

**Questions Submitted During the April 16 FLTF Meeting
on Behalf of the FLTF Special Assessment District**

Wixom Lake Level

Q: What is the status of the Wixom Lake level? (4x)

A: A permit was issued by EGLE to Boyce Hydro on April 9 to conduct refill activities at the Edenville Dam to raise the Wixom Lake water level to normal summer pool elevation. Boyce Hydro is currently in the process of raising the lake. A permit will not be required every year.

Related questions

- **Before the level is raised, are there plans to cut off some of the deadhead logs that are sticking out of the water? That would seem to be a safety concern with boats and swimmers.**

A: No, this requires a permit, and is not view favorably by EGLE.

- **When do you expect drawdown conditions to begin on the Edenville dam this fall? How will this affect the lake levels for both Wixom Lake and Sanford Lake in the fall of 2020 and spring of 2021?**

A: We will be back to a normal Winter drawdown schedule which may begin December 15 and must be completed by January 15. Fluctuation is permitted and varies for each lake.

- **What is the probability of keeping the Edenville Dam at the normal winter level through the winter of 2020-2021 and not lower it to the current extreme low level? What changes are planned to allow Wixom Lake to stay at normal winter lake level?**

A: There are approximately \$2 million of repairs and improvements being made to improve the safety of the dam. It is highly probable that we will operate at normal levels next winter.

- **Why can't the turbines be disconnected this summer, so you do not have to lower the lake next winter beyond the normal winter level?**

A: The current plans for this year will improve safety to the point that we can keep the levels at normal winter levels.

- **Will they be lowering the lake next fall as they have the last two years? Or lower it to regular winter levels?**

A: Dam repairs will make it highly unlikely that another drawdown will be needed in future winters.

- **Have there been any studies done to evaluate the impact of the last two years drawdowns on seawalls around the lake? Seems the infrastructure of these seawalls has been damaged by having no water providing a counter force.**

A: We have not conducted any studies researching the effect of lower water elevations on seawalls.

Bond and Financing

Q: What is the proposed bond for? Is this in addition to the new tax?

A: The bond anticipation note is the interim financing for the Special Assessment District to pay for the acquisition of the dams, as well as the engineering designs needed to make the capital improvements to the dams in 2020/2021 prior to the adoption of the special assessment roll. After completing the engineering designs, the project will be let out for bid. Once we have the bids, there will be a computation of cost that includes all of the costs of the project, and this cost will be used to establish the amount to be assessed by the Four Lakes Special Assessment District.

Q: With Fed Fund Interest rates at a 0% or close to 0% rate, what is the interest % of the bonds that will be used to fund the construction of the dams?

A: The bond anticipation note will be sold by way of a request for proposals (“RFP”) that will be submitted to potential purchasers, such as banks and/or other sophisticated investors. The RFP is prepared by FLTF’s municipal financial advisor and its bond counsel. Potential purchasers will be required to submit their proposal in response to the RFP which includes the interest rate to be paid on the amount of the bond anticipation note. Market rates are very low, so we anticipate that the interest rates bids will also be fairly low, as well.

Q: What is the annual operating cost for all 4 dams?

A: The current estimate of costs to operate all four dams per year is between \$500,000 and \$1.2 million per year, based on how they are ultimately configured.

Q: How much annual revenue is produced by the Sanford and Smallwood dams?

A: Details of the Consumers’ contract are still being finalized, but the revenue projected on Sanford and Smallwood dams is approximately \$1 million a year on average.

Funding from Other Sources

Q: How much money is being allocated to the construction effort from the State of Michigan? Is this a 100% confirmed allocation over the next 20-30 years, or can a new Michigan congress come in and reduce or eliminate this State funding?

A: These are included in the Annual Report, but it is approximately \$500,000 of private funds and the State of Michigan grant of \$5 million. FLTF has the State money already, and reports back on spending; the funds were for spending in 2019 and 2020, and they will be spent.

Q: Since Secord is a public lake with public boat access, why does the public get to use the lake while we pay to maintain it for them?

A: It is not part of the Part 307 order, and the counties have determined that this should not come out of general funds. However, in the SAD methodology that we do factor in boat launch parking and slips.

Q: Why is everyone paying when expenses from some lakes are lower?

A: This is one system, and the allocation is based on the benefits as described. Also, the safety and operations of an individual dam have as significant impact upstream and downstream. We have agreement with the associations that we will be transparent on specific lake costs when we have the final number.

Special Assessment District and Methodology

Q: How were the assessment amounts determined?

A: The methodology in the Part 307 regulations are to follow the drain code protocols and approach. We looked at all the weed assessment methodologies and then we listened to extensive property owner feedback and feel we have factored in many of the lake residents' concerns. Please see the [website for a GIS map](#), where property owners may view their current estimated assessment. There will be an opportunity to work through individual questions in 2020.

Related Questions – please see the [website to determine assessment amounts](#)

- What factors would be applied to the couple of religious camps on the lakes?
- I have a lot on the water that is deemed unsuitable to build on and is less than 300' of frontage. Does this affect the amount that I will be charged?
- It appears there are parcels on the river that are not being charged. How was it established where to start and stop charging parcels?
- If I own two lots but they are not connected - is that one assessment or two?
- What is the assessment on the lots included in an association? (Grant subdivision)?
- If someone own a lot on the lake and a backlot and the backlot is subsequently sold, will the backlot be added to the assessment?
- I own properties on Secord. What about off lake properties that have access through deeded access to the private boat launch on Secord? They show no assessment - do the properties have to touch the water to be assessed?

Q: Is there an appeal process?

A: There is a process for appeal. It is important to note that final SAD methodology will be completed this year based on this next round of input from property owners. There will be public hearings conducted in 2021 where individuals can appeal, and the rolls will be approved by Midland and Gladwin counties, which is expected by late spring of 2021.

Q: I noticed there is a condo association in the lake – are they assessed as well?

A: Yes, a condo unit is assessed based on the same methodology and is assessed similar to a parcel of land.

Q: Why not use the same assessment methodology that is used for weed control in the lakes?

A: We factored the weed assessment methodology into our analysis, but the reality is that not all the assessments around the lakes are conducted the same, and the benefit is different than weed assessments.

Q: Some neighborhoods have “public access” sites. How can we find out who legally can use these properties? Who is paying the assessment fees for these locations?

A: Some platted subdivisions have lots designated and dedicated to the use of the lot owners within the subdivision. Information regarding access is listed on the recorded plat. These plats can be found on the [Michigan Department of Licensing and Regulatory Affairs \(LARA\)](#) website or at the [Midland](#) or [Gladwin county registry of deeds](#) office. Please note that these lots are almost always private.

In regard to who is paying, if the parcel has a parcel ID (PID) and receives a tax bill, the Special Assessment is determined based on the methodology presented at the meeting. If there is no PID or it does not pay taxes, then it does not receive a Special Assessment as there is no clear owner. Public access sights with clear ownership, for example, the DNR boat launch or county park, do receive assessments. Areas where public road right-of-way dead end at water's edge and there is no clear owner are being evaluated.

Q: What is the duration of the assessment -- 20 years? What year does assessment start?

A: Yes. The assessment will most likely appear on the 2021 winter tax bill.

Q: What does headwaters mean?

A: The "headwater" is the area less than 1 mile downstream from a dam.

Q: The assessment appears to stop at Van Dyke Rd. I don't understand why ALL individuals on the river wouldn't be assessed.

A: The Assessment District ends on the Tobacco River at Van Dyke Road. That is also the upper end of the weed control district. The water elevation and backwater created by the dams, as well as weed control district boundaries, were considered when making this determination.

Q: Observing the new annual assessment map, it is new that the backlot residential properties of Lakeland Shores Subdivision are no longer are being assessed, Road ends are lake access points (private to subdivision) and used by backlot owners for access and boat slips. At a public meeting last year, Ron told us these road end access belong to subdivision, not Billings Township. So, why are these backlots immune from special assessments while enjoying full benefit of lake access

A: After establishing the SAD boundaries new information became available regarding this subdivision and is being evaluated.

Q: Can the Counties borrow from the SAD taxes for other county expenses?

A: No, the special assessments collected are restrictive funds, and may only be used to pay the costs set forth in Part 307 of the NREPA. The Special Assessment District funds may only be used for their intended use.

Q: Why do the properties in the headwaters near Smallwood lake have the 1 factor instead of the 0.5 factor similar to Secord Lake?

A: Based on a field review of the area during the recent drawdown, the water level of Wixom Lake immediately downstream of Smallwood Dam is impacted significantly. The area downstream of Smallwood consists of platted subdivisions on the lake with waterfront access, many of which have docks and are not considered a headwater zone.

Hydroelectric Power

Q: Can you describe where we are with respect to resumption of hydroelectric power generation on the Edenville Dam?

A: We submitted a preliminary application to FERC to resume power generation. This is a long process and the best estimate at this time is if power generation is to be restored it will likely take 3 to five years to perform all the steps needed to obtain licenses from FERC.

Boyce Hydro

Q: Since Boyce Hydro still owns the dams why are they not paying for the repairs before we acquire them?

A: Our purchase agreement with Boyce Hydro outlines the responsibilities of Boyce and FLTF. FLTF was created because over many years and many owners, the dams were not invested in properly, , so future repairs were factored into the purchase agreement. Also, FLTF wanted to oversee the control of these repairs .

Q: In the past it has always been understood that Boyce technically owned 10 ft of the shoreline. Will the owners now own to the water's edge now that we have a legal lake level?

A: Private property boundaries will not change. With this purchase, the bottom land currently owned by Boyce will be transferred to the county and managed by FLTF.

Q: Is a campground going to be allowed on Boyce property ? Run by county ?

A: Our authority is specific to operating the legal lake levels in accordance with Part 307. There are no plans to construct or operate a campground on properties that we (FLTF) purchased from Boyce.

Q: If assessment and payments for dam start before total purchase, what provisions are put in to assure sale goes forward ?

A: The Purchase Agreement is a binding contract between the Buyer (FLTF) and Seller (Boyce Hydro). Since FLTF is not only acquiring the properties but also will need to make improvements, the purchase agreement contemplates installment payments through the final closing scheduled for 2022. The time between now and the closing will allow FLTF to also design and construct improvements needed to maintain the legal levels and dam safety (the "Project") and conduct a special assessment hearing on the final costs of the Project. Title to some properties, such as the bottomlands (which is the land immediately above the dam that allow for damming up the river) will be acquired in the first installment payment. Title to the remaining property (real property with the dam structures) will be held in escrow (i.e. a third party, such as a title company) and cannot be released until the final closing (again, scheduled for January 2022). The final transfer of title will occur through a staged process to ensure assets are transferred with payments to Boyce.

Q: What happens to the \$40,000 monthly payment to Boyce if they default before contract is finalized?

A: The purchase agreement (i.e. contract) is finalized and is therefore binding on both the seller (Boyce Hydro) and buyer (FLTF). As such there are various legal remedies afforded to the parties in the event of a default or breach of the agreement. Neither party can simply "walk away" from their contractual obligations without incurring significant expense or loss. Accordingly, in the event of a dispute, the first step requires the parties to engage in a dispute resolution process in an attempt to resolve the dispute before instituting litigation.

Four Lakes Operations

Q: Can owners of Four Lakes Operations sell to someone else?

A: Four Lakes Task Force is the owner of Four Lakes Operations. As such, it would require consideration and a majority vote by the board of the Four Lakes Task Force to sell Four Lakes Operations at any time. This would only be considered if FLTF saw a greater direct benefit to the Special Assessment District that would be recognized by another party holding the power assets.

Miscellaneous

Q: Dow Chemical Company has agreed to pay \$77 million to restore wildlife habitats damaged by toxic chemicals released from its facility in central Michigan. can some of this money be acquired for the 4 lake project?

A: FLTF looked into acquiring some of that funding but it is not an option based on the requirements of the funding. We are looking into other sources of funding including grants, donations and others.

Q: What is the current condition of the mechanical components (turbine, generator, switchgear, transformers, buildings, etc.) of the dams? What repairs are going to be done on Smallwood Dam?

A: FLTF has done extensive diligence to determine the condition of the dams. Individual dam reports may be found in the [2019 Annual Report](#), which is posted on the FLTF website.