



Four Lakes Task Force

2019 ANNUAL REPORT
AND OPERATING PLAN

April 16, 2020



Midland and Gladwin Counties:

On behalf of the Four Lakes Task Force (FLTF), we are pleased to submit our 2019 Annual Report and Operating Plan. In accordance with our responsibilities set forth in the agreement between Midland and Gladwin counties and Four Lakes Task Force, this annual report will detail the activities, operations and financial status concerning our role as the counties' Part 307 Delegated Authority. This report will be available on the FLTF website, prior to the FLTF board meeting on April 16th.

As the counties' Delegated Authority under Part 307 of the Natural and Environmental Protection Act, our mission is to ensure a sustainable future for Sanford, Wixom, Smallwood and Secord Lakes and the respective dams, for the benefit of lake property owners, local businesses, recreational lake users and the economies of Midland and Gladwin counties.

2019 was a year of much progress. Most notably, the Midland Circuit Court Order established legal or normal lake levels for all four lakes and approved the Special Assessment District and boundaries. In December, FLTF completed negotiations and entered into a final purchase agreement with Boyce Hydro to acquire the dams, lake bottoms and related real estate of each lake.

The next two years will be critical as we administer, develop and implement a plan to repair, maintain, improve and operate the four dams and lake levels, and as we create a long-term sustainable financial plan to carry out our mission.

Moving forward, unity across the lake communities and local government will be paramount. When the four lakes are operated and managed as a system, we will see stronger and more productive results than if one lake were to break out on its own. Your continued participation, collaboration and support are important.

We appreciate the support that so many residents, county and state officials, and funders have demonstrated throughout this process. As you all have seen, it demands patience, trust and persistence. We would especially like to recognize the FLTF board, Lake Associations, and community representatives who volunteer so much of their time to this cause.

Dave Kepler

Dave Kepler

Four Lakes Task Force President



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EXECUTIVE SUMMARY

The formal work of Four Lakes Task Force (FLTF) was set in motion in September 2018 when the Federal Energy Regulatory Commission (FERC) revoked the power generation license from Edenville Dam. This began the process by a group of volunteers from each of the Lake Associations (later to formally become the Four Lakes Task Force, a Michigan non-profit and IRS 501(c)(3) organization) to ensure long-term viability of the four lakes.

2019 Accomplishments

- Gladwin and Midland counties both passed resolutions authorizing legal action and delegating the Four Lakes Task Force as the County Delegated Authority, to establish the normal (legal) levels for all four lakes in the Midland and Gladwin circuit courts. Following numerous public hearings and completion of a lake level study, Midland Circuit Court Judge Stephan Carras (also sitting on special assignment for the Gladwin Circuit Court), signed the Lake Level Order under Part 307 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (MCL 324.30701 et seq) (“Part 307”). This established normal or legal lake levels for Wixom, Sanford, Smallwood and Secord Lakes (“Four Lakes”), the Four Lakes Special Assessment District (SAD), and recognized the authority for FLTF, as the County Delegated Authority, to acquire, repair and then operate the four dams on behalf of Midland and Gladwin counties.
- In August, Gladwin and Midland counties and FLTF signed an agreement on how FLTF would manage the lakes and communicate with counties, as the counties’ Delegated Authority with respect to the FLTF’s responsibilities under Part 307.
- FLTF secured \$5.5 million in grants to be used toward repairs, maintenance and operation of the dams.
- FLTF completed all due diligence needed to assess and prioritize the maintenance and repairs for all four dams.
- On December 31, 2019, FLTF and Boyce Trusts signed the final purchase agreement to acquire the dams, lake bottoms and related real estate of each lake.

2020 Efforts Underway

1. Following public hearings, the Midland and Gladwin County Boards of Commissioners, approved the financing plan for dam repairs and maintenance.
2. Priority repairs to Edenville Dam began and have continued throughout the winter months, and an improvement plan is underway.
3. Interim bond financing is being pursued to address critical repairs and operations of the Edenville dam until the final improvement design and assessments are completed.

Key Issues for 2020 and Beyond

- 1. Acquisition, Repairs and Improvements.** FLTF has done considerable analysis and diligence to develop the estimated costs necessary to acquire, design, repair, maintain and improve all four dams (“Four Lakes Project”). The current estimated cost for acquisition, design and construction will not exceed \$35 million over the next 20 years. See page 10 for a detailed breakdown of costs. This estimate is approximately \$20 million over the initial estimates provided in the May 2019 Lake Level Report, which were based on compliance data available from FERC, and a three-year window to repair.
- 2. Power Generation.** FLTF, Consumers Energy and Boyce Hydro have signed a letter of agreement for long-term power purchase agreements. Final agreements are nearing completion.
- 3. Interim Financing.** Implementing the financing plan is critical to keeping the dams safe and operational until the SAD is in effect. FLTF is finalizing and preparing to implement the financing plan, which includes both interim financing and permanent financing to complete the Four Lakes Project.
- 4. Special Assessment Hearings.** In 2021, in accordance with Part 307, we anticipate finalizing the computation of all costs for the Four Lakes Project, preparing the assessment roll, and holding special assessment hearings.



Timeline	
<p>2020</p> <ul style="list-style-type: none"> • Upgrades on Edenville Dam for winter operations • Review of Methodology of Assessments with public • Address critical repair issues for each dam 	<p style="text-align: right;">2021</p> <ul style="list-style-type: none"> • Complete final design for repairs and improvements; address immediate actions • Receive bids for construction and obtain permits • Mid-year: Schedule SAD special hearings and roll approval • Late-year: Construction begins
<p>2022-2024</p> <ul style="list-style-type: none"> • Major repairs • Transfer operations from Boyce Hydro 	<p style="text-align: right;">2023-2028</p> <ul style="list-style-type: none"> • FERC relicensing of all dams • Auxiliary spillway repairs and construction

Changes to Timeline Since Last Public Report

The final design for 2022-2024 upgrades are now planned for early 2021, meaning the approval for Special Assessment District rolls will now be mid-year. It is still expected that assessments will appear on winter 2021 tax bills.

Once the Probable Maximum Flood (PMF) studies are completed, we expect to increase spillway capacity on Secord and Edenville Dams in the 2023-2028 period.



ENGINEERING REPORT

2019 Annual Report Engineering Summary

In 2019, FLTF administered the preliminary engineering study and Legal Lake Level Study/Report, which was presented at Midland County Circuit Court and served as the basis for the order establishing the Special Assessment District (SAD) and Michigan Part 307 legal summer and winter lake levels. The SAD consists of 8,508 parcels of property on the four lakes. The work related to these items was completed during the first half of 2019. Please refer to the [Lake Level Study Report](#) on the Four Lakes Task Force website which details the work performed during this period.



Following the order entered by the Midland County Circuit Court, FLTF consultants began a detailed independent review of the four dams and entered the data collection and due diligence phase. Prior to the order, because of FERC and Boyce Hydro (“Boyce”) confidentiality requirements, Spicer Group, FLTF and EGLE relied on engineering inspections, reports and studies which were provided by Boyce. Detailed information regarding the four dams and lakes were set forth in FERC Section 12D Safety Inspection Reports, compiled by Dee Purkeypile P.E., on behalf of Boyce Hydro. The federal government classifies these documents as “Critical Energy Infrastructure Information,” so their distribution is controlled. FLTF was informed by Boyce that the reports have been reviewed and accepted by FERC and that the information provided in the reports was a reliable source of reference for the current status of the dams.

The purpose of the data collection and due diligence phase was to substantiate the information referenced in the 12D Safety Inspection Reports and gather necessary information to develop detailed engineering plans for repairing the dams and updating preliminary cost estimates. Tasks associated with this phase included site inspection, document collection, aerial drone and ground topographic survey, existing condition plan preparation, and property boundary/rights review (of which there are over 350 parcels to be acquired as part of the acquisition). Substantial progress was made during 2019 with the items below being key accomplishments.

Key Engineering Accomplishments in 2019

- Confirm normal or legal lake levels for the four lakes.
- Develop and prepare Special Assessment District; mapping and GIS – see web site for interactive map.
- Data management – scanning and organizing of Boyce files.
- GIS development – mapping of all parcels and flowage rights.
- Development of existing conditions drawings.
- Development of planning budgets.
- Organization and coordination of engineering team.
- Development of critical goals for 2020.

Overall System Key/Critical Immediate Items for 2020

1. Land Acquisition – complete title and deed recording and transfer.
2. PMF Study – update dam safety spillway requirements.
3. Develop design plan addressing immediate repair needs for all four dams.
4. Update project schedule, project phases, updated cost estimates and financing by December 2020.
5. Environmental and recreational compliance planning to start.

In addition to foregoing critical items, 2020 goals have been developed for each dam, as summarized below.



Sanford Dam – Preliminary Design Status

The Sanford Dam impounds the Tittabawassee River to create Sanford Lake which is approximately 1,525 acres in size at full pool (during normal summer elevation). The legally established Part 307 summer elevation is 630.8 (NGVD29) and can legally vary 0.3 feet above and 0.4 feet below this elevation. The legally established Part 307 winter elevation is 627.8 (NGVD29). Most of the shoreline of Sanford Lake is developed with residential properties. Based on the County of Midland records, there are 952 parcels of property which front the lake and 911 parcels which do not front the lake but have private easement access to the lake.

Critical items to address this upcoming year include the following:

Key/Critical Immediate Items for 2020

1. Conduct an as-built survey of recent embankment repairs by Boyce.
2. Acquire any ingress/egress easements needed for improvements.
3. 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.
4. Selection of new wire ropes for gate hoists.
5. Phase I design on concrete repairs for FERC compliance.
6. FERC permit coordination and scheduling.
7. FERC reporting.

Edenville Dam – Preliminary Design Status

The Edenville Dam impounds the Tittabawassee and Tobacco Rivers creating Wixom Lake, which is approximately 2,600 acres in size at full pool. The legally established Part 307 summer elevation is 675.8 (NGVD29) and can legally vary 0.3 feet above and 0.4 feet below this elevation. The legally established Part 307 winter elevation is 672.8 (NGVD29). Most of the shoreline of Wixom Lake is developed with residential properties. Based on the Counties of Midland and Gladwin records, there are 2,871 parcels of property which front that lake and 829 parcels which do not front the lake but have private easement access to the lake.

The Edenville Dam does not have an active FERC hydropower license and does not produce electricity. FERC revoked the license from Boyce Hydro in September of 2018 due to being non-compliant with the probable maximum flood (PMF) spillway capacity requirements. Jurisdiction over dam safety was assumed by the State of Michigan Dam Safety Unit within EGLE.

The highest priority goal is the Edenville Dam's safe operations for the upcoming winter of 2020/2021. Since the revocation of the FERC license and removal of power transfer equipment, winter operations have been conducted by passing all water flow over the radial gates and across the concrete spillways. Significant ice accumulations can occur on the dam in the winter months, which interferes with the operation of the gates, and can be detrimental to the concrete spillway that is in need of repair and improvement. In addition, safety protection and equipment upgrades are required for dam operators that will have to remove ice. Addressing safe winter operations to maintain the legally established levels is the top priority and key objective for 2020.

Key/Critical Immediate Items for 2020

1. Completed the \$300,000 of winter repair items in March.
 - a. concrete repairs to pier noses and wing walls
 - b. installed new lifting lugs on gates to accommodate new gate hoist
2. Complete an estimated \$2 million in repairs for 2020-2021 winter operations that include engineering design, permitting and construction related to:
 - a. installation of six new gate hoists
 - b. site safety de-icing improvements
 - c. modifications to restore flow through the powerhouse without generating power



3. Complete of Part 315 (“Dam Safety”) report to EGLE.
4. Complete the engineering and permitting of the dam safety repairs/compliance for 2022 (Phase I).
5. Determine the auxiliary spillway type, capacity, location and schedule.
6. Continued coordination with EGLE.
7. Complete transfer or acquisition of easements and properties.

Smallwood Dam – Preliminary Design Status

The Smallwood Dam creates Smallwood Lake which is approximately 500 acres in size. The legally established Part 307 summer elevation is 704.8 (NGVD29) and can legally vary 0.3 feet above and 0.4 feet below this elevation. The legally established Part 307 winter elevation is 701.8 (NGVD29). The majority of the Smallwood Lake shoreline is developed with residential properties. Based on the County of Gladwin records, there are 721 parcels of property which front that lake and 91 parcels which do not front the lake but have private easement access to the lake.

Critical items to address this upcoming year include the following:

Key/Critical Immediate Items for 2020

1. Property boundary and flowage rights.
2. Ingress/egress easements.
3. Gate hoists wire ropes.
4. Engineering and permitting of dam safety repairs/compliance for 2022 (Phase I).
5. Recreational compliance.
6. FERC reporting.

Secord Dam – Preliminary Design Status

The Secord Dam creates Secord Lake which is approximately 1,100 acres in size. The legally established Part 307 summer elevation is 750.8 (NGVD29) and can legally vary 0.3 feet above and 0.4 feet below this elevation. The legally established Part 307 winter elevation is 747.8 (NGVD29). The majority of the Secord Lake shoreline is developed with residential properties. Based on the County of Gladwin records, there are 2,011 parcels of property which front that lake and 122 parcels which do not front the lake but have private easement access to the lake.

Critical items to address this upcoming year include the following:

Key/Critical Immediate Items for 2020

1. Complete auxiliary spillway analyses and feasibility of maintaining hydro power.
2. Obtain extension of FERC schedule for auxiliary spillway.
3. Ingress/egress easements and property boundary.
4. Engineering and permitting of dam safety repairs/compliance for 2022 (Phase I).
5. Recreational compliance.
6. FERC reporting.



SPECIAL ASSESSMENT DISTRICT

The FLTF Special Assessment District (SAD) is an established geographic boundary of waterfront properties along or near the four lakes and “backlot” properties with dedicated (private easement) access. The SAD and the legal lake level for the lakes were both established by order of Midland County Circuit Judge Stephen Carras on May 28, 2019.

Properties within the SAD are responsible for costs associated with acquiring, repairing, improving, operating and maintaining dams to be compliant with State of Michigan dam safety standards. Future assessments will fund long-term operations.

FLTF has done considerable work to determine the assessment methodology and make it fair for all parties based on benefit. This methodology follows the State of Michigan Drain Code for property owner assessment. According to the Michigan Drain Code, the assessment for properties is based on “benefits derived,” which includes many factors including frontage, zoning and property use.

At this phase of the project, the current estimated annual assessment for a residential property owner of a single parcel or adjacent parcels with less than 300 feet of property fronting the lake is \$350 ± 30%. A backlot assessment is estimated at \$88 ± 30% per backlot property.

Many factors can impact an individual property owner’s assessment. While the Special Assessment District boundaries are final, the methodology is subject to change based on the outcome of public hearings conducted throughout 2020 and approved by Midland and Gladwin counties, which is expected by mid-year of 2021. It is likely the first assessment will be on the winter 2021 tax bills.



Calculate Your Estimated Assessment

You may calculate your tentative special assessment amount using the tables and formula below.

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 another being assessed within same subdivision	0
None of the above/no other factors	1

$$\text{Base Factor} \times \text{Frontage Factor} \times \text{Other Factors} \times \$350^* = \text{Tentative Annual Assessment}$$

*\$350 could range $\pm 30\%$ (\$245 - \$455)



$$\text{Base Factor} \times \text{Frontage Factor} \times \text{Other Factors} \times \$350^* = \text{Tentative Annual Assessment}$$

*\$350 could range \pm 30% (\$245 - \$455)

Calculated Estimated Assessment Examples

Each of these examples use a projected \$350 “unit cost” assessment.



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.

$$\text{Residential parcel (1)} \times \text{frontage factor (1.2)} \times \text{no other factors (1)} \times \$350 = \$420$$



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.

$$\text{Residential parcel (1)} \times \text{frontage factor (1)} \times \text{private easement factor (0.25)} \times \$350 = \$88$$



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.

$$\text{Residential parcel (1)} \times \text{frontage factor (1)} \times \text{no other factors (1)} \times \$350 = \$350$$



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.

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



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.

$$\text{Non-residential parcel with 0 slips (2)} \times \text{frontage factor (1.4)} \times \text{school factor (0)} \times \$350 = \$0$$

Go to four-lakes-taskforce-mi.com/special-assessment-district.html to click on your parcel and see your tentative assessment amount.



FINANCIAL STATEMENTS

Independent Auditor's Report

FLTF's fiscal year 2019 financial audit, which was completed by Yeo & Yeo, P.C on February 29, 2020, received an "unmodified opinion" by the auditors, the highest standard given. This means the auditor is of the opinion that the financial statements presented are, in all material respects, fair and appropriately presented without any identified exceptions.

FOUR LAKES FINANCIAL SUMMARY

Statement of Condition

The Four Lakes Task Force entered into a purchase agreement on December 31, 2019 with Boyce Hydro, agreeing to purchase all four dams and associated bottomlands ("lake level assets") for \$9.4 million. Prior to the signed purchase agreement but after the Part 307 legal lake levels were established in May, FLTF secured a short-term operating agreement with Boyce to operate the dams and raise Wixom Lake to normal lake levels and restore summer recreational activities. The amount of \$40,000 per month was agreed to be paid by FLTF, to be deducted from the agreed-upon purchase price of \$9,400,000 established in April 2019. This not only allowed the lake to be restored for the 2019 summer boating season, it also kept Boyce accountable for operating costs until the first installment of the lake assets property purchase program.

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.



Statement of Revenues and Expenses

In January 2019, Four Lakes Task Force was granted \$5,000,000 by the Michigan Economic Development Corporation (MEDC). These funds proved critical in continuing progress toward long-term lake sustainability, with interim financing being slated for 2020 and bond issuance projected in mid-2021.

The MEDC grant was awarded to help acquire and fix the dams, with the goal of ensuring long-term sustainability of the lakes within Midland and Gladwin counties. These funds are earmarked as “donor-restricted,” so FLTF must continuously meet the grant’s requirements. The MEDC requires FLTF to submit a progress report along with a summary of expenditures each quarter. This report is required to ensure that FLTF follows the intent of the grant in a fiscally responsible manner, adding an additional layer of examination.

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.



Four Lakes Task Force Estimated Budget

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

In the first quarter of 2020, FLTF submitted and received approval for a financial plan by both Midland and Gladwin counties. The cost estimate for the project was \$32 million, not to exceed \$35 million.

We also received approval for interim financing, totaling \$8 million, through a bond anticipation note, which we expect to issue this year.

Budget estimates for 2021-2023 will continue to evolve as we go through the bidding process for dam construction and repairs, finalize acquisition in 2022 and further develop the operating and maintenance schedule for the four lakes.

In addition to the Edenville Dam repairs being done in 2020, other construction and repair estimates are approximately \$14-20 million through 2023. Professional services, including engineering and design, are estimated to be \$3-5 million. Our acquisition obligation of \$9.08 million should be reduced by over \$2.6 million at the end of 2020, leaving \$6.48 million owed at the end of 2020.

We believe that a significant portion of these repairs can be extended over the next 20 years, further reducing initial capital costs and keeping the bond under \$32 million.

As FLTF continues to evaluate dam repair and maintenance through the value engineering process, these estimates are subject to change. FLTF is committed to keeping the public informed throughout this process.



FLTF Funding by Donor and Expenditures by Payee

The below table summarizes our funding sources to date.

Donor or Grantor	2018	2019	2020	Total
David Kepler	\$115,982	\$639	\$50,000	\$166,621
Dow INC. ⁽¹⁾		\$125,000		\$125,000
In-Kind Contracted Services		\$11,125		\$11,125
Patricia and David Kepler Foundation	\$140,000			\$140,000
Michigan Economic Development Corporation (MEDC)		\$5,000,000		\$5,000,000
Sanford Lake Association	\$15,000			\$15,000
Secord Township		\$15,000		\$15,000
Smallwood Lake Association	\$5,000			\$5,000
Wixom Lake Association	\$15,000			\$15,000
			TOTAL	\$5,492,746

(1) One more payment of \$125,000 is due from Dow in 2020



The table below is a list of major expenditures over \$20,000 of Four Lakes Task Force by payee from January 2018 to December 31, 2019. The vendors are organized alphabetically.

Vendor	2018	2019	Total	Description
Boyce Hydro Power, LLC		\$320,000.00	\$320,000.00	To operate the dams, FLTF made \$40,000/month payments to Boyce. These payments will be applied against the final payment in 2022.
Briza Capital Advisors		\$30,000.00	\$30,000.00	Tamara McGovern, owner of Briza Capital, has served as FLTF treasurer since July 18 and continues to donate her time. FLTF entered a contract with Briza Capital as the bond financing went beyond the time and duties of the treasurer role.
Clark Hill PLC	\$161,577.81	\$347,064.81	\$508,642.62	Clark Hill was FLTF's attorney in establishing the SAD and Part 307 Legal Lake Level. They have also served as FLTF general counsel since July 2019.
Dreyer Hovey & Post LLP		\$21,537.00	\$21,537.00	Gladwin County legal fees per the County and FLTF inter-governmental agreement adopted August 2019.
Essex Partnership		\$212,517.95	\$212,517.95	FLTF engineering consultant with experience in hydro projects. Major effort in 2019 was achieving FERC compliance and state compliance completing due diligence on the hydro projects.
FOR Analytical Services	\$9,700.00	\$27,900.00	\$37,600.00	Consultant on valuation of dams and power production data analysis on four hydro projects.
Gambrell, Milster and Associates	\$17,441.00	\$20,020.81	\$37,461.81	Todd Gambrell served as general counsel during the formation of FLTF. He worked as general counsel in 2018/2019, resigning in July 2019. Todd Gambrell additionally represented FLTF in a matter of property litigation on Sanford Lake throughout 2018/2019.
Newkirk Electric Associates		\$40,692.22	\$40,692.22	To put power on Edenville Dam for future operations and control once hydro-power was disconnected.
Spicer Group	\$38,623.75	\$648,415.57	\$687,039.32	Spicer Group serves as FLTF's chief engineering consultant with subcontractors serving under them. Some key items they completed in 2018/2019 were establishing the SAD boundaries and methodology, publishing the Lake Level Study, due diligence on the four hydro projects and the mussel recovery effort.
Trapani Communications, Inc.		\$42,102.24	\$42,102.24	Trapani Communications handles all public affairs and media management for FLTF.



GOVERNANCE

Dams and legal lake levels in Michigan are established under provisions of Part 307 Inland Lake levels, of the Natural Resources and Environmental Protection Act PA 451 (Part 307). The dams, power generation facilities and operations are governed by the following state and federal regulatory bodies:

FERC. The Federal Energy Regulatory Commission (FERC) is an independent agency that regulates hydropower projects and hydropower infrastructure proposals to minimize risks to the public associated with energy infrastructure. This includes tasks such as dam safety and inspections, and hydropower licensing, administration and compliance. Learn more at ferc.gov/about/offices/oeop.asp. FERC currently has authority for safety and operations of Secord, Smallwood and Sanford Dams.

EGLE. The Michigan Department of Environment, Great Lakes, and Energy (EGLE) protects Michigan's environment and public health by managing air, water, land and energy resources. Learn more at Michigan.gov/egle. EGLE has authority over non-hydro dam safety (currently, Edenville Dam).

DNR. Michigan's Department of Natural Resources (DNR) protects natural and cultural resources, ensures sustainable recreation use and enjoyment, enables strong natural resource-based economies, improves and builds strong relationships and partnerships, and fosters effective business practices. Learn more at michigan.gov/dnr.

County Board of Commissioners

Part 307 places authority with the counties, through a delegated authority. In Midland and Gladwin counties, FLTF is that delegated authority. Funds come from the Special Assessment District (SAD).

FLTF Board of Directors

The FLTF board is chartered to lessen the burden of government, and acquire, improve and operate the dams on behalf of the counties and the owners in the Special Assessment District.

The board of directors is made up of nominated representatives from each lake association and two commissioners, one each from Gladwin and Midland counties. Moving forward, Lake Associations will nominate and approve board members. Lake association members may serve up to two, 3-year terms. Individual county commissioners will serve at the county's desire.

- David Kepler, Chair, Sanford Lake, 2020-2022
- Adam Beebe, Sanford Lake, 2020-2021
- Don Zakett, Wixom Lake, 2020-2022
- Dave Rothman, Wixom Lake, 2020-2023
- Mark Mudge, Smallwood Lake, 2020-2021
- Phil Dast, Secord Lake, 2020-2023
- Carl Kerr, Secord Lake, 2020-2021
- Joel Vernier, Gladwin County
- Jeanette Snyder, Midland County

FLTF Officers

- Dave Kepler, President
- Tamara McGovern, Treasurer
- Kayla Stryker, Secretary
- Joe Colaianne, Clark Hill, PLC, General Counsel



County Entity Structure

The chart below shows the relationship between the various entities.

Counties	Four Lakes Task Force	Four Lakes Operations	Independent Operator
<ul style="list-style-type: none"> • Gladwin • Midland 	<ul style="list-style-type: none"> • The Part 307 Delegated Authority for Gladwin and Midland counties in the management of the four lakes system • A 501(c)(3) non-profit LLC 	<ul style="list-style-type: none"> • Owns FERC Licenses and Consumer’s Energy Power Agreement • A corporation, with shares originally owned by FLTF 	<ul style="list-style-type: none"> • Owns/leases and operates power assets and lake level • Boyce holds this position from 2020-2022 and will transition to a new operator in January 2022 • Expected to be a private company(s)
<ul style="list-style-type: none"> • By 2022 owns lake level real estate assets and leases those assets to the Part 307 delegated authority 	<ul style="list-style-type: none"> • Contracted with the counties as the Part 307 Delegated Authority • May receive grants from public and private sources • Leases “water power” to Four Lakes Operations 	<ul style="list-style-type: none"> • Contracted by Four Lakes Task Force for operations via an independent operator 	<ul style="list-style-type: none"> • Operating agreement with Four Lakes Operations • The new operator will likely lease or purchase some or all of the power assets and be responsible for repairs of power generating equipment
As reflected in county, FLTF, FLO and Boyce agreements			

Four Lakes Operations Company, Inc.

The Four Lakes Operations Company (FLO) is a Michigan corporation wholly owned by FLTF. It was established to oversee operations, to select a future operator, and to be the licensee of the hydroelectric facilities of Sanford, Smallwood, Secord and Edenville Dams.



FLO will have oversight of the power assets on all four dams, and be responsible for construction, maintenance and repairs to the power generating assets. The intent is to lower the long-term cost of ownership of the dams and lakes by keeping hydroelectric power on the dams, which will offset costs as much as possible, for the benefit of the Special Assessment District (SAD).

Governance. The FLO board will consist of a maximum of seven members who serve 3-year terms. Members will include 1-3 FLTF board members, community experts knowledgeable in manufacturing operations, power generation, energy, government affairs, environmental management, finance and engineering. Go to four-lakes-taskforce-mi.com/FLO for more information.

As of this time, FLO is in the formation stage, and its board will be announced in the next two months.



Lake Associations

Each of the four lakes has an active Lake Association, which should be the first point of contact for residents who have questions about lake level, maintenance, financing, the SAD or any Part 307 requirements.

Each Lake Association (Sanford Lake Association, Wixom Lake Association, Secord Lake Association and Smallwood Lake Association) appoints representatives to serve on the board of FLTF and those board members report back to their respective associations on status updates and activities of the Task Force. The Lake Associations are always up-to-date on activities of FLTF and can be relied upon for current information and news.

Sanford Lake Association

President: Jeanette Snyder
Website: sanfordlakeassociation.org

Wixom Lake Association

President: Larry Woodard
Website: wixomlakeassociation.org

Smallwood Lake Association

President: John Hart
Website: bit.ly/SmallwoodLakeAssociation

Secord Lake Association

President: Phil Dast
Website: bit.ly/SecordLakeAssoc

Auditor

Yeo and Yeo Certified Public Accountants
6018 Eastman Ave
Midland, MI 48640

Meetings and Contact Information

Board Meetings

- April 16, 2020 | 3 p.m.
GoToMeeting - See website for more information
- July 16, 2020 | 3 p.m.
Secord Township Hall
- September 10, 2020 | 3 p.m.
Swanton Memorial Center, Edenville Township
- December 17, 2020 | 3 p.m.
Secord Township Hall



Four Lakes Task Force

Get in Touch



Website: four-lakes-taskforce-mi.com



FB: facebook.com/FourLakesTaskForce/



Gmail: four.lakes.mi@gmail.com



Phone: (989) 315-8366 * 101

Lake Association Websites

Sanford: sanfordlakeassociation.org

Wixom: wixomlakeassociation.org

Secord: bit.ly/SecordLakeAssoc

Smallwood: bit.ly/SmallwoodLakeAssociation