ARTICLES OF INCORPORATION
OF THE
PUBLIC LIGHTING AUTHORITY

These Articles of Incorporation are executed and adopted by the City Council of the City of Detroit for the purpose of establishing a Public Lighting Authority pursuant to Act 392 of the Public Acts of Michigan of 2012.

Article I
Name

The name of the corporation and Authority is the Public Lighting Authority (the "Authority").

Article II
Definitions

As used in these Articles of Incorporation, the following words have the following meanings:

Section 1. The "*Act*" means Act 392 of the Public Acts of Michigan of 2012, and such amendments as may be hereinafter adopted.

Section 2. "*Authority*" means the Public Lighting Authority incorporated under these Articles of Incorporation pursuant to the Act.

Section 3. "*Best Value*" means a contract and procurement process to be followed by an authority that encourages and considers bids from locally headquartered companies and that considers use of the local workforce.

Section 4. "*Board*" or "*Authority Board*" means the Board of Directors of the Authority.

Section 5. "*Bonds*" mean bonds and notes issued by the Authority and includes any Ancillary Facility (as defined in Act) or other financing instruments entered into by the Authority if the facilities are permitted by the contract entered into between the City and the Authority.

Section 6. "*City*" means the City of Detroit, located in Wayne County, Michigan.

Section 7. "*City Council*" means the City Council of the City of Detroit.

Section 8. "*Lighting System*" or "*System*" means plants, works, instrumentalities, and properties used or useful in connection with providing lighting and necessary resources and appurtenances for the System.

Section 9. "*Mayor*" means the Mayor of the City of Detroit.

Section 10. "*Utility Users Tax*" means the tax levied by the City authorized by Utility Users Tax Act.

Section 11. *"Utility Users Tax Act"* means the City Utility Users Tax Act, Act 100 of the Public Acts of Michigan of 1990, as last amended by Act 393 of the Public Acts of Michigan of 2012.

Article III
Purpose and Intent

Section 1. It is the intent of these Articles of Incorporation to provide an equitable and reasonable method and means of financing, operating, and maintaining a Lighting System to supply lighting in sufficient quantities to the City.

Section 2. The City, by majority vote of its City Council, hereby incorporates the Authority comprising the territory within its respective limits for acquiring, constructing, consolidating, purchasing, operating, or maintaining a municipally owned Lighting System. The Authority is a public municipal corporation with the rights, powers, and duties as provided by the Act.

Section 3. The powers of the Authority shall be carried out in a manner authorized by the Act.

Section 4. Nothing in the Act or these Articles of Incorporation shall be construed as transferring the ownership of any Lighting System assets to the Authority unless the transfer is specified in these Articles of Incorporation and the transfer is ratified in accordance with all applicable laws.

Section 5. A transfer of ownership or operational control of a Lighting System to the Authority shall not be considered a sale, lease, or disposal of any kind of an asset by the City under any state or local law.

Article IV
Franchises

Section 1. Nothing in these Articles of Incorporation shall be considered to alter the laws and regulations regarding utility franchises unless explicitly stated. The creation of the Authority shall not be considered to create a new franchise as long as the Authority only provides service within the City and any area that the City may be serving or permitted to serve under law on the effective date of the Act.

Article V
Powers, Duties and Limitations

Section 1. The Authority is a public municipal corporation. The Authority is a public body corporate with the power to sue and be sued in any court of this state. The Authority possesses all the powers necessary to carry out the purposes of its incorporation. The enumeration of any

powers in the Act or in these Articles of Incorporation shall not be construed as a limitation on the Authority's general powers.

Section 2. The Authority may do any of the following:

a. Adopt bylaws for the regulation of the Authority's affairs and the conducting of its business.

b. Adopt an official seal and alter the seal at its pleasure.

c. Maintain an office at a place or places within the City as it may designate.

d. Sue and be sued in its own name, plead and be impleaded.

e. Determine the location of any project constructed by it under the Act and determine, in its discretion and without reference to any other provisions of the Act or any other law, the design, standards, and the materials of construction, and construct, maintain, repair, and operate the project.

f. Issue Bonds of the Authority for any of its corporate purposes under those means as provided by the Act.

g. Adopt and promulgate rules and regulations for the use of any project operated or constructed by it under the provisions of the Act.

h. Acquire, hold, lease and dispose of real and personal property in the exercise of its powers and the performance of its duties under the Act.

i. Engage engineering, legal, and other professional services as considered necessary to effectuate the purposes of the Authority.

j. Enter into contracts for any purpose necessary or incidental to its purposes under the act, including, but not limited to, contracts with the City necessary for financing the Lighting System.

m. The Authority shall possess all powers necessary to carry out the purpose of its incorporation, including any powers authorized by the Act or the incidental power necessary thereto.

Section 3. The Authority shall maintain its books and records and its funds on an enterprise fund basis. The Authority shall not pay any net proceeds or profits to the City, but may pay the City for services provided.

Section 4. Following the appointment of the Authority Board, the Board shall implement a Best Value supply chain and procurement practice and shall annually report thereon to the City Council.

Article VI
Authority Board

Section 1. The Authority shall be directed and governed by a Board of Directors consisting of 5 members appointed as provided by the Act.

Section 2. The Board shall consist of members with the qualifications as required by the Act. Such Board members shall be appointed and serve terms of service as provided by the Act.

Section 3. Each Board member shall make such certifications as required by the Act. A person shall not begin service as a Board member until he or she completes and files the certification with the Michigan Attorney General as required under this Article.

Section 4. If the required certification is not filed by a Board member as required by the Act as described in a report of the Michigan Attorney General, the term of office for that Board member who fails to make the required certification as required by the Act shall automatically terminate as required by the Act

Article VII
Authority Organization

Section 1. Within 30 days following the appointment of the last Board member to the Board, the Board shall hold its first meeting.

Section 2. At its first meeting, the Board shall select a chairperson, treasurer, and any other officers as the Board considers necessary. The Board shall require the treasurer to post a suitable bond of not less than $100,000.00 issued by a responsible bonding entity, with the cost of the premium of the bond paid for by the Authority.

Section 3. The Board shall select, employ, and fix the compensation for employees of the Board and contract for those engineering, legal, and other professional services that the Board considers necessary to effectuate the purposes of the Authority.

Section 4. A majority of the members of the Board constitute a quorum for the purpose of conducting business and exercising powers of the Authority. Official action may be taken by the Authority upon the vote of a majority of the Board members present.

Section 5. The Board shall adopt rules and bylaws governing its procedures and the holding of meetings. The Board shall designate an office or location within the City as its principal place of business.

Section 6. The business of the Board shall be conducted at a public meeting of the Board held in compliance with the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the

Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275. After organization, the Board shall adopt a schedule of regular meetings and adopt a regular meeting date, place, and time

Section 7. The Board shall keep a written or printed record of each meeting, which record and any other document or record prepared, owned, used, in the possession of, or retained by the Authority in the performance of an official function shall be made available to the public in compliance with the Freedom of Information Act, 1976 PA 442, MCL 15.231 to 15.246.

Section 8. The Board shall provide for a system of accounts for the Authority to conform to a uniform system required by law and for the auditing of the accounts of the Authority. The Board shall obtain an annual audit of the Authority by an independent certified public accountant and report on the audit and auditing procedures in the manner provided by Sections 6 to 13 of the Uniform Budgeting and Accounting Act, 1968 PA 2, MCL 141.426 to 141.433. The audit also shall be in accordance with generally accepted government auditing standards and shall satisfy federal regulations relating to federal grant compliance audit requirements.

Section 9. The Board shall provide a monthly progress report to the Mayor and the City Council and shall make that monthly progress report available on the Authority's internet website.

Section 10. The Board shall provide an annual progress report to the chairpersons of the Michigan Senate and House Government Operations Committees and shall make that annual progress report available on the Authority's internet website. The annual progress report shall detail the Authority's operating revenues, expenditures, vendor contracts, and all major decisions on lighting within the City, including all rulings concerning the future locations of streetlights within the City.

Article VIII
Lighting System Planning

Section 1. On or before March 15 after the creation of the Authority, and on or before March 15 of every second year after the creation of the Authority, the Board shall prepare and submit to the City Council a plan for the next 3 succeeding fiscal years. The plan shall contain all of the following:

a. The number and placement of streetlights in the City.

b. A budget that includes, but is not limited to, the following:

   i. Anticipated expenses of administration, operation, and maintenance of the Authority and the Lighting System.

   ii. Any reserve to be established for the administration, operation, and maintenance of the Authority and the Lighting System.

iii. A statement showing the amounts necessary to retire all principal and interest on any Bonds of the Authority maturing during the applicable fiscal years.

iv. A plan to implement Best Value practices.

v. Any other item specified in these Articles of Incorporation.

c. The budget prepared by the Authority shall provide that any money derived from the collection of rates and charges shall be applied and used by the Authority in the following manner and in the following priority:

i. To provide for the payment during each fiscal year of all current expenses of administration, operation, and maintenance as may be necessary to preserve the Lighting System in good repair and working order, including payments required under Bonds incurred in accordance with the authorization contained in the Act.

ii. In the discretion of the Board, there may be set aside during each fiscal year money to provide a reserve fund for replacements or major repairs and improvements not anticipated or considered to be a part of current expenses of administration, operation, or maintenance of the Lighting System.

Section 2. The City Council may vote to accept or reject the plan as provided by the Act. The City Council does not have the power to amend the plan in any respect. Unless the City Council votes to reject the plan within 45 days of its submittal, the plan is considered approved.

Section 3. If the City Council rejects the plan as provided in Section 2, the Authority shall revise the plan and shall submit the revised plan to the City Council within 30 days of the vote that rejected the plan as provided by the Act.

Section 4. The City Council may vote to accept or reject the revised plan within 30 days of its submittal as provided by the Act. Unless the City Council votes to reject the revised plan, the revised plan is considered approved as provided by the Act.

Section 5. If the City Council votes to reject the revised plan, the City Council must contemporaneously adopt, by a vote of at least 2/3 of the members of the City Council elected and serving, a resolution that includes a list of items that, if altered, would result in a vote to adopt the plan as provided by the Act. Failure to adopt a resolution in compliance with this Section is considered acceptance of the revised plan by the City Council as provided by the Act.

Section 6. If the City Council votes to reject the revised plan and submits the required resolution as provided in Section 5, the Authority shall prepare a final proposed plan not more than 20 days following the vote to reject the revised plan. The final proposed plan shall be sent to the Mayor, and the Mayor shall make the final proposed plan available on the City's internet website as soon as is practicable. The final proposed plan shall also be made available at a public hearing to be held not more than 10 days after the final proposed plan is complete. Public

comment shall be taken at the public hearing concerning the final proposed plan. On or after the tenth day after the public hearing, the Authority shall vote on the final proposed plan.

Section 7. Except as otherwise provided in this Section, if 2/3 of the Board members of the Authority vote to adopt the final proposed plan, it is adopted. If the final proposed plan incorporates a majority of the items identified in the appropriate resolution or resolutions adopted by the City Council, then the final proposed plan is adopted if approved by a majority vote of the Board of Directors of the Authority.

Section 8. If a plan is not adopted on or before July 1 of the year in which a plan is required to be prepared under Section 1, then the adopted plan shall be the final proposed plan, except that all changes identified in the resolution of the City Council submitted under Section 5 are considered amendments to the final proposed plan so that the plan as adopted contains all changes listed in the resolution from the City Council.

Section 9. A plan adopted by the Board may be amended by a vote of 4 of the 5 members on the Board as provide by the Act.

Article IX
Fiscal Year

Section 1. Unless the Board, by resolution, establishes a different fiscal year, the fiscal year of the Authority shall commence on July 1 of each year and end on the following June 30.

Article X
Employment Relations

Section 1. The City has the responsibility, authority, and right to manage and direct on behalf of the public the services performed or exercised as provided in these Articles of Incorporation to the extent the Articles of Incorporation are consistent with, and not otherwise limited by, the Act.

Section 2. The contents or language of these Articles of Incorporation shall be a permissive subject of collective bargaining between the City and a bargaining representative of its employees. If the City and a bargaining representative of its employees engage in collective bargaining before these Articles of Incorporation are approved and the City and that bargaining representative reach an agreement on issues that would obligate an entity that will function as an employer in the Authority, these Articles of Incorporation shall include those obligations.

Section 3. Nothing in these Articles of Incorporation creates an employment relationship between the existing employees of the City and the Authority.

Section 4. The Authority shall be effective through these Articles of Incorporation at least 180 days before the actual transfer of any City personnel and equipment. Before the Authority's

effective date, the City shall affirm in writing to the Authority those City employees, if any, who will be transferred to the Authority.

Section 5. If any City employees who are to be transferred to the Authority are represented by a labor organization, those employees are subject to their previous terms and conditions of employment until those terms and conditions of employment are modified in accordance with 1947 PA 336, MCL 423.201 to 423.217, or for 6 months after the transfer to the Authority, whichever is earlier. Negotiations on a collective bargaining agreement with the Authority shall begin no later than 180 days before the date that such represented City employees, if any, transfer to the Authority.

Section 6. Subject to Section 7, a representative of the City employees or group of employees who previously represented or was entitled to represent the City employees or group of employees under 1947 PA 336, MCL 423.201 to 423.217, shall continue to represent the City employees or group of employees if those employees or group of employees are transferred to the Authority.

Section 7. This Section does not limit the rights of City employees, under applicable law, to assert that a bargaining representative protected by Section 6 is no longer their representative. The employees of the Authority are eligible as of the day the Authority becomes effective through these Articles of Incorporation to choose their representative under 1947 PA 336, MCL 423.201 to 423.217. This Section does not extend the time limits as provided in Section 4.

Section 8. If multiple labor organizations assert the right to represent all or part of the Authority's workforce or where a substantial portion of the transferred employees were not previously represented, in the absence of a voluntary mutual agreement, at the request of any party or on the initiative of the Michigan employment relations commission, the Michigan employment relations commission shall conduct a representation election.

Section 9. In the absence of a voluntary mutual agreement, the Authority's workforce shall be merged by using a single seniority list in accordance with the Act. Disputes concerning the single seniority list or its use shall be heard in the manner provided for by the Act.

Section 10. Nothing in this Section requires the City or the Authority to assume a collective bargaining agreement between another local government and its employees.

Section 11. An employee who left the employ of the City to enter the military service of the United States shall have the same employment rights as to the City or the Authority as he or she would have had under 1951 PA 263, MCL 35.351 to 35.356

Article XI
Authority Borrowing and Bonds

Section 1. For the purpose of constructing, acquiring, improving, enlarging, or extending a Lighting System, including the payment of engineering, legal, and financing expenses, and after the establishment of the initial service rates and the execution of contracts for the provision of construction services, purchase of power, and other related activities within the corporate limits of the Authority, the Authority may borrow money and issue Bonds and Notes for the purposes provided by the Act subject to limitations provided by the Act. The Authority may also enter into Ancillary Facilities and Contracts, including trust indentures and contracts with the City, relating to such Bonds and Notes as provided by the Act.

Article XII
Public Purpose

Section 1. The property of the Authority is public property devoted to an essential public and governmental purpose. Income of the Authority is for a public and governmental purpose.

Section 2. Except as otherwise provided in this Section or by law, the property of the Authority and its income, activities, and operations are exempt from all taxes and special assessments of this state or a political Subsection of this state. Property of the Authority and its income, activities, and operations that are leased to private persons are not exempt from any tax or special assessment of this state or a political subdivision of this state. Property of the Authority is exempt from any ad valorem property taxes levied under the General Property Tax Act, 1893 PA 206, MCL 211.1 to 211.155, or other law of this state authorizing the taxation of real or personal property. The Authority is an entity of government for purposes of Section 4a(1)(a) of the General Sales Tax Act, 1933 PA 167, MCL 205.54a, and Section 4(1)(h) of the Use Tax Act, 1937 PA 94, MCL 205.94.

Article XIII
Implementation

Section 1. As provided in the Utility Users Tax Act, upon the formation of the Authority, notwithstanding any ordinance of the City to the contrary, the City shall pay $12,500,000.00 annually to the Authority from the proceeds of the Utility Users Tax. If the Authority issues Bonds pursuant to a contract with the City and pledges revenues from Utility Users Tax, those revenues shall be deposited and used as provided Utility Users Tax Act. After a contract is entered into with the City relating to Bonds pursuant to the Utility Users Act, the trustee, after setting aside funds as required by the trust indenture, shall pay to the Authority $12,500,000.00, less the amount set aside. The trust indenture shall provide that the remaining revenues be returned to the City. Nothing in these Articles of Incorporation shall obligate the City to remit to the Authority more than is collected from taxes levied under the Utility Users Tax Act.

Section 2. As provided by the Utility Users Tax Act, notwithstanding any ordinance of the City, if the City enters into a contract with the Authority, all of the following shall apply:

(a) The City shall send notice to each public utility and resale customer (each as defined in the Utility Users Tax Act) to remit taxes collected under the Utility Users Tax Act to a trustee until notified by that trustee to return the funds to the City.

(b) After receiving a notice described in subdivision (a), each public utility and resale customer so notified shall remit taxes as directed by the notice to the trustee until notified by the trustee to remit taxes to the City.

(c) The trustee shall notify each public utility and resale customer to remit taxes collected under the Utility Users Tax Act to the City within 45 days of the retirement of debt service on the Bonds issued by the Authority.

Section 3. Notwithstanding any ordinance of City, any utility, resale customer, other entity, or person that collects a tax or any money represented to be a tax authorized under the Utility Users Tax Act holds the amount so collected in trust for the benefit of the City, or for Bondholders secured by a pledge with the Authority.

Article XIV
Best Value Objectives

Section 1. The Board shall provide for a contract and procurement process to be followed by the Authority that encourages and considers bids from locally headquartered companies and that considers use of the local workforce.

Article XV
Miscellaneous

Section 1. The Authority may acquire property for a Lighting System by purchase, construction, lease, gift, or devise, either within or outside the City. The Authority may hold, manage, control, sell, exchange, or lease the property, except that if the property at issue was purchased, constructed, gifted, devised, leased, or otherwise came into the Authority's ownership or control from the City, the Authority may not sell, exchange, or otherwise dispose of the property unless the other party to the transaction is the City so that the property will return to the ownership of the City.

Section 2. The City Council may advance or loan to the Authority any money required for administrative expenses or for the purpose of obtaining maps, plans, designs, specifications, and cost estimates of a proposed Lighting System. An advance or loan may be included as a part of any Bond issue by the Authority under the Act and repaid to the City upon the sale of the Bonds.

Section 3. The powers granted under the Act and these Articles of Incorporation are in addition to those granted by any charter or statute.

Section 4. The Act and these Articles of Incorporation shall be liberally construed in the interest of the public health, safety, and welfare of the persons and property within the City.

Section 5. These Articles of Incorporation may be amended by a majority vote of the City Council in the same manner that these Articles of Incorporation were adopted: provided, however, that no such amendment shall impair any obligation related to Bonds.

Section 6. One printed copy of these Articles of Incorporation certified as a true copy by the person or persons designated by the certification, with the date and place of the publication, shall be filed with the Michigan Secretary of State and the Wayne County Clerk. The Authority shall become effective upon the filing with the Secretary of State and the County Clerk. The City Clerk shall publish these Articles of Incorporation in a newspaper that is used for publication of other legal notices of the City.

Section 7. The validity of the Authority is conclusively presumed unless questioned in an original action filed in the Michigan Court of Appeals within 60 days after the creation of the Authority.

The foregoing Articles of Incorporation were adopted by the City Council of the City of Detroit, Wayne County, Michigan, at a meeting held on the 6th day of February, 2013.

Dave Bing

Dave Bing, Mayor
City of Detroit

Dated: 3/21/13

CERTIFICATION

Janice M. Winfrey, City Clerk of the City of Detroit, certifies that the foregoing document is a true copy of the Articles of Incorporation adopted by the City Council of the City of Detroit at a meeting held on the 5th day of February 2013, which Articles of Incorporation were duly published as required by law on the 19th day of March 2013, in Detroit Legal News.

Janice M. Winfrey, City Clerk
City of Detroit

Dated: 3/22/13 (Seal)

Filed with the Michigan Secretary of State on: _____

Acknowledged by: _____ (Seal)

Title: _____

Filed with the Wayne County Clerk on: 29th March 2013

Acknowledged by _____ (Seal)

Title: Department Administrator

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STATE OF MICHIGAN
RUTH JOHNSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

April 23, 2013

City of Detroit
Adam Hollier
Coleman A. Young Municipal Center
2 Woodward Ave., Ste. 1126
Detroit, MI 48226

RE: Detroit Public Lighting Authority

Dear Mr. Hollier:

This will acknowledge receipt of a copy of the Articles of Incorporation for the Detroit Public Lighting Authority, under the provisions of Act 392, Public Acts of 2012, filed on April 5, 2013, with the Secretary of State, Office of the Great Seal.

Sincerely,

Office of the Great Seal
1-888-767-6424