Four Lakes Task Force

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

Community Information Session: Webinar

Status Report

April 23, 2025

Four Lakes Task Force

This Is an Information Session

- This is not a board meeting or hearing – no formal action will occur

- These meetings are focused on keeping the community informed and providing an opportunity to ask questions
- This meeting is being held virtually to accommodate as many people as possible

Agenda

1. Current Status
2. Financing
3. Lake Level Special Assessments
4. Q&A

Pictured: Secord Dam taken April 4, 2025

Current Four Lake Restoration Status

1. Michigan Supreme Court denied Heron Cove Association's application to leave for appeal on April 11, 2025 and the two federal lawsuits have been dismissed.
2. Plans to issue $80 million of Four Lakes Special Assessment District bonds in early June.
3. The Operations & Maintenance and Capital Assessment will be on the winter 2025 tax bill.
4. All dams are permitted and construction is being remobilized in late May/early June and projects will be underway on all dams in 2025.

Indicative Estimate*: Start and Completion dates

*We will have a clearer estimate on completion dates by September

Dam	Construction to Start	Estimated Substantial Completion Date
Secord	June 2025	Summer 2026
Smallwood	June 2025	Spring 2026
Edenville	July 2025	Fall 2027
Sanford	June 2025	Spring 2026

Note that substantial completion does not equal lake fill which is permitted to be done between the months of April and October.

6

Financing

Kayla Stryker, Treasurer, FLTF

Pictured: Edenville Dam taken April 4, 2025

Capital Assessment

Computation of Cost

1 Establishment of Special Assessment District	
Establishment of Special Assessment District and Legal Lake Level were set as a result of the May 2019 Court Order, all costs associated with the hearing, land aquisition and design engineering were either private or public grants and no Special Assessment District funds were required	$0
Preparation of Assessment Roll and Levying Assessments for Capital Roll	$50,000
2 Construction Administration - Quality Assurance, Quality Controls, Surveying, Project Controls	
Secord	$10,200,000
Smallwood	$7,800,000
Edenville	$15,800,000
Sanford	$13,200,000
3 Estimated Cost of Construction	
All lakes: site safety, booms, Electrical services	$7,200,000
Secord	$57,000,000
Smallwood	$42,400,000
Edenville	$127,000,000
Sanford	$76,800,000
4 Estimated Cost of Appeal	$100,000
5 Cost of Mailing, Publishing Notices and Administration	$9,500
6a Loan & Bond Issuance Costs	
USACE Loan Fee	$250,000
Rating Fees	$75,000
MAC Fee	$900
Printing notice of sale and official statement	$3,250
Michigan Department of Treasury Filing for bond	$1,100
Michigan Department of Treasury Filing for loan	$1,100
Bond Counsel and Financial Advisor for loan	$180,000
Bond Counsel and Financial Advisor for bond	$220,000
6b Cost of Capitalized Interest	$6,000,000
Gross Sum of Expenses	**$364,290,850**
Contingent Expenses (9.5 ±%)	$34,584,150
Total project computation of cost	**$398,875,000**
Less State of Michigan Grant	-$180,000,000
Less USDA Boom Grant, MDOT Settlement	-$1,175,000
Total amount to be assessed	**$217,700,000**

Total project budgets by lake add Construction and Construction Administration boxes together

Total Project Estimate

Contingency

Total Computation of Cost

Financial Landscape After One Year Delay

- Project costs will increase$10-$20 million (utilizing a portion of contingency budget up to $34,584,150)
  - **Capital improvement project is still within budget ($217,700,000)**
  - **Operations & Maintenance is still within budget of $1,775,000/year**
    - **($8,876,000 total for 5 years)**
- Interest rates increased
- Markets are more volatile

Four Lakes Task Force Special Assessment District
COMPUTATION OF COST
Capital Improvement of Secord, Smallwood, Edenville and Sanford
January 15, 2024 Special Assessment Hearing

Be It Known, that the Four Lakes Task Force, acting as the delgated authority on behalf of Midland and Gladwin Counties on part 307 Legal Lake Levels, in accordance with the statute in such case, made the following computation of the entire cost of said lake level, to-

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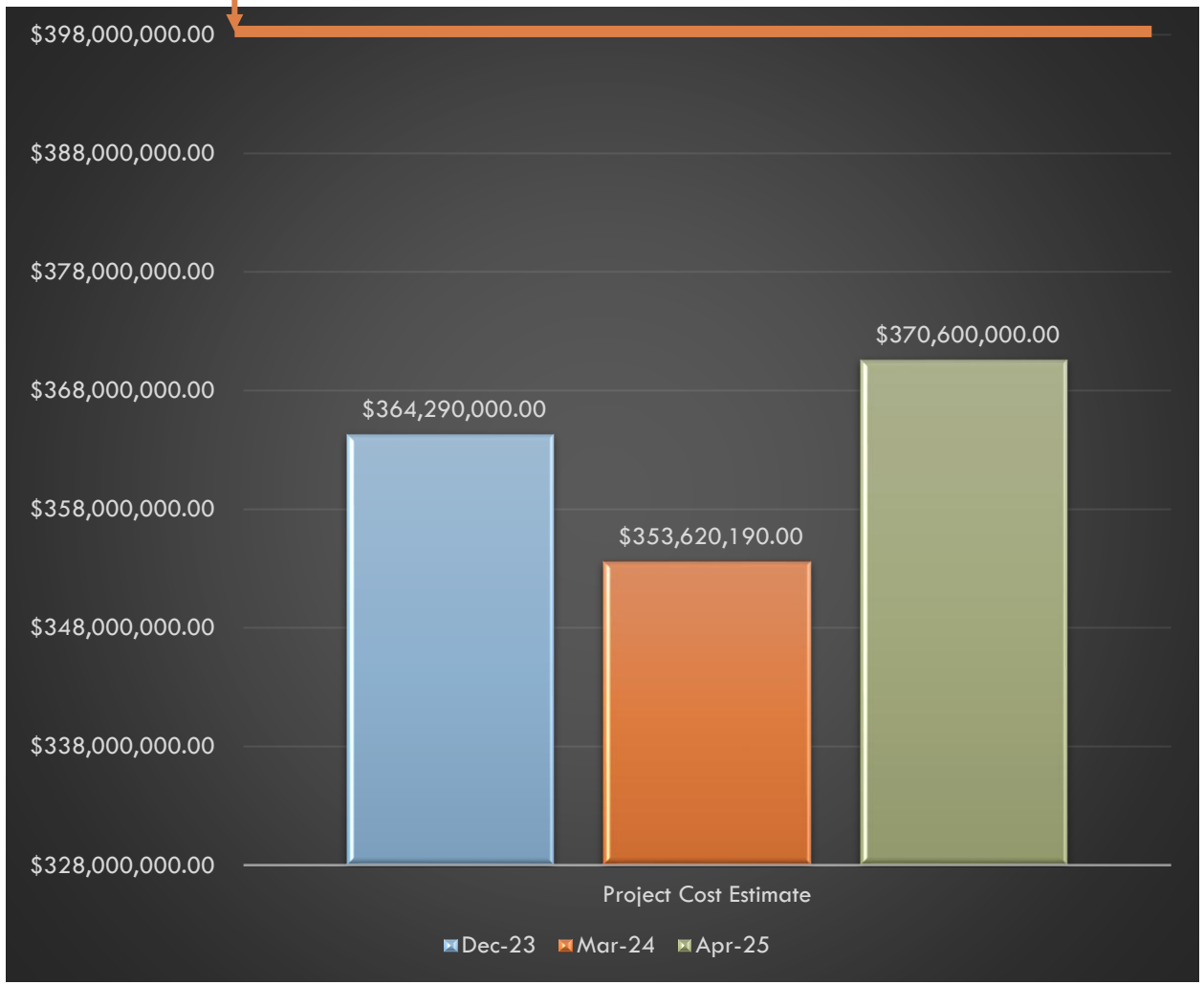
Overall Project Cost Estimate

Contingency Not Included

$398M total approved computation of cost with contingency



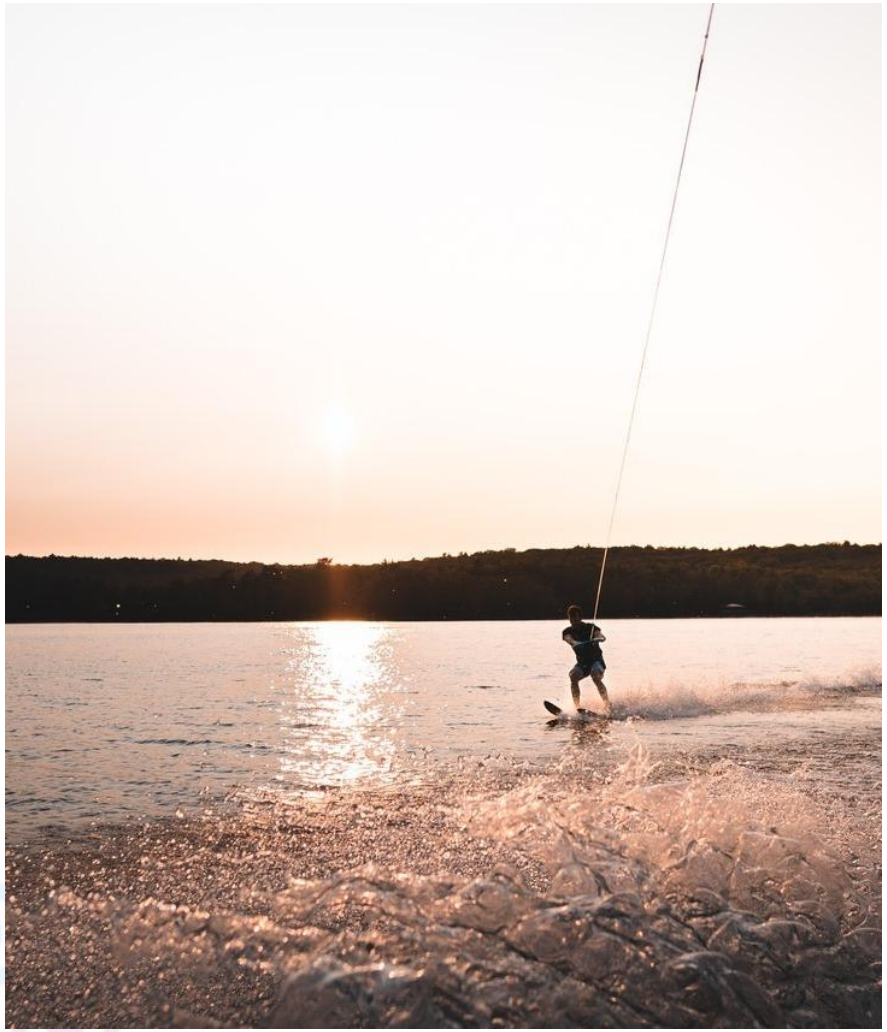
- **December 2023** project cost estimates included contracts in place at Secord, Smallwood, Sanford and cost estimate at Edenville*
- **March 2024** Edenville bids came in under cost estimates reducing project estimate to $353M**
- **April 2025** project estimate increased due to suspension cost by up to $20M***, utilizing the savings from Edenville and bringing the project estimates back in line with December 2023 estimate

*Computation of Cost

**Edenville Bid Results

***Communication on Suspension Impact ($10-20 million)

Four Lakes Funding Status



- State of Michigan $200 million grant
  - $24 million remaining to spend by September 2026
  - $12 million has been requested to bridge to bond financing
- Awarded: FEMA High Hazard Potential Dam Grant increased to $1,410,693 (from $433,698)
- Four Lakes Special Assessment District bond issuances in 2025 and 2026

Grant Applications

- **Outstanding applications:** 2025 DNR Recreation Grant
- **Grant Programs no longer available:**
  - EPA Climate Justice Grant $17.7M (department eliminated, previous funds being clawed back)
  - Three USDA grant appropriation requests totaling $8.25M (no community projects funded)
  - FEMA BRIC $2.4M (program cancelled)
- **Denied:**
  - DNR Fisheries Grant
  - EGLE Dam Risk Reduction Grant
  - Consumer's Citizen Planet Grant

Four Lake Special Assessment District 2025

Bond Issuances

- First series of bonds issued June 2025 for $80 million
- Second series of bonds to be issued summer 2026 for the remaining project costs

Anticipated Interest Rates

- Anticipated rate between 5-6%; Not-to-exceed rate of 6.6%; Anticipate a rate around 6%
  - Up to 1% surcharge to cover interest deficiencies from principal payoffs
- Rate on first series of bonds will be known on May 20, 2025
- Rate on second series will be determined at the time of issuance

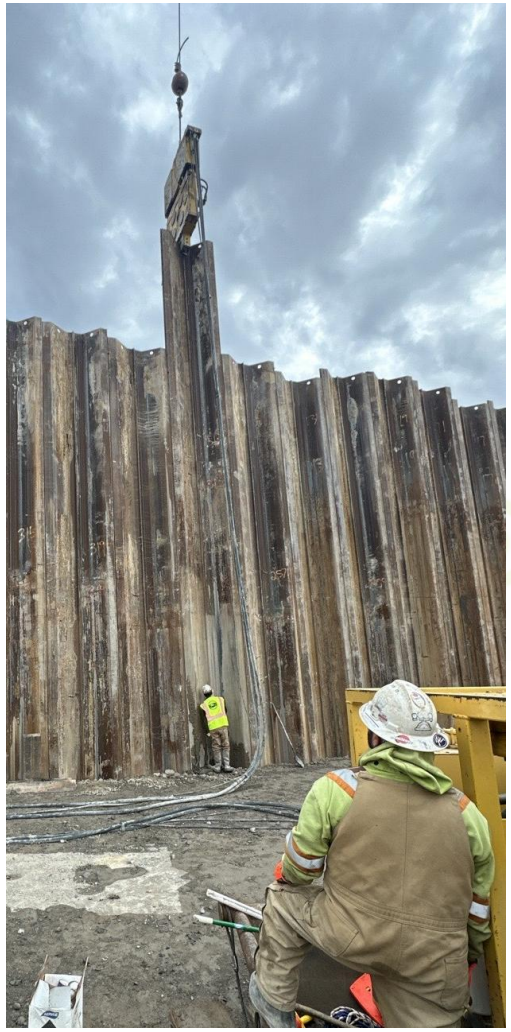
Lake Level Special Assessment

Dave Kepler, FLTF Chair and President

Pictured: Edenville Dam taken April 4, 2025

2025 Lake Level Special Assessments

- **Capital Assessment** is 40-year assessment to pay for design and construction of repairs and restoration
  - The project is within contingency and we continue to look for ways to lower the cost. The counties must approve any cost increase
- **O&M (Operations & Maintenance) Assessment** is a 5-year (2025-2029) assessment
- **SAD rolls are final** and apportionments remain the same and have not changed since January 2024
- The SAD maps have not changed and will be updated by May 9th
  - The annual capital assessment estimate will be updated by May 9th
  - Principal amounts are correct and will not change



The Assessment Map will be update by May 9th

If you refer to the current map, beware:

- **What HAS NOT changed:**
  - 2025 O&M Assessment (**A**)
  - Apportionment Percent (**B**)
  - Total Capital Assessment Principal Amount (**D**)
- **What WILL change:**
  - Annual Capital Payment Estimate (**C**)
- **Setting expectations**
  - The 2025 Capital Assessment will be 60% of your Annual Capital Assessment Payment Estimate
  - Multiply **C** by 0.6 to see your estimated 2025 Capital Assessment amount
  - First Year and Average Annual Assessment will be included in the new maps

Estimated Annual Operations and Maintenance Assessment	
Apportionment:	0.016556%
Estimated Amount:	$314.73

A

Capital Assessment Information	
Apportionment Percent:	0.019483%
Annual Capital Assessment Payment Estimate: * This amount includes an estimated 5% interest rate	$2,471.82
Total Capital Assessment Principal Amount (to be financed over a 40 year period)	$42,414.20

B

C

D

*Total Estimated Capital Assessment Amount **does not** include interest

Assessment *Factor Breakdown*	
Base:	1
Derived Benefit:	1

Capital Assessment Information

- **Assessments to begin in Winter 2025**
  - To realize significant savings on capital interest
- **December 2025 assessment** will include the principal based off the full computation of cost of $217.7 million
  - Principal and interest on $80 million borrowing
  - Principal only on the remaining project costs of the second series
- **December 2026 assessment** will include the principal and interest on both series of bonds
  - There will be a true-up based on the final project costs

Assessment Payoff Information

- You may pay off the full principal or a portion of principal at any time to reduce future assessment payments
- **To avoid all interest, pay off principal on full assessment amount by July 1, 2025**
- Beginning July 2, 2025, interest will accrue on principal amount associated with $80 million borrowing
- In Summer 2026, interest will begin to accrue on principal amount associated with the second borrowing on the remaining project costs

Visit the prepayment webpage:

Subscribe to our news flashes for additional prepayment information:

Financing Schedule

Date	Activity
Week of May 5	Prepayment letter enters mail system to property owners
May 9	Special Assessment District maps updated • Changes will incorporate updates to land ownership over the past year
~June 3	Bond issuance
July 1	Prepayments due to county
July 2	Interest begins to accrue on first bond issuance
December 2025	• First Capital Assessment appears on winter tax bill – principal and interest on first series bond and principal only on second series bond • 25-29 O&M Assessment appears on winter tax bill
December 2026	• Second Capital Assessment appears on winter tax bill – principal and interest on first series bond and second series bond • 25-29 O&M Assessment appears on winter tax bill

Summary

Summary: Construction

- Costs and timing in presentation are estimates
  - There will be more refined estimates of timing and project costs by the July 9th webinar
- The delay added at least $10 million of construction costs
  - We will have the final estimate of delay impacts by the July webinar and expect it to be in the $10-$20 million range
- Construction starts on three dams in June and Edenville by July
  - Contractors are engaged, and plans are to mobilize in May

Summary: Assessment Expectations

- Beginning in December 2025 property owners will be assessed:
  - The Operations and Maintenance Assessment
  - The full principal associated with the project cost of $217.7 million spread over 40 annual installments
  - Interest on the first bond series ($80 million) also spread over 40 years
- In the Winter of 2026:
  - Operations and Maintenance Assessment
  - The full principal associated with the project cost of $217.7 million spread over 40 annual installments
  - Interest on both the first and second bond series also spread over 40 years
- You may pay off principal any time

Summary: Bond Financing

- Approximately ~$24 million remaining of state funds
  - ~$12 million draw planned in May 2025
  - ~ $12 million before September 2026
- Series 1: $80,000,000 of bonds will be issued in June of 2025
  - Still pursuing other funds to offset the project costs
  - Focused on delivering project costs under plan
- Series 2: $137,700,000 of bonds to be issued summer 2026 for the remaining project costs
  - Minus any remaining contingency and prepayments of assessments received

Questions and Answers

Please use the Q&A feature in GoToWebinar or email questions to info@fourlakestaskforce.org and we will address as many questions as we can

- Questions that have been asked multiple times before and are on our FAQ page we will not address but we will forward a link to you.
- Attendees with multiple questions may have only the first one answered. We will remove attendees that are disrespectful in their questions or statements.

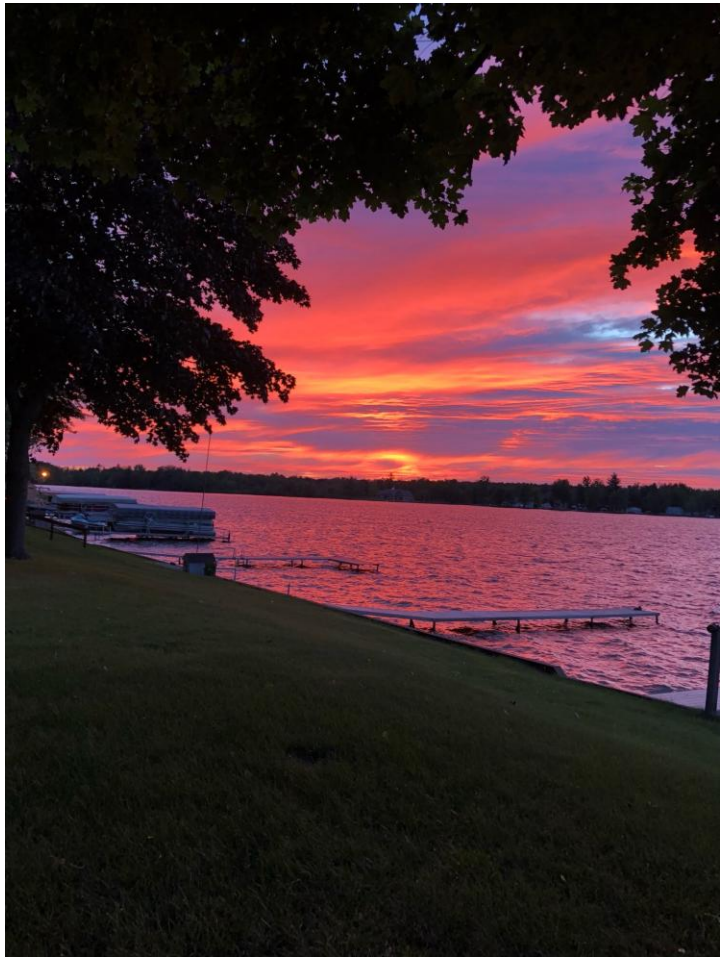
Benefits the public

Protects health, safety, welfare

Preserves natural resources

Protects property values

Four Lakes Restoration Plan



Thank you for joining us!