

Four Lakes Task Force

Gladwin and Midland Counties' Delegated Authority
of the Four Lakes Special Assessment District

December 17, 2020 Board Meeting

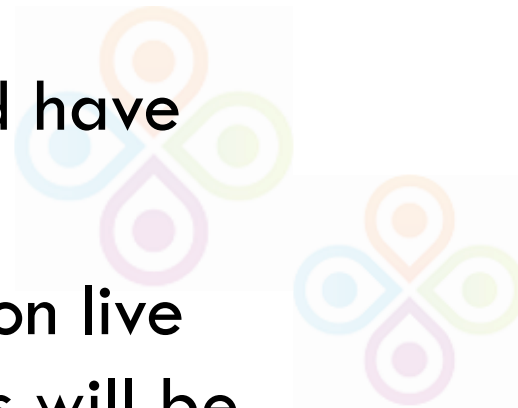


Four Lakes Task Force

Virtual Public Meeting

2

- This meeting is being held virtually in accordance with State of Michigan social distancing requirements related to COVID-19 as set forth by Gov. Whitmer
- FLTF received questions via email prior to the meeting and have structured the presentation to address most of them
- If you have questions or comments, you make ask a question live during the final 30 minutes of this presentation. Instructions will be given at that time



Agenda

3

- 1) Call to Order
- 2) Roll Call
- 3) Approval of the Agenda
- 4) Approval of Minutes from September 10, 2020
- 5) Consent Agenda:
 - a. Donation & Gift Policy
 - b. Accounting and Expenditure Policy Update
 - c. Deposit Policy
 - d. Four Lakes Operations Resolution to Dissolve
 - e. 2021 Meeting Schedule
- 6) Elections of Board Members and Officers
- 7) Financial Report
- 8) December 2020 Progress Report
- 9) Public Comment and Questions



Elections- FLTF Board Members

4

- Secord Lake Association
 - ▣ Phil Dast 2020-2023
 - ▣ ACCEPT Carl Kerr RESIGNATION DEC 31, 2020
 - ▣ Chuck Sikora 2021-2024 (NOMINATED BY SECORD LAKE ASSOCIATION)
- Smallwood Lake Association
 - ▣ Mark Mudge 2020-2021
- Wixom Lake Association
 - ▣ Don Zakett 2020-2022
 - ▣ David Rothman 2020-2023
- Sanford Lake Association
 - ▣ Adam Beebe 2020-2021
 - ▣ Dave Kepler 2020-2022

- Midland County*
 - ▣ Jeanette Snyder* nominated
- Gladwin County*
 - ▣ Joel Vernier moves off
 - ▣ Karen Moore nominated

*County Commissioners serve on the FLTF board at the pleasure of Midland and Gladwin Counties and their terms are determined by their respective counties

Elections – Officers and Committees

5

□ FLTF Officers

- President – Dave Kepler
- Vice President and Board Secretary- Dave Rothman
 - Kayla Stryker as administrative secretary
- Treasurer- Tamara McGovern
- General Counsel- Joe Colaianne

□ FLTF Committee Members

- Governance Committee: Chair: Dave Kepler, Members: Dave Rothman, Mark Mudge, Adam Beebe
 - Ad-hoc: Joe Colaianne,
 - Committee Secretary: Kayla Stryker
- Finance Committee: Chair: Mark Mudge, Members: Don Zakett, Phil Dast
 - Treasurer: Tamara McGovern
 - Committee Secretary: Kayla Stryker





6

Financial Report

2020 Expenses

2020 Budget Category	2020 Budget- Presented Jan 2020	Actual Expenditure as of 12.1.20	Explanation of Discrepancy
FLTF - Monthly Boyce Payment, Applied to Principal at 2022 Closing (Assumes through May 31)	\$ 200,000.00	\$ 200,000.00	FLTF made the \$40,000 payments to Boyce Hydro per the terms of the purchase agreement up until May
Initial Down Payment, Dam Acquisition	\$ 2,150,000.00	\$ 100,000.00	The original purchase agreement did not proceed as planned. FLTF has paid 100,000 as of 12.1.2020 per the terms of the settlement agreement
Interest Installments (Seller Financing)	\$ 460,800.00	\$ -	The purchase agreement did not proceed following the dam failures and these expenses did not occur.
Dam Purchase Principal Reduction (Seller Financing)	\$ 259,200.00	\$ -	
Dam Operating Costs	\$ 295,000.00	\$ -	FLTF did not take over operational control until December 2020.
Administration/Finance/Communications	\$ 195,000.00	\$ 377,430.34	Administrative costs increased as FLTF hired additional office staff to manage workload. Communications costs were higher than anticipated due to additional work stemming from the events of May 19, 2020.
Legal	\$ 480,000.00	\$ 940,316.28	Legal expenses increased due to the necessity of working through the bankruptcy and condemnation process as well as dismissals from lawsuits following the dam failures
Engineering	\$ 1,282,500.00	\$ 1,758,810.10	FLTF had completed \$200,000 in design engineering prior to the dam failures, post failure all engineering work had to begin again under the updated project scope.
Repairs	\$ 2,275,000.00	\$ 422,825.05	Some repair work had begun on the Edenville dam prior to the dam failure including the purchase of gate hoists
Contingency (+/-10%)	\$ 760,000.00	-	
TOTAL ESTIMATED 2020 EXPENDITURES	\$ 8,357,500.00	\$ 3,799,381.77	

Funding Accounts as of December 1, 2020

Total Current Funding as of 12.1.2020							
Category	MEDC Grant	Private Donations	Erosion Acct	HB 5396	Flood Study	SB 745	Total
Funds Spent	\$ 4,823,696.50	\$ 994,975.89	\$ 2,705.02	\$ 459,262.59	\$ 41,260.50	\$ 0	
Funds Obligated	\$ 150,000.00		\$ 153,831.05				\$ 303,831.05
Funds Remaining	\$ 26,303.50	\$ 663,351.09	\$ 97,294.98	\$ 14,540,737.41	\$ 58,739.50	\$ 2,500,000.00	\$ 17,582,595.43

- MEDC grant spending reflected above includes 2019 and 2020 expenditures
- Private donation spending reflected above includes 2018, 2019 and 2020 expenditures
- FLTF is the local sponsor for NRCS erosion projects- homeowners have given FLTF funding to pay for their portion of the local match for NRCS projects. FLTF is holding these funds for homeowners exclusively to pay for these projects.

* Note Final Reporting and Audit Report will be provided by April 2021

Four Lakes Task Force Expenses by Vendor Summary

January 1 - December 1, 2020

Category	Total
Admin	
Vendors under \$10,000	28,845.65
Administrative	91,793.04
Public Affairs	
Holland & Knight	30,000.00
Trapani Communications, Inc.	144,394.65
Engineering	
Essex	191,025.11
GEI	245,404.31
Spicer Group	1,322,380.68
Finance	
Briza Capital Advisors	63,250.00
Yeo & Yeo	19,147.00
Legal - Program Services	
Clark Hill PLC	461,334.15
Dreyer Hovey & Post LLP	21,452.10
Legal- Bankruptcy and Condemnation Effort	
Clark Hill PLC	209,949.17
Myers & Myers PLLC	105,080.86
Warner Norcross & Judd	142,500.00
Repairs	
Boyce Hydro Power, LLC	19,983.84
Fisher Contracting	118,661.21
Lemke	284,180.00
Acquisition	
Boyce Operations Payments	200,000.00
Escrow Account	100,000.00
TOTAL	\$3,799,381.77



Major Private Donors and Lake Associations

* Donors over \$10,000 are itemized in this table. FLTF also received over 300 donations from the public that are included in the overall total.

Source	2018/2019	2020	2021	2022	2023	2024	Totals by Donor
Anonymous		\$100,000					\$100,000
Anonymous		\$10,000					\$10,000
Consumers Energy		\$50,000					\$50,000
Dave Kepler	\$116,621	\$50,000					\$166,621
Dow Chemical	\$125,000	\$225,000					\$350,000
Rollin M. Gerstacker Foundation			\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
Herbert H. and Grace A. Dow Foundation			\$500,000	\$500,000			\$1,000,000
Kolevar Foundation		\$10,000					\$10,000
Patricia and David Kepler Foundation	\$140,000	\$600,000	\$100,000				\$840,000
Sanford Lake Association	\$15,000	\$20,000					\$35,000
Secord Township	\$15,000						\$15,000
Smallwood Lake Association	\$5,000						\$5,000
Charles J. Strosacker Foundation		\$125,000	\$125,000	\$125,000	\$125,000		\$500,000
Harry A. and Margaret D. Towsley Foundation		\$10,000					\$10,000
Wixom Lake Association	\$15,000	\$25,000					\$40,000
Private Donations Received							\$1,658,326.98
Money Pledged to FLTF							\$2,600,000.00
Total Donations							\$4,258,326.98

2021 Anticipated Expenditures

Four Lakes Task Force Anticipated Expenditures	
2021	
FLTF Program Office	\$ 606,204
Operations Expenses	\$ 595,145
FLTF Restoration Projects	\$ 33,353,938
FLTF Recovery Projects	\$ 4,547,650
Land Acquisition	\$ 1,476,000
Total	\$ 40,578,936

- These are preliminary anticipated expenditures
- Detailed 2021 budgets will be completed and shared in Jan 2021
- Reporting to Counties by April 2021
 - NOTE: While Counties get full reporting; they only approve Special Assessments or General County funds



Four Lakes Task Force

Gladwin and Midland Counties' Delegated Authority
of the Four Lakes Special Assessment District

Dec 2020 Progress Report



Four Lakes Task Force

Dave Kepler, President

Thank You!

For all Your Support and Engagement!

13

- ❑ Significant engagement in 211 days
 - ❑ Hundreds of volunteers
 - ❑ Hundreds of donors
- ❑ Over \$50 million in funds raised
 - ❑ Over \$4 million in private donations
 - ❑ State \$22 million and \$30 million in federal matches
 - ❑ 40-year financing created
- ❑ Engagement
 - ❑ 25 public meetings (more than 2,700 attendees)
 - ❑ 3,647 subscribers
 - ❑ Over 56,000 website visits



ON MAY 19th 2020

Everyone in our community was put in an unfair position.
The flood created destruction, extreme hardship and uncertainty.

***We strive to be transparent with information
that is not always precise in a situation that is uncertain and unstable***

→ WE UNDERSTAND AND ACCEPT THAT NOT EVERYONE AGREES WITH US ←

What FLTF Said in September:

From September 10th Recovery and Restoration Plan: Executive Summary

15

- It is the desire of Midland and Gladwin counties, and the lake communities, [to have the lakes and environment restored](#) to pre-disaster conditions
- As part of the restoration effort, completion of [a Feasibility Study is the next step](#) to bring more clarity to the restoration effort and prepare for engineering and construction
- FLTF will [exhaust every avenue](#) to obtain funds [to lower the assessments](#) to make them affordable for property owners
- Meetings to discuss plans, obtain community feedback and answer questions



FUTURE PUBLIC MEETINGS

- 2021 Board Meetings: *March 2 • June 1 • Sept. 7 • Dec. 7*
- Joint County Board of Commission and Four Lakes Force in *May 2021* – time and place TBD

“Dam Facts”

That Have *Not Changed!*

16

- Edenville and Sanford dams were destroyed
- Secord and Smallwood dams need major repairs and upgrades
- These dams were hydropower dams
 - ▣ Hydropower cannot finance the recovery of the lakes
 - ▣ Boyce did not and would not address the problem
- Someone has to pay for dam restoration or pay for the removal
- The two Counties stepped in for the public good
 - ▣ And the Four Lakes Task Force volunteered to help



What Has Changed Since September

17

- The counties are in control of the properties
- Received greater than \$50 million of financial support
 - ▣ Our government leaders are engaged
- There is a recovery plan in place and being implemented
 - ▣ Focus on managing through the winter and spring
- We have the funds to complete the studies and engineering
 - ▣ Essential steps to obtain financing to rebuild the dams



Three Phases

18

□ RECOVERY PHASE:

- **MUST BE DONE** to protect public health and safety
- Phase started May 22, 2020 and will go through all of 2021
- Will cost between \$30-\$40 million; *we have a plan*

□ FEASIBILITY STUDY AND ENGINEERING PHASE:

- **SHOULD BE DONE** to determine the BEST WAY to rebuild the dams and restore the environment
- Feasibility Study completed by April 2021
- *We are thankful for the State in funding the majority of costs for the studies*

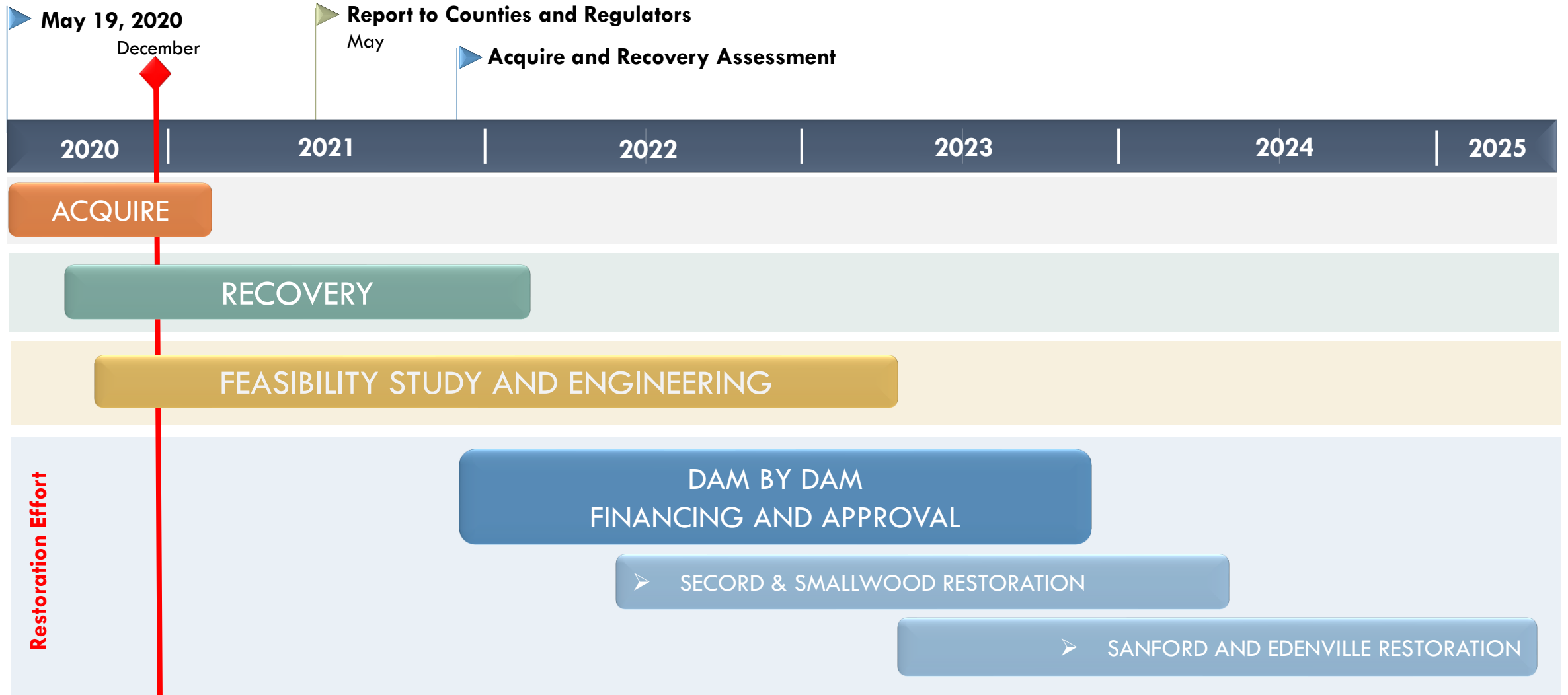
□ LAKE RESTORATION PHASE:

- **CAN BE DONE** in the next 3 to 6 years
- The preliminary planning cost is \$338 million
- If there is an acceptable affordability for the community and counties



UPDATED: Recovery and Restoration Plan*

*Highly dependent on timing, results of the investigation, and community, state and federal government collaboration



WE ARE HERE

December 17, 2020

RECOVERY PHASE 2020-2022

20

WE MUST DO for Public Safety

- ▣ Focus on dam stabilization, erosion and debris
- ▣ Started on May 22, 2020 and will go through 2021
- ▣ \$30-\$40 million

Soil Erosion is Underway

21

- First phase addresses high priority areas of ~ 120 homes that are at high risk
 - ▣ Most homeowners will pay no more than \$5,000
- 250 properties with erosion damage or threat do not qualify for federal grants
 - ▣ FLTF creating a program for self-help and support



Secord and Smallwood Stabilization

22

- **Secord and Smallwood stabilization repairs are underway**
 - Budget ~\$2 million through 2021
 - Concrete and riprap repairs, installing deicing equipment and heater, installing safety chains on gates, upgrades to prevent further erosion
 - This stabilized dams at their current lowered lake level
- **These northern lakes will not be raised in 2021**
 - Report to communities, counties and regulators by May 2021 on timing

NOTE: These repairs do not bring lake levels up

Edenville and Sanford Dam Stabilization

23

□ **Sanford**

- Budget ~\$10 million
- Debris removal completed
- Addressing embankments and spillways
- Stabilization work begins in 2021

□ **Edenville**

- Budget ~\$8 million
- Tobacco spillway reconfiguration is underway
 - End of February completion target
- Tittabawassee embankment & spillway work will start in summer of 2021



Demo of Tobacco Spillway
December 11, 2020

NOTE: These repairs do not bring lake levels up

RECOVERY PHASE SUMMARY 2020-2022

24

- **Financing:**
 - ▣ \$30 to \$40 million of funding obtained in direct and matching grants
 - ▣ FLTF is still fundraising for \$3-\$4 million
- **Dams are in the community's effective control**
 - ▣ Operations Team is in place
 - ▣ Property transferred to counties by January 2021
- **Proposing an assessment for 2021 and 2022**
 - ▣ Assessment is for acquisition and continuing Lake dam operations
 - ▣ \$100-\$200/year per lake owner starting in late 2021 through 2022
 - \$25-50/year for “backlots”



FEASIBILITY STUDY AND DESIGN PHASE

2020-2022

25

WE SHOULD DO to bring back the lakes

- The *State and private donations* are financing the planning process
- **~2 years before any assessment for dam reconstruction**
 - The Commissioners must approve assessments
 - PSC survey in January 2021
 - May 2021 Feasibility Study Report
 - Will be presented to both counties together

THE CRITICAL ISSUE FOR THE COMMUNITY AFFORDABILITY and UNCERTAINTY

26

- A **\$338 million project is expensive** for lake property owners
 - ▣ ~\$9 to \$10 million/year for operations and financing costs
 - ▣ The Counties cannot afford these dams without support from Special Assessment District
- **Restoration: ~3 years for northern and 5-6 years for southern lakes**
 - ▣ Capital assessments do not come until we have a clear financing plan
- It takes **\$150-\$200 million** to significantly reduce the capital assessment
 - ▣ This will take an Act of Congress and State Legislation
 - ▣ This is our government affairs action plan

UNCERTAINTY IS THE CHALLENGE WE FACE

“I don’t know when my lakes will come up and if I can afford it.”

It’s situational by lake by township and by county, upstream or downstream

What Choices are There?

WE ARE
HERE



CAPITAL ASSESSMENT	<p>NO PART 307 BENEFIT</p> <p>THIS SQUARE IS NOT AN OPTION</p>	<p>CURRENT PLAN</p> <ul style="list-style-type: none"> • FLTF brings forward the best option: (Studies, Engineering Plan and Financing) • 12-18 Months of Uncertainty
	<p>RETURN TO CIRCUIT COURT</p> <ul style="list-style-type: none"> • Lawsuit for removal of Legal Lake Level & Special Assessment District • The Counties will still have to address the costs of removal of the dams and the interim costs to operate dams 	<p>WAIT FOR <u>FEDERAL OR STATE FUNDS</u></p> <p>THIS SQUARE IS A TRANSITION (and not a choice FLTF can make)</p> <p>← or ↑</p> <p>Counties develop a new plan with Lake Associations supporting</p>
NO CAPITAL ASSESSMENT	<p>NO LAKE(S)</p>	<p>LAKE(S)</p>



We Understand Everyone Has Choices

28

FOUR LAKES TASK FORCE PLAN

- Spend the State of Michigan \$15 million to determine the feasibility and financing
- Look for alternative financing with all levels of government

To determine if this plan
is affordable.

Update in May of 2021

Decision to approve in 2022

PROPERTY OWNERS' CHOICE

- Wait and see
- Sell and leave
- Stay and fight FLTF plan
- Help ...
 - ✓ Fundraise
 - ✓ Advocate

Why Does it Take So Much Time?

29

1. Fractured community messages that opponents exploit
 - ▣ FLTF will change its strategy for communications
 - ▣ Next step is the PSC survey
2. This is a very large effort
3. Achieving an affordable assessment
 - ▣ You have to work for it
4. Environmental Restoration Plan
 - ▣ We have to address the environment not just the dams



1. Survey: To Understand Community Tolerance for Uncertainty and Your View of Affordability

30

- Paper surveys will be sent to ALL property owners the **week of January 10**
- Mailing lists are supplied by Midland and Gladwin counties. *Be sure your mailing information is up-to-date**
- The survey offers an option to respond online
- SCHEDULE:
 - Survey will be open from **January 10 - March 5**
 - PSC final report will be delivered in **April**
 - FLTF will include this report in its **May** report to counties



SURVEY



* Same address as where your tax bills are sent

2. Project Costs and Timeline

Range of \$250-\$400 million and time is most optimistic

Sanford	Edenville	Smallwood	Secord
Cost \$92 million	Cost \$208 million	Cost \$14 million	Cost \$24 million
2025	2025-2026	2022-2024	2022-2024
TOTAL PLANNING LEVEL COST - \$338 MILLION			

- These estimates are highly dependent on...
 - ▣ Flood level prediction and modeling (underway)
 - ▣ Safety, flood risk and environmental regulatory requirements
 - ▣ Method of construction and managing lake levels during construction

3. Achieving an Affordable Assessment

PLANNING LEVEL ASSESSMENTS - \$338 MILLION – SAD ONLY

Sanford	Wixom	Smallwood	Secord
\$88,000	\$72,000	\$22,000	\$13,000
\$2,357/year	\$2,110/year	\$585/year	\$339/year

Impact of State & Federal Grants	
Sanford	Wixom
\$60 Million	\$110 Million
\$30,000 or \$1,000/year	\$30,000 or \$1,000/year

Alternate financing will impact assessments. Sources we are exploring include:

- ▣ Federal, more state grants or allocations
- ▣ At-large assessments, local and state
- ▣ Private endowments and grants

4. Environmental Restoration Plan

33

FOUR LAKES PLAN - PREMISE

Under Part 307, Inland Lakes of the Natural Resources and Environmental Protection Act, the definition of “normal level” *means*:

The level or levels of the water of an inland lake that provide:

- The most benefit to the public
- That best protect the public health, safety and welfare
- That best preserve the natural resources of the state
- Best preserve and protect the value of property around the lake

FOUR LAKES PLAN CONTENTS

- Shoreline and Flood Plain Management
- Wetlands
- Fisheries
- Mussels
- Recreation Plan
- Invasive Species
- Bottomlands Transition Plan
- Water Quality Monitoring
- Stream Mitigation

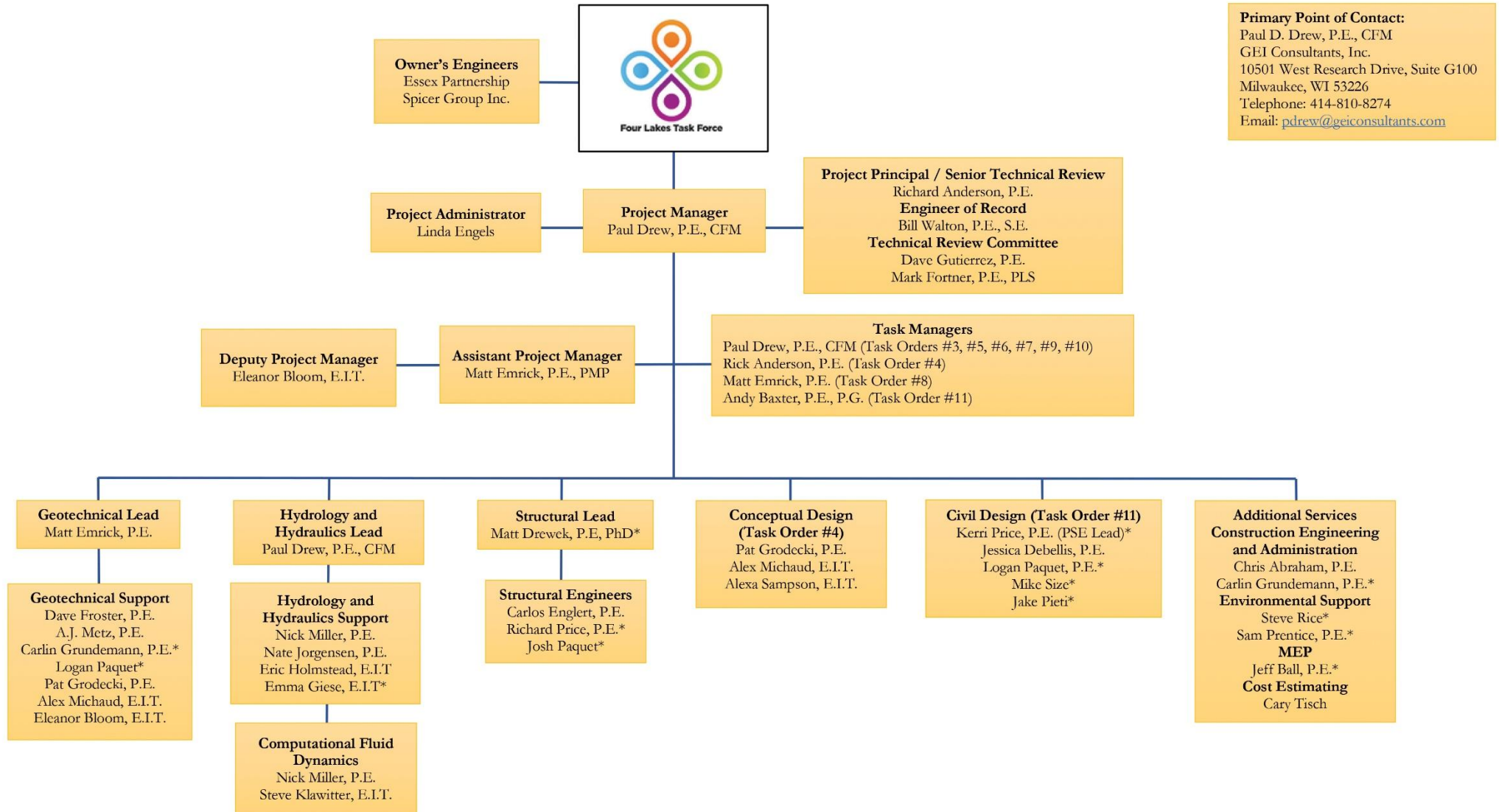
RESTORATION PHASE 2022-2026

34

CAN BE DONE to bring back the lakes

- ▣ Dam by Dam Financing and Approval
- ▣ Secord and Smallwood Start ~2022
- ▣ Sanford and Edenville Start ~2023
- ▣ Counties Approve:
 - ▣ Financing Plan
 - ▣ Assessment Rolls

An Expert Team with Extensive Credentials



Financing Dam by Dam, Multiple Months

36

- Qualified for USDA Community Facility Loan
 - ▣ Need to complete Engineering and Environmental Study
 - ▣ Show ability to finance in order to obtain the loan
- AFTER Design Engineering:
 - ▣ Bid letting and contractor selection for construction and final costs
 - ▣ Alternatives other than special assessments factored in to offset costs
- Assessment Determinations:
 - ▣ Capital assessments calculated for dam, appeals
 - ▣ Roll approval by counties
- Construction can begin - likely two seasons

2021 Focus

37

- *Complete major recovery effort underway*
- *Improve certainty on restoration time and cost*
- *We need to work together:*
 - ▣ *Public safety and environmental protection*
 - ▣ *Affordability, economic recovery and fundraising!*

A TEAM EFFORT

Having lakes is in the lake communities' control!





LET'S BRING BACK OUR LAKES



Four Lakes Task Force



We have this moment to restore our lakes

Public Comment

39

Ground rules:

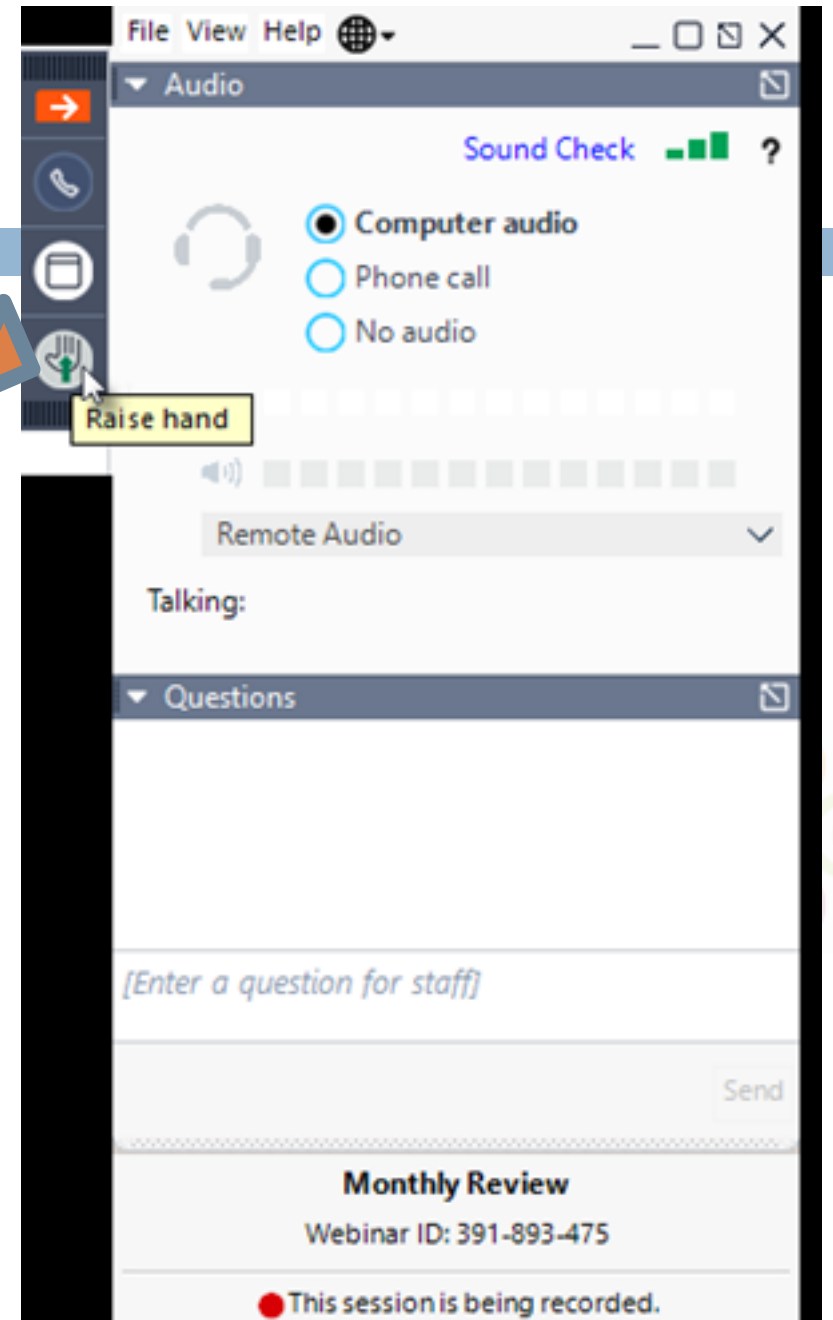
1. Because of time restrictions we will only allow individuals to ask one question. If time allows, we will give people additional opportunities at the end
2. If your question has already been asked by another participant, please do not ask that question again
3. If we do not get to your question, please send an email to info@fourlakestaskforce.org
4. Those who call in by phone, not using GoTo Webinar, may comment via email at info@fourlakestaskforce.org
5. Any commenter who is disrespectful, slanders another, is in any way inappropriate or otherwise refuses to follow the protocol will be muted
6. Prior to asking a question, please state your name and lake

Public Comment

40

To comment or ask a question:

1. “Raise your hand” by clicking on the icon
2. Comments will be taken in the order received as determined by the GoTo Webinar platform
3. When it is your turn, your name will be called and your microphone will be unmuted
4. You have 2 minutes
5. A timer will indicate how much time you have left
6. Individuals running over their time will be asked to quickly conclude before their microphone is muted



Comment Timer

00 : 02 : 00

Change Clock Type

Digital

Duration:

TimeUp Reminder

(Optional):



42

Thank you for joining us!