



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Wednesday, April 22, 2015 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason.

Members Absent: Michael Bodary.

1. **CALL TO ORDER:** Ms. Stumbo called the meeting to order at 4:00 p.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Doe to receive and file the minutes of the March 25, 2015 meeting as presented. Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**

A. Request to Approve – Personnel Policy Update Review – Kimberly Robinson

Ms. Robinson advised the Board that the next two policy updates involve the Paid Time Off and Work Rules policies. She indicated that the Paid Time Off policy updates the current policy titled Use of Paid Time Off Benefits. Ms. Robinson explained that, similar to the Tobacco Use and Electronic Device policies presented at previous Board meetings, this policy is expanded to cover all paid time off benefits applicable to our bargaining units such as PTO and personal time. She pointed out that the process and expectations in the use of these benefits is clarified, the Tardiness policy is consolidated into this policy, and the title change reflects the expansion. Ms. Robinson also explained that the new layout / formatting makes the content clear and easy to read.

She further advised that the Work Pules policy is being updated to be aligned with all previously updated policies and to address attendance concerns and use of paid time off benefits.

Ms. Robinson stated that these changes were reviewed with YCUA's labor attorney John Hancock as well as with the AFSCME and Teamster bargaining and grievance committees.

Motion by Doe to approve the Personnel Policy Update Review. Support by Jason. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – YCUA Resolution No. 15-4 Approving Contract re: 2015 Not to Exceed \$1.8 Million YCUA Wastewater System (Ypsilanti Township) SRF Bond Sale for Tyler Pond Trestle Replacement – Tom Colis and Scott D. Westover

Motion by Doe to approve YCUA Resolution No. 15-4 Approving Contract re: 2015 Not to Exceed \$1.8 Million YCUA Wastewater System (Ypsilanti Township) SRF Bond Sale for Tyler Pond Trestle Replacement. Support by Ichesco.

Mr. Colis advised the Board that the total project cost is estimated at \$1,622,000 and is eligible for funding through the State Revolving Fund (SRF) loan program administered by the Michigan Department of Environmental Quality. He indicated that the SRF program is a low-interest loan that will be paid back over a period of 20 years with the current bond interest rate of 2.5%. Mr. Colis explained that the contract between YCUA and Ypsilanti Township is required to specify that YCUA will pay the bond costs with its revenues in exchange for the full faith and credit of Ypsilanti Township.

Mr. Westover advised the Board that this project involves the replacement of two deteriorated timber trestles that carry active wastewater pipes over Tyler Pond. He indicated that the new bridge will be constructed in conjunction with a permanent drawdown of the manmade impoundment being undertaken by the Charter Township of Ypsilanti.

Ms. Stumbo inquired as to whether the Board could receive a report on the progress being made on the Capital Improvements Plan. Mr. Westover responded that the information is available in spreadsheet form. Ms. Stumbo indicated that a spreadsheet would be fine.

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

C. Request to Approve – YCUA Resolution No. 15-5 Authorizing Issuance of Not-to-Exceed \$450,000 YCUA Water System (City of Ypsilanti) DWRF Bonds Series 2015 for Michigan Avenue Water Main Improvements – Tom Colis and Scott D. Westover

Motion by Doe to approve YCUA Resolution No. 15-5 Authorizing Issuance of Not-to-Exceed \$450,000 YCUA Water System (City of Ypsilanti) DWRF Bonds Series 2015 for Michigan Avenue Water Main Improvements. Support by Ichesco.

Mr. Colis advised the Board that this is the city portion and that this resolution represents the third and final step in the process. He indicated that the City of Ypsilanti and YCUA approved the contract a couple of months ago and the city published a notice in the paper. Mr. Colis

explained that bids are now in and the bond issuance needs to be authorized. He pointed out that the resolution authorizes the full \$450,000 that was approved in the contract. Mr. Colis also explained that the resolution also authorizes proceeding through the state's third quarter financing. He further advised that the DWRP program is a low-interest loan that will be paid back over a period of 20 years with the current bond interest rate of 2.5%. Mr. Colis stated that the \$450,000 is actually less than what is anticipated to be needed but is the maximum that be done under notice.

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

D. Request to Approve – YCUA Resolution No. 15-6 re: Tentative Award of Construction Contract for Michigan Avenue Water Main Replacement in the Amount of \$503,225.25 (DWRP Project Account No. 902-170) – Scott D. Westover

Motion by Doe to approve YCUA Resolution No. 15-6 re: Tentative Award of Construction Contract for Michigan Avenue Water Main Replacement in the Amount of \$503,225.25 (DWRP Project Account No. 902-170). Support by Jason.

Mr. Westover advised the Board that this is related to the previous item. He pointed out that the bid amount is greater than what was anticipated and established in the notice of intent due to significant changes in the construction industry after the first of the year.

Ms. Stumbo asked where the addition funds will be obtained. Mr. Castro responded that the Authority will either use the City Reserves or possibly allocate funds from the O & M budget. He added that, if City Reserves are used, which is preferred, it will come back before the Board for their approval as well as City Council. Mr. Castro stated that there are enough City Reserve funds to cover these costs.

Mr. Westover explained that staff is starting discussions with the low bidder in anticipation that their contract will be awarded about how money might be saved in the construction phase.

Ms. Stumbo asked where the other bids fell in comparison with the low bidder. Mr. Westover responded that there were only two bids and that the second bid was about \$70,000 - \$80,000 higher. He indicated that the best explanation for so few bids is a glut of work in the current market. Mr. Castro interjected that it didn't help that this project will be taking place on an MDOT road in the middle of the city, which will result in significant traffic issues.

Mr. Doe inquired as to when the project is likely to be completed. Mr. Westover responded that the construction window is six to eight weeks.

Mr. Doe then inquired as to the areas involved. Mr. Westover responded that the project will run from Prospect to Park.

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

E. Request to Approve - OHM Engineering Proposal re: Michigan Avenue Water Main Replacement in the Not-to-Exceed Amount of \$59,800 (DWRP Project Account No. 902-170) – Scott D. Westover

Motion by Doe to approve OHM Engineering Proposal re: Michigan Avenue Water Main Replacement in the Not-to-Exceed Amount of \$59,800 (DWRP Project Account No. 902-170). Support by Ichesco.

Mr. Westover advised the Board that this is typical of the standard construction engineering phase proposal that YCUA staff has seen for DWRP projects in the past.

Mr. Doe inquired how many engineers will be on the job and how many hours will be worked a day. Mr. Westover responded that there will be one inspector who will be working 10-hour days. He indicated that the proposal also includes supervisory time as well as record preparation plans at the end of the project.

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

F. Request to Approve - YCUA Resolution No. 15-7 re: Retirement for Raasch Williams – Jeff Castro

Motion by Jason to approve YCUA Resolution No. 15-7 re: Retirement for Raasch Williams. Support by Doe.

Mr. Castro advised the Board that Raasch Williams was a maintenance helper for YCUA who requested retirement beginning March 20, 2015. He indicated that Mr. Williams has been a valuable employee for 12 years and 11 months and that his experience and work ethic will be missed. Mr. Castro explained that this resolution is fitting at the time of his retirement.

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

G. Request for Approval – Addendums to Augusta and York Township Wastewater Treatment Service Agreements - Jeff Castro

Motion by Ichesco to approve Addendums to Augusta and York Township Wastewater Treatment Service Agreements. Support by Jason.

Mr. Castro reminded the Board that YCUA will be required to implement GASB 68 in accounting and financial reporting for pensions beginning with fiscal year ending in August of 2015. He indicated that GASB will affect the rate that YCUA charges to its contract communities. Mr. Castro explained that, after discussing alternatives to maintaining status quo, it was decided to communicate with the contract communities and add language to the recently renewed contracts of Sumpter and Superior

townships and add addendums to the existing contracts of WTUA and Pittsfield, Augusta, and York townships. He pointed out that the new contracts and addendums will assure the YCUA will continue the share of payments that the contract communities contribute to pension and OPEB moving forward. Mr. Castro also explained that the Pittsfield addendum should be completed by the end of month and that WTUA's is currently being fine-tuned.

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

H. Request to Approve - Award of Contract re: Natural Gas in the Approximate Amount of \$242,368.93 (O & M Expense Account No. 550-921) – Luther D. Blackburn

Motion by Doe to approve the Award of Contract re: Natural Gas in the Approximate Amount of \$242,368.93 (O & M Expense Account No. 550-921). Support by Ichesco.

Mr. Blackburn reminded the Board that this bid request previously came before the Board at the February meeting for the wastewater treatment plant and then an expanded request at the March meeting for all YCUA facilities. He indicated that four bids were received. Mr. Blackburn explained that the low bid of \$242,368.93 is an annual estimate. He pointed out that the proposals are based on commodity pricing that varies over time.

Mr. Blackburn also explained that YCUA has purchased natural gas from the same supplier, Constellation, for about a decade since the easement was put into place in 2001. He further advised the easement was a Federal Trade Commission resolution that came out of a consent decree when DTE purchased MichCon and which allows Constellation to utilize part of the pipeline.

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

I. Request to Approve – Authorization to Seek Construction Bids re: Adams Street Water Main Replacement (Restricted Fund Expense Account No. 902-260) – Scott D. Westover

Motion by Doe to provide Authorization to Seek Construction Bids re: Adams Street Water Main Replacement (Restricted Fund Expense Account No. 902-260). Support by Jason.

Mr. Westover advised the Board that the city will be replacing the pavement on Adams Street between Pearl and Cross and the water main in this area dates back to the 1930s. He indicated that the work will be bid in conjunction with the city's bid through MDOT.

Mr. Castro then addressed the Board at length regarding YCUA's process for road reconstruction projects in both the city and the township as well as mill and overlay work.

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

J. Fund Balance Report – Dwayne Harrigan

Informational only; no motion from the Board required.

K. Financial Report – Authority Net Assets – Dwayne Harrigan

Informational only; no motion from the Board required.

L. Usage Report – Consumption Report – Jeff Castro

Informational only; no motion from the Board required.

M. Attorney's Report – Thomas E. Daniels

There was no Attorney's Report for the month.

N. Environmental Report – Luther D. Blackburn

Mr. Blackburn advised the Board that the wastewater treatment plant incurred a significant power failure on April 9th. He indicated that all processes were affected, an event that has not taken place since 2003. Mr. Blackburn explained that, when there is a power failure of this magnitude, wastewater still flows through the plant via gravity but that certain treatment processes, particularly tertiary filtration and UV disinfection, have to be bypassed. He pointed out that an unanticipated bypass of treatment report was filed with MDEQ and, provided the state agrees with the Authority's measures taken during the outage, there should be no further action taken. Mr. Blackburn also explained that, if MDEQ disagrees, there could be further follow up and / or enforcement.

Ms. Stumbo inquired as to whether the effluent is continually tested. Mr. Blackburn responded affirmatively, adding that the effluent testing met the permit limitations during the outage. He further advised, however, that the sample was taken subsequent to the power outage, which meets requirements but is one of the factors to be examined by MDEQ.

Ms. Stumbo inquired as to how much water did not get treated during the outage. Mr. Blackburn responded that the estimate is about 3 million gallons bypassed the disinfection facility and about 5.5 million gallons bypassed tertiary filtration. Mr. Blackburn stated that the filtration step is much less significant.

Ms. Stumbo inquired as to what caused the power failure. Mr. Castro responded that it is believed to be the cause of the demolition work being done at RACER Trust, when a substation became submerged in water during a rain event.

Mr. Castro and Kevin G. Dupuis then outlined the power outage situation in greater detail as well as plans to prepare for similar events in the future.

Mr. Blackburn acknowledged that YCUA received its ROP, which cancels out the Permit to Install. He confirmed that construction is on time for SO₂ project. Mr. Blackburn explained that the state is going back and forth a little bit on whether they will put together a plan to address some of the new air regulations that go in effect in March of 2016.

Mr. Blackburn and Mr. Dupuis then updated the Board on the start-up of the incinerator after the recent repairs, particularly issues associated with sand that is leaking from the refractory arch when the incinerator is allowed to cool at times of low flow. Ms. Stumbo commented that the increased flow that should be coming soon from WTUA should prevent YCUA from having to cool the incinerator. Mr. Castro responded that WTUA's flow is currently about 13 MGD and, while an increase will help, the Authority needs much more flow than they can provide in order to burn consistently. He indicated the incinerator's capacity, which was mandated by the state, is rated for a 51 MGD plant but that YCUA is only processing about 20 MGD.

Mr. Blackburn added that it has been known from the beginning that certain structures in the incinerator were going to fail after 10 years due to normal wear and tear. Mr. Castro concurred and indicated that stainless steel heat exchangers would have lasted longer but that the decision was made at the time not to utilize an upgrade.

Mr. Dupuis then updated the Board on the overall repair costs, indicating that an \$8,000 savings was realized for the welding work and iron clad. He added that the work was completed over a month early.

O. Director's Report - Jeff Castro

Mr. Castro advised the Board that he and Kimberly Robinson were recently honored to receive the Washtenaw United Way Rising Star Award on behalf of YCUA for the contributions made by the Authority's employees. He thanked the employees for their participation in the annual United Way campaigns that have taken place since the 1980s.

He also advised the Board that YCUA staff was recently contacted by RACER Trust, the entity currently demolishing the old GM Powertrain plant. He indicated that they are considering constructing a wetland to serve as a ground water collection area, which means that they would discontinue any wastewater discharge to the Authority. Mr. Castro explained that the Authority currently receives approximately \$300,000 in annual revenue from treating the ground water discharge from RACER Trust, which will be lost if the wetland project goes through. He pointed out that YCUA staff expressed their position to RACER Trust that a wetland is not the best option, who then communicated that they would be

willing to consider forgoing the project if YCUA would guarantee them a reduced wastewater charge.

Ms. Stumbo commented that she feels it is better for the environment to not send the ground water into a wetland and continue to have it treated by YCUA. Mr. Daniels interjected that because the ground water isn't sanitary sewage or industrial wastewater, it can be categorized and billed differently. Mr. Castro also indicated that YCUA staff will be moving forward with negotiations on a contract with RACER Trust and will keep the Board informed.

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 Ichesco to approve the Statements and Checks. Support by Jason. 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 4:51 p.m. Support by Jason. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

JON R. ICHESCO, Secretary - Treasurer

YCUA RESOLUTION No. 15-4 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 22nd day of April, 2015, at 4:00 p.m., prevailing Eastern Time.

PRESENT: Commissioners Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

ABSENT: Commissioners Michael Bodary

The following preamble and resolution were offered by Commissioner Doe and supported by Commissioner Ichesco:

WHEREAS, the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, intends to authorize the issuance and sale of its Wastewater System Bonds, Series 2015 (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended, in an amount of not to exceed One Million Eight Hundred Thousand Dollars (\$1,800,000), for the purpose of defraying the cost of acquiring and constructing wastewater system improvements, consisting of the construction of a new bridge over Tyler Pond to replace two existing timber trestles that carry gravity sewers and force main pipes, to service the Charter Township of Ypsilanti; and

WHEREAS, an SRF 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 1, 2015 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 Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

NAYS: Commissioners None

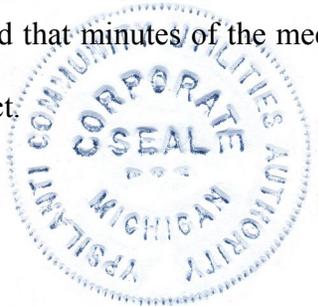
RESOLUTION DECLARED ADOPTED.





JON R. ICHESCO, 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 22nd day of April, 2015 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.





JON R. ICHESCO, Secretary - Treasurer

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**YCUA RESOLUTION No. 15-5 AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$450,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SYSTEM BONDS, SERIES 2015
(CITY OF YPSILANTI)**

Minutes of a regular meeting of the Commission of the Ypsilanti Community Utilities Authority held on the 22nd day of April, 2015, at 4:00 p.m., prevailing Eastern Time.

PRESENT: Commissioners Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe,
and Keith P. Jason

ABSENT: Commissioners Michael Bodary

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

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 City of Ypsilanti (the “Local Unit”) has entered into a Contract dated March 25, 2015 (the “Contract”) for the purpose of acquiring, constructing and installing certain water system improvements, consisting of the replacement of existing water main on Michigan Avenue between Prospect Street and Park Street, including all necessary appurtenances and attachments thereto, to serve the Local Unit (the “Project”); and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay its share of 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 Drinking Water Revolving Fund ("DWRP") 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 March 25, 2015 between the Authority and the Local Unit.
- (d) “Contractual Payments” means the debt service installment payments required to be made by the Local Unit to the Authority pursuant to the provisions of Section 10 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this resolution.
- (e) “Department of Treasury” means the Department of Treasury of the State of Michigan.
- (f) “Depository Bank” means the Michigan bank or trust company selected by the Board which is a member of the Federal Deposit Insurance Corporation.
- (g) “System” means the Ypsilanti Community Utilities Authority Water System (City 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 \$450,000 and the Local Unit’s share thereof of not to exceed \$450,000, 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 \$450,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated WATER SYSTEM BONDS, SERIES 2015 (CITY OF YPSILANTI), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on October 1 in the years and amounts as follows, subject to revision by any Authorized Officer (hereinafter defined) in the event that the principal amount of the Bonds issued is reduced:

2016	\$20,000
2017	20,000
2018	20,000
2019	20,000
2020	20,000
2021	20,000
2022	20,000
2023	20,000
2024	20,000

2025	20,000
2026	20,000
2027	25,000
2028	25,000
2029	25,000
2030	25,000
2031	25,000
2032	25,000
2033	25,000
2034	25,000
2035	30,000

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 their respective 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 WATER SYSTEM, SERIES 2015 (CITY 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
WATER SYSTEM BOND, SERIES 2015
(CITY OF YPSILANTI)

REGISTERED OWNER: Michigan Finance Authority
PRINCIPAL AMOUNT: Four Hundred Fifty Thousand Dollars
(\$450,000)
DATE OF ORIGINAL ISSUE: June 25, 2015

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 \$450,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.5%) per annum. Interest is first payable on October 1, 2015, 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 and one-half 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 \$450,000, 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 City of Ypsilanti, Washtenaw County, Michigan (the "Local Unit") to the Issuer pursuant to a certain Contract dated as of March 25, 2015 (the "Contract"), between the Local Unit and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as Ypsilanti Community Utilities Authority Water System (City 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 constitutional, statutory and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

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

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

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

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

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

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

YPSILANTI COMMUNITY UTILITIES AUTHORITY



(SEAL)

By: *Brenda L. Stumbo*
BRENDA L. STUMBO, Chair

Countersigned:

By: *Jon R. Ichesco*
JON R. ICHESCO, Secretary- Treasurer

DEQ Project Nos.: 7320-01
DEQ Approved Amt: \$450,000

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>
October 1, 2016	\$20,000
October 1, 2017	20,000
October 1, 2018	20,000
October 1, 2019	20,000
October 1, 2020	20,000
October 1, 2021	20,000
October 1, 2022	20,000
October 1, 2023	20,000
October 1, 2024	20,000
October 1, 2025	20,000
October 1, 2026	20,000
October 1, 2027	25,000
October 1, 2028	25,000
October 1, 2029	25,000
October 1, 2030	25,000
October 1, 2031	25,000
October 1, 2032	25,000
October 1, 2033	25,000
October 1, 2034	25,000
October 1, 2035	30,000

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 October 1, 2015, 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 WATER SYSTEM, SERIES 2015 (CITY 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 Ichesco and adopted by the following roll call vote:

AYES: Commissioners: Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe,
and Keith P. Jason

NAYS: Commissioners: None



JON R. ICHESCO, 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 April 22, 2015 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.



JON R. ICHESCO, Secretary - Treasurer

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YCUA RESOLUTION No. 15-6
A RESOLUTION TO TENTATIVELY AWARD
A CONSTRUCTION CONTRACT FOR WATER SYSTEM IMPROVEMENTS

WHEREAS, the Ypsilanti Community Utilities Authority (*legal name of applicant*) wishes to construct improvements to its existing water treatment and distribution system; and

WHEREAS, the water system improvements project formally adopted on April 24, 2012 (*date of final project plan adoption*) will be funded through the state of Michigan's Drinking Water Revolving Loan Fund (DWRF) program; and

WHEREAS, the Ypsilanti Community Utilities Authority (*legal name of applicant*) has sought and received construction bids for the proposed improvements and has received a low bid in the amount of \$503,225.25 from Fonson Company, Inc. (*name of the contractor*); and

WHEREAS, the (*Village's/City's/Township's/County's*) engineer, OHM Advisors, Inc. has recommended awarding the contract to the low bidder.

NOW THEREFORE BE IT RESOLVED, that the Ypsilanti Community Utilities Authority (*legal name of applicant*) tentatively awards the contract for construction of the proposed water system improvements project to Fonson Company, Inc. (*name of the contractor*), contingent upon successful financial arrangements with the DWRF.

Yeas: Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

Nays: None

Abstain: None

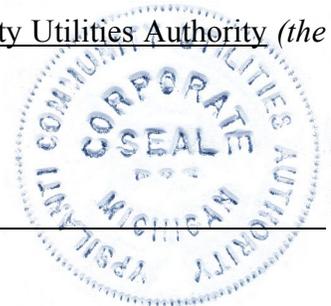
Absent: Michael Bodary

I certify that the above Resolution was adopted by Ypsilanti Community Utilities Authority (*the governing body of the applicant*) on April 22, 2015.

BY: BRENDA L. STUMBO, Chair
Name and Title (*please print or type*)


Signature

April 22, 2015
Date



**YCUA RESOLUTION NO. 15-7 ANNOUNCING
THE RETIREMENT OF RAASCH WILLIAMS AND
COMMENDING HIM FOR HIS SERVICE**

Minutes of a meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 22nd day of April 2015 at 4:00 o'clock p.m., prevailing Eastern Time.

PRESENT: Commissioners Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

ABSENT: Commissioners Michael Bodary

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

WHEREAS, Raasch Williams, an employee of the Ypsilanti Community Utilities Authority, has completed twelve (12) years and eleven (11) months of service to the Authority; and

WHEREAS, Raasch Williams has requested retirement as of March 20, 2015.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Ypsilanti Community Utilities Authority commends Raasch Williams for his accomplishments and years of service to the Authority and expresses its appreciation to him.

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

AYES: Commissioners Brenda L. Stumbo, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

NAYS: Commissioners None

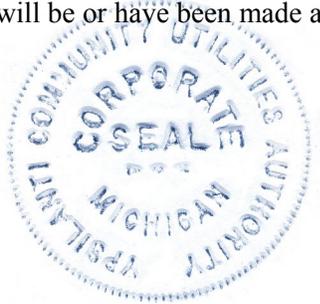
RESOLUTION DECLARED ADOPTED.





JON R. ICESCO, 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 meeting held on the 22nd day of April 2015 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.





JON R. ICHESCO, Secretary - Treasurer