



Public Lighting Authority

THE MISSION

The Public Lighting Authority's mission is to improve, modernize and maintain all street lights in the City of Detroit with brighter, more reliable, more energy efficient lights.

THE VALUES

Community, Purpose, Integrity, Safety, Revitalization, Innovation, Transparency

THE LEADERSHIP

The PLA is run by a five-member board, all of whom are Detroit residents. Detroit Mayor Mike Duggan and the Detroit City Council each appoint two board members and the fifth member is picked by Council from a list of candidates provided by the Mayor.





THE PUBLIC LIGHTING AUTHORITY (PLA) IS PLAYING A KEY ROLE IN THE REVITALIZATION OF DETROIT. IT IS PROVIDING, FOR THE FIRST TIME IN YEARS, A SOURCE OF RELIABLE, EFFICIENT PUBLIC LIGHTING IN THE CITY.

Dependable lighting for Detroit's neighborhoods is a vital component of public safety efforts and to help provide residents with a sense of comfort and security in their homes and neighborhoods.

Over the past year, I've been gratified to watch the PLA realize its potential that was visualized when a bipartisan coalition came together to authorize its creation.

Working with the Michigan Finance Authority, it successfully sold \$185 million in bonds to finance the relighting of Detroit, and did so with an "AA-" investment grade rating – meaning more of Detroiters' money could go to lights and less to debt payments. With that financing in place, the PLA has found great private and public partners and installed more than 36,000 new, energy efficient LED street lights in Detroit's neighborhoods – well ahead of its original schedule.

This steady progress is a great example of the real improvements that we see happening in the city of Detroit every day, not just in places like Midtown and Downtown, but importantly, in the neighborhoods. The Authority and its staff are to be congratulated for their outstanding work and accomplishments in 2014, and for fostering productive partnerships with leaders in government, the nonprofit community and the private sector. That spirit and those cooperative efforts make a real and lighting difference.

I look forward to the continuation of substantial progress in the coming year as the PLA strives to complete the relighting of Detroit. Thank you for your past and future service.

Sincerely,

Rick Snyder Governor

The Syden



ONE OF THE MOST IMPORTANT EFFORTS UNDER WAY AS WE WORK TO TURN AROUND DETROIT IS THE WORK OF THE PUBLIC LIGHTING AUTHORITY, WHICH IS RECONSTRUCTING THE CITY'S STREET LIGHTING SYSTEM FROM SCRATCH.

Detroiters have waited too many years for something as basic as reliable street lights in their neighborhoods. Now, as a result of the PLA's aggressive schedule, residents are seeing an average of 1,000 new LED street lights installed each week in neighborhoods across the city. It is one of the most visible signs we are making as a city.

The new lights are twice as bright as the old lights that are being replaced, will last much longer than the old lights and are much more energy efficient than the old lights, meaning the city will realize substantial savings in the cost of operating them well into the future. And, in just 12 months, the PLA has finished more than half of its project.

While moving at its rapid pace, the PLA has not lost sight of something also very important: providing opportunity to Detroiters. The PLA has worked to assure that Detroit residents and Detroit-based businesses are helping to relight their city – approximately 80 percent of the PLA's contractors are Detroit-based businesses.

The fact that this is the largest public lighting project being implemented anywhere in the country is more proof that good things are happening in Detroit, and the rest of the world is starting to take notice.

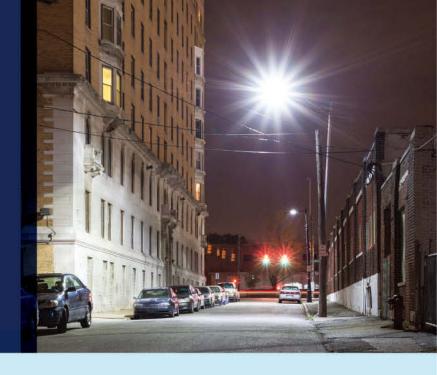
On behalf of the citizens of Detroit, I want to congratulate PLA Board Chair Dr. Lorna Thomas, the rest of the board, CEO Odis Jones, the PLA staff and, especially, the lighting crews that have been out in our neighborhoods every day installing the new lights. Together, you are helping to change the face of Detroit.

Sincerely,

Mike Duggan

Mayor

THE YEAR 2014 HAS BEEN A MOMENTOUS YEAR IN THE HISTORY OF PUBLIC LIGHTING IN THE CITY OF DETROIT.



During the past 12 months, the Public Lighting Authority (PLA):

- Made the decision to convert Detroit's entire street lighting system to energy efficient LED lights that are twice as bright as the old lights and much less expensive to operate.
- Sold \$185 million in bonds \$25 million more than was anticipated – to finance the installation of new street lights throughout the city.
- Installed 36,000 new street lights, reaching more than the halfway point in converting the entire city's street lighting system.
- Completed the 2015 overhead residential schedule one year in advance.
- Eliminated the problem of copper theft which historically had plagued the public lighting system – by switching to aluminum wiring, which is much less valuable and thus much less attractive to potential thieves.
- Made a priority of contracting work with Detroit-based businesses.

Our ability to sell \$185 million in bonds meant that we were able to install an additional 10,000 lights more than it was anticipated we could afford before the bond sale.

The fact that we have passed the halfway point in relighting the city in just one year means we are far ahead of schedule with what is the largest public lighting project in the entire United States. We were especially proud when U.S. Energy Secretary Dr. Ernest Moniz and the Obama administration came to Detroit to recognize the PLA for relighting the city in a manner that will produce a smaller carbon footprint.

Finally, we are grateful to the PLA staff and especially the lighting crews who have been moving with unprecedented speed in the neighborhoods to provide Detroit residents with the reliable public lighting they deserve. None of this would have happened without their dedicated efforts.

We are confident we will see continued progress in 2015, with completion of the relighting in all of our remaining neighborhoods and significant progress on our major thoroughfares as well.

Sincerely,

Lorna Thomas, M.D., Chair

Public Lighting Authority

Odis Jones, CEO

Public Lighting Authority

CURRENT PUBLIC LIGHTING AUTHORITY BOARD MEMBERS



Lorna Thomas M.D.

Lorna Thomas M.D., a ninth generation Detroiter from the east side, has been a physician for more than 31 years while serving as a committed advocate for the City of Detroit, and the city's civic, cultural and social matters. She is board-certified in Dermatology and is a Fellow of the American Academy of Dermatology, the American Society for Dermatologic Surgery and the American Society for Laser Medicine and Surgery.



Eva Garza Dewaelsche Vice Chair

Eva Garza Dewaelsche is president and CEO of SER Metro Detroit Jobs for Progress, Inc., a workforce development organization where she has served more than three decades. She is a former Detroit Police Officer and also served on the Detroit Police Commission under Mayor Archer. Dewaelsche, a lifetime resident of Detroit, has been actively furthering her personal goal of enhancing the quality of life for all Detroit residents by serving on numerous boards and commissions.



David W. Jones

Secretary

David W. Jones, partner in the law firm Allen Brothers, Attorneys and Counselors, PLLC, has practiced law for more than 17 years. His practice focuses in the areas of litigation, municipal and real estate law. Jones, a former prosecutor and Special Assistant Attorney General, also served as the Attorney General's liaison to the community and governmental agencies. He is active in the community as a high school basketball and football official, as well as a college basketball official.



Nicole Spieles

At Large

Nicole Spieles, partner with Greeley and Hansen, has nearly 20 years experience as an engineer, improving urban environments and developing innovative solutions in the design and construction of water and wastewater facilities. Spieles has been deeply involved in the Detroit community by serving on the board of the Historic Boston-Edison Neighborhood Association, Preservation Detroit, Detroit Synergy and WAVE (Water Access Volunteer Effort).



CHIEF EXECUTIVE OFFICER

Odis Jones, MPA

CEO

Odis Jones is a Detroit native who has more than 20 years of experience in managing urban initiatives in cities across the U.S. Before joining the PLA, Jones was the Economic Development Director for the City of Cincinnati. He has also served as the Director of Urban and Site Development for the New Jersey Economic Development Authority and as president of the Columbus Urban Growth Corporation. Additionally, Jones has served as City Administrator for several Midwestern cities with duties that included managing city utilities.

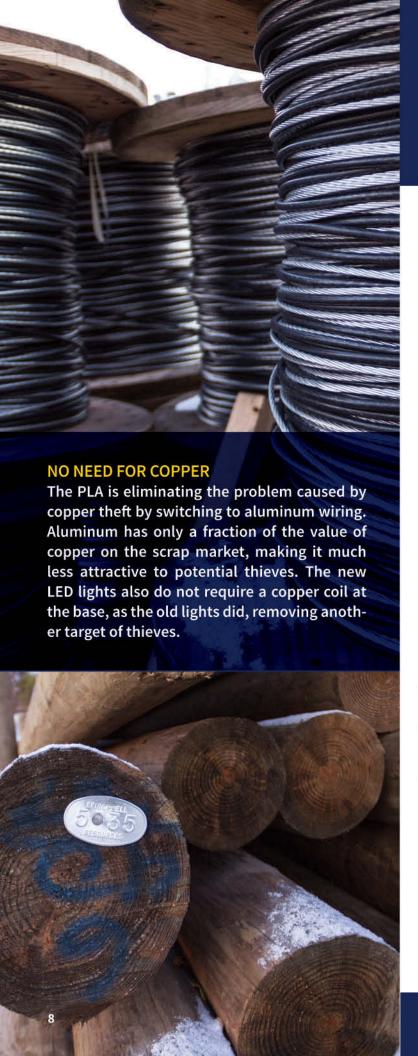
PAST **BOARD MEMBERS**

2014 Mark C. Smith 2013

Maureen Stapleton Marvin Beatty John Davis Cedric Dargin Michael Einheuser







CONSTRUCTION PROCESS & SCHEDULE

Before the PLA started its work, approximately 40 percent of the old street lights were not in operation due to burned out bulbs, deteriorated infrastructure or theft of copper.

The PLA's goal is to complete relighting all collector streets in Detroit by the end of 2015 and all major thoroughfares and service drives by the end of 2016.

The work has three phases:

- Survey to determine the location, condition and type of light for every existing street light.
- 2. Design engineering work on the new system factoring in the location and condition of each light.
- 3. Construction and installation of the lights.

ZIP CODE BY ZIP CODE

The PLA works on a ZIP code by ZIP code schedule, prioritizing all neighborhood streets first, collector streets second, major thoroughfares third and lastly, the service drives.

As the PLA installs the new lights in each ZIP code, it takes over responsibility for maintaining those lights. The Authority is committed to repair or replace any damaged pole or light within five days of it being reported.

When completed, the PLA will put a light on every street corner and a light in the middle of every block more than 300 feet in length, with more than 50,000 street lights in the neighborhoods.

Before the PLA started, there were 15,000 lights on major thoroughfares in the city. The PLA's plan will retain the 15,000 lights and convert them to LED lights.

LOCATION OF THE NEW STREET LIGHTS

The PLA's plan is to install 65,000 street lights that are placed equally across the city. While there will be fewer street lights citywide, the new LED street lights are twice as bright as the old lights. Therefore, the new LED street lights may not be in the exact place as the existing street lights.

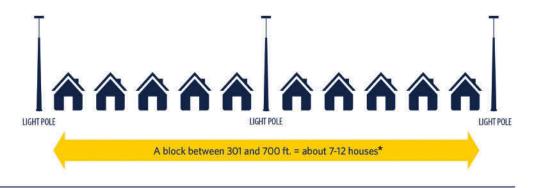
BLOCKS THAT ARE 300 FEET AND SHORTER:

New lights will be installed on each corner. If there are any existing working street lights in the middle of a block that is 300 feet or less, they will remain until they burn out, at which point they will be removed. These lights will not be replaced.



BLOCKS THAT ARE 301 TO 700 FEET LONG:

Blocks that are between 301 and 700 feet will receive a light on each corner and one mid-block light.

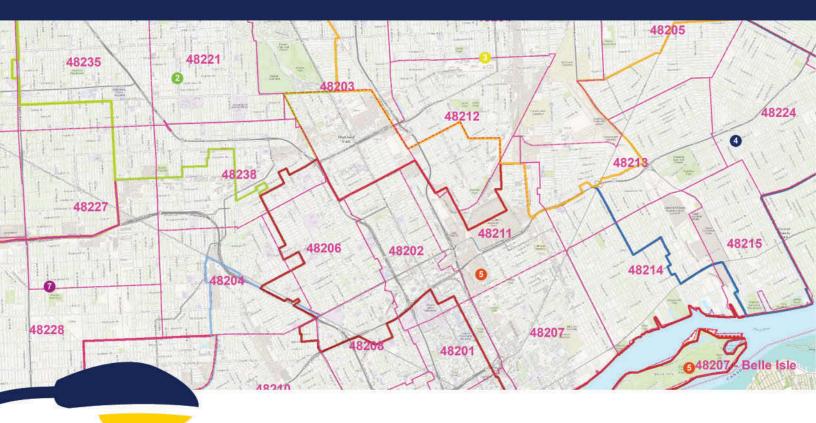


BLOCKS THAT ARE 701 FEET AND LONGER:

Blocks that are 701 feet and longer will have a light on each corner and two or more lights spaced evenly across the span of the block.



*General Rule of Thumb



2 BRIGHTER LIGHTS

ABOUT THE LIGHTS

NEIGHBORHOOD STREETS

The PLA's first priority is relighting all the neighborhood streets. These streets are the local, residential streets, where the speed limit is generally 25 mph.

The new lights in neighborhoods are 150-watt equivalent LED lights, twice as bright as the 75-watt equivalent High Pressure Sodium lights that were the standard under the old system. The LED lights are also much more energy efficient than the High Pressure Sodium lights.

COLLECTOR STREETS

The second priority is relighting the collector streets. Collector streets are the direct connections between residences and destinations such as community centers, schools, businesses and major roads. Some examples of collector streets include Grand Blvd., Mack Ave., McNichols, Rosa Parks Blvd., and Van Dyke.

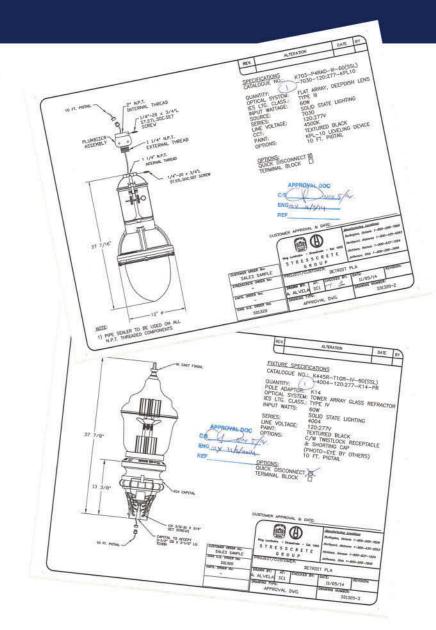
On the collector streets, the new street lights are 250-watt equivalent, where the old lights were 150-watt equivalent.

MAJOR THOROUGHFARES

Representing the PLA's third area of focus are the eight major thoroughfares. They are:

- · 8 Mile Road
- Jefferson Avenue
- Fort Street
- Michigan Avenue
- Grand River
- Telegraph
- Gratiot Avenue
- · Woodward Avenue

The new lights installed on the eight major thoroughfares are 400-watt equivalent.



NEIGHBORHOOD PARTNERSHIPS

The PLA is working with neighborhood groups who desire to install ornamental street light poles in their neighborhood, rather than the standard light being installed in other parts of the city. For instance, the PLA has signed a contract with the Sherwood Forest Neighborhood Association which allowed the association to choose alternative poles and then cover the difference in cost between the standard pole and the historically styled pole. Discussions are under way with Indian Village. The neighborhood associations that have already selected alternative poles are:

- Boston Edison
- · Palmer Park
- Grandmont
- Palmer Woods
- Greenacres
- · Sherwood Forest
- North Rosedale Park



REDUCED ENERGY COSTS

When the PLA completes its installation of the street lights, the electric bill to the city will be reduced by 55-60 percent.

FEDERAL RECOGNITION

President Obama and U.S. Energy Secretary Dr. Ernest Moniz recognized the PLA for its use of energy efficient LED lighting in relighting the streets of Detroit. Secretary Moniz congratulated the PLA for its ongoing efforts to relight the city in a manner that will produce a smaller carbon footprint.



Detroit's street lighting system was broken. Street lights haven't been maintained for decades and roughly 40 percent of the existing street lights were not working.

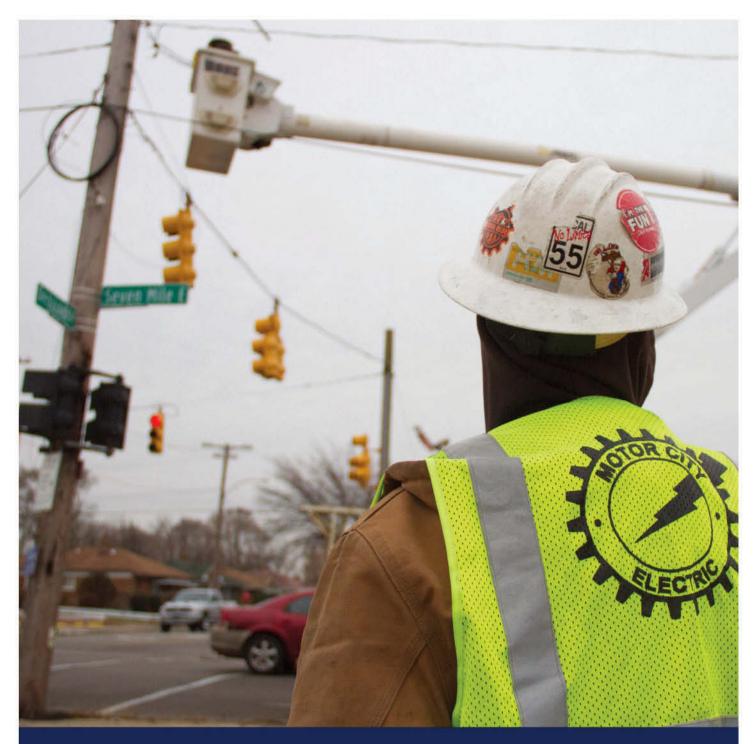
In February 2014, the Public Lighting Authority began rebuilding Detroit's street light system by installing new, bright, energy efficient LED lights on city streets.

Today, new street lights have been installed in every Detroit ZIP code, and 97 percent of all neighborhoods have new lights. This map shows ZIP codes where the new neighborhood lights with overhead wiring are 100 percent complete.

COLLECTOR STREETS

Collector streets are streets similar to 7 Mile, Chandler Park Drive, Fenkell, Kercheval, Livernois, Mack Avenue, McNichols, Mt. Elliot, Oakman Blvd., Outer Drive, Schoenherr, Vernor and Warren Ave. Installation of street lights on collector streets will be at least 80 percent complete by the end of 2015.

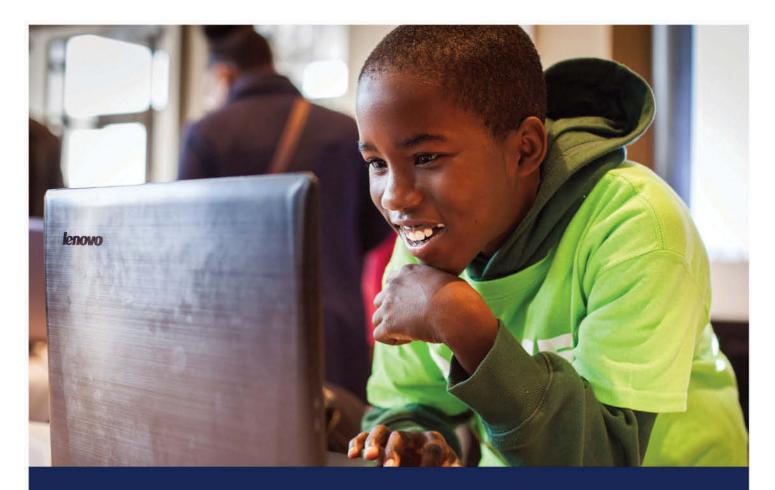




EMPLOYING DETROITERS AND DETROIT-BASED BUSINESSES

The Authority understands the substantial resources that exist within the city to carry out the work and is focused on assuring that qualified Detroiters and Detroit-based companies are contracted to carry out the work. Approximately 80 percent of the PLA's contractors are Detroit-based businesses.

On any given day, more than 450 individuals are working to restore reliable street lighting in Detroit. And nearly 25 percent of the workforce installing street lights consists of Detroit residents.



PREPARING TOMORROW'S WORKFORCE

The PLA's LED vendors have formed local partnerships to provide funding, equipment, training and education for Detroit middle and high school students. These opportunities give young people the skills and training they need to be prepared for tomorrow's workforce.

SPECIFIC SUPPORT INCLUDES:

To date, the vendors have donated nearly \$50,000 to Detroit nonprofits, Detroit Area Pre College Engineering Program (DAPCEP) and Focus: HOPE for materials, supplies and general support.

Cree, Inc., in partnership with DAPCEP, has instituted a training program to expose DAPCEP students to the design and manufacturing challenges associated with LED lights. The goal of the program is to increase the science and technology foundation for youth by improving knowledge of the LED lighting industry and associated opportunities.

Leotek Electronics USA Corp has committed itself to ensuring Focus: HOPE has the machinery it needs for students to receive advanced training through its Machinist Training Institute, which aims to improve the skill level and employability of their students.

Walker-Miller Energy Services, LLC has also partnered with DAPCEP and developed a course to expose students to the technology associated with LED lights and infrastructure in urban centers. These LED and energy-focused courses for high school students were developed using nationally recognized program modeling and are conducted by technical experts and K-12 educators as facilitators with the project and include on-site, hands-on opportunities.

Additionally, Walker-Miller Energy Services hosts high school students for internship programs with the intent to provide insight and experiences in the growing LED field through real work opportunities and hands-on practices.

WHY LIGHTING PLAYS AN IMPORTANT ROLE IN PUBLIC SAFETY

"Crime flourishes in darkness; it gives a shield of cover for criminals. To turn on lights helps our efforts in a strategic way."

- Detroit Police Chief James E. Craig



- Improved lighting deters potential criminals by increasing the risk that they will be seen or recognized when committing crimes.
- Better lighting can increase community pride, leading to a greater willingness to report crime.
- Having lights in the neighborhoods brings attention to police cars patrolling in the streets.

SAFE ROUTES TO SCHOOL

Working with Detroit Public Schools on its Safe Routes to School program, the PLA has implemented a street lighting strategy focused on keeping students safe on their commutes. While most school walking and bicycling occurs during daylight hours, the morning school trip in the middle of winter often occurs during hours of darkness and many school activities occur during nighttime hours.

The PLA is installing brighter street lights on designated, school-identified safe routes. This improved lighting along streets – especially at crosswalks – more clearly illuminates areas of pedestrian activity, increases driver visibility and improves nighttime pedestrian security.





HOW THE PLA IS FUNDED

CITY'S UTILITY USERS TAX

The legislation that created the Authority allocated \$12.5 million annually from the City of Detroit's Utility Tax to pay off bonds that are issued to finance the installation of new street lights. This funding source was originally levied to pay for public safety activities and was chosen because the marketability of the bonds required a secured revenue stream. Public lighting is clearly an important part of ensuring public safety. The law also allocated a portion of the city income tax to public safety to ensure that funding for the Police Department remains whole.

A ruling issued in December 2013 by
U.S. Bankruptcy Judge Stephen Rhodes
declared that the PLA is a separate
municipal corporation from the city of
Detroit. Judge Rhodes also assured that
all financing secured by the PLA would
not be affected by the city of Detroit's
bankruptcy proceedings.

Pictured left to right: Thomas H. Green, Citi; Mary Martin, Michigan Department of Treasury; Odis Jones, PLA; Nicolette Carlone, PLA; Thomas Coomes, Citi.

HISTORIC BOND SALE

In June 2014, the Michigan Finance Authority sold \$185 million in bonds on behalf of the Public Lighting Authority to complete the funding necessary to relight the streets of Detroit.

The permanent long-term, fixed-rate financing refunded the \$60 million interim financing sold in December 2013 and provides the additional funds for the completion of the street lighting project. The issuance received strong investment grade ratings of "AA-" from Standard and Poor's and "BBB+" from Fitch. Both agencies highlighted the legal and statutory strengths of the transaction.

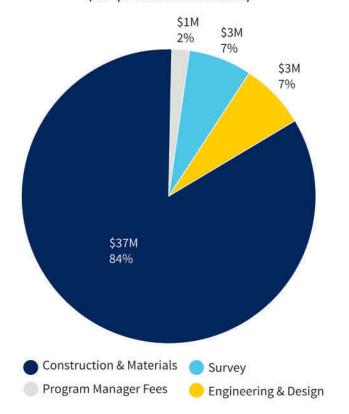
ROBUST INVESTOR DEMAND

The transaction was two and a half times oversubscribed, allowing yields to be lowered during the pricing process. Thirty-five separate institutions and several dozen individual retail accounts placed orders for the bonds, resulting in an all-in interest cost of 4.53% for the 30-year transaction.

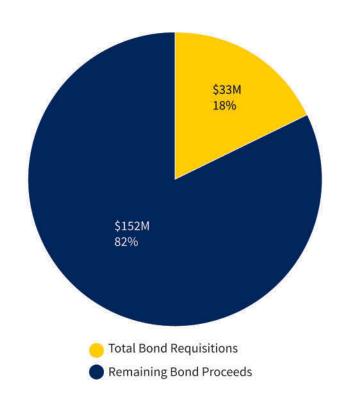
This favorable interest rate provided \$25 million more than previously expected, providing the necessary funds for 10,000 additional street lights. The total \$185 million sale ensures that 65,000 street lights will be installed across the city.

FINANCIALS

CAPITAL COSTS THROUGH DECEMBER 31, 2014 \$44 (in millions of dollars)



BOND PROCEEDS AS OF DECEMBER 31, 2014 \$185 (in millions of dollars)



INDEPENDENT AUDITOR VERIFIED STATEMENTS

To ensure transparency, accountability, identify opportunities to streamline and improve operations, and promote industry best practices, these statements are pursuant to the audit performed by George Johnson & Company, a certified public accounting firm.

INDEPENDENT FINANCIAL AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2014 - 2013

ENTERPRISE FUNDS

2014	2013
\$18,310,154	\$1,200,000
\$2,807,108	\$161,549
\$15,503,046	\$1,038,451
\$1,038,451	-0-
\$16,541,497	\$1,038,451
	\$18,310,154 \$2,807,108 \$15,503,046 \$1,038,451

To view the complete auditor's report and the annual budget, visit **pladetroit.org/finances**.

PUBLIC LIGHTING AUTHORITY STATEMENT OF NET POSITION DECEMBER 31, 2014

ASSETS

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$	73,033,974
Investments		103,951,509
Prepaid – Operations & Maintenance	59-	700,000
Total Current Assets	\$	177,685,483
NON-CURRENT ASSETS		
Capitalized Construction Cost	\$	44,014,642
Equipment (Net)	77:	181,718
Total Non-Current Assets	\$	44,196,360
Total Assets	\$	221,881,843
LIABILITIES & NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$	3,841,430
Interest Payable		4,506,996
Bond Payable - Short Term	02	2,970,000
Total Current Liabilities	\$	11,318,426
NON-CURRENT LIABILITIES		
Bond Premium	\$	11,046,521
Bond Payable - Long Term		181,990,000
Total Non-Current Liabilities	\$	193,036,521
Total Liabilities	\$	204,354,947
NET POSITION		
Unrestricted	\$	17,526,896
Total Net Position	\$	17,526,896
Total Liabilities & Net Position	\$	221,881,843

PUBLIC LIGHTING AUTHORITY

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

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Utility User Tax Revenue	\$ 6,250,000
Operation & Maintenance	2,126,381
Investment Income	148,198
Other Revenue	397,920
Total Revenue	\$ 8,922,499
EXPENDITURES	
Debt Service Expenses	\$ 6,557,727
Operations & Maintenance Expenses	217,372
Operating Expenses	1,162,001
Total Expenditures	\$ 7,937,100
Change in Net Position	\$ 985,399
Net Position - Beginning of Period	\$ 16,541,497
Net Position - End of Period	\$ 17,526,896

PARTNERS

The Public Lighting Authority gratefully acknowledges its partners working hand-in-hand to relight Detroit.

ABE Associates*

Allen Law Group*

Applied Power & Controls, Inc.*

B2Gnow/AskReply Bank of Montreal

Berg Muirhead and Associates*

Citibank

Citizens Insurance

City of Detroit

Clarus Lighting Controls

CMT

College for Creative Studies*

Computech Corporation

Consulting Engineering Associates, Inc.*

Corby Energy Services, Inc.*

Cree, Inc.*

Detroit Area Pre-College Engineering

Program (DAPCEP)*

Detroit Economic Development

Corporation

Detroit Regional Chamber

Downtown Detroit Partnership

Drinker Biddle

DTE Energy*

Duren Resources, Inc.

Dykema Gossett*

ESRI

Fifth Third Bank*

Fitch Rating Inc.

Flagpoles, Inc.

Focus: HOPE*

George Johnson & Company*

Goss Group, Inc.*

Gregory Terrell & Co.*

Illuminating Concepts

International Brotherhood of Electrical

Workers (IBEW)

J. Ranck Electric, Inc.*

Jaffe Raitt Heuer & Weiss*

JP Morgan

King Luminaire

Leotek Electronics USA Corp*

Lewis & Munday*

MEC Consulting*

Metro Engineering Solutions*

Michigan Finance Authority*

Michigan Lighting Systems

Michigan Municipal League

Miller, Canfield, Paddock and Stone PLC*

Motor City Electric Utilities Co.*

New Detroit, Inc.

NextEnergy

Niland Company

Overhead Lines, LLC

P&K Tubular Products

Parsons

PFM Group, Inc.

Principal Financial Group

Quill Corporation

R & K Installation

Rauhorn Electric, Inc.

Robert Half Finance & Accounting

Robert W. Baird & Co.

Sensity Systems

Shotspotter

SKF Electrical Contracting, Inc.

Standard & Poor's

State Line Construction and

Maintenance LLC*

State of Michigan

Stresscrete Group

TEG Environmental Services

Tetra Tech Inc.*

The Hartford

The Sterling Group

Trillium Capital Development

U.S. Department of Energy

Valmont Structures

Wade Trim*

Walker-Miller Energy Services*

Xtreme Powerline Construction

PHOTO CONTRIBUTIONS

The PLA has partnered with the College for Creative Studies (CCS) and instituted a credited course where CCS photography students are documenting a critical part of Detroit's revitalization through the PLA's construction process, progress and the everyday life of the Authority and its workers. Special thanks to William Valicenti, associate professor at CCS for producing a phenomenal course and the cover photo. Also, the Authority would like to recognize the following CCS students for their photo contributions that are used in this report:

- Samantha Kraker
- · Emily Lockhart
- · Samantha Otto
- · William Woods

Additionally, the PLA extends a special acknowledgement to Chuk Nowak Photography for the photo on page 15.

^{*}Contract with the PLA





Public Lighting Authority 65 Cadillac Square, Suite 3100 Detroit, MI 48226





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info@pladetroit.org



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