



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, July 24, 2012 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Brenda L. Stumbo, Andrew Cameron, Larry J. Doe, and Gregory A. Peoples.

Members Absent: None.

1. **CALL TO ORDER:** Ms. Stumbo called the meeting to order at 9:00 a.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Doe to receive and file the minutes of the June 26, 2012 meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)

3. **NEW BUSINESS:**

- A. **Request to Approve – YCUA Resolution No. 12-9 Authorizing Issuance of Not-To-Exceed \$2.1 Million 2012 Wastewater System No. 9 Bonds (Charter Township of Ypsilanti) – Larry R. Thomas**

Motion by Doe to approve YCUA Resolution No. 12-9 Authorizing Issuance of Not-To-Exceed \$2.1 Million 2012 Wastewater System No. 9 Bonds (Charter Township of Ypsilanti). Support by Peoples.

Mr. Thomas directed the Board's attention to Resolution No. 12-9, which authorizes the issuance not-to-exceed \$2.1 million in 2012 wastewater system no. 9 bonds. He indicated that this bond is an SRF loan, which will be used to finance the plant effluent water (PEW) project in the wastewater treatment plant, which allows plant operations to use PEW for most process applications. Mr. Thomas explained that these bonds will be guaranteed by the full faith and credit of Ypsilanti Township. He pointed out that Resolution 12-9 is required for the Authority to proceed with the PEW project.

Mr. Thomas also explained that YCUA's bond counsel Tom Colis was present to provide more information and to address any questions from the Board. Mr. Colis proceeded to give a detailed report to the Board.

In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – YCUA Resolution No. 12-10 re: Tentative Award of Contract for Factory Street Pump Station Improvements Project - Scott D. Westover

Motion by Peoples to approve YCUA Resolution No. 12-10 re: Tentative Award of Contract for Factory Street Pump Station Improvements Project. Support by Cameron.

Mr. Westover advised the Board that bids were opened on this project on July 10, 2012 and the low bidder was J.F. Cavanaugh, who performed the improvements at both Martz Road and Willow Run pump stations and is currently working at Snow Road.

He directed their attention to his memorandum, a resolution, and a letter from Tetra Tech recommending tentative award of the contract. Mr. Westover explained that the resolution is required by the Michigan Department of Environmental Quality and is similar to those adopted for previous projects funded through the State Revolving Fund loan program.

Ms. Stumbo inquired as to why one of the bidders came in so much higher on alternative one. Mr. Westover explained the alternative in detail and indicated that the preferred option is the one included in the base bid, therefore staff doesn't believe that there would be any likelihood of proceeding with alternative one.

In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Tetra Tech Proposal re: Factory Street Pump Station Improvements Engineering Services – Scott D. Westover

Motion by Doe to approve the Tetra Tech Proposal re: Factory Street Pump Station Improvements Engineering Services in the amount of \$215,000. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – YCUA Resolution No. 12-11 re: Tentative Award of Contract for Wastewater Treatment Plant PEW Upgrades - Scott D. Westover

Motion by Cameron to approve YCUA Resolution No. 12-11 re: Tentative Award of Contract for Wastewater Treatment Plant PEW Upgrades. Support by Peoples.

Mr. Westover reminded the Board that staff requested permission to solicit bids at the previous meeting and that this pertains to item 3.A and a not-to-exceed amount of \$2.1 million. He indicated that more bids came in and that the total project cost will be somewhere in the range of \$1.625 million.

Mr. Westover explained that the Authority did really well on the construction bids and that staff is very comfortable with the contractor, Process Paving Equipment, which YCUA worked with on a couple of projects in 2009.

In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Tetra Tech Proposal re: Wastewater Treatment Plant PEW Upgrades Engineering Services - Scott D. Westover

Motion by Doe to approve the Tetra Tech Proposal re: Wastewater Treatment Plant PEW Upgrades Engineering Services in the not-to-exceed amount of \$185,000. Support by Peoples.

Mr. Westover advised the Board that, due to the fact that Tetra Tech performed design phase engineering for this project, it is felt they are the best option for providing engineering services during the upcoming construction phase.

In favor: All. Opposed: None. (Motion carried)

F. Request to Approve - West Cross Street Water Supply Improvements Construction - Scott D. Westover

Motion by Peoples to approve the West Cross Street Water Supply Improvements Construction in the amount of \$440,000 along with a recommendation to City Council for approval to use City Reserve for Construction funds. Support by Cameron.

Mr. Westover advised the Board that the construction contract for the project will be administered by the Michigan Department of Transportation (MDOT) on behalf of the City of Ypsilanti.

Mr. Peoples inquired as to why this item wasn't presented to City Council before coming to the YCUA Board. Mr. Thomas responded that past practice has been to proceed in this manner and that if, for any reason City Council did not approve the request, YCUA's portion would simply be removed from the project. Mr. Westover added that YCUA has been in contact with city officials throughout this process and that they have been made aware of the numbers along the way.

In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - OHM Proposal re: West Cross Street Water Supply Improvements Engineering Services – Scott D. Westover

Motion by Doe to approve the OHM Proposal re: West Cross Street Water Supply Improvements Engineering Services. Support by Cameron.

Mr. Westover advised the Board that YCUA designed the water main portion in-house with some assistance from OHM, who was designing the road portion for the City. He indicated that, on behalf of the City, OHM got YCUA's plans and specifications to MDOT. Mr. Westover explained that OHM will be doing inspection and construction engineering for the City's road improvements, so it makes sense to have them do the same thing for YCUA on the water and sewer side.

In favor: All. Opposed: None. (Motion carried)

H. Request to Approve - Award of Contract re: 2012 Road Repairs – Scott D. Westover

Motion by Cameron to approve the Award of Contract re: 2012 Road Repairs to Best Asphalt in the amount of \$250,000. Support by Peoples.

Mr. Westover advised the Board that Best Asphalt performed work for YCUA in 2007, at which time they did satisfactory work. He indicated that Authority staff is comfortable moving ahead with them on this project.

Ms. Stumbo inquired as to the time frame for this project. Mr. Westover responded that he anticipates construction will commence just after Labor Day and that the contract documents require the work to be completed by the first week of November. He added that this is relative to excavations that occurred between June 1, 2011 and May 31, 2012. Mr. Westover added that, starting next year, there will be two road repair contracts, one every six months.

In favor: All. Opposed: None. (Motion carried)

I. Request to Approve - Solicitation of Construction Bids re: Pearl Relief Sewer Repair – Scott D. Westover

Motion by Doe to approve the Solicitation of Construction Bids re: Pearl Relief Sewer Repair. Support by Cameron.

Mr. Westover directed the Board's attention to a photograph of the project area that was contained in their packet materials. He reminded them that, at the February meeting, the Board approved replacing the sewer from Pearl north toward Washtenaw. Mr. Westover explained that, as the design of that portion neared completion, it was decided that this work

may not be necessary due to information gathered from meters in place in the sewer since the end of May.

He pointed out that this all goes back to the overflow manhole at Michigan and Huron, where there have been some SSOs over the last couple of years resulting in a notice of violation from MDEQ. Mr. Westover also explained that the solution to prevent these overflows is now believed to be a revision in the sewer system just south of Washtenaw, which would divert all of the flow from the north on Huron and Washtenaw down into the interceptor through the Pearl Relief Sewer. He further advised that YCUA staff televised that sewer and that there is a section of about 45 feet halfway down the hill where there is a belly in the sewer which requires alignment correction before the flow can be permanently diverted to the interceptor in Riverside Park.

Mr. Westover stated that, with this work and modifications to the manhole in Huron Street, the hope is that the Authority will be able to seal up the overflow in the manhole, which would eliminate future SSO concerns.

Mr. Doe inquired as to whether there is a pump station in that area because the sewer mains in Huron Street are very shallow and those in the park are deep. Mr. Westover responded that the flows will be diverted from Huron Street, down the hill, through the pipe, and into the interceptor in the park. He indicated that that pipe is currently only used for overflow during wet weather events. Mr. Westover added that this flow then moves on to the Factory Street pump station.

In favor: All. Opposed: None. (Motion carried)

J. Request to Approve - Authorization to Seek Proposals for 2013 Ypsilanti Township Water Supply System Improvements – Scott D. Westover

Motion by Cameron to Authorize the Proposals for 2013 Ypsilanti Township Water Supply System Improvements. Support by Peoples.

Mr. Westover advised the Board that this item pertains to the bonds sold a couple of months ago for the Township road program. He indicated that YCUA, along with Ypsilanti Township and the Washtenaw County Road Commission, identified several areas where water main improvements would be prudent.

Mr. Westover explained that it appears that the Snow / Bradley / I-94 area, the Smokler / Textile Subdivision and Northeast Area Phase 5 are projects that could feasibly be completed in advance of or in conjunction with road improvements. He pointed out that the Ecorse / Emerick / I-94 area is

currently under construction and two other areas are no longer under consideration for paving work during 2013.

Mr. Westover also explained that, in the past few days, YCUA received a letter from the state regarding the DWRP project plan, which indicated that the Smokler / Textile Subdivision project scored well enough to have a good shot at qualifying for a DWRP loan.

Ms. Stumbo inquired as to which two areas are no longer under consideration. Mr. Westover responded that they are the Pine Subdivision and Fairview Heights. Ms. Stumbo also inquired about the Grove Road / Margarita area. Mr. Westover responded that the area is not high on the DWRP project list at this point because it was considered under a previous plan that did not score well. He added that, because the roads there were improved within the last five to six years, this project was not pushed this time. Ms. Stumbo interjected that someone died in a fire in that area because there was not enough water pressure in the dead-end main and that, in her mind, makes it a priority. Jeff Castro commented that the area is being looked at for 2014 – 2015.

In favor: All. Opposed: None. (Motion carried)

K. Request to Approve - Change Order No. 1 re: 2011 Road Repairs Phase 2 – Scott D. Westover

Motion by Doe to approve Change Order No. 1 re: 2011 Road Repairs Phase 2 in the amount of \$40,401.85. Support by Peoples.

Mr. Westover advised the Board that this is similar to a change order approved the previous month for the Paint Creek interceptor project in that the project went well yet a substantial increase was incurred due to significant thickness increases over what was recorded. He indicated that there were repairs done adjacent to these four to six years ago, which were of the thickness these were anticipated to be. Mr. Westover explained that the road commission also could not explain the thickness change and it is thought that additional layers were added over the years.

He pointed out that contractor did a great job and that some of the patches are the best he has seen in the past few years.

Mr. Doe inquired as to whether this is included in the contingency. Mr. Westover responded that this comes in \$20,000 under contingency.

In favor: All. Opposed: None. (Motion carried)

L. Request to Approve - Change Order No. 2 re: Wastewater Treatment Plant Odor Control Modifications – Scott D. Westover

Motion by Peoples to approve the Change Order No. 2 re: Wastewater Treatment Plant Odor Control Modifications in the amount of \$112,458. Support by Cameron.

Mr. Westover advised the Board that there are four items that result in a project cost increase, two of which are significant. He indicated that the most significant cost increases resulted from modifications to the pipe stands for the ductwork between the new blower building and the aeration tanks and the expansion couplings.

Tom Allbaugh addressed the Board and explained the change order in greater detail and responded to questions from the Board.

Ms. Stumbo inquired as to whether this is within the contingency. Mr. Westover responded that this project is actually under the original contract amount but that the contractor has granted an extension for substantial completion from September 4th to October 2nd. Ms. Stumbo asked whether the extension is required because there is an urgent need to rectify the odor issues. Both Mr. Westover and Mr. Allbaugh reassured the Board that the project is moving along as quickly as possible, especially considering the narrow time frame established in the original contract.

Ms. Stumbo commented that the odor is very bad and asked that the communication to residents take place soon. Mr. Thomas responded that staff is working on a direct mail piece and that it will be delivered shortly.

In favor: All. Opposed: None. (Motion carried)

M. Request to Approve – Purchase of Siemens 800 Amp Breaker for McGregor Pump Station – Stacey Reynolds

Motion by Doe to approve the Purchase of Siemens 800 Amp Breaker for McGregor Pump Station. Support by Cameron.

Mr. Reynolds advised the Board that this is a replacement 800-amp breaker for the McGregor effluent pump station at the quoted price of \$14,815 plus shipping and handling from UIS. He indicated that this is a power protection device and can be used for any of the five existing high-speed motors.

In favor: All. Opposed: None. (Motion carried)

N. Fund Balance Report – Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for June 30, 2012. He then proceeded to give a detailed report of the

information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

O. Financial Report – Authority Net Assets – Larry R. Thomas

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for June 30, 2012. 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.

P. 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.

Q. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that there are two items to report on, both relating to contract revisions with YCUA customers.

He indicated that the Board received a complete status report on the WTUA negotiations a couple of months previous. Mr. Daniels explained that the negotiations resumed on July 12th, at which time staff learned that the issues summarized in the aforementioned status report remain unresolved. He pointed out that the parties have agreed to move forward on a plan rather than allow these issues to continue to stall negotiations.

Mr. Daniels also explained that the plan is to make certain assumptions about WTUA's capacity in the future and to assign some price and rate numbers to those assumptions. He further advised that the parties feel good about this plan in spite of the difficulties.

Mr. Daniels stated that the negotiations with Salem Township, a new customer of the Authority, have progressed to the point of a draft contract. He acknowledged that this is a new generation contract with the user charge system, which charges customers of YCUA based on actual capacity and actual flow. Mr. Daniels confirmed that, because this is a new customer that can't make projections on capacity, the parties are making some price and rate assumptions so that negotiations can continue.

He explained that discussions have taken place with Salem Township in the past that didn't result in anything but that this is a very serious negotiation.

Mr. Daniels pointed out that Salem Township will be installing a new line connected to the Willow Run pump station and that they are expecting a long-term maximum flow of 1 mgd, starting out in the area of .65 mgd.

He also stated that the new generation contract is the same as the contracts with Augusta, Pittsfield, York, and WTUA and is only "new" relative to the contracts that were drafted back in the 1970s.

R. Environmental Report – Perry M. Thomas

Mr. Thomas advised the Board that YCUA filed its monthly monitoring report for the wastewater treatment plant on time and in compliance with all requirements. He indicated that the Authority has reviewed the new NPDES draft report for the Authority's permit with the state and plans to file comments this week. Mr. Thomas reviewed those comments in detail.

He pointed out that a rain event is needed to verify that the sanitary sewer overflows at Huron and Michigan have been rectified by the flow diversion explained by Mr. Westover. Mr. Thomas also explained that, once this verification can take place, the area can be sealed up and the SSO violation notice issue can be fully resolved.

He further advised that the lining of the Water Street interceptor, which is a part of that system, has been completed by Insituform.

Mr. Thomas stated that the Snow Road project, the last project associated with the District Compliance Agreement entered into with the state, is proceeding but that the substantial completion date has changed from October 2012 to January 2013.

He acknowledged that he fields the odor complaints received by YCUA. Mr. Thomas then explained the standard operation procedure for odor complaints in full detail. He explained that he has also been inviting concerned resident to take a tour of the wastewater plant and observe first-hand the status of the \$1.7 million odor control project.

Informational only; no motion from the Board required.

S. Director's Report – Larry R. Thomas

Mr. Thomas introduced the Board to the Authority's new Human Resources Director Kimberly Robinson. Ms. Robinson was welcomed by the individual Board members.

4. OLD BUSINESS:

There was no old business for the month.

- 5. OTHER BUSINESS:** Ms. Stumbo asked that a discussion regarding a change in the Board meeting time be added to the next month's agenda in order to better accommodate the City of Ypsilanti representatives.

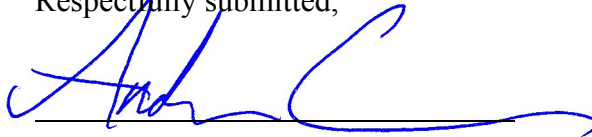
- 6. STATEMENTS AND CHECKS:** Motion by Doe to pay the bills in the amount of \$3,435,682.77. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS:

There were no public comments for the month.

- 8. ADJOURNMENT:** Motion by Doe to adjourn the meeting at 10:01 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



ANDREW CAMERON, Secretary - Treasurer



**YCUA RESOLUTION No. 12-9 AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$2,100,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WASTEWATER SYSTEM NO. 9 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)**

Minutes of a regular meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 24th day of July, 2012, at 9:00 a.m., prevailing Eastern Time.

PRESENT: Commissioners: Brenda L. Stumbo, Andrew Cameron,
Larry J. Doe, and Gregory A. Peoples

ABSENT: Commissioners: None.

The following preamble and resolution were offered by Member Doe and supported by Member Peoples:

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 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 dated June 26, 2012 (the “Contract”) for the acquisition, construction and installation of certain wastewater system improvements in the Local Unit, consisting of the replacement of existing and installation of additional pumps, piping and appurtenances associated with the plant effluent water system, to serve 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 Project 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 Project 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 State Revolving Fund ("SRF") financing program being administered by the Michigan Department of Environmental Quality ("MDEQ") and the Michigan Finance Authority ("MFA"), whereby bonds of the Authority are sold to the MFA and bear interest at a fixed rate of two and one-half percent (2.5%) per annum; and

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

WHEREAS, in pursuance of the authority granted by Act 233, the Authority desires to issue and sell the necessary bonds to the MFA 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 dated as of June 26, 2012 between the Authority and the Local Unit.

(d) “Contractual Payments” means the debt service installment payments required to be made by the Local Unit to the Authority pursuant to the provisions of Section 10 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this resolution.

(e) “Department of Treasury” means the Department of Treasury of the State of Michigan.

(f) “Depository Bank” means the Michigan bank or trust company selected by the Board which is a member of the Federal Deposit Insurance Corporation.

(g) “System” means the Ypsilanti Community Utilities Authority Wastewater System No. 9 (Charter Township of Ypsilanti), consisting of the Project, including site acquisition and development therefor, 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 \$2,100,000 and the Local Unit's share thereof of not to exceed \$2,100,000, 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 \$2,100,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated WASTEWATER SYSTEM NO. 9 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, subject to revision by any Authorized Officer (hereinafter defined) in the event that the principal amount of the Bonds issued is reduced:

2014	\$80,000
2015	85,000
2016	85,000
2017	90,000
2018	90,000
2019	95,000
2020	95,000
2021	95,000
2022	100,000
2023	105,000
2024	105,000
2025	110,000
2026	110,000
2027	115,000
2028	115,000
2029	120,000
2030	120,000

2031	125,000
2032	130,000
2033	130,000

Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the "Purchase Contract") between the Authority and the MFA providing for sale of the Bonds, and any of 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 MFA at the time of prepayment.

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

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 MFA shall deliver the Bonds to the Authority for cancellation.

Section 6. Execution and Delivery of Bonds. The Bonds shall be signed with the manual signature of the Chair of the Authority and countersigned by the manual signature of the Secretary of the Authority. The Bonds shall have the corporate seal of the Authority impressed or imprinted thereon. The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, or such other bank as may be determined by the MFA, 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 MFA and approved by the Local Unit, the Bonds may additionally be secured by a revenue sharing pledge of the Local Unit.

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

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

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

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

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW

YPSILANTI COMMUNITY UTILITIES AUTHORITY
WASTEWATER SYSTEM NO. 9 BOND (CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Finance Authority
PRINCIPAL AMOUNT: Two Million One Hundred Thousand Dollars
(\$2,100,000)
DATE OF ORIGINAL ISSUE: _____, 2012

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 Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time the Principal Amount is being drawn down by the Issuer under this bond, the Authority will periodically provide to the Issuer a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding Principal Amount actually advanced, 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 \$2,100,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.5%) per annum. Interest is first payable on April 1, 2013, and semiannually thereafter on the first days of April and October of each year, as set forth in the Purchase Contract.

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

written notice of any redemption of this bond shall be given by the Issuer and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

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

This bond is the single, fully-registered, non-convertible bond in the principal sum of \$2,100,000, 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 June 26, 2012 (the "Contract"), between the Local Unit and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing wastewater system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as Ypsilanti Community Utilities Authority Wastewater System No. 9 (Charter Township of Ypsilanti) (the "System"). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Unit has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Local Unit is obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable statutory, constitutional and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

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

This bond is transferable only upon the registration books of the Issuer by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon

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

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

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

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



YPSILANTI COMMUNITY UTILITIES AUTHORITY

By: 
BRENDA L. STUMBO, Chair

(SEAL)

Countersigned:

By: 
ANDREW CAMERON, Secretary - Treasurer

DEQ Project No.: 5427-01
DEQ Approved Amt: \$2,100,000

SCHEDULE A

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

<u>Due Date</u>	<u>Amount of Principal Installment Due</u>
April 1, 2014	\$80,000
April 1, 2015	85,000
April 1, 2016	85,000
April 1, 2017	90,000
April 1, 2018	90,000
April 1, 2019	95,000
April 1, 2020	95,000
April 1, 2021	95,000
April 1, 2022	100,000
April 1, 2023	105,000
April 1, 2024	105,000
April 1, 2025	110,000
April 1, 2026	110,000
April 1, 2027	115,000
April 1, 2028	115,000
April 1, 2029	120,000
April 1, 2030	120,000
April 1, 2031	125,000
April 1, 2032	130,000
April 1, 2033	130,000

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable April 1, 2013, and semi-annually hereafter.

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

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

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for premium or accrued interest described below, shall be deposited in a special depository account in the Depository Bank designated “YPSILANTI COMMUNITY UTILITIES AUTHORITY WASTEWATER SYSTEM NO. 9 (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 MFA and Supplemental Agreement among the Authority, the MFA 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 MFA as contemplated herein.

The Authorized Officers are hereby jointly or severally authorized to take any actions necessary to comply with requirements of the MFA and MDEQ in connection with sale of the

Bonds to the MFA. 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 MFA or MDEQ or as may be otherwise necessary or convenient to effect the approval, sale and delivery of the Bonds.

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

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

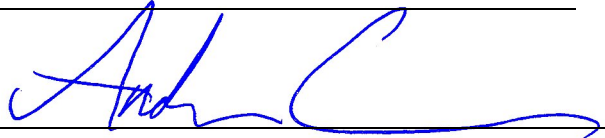
Section 20. Effective Date. This resolution shall become effective immediately upon its adoption.

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

AYES: Commissioners: Brenda L. Stumbo, Andrew Cameron,
Larry J. Doe, and Gregory A. Peoples

NAYS: Commissioners: None.





ANDREW CAMERON, 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 July 24, 2012 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.





ANDREW CAMERON, Secretary - Treasurer

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**YCUA RESOLUTION No. 12-10
A RESOLUTION TO TENTATIVELY AWARD
A CONSTRUCTION CONTRACT
FOR WASTEWATER SYSTEM IMPROVEMENTS**

WHEREAS, the Ypsilanti Community Utilities Authority on behalf of the City of Ypsilanti wishes to construct improvements to its existing wastewater treatment and collection system; and

WHEREAS, the wastewater system improvements project formally adopted on June 23, 2009 will be funded through Michigan's SRF Program and

WHEREAS, the Ypsilanti Community Utilities Authority on behalf of the City of Ypsilanti has sought and received construction bids for the proposed improvements and has received a low responsive bid in the amount of \$2,671,600 from J.F. Cavanaugh Company; and

WHEREAS, the project engineer, Tetra Tech, Inc. has recommended awarding the contract to the low bidder.

NOW THEREFORE BE IT RESOLVED, that the Ypsilanti Community Utilities Authority on behalf of the City of Ypsilanti tentatively awards the contract for construction of the proposed wastewater system improvements project to J.F. Cavanaugh Company, contingent upon successful financial arrangements with the SRF Program.

Yeas: Brenda L. Stumbo, Andrew Cameron, Larry J. Doe, and Gregory A. Peoples.

Nays: None.

Abstain: None.

Absent: None.

I certify that the above Resolution was adopted by the Ypsilanti Community Utilities Authority Board of Commissioners on July 24, 2012.

BY: Brenda L. Stumbo, Chair
Name and Title



Signature



July 24, 2012

Date

**YCUA RESOLUTION No. 12-11
A RESOLUTION TO TENTATIVELY AWARD
A CONSTRUCTION CONTRACT
FOR WASTEWATER SYSTEM IMPROVEMENTS**

WHEREAS, the Ypsilanti Community Utilities Authority wishes to construct improvements to its existing wastewater treatment and collection system; and

WHEREAS, the wastewater system improvements project formally adopted on June 23, 2009 will be funded through Michigan's SRF Program and

WHEREAS, the Ypsilanti Community Utilities Authority has sought and received construction bids for the proposed improvements and has received a low responsive bid in the amount of \$1,312,000 from Process Piping and Equipment, Inc.; and

WHEREAS, the project engineer, Tetra Tech, Inc. has recommended awarding the contract to the low bidder.

NOW THEREFORE BE IT RESOLVED, that the Ypsilanti Community Utilities Authority tentatively awards the contract for construction of the proposed wastewater system improvements project to Process Piping and Equipment, Inc., contingent upon successful financial arrangements with the SRF Program.

Yeas: Brenda L. Stumbo, Andrew Cameron, Larry J. Doe, and Gregory A. Peoples.


Nays: None.

Abstain: None.

Absent: None.

I certify that the above Resolution was adopted by the Ypsilanti Community Utilities Authority Board of Commissioners on July 24, 2012.

BY: Brenda L. Stumbo, Chair
Name and Title


Signature

July 24, 2012

Date

