offered by Member Scott and supported by Member Wagner:

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-eighth percent (2.125%) 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. 5 (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 \$6,200,000 and the Local Unit's share thereof of not to exceed \$6,200,000, 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 \$6,200,000, 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. 5 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:

\$250,000	2008;
255,000	2009;
260,000	2010;
270,000	2011;
275,000	2012;
280,000	2013;
285,000	2014;
290,000	2015;
300,000	2016;
305,000	2017;
310,000	2018;
320,000	2019;
325,000	2020;
330,000	2021;
340,000	2022;
345,000	2023;
355,000	2024;
360,000	2025;
370,000	2026;

375,000 2027.

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-eighth percent (2.125%) 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. J. P. Morgan Trust Company, National Association, 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. 5 (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. 5 BOND (CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Municipal Bond Authority
PRINCIPAL AMOUNT: Six Million Two Hundred Thousand Dollars (\$6,200,000)
DATE OF ORIGINAL ISSUE: _____, 2006

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 \$6,200,000 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-eighth percent (2.125%) per annum. Interest is first payable on October 1, 2006, 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 corporate trust office of J. P. Morgan Trust Company, National Association, 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 \$6,200,000, 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 October 25, 2005 (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. 5 (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.

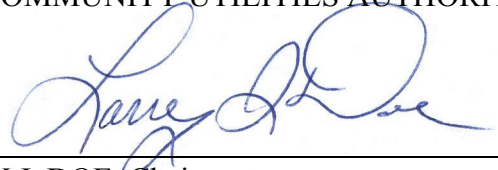
This bond is transferable only upon the registration books of the Issuer by the registered owner of record in person, or by the registered owner’s attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Issuer duly executed 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 – Treasurer 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 \$6,200,000 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.

\$250,000	2008;
255,000	2009;
260,000	2010;
270,000	2011;
275,000	2012;
280,000	2013;
285,000	2014;
290,000	2015;
300,000	2016;
305,000	2017;
310,000	2018;
320,000	2019;
325,000	2020;
330,000	2021;
340,000	2022;
345,000	2023;
355,000	2024;
360,000	2025;
370,000	2026;
375,000	2027.

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. 5 (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 Member Scott and supported by Member Wagner and adopted by the following roll call vote:

AYES: Commissioners Larry J. Doe, Edward B. Koryzno, Jr., Philip W. Wagner, and

J. Ray Scott

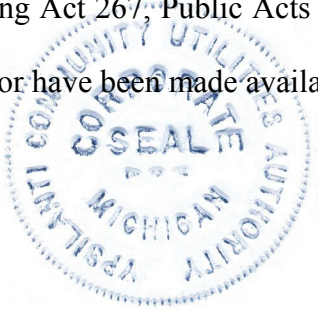
NAYS: Commissioners None.



A handwritten signature in blue ink, appearing to read "Mark Namatevs", written over a horizontal line.

MARK NAMATEVS, Secretary - Treasurer

I, the undersigned, Secretary 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 October 25, 2005 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