



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, August 24, 2010 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: None.

1. **CALL TO ORDER:** Mr. Scott called the meeting to order at 9:22 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Doe to receive and file the minutes of the July 27, 2010 meeting and July 27, 2010 Closed Session meeting as presented. Support by Bass. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – YCUA Resolution No. 10-6 re: Refunding Contract for 2000 Sanitary Sewer System No. 2 Bonds re: Willow Run Interceptor (Charter Townships of Ypsilanti and Superior) – Larry R. Thomas**

Mr. Thomas directed the Board's attention to Resolution No. 10-6, which authorized the Authority to sell up to \$6 million in 2000 refunding bonds. He indicated that the bond proceeds will be used to refund the Sanitary Sewer No. 2 Bonds sold in 2000 to finance the construct of the replacement of the Willow Run Interceptor sewer as well as some portions of sewer in Superior Township.

Mr. Thomas explained that the bond is backed by the full faith and credit of both Superior Township and Ypsilanti Township and both parties contribute to the flow in the sewer. He pointed out that interest rates are lower now than they were back at that time, so there will be savings on interest due.

Mr. Thomas also explained that the resolution also approves a contract between Ypsilanti Township, Superior Township, and the Authority, which states among other things, that the Authority will make the bond payments. He further advised that both Superior Township and Ypsilanti Township have already approved those contracts.

Mr. Thomas stated that the resolution and the contract were prepared by YCUA's bond counsel, Tom Colis from Miller Canfield. He acknowledged that Mr. Colis was in attendance to give a short presentation and answer any questions that they may have.

Mr. Thomas recommended approval of YCUA Resolution No. 10-6 re: Refunding Contract for 2000 Sanitary Sewer System No. 2 Bonds re: Willow Run Interceptor (Charter Townships of Ypsilanti and Superior).

Mr. Colis advised the Board that, as Mr. Thomas indicated, these are refunding bonds so taking out higher interest rate bonds and putting in their place lower interest rate bonds results in overall cost savings. He indicated that the idea is that YCUA is now at the further end of the original bond issue done in 2000 and if you take a traditional yield curve that slopes up, you get higher interest rates in those latter years.

Mr. Colis explained that, when the bonds were structured, a provision was made for them to be called early after 10 years. He pointed out that they are now at that 10 year period so they move themselves from the back end of the yield curve to the front end of the yield curve again and the bonds can be replaced with lower interest rate bonds.

Mr. Colis also explained that the nice thing is that there is enough savings to pay for all costs of issuance associated with the transaction and to still have a significant amount of cost reduction overall. He further advised that, as Mr. Thomas indicated, Superior Township has approved the refunding contract, which is an original contract done in connection with this deal that the local unit agrees to make the payments and to also pledge its full faith and credit.

Mr. Colis stated that, Superior Township met in July and approved the refunding components of the contract and Ypsilanti Township approved it the week previous. He acknowledged that, unlike the bonds that were recently done through the SRF fund with principal forgiveness, these bonds will be sold out in the market with an underwriter, which will require a prospectus and an official statement.

Mr. Colis confirmed that, if timing works out well, the bonds should be out in the market within the next few weeks and close within the month. He explained that the sale will be concluded by the end of September, a

notice will go out October 1st, and the bonds will be called on November 1st.

Mr. Colis pointed out that the timing will be pretty quick, which is great because rates are fantastic right now.

Motion by Peoples to approve YCUA Resolution No. 10-6 re: Refunding Contract for 2000 Sanitary Sewer System No. 2 Bonds re: Willow Run Interceptor (Charter Townships of Ypsilanti and Superior). Support by Doe. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – YCUA Resolution No. 10-7 re: Contract for Water Supply System No. 7 Bonds re: Holmes Road and Ford Blvd. Phase III (Charter Township of Ypsilanti) – Larry R. Thomas

Mr. Thomas advised the Board that the Authority is in the process of selling bonds to finance the replacement of the water main and potential sewer repair in Holmes Road between Spencer and Michigan Avenue in Ypsilanti Township. He indicated that the Washtenaw County Road Commission is preparing to complete the third phase of the project to improve Holmes Road, which has occurred from Prospect to Michigan Avenue. Mr. Thomas explained that the third phase is starting this fall and YCUA is also including in this bond sale some money for improvements of the water main in a portion of Ford Blvd. also in conjunction with the road commission work.

He pointed out that the contract between Ypsilanti Township and the Authority is also included in this item and that Tom Colis would be happy to answer any questions.

Mr. Thomas recommended approval of YCUA Resolution No. 10-7 re: Contract for Water Supply System No. 7 Bonds re: Holmes Road and Ford Blvd. Phase III (Charter Township of Ypsilanti).

Mr. Colis advised the Board that this is just approving the contract. He indicated that the bonds will be approved at the September meeting.

Mr. Colis explained that these bonds will be sold on the open market because no drinking water funds are available at this time and YCUA's projects are not high enough on the priority list. He pointed out that he is optimistic that YCUA will receive good interest rates when they sell the bonds.

Mr. Colis also explained that the Township did approve this contract. He further advised that, since this is the original approval of the contract as opposed to a refunding contract, there is a 45-day referendum period that is being run right now, which is why he waits to do the bond resolution.

Mr. Colis stated that this covers both Holmes Road and Ford Blvd. but that it was wise to get both items into the notice so that they have the ability to bond finance both projects.

Larry J. Doe commented that the road commission isn't sure that the Ford Blvd. portion will actually get done and inquired as to whether that portion will not be borrowed if that were to occur. Mr. Colis responded affirmatively. He acknowledged that it was set up so that it can be one or more series of bonds, which is how the resolution will read next month. Mr. Colis confirmed that if it is decided that only the Holmes Road portion will proceed, the Ford Blvd. portion will be removed. He explained that, if this occurs, it will be a much smaller bond principal and will probably be better off sold to a local bank rather than on the open market. Mr. Colis pointed out that selling locally can reduce a lot of the issuance costs.

Gregory A. Peoples inquired as to where on Ford Blvd. this work is to be done. Mr. Thomas responded that it is south of the bridge in front of the trailer park down to Ecorse. He added that not all of the water main needs to be done on that portion since some of it has already been replaced. Mr. Jessee interjected that only the section south of Parkwood to Ecorse has been done.

Motion by Doe to approve YCUA Resolution No. 10-7 re: Contract for Water Supply System No. 7 Bonds re: Holmes Road and Ford Blvd. Phase III (Charter Township of Ypsilanti). Support by Peoples. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – YCUA Resolution No. 10-8 re: Retirement for Cathy Moorman – Larry R. Thomas

Mr. Thomas advised the Board that this resolution announces the retirement of Cathy Moorman and commending her for her service to the Authority. He indicated that Ms. Moorman has worked for YCUA for 28 years and is presently the manager for the customer service group. Mr. Thomas explained that her last day will be this coming Friday, August 27th.

Mr. Thomas recommended approval of YCUA Resolution No. 10-8 re: Retirement for Cathy Moorman.

J. Ray Scott congratulated Ms. Moorman on a job well done.

Motion by Namatevs to approve YCUA Resolution No. 10-8 re: Retirement for Cathy Moorman. Support by Bass. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – YCUA Resolution No. 10-9 re: Retirement for Val Nelson – Larry R. Thomas

Mr. Thomas advised the Board that this resolution announces the retirement of Val Nelson and commending her for her service to the Authority. He indicated that Ms. Nelson has worked for YCUA for 7½ years and is presently the administrative assistant for the human resources department. Mr. Thomas explained that her last day will be this coming Friday, August 27th.

Mr. Thomas recommended approval of YCUA Resolution No. 10-9 re: Retirement for Val Nelson.

J. Ray Scott congratulated Ms. Nelson on a job well done.

Motion by Doe to approve YCUA Resolution No. 10-9 re: Retirement for Val Nelson. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – 2010 Road Repairs Phase II – T. Michael Jessee

Mr. Jessee advised the Board that this is the second phase of the road repairs for this construction season. He indicated that this item went out for bids and bids were received from Midwest Paving, ABC Paving, and Cadillac Asphalt.

Mr. Jessee explained that the low bid was from Midwest Paving in the amount of \$117,775. He pointed out that staff is also requesting a contingency amount of 10% or \$12,225 for a total project cost of \$130,000.

Mr. Jessee also explained that these road repairs are scattered mainly throughout the township but that there are a few in the city.

Mr. Jessee recommended approval of the 2010 Road Repairs Phase II project contract with Midwest Paving in the total project amount of \$117,775 with a contingency amount of 10% or \$12,225 for a total project cost of \$130,000.

Motion by Namatevs to approve the 2010 Road Repairs Phase II project contract with Midwest Paving in the amount of \$117,775 with a contingency amount of 10% or \$12,225 for a total project cost of \$130,000. Support by Bass. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Wastewater Treatment Plant Filter Cleaning Project – T. Michael Jessee

Mr. Jessee advised the Board that staff has been having some major difficulties in keeping its filters clean on the west side of the tertiary building. He indicated that those are the original filters that were built with the plant in 1979. Mr. Jessee explained that some analytic work was done and it was discovered that there is a large amount of solids built up in the layers of the filtration of the filter. He pointed out that the normal backwashing procedure will not clean this out.

Mr. Jessee also explained that some test runs were done with some pilot projects in which an acidic solution was put into the filter and allowed to saturate the filter media, then aerated and neutralized and pumped back to the head of the plant. He further advised that this worked very well.

Mr. Jessee stated that this item was put out for bid and bids were received from IMC Consulting LLC and Blue Earth Labs out of Oklahoma City. He acknowledged that the low bid was from IMC in the amount of \$82,869. Mr. Jessee confirmed that staff is also requesting a contingency of \$12,131 for a total budget of \$95,000.

He explained that the problem with these filters occurs during high flows associated with heavy rain. Mr. Jessee pointed out that the filters can only stay online for about eight hours. He also stated that only about four or five million gallons can be run through them before they need to be backwashed.

Mr. Jessee recommended approval of Wastewater Treatment Plant Filter Cleaning Project contract with IMC Consulting LLC in the amount of \$82,869 with a contingency of \$12,131 for a total budget of \$95,000.

Larry J. Doe inquired as to the cost of new filters. Mr. Jessee responded that he does not have an exact figure but that it would likely cost in the millions of dollars to rebuild them. Mr. Doe inquired as to what kind of filters they are. Mr. Jessee responded that they are large concrete basins comprised of varying levels of sand, rock, and coal. Simultaneous conversations then occurred regarding the technical aspects of the filtration process. Larry R. Thomas offered to provide a field trip for the Board members to tour the treatment plant. Mr. Scott asked that the Board members provide Mr. Thomas with a list of the YCUA infrastructure items that each of the Board members would like to see.

Motion by Peoples to approve the Wastewater Treatment Plant Filter Cleaning Project contract with IMC Consulting LLC in the amount of \$82,869 with a contingency of \$12,131 for a total budget of \$95,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

G. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for July 31, 2010. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

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

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for July 31, 2010. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

I. 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.

J. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has one item to report on this month. He indicated that the Board has received his letter report on the Meade Westvaco litigation settlement. Mr. Daniels explained that the settlement remains on track and that the first payment was received on August 6th. He pointed out that all of the settlement documents have now been signed and exchanged by the parties and a dismissal order has been approved, signed, and entered by the judge. Mr. Daniels also explained that the litigation has now come to an end and the process of completing the settlement in accordance to the settlement documents has now begun.

Informational only; no motion from the Board required.

K. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that both the city and the township have approved the water rate increases and the sewer use ordinance revisions that were recently recommended to them. He indicated that the city also approved the surcharge decrease.

Mr. Peoples inquired as to whether there was any consternation over the recommendations. Mr. Thomas responded that it went without much conversation at all. Mr. Peoples interjected that this goes to the excellent job that YCUA did with public relations beforehand, which allowed

residents to understand DWSD's role in the increases.

Mr. Scott inquired as to whether any word has been received from DWSD regarding any more increases being planned for the immediate future. Mr. Thomas responded that he is not aware of anything at this time.

Mr. Doe commented that he wonders if there will ever be an end to the infrastructure improvements in Detroit that are prompting these annual double-digit increases.

Mr. Scott added that he also wonders what portion of these infrastructure improvements actually benefit YCUA's citizenry and indicated that it will be important for the Authority to be proactive in keeping on top of DWSD's plans. Mr. Thomas responded that YCUA is only responsible for contributing to the cost of improvements to the transmission mains serving all of the suburban customers. He indicating that each community's individual rate is calculated based on distance, elevation, and peak usages.

Mr. Namatevs inquired as to whether there was some kind of organized effort by the suburban communities to wrestle control away from DWSD.

Mr. Scott indicated that he remembers when the Board recently met with DWSD officials after a 9% increase and there was a question as whether YCUA would be paying for a new line being put in up to Port Huron and that shortly thereafter Victor Mercado resigned.

Mr. Thomas responded that the suburban communities' efforts are ongoing but that they have backed off quite a bit as a result of DWSD being much more transparent in recent years with regards to discussions about rate structure and operating systems. He indicated that, by and large, the suburban communities have become much more satisfied with what is happening and that he concurs with their sentiment. Mr. Thomas added that the rate structures are as fair as they possibly can be and that YCUA's rate structures are set up in a very similar manner. He further indicated that in most major metropolitan areas, all suburban communities get charged the same regardless but that DWSD goes to great lengths to delineate the costs to its customer communities.

Mr. Scott interjected that the DWSD Board is now controlled by Judge Feikens and that all of its decisions have to be approved by him, which has inspired some confidence.

4. OLD BUSINESS:

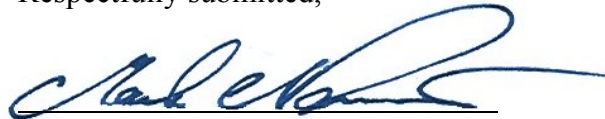
There was no old business for the month.

5. OTHER BUSINESS:

There was no other business for the month.

6. **STATEMENTS AND CHECKS:** Motion by Bass to pay the bills in the amount of \$3,558,421.39 with an addendum in the amount of \$3,810. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)
7. **PUBLIC COMMENTS:**
There were no public comments for the month.
8. **ADJOURNMENT:** Motion by Peoples to adjourn the meeting at 10:05 a.m. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



MARK NAMATEVS, Vice-Chair



YPSILANTI COMMUNITY UTILITIES AUTHORITY
COUNTY OF WASHTENAW, MICHIGAN

RESOLUTION NO. 10-6 APPROVING REFUNDING CONTRACT
AND AUTHORIZING NOT TO EXCEED \$6,000,000
2010 REFUNDING BONDS

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”), and Act 233, Public Acts of Michigan, 1955, as amended (“Act 233”) permit the Ypsilanti Community Utilities Authority (the “Authority”) to refund all or part of the funded indebtedness of the Authority; and

WHEREAS, the Charter Township of Ypsilanti, County of Washtenaw, Michigan (“Ypsilanti”), the Charter Township of Superior, County of Washtenaw, Michigan (“Superior,” together with Ypsilanti, the “Local Units,” each a “Local Unit”) and the Authority have entered into a Contract, dated as of September 21, 2000, wherein the Authority agreed to acquire and construct sewer improvements for the Local Units (the “2000 Contract”); and

WHEREAS, an issue of bonds has been issued pursuant to the 2000 Contract, denominated 2000 Sanitary Sewer System No. 2 Bonds (Charter Townships of Ypsilanti and Superior) (the “2000 Bonds”); and

WHEREAS, the Local Units and the Authority have determined that it is in the best interest of the Local Units and the Authority to refund all or part of the 2000 Bonds maturing in the years 2011 through 2020; and

WHEREAS, pursuant to authority of Act 34 and Act 233, the Authority and the Local Units have executed or will shortly execute a contract (the “Refunding Contract”) providing for the implementation of such refunding program and for other details in connection therewith, said Refunding Contract being attached hereto in full and made a part of this resolution pursuant to law; and

WHEREAS, the Authority has received a proposal from Mesirow Financial, Inc. (the “Underwriter”) to refund all or part of the 2000 Bonds; and

WHEREAS, all things necessary for the authorization of such refunding bonds pursuant to the provisions of law have been done, and the Authority is now empowered and desires to authorize the issuance of such refunding bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE YPSILANTI COMMUNITY UTILITIES AUTHORITY AS FOLLOWS:

Section 1. Authorization of Refunding; Refunding Bond Terms. For the purpose of raising all or a portion of the money to refund all or part of the 2000 Bonds maturing in the years 2011 to 2020, and pursuant to authority of Act 34 and Act 233, there shall be issued refunding bonds of the Authority (the “Refunding Bonds”) as hereinafter set forth. The Refunding Bonds shall be designated “2010 Refunding Bonds” and shall be in the aggregate principal amount of not to exceed Six Million Dollars (\$6,000,000), as finally determined upon sale thereof, consisting of bonds registered as to principal and interest of the denomination of \$5,000 or integral multiples of \$5,000, be dated as of their date of delivery, or such other date as provided in the order approving the sale of the Refunding Bonds (the

“Sale Order”) numbered as determined by the Transfer Agent, and maturing annually on the dates and in the years as shall be determined at the time of sale and in the amounts as determined in the Sale Order.

The Refunding Bonds shall bear interest at a rate or rates to be determined upon negotiated sale, payable on such interest payment dates as provided in the Sale Order. The Underwriter’s discount on the Refunding Bonds shall not exceed 0.75%, the true interest cost on the Refunding Bonds shall not exceed 4.0% and the Refunding Bonds shall only be issued if such issuance produces a net present value savings of not less than 3.0%.

Interest shall be paid by check drawn on a qualified bank or trust company selected at the time of sale and designated to act as transfer agent, registrar and paying agent (the “Transfer Agent”) mailed to the registered owner of the Refunding Bonds at the registered address, as shown on the registration books of the Authority maintained by the Transfer Agent. Interest shall be payable to the registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment or the first day of the month, if the payment date is the fifteenth day of the month. The date of determination of registered owner for purposes of payment for interest as provided in this paragraph may be changed by the Authority to conform to market practice in the future. The principal of the Refunding Bonds shall be payable at the Transfer Agent upon presentation and surrender of the appropriate Bond.

Section 2. Execution of Bonds. The Chairman and Secretary of the Authority are hereby authorized and directed to execute said Refunding Bonds by means of their facsimile signatures when issued and sold for and on behalf of the Authority and to cause to be imprinted thereon a facsimile of the seal of the Authority. No bond of this series shall be valid until authenticated by an authorized signatory of the Transfer Agent. The bonds shall be delivered to the Transfer Agent for authentication and shall then be delivered to the Underwriter in accordance with instructions from the Treasurer of the Authority upon payment of the purchase price for the bonds. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Section 3. Security for Refunding Bonds; Contractual Payments; Limited Tax Full Faith and Credit Pledges of the Local Units. The Refunding Bonds and the interest thereon shall be payable from the contractual payments of the Local Units received by the Authority, for the payment of which each Local Unit has in the Refunding Contract pledged its limited tax full faith and credit pursuant to the provisions of Act 233. Each Local Unit has covenanted and agreed to levy taxes annually to the extent necessary to provide the funds to meet its contractual payments when due in anticipation of which the Refunding Bonds are issued, which taxes shall be subject to applicable constitutional and statutory limits. All of such contractual payments are hereby pledged solely and only for the payment of principal of and interest on the Refunding Bonds.

Section 4. Debt Retirement Fund. It shall be the duty of the Authority, after the adoption of this resolution and the sale of the Refunding Bonds, to open a special depository account with a bank or trust company to be designated by the Authority to be designated Debt Retirement Fund - Ypsilanti Community Utilities Authority 2010 Refunding Bonds (the “Debt Retirement Fund”), into which account the Authority shall deposit 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 Refunding Bonds. The accrued interest received upon delivery of the Refunding Bonds shall also be deposited in the Debt Retirement Fund.

Section 5. Costs of Issuance; Escrow Fund. The proceeds of the Refunding Bonds, along with certain cash to be made available pursuant to the Refunding Contract, if any, shall be used to pay the costs of issuance thereof and to secure payment of the Bonds as provided in this paragraph. Upon receipt of such proceeds the accrued interest and premium, if any, shall be deposited in the Debt Retirement Fund. From such proceeds there shall next be set aside a sum sufficient to pay the costs of issuance of the Refunding Bonds.

The balance of the proceeds of the Refunding Bonds shall be deposited in an escrow fund (the "Escrow Fund") consisting of cash and investments in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing and used to pay principal, interest and redemption premiums on the Bonds. The Chairman, Secretary and Treasurer be and are each hereby authorized and directed to (a) take all steps necessary to call the Bonds for redemption, including the preparation and publication of a notice of redemption and (b) negotiate terms of an escrow agreement with a qualified bank or trust company selected to act as escrow agent and (c) execute the escrow agreement on behalf of the Authority. The amounts held in the Escrow Fund shall be such that the cash and investments and income received thereon will be sufficient without reinvestment to pay the principal, interest and redemption premiums on the Bonds when due at maturity or call for redemption as required by this Section. Following establishment of the Escrow Fund, any debt retirement funds held by the Authority for the Bonds being refunded shall be transferred to the Debt Retirement Fund for the Refunding Bonds.

Section 6. Redemption of Refunding Bonds. The Authorized Officers shall determine in the Sale Order whether the Refunding Bonds shall be subject to redemption prior to maturity and the times and prices, and terms and conditions of such redemption.

Unless waived by any registered owner of Refunding Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the Authority. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates; CUSIP numbers, if any; certificate numbers (and in the case of partial redemption) the called amounts of each certificate; the redemption date; the redemption price or premium; the place where Refunding Bonds called for redemption are to be surrendered for payment; and that interest on Refunding Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

Section 7. Bond Form. The Refunding Bonds shall be substantially in the following form with such changes as shall be required to conform to the final terms of the Refunding Bonds established by the Sales Resolution:

NO. _____
 UNITED STATES OF AMERICA
 STATE OF MICHIGAN
 COUNTY OF WASHTENAW
 YPSILANTI COMMUNITY UTILITIES AUTHORITY
 2010 REFUNDING BOND

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP NO.</u>
	_____ 1, 20__	_____, 2010	

Registered Owner:

Principal Amount: Dollars

The Ypsilanti Community Utilities Authority (the "Issuer"), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Date of Maturity specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on _____, 20__ and semiannually thereafter. Principal of this bond is payable at the principal corporate trust office of _____, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the Registered Owner hereof not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the Registered Owner of record as of the fifteenth (15th) day of the month preceding the payment date as shown on the registration books of the Issuer maintained by the Transfer Agent, by check or draft mailed to the Registered Owner at the registered address.

The bonds of this issue are payable from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti and the Charter Township of Superior, each in the County of Washtenaw, Michigan (each a "Local Unit," together, the "Local Units"), to the Issuer, pursuant to certain contracts between the Issuer and the Local Units, including a Refunding Contract. By the provisions of said contracts and pursuant to the authorization provided by law, each Local Unit has pledged its limited tax full faith and credit for the payment of said contractual payments. The Issuer has irrevocably pledged to the payment of this issue of bonds the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on the bonds of this issue when due. The full faith and credit pledge of each Local Unit is its limited tax general obligation, and each Local Unit is required to pay its debt service commitment on the bonds as a first budget obligation from its general funds including the collection of any ad valorem taxes which it is authorized to levy subject to applicable constitutional and statutory tax limitations.

This bond is one of a total authorized issue of bonds of even original issue date, aggregating the

principal sum of \$ _____, issued pursuant to a resolution duly adopted by the Commission of the Issuer on August 24, 2010, and 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, and Act 34, Public Acts of Michigan, 2001, as amended, for the purpose of refunding part of a series of outstanding bonds of the Issuer issued to finance the cost of acquiring and constructing sewer improvements for the Local Units. 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 above described resolutions.

Bonds of this issue maturing in the years 20__ to 20__, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions of bonds of this issue in multiples of \$5,000 maturing in the year 20__ and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, in any order of maturity and by lot within any maturity, on any date on or after _____, 20__, at par and accrued interest to the date fixed for redemption.

[Insert Term Bond Provisions, if applicable]

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called in part for redemption, shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof.

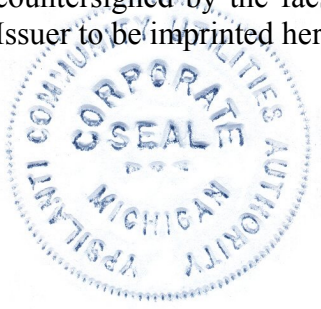
Any bond may be transferred by the person in whose name it is registered, in person or by his duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver a new bond or bonds in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent will not register the transfer of or exchange any bond selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond, and the series of which this is one, have been done and performed in regular and due time and form as required by law.

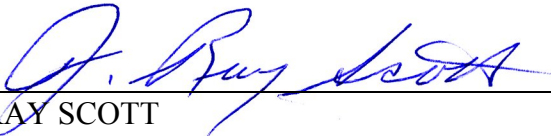
This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the Ypsilanti Community Utilities Authority, by its Commission, has

caused this bond to be signed in its name by the facsimile signature of its Chairman and to be countersigned by the facsimile signature of its Secretary and a facsimile of the corporate seal of said Issuer to be imprinted hereon, all as of the Date of Original Issue.

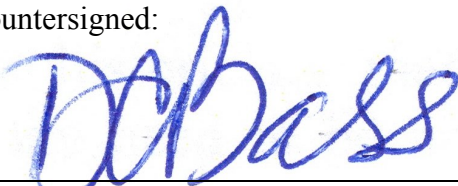


YPSILANTI COMMUNITY
UTILITIES AUTHORITY

By: 
J. RAY SCOTT
Its: Chair

[SEAL]

Countersigned:


DEEDRA CLIMER BASS
Its: Secretary - Treasurer

[FORM OF TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION]

Certificate of Authentication

This bond is one of the bonds described in the within-mentioned resolution.

_____, Michigan
Transfer Agent

By: _____
Authorized Signatory

Date of Authentication: _____

Section 8. Additional Bonds. Nothing contained in this resolution or the Refunding Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of Act 233 for any of the purposes authorized by said Act, but any such bonds shall in no way have any lien on or be payable out of the contractual payments pledged to the payment of the Refunding Bonds.

Section 9. Resolution and Refunding Contract Constitute Contract with Bondholders. The provisions of this resolution, together with the Refunding Contract, shall constitute a contract between the Authority and the holder or holders of the Refunding Bonds from time to time, and after the issuance of such Refunding Bonds, no change, variation or alteration of the provisions of this resolution and the Refunding Contract may be made which would lessen the security for the Refunding Bonds. The provisions of this resolution and the Refunding Contract shall be enforceable by appropriate proceedings taken by such holder either at law or in equity.

Section 10. Authority Covenants. The Authority covenants and agrees with the successive holders of the Refunding Bonds that so long as any Refunding Bonds remain outstanding and unpaid as to either principal or interest:

(a) The Authority will punctually perform all of its obligations and duties under this resolution and the Refunding Contract, including all 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 the sale of the Refunding Bonds for the purposes and in the manner required by the Refunding Contract and this resolution. The Authority will maintain and keep proper books of record and account relative to the application of such proceeds and the contractual payments received pursuant to the Refunding Contract. Not later than four (4) 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 the sale of the Refunding Bonds, the cash receipts from the contractual payments and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Refunding Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the application of funds therefor or for the payment of Refunding Bonds during such year. A certified copy of said statement shall be filed with the Secretary of the Authority and the clerk of each Local Unit and a copy shall also be sent to the manager of the syndicate purchasing the Refunding Bonds.

Section 11. Approval of Sale; Execution of Sale Order and Bond Purchase Agreement. The Director, Chairman, Secretary and Treasurer of the Authority (each, an "Authorized Officer") are each hereby authorized to negotiate and execute a Bond Purchase Agreement with the Underwriter finalizing the details of the Refunding Bonds within the authorized parameters of the Resolution and each is hereby authorized to do all other acts and to take all necessary procedures required to effectuate the sale, issuance and delivery of the Refunding Bonds including executing a Sale Order selling the Refunding Bonds to the Underwriter and fixing all details of the Refunding Bonds

Section 12. Authorization of Other Actions. Each Authorized Officer is hereby designated, for and on behalf of the Authority, to (a) make the determinations authorized pursuant to Section 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, premiums, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, designation of series, and other matters,

other matters within the parameters established by this resolution; (b) execute and deliver such certificates and documents and do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Refunding Bonds, including, if appropriate, purchase of bond insurance or other credit enhancements, make application for ratings, and revise the bond form, payment dates, date of original issue, designation of bonds, redemption provisions; and (c) make such other filings with the Michigan Department of Treasury or with other parties, to enable the sale and delivery of the Refunding Bonds as contemplated herein. Notwithstanding the provisions of this section, the maximum interest rate, average interest rate and Underwriter's discount shall not exceed the parameters set forth in Section 1 of this resolution, and the net present value savings effected by the issuance of the Refunding Bonds shall not be less than 3%, as provided in Section 1 of this resolution.

Section 13. Continuing Disclosure. The Authority agrees to enter into an undertaking for the benefit of the holders and beneficial owners of the Refunding Bonds pursuant to Rule 15c2-12 of the U.S. Securities and Exchange Commission and any Authorized Officer is hereby authorized to execute such undertaking prior to delivery of the Refunding Bonds.

Section 14. Preliminary and Final Official Statement. The Authorized Officers, or any of them, are authorized to approve circulation of both a Preliminary and Final Official Statement describing the Refunding Bonds, to secure ratings for the Refunding Bonds, and to purchase municipal bond insurance for the Refunding Bonds.

Section 15. Negotiated Sale. The Authority has considered the option of selling the Refunding Bonds through a competitive sale and a negotiated sale and, pursuant to the requirements of Act 34, determines that a negotiated sale of the Refunding Bonds will result in the most efficient and expeditious means of selling the Refunding Bonds due to the flexibility in the timing and sizing of the Refunding Bonds. The Authority hires and appoints the Underwriter to arrange for the refunding of the Bonds.

Section 16. Tax Covenant; Qualified Tax Exempt Obligations. The Authority shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Refunding Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Refunding Bond proceeds and moneys deemed to be Refunding Bond proceeds. The Authority hereby designates the Refunding Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

Section 17. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

Section 18. Approval of Refunding Contract. The Refunding Contract is hereby approved and the Chairman and Secretary are authorized to execute the same on behalf of the Authority.

Section 19. Immediate Effect. This resolution shall become effective immediately upon its passage.

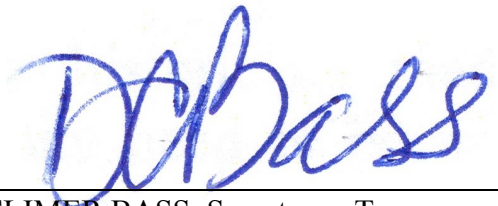
Minutes of a Regular Meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 24th day of August, 2010 at which the following Commissioners were present: J. Ray Scott, Mark Namatevs, Deedra Climer Bass, Larry J. Doe, and Gregory A. Peoples and the following were absent: None.

The attached resolution was moved by Commissioner Peoples and seconded by Commissioner Doe.

AYES: J. Ray Scott, Mark Namatevs, Deedra Climer Bass, Larry J. Doe, and Gregory A. Peoples.

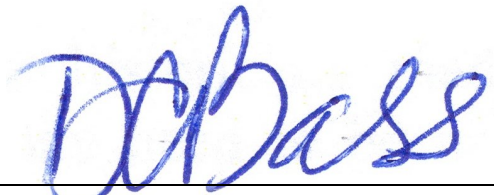
NAYS: None.

RESOLUTION DECLARED ADOPTED



DEEDRA CLIMER BASS, Secretary - Treasurer

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Commission of the Ypsilanti Community Utilities Authority, at a Regular Meeting held on August 24th, 2010, 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.



DEEDRA CLIMER BASS, Secretary - Treasurer

YCUA RESOLUTION NO. 10-7 APPROVING CONTRACT

Ypsilanti Community Utilities Authority
County of Washtenaw, Michigan

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 24th day of August, 2010, at 9:00 a.m., Eastern Daylight Time.

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

ABSENT: Commissioners None.

The following preamble and resolution were offered by Commissioner Doe 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 Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000), 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:

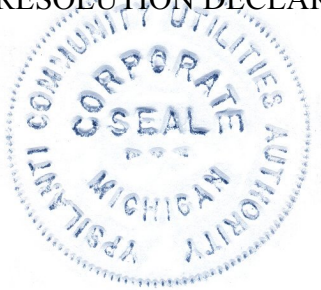
1. The Contract dated as of August 24, 2010 between the Authority and the Charter Township of Ypsilanti is hereby approved and the Chair and Secretary are each authorized to sign the same on behalf of the Authority.

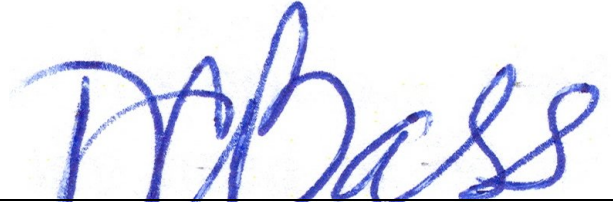
2. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution by and the same hereby are rescinded.

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

NAYS: Commissioners None.

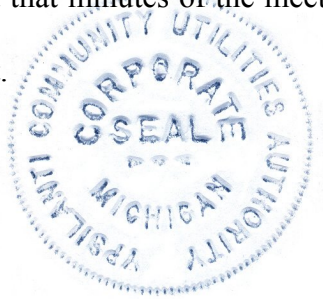
RESOLUTION DECLARED ADOPTED.





DEEDRA CLIMER BASS, Secretary - Treasurer

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 24th day of August, 2010 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.



DEEDRA CLIMER BASS, Secretary - Treasurer

**YCUA RESOLUTION NO. 10-8 ANNOUNCING
THE RETIREMENT OF CATHRYN G. MOORMAN AND
COMMENDING HER FOR HER SERVICE**

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 24th day of August 2010 at 9:00 o'clock a.m., Eastern Daylight Time.

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

ABSENT: Commissioners None.

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

WHEREAS, Cathryn G. Moorman, an employee of the Ypsilanti Community Utilities Authority, has completed twenty-eight (28) years of service to the Authority; and

WHEREAS, Cathryn G. Moorman has requested retirement as of August 27, 2010 and

WHEREAS, Cathryn G. Moorman demonstrated probity, loyalty, dependability, and dedication to her employment; and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Ypsilanti Community Utilities Authority commends Cathryn G. Moorman for her accomplishments and years of service to the Authority and expresses its appreciation to her.

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

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

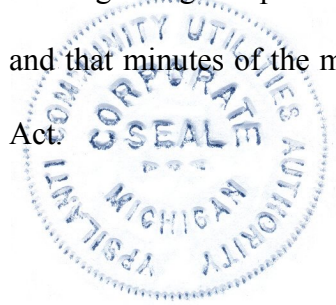
NAYS: Commissioners None.

RESOLUTION DECLARED ADOPTED.




DEEDRA CLIMER BASS, Secretary - Treasurer

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 24th day of August 2010 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.



DEEDRA CLIMER BASS, Secretary - Treasurer

**YCUA RESOLUTION NO. 10-9 ANNOUNCING
THE RETIREMENT OF VALERIE NELSON AND
COMMENDING HER FOR HER SERVICE**

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 24th day of August 2010 at 9:00 o'clock a.m., Eastern Daylight Time.

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

ABSENT: Commissioners None.

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

WHEREAS, Valerie Nelson, an employee of the Ypsilanti Community Utilities Authority, has completed seven (7) years, six (6) months of service to the Authority; and

WHEREAS, Valerie Nelson has requested retirement as of August 27, 2010 and

WHEREAS, Valerie Nelson demonstrated probity, loyalty, dependability, and dedication to her employment; and

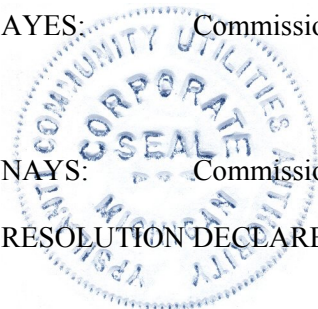
NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Ypsilanti Community Utilities Authority commends Valerie Nelson for her accomplishments and years of service to the Authority and expresses its appreciation to her.

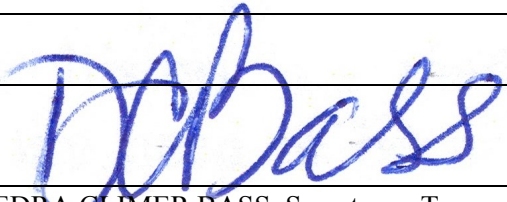
BE IT FURTHER RESOLVED THAT a suitably inscribed copy of this Resolution of Retirement be sent to Valerie Nelson as an expression of the Board's sincere appreciation for her years of service and the desire to convey its best wishes for good health and happiness in her retirement.

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

NAYS: Commissioners None.

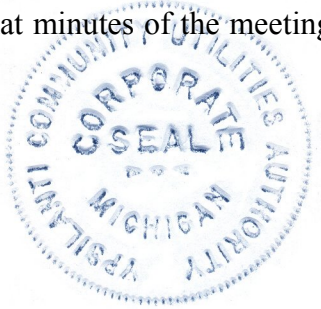
RESOLUTION DECLARED ADOPTED.

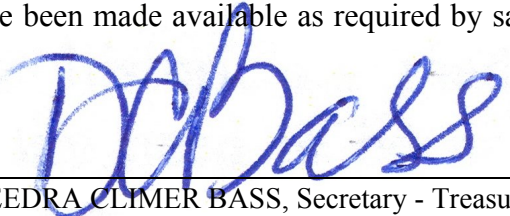




DEEDRA CLIMER BASS, Secretary - Treasurer

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 24th day of August 2010 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.




DEEDRA CLIMER BASS, Secretary - Treasurer