

**GREAT LAKES WATER AUTHORITY  
CHANGE ORDER NO. 2  
TO  
CEO EMPLOYMENT AGREEMENT**

This Change Order No. 2 to CEO Employment Agreement (“Change Order”) is entered into by and between the Great Lakes Water Authority, through its Board of Directors, a Michigan municipal authority and public body corporate organized pursuant to Public Act 233 of 1955, with its principal place of business located at 735 Randolph, Detroit, Michigan 48226 (“GLWA”), and Susan Faye McCormick (“Employee”).

**Recitals**

Whereas, GLWA has engaged the Employee under this CEO Employment Agreement (“Agreement”) to provide certain professional services (“Services”) to GLWA as its Chief Executive Officer pursuant to certain terms and conditions; and

Whereas, it is the mutual desire of the parties to enter into this Change Order to amend the Agreement as set out in detail in the following sections; and

In consideration of the foregoing, and of the benefits to accrue to the parties from this Change Order, the parties agree that the Agreement is amended as follows:

1. Section 2.3 of Article 2 “Position and Duties” is deleted in its entirety and replaced with the following:

McCormick shall devote substantially all of her business time and attention to the performance of her duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or materially interfere with the performance of such services either directly or indirectly without the prior written consent of the Board. Notwithstanding the foregoing, with prior notice to the Board, McCormick may act or serve as an unpaid director, trustee, committee member or member of a civic or charitable organization and may participate in professional organizations and associations as long as these activities do not materially interfere with the performance of McCormick’s material duties and responsibilities to the Authority.

2. Section 4.1 of Article 4 “Compensation” is deleted in its entirety and replaced with the following:

Effective July 1, 2018, the Authority shall pay McCormick an annual salary of **\$246,600**, payable in accordance with the Authority's customary

payroll practices, subject to customary and mandatory withholdings. Nothing in this provision shall be interpreted as guaranteeing employment or compensation for a full year or for any period of time. McCormick's salary shall be reviewed at least annually by the Board, which may increase or decrease the salary.

- 3. Attachment B to this Agreement is deleted in its entirety.
- 4. Attachment C to this Agreement is deleted in its entirety and replaced with the attached Attachment C.
- 5. All other terms and conditions of this Agreement remain unchanged and in full force and effect.
- 6. The effective date of this Change Order shall be July 1, 2018
- 7. McCormick hereby acknowledges that she was provided with this Agreement prior to its execution, and that she has had the time and opportunity to review this Agreement with such counsel as she deems appropriate, to provide comment prior to her execution of this Agreement, and to clarify any provisions she did not understand. McCormick further acknowledges that she has read this Agreement, and by her signature below acknowledges that she fully understands and agrees to the contents, terms, and conditions of this Agreement.

Accordingly, GLWA, by and through its duly authorized officer, and the Employee have executed this Change Order.

**Susan Faye McCormick**

By: \_\_\_\_\_  
Signature

Dated: \_\_\_\_\_

**Great Lakes Water Authority:**

By: \_\_\_\_\_  
Freman Hendrix

Title: Chairman, GLWA Board of Directors

Dated: \_\_\_\_\_

APPROVED BY GLWA  
BOARD OF DIRECTORS ON:

\_\_\_\_\_

Date

APPROVED AS TO FORM BY:

\_\_\_\_\_

GLWA General Counsel

\_\_\_\_\_

Date

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**ATTACHMENT C  
TO  
CEO EMPLOYMENT AGREEMENT  
GREAT LAKES WATER AUTHORITY  
CHANGE ORDER NO. 2**

**GREAT LAKES WATER AUTHORITY  
CHIEF EXECUTIVE OFFICER  
EFFECTIVE UTILITY MANAGEMENT GOALS  
AND BONUS PLAN FOR FISCAL YEAR 2018-19**

**A. Effective Utility Management**

Consistent with Article 2 of this Agreement, the Great Lakes Water Authority's (GLWA) mission and values, the GLWA Board's strategic planning and policy direction, the Chief Executive Officer (CEO) of the GLWA shall utilize the principles of Effective Utility Management (EUM) to carry out her responsibilities for the general supervision and management of the affairs of the utility, including establishing and delineating organizational goals and objectives which further GLWA's mission and values.

In Carrying out these responsibilities, the CEO shall:

A. Ensure high quality water standards and compliance with the Safe Drinking Water Act, Clean Water Act, Clean Air Act and such other environmental laws and regulations as are relevant to the operations of GLWA.

**EUM ATTRIBUTES SUPPORTED:**

**Water Resource Sustainability**

**Infrastructure Strategy and Performance**

**Product Quality**

**Enterprise Resiliency**

B. While striving to maximize the quality of GLWA's credit rating, ensure that GLWA maintains at least an "A" credit rating by employing sound financial management strategies including but not limited to : recommendation of a proposed Capital Improvement Plan (CIP), Financial Plan, and Schedule of Water and Sewer Customer Charge Allocations to the Board for its review and determination and collaboration with the Board and member-partners on a strategy for balancing equity and stability in customer charge allocations and implementation.

**EUM ATTRIBUTES SUPPORTED:**

**Financial Viability**

**Operational Optimization**

**Community Sustainability**

**Infrastructure Strategy and Performance**

C. Consistent with the Board’s approved CIP and Financial Plan, guide GLWA optimization initiatives to-initiate cost-effective changes, including but not limited to: (1) plant staffing and automation deployment; (2) treatment unit processes and cost-effective minimization of untreated CSO discharges; (3) energy management; (4) water loss reduction; (5) effective use of available capital; and (6) asset management/maintenance management.

**EUM ATTRIBUTES SUPPORTED:**

<b>Operational Optimization</b>	<b>Infrastructure Strategy and Performance</b>
<b>Community Sustainability</b>	<b>Financial Viability</b>
<b>Enterprise Resiliency</b>	<b>Employee Leadership and Development</b>
<b>Water Resource Sustainability</b>	<b>Product Quality</b>

D. Provide a system of customer outreach and engagement such that each year at least 90% of GLWA’s member-partner’s express satisfaction with GLWA’s management’s performance.

**EUM ATTRIBUTES SUPPORTED:**

<b>Customer Satisfaction</b>	<b>Stakeholder Understanding and Support</b>
<b>Community Sustainability</b>	<b>Financial Viability</b>

E. Develop a system of compensation, training, and engagement for GLWA team members to ensure that GLWA meets or exceeds water service sector team member retention rates.

**EUM ATTRIBUTES SUPPORTED:**

<b>Enterprise Resiliency</b>	<b>Employee Leadership and Development</b>
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F. Recommend proposed annual increases, if any, in GLWA’s revenue requirement in an amount not to exceed 4%.

**EUM ATTRIBUTES SUPPORTED:**

<b>Financial Viability</b>	<b>Customer Satisfaction</b>
<b>Community Sustainability</b>	

**II. Bonus Plan**

On or before June 30, 2019, the Board will meet to evaluate the CEO's progress in achieving the EUM Goals set forth in Section I of this Attachment C, which are adopted by the Board as its expectations. After discussing each goal, the Board will determine by majority vote whether, taken, the CEO's performance for Fiscal Year 2018-19 has: failed to meet the Board's expectations, met the Board's expectations, or exceeded the Board's expectations.

<u>Board Evaluation</u>	<u>Bonus</u>
Fails to meet expectations	\$0
Meets expectations	\$5,000
Exceeds expectations	\$10,000

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