



**REGIONAL
TRANSIT AUTHORITY**
OF SOUTHEAST MICHIGAN

Board of Directors Meeting
Thursday, September 19, 2024
Wayne County Community College District
801 Fort Street, Detroit, MI 48226
[Zoom Virtual Public Participation](#)
1:00 PM

AGENDA

1. Call to Order
2. Roll Call
3. **Approval of Agenda**
4. Public Comment- Time Limitation for Public Comment = 3 minutes per speaker
5. Executive Directors Report
6. Presentations
 - a. RTA External Affairs Update
 - b. D2A2 Service and Survey Analysis
7. Consent Agenda
 - a. **Approval of the July 2024 Board Meeting Summary**
 - b. **Approval of the July and August 2024 Financial Reports**
 - c. **Approval of Audit Services Notice of Award**
 - d. **Approval of D2A2 Contract Assignment**
8. Regular Agenda
 - a. **Approval of QLINE Street Railway System Transfer & Purchase Agreement Resolution**
 - b. **Approval of QLINE Public Transportation Agency Safety Plan Resolution**
 - c. **Approval of QLINE Related Administrative Contracts**
9. Fiscal Year 2025 Budget Public Hearing
 - a. **Approval of FY2025 Budget**
10. New Business
11. Adjourn

The Board may, at its discretion, revise this agenda or take up any other issues as needed, and time allows. Request for reasonable accommodation at RTA meetings requires advanced reservations. Individuals with disabilities requiring assistance should contact RTA Information Services at least 48 hours in advance of the meeting. Documents and information are available in a variety of formats. Contact the RTA at info@rtamichigan.org or call 313-402-1020 to discuss your format needs.



**REGIONAL
TRANSIT AUTHORITY**
OF SOUTHEAST MICHIGAN

Proposed Meeting Summary

Board of Directors

Thursday, July 18, 2024

1:00 PM

1. **Call to order at 1:05 PM**
2. **Roll Call:** Jeannette Bradshaw; Helaine Zack; Alma Smith; Ned Staebler; Jon Moore; Don Morandini; Dave Massaron; Dr. Erica Robertson; June Lee . A quorum was present.
RTA Representatives Present:
 Ben Stupka; Khalil Davis; Melanie Piana; Kameron Bloye; Isaac Constans; Kristin Caffray; Julia Roberts; Shauna Morris; Corri Wofford (virtual).
Other Meeting Participants:
 Morrow and Associates – RTA Consultant
 WSP – RTA Consultant
 Lisa Nuskowski – M1 Rail
 Michelle Hodges, Rehmann – RTA Consultant
 Michael Staley - DDOT
3. **Approval of Agenda**
 Moved by Alma Smith and supported by Don Morandini. The July 18, 2024, Agenda was approved.
4. **Public Comment**
 - Robert Pawlowski provided comment regarding advocacy of the QLine transfer agreement and increased state and federal funding.
5. **Executive Directors Report**
 Mr. Stupka presented the Executive Directors Report to the Board providing a summary in relation to:
 - \$55 Million FTA grants to DDOT and AAATA
 - Government updates – LBO funding
 - Forthcoming plans and projects
 - \$2 million Strengthening Mobility and Revolutionizing Transportation planning grant that looks to bridge the

gap for neighborhoods that may not have transit options for healthy food sources

- Mobility Wallet RFP vendors are being reviewed
- The On-Call Planning team is working on FTA compliance and grants strategy matrix
- Coordinated Human Services Transportation Plan (CHSTP) to be possibly launched at the end of July
- D2A2 Rider Survey is in final stages – overwhelming positive responses
- D2A2 and DAX Ridership trends
- Thriving Communities work has started. Will meet with partnering agencies to help better advance corridor projects
- General Survey consultant was selected for public survey to gain insight as it relates to public transit in the region
- SMARTer mobility scenarios were shared for public engagement. RTA is participating on the steering committee for study.
- RTA Public Engagement and QLine picnic
- RTA Communications
 - Influencers posting on DAX experience
 - Casual Conversations with Mario Morrow interview
- Administrative updates
 - Procurement and Contract Manager will start August 5, 2024
 - Audit Call for Proposals was released
 - Diversity, Equity, Inclusion, and Access (DEIA) workshop was completed
 - RTA Rebranding process is being completed.
 - Website update contract to kick-off in August 2024
 - SEMCOG Federal Recertification process to start; Opportunity for public comment is available
- Upcoming Board Items

6. Presentations

- a. Jeff Aranoff, Miller Canfield, presented an overview on the QLine Transfer Agreement.
- b. MDOT State Safety Office presented a State Safety Oversight Program Overview. The full presentation is [here](#).
- c. Ben Stupka provided an overview on the FY2025-26 Budget.

7. Consent Agenda

- a. [Approval of the June 20, 2024 Meeting Summary \(Amended\)](#)

- b. [Approval of the Media Relation Services Notice of Award Memo](#)
Moved by Ned Staebler and supported by Don Morandini,
the Consent Agenda was approved, as amended.

8. **Regular Agenda**

- a. [Approval of Financial Reports for June 2024](#)
Moved by Alma Smith and supported by Helaine Zack, the
June 2024 Financial Reports were approved.

9. **New Business**

There was no new business.

10. **Meeting adjourned at 2:22 PM**

DRAFT

Regional Transit Authority of Southeast Michigan
Statement of Position
as of
July 31, 2024

	Current Yr 7/31/2024	Prior Yr 7/31/2023
Assets		
Cash and Cash Equivalents	\$ 92,244	\$ 47,955
Accounts Receivable	1,199,201	812,912
Prepays and Other Current Assets	2,959	446
Total Assets	<u>\$ 1,294,404</u>	<u>\$ 861,314</u>
Liabilities		
Accounts Payable	\$ 1,130,850	\$ 760,886
Accrued Payroll and Related Liabilities	73,334	16,505
Refundable Advance	81,361	81,361
Total Liabilities	<u>\$ 1,285,545</u>	<u>\$ 858,752</u>
Net Assets		
Fund Balance	\$ 7,813	\$ 1,413
Net Revenue	1,046	1,148
Total Net Assets	<u>\$ 8,859</u>	<u>\$ 2,561</u>
 Total Liabilities and Net Assets	 <u>\$ 1,294,404</u>	 <u>\$ 861,314</u>

Regional Transit Authority of Southeast Michigan
Statement of Activity
Admin - FY2024 YTD Comparison to Budget
July 31, 2024

	Actual	Actual	Actual	Admin YTD	Budget YTD	Annual Budget
	ADMIN - ARPA	ADMIN - MDOT 2023/2024	Interest/Other Admin	Total		
Revenue						
Federal Grants	\$ 1,357,278	\$ -	\$ -	\$ 1,357,278	\$ 2,470,411	\$ 2,964,493
State Grants - Matching	-	-	-	-	-	-
State Grants	-	247,550	-	247,550	299,739	359,687
Local Grants	-	-	-	-	-	-
In-Kind Revenue	-	1,500	-	1,500	-	-
Project Match Revenue	-	-	-	-	-	-
RTA Regional Planning Set-Aside	-	-	-	-	-	-
Other	-	-	1,208	1,208	-	-
Total Revenue	\$ 1,357,278	\$ 249,050	\$ 1,208	\$ 1,607,536	\$ 2,770,150	\$ 3,324,180
Administrative Expenses						
Operating:						
Personnel	\$ 878,982	\$ -	\$ -	\$ 878,982	\$ 1,252,869	\$ 1,503,443
Conferences/Travel/Training	-	35,308	-	35,308	37,838	45,405
Memberships and Subscriptions	-	8,580	-	8,580	9,381	11,257
Board & Public Mtg Management	-	6,805	11	6,817	13,833	16,600
Finance, Legal, Government Relations	141,165	77,173	13	218,351	238,250	285,900
Insurance	-	15,947	-	15,947	12,375	14,850
Rent and Utilities	-	9,259	-	9,259	19,000	22,800
Telephone and Internet	-	4,641	-	4,641	6,858	8,230
Computer Equipment and IT Support	-	17,254	-	17,254	29,713	35,655
Supplies	-	795	138	933	2,083	2,500
Total Operating	1,020,147	175,763	162	1,196,072	1,622,200	1,946,640
Planning:						
Planning Services	267,236	-	-	267,236	317,875	381,450
Specialized Planning Services	18,550	-	-	18,550	429,167	515,000
CHSTP	-	-	-	-	125,000	150,000
Community Engagement	-	-	-	-	125,000	150,000
Total Planning	285,786	-	-	285,786	997,042	1,196,450
External Affairs:						
Branding	49,350	-	-	49,350	37,500	45,000
External Communications	-	67,500	-	67,500	70,000	84,000
Social Media Management	-	1,195	-	1,195	6,500	7,800
Website	-	101	-	101	25,200	30,240
Graphics/Photography	1,995	900	-	2,895	8,458	10,150
Promotional Items	-	-	-	-	1,583	1,900
Miscellaneous Items	-	3,591	-	3,591	1,667	2,000
Total External Affairs	51,345	73,287	-	124,633	150,908	181,090
Total Expenses	\$ 1,357,278	\$ 249,050	\$ 162	\$ 1,606,490	\$ 2,770,150	\$ 3,324,180
Net Increase/(Decrease) in Net Assets	\$ (0)	\$ -	\$ 1,046	\$ 1,046	\$ -	\$ -

Project Budget Tracker

Title **Detroit to Ann Arbor Express Bus (D2A2)**
Description Express bus connecting downtown Detroit to downtown Ann Arbor.
Schedule October 2021 - December 2024

Budget Tracker			
	Total	ITD	Balance
Cost	\$ 8,202,699	\$ 7,201,144	\$1,001,555
Grants			
MI-2021-036-01	\$4,311,592	\$4,311,592	(\$0)
2017-0119/P7/R2	\$1,635,893	\$1,393,513	\$242,380
Fares/Contrib	\$955,214	\$1,048,970	(\$93,756)
FY2023 CMAQ*	\$1,300,000	\$447,070	\$852,930
	\$8,202,699	\$7,201,144	\$1,001,555

*Funding is secured and being amended into the grant.

Title **Regional Mobility Management (MyRide2)**
Description Call center/website with information for seniors and persons with disabilities.
Schedule October 2017 - September 2026

Budget Tracker			
	Total	ITD	Balance
Cost	\$1,850,920	\$1,495,186	\$355,734
Grants			
MI-2017-031-02	\$1,069,444	\$1,069,444	\$0
2017-0119/P2/R4	\$267,361	\$267,361	\$0
FY2023-2024 5310*	\$411,292	\$126,705	\$284,587
State Grant*	\$102,823	\$31,676	\$71,147
	\$1,850,920	\$1,495,186	\$355,734

*Funding is secured and being amended into the grant.

Title **Universal Basic Mobility Pilot**
Description Mobility wallet fare technology pilot focused on Detroit jobseekers.
Schedule June 2023 - July 2026

Budget Tracker			
	Cost	ITD	Balance
Cost	\$1,025,000	\$408,788	\$616,212
Grants			
2022-0126-P3	\$1,025,000	\$408,788	\$616,212
	\$1,025,000	\$408,788	\$616,212

Title **Downtown to Airport Express**
Description Express bus connecting downtown Metro Airport to Downtown Detroit.
Schedule March 2024 - March 2025

Budget Tracker			
	Cost	ITD	Balance
Cost	\$3,019,087	\$878,620	\$2,140,467
Grants			
MI-2024-002	\$2,000,000	\$581,827	\$1,418,173
2022-0126-P4 R1	\$500,000	\$145,457	\$354,543
Fares/Contrib	\$519,087	\$151,336	\$367,751
	\$3,019,087	\$878,620	\$2,140,467

Title **Access to Transit Program**
Description Grant program for safety and access improvements at bus stops.
Schedule October 2024 - December 2026

Budget Tracker			
	Cost	ITD	Balance
Cost	\$2,000,000	\$0	\$2,000,000
Grants			
FY2024 CMAQ*	\$1,600,000	\$0	\$1,600,000
State Grant*	\$400,000	\$0	\$400,000
	\$2,000,000	\$0	\$2,000,000

*Funding is secured. Will be amended into the grant at a future date.

Title **Regional Technology Strategic Plan**
Description Inventory and assessment of providers technology and identification of goals.
Schedule September 2024 - June 2025

Budget Tracker			
	Cost	ITD	Balance
Cost	\$125,000	\$0	\$125,000
Grants			
2017-0119/P10	\$125,000	\$0	\$125,000

Regional Transit Authority of Southeast Michigan
Statement of Position
as of
August 31, 2024

	Current Yr 8/31/2024	Prior Yr 8/31/2023
Assets		
Cash and Cash Equivalents	\$ 102,370	\$ 32,417
Accounts Receivable	1,198,573	150,274
Prepays and Other Current Assets	10,934	321
Total Assets	<u>\$ 1,311,877</u>	<u>\$ 183,013</u>
Liabilities		
Accounts Payable	\$ 1,169,770	\$ 84,570
Accrued Payroll and Related Liabilities	51,897	14,397
Refundable Advance	81,361	81,361
Total Liabilities	<u>\$ 1,303,028</u>	<u>\$ 180,329</u>
Net Assets		
Fund Balance	\$ 7,813	\$ 1,413
Net Revenue	1,036	1,270
Total Net Assets	<u>\$ 8,849</u>	<u>\$ 2,684</u>
Total Liabilities and Net Assets	<u>\$ 1,311,877</u>	<u>\$ 183,013</u>

Regional Transit Authority of Southeast Michigan
Statement of Activity
Admin - FY2024 YTD Comparison to Budget
August 31, 2024

	Actual	Actual	Actual	Admin YTD	Budget YTD	Annual Budget
	ADMIN - ARPA	ADMIN - MDOT 2023/2024	Interest/Other Admin	Total		
Revenue						
Federal Grants	\$ 1,522,083	\$ -	\$ -	\$ 1,522,083	\$ 2,717,452	\$ 2,964,493
State Grants - Matching	-	-	-	-	-	-
State Grants	-	270,134	-	270,134	329,713	359,687
Local Grants	-	-	-	-	-	-
In-Kind Revenue	-	1,500	-	1,500	-	-
Project Match Revenue	-	-	-	-	-	-
RTA Regional Planning Set-Aside	-	-	-	-	-	-
Other	-	-	1,326	1,326	-	-
Total Revenue	\$ 1,522,083	\$ 271,634	\$ 1,326	\$ 1,795,043	\$ 3,047,165	\$ 3,324,180
Administrative Expenses						
Operating:						
Personnel	\$ 1,021,151	\$ -	\$ -	\$ 1,021,151	\$ 1,378,156	\$ 1,503,443
Conferences/Travel/Training	-	38,373	-	38,373	41,621	45,405
Memberships and Subscriptions	-	9,284	-	9,284	10,319	11,257
Board & Public Mtg Management	-	6,805	11	6,817	15,217	16,600
Finance, Legal, Government Relations	153,833	83,361	13	237,207	262,075	285,900
Insurance	-	16,030	-	16,030	13,613	14,850
Rent and Utilities	-	11,024	-	11,024	20,900	22,800
Telephone and Internet	-	5,063	-	5,063	7,544	8,230
Computer Equipment and IT Support	-	18,435	-	18,435	32,684	35,655
Supplies	-	1,641	265	1,905	2,292	2,500
Total Operating	1,174,984	190,016	289	1,365,289	1,784,420	1,946,640
Planning:						
Planning Services	267,236	-	-	267,236	349,663	381,450
Specialized Planning Services	18,550	-	-	18,550	472,083	515,000
CHSTP	9,969	-	-	9,969	137,500	150,000
Community Engagement	-	-	-	-	137,500	150,000
Total Planning	295,755	-	-	295,755	1,096,746	1,196,450
External Affairs:						
Branding	49,350	-	-	49,350	41,250	45,000
External Communications	-	74,250	-	74,250	77,000	84,000
Social Media Management	-	1,195	-	1,195	7,150	7,800
Website	-	101	-	101	27,720	30,240
Graphics/Photography	1,995	900	-	2,895	9,304	10,150
Promotional Items	-	-	-	-	1,742	1,900
Miscellaneous Items	-	5,172	-	5,172	1,833	2,000
Total External Affairs	51,345	81,618	-	132,963	165,999	181,090
Total Expenses	\$ 1,522,084	\$ 271,634	\$ 289	\$ 1,794,006	\$ 3,047,165	\$ 3,324,180
Net Increase/(Decrease) in Net Assets	\$ (0)	\$ -	\$ 1,037	\$ 1,036	\$ -	\$ -

Project Budget Tracker

Title **Detroit to Ann Arbor Express Bus (D2A2)**
Description Express bus connecting downtown Detroit to downtown Ann Arbor.
Schedule October 2021 - December 2024

Budget Tracker			
	Total	ITD	Balance
Cost	\$ 8,202,699	\$ 7,201,346	\$1,001,353
Grants			
MI-2021-036-01	\$4,311,592	\$4,311,592	(\$0)
2017-0119/P7/R2	\$1,635,893	\$1,393,553	\$242,340
Fares/Contrib	\$955,214	\$1,048,970	(\$93,756)
FY2023 CMAQ*	\$1,300,000	\$447,231	\$852,769
	\$8,202,699	\$7,201,346	\$1,001,353

*Funding is secured and being amended into the grant.

Title **Regional Mobility Management (MyRide2)**
Description Call center/website with information for seniors and persons with disabilities.
Schedule October 2017 - September 2026

Budget Tracker			
	Total	ITD	Balance
Cost	\$1,850,920	\$1,495,186	\$355,734
Grants			
MI-2017-031-02	\$1,069,444	\$1,069,444	\$0
2017-0119/P2/R4	\$267,361	\$267,361	\$0
MI-2024-009-01	\$411,292	\$126,705	\$284,587
2022-0126/P7	\$102,823	\$31,676	\$71,147
	\$1,850,920	\$1,495,186	\$355,734

Title **Universal Basic Mobility Pilot**
Description Mobility wallet fare technology pilot focused on Detroit jobseekers.
Schedule June 2023 - July 2026

Budget Tracker			
	Cost	ITD	Balance
Cost	\$1,025,000	\$430,626	\$594,374
Grants			
2022-0126-P3	\$1,025,000	\$430,626	\$594,374
	\$1,025,000	\$430,626	\$594,374

Title **Downtown to Airport Express**
Description Express bus connecting downtown Metro Airport to Downtown Detroit.
Schedule March 2024 - March 2025

Budget Tracker			
	Cost	ITD	Balance
Cost	\$3,019,087	\$1,069,227	\$1,949,860
Grants			
MI-2024-002	\$2,000,000	\$704,639	\$1,295,361
2022-0126-P4 R1	\$500,000	\$176,160	\$323,840
Fares/Contrib	\$519,087	\$188,429	\$330,658
	\$3,019,087	\$1,069,227	\$1,949,860

Title **Access to Transit Program**
Description Grant program for safety and access improvements at bus stops.
Schedule October 2024 - December 2026

Budget Tracker			
	Cost	ITD	Balance
Cost	\$2,000,000	\$0	\$2,000,000
Grants			
FY2024 CMAQ*	\$1,600,000	\$0	\$1,600,000
State Grant*	\$400,000	\$0	\$400,000
	\$2,000,000	\$0	\$2,000,000

*Funding is secured. Will be amended into the grant at a future date.

Title **Regional Technology Strategic Plan**
Description Inventory and assessment of providers technology and identification of goals.
Schedule September 2024 - June 2025

Budget Tracker			
	Cost	ITD	Balance
Cost	\$125,000	\$0	\$125,000
Grants			
2017-0119/P10	\$125,000	\$0	\$125,000



BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Travis Grubb, Procurement and Contracts Manager

SUBJECT: Audit Services Contract Award

DATE: September 9, 2024

REQUESTED ACTION: Board of Directors Approval

Approval Request: This memo requests board approval to award a 3-year contract to Maner Costerisan for financial and single audit services for Fiscal Years 2025 through 2027. The contract will cover RTA's financial audit needs, including the QLINE, as detailed below:

- **Year 1 (FY2024):** \$17,500 (excludes QLINE)
- **Year 2 (FY2025):** \$31,500 (includes QLINE)
- **Year 3 (FY2026):** \$33,000 (includes QLINE)

These costs reflect the increasing complexity and scope of the audit work as RTA assumes responsibility for QLINE financial reporting.

Background Information: RTA's previous audit contract expired in March 2024, following the completion of the FY2023 audit. In preparation for the next audit cycle, a new solicitation was developed to reflect an expanded scope of services and include audit support for the QLINE for FY2025 and FY2026. This new contract will ensure that RTA's audit services for the next three years meet all required standards, including single audit requirements for federal funding recipients.

Procurement Process: The solicitation for Auditing Services was published on BidNetDirect on July 10, 2024, and closed on July 26, 2024. A total of 143 vendors were notified, and 15 vendors downloaded the solicitation documents. Five proposals were received.

The evaluation team, consisting of RTA's Executive and Program Directors, and Rehmann's lead representative, reviewed and scored the proposals based on the following criteria:

- Experience with GAAS, government, and single audits
- Team engagement and expertise
- Time to conduct audits
- Cost

After the evaluation, Maner Costerisan was found to have submitted the most responsive and responsible proposal, demonstrating strong technical knowledge, prior experience with Michigan transit agencies and single audits, as well as competitive pricing. We are now seeking board approval to proceed with the contract award.



BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Travis Grubb, Procurement and Contracts Manager

SUBJECT: D2A2 Contract Assignment

DATE: September 9, 2024

REQUESTED ACTION: Board of Directors Approval

Approval Request: This memo requests board approval to execute the fourth and final, one-year extension for Express Bus Service: Detroit-To-Ann Arbor (D2A2) with Indian Trails, Inc., dba Michigan Flyer, LLC. The contract value shall not exceed \$2,769,000, billed at the specified hourly rates, for the period of October 1, 2024, through September 30, 2025. RTA will assume responsibility for this contract from the Ann Arbor Area Transportation Authority (AAATA), which originally initiated the contract.

Background Information: The D2A2 Express Bus Service between Detroit and Ann Arbor, operated by Indian Trails, Inc., dba Michigan Flyer, LLC, was originally awarded under AAATA's RFP #2019-14. The service provides a vital connection between the two cities and has been operating under AAATA's oversight since January 1, 2020. The contract has gone through multiple extensions, with AAATA currently overseeing the contract through September 30, 2024. Effective October 1, 2024, RTA will take over the administration of the contract. The transition is necessary as part of ongoing efforts to streamline regional transit services. RTA will manage the final contract term, which will run from October 1, 2024, through September 30, 2025. No additional renewal options remain after this term.

Contract Price: The total contract value is not to exceed \$2,769,000. The hourly rate for services provided through December 31, 2024, is set at \$157.37. Starting January 1, 2025, through September 30, 2025, the rate will increase to \$175.73 per hour. It is estimated that the contractor will provide approximately 50 hours of work per weekday and 30 hours per day on weekends.

Conclusion: Board approval is requested to proceed with the final extension of the Express Bus Service contract between Detroit and Ann Arbor, with RTA assuming responsibility from AAATA. This contract is essential for maintaining the transit connection between the two cities and ensuring continuous service without disruption.



BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Ben Stupka, Executive Director

SUBJECT: Street Railway System Transfer and Purchase Agreement

DATE: September 19, 2024

REQUESTED ACTION: Board of Directors Approval for Street Railway System Transfer and Purchase Agreement

Approval Request: This memo requests board approval of the Street Railway System Transfer and Purchase Agreement (Resolution 57).

Background: Since December 2023, the RTA has been engaged in a process of vetting the transfer of M-1 RAIL assets to the RTA. In March 2024, through Resolution 55, the RTA Board conferred to staff the ability to move forward with deploying the resources needed to develop a detailed Transfer and Purchase Agreement. Since that time, RTA and M-1 RAIL staff have worked to develop the Street Railway Transfer Agreement. Approval of that agreement is codified in Resolution 57.

Pending approval of this resolution, RTA and M-1 RAIL staff will complete all the final elements of the transition process with the goal of a full operational transition by October 1, 2024.

Attachments:
Street Railway System Transfer and Purchase Agreement
Resolution 57

STREET RAILWAY SYSTEM TRANSFER AND PURCHASE AGREEMENT

by and among

M-1 RAIL

and

M-2 RAIL

and

M-3 RAIL, LLC

and

M-1 RAIL TOWING LLC

and

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

dated as of

September [•], 2024

NO AGREEMENT, ORAL OR WRITTEN, REGARDING OR RELATING TO ANY OF THE MATTERS COVERED OR CONTEMPLATED BY THIS DRAFT AGREEMENT HAS BEEN ENTERED INTO BETWEEN THE PARTIES. THIS DOCUMENT, IN ITS PRESENT FORM OR AS IT MAY BE HEREAFTER REVISED BY ANY PARTY, IS NOT AND WILL NOT BECOME AN AGREEMENT BINDING UPON THE PARTIES, OR ANY OF THEM, UNLESS AND UNTIL IT HAS BEEN EXECUTED AND DELIVERED BY ALL OF THE PARTIES.

THE EFFECT OF THIS LEGEND MAY NOT BE NEGATED OR ALTERED IN ANY RESPECT BY ANY ACTION ON THE PART OF THE PARTIES OR ANY PARTY.

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STREET RAILWAY SYSTEM TRANSFER AND PURCHASE AGREEMENT

This Street Railway System Transfer and Purchase Agreement (this “**Agreement**”), dated as of the [•] day of September, 2024 (the “**Effective Date**”), is made and entered into by and among the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Transferee**”) and M-1 RAIL, a Michigan nonprofit corporation (“**M-1**”), M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”), M-3 RAIL, LLC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**” and together with M-1, M-2 and M-3, each a “**Transferor**” and collectively the “**Transferors**”). Each of Transferee, M-1, M-2, M-3 and Towing are sometimes referred to in this Agreement individually as a “**Party**” and, collectively, as the “**Parties.**”

RECITALS

WHEREAS, M-1 and M-2 own and operate a Street Railway System pursuant to the Street Railway Act and M-3 and Towing provide services supporting the operations of the Street Railway System (together the “**Operations**”); and

WHEREAS, Transferee is a “regional transit authority” as defined under the Regional Transit Authority Act, and is organized and operating under the Regional Transit Authority Act; and

WHEREAS, Section 6(22) of the Regional Transit Authority Act, MCL 124.546(22), generally authorizes Transferee Board to enter into an agreement with a Street Railway to secure federal money for the Transferee or the activities of the Transferee; and

WHEREAS, under Section 7(1)(e) of the Regional Transit Authority Act, MCL 124.547(1)(e), the Transferee may do all things necessary and convenient to implement the purposes, objectives, and provisions of the Regional Transit Authority Act and the purposes, objectives, and powers vested in the Transferee Board by the Regional Transit Authority Act or other Laws, including making and entering into contracts, agreements, or instruments necessary, incidental, or convenient to the performance of Transferee’s duties and execution of the Transferee’s powers, duties, functions, and responsibilities, under the Regional Transit Authority Act with any federal, state, local, or intergovernmental governmental agency or with any other person or entity, public or private, upon terms and conditions acceptable to the Transferee; and

WHEREAS, under Section 7(1)(p) of the Regional Transit Authority Act, MCL 124.547(1)(p), the Transferee may do all things necessary and convenient to implement the purposes, objectives, and provisions of the Regional Transit Authority Act and the purposes, objectives, and powers vested in the Transferee Board by the Regional Transit Authority Act or other Laws, including acquiring property or rights and interests in property by gift, devise, transfer, exchange, purchase, lease, or otherwise on terms and conditions and in a manner the Transferee considers proper; and

WHEREAS, beginning July 1, 2024, Section 6(3)(a)(v) of the Regional Transit Authority Act, MCL 124.546(3)(a)(v), and Section 3(a)(v) of the Bylaws of Transferee authorize the Transferee Board to approve an agreement for the transfer to the Transferee of assets of a Street Railway; and

WHEREAS, under Section 513(4)(f) of the Street Railway Act, MCL 125.4513(4)(f), M-1 and M-2 may each transfer a Street Railway System to a public entity operating a Public Transportation System, with the consent of the public entity, if the transfer is authorized by a law enacted after January 12, 2009; and

WHEREAS, the transfer of the assets of M-1's Street Railway System by M-1, and the transfer of the assets of M-2's Street Railway System by M-2, are authorized by Section 6 of Michigan Public Act 246 of 2014, Section 261(1)(g) of Michigan Public Act 557 of 2014, and Section 513(4)(f) of Michigan Public Act 57 of 2018; and

WHEREAS, the Transferee operates a Public Transportation System; and

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, Transferors wish to transfer, sell and assign to Transferee, and Transferee wishes to receive, purchase and assume from Transferors, substantially all the assets, and certain specified liabilities, of the Operations, pursuant to a transfer, purchase and sale of the Transferred Assets and an assumption of the Assumed Liabilities (such transactions, and the transactions contemplated by the Ancillary Documents, being referred to in this Agreement collectively as the "**Transactions**").

NOW, THEREFORE, in consideration of the covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are by this Agreement acknowledged, and intending to be legally bound, the Parties agree as follows:

ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this ARTICLE I:

"Accounts Receivable" has the meaning set forth in Section 2.01(b).

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, or if such Person is a partnership, any general partner of such Person or a Person controlling any such general partner or if such Person is a limited liability company any manager of such Person or a Person controlling such manager. For purposes of this Agreement, "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**Aid Agreement Amendment**” has the meaning set forth in Section 3.02(a)(xiv).

“**Ancillary Documents**” means the Bill of Sale, Assignment and Assumption Agreement, Intellectual Property Assignments, Penske Tech Center Deed, MDOT Substation License Amendment, MDOT Substation License Assignment, DT Substation Assignment, Easement Rights Assignment, Lease and Sublease Termination, Trademark Assignment Agreement, Loan Amendment, Aid Agreement Amendment, MOU Assignment, and any other agreements, instruments and documents required to be delivered at the Closing.

“**Anti-Corruption Laws**” means all applicable laws and regulations relating to bribery or corruption in all jurisdictions in which any of the Transferors operate, are located, or otherwise have been subject to, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977.

“**Anti-Money Laundering Laws**” means all applicable federal, state, and local anti-money laundering laws and regulations in all jurisdictions in which a Transferor operates, is located, or otherwise has been subject to, including, without limitation, 18 U.S.C. §§ 1956 and 1957.

“**Assigned Contracts**” has the meaning set forth in Section 2.01(d).

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 3.02(a)(ii).

“**Assumed Liabilities**” has the meaning set forth in Section 2.03.

“**Audited Financial Statements**” has the meaning set forth in Section 4.03(a).

“**Balance Sheet**” has the meaning set forth in Section 4.03(d).

“**Balance Sheet Date**” has the meaning set forth in Section 4.03(d).

“**Benefit Plan**” has the meaning set forth in Section 4.24(a).

“**Bill of Sale**” has the meaning set forth in Section 3.02(a)(i).

“**Business Day**” means a day that is not a Saturday, Sunday, or legal holiday observed by the State of Michigan.

“**Campaign Finance Laws**” means any applicable federal, state, and local Laws related to political activity or campaign finance, or both, in the United States, including, the Federal Election Campaign Act, regulations of the Federal Election Commission, pay-to-play Laws, the Michigan Campaign Finance Act, Michigan Public Act 388 of 1976, as amended, MCL 169.201 to 169.282, and all local Laws related to political activity or campaign finance, or both.

“**Cash and Cash Equivalents**” means all cash and cash equivalents (including commercial paper, certificates of deposit and other bank deposits, treasury bills, short-term investments and all other marketable securities), investment accounts and other similar cash items, less uncleared

checks, wires, ACH settlements and drafts.

“**CERCLA**” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 to 9675.

“**City**” means the City of Detroit, Michigan.

“**Closing**” has the meaning set forth in Section 3.01.

“**Closing Date**” has the meaning set forth in Section 3.01.

“**COBRA**” means Section 4980B of the Code and Sections 601 through 608, inclusive, of ERISA.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Collective Bargaining Agreements**” means all collective bargaining agreements between a Transferor and any labor union, works council, or other representatives of employees (including local agreements, amendments and supplements, and material letters and memoranda of understanding) of any kind that are (i) in effect as of the Effective Date, or (ii) entered into after the Effective Date and prior to or on the Closing Date.

“**Connected Agreement**” has the meaning set forth in Section 10.13.

“**Contracts**” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, joint ventures, Donation Agreements, Grant Agreements, and Sponsorship Agreements, and all other agreements, commitments and legally binding arrangements, whether written or oral, in each case including any legally binding amendments to any of the foregoing.

“**Contributions Receivable**” has the meaning ascribed to such phrase in the Audited Financial Statements.

“**Controlled Group Liability**” means any and all Liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412 or 4971 of the Code, (iv) resulting from a violation of the continuation coverage requirements of COBRA or the group health plan requirements of Sections 701 through 734, inclusive, of ERISA, or (v) under corresponding or similar provisions of foreign laws or regulations.

“**Controlled Group Plan**” means any “employee pension benefit plan” as defined under section 3(2) of ERISA that is subject to Title IV of ERISA and that is sponsored, maintained or contributed to, or required to be contributed to, by any ERISA Affiliate other than a Transferor and its direct and indirect subsidiaries, or with respect to which such ERISA Affiliate could reasonably be expected to have liability.

“**Copyrights**” has the meaning set forth in the definition of Intellectual Property.

“**CoStaff**” means CoStaff Insight Services, Inc., a Michigan corporation.

“**Data Room**” has the meaning set forth in the definition of Made Available.

“**DDA**” has the meaning set forth in Section 3.02(a)(xiv).

“**Disclosure Schedules**” means the Disclosure Schedules delivered by Transferors and Transferee concurrently with the execution and delivery of this Agreement which (a) set forth the information specifically described in certain of the representations and warranties contained in Article IV and Article V and (b) set forth exceptions or qualifications to the representations and warranties contained in Article IV and Article V, which specifically reference the Disclosure Schedules.

“**Dollars**” or “**\$**” means the lawful currency of the United States.

“**Donation Agreement**” means a Contract between a Transferor and any Person pursuant to which a Transferor has received, or may in the future receive, funding, real or personal property or rights in, to, or with respect to real or personal property directly or indirectly from such Person without any obligation of a Transferor to, or expectation by such Person that a Transferor will, (x) repay or return such funding or rights or (y) provide anything of value, whether or not giving or provision of such funding or rights is or may be deductible by such Person under any provision of the Code, including as to all of the foregoing, all material amendments and modifications thereunder.

“**DT Substation Easement Assignment**” has the meaning set forth in Section 3.02(a)(ix).

“**E.O. 11246**” has the meaning set forth in Section 4.25(e).

“**Easement**” has the meaning set forth in Section 4.09(c).

“**Easement Rights Assignment**” has the meaning set forth in Section 3.02(a)(vii).

“**Easement Real Property**” has the meaning set forth in Section 4.09(c).

“**Effective Date**” has the meaning set forth in the preamble.

“**Effective Time**” means 12:00:01 a.m. prevailing Detroit Michigan time.

“**Encumbrance**” means any charge, assessment, claim, community property interest, pledge, hypothecation, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, servitude, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“**Environmental Claim**” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural

resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence of, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Document” means: (a) any environmental study, evaluation or investigation relating to the assets or operations of a Transferor or any of its predecessors, including: (i) any Phase I or Phase II (or subsequent phase) studies and investigations; (ii) documents and information related to any improvements or buildings on any real property; and (iii) any testing, sampling, analysis, digging, boring, removing soil, relocating of soil or preparation of baseline environmental assessments relating to the environment or any Real Property; (b) consent agreements, inspection reports, letters and notices of violation and related correspondence with any Governmental Authority; and (c) other documents materially bearing on environmental Liabilities of the Operations or a Transferor.

“Environmental Law” means any applicable Law, and any applicable Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient or indoor air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term “Environmental Law” includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act of 1910, as amended, 7 U.S.C. §§ 136 et seq.; the Oil Pollution Act of 1990, as amended, 33 U.S.C. §§ 2701 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq. The term “Environmental Law” also includes, but is not limited to, any applicable present and future federal, state and local laws, statutes, ordinances, rules, regulations, and common law, that: (a) conditions transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the Real Property; (b) requires notification or disclosure of Releases of Hazardous Materials or other environmental condition of any property to any Governmental Authority or other Person, whether or not in connection with any transfer of title to or interest in such property; (c) imposes conditions or requirements in connection with environmental permits; or (d) relates to wrongful death, personal injury, or property or other damage in connection with any environmental condition of any property.

“Environmental Notice” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any

Environmental Law or any term or condition of any Environmental Permit.

“**Environmental Permit**” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“**Environmental Professional**” means an individual licensed by a Governmental Authority to act on behalf of such Governmental Authority to oversee environmental site investigation and remediation.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“**ERISA Affiliate**” means all employers (whether or not incorporated) that would be treated together with the Transferors or any of their respective Affiliates (including any other Transferor) as a “single employer” within the meaning of Section 414 of the Code or Section 4001 of ERISA.

“**Excluded Assets**” has the meaning set forth in Section 2.02.

“**Excluded Cash**” means cash on deposit on the Transferor deposit accounts in an aggregate amount of Six Hundred Thousand Dollars (\$600,000.00).

“**Excluded Contracts**” has the meaning set forth in Section 2.02(c).

“**Excluded Liabilities**” has the meaning set forth in Section 2.04.

“**Federally Assisted Property**” means portion of the Street Railway System financed by the TIGER Grants and in which the FTA retains a federal interest.

“**Financial Statements**” has the meaning set forth in Section 4.03(a).

“**Fraud**” means an actual and intentional fraud (and not negligent or inadvertent fraud) under Michigan Law with respect to the making of the representations and warranties of the Transferors in this Agreement and the Ancillary Documents.

“**FTA**” means the Federal Transit Administration, a modal administration of the United States Department of Transportation.

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Government Contracts**” has the meaning set forth in Section 4.06(a)(viii).

“**Governmental Authority**” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority, including Environmental Professionals (to the extent that the rules,

regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Grant Agreement” means a Contract between a Transferor and any of (i) a Governmental Authority, (ii) a grantee of a Governmental Authority in its capacity as a grant recipient, or (iii) a higher-tier subrecipient with respect to any Contract of a type described in clauses (i) or (ii), pursuant to which a Transferor has received or may in the future receive funding directly or indirectly from a Governmental Authority that may be treated as a grant or sub-grant, subject to the terms of such Contract, including as to all of the foregoing, all material amendments and modifications thereunder.

“Grant Opportunity” means any offer or proposal made by or to a Transferor prior to the Closing Date, which, if accepted, would result in a Grant Agreement.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls and per- and poly-fluoroalkyl substances (PFAS) and other emerging contaminants.

“Indebtedness” of any Person means, without duplication, (i) the principal of and accrued interest, premiums (if any) and penalties (if any) (including with respect to any prepayment thereof) in respect of (A) obligations of such Person for money borrowed, indebtedness issued or incurred in substitution or exchange for indebtedness for money borrowed, and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments or other debt securities for the payment of which such Person is responsible or liable, (ii) all obligations of such Person in respect of purchase money loans by such Person, (iii) all obligations in respect of letters of credit, bankers’ acceptances and similar facilities issued for the account of such Person (but solely to the extent drawn and not paid), (iv) amounts owing as deferred purchase price for property or services (other than ordinary trade accounts payable but not yet due), (v) conditional sale obligations, (vi) commitments or obligations by which a Transferor assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit, bank guarantees or bankers’ acceptances); (vii) indebtedness secured by a lien on any assets used or useful in the Operations, obligations or commitments to repay deposits or other amounts advanced by and owing to nonparties; (viii) obligations under any interest rate, currency or other hedging agreement; (ix) obligations under financing or capital leases; (x) deferred compensation arrangements, (xi) unfunded or underfunded pension or benefit plans, and (xii) all obligations of the type referred to in clauses (i) through (xi) of other Persons for the payment of which such Person is responsible or liable to any nonparty, as obligor, guarantor, surety or otherwise, including any guarantee or contingent liability of such obligations, claims or liabilities.

“Insurance Policies” has the meaning set forth in Section 4.18.

“Intellectual Property” means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisional, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) (“**Patents**”); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, and the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing (“**Trademarks**”); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing (“**Copyrights**”); (d) internet domain names and social media account or user names (including “handles”), whether or not Trademarks, all associated web addresses, URLs, websites and web pages, social media sites and pages, and all content and data on or relating to the websites and web pages, social media sites, and pages, whether or not Copyrights; (e) mask works, and all registrations, applications for registration, and renewals thereof; (f) industrial designs, and all Patents, registrations, applications for registration, and renewals thereof; (g) trade secrets, know-how, inventions (whether or not patentable), discoveries, improvements, Technology, business and technical information, databases, data compilations and collections, tools, methods, processes, techniques, and other confidential and proprietary information and all related rights (“**Trade Secrets**”); (h) computer programs, operating systems, applications, firmware and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof (“**Software**”); (i) rights of publicity; and (j) all other intellectual or industrial property and proprietary rights.

“Intellectual Property Agreements” means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions and other Contracts, whether written or oral, relating to any Intellectual Property that is used or held for use in the conduct of the Operations as currently conducted or proposed to be conducted to which a Transferor is a party, beneficiary or otherwise bound.

“Intellectual Property Assets” means all Intellectual Property that is owned by a Transferor and used or held for use in the conduct of the Operations as currently conducted or proposed to be conducted, and all (i) royalties, fees, income, payments, and other proceeds now or hereafter due or payable to a Transferor with respect to such Intellectual Property; and (ii) claims and causes of action with respect to such Intellectual Property, whether accruing before, on, or after the Effective Date, including all rights to and claims for damages, restitution, and injunctive and other legal or equitable relief for past, present, or future infringement, misappropriation, or other violation of applicable Laws.

“Intellectual Property Assignment” has the meaning set forth in Section 3.02(a)(iii).

“Intellectual Property Registrations” means all Intellectual Property Assets that are subject to any issuance, registration, or application by or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued Patents, registered Trademarks, domain names and Copyrights, and pending applications for any of the foregoing.

“**Interim Balance Sheet**” has the meaning set forth in Section 4.03(d).

“**Interim Balance Sheet Date**” has the meaning set forth in Section 4.03(d).

“**Interim Financial Statements**” has the meaning set forth in Section 4.03(a).

“**Inventory**” has the meaning set forth in Section 2.01(c).

“**Knowledge**” refers, regarding any Party, to what that Party’s directors, members, officers, managers, and any other person having supervisory or management responsibilities regarding the Party’s operations reasonably knows or reasonably should have known after reasonable investigation.

“**Law**” means any statute, law, ordinance, regulation, rule, code, Governmental Order, constitution, treaty, common law, judgment, decree, other requirement or rule of law or other similar requirement enacted, adopted, promulgated or applied by any Governmental Authority.

“**Lease and Sublease Termination**” has the meaning set forth in Section 3.02(a)(xi).

“**Leased or Licensed Real Property**” has the meaning set forth in Section 4.09(b).

“**Leases**” has the meaning set forth in Section 4.09(b).

“**Liabilities**” means, with respect to any Person, any Indebtedness, liability, claim or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, direct or indirect, secured or unsecured, joint or several, that are due or that become due, currently existing or arising in the future, vested or unvested, executory, determined, determinable or otherwise, and whenever or however arising (including whether arising by operation of law, or out of any contract, tort, product liability, infringement, environmental claim or Taxes) and whether or not the same would be required by GAAP to be stated in the Financial Statements or disclosed in the notes to the Financial Statements, or otherwise.

“**Licensed Intellectual Property**” means all Intellectual Property in which a Transferor holds any rights or interests granted by other Persons, including any Affiliate of a Transferor, that is used or held for use in the conduct of the Operations as currently conducted or proposed to be conducted.

“**Loan Amendment**” has the meaning set forth in Section 3.02(a)(xii).

“**Lobbying Laws**” means all applicable federal, state, local and foreign Laws concerning lobbying (including grassroots lobbying), including the federal Lobbying Disclosure Act, Michigan Public Act 472 of 1978, as amended, MCL 4.411 to 4.431, and local lobbying laws, any ethics Laws related to the conduct of lobbying, and all applicable lobbying registration requirements.

“**Made Available**” or any other word or phrase of similar import (including “provided,” “delivered” “furnished”) means that, on or before 11:59 p.m., Eastern Time, Transferors have

posted, or caused to be posted, complete copies of the materials to the electronic data room maintained by Miller, Canfield, Paddock and Stone, P.L.C. on its Miller Canfield Collaborate website at the folder entitled “M-1 RTA” (the “**Data Room**”) (i) not less than three (3) Business Days immediately preceding the date of this Agreement or (ii) to the extent this Agreement contemplates the delivery of such materials after the date of this Agreement, on such other day as permitted or required by this Agreement; provided, that Transferee will have been granted access through one or more of its Representatives to such Data Room and such posted materials prior to such time in connection with the transactions contemplated by this Agreement.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is, or is reasonably likely to become, individually or in the aggregate, materially adverse to (a) the activities, results of operations, condition (financial or otherwise) or assets utilized in the Operations, or (b) the ability of Transferors to consummate the transactions contemplated by this Agreement on a timely basis; provided, however, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting activities similar to the Operations; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Transferee; (vi) any changes in applicable Laws or accounting rules, including GAAP; (vii) a catastrophic event or circumstance not caused by a Party; or (viii) any failure by the Operations to meet any internal or published projections, forecasts or revenue or predictions (except that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded); provided further, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or is reasonably likely to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Operations compared to other participants in the activities similar to the Operations.

“**Material Contracts**” has the meaning set forth in Section 4.06(a).

“**Material Suppliers**” has the meaning set forth in Section 4.17.

“**M-1**” has the meaning set forth in the preamble.

“**M-2**” has the meaning set forth in the preamble.

“**M-3**” has the meaning set forth in the preamble.

“**MDOT**” means the Michigan Department of Transportation, a principal department of Michigan state government.

“**MDOT Lease**” means that certain Lease Agreement between M-2 RAIL as lessor and the Michigan Department of Transportation as lessee dated December 15, 2014.

“**MDOT Substation License Amendment**” has the meaning set forth in Section 3.02(a)(xv).

“**MDOT Substation License Assignment**” has the meaning set forth in Section 3.02(a)(v).

“**MOU Assignment**” has the meaning set forth in Section 3.02(a)(xvi).

“**Multiemployer Plan**” has the meaning set forth in Section 4.24(c).

“**Operating License Agreement**” has the meaning ascribed to the phrase in Section 507(e) of the Street Railway Act, MCL 125.4507(e).

“**Operations**” has the meaning set forth in the recitals.

“**Operations IT Systems**” means all Software, computer hardware, servers, networks, platforms, peripherals, and similar or related items of automated, computerized, or other information Technology (IT) networks and systems (including telecommunications networks and systems for voice, data, and video) owned, leased, licensed, or used (including through cloud-based or other nonparty service providers) in the conduct of the Operations.

“**Organizational Documents**” means, with respect to any Person (other than an individual), (a) the certificate or articles of incorporation, formation or organization and any limited liability company, entity, operating or partnership agreement and other similar documents adopted or filed in connection with the creation, formation or organization of such Person and (b) all bylaws and similar documents relating to the organization or governance of such Person, in each case, as amended or supplemented.

“**Oversight Manager**” means the State Safety Oversight Manager for the Street Railway System designated by MDOT.

“**Owned Real Property**” has the meaning set forth in Section 4.09(a).

“**Party**” has the meaning set forth in the preamble.

“**Patents**” has the meaning set forth in the definition of Intellectual Property.

“**Penske Tech Center Deed**” has the meaning set forth in Section 3.02(a)(iv).

“**Permits**” means all permits, licenses, approvals, consents, notices, waivers, qualifications, filings, registrations, exemptions, franchises, approvals, certificates, orders and authorizations by or of, or registrations with, or obtained, or required to be obtained, from Governmental Authorities.

“**Permitted Encumbrances**” has the meaning set forth in Section 4.07.

“**Person**” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“**Platform Agreements**” has the meaning set forth in Section 4.14(h).

“**Pre-Closing Tax Period**” means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the

portion of such taxable period ending on and including the Closing Date.

“Procurement Rules” means the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) including, without limitation, the provisions of Subpart D thereof (2 CFR 200.317-.327), the Federal Transit Administration’s Third Party Contracting Guidance (FTA Circular 4220.1F), all applicable State of Michigan and Federal rules and regulations, including, without limitation, those of the Michigan Department of Transportation, pertaining to the procurement of goods and services including with respect to solicitation, cost-price analysis, evaluations, awards and recordkeeping.

“Public Lighting Authority” means the Michigan public municipal corporation incorporated within the City pursuant to the Municipal Public Lighting Authority Act, Michigan Public Act 392 of 2012, MCL 123.1261 to 123.1295.

“Public Transportation System” means that phrase as defined in Section 2(o) of the Regional Transit Authority Act, MCL 124.542(o).

“Purchase Price” has the meaning set forth in Section 2.05.

“Qualified Benefit Plan” has the meaning set forth in Section 4.24(c).

“Real Property” means, collectively, the Owned Real Property, the Leased or Licensed Real Property, and the Easement Real Property.

“Reasonable Efforts” means regarding the conduct by a Party, carrying out those obligations and tasks, and using and expending an amount of resources, that comprise a level of effort, and use and expenditure of resources, that is consistent with the judgment, efforts and resources that a reasonable person in the position of the Party would be expected to expend and deploy to achieve the desired result competently and promptly.

“Records” has the meaning set forth in Section 2.01(m).

“Regional Transit Authority Act” means the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558.

“Registered Trademarks” means the Trademarks bearing US Patent and Trademark Office Registration Numbers 5,820,245 and 5,396,736.

“Release” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any hazardous substance or pollutant or contaminant), disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient or indoor air, surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Restricted Period**” has the meaning set forth in Section 6.07(a).

“**Sanctioned Country**” means any country or territory that is or has been in the past five (5) years itself the subject of comprehensive U.S. or Canadian trade embargos, restrictions or economic sanctions, including Cuba, Iran, North Korea, Sudan, Syria, or the Crimea region of Ukraine.

“**Sanctioned Person**” means Persons that are the subject or target of applicable economic sanctions, including by virtue of being: (i) designated to any sanctions-related or other restricted party list, including but not limited to OFAC’s Specially Designated Nationals and Blocked Persons List and similar lists administered by the United Kingdom, the European Union or any member state thereof, or the United Nations, that would render the proposed transaction prohibited (ii) domiciled, organized, or ordinarily resident in a Sanctioned Country; or (iii) owned or controlled by or acting for or on behalf of, directly or indirectly, any such Person or Persons described in the foregoing clause (i) or (ii).

“**Schedule Supplement**” has the meaning set forth in Section 6.13.

“**Section 503**” has the meaning set forth in Section 4.25(e).

“**Single Employer Plan**” has the meaning set forth in Section 4.24(c).

“**Software**” has the meaning set forth in the definition of Intellectual Property.

“**Sponsorship Agreement**” means a Contract between a Transferor and any Person pursuant to which a Transferor has received, or may in the future receive, funding, real or personal property or rights in, to, or with respect to real or personal property, directly or indirectly, from such Person without any obligation of a Transferor to, or expectation by such Person that a Transferor will, repay or return such funding or rights and pursuant to which a Transferor has undertaken, agreed or is otherwise obligated to provide such Person with naming rights, sponsorship acknowledgements or recognition, “blocking rights” with respect to recognition or acknowledgements in favor of another Person, or other similar rights or privileges of any type or sort, whether or not giving or provision of such funding or rights is or may be deductible by such Person under any provision of the Code, including as to all of the foregoing, all material amendments and modifications thereunder.

“**Streetcar**” means each of the streetcars listed on Schedule I including, in each case (i) any and all parts relating to the streetcars and (ii) any replacement streetcars and any and all parts relating to the replacement streetcars, and any and all accessions, additions, improvements and replacements from time to time incorporated or installed in a streetcar or replacement streetcar and all options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights and indemnifications relating to any of the foregoing items detailed in this definitional paragraph.

“**Street Railway**” means that phrase as defined in Section 507(g) of the Street Railway Act, MCL 125.4507(g).

“**Street Railway Act**” means the former Michigan Public Act 35 of 1867, as amended,

which was repealed and recodified in 2018 as Part 5 of the Recodified Tax Increment Financing Act, Michigan Public Act 57 of 2018, MCL 125.4503 to 125.4527.

“**Street Railway System**” means that phrase as defined in Section 507(h) of the Street Railway Act, MCL 125.4507(h).

“**Tangible Personal Property**” has the meaning set forth in Section 2.01(f).

“**Tax Clearance Certificate**” has the meaning set forth in Section 6.12.

“**Tax Increment Financing Plan**” has the meaning ascribed to the phrase in the Section 523 of the Street Railway Act, MCL 125.4523.

“**Tax Return**” means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment, and including any amendment.

“**Taxes**” means (i) all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind, and any interest, fines, additions or penalties with respect thereto and any interest in respect of such additions or penalties, (ii) any Liability for the payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group for any period (including any arrangement for group or consortium relief or similar arrangement), and (iii) any Liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other person or as a result of any obligations under any agreements or arrangements with any other person with respect to such amounts and including any Liability for Taxes of a predecessor or transferor or otherwise by operation of Law.

“**Technology**” means (i) Software (including software development kits, APIs, computer programs, codecs, interfaces, software implementations of algorithms and models and methodologies), (ii) databases, compilations, collections of data and data, (iii) inventions (whether or not patentable), (iv) methods and processes, (v) designs and schematics, (vi) Trade Secrets and know-how and (vii) works of authorship, including documentation (e.g., user manuals and training materials). Technology does not include Intellectual Property rights, including any Intellectual Property rights in any of the foregoing.

“**TIGER I Grant**” means the grant of \$25,000,000.00 to MDOT and the City by the FTA made pursuant to the Transportation Investment Generating Economic Recovery Grant Program and disbursed by MDOT to M-2 to reimburse M-2 for a portion of the costs of the development and construction of the Street Railway System.

“**TIGER VI Grant**” means the grant of \$12,500,000.00 to the City by the FTA made pursuant to the Transportation Investment Generating Economic Recovery Grant Program, the proceeds of which the City disbursed to MDOT and MDOT disbursed to M-2 to reimburse M-2

for an additional portion of the costs of the development and construction of the Street Railway System.

“**TIGER Grants**” means collectively, the TIGER I Grant and the TIGER VI Grant.

“**Towing**” has the meaning set forth in the preamble.

“**Trade Secrets**” has the meaning set forth in the definition of Intellectual Property.

“**Trademark Assignment Agreement**” has the meaning set forth in Section 3.02(a)(xiii).

“**Trademarks**” has the meaning set forth in the definition of Intellectual Property.

“**Transactions**” has the meaning set forth in the recitals.

“**Transferee**” has the meaning set forth in the preamble.

“**Transferee Board**” means the board of directors of the Transferee.

“**Transferee Closing Certificate**” has the meaning set forth in Section 7.03(f).

“**Transferred Assets**” has the meaning set forth in Section 2.01.

“**Transferred Employees**” has the meaning set forth in Section 6.04(a).

“**Transferor**” has the meaning set forth in the preamble.

“**Transferor Closing Certificate**” has the meaning set forth in Section 7.02(j).

“**Transit Operations Finance Zone**” has the meaning ascribed to the phrase in the Section 523 of the Street Railway Act, MCL 125.4523.

“**Transit Operations Finance Zone Agreement**” means an agreement authorized under Section 523) of the Street Railway Act, MCL 125.4523.

“**Treasury**” has the meaning set forth in Section 7.02(m).

“**UCC**” means the Uniform Commercial Code as enacted in the State of Michigan, Michigan Public Act 174 of 1962, as amended, MCL 440.1101 to 440.11102.

“**Union**” has the meaning set forth in Section 4.25(b).

“**VEVRAA**” has the meaning set forth in Section 4.25(e).

“**WARN Act**” means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

ARTICLE II PURCHASE AND SALE

Section 2.01 Purchase and Sale of Assets. Subject to the terms of this Agreement, at the Closing, Transferors shall sell, assign, transfer, convey and deliver to Transferee, and Transferee shall purchase from Transferors, free and clear of any Encumbrances other than Permitted Encumbrances, all of the Transferors' right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Operations (collectively, the "**Transferred Assets**"), including, without limitation, the following:

- (a) Cash and Cash Equivalents other than the Excluded Cash;
- (b) all accounts or notes receivable held by a Transferor, and any security, claim, remedy or other right related to each such account or note receivable ("**Accounts Receivable**");
- (c) all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts and other inventories (including consumables) ("**Inventory**");
- (d) all Contracts other than the Excluded Contracts (the "**Assigned Contracts**");
- (e) all Intellectual Property Assets;
- (f) all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones and other tangible personal property (the "**Tangible Personal Property**");
- (g) all Owned Real Property, Leased or Licensed Real Property and Easement Real Property;
- (h) all Permits, including any Environmental Permits, which are held by a Transferor and required for the conduct of the Operations as currently conducted or for the ownership and use of the Transferred Assets, including, without limitation, those listed on Section 4.20(b) of the Disclosure Schedules;
- (i) all rights to any Actions of any nature available to or being pursued by a Transferor to the extent related to the Operations, the Transferred Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;
- (j) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any such item relating to any payment of Taxes);
- (k) all of Transferors' rights under warranties, indemnities and all similar rights

against other Persons to the extent related to any Transferred Assets;

(l) all insurance benefits, including rights and proceeds, arising from or relating to the Operations, the Transferred Assets or the Assumed Liabilities;

(m) originals, or where not available, copies, of all records, including, but not limited to, books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Intellectual Property Assets and the Intellectual Property Agreements (“**Records**”); and

(n) all goodwill and the going concern value of the Operations.

Section 2.02 Excluded Assets. Notwithstanding the foregoing, the Transferred Assets shall not include the following assets (collectively, the “**Excluded Assets**”):

(a) The Excluded Cash;

(b) all bank and other depository accounts of Transferors but not any Cash and Cash Equivalents on deposit in a bank or other depository account other than the Excluded Cash;

(c) Contracts set forth on Section 2.02(c) of the Disclosure Schedule, (the “**Excluded Contracts**”);

(d) the seals, Organizational Documents, minute books, Tax Returns, books of account or other records having to do with the organization of Transferors

(e) all Benefit Plans and assets attributable to the Benefit Plans, including, but not limited to, all assets necessary for Transferors to satisfy any Liabilities of Transferors arising before the Closing relating to the Benefit Plans;

(f) all of Transferors’ insurance policies, including in each case all rights, benefits, proceeds, or other amounts payable under any such policies and all rights to applicable claims and proceeds under those insurance policies; and

(g) any rights which accrue or will accrue to Transferors under this Agreement and the Ancillary Documents.

Section 2.03 Assumed Liabilities. Subject to the terms of this Agreement, Transferee shall assume and agree to pay, perform and discharge all of the Liabilities of Transferors (collectively, the “**Assumed Liabilities**”) other than the Excluded Liabilities.

Section 2.04 Excluded Liabilities. Notwithstanding the provisions of Section 2.03 or any other provision in this Agreement to the contrary, Transferors shall retain and be responsible

to pay, perform or discharge, and Transferee shall not assume and shall not be responsible to pay, perform or discharge the Liabilities of Transferors set forth in Section 2.04(a) through 2.04(f) (collectively, the “**Excluded Liabilities**”):

(a) any Liabilities of Transferors arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the Ancillary Documents and the Transactions contemplated by this Agreement and the Ancillary Documents, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;

(b) any Liability for (i) Taxes of Transferors (or any director, member or Affiliate of a Transferor) or relating to the Operations, the Transferred Assets or the Assumed Liabilities for any Pre-Closing Tax Period; (ii) Taxes that arise out of the consummation of the transactions contemplated by this Agreement or that are the responsibility of Transferors pursuant to Section 6.11 or Section 6.12; or (iii) other Taxes of Transferors (or any director, member or Affiliate of a Transferor) of any kind or description (including any Liability for Taxes of a Transferor (or any, director, member or Affiliate of a Transferor) that become a Liability of Transferee under any applicable common law doctrine of effective merger or transferee or successor liability or otherwise by operation of contract or Law);

(c) any Liabilities relating to or arising out of any of the Excluded Assets;

(d) any Liabilities to indemnify, reimburse or advance amounts to any present or former officer, director, employee or agent of a Transferor (including with respect to any breach of fiduciary obligations by them) other than any such Liabilities that arise from or relate to this Agreement, the Ancillary Documents or the transactions contemplated by this Agreement or the Ancillary Documents;

(e) any Liabilities related to credit card accounts of, and corresponding credit cards issued to a Person at the direction of, a Transferor;

(f) all Liabilities relating to payroll obligations earner or otherwise payable to an employee of a Transferor for or with respect to any payroll period ending on or prior to September 30, 2024

(g) the items set forth on Section 2.04(e) of the Disclosure Schedules; and

(h) any Liabilities under the Excluded Contracts.

Section 2.05 Purchase Price. The aggregate purchase price for the Transferred Assets is \$4.00 (the “**Purchase Price**”), plus the assumption of the Assumed Liabilities. The Purchase Price shall be paid as provided in Section 3.02(b).

Section 2.06 Nonparty Consents. To the extent that Transferors’ rights under any Contract or Permit constituting a Transferred Asset, or any other Transferred Asset, may not be assigned to Transferee without the consent of another Person which has not been obtained as of the Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach of such Contract or Permit or be unlawful, and Transferors,

at Transferors' sole cost and expense, shall use their Reasonable Efforts to obtain any such required consent as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Transferee's rights under the Transferred Asset in question so that Transferee would not in effect acquire the benefit of all such rights, Transferors, to the maximum extent permitted by Law and the Transferred Asset, shall act after the Closing as Transferee's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Transferred Asset, with Transferee in any other reasonable arrangement designed to provide such benefits to Transferee. Notwithstanding any provision in this Section 2.06 to the contrary, Transferee does not waive its rights under Section 7.02(d) unless Transferee either provides written waivers of such rights or elects to proceed to consummate the transactions contemplated by this Agreement at Closing. In furtherance of the covenants set forth in this Section 2.06, no Transferor shall dissolve or liquidate unless any requisite consents shall have been received or the Transferee shall have waived such Transferor's obligations under this Section 2.06 with respect to the consents.

Section 2.07 Nature of Transactions. Each of the Parties acknowledges that the transactions contemplated under this Agreement transferring assets from M-1 and M-2 to the Transferee are a transfer of assets of a Street Railway contemplated by section 6(3)(a)(v) of the Regional Transit Authority Act, MCL 124.546(3)(a)(v), and a transfer of a Street Railway System contemplated by section 513(4)(f) of the Street Railway Act, MCL 125.4513.

ARTICLE III CLOSING

Section 3.01 Closing. Subject to the terms of this Agreement, the consummation of the Transactions contemplated by this Agreement (the "**Closing**") shall take place remotely by electronic exchange of documents and signatures, at 10:00 a.m., prevailing Eastern Time, on the third Business Day after all of the conditions to Closing set forth in ARTICLE VII are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or at such other time, date or place as Transferors and Transferee may agree upon in writing. The date on which the Closing is to occur under this Agreement is referred to as the "**Closing Date**." The Parties shall provide joint notice of date and time of the Closing to MDOT, the Michigan Strategic Fund, the City, the DDA, and the Public Lighting Authority. The Closing shall be deemed to have occurred and be effective for all purposes at and as of the Effective Time on the Closing Date.

Section 3.02 Closing Deliverables.

(a) At the Closing, Transferors shall deliver or cause to be delivered to Transferee the following:

(i) a bill of sale in the form attached as Exhibit I (the "**Bill of Sale**") and duly executed by each Transferor, transferring all of the Transferors' right, title and interest in and to the Tangible Personal Property included in the Transferred Assets to Transferee;

(ii) an assignment and assumption agreement in the form attached as Exhibit II (the "**Assignment and Assumption Agreement**") and duly executed by each

Transferor, effecting the assignment to and assumption by Transferee of the Transferred Assets and the Assumed Liabilities;

(iii) an assignment in the form attached as Exhibit III (the “**Intellectual Property Assignment**”) and duly executed by each Transferor, transferring all of Transferors’ interest in and to the Intellectual Property Assets to Transferee, including, without limitation, the Registered Trademarks;

(iv) a covenant deed in the form attached as Exhibit IV with respect to the Owned Real Property commonly known as 7520 Woodward Avenue conveyed pursuant to (A) Covenant Deed recorded at Liber 51662, Page 948, (B) Covenant Deed recorded at Liber 51567, Page 833, and (C) Quit Claim Deed recorded at Liber 52012, Page 1202, each of which parcels were merged into a single tax parcel as Tax Parcel No. 01002117-22, duly executed by M-2, notarized and otherwise in recordable form and sufficient for the issuance of a Title Policy for the covenant deed (the “**Penske Tech Center Deed**”);

(v) an Assignment of Traction Power Substation License Agreement in the form attached as Exhibit V with respect to the Traction Power Substation License Agreement by and between M-2 and the Michigan Department of Transportation and recorded at Liber 52338, Page 179 of the Wayne County Register of Deeds, as amended by the MDOT Substation License Amendment, duly executed by M-2, notarized and otherwise in recordable form and sufficient for the issuance of a Title Policy thereon (the “**MDOT Substation License Assignment**”);

(vi) an estoppel certificate in form and substance reasonably satisfactory to the Transferee with respect to the Traction Power Substation License Agreement, as amended by the MDOT Substation License Amendment, that is the subject of the MDOT Substation License Assignment;

(vii) an Assignment and Assumption of Easements Agreements in the form of attached as Exhibit VI with respect to (1) the Traction Power Substation Easement Agreement by and between M-2 and Detroit Transportation Corporation and recorded at Liber 51662, Page 931 of the Wayne County Register of Deeds and (2) the Easement Agreement recorded at Liber 52852, Page 135 of the Wayne County Register of Deeds, duly executed by M-2, notarized and otherwise in recordable form and sufficient for the issuance of a Title Policy thereon (the “**Easement Rights Assignment**”);

(viii) estoppel certificates in form and substance reasonably satisfactory to the Transferee with respect to the Traction Power Substation License Agreement and Easement Agreement that are the subject of the Easement Rights Assignment;

(ix) an Assignment of Traction Power Substation Easement Agreement in the form attached as Exhibit VII with respect to the Traction Power Substation Easement Agreement by and between M-2 and Detroit Thermal, LLC and recorded at Liber 51925, Page 128 of the Wayne County Register of Deeds duly executed by M-2, notarized and otherwise in recordable form and sufficient for the issuance of a Title Policy thereon (the “**DT Substation Easement Assignment**”);

(x) an estoppel certificate in form and substance reasonably satisfactory

to the Transferee with respect to the Traction Power Substation License Agreement that is the subject of the DT Substation Easement Assignment

(xi) Lease and Sublease Termination between M-1 and M-2 and the Michigan Department of Transportation in the form attached as Exhibit VIII duly executed by each of M-1, M-2 and the Michigan Department of Transportation (the “**Lease and Sublease Termination**”);

(xii) Amendment One to the Michigan Development Loan Agreement between the Michigan Strategic Fund and M-1 RAIL dated July 1, 2024, in the form attached as Exhibit IX duly executed by M-1 and the Michigan Strategic Fund (the “**Loan Amendment**”);

(xiii) Trademark Assignment Agreement in the form attached as Exhibit X with respect to the Registered Trademarks duly executed by M-1 (the “**Trademark Assignment Agreement**”);

(xiv) the First Amended and Restated Aid Agreement between the City of Detroit Downtown Development Authority (the “**DDA**”), the Transferee, and M-1, in the form attached as Exhibit XI duly executed by the DDA and M-1 (the “**Aid Agreement Amendment**”);

(xv) an amendment to the Traction Power Substation License Agreement in a form reasonably acceptable to Transferee with respect to the Traction Power Substation License Agreement by and between M-2 and the Michigan Department of Transportation and recorded at Liber 52338, Page 179 of the Wayne County Register of Deeds, which amendment amends the description of the licensed property set forth in Exhibit B attached thereto to conform to the as built location of the improvements thereon, duly executed by M-2 and MDOT, notarized and otherwise in recordable form (the “**MDOT Substation License Amendment**”);

(xvi) a memorandum of understanding assignment and assumption agreement in the form attached as Exhibit XII and duly executed by M-2 and the Public Lighting Authority with respect to the Memorandum of Understanding dated September 14, 2014 between M-2 and the Public Lighting Authority (the “**MOU Assignment**”);

(xvii) a certificate of good standing with respect to each Transferor issued by Michigan Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau not more than seven days prior to the Closing Date;

(xviii) the Transferor Closing Certificates;

(xix) the certificates of the secretary, sole member or manager of each Transferor required by Section 7.02(k) and Section 7.02(l);

(xx) all login identification, account IDs, user names, handles, passwords and other related information associated with the social media and other online accounts used by Transferors and set forth on Section 4.14(h) of the Disclosure Schedules, the domain name registrar and other online accounts used by a Transferor in the conduct of the Operations and included in the Transferred Assets, including evidence that ownership and control of all domain names set forth on Section 3.02 of the Disclosure Schedules have been transferred to Transferee;

(xxi) certificates of title to all motor vehicles for which a Transferor has a certificate of title or which is otherwise required to be titled under Michigan Laws included in the Transferred Assets, in each case duly endorsed by the applicable Transferor or the other applicable Person, for transfer to Transferee as of the Closing Date;

(xxii) notice and acknowledgement of transfer pursuant to the Operating License Agreement by and among M-1, M-2 and Michigan Department of Transportation;

(xxiii) notice and acknowledgement of transfer pursuant to the Operations and Maintenance Agreement by and among M-1, M-2 and Michigan Department of Transportation;

(xxiv) notice and acknowledgement of transfer pursuant to the Operating License Agreement by and among M-1, M-2 and the City of Detroit in form and substance reasonably satisfactory to the Transferee;

(xxv) notice and acknowledgement of transfer pursuant to the Construction, Operations and Maintenance Agreement by and among M-1, M-2 and the City of Detroit in form and substance reasonably satisfactory to the Transferee;

(xxvi) such notices, consents, acknowledgements or similar documents or instruments as the Parties may deem necessary or advisable in connection with the transfer and assignment of the Master Utility Agreement between M-2 and AT&T in form and substance reasonably satisfactory to the Transferee;

(xxvii) such notices, consents, acknowledgements or similar documents or instruments as the Parties may deem necessary or advisable in connection with the transfer and assignment of the Master Utility Agreement between M-2 and Detroit Thermal, LLC in form and substance reasonably satisfactory to the Transferee;

(xxviii) UCC Financing Statement Amendments (Form UCC-3) terminating any and all UCC Financing Statements (Form UCC-1) filings against a Transferor existing and subsisting as of the day that is three (3) Business Days before the Closing Date; and

(xxix) such other customary instruments of transfer, assumption, filings or documents, in reasonably satisfactory to Transferee, as may be required to give effect to this Agreement.

(b) At the Closing, Transferee shall deliver to Transferors the following:

(i) the Purchase Price by cash, check or wire transfer of immediately available funds to the account designated in writing by M-1 to Transferee, which Purchase Price shall be tendered or wired, as the case may be, to M-1 on behalf of the Transferors;

(ii) the Bill of Sale duly executed by Transferee;

(iii) the Assignment and Assumption Agreement duly executed by Transferee;

- (iv) the Intellectual Property Assignment duly executed by Transferee;
- (v) the Trademark Assignment duly executed by Transferee;
- (vi) the Loan Amendment duly acknowledged by Transferee;
- (vii) the Aid Agreement Amendment duly executed by Transferee;
- (viii) the MOU Assignment duly executed by Transferee;
- (ix) the Transferee Closing Certificate;
- (x) the certificates of the Secretary of Transferee required by Section 7.03(g) and Section 7.03(h) and
- (xi) such other customary instruments of transfer, assumption, filings or documents, reasonably satisfactory to Transferors, as may be required to give effect to this Agreement.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF TRANSFERORS

Transferors, jointly and severally represent and warrant to Transferee that the statements contained in this ARTICLE IV are true and correct as of the date of this Agreement.

Section 4.01 Organization; Qualification and Power; Authorization.

(a) Each Transferor is validly existing and in good standing under the Laws of the State of Michigan. Each Transferor has all requisite nonprofit corporation or limited liability company, as the case may be, power and authority to own, lease and operate its properties and to carry on its activities as currently conducted by it. The Transferors have Made Available to Transferee copies of their respective Organizational Documents as in effect on the date of this Agreement.

(b) Each Transferor has full nonprofit corporation or limited liability company, as the case may be, power and authority to enter into this Agreement and the Ancillary Documents to which such Transferor is or will be a party, to carry out its obligations under this Agreement and the Ancillary Documents and to consummate the transactions contemplated by this Agreement and the Ancillary Documents. The execution and delivery by each Transferor of this Agreement and any Ancillary Document to which such Transferor is or will be a party, the performance by such Transferor of its obligations under this Agreement and the Ancillary Documents, and the consummation by such Transferor of the transactions contemplated by this Agreement and the Ancillary Documents have been duly authorized by all requisite nonprofit corporation or limited liability company, as the case may be, action on the part of such Transferor. This Agreement has been duly executed and delivered by each Transferor, and (assuming due authorization, execution and delivery by Transferee) this Agreement constitutes a legal, valid and binding obligation of each Transferor enforceable against such Transferor in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar

Laws affecting creditors' rights generally and by general principles of equity. When each Ancillary Document to which a Transferor is or will be a party has been duly executed and delivered by such Transferor (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Transferor enforceable against it in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting creditors' rights generally and by general principles of equity.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by each Transferor of this Agreement and the Ancillary Documents to which such Transferor is a party, and the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, bylaws, articles of organization, operating agreement or other organizational documents of such Transferor; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to such Transferor, the Operations or the Transferred Assets; (c) except as set forth in Section 4.02 of the Disclosure Schedules, require the consent of, notice to or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any Person the right to accelerate, terminate, modify or cancel any Material Contract or Permit to which a Transferor is a party or by which a Transferor or the Operations are bound or to which any of the Transferred Assets are subject (including any Assigned Contract that is a Material Contract); or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on the Transferred Assets. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to a Transferor in connection with the execution and delivery of this Agreement or any of the Ancillary Documents to which a Transferor is or will be a party and the consummation of the transactions contemplated by this Agreement and the Ancillary Documents.

Section 4.03 Financial Statements.

(a) Complete copies of the audited consolidated financial statements of the Transferors consisting of the statement of financial position of the Operations attributable to (i) the Transferors other than Towing as at September 30 for the year 2021, and (ii) the Transferors as at September 30 in each of the years 2022 and 2023 and, in each case, the related statements of activities and cash flow for the years then ended (the "**Audited Financial Statements**"), and unaudited financial statements of the Transferors consisting of the statement of financial position of the Operations attributable to the Transferors as at June 30, 2024 and the related statements of activities and cash flow for the nine-month period then ended (the "**Interim Financial Statements**") and collectively with the Audited Financial Statements, the "**Financial Statements**") are included in the Disclosure Schedules.

(b) The Financial Statements have been prepared in accordance with GAAP consistently applied throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes (that, if presented, would not differ materially from those presented in the Audited Financial Statements).

(c) The Financial Statements have been prepared from the records of Transferor regularly maintained with respect to the Operations, and fairly present in all material respects the financial condition of the Operations as of the respective dates they were prepared and the results of the operations and cash flows of the Operations for the periods indicated. The Financial Statements do not include special or non-recurring income or other income not earned in the ordinary course, or the reversal of reserves or accruals, unless otherwise expressly and specifically indicated in the Financial Statements. The statements of activities and cash flow included in the Financial Statements do not reflect the operations of any Person other than of the Transferors, unless otherwise expressly and specifically indicated in the Financial Statements (including the notes to the Financial Statements).

(d) The balance sheet of the Operations as of September 30, 2023 included within the Audited Financial Statements is referred to in this Agreement as the “**Balance Sheet**” and the date thereof as the “**Balance Sheet Date**” and the balance sheet of the Operations as of June 30, 2024 is referred to in this Agreement as the “**Interim Balance Sheet**” and the date thereof as the “**Interim Balance Sheet Date.**”

(e) Transferors maintain systems of internal accounting controls designed, implemented and maintained to provide reasonable assurances that (i) all material transactions of Transferors’ business and the Operations are executed in accordance with management’s authorization and (ii) all material transactions of Transferors’ business and the Operations are recorded as necessary to permit the preparation of the Financial Statements in conformance with GAAP. There has been no statement of material weakness reported by the Transferors’ auditor to Transferors or any Transferors’ board of directors (or equivalent thereof) with respect to the Financial Statements.

(f) No Transferor is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract (including any Contract relating to any transaction or relationship between or among a Transferor, on the one hand, and any unconsolidated Affiliate of a Transferor, including any structured finance, special purpose or limited purpose entity or Person, on the other hand), or any off-balance sheet arrangements, where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, a Transferor or the Operations in the Financial Statements.

Section 4.04 Undisclosed Liabilities. Transferors have no Liabilities with respect to the Operations, except (a) those which are adequately reflected or reserved against in the Balance Sheet prepared in accordance with GAAP as of the Balance Sheet Date, (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and (c) those which have been incurred in connection with the transactions contemplated by this Agreement.

Section 4.05 Absence of Certain Changes, Events and Conditions. Since the Interim Balance Sheet Date, except for the transactions contemplated by this Agreement and the Ancillary Documents, the Operations have been conducted in the ordinary course of business consistent with past practice, and there has not been any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) change in any method of accounting or accounting practice for the Operations, except as required by GAAP or as disclosed in the notes to the Financial Statements;
- (c) change in cash management practices and policies, practices and procedures with respect to collection of Contributions Receivable and Accounts Receivable, establishment of reserves for uncollectible Contributions Receivable and Accounts Receivable, accrual of Contributions Receivable and Accounts Receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, or deferral of revenue;
- (d) except as set forth in Section 4.05(d) of the Disclosure Schedules, entry into any Contract that would constitute a Material Contract;
- (e) incurrence, assumption or guarantee of any Indebtedness in connection with the Operations except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (f) transfer, assignment, sale or other disposition of any of the Transferred Assets shown or reflected in the Balance Sheet, except in the ordinary course of business;
- (g) cancellation of any debts or claims or amendment, termination or waiver of any rights constituting Transferred Assets;
- (h) transfer or assignment of or grant of any license or sublicense under or with respect to any Intellectual Property Assets or Intellectual Property Agreements (except non-exclusive licenses or sublicenses granted in the ordinary course of business consistent with past practice);
- (i) abandonment or lapse of or failure to maintain in full effect any Intellectual Property Registration, or failure to take or maintain reasonable measures to protect the confidentiality or value of any Trade Secrets included in the Intellectual Property Assets;
- (j) material damage, destruction, loss or non-trivial interruption in use, of any Transferred Assets, whether or not covered by insurance;
- (k) acceleration, termination, material modification to or cancellation of or notice of default or an event of default with respect to any Material Contract or Permit;
- (l) material capital expenditures which would constitute an Assumed Liability;
- (m) imposition of any Encumbrance, other than Permitted Encumbrances upon any of the Transferred Assets;
- (n) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, managers, independent contractors or consultants of the

Operations, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee of the Operations or any termination of any employees for which the aggregate costs and expenses exceed \$25,000.00, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, manager, consultant or independent contractor of the Operations;

(o) hiring or promoting any person as or to (as the case may be) an officer or hiring or promoting any employee below officer except to fill a vacancy in the ordinary course of business;

(p) except as set forth in Section 4.05(p) of the Disclosure Schedules, adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant of the Operations, (ii) Benefit Plan, or (iii) Collective Bargaining Agreement or other agreement with a Union, in each case whether written or oral;

(q) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any current or former directors, managers, members, officers or employees of the Operations;

(r) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(s) purchase, lease or other acquisition of the right to own, use or lease any property or assets in connection with the Operations for an amount in excess of \$10,000.00, individually (in the case of a lease, per annum) or \$25,000.00 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of Inventory or supplies in the ordinary course of business consistent with past practice;

(t) Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.06 Material Contracts.

(a) Section 4.06(a) of the Disclosure Schedules lists each of the following Contracts (x) by which any of the Transferred Assets are bound or affected or (y) to which a Transferor is a party or by which it is bound in connection with the Operations or the Transferred Assets (such Contracts, and all Contracts concerning the occupancy, management or operation of any Real Property (including, without limitation, brokerage contracts) listed or otherwise disclosed or required to be disclosed in Section 4.09(a), 4.09(b) or 4.09(c) of the Disclosure Schedules and all Intellectual Property Agreements set forth in Section 4.14(b) of the Disclosure Schedules, being “**Material Contracts**”):

(i) all Contracts involving aggregate consideration in excess of \$10,000.00 and which, in each case, cannot be cancelled without penalty or without more than ninety (90) days’ notice;

(ii) all Contracts that require a Transferor to purchase or sell a stated portion of the requirements or outputs of the Operations or that contain “take or pay” provisions;

(iii) all Contracts that provide for the indemnification of any Person other than a Transferor, or the assumption of any Tax, environmental or other Liability of any Person other than a Transferor;

(iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of equity securities or assets of any other Person or any real property (whether by merger, sale of equity securities, sale of assets or otherwise);

(v) all broker, distributor, dealer, manufacturer’s representative, franchise, agency, sales promotion, market research, marketing and advertising Contracts;

(vi) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) providing for annual base compensation or consulting payments in excess of \$50,000.00 or which are not cancellable without material penalty or without more than sixty (60) days’ notice;

(vii) except for Contracts relating to trade payables, all Contracts relating to Indebtedness (including, without limitation, guarantees);

(viii) all Contracts with any Governmental Authority (“**Government Contracts**”);

(ix) all Contracts that limit or purport to limit the ability of a Transferor to compete in any line of business or with any Person or in any geographic area or during any period of time;

(x) all joint venture, partnership or similar Contracts;

(xi) all Contracts for the sale of any of the Transferred Assets or for the grant to any Person of any option, right of first refusal or preferential or similar right to purchase any Transferred Assets;

(xii) all powers of attorney with respect to the Operations or any Transferred Asset;

(xiii) all Grant Agreements, Donation Agreements and Sponsorship Agreements; and

(xiv) all collective bargaining agreements or Contracts with any Union.

(b) For each Material Contract, the Material Contract is in full effect and is a valid and binding agreement enforceable against any Transferor that is a party to the Material Contract and, to such Transferor’s Knowledge, the other party or parties to the Material Contract, in accordance with its terms. For each Material Contract, no Transferor that is a party to the Material Contract, or, to such Transferors’ Knowledge, any other party to the Material Contract is

in breach of or default under (or is alleged to be in breach of or default under) the Material Contract, or has provided or received any written or electronic notice under the Material Contract of any intention to terminate, the Material Contract. For each Material Contract, to the Knowledge of each Transferor that is a party to the Material Contract, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute a “material” (as “material” is defined in the Material Contract if so defined) breach, default or an event of default by a Transferor under the Material Contract or result in a termination of the Material Contract or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit under the Material Contract. For each Material Contract, a complete copy of the Material Contract (including any modifications, amendments and supplements to the Material Contract and any waivers under the Material Contract) have been Made Available to Transferee. For each Material Contract, there are no disputes pending or, to the Knowledge of each Transferor that is a party to the Material Contract, threatened under the Material Contract.

Section 4.07 Title to Transferred Assets. Transferors have good and valid title to, or a valid leasehold interest in, all of the Transferred Assets. All such Transferred Assets (including easements and leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as “**Permitted Encumbrances**”):

- (a) those items set forth in Section 4.07(a) of the Disclosure Schedules;
- (b) liens for Taxes not yet due and payable;
- (c) mechanics’, carriers’, workmen’s, repairmen’s or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the Operations or the Transferred Assets and set forth on Section 4.07(c) of the Disclosure Schedules;
- (d) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are reflected on the title insurance policy covering the applicable parcel of Real Property and which are not, individually or in the aggregate, material to the Operations or the Transferred Assets, which do not prohibit or interfere with the current operation of any Real Property and which do not render title to any Real Property unmarketable; or
- (e) other than with respect to Owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the Operations or the Transferred Assets.

Section 4.08 Condition and Sufficiency of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles (including street cars) and other items of Tangible Personal Property included in the Transferred Assets are structurally sound, are in good operating condition and repair (subject to ordinary wear and tear), and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of Tangible Personal Property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material

in nature or cost. The Transferred Assets are sufficient for the continued conduct of the Operations by Transferee after the Closing in substantially the same manner as conducted by Transferors prior to the Closing. The Transferred Assets constitute all of the rights, property and assets necessary to conduct the Operations.

Section 4.09 Real Property.

(a) Section 4.09(a) of the Disclosure Schedules sets forth for each parcel of real property owned by a Transferor and used in or necessary for the conduct of the Operations as currently conducted (together with all buildings, fixtures, structures and improvements situated thereon and all easements, rights-of-way and other rights and privileges appurtenant thereto, collectively, the “**Owned Real Property**”), including with respect to each property, the address location and use. Transferors have Made Available to Transferee copies of the deeds and other instruments (as recorded) by which a Transferor acquired such parcel of Owned Real Property, and copies of all title commitments, title insurance policies, opinions, property condition or similar reports, abstracts and surveys in the possession of Transferors with respect to such parcel. With respect to each parcel of Real Property:

(i) a Transferor has good and marketable fee simple title, free and clear of all Encumbrances, except (A) Permitted Encumbrances and (B) those Encumbrances set forth on Section 4.07(a) of the Disclosure Schedules;

(ii) except as set forth on Section 4.09(a)(ii) of the Disclosure Schedules, Transferor has not leased or otherwise granted to any Person any right to use or occupy such Owned Real Property or any portion thereof;

(iii) there are no unrecorded outstanding options, rights of first offer, rights of first refusal or similar rights or privileges to purchase such Owned Real Property or any portion thereof or interest in the Owned Real Property; and

(iv) with respect to each such parcel of Owned Real Property, the Wayne County Assessors Office has provided written confirmation that such parcel is exempt from all ad valorem taxes and assessments.

(b) Section 4.09(b) of the Disclosure Schedules sets forth each parcel of real property leased by or licensed to Transferor and used in or necessary for the conduct of the Operations as currently conducted (together with all rights, title and interest of Transferor in and to leasehold improvements relating thereto, including, but not limited to, security deposits, reserves or prepaid rents paid in connection therewith, collectively, the “**Leased or Licensed Real Property**”), and a true and complete list of all leases, subleases, licenses, concessions and other agreements (whether written or oral), including all amendments, extensions renewals, guaranties and other agreements with respect thereto, pursuant to which a Transferor holds or otherwise has a right to use or occupy any Leased or Licensed Real Property (collectively, the “**Leases**”). Transferors have Made Available to Transferee a true and complete copy of each Lease. With respect to each Lease:

(i) such Lease is valid, binding, enforceable and in full effect, and Transferor enjoys peaceful and undisturbed possession of the Leased or Licensed Real Property;

(ii) the Transferor a party thereto is not in breach or default under such Lease, and no event has occurred or circumstance exists which, with the delivery of notice, passage of time or both, would constitute such a breach or default, and such Transferor has paid all rent due and payable under such Lease;

(iii) the Transferor a party thereto has not received nor given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by such Transferor under any of the Leases and, to the Knowledge of Transferors', no other party is in default thereof, and no party to any Lease has exercised any termination rights with respect thereto;

(iv) the Transferor a party thereto has not subleased, assigned or otherwise granted to any Person the right to use or occupy such Leased or Licensed Real Property or any portion thereof; and

(v) the Transferor a party thereto has not pledged, mortgaged or otherwise granted an Encumbrance on its leasehold interest in any Leased or Licensed Real Property.

(c) Section 4.09(c) of the Disclosure Schedules (i) sets forth each tax parcel identification number of each parcel of real property for which a Transferor is the grantee of an easement or license interest, and (ii) depicts, by cross streets or other identifiable indicia of location, each parcel of easement or real property that is subject to an easement or license in favor of a Transferor (collectively, the **"Easement Real Property"**). A copy of each real property easement and license (including all modifications, amendments and supplements thereto) applicable to the Easement Real Property has been Made Available to Transferee (each an **"Easement"** and collectively the **"Easements"**). Each Easement is legal, valid, binding and enforceable in accordance with its terms and in full effect against the applicable Transferor and, to the Transferors' Knowledge, the applicable grantor, in each case, with respect to the interests of the applicable Transferor, free and clear of all Encumbrances other than Permitted Encumbrances. With respect to the Easement Real Property that is, or is a part of, a rail line, the applicable Transferor possesses all rights necessary for the Transferors to operate as a Street Railway System thereon and to conduct the Operations as currently conducted and as contemplated to be conducted following the Closing. Neither a Transferor nor, to the Transferors' Knowledge, any other party to such Easement (1) is in material breach or material default under such Easement and (2) no material amounts are currently due from and unpaid by any Transferor with respect to any Easement. No Transferor has received any notice of (i) existing, pending or threatened condemnation proceedings affecting the Easement Real Property; (ii) any enforceable zoning or building code violations with respect to the Easement Real Property or any of the Transferors' improvements thereon; or (iii) any ownership dispute or other cloud on title with respect to the applicable grantor's interest in any Easement Real Property.

(d) No Transferor has received any written notice of (i) violations of building codes or zoning ordinances or other governmental or regulatory Laws affecting any of the Real Property, (ii) existing, pending or threatened condemnation proceedings affecting any of the Real Property, or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which could reasonably be expected to adversely affect the ability to operate the Real Property as currently operated. Neither the whole nor any material portion of

any Real Property has been damaged or destroyed by fire or other casualty.

(e) To the Transferors' Knowledge, none of the Real Property or any condition or activity thereon, any rail tracks, structures, or other improvements located thereon, or the current use, operation or maintenance thereof is (i) in violation of any applicable Law in any respect, or (ii) in violation of the terms of any restrictive covenant or other Encumbrance in any material respect.

(f) The Real Property is sufficient for the continued conduct of the Operations after the Closing in substantially the same manner as conducted prior to the Closing and constitutes all of the real property necessary to conduct the Operations as currently conducted.

Section 4.10 Grant Agreements.

(a) Section 4.10(a) of the Disclosure Schedules sets forth a true, correct and complete list, as of the date of this Agreement, of all Grant Agreements to which a Transferor is a party or otherwise receives or is entitled to receive (or per the terms thereof may be entitled to receive) benefits, whether or not pecuniary, and:

(i) Each Grant Agreement was, to the Transferors' Knowledge, legally awarded, is a valid, binding and legally enforceable obligation of the Transferor a party thereto, and is in full effect.

(ii) With respect to each and every Grant Agreement to which any Transferor is or has at any time been a party: (A) the Transferor a party thereto has complied in all material respects with all terms of such Grant Agreement, (B) all representations and certifications executed, acknowledged or set forth in or otherwise connected or pertaining to such Grant Agreement were current, accurate and complete in all material respects as of their effective date, (C) the Transferor a party thereto is in compliance, and has at all times complied in all respects with all representations and certifications executed, acknowledged or set forth in or otherwise connected or pertaining to such Grant Agreement, and (D) the Transferor a party thereto has maintained sufficient records to demonstrate compliance with the terms of each Grant Agreement.

(iii) To the Transferors' Knowledge no reasonable basis exists that would give rise to a material claim, whether individually or in combination with other claims, by a Governmental Authority or a prime contractor or subcontractor to a Governmental Authority for Fraud or false statements or false claims in connection with any Grant Agreement. No Transferor nor any of a Transferor's respective directors, managers, members or officers have been suspended or debarred, or to the Transferors' Knowledge proposed for suspension or debarment by a Governmental Authority, and, to the Transferors' Knowledge, have not been subject to a finding of non-responsibility or ineligibility for contracting with the Governmental Authority. To Transferors' Knowledge, no reasonable basis exist that would give rise to an investigation or audit of any Transferor by a Governmental Authority related to such Transferor's performance of any Grant Agreement to which the Transferor is or has at any time been a party.

(iv) In the last five (5) years, neither any Governmental Authority nor any higher-tier Grant Agreement recipient or other Person or entity has notified any Transferor, in writing, or, to the Transferors' Knowledge, orally, that any Transferor has, or may have, breached

or violated in any material respect any Law, certification, representation, clause, provision or requirement pertaining to any Grant Agreement. In the last five (5) years, no Transferor has received any notice of termination, “show cause” or cure notice pertaining to any Grant Agreement.

(v) No Transferor has represented itself as a small business, a small disadvantaged business, a woman-owned small business, a veteran owned small business, a service disabled veteran owned small business, a HUBZone small business, or a United States Small Business Administration Section 8(a) business development program business in connection with any Grant Opportunity or Grant Agreement.

(b) During the past five (5) years, neither any Transferor nor any of their respective officers, directors, managers, members or employees, has been or is under indictment, or civil, administrative or criminal investigation involving a Grant Agreement or Grant Opportunity, including but not limited to any allegations of defective performance or work product, mischarging, factual misstatement, failure to act or other material omission or alleged irregularity. There has not been within the last five (5) years, and there is not currently pending or, to the Transferors’ Knowledge, threatened, any audit, survey, review or investigation (other than routine audits) by any Governmental Authority, with respect to any alleged or actual irregularity, misstatement or omission arising under or relating to a Grant Agreement or Grant Opportunity that could reasonably be expected to give rise to liability under the False Claims Act, 31 U.S.C. §§ 3729 to 3733. During the last five (5) years, no Transferor has conducted or initiated any internal investigation or made a voluntary disclosure to any Governmental Authority with respect to any alleged irregularity, misstatement or omission arising under or relating to a Grant Agreement or Grant Opportunity that could reasonably be expected to give rise to (A) liability under the False Claims Act, or (B) any request for a reduction in the funding amount of any Grant Agreement.

(c) Each Transferor has complied in all material respects with any applicable domestic sourcing requirements under any Grant Agreement, including, but not limited, to the Buy American Act, 41 U.S.C. §§ 8301-8305.

(d) Except with respect to reimbursement requests that are currently pending, no requested reimbursement made by any Transferor to any Governmental Authority under any Grant Agreement has been affirmatively rejected in writing by such Governmental Authority or only partially reimbursed.

Section 4.11 Sponsorship Agreements.

(a) Section 4.11(a) of the Disclosure Schedules sets forth a true, correct and complete list, as of the date of this Agreement, of all Sponsorship Agreements to which a Transferor is a party or otherwise receives benefits, whether or not pecuniary.

(b) Each Sponsorship Agreement was, to the Transferors’ Knowledge, legally awarded, is a valid, binding and legally enforceable obligation of the Transferor a party to the Sponsorship Agreement, and is in full effect, unless the Sponsorship Agreement has expired by its terms.

(c) With respect to each and every Sponsorship Agreement to which any

Transferor is or has at any time been a party: (i) the Transferor a party thereto has complied in all material respects with all terms of such Sponsorship Agreement, (ii) all representations and certifications executed, acknowledged or set forth in or pertaining to such Sponsorship Agreement were current, accurate and complete in all material respects as of their effective date and, to the extent required by such Sponsorship Agreement, are accurate and complete as of the date of this Agreement, (iii) the Transferor a party thereto is in compliance, and has at all times complied in all material respects with all representations and certifications executed, acknowledged or set forth in or pertaining to such Sponsorship Agreement, and (iv) the Transferor a party thereto has maintained sufficient records to demonstrate compliance with the terms of each Sponsorship Agreement.

Section 4.12 Donation Agreements.

(a) Section 4.12(a) of the Disclosure Schedules sets forth a true, correct and complete list, as of the date of this Agreement, of all Donation Agreements to which a Transferor is a party or otherwise receives benefits, whether or not pecuniary.

(b) Each Donation Agreement was, to the Transferors' Knowledge, legally awarded, is a valid, binding and legally enforceable obligation of the Transferor a party to the Donation Agreement, and is in full effect, unless it has expired by the terms of the Donation Agreement.

(c) With respect to each Donation Agreement to which any Transferor is or has at any time been a party: (i) except as set forth on Section 4.12(c) of the Disclosure Schedules, no Donation Agreement imposes, or with notice or lapse of time or both may impose any donor use restrictions of a Transferor or the business (ii) the Transferor a party thereto has complied in all material respects with all terms of such Donation Agreement, (iii) all representations and certifications executed, acknowledged or set forth in or pertaining to such Donation Agreement were current, accurate and complete in all material respects as of their effective date and, to the extent required by such Donation Agreement, are accurate and complete as of the date of this Agreement, (iv) the Transferor a party thereto is in compliance, and has complied in all material respects with all representations and certifications executed, acknowledged or set forth in or delivered in connection with such Donation Agreement, and (v) the Transferor a party thereto has maintained sufficient records to demonstrate compliance with the terms of such Donation Agreement.

Section 4.13 Campaign Finance.

(a) Each Transferor is, and at all times during the five (5) years prior to the date of this Agreement has been, in full compliance with all Campaign Finance Laws and Lobbying Laws.

(b) No Transferor has received any written notice from, or is subject to, any pending Action, or to Transferors' Knowledge, threatened Action, of any Governmental Authority alleging that any Transferor (i) is or was in violation of any Campaign Finance Law or any Lobbying Law or (ii) has any Liability arising under any Campaign Finance Law or Lobbying Law, the subject of which in each case is unresolved.

Section 4.14 Intellectual Property.

(a) Section 4.14(a) of the Disclosure Schedules contains a correct, current and complete list of: (i) all Intellectual Property Registrations, including Trademarks specifying as to each, as applicable: the title, mark, or design; the jurisdiction by or in which it has been issued, registered or filed; the patent, registration or application serial number; the issue, registration or filing date; and the current status; and (ii) all unregistered Trademarks included in the Intellectual Property Assets; and (iii) all proprietary Software included in the Intellectual Property Assets; and (iv) all other Intellectual Property Assets that are used or held for use in the conduct of the Operations as currently conducted or proposed to be conducted.

(b) Section 4.14(b) of the Disclosure Schedules contains a correct, current and complete list of all Intellectual Property Agreements, specifying for each the date, title, and parties thereto, and separately identifying the Intellectual Property Agreements: (i) under which a Transferor is a licensor or otherwise grants to any Person any right or interest relating to any Intellectual Property Asset; (ii) under which a Transferor is a licensee or otherwise granted any right or interest relating to the Intellectual Property of any Person (other than licenses for commercially available off the shelf Software licensed to a Transferor for an annual contract price of less than \$10,000.00); and (iii) which otherwise relate to a Transferor's ownership or use of any Intellectual Property in the conduct of the Operations as currently conducted or proposed to be conducted, in each case identifying the Intellectual Property covered by such Intellectual Property Agreement. The Transferors have Made Available to Transferee true and complete copies (or in the case of any oral agreements, a complete and correct written description) of all such Intellectual Property Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Intellectual Property Agreement is valid and binding on the Transferor a party thereto in accordance with its terms and is in full effect. Neither any Transferor nor any other party thereto is, or is alleged to be, in breach of or default under, or has provided or received any notice of breach of, default under, or intention to terminate (including by non-renewal), any Intellectual Property Agreement.

(c) Transferor is the sole and exclusive legal and beneficial, and with respect to the Intellectual Property Registrations, record owner of all right, title and interest in and to the Intellectual Property Assets, and has the valid and enforceable right to use all other Intellectual Property used or held for use in or necessary for the conduct of the Operations as currently conducted or as proposed to be conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances. The Intellectual Property Assets and Licensed Intellectual Property are all of the Intellectual Property necessary to operate the Operations as presently conducted or proposed to be conducted. Each Transferor has entered into binding, valid and enforceable written Contracts with each current and former employee and independent contractor who is or was involved in or has contributed, whether directly or indirectly, to the invention, creation, or development of any Intellectual Property during the course of employment or engagement with a Transferor whereby such employee or independent contractor (i) acknowledges such Transferor's exclusive ownership of all Intellectual Property Assets invented, created or developed by such employee or independent contractor within the scope of his or her employment or engagement with such Transferor; (ii) grants to such Transferor a present, irrevocable assignment of any ownership interest such employee or independent contractor may have or may have had in or to such Intellectual Property, to the extent such Intellectual Property does not constitute a "work

made for hire” under applicable Law; and (iii) irrevocably waives any right or interest, including any moral rights, regarding such Intellectual Property, to the extent permitted by applicable Law. Transferors have Made Available to Transferee true and complete copies of all such Contracts. All assignments and other instruments necessary to establish, record, and perfect a Transferor’s ownership interest in the Intellectual Property Registrations have been validly executed, delivered, and filed with the relevant Governmental Authorities and authorized registrars.

(d) Neither the execution, delivery, or performance of this Agreement, nor the consummation of the transactions contemplated under this Agreement, will result in the loss or impairment of or payment of any additional amounts with respect to, or require the consent of any other Person in respect of, the Transferee’s right to own or use any Intellectual Property Assets or Licensed Intellectual Property in the conduct of the Operations as currently conducted and as proposed to be conducted. Immediately following the Closing, all Intellectual Property Assets will be owned or available for use by Transferee on the same terms as they were owned or available for use by Transferor immediately prior to the Closing.

(e) All of the Intellectual Property Assets (and Licensed Intellectual Property) are valid and enforceable, and all Intellectual Property Registrations are valid and in full effect. Transferors have taken all reasonable and necessary steps to maintain and enforce the Intellectual Property Assets and Licensed Intellectual Property and to preserve the confidentiality of all Trade Secrets included in the Intellectual Property Assets, including by requiring all Persons having access thereto to execute binding, written non-disclosure agreements. All required filings and fees related to the Intellectual Property Registrations have been timely submitted with and paid to the relevant Governmental Authorities and authorized registrars. Transferors have Made Available to Transferee true and complete copies of all file histories, documents, certificates, office actions, correspondence, assignments, and other instruments relating to the Intellectual Property Registrations.

(f) The conduct of the Operations as currently and formerly conducted and as proposed to be conducted, including the use of the Intellectual Property Assets and Licensed Intellectual Property in connection therewith, and the products, processes, and services of the Operations have not infringed, misappropriated, or otherwise violated and will not infringe, misappropriate, or otherwise violate the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, or otherwise violated any Intellectual Property Assets or Licensed Intellectual Property.

(g) There are no Actions (including any opposition, cancellation, revocation, review, or other proceeding), whether settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, or other violation of the Intellectual Property of any Person by a Transferor in the conduct of the Operations; (ii) challenging the validity, enforceability, registrability, patentability, or ownership of any Intellectual Property Assets or Licensed Intellectual Property; or (iii) by a Transferor or any other Person alleging any infringement, misappropriation, or other violation by any Person of any Intellectual Property Assets. No Transferor is aware of any facts or circumstances that could reasonably be expected to give rise to any such Action. No Transferor is subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or could reasonably be expected to restrict or impair the use of any Intellectual Property Assets or Licensed

Intellectual Property.

(h) Section 4.14(h) of the Disclosure Schedules contains a correct, current, and complete list of all social media accounts used by a Transferor in the conduct of the Operations. Each Transferor has complied with all terms of use, terms of service, and other Contracts and all associated policies and guidelines relating to its use of any social media platforms, sites, or services in the conduct of the Operations (collectively, “**Platform Agreements**”). There are no Actions settled, pending, or threatened alleging (i) any breach or other violation of any Platform Agreement by a Transferor; or (ii) defamation, any violation of publicity rights of any Person, or any other violation by a Transferor in connection with its use of social media in the conduct of the Operations.

(i) All Operations IT Systems are in good working condition and are sufficient for the operation of the Operations as currently conducted and as proposed to be conducted. In the past three (3) years, there has been no malfunction, failure, continued substandard performance, denial-of-service, or other cyber incident, including any cyberattack, or other impairment of the Operations IT Systems. Transferors have taken all commercially reasonable steps to safeguard the confidentiality, availability, security, and integrity of the Operations IT Systems, including implementing and maintaining appropriate backup, disaster recovery, and Software and hardware support arrangements.

(j) Transferors have complied with all applicable Laws and all internal or publicly posted policies, notices, and statements concerning the collection, use, processing, storage, transfer, and security of personal information in the conduct of the Operations. In the past three (3) years, no Transferor has (i) experienced any actual, alleged, or suspected data breach or other security incident involving personal information in its possession or control or (ii) been subject to or received any notice of any audit, investigation, complaint, or other Action by any Governmental Authority or other Person concerning the collection, use, processing, storage, transfer, or protection of personal information or actual, alleged, or suspected violation of any applicable Law concerning privacy, data security, or data breach notification, in each case in connection with the conduct of the Operations, and there are no facts or circumstances that could reasonably be expected to give rise to any such Action.

Section 4.15 Inventory. All Inventory, whether or not reflected on the Interim Balance Sheet consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All Inventory is owned by the Transferors free and clear of all Encumbrances, other than Permitted Encumbrances, and no Inventory is held on consignment. The quantities of each item of Inventory (whether supplies, parts or other inventories) are not excessive, but are reasonable in the present circumstances of Transferors.

Section 4.16 Accounts Receivable.

(a) The Accounts Receivable reflected on the Interim Balance Sheet and the Accounts Receivable arising after the Interim Balance Sheet Date (a) have arisen from bona fide transactions entered into by a Transferor involving the sale of goods or the rendering of services

in the ordinary course of business consistent with past practice; and (b) constitute only valid, undisputed claims of a Transferor not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

(b) The Contributions Receivable reflected on the on the Interim Balance Sheet and the Contributions Receivable arising after the Interim Balance Sheet Date (a) have arisen from bona fide transactions entered into by a Transferor consistent with past practice; and (b) constitute only valid, undisputed claims of a Transferor not subject to claims of set-off or other defenses or counterclaims.

Section 4.17 Suppliers; Vendors and Service Providers. Section 4.17 of the Disclosure Schedules sets forth with respect to the Operations (i) each supplier, vendor and service provider (x) to whom a Transferor has paid consideration for goods or services rendered in an amount greater than or equal to \$10,000.00 for each of the last two (2) years or (y) that is the sole source from which Transferors could obtain any goods or services for (collectively, the “**Material Suppliers**”); and (ii) the amount of purchases from each Material Supplier during such periods. No Transferor has received any written or electronic notice, and no Transferor has Knowledge, that any of the Material Suppliers has ceased, or intends to cease, to supply goods or services to the Operations or to otherwise terminate or materially reduce its relationship with the Operations.

Section 4.18 Insurance. Section 4.18 of the Disclosure Schedules sets forth (a) a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers’ compensation, vehicular, fiduciary liability and other casualty and property insurance maintained by a Transferor or any of their respective Affiliates relating to the Operations, the Transferred Assets or the Assumed Liabilities (collectively, the “**Insurance Policies**”); and (b) a list of all pending claims and the claims history for each Transferor since January 1, 2020. There are no claims related to the Operations, the Transferred Assets or the Assumed Liabilities pending under any Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Neither any Transferor nor any of their respective Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of the Insurance Policies. All premiums with respect to Insurance Policies have been paid in full. All the Insurance Policies (a) are in full effect and enforceable in accordance with their terms; and (b) have not been subject to any lapse in coverage. No Transferor nor any of their respective Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any Insurance Policy. The Insurance Policies are sufficient for compliance with all applicable Laws and Contracts to which a Transferor is a party or by which a Transferor is bound. True and complete copies of the Insurance Policies have been Made Available to Transferee.

Section 4.19 Legal Proceedings; Governmental Orders.

(a) Except as set forth on Section 4.19(a) of the Disclosure Schedules, there are no Actions pending or, to Transferors’ Knowledge, threatened against or by a Transferor (a) relating to or affecting the Operations, the Transferred Assets or the Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin or otherwise delay the Transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a

basis for, any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Operations.

Section 4.20 Compliance With Laws; Permits.

(a) Each Transferor has complied, and is now complying, in each case in all material respects, with all Laws applicable to the conduct of the Operations as currently conducted, including for purposes of this Agreement the Procurement Rules, and the ownership and use of the Transferred Assets.

(b) Each Transferor has all Permits necessary to conduct the Operations as currently conducted and for the ownership and use of the Transferred Assets and such Permits are valid and in full effect. All fees and charges with respect to such Permits as of the Effective Date have been paid in full. Section 4.20(b) of the Disclosure Schedules lists all Permits issued to or otherwise held by a Transferor which are related to the conduct of the Operations as currently conducted or the ownership and use of the Transferred Assets, including the names of the Permits, the issuer thereof, and their respective dates of issuance and expiration. Each Transferor has complied and is now complying with the terms of all Permits. To the Knowledge of Transferors, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth, or required to be set forth in Section 4.20(b) of the Disclosure Schedules. No Transferor has received during the last three (3) years any written, or to the Transferors' Knowledge any other, notice from any Governmental Authority regarding revocation, suspension or amendment of any Permit that remains unresolved. No suspension, cancellation, modification, revocation or nonrenewal of any Permit is pending or, to the Transferors' Knowledge, threatened in writing. No Permit is held in the name of any employee, officer, director, manager, member, agent or otherwise on behalf of the Transferors or a Transferor.

(c) No Transferor nor any of their respective officers, directors, managers, or to the Transferors' Knowledge, employees is or at any time was a Sanctioned Person.

Section 4.21 Anti-Corruption Laws; Anti-Money Laundering Laws.

(a) No Transferor, nor, to the Transferors' Knowledge any director, manager, or officer thereof, nor any employee, agent, distributor or other Person acting for or on behalf of any Transferor or any director, manager, or officer of the Transferor, has, within the past five (5) years (i) made any payment or offered, promised or authorized the payment of anything of value to any government official or employee or any political party or candidate for political office for the purpose of influencing any act of decision of such official or of any Governmental Authority to obtain or retain business or direct business to any Person in violation of Law; (ii) made any other payment in violation of Law to any official of any Governmental Authority, including but not limited to, bribes, gratuities, kickbacks, lobbying expenditures, political contributions or contingent fee payments; or (iii) violated any Anti-Money Laundering Laws or Anti-Corruption Laws, nor have any of them otherwise taken any action which could cause any Transferor to be in violation of any Anti-Money Laundering Laws or Anti-Corruption Laws, or any applicable Law

of similar effect.

(b) No Transferor has ever been the subject of any investigation, public or voluntary disclosure, governmental prosecution, internal or external allegation, complaint, or enforcement action related to a suspected, potential, or actual violation of Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) The Transferors maintain an adequate system or systems of internal controls reasonably designed to (i) ensure material compliance with Anti-Corruption Laws, Anti-Money Laundering Laws, Campaign Finance Laws and Lobbying Laws and (ii) prevent and detect violations of any Anti-Corruption Laws, Anti-Money Laundering Laws, Campaign Finance Laws or Lobbying Laws.

Section 4.22 Transit Operations Finance Zone; Tax Increment Financing Plan.

(a) The Transferors are not nor has any Transferor at any time been a party to Transit Operations Finance Zone Agreement or the beneficiary of a Tax Increment Financing Plan.

(b) No Transferor, whether alone or in combination or concert with any Governmental Authority, has taken any action in pursuit of the establishment of a Transit Operations Finance Zone or a Tax Increment Financing Plan.

Section 4.23 Environmental Matters.

(a) The operations of Transferors with respect to the Operations and the Transferred Assets are currently and have at all times been in compliance in all material respects with all Environmental Laws. No Transferor has received from any Person, with respect to the Operations or the Transferred Assets, any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Transferors have no Environmental Permits.

(c) None of the Operations or the Transferred Assets or any real property currently or formerly owned, leased or operated by a Transferor in connection with the Operations is listed on, or has been proposed for listing on, the National Priorities List under CERCLA, or any similar state list.

(d) To Transferor's Knowledge, there has been no Release of Hazardous Materials by Transferors or any of their respective Affiliates in contravention of Environmental Law with respect to the Operations or the Transferred Assets or any real property currently or formerly owned, leased or operated by a Transferor in connection with the Operations. No Transferor has received an Environmental Notice that any of the Operations or the Transferred Assets or real property currently or formerly owned, leased or operated by a Transferor in connection with the Operations (including soils, groundwater, surface water, buildings and other structure located thereon) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of

Environmental Law or term of any Environmental Permit by, a Transferor.

(e) The Transferors have never owned or operated aboveground or underground storage tanks in connection with the Operations or the Transferred Assets.

(f) Section 4.23(f) of the Disclosure Schedules contains a complete and accurate list of any off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by a Transferor in connection with the Operations or the Transferred Assets as to which a Transferor may retain liability, and to Transferors' Knowledge none of these facilities or locations has been placed or proposed for placement on the National Priorities List under CERCLA, or any similar state list. No Transferor has received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by a Transferor.

(g) No Transferor has assumed, by contract or operation of Law, any liabilities or obligations of nonparties under Environmental Law.

(h) Transferors have Made Available to Transferee and listed in Section 4.23(h) of the Disclosure Schedules: (i) any environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, and other similar documents with respect to the Operations or the Transferred Assets or any real property currently or formerly owned, leased or operated by a Transferor in connection with the Operations which are in the possession or control of a Transferor related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes), including all Environmental Documents which are in the possession or under the control of a Transferor or any of their respective Affiliates.

(i) No Transferor is aware of or reasonably anticipates (without investigation), as of the date of this Agreement, any condition, event or circumstance concerning the Release or regulation of Hazardous Materials that would reasonably be expected, after the Closing Date, to prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the Operations or the Transferred Assets as currently carried out as of the date of this Agreement by Transferors.

Section 4.24 Employee Benefit Matters.

(a) Section 4.24(a) of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, deferred compensation, incentive, bonus, performance award, change in control, retention, severance, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe-benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained,

sponsored, contributed to, or required to be contributed, whether directly or indirectly, by a Transferor for the benefit of any current or former employee, officer, director, manager, retiree, independent contractor or consultant of the Operations or any spouse or dependent of such individual, or under which a Transferor or any of ERISA Affiliates of such Transferor has or may have any Liability, or with respect to which Transferee or any Affiliates of Transferee would reasonably be expected to have any Liability, direct or indirect, contingent or otherwise (as listed on Section 4.24(a) of the Disclosure Schedules, each, a “**Benefit Plan**”).

(b) With respect to each Benefit Plan, Transferors have Made Available to Transferee accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document and all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, summaries of benefits and coverage, COBRA communications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service and any legal opinions issued thereafter with respect to such Benefit Plan’s continued qualification; (vi) in the case of any Benefit Plan for which a Form 5500 must be filed, a copy of the three (3) most recently filed Forms 5500, with all corresponding schedules and financial statements attached; (vii) actuarial valuations and reports related to any Benefit Plans with respect to the two (2) most recently completed plan years; (viii) the two (2) most recent nondiscrimination tests performed under the Code; and (ix) copies of notices, letters or other correspondence from the Internal Revenue Service, U.S. Department of Labor, U.S. Department of Health and Human Services, Pension Benefit Guaranty Corporation or other Governmental Authority relating to the Benefit Plan.

(c) Each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a “**Multiemployer Plan**”)) has been established, administered and maintained in accordance with its terms and in compliance in all material respects with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a “**Qualified Benefit Plan**”) is so qualified and has received a favorable and current determination letter from the Internal Revenue Service, or with respect to a pre-approved plan, can rely on an opinion letter from the Internal Revenue Service to the pre-approved plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), of the Code, and to the Transferor’s Knowledge nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject a Transferor or any of ERISA Affiliates such Transferor or, with respect to any period on or after the Closing Date, Transferee or any Affiliates of Transferee, to a penalty under Section 502 of ERISA or to tax or penalty under Sections 4975 or 4980H of the Code.

No pension plan (other than a Multiemployer Plan) which is subject to minimum funding requirements, including any multiple employer plan, (each a “**Single Employer Plan**”) in which employees of the Operations or any ERISA Affiliate participate or have participated has an “accumulated funding deficiency,” whether or not waived, or is subject to a lien for unpaid contributions under Section 303(k) of ERISA or Section 430(k) of the Code. No Single Employer Plan covering employees of the Operations which is a defined benefit plan has an “adjusted funding target attainment percentage,” as defined in Section 436 of the Code, less than 80%. All benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with GAAP.

(d) Neither any Transferor nor any ERISA Affiliates of a Transferor has (i) incurred or reasonably expects to incur, either directly or indirectly, any Liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Benefit Plan; (iv) engaged in any transaction which would reasonably be expected to give rise to liability under Section 4069 or Section 4212(c) of ERISA; (v) incurred taxes under Section 4971 of the Code with respect to any Single Employer Plan; or (vi) participated in a multiple employer welfare arrangement (MEWA).

(e) With respect to each Benefit Plan (i) no such plan is a Multiemployer Plan or a Controlled Group Plan, and (A) neither any Transferor nor any of their respective ERISA Affiliates has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied, and (B) neither the execution of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will result in any withdrawal liability under any; (ii) except as set forth in Section 4.24(e) of the Disclosure Schedules, no such plan is a “multiple employer plan” within the meaning of Section 413(c) of the Code or a “multiple employer welfare arrangement” (as defined in Section 3(40) of ERISA); (iii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iv) no such plan or the plan of any ERISA Affiliate maintained or contributed to within the last six (6) years is a Single Employer Plan subject to Title IV of ERISA; and (v) no “reportable event,” as defined in Section 4043 of ERISA, with respect to which the reporting requirement has not been waived, has occurred with respect to any such plan; and (vi) no Transferor has any Controlled Group Liability.

(f) Other than as required under Sections 601 to 608 of ERISA or other applicable Law, no Benefit Plan or other arrangement provides post-termination or retiree health benefits to any individual for any reason.

(g) There is no pending or, to Transferors’ Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three (3) years prior to the Effective Date been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under, or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(h) There has been no amendment to, announcement by a Transferor or any Affiliates of a Transferor relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any director, manager, officer, employee, consultant or independent contractor of the Operations, as applicable. No Transferor nor any Affiliates of a Transferor has any commitment or obligation or has made any representations to any director, officer, employee, consultant or independent contractor of the Operations, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any Collective Bargaining Agreement.

(i) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations) thereunder. No Transferor has any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(j) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of the Operations to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (iv) result in “excess parachute payments” within the meaning of Section 280G(b) of the Code; or (v) require a “gross-up” or other payment to any “disqualified individual” within the meaning of Section 280G(c) of the Code.

Section 4.25 Employment Matters.

(a) Section 4.25(a) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of the Operations as of the date of this Agreement, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, in each case whether by, with or through a Transferor or CoStaff, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full-time or part-time); (iii) hire or retention date; (iv) current annual base compensation rate or contract fee; (v) commission, bonus or other incentive-based compensation; (vi) a description of the fringe benefits provided to each such individual as of the Effective Date; and (vii) whether such Person is employed by a Transferor (identifying the Transferor) or CoStaff. As of the Effective Date, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors or consultants of the Operations for services performed on or prior to the Effective Date have been paid in full and there are no outstanding agreements, understandings or commitments of a Transferor with respect to any compensation, commissions, bonuses or fees.

(b) Except as set forth in Section 4.25(b) of the Disclosure Schedules, no Transferor is, and none has been for the past five (5) years, a party to, bound by, or negotiating

any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, “**Union**”), and there is not, and has not been for the past five (5) years, any Union representing or purporting to represent any employee of a Transferor, and no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting a Transferor or any employees of the Operations. Except as set forth in Section 4.25(b) of the Disclosure Schedules, no Transferor has any duty to bargain with any Union.

(c) Each Transferor is and has at all times been in compliance with the terms of the Collective Bargaining Agreements applicable to a Transferor and other Contracts required to be listed on Section 4.25(b) of the Disclosure Schedules by which a Transferor is bound and any applicable Laws pertaining to employment and employment practices to the extent they relate to employees, volunteers, interns, consultants and independent contractors of the Operations, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers’ compensation, leaves of absence, paid sick leave and unemployment insurance. All individuals characterized and treated by a Transferor as consultants or independent contractors of the Operations are properly treated as independent contractors under all applicable Laws. All employees of the Operations classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. Each Transferor is and at all times has been in compliance with all applicable Form I-9 requirements and any applicable mandatory E-Verify obligations. There are no Actions against a Transferor pending, or to the Transferors’ Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of the Operations, including, without limitation, any charge, investigation or claim relating to unfair labor practices, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, employee classification, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers’ compensation, leaves of absence, paid sick leave, unemployment insurance or any other employment related matter arising under applicable Laws.

(d) Transferors have complied with any applicable provisions of the WARN Act, and Transferors have no plans to undertake any action requiring a Transferor to issue a notice under the WARN Act.

(e) With respect to each Government Contract, each Transferor a party to such Government Contract is and has at all applicable times been in compliance with any applicable provisions of Executive Order No. 11246 of 1965 (“**E.O. 11246**”), Section 503 of the Rehabilitation Act of 1973 (“**Section 503**”) and the Vietnam Era Veterans’ Readjustment Assistance Act of 1974 (“**VEVRAA**”), including all implementing regulations. Transferors maintain and comply with affirmative action plans in compliance with any applicable provisions of E.O. 11246, Section 503 and VEVRAA, including all implementing regulations. No Transferor

is, nor has any Transferor been for the past three (3) years, the subject of any audit, investigation or enforcement action by any Governmental Authority in connection with any Government Contract or related compliance with E.O. 11246, Section 503 or VEVRAA. No Transferor has been debarred, suspended or otherwise made ineligible from doing business with the United States government or any government contractor.

Section 4.26 Taxes.

(a) All Tax Returns required to be filed by a Transferor for any Pre-Closing Tax Period have been, or will be, timely filed. Such Tax Returns are, or will when filed be, true, complete and correct in all respects. Any Taxes due and owing by a Transferor (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) Each Transferor has withheld and paid or caused to be withheld and paid any Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, or other Person, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No extensions or waivers of statutes of limitations have been given to a Transferor or requested by a Transferor with respect to any Taxes of a Transferor.

(d) Any deficiencies asserted, or assessments made, against a Transferor as a result of any examinations by any taxing authority have been fully paid.

(e) No Transferor is a party to any Action by any taxing authority. There are no pending or to Transferors' Knowledge threatened Actions against a Transferor by any taxing authority.

(f) There are no Encumbrances for Taxes upon any of the Transferred Assets nor to Transferors' Knowledge is any taxing authority in the process of imposing any Encumbrances for Taxes on any of the Transferred Assets (other than for current Taxes not yet due and payable). No Transferor is a "foreign person" as that term is used in United States Department of Treasury Regulations Section 1.1445-2.

(g) No Transferor is or at any time has been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and United States Department of Treasury Regulations Section 1.6011-4(b).

(h) None of the Transferred Assets is (i) required to be treated as being owned by another person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, (ii) subject to Section 168(g)(1)(A) of the Code, or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(i) None of the Transferred Assets are tax-exempt use property within the meaning of Section 168(h) of the Code.

(j) The property of a Street Railway and its income and operations are exempt

from all taxation by the State of Michigan or by a political subdivision of the State of Michigan. M-1 and M-2 are each exempt from federal income tax under Section 501(c)(3) of the Code. M-3 and Towing are each a disregarded entity separate from its owner (M-1) under the Code.

Section 4.27 Related Party Transactions. There are no Contracts or other arrangements between a Transferor, on the one hand, and any Affiliate of a Transferor, or their or any Transferor’s respective directors, managers, officers, or employees or any immediate family members, on the other hand, and no such Persons have a financial interest, or otherwise own or lease any Transferred Asset.

Section 4.28 Brokers. No Person is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of a Transferor.

Section 4.29 No Other Representations or Warranties. Notwithstanding any provision of this Agreement to the contrary, except for the representations set forth in this ARTICLE IV and in any Ancillary Document, none of the Transferors nor any other Person makes any representations or warranties (including with respect to non-infringement, merchantability or suitability or fitness for any particular purpose), with respect to the Transferors or their respective activities, operations, assets, liabilities, condition (financial or otherwise) or prospects.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF TRANSFEEE

Transferee represents and warrants to Transferors that the statements contained in this ARTICLE V are true and correct as of the date of this Agreement.

Section 5.01 Organization of Transferee. Transferee is a “regional transit authority” as defined in section 2 of the Regional Transit Authority Act, MCL 124.542. Transferee also is a “public transportation provider” as defined in section 2 of the Regional Transit Authority Act, MCL 124.542, that provides “public transportation” services as defined in Section 2(k) of the Regional Transit Authority Act, MCL 124.542(k), and that operates a Public Transportation System.

Section 5.02 Authority of Transferee. Transferee has full power and authority to enter into this Agreement and the Ancillary Documents to which Transferee is or will be a party, to carry out its obligations under this Agreement and the Ancillary Documents and to consummate the transactions contemplated by this Agreement and the Ancillary Documents. The execution and delivery by Transferee of this Agreement and any Ancillary Document to which Transferee is or will be a party, the performance by Transferee of its obligations under this Agreement and the Ancillary Documents and the consummation by Transferee of the transactions contemplated by this Agreement and the Ancillary Documents have been authorized by all requisite action on the part of Transferee. This Agreement has been duly signed and delivered by Transferee, and (assuming due authorization, execution and delivery by Transferors) this Agreement constitutes a legal, valid and binding obligation of Transferee enforceable against Transferee in accordance with its terms. When each Ancillary Document to which Transferee is or will be a party has been duly signed and delivered by Transferee (assuming due authorization, execution and delivery by each

other party thereto), such Ancillary Document will constitute a legal and binding obligation of Transferee enforceable against it in accordance with its terms. Consistent with Section 6(3)(a)(v) of the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.546(3)(a)(v), and Section 3(a)(v) of the Bylaws of the Transferee, the Transferee Board has approved this Agreement by a vote of at least 7/9 of the members of the Board, with an affirmative vote of at least one Transferee Board member from each of Macomb County, Oakland County, Washtenaw County, and Wayne County.

Section 5.03 No Conflicts; Consents. The execution, delivery and performance by Transferee of this Agreement and the Ancillary Documents to which it is or will be a party, and the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, bylaws or other organizational documents of Transferee; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Transferee; or (c) except as set forth in Section 5.03 of the Disclosure Schedules, require the consent, notice or other action by any Person under any Contract to which Transferee is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Transferee in connection with the execution and delivery of this Agreement and the Ancillary Documents to which Transferee is or will be a party and the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, except for such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a material adverse effect on the ability of Transferee to consummate the transactions contemplated by this Agreement on a timely basis.

Section 5.04 Brokers. No Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Transferee.

Section 5.05 Legal Proceedings. Except as set forth in Section 5.05 of the Disclosure Schedules, there are no Actions pending or, to Transferee's knowledge, threatened against or by Transferee or any Affiliate of Transferee that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.06 Investigation. Transferee acknowledges that (a) it is an informed and sophisticated party, and has engaged expert advisors experienced in the evaluation of the transactions contemplated in this Agreement, (b) it has undertaken its own investigation and has conducted its own independent review and analysis of the activities, assets, condition, operations and prospects of the Transferors, (c) it has been provided with and has evaluated such documents and information necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement, the Ancillary Documents and the transactions contemplated by this Agreement and the Ancillary Documents, (d) it has entered into this Agreement based upon its own inspection, examination and determination and, except for the representations included in ARTICLE IV and the Ancillary Documents, without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to the Transferors or any other person, (e) except for the representations in ARTICLE IV and the

Ancillary Documents, the Transferee is not relying and has not relied on, any express or implied representation or warranty of any nature.

Section 5.07 Acknowledgements.

(a) Transferee acknowledges all of the following: (i) that M-2 funded the construction of the Street Railway System in part through federal funds received by MDOT from the FTA pursuant the TIGER Grants and paid by MDOT to M-2 under the terms of the MDOT Lease; (ii) that pursuant to FTA grant requirements, MDOT must demonstrate and maintain “satisfactory continuing control”, as that term is defined by the FTA from time to time, over those parts of the Street Railway System that constitute Federally Assisted Property; (iii) that a federal interest exists in portions of the Street Railway System that are Federally Assisted Property; and (iv) that the Oversight Manager (or a designee of the Oversight Manager), or the FTA, or both have the right to and may visit, inspect, survey and otherwise conduct periodic maintenance inspections of the Street Railway System for the purpose of confirming the existence, condition, its use, its operations and the records maintained in connection with the Street Railway System for the purposes of confirming the existence, condition and proper maintenance of any portion of the Street Railway System that is Federally Assisted Property.

(b) Transferee further acknowledges that as a consequence of the transfer to the Transferee of Federally Assisted Property that, in each case in accordance with applicable Law, it (i) is accepting and assuming responsibility for any active federal interests in any Federally Assisted Property transferred to Transferee under this Agreement, (ii) will not take or permit to be taken (to the extent it can prohibit the same) any action that would compromise or otherwise diminish any federal interest in any portion of the Street Railway System that is Federally Assisted Property transferred to Transferee under this Agreement, (iii) will operate any Federally Assisted Property transferred to Transferee under this Agreement to serve the best interests and welfare of the public, (iv) will maintain any Federally Assisted Property transferred to Transferee under this Agreement at a level of cleanliness, safety, and mechanical soundness under maintenance procedures outlined by MDOT or the FTA, or both, (v) will maintain, service, test and inspect each component of the Street Railway System to keep the Street Railway System in a state of good repair pursuant to any applicable FTA regulations and requirements; (vi) will provide sufficient access for the inspection and audit of records and information related to the Street Railway System to the United States Secretary of Transportation (or a duly authorized representative of the Secretary), to the Comptroller General of the United States (or a duly authorized representative of the Comptroller General), (vii) will permit any Person identified in the immediately preceding clause (vi) to inspect all work and materials related to the Street Railway System, and to audit any information related to the Street Railway System under the control of Transferee within books, records, accounts, or other locations, and otherwise comply with 49 U.S.C. §5325(g), and federal access to records requirements under U.S. DOT Regulations; (viii) will operate the Street Railway System as a Public Transportation System in compliance with the Regional Transit Authority Act and other applicable Laws, (ix) will comply with any legally binding directives of the Oversight Manager with respect to compliance with applicable Laws, and (x) will maintain records in compliance with any applicable requirements under the U.S. DOT Regulations.

(c) Transferors acknowledge that nothing in this Section 5.07 provides a Transferor with any contractual right to a cause of action for any violation by Transferee of the

acknowledgements contained in this Section 5.07 or otherwise as a result of or in connection with the Transferee's failure to comply with any applicable Law applicable to Federally Assisted Property, including, but not limited to, U.S. DOT Regulations.

ARTICLE VI COVENANTS

Section 6.01 Conduct of Operations Prior to the Closing. From the Effective Date until the Closing, except as otherwise provided in this Agreement or consented to in writing by Transferee, which consent shall not be unreasonably withheld, conditioned or delayed, Transferors shall (x) conduct the Operations in the ordinary course of business consistent with past practice; and (y) use Reasonable Efforts to maintain and preserve intact its current Operations organization, operations and franchise and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Operations. Without limiting the foregoing, from the Effective Date until the Closing Date, Transferors shall use Reasonable Efforts to:

- (a) preserve and maintain all Permits required for the conduct of the Operations as currently conducted or the ownership and use of the Transferred Assets;
- (b) pay the Indebtedness, Taxes and other obligations of the Operations when due;
- (c) continue to collect Accounts Receivable and Contributions Receivable in a manner consistent with past practice, without discounting such Accounts Receivable or Contributions Receivable;
- (d) maintain the properties and assets included in the Transferred Assets in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;
- (e) continue in full effect without modification all Insurance Policies, except as required by applicable Law;
- (f) defend and protect the properties and assets included in the Transferred Assets from infringement or usurpation;
- (g) perform, in all material respects, all of its obligations under all Assigned Contracts;
- (h) maintain the Records in accordance with past practice;
- (i) comply in all material respects with all Laws applicable to the conduct of the Operations or the ownership and use of the Transferred Assets;
- (j) obtain from the City of Detroit a waiver, effective as of the Closing Date, of \$10,000,000.00 of the \$25,000,000.00 commercial general liability insurance requirements applicable under Section 19.0 of the Construction, Operations and Maintenance Agreement by and among the City, M-1 RAIL, and M-2 RAIL with an effective date of June 23, 2014; and

(k) not take or permit any action that would cause any of the changes, events or conditions described in Section 4.05 to occur.

Section 6.02 Access to Information. From the Effective Date until the Closing, Transferors shall (a) afford Transferee and its Representatives, upon reasonable advance notice and during regular business hours, full, free and reasonable access to and the right to reasonably inspect all of the Real Property, properties, assets, premises, Records, Contracts and other documents and data related to the Operations; (b) furnish Transferee and its Representatives with such financial, operating and other data and information related to the Operations as Transferee or any of its Representatives may reasonably request; and (c) instruct the Representatives of Transferors to cooperate with Transferee in its investigation of the Operations. Without limiting the foregoing, Transferors shall permit Transferee and its Representatives to conduct environmental due diligence of the Real Property, including the collecting and analysis of samples of indoor or outdoor air, potentially hazardous building materials, surface water, groundwater or surface land on, at, in, under or from the Real Property; provided that Transferee shall not be entitled to conduct any subsurface testing without the Transferor's prior written consent. Any investigation pursuant to this Section 6.02 shall be conducted at Transferee's expense and in such manner as not to interfere unreasonably with the conduct of the Operations or any other activities of Transferors related to the Operations. Nothing in this Section 6.02 shall require the Transferors to disclose any information to the extent such disclosure would (A) give rise to a material risk of waiving any attorney-client privilege, work product doctrine or similar privilege, or (B) give rise to a material risk of a violation of any applicable Law or fiduciary duty. No investigation by Transferee or other information received by Transferee shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by a Transferor in this Agreement.

Section 6.03 Notice of Certain Events.

(a) From the Effective Date until the Closing, Transferors shall promptly notify Transferee in writing of, and Transferee shall promptly notify Transferors in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by such Party under this Agreement not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Article VII to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to such Party's Knowledge, threatened against such Party that relates to the Operations, Transferred Assets, Assumed Liabilities or the consummation of the transactions contemplated by this Agreement.

(b) A Party's receipt of information pursuant to this Section 6.03 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the other Parties in this Agreement and will not amend or supplement the Disclosure Schedules.

Section 6.04 Employees and Employee Benefits.

(a) Transferee intends to offer employment, effective on the Closing Date immediately after the Closing, to all employees of Transferors who are actively employed by a Transferor (including through any co-employment arrangement with CoStaff) as of the Closing Date on terms and conditions of employment substantially equivalent in the aggregate as in effect with Transferors immediately preceding the Closing, subject in each case to Transferee's existing standard hiring policies and procedures applicable to new employees and any applicable provisions of the Collective Bargaining Agreements. The employees who accept such offer of employment and commence employment with Transferee on the Closing Date are referred to in this Agreement as the "**Transferred Employees.**" For the avoidance of doubt, nothing contained in this Agreement (including this Section 6.04) shall be deemed to limit, restrict or prohibit Transferee from interviewing the employees for informational purposes only in connection with employment with Transferee as provided in this Section 6.04. Subject to applicable Law and applicable provisions of the Collective Bargaining Agreements, Transferred Employees shall be employees-at-will of Transferee.

(b) Nothing in this Section 6.04 shall be construed to (i) modify or amend any Collective Bargaining Agreements of (ii) or establish, modify or amend any benefit plan, program or arrangement or in any way affect the ability of the Parties or any other Person to modify, amend or terminate any of its benefit plans, programs or arrangements. This Section 6.04 is not intended to, and shall not be construed to, provide any Person, other than the Parties, any rights or remedies under this Agreement or any current or former employee of Transferee or any Transferor any promise or right to employment for any duration.

Section 6.05 Nondisclosure. From and after the Closing, Transferors shall not disclose, and shall cause their respective Affiliates not to disclose (i) any proprietary information with respect to the Operations or (ii) any nonparty information that a Transferor or an Affiliate of Transferor is required by Law to restrict from disclosure, provided, however, that nothing in this Section 6.05 shall, or shall be deemed to, prohibit or disclosure by a Transferor if such disclosure is required under applicable Law provided that in such event the applicable Transferor shall limit its disclosure to that portion of such information which such Transferor is advised by its counsel is legally required to be disclosed.

Section 6.06 Governmental Approvals and Consents.

(a) Each Party shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such Party or any of such Party's Affiliates; and (ii) use Reasonable Efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the Ancillary Documents. Each Party shall cooperate fully with the other Party and the Affiliates of such other Party in promptly seeking to obtain all such

consents, authorizations, orders and approvals. The Parties shall not intentionally take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Transferors and Transferee shall use Reasonable Efforts to give all notices to, and obtain all consents from, all nonparties that are described in Section 4.02 and Section 5.03 of the Disclosure Schedules.

(c) Without limiting the generality of the Parties' undertakings pursuant to subsections (a) and (b) above, each of the Parties shall use Reasonable Efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other matters with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the Parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either Party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated under this Agreement (other than any interactions between a Transferor or Transferee with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other Party in advance of any filing, submission or attendance, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each Party shall give notice to the other Party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other Party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(e) Notwithstanding the foregoing, nothing in this Section 6.06 shall require, or be construed to require, any Party or any Affiliates of a Party to agree to (i) any conditions relating to, or changes or restrictions in, the operations of any those assets, businesses, activities or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Transferee or Transferors of the transactions contemplated by this Agreement and the Ancillary Documents; or (ii) any material modification or waiver of the terms of this Agreement.

Section 6.07 Records.

(a) In order to facilitate the resolution of any claims made against or incurred by Transferors prior to the Closing, or for any other reasonable purpose, for a period of three (3) years after the Closing (the “**Restricted Period**”), Transferee shall:

(i) retain the Records (including personnel files) relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of Transferors; and

(ii) upon reasonable notice, afford the Transferors’ Representatives reasonable access (including the right to make, at Transferors’ expense, photocopies), during normal business hours, to the Records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Transferee after the Closing, or for any other reasonable purpose, during the Restricted Period, each Transferor shall:

(i) retain the Records (including personnel files) of such Transferor which relate to the Operations and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford the Transferee’s Representatives reasonable access (including the right to make, at Transferee’s expense, photocopies), during normal business hours, to the Records.

(c) Neither Transferee nor a Transferor, shall be obligated to provide the other Party with access to any books or records (including personnel files) pursuant to this Section 6.07 where such access would violate any Law.

Section 6.08 Closing Conditions. From the Effective Date until the Closing, each Party shall use Reasonable Efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in ARTICLE VII of this Agreement on or before September 26, 2024.

Section 6.09 Bulk Sales Laws. The Parties by this Agreement waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Transferred Assets to Transferee. The Parties acknowledge that any Liabilities arising out of the failure of a Transferor to comply with any applicable requirements or provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that would not otherwise constitute Assumed Liabilities will be treated as Excluded Liabilities.

Section 6.10 Receivables. From and after the Closing, if a Transferor or any of its Affiliates receives or collects any money or other item or items of value relating to any Accounts Receivable, Contributions Receivable or any other Transferred Asset, such Transferor or the applicable Affiliate of such Transferor shall pay that money or transfer such item or items to Transferee within three (3) Business Days after its receipt of the money or item.

Section 6.11 Transfer Taxes. Any transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Ancillary Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid one-half by Transferors and one-half by

Transferee when due. The Party required by applicable Law shall, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and the other Parties shall cooperate with respect thereto as necessary).

Section 6.12 Tax Clearance Certificates. If a Transferor is subject to Taxes imposed by a taxing authority in a jurisdiction or if a Transferor has a duty to file Tax Returns of the transactions contemplated by this Agreement, and if requested by Transferee, Transferors shall notify all of the taxing authorities in the jurisdictions that impose Taxes on a Transferor or where a Transferor has a duty to file Tax Returns of the transactions contemplated by this Agreement in the form and manner required by such taxing authorities, if the failure to make such notifications or receive any available tax clearance certificate (a “**Tax Clearance Certificate**”) could subject the Transferee to any Taxes of a Transferor. If any taxing authority asserts that a Transferor is liable for any Tax, such Transferor shall promptly pay any and all such amounts and shall provide evidence to the Transferee that such liabilities have been paid in full or otherwise satisfied.

Section 6.13 Supplement to Disclosure Schedules. From time to time prior to the Closing, Transferors may supplement or amend the Disclosure Schedules with respect to any matter (i) as to which the Parties agree or (ii) arising after the Effective Date or of which Transferors becomes aware after the Effective Date (each a “**Schedule Supplement**”), and each such Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the Disclosure Schedules as of the Closing Date, but a Schedule Supplement shall have no effect for purposes of determining the satisfaction of the conditions to Closing set forth in Article VII.

Section 6.14 Excluded Cash. Transferors covenant and agree (i) that following the Closing, Excluded Cash retained by the Transferors will be used solely in connection with actions required or otherwise determined by the management of Transferors to be necessary, advisable or desirable in connection with the orderly winding up and dissolution of the Transferors (including retaining and compensating consultants and advisors) and (ii) that promptly following the dissolution and winding up of the last of the Transferors to be dissolved all then remaining Cash and Cash Equivalents of the Transferors shall be transferred and conveyed to the Transferee pursuant to wire instructions provided to M-1 for such purpose.

Section 6.15 Further Assurances. Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated by this Agreement and the Ancillary Documents.

ARTICLE VII CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the

transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated under this Agreement to be rescinded following completion thereof.

(b) Transferee shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 5.03, in each case, reasonably satisfactory to Transferee and Transferor, and no such consent, authorization, order and approval shall have been revoked.

Section 7.02 Conditions to Obligations of Transferee. The obligations of Transferee to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Transferee's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Transferors contained in Article IV of this Agreement shall be true and correct in all material respects (without giving effect to any limitation indicated by the words "Material Adverse Effect," "in all material respects," "in any material respect," "material," or "materially") on and as of the Closing Date with the same effect as though made as of the Closing Date except that (i) for those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects and (ii) each of the representations and warranties that are qualified by the by the words "Material Adverse Effect," "in all material respects," "in any material respect," "material," or "materially" shall be true and correct in all respects.

(b) Each Transferor shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, each Transferor shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) No Action shall have been commenced against Transferee or a Transferor, which would impede or prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits the transactions contemplated by this Agreement and the Ancillary Documents.

(d) All approvals, consents and waivers that are listed on Section 7.02 of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Transferee at or prior to the Closing.

(e) From the date of this Agreement, there shall not have occurred any Material Adverse Effect.

(f) Each Transferor shall have delivered to Transferee duly executed counterparts to the Ancillary Documents and such other documents and deliveries set forth in Section 3.02(a).

(g) Transferee shall have received all Permits set forth on Schedule 7.02(g).

(h) Transferee shall have received (at Transferors' expense) a *pro forma*

owner's title insurance policy with respect to each Owned Real Property and Easement Real Property, issued by a nationally recognized title insurance company acceptable to Transferee, written as of the Closing Date, and the title insurance company must have irrevocably committed to insuring Transferee pursuant to the *pro forma* owner's title insurance policy in such amounts and with such endorsements, and otherwise in such form, as Transferee shall reasonably require. Such title insurance policy shall insure fee simple title to each Owned Real Property, free and clear of all Encumbrances other than Permitted Encumbrances and those listed on Section 4.09(a) of the Disclosure Schedules. Transferee shall have received (at Transferors' expense) an appropriately certified ALTA/NSPS Land Title Survey showing no Encumbrances other than the Permitted Encumbrances and those listed on Section 4.09(a) of the Disclosure Schedules, and otherwise reasonably satisfactory to Transferee, for each of the Owned Real Properties.

(i) All Encumbrances relating to the Transferred Assets shall have been released in full, other than Permitted Encumbrances, and Transferors shall have delivered or caused to be delivered to Transferee written evidence, in form reasonably satisfactory to Transferee in its sole discretion, of the release of such Encumbrances.

(j) Transferee shall have received a certificate, dated as of the Closing Date and signed by a duly authorized officer of each Transferor, that each of the conditions set forth in Section 7.02(a) and Section 7.02(b) have been satisfied (the "**Transferor Closing Certificates**").

(k) Transferee shall have received a certificate of the secretary, manager or sole member of each Transferor certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors or managers, as the case may be, of such Transferor authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents to which it is a party and the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, and that all such resolutions are in full effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement and the Ancillary Documents.

(l) Transferee shall have received a certificate of the secretary, manager or sole member of each Transferor certifying the names and signatures of the officers of such Transferor authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered under this Agreement and the Ancillary Documents.

(m) Each Transferor shall submit to the Michigan Department of Treasury ("**Treasury**") a completed Request for Tax Clearance Application (Treasury Form 5156) on behalf of the Transferor and provide the Transferee with any response received by the Transferor from Treasury. If a Transferor does not receive a response from Treasury within sixty (60) days of the Transferor's submission of Treasury Form 5156 to Treasury, the Transferor shall notify Transferee that it did not receive a response to the submission required by this Section 7.02(m).

(n) Each Transferor shall have delivered to Transferee such other documents or instruments as Transferee reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 7.03 Conditions to Obligations of Transferors. The obligations of Transferors

to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Transferors' waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Transferee contained in Section 5.01, Section 5.02, Section 5.03(a) and Section 5.04, the representations and warranties of Transferee contained in Article V of this Agreement, shall be true and correct in all material respects on and as of the Closing Date with the same effect as though made at and as of the Closing Date except that (i) for those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects and (ii) each of the representations and warranties that are qualified by the by the words "Material Adverse Effect," "in all material respects," "in any material respect," "material," or "materially" shall be true and correct in all respects. The representations and warranties of Transferee contained in Section 5.01, Section 5.02, Section 5.03(a) and Section 5.04 shall be true and correct in all respects on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of the Closing Date.

(b) Transferee shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, Transferee shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transactions contemplated by this Agreement and the Ancillary Documents.

(d) All approvals, consents and waivers that are listed on Section 5.03 of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Transferors at or prior to the Closing.

(e) Transferee shall have delivered to Transferors duly executed counterparts to the Ancillary Documents and such other documents and deliveries set forth in Section 3.02(b).

(f) Transferors shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Transferee, that each of the conditions set forth in Section 7.03(a) and Section 7.03(b) have been satisfied (the "**Transferee Closing Certificate**").

(g) Transferors shall have received a certificate of the Secretary (or equivalent officer) of Transferee certifying that attached thereto are true and complete copies of all resolutions adopted by the Transferee Board authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents to which it is a party and the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, and that all such resolutions are in full effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement and the Ancillary Documents.

(h) Transferors shall have received a certificate of the Secretary (or equivalent officer) of Transferee certifying the names and signatures of the officers of Transferee authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered under

this Agreement and the Ancillary Documents.

(i) Transferee shall have delivered to Transferors such other documents or instruments as Transferors reasonably request and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VIII TERMINATION

Section 8.01 Termination. This Agreement may be terminated at any time prior to the Closing:

- (a) by the written consent of each of the Transferors and Transferee;
- (b) by Transferee by written notice to Transferors if:

(i) Transferee is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by a Transferor pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 7.01 or Section 7.02 and such breach, inaccuracy or failure, if capable of being cured, has not been cured by Transferors within thirty (30) days of M-1's receipt of written notice of such breach from Transferee; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled or waived by December 31, 2024, unless such failure shall be due to the failure of Transferee to perform or comply with any of the covenants, agreements or conditions of this Agreement to be performed or complied with by it prior to the Closing;

- (c) by Transferors by written notice to Transferee if:

(i) no Transferor is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Transferee pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 7.01 or Section 7.03 and such breach, inaccuracy or failure, if capable of being cured has not been cured by Transferee within thirty (30) days of Transferee's receipt of written notice of such breach from a Transferor; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled or waived by December 31, 2024, unless such failure shall be due to the failure of a Transferor to perform or comply with any of the covenants, agreements or conditions of this Agreement to be performed or complied with by it prior to the Closing; or

(d) by Transferee or Transferor in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall

have become final and non-appealable.

Section 8.02 Effect of Termination. Each Party's right of termination under Section 8.01 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 8.01, all obligations of the Parties under this Agreement will terminate and this Agreement shall have no further effect, except that (a) the obligations of the Parties in this Article VIII and Article X will survive any such termination and (b) nothing in this Section 8.02 shall relieve any Party from Liability for an intentional breach of this Agreement or Fraud.

ARTICLE IX NON-SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Section 9.01 Survival. The Parties, intending to modify any applicable statute of limitations, agree that (a) (i) the representations, warranties and certifications in this Agreement and in any Ancillary Document or other document or certificate delivered pursuant this Agreement and (ii) the covenants in this Agreement or the Ancillary Document only requiring performance prior to the Closing shall, in each case, terminate effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability on the part of, nor shall any claim be made by, any Party or any Affiliate of such Party in respect thereof (including in respect of any breach thereof), and (b) the covenants in this Agreement or the Ancillary Documents contemplating performance after the Closing shall survive the Closing in accordance with their terms only for such period as shall be required for the Party required to perform under such covenant to complete the performance required by such covenant. Nothing in this Section 9.01 limits a Party's right to bring a claim (and, if successful, recover losses) for Fraud and nothing in this Agreement, including this Section 9.01 shall operate as a bar to or otherwise alter the applicable statute of limitations applicable to a claim or cause of action based upon Fraud.

Section 9.02 Exclusive Remedy. From and after (a) the Effective Date until the Closing, the Transferee's exclusive remedy against the Transferors with respect to any and all claims relating (directly or indirectly) to the subject matter of this Agreement or the transactions contemplated by this Agreement, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise, shall be solely pursuant to the provisions of Article VIII or Section 10.12 in accordance with the terms by this Agreement, and (b) the Closing, the Transferee's exclusive remedy against the Transferors with respect to any and all claims relating (directly or indirectly) to the subject matter of this Agreement or the transactions contemplated by this Agreement, regardless of the legal theory under which such liability or obligation may be sought to be imposed (whether sounding in contract or tort, or whether at law or in equity, on public policy grounds, under any Law (including under securities Laws) or otherwise), shall be solely and exclusively for breach of any agreement or covenant in this Agreement surviving, and requiring performance at or after, the Closing to the extent provided in Section 9.01 (and not for breach of any representation or warranty). In furtherance of the foregoing but subject in all cases to the last sentence of this Section 9.02, the Transferee by this Agreement waives and releases to the fullest extent permitted under applicable Law, each Transferor from and against any and all other rights, claims and causes of action it may have against each Transferor relating (directly or indirectly) to the subject matter

of this Agreement, the Ancillary Documents or the transactions contemplated by this Agreement or the Ancillary Document (including relating to any exhibit, schedule or other document delivered under this Agreement), including whether arising under or based upon any Law or otherwise and including any rights to rescission of the transactions contemplated by this Agreement, other than claims for breach of any agreement or covenant in this Agreement surviving, and requiring performance after, the Closing to the extent provided in Section 9.01 (and not for breach of any representation or warranty). The limits imposed on the Transferee's remedies with respect to this Agreement and the transactions contemplated by this Agreement (including this Section 9.02) were bargained for between sophisticated parties. The Transferee may not avoid the limitations on liability in this Agreement by seeking damages for breach of contract, tort or pursuant to any other theory of liability. Nothing in this Section 9.02 limits a Party's right to (i) seek specific performance of another Parties' obligations under this Agreement in accordance with Section 10.12 or (ii) bring a claim (and, if successful, recover losses) for Fraud and no Party waives any rights, claims or causes of action with respect thereto.

ARTICLE X MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided in this Agreement, all expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with negotiation, preparation, execution and delivery of this Agreement and the other Ancillary Documents and the consummation of the transactions contemplated by this Agreement or the Ancillary Documents (whether the transactions contemplated by this Agreement are consummated or not) shall be borne by the Party incurring such expense.

Section 10.02 Notices.

(a) A notice or other communication under this Agreement will be effective if it is in writing and received by the Party to which it is addressed. It will be deemed to have been received as follows:

(1) if a paper copy is delivered by a delivery organization that allows users to track deliveries, upon receipt as stated in the tracking system;

(2) if a paper copy is delivered by another means, when the intended recipient, or an authorized representative of the intended recipient, signs for it;

(3) if it is delivered by email, when the intended recipient acknowledges by notice in accordance with this Section 10.02 (but without need for further acknowledgement) having received that message, except that a read receipt or an automatic reply is not acknowledgement of a message for purposes of this Section 10.02; and

(4) if the intended recipient rejects or otherwise refuses to accept it, or if it cannot be delivered due to of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver.

(b) For a notice under this Agreement to be valid, it must be addressed using

the information below for that Party or any other information stated by that Party in a notice in accordance with this Section 10.02.

If to Transferors: M-1 RAIL
400 Renaissance Center
Detroit, MI 48202-2807
E-mail: sliedel@dykema.com
Attention: Steven C. Liedel

If to Transferee: Regional Transit Authority of Southeast Michigan
1001 Woodward Ave Ste 1400
Detroit, MI 48226-1927
E-mail: bstupka@rtamichigan.org
Attention: Executive Director

with a copy (which will not constitute notice) to: Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson
Detroit, MI 48226
E-mail: Aronoff@millercanfield.com
Attention: Jeffrey S. Aronoff

(c) If a notice addressed to a Party is received after 5:00 p.m. on a Business Day at the location specified in the address for that Party, or on a day that is not a Business Day at the location specified in the address for that Party, then the notice will be deemed to have been received at 9:00 a.m. on the next Business Day.

Section 10.03 Interpretation. For purposes of this Agreement, (a) unless otherwise expressly provided, the words “include,” “includes” and “including,” or other words of similar import, whenever used in this Agreement shall be deemed to be followed by the words “without limitation”; and (b) the word “or” is not exclusive. The word “extent” in the phrase “to the extent” will mean the degree to which a subject or other thing extends, and such phrase will not mean simply “if.” Unless the context otherwise requires, references in this Agreement: (x) to articles, sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means the statute as amended from time to time and includes any successor legislation to the statute and any regulations promulgated under the statute. No Party will be considered the drafter of this Agreement or any other Ancillary Documents. The provisions of this Agreement have been negotiated by and chosen by the Parties to express their intent, and no rule of strict construction will be applied against a Party. The word “shall” or “will” denotes a directive and obligation, not an option. References to a number of days refer to calendar days unless Business Days are specified. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is referenced in beginning the calculation of such period will be excluded. Except as otherwise specified, whenever any action must be taken on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day. The Disclosure Schedules and Exhibits referred to in

this Agreement shall be construed with, and as an integral part of, this Agreement to the same extent as if they were within the body of this Agreement.

Section 10.04 Headings. The headings in this Agreement have been inserted for convenience of reference only and shall not restrict or otherwise modify any of the provisions of this Agreement or affect the interpretation of this Agreement.

Section 10.05 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 10.06 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the Parties with respect to the subject matter contained in this Agreement and the Ancillary Documents, and supersede all prior and contemporaneous understandings and agreements, whether written or oral, with respect to the subject matter of this Agreement and the Ancillary Documents. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules in accordance with the terms hereof), the statements in the body of this Agreement will control.

Section 10.07 Successors and Assigns. This Agreement shall be binding upon and shall benefit the Parties and their respective successors and permitted assigns. No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed. No assignment shall relieve the assigning Party of any of its obligations under this Agreement.

Section 10.08 No Nonparty Beneficiaries. This Agreement is for the sole benefit of the Parties to this Agreement and their respective successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party to this Agreement. No waiver by any Party of any provision of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

**SCHEDULE I
TRANSFERRED STREETCAR ASSETS**

[SCHEDULE I]

SCHEDULE 1
Streetcars

Six Liberty™ streetcars designed and manufactured by Brookville Equipment Corporation, a Pennsylvania corporation, with the following car numbers and serial numbers:

Owner	Car Number	Serial Number
M-2 RAIL	287	15012
M-2 RAIL	288	15013
M-2 RAIL	289	15014
M-2 RAIL	290	15015
M-2 RAIL	291	15016
M-2 RAIL	292	15017

SCHEDULE 7.02(g)
PERMITS

[SCHEDULE 7.02(g)]

**EXHIBIT I
BILL OF SALE**

(see attached)

[EXHIBIT I]

BILL OF SALE

This Bill of Sale (the “**Bill of Sale**”) is made and entered into as of the [____] day of [_____], 2024, by and between M-1 RAIL, a Michigan nonprofit corporation (“**M-1**”), M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”), M-3 RAIL, LLC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**” and together with M-1, M-2 and M-3, each a “**Transferor**” and collectively the “**Transferors**”) and the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Transferee**”).

WHEREAS, Transferee and Transferors are parties to that certain Street Railway System Transfer and Purchase Agreement dated September ____, 2024 (the “**Transfer Agreement**”) pursuant to which Transferors have agreed to sell, assign and transfer, convey and deliver to Transferee, free and clear of all Encumbrances (other than Permitted Encumbrances), the Transferred Assets as defined in and in accordance with the terms and provisions of the Transfer Agreement.

NOW THEREFORE, in consideration of the premises and of the Transfer Agreement, Transferors and Transferee agree as follows:

1. All capitalized terms not otherwise defined herein, as used in this Bill of Sale, shall have the respective meanings ascribed to such terms in the Transfer Agreement.

2. Effective as of the Effective Time on the Closing Date, each Transferor, pursuant and subject to the Transfer Agreement, hereby sells, assigns, transfers, conveys, and delivers to Transferee, to have and to hold forever, all of such Transferor’s right, title, and interest of every conceivable kind and character whatsoever in, to, or with respect to the Transferred Assets, free and clear of all Encumbrances (other than Permitted Encumbrances) and Transferee hereby accepts such Transferred Assets from the Transferors.

3. Each Transferor covenants and agrees with Transferee that such Transferor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered any and all such further acts, instruments, papers and documents, and will give such further assurances, as may be reasonably necessary, proper or convenient to carry out and effectuate the intent and purposes of this Bill of Sale.

4. This Bill of Sale and the applicable provisions of the Transfer Agreement constitute the entire agreement of the parties with respect to the subject matter of this Bill of Sale; provided, however, this Bill of Sale shall not be deemed to supersede or modify any provision of the Transfer Agreement or otherwise change any of the rights or obligations of Transferee or Transferors under the Transfer Agreement. In the event of any conflict between this Bill of Sale and the provisions of the Transfer Agreement, the provisions of the Transfer Agreement shall control and prevail.

5. This Bill of Sale shall be binding upon, inure to the benefit of and be enforceable by each Transferor and Transferee and their respective successors and assigns, but shall not create any right(s) of subrogation or other right on the part of any other person.

6. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction).

7. This Bill of Sale may be executed electronically or by facsimile signature and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Bill of Sale by facsimile or an electronic document in portable document format (pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall be as effective as delivery of a manually executed counterpart of this Bill of Sale. A signed copy of this Bill of Sale delivered by email or other means of electronic transmission (including via DocuSign) shall be deemed to have the same legal effect as delivery of an original signed copy of this Bill of Sale. This Bill of Sale may not be amended or modified except by an instrument in writing signed by all Transferors and Transferee.

[remainder of page intentionally left blank, signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Bill of Sale as of the date first above written.

TRANSFEROR:

TRANSFeree:

M-1 RAIL

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

By: _____
Matthew P. Cullen
Chief Executive Officer

By _____
Name: _____
Its: _____

M-2 RAIL

By: _____
Matthew P. Cullen
Chief Executive Officer

M-3 RAIL, LLC

By: M-1 RAIL, a Michigan nonprofit corporation, its sole member

By: _____
Matthew P. Cullen
Chief Executive Officer

M-1 RAIL TOWING LLC

By: _____
Lisa Nuskowski
Manager

EXHIBIT II
ASSIGNMENT AND ASSUMPTION AGREEMENT

(see attached)

[Exhibit II]

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the “**Assignment and Assumption Agreement**”) is made and entered into as of the [__] day of [_____], 2024, by and between M-1 RAIL, a Michigan nonprofit corporation (“**M-1**”), M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”), M-3 RAIL, LLC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**” and together with M-1, M-2 and M-3, each an “**Assignor**” and collectively the “**Assignors**”) and the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Assignee**”).

WHEREAS, Assignors and Assignee are parties to that certain Street Railway System Transfer and Transfer Agreement dated September __, 2024 (the “**Transfer Agreement**”), pursuant to which Assignee has agreed to purchases substantially all of the assets of Assignors; and

WHEREAS, pursuant to the Transfer Agreement, Assignors have agreed to assign certain rights and agreements to Assignee, and Assignee has agreed to assume certain obligations of Assignors, and this Assignment and Assumption Agreement is contemplated by Section 3.02(a)(ii) of the Transfer Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained in this Assignment and Assumption Agreement, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meanings for such terms that are set forth in the Transfer Agreement.

2. Effective as of the Effective Time on the Closing Date, each Assignor hereby assigns, sells, transfers and sets over (collectively, the “**Assignment**”) to Assignee all of such Assignor's right, title, benefit, privileges and interest in and to, and all of such Assignor's burdens, obligations and liabilities under, each of the Assumed Liabilities. Assignee hereby accepts the Assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the Assumed Liabilities. Assignee assumes no Excluded Liabilities, and the parties to this Assignment and Assumption Agreement agree that all such Excluded Liabilities shall remain the sole responsibility of Assignors.

3. This Assignment and Assumption Agreement is executed and delivered in connection with the consummation of the transactions contemplated by the Transfer Agreement. Each of the parties to this Assignment and Assumption Agreement acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Transfer Agreement shall not be superseded by this Assignment and Assumption Agreement but shall remain in full force and effect to the full extent provided the Transfer Agreement. In the event of any conflict or inconsistency between the terms of the Transfer Agreement and the terms of this Assignment and Assumption Agreement, the terms of the Transfer Agreement shall govern.

4. Each of the parties to this Assignment and Assumption Agreement covenants and agrees, at its own expense, to execute and deliver, at the request of any other party to this Assignment and Assumption Agreement, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment and Assumption Agreement.

5. This Assignment and Assumption Agreement shall be binding upon, inure to the benefit of and be enforceable by each Assignor and Assignee and their respective successors and assigns, but shall not create any right(s) of subrogation or other right on the part of any other person.

6. This Assignment and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction).

7. This Assignment and Assumption Agreement may be executed electronically or by facsimile signature and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Assignment and Assumption Agreement by facsimile or an electronic document in portable document format (pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall be as effective as delivery of a manually executed counterpart of this Assignment and Assumption Agreement. A signed copy of this Assignment and Assumption Agreement delivered by email or other means of electronic transmission (including via DocuSign) shall be deemed to have the same legal effect as delivery of an original signed copy of this Assignment and Assumption Agreement. This Assignment and Assumption Agreement may not be amended or modified except by an instrument in writing signed by all Assignors and Assignee.

[remainder of page intentionally left blank, signature page follows]

8. IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date first above written.

ASSIGNORS:

ASSIGNEE:

M-1 RAIL

**REGIONAL TRANSIT AUTHORITY OF
SOUTHEAST MICHIGAN**

By: _____
Matthew P. Cullen
Chief Executive Officer

By _____
Name: _____
Its: _____

M-2 RAIL

By: _____
Matthew P. Cullen
Chief Executive Officer

M-3 RAIL, LLC

By: M-1 RAIL, a Michigan nonprofit corporation, its sole member

By: _____
Matthew P. Cullen
Chief Executive Officer

M-1 RAIL TOWING LLC

By: _____
Lisa Nuskowski
Manager

EXHIBIT III
INTELLECTUAL PROPERTY ASSIGNMENT

(see attached)

[Exhibit III]

INTELLECTUAL PROPERTY ASSIGNMENT

This Intellectual Property Assignment (“**Assignment**”) is made and entered into as of the [__] day of [_____], 2024 (“**Effective Date**”), by and between M-1 RAIL, a Michigan nonprofit corporation (“**M-1**”), M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”), M-3 RAIL, LLC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**” and together with M-1, M-2 and M-3, each an “**Assignor**” and collectively the “**Assignors**”) and the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Assignee**”).

RECITAL

WHEREAS, Assignee and Assignors are parties to that certain Street Railway System Transfer and Purchase Agreement dated September __, 2024 (the “**Transfer Agreement**”), pursuant to which Assignors have agreed to sell to Assignee and Assignee has agreed to buy from Assignors the Transferred Assets (as defined in the Transfer Agreement), including without limitation, all Intellectual Property Assets of Assignors;

WHEREAS, pursuant to Section 3.02(a) of the Transfer Agreement, Assignors have agreed to execute this Assignment;

NOW, THEREFORE, in consideration of the execution of the Transfer Agreement, the payment of the consideration stipulated in the Transfer Agreement, the mutual promises and covenants in this Assignment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound thereby, the parties agree as follows:

1. All capitalized terms not otherwise defined in this Assignment, as used in this Assignment, shall have the respective meanings ascribed to such terms in the Transfer Agreement.

2. Subject to the terms and conditions of the Transfer Agreement, as of the Effective Time on the Closing Date, each Assignor hereby sells, assigns, transfers and conveys to Assignee, and Assignee purchases, acquires and accepts, all of such Assignor’s right, title, and interest in, to and under the Intellectual Property Assets of such Assignor, free and clear of all Encumbrances, other than Permitted Encumbrances, together with all goodwill associated therewith and all income, royalties, and payments earned or accrued from and after the Effective Date with respect thereto, all damages and payments for past, present or future infringements or misappropriations thereof, and the right to sue and recover for past, present or future infringements or misappropriations thereof.

3. Assignee may record this Assignment with the United States Patent and Trademark Office and with comparable offices in other jurisdictions throughout the world, as well as with any other United States or foreign government office as may be necessary or appropriate. Assignors will take any further reasonable action necessary or desirable to carry out the purposes of this

Assignment as Assignee may reasonably request, at the sole cost and expense of Assignee, including the execution and delivery of such further instruments and documents as may be necessary for Assignee to record this Assignment with the United States Patent and Trademark Office or with comparable offices in other jurisdictions throughout the world, as well as with any other United States or foreign government office as may be necessary or appropriate.

4. This Assignment is executed and delivered pursuant to the Transfer Agreement. Each of the parties to this Assignment acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Transfer Agreement shall not be superseded by this Assignment but shall remain in full force and effect to the full extent provided in the Transfer Agreement. In the event of a conflict between the terms and provisions of this Assignment and any term or provision of the Transfer Agreement, the conflicting term or provision of the Transfer Agreement shall govern and control to the extent of such conflict.

5. Except to the extent that federal law preempts state law with respect to the matters covered hereby, this Assignment shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to the principles of conflicts of laws thereof.

6. This Assignment may be executed electronically or by facsimile signature and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Assignment by facsimile or an electronic document in portable document format (pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall be as effective as delivery of a manually executed counterpart of this Assignment. A signed copy of this Assignment delivered by email or other means of electronic transmission (including via DocuSign) shall be deemed to have the same legal effect as delivery of an original signed copy of this Assignment. This Assignment may not be amended or modified except by an instrument in writing signed by Assignor and Assignee.

[remainder of page intentionally left blank, signature pages follow]

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Assignment to be executed by their respective duly authorized officers as of the date first written above.

ASSIGNORS:

ASSIGNEE:

M-1 RAIL

**REGIONAL TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN**

By: _____
Matthew P. Cullen
Chief Executive Officer

By _____
Name: _____
Its: _____

M-2 RAIL

By: _____
Matthew P. Cullen
Chief Executive Officer

M-3 RAIL, LLC

By: M-1 RAIL, a Michigan nonprofit corporation, its sole member

By: _____
Matthew P. Cullen
Chief Executive Officer

M-1 RAIL TOWING LLC

By: _____
Lisa Nuskowski
Manager

EXHIBIT IV
PENSKE TECH CENTER DEED

(see attached)

[Exhibit IV]

COVENANT DEED

KNOW ALL MEN BY THESE PRESENTS: that **M-2 RAIL**, a Michigan nonprofit corporation, (“**Grantor**”), whose address is c/o Dykema Gossett PLLC, 400 Renaissance Center, Detroit, Michigan 48243, Attn: Steven C. Liedel, hereby conveys, sets over and transfers to **REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN**, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Grantee**”), whose address is 1001 Woodward Avenue, Suite 1400, Detroit, Michigan 48226-1927, that certain real property situated in the City of Detroit, County of Wayne, State of Michigan, more particularly described on **Exhibit A** attached hereto and made a part hereof (the “**Real Property**”), for the sum of One and 00/100 Dollars (\$1.00), the receipt and sufficiency of which is hereby acknowledged, subject to those matters set forth on **Exhibit B** attached hereto (the “**Permitted Encumbrances**”).

TO HAVE AND TO HOLD the Real Property in fee simple forever, unto Grantee, its legal representatives, successors and assigns, and Grantor does hereby covenant title to the above described property, rights and interests and binds itself and its legal representatives, successors and assigns to covenant and forever defend all and singular the above described property and interests unto the said Grantee, its successors, legal representatives and assigns, against the claims of all persons claiming by, through or under Grantor but not otherwise, subject, however, to the Permitted Encumbrances.

The Grantor further grants to the Grantee the right to make any and all divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967, as amended.

This Property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

Exempt from transfer tax pursuant to MCL §207.505(a) and MCL §207.526(a).

[Remainder of page intentionally left blank; Signature on the following page]

IN WITNESS WHEREOF, Grantor has caused this Covenant Deed to be executed as of the _____ day of _____, 2024.

GRANTOR:

M-2 RAIL, a Michigan nonprofit corporation

By: _____
Matthew P. Cullen, Chief Executive Officer

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Covenant Deed was acknowledged before me this ____ day of _____, 2024, by Matthew P. Cullen, the Chief Executive Officer of M-2 Rail, a Michigan nonprofit corporation, on behalf of said entity.

_____, Notary Public
_____ County, Michigan
My Commission Expires: _____
Acting in the County of Wayne

DRAFTED BY:

Andrea S. Todorovic, Paralegal
Dykema Gossett PLLC
39577 Woodward Ave., Ste. 300
Bloomfield Hills, Michigan 48304

AFTER RECORDING RETURN TO:

Joseph M. Fazio, Esq.
Miller Canfield Paddock and Stone, P.L.C.
101 North Main Street, 7th Floor
Ann Arbor, Michigan 48104

EXHIBIT "A"**LEGAL DESCRIPTION**

Land situated in the City of Detroit, County of Wayne, State of Michigan, being more particularly described as follows:

Parcel 1:

Lots 1, 2 and 3 including a vacated portion of Custer Avenue (so called) lying adjacent to said Lot 1, WM. Y. Hamlin and S.J. Brown's Subdivision of Lots No. 3 and 4 ¼ Section 57, 10,000 acre tract City of Detroit, Wayne County, Michigan, as recorded in Liber 8 of Plats, Page 72, Wayne County Records and being more particularly described as follows: Beginning at the Southeast corner of Woodward Avenue (100 feet wide) and Bethune Avenue (80 feet wide) said point being also the Northwest corner of Lot 3 of said WM. Y Hamlin and S.J. Brown's Subdivision, as recorded in Liber 8, Page 72 of Plats, Wayne County Records; proceeding thence from said point of beginning North 63 degrees 33 minutes 31 seconds East along the South line of said Bethune Avenue, said line being also the North line of said Lot 3, a measured distance of 199.15 feet (recorded 200.00 feet) to the Northeast corner of said Lot 3; thence South 26 degrees 26 minutes 47 seconds East along the West line of a public alley (20 feet wide) said line being also the East line of Lots 3, 2, and 1 of said Subdivision and the Southerly extension thereof across a vacated portion of Custer Avenue (so called), a distance of 128.94 feet to the point of intersection of said alley line with the North line of Custer Avenue (60 feet wide); thence South 63 degrees 27 minutes 24 seconds West along the North line of said Custer Avenue, said line being also the South line of a vacated portion of Custer Avenue (so called) lying adjacent to said Lot 1, a measured distance of 199.15 feet (described 200.00 feet) to the point of intersection of the North line of said Custer Avenue with the East line of said Woodward Avenue; thence North 26 degrees 26 minutes 47 seconds West along the East line of said Woodward Avenue, said line being also the West end of a vacated portion of Custer Avenue (so called) and the West line of Lots 1, 2 and 3 of said Subdivision, a distance of 129.30 feet to the point of beginning.

Parcel 2:

Lots 297 and 298 and the South 35.00 feet of Lots 299 and 300, including a vacated portion of Custer Avenue (so called) lying South of and adjacent to said Lots 297 through 300, inclusive, all being part of WM. Y. Hamlin and S.J. Brown's Subdivision of Lots No. 3 and 4, ¼ Section 57, 10,000 acre tract, City of Detroit, Wayne County, Michigan, as recorded in Liber 8 of Plats, Page 72, Wayne County Records and being more particularly described as follows: Beginning at the Northwest corner of Lot 298 of said WM. Y. Hamlin and S.J. Brown's Subdivision, as recorded in Liber 8 of Plats, Page 72, Wayne County Records, said point being distant North 63 degrees 33 minutes 31 seconds East, a measured distance of 279.15 feet (recorded 280.00 feet) as measured along the South line of Bethune Avenue (80 feet wide) from the Southeast corner of Woodward Avenue (100 feet wide) and said Bethune Avenue; proceeding thence from said point

of beginning North 63 degrees 33 minutes 31 seconds East along the South line of said Bethune Avenue said line being also the North line of Lots 296 and 297 of said Subdivision, a measured distance of 59.66 feet (recorded 60.00 feet) to the Northeast corner of said Lot 297; thence South 26 degrees 26 minutes 47 seconds East along the East line of said Lot 297 and its Southerly extension across a vacated portion of Custer Avenue (so called), a distance of 128.69 feet to a point on the North line of Custer Avenue (60 feet wide); thence South 63 degrees 27 minutes 24 seconds West along the North line of said Custer Avenue, said line being also the South line of a vacated portion of Custer Avenue (so called) lying South of and adjacent to Lots 297 through 300, inclusive of said Subdivision, a measured distance of 119.66 feet (described 120.00 feet) to the point of intersection of said Street line with the East line of a public alley (20 feet wide); thence North 26 degrees 26 minutes 47 seconds West along the East line of said public alley said line being also the West line of said vacated portion of Custer Avenue (so called) and part of the West line of Lot 300 of said Subdivision, a distance of 43.90 feet to a point; thence North 63 degrees 33 minutes 31 seconds East along the North line of the South 35.00 feet of Lots 300 and 299 of said Subdivision, a distance of 60.00 feet to a point on the line common to Lots 299 and 298; thence North 26 degrees 26 minutes 47 seconds West along the West line of said Lot 298, a distance of 85.00 feet to the point of beginning.

Parcel 3:

The North 85 feet of Lot 300, William Y. Hamlin and S.J. Brown's Subdivision, as recorded in Liber 8, Page 72 of Plats, Wayne County Records.

Parcel 4:

The North 85 feet of Lot 299, William Y. Hamlin and S.J. Brown's Subdivision, as recorded in Liber 8, Page 72 of Plats, Wayne County Records.

Parcel 5:

Lot 296 and vacated Custer Avenue adjacent thereto, William Y. Hamlin and S.J. Brown's Subdivision, as recorded in Liber 8, Page 72 of Plats, Wayne County Records.

PARCELS 1 THROUGH 5 ASSESSED FOR TAXES AS:

Lots 1, 2, 3 and 296, 297, 298, 299, 300 and part of vacated alley and North 9.30 feet of vacated Custer Avenue, William Y. Hamlin and S.J. Brown's Subdivision, as recorded in Liber 8, Page 72 of Plats, Wayne County Records.

Commonly known as: 7520 Woodward Avenue, Detroit, Michigan

Tax Parcel No. 01002117-22

EXHIBIT "B"**PERMITTED ENCUMBRANCES**

1. Any taxes and assessments for the year 2024 and subsequent years not yet due and payable.
2. City of Detroit Board of Zoning Appeals Decisions and Order recorded in Liber 19786, Page 928; and in Liber 20952, Page 17, Wayne County Records, as to Parcel 1.
3. Restrictions and any other terms, covenants and conditions disclosed by Covenant Deed recorded in Liber 35020, Page 777, Wayne County Records, as to Parcel 1.
4. Restrictions and any other terms, covenants and conditions disclosed by Covenant Deed recorded in Liber 35139, Page 791, Wayne County Records, as to Parcel 2.
5. City of Detroit, Buildings Safety Engineering Department Decision recorded in Liber 51900, Page 1062, Wayne County Records.
6. Resolution recorded in Liber 52571, Page 471, Wayne County Records vacating alley and reserving easements.

EXHIBIT V
MDOT SUBSTATION LICENSE ASSIGNMENT

(see attached)

[Exhibit V]

**ASSIGNMENT AND ASSUMPTION OF
TRACTION POWER SUBSTATION LICENSE AGREEMENT**

(MICHIGAN DEPARTMENT OF TRANSPORTATION)

This ASSIGNMENT AND ASSUMPTION OF TRACTION POWER SUBSTATION LICENSE AGREEMENT (“**Assignment**”), executed and delivered on _____, 2024 (the “**Effective Date**”), is made by **M-2 RAIL**, a Michigan nonprofit corporation (“**Assignor**”), whose address is c/o Dykema Gossett PLLC, 400 Renaissance Center, Detroit, Michigan 48243, Attn: Steven C. Liedel, to and for the benefit of **REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN**, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Assignee**”), whose address is 1001 Woodward Avenue, Suite 1400, Detroit, Michigan 48226-1927.

R E C I T A L S:

WHEREAS, M-1 RAIL, a Michigan nonprofit corporation, Assignor, M-3 RAIL, LLC, a Michigan limited liability company, and M-1 RAIL Towing LLC, a Michigan limited liability company, collectively as “Transferors”, and Assignee, as “Transferee”, are parties to that Street Railway System Transfer and Purchase Agreement, dated as of September __, 2024 (as amended, amended and restated or modified from time to time, the “**Transfer Agreement**”);

WHEREAS, Assignor and The Michigan Department of Transportation, a department of the State of Michigan (“**MDOT**”) are parties to that certain Traction Power Substation License Agreement (Detroit Transportation Corporation) dated May 29, 2015, and recorded on July 10, 2015 with the Register of Deeds for Wayne County, Michigan in **Liber 52338, Page 179**, as amended by that certain First Amendment to Traction Power Substation License Agreement made and entered into effective as of September __, 2024 by and between Assignor and MDOT (the “**License Agreement**”), pursuant to which Assignor is the grantee of certain license rights over real property as legal described on **Exhibit A** attached hereto and incorporated herein by reference, in connection with the construction, maintenance and operation of a traction power substation serving the M-1 RAIL street car railway system in downtown Detroit (the “**Streetcar Project**”); and

WHEREAS, in connection with the transfer of the Streetcar Project by Transferors to Assignee pursuant to the Transfer Agreement, Assignor desires to transfer and assign its rights and interest in and to the License Agreement to Assignee and Assignee desires to assume Assignor’s obligations

under the License Agreement.

NOW THEREFORE, for and in consideration of One and 100/00 Dollar (\$1.00) and the respective agreements on the part of Assignor and Assignee herein contained, Assignor and Assignee do hereby agree as follows:

1. Recitals. The Recitals are incorporated herein by reference and are acknowledged to be true and correct. All capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Transfer Agreement.
2. Assignment. Assignor hereby conveys, grants, transfers, and assigns to Assignee all of Assignor's rights, title and interest in and to the License Agreement. In addition, Assignor hereby conveys, grants, assigns and transfers to Assignee all other rights, privileges and appurtenances owned by Assignor, reversionary or otherwise, and in any way related to the License Agreement.
3. Assumption. Assignee hereby accepts the assignment of the License Agreement as herein set forth, expressly assumes the performance of all of Assignor's obligations under the License Agreement (other than obligations arising out of the acts or conduct of Assignor prior to the Effective Date hereof, or other acts or conduct prior to the date hereof for which the grantee is responsible under the terms of the License Agreement) arising from and after the date of this Assignment to the same extent as if the Assignee were named as the grantee under the License Agreement.
4. Survival of Terms. The representations, warranties and indemnities set forth herein shall survive the execution and delivery of this Assignment and shall continue in full force and effect during the term of the License Agreement.
5. Binding Agreement. This Assignment and the Transfer Agreement constitute the entire agreement between the parties hereto with respect to the transaction contemplated herein, and it supersedes all prior understandings or agreements between the parties relative to such assignment.
6. Effective Date. The transfer, assignment, and assumption of the License Agreement by Assignor to Assignee pursuant to 1 above shall be effective for all purposes as of the Effective Time on Closing Date.
7. Counterparts. This Assignment may be executed in one or more counterparts, each of which will be deemed an original, but all of which, taken together, will constitute one and the same agreement.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed in their respective names as of the date first set forth above.

ASSIGNOR:

M-2 RAIL, a Michigan nonprofit corporation

By: _____
Matthew P. Cullen, Chief Executive Officer

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Assignment was acknowledged before me this ____ day of _____, 2024, by Matthew P. Cullen, the Chief Executive Officer of M-2 Rail, a Michigan nonprofit corporation, on behalf of said entity.

_____, Notary Public
_____ County, Michigan
My Commission Expires: _____
Acting in the County of Wayne

[Signatures continue on following page]

ASSIGNEE:

REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Assignment was acknowledged before me this ____ day of _____, 2024, by _____, the _____ of REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558, on behalf of said entity.

_____, Notary Public

My Commission Expires: _____
Acting in the County of Wayne

DRAFTED BY:

Andrea S. Todorovic, Paralegal
Dykema Gossett PLLC
39577 Woodward Ave., Ste. 300
Bloomfield Hills, Michigan 48304

AFTER RECORDING RETURN TO:

Joseph M. Fazio, Esq.
Miller Canfield Paddock and Stone, P.L.C.
101 North Main Street, 7th Floor
Ann Arbor, Michigan 48104

EXHIBIT A

LEGAL DESCRIPTION OF LICENSE AREA

Real property located in the City of Detroit, County of Wayne, State of Michigan, described as follows:

Part of Lot 1 of "Park Lots 47 and 48" as recorded in Liber 1 of Plats, Page 64; Wayne County Records, describe as follows: Beginning at the intersection of the northeasterly line of Cass Avenue, 80 feet wide, with the northwesterly line of Amsterdam Street, 50 feet wide; thence along the northeasterly line of Cass Avenue, North 23 Degrees 48 minutes 087 seconds West (was recorded as North 22 degrees 43 minutes 25 seconds West) 72.75 feet; thence parallel with the northwesterly line of Amsterdam Street, North 65 degrees 59 minutes 52 seconds East 44.00 feet; thence parallel with the northeasterly line of Cass Avenue, South 23 degrees 48 minutes 08 seconds East 72.75 feet to the northwesterly line of Amsterdam Street; thence along the northwesterly line of Amsterdam Street; thence along the northwesterly line of Amsterdam Street, South 65 degrees 59 minutes 52 seconds West (recorded as South 67 degrees 04 minutes 35 seconds West) 44.00 feet to the Point of Beginning. The above-described license area contains 3,200 square feet.

Commonly known as: Part of 6161 Woodward Avenue, Detroit, MI
Part of Tax Item No. 001751, Ward 02

**EXHIBIT VI
EASEMENT RIGHTS ASSIGNMENT**

(see attached)

[Exhibit VI]

**ASSIGNMENT AND ASSUMPTION OF
EASEMENT AGREEMENTS**

(DETROIT TRANSPORTATION CORPORATION)

This ASSIGNMENT AND ASSUMPTION OF EASEMENT AGREEMENTS (“**Assignment**”), executed and delivered on _____, 2024 (the “**Effective Date**”), is made by **M-2 RAIL**, a Michigan nonprofit corporation (“**Assignor**”), whose address is c/o Dykema Gossett PLLC, 400 Renaissance Center, Detroit, Michigan 48243, Attn: Steven C. Liedel, to and for the benefit of **REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN**, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Assignee**”), whose address is 1001 Woodward Avenue, Suite 1400, Detroit, Michigan 48226-1927.

R E C I T A L S:

WHEREAS, M-1 RAIL, a Michigan nonprofit corporation, Assignor, M-3 RAIL, LLC, a Michigan limited liability company, and M-1 RAIL Towing LLC, a Michigan limited liability company, collectively as “Transferors”, and Assignee, as “Transferee”, are parties to that Street Railway System Transfer and Purchase Agreement, dated as of September __, 2024 (as amended, amended and restated or modified from time to time, the “**Transfer Agreement**”);

WHEREAS, Assignor and Detroit Transportation Corporation (“**DTC**”) are parties to that certain Traction Power Substation Easement Agreement (Detroit Transportation Corporation) dated July 30, 2014, and recorded on August 5, 2014 with the Register of Deeds for Wayne County, Michigan in **Liber 51662, Page 931** (the “**DTC Easement Agreement**”), pursuant to which Assignor is the grantee of certain easement rights over real property as legal described on **Exhibit A** attached hereto and incorporated herein by reference, in connection with the construction, maintenance and operation of a traction power substation serving the M-1 RAIL street car railway system in downtown Detroit (the “**Streetcar Project**”); and

WHEREAS, Assignor is a party to that certain Easement Agreement dated March 1, 2016 among DTC, Assignor and HM Ventures Group 6 LLC, a New York limited liability company, and recorded March 23, 2016 with the Register of Deeds for Wayne County, Michigan in **Liber 52852, Page 135** (the “**HM Easement**”, together with the DTC Easement Agreement, the “**Easement Agreements**”), which also encumber the real property described on Exhibit A;

WHEREAS, in connection with the transfer of the Streetcar Project by Transferors to Assignee pursuant to the Transfer Agreement, Assignor desires to transfer and assign its rights and interest in and to the Easement Agreements to Assignee and Assignee desires to assume Assignor's obligations under the Easement Agreements.

NOW THEREFORE, for and in consideration of One and 100/100 Dollar (\$1.00) and the respective agreements on the part of Assignor and Assignee herein contained, Assignor and Assignee do hereby agree as follows:

1. Recitals. The Recitals are incorporated herein by reference and are acknowledged to be true and correct. All capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Transfer Agreement.
2. Assignment. Assignor hereby conveys, grants, transfers, and assigns to Assignee all of Assignor's rights, title and interest in and to the Easement Agreements. In addition, Assignor hereby conveys, grants, assigns and transfers to Assignee all other rights, privileges and appurtenances owned by Assignor, reversionary or otherwise, and in any way related to the Easement Agreements.
3. Assumption. Assignee hereby accepts the assignment of the Easement Agreements as herein set forth, expressly assumes the performance of all of Assignor's obligations under the Easement Agreements (other than obligations arising out of the acts or conduct of Assignor prior to the Effective Date hereof, or other acts or conduct prior to the date hereof for which the grantee is responsible under the terms of the Easement Agreements) arising from and after the date of this Assignment to the same extent as if the Assignee were named as the grantee under the Easement Agreements.
4. Survival of Terms. The representations, warranties and indemnities set forth herein shall survive the execution and delivery of this Assignment and shall continue in full force and effect during the term of the Easement Agreements.
5. Binding Agreement. This Assignment and the Transfer Agreement constitute the entire agreement between the parties hereto with respect to the transaction contemplated herein, and it supersedes all prior understandings or agreements between the parties relative to such assignment.
5. Effective Date. The transfer, assignment, and assumption of the Easement Agreements by Assignor to Assignee pursuant to 1 above shall be effective for all purposes as of the Effective Time on the Closing Date.
6. Counterparts. This Assignment may be executed in one or more counterparts, each of which will be deemed an original, but all of which, taken together, will constitute one and the same agreement.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed in their respective names as of the date first set forth above.

ASSIGNOR:

M-2 RAIL, a Michigan nonprofit corporation

By: _____
Matthew P. Cullen, Chief Executive Officer

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Assignment was acknowledged before me this ____ day of _____, 2024, by Matthew P. Cullen, the Chief Executive Officer of M-2 Rail, a Michigan nonprofit corporation, on behalf of said entity.

_____, Notary Public
_____ County, Michigan
My Commission Expires: _____
Acting in the County of Wayne

[Signatures continue on following page]

ASSIGNEE:

REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Assignment was acknowledged before me this ____ day of _____, 2024, by _____, the _____ of REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558, on behalf of said entity.

_____, Notary Public
_____, County, Michigan
My Commission Expires: _____
Acting in the County of Wayne

DRAFTED BY:

Andrea S. Todorovic, Paralegal
Dykema Gossett PLLC
39577 Woodward Ave., Ste. 300
Bloomfield Hills, Michigan 48304

AFTER RECORDING RETURN TO:

Joseph M. Fazio, Esq.
Miller Canfield Paddock and Stone, P.L.C.
101 North Main Street, 7th Floor
Ann Arbor, Michigan 48104

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY AND EASEMENT AREA

Real property located in the City of Detroit, Wayne County, Michigan, described as follows:

Property

South 1/2 of Lot 16 and the North 3.60 feet of vacated John R. Street and a strip of land 10 feet wide adjoining and in front of said Lot 16, Plat of Section 7, Governor & Judges Plan, as recorded in Liber 34, Page 544 of Deeds, Wayne County Records.

Commonly known as: 1501 Broadway, Detroit, Michigan

Tax Parcel No. 004024, Ward 01

Easement Area

The westerly eighty-six and one-half (86.5') feet of the Property described above.

EXHIBIT VII
DT SUBSTATION EASEMENT ASSIGNMENT

(see attached)

[Exhibit VII]

**ASSIGNMENT AND ASSUMPTION OF
TRACTION POWER SUBSTATION EASEMENT AGREEMENT**

(DETROIT THERMAL, LLC)

This ASSIGNMENT AND ASSUMPTION OF TRACTION POWER SUBSTATION EASEMENT AGREEMENT (“**Assignment**”), executed and delivered on _____, 2024 (the “**Effective Date**”), is made by **M-2 RAIL**, a Michigan nonprofit corporation (“**Assignor**”), whose address is c/o Dykema Gossett PLLC, 400 Renaissance Center, Detroit, Michigan 48243, Attn: Steven C. Liedel, to and for the benefit of **REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN**, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Assignee**”), whose address is 1001 Woodward Avenue, Suite 1400, Detroit, Michigan 48226-1927.

R E C I T A L S:

WHEREAS, M-1 RAIL, a Michigan nonprofit corporation, Assignor, M-3 RAIL, LLC, a Michigan limited liability company, and M-1 RAIL Towing LLC, a Michigan limited liability company, collectively as “**Transferors**”, and Assignee, as “**Transferee**”, are parties to that Street Railway System Transfer and Purchase Agreement, dated as of September __, 2024 (as amended, amended and restated or modified from time to time, the “**Transfer Agreement**”);

WHEREAS, Assignor and Detroit Thermal, LLC, an Ohio limited liability company (“**Detroit Thermal**”) are parties to that certain Traction Power Substation Easement Agreement (Detroit Thermal) dated October 30, 2014, and recorded on December 22, 2014 with the Register of Deeds for Wayne County, Michigan in **Liber 51925, Page 128** (the “**Easement Agreement**”), pursuant to which Assignor is the grantee of certain easement rights over real property as legal described on **Exhibit A** attached hereto and incorporated herein by reference, in connection with the construction, maintenance and operation of a traction power substation serving the M-1 RAIL street car railway system in downtown Detroit (the “**Streetcar Project**”); and

WHEREAS, in connection with the transfer of the Streetcar Project by Transferors to Assignee pursuant to the Transfer Agreement, Assignor desires to transfer and assign its rights and interest in and to the Easement Agreement to Assignee and Assignee desires to assume Assignor’s obligations under the Easement Agreement.

NOW THEREFORE, for and in consideration of One and 100/00 Dollar (\$1.00) and the respective agreements on the part of Assignor and Assignee herein contained, Assignor and Assignee do hereby agree as follows:

1. Recitals. The Recitals are incorporated herein by reference and are acknowledged to be true and correct. All capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Transfer Agreement.
2. Assignment. Assignor hereby conveys, grants, transfers, and assigns to Assignee all of Assignor's rights, title and interest in and to the Easement Agreement. In addition, Assignor hereby conveys, grants, assigns and transfers to Assignee all other rights, privileges and appurtenances owned by Assignor, reversionary or otherwise, and in any way related to the Easement Agreement.
3. Assumption. Assignee hereby accepts the assignment of the Easement Agreement as herein set forth, expressly assumes the performance of all of Assignor's obligations under the Easement Agreement (other than obligations arising out of the acts or conduct of Assignor prior to the Effective Date hereof, or other acts or conduct prior to the date hereof for which the grantee is responsible under the terms of the Easement Agreement) arising from and after the date of this Assignment to the same extent as if the Assignee were named as the grantee under the Easement Agreement.
4. Survival of Terms. The representations, warranties and indemnities set forth herein shall survive the execution and delivery of this Assignment and shall continue in full force and effect during the term of the Easement Agreement.
5. Binding Agreement. This Assignment and the Transfer Agreement constitute the entire agreement between the parties hereto with respect to the transaction contemplated herein, and it supersedes all prior understandings or agreements between the parties relative to such assignment.
6. Effective Date. The transfer, assignment, and assumption of the Easement Agreement by Assignor to Assignee pursuant to 1 above shall be effective for all purposes as of the Effective Time on the Closing Date.
7. Counterparts. This Assignment may be executed in one or more counterparts, each of which will be deemed an original, but all of which, taken together, will constitute one and the same agreement.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed in their respective names as of the date first set forth above.

ASSIGNOR:

M-2 RAIL, a Michigan nonprofit corporation

By: _____
Matthew P. Cullen, Chief Executive Officer

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Assignment was acknowledged before me this ____ day of _____, 2024, by Matthew P. Cullen, the Chief Executive Officer of M-2 Rail, a Michigan nonprofit corporation, on behalf of said entity.

_____, Notary Public
_____ County, Michigan
My Commission Expires: _____
Acting in the County of Wayne

[Signatures continue on following page]

ASSIGNEE:

REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Assignment was acknowledged before me this ____ day of _____, 2024, by _____, the _____ of REGIONAL TRANSIT AUTHORITY OF SOUTH EAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558, on behalf of said entity.

_____, Notary Public
_____ County, Michigan
My Commission Expires: _____
Acting in the County of Wayne

DRAFTED BY:

Andrea S. Todorovic, Paralegal
Dykema Gossett PLLC
39577 Woodward Ave., Ste. 300
Bloomfield Hills, Michigan 48304

AFTER RECORDING RETURN TO:

Joseph M. Fazio, Esq.
Miller Canfield Paddock and Stone, P.L.C.
101 North Main Street, 7th Floor
Ann Arbor, Michigan 48104

EXHIBIT A

LEGAL DESCRIPTION SUBSTATION EASEMENT AREA

Real property located in the City of Detroit, County of Wayne, State of Michigan, being part of Lot 28 of "Plat of Subdivision of Lots 61 and 62" as recorded in Liber 1 of Plats, Page 128, Wayne County Records, described as follows:

Beginning at the westernmost corner of said Lot 28; thence along the northwesterly line of said Lot (southeasterly line of a 20-foot-wide public alley), North 59 degrees 18 Minutes 53 seconds East 24:00 feet; thence parallel with the southwesterly line of said Lot, South 30 degrees 43 minutes 33 seconds East 55.75 feet; thence parallel with the northwesterly line of said Lot, South 59 degrees 18 minutes 53 seconds West 24.00 feet; thence parallel with the southwesterly line of said Lot, North 30 degrees 43 minutes 33 seconds West 55.75 feet to the Point of Beginning.

Commonly known as: Part of Willis Heating Plant, 42 West Willis Street, Detroit, Michigan
Part of Parcel Number: 02000875-6

**EXHIBIT VIII
LEASE AND SUBLEASE TERMINATION**

(see attached)

[Exhibit VIII]

LEASE AND SUBLEASE TERMINATION AGREEMENT

This lease and sublease termination agreement is between the MICHIGAN DEPARTMENT OF TRANSPORTATION, a department of the State of Michigan (“**MDOT**”), M-1 RAIL, a Michigan nonprofit corporation (“**M-1**”), and M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”).

M-2 has developed and constructed in the City of Detroit, Michigan (the “**City**”) a “**Street Railway System**” (as originally defined in former 1867 PA 35, and now as defined in Part 5 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4503 to 125.4527 (“**Act 57**”).

The Street Railway System is located in the public rights-of-way of the portions of Woodward Avenue and certain adjacent streets in the City that are described in (1) an operating license agreement between M-1, M-2, and the City with an effective date of June 25, 2014 (the “**City OLA**”), (2) a construction, operations and maintenance agreement between M-1, M-2, and the City with an effective date of June 24, 2014 (the “**City COMA**”), (3) an operating license agreement between MDOT, M-1, and M-2 dated June 23, 2014 (the “**MDOT OLA**”), and (4) an operations and maintenance agreement between MDOT, M-1 and M-2, dated December 8, 2017 (the “**MDOT OMA**”), and certain other real property in the City in which M-2 owns a combination of fee simple, easement, and license interests.

MDOT was awarded a Transportation Investment Generating Economic Recovery (TIGER) I Grant (the “**TIGER I Grant**”) from the Federal Transit Administration (“**FTA**”) of the United States Department of Transportation, and MDOT has previously disbursed proceeds of the TIGER I Grant to M-2 to reimburse M-2 for a portion of the costs of the development and construction of the Street Railway System.

The City was awarded a TIGER VI Grant (the “**TIGER VI Grant**”) from the FTA, and the City previously disbursed the proceeds of the TIGER VI Grant to MDOT, and MDOT then disbursed the proceeds of the TIGER VI Grant to M-2 to reimburse M-2 for an additional portion of the costs of the development and construction of the Street Railway System.

Together the TIGER I Grant and the TIGER VI Grant are referenced as the “**TIGER Grants**”.

M-2 has leased the Street Railway System to MDOT pursuant to a lease agreement between M-2 and MDOT dated December 15, 2014 (the “**MDOT Lease**”).

MDOT then subleased the Street Railway System to M-1 pursuant to a sublease agreement between MDOT and M-1 dated December 15, 2014 (the “**Sublease Agreement**”). M-1 has operated the Street Railway System since May 2017, although revenue operations were paused from March 31, 2020 to September 24, 2021 due to events resulting from the COVID-19 pandemic.

As contemplated by Act 57 and the Regional Transit Authority Act, 2012 PA 387 of 2012, as amended, MCL 124.541 to 124.558 (the “**RTA Act**”), M-1 and M-2 and their affiliates, M-3 RAIL, LLC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing, a Michigan limited liability company (“**M-1 Towing**” and together with M-1, M-2, and M-3 collectively the “**M-1**

Entities”), have entered into a street railway system transfer and purchase agreement (the “**Transfer Agreement**”) dated September 19, 2024 with the Regional Transit Authority of Southeast Michigan (the “**RTA**”), a Michigan municipal public body corporate and metropolitan authority authorized by section 27 of article 7 of the Michigan Constitution of 1963 created pursuant to section 3 of the RTA Act, MCL 124.543, providing for the transfer of the Street Railway System and the related assets and obligations of the M-1 Entities to the RTA.

Under the Transfer Agreement, all rights, interests, and obligations of M-1 and M-2 under the MDOT OLA and the MDOT OMA will be assigned to and assumed by the RTA.

To facilitate the implementation of the Transfer Agreement and the transfer of the Street Railway System to the RTA, M-1 and M-2 want to terminate the Lease Agreement and the Sublease Agreement.

The parties therefore agree as follows:

Article 1 TERMINATION OF LEASE

1.1 Lease Termination

The MDOT Lease is hereby terminated upon the consummation of the transactions contemplated by the Transfer Agreement as of the “**Closing**” (as defined in section 3.01 of the Transfer Agreement). M-1 shall promptly notify MDOT that the Closing has occurred and of the effective date and time of the Closing.

1.2 Lease Termination Acknowledgements

- (a) MDOT acknowledges that M-1 and M-2 have notified MDOT pursuant to section 9.0 of the MDOT OLA of the assignment to the RTA of all rights, interests, and obligations of M-1 and M-2 under the MDOT OLA and the operating license granted under the MDOT OLA under the Transfer Agreement. A copy of the notice is attached as exhibit A.
- (b) The parties acknowledge that MDOT will retain the rights reserved to it under the MDOT OLA, including from and after the Closing and termination of the MDOT Lease.
- (c) MDOT acknowledges that M-1 and M-2 have notified MDOT pursuant to section 10.0 of the MDOT OMA of the assignment to the RTA of all rights, interests, and obligations of M-1 and M-2 under the MDOT OMA under the Transfer Agreement. A copy of the notice is attached as exhibit B.
- (d) The parties acknowledge that MDOT will retain the rights reserved to it under the MDOT OMA, including from and after the Closing and termination of the MDOT Lease.

1.3 **Lease Termination; Federally Assisted Property**

- (a) The parties intend that termination of the MDOT Lease will not affect or diminish any continuing federal interest of the FTA or the Federal Highway Administration (the “**FHWA**”) in Federally Assisted Property.
- (b) For purposes of this agreement, “**Federally Assisted Property**” means any portion of the Street Railway System financed by the TIGER Grants or other federal transportation funding and in which the FTA or the FHWA, or both, retain a federal interest.

Article 2 SUBLEASE TERMINATION

2.1 **Sublease Termination**

The Sublease is hereby terminated upon the Closing.

2.2 **Sublease Termination Acknowledgements**

- (a) The parties acknowledge that MDOT will retain the rights reserved to it under the MDOT OLA, including from and after the Closing and termination of the MDOT Sublease.
- (b) The parties acknowledge that MDOT will retain the rights reserved to it under the MDOT OMA, including from and after the Closing and termination of the MDOT Sublease.

2.3 **Sublease Termination**

The parties intend that termination of the Sublease Agreement will not affect or diminish any continuing federal interest of the FTA or the FHWA, or both, in Federally Assisted Property.

Article 3 RELEASES

3.1 **Releases**

- (a) Subject to section 3.2, from and after the Closing, MDOT and its officers, employees, and its agents are hereby released by M-2 from any further claims, obligations, or liabilities under the MDOT Lease.
- (b) Subject to section 3.2, from and after the Closing, M-2 and its directors, officers, employees, and agents are hereby released by MDOT from any further claims, obligations, or liabilities under the MDOT Lease.
- (c) Subject to section 3.2, from and after the Closing, MDOT and its officers, employees, and its agents are hereby released by M-1 from any further claims, obligations, or liabilities under the Sublease Agreement.

- (d) Subject to section 3.2, from and after the Closing, M-1 and its directors, officers, employees, and agents are hereby released by MDOT from any further claims, obligations, or liabilities under the Sublease Agreement.

3.2 **Effect of Releases**

- (a) The release of a party under section 3.1 does not release the party from liability for claims arising from events or breaches that occurred before the Closing, including indemnification claims against damage or injury occurring before the Closing.
- (b) The release of a party under section 3.1 does not release, terminate, or diminish any rights of MDOT under the MDOT OLA or the MDOT OMA.

Article 4 ADDITIONAL PROVISIONS

4.1 **Modification; Waiver**

No amendment of this agreement will be effective unless it is in writing and signed by the parties. No waiver under this agreement will be effective unless it is in writing and signed by the party granting the waiver. A waiver granted on one occasion will not operate as a waiver on other occasions.

4.2 **Notice**

- (a) A notice or other communication under this agreement will be effective if it is in writing and received by the party to which it is addressed. It will be deemed to have been received as follows:
 - (1) if a paper copy is delivered by a delivery organization that allows users to track deliveries, upon receipt as stated in the tracking system;
 - (2) if a paper copy is delivered by another means, when the intended recipient or a representative of the intended recipient signs for it;
 - (3) if it is delivered by email, when the intended recipient acknowledges by notice in accordance with this section 4.2 (but without need for further acknowledgement) having received that message, except that a read receipt or an automatic reply will not constitute acknowledgement of a message for purposes of this section 4.2; and
 - (4) if the intended recipient rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to delivery.
- (b) For a notice under this agreement to be valid, it must be addressed using the information below for that party or other information stated by that party in a notice in accordance with this section 4.2 .

To MDOT: Michigan Department of Transportation
1060 W Fort St

Detroit, MI 48226-3030

To M-1: M-1 RAIL
400 Renaissance Ctr
Detroit, MI 48243-1502
Attn: Steven C. Liedel

To M-2: M-2 RAIL
400 Renaissance Ctr
Detroit, MI 48243-1502
Attn: Steven C. Liedel

- (c) If a notice or other communication addressed to a party is received after 5:00 p.m. on a Business Day at the location specified in the address for that party, or on a day that is not a Business Day, then the notice will be deemed received at 9:00 a.m. on the next Business Day.

4.3 **Severability**

The parties acknowledge that if a dispute between the parties arises out of this agreement or the subject matter of this agreement, they would want the court to interpret this agreement as follows:

- (1) with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision;
- (2) if an unenforceable provision is modified or disregarded in accordance with this section 4.3, by holding that the rest of the agreement will remain in effect as written;
- (3) by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable; and
- (4) if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this agreement, by holding the entire agreement unenforceable.

4.4 **Governing Law**

Michigan law governs any adversarial proceeding brought by one party against one or more other parties arising out of this agreement or the termination of the Lease or Sublease.

4.5 **Scope of Agreement; Entire Agreement**

This agreement constitutes the entire understanding between the parties with respect to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties.

4.6 **Electronic Signatures**

- (a) If this agreement is an Electronically Signed Document, all of the following apply:
- (1) Each party states that the intention of the individual signing on behalf of that party on the Electronically Signed Document is to attribute the individual's signature to the Electronically Signed Document, and that the Electronic Signature on the Electronically Signed Document is the signer's signature to the Electronically Signed Document;
 - (2) Each party acknowledges that an Electronic Signature on the Electronically Signed Document is legally binding; and
 - (3) Each party hereby waives any rights to repudiate the authenticity or validity of an Electronic Signature on the Electronically Signed Document to the extent the repudiation is based in whole or in part on the fact that the signature is not in an original handwritten form using physical ink and paper.
- (b) The Electronic Signatures in Global and National Commerce Act of 2000, as amended, (15 USC, Chapter 96) (E-SIGN) or the Uniform Electronic Transactions Act (UETA), 2000 PA 305, as amended, MCL 450.831 to 450.439, or both, as applicable, governs an Electronic Signature on this agreement. The Uniform Computer Information Transactions Act (UCITA) does not govern an Electronic Signature on this agreement.
- (c) For purposes of this section 4.6, the following definitions apply:
- (1) **“Electronic Signature”** means any form of signature provided on behalf of a party other than an original handwritten signature, including any type of image created in any manner (whether electronically or otherwise), which image could reasonably be interpreted as an indication of the signer's intent to sign the document.
 - (2) **“Electronically Signed Document”** means any document received by a party in connection with this Agreement or the correction or amendment of this Agreement, to which an Electronic Signature is affixed, attached, or otherwise logically associated.

4.7 **Effectiveness; Date**

This agreement will become effective when all parties have signed it. The date of this agreement will be the date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature). If a party signs this agreement but fails to date that party's signature, the date that MDOT receives that signing party's signature will be deemed to be the date that the signing party signed this agreement.

Each party is signing this agreement on the date stated opposite that party's signature.

(signature pages follow)

MICHIGAN DEPARTMENT OF
TRANSPORTATION

Date: _____

By: _____

(printed name of signer)

(printed title of signer)

M-1 RAIL

Date: _____

By: _____

Matthew P. Cullen
Chief Executive Officer

M-2 RAIL

Date: _____

By: _____

Matthew P. Cullen
Chief Executive Officer

DRAFT: 105486.000001 4869-6070-8555.5 9/10/2024 (5:54 PM)

EXHIBIT A
Notice of Assignment of MDOT OLA

(copy attached)

September 19, 2024

TSC Manager
Michigan Department of Transportation
1060 West Fort Street
Detroit, MI 48226

Dear TSC Manager:

On behalf of M-1 RAIL and M-2 RAIL, I am writing pursuant to section 9.0 of the operating license agreement by and between M-1 RAIL, M-2 RAIL, and the Michigan Department of Transportation (“**MDOT**”) dated June 23, 2014 (the “**MDOT OLA**”) to notify MDOT of all of the following:

- (1) that M-1 RAIL, M-2 RAIL, M-3 RAIL, LCC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**”), and the Regional Transit Authority of Southeast Michigan (the “**RTA**”) have agreed pursuant to an street railway system transfer and purchase agreement dated September 19, 2024 (the “**Transfer Agreement**”) that M-1 RAIL and M-2 RAIL will transfer the assets of the “**Streetcar System**” (as defined in section 1.0 of the MDOT OLA) and other related assets of M-3 and Towing, effective upon the consummation of the transactions contemplated by the Transfer Agreement (the “**Closing**”, as defined in section 3.01 of the Transfer Agreement);
- (2) that under the Transfer Agreement, M-1 RAIL and M-2 RAIL are assigning to the RTA, and the RTA is assuming, all of the rights, interests, and obligations of M-1 RAIL and M-2 RAIL under the MDOT OLA, including the operating license provided for under the MDOT OLA, from and after the Closing; and
- (3) that from and after the Closing, the RTA is obligated under the Transfer Agreement to operate and maintain the Streetcar System as a public transportation system under the Regional Transit Authority Act, 2012 PA 387, as amended, MCL 124.541 to 124.558 (the “**RTA Act**”), and consistent with the terms of the MDOT OLA.

M-1 RAIL will promptly notify MDOT of the Closing and the date and time of the Closing.

As a result of the assignment of rights, interests, and obligations under the MDOT OLA to the RTA, from and after the Closing, references to M-1 RAIL, M-2 RAIL, or both, in the MDOT OLA should be deemed references to the RTA, and any references to the “Nonprofit Street Railway Act” in the MDOT OLA should be deemed references to the RTA Act.

For purposes of section 11.0 of the MDOT OLA, the RTA will be permitted to indemnify MDOT only to the extent permitted under Michigan law.

For purposes of notice to the operator of the Streetcar System under section 15.0 of the MDOT OLA, from and after the Closing, provisions for notice to M-1 RAIL, M-2 RAIL, or its legal counsel are deleted, and notice should instead be provided to the RTA at:

Chief Executive Officer
Regional Transit Authority of Southeast Michigan
1001 Woodward Ave Ste 1400
Detroit, MI 48226

We are providing a copy of this notice to the RTA and the City of Detroit.

M-1 RAIL and M-2 RAIL have greatly appreciated our partnership with MDOT.

Sincerely,

M-1 RAIL

M-2 RAIL

Matthew P. Cullen
Chief Executive Officer

Matthew P. Cullen
Chief Executive Officer

c: Regional Transit Authority of Southeast Michigan
 City of Detroit

Acknowledged and accepted:

MICHIGAN DEPARTMENT OF TRANSPORTATION

By: _____

Date: _____

Name: _____

Title: _____

EXHIBIT B
Notice of Assignment of MDOT OMA

(copy attached)

September 19, 2024

TSC Manager
Michigan Department of Transportation
1060 West Fort Street
Detroit, MI 48226

Dear TSC Manager:

On behalf of M-1 RAIL and M-2 RAIL, I am writing pursuant to section 10.0 of the operations and maintenance agreement by and between M-1 RAIL, M-2 RAIL, and the Michigan Department of Transportation (“**MDOT**”) dated December 8, 2017 (the “**MDOT OMA**”) to notify MDOT of all of the following:

- (1) that M-1 RAIL, M-2 RAIL, M-3 RAIL, LCC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**”), and the Regional Transit Authority of Southeast Michigan (the “**RTA**”) have agreed pursuant to an street railway system transfer and purchase agreement dated September 19, 2024 (the “**Transfer Agreement**”) that M-1 RAIL and M-2 RAIL will transfer the assets of the “**Streetcar System**” (as defined in section 1.0 of the MDOT OMA) and other related assets of M-3 and Towing, effective upon the consummation of the transactions contemplated by the Transfer Agreement (the “**Closing**”, as defined in section 3.01 of the Transfer Agreement);
- (2) that under the Transfer Agreement, M-1 RAIL and M-2 RAIL are assigning to the RTA, and the RTA is assuming, all of the rights, interests, and obligations of M-1 RAIL and M-2 RAIL under the MDOT OMA, including the operating license provided for under the MDOT OMA, from and after the Closing; and
- (4) that from and after the Closing, the RTA is obligated under the Transfer Agreement to operate and maintain the Streetcar System as a public transportation system under the Regional Transit Authority Act, 2012 PA 387, as amended, MCL 124.541 to 124.558 (the “**RTA Act**”), and consistent with the terms of the MDOT OMA.

M-1 RAIL will promptly notify MDOT of the Closing and the date and time of the Closing.

As a result of the assignment of rights, interests, and obligations under the MDOT OMA to the RTA, from and after the Closing, references to M-1 RAIL, M-2 RAIL, or both, in the MDOT OMA should be deemed references to the RTA, and any references to the “Nonprofit Street Railway Act” in the MDOT OMA should be deemed references to the RTA Act. The construction of the Streetcar System has been completed.

For purposes of section 12.0 of the MDOT OMA, the RTA will be permitted to indemnify MDOT only to the extent permitted under Michigan law.

For purposes of notice for coordination of operations under section 3.3 of the MDOT OMA, the phone number for RTA Dispatch is: (RTA Dispatch Phone Number).

For purposes of notice to the operator of the Streetcar System under section 16.0 of the MDOT OMA, from and after the Closing, provisions for notice to M-1 RAIL, M-2 RAIL, or its legal counsel are deleted, and notice should instead be provided to the RTA at:

Chief Executive Officer
Regional Transit Authority of Southeast Michigan
1001 Woodward Ave Ste 1400
Detroit, MI 48226

We are providing a copy of this notice to the RTA and the City of Detroit.

M-1 RAIL and M-2 RAIL have greatly appreciated our partnership with MDOT.

Sincerely,

M-1 RAIL

M-2 RAIL

Matthew P. Cullen
Chief Executive Officer

Matthew P. Cullen
Chief Executive Officer

c: Regional Transit Authority of Southeast Michigan
 City of Detroit

Acknowledged and accepted:

MICHIGAN DEPARTMENT OF TRANSPORTATION

By: _____

Date: _____

Name: _____

Title: _____

**EXHIBIT IX
LOAN AMENDMENT**

(see attached)

[Exhibit IX]

CASE – 403452

Amendment One
to the
Michigan Business Development Program
Loan Agreement
between the Michigan Strategic Fund and M-1 RAIL

This Amendment One (the “Amendment”), dated July 1, 2024, is to the Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund (the “Lender” or the “MSF”) and M-1 RAIL (the “Borrower”), CASE-102389, dated December 23, 2014, (the “Loan Agreement”).

WHEREAS, on March 25, 2014, the MSF Board approved the Loan to the Borrower to support the Project;

WHEREAS, the full amount of the Loan has been disbursed to the Borrower;

WHEREAS, pursuant to the Loan Agreement and the Note, \$6,368,724.12 of the principal, plus relevant interest, has been paid to fulfill obligations through December 31, 2023, and \$3,361,275.88 in principle remains outstanding (the “Outstanding Balance”);

WHEREAS, the Borrower intends to have its assets, including the Improvements, transferred to the Regional Transit Authority of Southeast Michigan (the “RTA”);

WHEREAS, on March 26, 2024, the MSF Board approved a resolution that: (1) ratified the use of funds for the Loan from the Michigan investment fund authorized under MCL 125.2088h (the “Permanent Fund”), (2) amended to the terms of the Loan to (a) accept in-kind sponsorship and marketing services, outlined herein, to satisfy the outstanding balance of the Loan, and (b) provided consent for the transfer of assets to the RTA;

Pursuant to Section 7.6 of the Agreement, the Parties agree as follows:

1. Defined terms used but not defined in this Amendment are as defined in the Loan Agreement.
2. Delete all references to the “Michigan Business Development Program” or “MBDP” and replace with the “Permanent Fund,” as defined herein.
3. The Note is deemed satisfied and the Borrower is released from any further obligations to make payments of principal or interest due under the Agreement, the Note, or the Related Documents. Lender shall return the original copy of the Note to Borrower with an annotation of “Fully Satisfied”, “Paid”, or other similar annotation.
4. Pursuant to Section 7.5 of the Agreement, the Lender hereby gives consent for the Borrower to assign its rights and obligations under the Agreement to the RTA, upon the transfer of the Improvements to the RTA (the “Transfer”). The Parties agree that, coincident with the Transfer, the Borrower shall require the RTA to assume all rights, obligations, terms, and conditions of the Agreement, as amended, through the Term. The Borrower or the RTA shall provide an instrument fully executed by the Borrower and the RTA constituting such assumption to the Lender as soon as reasonably practicable. Upon

receipt by the Lender of such instrument, to the satisfaction of the Lender, the Borrower is relieved of any further obligations to the Lender under the Agreement.

5. Amend Section 2 of the Agreement by adding the following immediately after Section 2.3:

2.4 Satisfaction of Loan Obligation. Notwithstanding any contrary provision of this Agreement, the Note, or the Related Documents, beginning March 26, 2024, all of the following apply:

- (a) The Borrower shall continue to operate the Improvements as a street railway system and in lieu of any further payments of principal and interest due under the Agreement, the Note, or the Related Documents, the Borrower shall provide Lender with the acknowledgement rights and marketing services detailed in Exhibit E (the "Acknowledgment Rights and Marketing Services"), in accordance with logo usage terms outlined in Exhibit F;
- (b) Lender hereby releases Borrower from the assignment under paragraph 2.3(a) and the Aid Agreement;
- (c) Lender shall execute and file a termination statement for any financing statement described in paragraph 2.3(b) and filed with a filing office;

6. Delete Section 1.31 of the Agreement in its entirety and replace with the following:

1.31 "Term of the Loan" shall mean from the Effective Date and unless earlier terminated as provided by this Agreement, through December 31, 2028.

7. The attached Exhibit E and Exhibit F are added to the Agreement immediately following Exhibit D, which are incorporated by reference as binding obligations, terms and conditions of the Agreement.
8. This Amendment may be signed in counterparts and delivered by fax or in .pdf form or other electronic format, and in any such circumstances, shall be considered one document and an original for all purposes.

Except as specifically provided above, the Parties agree that all terms and conditions of the Agreement shall remain unchanged and in effect.

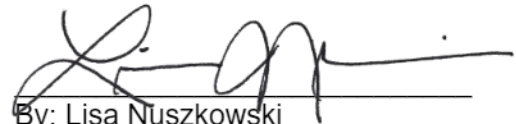
(remainder of page intentionally left blank)

The signatories below warrant that they are empowered to enter into this Amendment.

BORROWER ACCEPTANCE:

M-1 RAIL

Dated: 07/01/2024



By: Lisa Nuskowski
Its: President & Chief Operating Officer

LENDER ACCEPTANCE:

MICHIGAN STRATEGIC FUND

Dated: _____

Matthew Casby
Fund Manager

ACKNOWLEDGED BY:

REGIONAL TRANSIT AUTHORITY OF
SOUTHEAST MICHIGAN

Dated: _____

By:
Its:

EXHIBIT E**ACKNOWLEDGEMENT RIGHTS AND MARKETING SERVICES**

Beginning in 2024 and for each year thereafter throughout the Term, the Borrower shall provide at the Borrower's cost and expense the following Acknowledgement Rights and Marketing Services related to the Improvements, to the satisfaction of the Lender:

- (a) Cause all streetcars to be wrapped with design(s) provided by the Lender, for at least 9 months out of each calendar year. The Lender reserves the right to: (i) require the Borrower update or change the wrap design up to two times per calendar year, and (ii) dictate the timing during the calendar year of when the streetcars will be wrapped with Lender's design(s). The Lender shall provide wrap designs to the Borrower. The Borrower shall work with the Borrower's wrap vendor to confirm specifications for the wrap. The Lender shall provide final approval of the wrap before installation.
- (b) Each station shall have at least one video monitor visible to the public display advertisements or graphic designs provided by the Lender at least 50% of the time the monitors are on and active. The Lender reserves the right to require the Borrower to update or change the Lender's advertisements or graphic designs displayed at Lender's discretion. The Lender shall provide the Borrower with at least 48 hours' notice to implement updates or changes to Lender's advertisements or graphic designs on video monitors.
- (c) Display continuously through the Term on at least two signage panels on the interior of each of the streetcars advertisements or graphic designs provided by the Lender on a continuous basis. The Lender reserves the right to require the Borrower to update or change the design of the advertisements or graphic designs displayed up to two times per calendar year. The Lender shall provide the Borrower with not less than 14 days' notice for the Borrower to implement updates or changes to Lender's advertisements or graphic designs on interior streetcar signage.

Borrower shall work with Lender to ensure all services provided herein are at the direction of and to the satisfaction of the Lender. Borrower shall also provide a report due at the end of each calendar quarter containing photographs and descriptions of the services provided and data on estimated impressions.

EXHIBIT F

LOGO USAGE TERMS

To the extent any logos or trademarks of the Lender or the MEDC, including "Pure Michigan," (collectively, the "IP") are used to fulfill the Acknowledgement Rights and Marketing Services, Borrower is granted a non-exclusive, non-transferable limited license for use of the IP registered mark through the Term. Any use of the IP must be approved by Lender, in writing, before use in relation to this Agreement. The IP logos that are federally registered require a circle R (®) designation when used. The IP wordmarks that are federally registered require a TM (™) designation when used.

Borrower agrees it shall not:

- (a) Alter the IP marks in any way.
- (b) Use any part of the IP marks as part of another word.
- (c) Redesign, redraw, animate, modify, distort, or alter the proportions of the IP marks.
- (d) Surround the IP marks with, or place in the foreground over, a pattern or design.
- (e) Rotate or render the IP marks three-dimensionally.
- (f) Add words, images, or any other new elements to the IP marks.
- (g) Enclose the IP marks in a shape or combine it with other design elements or effects.
- (h) Modify the size or position relationship of any element within the IP marks.
- (i) Add additional copy to the IP marks.

Any other use of the IP by the Borrower is prohibited and shall constitute an infringement on the Lender's intellectual property.

The Borrower will maintain the high quality of any of the IP marks and will safeguard the established prestige and goodwill related to the mark at the same level of prestige and goodwill as maintained.

The Borrower will take all necessary steps, and all steps reasonably requested by the Lender to prevent or avoid any misuse of the IP marks.

The Borrower acknowledges that the MEDC is the owner of all rights, title and interest in and to the IP, and any and all forms or embodiments thereof, and is the owner of the goodwill attached to the IP in connection with the services for which the IP have been and may be used.

EXHIBIT X
TRADEMARK ASSIGNMENT AGREEMENT

(see attached)

[Exhibit X]

ASSIGNMENT OF TRADEMARKS

This Assignment Of Trademarks (“**Assignment**”) is made and entered into as of the [__] day of [_____], 2024 (“**Effective Date**”), by and between M-1 RAIL, a Michigan nonprofit corporation (“**Assignor**”) and the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Assignee**”).

RECITAL

WHEREAS, Assignee and Assignor are parties to that certain Street Railway System Transfer and Purchase Agreement dated September __, 2024 (the “**Transfer Agreement**”), pursuant to which Assignor has agreed to sell to Assignee and Assignee has agreed to buy from Assignor the Transferred Assets (as defined in the Transfer Agreement), including without limitation, all Trademarks owned by Assignor, including the trademark registrations of Assignor set forth on Schedule A attached to this Assignment (collectively the “**Marks**”);

WHEREAS, pursuant to Section 3.02(a) of the Transfer Agreement, Assignor has agreed to execute this Assignment;

NOW, THEREFORE, in consideration of the execution of the Transfer Agreement, the payment of the consideration stipulated in the Transfer Agreement, the mutual promises and covenants in this Assignment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound thereby, the parties agree as follows:

1. All capitalized terms not otherwise defined in this Assignment, as used in this Assignment, shall have the respective meanings ascribed to such terms in the Transfer Agreement.

2. Subject to the terms and conditions of the Transfer Agreement, Assignor hereby sells, assigns, transfers and conveys to Assignee, and Assignee purchases, acquires and accepts, all of Assignor’s right, title, and interest in, to and under the Marks, free and clear of all Encumbrances, other than Permitted Encumbrances, together with all goodwill associated therewith and all income, royalties, and payments earned or accrued from and after the Effective Time on the Closing Date with respect thereto, all damages and payments for past, present or future infringements or misappropriations thereof, and the right to sue and recover for past, present or future infringements or misappropriations thereof.

3. Assignee may record this Assignment with the United States Patent and Trademark Office and with comparable offices in other jurisdictions throughout the world, as well as with any other United States or foreign government office as may be necessary or appropriate. Assignor will take any further reasonable action necessary or desirable to carry out the purposes of this Assignment as Assignee may reasonably request, at the sole cost and expense of Assignee, including the execution and delivery of such further instruments and documents as may be necessary for Assignee to record this Assignment with the United States Patent and Trademark

Office or with comparable offices in other jurisdictions throughout the world, as well as with any other United States or foreign government office as may be necessary or appropriate.

4. This Assignment is executed and delivered pursuant to the Transfer Agreement. Each of the parties to this Assignment acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Transfer Agreement shall not be superseded by this Assignment but shall remain in full force and effect to the full extent provided in the Transfer Agreement. In the event of a conflict between the terms and provisions of this Assignment and any term or provision of the Transfer Agreement, the conflicting term or provision of the Transfer Agreement shall govern and control to the extent of such conflict.

5. Except to the extent that federal law preempts state law with respect to the matters covered hereby, this Assignment shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to the principles of conflicts of laws thereof.

6. This Assignment may be executed electronically or by facsimile signature and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Assignment by facsimile or an electronic document in portable document format (pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall be as effective as delivery of a manually executed counterpart of this Assignment. A signed copy of this Assignment delivered by email or other means of electronic transmission (including via DocuSign) shall be deemed to have the same legal effect as delivery of an original signed copy of this Assignment. This Assignment may not be amended or modified except by an instrument in writing signed by Assignor and Assignee.

[remainder of page intentionally left blank, signature pages follow]

IN WITNESS WHEREOF, the parties have caused this Assignment of Trademarks to be executed by their respective duly authorized officers as of the date first written above.

M-1 RAIL

By: _____
Matthew P. Cullen
Chief Executive Officer

STATE OF MICHIGAN)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2024 by Matthew P. Cullen, known to me to be the duly authorized Chief Executive Officer of M-1 RAIL, a Michigan nonprofit corporation, on behalf of the corporation.

_____, Notary Public

County, State of Michigan
My Commission Expires: _____
Acting in _____ County

**REGIONAL TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN**

By: _____

Name: _____

Its: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2024 by [_____], known to me to be the duly authorized [_____] of the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963, on behalf of the authority.

_____, Notary Public
_____ County, State of Michigan
My Commission Expires: _____
Acting in _____ County

SCHEDULE A

“QLINE” Trademark (US PTO Registration Number 5,396,736 with Registration Date of February 6, 2018)

“QLINE DETROIT” Trademark (US PTO Registration Number 5,820,245 with Registration Date of July 30, 2019)

EXHIBIT XI
AID AGREEMENT AMENDMENT

(see attached)

[Exhibit XI]

**FIRST AMENDED AND RESTATED
AID AGREEMENT**

This **FIRST AMENDED AND RESTATED AID AGREEMENT** (the “**Agreement**”) is between the **CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY**, a Michigan public body corporate, (the “**DDA**”), the **REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN**, a Michigan municipal public body corporate and metropolitan authority, (the “**RTA**”), and **M-1 RAIL**, a Michigan nonprofit corporation, (“**M-1 RAIL**”).

WHEREAS, in May of 2014, the DDA and M-1 RAIL entered into an aid agreement entitled “City of Detroit Downtown Development Authority / M-1 RAIL Aid Agreement” (the “**Original Agreement**”) pursuant to which the DDA agreed to support the development of a 3.3 mile Street Railway System along Woodward Avenue from Larned Street to just north of Grand Boulevard in Detroit, Michigan, as described in Exhibit A (the “**Project**”) and to aid the growth of the DDA’s Downtown District; and

WHEREAS, as contemplated in section 7.B of the Original Agreement, M-1 RAIL now seeks to transfer to the RTA the Street Railway System assets used to operate the Project; and

WHEREAS, the continued operation of the Project will continue to mitigate instances of decline, deterioration, and blight within the Woodward Avenue Retail Corridor (the “**Corridor**”) and will increase economic activity and development within the Corridor and within the DDA’s Downtown District; and

WHEREAS, the DDA wants to continue support for the Project and to continue to aid the economic growth of the Downtown District by extending its pledge of financial support for the Project; and

WHEREAS, the DDA is authorized to enter into this Agreement and provide aid to the RTA under part 2 of the Recodified Tax Increment Financing Act, 2018 PA 57, as amended, MCL 125.4201 (the “**DDA Act**”), under the DDA’s Development Plan, and under that certain resolution adopted by the DDA Board of Directors on or about March 27, 2024 (Resolution Code DDA 24-03-117-02).

NOW THEREFORE, the parties therefore amend and restate the Original Agreement to read in its entirety as follows:

1 Term

- (a) The term of this Agreement begins on the Transfer Day (as defined in section 1(c)) and ends at 11:59 p.m. on June 30, 2039, subject to any extension of the term of this Agreement under section 2(b).
- (b) The provisions of this Agreement are contingent upon the occurrence of the transfer of Street Railway System assets to the RTA. The provisions of the Original Agreement apply until the Transfer Day. The provisions of this Agreement apply and supersede in all respects the provisions of the Original Agreement on and after the Transfer Day.

- (c) For purposes of the Agreement, “**Transfer Day**” means the day on which Street Railway System assets of M-1 RAIL and M-2 RAIL, a Michigan nonprofit corporation, are transferred to the RTA and the RTA assumes operation of the Project, notice of which RTA shall provide to DDA.

2 **Aid to RTA**

- (a) Subject to section 2(b) and section 3, DDA shall provide aid to RTA in the form of a cash grant in the aggregate amount of \$13,500,000.00, payable by DDA to RTA in equal annual installments of \$900,000.00 on or before June 30 of each year beginning on or before June 30, 2025 and continuing through June 30, 2039 (the “**Contribution**”). The Contribution is payable only from available Tax Increment Revenues of the DDA captured by the DDA under its Development Plan.
- (b) For any year in which a payment is due under section 2(a) that the DDA does not receive sufficient Tax Increment Revenues to make the payment, after payment by the DDA of (1) all bonded and other contracted indebtedness of a similar nature, whether incurred before or after the date of the Original Agreement, and (2) all other contractual obligations of the DDA made before or after the date of the Original Agreement, the DDA may delay the scheduled payment of the Contribution to the extent of the insufficient amount of Tax Increment Revenues without penalty or interest (a “**Payment Delay**”). If a Payment Delay occurs, subsequent payments under section 2(a) will be increased to the extent of the unpaid insufficiency and the term of this Agreement will be extended until the Contribution is paid in full.

3 **Conditions on Aid**

- (a) The obligation of the DDA to make payments under section 2 is subject to the following conditions:
- (1) the RTA shall operate the Project in compliance with the Regional Transit Authority Act, 2012 PA 387, as amended, MCL 124.521 to 124.558, (the “**RTA Act**”), and other applicable law; and
 - (2) the RTA shall operate the Project on streets and highways within the City of Detroit (the “**City**”) over which the City has operational jurisdiction pursuant to an operating license agreement between the RTA and the City to the extent required by section 13 of the RTA Act, MCL 124.533; and
 - (3) the RTA shall operate the Project on streets and highways within the City over which the Michigan Department of Transportation (“**MDOT**”) has operational jurisdiction pursuant to an operating license agreement between the RTA and MDOT to the extent required by section 13 of the RTA Act, MCL 124.533.

- (b) As requested by notice of the DDA, the RTA shall provide the DDA with written confirmation of compliance with the conditions detailed in section 3(a)(1) to section 3(a)(3).
- (c) Subject only to the conditions included in section 3(a), the obligation of the DDA to make the Contribution to the RTA is absolute, unconditional, and irrevocable. The DDA acknowledges that the RTA expects to enter into contracts and other agreements in reliance on the Contribution.

4 **Use of Aid and Recognition**

- (a) Payments to the RTA under section 2(a) received by the RTA must be deposited in the treasury of the RTA and expended by the RTA pursuant to appropriations authorized by the board of directors of the RTA to operate the Project and for related purposes consistent with the requirements of the RTA Act. The RTA is not required to hold money paid by the DDA to the RTA under this Agreement as a permanent endowment or as a fund restricted for another specified purpose.
- (b) Through the term of this Agreement, the RTA shall continue to recognize the Contribution at a location or locations, such as donor walls, at which similar recognition is given to donors supporting the Project that do not have recognition rights on individual stations of the Project. The RTA shall determine the appearance and prominence of any change in the recognition after the Transfer Day to comply with applicable city, state, and federal laws and regulations applicable to the Project, including any requirements applicable to historical buildings and districts and to permit the RTA to use proceeds of the Contribution to be treated as capital expenses under applicable regulations of the Federal Transit Administration.

5 **Transit Oriented Development**

- (a) The parties acknowledge that the Detroit Economic Growth Corporation (the “**DEGC**”), Downtown Detroit Partnership (“**DDP**”), and Midtown Detroit, Inc. (“**Midtown**”) have entered into a separate memorandum of understanding (as amended from time to time, the “**TOD MOU**”) under which the parties to the TOD MOU agree to the roles and responsibilities of DEGC, DDP, Midtown, and other community partners in planning and implementing transit oriented development (“**TOD**”) along the Woodward Avenue corridor in the vicinity of the Project (the “**Corridor**”). The RTA acknowledges all of the following regarding the TOD MOU:
 - (1) that the RTA has reviewed the TOD MOU;
 - (2) that the parties to the TOD MOU are primarily responsible for planning and implementing TOD along the Corridor;

- (3) that the RTA understands that DEGC, together with various public authorities administered by DEGC, will play an active and leading role in TOD along the Corridor.
- (b) The parties also acknowledge that the performance by DDP, Midtown, and DEGC of their respective obligations under the TOD MOU are independent of the terms of this Agreement and are not conditions upon do not otherwise diminish the obligation of the DDA to make the Contribution under this Agreement.

6 **Fair Employment Practices**

- (a) In accordance with the United States Constitution and with all federal legislation governing fair employment practices and equal opportunity, including Title VI of the Civil Rights Act of 1964 (P.L. 88-352, 78 Stat. 252) and United States Department of Justice regulations (28 CFR Part 42) issued pursuant to that Title; Title VII of the Civil Rights Act of 1965 (42 USC Sec. 2000(e) *et seq.*); and in accordance with the Michigan Constitution of 1963 and all Michigan laws and regulations governing fair employment practices and equal opportunity, including the Elliott-Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2101 to 37.2804, and the Persons With Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 to 37.1607, RTA shall not discriminate against an employee or application for employment with respect to hire, tenure, terms, conditions, or privileges of employment with respect to race, religion, color, national origin, age, sex, sexual orientation, gender identity or expression, height, weight, familial status, marital status, or disability that is unrelated to the individual's ability to perform the duties of a particular assignment or position. The RTA hereby acknowledges the right of the United States and the State of Michigan to seek judicial enforcement for the covenants against discrimination included in this section 6(a) against the RTA or its contractors or subcontractors, or both, connected directly or indirectly with the performance of this Agreement.
- (b) The RTA shall notify or cause to be notified, all contractors and subcontractors of the obligations relating to nondiscrimination under this Agreement and will cause to be included the provisions of this section 6 (or provisions to substantially the same effect) in all future contracts or subcontracts for the operation of the Project.
- (c) Performance by the RTA of its obligations under this section 6 are independent of the obligation of the DDA to make the Contribution under section 2, and does not constitute conditions to, or otherwise diminish, the obligation of the DDA to make the Contribution.

7 **Insurance**

The RTA shall maintain or cause to be maintained comprehensive general liability insurance on the Project with a responsible insurance company licensed to conduct business in Michigan in an amount not less than \$3,000,000.00 on an occurrence or claims-made basis. The DDA shall be named as an additional insured on the insurance.

Upon notice by the DDA, the RTA shall provide the DDA with written evidence of the insurance coverage required by this section 7. The RTA shall notify the DDA if insurance required by this section 7 without replacement with other insurance that complies with this section 7.

8 **Limitations**

- (a) MI-RAIL is joining this Agreement for the limited purpose of amending and restating the Original Agreement between the DDA and MI-RAIL, is not otherwise (1) assuming any obligations under this Agreement, or (2) a party to this Agreement.
- (b) Only the DDA and the RTA may enforce this Agreement.

9 **Other Definitions**

For purposes of this Agreement, the following definitions apply:

“**Development Area**”, “**Development Plan**”, and “**Downtown District**”, mean those phrases as defined in section 201 of the DDA Act, MCL 125.4201.

“**Street Railway System**” means that phrase as defined in section 507 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4507.

“**Tax Increment Revenues**” means that phrase as defined in section 201 of the DDA Act, MCL 125.4201, but for purposes of this Agreement, Tax Increment Revenues does not include any *ad valorem* property taxes and specific local taxes attributable to the application of the levy of the State of Michigan pursuant to the State Education Tax Act, 1993 PA 331, as amended, MCL 211.901 to 211.906, and local or intermediate school districts.

10 **Non-assignment**

Neither the DDA nor the RTA may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party.

11 **Modification; Waiver**

No amendment of this Agreement will be effective unless it is in writing and signed by the parties. No waiver under this Agreement will be effective unless it is in writing and signed by the party granting the waiver. A waiver granted on one occasion will not operate as a waiver on other occasions.

12 **Notice**

- (a) A notice or other communication under this Agreement will be effective if it is in writing and received by the party to which it is addressed. It will be deemed to have been received as follows:
 - (1) if a paper copy is delivered by a delivery organization that allows users to track deliveries, upon receipt as stated in the tracking system;

- (2) if a paper copy is delivered by another means, when the intended recipient or a representative of the intended recipient signs for it; or
 - (3) if the intended recipient rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver.
- (b) For a notice under this Agreement to be valid, it must be addressed using the information below for that party or any other information stated by that party in a notice in accordance with this section 12.
- To DDA: City of Detroit Downtown Development Authority
 Attn: Authorized Agent
 500 Griswold St Ste 2200
 Detroit, MI 48226-4402
- To RTA: Regional Transit Authority of Southeast Michigan
 Attn: Executive Director
 1001 Woodward Ave Ste 1400
 Detroit, MI 48226-1927
- (c) If a notice addressed to a party is received after 5:00 p.m. on a business day at the location specified in the address for that party, or on a day that is not a business day at the location specified in the address for that party, then the notice will be deemed to have been received at 9:00 a.m. on the next business day.

13 **Severability**

The parties acknowledge that if a dispute between the parties arises out of this Agreement or the subject matter of this Agreement, they would want the court to interpret this Agreement as follows:

- (1) with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision;
- (2) if an unenforceable provision is modified or disregarded in accordance with this section 13, by holding that the rest of the Agreement will remain in effect as written;
- (3) by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable; and
- (4) if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Agreement, by holding the entire Agreement unenforceable.

14 **Counterparts**

If the parties sign this Agreement in several counterparts, each will be deemed an original but all counterparts together will constitute one instrument.

15 **Governing Law**

Michigan law governs any adversarial proceeding brought by one party against another party arising out of this Agreement.

16 **Entire Agreement**

This Agreement is the entire understanding between the parties with respect to the subject matter of this Agreement and supersedes all other Agreements, whether oral or written, between the parties.

17 **Electronic Signatures**

- (a) If this Agreement is an Electronically Signed Document, all of the following apply:
- (1) each party states that the intention of an individual signing on behalf of that party on the Electronically Signed Document is to attribute that individual's signature to the Electronically Signed Document, and that the Electronic Signature on the Electronically Signed Document is the signer's signature to the Electronically Signed Document;
 - (2) the parties acknowledge that an Electronic Signature on an Electronically Signed Documents is legally binding; and
 - (3) each party hereby waives any right to repudiate the authenticity or validity of an Electronic Signature on an Electronically Signed Document to the extent the repudiation is based in whole or in part on the fact that the signature is not in an original handwritten form using physical ink and paper.
- (b) The Electronic Signatures in Global and National Commerce Act of 2000 (E-SIGN), as amended, 15 USC, Chapter 96, or the Uniform Electronic Transactions Act (UETA), 2000 PA 305, as amended, MCL 450.831 to 450.439, or both, as applicable, governs an Electronic Signature on this Agreement. The Uniform Computer Information Transactions Act (UCITA) does not govern an Electronic Signature on this Agreement.
- (1) For purposes of this section 17, the following definitions apply:
 - (A) **“Electronic Signature”** means any form of signature provided on behalf of a party other than an original handwritten signature, including any type of image created in any manner (whether electronically or otherwise), which image could reasonably be interpreted as an indication of the signer's intent to sign the document.

- (B) “**Electronically Signed Document**” means any document received by a party in connection with this Agreement or the correction or amendment of this Agreement, to which an Electronic Signature is affixed, attached, or otherwise logically associated.

18 **Effectiveness; Date**

The date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party’s signature) will be deemed the date of this Agreement. If any party signs but fails to date a signature, the date that the DDA receives that signing party’s signature will be deemed to be the date that the signing party signed this Agreement. This Agreement is effective upon the Transfer Day.

IN WITNESS WHEREOF, each party has duly executed this Agreement as of the date stated opposite that party’s signature.

[signature pages follow]

CITY OF DETROIT DOWNTOWN
DEVELOPMENT AUTHORITY

Date: _____

By: _____
Jennifer Kanalos
Authorized Agent

Date: _____

By: _____
Sean Gray
Authorized Agent

Approved as to form only:

Rebecca A. Navin, Esq.
Legal Counsel to DDA

REGIONAL TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN

Date: _____

By: _____
David Massaron
Chairperson

M-1 RAIL

Date: _____

By: _____
Matthew P. Cullen
Chief Executive Officer

DRAFT: 105486.000001 4862-1904-6819.5

EXHIBIT A

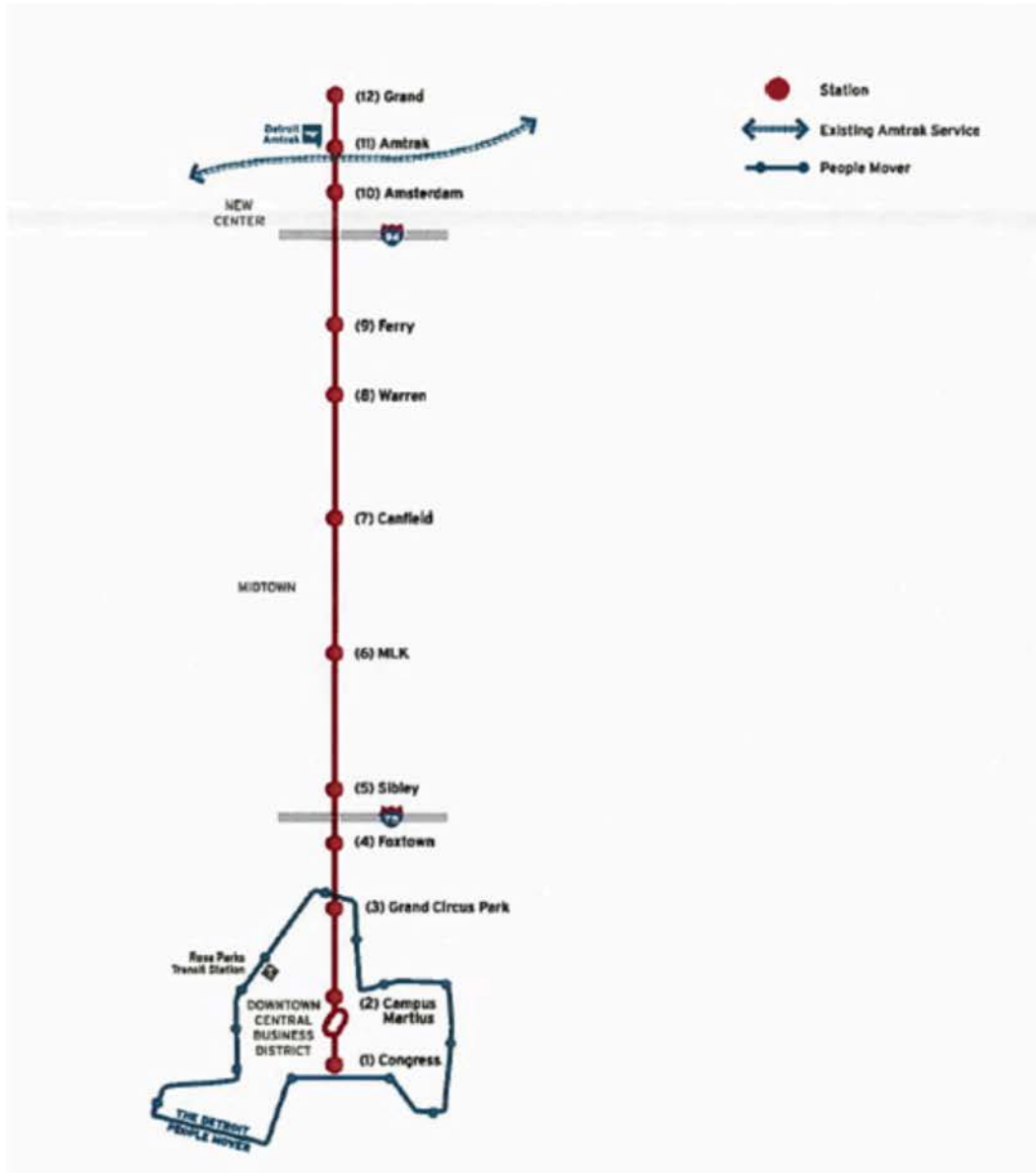


EXHIBIT XII
MOU ASSIGNMENT

(see attached)

MOU ASSIGNMENT AND ASSUMPTION AGREEMENT

This MOU Assignment and Assumption Agreement (“**Agreement**”) is made and entered into by and among the PUBLIC LIGHTING AUTHORITY, a Michigan public municipal corporation (the “**PLA**”), M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”), and the REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article 7 of the Michigan Constitution of 1963 (the “**RTA**”).

A. The PLA and M-2 entered into a Memorandum of Understanding dated October 14, 2014 (the “**MOU**”) relating to the “**Streetcar System**” and “**Streetlighting Improvements**” (each are defined in the MOU);

B. Certain provisions of the MOU continue to apply as long as the Streetcar System is in operation;

C. M-2 (along with its affiliates M-1 RAIL, a Michigan nonprofit corporation, M-3 RAIL, LLC, a Michigan limited liability company, and M-1 RAIL Towing LLC, a Michigan limited liability company) have entered into a street railway system transfer and purchase agreement with the RTA dated September [•], 2024 (the “**Transfer Agreement**”) providing, among other things, for the transfer of the Streetcar System to the RTA; and

D. To facilitate the implementation of the Transfer Agreement, M-2 wants to transfer and rights and obligations under the MOU to the RTA and the RTA wants to assume those rights and obligations.

Now Therefore, the parties agree as follows:

1 **Assignment.** M-2 hereby assigns its rights and obligations under the MOU to the RTA effective upon the consummation of the transactions contemplated by the Transfer Agreement as of the “Effective Time” on the “Closing Date” (each as defined in section 3.01 of the Transfer Agreement), including, but not limited to rights and obligations relating to the maintaining and operating portions of the Streetlighting Improvements under section 10 of the MOU. M-2 shall promptly notify the PLA that the Closing has occurred and of the effective date and time of the Closing.

2 **Assumption.** The RTA hereby assumes the rights and obligations of M-2 under the MOU assigned by M-2 under Section 1 of this Agreement from and after the Closing.

3 **Releases.** M-2 hereby releases the PTA from any claims or liabilities under the MOU arising after the Closing. The PTA hereby releases M-2 from any claims under the MOU arising after the Closing.

4 **Estoppel.** As of the date of this Agreement, to the PLA’s knowledge, there are no uncured defaults, event of default, or breach existing under the MOU and no events have occurred

or facts or circumstances exists that, with the passage of time or the giving of notice, or both, would constitute a default, event of default, or breach by M-2 under the MOU.

5 **Notice to RTA.** From and after the Closing, instead of providing notice to M-2 pursuant to section 13 of the MOU, the PLA shall instead provide notice to the RTA at the following address:

Regional Transit Authority of Southeast Michigan
1001 Woodward Ave Ste 1400
Detroit, MI 48226-1927
Attn: Executive Director

6 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the state of Michigan.

7 **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if each party had signed the same document. Each counterpart shall be deemed to be an original copy of this Agreement and all counterparts shall be construed together and be deemed to constitute a single instrument.

8 **Electronic Signatures.** If this Agreement is an Electronically Signed Document, all of the following apply:

- (1) each party states that the intention of an individual signing on behalf of that party on the Electronically Signed Document is to attribute that individual's signature to the Electronically Signed Document, and that the Electronic Signature on the Electronically Signed Document is the signer's signature to the Electronically Signed Document;
- (2) the parties acknowledge that an Electronic Signature on an Electronically Signed Documents is legally binding; and
- (3) each party hereby waives any right to repudiate the authenticity or validity of an Electronic Signature on an Electronically Signed Document to the extent the repudiation is based in whole or in part on the fact that the signature is not in an original handwritten form using physical ink and paper.

The Electronic Signatures in Global and National Commerce Act of 2000 (E-SIGN), as amended, 15 USC, Chapter 96, or the Uniform Electronic Transactions Act (UETA), 2000 PA 305, as amended, MCL 450.831 to 450.439, or both, as applicable, governs an Electronic Signature on this Agreement. The Uniform Computer Information Transactions Act (UCITA) does not govern an Electronic Signature on this Agreement.

- (4) For purposes of this section 8, the following definitions apply:

- (A) “**Electronic Signature**” means any form of signature provided on behalf of a party other than an original handwritten signature, including any type of image created in any manner (whether electronically or otherwise), which image could reasonably be interpreted as an indication of the signer’s intent to sign the document.
- (B) “**Electronically Signed Document**” means any document received by a party in connection with this Agreement or the correction or amendment of this Agreement, to which an Electronic Signature is affixed, attached, or otherwise logically associated.

9 **Effectiveness; Date.** The date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party’s signature) will be deemed the date of this Agreement. If any party signs but fails to date a signature, the date that the RTA receives that signing party’s signature will be deemed to be the date that the signing party signed this Agreement. Each party is signing this Agreement on the date stated opposite that party’s signature.

[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year forth below.

PUBLIC LIGHTING AUTHORITY

Date: _____, 2024

By: _____

[printed name]

Its: _____

[title of signer]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year forth below.

M-1 RAIL

Date: _____, 2024

By: _____

Matthew P. Cullen

Its: Chief Executive Officer

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year forth below.

**REGIONAL TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN**

Date: _____

By: _____

David Massaron

Its: Chairperson

Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement and any dispute about which this Agreement is a subject shall be governed by and construed in accordance with the applicable Laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction).

(b) Any legal suit, action or proceeding arising out of or based upon this Agreement, the Ancillary Documents or the transactions contemplated by this Agreement or the Ancillary Documents must be instituted in the federal courts of the United States of America or the courts of the State of Michigan located in the City of Detroit and the County of Wayne, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. service of process, summons, notice or other document by mail to such Party's address set forth in this Agreement shall be effective service of process for any suit, action or other proceeding brought in any such court. The Parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Each Party acknowledges and agrees that any controversy that may arise under this Agreement or the Ancillary Documents is likely to involve complicated and difficult issues and, therefore, each such Party knowingly, irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any action arising out of or relating to this Agreement, the Ancillary Documents or the transactions contemplated by this Agreement or the Ancillary Documents. Each Party states that (a) no representative of any other Party has represented, expressly or otherwise, that such other Party would not seek to enforce the waiver included in this paragraph in the event of a legal action, (b) such Party has considered the implications of this waiver, (c) such Party makes this waiver voluntarily, and (d) such Party has been induced to enter into this Agreement by, among other things, the waivers and statements in this Section 10.10(c).

Section 10.11 Disclosure Schedules. The Disclosure Schedules contain a series of sections which, in part, set forth information specifically referred to in Article IV and Article V and, in part, provide exceptions or qualifications to the representations and warranties contained in Article IV and Article V. Neither the specification of any dollar amount in Article IV or Article V nor the disclosure of a document or information in a schedule comprising part of the Disclosure Schedules is intended, or will be construed or offered in any dispute with a nonparty as evidence of, the materiality of such dollar amount, document or information, nor does it establish any standard of materiality upon which to judge the inclusion or omission of any similar documents or information in that schedule or any other schedule comprising the Disclosure Schedules. The information contained in this Agreement and the Disclosure Schedules is disclosed solely for the purposes of this Agreement, and no information contained in this Agreement or the Disclosure Schedules will be deemed to be an admission to any third Person of any matter, including of any violation of Law or breach of any Contract. An exception or qualification set forth in the Disclosure Schedules with respect to a particular representation or warranty will be deemed to be an exception or qualification with respect to all other applicable representations and warranties to the extent the description of the facts regarding the event, item or matter disclosed is adequate on its face so as

to make reasonably clear that such exception or qualification is applicable to such other representations and warranties.

Section 10.12 Specific Performance. The Parties agree that irreparable damage could occur to the non-breaching Party if any provision of this Agreement were not performed by a Party in accordance with the terms hereof (including failing to take such actions as are required of them to consummate the transactions contemplated hereby). Accordingly, the Parties agree that, subject to the limitations set forth in this Section 10.12, prior to valid termination of this Agreement pursuant to and in accordance with Section 8.01, in addition to any other remedy to which a non-breaching Party is entitled at Law or in equity, the non-breaching Party will be entitled to seek injunctive relief to prevent breaches of this Agreement and will be entitled to specifically enforce the performance of the provisions hereof. The Parties agree and acknowledge that: (i) by seeking the remedies provided for in this Section 10.12, a Party will not in any respect waive its right to seek any other form of relief that may be available to such Party under this Agreement in the event that this Agreement has been terminated or in the event that the remedies provided for in this Section 10.12 are not available or otherwise are not granted; and (ii) nothing contained in this Section 10.12 will require any Party to institute any Action for (or limit any Party's right to institute any Action for) specific performance under this Section 10.12 before properly exercising any termination right under Article VIII (and pursuing any other remedies under this Agreement after such termination) nor will the commencement of any Action pursuant to this Section 10.12 or anything contained in this Section 10.12 restrict or limit any Party's right to properly terminate this Agreement in accordance with the terms of Article VIII or pursue any other remedies under this Agreement that may be available then or thereafter. Each Party agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that the other Party has an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity. Any Party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement will not be required to provide any bond or other security in connection with any such order or injunction.

Section 10.13 Counterparts; Delivery by Electronic Transmission. This Agreement may be executed in counterparts (each of which shall be deemed an original, but all counterparts together will constitute one agreement) and shall become effective when one or more counterparts have been signed by each of the Parties and delivered (by electronic communication, facsimile or otherwise) to the other Parties. Each Party agrees that the electronic signatures of the Parties included in this Agreement are intended to authenticate this writing and to have the same force as manual signatures. Accordingly, this Agreement and any signed agreement entered into in connection with this Agreement or contemplated by this Agreement (a "**Connected Agreement**"), and any amendments to this Agreement or a Connected Agreement, to the extent signed and delivered by electronic means in the form of a .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version delivered in person. At the reasonable request of any Party or other party to any such contract, each other Party or party thereto shall re-execute original forms of such a contract and deliver them to all other parties. No Party or party to any such contract shall raise the use of a .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of a .pdf, .tif, .gif, .jpeg or similar attachment to

electronic mail, as a defense to the formation of a contract and each such party forever waives any such defense.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed as of the date first written above by their duly authorized officers, managers, members or authorized representatives.

TRANSFERORS:

M-1 RAIL

By _____
Name: Roger S. Penske
Its: Chair of the Board

M-2 RAIL

By _____
Name: Roger S. Penske
Its: Chair of the Board

M-3 RAIL, LLC

By: M-1 RAIL, a Michigan corporation
Its: Sole Member

By _____
Name: Matthew P. Cullen
Its: Chief Executive Officer

M-1 RAIL TOWING LLC

By _____
Name: Lisa Nuskowski
Its: Manager

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed as of the date first written above by their duly authorized officers, managers, members or authorized representatives.

TRANSFeree:

**REGIONAL TRANSIT AUTHORITY OF
SOUTHEAST MICHIGAN**

By _____
Name: _____
Its: _____

**DISCLOSURE SCHEDULES TO
STREET RAILWAY TRANSFER AND PURCHASE AGREEMENT**

by and among

M-1 RAIL

and

M-2 RAIL

and

M-3 RAIL, LLC

and

M-1 RAIL TOWING LLC

and

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

dated as of

September 19, 2024

DISCLOSURE SCHEDULES

These Disclosure Schedules are provided pursuant to and in accordance with the terms of the Street Railway Transfer and Purchase Agreement dated as of the 19th day of September, 2024, by and among the Regional Transit Authority of Southeast Michigan, a Michigan municipal public body corporate and metropolitan authority authorized by Section 27 of Article VII of the Michigan Constitution of 1963 created pursuant to the Regional Transit Authority Act, Michigan Public Act 387 of 2012, as amended, MCL 124.541 to 124.558 (“**Transferee**”) and M-1 RAIL, a Michigan nonprofit corporation (“**M-1**”), M-2 RAIL, a Michigan nonprofit corporation (“**M-2**”), M-3 RAIL, LLC, a Michigan limited liability company (“**M-3**”), and M-1 RAIL Towing LLC, a Michigan limited liability company (“**Towing**” and together with M-1, M-2 and M-3, each a “**Transferor**” and collectively the “**Transferors**”) (the “**Agreement**”). Capitalized terms used in this Disclosure Schedule and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

Section 2.02(c)
Excluded Contracts

1. Dykema Engagement Letter.
2. Administrative Services Agreement between M-1 RAIL and Quattrro Business Support Services, Inc., as successor to Apparatus Solutions, Inc., dated October 1, 2009.
3. Client Services Agreement between M-3 RAIL, LLC and CoStaff Insight Services, Inc., dated December 17, 2021.
4. To the extent the Self-Insured Retention General Liability Service Agreement between Mackinaw Administrators, LLC, and M-1 RAIL (the “Mackinaw Services Agreement”) is extended prior to Closing, such agreement shall be an Excluded Contract.

Section 2.04(e)
Excluded Liabilities

All Actions listed in Section 4.19(a) and any additional Action and all Liabilities related to or arising out of the incidents or occurrences as to which the Actions in Section 4.19(a) are based.

Section 3.02(a)(xx)
Domain Names

Domain Names
detroitlightrail.com
m-1rail.com
m-1rail.net
m-1rail.org
m1-rail.info
m1-rail.net
m1-rail.org
m1rail.net
m1rail.org

Section 4.02
No Conflicts; Consents

The following agreements require notice to a third party:

1. Operating License Agreement between M-1 RAIL, M-2 RAIL, and the City of Detroit.
2. Operations and Maintenance Agreement between M-1 RAIL, M-2 RAIL and the City of Detroit dated July 25, 2014.
3. Operating License Agreement between M-1 RAIL, M-2 RAIL, and the Michigan Department of Transportation dated June 23, 2014.
4. Operations and Maintenance Agreement between M-1 RAIL, M-2 RAIL, and the Michigan Department of Transportation dated December 8, 2017.
5. Brookville Supplemental Maintenance Services Agreement between Brookville Services, LLC and M-1 RAIL dated June 25, 2024.
6. Selection Support Services Agreement between M-1 RAIL and Quattrro Business Support Services Inc. dated July 3, 2024.
7. Professional Services Agreement between M-1 RAIL and Detroit Downtown Partnership, Inc., dated August 7, 2024.
8. Consulting Agreement between M-1 RAIL and Beyond the Brand LLC dated June 13, 2024.
9. Consulting Agreement between M-1 RAIL and Virint, dated September 13, 2024.

The following agreements require consent from a third party:

1. Subscription Agreement between M-1 RAIL and Swiftly, Inc., dated December 2, 2020.
2. Facilities Locating and Marketing Service Contract between M-1 RAIL and USIC Locating Services, LLC dated November 2, 2020.
3. Memorandum of Understanding between M-2 RAIL and Public Lighting Authority dated October 14, 2014.
4. Agreement to Use Certain Tax Increment Revenues for Certain Brownfield Projects within the Transit Zone between M-1 RAIL and City of Detroit Brownfield Redevelopment Authority.
5. Master Utility Agreement between M-2 RAIL and Detroit Thermal, LLC dated October 30, 2014.
6. Self-Insured Retention General Liability Service Agreement between Mackinaw Administrators, LLC, and M-1 RAIL.

7. Agreement for Professional Managed Services by and between M-1 Rail and Lytel Communications dated January 1, 2021, which has expired but the terms of which are still followed by the parties.

Section 4.03(a)
Financial Statements

Attached.

2021

QLINE
DETROIT



M-1 RAIL & AFFILIATE

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

*As of and for the years ended September 30, 2021 and 2020
And independent auditors' reports.*

M-1 RAIL AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
M-1 RAIL and Affiliates
Detroit, Michigan

Opinion

We have audited the consolidated financial statements of M-1 RAIL and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit

conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte + Touche LLP

May 31, 2022

M-1 RAIL AND AFFILIATES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 7,817,834	\$ 2,483,758
Accounts Receivable	1,670	-
Contributions Receivable (including related party receivables -- refer to Note 4 and Note 7)	1,350,000	7,250,000
Governmental Grants and Funding Receivable	5,000,000	1,271,980
Prepaid Expenses	81,609	2,869
New Markets Tax Credit - Loan Receivable	<u>29,210,480</u>	<u>-</u>
Total Current Assets	43,461,593	11,008,607
CONTRIBUTIONS RECEIVABLE (Including related party receivables - refer to Note 4 and Note 7)	4,053,314	5,068,740
NEW MARKETS TAX CREDIT - Loan Receivable	-	29,210,480
RESTRICTED CASH FOR CAPITAL PROJECT ACTIVITIES	801,440	1,007,599
PROPERTY AND EQUIPMENT (Net of accumulated depreciation and amortization of \$27,813,916 and \$21,577,932, respectively)	121,706,890	127,467,049
OTHER ASSETS (Net of accumulated amortization of \$987,045 and \$845,895, respectively)	<u>20,724</u>	<u>161,874</u>
TOTAL ASSETS	<u>\$ 170,043,961</u>	<u>\$ 173,924,349</u>
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
CURRENT LIABILITIES		
Loans Payable	\$ 900,000	\$ 493,585
Accounts Payable and Accrued Expenses	805,314	719,944
Deferred Revenue	112,475	112,475
New Markets Tax Credit - Notes Payable	<u>41,353,000</u>	<u>-</u>
Total Current Liabilities	43,170,789	1,326,004
NEW MARKETS TAX CREDIT - Notes Payable	-	41,353,000
LOANS PAYABLE	<u>4,498,179</u>	<u>6,472,157</u>
Total Liabilities	47,668,968	49,151,161
NET ASSETS -- WITHOUT DONOR RESTRICTIONS	<u>122,374,993</u>	<u>124,773,188</u>
Total Net Assets	122,374,993	124,773,188
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 170,043,961</u>	<u>\$ 173,924,349</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS:		
Revenue:		
Contributions	\$ 1,397,675	\$ 10,407,773
Governmental grants and funding	10,000,000	1,271,980
Contributed services and materials	79,614	405,632
Charges for services	-	194,213
Interest income	<u>292,163</u>	<u>300,082</u>
Total revenue	<u>11,769,452</u>	<u>12,579,680</u>
Expenses:		
Program services -		
Streetcar operations	13,129,233	14,264,569
Supporting services:		
Management and general	846,214	747,955
Fundraising	<u>192,200</u>	<u>200,073</u>
Total supporting services	<u>1,038,414</u>	<u>948,028</u>
Total expenses	<u>14,167,647</u>	<u>15,212,597</u>
NET DECREASE IN NET ASSETS	(2,398,195)	(2,632,917)
NET ASSETS -- Beginning of year	<u>124,773,188</u>	<u>127,406,105</u>
NET ASSETS -- End of year	<u>\$ 122,374,993</u>	<u>\$ 124,773,188</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net decrease in net assets	\$ (2,398,195)	\$ (2,632,917)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	6,106,313	6,137,819
Amortization	270,821	273,638
Changes in assets and Liabilities		
Accounts receivable	(1,670)	12,923
Contributions receivable	6,915,426	(1,407,774)
Government grants and funding receivable	(3,728,020)	(1,184,559)
Prepaid expenses and other assets	(78,740)	16,902
Accounts payable and accrued expenses	85,370	(14,086)
Deferred Revenue	<u>-</u>	<u>(1,505,786)</u>
Net Cash Provided By (Used In) Operating Activities	7,171,305	(303,840)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(475,825)</u>	<u>-</u>
Net Cash Used In Investing Activities	(475,825)	-
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Payments of loans payable	<u>(1,567,563)</u>	<u>(1,220,081)</u>
Net Cash Used In Financing Activities	(1,567,563)	(1,220,081)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 5,127,917</u>	<u>\$ (1,523,921)</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH --Beginning of year		
	<u>\$ 3,491,357</u>	<u>\$ 5,015,278</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH --End of year		
	<u>\$ 8,619,274</u>	<u>\$ 3,491,357</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description and Nature of Activities—M-1 RAIL and its Affiliates, M-2 RAIL and M-3 RAIL (collectively the “Organization” or “Organizations”) were formed primarily for the purposes of acquiring, owning, constructing, operating, and maintaining a street railway system (the “System” or “Project”) as enabled by legislation advanced by the State of Michigan.

The Organizations are separate, but closely related, Michigan nonprofit directorship corporations.

M-1 RAIL, established in 2007 (under the name The Regional Area Initial Link) by Michigan foundations, businesses, and civic leaders, is the project sponsor and operator of a street railway in the city of Detroit, known as the QLINE. The System is a 3.3-mile at-grade circulating streetcar along Woodward Avenue from Congress to Grand Boulevard. The System will be available to a larger, regional transportation system, connecting with many existing and future services in southeast Michigan.

M-1 RAIL, the Project sponsor and operator, solicits philanthropic and other contributions, provides administrative and financial support to M-2 RAIL, and provides overall direction to the System.

M-2 RAIL, established in 2013 is the Project developer. M-2 RAIL is responsible for the design, engineering, acquisition, and construction of the System.

M-3 RAIL, established in November 2020 is the operator of the system and was created to be the employer of the individuals that will be hired to operate the system.

M-1 RAIL operates and maintains the completed System through a lease arrangement with the Michigan Department of Transportation (MDOT).

In December 2014, the Organization entered into two lease arrangements for the System that commenced March 1, 2017. Specifically, M-2 RAIL entered into a Lease Agreement (Lease) with MDOT, and simultaneously therewith MDOT entered into a Sublease Agreement (Sublease) with M-1 RAIL. Under the terms of the Lease and Sublease, the same four categories of assets comprising the rail system were created, with the terms of the Lease and Sublease being 30 years for three of these categories of assets, and 27 years for the fourth category of assets. Under these arrangements, prior to the expiration of the terms for the fourth category of assets the subtenant under the Sublease (M-1 RAIL) is obligated to either renew the Lease and Sublease for the fourth category of assets for an additional three years, or to purchase that category of assets at its fair market value. Also, under these arrangements, M-1 RAIL, as subtenant, is responsible for operating, maintaining, insuring and bearing the risk of all loss, theft or damage to the rail system. M-2 RAIL retains ownership of the rail system throughout the terms of the Lease and Sublease. These arrangements allow for the early termination of the Lease and Sublease in the event that M-2 RAIL transfers the rail system to a transit agency.

During the years ended September 30, 2021 and 2020 the consolidated financial statements reflect \$410,000 of intercompany rent expense associated with lease arrangements.

COVID-19— On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic. Management continues to evaluate potential negative economic impacts resulting from the global COVID-19 pandemic. In response to the pandemic, on March 29, 2020, the Organization suspended operations and such operations have continued to be shutdown subsequent to year-end September 30, 2020. In September of 2021, M-1 rail resumed limited Streetcar service. As of October 2021, M-1 Rail has resumed a normal operating schedule.

Basis of Presentation—The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). They present the consolidated financial position and changes in net assets and cash flows of M-1 RAIL, M-2 RAIL, and M-3 RAIL. All significant interorganizational accounts and transactions have been eliminated in consolidation.

Classification of Net Assets—Net assets of the Organization are classified as net assets without donor restrictions or net assets with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

By definition, net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Earnings, gains, and losses on net assets with donor restrictions are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements. Estimates and assumptions may also affect the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates.

Cash and Cash Equivalents—Cash and cash equivalents consist of demand deposits in banks and money market accounts. The Organization considers all highly liquid investments purchased with an original maturity of three months or less from the date of purchase, as well as all money market accounts, to be cash equivalents.

Restricted Cash for Capital Project Activities—Restricted cash represents amounts of cash held by banks that are contractually restricted for the acquisition of noncurrent assets related to the Project or to pay fees associated with capital project financing. The restricted cash balance as of September 30, 2021 and 2020 was approximately \$801,440 and \$1,007,599, respectively, which was classified as a long-term asset.

Fair Value Measurements—The Organization uses fair value measurements in the preparation of its consolidated financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the

Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

Level 1—This category includes financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2—This category includes financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.

Level 3—This category includes financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The Organization holds investments in money market accounts in the amount of \$168,613 and \$168,582 as of September 30, 2021 and 2020, respectively. Such investments are valued by summing principal plus earned interest, which approximates fair value and would be considered Level 2 investments.

Contributions—Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and are measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as net assets without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

Contributions receivable are reflected net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors. The Organization has not recorded a provision for doubtful accounts as of September 30, 2021 and 2020 since it is the opinion of management that the receivables are collectible in full.

Property and Equipment—Costs incurred for the development of the System that are directly identifiable and attributable to the acquisition and construction of the System have been capitalized and are stated at their original cost at the date of purchase. These capitalized costs include engineering, design, project coordination, management and legal to the extent they meet the criteria of being directly identifiable and attributable to the development.

The System was placed into operations in May 2017. The Organization's policy is to depreciate the cost of the Project on the straight-line basis over the estimated useful life of the assets when placed in service, which will range from three to 100 years, with an estimated useful life of approximately 40 years for the System as a whole.

All property is reviewed for impairment when events or circumstances indicate that the carrying value of the property may not be recoverable. An impairment charge would be recognized when the sum of the expected cash flows (undiscounted and without interest charges) is less than the carrying value of the property. There were no impairment charges recognized in 2021 or 2020.

Functional Allocation of Expenses—The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Indirect costs have been allocated between the program and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

The Organization's basis for allocating functional expenses is as follows:

- Contributions from M-1 RAIL to M-2 RAIL and M-3 RAIL are specifically identified as entirely allocable to program services;
- Salaries and fringe benefits of employees are based on management's estimate of the percentage of time spent on program services versus management and general, and fundraising;
- Lobbying expenses are specifically identified as 100% management and general;
- Rail operation and system expenses are based on management's estimate of the percentage of time spent on program services versus management and general;
- Depreciation expense taken is allocated entirely to program services, and 100% allocated to operations; and
- All other expenses are based on the Organization's cost allocation methodology, which has been consistently applied as 85% to program services, 10% to management and general and 5% to fundraising.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. Amounts on deposit in excess of federally insured limits approximated \$7,922,611 and \$2,602,609 as of September 30, 2021 and 2020, respectively.

During the year ended September 30, 2021, the Organization utilized five vendors for contractual services totaling approximately \$3,191,272. As of September 30, 2021, there was approximately \$331,573 due to these five vendors.

During the year ended September 30, 2020, the Organization utilized five vendors for contractual services totaling approximately \$5,722,701. As of September 30, 2020, there was approximately \$503,685 due to these five vendors.

Tax-Exempt Status—M-1 RAIL is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a publicly supported organization under IRC Section 509(a)(1). M-2 RAIL is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of IRC and is classified as Type 2 supporting organization to M-1 RAIL under IRC Section 509(a)(3). Although M-1 RAIL and M-2 RAIL were granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” M-3 RAIL is a Domestic for-profit LLC that is wholly owned by M-1 RAIL. M-3 RAIL is a disregarded entity for Tax purposes.

At September 30, 2021 and 2020, the Organization has determined that no unrelated business income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to September 30, 2016.

New Accounting Pronouncements Implemented—Effective October 1, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) as modified by ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The new guidance requires an entity recognize revenue for the transfer of goods or services to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the goods or services. The new guidance may apply to various contracts with customers to provide goods or services, including noninsurance, administrative services contracts. The adoption of this guidance did not have a material impact on its consolidated statements of financial position, activities or cash flows.

Effective October 1, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance clarifies the definitions of reciprocal and nonreciprocal transactions and modifies the criteria used to evaluate conditional vs. unconditional contributions. In addition, the new guidance defines that a conditional contribution exists when the agreement contains both a right of return of the contributed asset and a barrier that must be overcome. The adoption of this guidance did not have a material impact on its consolidated statements of financial position, activities or cash flows.

New Accounting Pronouncements Issued but Not Yet Implemented—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria is substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the consolidated statements of position at the present value of lease payments. ASU No. 2016-02 is effective for nonpublic entities with fiscal years beginning

after December 15, 2021. ASU No. 2016-02 will be effective for the Organization for the year beginning October 1, 2021. The Organization is currently evaluating the new standard and the impact the guidance may have on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)*. The new guidance provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The guidance is effective for years beginning after December 15, 2022. ASU No. 2016-13 will be effective for the year beginning October 1, 2023. The Organization is currently evaluating the new standard and the impact the guidance may have on its consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958)*. The new guidance increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The guidance is effective for the Organization for years beginning after June 15, 2021 and should be applied on a retrospective basis. ASU No. 2020-07 will be effective for the Organization for the year beginning October 1, 2021. The Organization is currently evaluating the new standard and the impact the guidance may have on its consolidated financial statements.

2. NEW MARKETS TAX CREDIT FINANCING TRANSACTIONS

In September 2014 and December 2014, the Organization entered into financing transactions with multiple Community Development Entities ("CDEs") related to the Project under a qualified New Markets Tax Credit ("NMTC") program. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") and is intended to induce capital investment in qualified lower-income communities. The Act permits taxpayers to claim credits against their Federal income taxes for up to 39% of the qualified equity investments in the CDEs. CDEs are privately managed investment institutions that are certified to make qualified low-income community investments, or "QLICIs."

As of September 30, 2021 and 2020, the Organization had outstanding notes payable of \$41,353,000 and outstanding loan receivable of \$29,210,480, which related to the NMTC financing agreements that are detailed below.

Notes Payable—NMTC—The Organization received loans in September 2014 and December 2014 of \$9,700,000 and \$31,653,000, respectively, from the CDEs (including notes payable representing the capital contribution made by the CDEs, net of syndication fees), and as such, the CDEs and related investors are entitled to substantially all of the benefits derived from the NMTCs. These financing transactions also include put/call provisions whereby the Organization may be obligated or entitled to repurchase CDEs interest. See Note 9 Subsequent Events for discussion about the unwind of the NMTC's that occurred subsequent to September 30, 2021.

Upon the exercise of the put option and termination of each arrangement, the proceeds will be recognized in earnings in exchange for the transfer of tax credits. The NMTC is subject to 100% recapture for a period of seven years as provided in the IRC. The Organization is required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangement. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, require the Organization to indemnify the CDEs for any loss or recapture of NMTCs related to the financing until such time as the Organization's obligation to deliver tax benefits is

relieved. The Organization does not anticipate any credit recaptures will be required in connection with these arrangements.

The balances of the notes payable outstanding as of September 30 are as follows:

	2021	2020
September 2014 notes payable ^(a)	\$ 9,700,000	\$ 9,700,000
December 2014 notes payable ^(b)	<u>31,653,000</u>	<u>31,653,000</u>
Amount outstanding as of September 30	<u>\$ 41,353,000</u>	<u>\$ 41,353,000</u>

- (a) The September 2014 notes payable bear interest at 1.280% per annum and require quarterly interest payments beginning December 1, 2014. Principal and interest payments totaling \$152,004 are due quarterly beginning December 1, 2026. The notes mature on the earlier of June 1, 2044, or by the date on which the note balances become due and payable by acceleration or otherwise pursuant to the loan agreement, such as by an event of recapture, default, or exercise of the put/call option. The notes payable are secured by M-2 RAIL's property and equipment, contracts, accounts and all other instruments, books, records and chattel paper. For the years ended September 30, 2021 and 2020, there were no interest and fees capitalized, and no principal payments were made in 2021 or 2020. Interest expense for the years ended September 30, 2021 and 2020 was \$124,160 and \$124,160, respectively.
- (b) The December 2014 notes payable bear interest at 0.812% per annum and require quarterly interest payments beginning December 22, 2014. Principal and interest and payments totaling \$479,992 are due quarterly beginning December 1, 2026. The notes mature on the earlier of June 1, 2044, or by the date on which the note balances become due and payable by acceleration or otherwise pursuant to the loan agreement, such as by an event of recapture, default, or exercise of the put/call option. The notes payable are secured by M-2 RAIL's property and equipment, contracts, accounts and all other instruments, books, records and chattel paper. For the years ended September 30, 2021 and 2020, there were no interest and fees capitalized, and no principal payments were made in 2021 or 2020. Interest expense for the years ended September 30, 2021 and 2020 was \$376,308 and \$376,308, respectively.

The proceeds of the loans from the CDEs (including loans representing the capital contribution made by the CDEs, net of syndication fees) are restricted for use on the Project. Restricted cash of approximately \$286,607 and \$492,766 as of September 30, 2021 and 2020, respectively, was held by the Organization, after qualifying capital expenditures, and is included in restricted cash for capital project activities on the Organization's consolidated statements of financial position.

Loans Receivable—NMTC—In connection with the financings, the Organization loaned \$6,800,000 in September 2014 and \$22,400,000 in December 2014 to Chase NMTC M-1 Investment Fund, LLC. See Note 9 Subsequent Events for discussion about the unwind of the NMTC's that occurred subsequent to September 30, 2021.

Both the September and December loan receivables accrue interest at 1% per annum with quarterly interest payments due beginning December 10, 2014 for the September 2014 loan and December 22, 2014, for the December 2014 loan. Quarterly interest and principal payments of \$139,863 for the September 2014 loan and \$459,882 for the December 2014 loan are scheduled to be received beginning December 10, 2026. The loan receivables are

secured by the pledge of the borrower's various CDE interests, agreements, rights and privileges.

3. OTHER LOANS PAYABLE AND LINES OF CREDIT

Michigan Strategic Fund Loan Payable—In December 2014, the Organization entered into an agreement to borrow up to \$10,000,000 from the Michigan Strategic Fund to finance the streetcar project. As security for the payment of the loan, the Organization assigned its right to receive \$9,000,000 due from a third-party funder over 10 years to the Michigan Strategic Fund. The debt bears interest at 2% per annum, to be paid annually beginning on December 31, 2015. The principal will be repaid in annual installments ranging from \$800,000 to \$1,000,000, which began in September 2018. For the years ended September 30, 2021 and 2020, there were no interest and fees capitalized, and \$1,104,462 of principal payments made in 2021, and \$883,279 of principal payments made in 2020. Interest expense for the years ended September 30, 2021 and 2020 was \$132,548 and \$142,132, respectively.

As of September 30, 2021 and 2020, a total of \$5,398,179 and \$6,472,157 was outstanding on the loan, respectively.

Lines of Credit—The Organization has a revolving line of credit from a bank not to exceed the lesser of 100% of the outstanding receivable on a particular contribution from a donor pledged to the bank, \$1,200,000 through March 14, 2019; \$400,000 on March 15, 2019 through March 14, 2020; and \$800,000 thereafter. As of April 2020, the revolving line of credit was amended to extend the expiration date to March 15, 2021. The revolving maximum was amended from \$800,000 to \$400,000 for the duration of the agreement. The line of credit bears interest at the daily London InterBank Offered Rate, plus 1%. As of September 30, 2021 and 2020, the outstanding balance on the line of credit was \$0 and \$400,000, respectively. For the years ended September 30, 2021 and 2020, there were no interest and fees capitalized and \$400,000 of principal payments were made. Interest expense for the years ended September 30, 2021 and 2020 was \$2,433 and \$13,944, respectively.

4. CONTRIBUTIONS RECEIVABLE

The Organization anticipates the collection of outstanding contributions receivable as follows at September 30:

	2021	2020
Amounts receivable within one year	\$ 1,350,000	\$ 7,250,000
Amounts receivable in 1 to 5 years	4,050,000	4,500,000
Amounts receivable in more than 5 years	<u>900,000</u>	<u>1,800,000</u>
Gross contribution receivable	6,300,000	13,550,000
Less, percent value discount	<u>(896,686)</u>	<u>(1,231,260)</u>
Contributions receivable	<u>\$ 5,403,314</u>	<u>\$ 12,318,740</u>

Contributions receivable above have been discounted to the present value using various discount rates between 4% and 6%. These receivables are collectible from three nonprofit

and corporate donors. No allowance for uncollectible amounts has been recorded against these receivable balances.

One donor represents 86% of the total contributions receivable (\$5,400,000 of \$6,300,000) at September 30, 2021. In addition, one donor represents 72% of contribution revenue (\$1,000,000 of \$1,397,675) for the year ended September 30, 2021.

Three donors represent 83% of the total contributions receivable (\$11,200,000 of \$13,550,000) at September 30, 2020. In addition, two donors represent 38% of contribution revenue (\$4,000,000 of \$10,407,773) for the year ended September 30, 2020.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2021	2020
Land	\$ 1,107,007	\$ 1,107,007
Other capital assets (net of accumulated amortization of \$343,809 and \$265,966 in 2021 and 2020, respectively)	2,663,337	2,758,814
Vehicle storage and maintenance facility	10,534,020	10,534,020
Guideway	47,751,906	47,437,490
Vehicles - streetcars & service vehicles	36,074,551	35,895,507
Lighting improvements	2,633,525	2,633,525
Electric power substations	15,311,635	15,311,635
Overhead contract system	20,144,636	20,144,636
Signal and communication system	11,401,552	11,401,552
Capitalized interest and fees (net of accumulated amortization of \$228,905 and \$177,077 in 2021 and 2020, respectively)	<u>1,325,923</u>	<u>1,377,752</u>
Total cost	148,948,092	148,601,938
Accumulated depreciation	<u>(27,241,202)</u>	<u>(21,134,889)</u>
Net carrying amount	<u>\$ 121,706,890</u>	<u>\$ 127,467,049</u>

At September 30, 2021, the Organization was not committed to any outstanding contracts. Depreciation expense for the years ended September 30, 2021 and 2020 was \$6,106,313 and \$6,137,819, respectively.

6. CONTRIBUTED SERVICES AND MATERIALS

The Organization recognizes the fair value of contributed services and other in-kind contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization recognized the following donated

services and materials during the years ended September 30, 2021 and 2020 of \$79,614 and \$405,632, respectively.

Other contributed services that are received by the Organization are not recognized in the consolidated financial statements because they do not meet the above criteria. Donated materials are recorded at their fair value at the date of the gift.

7. RELATED PARTY TRANSACTIONS

Certain donors, related to the Organization through Board of Directors involvement or as officers, have provided contributions to the Project. The following amounts from related-party donors have been recognized in the consolidated financial statements for the 2021 and 2020 fiscal years:

	2021	2020
Gross contributions receivable	\$ -	\$ 5,900,000
Gross contributions revenue	\$ 1,000,000	\$ 10,000,000

For the years ended September 30, 2021 and 2020, the Organization incurred approximately \$750,000 and \$600,000, respectively, in costs for accounting, human resources, wi-fi, project management and related services to certain vendors, related to the Organization. Approximately \$50,000 and \$44,000 was owed to these vendors as of September 30, 2021 and 2020, respectively.

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the consolidated statement of activities date for general expenditure are as follows:

	2021
Cash and cash equivalents	\$ 7,817,834
Contributions receivable	1,350,000
Accounts Receivable	1,670
Governmental grants and funding receivable	<u>5,000,000</u>
Total	<u>\$ 14,169,504</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

9. SUBSEQUENT EVENTS

M-1 Rail and M-2 Rail have evaluated subsequent events through May 31, 2022, the date at which the financial statements were available to be issued, noting the following material subsequent event.

On December 14, 2021 the Board of Directors of M-1 Rail and M-2 Rail authorized the activities required to unwind the NMTC Financing Loan Agreements dated September 2014 and December 2014. The transactions related to the unwinding the NMTC's resulted in the organization incurring \$107,749 in fees. The unwinding of NMTC Financing Loan Agreements resulted in forgiveness of \$41,169,000 of debt and the forgiveness of \$29,210,480 of receivables. As a result, these amounts were reclassified from Non-current to Current Assets and Liabilities, respectively, in the current year.

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SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
M-1 RAIL and Affiliates
Detroit, Michigan

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis, and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of M-1 RAIL and Affiliates' management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte + Touche LLP

May 31, 2022

M-1 RAIL AND AFFILIATE

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services		Management and General		Support Services		Consolidated Total Expenses
	Streetcar Operations		General	Fundraising	Total Support Services		
Transit system operator	\$ 160,668		\$ -	\$ -	\$ -		\$ 160,668
Ordinance enforcement	39,350		-	-	-		39,350
Electricity, Wi-Fi and other information technology	540,193	1,349	675	675	2,024		542,217
Insurance and risk management	669,092	78,717	39,358	39,358	118,075		787,167
Depreciation and amortization	6,377,134	-	-	-	-		6,377,134
Borrowing costs	540,132	63,545	31,772	31,772	95,317		635,449
Project development and operations support	3,645,258	528,973	56,426	56,426	585,399		4,230,657
Financial and accounting	368,303	43,781	21,688	21,688	65,469		433,772
Communications and external relations	185,813	31,801	11,453	11,453	43,254		229,067
Legal and legislative support	259,690	21,185	10,593	10,593	31,778		291,468
Miscellaneous expense	343,600	76,863	20,235	20,235	97,098		440,698
Total expenses	\$ 13,129,233	\$846,214	\$192,200	\$ 1,038,414	\$ 14,167,647		

M-1 RAIL AND AFFILIATE

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Management and General		Support Services		Consolidated Total
	Streetcar Operations	General	Fundraising	Total Support Services	Total Expenses	
Transit system operator	\$ 3,174,168	\$ -	\$ -	\$ -	\$ 3,174,168	
Ordinance enforcement	44,400	-	-	-	44,400	
Electricity, Wi-Fi and other information technology	957,265	3,366	1,683	5,049	962,314	
Insurance and risk management	612,484	72,057	36,027	108,084	720,568	
Depreciation and amortization	6,411,457	-	-	-	6,411,457	
Borrowing costs	558,062	65,655	32,827	98,482	656,544	
Project development and operations support	1,366,850	163,147	48,852	211,999	1,578,849	
Financial and accounting	204,452	160,578	19,214	179,792	384,244	
Communications and external relations	137,042	152,348	15,231	167,579	304,621	
Legal and legislative support	392,419	46,167	23,084	69,251	461,670	
Miscellaneous expense	405,970	84,637	23,155	107,792	513,762	
Total expenses	\$ 14,264,569	\$ 747,955	\$ 200,073	\$ 948,028	\$ 15,212,597	

M-1 RAIL AND AFFILIATE

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF SEPTEMBER 30, 2021**

	M-1 RAIL	M-2 RAIL	M-3 RAIL	Eliminations	Total
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 7,753,516	\$ 64,318	\$ -	\$ -	\$ 7,817,834
Advance to affiliate	50,802,866	-	-	(50,802,866)	-
Accounts receivable	1,670	-	-	-	1,670
Contributions receivable	1,350,000	-	-	-	1,350,000
Government grants and funding receivable	5,000,000	-	-	-	5,000,000
Prepaid expenses and other assets	63,931	-	17,678	-	81,609
New Market Tax Credit—Loan receivable	29,210,480	-	-	-	29,210,480
Total current assets	94,182,463	64,318	17,678	(50,802,866)	43,461,593
CONTRIBUTIONS RECEIVABLE	4,053,314	-	-	-	4,053,314
RESTRICTED CASH FOR CAPITAL PROJECT ACTIVITIES	-	801,440	-	-	801,440
PROPERTY AND EQUIPMENT	456,102	121,250,788	-	-	121,706,890
OTHER ASSETS	-	20,724	-	-	20,724
TOTAL ASSETS	<u>\$ 98,691,879</u>	<u>\$ 122,137,270</u>	<u>\$ 17,678</u>	<u>\$ (50,802,866)</u>	<u>\$ 170,043,961</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Loans payable	\$ 900,000	\$ -	\$ -	\$ -	\$ 900,000
expenses	599,245	166,877	39,192	-	805,314
Deferred revenue	112,475	-	-	-	112,475
New Market Tax Credit—Loan payable	-	41,353,000	-	-	41,353,000
Advance from affiliate	-	49,455,403	1,347,463	(50,802,866)	-
Total current liabilities	1,611,720	90,975,280	1,386,655	(50,802,866)	43,170,789
LOANS PAYABLE	4,498,179	-	-	-	4,498,179
Total liabilities	6,109,899	90,975,280	1,386,655	(50,802,866)	47,668,968
NET ASSETS—Unrestricted	<u>92,581,980</u>	<u>31,161,990</u>	<u>(1,368,977)</u>		<u>122,374,993</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 98,691,879</u>	<u>\$ 122,137,270</u>	<u>\$ 17,678</u>	<u>\$ (50,802,866)</u>	<u>\$ 170,043,961</u>

M-1 RAIL AND AFFILIATE**CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	M-1 RAIL	M-2 RAIL	M-3 RAIL	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS:					
Revenue:					
Contributions	\$ 1,397,675	\$ -	\$ -	\$ -	\$ 1,397,675
Government grants and funding	10,000,000	-	-	-	10,000,000
Contributed services and materials	79,614	-	-	-	79,614
Charges for services	-	410,000	-	(410,000)	-
Interest and miscellaneous income	<u>292,136</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>292,163</u>
Total changes in unrestricted net assets	<u>11,769,425</u>	<u>410,027</u>	<u>-</u>	<u>(410,000)</u>	<u>11,769,452</u>
Expenses:					
Program services— Streetcar operations	<u>5,479,534</u>	<u>6,786,264</u>	<u>1,273,435</u>	<u>(410,000)</u>	<u>13,129,233</u>
	<u>5,479,534</u>	<u>6,786,264</u>	<u>1,273,435</u>	<u>(410,000)</u>	<u>13,129,233</u>
Supporting services:					
Management and general	700,219	50,453	95,542	-	846,214
Fundraising	<u>166,974</u>	<u>25,226</u>	<u>-</u>	<u>-</u>	<u>192,200</u>
	<u>867,193</u>	<u>75,679</u>	<u>-</u>	<u>-</u>	<u>1,038,414</u>
Total expenses	<u>6,346,727</u>	<u>6,861,943</u>	<u>1,368,977</u>	<u>(410,000)</u>	<u>14,167,647</u>
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	5,422,698	(6,451,916)	(1,368,977)	-	(2,398,195)
NET ASSETS—Beginning of year	<u>87,159,282</u>	<u>37,613,906</u>	<u>-</u>	<u>-</u>	<u>124,773,188</u>
NET ASSETS—End of year	<u>\$ 92,581,980</u>	<u>\$ 31,161,990</u>	<u>\$ (1,368,977)</u>	<u>\$ -</u>	<u>\$ 122,374,993</u>

M-1 RAIL AND AFFILIATE**CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	M-1 RAIL	M-2 RAIL	M-3 RAIL	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net increase (decrease) in net assets	\$ 5,422,698	\$ (6,451,916)	\$ (1,368,977)	\$ -	\$ (2,398,195)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:					
Depreciation	19,723	6,086,590	-	-	6,106,313
Amortization	-	270,821	-	-	270,821
Changes in assets and liabilities:					
Accounts receivable	(1,670)	-	-	-	(1,670)
Contributions receivable	6,915,426	-	-	-	6,915,426
Government grants and funding receivable	(3,728,020)	-	-	-	(3,728,020)
Prepaid expenses	(61,062)	-	(17,678)	-	(78,740)
Accounts payable and accrued expenses	(38,764)	84,942	39,192	-	85,370
Net cash provided by (used in) operating activities	<u>8,528,331</u>	<u>(9,563)</u>	<u>(1,347,463)</u>	<u>-</u>	<u>7,171,305</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:					
Advance to affiliates	(995,019)	(352,444)	-	1,347,463	-
Purchase of property and equipment	(475,825)	-	-	-	(475,825)
Net cash provided by (used in) investing activities	<u>(1,470,844)</u>	<u>(352,444)</u>	<u>-</u>	<u>-</u>	<u>(475,825)</u>
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:					
Borrowings under loan payable					
Advance from Affiliate	-	-	1,347,463	(1,347,463)	-
Loans payable	(1,567,563)	-	-	-	(1,567,563)
Net cash provided by (used in) financing activities	<u>(1,567,563)</u>	<u>-</u>	<u>1,347,463</u>	<u>(1,347,463)</u>	<u>(1,567,563)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 5,489,924</u>	<u>\$ (362,007)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,127,917</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of year	<u>\$ 2,263,592</u>	<u>\$ 1,227,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,491,357</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—End of year	<u>\$ 7,753,516</u>	<u>\$ 865,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,619,274</u>

M-1 RAIL AND AFFILIATES**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	M-1 RAIL				Total Expenses
	Program Services	Support Services		Total Support Services	
	Streetcar Operations	Management and General	Fundraising		
Transit system operator	\$ 160,668	\$ -	\$ -	\$ -	\$ 160,668
Ordinance enforcement	39,350	-	-	-	39,350
Electricity, Wi-Fi and other information technology	540,193	1,349	675	2,024	542,217
Insurance and risk management	669,092	78,717	39,358	118,075	787,167
Depreciation and amortization	19,723	-	-	-	19,723
Borrowing costs	114,734	13,498	6,749	20,247	134,981
Project development and operations support	2,371,823	433,431	56,426	489,857	2,861,680
Financial and accounting relations	365,710	43,476	21,536	65,012	430,722
Communications and external relations	185,813	31,801	11,453	43,254	229,067
Legal and legislative support	259,690	21,185	10,593	31,778	291,468
Miscellaneous expense	752,738	76,762	20,184	96,946	849,684
Total expenses	\$ 5,479,534	\$ 700,219	\$ 166,974	\$ 867,193	\$ 6,346,727

(Continued)

M-1 RAIL AND AFFILIATES**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	M-2 RAIL				
	<u>Program Services</u>	Management and General	Fundraising	Total Support Services	Total Expenses
	Streetcar Operations				
Transit system operator	\$ -	\$ -	\$ -	\$ -	\$ -
Ordinance enforcement	-	-	-	-	-
Electricity, Wi-Fi and other information technology	-	-	-	-	-
Insurance and risk management	-	-	-	-	-
Depreciation and amortization	6,357,411	-	-	-	6,357,411
Borrowing costs	425,398	50,047	25,023	75,070	500,468
Project development and operations support	-	-	-	-	-
Financial and accounting relations	2,593	305	152	457	3,050
Communications and external relations	-	-	-	-	-
Legal and legislative support	-	-	-	-	-
Miscellaneous expense	862	101	51	152	1,014
Total expenses	<u>\$ 6,786,264</u>	<u>\$ 50,453</u>	<u>\$ 25,226</u>	<u>\$ 75,679</u>	<u>\$ 6,861,943</u>

(Continued)

M-1 RAIL AND AFFILIATES**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	M-3 RAIL				M-1 RAIL and Affiliates		Consolidated Expenses
	Program Services	Support Services		Total Expenses	Eliminations		
	Streetcar Operations	Management and General	Fundraising			Total Support Services	
Transit system operator	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,668
Ordinance enforcement	-	-	-	-	-	-	39,350
Electricity, Wi-Fi and other information technology	-	-	-	-	-	-	542,217
Insurance and risk management	-	-	-	-	-	-	787,167
Depreciation and amortization	-	-	-	-	-	-	6,377,134
Borrowing costs	-	-	-	-	-	-	635,449
Project development and operations support	1,273,435	95,542	-	-	1,368,977	-	4,230,657
Financial and accounting	-	-	-	-	-	-	433,772
Communications and external relations	-	-	-	-	-	-	229,067
Legal and legislative support	-	-	-	-	-	-	291,468
Miscellaneous expense	-	-	-	-	-	(410,000)	440,698
Total expenses	\$ 1,273,435	\$ 95,542	\$ -	\$ -	\$ 1,368,977	\$ (410,000)	\$ 14,167,647

(Concluded)

STREETCAR ROUTE

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M-1RAIL



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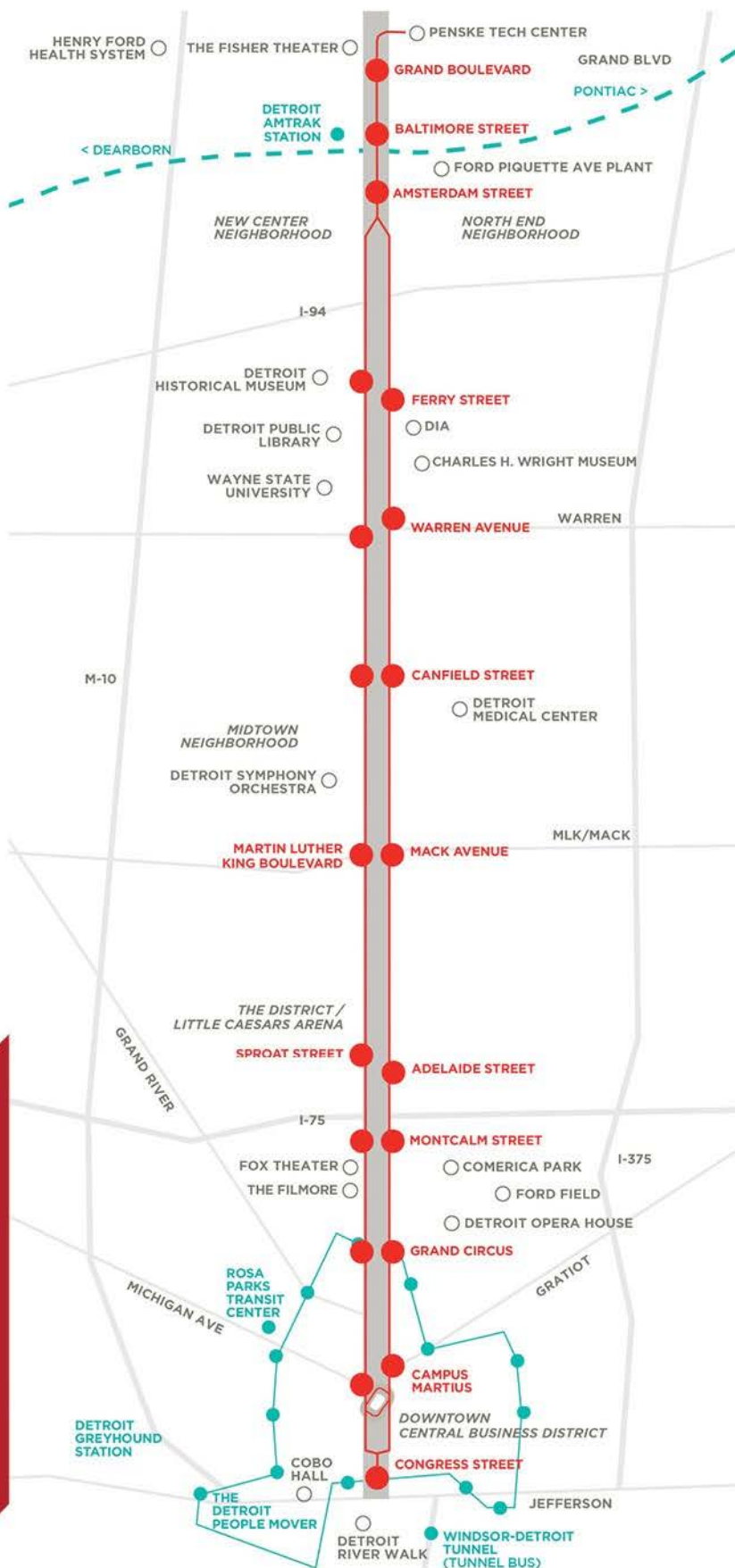


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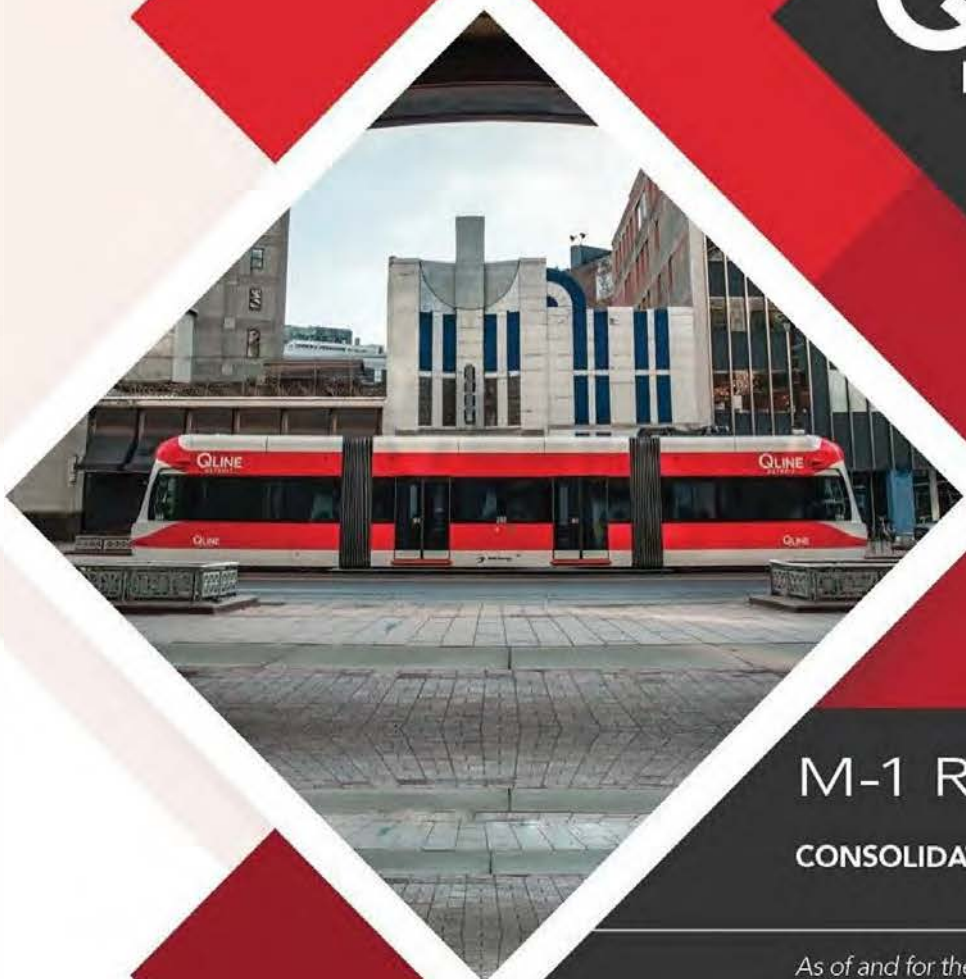
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M-1 RAIL & AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS

*As of and for the years ended September 30, 2022 and 2021
And independent auditors' report*

M-1 RAIL AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
M-1 RAIL Detroit, Michigan

Opinion

We have audited the consolidated financial statements of M-1 RAIL and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organizations of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte + Touche LLP

March 28, 2023

M-1 RAIL AND AFFILIATES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 4,898,531	\$ 7,817,834
Accounts Receivable	97	1,670
Contributions Receivable (including related party receivables -- refer to Note 4 and Note 7)	1,350,000	1,350,000
Governmental Grants and Funding Receivable	5,000,000	5,000,000
Prepaid Expenses	96,547	81,609
New Markets Tax Credit - Loan Receivable	-	29,210,480
Total Current Assets	<u>11,345,175</u>	<u>43,461,593</u>
CONTRIBUTIONS RECEIVABLE (Including related party receivables - refer to Note 4 and Note 7)	2,985,123	4,053,314
RESTRICTED CASH FOR CAPITAL PROJECT ACTIVITIES	514,833	801,440
PROPERTY AND EQUIPMENT (Net of accumulated depreciation and amortization of \$33,850,703 and \$27,813,916, respectively)	116,303,000	121,706,890
OTHER ASSETS (Net of accumulated amortization of \$1,007,769 and \$987,045, respectively)	-	20,724
TOTAL ASSETS	<u>\$ 131,148,131</u>	<u>\$ 170,043,961</u>
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
CURRENT LIABILITIES		
Loans Payable	\$ 900,000	\$ 900,000
Accounts Payable and Accrued Expenses	743,109	805,314
Deferred Revenue	112,475	112,475
New Markets Tax Credit - Notes payable	-	41,353,000
Total Current Liabilities	<u>1,755,584</u>	<u>43,170,789</u>
LOANS PAYABLE	<u>3,686,050</u>	<u>4,498,179</u>
Total Liabilities	5,441,634	47,668,968
NET ASSETS -- WITHOUT DONOR RESTRICTIONS	<u>125,706,497</u>	<u>122,374,993</u>
Total Net Assets	125,706,497	122,374,993
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 131,148,131</u>	<u>\$ 170,043,961</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS:		
Revenue:		
Contributions	\$ 2,281,808	\$ 1,397,675
Governmental grants and funding	5,000,000	10,000,000
Contributed services and materials	275,891	79,614
Charges for services	3,800	-
Interest income	<u>98,158</u>	<u>292,163</u>
Total revenue	<u>7,659,657</u>	<u>11,769,452</u>
Expenses:		
Program services -		
Streetcar operations	15,416,355	13,129,233
Supporting services:		
Management and general	711,539	846,214
Fundraising	<u>158,779</u>	<u>192,200</u>
Total supporting services	<u>870,318</u>	<u>1,038,414</u>
Total expenses	<u>16,286,673</u>	<u>14,167,647</u>
Other Income		
Gain on New Markets Tax Credit Transaction	<u>11,958,520</u>	<u>-</u>
NET INCREASE (DECREASE) IN NET ASSETS	3,331,504	(2,398,195)
NET ASSETS -- Beginning of year	<u>122,374,993</u>	<u>124,773,188</u>
NET ASSETS -- End of year	<u>\$ 125,706,497</u>	<u>\$ 122,374,993</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets	\$ 3,331,504	\$ (2,398,195)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	5,907,115	6,106,313
Amortization	150,396	270,821
Gain on New Markets Tax Credit transaction	(11,958,520)	-
Non-cash contributed asset	(65,000)	-
Changes in assets and Liabilities		
Accounts receivable	1,573	(1,670)
Contributions receivable	1,068,191	6,915,426
Government grants and funding receivable		(3,728,020)
Prepaid expenses and other assets	(14,938)	(78,740)
Accounts payable and accrued expenses	(62,205)	85,370
	<u>(1,641,884)</u>	<u>7,171,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES-		
Purchase of property and equipment	(567,897)	(475,825)
Net cash used in investing activities	<u>(567,897)</u>	<u>(475,825)</u>
CASH FLOWS FROM FINANCING ACTIVITIES-		
Payments of loans payable	(996,130)	(1,567,563)
Net cash used in financing activities	<u>(996,130)</u>	<u>(1,567,563)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,205,911)	5,127,917
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH --Beginning of year		
	8,619,274	3,491,357
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH --End of year		
	<u>\$ 5,413,364</u>	<u>\$ 8,619,274</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
NON CASH TRANSACTIONS:		
NMTC loan payable adjustment	\$ (41,169,000)	-
NMTC loan receivable adjustment	\$ 29,210,480	-
Contributed asset	\$ 65,000	-

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description and Nature of Activities—M-1 RAIL and its Affiliates, M-2 RAIL, M-3 RAIL and M-1 RAIL Towing (collectively the “Organization” or “Organizations”) were formed primarily for the purposes of acquiring, owning, constructing, operating, and maintaining a street railway system (the “System” or “Project”) as enabled by legislation advanced by the State of Michigan.

The Organizations are separate, but closely related, Michigan nonprofit directorship corporations.

M-1 RAIL, established in 2007 (under the name The Regional Area Initial Link) by Michigan foundations, businesses, and civic leaders, is the project sponsor and operator of a street railway in the city of Detroit, known as the QLINE. The System is a 3.3-mile at-grade circulating streetcar along Woodward Avenue from Congress to Grand Boulevard. The System will be available to a larger, regional transportation system, connecting with many existing and future services in southeast Michigan.

M-1 RAIL, the Project sponsor and operator, solicits philanthropic and other contributions, provides administrative and financial support to M-2 RAIL, and provides overall direction to the System.

M-2 RAIL, established in 2013 is the Project developer. M-2 RAIL is responsible for the design, engineering, acquisition, and construction of the System.

M-3 RAIL, established in November 2020 is the operator of the system and was created to be the employer of the individuals that are hired to operate the system.

M-1 RAIL Towing, established in December 2021 is the owner of a Tow Truck used by M-1 RAIL in the operation of the Streetcar system.

M-1 RAIL operates and maintains the completed System through a lease arrangement with the Michigan Department of Transportation (MDOT).

In December 2014, the Organization entered into two lease arrangements for the System that commenced March 1, 2017. Specifically, M-2 RAIL entered into a Lease Agreement (Lease) with MDOT, and simultaneously therewith MDOT entered into a Sublease Agreement (Sublease) with M-1 RAIL. Under the terms of the Lease and Sublease, the same four categories of assets comprising the rail system were created, with the terms of the Lease and Sublease being 30 years for three of these categories of assets, and 27 years for the fourth category of assets. Under these arrangements, prior to the expiration of the terms for the fourth category of assets the subtenant under the Sublease (M-1 RAIL) is obligated to either renew the Lease and Sublease for the fourth category of assets for an additional three years, or to purchase that category of assets at its fair market value. Also, under these arrangements, M-1 RAIL, as subtenant, is responsible for operating, maintaining, insuring and bearing the risk of all loss, theft or damage to the rail system. M-2 RAIL retains ownership of the rail system throughout the terms of the Lease and Sublease. These arrangements allow for the early termination of the Lease and Sublease in the event that M-2 RAIL transfers the rail system to a transit agency.

During the years ended September 30, 2022 and 2021 the consolidated financial statements reflect \$507,500 of intercompany rent expense associated with lease arrangements.

Basis of Presentation—The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). They present the consolidated financial position and changes in net assets and cash flows of M-1 RAIL, M-2 RAIL, M-3 RAIL, and M-1 RAIL Towing . All significant interorganizational accounts and transactions have been eliminated in consolidation.

Classification of Net Assets—Net assets of the Organization are classified as net assets without donor restrictions or net assets with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

By definition, net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Earnings, gains, and losses on net assets with donor restrictions are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements. Estimates and assumptions may also affect the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates.

Cash and Cash Equivalents—Cash and cash equivalents consist of demand deposits in banks and money market accounts. The Organization considers all highly liquid investments purchased with an original maturity of three months or less from the date of purchase, as well as all money market accounts, to be cash equivalents.

Restricted Cash for Capital Project Activities—Restricted cash represents amounts of cash held by banks that are contractually restricted for the acquisition of noncurrent assets related to the Project or to pay fees associated with capital project financing. The restricted cash balance as of September 30, 2022 and 2021 was \$514,833 and \$801,440, respectively, which was classified as a long-term asset.

Fair Value Measurements—The Organization uses fair value measurements in the preparation of its consolidated financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

Level 1—This category includes financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2—This category includes financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.

Level 3—This category includes financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The Organization holds investments in money market accounts in the amount of \$172,274 and \$168,613 as of September 30, 2022 and 2021, respectively. Such investments are valued by summing principal plus earned interest, which approximates fair value and would be considered Level 2 investments.

Contributions—Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and are measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as net assets without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

Contributions receivable are reflected net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors. The Organization has not recorded a provision for doubtful accounts as of September 30, 2022 and 2021 since it is the opinion of management that the receivables are collectible in full.

Property and Equipment—Costs incurred for the development of the System that are directly identifiable and attributable to the acquisition and construction of the System have been capitalized and are stated at their original cost at the date of purchase. These capitalized costs include engineering, design, project coordination, management and legal to the extent they meet the criteria of being directly identifiable and attributable to the development.

The System was placed into operations in May 2017. The Organization's policy is to depreciate the cost of the Project on the straight-line basis over the estimated useful life of the assets when placed in service, which will range from three to 100 years, with an estimated useful life of approximately 40 years for the System as a whole.

All property is reviewed for impairment when events or circumstances indicate that the carrying value of the property may not be recoverable. An impairment charge would be recognized when the sum of

the expected cash flows (undiscounted and without interest charges) is less than the carrying value of the property. There were no impairment charges recognized in 2022 or 2021.

Functional Allocation of Expenses—The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Indirect costs have been allocated between the program and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

The Organization’s basis for allocating functional expenses is as follows:

- Contributions from M-1 RAIL to M-2 RAIL, M-3 RAIL and M-1 RAIL Towing are specifically identified as entirely allocable to program services;
- Salaries and fringe benefits of employees are based on management’s estimate of the percentage of time spent on program services versus management and general, and fundraising;
- Lobbying expenses are specifically identified as 100% management and general;
- Rail operation and system expenses are based on management’s estimate of the percentage of time spent on program services versus management and general;
- Depreciation expense taken is allocated entirely to program services, and 100% allocated to operations; and
- All other expenses are based on the Organization’s cost allocation methodology, which has been consistently applied as 85% to program services, 10% to management and general and 5% to fundraising.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. Amounts on deposit in excess of federally insured limits approximated \$4,773,999 and \$7,922,611 as of September 30, 2022 and 2021, respectively.

During the year ended September 30, 2022, the Organization utilized four vendors for contractual services totaling approximately \$3,978,504. As of September 30, 2022, there was approximately \$284,561 due to these four vendors.

During the year ended September 30, 2021, the Organization utilized five vendors for contractual services totaling approximately \$3,191,272. As of September 30, 2021, there was approximately \$331,573 due to these five vendors.

Tax-Exempt Status—M-1 RAIL is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a publicly supported organization under IRC Section 509(a)(1). M-2 RAIL is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of IRC and is classified as Type 2 supporting organization to M-1 RAIL under IRC Section 509(a)(3). Although M-1 RAIL and M-2 RAIL were granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” M-3 RAIL and

M-1 RAIL Towing are Domestic for-profit LLC's that are wholly owned by M-1 RAIL, M-3 RAIL, and M-1 RAIL Towing are disregarded entities for Tax purposes.

At September 30, 2022 and 2021, the Organization has determined that no unrelated business income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to September 30, 2017.

New Accounting Pronouncements Issued but Not Yet Implemented—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria is substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the consolidated statements of position at the present value of lease payments. ASU No. 2016-02 is effective for nonpublic entities with fiscal years beginning after December 15, 2021. ASU No. 2016-02 will be effective for the Organization for the year beginning October 1, 2022. The Organization is currently evaluating the new standard and the impact the guidance may have on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)*. The new guidance provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The guidance is effective for years beginning after December 15, 2022. ASU No. 2016-13 will be effective for the year beginning October 1, 2023. The Organization is currently evaluating the new standard and the impact the guidance may have on its consolidated financial statements.

New Accounting Pronouncements Implemented— In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958)*. The new guidance increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The guidance is effective for the Organization for years beginning after June 15, 2021 and should be applied on a retrospective basis. The adoption of ASU No. 2020-07 did not have a significant impact on the Organization's financial statements.

2. NEW MARKETS TAX CREDIT FINANCING TRANSACTIONS

In September 2014 and December 2014, the Organization entered into financing transactions with multiple Community Development Entities ("CDEs") related to the Project under a qualified New Markets Tax Credit ("NMTC") program. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") and is intended to induce capital investment in qualified lower-income communities. The Act permits taxpayers to claim credits against their Federal income taxes for up to 39% of the qualified equity investments in the CDEs. CDEs are privately managed investment institutions that are certified to make qualified low-income community investments, or "QLICs."

As of September 30, 2022 and 2021, the Organization had outstanding notes payable of \$ 0, \$41,353,000, respectively, and outstanding loan receivable of \$ 0, \$29,210,480, respectively, which related to the NMTC financing agreements that are detailed below.

Notes Payable—NMTC—The Organization received loans in September 2014 and December 2014 of \$9,700,000 and \$31,653,000, respectively, from the CDEs (including notes payable representing the capital contribution made by the CDEs, net of syndication fees), and as such, the CDEs and related investors are entitled to substantially all of the benefits derived from the NMTCs. These financing transactions also include put/call provisions whereby the Organization may be obligated or entitled to repurchase CDEs interest.

On December 14, 2021 the Board of Directors of M-1 RAIL and M-2 RAIL authorized the activities required to unwind the NMTC Financing Loan Agreements dated December 14, 2014. The transactions related to the unwinding the NMTC's resulted in M-1 RAIL incurring \$46,022 in Legal Fees. M-2 R incurred \$61,727 in fees associated with the unwind. The resulting unwinding of NMTC Financing Loan Agreements resulted in forgiveness of \$41,169,000 of debt on the books of M-2 RAIL.

Upon the exercise of the put option and termination of each arrangement, the proceeds will be recognized in earnings in exchange for the transfer of tax credits. The NMTC is subject to 100% recapture for a period of seven years as provided in the IRC.

The balances of the notes payable outstanding as of September 30 are as follows:

	2022	2021
September 2014 notes payable ^(a)	\$ -	\$ 9,700,000
December 2014 notes payable ^(b)	<u>-</u>	<u>31,653,000</u>
Amount outstanding as of September 30	<u>\$ -</u>	<u>\$ 41,353,000</u>

- ^(a) The September 2014 notes payable bear interest at 1.280% per annum and require quarterly interest payments beginning December 1, 2014. Principal and interest payments totaling \$152,004 are due quarterly beginning December 1, 2026. The notes mature on the earlier of June 1, 2044, or by the date on which the note balances become due and payable by acceleration or otherwise pursuant to the loan agreement, such as by an event of recapture, default, or exercise of the put/call option. The notes payable are secured by M-2 RAIL's property and equipment, contracts, accounts and all other instruments, books, records and chattel paper. For the years ended September 30, 2022 and 2021, there were no interest and fees capitalized, and principal payments of \$100,000 and \$0 were made in 2022 and 2021, respectively. Interest expense for the years ended September 30, 2022 and 2021 was \$32,281 and \$124,160, respectively.
- ^(b) The December 2014 notes payable bear interest at 0.812% per annum and require quarterly interest payments beginning December 22, 2014. Principal and interest and payments totaling \$479,992 are due quarterly beginning December 1, 2026. The notes mature on the earlier of June 1, 2044, or by the date on which the note balances become due and payable by acceleration or otherwise pursuant to the loan agreement, such as by an event of recapture, default, or exercise of the put/call option. The notes payable are secured by M-2 RAIL's property and equipment, contracts, accounts and all other instruments, books, records and chattel paper. For the years ended September 30, 2022 and 2021, there were no interest and fees capitalized, and principal

payments of \$84,000 and \$0 were made in 2022 and 2021, respectively. Interest expense for the years ended September 30, 2022 and 2021 was \$116,448.26 and \$376,308, respectively.

The proceeds of the loans from the CDEs (including loans representing the capital contribution made by the CDEs, net of syndication fees) are restricted for use on the Project. Restricted cash of approximately \$ 0 and \$286,607 as of September 30, 2022 and 2021, respectively, was held by the Organization, after qualifying capital expenditures, and is included in restricted cash for capital project activities on the Organization's consolidated statements of financial position.

Loans Receivable—NMTC—In connection with the financings, the Organization loaned \$6,800,000 in September 2014 and \$22,400,000 in December 2014 to Chase NMTC M-1 Investment Fund, LLC.

On December 14, 2021 the Board of Directors of M-1 RAIL and M-2 RAIL authorized the activities required to unwind the NMTC Financing Loan Agreements dated December 14, 2014. The transactions related to the unwinding the NMTC's resulted in M-1 RAIL incurring \$107,749 in Legal Fees associated with the unwind. The resulting unwinding of NMTC Financing Loan Agreements resulted in the forgiveness of \$29,210,480 of receivables on the books of M-1 RAIL.

Both the September and December loan receivables accrue interest at 1% per annum with quarterly interest payments due beginning December 10, 2014 for the September 2014 loan and December 22, 2014, for the December 2014 loan.

As a result of the forgiveness of the Notes Payable and Loans Receivable, the Organization recognized a net gain of \$11,958,520.

3. OTHER LOANS PAYABLE AND LINES OF CREDIT

Michigan Strategic Fund Loan Payable—In December 2014, the Organization entered into an agreement to borrow up to \$10,000,000 from the Michigan Strategic Fund to finance the streetcar project. As security for the payment of the loan, the Organization assigned its right to receive \$9,000,000 due from a third-party funder over 10 years to the Michigan Strategic Fund. The debt bears interest at 2% per annum, to be paid annually beginning on December 31, 2015. The principal will be repaid in annual installments ranging from \$800,000 to \$1,000,000, which began in September 2018. For the years ended September 30, 2022 and 2021, there were no interest and fees capitalized, and \$812,130 of principal payments made in 2022, and \$1,104,462 of principal payments made in 2021. Interest expense for the years ended September 30, 2022 and 2021 was \$105,583 and \$132,548, respectively.

As of September 30, 2022 and 2021, a total of \$4,586,050 and \$5,398,179 was outstanding on the loan, respectively.

4. CONTRIBUTIONS RECEIVABLE

The Organization anticipates the collection of outstanding contributions receivable as follows at September 30:

	2022	2021
Amounts receivable within one year	\$ 1,350,000	\$ 1,350,000
Amounts receivable in 1 to 5 years	3,600,000	4,050,000
Amounts receivable in more than 5 years	<u> </u>	<u>900,000</u>
Gross contribution receivable	4,950,000	6,300,000
Less, percent value discount	<u>(614,877)</u>	<u>(896,686)</u>
Contributions receivable	<u>\$ 4,335,123</u>	<u>\$ 5,403,314</u>

Contributions receivable above have been discounted to the present value using various discount rates between 4% and 6%. These receivables are collectible from three nonprofit and corporate donors. No allowance for uncollectible amounts has been recorded against these receivable balances.

One donor represents 91% of the total contributions receivable (\$4,500,000 of \$ 4,950,000) at September 30, 2022. In addition, one donor represents 88% of contribution revenue (\$2,000,000 of \$2,281,808) for the year ended September 30, 2022.

One donor represents 86% of the total contributions receivable (\$5,400,000 of \$6,300,000) at September 30, 2021. In addition, one donor represents 72% of contribution revenue (\$1,000,000 of \$1,397,675) for the year ended September 30, 2021.

5. GOVERNMENT GRANTS

In October, 2020 under House Bill No. 6119, the Michigan Legislature authorized the organization to receive up to \$5,000,000 per year for three years from the State Convention Facility Development Fund, to be used to support operating costs. The disbursements were authorized for the State's fiscal years ending September 30, 2020 through September 30, 2022. The grant is recognized as revenue in the same year as the State's fiscal year in which it is authorized.

As of September 30, 2022 the final payment under the current House Bill has been recorded as Revenue and is expected to be received by October 2022.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2022	2021
Land	\$ 1,107,007	\$ 1,107,007
Other capital assets (net of accumulated amortization of \$421,653 and \$343,809 in 2022 and 2021, respectively)	2,650,493	2,663,337
Vehicle storage and maintenance facility	10,534,020	10,534,020
Guideway	48,319,802	47,751,906
Vehicles - streetcars & service vehicles	36,074,551	36,074,551
Lighting improvements	2,633,525	2,633,525
Electric power substations	15,311,635	15,311,635
Overhead contract system	20,144,636	20,144,636
Signal and communication system	11,401,552	11,401,552
Capitalized interest and fees (net of accumulated amortization of \$280,733 and \$228,905 in 2022 and 2021, respectively)	<u>1,274,096</u>	<u>1,325,923</u>
Total cost	149,451,317	148,948,092
Accumulated depreciation	<u>(33,148,317)</u>	<u>(27,241,202)</u>
Net carrying amount	<u>\$ 116,303,000</u>	<u>\$ 121,706,890</u>

At September 30, 2022, the Organization was not committed to any outstanding contracts. Depreciation expense for the years ended September 30, 2022 and 2021 was \$5,907,115 and \$6,106,313, respectively.

7. CONTRIBUTED SERVICES AND MATERIALS

The Organization recognizes the fair value of contributed services and other in-kind contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization recognized the following donated services and capital equipment during the years ended September 30, 2022 and 2021 of \$275,891 and \$79,614, respectively.

Other contributed services that are received by the Organization are not recognized in the consolidated financial statements because they do not meet the above criteria. Donated materials and Capital Equipment are recorded at their fair value at the date of the gift.

8. RELATED PARTY TRANSACTIONS

Certain donors, related to the Organization through Board of Directors involvement or as officers, have provided contributions to the Project. The following amounts from related-party donors have been recognized in the consolidated financial statements for the 2022 and 2021 fiscal years:

	2022	2021
Gross contributions revenue	\$ 2,000,000	\$ 1,000,000

For the years ended September 30, 2022 and 2021, the Organization incurred approximately \$321,809 and \$750,000, respectively, in costs for accounting, human resources, wi-fi, project management and related services to certain vendors, related to the Organization. Approximately \$0 and \$50,000 was owed to these vendors as of September 30, 2022 and 2021, respectively.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the consolidated statement of activities date for general expenditure are as follows:

Cash and cash equivalents	\$ 4,898,531
Contributions receivable	1,350,000
Accounts Receivable	97
Governmental grants and funding receivable	<u>5,000,000</u>
 Total	 <u>\$ 11,248,628</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

10. EXPENSE ANALYSIS

M-1 RAIL's expenses have been allocated between program and supporting activities. Program includes the Operations of the Streetcar service. All other administrative expenses have been allocated to supporting activities.

Salaries and Benefits are allocated based on time spent on activities as determined by their job duties. Expenses which apply to more than one functional category have been allocated based on estimates of time and effort. All other costs are charged directly to the appropriate functional category.

M-1 RAIL's functional expenses, displayed by natural expense classification, for the years ended September 30, 2022 and 2021 were as follows:

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services		Support Services		Consolidated Total Expenses
	Streetcar Operations	Management and General	Fundraising	Total Support Services	
Wages and Benefits	\$ 2,820,287	\$ 289,140	\$ -	\$ 289,140	\$ 3,109,427
Ordinance enforcement	764,503	-	-	-	764,503
Electricity, Wi-Fi	549,557	5,147	2,573	7,720	557,277
Insurance and Risk Management	796,243	93,676	46,837	140,513	936,756
Depreciation and Amortization	6,057,510	-	-	-	6,057,510
Borrowing costs	216,165	25,431	12,715	38,146	254,311
Operations support	2,775,132	127,032	28,048	155,080	2,930,212
Financial and accounting	367,451	43,230	21,614	64,844	432,295
Communications	217,967	25,643	12,822	38,465	256,432
Legal and legislative support	429,751	55,749	12,874	68,623	498,374
Miscellaneous expense	<u>421,789</u>	<u>46,491</u>	<u>21,296</u>	<u>67,787</u>	<u>489,576</u>
Total expenses	<u>\$ 15,416,355</u>	<u>\$ 711,539</u>	<u>\$ 158,779</u>	<u>\$ 870,318</u>	<u>\$ 16,286,673</u>

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services		Support Services		Consolidated Total Expenses
	Streetcar Operations	Management and General	Fundraising	Total Support Services	
Transit system operator	\$ 160,668	\$ -	\$ -	\$ -	\$ 160,668
Ordinance enforcement	39,350	-	-	-	39,350
Electricity, Wi-Fi	540,193	1,349	675	2,024	542,217
Insurance and risk management	669,092	78,717	39,358	118,075	787,167
Depreciation and amortization	6,377,134	-	-	-	6,377,134
Borrowing costs	540,132	63,545	31,772	95,317	635,449
Project development and operations support	3,645,258	528,973	56,426	585,399	4,230,657
Financial and accounting	368,303	43,781	21,688	65,469	433,772
Communications	185,813	31,801	11,453	43,254	229,067
Legal and legislative support	259,690	21,185	10,593	31,778	291,468
Miscellaneous expense	<u>343,600</u>	<u>76,863</u>	<u>20,235</u>	<u>97,098</u>	<u>440,698</u>
Total expenses	<u>\$ 13,129,233</u>	<u>\$ 846,214</u>	<u>\$ 192,200</u>	<u>\$ 1,038,414</u>	<u>\$ 14,167,647</u>

11. SUBSEQUENT EVENTS

M-1 RAIL and M-2 RAIL have evaluated subsequent events through March 28, 2023, the date at which the financial statements were available to be issued, noting the following material subsequent event.

Subsequent to year-end, under Senate Bills SB1222 and SB1223 of the State of Michigan, the Organization is entitled to receive up to \$5,000,000 per year for 17 years and will receive the funds in the year ended September 30, 2024 through September 30, 2040 assuming the Convention Facility Development Fund exceeds certain amounts. The funds are to be used for the operations of the System.

* * * * *

2023

QLINE
DETROIT



M-1 RAIL & AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS

*As of and for the years ended September 30, 2023 and 2022
And independent auditors' report*

M-1 RAIL AND AFFILIATES

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Independent Auditor's Report

Board of Directors
M-1 RAIL and Affiliates
Detroit, Michigan

Opinion

We have audited the consolidated financial statements of M-1 RAIL and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2022 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization of September 30, 2022 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS). In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Deloitte + Touche LLP

June 26, 2024

M-1 RAIL AND AFFILIATES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 2,909,384	\$ 4,898,531
Accounts Receivable	30	97
Contributions Receivable (including related party receivables -- refer to Note 4 and Note 7)	900,000	1,350,000
Governmental Grants and Funding Receivable	5,000,000	5,000,000
Prepaid Expenses	85,388	96,547
Interest Receivable	<u>13,965</u>	<u>-</u>
Total Current Assets	8,908,767	11,345,175
CONTRIBUTIONS RECEIVABLE (Including related party receivables - refer to Note 4 and Note 7)	2,302,749	2,985,123
RESTRICTED CASH FOR CAPITAL PROJECT ACTIVITIES	521,987	514,833
PROPERTY AND EQUIPMENT (Net of accumulated depreciation and amortization of \$39,494,486 and \$33,850,703 respectively)	<u>110,660,531</u>	<u>116,303,000</u>
TOTAL ASSETS	<u>\$ 122,394,034</u>	<u>\$ 131,148,131</u>
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
CURRENT LIABILITIES		
Loans Payable	\$ 900,000	\$ 900,000
Accounts Payable and Accrued Expenses	1,097,083	743,109
Deferred Revenue	<u>107,770</u>	<u>112,475</u>
Total Current Liabilities	2,104,853	1,755,584
LOANS PAYABLE	<u>3,629,759</u>	<u>3,686,050</u>
Total Liabilities	5,734,612	5,441,634
NET ASSETS -- WITHOUT DONOR RESTRICTIONS	<u>116,659,422</u>	<u>125,706,497</u>
Total Net Assets	116,659,422	125,706,497
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 122,394,034</u>	<u>\$ 131,148,131</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS:		
Revenue:		
Contributions	\$ 217,626	\$ 2,281,808
Governmental Grants and Funding	6,477,857	5,000,000
Contributed Services and Materials	104,747	275,891
Charges for Services	6,500	3,800
Interest Income	<u>167,149</u>	<u>98,158</u>
Total revenue	<u>6,973,879</u>	<u>7,659,657</u>
Expenses:		
Program Services -		
Streetcar Operations	14,762,794	15,416,355
Supporting Services:		
Management and General	1,110,074	711,539
Fundraising	<u>148,086</u>	<u>158,779</u>
Total Supporting Services	<u>1,258,160</u>	<u>870,318</u>
Total Expenses	<u>16,020,954</u>	<u>16,286,673</u>
Other Income		
Gain on New Markets Tax Credit Transaction	<u>-</u>	<u>11,958,520</u>
NET (DECREASE) INCREASE IN NET ASSETS	(9,047,075)	3,331,504
NET ASSETS -- Beginning of year	<u>125,706,497</u>	<u>122,374,993</u>
NET ASSETS -- End of year	<u>\$ 116,659,422</u>	<u>\$ 125,706,497</u>

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Decrease) Increase in Net Assets	\$ (9,047,075)	\$ 3,331,504
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Operating Activities		
Depreciation	5,514,111	5,907,115
Amortization	129,671	150,396
Gain on New Markets Tax Credit Transaction		(11,958,520)
Non-cash Contributed Asset		(65,000)
Changes in Assets and Liabilities		
Accounts Receivable	67	1,573
Contributions Receivable	1,132,374	1,068,191
Government Grants and Funding Receivable		-
Prepaid Expenses and Other Assets	(2,808)	(14,938)
Accounts Payable and Accrued Expenses	<u>349,271</u>	<u>(62,205)</u>
Net Cash Used In Operating Activities	<u>(1,924,389)</u>	<u>(1,641,884)</u>
CASH FLOWS FROM INVESTING ACTIVITIES-		
Purchase of Property and Equipment	<u>(1,313)</u>	<u>(567,897)</u>
Net Cash Used in Investing Activities	<u>(1,313)</u>	<u>(567,897)</u>
CASH FLOWS FROM FINANCING ACTIVITIES-		
Payments of Loans Payable	<u>(56,291)</u>	<u>(996,130)</u>
Net Cash used in Financing Activities	<u>(56,291)</u>	<u>(996,130)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,981,993)	(3,205,911)
CASH AND CASH EQUIVALENTS AND		
RESTRICTED CASH --Beginning of year	5,413,364	8,619,274
CASH AND CASH EQUIVALENTS AND		
RESTRICTED CASH --End of year	<u>\$ 3,431,371</u>	<u>\$ 5,413,364</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
NON CASH TRANSACTIONS:		
NMTC Loan Payable Adjustment	-	(41,169,000)
NMTC Loan Receivable Adjustment	-	29,210,480
Contributed Asset	-	65,000

See notes to consolidated financial statements.

M-1 RAIL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description and Nature of Activities—M-1 RAIL and its Affiliates, M-2 RAIL, M-3 RAIL and M-1 RAIL Towing (collectively the “Organization” or “Organizations”) were formed primarily for the purposes of acquiring, owning, constructing, operating, and maintaining a street railway system (the “System” or “Project”) as enabled by legislation advanced by the State of Michigan.

The Organizations are separate, but closely related, Michigan nonprofit directorship corporations.

M-1 RAIL, established in 2007 (under the name The Regional Area Initial Link) by Michigan foundations, businesses, and civic leaders, is the project sponsor and operator of a street railway in the city of Detroit, known as the QLINE. The System is a 3.3-mile at-grade circulating streetcar along Woodward Avenue from Congress to Grand Boulevard. The System will be available to a larger, regional transportation system, connecting with many existing and future services in southeast Michigan.

M-1 RAIL, solicits philanthropic and other contributions, provides administrative and financial support to M-2 RAIL, and provides overall direction to the System.

M-2 RAIL, established in 2013 is the Project developer. M-2 RAIL is responsible for the design, engineering, acquisition, and construction of the System.

M-3 RAIL, established in November 2020 was created to be the employer of the individuals that are hired to operate the system.

M-1 RAIL Towing, established in December 2021 is the owner of a Tow Truck used by M-1 RAIL in the operation of the Streetcar system.

M-1 RAIL operates and maintains the completed System through a lease arrangement with the Michigan Department of Transportation (MDOT).

In December 2014, the Organization entered into two lease arrangements for the System that commenced March 1, 2017. Specifically, M-2 RAIL entered into a Lease Agreement (Lease) with MDOT, and simultaneously therewith MDOT entered into a Sublease Agreement (Sublease) with M-1 RAIL. Under the terms of the Lease and Sublease, the same four categories of assets comprising the rail system were created, with the terms of the Lease and Sublease being 30 years for three of these categories of assets, and 27 years for the fourth category of assets. Under these arrangements, prior to the expiration of the terms for the fourth category of assets the subtenant under the Sublease (M-1 RAIL) is obligated to either renew the Lease and Sublease for the fourth category of assets for an additional three years, or to purchase that category of assets at its fair market value. Also, under these arrangements, M-1 RAIL, as subtenant, is responsible for operating, maintaining, insuring and bearing the risk of all loss, theft or damage to the rail system. M-2 RAIL retains ownership of the rail system throughout the terms of the Lease and Sublease. These arrangements allow for the early termination of the Lease and Sublease in the event that M-2 RAIL transfers the rail system to a transit agency.

Basis of Presentation—The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). They present the consolidated financial position and changes in net assets and cash flows of M-1 RAIL, M-2 RAIL, M-3 RAIL, and M-1 RAIL Towing . All significant interorganizational accounts and transactions have been eliminated in consolidation.

Classification of Net Assets—Net assets of the Organization are classified as net assets without donor restrictions or net assets with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

By definition, net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Earnings, gains, and losses on net assets with donor restrictions are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements. Estimates and assumptions may also affect the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates.

Cash and Cash Equivalents—Cash and cash equivalents consist of demand deposits in banks and money market accounts. The Organization considers all highly liquid investments purchased with an original maturity of three months or less from the date of purchase, as well as all money market accounts, to be cash equivalents.

Restricted Cash for Capital Project Activities—Restricted cash represents amounts of cash held by banks that are contractually restricted for the acquisition of noncurrent assets related to the Project or to pay fees associated with capital project financing. The restricted cash balance as of September 30, 2023 and 2022 was \$521,987 and \$514,833, respectively, which was classified as a long-term asset.

Fair Value Measurements—The Organization uses fair value measurements in the preparation of its consolidated financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

Level 1—This category includes financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2—This category includes financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.

Level 3—This category includes financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The Organization holds investments in money market accounts in the amount of \$0 and \$172,274 as of September 30, 2023 and 2022, respectively. Such investments are valued by summing principal plus earned interest, which approximates fair value and would be considered Level 2 investments.

Contributions—Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and are measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as net assets without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

Contributions receivable are reflected net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors. The Organization has not recorded a provision for doubtful accounts as of September 30, 2023 and 2022 since it is the opinion of management that the receivables are collectible in full.

Property and Equipment—Costs incurred for the development of the System that are directly identifiable and attributable to the acquisition and construction of the System have been capitalized and are stated at their original cost at the date of purchase. These capitalized costs include engineering, design, project coordination, management and legal to the extent they meet the criteria of being directly identifiable and attributable to the development.

The System was placed into operations in May 2017. The Organization's policy is to depreciate the cost of the Project on the straight-line basis over the estimated useful life of the assets when placed in service, which will range from three to 100 years.

All property is reviewed for impairment when events or circumstances indicate that the carrying value of the property may not be recoverable. An impairment charge would be recognized when the sum of the expected cash flows (undiscounted and without interest charges) is less than the carrying value of the property. There were no impairment charges recognized in 2023 or 2022.

Functional Allocation of Expenses—The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Indirect costs have been allocated between the program and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

The Organization’s basis for allocating functional expenses is as follows:

- Salaries and fringe benefits of employees are based on management’s estimate of the percentage of time spent on program services versus management and general, and fundraising;
- Lobbying expenses are specifically identified as 100% management and general;
- Rail operation and system expenses are based on management’s estimate of the percentage of time spent on program services versus management and general;
- Depreciation expense taken is allocated entirely to program services.
- All other expenses are based on the Organization’s cost allocation methodology, which has been consistently applied as 85% to program services, 10% to management and general and 5% to fundraising.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. Amounts on deposit in excess of federally insured limits approximated \$2,930,372 and \$4,773,999 as of September 30, 2023 and 2022, respectively.

During the year ended September 30, 2023, the Organization utilized five vendors for contractual services totaling approximately \$3,925,831. As of September 30, 2023, there was approximately \$456,335 due to these five vendors.

During the year ended September 30, 2022, the Organization utilized four vendors for contractual services totaling approximately \$3,978,504. As of September 30, 2022, there was approximately \$284,561 due to these four vendors.

Tax-Exempt Status—M-1 RAIL is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a publicly supported organization under IRC Section 509(a)(1). M-2 RAIL is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of IRC and is classified as Type 2 supporting organization to M-1 RAIL under IRC Section 509(a)(3). Although M-1 RAIL and M-2 RAIL were granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” M-3 RAIL and M-1 RAIL Towing are Domestic for-profit LLC’s that are wholly owned by M-1 RAIL. M-3 RAIL, and M-1 RAIL Towing are disregarded entities for Tax purposes.

At September 30, 2023 and 2022, the Organization has determined that no unrelated business income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to September 30, 2018.

New Accounting Pronouncement Implemented—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria is substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the consolidated statements of position at the present value of lease payments. ASU No. 2016-02 is effective for nonpublic entities with fiscal years beginning after December 15, 2021. ASU No. 2016-02 will be effective for the Organization for the year beginning October 1, 2022. The implementation of ASU No. 2016-02 did not have a significant impact on the consolidated financial statements.

New Accounting Pronouncement Issued but Not Yet Implemented - In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)*. The new guidance provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The guidance is effective for years beginning after December 15, 2022. ASU No. 2016-13 will be effective for the year beginning October 1, 2023. The Organization is currently evaluating the new standard and the impact the guidance may have on its consolidated financial statements.

2. NEW MARKETS TAX CREDIT FINANCING TRANSACTIONS

In September 2014 and December 2014, the Organization entered into financing transactions with multiple Community Development Entities (“CDEs”) related to the Project under a qualified New Markets Tax Credit (“NMTC”) program. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the “Act”) and is intended to induce capital investment in qualified lower-income communities. The Act permits taxpayers to claim credits against their Federal income taxes for up to 39% of the qualified equity investments in the CDEs. CDEs are privately managed investment institutions that are certified to make qualified low-income community investments, or “QLICs.”

As of September 30, 2023 and 2022, the Organization had no outstanding notes payable and no outstanding loans receivable related to the NMTC financing agreements that are detailed below.

Notes Payable—NMTC—The Organization received loans in September 2014 and December 2014 of \$9,700,000 and \$31,653,000, respectively, from the CDEs (including notes payable representing the capital contribution made by the CDEs, net of syndication fees), and as such, the CDEs and related investors are entitled to substantially all of the benefits derived from the NMTCs. These financing transactions also include put/call provisions whereby the Organization may be obligated or entitled to repurchase CDEs interest.

On December 14, 2021 the Board of Directors of M-1 RAIL and M-2 RAIL authorized the activities required to unwind the NMTC Financing Loan Agreements dated December 14, 2014. The transactions related to the unwinding the NMTC’s resulted in M-1 RAIL incurring \$46,022 in Legal Fees. M-2 RAIL incurred \$61,727 in fees associated with the unwind. The resulting unwinding of NMTC Financing Loan Agreements resulted in forgiveness of \$41,169,000 of debt on the books of M-2 RAIL.

Upon the exercise of the put option and termination of each arrangement, the proceeds will be recognized in earnings in exchange for the transfer of tax credits. The NMTC is subject to 100% recapture for a period of seven years as provided in the IRC.

- (a) The September 2014 notes payable bear interest at 1.280% per annum and require quarterly interest payments beginning December 1, 2014. The notes mature on the earlier of June 1, 2044, or by the date on which the note balances become due and payable by acceleration or otherwise pursuant to the loan agreement, such as by an event of recapture, default, or exercise of the put/call option. The notes payable are secured by M-2 RAIL's property and equipment, contracts, accounts and all other instruments, books, records and chattel paper. For the years ended September 30, 2023 and 2022, there were no interest and fees capitalized, and principal payments of \$0 and \$100,000 were made in 2023 and 2022, respectively. Interest expense for the years ended September 30, 2023 and 2022 was \$0 and \$32,281, respectively.
- (b) The December 2014 notes payable bear interest at 0.812% per annum and require quarterly interest payments beginning December 22, 2014. For the years ended September 30, 2023 and 2022, there were no interest and fees capitalized, and no principal payments made in 2023 and 2022. Interest expense for the years ended September 30, 2023 and 2022 was \$0 and \$116,448, respectively.

Loans Receivable—NMTC—In connection with the financings, the Organization loaned \$6,800,000 in September 2014 and \$22,400,000 in December 2014 to Chase NMTC M-1 Investment Fund, LLC.

On December 14, 2021 the Board of Directors of M-1 RAIL and M-2 RAIL authorized the activities required to unwind the NMTC Financing Loan Agreements dated December 14, 2014. The transactions related to the unwinding the NMTC's resulted in M-1 RAIL incurring \$107,749 in Legal Fees associated with the unwind. The resulting unwinding of NMTC Financing Loan Agreements resulted in the forgiveness of \$29,210,480 of receivables on the books of M-1 RAIL.

Both the September and December loan receivables accrue interest at 1% per annum with quarterly interest payments due beginning December 10, 2014 for the September 2014 loan and December 22, 2014, for the December 2014 loan.

As a result of the forgiveness of the Notes Payable and Loans Receivable, the Organization recognized a net gain of \$11,958,520.

3. OTHER LOANS PAYABLE AND LINES OF CREDIT

Michigan Strategic Fund Loan Payable—In December 2014, the Organization entered into an agreement to borrow up to \$10,000,000 from the Michigan Strategic Fund to finance the streetcar project. As security for the payment of the loan, the Organization assigned its right to receive \$9,000,000 due from a third-party funder over 10 years to the Michigan Strategic Fund. The debt bears interest at 2% per annum, to be paid annually beginning on December 31, 2015. The principal will be repaid in annual installments ranging from \$800,000 to \$1,000,000, which began in September 2018. For the years ended September 30, 2023 and 2022, there were no interest and fees capitalized, and \$56,291 of principal payments made in 2023, and \$812,130 of principal payments made in 2022.

Interest expense for the years ended September 30, 2023 and 2022 was \$92,118 and \$105,583, respectively.

As of September 30, 2023 and 2022, a total of \$4,529,759 and \$4,586,050 was outstanding on the loan, respectively.

4. CONTRIBUTIONS RECEIVABLE

The Organization anticipates the collection of outstanding contributions receivable as follows at September 30:

	2023	2022
Amounts receivable within one year	\$ 900,000	\$ 1,350,000
Amounts receivable in 1 to 5 years	<u>2,700,000</u>	<u>3,600,000</u>
Gross contribution receivable	3,600,000	4,950,000
Less, percent value discount	<u>(397,251)</u>	<u>(614,877)</u>
Contributions receivable	<u>\$ 3,202,749</u>	<u>\$ 4,335,123</u>

Contributions receivable above have been discounted to the present value using various discount rates between 4% and 6%. These receivables are collectible from three nonprofit and corporate donors. No allowance for uncollectible amounts has been recorded against these receivable balances.

One donor represents 100% of the total contributions receivable (\$3,600,000 of \$3,600,000) at September 30, 2023. In addition, one donor represents 100% of contribution revenue (\$217,626 of \$217,626) for the year ended September 30, 2023.

One donor represents 91% of the total contributions receivable (\$4,500,000 of \$4,950,000) at September 30, 2022. In addition, one donor represents 88% of contribution revenue (\$2,000,000 of \$2,281,808) for the year ended September 30, 2022.

5. GOVERNMENT GRANTS

Under Senate Bills SB1222 and SB1223, the Michigan Legislature authorized the Organization to receive up to \$5,000,000 per year for 17 years from the State Convention Facility Development Fund, to be used to support operating costs. The disbursements were authorized for the State's fiscal years ending September 30, 2023 through September 30, 2040. The grant is recognized as revenue in the same year as the State's fiscal year in which it is authorized.

These funds were recognized as revenue in September 2023 and recorded as a receivable as of September 30, 2023 and subsequently received in October 2023.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2023	2022
Land	\$ 1,107,007	\$ 1,107,007
Other capital assets (net of accumulated amortization of \$499,496 and \$421,653 in 2023 and 2022, respectively)	2,572,650	2,650,493
Vehicle storage and maintenance facility	10,534,020	10,534,020
Guideway	48,319,802	48,319,802
Vehicles - streetcars & service vehicles	36,075,865	36,074,551
Lighting improvements	2,633,525	2,633,525
Electric power substations	15,311,635	15,311,635
Overhead contract system	20,144,636	20,144,636
Signal and communication system	11,401,552	11,401,552
Capitalized interest and fees (net of accumulated amortization of \$332,561 and \$280,733 in 2023 and 2022, respectively)	<u>1,222,268</u>	<u>1,274,096</u>
Total cost	149,322,960	149,451,317
Accumulated depreciation	<u>(38,662,429)</u>	<u>(33,148,317)</u>
Net carrying amount	<u>\$ 110,660,531</u>	<u>\$ 116,303,000</u>

At September 30, 2023, the Organization was not committed to any outstanding contracts. Depreciation expense for the years ended September 30, 2023 and 2022 was \$5,514,111 and \$5,907,115, respectively.

7. CONTRIBUTED SERVICES AND MATERIALS

The Organization recognizes the fair value of contributed services and other in-kind contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization recognized the following donated services and capital equipment during the years ended September 30, 2023 and 2022 of \$104,747 and \$275,891, respectively.

Other contributed services that are received by the Organization are not recognized in the consolidated financial statements because they do not meet the above criteria. Donated materials and Capital Equipment are recorded at their fair value at the date of the gift.

8. RELATED PARTY TRANSACTIONS

Certain donors, related to the Organization through Board of Directors involvement or as officers, have provided contributions to the Project. The following amounts from related-party donors have been recognized in the consolidated financial statements for the 2023 and 2022 fiscal years:

	2023	2022
Gross contributions revenue	\$ 0	\$ 2,000,000

For the year ended September 30, 2022, the Organization incurred approximately \$321,809, in costs for accounting, human resources, wi-fi, project management and related services to certain vendors, related to the Organization. As of September 30, 2023, no such costs incurred.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the consolidated statement of activities date for general expenditure are as follows:

Cash and cash equivalents	\$ 2,909,384
Contributions receivable	900,000
Accounts Receivable	30
Governmental grants and funding receivable	<u>5,000,000</u>
Total	<u>\$ 8,809,414</u>

10. THE ORGANIZATION MAINTAINS A POLICY OF STRUCTURING ITS FINANCIAL ASSETS TO BE AVAILABLE AS ITS GENERAL EXPENDITURES, LIABILITIES AND OTHER OBLIGATIONS COME DUE. EXPENSE ANALYSIS

M-1 RAIL's expenses have been allocated between program and supporting activities. Program includes the Operations of the Streetcar service. All other administrative expenses have been allocated to supporting activities.

Salaries and Benefits are allocated based on time spent on activities as determined by their job duties. Expenses which apply to more than one functional category have been allocated based on estimates of time and effort. All other costs are charged directly to the appropriate functional category.

M-1 RAIL's functional expenses, displayed by natural expense classification, for the years ended September 30, 2023 and 2022 were as follows:

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Support Services			Consolidated Total Expenses
	Streetcar Operations	Management and General	Fundraising	Total Support Services	
Wages and Benefits	\$ 2,464,773	\$ 638,892	\$ -	\$ 638,892	\$ 3,103,665
Ordinance enforcement	889,808	-	-	-	889,808
Electricity, Wi-Fi	578,456	2,804	1,402	4,206	582,662
Insurance and Risk Management	820,910	96,578	48,288	144,866	965,776
Depreciation and Amortization	5,643,783	-	-	-	5,643,783
Borrowing costs	78,301	9,212	4,606	13,818	92,119
Operations support	3,118,911	103,914	23,979	127,893	3,246,804
Financial and accounting	319,766	37,620	18,808	56,428	376,194
Communications	124,111	14,602	7,300	21,902	146,013
Legal and legislative support	218,373	149,493	17,467	166,960	385,333
Miscellaneous expense	<u>505,602</u>	<u>56,959</u>	<u>26,236</u>	<u>83,195</u>	<u>588,797</u>
Total expenses	<u>\$ 14,762,794</u>	<u>\$ 1,110,074</u>	<u>\$ 148,086</u>	<u>\$ 1,258,160</u>	<u>\$ 16,020,954</u>

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Support Services			Consolidated Total Expenses
	Streetcar Operations	Management and General	Fundraising	Total Support Services	
Wages and Benefits	\$ 2,820,287	\$ 289,140	\$ -	\$ 289,140	\$ 3,109,427
Ordinance enforcement	764,503	-	-	-	764,503
Electricity, Wi-Fi	549,557	5,147	2,573	7,720	557,277
Insurance and Risk Management	796,243	93,676	46,837	140,513	936,756
Depreciation and Amortization	6,057,510	-	-	-	6,057,510
Borrowing costs	216,165	25,431	12,715	38,146	254,311
Operations support	2,775,132	127,032	28,048	155,080	2,930,212
Financial and accounting	367,451	43,230	21,614	64,844	432,295
Communications	217,967	25,643	12,822	38,465	256,432
Legal and legislative support	429,751	55,749	12,874	68,623	498,374
Miscellaneous expense	<u>421,789</u>	<u>46,491</u>	<u>21,296</u>	<u>67,787</u>	<u>489,576</u>
Total expenses	<u>\$ 15,416,355</u>	<u>\$ 711,539</u>	<u>\$ 158,779</u>	<u>870,318</u>	<u>\$ 16,286,673</u>

11. SUBSEQUENT EVENTS

M-1 RAIL and Affiliates have evaluated subsequent events through June 26, 2024, the date at which the financial statements were available to be issued, noting the following material subsequent event.

In March 2024, the Executive Committee of M-1 RAIL and M-2 RAIL have voted unanimously to authorize a transaction framework for the transfer of its street railway system assets to a public transportation provider to provide for the continued operation of the street railway system. After completion of the Transfer, M1-RAIL and all of its affiliates will complete the process of being dissolved.

The transaction is expected to be completed by October 1, 2024.

* * * * *

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of Directors of
M-1 RAIL and Affiliates:
Detroit, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of M-1 RAIL and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2023 and the related consolidated statements of activities and cash flows for the year then ended, and related notes to the consolidated financial statements (collectively referred to as the "financial statements"), and have issued our report thereon dated June 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte + Touche LLP

June 26, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors of
M-1 RAIL and Affiliates
Detroit, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited M-1 RAIL and Affiliates' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be

prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deloitte + Touche LLP

June 26, 2024

M-1 RAIL AND AFFILIATES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	ALN #	Pass-Through Entity Identifying Number	Expenditures	Subrecipients
Department of Transportation				
Pass through from Regional Transit Authority of Southeast Michigan (RTA): Federal Transit Cluster:				
COVID-19 FEDERAL TRANSIT – FORMULA GRANTS (Urbanized Area Formula Program)	20.507	N/A	1,477,857	-
Total Department of Transportation Expenditures			<u>1,477,857</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,477,857</u>	<u>\$ -</u>

M-1 RAIL AND AFFILIATES

NOTES TO THE CONSOLIDATED SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. BASIS OF PRESENTATION

The accompanying Consolidated Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of M-1 RAIL and Affiliates (the "Organization") under programs of the federal government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the actual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. INDIRECT COST RATE

The Organization does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

M-1 RAIL AND AFFILIATES

THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

PART I-SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
- Material weakness(es) identified?	No
- Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
- Material weakness(es) identified?	No
- Significant deficiency(ies) identified?	Yes

Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

Assistance Listing Number(s) (ALN)	Name of Federal Program or Cluster
20.507	Federal Transit Cluster - COVID-19 Formula Grants (Urbanized Area Formula Program)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

M-1 RAIL AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS—CONTINUED FOR THE YEAR ENDED SEPTEMBER 30, 2023

PART II—FINANCIAL STATEMENT FINDINGS

None noted.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001: Significant Deficiency in Internal Controls over Compliance – Urbanized Area Formula Program – Activities Allowed and Allowable Costs

Federal Program and Assistance Listing Number (ALN) – Department of Transportation ALN 20.507
Urbanized Area Formula Program

Criteria – In accordance with Uniform Guidance, the Organization is required to establish and maintain effective internal controls over compliance that provide reasonable assurance that the Organization is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. A structured review process, which includes retention of evidence to prove the review operated as intended, is a key element of any effective internal control framework designed to prevent or detect noncompliance.

Condition – During our assessment of internal controls over compliance, no evidence of the review of payroll expenditures for the year ended September 30, 2021 was available at the time of our audit.

Cause – Due to the high turnover of management and accounting personnel, the Organization insufficiently maintained documentation that demonstrated the Organization’s review process over payroll in place for the year ended September 30, 2021.

Effect – The failure to maintain adequate evidence of the controls being designed, implemented, and operating could lead to noncompliance with grant requirements.

Repeat Finding – No.

Questioned Cost—None

Context – Evidence of the review of payroll expenditures operating in the year ended September 30, 2021, was not available due to the turnover of management and accounting personnel involved in the review process.

Recommendations – Management should ensure that they have a documented control that includes required evidence retention for reviewing and approving employee time and payroll expenditures.

Views of Responsible Officials— Implemented June 2022, employees scan an access card in the Time Clock system when they arrive and leave. Time sheets are then reviewed and approved by supervisors in Time Clock at the end of each pay period. Following this approval, the CFO reviews the time sheets before submitted to CoStaff. See the Corrective Action Plan for more information.

PART IV—SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Not applicable – There were no findings reported in the prior year.

M-1 RAIL

7520 WOODWARD AVENUE, DETROIT, MICHIGAN 48202

Corrective Action Plan September 30, 2023

- Program:** 20.507 Urbanized Area Formula Program
- Finding:** No evidence of the review of FY2021 payroll expenditures were available at the time of the audit
- Recommendation:** Management should ensure that they have a documented control that includes required evidence retention for reviewing and approving employee time and payroll expenditures
- Responsible Party:** Kenneth DiLaura, CFO

Corrective Action Plan:

All hourly employees have an electronic access card they scan on the Time Clock when they arrive and when they leave. They also scan in and out for their lunch period. At the end of each pay period, the employee's supervisor logs into the Time Clock website and reviews time sheets for all the employees that report to them. They approve each time sheet in the website.

Salaried employees do not scan in and out but there is a time sheet in the software for each salaried employee that is approved by their supervisor. The timesheets for the President and General Manager are approved by the CFO.

Once all time sheets are approved, the CFO reviews all the timecards in the time clock software and then submits the hours shown to the Costaff Payroll System. The hours are then populated in the Costaff Payroll. The CFO will log into the Costaff Payroll System, review the hours again and submit the timesheet. A CoStaff employee reviews the payroll time sheet that is entered and submits it to be approved. A CoStaff employee generates an email stating that the payroll is ready for approval. The email goes to Paul Vollmerhausen of Quattro Business Solutions. He reviews the payroll and approves the payroll in the CoStaff Payroll System.

Anticipated Completion Date: Implemented June, 2022

Thru June 30, 2024

M-1 RAIL AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024
UNAUDITED

Amounts in Thousands

	<u>Consolidated</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,308
Accounts Receivable	19
Contributions Receivable	900
Governmental Grants and Funding Receivable	-
Prepaid Expenses and Other Assets	<u>100</u>
Total Current Assets	\$ 5,327
Noncurrent Assets	
Contributions Receivable	\$ 1,535
New Markets Tax Credit - Loan Receivable	-
Restricted Cash for Capital Project activities	542
Property and Equipment (Net of Accumulated Depreciation)	106,549
Other Assets	<u>-</u>
Total Noncurrent Assets	\$ 108,626
Total Assets	<u>\$ 113,954</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 826
Deferred Revenue	77
Loans Payable	<u>900</u>
Total Current Liabilities	\$ 1,804
Loans Payable	\$ 2,718
New Markets Tax Credit - Notes Payable	<u>-</u>
Total Liabilities	\$ 4,522
NET ASSETS	
Without Donor Restrictions	<u>109,432</u>
Total Net Assets	\$ 109,432
Total Liabilities and Net Assets	<u>\$ 113,954</u>

M-1 RAIL AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 2024
UNAUDITED

Amounts in Thousands

	<u>6/30/2024</u>
Cash Flows from Operating Activities	
Net increase/(decrease) in net assets	\$ (7,228)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities	
Depreciation and amortization	4,111
(Gain)/Loss on Debt Forgiveness	-
Changes in assets and Liabilities	
Accounts receivable	(5)
Contributions receivable	767
Government grants and funding receivable	5,000
Prepaid expenses and other assets	(15)
Accounts payable and accrued expenses	(271)
Deferred Revenue	<u>(31)</u>
Net Cash Provided By / (Used In) Operating Activities	\$ 2,330
Cash Flows Provided by / (Used In) Investing Activities	
Related to restricted cash for capital project activities	\$ (20)
Purchase of property and equipment	<u>(0)</u>
Net Cash Provided By / (Used In) Investing Activities	\$ (20)
Cash Flows Provided By / (Used In) Financing Activities	
Loan Payable	\$ (912)
NMTC Loan payable adjustment	-
NMTC Loan Receivable adjustment	-
NMTC Loan payable repayment	-
NMTC Loan Adjustment	<u>-</u>
Net Cash Provided By / (Used In) Financing Activities	\$ (912)
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>1,399</u>
Cash and Cash Equivalents, Beginning of Period	<u>2,909</u>
Cash and Cash Equivalents, End of Period	<u>\$ 4,308</u>

M-1 RAIL AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED JUNE 30, 2024
UNAUDITED

Amounts in Thousands

	<u>Consolidated</u>
Change in Net Assets	
Revenue	
Contributions	\$ 4,933
Governmental Grants and Funding	-
Contributed Services and Materials	-
Charges for Services	12
Interest and Miscellaneous Income	<u>162</u>
Total Revenue without donor Restrictions	\$ 5,106
Expenses	
Operations & Maintenance Expense	
Wages, Taxes & Benefits	\$ 2,382
Maintenance Expense	2,291
Safety & Security Expense	304
Utilities (Electricity & WiFi)	344
Operations Support	829
Pandemic Related	-
Total O&M Expense	\$ 6,150
Support Expense	
Insurance	\$ 901
Legal	546
Communications	102
Finance	272
Human Resources	70
Miscellaneous	<u>119</u>
Total Support Expense	\$ 2,010
Other (Income)/Expense	
Depreciation and Amortization	\$ 4,111
(Gain)/Loss on Debt Forgiveness	\$ -
Borrowing Costs	<u>62</u>
Total Other (Income)/Expense	\$ 4,173
Total Operating Expenses/(Income)	\$ <u>12,334</u>
Net Inc/(Dec) in Net Assets Without Donor Restrictions	\$ (7,228)
Net Assets, October 1, 2023	<u>116,659</u>
Net Assets, June 30, 2024	<u>\$ 109,432</u>

Section 4.05(d)
Absence of Certain Changes, Events and Conditions

1. The Benefit Plans set forth on Schedule 4.24(a) became effective on July 1, 2024.
2. Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund and M-1 RAIL, amended pursuant to the Loan Amendment dated July 1, 2024.
3. First Amended and Restated Aid Agreement between the City of Detroit Downtown Development Authority, the Regional Transit Authority of Southeast Michigan, and M-1 RAIL dated July 2, 2024.
4. Selection Support Services Agreement between M-1 RAIL and Quattro Business Support Services Inc. dated July 3, 2024.
5. Professional Services Agreement between M-1 RAIL and Detroit Downtown Partnership, Inc., dated August 7, 2024.
6. Ratified Collective Bargaining Agreement between M-3 RAIL and Amalgamated Transit Union, Local 26 dated August 27, 2024.
7. Consulting Agreement between M-1 RAIL and Virint dated September 13, 2024.

Notwithstanding anything to the contrary of Section 6.01 in the Agreement, following the Effective Date and prior to the Closing Date:

1. M-1 may renew the Mackinaw Services Agreement.
2. M-1 may enter into a new agreement with Solution Architects LLC in replacement of the Consulting Agreement between M-1 and Solution Architects LLC dated January 1, 2021.

Section 4.05(p)
Absence of Certain Changes, Events and Conditions

- (i) None.
- (ii) The Benefit Plans set forth on Schedule 4.24(a) became effective on July 1, 2024.
- (iii) Ratified Collective Bargaining Agreement between M-3 RAIL and Amalgamated Transit Union, Local 26 dated August 27, 2024.

Section 4.06(a)
Material Contracts

(i)

1. Master Services Agreement by and between M-1 RAIL and Everstream GLC Holding Company LLC, as successor to Rocket Fiber LLC ("Rocket Fiber"), dated November 29, 2016.
2. Owner's Representative Services Agreement by and between M-2 RAIL and HNTB Michigan, Inc., dated April 22, 2013, as amended.
3. M-1 RAIL and Rauhorn Electric, Inc. Agreement dated June 5, 2023.
4. Agreement by and between M-1 RAIL and RNA Michigan Holdings, LLC dated May 1, 2023.
5. Brookville Supplemental Maintenance Services Agreement between Brookville Services, LLC and M-1 RAIL dated June 25, 2024.
6. Standard Rental Service Agreement between M-1 RAIL and CINTAS Corporation dated September 1, 2023.
7. Subscription Agreement between M-1 RAIL and Swiftly, Inc., dated December 2, 2020.
8. Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund and M-1 RAIL, amended pursuant to the Loan Amendment dated July 1, 2024.
9. Administrative Services Agreement between M-1 RAIL and Quattrro Business Support Services, Inc., as successor to Apparatus Solutions, Inc., dated October 1, 2009.

(ii)

1. Standard Rental Service Agreement between M-1 RAIL and CINTAS Corporation dated September 1, 2023.

(iii)

1. Agreement by and between M-1 RAIL and RNA Michigan Holdings, LLC dated May 1, 2023.
2. M-1 RAIL and Rauhorn Electric, Inc. Agreement dated June 5, 2023.
3. Master Services Agreement by and between M-1 RAIL and Everstream GLC Holding Company LLC, as successor to Rocket Fiber LLC ("Rocket Fiber"), dated November 29, 2016.
4. Self-Insured Retention General Liability Service Agreement between Mackinaw Administrators, LLC, and M-1 RAIL.
5. Consulting Agreement between M-1 RAIL and Virint, dated September 13, 2024.
6. Standard Rental Service Agreement between M-1 RAIL and CINTAS Corporation dated September 1, 2023.
7. Selection Support Services Agreement between M-1 RAIL and Quattrro Business Support Services Inc. dated July 3, 2024.
8. Subscription Agreement between M-1 RAIL and Swiftly, Inc., dated December 2, 2020.

9. Facilities Locating and Marketing Service Contract between M-1 RAIL and USIC Locating Services, LLC dated November 2, 2020.

10. Agreement for Professional Managed Services by and between M-1 RAIL and Lytel Communications dated January 1, 2021, which has expired but the terms of which are still followed by the parties.

11. Consulting Agreement between M-1 RAIL and Solution Architects LLC dated January 1, 2021, which has expired but the terms of which are still followed by the parties.

12. Consulting Agreement between M-1 RAIL and Beyond the Brand LLC dated June 13, 2024.

(iv)

None.

(v)

None.

(vi)

1. Client Services Agreement between CoStaff Insight Services, Inc. and M-3 RAIL, LLC, dated December 17, 2021.

2. Switch Equipment Maintenance Agreement between M-1 RAIL and C.D.L. Electric Company, Inc., dated July 15, 2023.

3. Consulting Agreement between M-1 RAIL and Beyond the Brand LLC dated June 13, 2024.

4. Consulting Agreement between M-1 RAIL and Virint, dated September 13, 2024.

(vii)

1. Commercial Insurance Premium Finance and Security Agreement between M-1 RAIL and Aon Premium Finance, LLC, dated October 20, 2023.

2. Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund and M-1 RAIL, amended pursuant to the Loan Amendment dated July 1, 2024.

(viii)

1. Michigan's Public Safety Communications System (MPSCS) Member Subscriber Agreement between M-2 RAIL and the State of Michigan, Department of Technology, Management and Budget (DTMB) dated August 30, 2016.

2. Memorandum of Understanding between M-2 RAIL and Public Lighting Authority dated October 14, 2014.

3. Operating License Agreement between M-1 RAIL, M-2 RAIL, and the City of Detroit.

4. Construction, Operations and Maintenance Agreement between M-1 RAIL, M-2 RAIL, and the City of Detroit dated July 25, 2014.

5. Agreement to Use Certain Tax Increment Revenues for Certain Brownfield Projects within the Transit Zone between M-1 RAIL and City of Detroit Brownfield Redevelopment Authority.

6. Operating License Agreement between M-1 RAIL, M-2 RAIL, and Michigan Department of Transportation dated June 23, 2014.

7. Lease Agreement between M-2 RAIL and Michigan Department of Transportation dated December 15, 2014.

8. Memorandum of Understanding between M-1 RAIL and the City of Detroit dated April 28, 2022.

9. Sublease Agreement between M-1 RAIL and Michigan Department of Transportation dated December 15, 2014.

10. Subrecipient Agreement between M-1 RAIL and the Regional Transit Authority of Southeastern Michigan dated October 5, 2022.

11. Subrecipient Agreement between M-1 RAIL and the Regional Transit Authority of Southeastern Michigan dated May 21, 2020.

12. Aid Agreement between the City of Detroit Downtown Development Authority and M-1 RAIL.

13. Sponsorship Agreement between M-1 RAIL and Quicken Loans, Inc., dated December 30, 2016.

14. Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund and M-1 RAIL, amended pursuant to the Loan Amendment dated July 1, 2024.

15. Operations and Maintenance Agreement between M-1 RAIL, M-2 RAIL, and the Michigan Department of Transportation dated December 8, 2017.

16. First Amended and Restated Aid Agreement between the City of Detroit Downtown Development Authority, the Regional Transit Authority of Southeast Michigan, and M-1 RAIL dated July 2, 2024.

(ix)

1. Selection Support Services Agreement between M-1 RAIL and Quattro Business Support Services Inc. dated July 3, 2024.

(x)

None.

(xi)

None.

(xii)

1. Professional Services Agreement between M-1 RAIL and Detroit Downtown Partnership, Inc., dated August 7, 2024.

(xiii)

1. Grant Letter Agreement between M-1 RAIL and JPMorgan Chase Foundation dated May 16, 2014.
2. Donation Agreement between M-1 RAIL and Bedrock Management Services LLC dated December 31, 2014.
3. Donation Agreement between M-1 RAIL TOWING LLC, and Stepp's Towing Service Inc. dated January 7, 2022.
4. Donation Agreement between M-1 RAIL and Hudson Webber Foundation dated July 26, 2012.
5. Subrecipient Agreement between M-1 RAIL and the Regional Transit Authority of Southeastern Michigan dated October 5, 2022.
6. Subrecipient Agreement between M-1 RAIL and the Regional Transit Authority of Southeastern Michigan dated May 21, 2020.
7. Aid Agreement between the City of Detroit Downtown Development Authority and M-1 RAIL.
8. Donation Agreement between M-1 RAIL and Illitch Holdings, Inc.
9. Donation Agreement between M-1 RAIL and Blue Cross Blue Shield of Michigan dated June 19, 2013.
10. Donation Agreement between M-1 RAIL and Henry Ford Health System date June 24, 2013.
11. Donation Agreement between M-1 RAIL and the Board of Governors of Wayne State University.
12. Sponsorship Agreement between M-1 RAIL and Quicken Loans, Inc., dated December 30, 2016.
13. Donation Agreement between M-1 RAIL and Dynatrace LLC, as successor to Compuware Software Group LLC, dated March 26, 2014.
14. Donation Letter Agreement between M-1 RAIL and Detroit Medical Center dated May 2, 2014.
15. Donation Agreement between M-1 RAIL and General Motors, Inc., dated July 24, 2014.
16. Grant Agreement between the Michigan Department of Transportation and the City of Detroit dated December 29, 2010.
17. United States of America Department of Transportation Federal Transit Administration Grant Agreement with Michigan Department of Transportation ("Grantee") dated October 1, 2014 for M-1 RAIL/Woodward Ave. Streetcar Project.
18. Grant Agreement between The Gilbert Family Foundation and M-1 RAIL dated March 21, 2024.
19. Grant Agreement between The Kresge Foundation and M-1 RAIL dated March 6, 2024.

20. Donation Agreement between M-1 RAIL and Quicken Loans, Inc. dated December 30, 2016.

21. First Amended and Restated Aid Agreement between the City of Detroit Downtown Development Authority, the Regional Transit Authority of Southeast Michigan, and M-1 RAIL dated July 2, 2024.

22. Donation Agreement between M-1 RAIL and Ford Motor Company dated September 25, 2014.

(xiv)

1. Collective Bargaining Agreement between M-3 RAIL and Amalgamated Transit Union, Local 26 dated February 5, 2021.

2. Collective Bargaining Agreement Extension between M-3 RAIL and Amalgamated Transit Union, Local 26 dated December 22, 2023.

3. Collective Bargaining Agreement Extension between M-3 RAIL and Collective Bargaining Agreement between M-1 RAIL and Amalgamated Transit Union, Local 26 dated January 31, 2024.

4. Collective Bargaining Agreement Extension between M-3 RAIL and Collective Bargaining Agreement between M-1 RAIL and Amalgamated Transit Union, Local 26 dated February 29, 2024.

5. Collective Bargaining Agreement Extension between M-3 RAIL and Collective Bargaining Agreement between M-1 RAIL and Amalgamated Transit Union, Local 26 dated March 29, 2024.

6. Ratified Collective Bargaining Agreement between M-3 RAIL and Amalgamated Transit Union, Local 26 dated August 27, 2024.

Section 4.07(a)
Specified Permitted Encumbrances

None.

Section 4.07(c)
Statutory Liens

None.

Section 4.09(a)
Owned Real Property

1. 7520 Woodward Avenue, Tax Parcel No. 01002117-22, commonly known as Penske Tech Center.

Section 4.09(a)(ii)
Real Property

1. Lease Agreement between M-2 RAIL and Michigan Department of Transportation dated December 15, 2014.
2. DTE Electric Company Easement (Right of Way) No. 43377850-43380693 between the Detroit Transportation Corporation and M-2 RAIL, and DTE Electric Company dated February 17, 2017.

Section 4.09(b)
Leased Real Property

1. Sublease Agreement between M-1 RAIL and Michigan Department of Transportation dated December 15, 2014.
2. Traction Power Substation License Agreement between Michigan Department of Transportation and M-2 RAIL, dated May 29, 2015.
3. Traction Power Substation Easement Agreement between Detroit Thermal, LLC and M-2 RAIL dated October 30, 2014.
4. Traction Power Substation Easement Agreement between Detroit Transportation Corporation and M-2 RAIL, dated July 30, 2014.
5. Easement Agreement between Detroit Transportation Corporation HM Ventures Group 6 LLC, and M-2 RAIL (“M-2”) dated March 1, 2016.
6. Amendment to Easement Agreement between Detroit Transportation Corporation HM Ventures Group 6 LLC and M-2 RAIL dated July 25, 2016.

Section 4.09(c)
Real Property

Tax Parcel ID	Cross Streets/Location Indicia
Parcel 004024, Ward 1	1501 Broadway Street, Detroit, Michigan
Parcel 02000875-6	42 West Willis Street, Detroit, Michigan
Part of Parcel 001751, Ward 2	6161 Woodward Avenue, Detroit, Michigan

Section 4.10(a)
Grant Agreements

1. Grant Agreement between the Michigan Department of Transportation and the City of Detroit dated December 29, 2010.
2. United States of America Department of Transportation Federal Transit Administration Grant Agreement with Michigan Department of Transportation (“Grantee”) dated October 1, 2014 for M-1 RAIL/Woodward Ave. Streetcar Project.
3. Subrecipient Agreement between M-1 RAIL and the Regional Transit Authority of Southeastern Michigan dated October 5, 2022.
4. Subrecipient Agreement between M-1 RAIL and the Regional Transit Authority of Southeastern Michigan dated May 21, 2020.
5. First Amended and Restated Aid Agreement between the City of Detroit Downtown Development Authority, the Regional Transit Authority of Southeast Michigan, and M-1 RAIL dated July 2, 2024.
6. Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund and M-1 RAIL, amended pursuant to the Loan Amendment dated July 1, 2024.

Section 4.11(a)
Sponsorship Agreements

1. Sponsorship Agreement between M-1 RAIL and Quicken Loans, Inc., dated December 30, 2016.
2. Sponsorship Agreement between Michigan Economic Development Corporation and M-1 RAIL dated July 1, 2017.
3. Donation Agreement between M-1 RAIL and Illitch Holdings, Inc.
4. Donation Agreement between M-1 RAIL and Blue Cross Blue Shield of Michigan dated June 19, 2013.
5. Donation Agreement between M-1 RAIL and Henry Ford Health System date June 24, 2013.
6. Donation Agreement between M-1 RAIL and the Board of Governors of Wayne State University.
7. Donation Agreement between M-1 RAIL and Dynatrace LLC, as successor to Compuware Software Group LLC, dated March 26, 2014.
8. Donation Letter Agreement between M-1 RAIL and Detroit Medical Center dated May 2, 2014.
9. Donation Agreement between M-1 RAIL and General Motors, Inc., dated July 24, 2014.
10. Donation Agreement between M-1 RAIL and Quicken Loans, Inc. dated December 30, 2016.
11. Donation Agreement between M-1 RAIL TOWING LLC, and Stepp's Towing Service Inc. dated January 7, 2022.
12. Donation Agreement between M-1 RAIL and Ford Motor Company dated September 25, 2014.
13. Michigan Business Development Program Loan Agreement between the Michigan Strategic Fund and M-1 RAIL, amended pursuant to the Loan Amendment dated July 1, 2024.

Section 4.12(a)
Donation Agreements


1. Donation Agreement between M-1 RAIL and Bedrock Management Services LLC dated December 31, 2014.
2. Grant Agreement between M-1 RAIL and Hudson Webber Foundation dated July 26, 2012.
3. Grant Letter Agreement between M-1 RAIL and JPMorgan Chase Foundation dated May 16, 2014.
4. Grant Agreement between The Kresge Foundation and M-1 RAIL dated March 6, 2024.
5. Grant Agreement between The Gilbert Family Foundation and M-1 RAIL dated March 21, 2024.

Section 4.12(c)
Donation Agreements

Pursuant to Sec. 1.1 of the Grant Agreement between The Gilbert Family Foundation and M-1 RAIL dated March 21, 2024, the Grant Amount (as defined therein) may not be used for bonuses or salaries (other than in the normal course of business) or office space expenditures (including furniture, computer or other technological spends).

Section 4.14(a)
Intellectual Property

(i)

TM Record	TM/AN/RN/Disclaimer	Status/Key Dates	Full Goods/Services	Owner Information
US Federal Q4 uf 1	QLINE RN: 5396736 SN: 86464124	Registered, February 6, 2018 Office Status: Registered 'nt'l Class: 39 First Use: May 12, 2017 Filed: November 25, 2014 Registered: February 6, 2018 Register Type: Principal Register	'nt'l Class: 39 ('nt'l Class: 39) Transportation of passengers and/or goods by rail	M-1 RAIL (Michigan Non- Profit Corporation) 7520 WOODWARD AVENUE, DETROIT, Michigan 48202 United States of America
US Federal Q4 uf 2	QLINE DETROIT (Stylized)  RN: 5820245 SN: 88249492 Disclaimer: "DETR"IT"	Registered, July 30, 2019 Office Status: Registered 'nt'l Class: 39 First Use: May 12, 2017 Filed: January 4, 2019 Registered: July 30, 2019 Register Type: Principal Register	'nt'l Class: 39 ('nt'l Class: 39) Transportation of passengers and/or goods by rail	M-1 RAIL (Michigan Non- Profit Corporation) 7520 Woodward Avenue, DETROIT, Michigan 48202 United States of America

(ii)

None.

(iii)

1. Service provided under Subscription Agreement between M-1 RAIL and Swiftly, Inc., dated December 2, 2020, including those set forth on the invoice dated June 1, 2024.

(iv)

None.

Section 4.14(b)
Intellectual Property

(i)

None.

(ii)

1. Brookville Supplemental Maintenance Services Agreement between Brookville Services, LLC and M-1 RAIL dated June 25, 2024.

2. Service provided under Subscription Agreement between M-1 RAIL and Swiftly, Inc., dated December 2, 2020, including those set forth on the invoice dated June 1, 2024.

3. Software License Agreement with Ron Turley Associates.

(iii)

None.

Section 4.14(h)
Intellectual Property

1. Facebook (<https://www.facebook.com/QLineDetroit?mibextid=LQQJ4d>)
2. Twitter (<https://x.com/qlinedetroit?s=21&t=rcsKNeaDWWZwN1rgUfu3YA>)
3. Instagram (<https://www.instagram.com/qlinedetroit?igsh=MXUzc2JING5jeW03aw==>)
4. LinkedIn (<https://www.linkedin.com/company/m1rail/>)
5. YouTube (<https://www.youtube.com/@qlinedetroit>)

Section 4.17
Suppliers; Vendors and Service Providers

(x)

2022 Payments			
Row Labels	Sum of Amount	Description of Goods/Services	Comments
Brookville Equipment Corp	\$ 1,811,221.64	Streetcar Parts/Maintenance Services	Contract
Michigan Strategic Fund	\$ 1,003,458.85	Loan Payment	
Aon Risk Services Central	\$ 933,327.10	Insurance Premiums	
Detroit Transportation Company	\$ 764,842.77	Security Services	No Longer Using
Rauhorn Electric	\$ 320,664.73	Electrical Services	Contract
Carrier & Gable, Inc	\$ 281,256.23	Dedicated Lane Construction Costs	Spot Purchase
DTE Energy	\$ 276,538.71	Utility	
RNA Facilities Management	\$ 266,246.54	Janitorial Services	Contract
Quattro Business Support Services, Inc.	\$ 238,513.85	Accounting Services	Contract
Brookville Services LLC	\$ 196,234.04	Streetcar Maintenance Service	Contract
Dykema Gossett PLLC	\$ 194,742.00	Legal Services	
PNC Bank (Credit Cards)	\$ 182,101.73	Credit Card Payments	
Everstream	\$ 179,909.99	Wi-Fi Provider	Contract
Virint	\$ 129,389.42	Contractor - Chief Safety Officer	Contract
Apparatus Solutions Inc	\$ 125,319.73	Accounting Services	Contract
Beyond the Brand	\$ 117,546.66	PR/communications Services	Contract
Deloitte & Touche LLP	\$ 102,495.00	Audit Services	Per Engagement
Downtown Detroit Partnership	\$ 75,750.00	Consulting Services	Contract
Hartford Insurance	\$ 67,527.80	Insurance Premiums	
Universal Protection Service, LP	\$ 56,748.00	Security Services	No Longer Using
USIC Holdings, Inc.	\$ 49,840.80	Flagging/Marking Services	Contract
Cintas	\$ 47,191.68	Uniforms	Contract
2050 Partners, Inc.	\$ 42,139.60	Ambassador Services	No Longer Using
Solution Architects, LLC	\$ 40,125.00	Marketing Services	Contract pending
Lytel Communications	\$ 32,947.02	Contractor - IT Services	No Written Contract
Swiftly	\$ 29,028.51	Annual Subscription Fee	
Init Innovations	\$ 18,571.20	Annual Maintenance Agreement	
Ron Turley Associates	\$ 17,937.43	Annual Software Renewal Fee	
AC Illustrations Inc.	\$ 17,727.50	Website Programming	Spot Purchase
Bradford Glass LLC	\$ 16,510.30	Glass Panels - Platforms	Spot Purchase
Future Fence Company	\$ 14,312.88	Handrails - Platforms	Spot Purchase
Board of Water Commissioners	\$ 13,193.02	Water and Sewage Services	
Amalgamated Transit Union Local 26	\$ 13,124.68	Union Dues	
Anthony Joshua Hugger	\$ 10,123.20	Termination Settlement	

Edna A. Rice, Executive Recruiter, Inc.	\$ 10,000.00	Placement Services	Spot Purchase
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2023 Payments			
Vendors	Sum of Amount	Description of Goods/Services	Comments
Brookville Services LLC	\$ 1,112,882.66	Streetcar Maintenance Service	Contract
Brookville Equipment Corp	\$ 885,000.54	Streetcar Parts	Spot Purchases
Detroit Transportation Company	\$ 717,449.14	Security Services	No Longer Using
RNA Facilities Management	\$ 389,552.38	Janitorial Services	Contract
Dykema Gossett PLLC	\$ 368,484.27	Legal Services	
Quattro Business Support Services, Inc.	\$ 299,869.31	Accounting Services	Contract
DTE Energy	\$ 294,988.58	Utility	
Traction Control Systems	\$ 288,000.00	Concrete Repair	Spot Purchases
AFCO Credit Corporation	\$ 218,323.80	Insurance Financing	
PNC Bank (Credit Cards)	\$ 215,538.08	Credit Card Payments	
Rauhorn Electric	\$ 202,554.89	Electrical Services	Contract
Everstream	\$ 179,910.00	Wi-Fi Provider	Contract
Beyond the Brand	\$ 145,972.40	PR/communications Services	Contract
Virint	\$ 122,059.96	Contractor - Chief Safety Officer	Contract
Hartford Insurance	\$ 86,990.60	Insurance Premiums	
USIC Holdings, Inc.	\$ 81,660.92	Flagging/Marking Services	Contract
Downtown Detroit Partnership	\$ 69,000.00	Consulting Services	Contract
DES Electric	\$ 64,186.00	Platform Communication Cabinet Repair	Spot Purchases
CDL Electric	\$ 60,561.24	Switch Maintenance Services	Contract
Mike Morse Law Firm, PLLC	\$ 60,000.00	Lawsuit Settlement	
C3M Power Systems LLC	\$ 49,997.00	OCS Repair	Spot Purchases
Cintas	\$ 47,242.91	Uniforms	Contract
Ross Grantham	\$ 46,000.00	Contractor - Maintenance Services	No Longer Using
Edna A. Rice, Executive Recruiter, Inc.	\$ 44,100.00	Placement Services	Spot Purchases
Aon Risk Services Central	\$ 42,826.00	Insurance Premiums	
Hanning & Kahl L.P.	\$ 39,719.03	Parts for Rail Switches	Spot Purchases
Mackinaw Administrators Inc, LLC	\$ 37,611.00	Insurance TPA	Contract
Deloitte & Touche LLP	\$ 33,428.00	Auditing Services	Per Engagement
Swiftly	\$ 30,464.93	Annual Subscription Fee	
Motorola Solutions, Inc.	\$ 29,274.53	Handheld Radios	Spot Purchases
Lytel Communications	\$ 27,253.63	Contractor - IT Services	No Written Contract
Solution Architects, LLC	\$ 23,285.00	Contractor - Marketing	Contract Pending
EJ USA, Inc.	\$ 21,289.84	Track Drain Grates	Spot Purchases
Future Fence Company	\$ 19,778.10	Handrails - Stations	Spot Purchases
Ron Turley Associates	\$ 18,658.00	Annual Software Renewal Fee	

Bradford Glass LLC	\$ 17,092.59	Glass Panels - Platforms	Spot Purchases
Amalgamated Transit Union Local 26	\$ 16,575.16	Union Dues	
Board of Water Commissioners	\$ 12,162.89	Water and Sewer Invoices	
Midwest Rail LLC	\$ 10,315.00	Rail Switch Maintenance	Spot Purchases
Poco Sales Inc.	\$ 10,100.00	Traffic Management Rentals	Spot Purchases

(y)

1. Brookville Supplemental Maintenance Services Agreement between Brookville Services, LLC and M-1 RAIL dated June 25, 2024.

2. Standard Rental Service Agreement between M-1 RAIL and CINTAS Corporation dated September 1, 2023.

**Section 4.18
Insurance**

(a)

1. Business Auto Coverage (Policy No. 35 UEN GD5152), issued by Hartford Insurance Group.
2. Commercial Property Coverage (Policy No. 35UUMB0TPF), issued by Hartford Insurance Group.
3. Combined Specialty Insurance (Policy No. 107758096), issued by Travelers.
4. Directors & Officer Excess Insurance Policy (Policy No. G71772160005), issued by ACE American Insurance Company.
5. Cyber Liability Coverage (Policy No. C-4LQ7-015095-CYBER-2023), issued by Coalition Insurance Solutions, Inc.
6. Excess Auto Liability Coverage (Policy No. US00102808LI22A), issued by XL Insurance America Inc.
7. Excess Liability Coverage (Policy No. CSUSA2305370), issued by Aon UK Limited.
8. Excess Liability Coverage (Policy No. US00102808LI23A), issued by XL Insurance America Inc.
9. Railroad Liability Coverage (Policy No. RL00JC423), issued by Aspen Specialty Insurance Company.
10. Workers Compensation Coverage (Policy No. ARP12000762800), issued by Accident Fund Insurance Company of America.

(b)

Claim Number	Claim Description	Type	Claimant	Claim Date	Claim	Represented	Injuries/Comments	Expense
Policy Period	Status	Date Closed	Deadline	Attorney/Firm				
10/1/20 -10/01/2021								
GC2021340813	BI	Mathews, Pamela	7/14/202 4	N	Nose - unk treatment	Paid	\$	-
Q Line Train struck bus from Behind	O	07/14/2021				Collected	\$	-
						Reserved	\$	10.00
						Incurred	\$	10.00

GC2021340814	BI	Jones, Randolph	7/14/2024	Y	Neck	Paid		
Q Line Train struck bus from Behind	O			Elia and Pontas	Claimant is now deceased.	Collected	\$	-
		07/14/2021			The Estate is still working on getting set up.	Reserved	\$	-
					No recent contact from Estate	Incurred	\$	5,000.00
GC2021340815	BI	carter, Gregory	7/14/2024	N	Low Back - unk treatment	Paid	\$	-
Q Line Train struck bus from Behind	O				No Contact from Claimant	Collected	\$	-
		07/14/2021				Reserved	\$	10.00
						Incurred	\$	10.00
GC2021340816	BI	Thomas, Janice Marie	7/14/2024	N	Nose - unk treatment	Paid	\$	-
Q Line Train struck bus from Behind	O				No Contact from Claimant	Collected	\$	-
		07/14/2021				Reserved	\$	10.00
						Incurred	\$	10.00
GC2021340817	BI	Cummings, Elvis	7/14/2024	N	Unk injuries - nothing listed	Paid	\$	-
Q Line Train struck bus from Behind	O				No Contact from Claimant	Collected	\$	-
		07/14/2021				Reserved	\$	10.00
						Incurred	\$	10.00
GC2021340820	BI	Ali, Ali	7/14/2024	N	Unk injuries - nothing listed	Paid	\$	-
Q Line Train struck bus from Behind	O				No Contact from Claimant	Collected	\$	-
		07/14/2021				Reserved	\$	10.00
						Incurred	\$	10.00
GC2021340821	BI	Noble, Walter	7/14/2024	N	Unk injuries - nothing listed	Paid	\$	-
Q Line Train struck bus from Behind	O				No Contact from Claimant	Collected	\$	-
		07/14/2021				Reserved	\$	10.00
						Incurred	\$	10.00
GC2021340822	BI	Torres, Daniel	7/14/2024	N	Unk injuries - nothing listed	Paid	\$	-
Q Line Train struck bus from Behind	O				No Contact from Claimant	Collected	\$	-
		07/14/2021				Reserved	\$	10.00
						Incurred	\$	10.00
GC2021340823	BI	Dortch, Roland	7/14/2024	Y	Back and neck	Paid	\$	-
Q Line Train struck bus from Behind	O			Fieger, Fieger, Kenny, Harrington	No recent contact from claimant	Collected	\$	-
		07/14/2021				Reserved	\$	5,000.00
						Incurred	\$	5,000.00
Total 10/1/2020 - 10/1/2021						Paid	\$	-
**All 7-14-2021 Claims subject to single SIR of \$250,000						Collected	\$	-
						Reserved	\$	-
						Incurred	\$	10,070.00
10/01/2021 to 10/01/2022						Incurred	\$	10,070.00

Total 10/1/2021-10/1/2022						Paid	\$	-
						Collected	\$	-
						Reserved	\$	-
						Incurring	\$	-
10/01/2022 to 10/01/2023								
GC2023393441	BI	Fortner, Bryant	8/5/2024	N	PIP/the number does not work for clmt and a contact letter was sent.	Paid		
Vehicle made right hand turn in front of Qline causing Qline to strike vehicle.	O	Horstman	08/05/2023			Collected	\$	-
Claimant was passenger on QLine						Reserved	\$	-
						Incurring	\$	-
GC2023393442	BI	Parker, Brian	8/5/2024	N	PIP/ vm was left for Mr. Parker and a contact letter was sent when claim was set up.	Paid		
Vehicle made right hand turn in front of Qline causing Qline to strike vehicle.	O		08/05/2023			Collected	\$	-
Claimant was passenger on QLine						Reserved	\$	-
						Incurring	\$	-
GC2023393444	BI	Greer, Tramell	8/5/2024	N	PIP/Mr. Greer took my information and agreed to call me back, to date he has not.	Paid		
Vehicle made right hand turn in front of Qline causing Qline to strike vehicle.	O		08/05/2023			Collected	\$	-
Claimant was passenger on QLine						Reserved	\$	-
						Incurring	\$	-
GC2023393445	BI	Rutledge, Ruby	8/5/2024	N	PIP/vm was left for Ms. Rutledge and a contact letter was sent.	Paid		
Vehicle made right hand turn in front of Qline causing Qline to strike vehicle.	O		08/05/2023			Collected	\$	-
Claimant was passenger on QLine						Reserved	\$	-
						Incurring	\$	-
GC2023393817	RO	Oliver, Gwen	9/3/2026	Y	BI/Ack sent to PC - awaiting his theory on liability/damages and demand. Suggest \$5,000 reserve due to attorney rep.	Paid		
Claimant claims to have fallen off Qline Platform at SB Ferry	O		09/03/2023	Brian Muawad		Collected	\$	-
						Reserved	\$	-
						Incurring	\$	5,000.00
GC2023393818	RO	Turri, Mary	6/9/2026	Y	BI/Awaiting proper notice	Paid	\$	-

Claimant was passenger on QLine when she fell due to a sudden lurching of the streetcar.	O		Leland Schmitt & Assoc.			Collected	\$	-	
		06/09/2023				Reserved	\$	-	
						Incurred	\$	-	
Total 10/1/2021-10/1/2022							Paid	\$	-
							Collected	\$	-
							Reserved	\$	5,000.00
							Incurred	\$	-
10/01/2023 to 10/01/2024									
GC2023394229	BI	Williams, Brandon	12/5/2024	N	PIP/ I have left two vm for Mr. Williams, when you call the vm goes blank and then there is a beep. It appears he was tx and released from ER.	Paid			
Vehicle made right hand turn in front of Qline causing Qline to strike vehicle.	O		12/05/2023			Collected	\$	-	
Claimant was passenger on QLine						Reserved	\$	-	
						Incurred	\$	-	
GC2023394395	BI	Fitzpatrick, Garry	11/30/2026		BI/Ack sent to PC - awaitng his theory on liability/damages and demand. Suggest \$5,000 reserve due to attorney rep.	Paid			
QLIne struck vehicle that stop suddenly in front of the streetcar.	O		11/30/2023			Collected	\$	-	
Claimant was a passanger in the vehicle struck by the streetcar. The vehicle was an Uber.						Reserved	\$	5,000.00	
						Incurred	\$	-	
	BI	Suber, Walter	11/16/2026	Y	New Claim - details not available yet	Paid			
Vehicle made right hand turn in front of Qline causing Qline to strike vehicle.	O		11/16/2023			Collected	\$	-	
Claimant was passenger on QLine						Reserved	\$	-	
						Incurred	\$	-	
Total 10/1/2023 - 10/1/2024							Paid	\$	-
							Collected	\$	-
							Reserved	\$	5,000.00
							Incurred	\$	-

Section 4.19(a)
Legal Proceedings

1. Rutledge v. M-1 RAIL, Case No. 24-009477-NF
2. Jones, Monjui et. al. v. M-1 RAIL, Case No. 24-009702-NO
3. Robert Dortch v. M-1 RAIL and Anthony Joshua Hugger, Case No. 24-009799-NI

Section 4.20(b)
Permits

1. Operating License Agreement between M-1 RAIL, M-2 RAIL, and the City of Detroit, granted June 2014 by the City of Detroit, and operative for a thirty (30) year initial term.
2. Construction, Operations and Maintenance Agreement between M-1 RAIL, M-2 RAIL, and the City of Detroit dated July 25, 2014, granted by the City of Detroit, and operative for a thirty (30) year initial term.
3. Operating License Agreement between M-1 RAIL, M-2 RAIL, and Michigan Department of Transportation dated June 23, 2014, granted by Michigan Department of Transportation, and operative for a period of ninety (90) years.
4. Operations and Maintenance Agreement between M-1 RAIL, M-2 RAIL, and the Michigan Department of Transportation dated December 8, 2017, granted by Michigan Department of Transportation, and operative for a period of ninety (90) years.
5. Annual permit from the Michigan Department of Transportation for routine operation and maintenance of streetcar system, pursuant to Sec. 2.0 of the Operating License Agreement between M-1 RAIL, M-2 RAIL, and Michigan Department of Transportation dated June 23, 2014.

Section 4.23(f)
Hazardous Materials

None.

Section 4.23(h)
Environmental Matters

(i)

1. Supplemental Environmental Assessment for Woodward Avenue Streetcar, City of Detroit, Wayne County, Michigan, dated February 2013 by the U.S. Department of Transportation Federal Transit Administration and the Michigan Department of Transportation in cooperation with the U.S. Department of Transportation Federal Highway Administration.
2. Summary Preliminary Environmental Investigation for the M-1 RAIL Project dated July 17, 2015.
3. Draft Phase I Environmental Site Assessment prepared by Kenyon Environmental, Inc., dated July 21, 2014, for subject property location 46 East Bethune Avenue and 52 East Bethune Avenue, Detroit, Michigan, prepared for M-2 RAIL, Inc.
4. Kenyon Environmental, Inc. Executive Summary regarding Phase II Environmental Site Assessment of the property located at 1501 Broadway Street, Detroit, Wayne County, Michigan.
5. Amended Record of Decision from the U.S. Department of Transportation Federal Transit Administration dated April 5, 2013.
6. Consultation Education and Training Division Hazard Survey Report dated March 1, 2024.

(ii)

None.

Section 4.24(a)
Employee Benefit Matters

1. Multiple Employer Plan (MEP) 401(k) through Slavic401k.
2. Blue Cross Blue Shield Simply Blue PPO \$1000/20%.
3. Blue Cross Blue Shield Simply Blue PPO HSA \$4500/0%.
4. Blue Cross Blue Shield Simply Blue PPO \$250.
5. UNUM Dental High Plan.
6. UNUM Vision High Plan.
7. UNUM Short-Term Disability.
8. UNUM Employer Paid Life/AD&D \$75000 (For all non-executive employees).
9. UNUM Employer Paid Life/AD&D \$100000 (For executive-class employees).
10. UNUM Voluntary Life/AD&D: Employee benefit = 5x salary up to \$500,000 with \$100000 guaranteed issue Spouse benefit = 100% of employee benefit up to \$500,000 with \$50000 guaranteed issue Dependent Child benefit = \$10000 with \$10000 guaranteed issue.
11. Omega Benefit Strategies Medical, Dependent Care and Commuter/Parking Expense offering.
12. Ulliance EAP, UNUM EAP tied to Life Insurance.
13. Health insurance, 401(k), PTO, Membership discounts through BCBS.
14. M-3 RAIL, LLC Health and Welfare Plan.
15. Class I (Full-Time Employees) Benefit Guide (Exhibit A).
16. Class II (Executives) Benefit Guide (Exhibit B).
17. Class I (Full-Time Employees) Benefit Summaries (Exhibit C).
18. Class II (Executives) Benefit Summaries (Exhibit D).
19. M-1 and all the associated entities carry a Crime Policy that among other things include an ERISA Fidelity. The ERISA Fidelity insuring agreement in the Crime coverage satisfies the ERISA Bond requirement that ERISA has for employers who offer benefit plans for their employees. We do not typically see insureds purchase an additional ERISA Bond when they have the coverage under the Crime. Travelers labels this insuring agreement as 'Fidelity' as to 'Bond,' but it does in fact meet ERISA (Bond) requirements. Details of this policy and coverage have already been uploaded to Collaborate.

Section 4.24(e)
Multiple Employer Plans/Multiple Employer Welfare Arrangement

M-3 RAIL, LLC Multiple Employer Plan (MEP) 401k through Slavic401k.

Section 4.25(a)
Employment Matters

All employees are employed on a full-time basis.

Employer	Employee Name	Hire Date	Orig Hire Date	Annual Pay	Position	Department	Incentive Comp.	Fringe Benefits
M-3 RAIL, LLC	Babcock, Stacey M	09/11/2023	09/11/2023	\$ 70,000.00	Safety Manager	Safety and Security	Discretionary	None
M-3 RAIL, LLC	Berry, Anthony Martez	08/16/2021	08/16/2021	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Brown, Andrea R	01/19/2021	01/19/2021	\$ 59,488.00	Operations Supervisor	Operations	Discretionary	None
M-3 RAIL, LLC	Bryant, Ares L	11/01/2020	11/01/2020	\$ 63,876.80	ROW Maintenance Supervisor	Maintenance	Discretionary	None
M-3 RAIL, LLC	Carty, Patrick L	04/15/2024	01/19/2021	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Chambliss, Tawanna Geneva	06/28/2021	04/19/2021	\$ 58,032.00	Operations Supervisor	Operations	Discretionary	None
M-3 RAIL, LLC	Cliett, Anthony V	12/14/2020	12/14/2020	\$ 61,900.80	Maintenance Tech	Maintenance	Discretionary	None
M-3 RAIL, LLC	Cole, Kenneth B	07/13/2024	07/13/2024	\$ 72,800.00	Fleet Maintenance Supervisor	Maintenance	Discretionary	None
M-3 RAIL, LLC	Constantennia, Juanita	02/12/2024	02/12/2024	\$ 43,056.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Davis, Decaira D	07/29/2024	07/29/2024	\$ 39,832.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Dorsey, Biranna R	02/12/2024	05/09/2022	\$ 44,740.80	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Edmondson, Ellen L	07/12/2021	07/12/2021	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Ellis, Raymond C	04/19/2021	04/19/2021	\$ 61,900.80	Maintenance Tech	Maintenance	Discretionary	None
M-3 RAIL, LLC	Frederick, Jonathan	08/05/2024	08/05/2024	\$ 62,400.00	Fleet Maintenance Technician	Maintenance	Discretionary	None
M-3 RAIL, LLC	Glass, Angelio D	06/27/2022	10/04/2021	\$ 59,196.80	Maintenance Tech	Maintenance	Discretionary	None
M-3 RAIL, LLC	Hackworth, Levetta L	06/01/2021	06/01/2021	\$ 58,032.00	Operations Supervisor	Operations	Discretionary	None
M-3 RAIL, LLC	Halimon Jr., Charles E	04/19/2021	04/19/2021	\$ 50,689.60	Streetcar Operator	Operations	Discretionary	None

M-3 RAIL, LLC	Hartfield, Joseph	12/15/2020	12/15/2020	\$ 73,673.60	Assistant Operations Man	Operations	Discretionary	None
M-3 RAIL, LLC	Hill, Blake A	03/06/2023	03/06/2023	\$ 44,740.80	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Jackson, Gary E	10/17/2022	10/17/2022	\$ 52,748.80	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Jones, Mark A	11/01/2020	11/01/2020	\$ 75,150.40	Operations Manager	Operations	Discretionary	None
M-3 RAIL, LLC	Kaczmarek, Pawel M	04/26/2021	04/26/2021	\$ 61,297.60	Maintenance Supervisor-H	Maintenance	Discretionary	None
M-3 RAIL, LLC	Langford, Latonya K	05/09/2022	05/09/2022	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Loud, Deborah L	01/02/2021	05/10/2021	\$ 47,881.60	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Mack, Devan D	07/30/2021	07/30/2021	\$ 71,801.60	Inventory Asset Manager	Maintenance	Discretionary	None
M-3 RAIL, LLC	Malinowski, Jeffrey S	07/13/2024	07/13/2024	\$ 73,548.80	Fleet Maintenance Supervisor	Maintenance	Discretionary	None
M-3 RAIL, LLC	Mantel, Michelle D	08/22/2022	08/22/2022	\$ 44,740.80	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Marsh, Malchi A	06/06/2022	06/06/2022	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	McFadden, Xaviera E	06/28/2021	06/28/2021	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Nuszkowski, Lisa M	10/25/2021	10/25/2021	\$ 190,008.00	President	Management and Administrat	Discretionary	None
M-3 RAIL, LLC	Payne, Jaleesa M	08/14/2023	08/14/2023	\$ 43,056.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Phillips, Latanya L	07/29/2024	07/29/2024	\$ 39,832.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Schmuhl, Rachel L	09/01/2021	09/01/2021	\$ 160,992.00	General Manager	Management and Administrat	Discretionary	\$50 phone allowance
M-3 RAIL, LLC	Scruggs, Matthew D	02/12/2024	02/12/2024	\$ 43,056.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Shelton, Stephen D	07/29/2024	07/29/2024	\$ 39,832.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Shumake, Russell L	05/10/2021	05/10/2021	\$ 47,881.60	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Skelton, Stevie Dwayne	09/01/2021	09/01/2021	\$ 78,145.60	Maintenance of Way Manag	Maintenance	Discretionary	None
M-3 RAIL, LLC	Smith, Pamela M	06/28/2021	06/28/2021	\$ 46,488.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Spencer, Teretha J	04/19/2021	04/19/2021	\$ 59,488.00	Operations Supervisor	Operations	Discretionary	None

M-3 RAIL, LLC	Stewart, Marcus D	11/01/2020	11/01/2020	\$ 75,129.60	Training Manager	Labor	Discretionary	None
M-3 RAIL, LLC	Stryker, Jack Lee	06/01/2021	06/01/2021	\$ 56,347.20	Operations Supervisor	Operations	Discretionary	None
M-3 RAIL, LLC	Thomas, Timmy	02/20/2023	04/11/2022	\$ 44,740.80	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Torrence Jr-Riddles, Cullen	08/05/2024	08/05/2024	\$ 39,832.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Turner, Beverly A	06/01/2021	06/01/2021	\$ 58,032.00	Operations Supervisor	Operations	Discretionary	None
M-3 RAIL, LLC	Walker, Toya A	07/29/2024	07/29/2024	\$ 39,832.00	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	West, Brian Kelly	08/28/2023	08/28/2023	\$ 119,995.20	Maintenance Engineer	Maintenance	Discretionary	None
M-3 RAIL, LLC	Williamson, Fred W	04/26/2021	04/26/2021	\$ 50,689.60	Streetcar Operator	Operations	Discretionary	None
M-3 RAIL, LLC	Wojkiewicz, Tomasz	01/02/2024	01/02/2024	\$ 54,891.20	Maintenance Technician T	Maintenance	Discretionary	None

Independent Contractors

See Section 4.06(a)(vi).

Section 4.25(b)
Employment Matters

1. M-1 RAIL bound by Collective Bargaining Agreement between M-3 RAIL and Amalgamated Transit Union, Local 26 dated February 5, 2021.
2. M-1 RAIL bound by Collective Bargaining Agreement Extension between M-3 RAIL and Amalgamated Transit Union, Local 26 dated December 22, 2023.
3. M-1 RAIL bound by Collective Bargaining Agreement Extension between M-3 RAIL and Collective Bargaining Agreement between M-1 RAIL and Amalgamated Transit Union, Local 26 dated January 31, 2024.
4. M-1 RAIL bound by Collective Bargaining Agreement Extension between M-3 RAIL and Collective Bargaining Agreement between M-1 RAIL and Amalgamated Transit Union, Local 26 dated February 29, 2024.
5. M-1 RAIL bound by Collective Bargaining Agreement Extension between M-3 RAIL and Collective Bargaining Agreement between M-1 RAIL and Amalgamated Transit Union, Local 26 dated March 29, 2024.
6. Ratified Collective Bargaining Agreement between M-3 RAIL and Amalgamated Transit Union, Local 26 dated August 27, 2024.

Section 5.03
No Conflicts; Consents

None.

**Section 5.05
Legal Proceedings**

None.

Section 7.02
Material Consents

None.

EXHIBIT A

FORM OF STREET RAILWAY SYSTEM TRANSFER AND PURCHASE AGREEMENT

[to be attached]

42384965.3/162481.00001

**Regional Transit Authority of Southeast Michigan
Resolution No. 57
Approving Transfer of Assets and Operations of a
Street Railway System and Related Street Railway System Transfer and Purchase Agreement**

RTA Resolution No. 57, a resolution that the Board of Directors (the “Board”) of the Regional Transit Authority of Southeast Michigan (the “RTA”) approves the transfer to the RTA of assets and operations of a street railway system, and the related transfer agreement.

WHEREAS, M-1 RAIL (“M-1”) and M-2 RAIL (“M-2”) are nonprofit street railway corporations organized under former Act 35, Public Acts of Michigan, 1867, (the “Nonprofit Street Railway Act”), which was repealed and recodified in 2018 as Chapter 5 of the Recodified Tax Increment Financing Act, Act 57, Public Acts of Michigan, 2018, as amended, MCL 125.4503 to 125.4527 (“Act 57”); and

WHEREAS, M-1 and M-2 own and operate a street railway system (as defined in in section 507(h) of Act 57) in Detroit, Michigan (the “System”); and

WHEREAS, the System receives supporting services (together with the System operations performed by M-1 and M-2, the “Operations”) from M-3 RAIL, LLC, a Michigan limited liability company (“M-3”) and M-1 RAIL Towing LLC, a Michigan limited liability company (together with M-1, M-2 and M-3, the “Transferors”); and

WHEREAS, under the provisions of the Regional Transit Authority Act, Act 387, Public Acts of Michigan, 2012, as amended (the “RTA Act”), the RTA is authorized to acquire assets of public transportation providers, including the assets of a nonprofit street railway corporation organized under the Nonprofit Street Railway Act, MCL 124.541 to 124.588, and to make and enter into contracts with private entities; and

WHEREAS, M-1 and M-2 want to transfer to the RTA the assets of the System and the Transferors want to transfer to the RTA the Operations of the System (the “System Transfer”); and

WHEREAS, M-1 has stated that funding sources are in place, or available to the RTA as a governmental entity, that will be sufficient to cover, in full, the Operations, without any incremental cost to the taxpayers of the public transit region served by the RTA; and

WHEREAS, M-1 and the RTA have acknowledged that if a future shortfall in funding for the Operations were to occur, consistent with the policy under Section 6(23) of the RTA Act, any shortfall would be addressed using federal or state funding otherwise allocated to the member jurisdiction located within the qualified county in which the System is located; and

WHEREAS, the RTA has previously stated its intention to authorize the transfer of all or substantially all of the assets and operations of the System to the RTA; and

WHEREAS, the RTA maintains that such a transfer will support the RTA’s strategic goals of supporting improved public transit options to advance equity, integrating mobility needs of Southeast Michigan communities and promoting livable, healthy, and sustainable growth; and

WHEREAS, the RTA has received and reviewed the Street Railway System Transfer and Purchase Agreement by and among the RTA and the Transferors, attached hereto as Exhibit A (the “Transfer

Agreement”), which establishes the terms and conditions of the System Transfer.

WHEREAS, the boards of directors of M-1 and M-2 have approved the Transfer Agreement and the transfer of the System and the Operations to the RTA; and

WHEREAS, the Transfer Agreement provides for the Transferors and the RTA to use reasonable efforts to take action necessary to expeditiously satisfy the closing conditions under the Transfer Agreement on or before September 26, 2024; and

WHEREAS, the Board wants to approve the Transfer Agreement and the transfer of the System and the Operations to the RTA.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Transfer Agreement in the form attached hereto as Exhibit A is hereby approved and the Chairman of the Board is hereby authorized and directed to execute and deliver the Transfer Agreement.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the RTA hereby approves the transfer of the assets, real and personal, currently held by the Transferors to the RTA as set forth in the Transfer Agreement, together with the other assets of the System, the Operations and the Transferors’ employees as set forth in the Transfer Agreement.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that if a future shortfall in funding for operating the Street Railway System arises after the operational transition of the Street Railway System, the RTA will address that shortfall consistent with the policy under Section 6(23) of the RTA Act.

AND NOW, THEREFORE, BE IT FINALLY RESOLVED, that all officers, employees and agents of the RTA are hereby authorized and directed to take such actions and deliver such documents as shall be necessary to effectuate the System Transfer, including the transactions set forth in and contemplated by the Transfer Agreement.

Authorizing signature _____ (Freman Hendrix, Secretary to the Board)

By his signature to this resolution, the Secretary to the Board certifies that this resolution has been approved by at least 7/9 of the voting members of the Board, with an affirmative vote of at least one Board member from each of Macomb County, Oakland County, Washtenaw County, and Wayne County at a public meeting noticed and held in compliance with the Open Meetings Act, Act 267, Public Acts of Michigan, 1976, as amended, MCL 18.261 to 18.275.

Date: September 19, 2024



BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Ben Stupka, Executive Director

SUBJECT: QLINE Public Transportation Agency Safety Plan

DATE: September 19, 2024

REQUESTED ACTION: Board of Directors Approval for Public Transportation Safety Action Plan

Approval Request: This memo requests board approval of the Public Transportation Agency Safety Plan and designation of an Accountable Executive and Chief Safety Officer for the RTA (Resolution 58).

Background: The Public Transportation Agency Safety Plans (PTASP) regulation (49 CFR Part 673) requires operators of public transportation systems that receive federal funds under the FTA Urbanized Area Formula Grants (Section 5307), and rail transit agencies subject to the FTA State Safety Oversight (SSO) program, to develop an Agency Safety Plan (ASP) that includes the processes and procedures to implement a Safety Management System (SMS). SMS is a comprehensive, collaborative, and systematic approach to managing safety. The PTASP must be approved by the Board of Directors.

In addition to the PTASP, there us a series of safety and operational documents and plans that will be signed by the Accountable Executive, Chief Safety Officer, the State, and the General Manager as needed after the Transfer Agreement is signed by the RTA Board. All documents must be signed and will be effective on October 01, 2024.

Information: Below is an overview of the additional safety and operational documents that will be signed.

Safety

- **System Security and Emergency Preparedness Plan (SSEPP):** The is an operating document for the streetcar and will be used to achieve the system's SSEPP management's security goals and objectives. It provides guidelines for assuring adequate security levels for all passengers, patrons, employees, and others using the streetcar system transportation services and facilities. Implementation and adherence to this SSEPP are fundamental to providing a secure operating environment, and it shall receive full support, participation, and compliance from all managers, supervisors, employees, and contractors.



- **Continuity of Operations Plan (COOP):** This guides how RTA functions until regular passenger operations are reinstated after an emergency event over 12 hours.
- **Events Investigation Plan:** This covers the organizational duties and response in the event of a vehicular (streetcar or non-revenue vehicle) accident or if an injury occurs to a passenger, employee, pedestrian, or occupant of another vehicle involved in a vehicular accident or incident.
- **Emergency Action Plan:** This is to help ensure the safety of all QLINE employees in the event of an emergency.
- **Fire Prevention Plan:** The purpose of this plan is to help ensure the safety of all QLINE employees through fire prevention.
- **Heat Illness Plan:** The purpose of this plan is to prevent health effects from work environments where there is a higher risk for heat illness.
- **QLINE Hazard Communication Plan:** This plan provides our employees with information about hazardous chemicals in the workplace.

Operations

- **Operating Rule Book:** This Streetcar Rule Book has four purposes:
 1. Identify the QLINE Streetcar system's operating practice and standards.
 2. To aid in the instruction of these practices.
 3. To serve as a reference for employees whenever questions arise on the correct course of action.
 4. To standardize corrective actions for violations of the rules

Maintenance of Way

- **MOW Safety Rule Book:** This Maintenance of Way Safety Rule Book has four purposes:
 1. Identify the QLINE's Streetcar System's operating practices and standards.
 2. To aid in the instruction of these practices.
 3. To serve as an employee reference whenever questions arise on the correct course of action.
 4. To standardize corrective actions for violations of the rules
- **Road Way Worker Protection (RWP):** This program has been adopted to prevent accidents and casualties caused by public vehicles, streetcars, or roadway maintenance machines striking roadway workers or maintenance machines.



Vehicle Maintenance

- **Fleet Management Plan:** FTA's Project Management Oversight requires agencies to develop Fleet Management Plans for all modes that are operated by the agency. FTA's Oversight Procedure (OP) 37 states, *"While the fleet management plans are not approved or disapproved per se, the PMOC's review informs FTA as to whether the proposed major capital project will degrade existing transit service as a consequence of its design and construction, whether the agency will have adequate resources to provide service to meet the transit demand during and after the construction of the major capital project. This review provides a major input to FTA in its determination of the adequacy of the agency's operational resources and financial capacity."*

Administration

- **Employee Handbook:** This handbook was developed to describe some of the expectations of our employees and to outline the policies, programs, and benefits available to eligible employees. Other documents covering employees include, but are not limited to the collective bargaining agreement between RTA and the Amalgamated Transit Union and the QLINE Operating Rulebook.
- **Drug and Alcohol Plan:** This program complies with 49 CFR Part 655, as amended, and 49 CFR Part 40, as amended. All covered employees must submit to drug and alcohol tests as a condition of employment per 49 CFR Part 655. In addition, DOT has published 49 CFR Part 32, implementing the Drug-Free Workplace Act of 1988, which requires establishing drug-free workplace policies and reporting certain drug-related offenses to the FTA.
- **Transit Asset Management Plan (TAMP):** This is a document required by the Federal Transit Administration (FTA) to be developed and updated every four years by agencies that own, operate, or manage capital assets used to provide public transportation and have received Chapter 53 federal funds, as per Code of Federal Regulations (CFR) 625. Agencies are required in their TAM Plans to assess the condition of all capital assets, identify assets that need maintenance or repair to achieve and maintain SGR, set performance targets for achieving SGR, and prioritize anticipated funds and programs for assets with the most need of investment through a narrative report. The four categories of capital assets to be assessed and included in the TAM are facilities, equipment (non-revenue vehicles), rolling stock (revenue vehicles), and infrastructure (guideway).
- **Standard Operating Procedures (SOP):** This is a group of documents that provide guidance on various safety, operational, and maintenance activities.



SOP Reference Table

010	Daily Summary Report
011	CCTV and Video Retention
012	Work Order Tracking
201	Bomb Threat
202	Derailment
203	Emergency Operating Procedures
204	Fire or Smoke on Streetcar
205	Hijacking Hostage
206	Incident Management
207	Special Event Operation Plan
208	Person or Object Struck by Streetcar
209	Medical Related Emergencies
210	Streetcar Collision
211	Malicious Destruction of Property
212	Streetcar System Hazardous Materials NBC Environmental Incident
213	Emergency Call Monitoring
214	Employee Safety Reporting Program
215	Personal Protection Equipment
216	Cybersecurity
217	Hazard Management Plan
218	Secured Facility Access
219	Safety Awareness Meetings
220	Good Faith Challenge
221	Liquid Chemical Spill Clean-Up
222	Refusal of Service
223	Lock-Out Tag-Out Policy-General
301	Quality Maintenance and Inspection Program
302	Track Maintenance and Inspections
303	Switch Maintenance
304	Overhead Catenary System and Traction Power Substation
305	Station Platform Maintenance and Cleaning
306	Tow Truck Procedure
307	Re-Railing SOP
401	General Shop Safety
402	Towing



403	Wheel Chocks
404	Streetcar Data Extraction
405	APC Data Maintenance Download
406	Streetcar Clean and Wash
407	Recharging Streetcar ESS Batteries
408	Crane Lift Operating Rules for Crane Operators
409	Tool Calibration
501	Inclement Weather
502	Law Enforcement Communications
503	Personal Electronic Devices
504	Train Orders
505	Alignment Flooding Around Track and Switches
506	Blocked Tracks
507	Flagging
508	Moving Streetcar with An Open Exterior Door
509	Public Address Announcements
510	Operator Pre-Trip Inspection
511	Diverging Movements
512	Operating Streetcars with One Battery
513	ESS Power Management
514	Pantograph Operation
515	Lost and Found

Training

- **Employee Certification Plan:** This plan contains details of QLINE's training program, which will be administered to the management and employees comprising the QLINE Service workforce. QLINE's primary goals and objectives for the service are the delivery of safe, reliable, and comfortable streetcar service to all passengers riding QLINE's streetcars.
- **Safety and Rules Compliance Testing Program:** As a manager or supervisor of safety-sensitive employees, one of your main ongoing responsibilities is participating in the Safety and Rules Compliance Testing Program. This handbook should answer your questions about the program and provide the guidelines and procedures for conducting individual tests and observations.

**Regional Transit Authority of Southeast Michigan
Resolution No. 58
Approving Public Transportation Agency Safety Plan and Designation of RTA
Accountable Executive and Chief Safety Officer**

RTA Resolution No. 58, a resolution that the Board of Directors (the “Board”) of the Regional Transit Authority of Southeast Michigan (the “RTA”) approve a Public Transit Agency Safety Plan and designate an Accountable Executive and Chief Safety Officer for the RTA.

WHEREAS, the RTA has received, reviewed, and approved a Street Railway System Transfer and Purchase Agreement (the “Transfer Agreement”) by and among the RTA and M-1 RAIL, a Michigan nonprofit corporation, M-2 RAIL, a Michigan nonprofit corporation, M-3 RAIL, LLC, a Michigan limited liability company, and M-1 RAIL Towing LLC, a Michigan limited liability company (together the “Transferors”), which establishes the terms and conditions for the transfer to the RTA of the street railway system owned and operated by M-1 RAIL and M-2 RAIL (the “System”) and of related assets, rights, and obligations of the Transferors; and

WHEREAS, the Transferors also have approved the Transfer Agreement; and

WHEREAS, under 49 CFR part 673, the Federal Transit Administration has adopted the principles and methods of safety management systems as the basis for enhancing the safety of public transportation in the United States of America, including, but not limited to, standards for public transportation agency safety plans; and

WHEREAS, as the agency established by the State of Michigan that meets the requirements and performs the functions specified by 49 USC 5329(e) and (k) and the regulations set forth in 49 CFR part 673 and serves as the state safety oversight agency for purposes of 49 CFR part 673, the State Safety Oversight Agency (“SSOA”) of the Michigan Department of Transportation requires the operator of the System to adopt and implement a Public Transit Agency Safety Plan before operating the System; and

WHEREAS, the SSOA has reviewed and approved the RTA Public Transit Agency Safety Plan Version 8.0 received by the SSOA on July 26, 2024 (the “2024 PTASP”), conditional upon the signature of the RTA Accountable Executive and the Board; and

WHEREAS, Ben Stupka, the Executive Director of the RTA, has certified to the Board (certification attached as Exhibit A) that the 2024 PTASP is satisfactory and complies with each of the requirements of 49 CFR part 673, and that the 2024 PTASP will be effective in guiding the RTA with the management of safety risks of the rail operations of the System by the RTA; and

WHEREAS, the Board wants to designate an Accountable Executive and a Chief Safety Officer for the RTA and approve the 2024 PTASP.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby designates Ben Stupka as the RTA Accountable Executive for purposes of the 2024 PTASP.

NOW, THEREFORE, BE IT RESOLVED, that the Board designates Lyle Dungy as the Chief Safety Officer of the RTA for purposes of the 2024 PTASP.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Board hereby accepts the 2024 PTASP as satisfactory, that the 2024 PTASP complies with the requirements of 49 CFR part 673,

and that the 2024 PTASP will be effective in guiding the RTA with the management of safety risks of the rail operations of the System by the RTA;

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Board hereby approves the 2024 PTASP.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Board hereby authorizes and directs the RTA Accountable Executive and authorizes each of the members of the Board to execute and deliver the 2024 PTASP on behalf of the RTA.

AND NOW, THEREFORE, BE IT FINALLY RESOLVED, that all officers, employees and agents of the RTA are hereby authorized and directed to take such actions and deliver such documents as shall be necessary to effectuate the designation of the RTA Accountable Executive and the Chief Safety Officer of the RTA, and the approval, execution, delivery, and implementation of the 2024 PTASP, and other documents associated with the 2024 PTASP or otherwise required by the SSAO or 49 CFR Part 673.

Authorizing signature _____ (Freman Hendrix, Secretary to the Board)

By his signature to this resolution, the Secretary to the Board certifies that this resolution has been approved by at least a majority of the members of the Board, at a public meeting noticed and held in compliance with the Open Meetings Act, Act 267, Public Acts of Michigan, 1976, as amended, MCL 18.261 to 18.275.

Date: September 19, 2024

EXHIBIT A
Certification

I, Ben Stupka, the Executive Director of the Regional Transit Authority for Southeast Michigan (the "RTA"), have reviewed the RTA Public Transit Agency Safety Plan Version 8.0 conditionally approved by the State Safety Oversight Agency of the Michigan Department of Transportation on August 21, 2024 (the "2024 RTA PTASP") and hereby certify that the 2024 RTA PTASP is satisfactory and complies with each of the requirements of 49 CFR part 673, and that the safety plan will be effective in guiding the RTA with the management of safety risks of the rail operations of the RTA.

Dated: September ____, 2024

Ben Stupka

DRAFT: 105486.000001 4886-8849-8915.1



BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Travis Grubb, Procurement and Contracts Manager

SUBJECT: QLINE Asset Transfer Administrative Contracts

DATE: September 19, 2024

REQUESTED ACTION: Board of Directors Approval

Approval Request: This memo requests board approval to execute new or extend existing contracts for administrative services essential to the QLINE asset transfer. These services include Human Resources, Financial, Legal, and Information Technology support. The RTA requires these contracts to maintain operational continuity, ensure compliance, and provide critical support throughout the asset transfer process. These services are vital to keeping the organization compliant with legal and financial obligations while ensuring uninterrupted QLINE service operations.

Service Descriptions and Procurement Information:

1. HR Services

- *Cost:* RTA anticipated budget is projected at \$24,000 for HR services that include existing and planned new FTEs on the RTA team, which consists of a .10% rate for workers comp insurance. Fees for existing QLINE employees are covered in QLINE's FY2025 budget.
- *Background:* Since 2013, M1-Rail has contracted HR support through Costaff Insight Services, a Professional Employment Organization (PEO), based in Southfield, Michigan, that provides human resources (HR) services to businesses, to help manage employee-related tasks such as payroll, benefits administration, workers' compensation, tax compliance, training, and employment law and regulatory compliance. RTA's existing HR contract through DCR Consulting concludes on September 30, 2024.
- *Procurement Process:* The joint transition team determined the least disruption to QLINE 50+ employee's benefits, payroll and expanded HR support was in the best interest of both teams. In late August, RTA's 8 team members began onboarding with Costaff Insight Services to accommodate a 4–6-week benefits enrollment period. Starting October 1, 2024, Costaff Insight Services will transition the QLINE services agreement to the RTA ensuring a smooth transition. The costs for these services fall within the approved budget and align with current market rates for comparable services.



**REGIONAL
TRANSIT AUTHORITY**
OF SOUTHEAST MICHIGAN

- *Contract Duration:* This contract will be valid through September 30, 2025. During the upcoming year, we will assess and determine the most appropriate procurement strategy moving forward.

2. Financial Services

- *Cost:* Not-to-exceed \$306,000
- *Background:* RTA seeks to extend the contract with Rehmann to provide financial services due to their familiarity with RTA's financial systems and their Governmental Accounting Standards Board (GASB) certification, which ensures compliance with Federal Transit Administration (FTA) requirements.
- *Procurement Process:* Rehmann has provided financial services to RTA in the past and is uniquely qualified to assist with the financial aspects of the QLINE asset transfer process. The extension will allow a smooth financial transition while maintaining GASB compliance. The costs for these services fall within the approved budget and align with current market rates for comparable services.
- *Contract Duration:* This extension will extend RTA's existing contract through September 30, 2025. We anticipate issuing a new solicitation prior to the contract's expiration to ensure continuity of services and explore competitive options.

3. Legal Services

- *Cost:* Not-to-exceed \$303,000, based on the combined legal budgets for both agencies. Costs will be evaluated throughout the year, with RTA being billed only for actual hours worked.
- *Background:* The legal services contract will be extended with Dykema to support RTA's legal needs, especially in relation to the upcoming asset transfer. Dykema's knowledge of RTA's legal frameworks and compliance requirements makes them a crucial partner during this transition.
- *Procurement Process:* Dykema is uniquely qualified, having served as legal counsel for both RTA and QLINE. Their contract extension through September 30, 2025, will help ensure continuity and minimize legal risks. The costs for these services fall within the approved budget and align with current market rates for comparable services.
- *Contract Duration:* This extension will extend RTA's existing contract through September 30, 2025. We anticipate issuing a new solicitation prior to the contract's expiration to ensure continuity of services and explore competitive options.



4. IT Services

- *Cost:* \$76,953

- *Background:* SEMCOG provides sub-tenant services to the RTA and has provided in-kind managed care services through their IT provider, OneIT. QLINE transfer requires all employees working on the same domain, www.rtamichigan.org, requiring migrating QLINE's Gmail Apps for Nonprofits to RTA's Microsoft O365 Sharepoint environment.

- *Procurement Process:* RTA's sub-tenant relationship with SEMCOG supported continuing IT managed care services through OneIT and adding security support for QLINE streetcar and employee IT assets (laptops, cameras, security, etc). In 2023, RTA obtained three IT quotes from other local IT vendors providing price comparisons for OneIT managed care services. RTA will launch a new procurement process for IT services in 2025. The costs for these services fall within the approved budget and align with current market rates for comparable services.

Conclusion: Board approval is requested to proceed with executing these service contracts, ensuring continuity and operational support for RTA in key areas throughout the QLINE transfer of assets.



Business Plan & Budget FY 2024-2025



1001 Woodward Ave., #1400
Detroit, Michigan, 48226

RTAmichigan.org

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Message from the Executive Director

Agency in Growth & Transition

RTA Board of Directors,

I'm glad to submit the annual Business Plan and Budget for Fiscal Year 2024-2025. Our latest budget reflects the growth and evolution of our agency, and it presents an ambitious, responsible vision for the future of the RTA. This budget is the first to map out the transitional steps with the incorporation of QLINE and all its assets and operations into our agency. As the Board is aware, the integration of the QLINE unlocks new opportunities for the agency and the regional system. Moreover, this budget brings full cycle the realization of pilot projects the RTA has planned and executed strategically and recognizes the agency's advancing role.

The RTA is an agency in growth and transition. The RTA is the central planning, funding, and coordination agency at the heart of Southeast Michigan's diverse transit system—a role that has netted the region new investment and steered us in a clear, uniform direction. With the integration of the QLINE and the development of federal- and state-funded pilot programs, the RTA has accelerated into the service delivery role. This is a bold next step for our agency, which follows a model set forth by peers and unlocks new chambers of funding streams for the agency and region. These changes align with the RTA's mission and will ultimately improve experiences for riders.

Recognizing the criticality of QLINE operations to residents, the Board undertook a thorough review of assets and approved a resolution to transfer them in July 2024. This budget fleshes out a transition period and delineates funding streams separately for the RTA and QLINE. The transition plan contains no interruption of service.

Whereas the QLINE may be the newest item included in RTA budgets, it is far from the only sign of growth coming to the agency. Last year, the agency launched the Detroit Air Xpress (DAX) — a direct coach service between downtown Detroit and DTW Airport that has beaten ridership expectations. D2A2, the sister service of DAX, has seen ridership climb approximately 50% year over year on its route from Detroit to Ann Arbor. We continue to work on Mobility Wallet and Access to Transit programs. In 2024, the RTA delivered an updated Regional Transit Master Plan (RTMP) and has begun work on its Mobility 4 All Program to ensure that transit is accessible to seniors, individuals with disabilities, and low-income people. These advancements come at a time when the State of Michigan has emphasized a need for better transit to retain our population and attract young people to work and live in our state.

To facilitate such progress, talent and expertise is needed. The Board signaled its intentions to augment the RTA team in 2023 and 2024 when it built out new staff positions and a team of

directors. As the agency transitions almost 50 new staff from the QLINE, the team must manage a larger HR portfolio and comply with state and federal regulations that apply to larger organizations. The Board has directed staff to pursue competitive grants, engage state leaders, and coordinate with regional stakeholders. Our team has seen success in these arenas. Managing the fruits of this work—grant awards, legislative progress, and new projects and programs—requires people power in the fields of external affairs, program, and planning. Included in this budget is the talent required to manage these wins.

The RTA is faced with dual funding realities—the existence and infusion of one-time funds on the one hand and the absence of a dedicated long-term funding stream for administrative functions on the other. The Board and team continue to navigate revenue uncertainties while conservatively managing a combination of short-term revenue, state appropriations, and one-time grants, including American Rescue Plan funds. The presented budget acknowledges these uncertainties while laying the groundwork for a long-term vision that includes sustainable, dedicated funding.

In this budget, there is much to look forward to—the first year of operating the QLINE with a steady approach to integration, the advancement of long-term strategic priorities, and the successful delivery of transit services and amenities to Southeast Michigan residents. At a crucial inflection point for regional transit, and indeed the region’s vitality, the RTA maintains and extends its commitment to serving the public interest, advancing regional transit priorities, and delivering reliable regional transit.

Thank you for your guidance, leadership, and continued support.

A handwritten signature in black ink, appearing to read 'Ben Stupka', with a large, sweeping flourish extending to the right.

Ben Stupka
Executive Director

Agency Purpose, Vision & Mission

Agency Purpose

The Regional Transit Authority of Southeast Michigan (RTA) was established by Public Act 387 of 2012. The RTA is responsible for developing a regional master transit plan, coordinating regional transit projects and programs, and distributing federal and state transit formula funds in the four-county region, including Macomb, Oakland, Washtenaw, and Wayne Counties.

Vision

RTA envisions a region with sufficient and stable funding to support improved public transit options that will advance equity by increasing accessibility; satisfy the integrated mobility needs of Southeast Michigan communities; and promote livable, healthy and sustainable growth.

Mission

Our mission is to manage and secure transportation resources that significantly enhance mobility options, to improve quality of life for the residents and to increase economic viability for the region.

The RTA's impact on the region can be seen in the expansion of services, the level of mobility innovation, and the increased dialogue on future funding. The RTA represents a vision of what transit can and should be in the region, and it takes steps, big and small, to secure and manage that vision.

RTA Core Business Functions

The Michigan RTA Public Act 387 stipulates the agency's statutory responsibilities to plan, fund, and coordinate strategic transit planning services. The agency also accelerates transit projects, deploying proof-of-concept transit services (e.g., DAX/D2A2) to fulfill unmet ridership demand and regional needs.



PLAN transit services, programs, and visions, and steward the Regional Master Transit Plan (RMTP).



FUND transit providers and service, serving as the region's administrator of grants and formula funding.



COORDINATE with providers and stakeholders to lead regional collaboration and present stronger plans and requests for funding.



ACCELERATE major projects that fill in long-standing gaps in service and respond to demands.

As the agency evolves taking on the QLINE streetcar service and formalizing regional pilots, the RTA will be increasingly focused on developing its ability to deliver and sustain services and programs that advance the region's vision for transit. Future actions and the upcoming transition will involve and elevate all parts of the RTA core business functions, increasing the regional relevance and importance of the RTA's role in these strategic areas.

RTA Regional Leadership

Board of Directors

Dedicated public servants with years of corporate, nonprofit, and government experience make up the RTA's Board of Directors. Passionate about responsible governance, forward-thinking solutions, and regional collaboration, the Board is committed to advancing transit service, technology, and infrastructure that contribute to a more equitable experience for current and future transit riders.

The RTA's 10-member board is appointed for three-year terms by the county executives of Wayne, Oakland, and Macomb counties, the chair of the Washtenaw County Board of Commissioners, the Mayor of Detroit, and the Governor of Michigan. The Governor's appointee serves as chair without a vote.



Business Plan Purpose & Need

Delivering Results

Responding to ongoing and emerging needs, the RTA's Business Plan meets the region's current and anticipated needs in concert with transit providers. Throughout the year, the RTA leads ongoing collaborative planning and extensive cross-sector engagement, including community engagement with the Transit Providers Advisory Committee, Citizens Advisory Committee, government leaders, corporate and nonprofit partners, and consistent public engagement. This critical engagement informs the RTMP and RTA's strategic priorities.

FY 2025 will be unique. The RTA's roles and responsibilities have evolved with the agency's incorporation of QLINE and growth as regional transit coordinator. The elevated role of the RTA places our transit system on a growth path previously charted by peer agencies. This maturation is necessary to generate efficiencies and maximize the value and potential of investment.

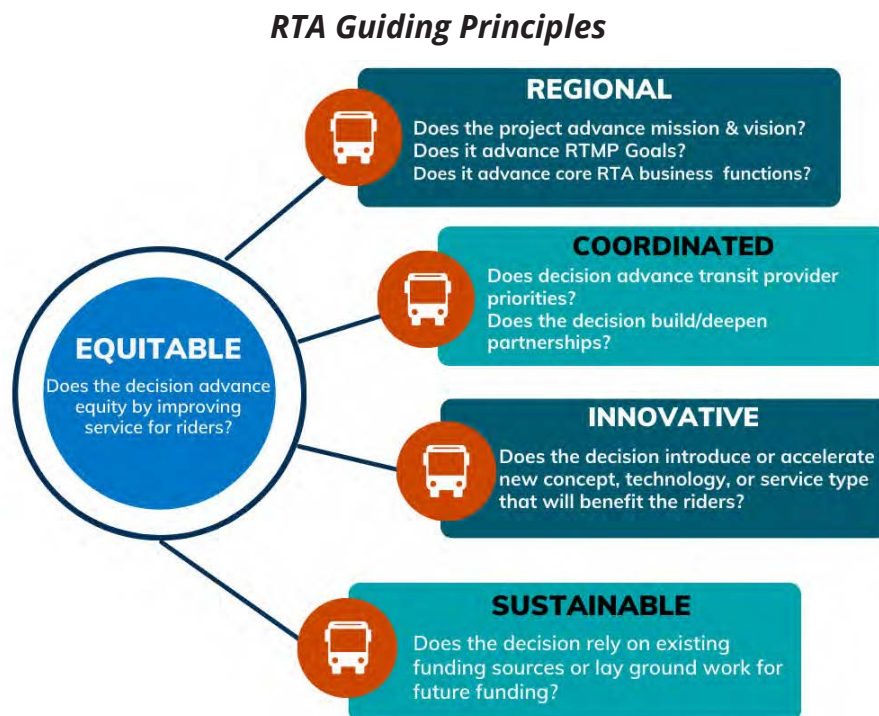
Regional Transit Master Plan

The RTMP is the strategic vehicle for identifying the region's overall goals and priorities for improving the regional transit system. The RTA has set up the RTMP to maximize its strategic value for accelerating services and programs under differential funding realities. The RTA and its partners have found success in this framework by connecting priorities to available funding and making incremental improvements to the region's transit system. All of the RTA's activities and the activities of the transit providers can be tied back to priorities identified in the RTMP.

RTMP Top Ten Priorities



The RTMP reflects the RTA's Guiding Principles that the team applies to ensure projects selected for funding support equitable outcomes for transit service, infrastructure, and technology.



Fiscal Year Budget Expectations

The FY2025 budget reflects the first year of RTA and QLINE integration. Both budgets allocate the necessary resources to deliver work plans, continue service operations, and advance strategic initiatives.

On day one of the newly combined agency (October 1, 2024), the RTA anticipates a transition pathway to learn more about QLINE operations that may lead to future integration and continuous improvement opportunities.

Strategic Priorities

The FY2025 Strategic Priorities blend the regional transit improvements identified in the RTMP with the realities of the QLINE transition and realistic budget expectations. Three main strategies lead RTA's acceleration of core programs, projects, and services that are integrated into the work plan and aligned with projected budget revenues and expenditures.

1. Strengthening Core Business Functions

Expanding Team: 50+ RTA & QLINE Employees

- Incorporating QLINE team 40+ employees
- Projecting four new RTA hires
 - Planning Manager, Web and Communications Associate, and Planning and Policy Associates
- Exploring new RTA office space

Modifying & Updating Administrative Policies

- Updating Federal and State compliance policies
 - Title VI
 - Disadvantaged Business Enterprise (DBE),
 - Equal Employment Opportunity (EEO)
 - American Disabilities Act (ADA)
 - Procurement
- Updating internal policies (e.g., Human Resources, DEI Plan, Accounting Procedures)
- Updating Board policies (e.g., Safety, Operational KPIs, Fund Programming)

Building on Planning and Grants

- Updating focused and investable RTMP
- Pursuing discretionary grants in partnership with regional and state partners
- Broadening agency External Affairs & Communications voice and impact to broadcast RTA message
- Delivering agency rebrand, new website, updated media strategy, expanded services marketing
- Expanding community engagement efforts through planning grants

2. Improving Regional Transit

Delivering Funded Planning Projects and Grants

- Continuing QLINE service & successes
- Continuing D2A2 and DAX express bus services
- Completing updated Coordinated Human Services Transit Plan and 5310 Call for Projects under the newly branded Mobility 4 All Program
- Launching the Access to Transit Program (ATP)
- Completing the Regional Transit Technology Strategic Plan

- Completing the Mobility Wallet Pilot

Leading Fund Development for Capital Projects

- Pursuing partnerships and funding for major corridor projects
- Advancing Regional Capital Planning Program

3. Building More Opportunities for Transit Funding

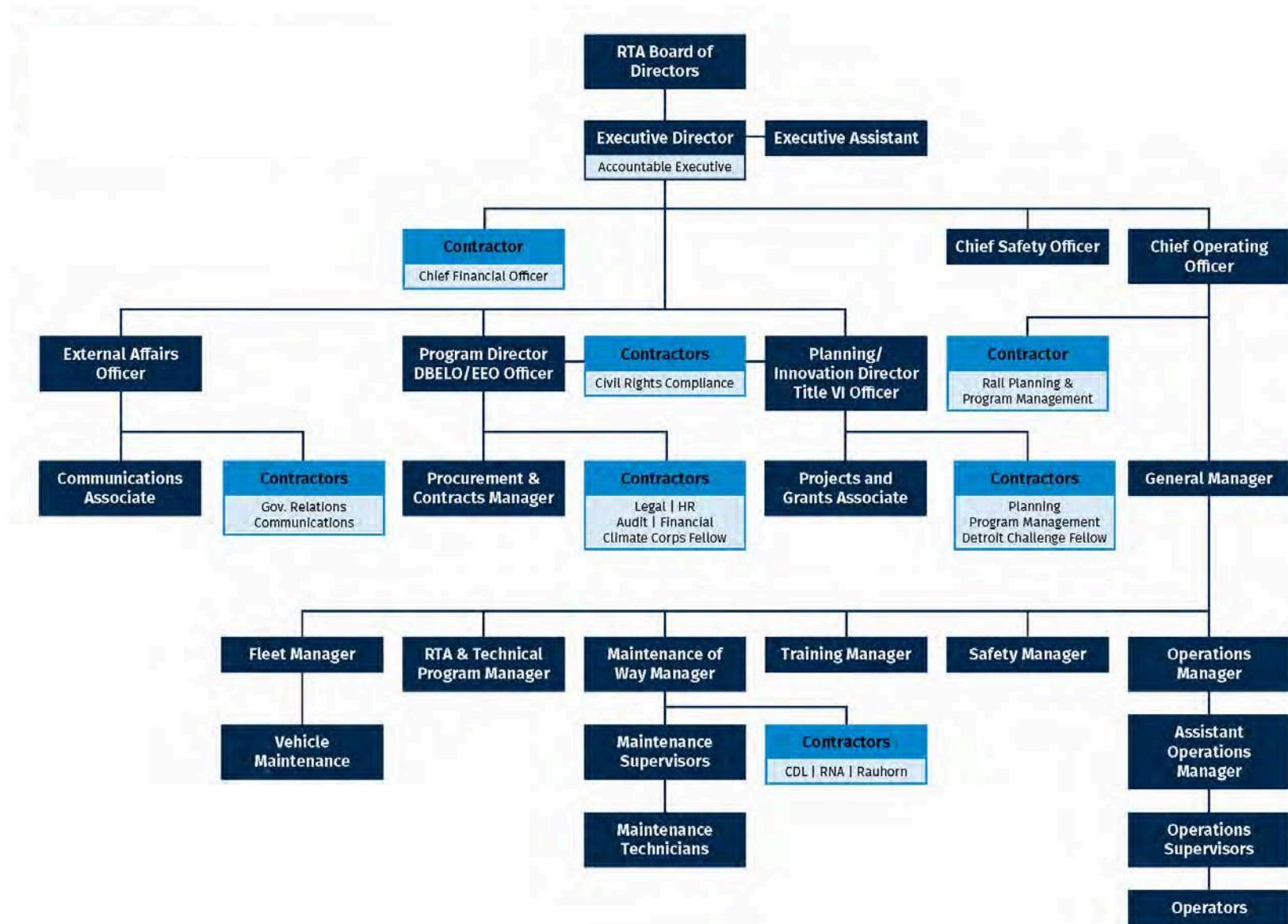
Legislative and Local Partnership Initiatives

- Expanding efforts in Lansing and DC to advocate for increased transit funding
- Competing for more state and federal discretionary grants
- Leading and supporting local funding efforts

Organizational Structure

RTA & QLINE Transition

The year-one transition period reflects similar internal structures at the RTA and QLINE under the responsibility of the Executive Director. This structure supports commitment to ongoing QLINE service operations and FTA grant and safety compliance. As a new organization with 50+ employees, FTA requires designated roles for Equal Employment Opportunity (EEO), Chief Safety Officer (CSO), Chief Operating Officer (COO), Disadvantaged Business Enterprise (DBE), and Title IV Compliance Officer.



Annual Budget Cycle

Fiscal Obligations

RTA publishes a fiscally responsible, five-year budget with five-year revenue projections that reflect organizational priorities, meet the RTA's statutory responsibilities, and deliver programs and projects.

In early 2024, the RTA stretched the budget planning cycle forward three months to begin in January to better incorporate the Michigan Department of Transportation Office of Passenger Transportation (OPT) annual state application. By February 1, Michigan transit agencies must submit operational budget requests to obtain state and federal funds for public transit and intercity bus services. The QLINE fiscal year begins October 1, integrating seamlessly into the RTA's annual budget cycle.



New Budget Integration Expectations

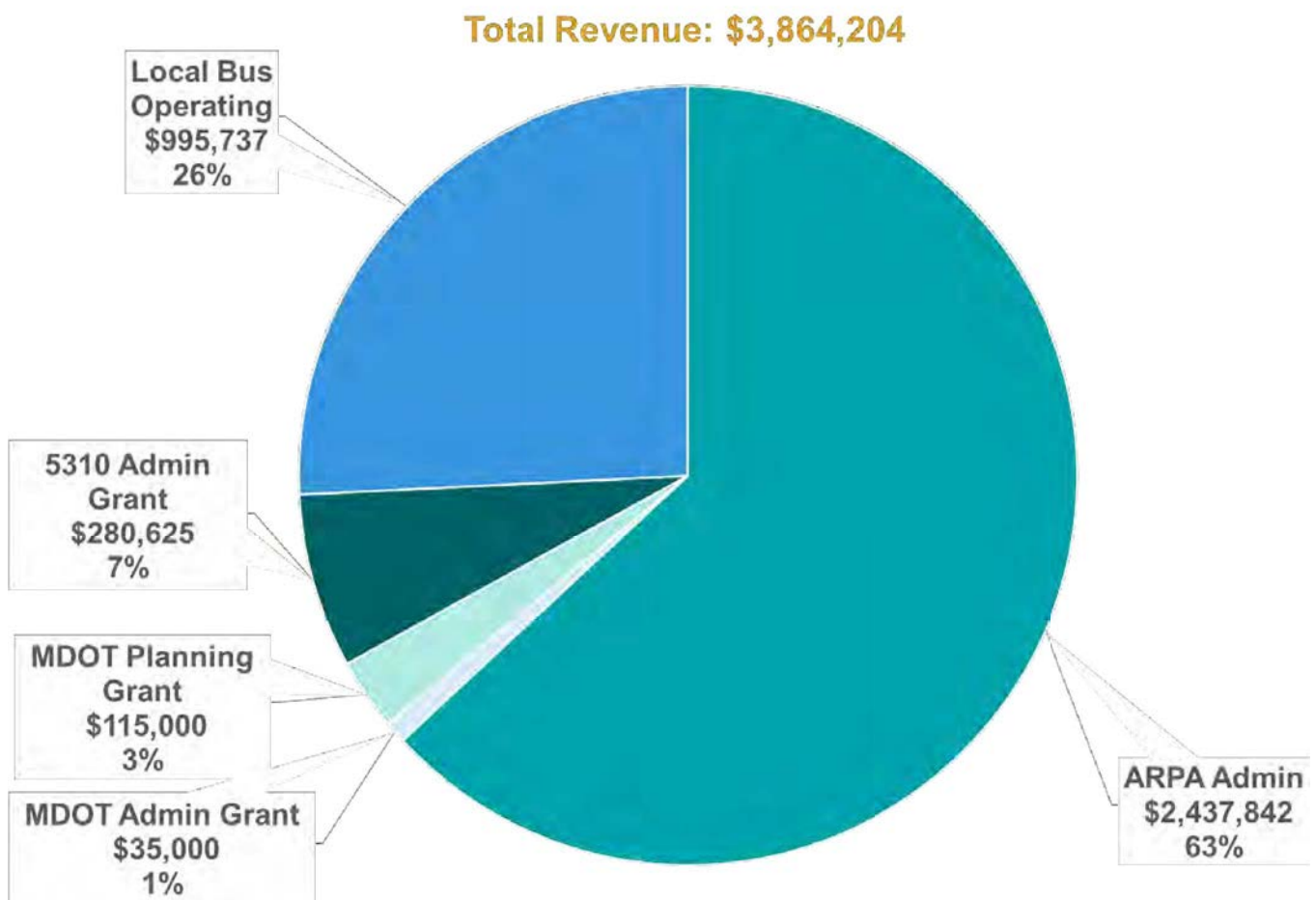
RTA's budget reflects growing expenses to ensure financial and personnel integrity due to the transition, including finance management, human resources, financial management and audit services, legal counsel, insurance, and IT services.

Both agencies present separate budgets and budget tables with the RTA reflecting merged administrative expenses for initial cost effectiveness and business efficiencies. QLINE maintains its own budget table and narrative with commitment to ongoing service and safety.

Administrative Revenues

Revenue Sources

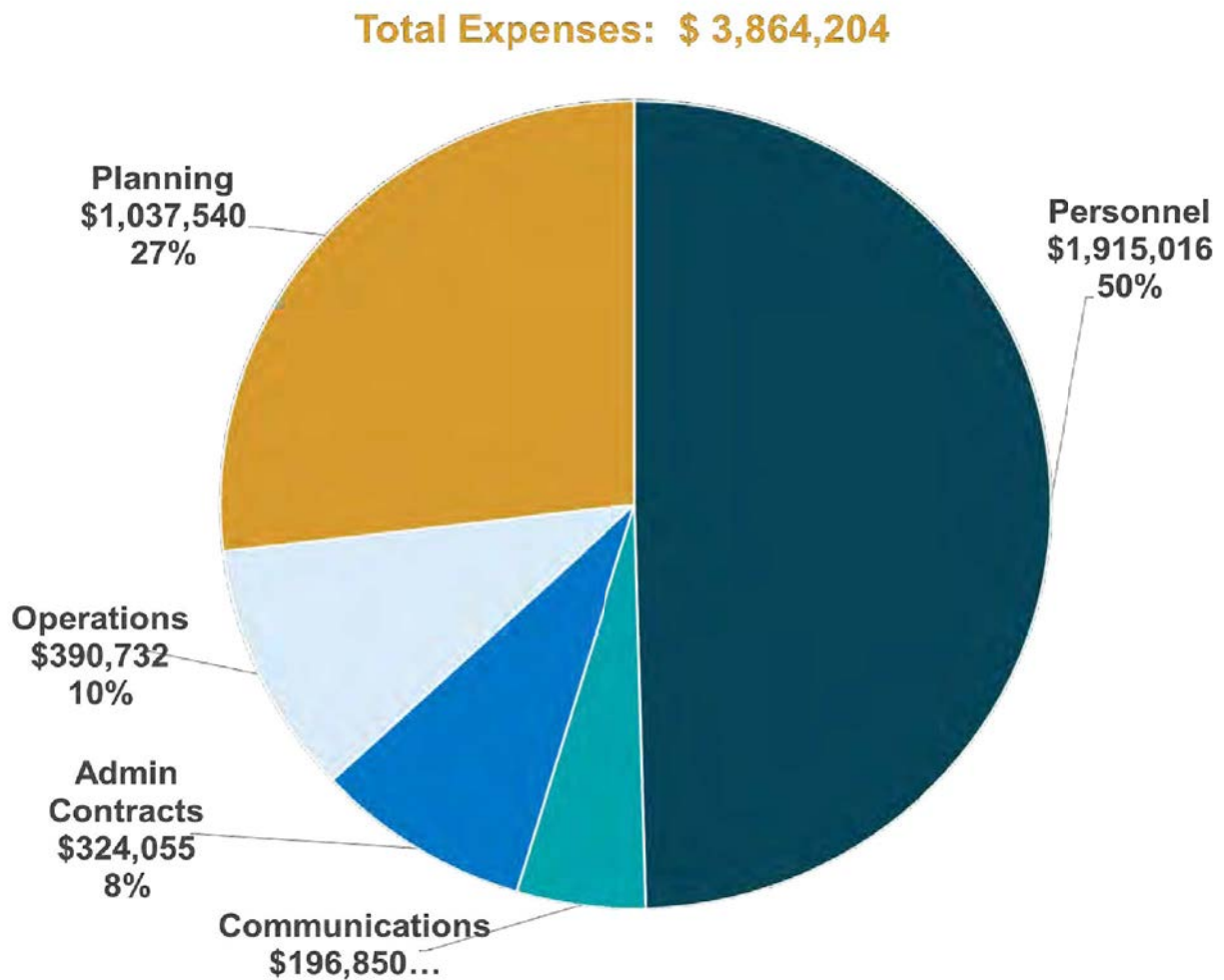
The RTA's revenue continues to rely on short-term revenue, one-time grants, and state appropriations. Integrating RTA and QLINE entities unlocks new State of Michigan revenue streams, including Local Bus Operating (LBO). The RTA will allocate LBO to cover portions of administrative expenses, with American Rescue Plan funds covering most critical administrative functions. The RTA will also use a combination of small grants to fund specific planning projects like the Coordinated Human Services Transportation Plan and the Regional Transit Technology Strategic Plan.



Administrative Expenses

Growing Capacity

This budget includes the personnel needed to manage a growing workload and accelerate the delivery of programs and projects. Specifically, it calls for up to four additional positions across all facets of the agency. It also includes adding federal government relations to the RTA state relations portfolio, increasing the External Affairs program budget to expand the strategic communications and media relations program, and continued stability for the agency's ongoing planning and program portfolio. In addition, it includes expanded funding to integrate and improve the IT functions of both the RTA and QLINE and funding for a potential change in RTA office space.



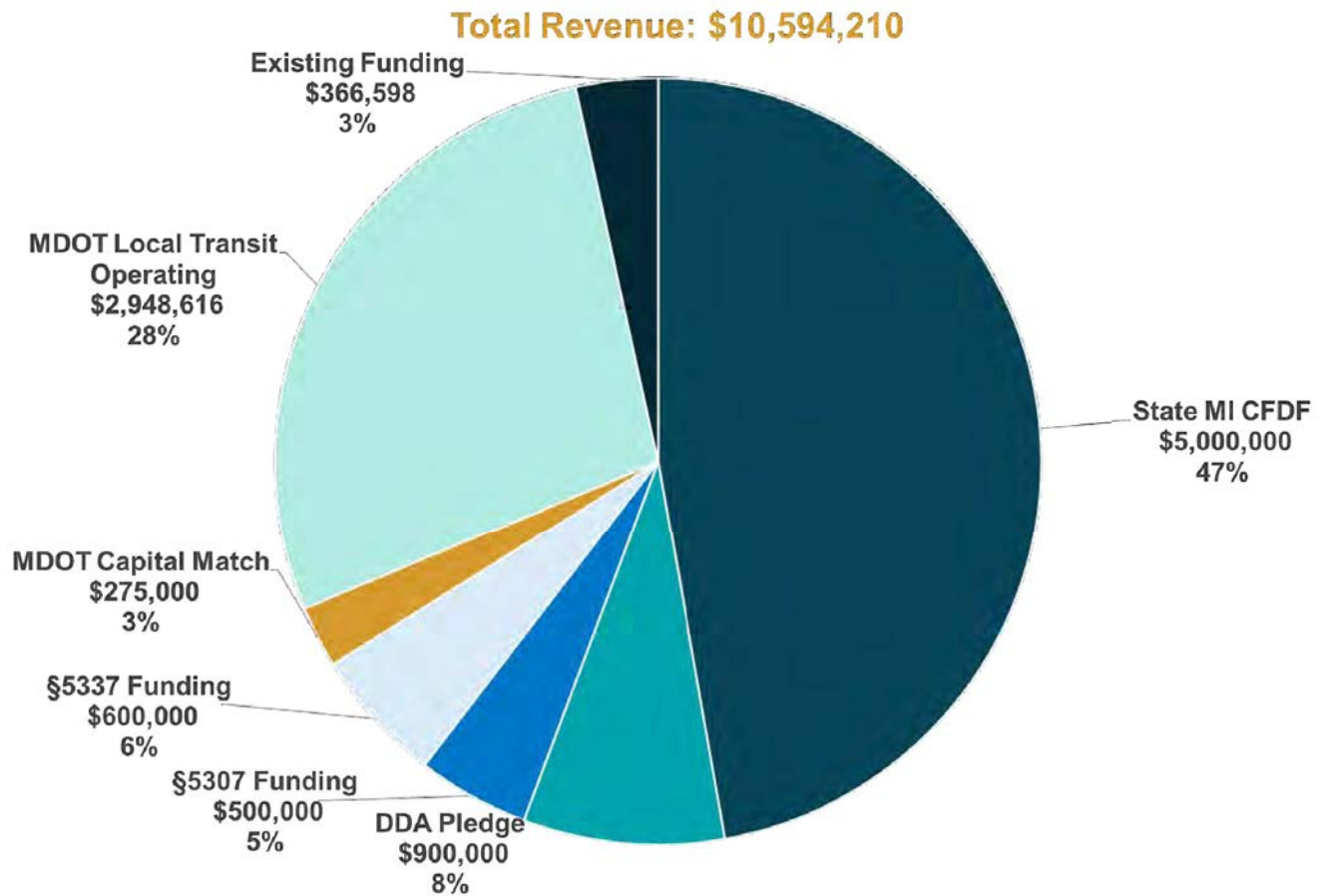
Administrative Budget - Detail

	Budget	Projected			
	FY2025	FY2026	FY2027	FY2028	FY2029
Administrative Program Budget					
Revenues					
American Rescue Plan Act (5307) - Admin	\$ 2,437,842	\$ 1,684,420			
American Rescue Plan Act (5307) - Regional		\$ 1,150,496	\$ 3,032,071	\$ 3,048,858	\$ 3,217,702
Local Bus Operating	\$ 995,737	\$ 1,157,923	\$ 1,238,452	\$ 1,245,308	\$ 1,314,273
MDOT Appropriation (FY2023)	\$ 35,000				
5310 Administrative Funding	\$ 280,625	\$ 280,625	\$ 300,000	\$ 300,000	\$ 300,000
MDOT SDNT Grant (Reg Tech Plan)	\$ 115,000				
Total Revenue	\$ 3,864,204	\$ 4,273,464	\$ 4,570,523	\$ 4,594,166	\$ 4,831,975
Expenses					
Personnel /Salary	\$ 1,410,207	\$ 1,508,921	\$ 1,554,189	\$ 1,600,815	\$ 1,648,839
Fringe & Benefits	\$ 504,809	\$ 539,545	\$ 555,731	\$ 572,403	\$ 589,575
Conferences, Events, Training	\$ 112,628	\$ 115,422	\$ 118,300	\$ 121,265	\$ 124,318
Board & Public Mtg Management	\$ 15,600	\$ 15,600	\$ 15,600	\$ 15,600	\$ 15,600
Finance, Legal, Government Relations	\$ 324,055	\$ 347,067	\$ 357,820	\$ 369,321	\$ 380,576
Rent and Utilities	\$ 127,800	\$ 102,248	\$ 103,365	\$ 104,516	\$ 105,702
Insurance	\$ 16,770	\$ 16,785	\$ 16,785	\$ 16,785	\$ 16,785
Telephone and Internet	\$ 8,430	\$ 9,430	\$ 9,430	\$ 9,430	\$ 9,430
IT Services & Computer Equipment	\$ 107,015	\$ 83,771	\$ 90,000	\$ 90,000	\$ 90,000
Supplies	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Operating SubTotal	\$ 2,629,814	\$ 2,741,290	\$ 2,823,721	\$ 2,902,634	\$ 2,983,325
Planning Expenses					
Planning Services	\$ 562,540	\$ 586,729	\$ 611,959	\$ 638,273	\$ 665,719
Specialized Planning Services	\$ 125,000	\$ 567,795	\$ 570,710	\$ 573,751	\$ 576,922
CHSTP	\$ 150,000	\$ -	\$ 162,900	\$ -	\$ 176,909
Community Engagement	\$ 200,000	\$ 208,600	\$ 217,570	\$ 226,925	\$ 236,683
Planning SubTotal	\$ 1,037,540	\$ 1,363,124	\$ 1,563,139	\$ 1,438,949	\$ 1,656,233
External Affairs Expenses					
Branding	\$ 10,000	\$ 10,000	\$ 20,000	\$ 35,000	\$ 20,000
External Communications	\$ 125,000	\$ 128,600	\$ 132,308	\$ 136,127	\$ 140,061
Social Media Management	\$ 7,800	\$ 7,800	\$ 7,800	\$ 7,800	\$ 7,800
Website	\$ 35,000	\$ 5,000	\$ 5,000	\$ 55,000	\$ 5,000
Graphics/Photography	\$ 10,150	\$ 10,150	\$ 10,155	\$ 10,155	\$ 10,155
Promotional Items	\$ 8,900	\$ 7,500	\$ 8,400	\$ 8,500	\$ 9,400
External Affairs SubTotal	\$ 196,850	\$ 169,050	\$ 183,663	\$ 252,582	\$ 192,416
Total Expenses	\$ 3,864,204	\$ 4,273,464	\$ 4,570,523	\$ 4,594,166	\$ 4,831,974

QLINE Revenues

Fully Funded Streetcar Service

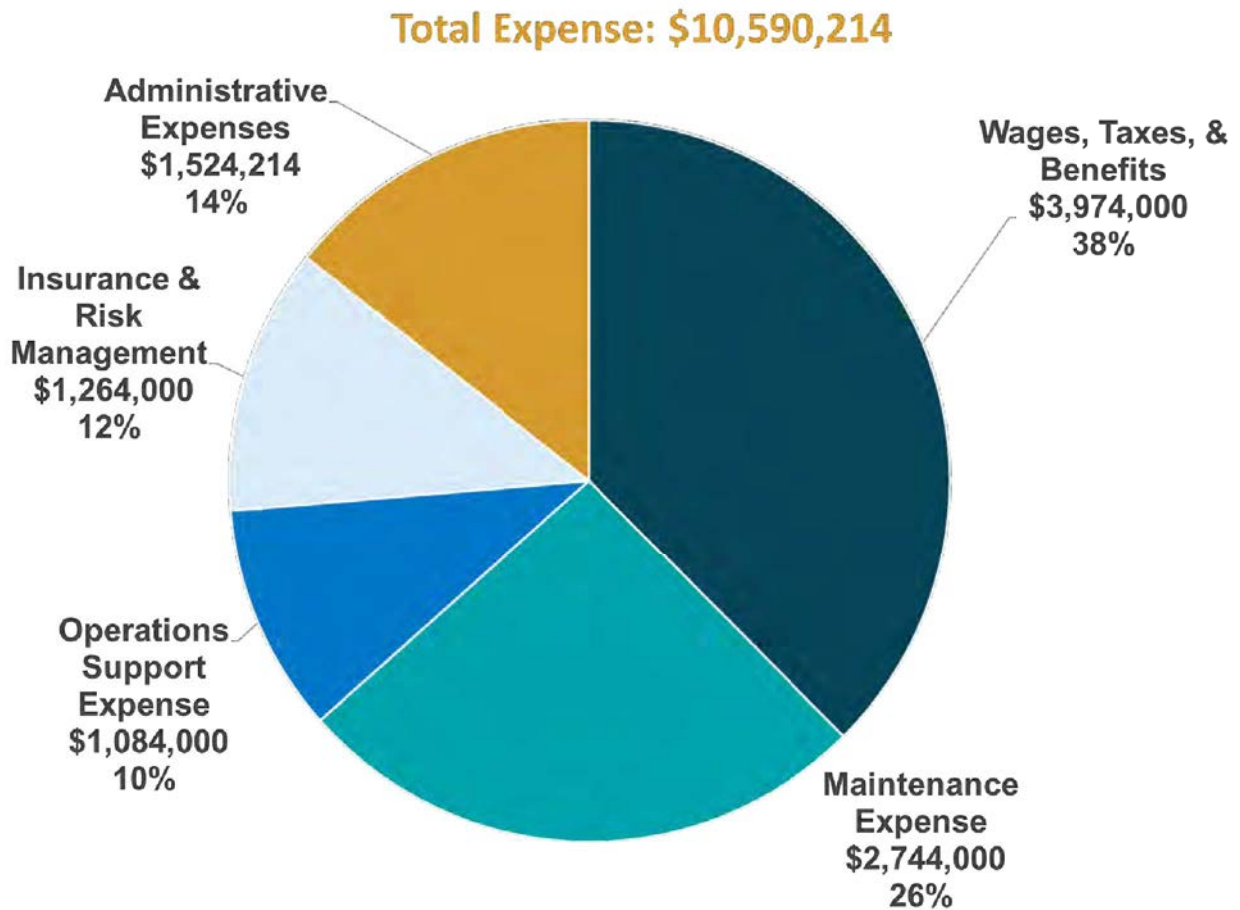
The M1-Rail Board of Directors transferred a fully funded QLINE streetcar operation to the RTA. Existing funding sources include the State of Michigan Convention Facility Development Fund (CFDF) and the City of Detroit Downtown Development Authority. Through RTA ownership, the QLINE service is also now eligible for transit operating funding from the state and maintenance funding through the federal government.



QLINE Expenses

Ongoing Service Delivery

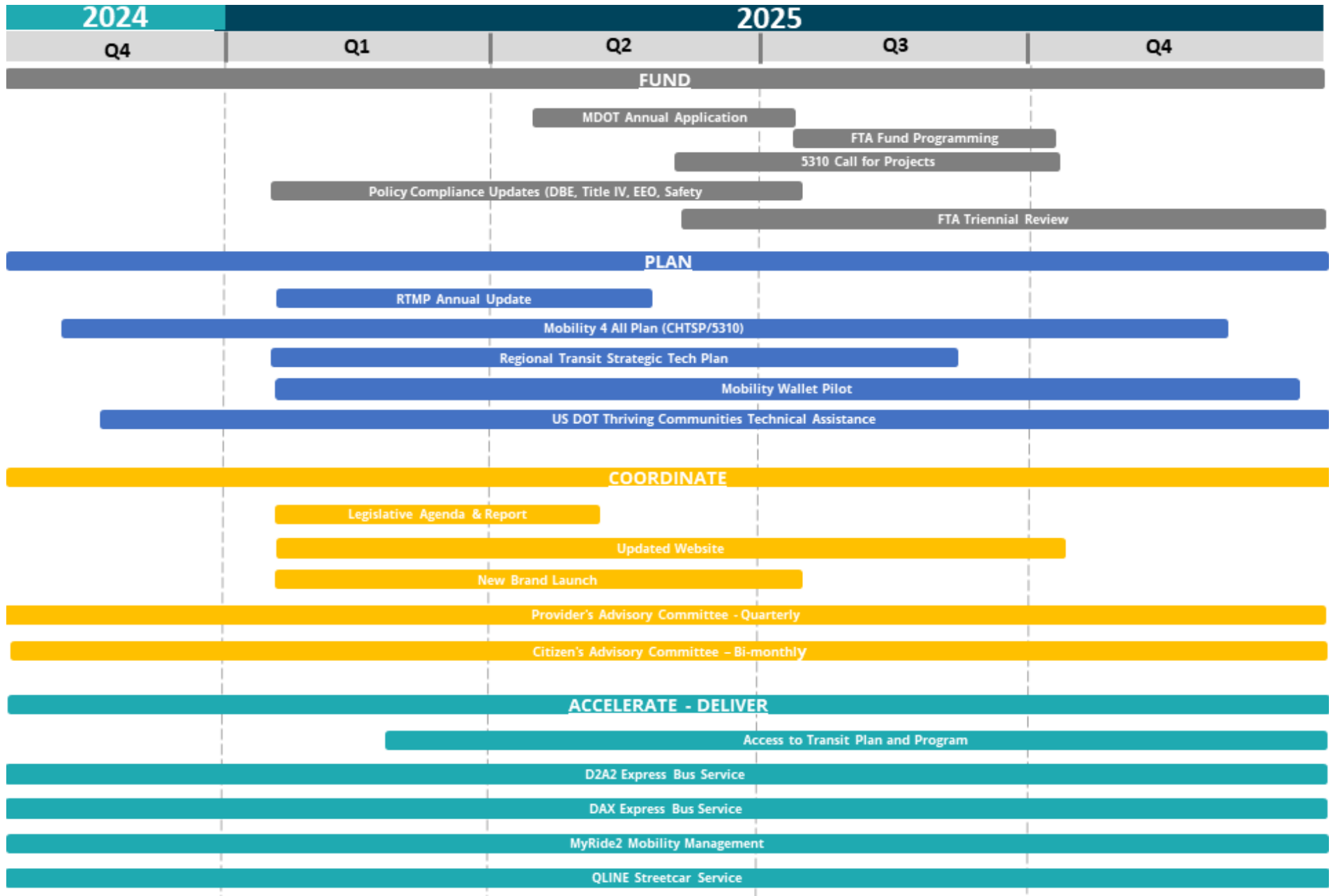
QLINE's expenses ensure that streetcar service performance remains reliable and safe during the transition period. Ridership continues to grow annually due to a strategic focus on building stronger connections with businesses, institutions, and people along the corridor. Personnel costs reflect operators' and maintenance team members' need to provide ongoing service and maintain well-functioning streetcar vehicles; parts supply remains a significant budget expense.



QLINE Budget - Detail

	Budget	Projected			
	FY2025	FY2026	FY2027	FY2028	FY2029
QLINE					
Revenues					
State of Michigan CFDF	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Advertsing/Sponsorships	\$ -	\$ -	\$ -	\$ 200,000	\$ 250,000
DDA Pledge	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
§5307 Funding	\$ 500,000	\$ 510,000	\$ 520,200	\$ 530,600	\$ 541,200
§5337 Funding	\$ 600,000	\$ 612,000	\$ 624,240	\$ 636,725	\$ 649,459
MDOT Capital Match	\$ 275,000	\$ 280,500	\$ 286,100	\$ 291,825	\$ 297,675
MDOT Local Transit Operating	\$ 2,948,616	\$ 2,948,616	\$ 2,948,616	\$ 2,948,616	\$ 2,948,616
Total Revenue	\$10,223,616	\$10,251,116	\$10,279,156	\$10,507,766	\$10,586,950
Expenses					
Wages, Taxes, & Benefits	\$ 3,974,000	\$ 4,278,530	\$ 4,461,526	\$ 4,652,834	\$ 4,852,873
Maintenance Expense	\$ 2,744,000	\$ 1,857,029	\$ 1,930,354	\$ 1,764,739	\$ 1,869,745
Safety & Security Expense	\$ 129,000	\$ 19,747	\$ 20,249	\$ 21,055	\$ 21,900
Utilities Expense	\$ 479,000	\$ 510,000	\$ 544,700	\$ 562,000	\$ 580,200
Operations Support Expense	\$ 1,084,000	\$ 987,571	\$ 984,472	\$ 1,003,019	\$ 1,022,000
Insurance & Risk Management	\$ 1,264,000	\$ 1,347,000	\$ 1,437,700	\$ 1,537,400	\$ 1,646,700
Legal	\$ 228,214	\$ 234,907	\$ 249,541	\$ 256,373	\$ 266,791
Communications	\$ 158,000	\$ 102,000	\$ 102,000	\$ 102,000	\$ 102,000
Finance & Accounting	\$ 240,000	\$ 240,099	\$ 240,003	\$ 240,003	\$ 240,003
Human Resources	\$ 133,000	\$ 86,870	\$ 89,580	\$ 92,686	\$ 95,912
Other Support Expense	\$ 157,000	\$ 172,454	\$ 178,370	\$ 185,624	\$ 192,731
Total Expenses	\$10,590,214	\$9,836,207	\$10,238,495	\$10,417,733	\$10,890,855
Annual Surplus/Deficit	(\$366,598)	\$414,909	\$40,661	\$90,033	(\$303,904)
Beginning Cash Balance	\$1,227,000				
Cummulative Over/(Under)	\$860,402	\$1,275,311	\$1,315,972	\$1,406,005	\$1,102,101

2025 Key Activities



RTA Project & Service Priorities

Project Expenses

A maturing and developing agency, the RTA leads pilot programs that have closed critical gaps in the regional landscape identified by the Regional Transit Master Plan. As part of the agency's evolution, pilot programs like D2A2 have operated successfully, reached their intended goals, and proven their value. The RTA intends to establish successful pilots as permanent services. In addition, several grant programs administered by the RTA will facilitate important growth for the region in technology, service, and infrastructure. Establishing these programs will improve regional transit and open windows for growth.

Federal and state grants fully fund all projects. This will include using Regional ARPA funding to support D2A2 and DAX services.

Project or Service	Budget Allocation
<p>D2A2</p> <p>D2A2 is a direct coach service connecting Detroit and Ann Arbor. Ridership has climbed by 50% year over year and a 2024 ridership survey suggests that more than a quarter of riders would not travel without D2A2. The RTA suggests extending funding to continue this service past its pilot phase.</p>	\$3,000,000
<p>Detroit Air Xpress</p> <p>Detroit Air Xpress (DAX) is a direct coach service connecting downtown Detroit and DTW Airport. The service has exceeded initial ridership goals and has proven to be a valuable option for visitors, residents, airport workers, and conference attendees. This budget plans for extending the service beyond its pilot phase.</p>	\$1,600,000
<p>Mobility Wallet</p> <p>The RTA is one of three organizations selected to carry out a Mobility Wallet pilot program through the State of Michigan's Mobility Wallet Challenge. The pilot program will provide foundational knowledge and experience in establishing a technology platform allowing users to pay for public transportation trips through a single shared system. The RTA intends to measure the success of state pilots and evaluate opportunities for region-wide expansion. The amount here is the remainder of the budget for the pilot project in FY2025.</p>	\$600,000
Access To Transit Program	\$3,363,395

The RTA received a 2024 Federal Transit Administration grant award with state match, and an additional MDOT grant award, to implement the Access to Transit Program. This program will improve accessibility, safety, and first- and last-mile connections at transit stops throughout the region. It will also complement existing efforts from transit providers to create better, safer transit stop infrastructure. The RTA intends for this program to grow with the agency.

MyRide2

This budget line is intended to cover the continuation of the Regional Mobility Management Program through September 2025. This program currently provides funding for the MyRide2 One Click/One Call service that offers transit navigation assistance for all residents, especially designed to assist Section 5310 communities. RTA funding is needed to support this project in the future.

**\$500,000
annually**

