PUBLIC LIGHTING AUTHORITY OF DETROIT
REQUEST FOR PROPOSAL
AUDIT SERVICES

GENERAL INFORMATION

The Public Lighting Authority of Detroit (PLAD) is soliciting proposals from qualified certified public accounting firms to audit their financial statements for the period ended June 30, 2013 and the fiscal year ending June 30, 2014. The activity for the period ended June 30, 2013 should be minimal as the PLAD Executive Director nor any other employee was hired until July 2013 and the PLAD received approximately $1.2 million in allocations from the City of Detroit from Utility User Tax revenue and had less than $150,000 in expenditures through June 30, 2013. For the fiscal year that will be ending June 30, 2014, the PLAD will have a full complement of staff and consultants and expects to issue approximately $150 to $160 million in bonds that will be supported by $12.5 million in annual allocations from City of Detroit Utility User Tax. The bond proceeds will be used to repair and upgrade City of Detroit street lights.

All proposals must be received by 4:00 p.m. on Thursday, November 14, 2013. Proposals should be clearly marked "**PLAD - AUDIT PROPOSAL**" and five (5) copies delivered to:

Mr. Odis Jones, Executive Director
Public Lighting Authority of Detroit
65 Cadillac Square, Suite 2900
Detroit, Michigan 48226

All inquiries and communications should be addressed to Mr. Gregory Terrell at gterrell@gregoryterrell.com. A recommendation of the firm to perform the audit will be made to the PLAD Board at the regularly scheduled November 20, 2013 board meeting. The PLAD Board of Directors reserves the right to reject any or all proposals or to accept other than the low bid, when it determines that it is in its best interest.

NATURE OF THE ORGANIZATION

The PLAD was authorized by the Michigan Legislature in 2012 (Michigan Lighting Authority Act, Act 392 of 2012) to support and develop a plan to improve public lighting in the City of Detroit. Its creation was approved by the Detroit City Council in early 2013 and the City of Detroit filed the Articles of Incorporation in April of 2013. The PLAD is overseen by a five member board that is appointed by the City of Detroit Mayor and the City Council.

The Mayor and the Detroit City Council each appointed two board members and the fifth board member was appointed by City Council from a list of candidates provided to them by the Mayor. Each board member is a City of Detroit resident and three members represent a specific expertise, as required by Act 392 of 2012.

The PLAD was authorized by the Michigan Lighting Authority Act (the Act) and created by the City of Detroit for the purpose of providing an equitable and reasonable method and means of financing, operating, and maintaining a street lighting system in the City of Detroit. The PLAD anticipates making a multi-year, large scale, city-wide investment in the public lighting infrastructure including poles, ballasts, circuits, transformers, and distribution connections. The PLAD will be funded through the sale of approximately $150 to $160 million in bonds. The bonds will be paid back with $12.5 million per year the PLAD will receive from the City of Detroit's utility user tax. The Act also requires the PLAD to prepare, for the approval of the City of Detroit City Council, a 3 year plan for upgrading the lighting system and possible management of the lighting system in the future.

The PLAD staff currently consists of three (3) employees and possibly a fourth before June 30, 2014. The staff will be supported by a number of consultants and contractors. A Program Manager, along with an Owner's Engineer, will assist with the development and the implementation of the three year plan for the repair and upgrade of the street lighting system. The PLAD has engaged consultants to assist or provide services in the areas of accounting/finance, legal, public relations and communication, and technology.

The PLAD will also enter into an agreement with the City of Detroit to maintain and operate the street lights in the areas that have been repaired and upgraded by the PLAD. The PLAD will hire a contractor to provide these services.

The City of Detroit street light system of 88,000 lights is in disrepair, with approximately 55,000 lights being fed by DTE and the remaining 33,000 lights being fed by the Public Lighting Department. It is estimated that over half of the City's street lights are not working. PLAD has launched a survey in two pilot areas to begin to determine the actual status of the street light system.

SCOPE OF SERVICES TO BE PROVIDED

The selected firm will perform an audit of the financial statements of the PLAD's financial statements as of and for the period ended June 30, 2013 and for the fiscal year ending June 30, 2014. The PLAD was incorporated in April 2013, and its operations are funded through the use and leverage of allocations from the City of Detroit from Utility User Tax. The audit shall be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and the requirements of the applicable sections of the State of Michigan's Uniform Budgeting and Accounting Act of 1968. The PLAD reserves the option to renew the audit contract to cover the fiscal year ending June 30, 2015, given satisfactory performance of the selected audit firm.

PROPOSAL RESPONSE AND CONTENT

Proposals that are submitted in response to this Request for Proposal must include the following items:

A. Title Page - Include Name of Firm, Address, Name and Telephone Number of Contact Person, and Proposal Due Date
B. Table of Contents
C. Transmittal Letter - Briefly state the Proposer's understanding of the work to be performed, commitment to perform the audit within the requested time, a statement of why the firm believes that they are the best qualified to perform the audits, and a statement that the proposal is a firm offer covering period ended June 30, 2013 and the fiscal year ending June 30, 2014.
D. Technical Proposal
    1. The purpose of the technical proposal is to show qualifications, competence and capacity of the firm to undertake an independent audit for the PLAD in conformity with the requirements outlined in this Request for Proposal.
    2. The firm should provide an affirmative statement that it is independent of the City of Detroit and the PLAD (including members of management and the Board) as defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
    3. The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work will be performed, the number and classification of professional staff to be assigned to this audit engagement.
    4. An affirmative statement that the firm and all key professional staff are properly licensed to practice in the State of Michigan.
    5. The proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

6. Identify the partner, manager and other supervisory staff that would be assigned to this audit engagement. Indicate whether each person is licensed to practice as a Certified Public Accountant in the State of Michigan. Provide information on government auditing experience of each person, including relevant continuing professional education and memberships in professional organizations relevant to the performance of the audit engagement.
7. List the five (5) most significant and relevant audit engagements completed in the last five (5) years that are similar to the requirements of this proposed engagement.

E. Cost Proposal
    1. Provide a cost proposal for 2013 and 2014, including direct and any out-of-pocket costs.
    2. The cost proposal shall include an estimate of hours and hourly billing rates by classification of professional staff assigned to the engagement.

AUDIT TIMELINES

• REQUEST FOR PROPOSAL ISSUED	NOVEMBER 4, 2013
• PROPOSALS RECEIVED	NOVEMBER 14, 2013
• RECOMMENDATION FOR SELECTION TO BOARD	NOVEMBER 20, 2013
• DRAFT OF AUDIT PRESENTED TO BOARD TREASURER	DECEMBER 20, 2013
• FINAL AUDIT REPORT PRESENTED TO BOARD	DECEMBER 27, 2013