

Four Lakes Task Force

in Its Capacity as the County Delegated Authority on Behalf of the

Four Lakes Special Assessment District

April 16, 2020

Webinar



Four Lakes Task Force

Virtual Public Meeting

- Virtual meeting held in accordance with Gov. Whitmer's stay at home order on public meetings during COVID-19
- We want your comments and questions – see the bottom of every slide
 - Find “Question” on right of screen and write your question in the box provided
 - Or email four.lakes.mi@gmail.com
 - Questions will be included in the meeting minutes
- Questions and comments will be collected during the meeting and answered at the end, time permitting
- We will summarize and post questions from this meeting, and respond to individual questions offline and individually

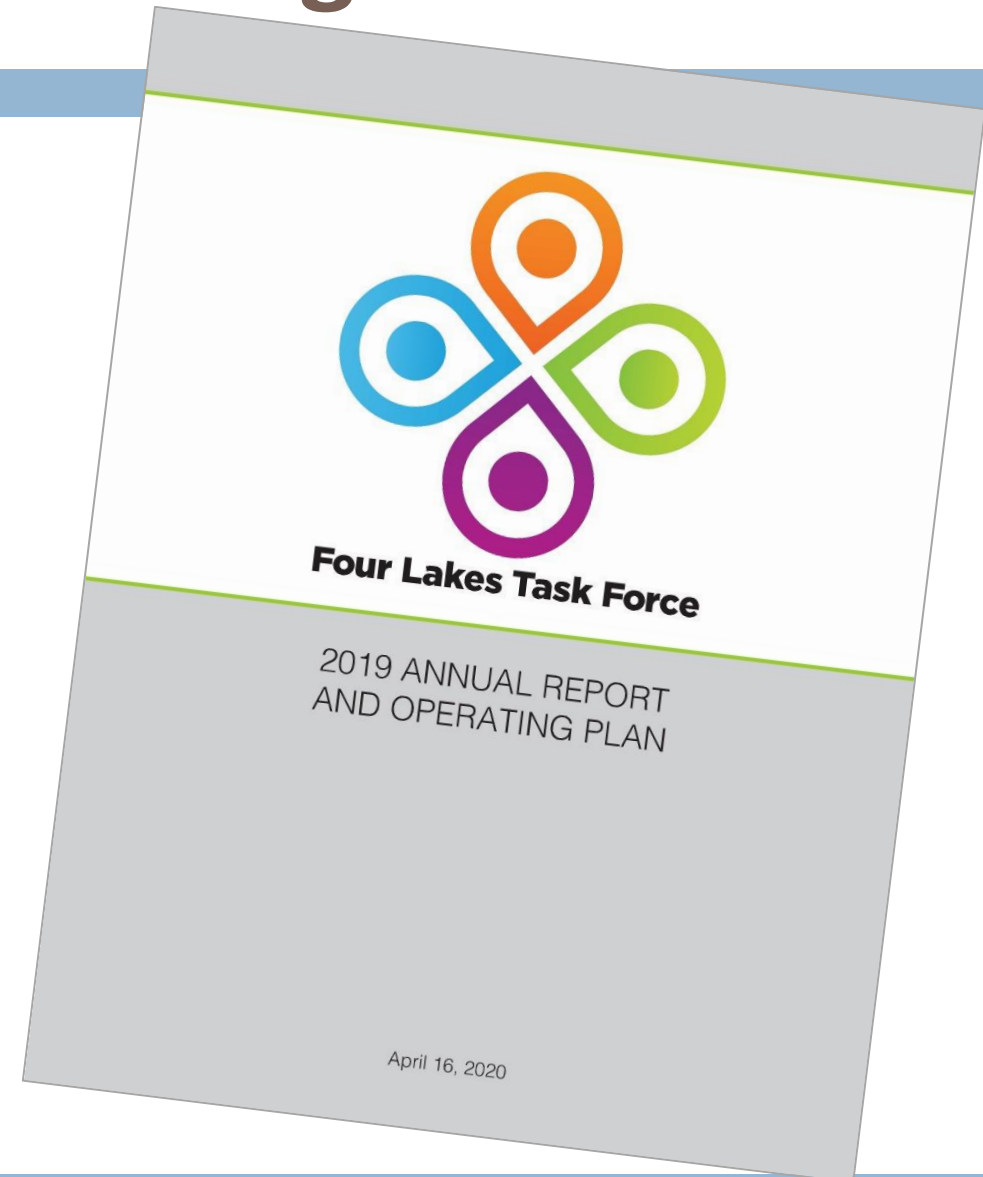
Agenda

- Administrative
 - Roll call
 - Approval of Agenda
 - Approval of Jan. 8, 2020 Meeting Minutes
- Annual Report
- Interim Financing
- Special Assessment District Methodology
- Response to Questions and Answers
- Adjourn

2019 Annual Report and Operating Plan

On the FLTF website

- Annual Report
- Updated SAD factor information and GIS map
- Sign-up for electronic newsletter
 - First electronic newsletter to go out this week for those signed-up
 - Regular mailings to email subscribers going forward



Objectives

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1. Transfer ownership and management of the dams to the counties
2. Repair dams to ensure safe operations and bring into compliance
3. Ensure lakes sustained for the community and future generations

----- Plans -----

- 2020
 - Finance to Acquire and Control the Dams
 - Long-Term Power Contracts
 - Address Critical Needs of Each Dam
 - Public Review of Assessment Methodology
- 2021
 - Complete Final Designs, Bids for Repairs
 - Mid-Year SAD Hearings and Roll Approval
 - Late-Year Construction Begins
- 2022-2024
 - Transfer Ownership and Operations from Boyce
 - Major Repairs for all Dams
- 2023-2028
 - FERC Relicensing of All Dams
 - New Secord and Edenville Auxiliary Spillways

Secord Dam

Critical Immediate Items for 2020

- Complete auxiliary spillway analyses and feasibility of maintaining hydro power
- Obtain extension of FERC schedule for auxiliary spillway
- Ingress/egress easements and property boundary
- Resolve recreational compliance

Smallwood Dam

Critical Immediate Items for 2020

- Property boundary and flowage rights
- Ingress/egress easements
- Gate hoists wire ropes
- Resolve Recreational compliance

Edenville Dam

Critical Immediate Items for 2020

- Completed the \$300,000 of winter repair items in March.
 - Concrete repairs to pier noses and wing walls
 - Installed new lifting lugs on gates to accommodate new gate hoist
- Complete an estimated \$2 million in repairs for 2020-2021 winter operations that include engineering design, permitting and construction related to:
 - Installation of six new gate hoists and Site safety de-icing improvements
- Complete Part 315 (“Dam Safety”) report to EGLE

Sanford Dam

Critical Immediate Items for 2020

- Conduct an as-built survey of recent embankment repairs by Boyce
- Acquire any ingress/egress easements needed for improvements
- Complete engineering design dam safety repairs as specified by FERC.
 - Immediate repairs include constructing an overlay of the concrete rollway spillway slab and concrete repairs to downstream training wall
- Selection of new wire ropes for gate hoists

Financial Summary

Statement of Revenues & Expenses, Change in Net Assets

December 31, 2019 (with summarized comparative information for 2018)

	2019	2018
Revenue		
Grants		
Michigan Economic Development Corporation (donor-restricted)	\$ 5,000,000	\$ -
Other Grants (without donor restrictions)	\$ 125,000	\$ -
Contributions	\$ 15,000	\$ 290,982
In-Kind Contributions	\$ 11,764	
Total Revenue	\$ 5,151,764	\$ 290,982
Expenses		
Program Services	\$ 1,395,714	\$ 48,324
Management and General	\$ 72,876	\$ 188,251
Total Expenses	\$ 1,468,590	\$ 236,575
Change in Net Assets	\$ 3,683,173	\$ 54,407
Net Assets Beginning of Year	\$ 115,137	\$ 60,730
	\$ 3,798,310	\$ 115,137

Expenses in 2019 were predominately program service-related, with over 90% attributed to legal and engineering costs. This work allowed the Four Lakes Task Force to establish legal lake levels in May 2019 and allowed for continued due diligence in identifying and evaluating future dam repairs.

Financial Summary

Statement of Condition		
December 31, 2019 (with summarized comparative information for 2018)		
	2019	2018
Assets		
Current Assets		
Cash	\$ 3,396,742	\$ 55,671
Property and Equipment	\$ 9,481,568	\$ 59,466
Total Assets	\$ 12,878,310	\$ 115,137
Liabilities and Net Assets		
Liabilities		
Dam Purchase Obligation	\$ 9,080,000	
Net Assets		
Without Donor Restrictions, Undesignated	\$ 421,922	\$ 115,137
With Donor Restrictions, Purpose	\$ 3,376,388	
Total Net Assets	\$ 3,798,310	\$ 115,137
Total Liabilities and Net Assets	\$ 12,878,310	\$ 115,137

Property owned by FLTF in 2019 included the dams at \$9,400,000, lake bottom lands at \$59,466 and office equipment at \$24,047. Total property and equipment at \$9,481,568 after deducting \$1,945 depreciation.

Beginning in May 2019, \$40,000 per month was paid to Boyce, totaling \$320,000. The \$320,000 paid was applied to the principal balance, reducing the amount owed to \$9,080,000.

Expenditures Planned in 2020

2020 Estimated Expenditures	
FLTF - Monthly Boyce Payment, Applied to Principal at 2022 Closing (Assumes through May 31)	\$200,000
Initial Down Payment, Dam Acquisition	\$2,150,000
Interest Installments (Seller Financing)	\$460,800
Dam Purchase Principal Reduction (Seller Financing)	\$259,200
Dam Operating Costs	\$295,000
Administration/Finance/Communications	\$195,000
Legal	\$480,000
Design Engineering-Sanford, Edenville, Smallwood and Secord	\$1,282,500
Edenville Repairs	\$2,275,000
Contingency (+/-10%)	\$760,000
TOTAL ESTIMATED 2020 EXPENDITURES	\$8,357,500

Resolution Authorizing the Issuance of the Bond Anticipation Notes

- May 28th Lake Level order signed by Judge Stephen Carras
- After public hearings in January, both Midland and Gladwin Counties approved a plan of finance not to exceed \$35 million
 - Principal sum of interim financing not to exceed \$8 million
 - Shall be issued and sold pursuant to Section 413 of Act 34
 - Other applicable statutory provisions, such as Part 307 of the Natural Resources Act, for the purpose of paying part of the costs of the Project
 - Cost of the Project is presently estimated to be \$37,900,000, of which \$5,700,000 in PMF repairs are not to be assessed to the district
 - Bonds to be issued therefore is presently estimated to be \$32,200,000

SAD Methodology

Base Factor

X

Frontage Factor

X

Other Factors

X

\$350*

Tentative Annual Assessment

*Current estimated assessment

Base Factor*	Factor Amount
Residential/agricultural/church parcels	1
Non-residential (≤20 slips and/or boat trailer parking sites at boat launch)	2
Non-residential (≥21 slips and/or boat trailer parking sites at boat launch)	6

*State and local government parcels are included and assessed within the SAD. These parcels are categorized by their use and classified as residential or non-residential.

Frontage Amount**	Frontage Factor Amount
Less than 300 ft.	1
300-400 ft.	1.1
400-500 ft.	1.2
500-600 ft.	1.3
600-700 ft.	1.4
700-800 ft.	1.5
800-900 ft.	1.6
900-1,000 ft.	1.7
1,000-1,100 ft.	1.8
1,100-1,200 ft.	1.9
More than 1,200 ft.	2
N/A	1

**If you have adjacent parcels or associated parcels in the same subdivision, add the frontage of each parcel to determine your total frontage amount. Use the total frontage amount to determine your frontage factor.

Other Factors	Factor Amount
Headwater zone (<1 mile downstream of dam)	0.5
Backlot parcel with private easement/dedicated access to water	0.25
Cemeteries, schools and parcels associated with a residence being assessed within same subdivision	0
None of the above/no other factors	1

SAD Examples



Chris owns a residential parcel on Smallwood Lake. He has 460 feet of water frontage and no other factors. Chris can expect his tentative annual assessment to be \$420.

Residential parcel (1) x frontage factor (1.2) x no other factors (1) x \$350 = \$420



Joanne and Dave own a residential parcel in Tobacco Township. Their parcel is a backlot with no other factors. They can expect their tentative assessment to be \$88 per year.

Residential parcel (1) x frontage factor (1) x private easement factor (0.25) x \$350 = \$88



Ed has a residential parcel with 295 feet of frontage on Wixom Lake. The parcel has no other factors so his tentative annual assessment will be \$350.

Residential parcel (1) x frontage factor (1) x no other factors (1) x \$350 = \$350



Chris and Courtney own a non-residential parcel with 26 boat slips. The property has 970 feet of frontage and no other factors. The tentative annual assessment for the parcel is \$3,570.

Non-residential parcel with 26 slips (6) x frontage factor (1.7) x no other factors (1) x \$350 = \$3,570



A local school owns a non-residential parcel with 630 feet of frontage. It doesn't have any slips. Because it's school property, it has a 0 factor making the tentative annual assessment \$0.

Non-residential parcel with 0 slips (2) x frontage factor (1.4) x school factor (0) x \$350 = \$0

Learn More at Upcoming Meetings

- FLTF quarterly meetings in Midland and Gladwin counties

April 16, 2020
Webinar
3 p.m.

July 16, 2020
Secord Hall
3 p.m.

Sept. 10, 2020
Swanton Hall
3 p.m.

Dec. 17, 2020
Secord Hall
3 p.m.

- Multiple Lake Association meetings all year with FLTF board members present to answer questions
- A special assessment public hearing will be held in mid-summer 2021

Go to FLTF website for full calendar of events

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