

Ann Arbor approved March 5
Ypsilanti amended and approved May 15
AATA board approved May 16
Ann Arbor amended and approved June 4
Ypsilanti approved June 5

PUBLIC TRANSPORTATION AGREEMENT

AATA: Ann Arbor Transportation Authority
2700 South Industrial Highway
Ann Arbor, Michigan 48104
Attention: Michael Ford

Ann Arbor: City of Ann Arbor
301 E. Huron Street
Ann Arbor, Michigan 48107
Attention: City Administrator

Ypsilanti: City of Ypsilanti
One South Huron Street
Ypsilanti, Michigan 48197
Attention: City Manager

County: Washtenaw County
220 North Main
Ann Arbor, Michigan 48107
Attention: County Administrator

among the following:

1. Acknowledged Facts. The Ann Arbor Transportation Authority (hereafter "AATA") was incorporated by the City of Ann Arbor (hereafter "Ann Arbor") for the purpose of acquiring, owning, operating, or causing to be operated a mass transportation system under the provisions of Public Act 55 of 1963. AATA and Ann Arbor are parties to a certain agreement which sets forth the operational relationship between them and which specifically provides the agreement shall remain in full force and effect until mutually terminated. The City of Ypsilanti has contracted with AATA for transportation services for many years and recently approved a Charter Amendment dedicating certain tax revenue for transportation purposes. The above named parties are planning for countywide public transportation by creating a new authority under Act 196 of 1986 ("New TA"). The New TA, in partnership with the other above named parties, would succeed to the public transportation system currently operated by AATA under the terms of this Agreement and Section 11 of Act 196 of 1986 only when all contingencies of the Agreement are met.

2. Authority Formation. The County, upon the AATA's written request, will create a new Act 196 authority by approving, signing and filing articles of incorporation ("Articles") in substantially the form attached as Exhibit A. Prior to the submission of any request by AATA to County to initiate formation of a public authority all of the following must occur: (i) AATA will publish details of the service and funding plan in newspaper(s) of general circulation in the Washtenaw County, (ii) the Articles of Incorporation in the form presented for approval by the County shall be separately adopted by Ann Arbor and Ypsilanti by affirmative vote of the respective governing bodies. No transfer of assets to the New TA from AATA shall occur unless and until all contingencies stated in

Section 4 of this Agreement and any and all conditions which may be established in the Articles of Incorporation have been met.

3. City Transportation Millages.

a. After all of the Section 8 contingencies to Closing are satisfied, Ann Arbor agrees to designate the New TA, as successor to AATA, as the contracting agency for use of the 2.5 mills tax levy under Section 8.18 of the Ann Arbor City Charter and allocated the tax levy in its entirety to AATA at the 2012 millage rate or as adjusted by State of Michigan statute less a municipal service charge of one percent (1%) of the annual millage at the time of the collection of taxes.

b. After all of the Section 8 contingencies to Closing are satisfied, Ypsilanti agrees to transfer its full respective transportation millages at the 2012 millage rate or as adjusted by State of Michigan statute to the New TA effective when the New TA succeeds to AATA's public transportation services.

4. Transfer of Assets. After all of the Section 8 contingencies to Closing are satisfied, AATA will transfer to New TA at closing all assets then owned by AATA, including, without limitation, all rights to the names "Ann Arbor Transportation Authority". New TA will accept the transfer of those assets subject to all obligations and liabilities regarding those assets existing at the time of the transfer.

5. Assumption of Liabilities. After all of Section 8 contingencies to Closing are satisfied, New TA will assume at closing all liabilities of AATA existing at the time of closing.

6. Indemnification. AATA and its successor-in-interest The New TA shall indemnify and hold Washtenaw County, the Cities of Ann Arbor and Ypsilanti, their elected and appointed officials, employees, agents and volunteers harmless from and against all actions, liabilities, demands, costs and expenses, including court costs and attorney fees, which may arise due to their respective negligent, grossly negligent and/or intentional acts or omissions under this Agreement, and transfer or assumption required under this Agreement once the New TA is operational. This provision shall survive termination or expiration of this Agreement. Nothing in this Section has the effect of waiving the defense of governmental immunity available to an indemnifying party under applicable law as to the acts or omissions of 3rd parties.

7. Full Faith and Credit. The parties agree that Washtenaw County does not by virtue of its action in creating the New TA, provide its full faith and credit for any project undertaken by the New TA. The parties further agree that the Cities of Ann Arbor and Ypsilanti do not by virtue of execution of this Agreement, pledge their respective full faith and credit for any project assumed by the NEW TA at Closing or undertaken by the New TA thereafter when operational.

8. Contingencies to Closing. The closing of the transfer of assets and assumption of liabilities by the NEW TA is contingent upon all of the following occurring on terms acceptable to all parties:

a. The creation of New TA by Washtenaw County.

b. AATA and New TA obtaining all necessary approvals for the transfer of assets and assumption of obligations and liabilities, including approvals that may be required from federal and state agencies, or other lenders who provided funding for those assets and consents from parties to contracts with AATA.

c. AATA taking such necessary actions by its governing body to terminate its operational agreement with Ann Arbor effective at closing.

d. In exchange for the mayor's nomination with council confirmation, of seven directors of New TA's board, annual submission to Ann Arbor of the AATA's proposed budget and yearly audit and the New TA's agreement to apprise Ann Arbor City Council and solicit Council's advice prior to making major long-term policy actions concerning mass transportation services and at a minimum, the continued level of services provided by its predecessor-in-interest AATA, Ann Arbor agrees (i) take such necessary actions by its governing body to terminate its operational agreement with AATA effective at closing; (ii) take such necessary actions by its governing body to authorize the execution and delivery of this Agreement and all documents and instruments contemplated by this Agreement, and the performance by Ann Arbor of the obligations to be performed by it hereunder; and (iii) designate the New TA, as successor to AATA, as the contracting agency for use of the 2.5 mills tax levy under Section 8.18 of the Ann Arbor City Charter and allocated the tax levy in its entirety to AATA at the 2012 millage rate or as adjusted by State of Michigan statute less a municipal service charge of one percent (1%) of the annual millage at the time of the collection of taxes upon transfer from an Act 55 to an Act 196 authority.

e. In exchange for the City of Ypsilanti mayor's nomination with council confirmation, of one director of New TA's board, the new TA agreement to apprise and solicit the Ypsilanti City Council's advice prior to making major long-term policy actions concerning mass transportation, and at a minimum, the continued level of services provided by its predecessor-in-interest, AATA the City of Ypsilanti agrees to pay its charter transportation millage at the 2012 millage rate or as adjusted by State Statute to the New TA upon transfer from an Act 55 to an Act 196 authority.

f. Authority-wide voter approval before December 31, 2014, of a New TA Act 196 funding source adequate to fund ongoing operations of New TA. Any ballot question submitted to the voters of the City of Ann Arbor and/or the City of Ypsilanti shall clearly identify the new funding as additional to the existing millage and in Ypsilanti specifically authorize the continued collection and transfer of the full Charter Transportation millage to the new Act 196 TA.

9. Ann Arbor Approval. Notwithstanding anything in this Agreement to the contrary, if voters in the City of Ann Arbor fail to approve the NEW TA Act 196 funding source at any interim vote prior to December 31, 2014, regardless of whether it is approved or not by the other voting jurisdictions, then the City shall have the right to, but is not required to (i) withdraw from this Agreement without penalty; (ii) veto any attempted termination by AATA of the AATA-City operation agreement; and (iii) refuse to designate and/or assign its millage under Section 3(a). If Ann Arbor voters fail to approve the NEW TA Act 196 funding source before December 31, 2014, regardless of whether it is approved or not by the other voting jurisdictions, then the City shall

withdraw from this agreement without penalty, shall veto any attempted termination by AATA of the AATA-City operation agreement, and shall refuse to designate and/or assign its millage under Section 3(a).

10. Closing Date. The transfer of assets and assumption of liabilities will occur at a date, time and place agreed between AATA and New TA, but no later than October 1, 2015, given the clearance of all contingencies.

11. Public Transportation Services and Cooperation Before Closing. Before the closing, AATA retains full authority and control over the conduct of its business. AATA will reimburse New TA for reasonable business expenses incurred by New TA before closing, including expenses relating to New TA's formation and preparation to close this transaction.

12. Termination of Agreement.

a. Automatic Termination. This Agreement will terminate automatically if (i) Closing does not occur before December 31, 2015, or if (ii) after incorporation of the Authority and the expiration of the statutory withdrawal period from the public authority, the City of Ann Arbor is the only participating political subdivision in Washtenaw County in the New TA. It is recognized by all the parties that if either of these conditions occur the stated objectives of Act 196 and this Agreement will not have been met and the Agreement shall be null and void.

b. Discretionary Dissolution or Withdrawal Conditions. The Washtenaw County Board will also be allowed to dissolve the New TA if there is no Authority-wide voter approved funding passed before December 31, 2014, or voter approval passes Authority-wide but the same is defeated in the City of Ann Arbor. The City of Ann Arbor may also withdraw from the new TA Agreement using any of the methods authorized by MCL 124.458. In the event the City of Ann Arbor exercises any of the foregoing rights, the City of Ann Arbor may immediately terminate this agreement upon written notice to the other parties.

c. Effective Date, Continuity of Services. No such termination or dissolution shall be effective unless and until provision for continued transportation services to Ann Arbor and Ypsilanti is in place, operational and all liabilities on the New TA have been satisfied.

13. General Provisions.

a. Notices. Any notice required or permitted under this agreement is deemed given either upon personal delivery or within two business days after mailing by U.S. first-class mail, postage prepaid, to the parties at their respective addresses shown on this agreement's first page.

b. Assignment. No party may assign any of its rights or delegate any of its duties under this agreement without the prior written consent of the other parties.

c. Choice of Law: This Agreement shall be governed and construed in accordance with the laws of the State of Michigan

d. Entire Agreement and Amendment. This agreement contains the entire agreement among the parties with regard to its subject matter, supersedes

all previous understandings, and may be amended only in writing signed by all parties and approved by the board of each party.

ANN ARBOR TRANSPORTATION
AUTHORITY
(AATA)

Dated: _____, 2012

Executive Officer

By: _____

Michael Ford, Chief

CITY OF ANN ARBOR

Dated: _____, 2012

Clerk
Approved as to substance

Steven D. Powers, City Administrator

Approved as to form

Stephen K. Postema, City Attorney

By: _____

John Hieftje, Mayor

By: _____

Jacqueline Beaudry, City

CITY OF YPSILANTI

Dated: _____, 2012

Clerk

By: _____

Paul Schreiber, Mayor

By: _____

Frances McMullen, City

ATTESTED TO:

City Administrator

APPROVED AS TO FORM:

John Barr, City Attorney

WASHTENAW COUNTY

Dated: _____, 2012

By: _____

Conan Smith, Board Chair

ATTESTED TO:

Lawrence Kestenbaum
County Clerk/Register

APPROVED AS TO FORM:

Curtis N. Hedger
Office of Corporation Counsel

NEW TRANSPORTATION AUTHORITY ARTICLES OF INCORPORATION

ARTICLE 1 **INTRODUCTION**

The Washtenaw County Board of Commissioners adopts these Articles of Incorporation, pursuant to the provisions of Act 196 of Public Acts of 1986 so as to create the New Transportation Authority and establish its powers, duties, rights, and responsibilities; the composition and selection process for its Board of Directors; and establishes the effective date for these Articles of Incorporation.

ARTICLE 2 **DEFINITIONS**

The following definitions will be applicable to, and utilized throughout these Articles of Incorporation:

- **ACT 7:** “Act 7” means public Act No. 7 of the Public Acts of 1967, as amended, known as the Urban Cooperation Act, being sections 124.501 to 124.512 of the Michigan Compiled Laws.
- **ACT 196:** “Act 196” means Act No. 196 of the Public Acts of 1986, as amended, known as the Public Transportation Authority Act, being sections 125.451 to 124.479 of the Michigan Compiled Laws.
- **AUTHORITY:** “Authority” means the public transportation authority created under Act 196 and these Articles of Incorporation.
- **BOARD:** “Board” means the governing body of the Authority, consisting of directors described in article 4.
- **MEMBER:** “Member” means any political subdivision that forms the authority or which joins the authority as a member as allowed by Act 196.
- **POLITICAL SUBDIVISION:** “Political subdivision” means Washtenaw County, or any city, village, or township.
- **PUBLIC TRANSPORTATION, PUBLIC TRANSPORTATION SERVICE, PUBLIC TRANSPORTATION PURPOSE:** “Public transportation” means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, rapid transit vehicle, taxi cab or other conveyance which provides general or special service to the public, but not including charter or sightseeing service or transportation which is exclusively used for school purposes. Public transportation, public transportation services, or public transportation purposes as defined are declared by law to be transportation purposes within meaning of section 9 of article IX of the Michigan Constitution.
- **TAXABLE PROPERTY:** “Taxable property” means the property taxable under the general property tax act(s) of the State of Michigan, except for property expressly exempted by act(s) of the state legislature.

ARTICLE 3 **AUTHORITY FORMATION**

SECTION 3.01: CREATION, NAME, PURPOSES, AND POWERS

The Washtenaw County Board of Commissioners hereby creates a public transportation authority pursuant to Act 196. The Authority shall be a public body corporate and shall be known and exercise its powers under the title of “The Washtenaw Ride” or other such names as decided by its board of directors. Upon

succeeding to the AATA as described in Section 3.07, the Authority has the power to use the names “The Ride”, “Ann Arbor Transportation Authority”, and any other name owned by AATA. The Authority is created for the purpose of providing public transportation services under Act 196. The Authority shall possess all of the powers articulated in these articles, Act 196, and as provided in the Public Transportation Agreement between the Ann Arbor Transportation Authority, The Cities of Ann Arbor and Ypsilanti and the County of Washtenaw, dated _____, 2012.

SECTION 3.02: JURISDICTIONAL BOUNDARY AND MEMBERSHIP

The jurisdictional boundary of the Authority for purposes of Act 196, is the geographical area known as the County of Washtenaw, Michigan, and includes the territory within all political subdivisions within Washtenaw County, subject to withdrawal of any political subdivision pursuant to Act 196. The County of Washtenaw is initially the only member of the Authority. Other political subdivisions may become members pursuant to Act 196. Notwithstanding the foregoing, the Authority may provide services outside its jurisdictional boundary as authorized by law.

The Authority shall send certified letters to the chief elected official, the clerk and chief administrative official, as appropriate, of each political subdivision of the County giving them notice of their rights to withdraw (so-called “opt-out”) within 30 days under the first sentence of Act 196 section 8(5). If there is a vote on a funding mechanism for the operations of the authority, only those communities that have not opted out will vote and be subject to any tax adopted as a funding mechanism.

SECTION 3.03: ADOPTION, ENDORSEMENT, AND PUBLICATION

The Washtenaw County Clerk/Register of Deeds (hereinafter “Clerk”) shall endorse these Articles of Incorporation after their adoption by the Washtenaw County Board of Commissioners. The Authority shall publish them once in a newspaper including but not limited to *Washtenaw Legal News* on a date at least 10 days, but not more than 30 days, after their adoption.

SECTION 3.04: FILING OF ARTICLES

The Clerk shall file a printed copy of these Articles of Incorporation in the Clerk’s Office, and the Authority shall file them with the Michigan Secretary of State, and the Director of the Michigan Department of Transportation and provide confirmation of such filing to the Clerk and, if requested, any political subdivision to be served by the Authority.

SECTION 3.05: EFFECTIVE DATE; VALIDITY PRESUMED

The Authority shall become operative, and these Articles of Incorporation shall become effective, thirty (30) days after filing with the Clerk’s Office, with the Michigan Secretary of State, and the Director of the Michigan Department of Transportation (MDOT), whichever is later. The validity of the incorporation of

the Authority will be conclusively presumed unless questioned in a court of competent jurisdiction within sixty (60) days after the publication of the articles of incorporation.

**SECTION 3.06: SUCCESSOR-IN-INTEREST TO ANN ARBOR
TRANSPORTATION AUTHORITY (AATA)**

Notwithstanding the operative effective date of the Authority, it shall not succeed the AATA as provider of a Public Transportation Service within the cities of Ann Arbor and Ypsilanti and be entitled to assume or assert any financial or other rights as successor-in-interest unless and until all of the following occurs: (a) passage of a countywide funding mechanism and approval of the MDOT and Federal Transit Administration, (b) approval of the Public Transportation Agreement by the governing bodies of the County of Washtenaw, cities of Ann Arbor and Ypsilanti, and the Ann Arbor Transportation Authority and satisfaction of the terms and conditions therein, and (c) approval of these Articles of Incorporation by an affirmative vote of a majority of persons elected to and serving on the legislative body of each political subdivision which contributes revenue in the form of a charter millage to AATA.

SECTION 3.07: SEVERABILITY

The requirements and the various chapters, parts, sections, and clauses of these Articles of Incorporation are severable. If a court of competent jurisdiction determines that any article, part, sentence, paragraph, section, or clause is unconstitutional or invalid, the remaining chapters, parts, portions, and provisions of these Articles of Incorporation shall remain in full force and effect, except that if any of the conditions (a) through (c) in Section 3.07 are declared unconstitutional or invalid, the Authority shall not succeed to the AATA, as described in that section.

**SECTION 3.08: MEMBER ADMISSION AND RELEASE AFTER
AUTHORITY FORMATION**

If conditions in Act 196 are met after the conclusive formation of the Authority, political subdivisions may become members in the Authority and members may be released from membership in the Authority.

**SECTION 3.09: POLITICAL SUBDIVISION WITHDRAWAL AFTER
AUTHORITY FORMATION**

If conditions in Act 196 are met after the conclusive formation of the Authority, a political subdivision may withdraw from the Authority. In addition, a political subdivision may withdraw under the same terms that Act 196 gives members the right to be released from membership.

ARTICLE 4
BOARD OF DIRECTORS

SECTION 4.01: INITIAL BOARD

Subject to Section 4.02 of these Articles of Incorporation, the Board shall consist of fifteen (15) directors appointed by the following entities based principally on population, historical investment, and ongoing financial contributions:

<u>Number</u>	<u>Appointing Entity</u>
7	City of Ann Arbor
1	City of Ypsilanti
1	Pittsfield Township
2	South East District (under an interlocal agreement among the following political subdivisions: Townships of Augusta and Ypsilanti)
1	South Middle District (under an interlocal agreement among the following political subdivisions: Cities of Milan and Saline and the Townships of Lodi, Saline and York)
1	West District (under an interlocal agreement among the following political subdivisions: the City of Chelsea, Village of Manchester and the Townships of Bridgewater, Dexter, Freedom, Lima, Lyndon, Manchester, Sharon, and Sylvan)
1	North East District (under an interlocal agreement among the following political subdivisions: the Townships of Ann Arbor, Northfield, Salem, and Superior)
<u>1</u>	North Middle District (under an interlocal agreement among the following political subdivisions: the Village of Dexter, and the Townships of Scio and Webster)
15	

The governing bodies of the Cities of Ann Arbor and Ypsilanti and the Charter Township of Pittsfield shall appoint their respective directors in accordance with their adopted policies and procedures for appointment to boards and commissions and retain the right to remove and replace such directors in accordance with the same procedures. The other districts select directors through Act 7 Interlocal Agreements, which contain procedures for appointment and removal. The County of Washtenaw, may but is not required to, appoint a non-voting ex-officio to the Board. Appointing governing bodies or districts may select an alternate to serve in place of the member or members in their absence. When a director is absent, the alternate shall have the same voting powers but may not assume an officer position.

SECTION 4.02: BOARD MAKE UP REVIEW

The directors shall revisit the Board make-up if (a) either Ann Arbor or Ypsilanti City reduces or fails to contribute its charter millage to the Authority; (b) if another community levies a millage and contributes it to the Authority; or (c) if all communities within one of the Act 7 districts withdraw from the Authority. The Board make-up shall also be reviewed and be subject to change by two-thirds of the directors after each census to assure appropriate attention to population distribution.

SECTION 4.03: TERM

The terms of office of the first Board of Directors appointed shall be fixed by the respective appointing bodies so that the terms for 2 city of Ann Arbor directors and 1 Pittsfield Township director will be for 1 year; 1 city of Ann Arbor director, 1 director appointed from the South East District, 1 director appointed from the North Middle District and 1 director from the West District will be for 2 years; 2 city of Ann Arbor directors, 1 South Middle District director and 1 North East director will be for 3 years; and 2 city of Ann Arbor directors, 1 South East District director and the city of Ypsilanti director will be for 4 years. For the purposes of appointment the areas identified shall correspond to the areas in Attachment A. After the initial Board is formed, all directors will be appointed for 4 years, subject to conditions of their appointment by their respective appointing bodies. All regular appointments to the Board shall be made to coincide with October 1 of each calendar year; however, seated directors will hold over until a successor has been appointed, and when such a successor has been appointed the appointment term shall be modified so that it terminates to coincide with the regular appointment term. A vacancy in office shall be filled by that director's original appointing body for the remainder of the unexpired term. The term of director's alternate shall expire according to the same schedule as the director.

The Authority shall notify the respective appointing bodies at least 45 days prior to the expiration date of the term of office of any person serving on the Board.

SECTION 4.04: RESIGNATIONS, VACANCIES, AND REMOVALS

A director may resign at any time and such resignation shall become effective upon the Authority's receipt of a written resignation notice, unless the notice specifies a later date. The Authority Board may, upon a 2/3rds vote of its other directors, remove a director prior to the expiration of that director's term of office for persistent failure to perform the duties of that director's office, other reasons as specified in the bylaws, gross misconduct in office, conviction of a felony involving extortion, or financial misconduct. A director may be removed from office with or without cause at any time by the same local body or process that appointed the director.

SECTION 4.05: COMPENSATION

Directors shall serve without compensation.

SECTION 4.06: INTERESTS IN CONTRACTS

Directors may not have a financial interest, direct or indirect, in any contract with the Authority, except as permitted by law.

SECTION 4.07: BOARD QUALIFICATIONS

All Authority directors shall be residents of Washtenaw County, at least eighteen years old, shall be representative of public transportation interests as they exist in the County and other qualifications as detailed in the Bylaws of the Authority. Notwithstanding the above, any of these requirements may be waived by a governing body authorized to appoint directors under section 4.01 by resolution concurred in by not less than 2/3rds of that governing body's directors. Directors may not hold office in violation of Michigan's Incompatible Offices Act, MCLA 15.181-.185, or other similar law.

ARTICLE 5
PUBLIC MEETINGS

SECTION 5.01: PUBLIC MEETINGS

The Authority shall conduct all meetings of the Board in compliance with the Open Meetings Act (Act 267 of the Public Acts of 1976). The Authority shall provide public notice of the time, date, and place of the meeting in the manner required by Act 267 of 1976, as amended. The Authority shall meet at regular intervals. It shall adopt its own rules of procedure and shall keep a record of its proceedings. A majority of the directors appointed and serving shall constitute a quorum. Each director shall have one vote. Decisions of the Board require a majority vote of the directors appointed and serving at a Board meeting having a quorum present, except approval of the budget and amendment of the articles each require approval of 2/3rds of all directors. No director shall cast a vote in proxy for an absent director; however, the Board shall permit a director's alternate, if any, to attend a meeting in the director's absence and vote.

ARTICLE 6
POWERS

SECTION 6.01: OPERATIONAL POWERS

The Authority may plan, promote, finance, acquire, improve, enlarge, extend, own, construct, operate, maintain, replace, and contract for public transportation services by means of one or more public transportation systems and public transportation facilities pursuant to the provisions of Act 196.

The Authority shall be administered in the manner determined by the Board and as provided in these Articles. However, no enumeration of powers in these

Articles shall be construed as a limitation on the general powers of the Authority under Act 196.

SECTION 6.02: EXEMPTION FROM MOTOR CARRIER ACT

In the exercise of its powers within its boundaries, the Authority is exempt from the Motor Carrier Act, Act No. 254 of the Public Acts of 1933, being sections 475.1 to 479.20 of the Michigan Compiled Laws; Act No. 3 of the Public Acts of 1939, being Sections 460.1 to 460.8 of the Michigan Compiled Laws; and Act No. 42 of the Public Acts of 1982, being Sections 474.101 to 474.141 of the Michigan Compiled Laws.

ARTICLE 7
FUNDING

SECTION 7.01: FUNDING

The Authority may apply for and accept grants, loans, or contributions from the federal government or any of its agencies, the state, other public or private agencies, or other lawful sources.

SECTION 7.02: FINANCING

The Authority may finance public transportation services, including any public transportation system and public transportation facilities pursuant to the provisions of Act 196. Budgets and appropriations shall be made in accordance with Act 2 of the Public Acts of 1968.

SECTION 7.03: TAX LEVY

The Authority may levy a tax for public transportation purposes as provided for and within the time limits and rates established by Act 196 within its jurisdictional boundary subject to the tax limitations of which are provided by general law within the meaning of section 6 of article IX of the Michigan Constitution of 1963.

No tax may be levied except upon the approval of a majority of the registered electors residing within the jurisdictional boundary of the Authority affected and qualified to vote and voting on the tax at a general or special election called in accordance with Act 196.

SECTION 7.04: POLITICAL SUBDIVISION TAX LEVY

Any member of the Authority or a political subdivision otherwise granted taxing authority under state law may levy a tax within the limits of the political subdivision, and appropriate, grant, or contribute, in whole or in part, the tax levied and collected to the Authority for public transportation purposes as authorized by Act 196, or to provide sufficient money to fulfill its contractual

obligations to the Authority, which tax will be within charter, statutory, and constitutional limitations thereon.

SECTION 7.05: PAYMENTS, APPROPRIATIONS, OR CONTRIBUTIONS

Any member of the Authority or a political subdivision outside Washtenaw County may contract with the Authority to make payments, appropriations, or contributions to the Authority of the proceeds of taxes, special assessments, or charges imposed or collected by the political subdivision or out of any other funds legally available in exchange for service.

SECTION 7.06: FULL FAITH AND CREDIT

Any political subdivision within the Authority's jurisdiction may, but is not required to, pledge its full faith and credit for payment of its contractual obligation to the Authority.

SECTION 7.07: NOTES AND BONDS

If the Authority has issued notes or bonds in anticipation of payments, appropriations, or contributions to be made to the Authority pursuant to a contract by a political subdivision, the political subdivision may levy a tax, subject to all appropriate statutory and constitutional requirements, on all taxable property in the political subdivision to provide sufficient money to fulfill its contractual obligations to the Authority in accordance with law.

SECTION 7.08: EXISTING LEVIES

Any political subdivision outside the Authority's jurisdiction that has authorized the levy of a tax to provide money for public transportation purposes or has imposed, collected special assessments, or charges for public transportation purposes may contract with the Authority to make payments, appropriations, or contributions to the Authority of the proceeds of the taxes, special assessments, subject to the conditions of the original authorization of such levy in exchange for service.

SECTION 7.09: BORROWING MONEY

By resolution of the Board, the Authority may borrow money and issue notes and bonds in anticipation of the collection of taxes and other revenues for its current or succeeding fiscal year, to provide funds for operating purposes or for capital purposes related to transportation facilities pursuant to the provisions of Act 196.

SECTION 7.10: REVENUES PLEDGED FOR PAYMENT OF DEBT

The revenues pledged for payment of debt service on bonds or notes shall be, and remain subject to, a statutory lien until the payment in full of the principal and interest on the bonds or notes unless the resolution authorizing the issuance of the bonds or notes provides for earlier discharge of the lien by substitution of other

security. The pledge of revenues and any statutory lien that exists for the payment of debt services on bonds or notes shall be effective for all purposes without delivery of any evidence in this regard or any recording.

SECTION 7.11: INVESTMENTS

The Authority may invest any of its money in accordance with all applicable laws and regulations.

ARTICLE 8
COLLECTIVE BARGAINING AGREEMENTS

SECTION 8.01: CONTRACTUAL OBLIGATIONS

The Authority shall have the right to collectively bargain and enter into agreements with labor organizations pursuant to applicable law. Upon succession by the Authority to a public transportation system, the Authority shall assume and be bound by any existing collective bargaining agreements applicable to that system for the remainder of the term of that agreement, and, except where the existing collective bargaining agreement may otherwise permit, shall retain the employees covered by that collective bargaining agreement. The succession to a public transportation system by the Authority shall not adversely affect any existing rights and obligations contained in the existing collective bargaining agreement.

SECTION 8.02: EMPLOYEE RETIREMENT

The Authority shall honor the pension or retirement system established by any succeeded public transportation system and members and beneficiaries of those retirement system shall continue to have the same rights, privileges, benefits, obligations, and status.

ARTICLE 9
AUDITS

The Authority shall obtain an annual audit in accordance with sections 6 to 13 of Act 2 of the Public Acts of 1968 of the Michigan Compiled Laws. The audit shall be in accordance with generally accepted government auditing standards as promulgated by the United States General Accounting Office and satisfy federal regulations relating to federal grant requirements.

The Authority shall publish notice that an annual audit has been obtained once in the *Washtenaw County Legal News* and file a printed copy with the Clerk of each of the political subdivisions represented by directors on the Board, the State Treasurer, and the State Transportation Department, as provided for in Act 196.

ARTICLE 10
ARTICLES OF INCORPORATION;

SECTION 10.01: AMENDMENTS

These Articles of Incorporation may be amended only upon a two-thirds (2/3) vote of the directors appointed and serving on the Authority. All amendments must comply with applicable state and federal laws. All amendments to the Articles of Incorporation become effective only after they are executed jointly by the Chairperson and by the Secretary of the Board of the Authority, filed with the recording officer of the Washtenaw County Clerk, and filed and published in the same manner as the original Articles of Incorporation.

SECTION 10.02: DISSOLUTION OF THE AUTHORITY

The Authority may be dissolved in accordance with the provisions of Act 196 and as provided for in Section 12 of the Public Transportation Agreement referenced in section 3.01. If the City of Ann Arbor is the only political subdivision in the County remaining within the Authority after the expiration of the statutory 30-day withdrawal period, the Authority shall be dissolved. The dissolution action shall provide for the effective date of such dissolution and shall include provisions for the distribution of all assets and for the settlement of all debts and liabilities of the Authority and the provision for continued transportation services to Ann Arbor and Ypsilanti. Notice of such dissolution shall be executed jointly by the Chairperson and by the Secretary of the Board of the Authority, filed with the recording officer of the Washtenaw County Clerk, and filed and published in the same manner as the original Articles of Incorporation.

Except as provided above, dissolution is not required if either (a) a member political subdivision is released from membership pursuant to Section 3.08, or (b) a political subdivision withdraws from the Authority pursuant to Section 3.09.

On release from or dissolution of the Authority, any millage obligation pledged for the use by the Authority shall be deemed extinguished as of the date of the dissolution subject to payment or provision for payment of all obligations of the political subdivision to the Public Authority or its creditors as of the date of release or dissolution; and thereafter in the case of dissolution of the Authority, the respective political subdivision shall have no obligation to pledge the respective tax levy to any successor-in-interest to the Authority.

CLERK ENDORSEMENT

The foregoing Articles of Incorporation for the Authority were adopted by an affirmative vote of a majority of the members serving on Washtenaw County Board of Commissioners at a meeting duly held on the _____ day of _____, A. D. 20____. Pursuant to Act 196 execution of this endorsement here below by the Clerk/Registrar of Washtenaw County, the incorporating authority, shall be evidence of adoption of the Articles of Incorporation.

COUNTY OF WASHTENAW

_____ DATE: _____
Chairperson, Washtenaw County
Board of Commissioners

_____ DATE: _____
County Clerk/Register of Deeds