

The Four Lakes Task Force LLC

GOVERNANCE

The Four Lakes Task Force (FLTF) is a 501(c)(3) non-profit LLC. FLTF will operate in accordance with the 2020 Amended and Restated By-Laws (By-Laws) of the Four Lakes Task Force.

Mission of the Board

The purpose of the FLTF is reflected in Article II of the 2020 Amended and Restated Articles of Incorporation of the Four Lakes Task Force.

The mission of the FLTF Board is to ensure a sustainable future for Sanford, Wixom, Smallwood and Secord lakes (“The Four Lakes”) and the respective dams, for the benefit of property owners around the lakes, the environment, local businesses, recreational lake users and the economic welfare of Midland and Gladwin counties.

A Sustainable Future for the Four Lakes

The best and only use of the dams and lake properties is as lakes. That has been true for the last 100 years, it is true now, and it will be true for the next 1,000 years.

After May 19, 2020, the future of the FLTF implementation of this mission was significantly challenged, but unchanged. Our community has a sense of urgency, as does the Four Lakes Task Force, to return our lakes to their normal levels as we face recovery and restoration of the four lakes. It is important to the Four Lakes Task Force that we restate to ourselves and our community the principles in which we will achieve our objectives.

OBJECTIVE

Bring back normal lake levels to all lakes, with all dams in compliance by or before 2026.

Principles

1. **SAFETY:** The safety of the public is a priority over all other objectives and actions.
2. **ENVIRONMENT:** The habitat for wildlife that has existed and associated with the normal lake levels will be integrated into our actions.
3. **TRANSPARENCY:** The communications with the community and stakeholders will be done frequently and allow for input.

Critical Issue – Affordability

Part 307, Inland Lake Levels of the Michigan Natural Resources and Environmental Protection Act of the State of Michigan is in place for over 300 lakes. The costs are normally passed along to the benefited property owners by special assessment. The transition from Boyce, loss of hydropower revenue, and the restoration and repair will put a burden on the lake communities, that if not addressed will be unaffordable for many property owners.

While we cannot guarantee that everyone will see the solutions as affordable, it is the Four Lakes Task Force commitment and intention to pursue every course possible while managing within our principles to

keep the restoration of the lakes affordable to as many people as possible in the Special Assessment District (SAD). The SAD is the basic source of revenue (in addition to grants and contributions) for restoring and operating the lakes and dams. Fundraising is being conducted to offset the burden on the county and to keep property owner fees as low as possible for the recovery and restoration of the Four Lakes.

The governance committee will oversee compliance with the terms of the agreement dated August 21, 2019 between Gladwin County, Midland County and FLTF. A copy of the agreement is provided to the governance committee for reference.

Near-term FLTF responsibilities under sections 1, 2 and 3 of the agreement:

- Oversee and manage the preparation of a Four Lakes Special Assessment District and special assessment rolls in accordance with the procedures in Part 307

The ongoing FLTF responsibilities are spelled out in the referenced agreement sections:

Sections 4, 7 and 11 describe the FLTF responsibilities. **Table A** summarizes the responsibilities pursuant to the contract with the counties and identifies the specific section numbers in the contract.

TABLE A. Responsibilities of FLTF under the agreement with the counties.

1. Prepare and submit an annual budget to the counties, including a 3-year budget forecast (Section 4(a) of the Agreement).
2. Conduct an annual audit and provide the results to the counties (Section 7).
3. Submit an annual progress report to the counties (Section 4(b)).
4. Make arrangements for supervision, management, direction and control of day-to-day operations and management of the Part 307 facilities (Section 4(c)).
5. Prepare an annual operation plan (Section 4(d)).
6. Obtain all governmental approvals required to be held by the counties (Section 4(e)).
7. Indemnify the counties (Section 4(f)).
8. Arrange for performance tests of the facilities and carry out any remedial actions to correct deficiencies revealed by the tests (Section 4(i)).
9. Administer contracts for overhaul and maintenance of the Part 307 facilities (Section 4(j)).
10. Manage consultants (Section 4(k)).
11. Promptly notify the counties of any force majeure events (Section 4(l)).
12. Perform site maintenance (Section 4(m)).
13. Provide for security of the facilities (Section 4(n)).
14. Maintain compliance with the Open Meetings Act (Section 4(o)).
15. Periodically review the renewal of the agreement (Section 11).

A. Lake Associations. Responsibilities and expectations between FLTF and the Wixom Lake Association, Sanford Lake Association, Smallwood Lake Association and Secord Lake Association (the “lake associations”).

As outlined in Section C, the primary role of FLTF is to acquire, operate, maintain, improve and repair the dams for each of the four lakes, and interface and communicate with the Midland and Gladwin county

elected officials, officers and designated employees and agents, in its capacity as the Part 307 Delegated Authority and in accordance with the agreement between the FLTF and the counties.

Each of the lake associations will continue to carry out their responsibilities as set forth in their respective articles of incorporation and By-Laws and will be the primary source responsible for interfacing and communicating with the residents served by their respective association, the local municipalities (i.e. townships and/or villages), and if applicable, respective lake improvement Boards concerning matters associated with their respective lakes. Lake association members that are appointed to the FLTF Board will be responsible for communicating with their respective lake association Board of directors, lake residents and municipal governing bodies concerning the FLTF activities.

B. Four Lakes Operations Corporation (FLO).

Four Lakes Operations Corporation (FLO) was created to manage the long-term operations of the four dams, following the acquisition and/or control of the lake level facilities and power generation facilities from Boyce Hydro. At this time, this entity is no longer needed and the corporation has been dissolved.

FOUR LAKES TASK FORCE BOARD OF DIRECTORS (the “Board”)

FLTF Board Composition and Membership: The Board was initially populated with volunteers from each of the lake associations for Wixom, Sanford, Smallwood and Secord. The terms of directors, the vacation of director positions, and the process for nominating and approving replacement directors are outlined in the By-Laws, Article I, Section 2 and Section 3.

All lake association Board members must be property owners in the Four Lakes Special Assessment District at the time of their nomination.

Wixom Lake Association, Sanford Lake Association and Secord Lake Association will each appoint two members from their respective Board of directors to serve on the FLTF Board. Smallwood Lake Association will appoint one member from its Board of directors to serve on the FLTF Board. A lake association Board may nominate an alternate Board member as an ad-hoc participant to serve in the absence of the standing Board member. The Board member must provide 48-hour notice to the FLTF chairperson or secretary that they are unable to attend, so an alternate Board member can attend.

County members of the FLTF Board will serve a 2-year term or until that county Board member’s county role changes.

The election or appointment process for Board officers is set forth in Article III of the By-Laws.

Board Member Terms

Given the need for continuity, Board members will be assigned 2- to 4-year terms to maintain experience through the implementation period and to stagger the terms.

See Appendix A for terms of current board members.

The Board has standing committees for “Governance” and “Finance”. The Board may, at its discretion, create committees or a task force to address critical issues and report back to The Board at a regular

Board meeting. A committee or task force will include no more than four (4) Board members.

FLTF GOVERNANCE COMMITTEE

The governance committee is established in accordance with Article IV, Section 2 of the By-Laws. The governance committee shall consist of the FLTF Board chairperson and up to 3 additional board members, with an FLTF attorney as a legal advisor and Secretary to record minutes. At all times, the majority and quorum of the committee shall consist of Board members. The committee shall not have enough FLTF Board members to constitute a quorum of the FLTF Board.

- The committee reports to the Board
- The Board chairman will appoint the committee chair
- The committee shall schedule quarterly meetings for the current year, plus additional meetings as needed or directed by the Board. Minutes will be kept of all meetings, approved by the committee, and made available for distribution to the Board.

Governance Committee Responsibilities

The governance committee is responsible for developing and maintaining the overall governance model for the FLTF. This committee will provide oversight during the transition of the Task Force from asset acquisition to asset operations to ensure the structure meets the changing responsibilities of FLTF.

Primary Responsibilities:

1. Review and recommend updates to the Board on:
 - Board By-Laws
 - Committees and their charters
 - Charters, policies, and procedures for the FLTF
2. On behalf of the board
 - Oversee compliance with By-Laws and applicable laws, regulations and permits.
 - Oversee compliance with FLTF responsibilities under the counties/FLTF agreement.
 - Nominate members of other committees.
 - Oversee acquisition including bankruptcy and condemnation process.
 - Oversee FLTF contracts with Midland and Gladwin counties.
 - Oversee legal, officer and personnel actions, including compensation.

Oversee milestones, accomplishments, and program implementation

And Provide a Report to the Board at annual meetings

The committee may engage consultants or others in an advisory role as needed to accomplish the committee's business, with a review by FLTF legal counsel and approval of the Board.

Last revised and approved: September 4, 2020

FLTF FINANCE COMMITTEE

The finance committee is formed in accordance with Article IV, Section 2 of the By-Laws. The FLTF governance committee will appoint a finance committee, consisting of at least two (2) Board members, plus other members as deemed necessary, including the FLTF Board (“Board”) Treasurer. At all times, the majority and quorum of the committee shall consist of Board members. The finance committee shall not have enough FLTF Board members to constitute a quorum of the FLTF Board.

- The finance committee reports to the Board
- The chair of the finance committee shall run the meetings
- The finance committee shall schedule standing monthly meetings for the current year, plus additional meetings as needed or directed by the Board. Regularly scheduled meetings may be canceled if unnecessary. Minutes will be kept of all meetings, be approved by the committee and made available for distribution to the Board

The finance committee will track the financial performance and results of the FLTF, advise and report to the Board, including revenue cost performance versus budget and planned future revenue and spending.

Finance Committee Responsibilities

Primary Responsibilities:

- Monitor FLTF financial records, review and oversee the creation of accurate, complete, timely, and meaningful financial statements to be presented to the Board
- Review the annual budget and recommend it to the full Board for approval
- Monitor budget implementation and financial procedures, and anticipate financial problems
- Monitor and ensure the safeguarding of assets
- Monitor compliance with federal, state and other financial reporting requirements
- Schedule and facilitate the annual FLTF audit

The committee shall work with the chair of the Board developing long-range financial and capital plans and shall perform other duties that may arise from time to time as required by the Board.

The committee will have oversight of all FLTF finances, including:

1. Procurement and payment authorization policy and process.
2. Management of FLTF funds, including:
 - Proceeds from the Four Lakes Special Assessment District (SAD) notes/bonds
 - Any funds received via the counties from the Four Lakes SAD
 - The 2019 grant from the State of Michigan
 - Any other funds received
3. Financial reports.
 - Presented at regularly scheduled Board meetings
 - Provided to Midland and Gladwin county Boards of Commissioners for public information

Maintain income and spending records for FLTF funds.

The committee, through the FLTF treasurer, will maintain interactions with the treasurers of Midland and Gladwin counties. The interactions will involve:

- Oversight of funds collected from the Four Lakes SAD in excess of amounts required for bond payments

- Information on anticipated future revenues based on changes in property ownership and land division within the Four Lakes SAD

The committee may engage consultants or other advisors in an advisory role as needed to accomplish the committee's business, with a review of FLTF legal counsel and approval of funds by the governance committee.

Last Revised and Approved: September

Appendix A. Terms for 2021 Board Members

Representing Secord Lake Association, Inc.

- Phil Dast 2021-2023
- Charles Sikora 2021-2024

Representing Wixom Lake Association

- Don Zakett 2021-2022
- David Rothman 2021-2023

Representing Sanford Lake Association

- Adam Beebe 2021-2024
- Dave Kepler 2021-2022

Representing Smallwood Lake Association, Inc.

Mark Mudge 2021-2024