C-4600-2
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1 OF 1
BUSTAMANTE

JOINT POWERS AGREEMENT FOR THE DESIGN, CONSTRUCTION AND OPERATION OF THE LIGHT RAIL TRANSIT PROJECT

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City of Glendale C-4600

JOINT POWERS AGREEMENT
FOR THE DESIGN, CONSTRUCTION AND OPERATION OF THE
LIGHT RAIL TRANSIT PROJECT

1. Parties. The parties to this Agreement are the City of Phoenix, the City of Tempe, the City of Mesa, and the City of Glendale. (Individually "Party" or collectively "Parties").

2. Recitals.

   2.1. The Parties enter into this agreement ("Agreement") for the purpose of planning, designing, constructing, and operating the LRT.

   2.2. The Parties are authorized to enter into this Agreement by the Joint Exercise of Powers Act (A.R.S. Section 11-952) and the Urban Mass Transportation Systems Act (A.R.S. Section 40-1152).

   2.3. The Parties agree to form a nonprofit corporation as the instrumentality to jointly exercise their powers to achieve the purpose specified above. Copies of the articles of incorporation ("Articles") and the by-laws ("By-Laws") of the nonprofit corporation are attached to this Agreement as Exhibits A and B.

   2.4. Certain terms that are defined in the Articles and By-Laws are used in this Agreement. Such terms shall have the same meaning in this Agreement as such terms are defined in the Articles and By-Laws.

   2.5. The Parties intend to take advantage of A.R.S. § 10-3732, which authorizes the members of a non-profit corporation to adopt in a member agreement provisions concerning the management of the Corporation which would otherwise be inconsistent with the Arizona non-profit corporation act (A.R.S. § 10-3101 et seq.). The Articles, the By-Laws, and this Joint Powers Agreement together constitute a "Member agreement" under A.R.S. § 10-3732 and it is the intention of the Parties that the Articles and By-Laws be enforceable pursuant to A.R.S. § 10-3732. The Member agreement was approved by all Members. The Member agreement shall be subject to amendment as provided in the Articles and By-Laws and shall be valid for the duration of the Corporation's existence. The Member agreement shall be binding upon any Parties that are admitted after the initial Parties.

3. Manner of Financing. The cost of planning, designing, constructing, and operating the LRT shall be paid in the manner specified in the By-Laws. A Capital Program and annual operating budget shall be established and maintained as provided in the By-Laws. The costs to be paid by the Parties are anticipated to be the total cost for the planning, designing, constructing, and operating the LRT less amounts received from the Federal Transit Administration, other federal, state and regional funding sources, and fares received from the operation of the LRT.

3.1. Agreement to Pay Share. Each Party agrees to timely pay such Party's share of the cost of planning, designing, constructing, and operating the LRT as specified in the By-Laws.

3.2. Initial Contribution. Within ten days after the effective date of this Agreement, each Party agrees to set aside and pay when needed the amount specified in this section as an initial contribution to the Corporation, which shall be used to pay the expenses of planning, designing and constructing the LRT while the organization of the Corporation is being completed and the Board of Directors is adopting the initial Capital Program and the initial annual operating budget. Based on projected cash needs during the completion of the organization, the Corporation shall give notice to the Members of the amount of funds to paid from the funds that were set aside. Each Member shall pay to the Corporation the amount requested within 24 hours after receipt of the notice requesting payment. Completion of the organization of the Corporation is not required before the funds received under this Section may be disbursed. The amounts to be set aside and paid when needed are twenty-five percent (25%) of each Party's share under the initial annual operating budget that will be adopted by the Board of Directors.

City of Phoenix	$8.2 Million
City of Tempe	$3.4 Million
City of Mesa	$0.6 Million
City of Glendale	$12,500.00

4. Federal Funding. The Parties intend that the Corporation apply for and receive Federal funding to pay for a portion of the cost of the LRT. The Corporation is authorized to apply for and receive Federal funding. In conjunction with applying for and receiving Federal funding, the Corporation is authorized to bind the Parties to comply with applicable Federal funding requirements. Each Party agrees to execute such documents and perform such acts as are necessary to comply with applicable Federal funding requirements.

5. Eminent Domain. In accordance with the By-Laws, each Party agrees to acquire real property within its boundaries or, if necessary, to exercise its power of eminent domain to acquire real property that the Corporation has determined is needed for the LRT. It is acknowledged that the use of any real property acquired pursuant to this Section shall be a public use as allowed by law and is for the benefit of the Party acquiring the property as well as the overall community.

6. Obligations as Members. Each Party agrees to become a Member of the Corporation and to comply with and be subject to the obligations of Members as set forth in the Articles and By-Laws, including the obligation to contribute to the cost of the LRT.

7. Withdrawal as Members. The Parties have no right to withdraw as Members except as provided in the By-Laws.

8. Additional Parties. Other cities, towns, counties, and Indian tribes that are in the Phoenix metropolitan area shall become additional parties to this Agreement and be bound by the

terms of this Agreement at such time as such cities towns, counties, or Indian tribes are admitted as Members of the Corporation.

9. Duration of Agreement. This Agreement shall continue until such time as the Corporation is dissolved as provided in the Articles and By-Laws. It is not anticipated that the Corporation will be dissolved until it is no longer feasible for the Corporation to carry on the LRT or the LRT is transferred to another governmental entity.

10. Disposition of Property on Dissolution. If the Corporation is dissolved, the assets of the LRT and any other property owned by the Corporation shall be disposed of as provided in the Articles and By-Laws.

11. Relief from Payment of Financial Obligation. If a Party is relieved from payment of its financial obligation to the Corporation as a matter of law, then the Corporation may suspend such Party's right to vote and participate in the affairs of the Corporation until such time as the Party has paid the difference between the Party's share of the costs and the amount such Party has paid for such costs. Except as specifically excused as a matter of law, all other obligations of such Party shall remain in effect.

12. Conflict of Interest. The Parties acknowledge that this Agreement may be subject to cancellation under A.R.S. § 38-511 (Arizona's public employee conflict of interest law) in the event that there is a conflict of interest of the type specified in A.R.S. § 38-511 by the persons participating the formation of this Agreement.

13. Cooperation. The Parties agree to sign all documents and to perform all acts that are necessary to fully carry out the terms of this Agreement. This obligation includes performing an act that is not specifically referred to in the Agreement, so long as the obligation to perform such act is reasonably implied by the terms of this Agreement.

14. Severability. If any provision of this Agreement is declared void or unenforceable by a court of competent jurisdiction, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect if the remaining provisions permit the parties to obtain the practical benefits of the arrangements contemplated by this Agreement. If any applicable law or court of competent jurisdiction prohibits or excuses any Party from undertaking any contractual commitment to perform any act hereunder, this Agreement shall remain in full force and effect, but the provisions requiring such action shall be deemed to permit the Party to take such action at its discretion, if such a construction is permitted by law. This section shall not limit the discretion of the Parties to suspend a Party's right to vote and participate in the affairs of the Corporation as provided in section 11 titled "Relief from Payment of Financial Obligation."

15. Amendment. This Agreement may be amended only by the unanimous consent of the Parties. However, the Parties' rights and obligations as Members are subject to change in the event that the Articles or By-Laws are amended as provided in the Articles or By-Laws.

16. Effective Date. This Agreement shall become effective and binding upon the Parties when the Agreement has been executed by each Party and each Party has complied with the requirements of A.R.S. § 11-952, which include appropriate action by ordinance, resolution

or otherwise for the approval of the Agreement by the governing body of a Party, determination by such Party's attorney that the Agreement is within the powers and authority of such Party, and the Agreement has been filed or recorded.

Dated 9/24/2002

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CITY OF PHOENIX

By _____
Frank Fairbanks, City Manager

ATTEST:

_____
City Clerk

APPROVED AS TO FORM and within the Powers and authority granted under the laws of Arizona to the City of Phoenix

_____
City Attorney

CITY OF TEMPE

By _____
Will Manley, City Manager

ATTEST:

_____
City Clerk

APPROVED AS TO FORM and within the Powers and authority granted under the laws of Arizona to the City of Tempe

_____
City Attorney

CITY OF MESA CORPORATE SEAL MARICOPA COUNTY, AZ.

ATTEST:

City Clerk

APPROVED AS TO FORM and within the Powers and authority granted under the laws of Arizona to the City of Mesa

City Attorney

CITY OF MESA

By

Michael T. Hutchinson, City Manager

CITY OF GLENDALE

By

Ed Beasley, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM and within the Powers and authority granted under the laws of Arizona to the City of Glendale

City Attorney

BY-LAWS

OF

VALLEY METRO RAIL, INC.

ARTICLE I - PURPOSES

Section 1. Authority. This Corporation is formed under the Arizona nonprofit corporation act (A.R.S. § 10-3101 et seq.) by certain cities within Maricopa County. It is the intention of the Members to utilize the authority granted under A.R.S. § 11-952 which authorizes cities and other public agencies to form a nonprofit corporation to jointly exercise their powers, and under the Urban Mass Transportation Systems Act and more specifically A.R.S. § 40-1152 which authorizes governmental entities to jointly form a nonprofit corporation to provide public transportation services.

ARTICLE II - DEFINITIONS

Section 1. Alternate Representative. One or more natural persons that have been designated by a Member to serve as Alternate Representatives and have the authority specified in these By-Laws.

Section 2. Capital Program. The Capital Program shall show projected revenues and capital expenditures for construction of the Minimum Operating Segment of the LRT for a multiple year period (initially expected to cover five Fiscal Years) commencing with the upcoming Fiscal Year. It shall include the following information for each Fiscal Year in the form of a cash flow analysis: the projected cost of LRT capital expenses; the projected amounts to be paid by each Member to the Corporation; the projected amounts to be paid directly for LRT expenses by each Member (e.g., for acquiring rights-of-way); and the projected revenues to be received from Federal funds or other funding sources.

Section 3. Component. The Components of the LRT are the individual items that collectively make up the LRT, such as light rail vehicles, track, bridge structures, and stations. The Board of Directors shall adopt guidelines to classify Components as either local or regional and classify the location of a Component when it overlaps the boundaries of the Members.

Section 4. Corporation. The VALLEY METRO RAIL, INC., an Arizona nonprofit corporation.

Section 5. Design and Construction Miles. The number of miles of LRT track that are within a Member's boundaries for which design or construction work is to be performed.

Section 6. Design and Construction Miles %. The ratio, expressed as a percentage, of a Member's Design and Construction Miles to the sum of the Design and Construction Miles of all of the Members.

Section 7. Fiscal Year. The Fiscal Year for the LRT shall commence on the first day of July and end on the thirtieth day of June.

Section 8. Initial Members. The City of Phoenix, the City of Tempe, the City of Mesa, and the City of Glendale.

Section 9. Joint Powers Agreement. The agreement between the Initial Members that was entered into for the purpose of planning, designing, constructing and operating the LRT, and provided for the formation of the Corporation as the instrumentality for jointly exercising the powers of the Initial Members.

Section 10. LRT. The Light Rail Transit Project (formerly known as "Central Phoenix/East Valley Light Rail Transit Project") together with any extensions that are undertaken as provided in these By-Laws.

Section 11. Member. The Initial Members and other cities, towns, counties, and Indian tribes that are in the Phoenix metropolitan area that are admitted as Members.

Section 12. Minimum Operating Segment. The LRT as initially designed, which consists of 20.3 miles of light rail transit from approximately 19th Avenue and Bethany Home Road in Phoenix to the intersection of Longmore Drive and Main Street in Mesa. The Minimum Operating Segment does not include any extensions that may be added to the LRT.

Section 13. Rail Program Staff. Personnel that are working on the LRT under the supervision and control of the Corporation and at the expense of the Corporation as provided in Article XIII, Section 1, which is titled "Rail Program Staff."

Section 14. Representative. The natural person designated by a Member to act on behalf of the Member on all matters concerning the Corporation. Each Member shall be bound by the acts of its Representative, and the Corporation may rely upon the act of a Representative the same as if such act were done by the Member.

Section 15. Revenue Service. An increment of track of the LRT is in Revenue Service when trains are in operation upon such increment and carrying fare-paying passengers on a regular basis.

Section 16. Weighted Votes Definitions. There are additional definitions in Article VII, Section 9 that are specific to the method of calculating the Weighted Votes.

ARTICLE III - MEMBERSHIP

Section 1. Members. The Members of the Corporation shall be the Initial Members and any additional cities, towns, counties, and Indian Tribes that are in the Phoenix metropolitan area that are admitted as Members in accordance with these By-Laws.

Section 2. Admission of New Members. Other cities, towns, counties, and Indian Tribes that are in the Phoenix metropolitan area may apply for membership. Such applicant shall be admitted as a Member and such membership shall become effective immediately after the following have occurred:

A. Such applicant has applied to be a Member.

B. Such applicant has executed and become a party to the Joint Powers Agreement, which requires the applicant to agree to comply with the provisions of the Articles of Incorporation, By-Laws, and other rules applicable to Members and be subject to the obligations of Members including the obligation to pay such applicant's share of the cost of planning, designing, constructing, and operating the LRT.

C. Such applicant has entered into an agreement with the Corporation that specifies the amount that such applicant is to contribute, if anything, to reimburse the other Members for the costs of designing and constructing the regional Components of the LRT that were expended prior to the applicant becoming a Member and specifies a payment plan for such amount.

D. Such applicant has paid the initial payment under the payment plan referred to in the preceding subsection.

If a county is to be admitted as a Member, the Board of Directors shall as part of the admission process agree to the modification of the Weighted Votes calculation method and the allocation of cost method to take into account that such proposed Member's political boundaries overlap the boundaries of Members who are cities. In all calculations under these By-Laws that are based upon "miles," the miles attributed to a county shall be only those miles that are (1) within such county, and (2) not within the boundaries of another Member.

ARTICLE IV - REPRESENTATIVES

Section 1. Appointment. Each Member is entitled to appoint one natural person to serve as that Member's Representative, and such Member shall notify the Corporation in writing of the person selected as the Representative. Such appointment is effective when the Corporation receives such notice. It is contemplated that the Representative and each Alternate Representative will be either an elected official, an officer, or an employee of a Member; however, these are not requirements and a Member may select any natural person as its Representative or Alternate Representative that such Member may lawfully appoint to act on its behalf with respect to the Corporation.

Section 2. Alternate Representative. A Member shall appoint between one and three natural persons as Alternate Representatives and such Member shall rank such Alternate Representatives in the order that they shall serve when the Representative is absent. If the Representative is not present at a meeting, then the Alternate Representative of a Member with the highest rank who is present shall act in place of the Representative as provided in these By-Laws.

Section 3. Removal or Replacement. A Member may remove or replace its Representative and Alternate Representatives at any time by giving written notice to the Corporation. Such removal or replacement shall become effective when the Corporation receives such notice.

Section 4. Terms of Representatives and Alternate Representatives. Representatives and Alternate Representatives shall serve for terms of two years commencing with the first day of the Fiscal Year for which they were appointed. Representatives and Alternate Representatives shall continue to serve beyond the end of their term until their successor is appointed.

ARTICLE V - BOARD OF DIRECTORS

Section 1. Members of the Board. The Board of Directors shall consist of the Representatives of the Members of the Corporation. If a Member removes a Representative, such person shall automatically be removed as a director at the same time when such person's removal as a Representative becomes effective. When a Member appoints a new Representative, such person shall automatically become a director at the same time that such person's appointment as a Representative becomes effective. No action of the Board of Directors shall be necessary for the appointment, removal or replacement of a person as director under this paragraph to become effective.

Section 2. Temporary Members of the Board. If a Director is absent from a meeting, then the highest ranking Alternate Representative of such Member who is present shall serve as temporary director at that meeting and may exercise all powers of a director. Reference to "Director" in these By-Laws shall include any temporary Director who is acting pursuant to the authorization in this paragraph.

ARTICLE VI - MEETINGS OF MEMBERS

No provision has been made in these By-Laws for meetings of Members, because it is not anticipated that there would be any need for such meetings. Each Member has representation on the Board of Directors and it is expected that all matters to be considered by the Corporation will be proposed, discussed and voted upon at meetings of the Board of Directors. There is no requirement for an annual meeting of the Members. In the event that a meeting of Members should be required, the voting shall be by Weighted Votes and each Member shall have the same number of Weighted Votes as when such Member's Representative is voting as a director.

ARTICLE VII - MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, except to the extent that and for such periods of time as the Board of Directors shall determine that regular meetings should be held more or less frequently.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by two or more Members upon three days notice to the other Members.

Section 3. Open Meeting Law. The Corporation shall comply with A.R.S. § 38-431 et seq. ("Open Meeting Law") in conducting meetings of the Board of Directors, including the timing and manner of giving notice of meetings to the Directors and to the public.

Section 4. Meeting Notice and Agenda. The Executive Director shall prepare the notice of meeting and the initial draft of the agenda for each regular or special meeting and shall provide the notice and initial draft of the meeting agenda to each Director. Each Director shall be entitled to add items to the agenda by notifying the Executive Director of the additional item, and the Executive Director shall add such item to the agenda. The Executive Director shall give notice of the meeting and the agenda to the public in accordance with the Open Meeting Law and to the Directors with at least as much notice as is given to the public. In the event of an actual emergency, a meeting may be scheduled and noticed or an item may be considered that was not listed on the agenda as permitted under the Open Meeting Law.

Section 5. Voting Rights. All matters shall be decided by a majority of all of the Weighted Votes (not just the number of Weighted Votes represented at the meeting) unless a higher percentage of the Weighted Votes is specified in these By-Laws. Each Director shall have the number of Weighted Votes that are determined in accordance with this Article.

Section 6. Quorum Requirement. A quorum shall be required to conduct business. To constitute a quorum, there shall be at least three Directors present and the number of Weighted Votes held by the Directors who are present must be a majority of the Weighted Votes. The number of Weighted Votes required to decide a matter is based upon the sum of the Weighted Votes of all of the Members (which will be 100) and not the number of Weighted Votes that are voted at a meeting. Therefore, more than 50 Weighted Votes must be cast in favor of a matter for that matter to pass.

Section 7. Attendance. Subject to approval by the Board of Directors, a Director may attend and participate in a meeting by telephone, video conference, or other electronic means, and such attendance and participation shall have the same effect as though the Director was present in person.

Section 8. Weighted Votes. The number of Weighted Votes held by each Member's Director shall be calculated using a formula that takes into account the percentage of funding contributed by that Member and the percentage of committed and planned miles of LRT track

that are within such Member's boundaries. The percentage calculated from the formula is then adjusted so that each Member will have a minimum vote and no Member's vote will exceed fifty percent of the Weighted Votes. The number of Weighted Votes of each Member shall be re-determined annually prior to the start of each Fiscal Year based upon the adopted budget for such Fiscal Year.

Section 9. Weighted Votes Definitions.

A. Annual Contribution. The amount such Member is obligated to contribute under the budget adopted for the Fiscal Year for which the Weighted Votes are being determined.

B. Annual Contribution %. The ratio, expressed as a percentage, of a Member's Annual Contribution to the sum of the Annual Contributions of all of the Members.

C. Committed Miles. The number of miles of LRT track that are within a Member's boundaries that are currently operating, under construction, or for which preliminary engineering/final design has been undertaken. The categories of "Committed Miles" and "Planned Miles" are mutually exclusive and mileage of LRT track can be included in only one of these categories.

D. Committed Miles %. The ratio, expressed as a percentage, of a Member's Committed Miles to the sum of the Committed Miles of all of the Members.

E. Planned Miles. That number of miles of LRT track that are within a Member's boundaries that have been included in the regionally adopted long range transportation plan and for which there is a local funding source that are not Committed Miles. The categories of "Committed Miles" and "Planned Miles" are mutually exclusive and mileage of LRT track can be included in only one of these categories.

F. Planned Miles %. The ratio, expressed as a percentage, of a Member's Planned Miles to the sum of the Planned Miles of all of the Members.

G. Voting %. The percentage that is calculated under this section for each Member before such percentage is converted to the number of Weighted Votes.

H. Weighted Votes. Each Member's number of Weighted Votes shall be the number of percentage points that are equal to that Member's Voting %. This will result in the sum of the Weighted Votes of all of the Members being equal to 100.

Section 10. Voting % Calculation. Each Member's Voting % shall be calculated by the following steps in the order specified:

A. Each Member's Voting % shall be calculated under the following formula:

Voting % = 50% of Annual Contribution % + 40% of Committed Miles % + 10% of Planned Miles %

B. If a Member's Voting % calculated under the formula is less than 2%, then the Voting % of the Member shall be increased to 2%.

C. If a Member's Voting % calculated under the formula is greater than or equal to 50%, then the Voting % for that Member shall be equal to the sum of the Voting % of all of the other Members (taking into account any adjustments that have been made to the Voting % to give each Member a minimum vote).

D. Since the sum of the Voting % of the Members will not equal 100% if adjustments have been made under paragraphs B or C, each Member's Voting % determined under paragraphs A, B, and C shall be adjusted proportionately so that the sum of the Voting % of all of the Members equals 100%. For convenience, the Voting % of each Member may be rounded to the nearest 1% to eliminate fractions of a vote; however, the rounding shall not be done in such a manner that (i) the sum of the Voting % of all of the Members does not equal 100% or (ii) the Voting % of a Member whose Voting % was 50% is changed.

Section 11. Initial Weighted Votes. The preliminary budget for the Corporation, the number of Weighted Votes that each Member shall have until the conclusion of the initial Fiscal Year, and a summary of how the initial Weighted Votes were determined is attached as Exhibit A.

Section 12. Deadlock. In the event that there are 50 Weighted Votes cast in favor of a matter and there are 50 Weighted Votes cast in opposition to a matter and the Board of Directors has been unable to break the tie despite further discussion and another vote, any Director may call for mediation to attempt to resolve the matter. The mediation shall be conducted in accordance with the mediation rules of the American Arbitration Association, except to the extent that the Board of Directors decides by unanimous vote to use an alternate mediation procedure.

Section 13. Effect of Suspension of Voting Rights. If a Member's voting rights are suspended for nonpayment of such Member's financial obligations to the Corporation, this shall not affect the number of Weighted Votes of the other Members or the number of Weighted Votes required to decide a matter. The Weighted Votes of the Member whose voting rights have been suspended shall not be counted as being voted in favor of or against a matter.

ARTICLE VIII - OFFICERS.

Section 1. Officers. The officers of the Corporation shall be the Chairperson, Vice-Chairperson, and Secretary. The officers shall be elected by the Board of Directors at its first regular meeting during the Fiscal Year, and such officers shall serve until their successors are elected in the following Fiscal Year. The Secretary is not required to be a Representative. In addition to the duties specified in this Article, the Board of Directors may assign additional duties to the officers.

Section 2. Vacancy. If an office becomes vacant, the Board of Directors shall elect a successor to hold office for the un-expired term of the officer whose office became vacant.

Section 3. Chairperson. The Chairperson shall preside over the meetings of the Board of Directors (and meetings of Members should any such meetings occur) and attest to the accuracy of the minutes of such meetings.

Section 4. Vice-Chairperson. The Vice-Chairperson shall exercise the duties of the Chairperson when the Chairperson is absent from meetings or not available to attest the minutes.

Section 5. Temporary Chairperson. If neither the Chairperson nor Vice-Chairperson are present at a meeting, then the Board of Directors shall appoint a Representative or Alternate Representative who is present at the meeting to serve as Temporary Chairperson. The Temporary Chairperson shall exercise the duties of the Chairperson at that meeting.

Section 6. Secretary. The Secretary shall assist the Executive Director in preparing the notice and agenda for meetings of the Board of Directors (and meetings of Members should any such meetings occur), record and transcribe the minutes of such meetings, assist the Executive Director in preparing for such meetings, keep and maintain the minute book of the Corporation, and transfer the minute book to the Secretary's successor.

Section 7. Executive Director. The Board of Directors shall hire or appoint a person to serve as Executive Director to carry out the instructions of the Board of Directors and to oversee the day to day planning, design, construction, and operations of the LRT. The Executive Director is authorized to execute contracts that have been approved by the Board of Directors and shall have such other duties and authority as the Board of Directors shall direct.

ARTICLE IX - WITHDRAWAL OF MEMBERS

Section 1. No Right of Withdrawal Before Completion. Except as provided in Section 2 of this Article, no Member shall be entitled to withdraw from membership in the Corporation until construction of the Minimum Operating Segment of the LRT is completed and the cost of the Minimum Operating Segment has been paid. Thereafter, a Member may withdraw from membership if:

A. The other Members agree to assume such Member's financial obligations to the Corporation, and

B. Suitable provision has been made for continued use by the LRT of LRT components that are within the Member's boundaries or which are owned by such Member.

Section 2. Limited Right of Withdrawal. If no part of the LRT for which planning, design, or construction has been undertaken is within a Member's boundaries and withdrawal will not cause significant damage to the other Members, such Member may withdraw from membership in the Corporation. Such Member shall give written notice of withdrawal to the

Corporation, and such Member shall cease to be a Member of the Corporation on the last day of the Corporation's fiscal year in which the withdrawal notice is received.

Section 3. Recalculation of Weighted Votes. If a Member withdraws from membership in the Corporation, the Weighted Votes of the Members shall be recalculated. In recalculating the Weighted Votes, any Annual Contribution by the withdrawing Member or miles of LRT track that are within the withdrawing Member's boundaries shall be disregarded and the other Members shall be given credit for financial obligations of the withdrawing Member that are assumed by the other Members.

ARTICLE X - FUNDING

Section 1. Costs Paid by Members. The costs to be paid by the Members are anticipated to be the total cost of planning, designing, constructing and operating the LRT less amounts received from the Federal Transit Administration, other federal, state and regional funding sources, and fares received from the operation of the LRT.

Section 2. Member Funding Commitment. Each Member agrees to timely pay such Member's share, as specified in these By-Laws, of the cost of planning, designing, constructing and operating the LRT. If a Member fails to timely pay a required payment, the unpaid balance of such payment shall bear interest at the rate of twelve percent (12%) per annum from the time such payment is due until all past due balances are paid. The interest paid shall not be treated as a contribution for purposes of reimbursement of Federal funding, distribution of the Corporation's assets upon dissolution, or otherwise.

Section 3. Capital Program. The Board of Directors shall adopt a Capital Program promptly after the Corporation is organized and the Capital Program shall be updated each year. Prior to the first day of October, the Board of Directors shall adopt an updated Capital Program and provide a copy of the updated Capital Program to each Member. One purpose of the Capital Program is to inform the Members of the projected amount of the annual LRT expenses for the upcoming Fiscal Year and each Member's share of the LRT expenses in accordance with Section 5 of this Article. If, after the Capital Program is provided to Members and prior to the Board of Directors providing a copy of the annual operating budget to the Members, the Board of Directors becomes aware that it is likely that there will be a substantial difference between the amount of each Member's share of the expenses for the next Fiscal Year and the amount of such expenses shown in the Capital Program for the next Fiscal Year, the Board of Directors shall promptly inform the Members of such difference.

Section 4. Annual Operating Budget. Prior to the first day of June, the Board of Directors shall (i) adopt the operating budget for the Corporation for the upcoming Fiscal Year along with a determination of each Member's share of the budgeted costs in accordance with Section 5 of this Article and (ii) provide to each Member a copy of the annual operating budget and the determination of the Members' shares. The annual operating budget adopted by the Board of Directors may include a contribution to the reserve provided for in Section 9 of this Article.

A. If a Member disputes that the Board of Directors has correctly determined such Member's share, such Member shall be entitled to have such matter decided by arbitration in accordance with the rules and procedures of the American Arbitration Association, except to the extent that the Board of Directors unanimously agrees to an alternate procedure for dispute resolution.

B. If during the course of the Fiscal Year, it appears that there will be a significant variance between (i) the budgeted costs and the actual costs, or (ii) the projected revenues from Federal funds and actual revenues received from Federal funds, the Board of Directors shall modify the annual operating budget and Capital Program and allocate such variance to the Members in the manner specified in Section 5 of this Article, and promptly notify each Member of any change in such Member's share. If the adjustment results in the increase of a Member's share, the Board of Directors shall notify the Member when such additional amount shall be paid.

Section 5. Allocation of Costs. The Board of Directors shall determine each party's share of the LRT costs for a Fiscal Year as follows:

A. Design and Construction Costs. Design and Construction costs to be paid during the Fiscal Year will be allocated as follows:

i. Regional design and construction costs will be allocated based upon the Design and Construction Miles %. The Components of the LRT that are currently classified as "regional" are light rail vehicles, the maintenance and storage facility, operations control center, bridge structures, and regional park and ride lots.

ii. Local design and construction costs will be allocated to the Member within whose boundaries the LRT Component being designed or constructed will be located. Design and construction costs that are not classified as regional are deemed to be local.

B. Operating Costs. Operating costs to be paid during the Fiscal Year will be allocated based upon the proportion of LRT miles within the Members' boundaries that are in Revenue Service or scheduled to be placed in Revenue Service during the Fiscal Year.

C. Other Costs. If costs arise that are not appropriate to allocate based upon the above methods because of their unusual nature, infrequent occurrence, or otherwise, the Board of Directors shall allocate such costs as it deems appropriate and fair to the Members.

D. Minimum Cost. If a party's share of the LRT costs for a Fiscal Year is determined under the preceding sub-sections to be less than $50,000.00, such party's share of the LRT costs shall be $50,000.00. The purpose of the Minimum Cost is so that all Members will contribute to payment of the overhead expense of the Corporation for matters such as the cost of meetings of the Board of Directors, administrative support to the Board of Directors, support to Members by the Rail Program Staff.

Section 6. Federal Funding. Most of the Federal funding that the Corporation anticipates receiving for the Minimum Operating Segment of the LRT is under the Section 5309 New Start program. This will require that the Members provide the funds to the Corporation to pay the costs for the design and construction of the LRT and be reimbursed for the portion (expected to be 50%) of those costs expended that are eligible for reimbursement from such Federal Funding. The Corporation shall credit payments received from Federal funding to the Members who paid eligible expenses during the earliest Fiscal Year that have not been fully reimbursed at the applicable Federal reimbursement percentage. Such payments shall be credited to the Members in proportion to the amount of eligible expenses paid by such Members during such Fiscal year. No payment shall be credited to a Member for eligible expenses paid in subsequent Fiscal Years until all Members have received credit at the applicable Federal reimbursement percentage for eligible expenses paid during prior Fiscal Years. This reimbursement method shall be applied in such a manner that each Member will receive the same percentage of reimbursements from Federal funding for the total amount of eligible expenses that were paid by such Member for the Minimum Operating Segment of the LRT.

Section 7. Activities Prior to Receiving Federal Funding Commitment. Notwithstanding any other provision of these bylaws, no member is obligated to provide funds to the corporation for construction of the LRT until such time as a full funding grant agreement, or its equivalent, is executed that provides for Federal Funding to pay a minimum of fifty percent of the costs expended that are eligible for reimbursement.

Section 8. Billing and Payment. The Corporation shall notify each Member of its share of the annual operating budget (including the reserve) thirty days in advance of the date the funds are required to be set aside. Each Member shall set aside for payment to the Corporation the amount of its share as follows: 25% on or before the first day of July of such Fiscal Year, 25% on or before the first day of October of such Fiscal Year, 25% on or before the first day of January, and 25% on or before the first day of March of such Fiscal Year. These amounts will be set aside at least ten (10) days prior to the date specified. Based on projected cash needs for the coming month, the Corporation shall give notice to the Members of the amount of funds to be paid from the funds that were set aside. Each Member shall pay to the Corporation the amount requested within 24 hours after receipt of the notice requesting payment. Prior to the beginning of each new quarter, the Corporation will adjust the amount to be requested for the upcoming quarter based on any balance remaining from the previous quarter.

Section 9. Reserve. The Board of Directors shall ensure that there is an appropriate project cash operating reserve for unexpected expenditures that may be incurred or delays in receiving Federal or other funding during such Fiscal Year. If the cash operating reserve falls below the level that the Board of Directors deems appropriate, the Board of Directors shall, in accordance with the procedure in Section 4.B of this Article, modify the annual operating budget and Capital Program and notify the Members of the increase in such Member's share and when such amount must be paid.

Section 10. Relief from Payment of Financial Obligation. If a Member is relieved from payment of its financial obligation to the Corporation as a matter of law, then the Corporation may suspend such Member's right to vote and participate in the affairs of the

Corporation until such time as the Member has paid the difference between the Member's share of the costs and the amount such Member has paid for such costs. Except as specifically excused as a matter of law, all other obligations of such Member shall remain in effect.

Section 11. Bookkeeping. The Corporation shall collect, deposit and account for funds that are due from the Members and are available for the LRT from other funding sources. All books and financial records of the Corporation shall be kept in accordance with generally accepted accounting principles. Interest will be applied monthly to each Member's account based on the allocation method used by the investment pool in which the LRT pooled cash account is invested. The interest rate applied will be the rate earned in the LRT pooled cash account. The Corporation shall account for the expenditure of funds received. The Corporation shall maintain audited records that are adequate to comply with the bookkeeping and auditing requirements of the Members, the Federal Transit Administration, and other funding sources. Monthly activity statements will be prepared by Rail Program Staff and forwarded to each Member for review. These statements will indicate dates and amounts of all Member payments into the accounts, each Member's proportionate share of any Federal grant funds received, and each Member's proportionate share of expenditures charged to the accounts. The statements will also indicate the allocation method, the interest rate applied, and the resulting interest earnings or expense added to the account balance.

Section 12. Suspension of Voting Rights for Nonpayment. If a Member fails to timely pay its financial obligations to the Corporation (including any financial obligations that a Member is relieved of paying under Section 10 of this Article), the Corporation may after 30 days notice to such delinquent Member suspend such Member's right to vote and participate in the affairs of the Corporation until such time as the financial obligations have been brought current. The remedy specified in this Section shall not be the sole remedy, but shall be in addition to all other remedies at law or equity that may be available to enforce payment of such Member's financial obligations to the Corporation.

Section 13. Initial Contribution. The Joint Powers Agreement provides that the Initial Members shall provide funds to be used to pay the expenses of planning, designing and constructing the LRT while the organization of the Corporation is being completed and the Board of Directors is adopting the initial Capital Program and the initial annual operating budget. Such payments by a Member shall be credited against such Member's share under the initial Capital Program and the initial annual operating budget that is adopted by the Board of Directors.

ARTICLE XI - OWNERSHIP OF LRT

The Corporation shall adopt and from time to time revise an overall plan which determines ownership of the Components that make up the LRT. Such plan shall comply with Federal Transit Administration requirements and take into account potential benefits such as sovereign immunity from liability and exemption from taxes. The plan may provide that Components are owned by the Corporation, Members (either individually or in combination with other Members), or other governmental entities. However, if Components that are essential to the continued operation of the LRT (such as rail rights of way) are not owned by the Corporation,

the Corporation shall assure that such Components will continue to be available to the LRT by suitable means, such as easements and contracts.

ARTICLE XII - RECORDS

Section 1. Review by Members. Each Member shall be entitled to review the Corporation's records upon reasonable notice and at reasonable times. This includes, but is not limited to, records of the Board of Directors, bookkeeping records, and records of operations (such as contracts). All reviews of records shall be done in such a way that they are not disruptive of the operations of the Corporation.

Section 2. Review by Federal Transit Administration. The Corporation shall make such of its records available to the Federal Transit Administration as is required under Federal law and regulations. In addition, the Board of Directors may make other portions of the Corporation's records available to the Federal Transit Administration as the Board of Directors deems appropriate.

Section 3. Review by Other Funding Sources. The Board of Directors may, to the extent that it deems appropriate, make all or part of the Corporation's records available to its funding sources.

Section 4. Public Records Law. The Corporation shall comply with A.R.S. § 39-121 et seq. ("Public Records Law") in maintaining and giving access to the records of the Corporation.

ARTICLE XIII - OPERATIONS

Section 1. Rail Program Staff. The Board of Directors shall determine whether to hire or arrange for the hiring of Rail Program Staff, or subcontract with independent contractors to obtain the services needed for the design, construction, and operation of the LRT. To the extent permitted by law, the Board of Directors shall have the broadest possible discretion as to the method of procuring the Rail Program Staff.

Section 2. Agreement with Valley Metro. It is contemplated that the Corporation will enter into an agreement with Valley Metro (formerly known as the RPTA) for Valley Metro to be the Employer of a portion of the Rail Program Staff.

Section 3. Risk Management. The Board of Directors shall determine what insurance coverage is appropriate to protect the Corporation, the Members, and the LRT from risks concerning the LRT and the Corporation shall obtain such insurance on behalf of the Members. In deciding what insurance coverage and indemnities are appropriate, the Board of Directors may elect to self-insure for all or a portion of such risks.

Section 4. Eminent Domain. When requested by the Board of Directors, each Member agrees to acquire real property within its boundaries or, if necessary, to exercise its power of eminent domain to acquire real property that the Board of Directors has determined is needed for the LRT. After the real property is acquired, the Member shall grant an easement or other appropriate property right to the Corporation and its successors to allow such property to be used by the LRT. It is acknowledged that the use of any real property acquired pursuant to this Section shall be a public use as allowed by law and is for the benefit of the Member acquiring the property as well as the overall community.

Section 5. Use of Governmental Powers. When requested by the Board of Directors, each Member agrees to exercise its municipal and other governmental powers within its own boundaries to assist the Board of Directors in carrying out the terms of this Agreement. This includes but is not limited to relocating public utilities as required by the LRT construction and controlling traffic in the vicinity of LRT construction and operation.

Section 6. Procurement. The Corporation shall adopt procurement procedures that are consistent with Arizona Revised Statutes, Title 34 and applicable Federal procurement requirements.

Section 7. Extension of LRT. The Corporation shall undertake an extension of the LRT when the following have occurred:

A. Such extension has been incorporated into the Federally approved, regionally adopted long range transportation plan and transportation improvement program.

B. Funding is available to pay the cost of such extension (including funding to be provided by the Member within whose boundaries the extension lies). The cost of such extension shall include an allocation to reimburse the Members for the portion of the regional costs expended in construction of the LRT that should be attributed to such extension.

ARTICLE XIV – AMENDMENT OF BY-LAWS

These By-Laws may be amended by the Board of Directors by a vote of 75% of the Weighted Votes with at least three Directors voting in favor of the amendment.

ARTICLE XV – INTERPRETATION OF BY-LAWS

Section 1. Interpretation. If an issue arises as to the interpretation of any provision of these By-Laws, the Board of Directors shall determine the interpretation of such provision by a majority of the Weighted Votes. Such interpretation shall be binding upon all Members, so long as the Board of Directors acted in good faith and the interpretation is reasonable.

Section 2. Agreement of Members. The Articles, By-Laws, and the Joint Powers Agreement between the Members together constitute a "Member agreement" under A.R.S. § 10-3732 and it is the intention of the Members that the Articles and By-Laws be enforceable

pursuant to A.R.S. § 10-3732 notwithstanding that certain provisions of the Articles or By-Laws may be inconsistent with A.R.S. § 10-3101 et seq. (Arizona's nonprofit corporation law). The Member agreement was approved by all Initial Members. The Member agreement shall be subject to amendment as provided in the Articles and By-Laws and shall be valid for the duration of the Corporation's existence. The Member agreement shall be binding upon any cities, towns, counties and Indian tribes that are admitted as Members after the Initial Members.

DATED 10/30/02

CITY OF PHOENIX

By _____
Skip Rimsza, Mayor

CITY OF TEMPE

By _____
Len Copple, Councilmember

CITY OF MESA

By _____
Keno Hawker, Mayor

CITY OF GLENDALE

By _____
Elaine M. Scruggs, Mayor

EXHIBIT A

INITIAL WEIGHTED VOTES
2003

CATEGORY	CITY	%
Funding* (50%)	Phoenix	33%
	Tempe	14%
	Mesa	3%
	Glendale	0%
	Total	**50%**
Mileage (40%)	Phoenix	26%
	Tempe	11%
	Mesa	3%
	Glendale	0%
	Total	**40%**
Planned Miles with Local Funding (10%)	Phoenix	6%
	Tempe	1%
	Mesa	0%
	Glendale	3%
	Total	**10%**
Total Votes	Phoenix	65%
	Tempe	26%
	Mesa	6%
	Glendale	3%
	Total	**100%**
Total Votes with 50% Maximum	Phoenix	50%
	Tempe	37%
	Mesa	9%
	Glendale	4%
	Total	**100%**

* Based on FY 2003 Cash Flow Analysis by Funding Source, May 2002. Costs shared according to adopted regional/local formula.

AZ. CORP. COMMISSION
FILED
1047760-4
SEP 2 7 2002
APPR.
TERM
DATE 9-27-2002

ARTICLES OF INCORPORATON

OF

VALLEY METRO RAIL, INC.

We, the undersigned, have this day associated ourselves together for the purpose of forming a non-profit corporation under the Arizona nonprofit corporation act (A.R.S. § 10-3101 et seq.), and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

The name of the corporation shall be VALLEY METRO RAIL, INC. and its principal place of business shall be in Maricopa County, Arizona. The street address of the known place of business shall be as follows:

411 N. Central Ave., Suite 200
Phoenix, Arizona 85004

ARTICLE II

The Corporation is organized under A.R.S. § 11-952 which authorizes cities and other public agencies to form a nonprofit corporation to jointly exercise their powers, and under the Urban Mass Transportation Systems Act and more specifically A.R.S. § 40-1152 which authorizes governmental entities to jointly form a nonprofit corporation to provide public transportation services. The initial Members have entered into a Joint Powers Agreement (that has been recorded with the Maricopa County Recorder at recording number 2002-0992011) which provides that this Corporation be organized as the instrumentality to plan, design, construct, and operate the Light Rail Transit Project ("LRT"). The intended activity of the Corporation is to plan, design, construct, and operate the LRT.

ARTICLE III

The Corporation shall have Members. The initial Members shall be the cities of Phoenix, Tempe, Mesa, and Glendale. Additional Members may be admitted in accordance with the By-Laws.

ARTICLE IV

The Corporation is organized for purposes other than profit and shall have no authorized or outstanding stock of any kind, class or description. No earnings or profits of the Corporation nor any other property rights shall inure to the benefit of any private individual, but all such earnings and property of the Corporation shall be used for the furtherance of the purposes of the Corporation.

ARTICLE V

Subject to limitations imposed by law, no director of the Corporation shall be liable to the Corporation for money damages for any action taken or any failure to take any action as a director. To the extent permitted or required by law, the Corporation shall indemnify an officer or director from any liability or expense sought or imposed because such person is made a party to a proceeding because such person is an officer or director of the Corporation.

ARTICLE VI

In the event of dissolution of the Corporation, all of its assets shall be transferred to a governmental entity, non-profit corporation or other non-profit entity to continue to plan, design, construct, and operate the LRT if the Board of Directors determines that continuation of the LRT is feasible and desirable. If the Board of Directors determines that it is not feasible or desirable to continue the LRT, then the assets shall be returned to the Members in proportion to their contributions to the Corporation. In such event, the real property that is within a Member's boundaries shall be returned to such Member and credited to such Member's share of the assets to be returned.

ARTICLE VII

Each Member shall appoint a Representative to act on behalf of such Member as to all matters concerning the Corporation and each Member shall appoint Alternate Representatives who may act when a Representative is not available. The method of naming and replacing Representatives and Alternate Representatives shall be set forth in the By-Laws. Each Member's Representative shall be a director and the Board of Directors shall consist of the Representatives of all of the Members. The names and addresses of the initial Representatives of the Members, who shall serve as the initial Board of Directors, are as follows:

Hon. Skip Rimsza, Mayor
City of Phoenix
200 W. Washington Street, 11th Floor
Phoenix, AZ 85003

Hon. Neil G. Giuliano, Mayor
City of Tempe
31 E. Fifth Street
Tempe, AZ 85281

Hon. Keno Hawker, Mayor
City of Mesa
20 E. Main Street
Mesa, AZ 85201

Hon Elaine M. Scruggs, Mayor
City of Glendale
5850 W. Glendale Avenue
Glendale, AZ 85301

ARTICLE VIII

All matters to be decided by the Board of Directors or by the Members shall be decided by weighted voting. Each Representative shall have the same number of Weighted Votes when such Representative is voting as a director as when such Representative is voting on behalf of a Member. The method of calculating the Weighted Votes of the Members and directors shall be set forth in the By-Laws. The initial number of Weighted Votes of the Members and directors is as follows:

City of Glendale	4	votes
City of Mesa	9	votes
City of Phoenix	50	votes
City of Tempe	37	votes

ARTICLE IX

These articles may be amended by the Board of Directors by a vote of 75% of the Weighted Votes with at least three Directors voting in favor of the amendment.

ARTICLE X

The names and addresses of the incorporators are as follows:

Frank Fairbanks, City Manager
City of Phoenix
200 W. Washington Street, 12th Floor
Phoenix, AZ 85003

Will Manley, City Manager
City of Tempe
51 E. Fifth Street
Tempe, AZ 85281

Michael T. Hutchinson, City Manager
City of Mesa
20 E. Main Street, #750
Mesa, AZ 85201

Ed Beaseley, City Manager
City of Glendale
5850 W. Glendale Avenue, Ste. 431
Glendale, AZ 85301

ARTICLE XI

The Members intend to take advantage of A.R.S. § 10-3732, which authorizes the members of a non-profit corporation to adopt in a member agreement provisions concerning the management of the Corporation which would otherwise be inconsistent with the Arizona non-profit corporation act (A.R.S. § 10-3101 et seq.). These Articles, the By-Laws, and the Joint Powers Agreement that the initial Members have entered into together constitute a "Member agreement" under A.R.S. § 10-3732 and it is the intention of the Members that the Articles and By-Laws be enforceable pursuant to A.R.S. § 10-3732. The Member agreement was approved by all Members. The Member agreement shall be subject to amendment as provided in the Articles and By-Laws and shall be valid for the duration of the Corporation's existence. The Member agreement shall be binding upon any Members that are admitted after the initial Members.

ARTICLE XII

The name and address of the initial statutory agent of the Corporation is Ronald K. Blake, 3110 South Rural Road, Suite 102, Tempe, Arizona 85282.

DATED 9/24/02

Frank Fairbanks

Will Manley

Michael T. Hutchinson

Ed Beaseley

I, Ronald K. Blake, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

Statutory Agent

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-3202.D.

VALLEY METRO RAIL, INC.
EXACT CORPORATE NAME

A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
   (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?; or
   (b) Involved the violation of the consumer fraud laws of that jurisdiction?; or
   (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes____ No__X__

B. IF YES, the following information MUST be attached:

1. Full name and prior name(s) used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administratively dissolved by any jurisdiction?

Yes____ No__X__

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name, including alias and address of each person involved.
3. State(s) in which the corporation:
   (a) Was incorporated.
   (b) Has transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case.

D. The fiscal year end adopted by the corporation is June 30.

Under penalties of law, the undersigned incorporators/officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY _____ DATE 9-18-2
TITLE Frank Fairbanks/Incorporator

BY _____ DATE 9/19/02
TITLE Will Manley/Incorporator

BY _____ DATE 9/20/02
TITLE Michael T. Hutchinson/Incorporator

BY _____ DATE 9/24/02
TITLE Ed Beasley/Incorporator

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four Incorporators, please attach remaining signatures on a separate sheet of paper.)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

OCT 22 2002

THE RECORD REPORTER

~ SINCE 1914 ~

1505 N. Central Avenue, Suite 200, Phoenix, Arizona 85004-1725
Telephone (602) 417-9900 / Fax (602) 417-9910

RECEIVED

OCT 18 2002

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

RONALD K. BLAKE
RONALD K BLAKE PC
3110 S RURAL RD #102
TEMPE, AZ 85282

AFFIDAVIT OF PUBLICATION

Reference #:

Notice Type: AI Articles of Incorporation

Ad Description: VALLEY METRO RAIL, INC.

I, WENDY COOPER, am authorized by the publisher as agent to make this affidavit. Under oath, I state that the following is true and correct.

THE RECORD REPORTER is a newspaper of general circulation published Monday, Wednesday and Friday except legal holidays, in the County of Maricopa, State of Arizona. The copy hereto attached is a true copy of the advertisement as published on the following dates:

10/14/02, 10/16/02, 10/18/02

Wendy Cooper

Subscribed and sworn to before me on the 18th day of October, 2002

Diane M. Heuel

OFFICIAL SEAL
DIANE M. HEUEL
Notary Public State of Arizona
MARICOPA COUNTY
My Comm. Expires Oct 31 2006

RR#: 451888

ARTICLES OF INCORPORATION
OF
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31 E. Fifth Street
Tempe, AZ 85281
Hon. Keno Hawker, Mayor
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20 E. Main Street
Mesa, AZ 85201
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City of Glendale
5850 W. Glendale Avenue
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City of Mesa, 9 votes
City of Phoenix, 50 votes
City of Tempe, 37 votes

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ARTICLE XII

The name and address of the initial statutory agent of the Corporation is Ronald K. Blake, 3110 South Rural Road, Suite 102, Tempe, Arizona 85282.

Dated: 9-24-02

/s/Frank Fairbanks
/s/Michael T. Hutchinson
/s/Alfi Marley
/s/Ed Beasley

I, Ronald K. Blake, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

/s/Ronald K. Blake
Statutory Agent

10/14/02, 10/16/02, 10/18/02
RR- 451888#