

BY-LAWS
FOR THE
GREAT LAKES WATER AUTHORITY
BOARD OF DIRECTORS

Preamble: The Great Lakes Water Authority (GLWA) was created pursuant to Michigan Public Act 233 of 1955, as amended (being MCL 124.281 *et seq.* (the “Act”). The GLWA was formed pursuant to the Memorandum of Understanding executed among the Mayor of the City of Detroit, the County Executives from Macomb, Oakland and Wayne Counties, and the Governor of the State of Michigan, dated September 9, 2014, and the adoption of the Articles of Incorporation for the GLWA by the legislative bodies of the City of Detroit and the Counties of Macomb, Oakland, and Wayne in October of 2014. The State of Michigan became a member of the GLWA upon the approval of an intergovernmental agreement between the GLWA and the State of Michigan. The GLWA operates under the direction of a six member Board of Directors. Under the direction of the Board, the GLWA supplies water, drainage, and sewerage services within the region of Southeast Michigan.

ARTICLE 1
General Powers and Duties

Section 1. The GLWA shall be a public body corporate with the power to sue and be sued in its own name. The GLWA shall possess all powers now or later granted by the Act, the State of Michigan Constitution, as may be amended, and by any other applicable statute or law and by the Articles of Incorporation. The powers granted to the GLWA include those powers incident to the enumerated powers as well those powers necessary to carry out its purposes and all powers incident thereto. These powers include, but are not limited to: entering into such contracts, to make such purchases of goods and services, to obtain financing, and to hire, maintain and develop human resources as it may deem necessary or appropriate in order to conduct the business of the GLWA; establishing such administrative rules, policies and procedures as shall be necessary to conduct its business; and periodically establishing and fixing a schedule of rates, fees and other charges for use of, or services provided with respect to, any water supply system or sewage disposal system, including a storm water collection and treatment system or a combination of such systems, operated by the GLWA and providing for the collection and enforcement of those rates, fees or other charges.

Section 2. The GLWA shall not have the power to impose or levy a tax.

ARTICLE II
Principal Address

Section 1. The principal address of the Great Lakes Water Authority shall be 735 Randolph, Detroit, Michigan 48226.

Section 2. The principal address of the GLWA may be changed by a vote of the Board of Directors.

ARTICLE III

Appointment, Qualifications, Compensation, and Tenure

Section 1. The members of the Board of Directors shall be appointed in the following manner and for the following terms of office:

- (a) Two members of the Board shall be residents of the City of Detroit and shall be appointed by the Mayor of the City of Detroit. The initial term for these members shall be for three (3) years and all subsequent terms shall be for four (4) years.
- (b) One member shall be appointed by each of the Incorporating Counties and that member shall be a resident of the county from which he or she is appointed. The appointment shall be made by the person designated with appointing authority within the respective county's Charter or 1973 PA 139. The initial term of office for the two counties with the largest and second largest populations shall be for two (2) years, while the initial term of office for any other county appointee shall be for one (1) year. All subsequent terms after the initial appointment term shall be for four (4) years.
- (c) One member shall be a resident of an area served by the Great Lakes Water Authority, but shall not be a resident of any County with appointing authority under Section (1)(b) of this Article. This member shall be appointed by the Governor of the State of Michigan and shall serve for an initial term of four (4) years. All subsequent terms shall also be for four (4) years.

Section 2. All members appointed under Section 1 of this Article shall serve at the pleasure of the respective appointing authority.

Section 3. Any vacancy in office shall be filled by the respective appointing authority for the remainder of the unexpired term.

Section 4. If an Incorporating Municipality withdraws from the GLWA, the Governor shall appoint a replacement Board member who shall be a resident of the withdrawing municipality. Such a member shall serve at the pleasure of the Governor and shall maintain the terms of office originally assigned to that office.

Section 5. All members appointed under Section 1 of this Article shall have at least seven years of experience in a regulated industry, a utility, engineering, finance, accounting or law.

Section 6. Board members may be compensated within limits established by the affirmative vote of at least five (5) members of the Board and approved by the Mayor of the City of Detroit and the County Executives of each County with appointing authority under Section 1(b) of this Article, consistent with the practices of other large public utilities.

Section 7. Board members may be reimbursed for actual and necessary expenses incurred while attending Board meetings or performing other authorized official business of the GLWA.

Section 8. An individual who has been convicted of, pled guilty or no contest to, or forfeited bail concerning a felony under state or federal law shall not be appointed to or remain a member of the

Board. Such a person may be removed by the appointing authority or shall be removed for cause by the Board in accordance with the provisions of the Articles of Incorporation and these By-laws.

ARTICLE IV
Officers

Section 1. The Board shall elect from among its members a Chairperson, a Vice-Chairperson, and a Secretary.

Section 2. The Board shall elect or appoint a Treasurer, who shall not be a member of the Board and who shall serve as the Chief Financial Officer of the GLWA. The Treasurer shall be custodian of the funds of the GLWA and shall provide a bond conditioned upon the faithful performance of the duties of his or her office

Section 3. The officers of the Board shall have such other powers and duties as may be conferred upon them by the Board.

Section 4. The Board may elect other officers as the Board considers necessary.

Section 5. The Board shall elect its officers annually at its first regularly scheduled meeting to be held in December of each calendar year.

ARTICLE V
Chairperson

Section 1. The Chairperson of the Board shall be its presiding officer. Unless otherwise provided within the Articles of Incorporation, the Chairperson shall not have any executive or administrative functions other than as a member of the Board.

ARTICLE VI
Vice-Chairperson

Section 1. In the absence or disability of the Chairperson, the Vice-Chairperson shall perform the duties of the Chairperson.

ARTICLE VII
Board Secretary

Section 1. The Secretary of the Board shall be the recording officer of the Board. The Board may delegate some or all of the duties of Board Secretary to staff, as the Board deems appropriate.

Section 2. The Secretary of the Board shall be present at all meetings of the Board and shall keep an accurate record of the minutes of the proceedings of such meetings. The records shall be open at all reasonable times to the inspection of any Board member.

Section 3. The Secretary shall be responsible for providing public notices of all meetings of the Board in accordance with the requirements of these By-Laws and other applicable laws.

Section 4. The Board Secretary shall call the roll at each Board meeting and record the names of the Board members absent from the meeting.

Section 5. In the absence of the Board Secretary at any meeting, the Board may designate a Secretary pro tem, who shall record the proceedings of such meeting.

ARTICLE VIII **Staffing**

Section 1: The Board shall appoint and fix the compensation of a Chief Executive Officer for the GLWA, who shall serve at the pleasure of the Board.

Section 2. The Chief Executive Officer shall supervise and be responsible for the day-to-day operation of the GLWA, including the control, supervision, management, and oversight of a water supply system or sewage disposal system (including a storm water collection and treatment system, or a combination of such systems), the issuance of bonds, notes and other evidence of indebtedness approved by the Board, the negotiation and establishment of compensation and other terms and conditions of employment for any employees of the GLWA, the negotiation, supervision, and enforcement of contracts entered into by the GLWA and approved by the Board, and the supervision of contractors of the GLWA in the performance of their duties. The Board may delegate to the Chief Executive Officer of the GLWA the power and responsibility to execute and deliver, and sign for, contracts, leases, obligations, and other instruments as have been approved by the Board.

Section 3. The Chief Executive Officer of the GLWA shall have all powers as are incident to the performance of his or her duties that are prescribed by the Act, the Articles of Incorporation, these By-laws, or by the Board. All actions of the Chief Executive Officer shall be in accordance with policies adopted by the Board and in compliance with applicable law.

Section 4. The Chief Executive Officer cannot do any of the following:

- (a) Appoint a successor;
- (b) Approve a contract that is not authorized by the Procurement policy;
- (c) Appoint or hire legal counsel for the Board without Board approval; or
- (d) Prescribe ethical standards for the Board or the GLWA's employees without Board approval.

Section 5. The Board shall require the Chief Executive Officer and the Treasurer of the GLWA to post a suitable bond of not less than \$50,000.00 issued by a responsible bonding entity, with the cost of the premium of the bond paid by the GLWA.

Section 6. The Board shall have the power to hire independent Board employees to assist the Board in the execution of Board functions and to fix the compensation for those employees.

ARTICLE IX
Duties of Board Members

Section 1. With respect to the management of the affairs of the GLWA, a Board member shall exercise the duties of a fiduciary toward the GLWA and shall discharge the duties of his or her position in a nonpartisan manner, in good faith, and with the degree of diligence, care and skill that an ordinarily prudent person would exercise under similar circumstances in a like position.

Section 2. In discharging his or her duties, a Board member, when acting in good faith, may rely upon the opinion of counsel for the GLWA and other experts or advisors retained by the GLWA, the report of an independent appraiser selected by the Board, financial statements of the GLWA represented to the Board member to be correct by the person having charge of the GLWA's books of account or stated in a written report by a certified public accountant or a firm of certified accountants, to reflect the financial condition of the GLWA.

ARTICLE X
Meetings and Voting

Section 1. The Board shall conduct regular meetings as needed and shall meet not less than once during each quarter of the year. The business of the Board shall be conducted at a public meeting of the Board held in compliance with the Michigan Open Meetings Act.

Section 2. The Board shall adopt a schedule of regular meetings and adopt a regular meeting date, place, and time, no later than January tenth of each calendar year.

Section 3. Special meetings may be called by the Chairperson of the Board or by any three Board members. Notice of a special meeting shall be given in the manner required by the Open Meetings Act.

Section 4. At any meeting of the Board, four or more members of the Board shall constitute a quorum for the transaction of business. When a quorum is present, a majority of all members of the board shall decide any question brought before such a meeting unless a super-majority vote is required, consistent with the Act, the Articles of Incorporation, these by-laws, or other applicable law. A member may be deemed present for a meeting if participating by conference call, video-conference, or other electronic means whereby the member can hear the proceedings and participate in the deliberations and votes. Participation in a meeting in this manner constitutes presence in person at the meeting for all purpose including determination of a quorum.

Section 5. The following actions may not be approved by the Board unless adopted by a super-majority affirmative vote of at least five (5) members of the Board and otherwise comply with the requirements of the Act:

- (a) Setting or approving rates and/or charges for the provision of water and sewer services, including storm water collection and treatment services, or for a combination of such services;
- (b) Establishing and adopting the GLWA's operating budget;

- (c) Establishing and annually approving a five-year capital improvement program;
- (d) Establishing and adopting procurement rules and regulations which are consistent with the Articles and the Act;
- (e) Selecting a Chief Executive Officer;
- (f) Authorizing the issuance of debt;
- (g) Removing a Board member for cause; or
- (h) Approving or modifying the lease of DWSD assets with the City of Detroit.

Section 6. A vote to amend the Articles of Incorporation for the GLWA shall require a unanimous vote of the Board as well as compliance with Section 6 of the Act, including the approval of the amendment by the legislative bodies of each Incorporating Municipality.

Section 7. Beginning with Fiscal Year 2017, the Board shall formally adopt a two year operating budget. Consistent with Section 5 of this Article, the two-year operating budget shall require the affirmative vote of five members.

Section 8. The Board shall provide for a public comment period at its meetings, consistent with the requirements of the Open Meetings Act. The Board may adopt a policy to implement this subsection of the By-laws.

ARTICLE XI **Committees**

Section 1. The Board shall appoint an Audit Committee consisting of three (3) members. The Audit Committee shall have all of the powers and duties provided within the Articles as well as any additional duties designated by the Board, consistent with the Articles and these By-Laws.

Section 2. The Board may appoint such other advisory committees as it may deem expedient for the purposes of conducting Board business. Either the Board or the Chief Executive Officer may refer an item to a committee for its review and/or recommendation.

Section 3. Any item referred to a Board committee shall be returned to the Board within thirty days of that referral with one of the following statements: “recommended for approval”, “not recommended for approval”, or “returned without recommendation”.

Section 4. With the exception of the hiring of an independent auditor as specified within the Articles, a committee of the Board shall not have any authority to bind the Board or the GLWA with respect to any matter brought before that committee.

ARTICLE XII **Records and Reports**

Section 1. The Board shall keep a written record of its proceedings and shall make those records available to the public in a manner that is consistent with the Michigan Freedom of Information Act, the Act, and the Articles of Incorporation.

Section 2. The Board shall obtain an annual audit of the GLWA's Financial Statements by an independent certified public accountant and report on the audit and auditing procedures in accordance with state law and generally accepted government auditing standards, as well as federal grant compliance audit requirements. The Board shall furnish at least two copies of the annual audit to each Incorporating Municipality. The audited financial statements shall be posted on the GLWA's website. In addition, the audited financial statements shall be filed with the Michigan Department of Treasury upon approval of the GLWA Board.

Section 3. The Chief Executive Officer shall present to the Board year-to-date budget reports on no less than a quarterly basis, including explanations for significant variances in the budget.

Section 4. The GLWA shall prepare an annual report detailing all contracts entered into by the GLWA during the immediately preceding fiscal year. This report shall be posted on the GLWA's website and shall be otherwise made available to the public pursuant the Michigan Freedom of Information Act.

ARTICLE XIII **Conflicts of Interest**

Section 1. The Board shall establish an Ethics policy that is consistent with the Articles of Incorporation. The policy shall, at a minimum, include language prohibiting conflicts of interest for board members, consistent with Article 7 of the Articles of Incorporation.

Section 2. The Board shall adopt a Procurement Policy, consistent with the requirements of the Articles and these By-Laws, which prohibits the GLWA from entering into contracts with any individual who has been convicted of a criminal offense with respect to governmental contracting or any other crime that negatively reflects on the person's business integrity.

ARTICLE XIV **Amendments**

Section 1. These By-Laws may be amended at any meeting by a vote of at least four (4) members provided that all Board members are provided with at least twenty-four (24) hours advance notice of the language proposed to be amended within the By-Laws and the intent to vote on such an amendment.

ARTICLE XV **Governance and Rules of Procedure**

Section 1. The Board shall be governed by the Act, the Articles of Incorporation and these By-Laws.

Section 2. The Board may adopt rules of procedure with respect to the conduct of its meetings as well as the meetings of its committees. In the absence of its own rules of procedure, the rules of Parliamentary Procedure comprised in the then current version of "Robert's Rules of Order Newly Revised" shall govern the board.

ARTICLE XVI
Immunity and Indemnification

Section 1. A Board Member or an officer, appointee, or employee of the GLWA shall not be subject to personal liability when acting in good faith within the scope of his or her authority or on account of the liability of the GLWA.

Section 2. Unless otherwise specified by contract or other written document, the GLWA shall indemnify and defend or may procure insurance indemnifying and/or providing for the defense of GLWA officers, appointees, employees, and Board Members from personal loss or accountability, for liability (including but not limited to judgments, attorney fees, penalties, fines and amounts paid in settlement) asserted by a person with regard to bonds or other obligations of the GLWA, or from any personal liability or accountability by reason of the issuance of the bonds or other obligations of the GLWA or by reason of any other action taken or the failure to act by the GLWA.

Section 3. The indemnity and defense described in Section 2, above, shall continue as to an individual who has ceased to be a Board Member or an officer, appointee, or employee of the GLWA and shall inure to the benefit of such indemnitee's heirs, executors and administrators. Unless otherwise waived as a part of a written contract or agreement, the right to indemnification conferred under this Section 3 shall be a contract right.

Approved 7-29-15