

**STATE OF MICHIGAN  
MIDLAND AND GLADWIN COUNTIES**

In the matter of:

Four Lakes Special Assessment District (“Four Lakes SAD”)

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**TRANSCRIPT**

**PUBLIC HEARING  
FOUR LAKES SPECIAL ASSESSMENT DISTRICT  
COUNTIES OF MIDLAND AND GLADWIN, MICHIGAN  
RELATING TO A PLAN OF FINANCING, INCLUDING THE ISSUANCE OF NOTES  
AND BONDS TO FINANCE THE COSTS TO ESTABLISH AND MAINTAIN THE  
NORMAL LAKE LEVELS FOR WIXOM LAKE, SANFORD LAKE, SMALLWOOD  
LAKE AND SECORD LAKE**

January 17, 2020

The Hearing was called to order at 5:00 p.m. by David E. Kepler, II, President of the Four Lakes Task Force, as Delegated Authority (as defined below), on behalf of the Four Lakes Special Assessment District (Hearing Officer), located at Swanton Memorial Center, 6422 N. Water Rd., Edenville Township, Midland County, Michigan.

Introduction: Dave Kepler, President and Chairperson of the Four Lakes Task Force introduced Tamara McGovern, FLTF Treasurer, Ron Hansen, PE, FLTF Consulting Engineer, and Joseph Colaianne, Clark Hill, and FLTF General Counsel.

Mr. Kepler explained that this was a public hearing relating to a Plan of Financing for the Four Lakes Special Assessment District, Counties of Midland and Gladwin, Michigan (the “District”), consisting of the issuance of (i) one or more series of bond anticipation notes (the “Notes”) to be issued by the District in the aggregate principal amount of not to exceed \$8,000,000 to provide interim financing for part of the costs to establish and maintain the normal lake levels for Wixom Lake located in Midland and Gladwin Counties, Sanford Lake located in Midland County, Smallwood Lake located in Gladwin County, and Secord Lake located in Gladwin County (collectively, the “Project”) and (ii) one or more series of bonds (the “Bonds”) to be issued by the District in the aggregate principal amount of not to exceed \$35,000,000 to provide the long-term financing for the costs of the Project.

Joe Colaianne, indicated that the purpose of this public hearing is to provide the public with the opportunity to comment on the effort of the Four Lakes Task Force to approve the Plan of Financing. The Four Lakes Task Force is a Michigan nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), appointed by the County of Midland and the County of Gladwin (collectively, the “Counties”) as “delegated authority” (the “Delegated Authority”) to perform the duties of the Counties with respect to the Project under Part 307 of the Michigan Natural Resources and Environmental

Protection Act, Act 451, Public Acts of Michigan, 1994, as amended (“Part 307”). The Board of the Delegated Authority has authorized and directed the President of the Board of the Delegated Authority to conduct a public hearing with respect to the Plan of Financing and issuance of the Notes and Bonds for the Project as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), after giving proper notice as required by Section 147(f), and to make a record of such hearing and forward a copy of the hearing record to the Board of Commissioners of the Counties of Midland and Gladwin.

Mr. Colaianne also indicated that a Notice of Public Hearing was posted electronically on the primary public website of the County of Midland on January 10, 2020, on the primary public website of the County of Gladwin on January 10, 2020, and on the public website of the Delegated Authority on January 10, 2020. In that posting, the Delegated Authority advertised that it would hold a Public Hearing at 5:00 p.m., prevailing Eastern Time, at the Swanton Memorial Center, 6422 N. Water Rd., Edenville Township, Midland County, Michigan, on January 17, 2020, and at 11:00 a.m., prevailing Eastern Time, at the Secord Township Hall, located at 1507 Secord Dam Road, Gladwin, Gladwin County, Michigan on January 18, 2020, relating to a Plan of Financing that provides for the issuance of the Notes and the Bonds by the Four Lakes Special Assessment District to defray all or part of the cost of the Project.

The Delegated Authority will be the initial principal user and operator of the Project. The Notes will be issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and will be secured by and payable from the proceeds of the Bonds. The Bonds will be issued pursuant to Part 307, and will be secured by and payable from the collection of special assessments against property in the District. In addition, if approved by each of the Counties, to the extent that the Bonds are not issued prior to the date on which the principal of and interest on the Notes are due and that moneys are not otherwise available to the District on such date to pay such principal and interest, or that the collection of special assessments pledged for payment of the Bonds are not sufficient to pay the principal of and interest on the Bonds as the same become due, each of the Counties will be obligated to pay as a first budget obligation from taxes or general funds an amount sufficient to make such payment to the extent of the special assessments assessed against property in such county by a pledge of the limited tax full faith and credit of each county to advance sufficient monies out of its general fund for such payment to the extent of the special assessments assessed against property in such county. Each of the Counties’ ability to levy taxes to make such payment is subject to constitutional and statutory limitations on the taxing power of each of the Counties.

The Board of the Delegated Authority through this Public Hearing provided opportunity for interested persons to be heard and received and considered communications in writing and orally with reference to this hearing. A record of this hearing will be forwarded to the Board of Commissioners of each of the Counties which will consider approval of the Plan of Financing, in accordance with Section 147(f) of the Code, only after receiving the record of this hearing from the Board of the Delegated Authority.

Mr. Kepler also indicated that the purpose of the meeting was to provides a Project update, review current cost estimates, and review interim financing needs. He noted that construction costs estimates have increased, best estimate of proposed assessment for a residential lake lot is still

within \$350 per parcel. Mr. Kepler then discussed the purchase agreement with Boyce Hydro and timeline.

Ms. McGovern addressed the proposed budget and Plan of Finance, including interim and permanent financing.

Mr. Hansen discussed current construction cost estimates related to the proposed Project budget.

Ms. McGovern addressed estimated assessments related to the proposed estimate cost.

Public Comment:

Property Owner Bernie Raymond inquired whether FLTF will be considering additional revenue streams from non-property owners that use the lakes. Mr. Kepler noted that there are a few commercial properties and public properties on the lakes and the assessment process will address those different uses.

Property Owner Tom Bowland inquired as to how exempt property will be treated from an assessment perspective. Mr. Hansen indicated that there is a difference between property that are exempt from assessments and properties that will have zero (“0”) assessment. Cemeteries would be exempt while some parcels may not receive a benefit and will have a no assessment. Mr. Colaianne noted that Part 307 authorizes the Delegated Authority to assess public land.

Property Owner Bill Brown inquired whether properties exceeding 350 feet would be assessed more versus property owners that have more than one adjacent lot. Mr. Kepler noted that adjacent lots owned by the same owner and not improved would have one assessment; and lots exceeding 350 feet would be assessed more.

Property owner inquired regarding property owner that are on fixed income. Mr. Kepler noted that there will be ways for certain property owners to defer assessments until the property is sold.

Bill Lang inquired with regard to the value of the lake level assets and purchase price.

There were no further comments with respect to the Plan of Finance.

Mr. Kepler noted that weather reports indicate a snow storm that may delay a similar hearing with regard to the plan of finance scheduled for January 18, 2020 at 11:00 am at Secord Township Hall.

Hearing adjourned at 6:45 PM.

David E. Kepler, II  
President of the Four Lakes Task Force,  
as Delegated Authority on behalf of the  
Four Lakes Special Assessment District  
Hearing Officer