

NEWS RELEASE

Lake Mitchell Property Owners, Incorporated (LMPOI)

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RE: Petition being circulated to Lake Mitchell property owners

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The Lake Mitchell Property Owners, Incorporated (LMPOI) announced today that it has begun mailing a petition to all property owners on Lake Mitchell. The petition asks property owners to indicate their support for having sewer services users appointed to the Lake Mitchell Sewer Authority (LMSA) board. LMSA board members are appointed by the Cherry Grove, Selma and Clam Lake Township Boards.

Currently the five-member LMSA board has only one sewer services user on it and that same person was in charge of the sewer system over the many years when it was poorly managed and maintained; directly leading to the very high rate now being paid by all sewer system users. The LMSA rate has reached the point where Lake Mitchell property owners are currently paying over \$83 per month for sewer services that cost Cadillac residents only \$18-\$21 per month. The LMSA sewer rate is now one of the highest rates in the state of Michigan. Additionally, the LMSA is close to securing a federal loan for over \$9 million that will likely result in the rate being increased another 40% (to over \$116 per month).

The LMSA board has been operating with inadequate oversight, conflicts of interest, and insensitivity to sewer user concerns since it was established in 2016. The three townships and their representatives appointed to the LMSA board have resisted appointing sewer users to the LMSA board despite many well-qualified individuals who are Lake Mitchell property owners.

The LMPOI plans to use the petition results to show the Cherry Grove, Selma and Clam Lake Township boards that there is strong support for appointing sewer services users to the LMSA board. These new representatives will, in turn, ensure that the sewer system is governed in the best long-term interests of its customers.

END

Background Information:

After months and years of watching the LMSA board members neglect their fiduciary duty to the property owners, the LMPOI is responding to Lake Mitchell property owner complaints about ever increasing sewer services costs and lack of transparency in LMSA decision-making. From attending LMSA meetings and gathering information about LMSA decisions, the LMPOI is very concerned about the disregard for effective management and operation of the system and refusal to allow property owners to be involved.

The LMSA board has instead with the help of their attorney, who has an inherent conflict of interest with the three townships, told the LMPOI that due to state law the LMSA can do pretty much whatever it wants to do. The townships that have the responsibility for appointing the members of the board and monitoring their performance are not holding their LMSA board members accountable. In fact the LMSA board operated with members whose terms had expired and did not have a quorum of properly appointed members for many months during which time contracts were negotiated and signed by the chairman whose term had expired years earlier.

The LMSA operates without requesting bid proposals for major contracts including the current one with an engineering firm for a major system upgrade. As a result of this property owners believe that due to the board members not being affected by fee increases they are not effectively evaluating or controlling costs.

The LMPOI has tried a number of avenues to influence the LMSA board, including requesting sewer user representation on the board, meetings with the LMSA board, and is even considering legal action. After a number of requests for sewer user representation, the Articles of Incorporation of the LMSA were modified in February of 2020 with the stated purpose of making it easier for sewer users to be on the board. Following this change even though there were sewer users who indicated they were interested in serving, the current board members were immediately reappointed and to date there have been no additional sewer services using board members appointed.

The LMPOI is hoping that the three townships will finally appoint sewer users to the LMSA board once the township board members realize the number of property owners who strongly feel they should be properly represented. It is very

discouraging to see that the three townships have ignored the wishes of the Lake Mitchell property owners who make up a substantial portion of the tax base for the respective townships.