



January 8, 2024

We have received additional questions. This is our 4<sup>th</sup> update in the past 30 days to help the Secord Lake Community understand the complicated process to restore Secord. For those that may seek the other three publications, here are links to each of them:

**Summary of FLTF Meetings Dec 6 & 12** - [https://www.secordlakeassociation.org/files/ugd/cd86dd\\_a50e70c113e0426cbace871ca887ed01.pdf](https://www.secordlakeassociation.org/files/ugd/cd86dd_a50e70c113e0426cbace871ca887ed01.pdf)

**FAQ's from FLTF Summary** - [https://www.secordlakeassociation.org/files/ugd/cd86dd\\_ad4303f2a8774a3ebfc65b93d2417fae.pdf](https://www.secordlakeassociation.org/files/ugd/cd86dd_ad4303f2a8774a3ebfc65b93d2417fae.pdf)

**Secord Year In Review** - [https://www.secordlakeassociation.org/files/ugd/cd86dd\\_0b049740c6ea405ab218d34442b470d6.pdf](https://www.secordlakeassociation.org/files/ugd/cd86dd_0b049740c6ea405ab218d34442b470d6.pdf)

## Why approve the construction assessment now? It is not going to start until the winter tax bill Dec '25 (due in 2026) and they do not have all the numbers locked down yet. Why now?

This is a complex, complicated project with three main parts to answer the question. All are connected in the funding journey to restore the lakes. The answer is complicated, below we offer a simple, **high-level** overview:

**ONE:** The FLTF, all 4 Lake Associations, Counties and Townships worked hard to secure a \$200 Million grant from the State. The grant has stringent criteria. Here are the key parameters of the grant:

- 1) Can only be used for reconstruction of the 4 Lakes system with a completion date of September 2026.
- 2) The grant requires a minimum 20% match of additional funds to include a special assessment.
- 3) The grant is to the Four Lakes Special Assessment District, not to a specific dam. The goal is to lower the cost for all property owners with no one paying more than they would if their lake were funding the project on their own.
- 4) The grant allows all 4 dams to begin construction.

**TWO:** To obtain a permit for dam construction, three things need to be in place:

- 1) Final Engineering completed and approved along with other permitting criteria.
- 2) Funding for construction.
- 3) Funds flowing for annual operations, maintenance, and repairs.

The \$200 Million grant coupled with the Operations / Maintenance assessment beginning with the winter tax bill due 2023 allowed construction to begin at Secord and Smallwood without property owners paying for the capital or construction assessment to do so. Without the grant, the capital assessment would have needed to be in place to acquire the permit.

**THREE:** The grant is for \$200 Million. The planning cost estimate is \$364 Million. A loan is required to fund the balance. To have a loan approved, one needs to show proof they can pay back the loan. No different than a home mortgage.

In simple terms, with all 4 dams in the construction phase, the \$200 Million grant will be exhausted later this year (2024). To fund the Secord, Smallwood, and Sanford projects through 2024, a loan is required. Here is where it gets complicated.

The FLTF is seeking a loan via a new US Army Corps of Engineers Program (USACE) to fund the balance. The loan application requires proof that the loan can be paid back. Hence the need for the approval of the capital assessment now, even though the assessment will not begin until the tax bill due in winter 2026. The US Army Corp loan program offers flexibility and long-term cost savings to all property owners.

But, the USACE has indicated their loan cannot be disbursed until sometime between September and December 2024. This means the FLTF is planning to split financing between municipal bond and US Army Corp Loan.

Additionally, as stand-alone projects, both Secord and Smallwood do not qualify for the USACE loan program as both projects are underway. The projects also need to utilize all US materials (no foreign made steel for instance) and meet the requirements of the Davis-Bacon Act direction to the US Department of Labor to determine locally prevailing wage rates.

The FLTF will seek \$80 Million bond financing by June 1, 2024, to fund the Secord, Smallwood, and Sanford projects through 2024. It is imperative that construction not be disrupted on these projects.

Managing this as one project allows the FLTF to flex the grants and financing available to manage timelines and reduce costs for all property owners.

Again, when one applies for a loan, they need to provide proof that the loan payments can be made. Hence the need to approve the capital assessment now. To learn more, there is a 17 page FLTF document available [HERE](#)

## **What if the Counties (Gladwin and Midland) do not approve the capital assessment? What happens?**

The Counties shall approve the assessment roll, and the computation of costs to complete the project. If they do not, FLTF will need to resubmit a financing plan, and the construction projects will be delayed. At this point, the FLTF plan allows for all 4 dam projects to continue maintaining the current timelines. We believe the County will approve.

## **Since the construction cost estimates are not final, how much is the FLTF seeking to have approved to maintain the construction schedules?**

Construction costs are never final until the project is complete. The 4 Lakes Project is presented with a projected number and a contingency, which can be up to 15% of the total Computation of Costs. The final construction costs must “not to exceed” the total computation of costs, or a new approval would be required by the Counties.

They are seeking approval on a range. For construction planning, the low is \$330 Million, the high is \$396 Million with the planning estimate of \$364 Million. If the final construction costs come in over the “not to exceed” cost of \$396 Million, another hearing is required to approve the revised amount.

**From the FLTF dated Jan 5, 2024** – “In December, FLTF shared an estimated capital assessment range. After refining these numbers and considering the timing and risk associated with permitting and financing, the total capital amount to be assessed for financing is \$217.7 Million. This number includes the costs for the total project, financing and contingency, minus reductions including State of Michigan and federal grants. This is the total amount to be financed that will be presented at the January 15 public hearing for approval. Property owners are encouraged to revisit the assessment map

on the FLTF website to see their estimated capital assessment amount that is no longer presented as a range. As of Friday evening, January 5, 2024, the map has been updated.”

“There is \$34.5 Million of contingency in these numbers. Therefore, the total assessment amount may be adjusted (downward) if there is an improvement in planned project performance, contingency is not completely utilized, or additional grants are received. If this occurs, it would likely not be until late 2025 or 2026 when the project is nearing completion.”

“This number in the maps and published roll now only reflects the total to be assessed at \$217.7 million that will be presented at the hearing, **which is an amount that cannot be exceeded without further approval by the counties.** This amount aligns with ranges provided at public webinars on October 12, 2023, and December 6, 2023.”

### **Where do I view the special assessment illustration for a specific property?**

For informational purposes and an illustrative example, capital payment amounts with principal and interest for bond and U.S. Army Corps loan financing at a 5% interest rate, at \$217.7 million is available. To find your specific benefit factor total please visit the assessment map on FLTF website [HERE](#)

### **The State of MI Grant was for \$200 Million. Why is the FLTF showing \$180 Million in Capital Assessment memo on their website.**

On March 30, 2022, the State of Michigan appropriation Act 53 was approved. It included a \$200 million grant to Four Lakes Task Force, the delegated authority for Gladwin and Midland counties. The grant provided funding for the Four Lakes Special Assessment District for engineering, design, remediation, construction, or other applicable resources.

**Approximately \$20 million of the project was used for pre-construction, including design and permitting of the proposed new dams to include Secord. The remaining \$180 million will be applied towards construction costs.**

### **Why don't we just wait to see what the final numbers are before the Counties approve the assessment role?**

The biggest obstacles to this are time and money. Stopping the process in motion to “wait” will delay the return of the lakes. The FLTF has listened to the lake communities and understands the sense of urgency to safely return the lakes.

The second is money. Today, both Secord and Smallwood are under construction with approved bids. A loan is required to keep these projects funded through 2024. Stopping work could cause additional costs as current contracts will need to be satisfied, and new contracts may need to be put in place once the funds are available.

The delay will cost the Secord project both TIME and MONEY - - - unfortunately, waiting is not a viable option.

### **Will the initial or first Capital assessment amount due in 2026 be the full amount or a lesser amount?**

“Based on the Capital Computation of Cost and the Plan of Financing, FLTF is estimating the assessment will run for a total of 40 years, from 2024 to 2063. Interest is capitalized in 2025 on the bond and principal deferred, along with a deferral of the 2025 USACE payment. As a result, the first capital assessment will not appear on tax bills until Winter Dec

2025 (Due in 2026). The Army Corps and bond will allow FLTF to defer principal for an additional year, meaning the payment due in 2026 will be interest only on the bond and the loan. This will result in a lower annual payment than the full assessment amount in Winter 2025, the full assessment amount will then begin on tax bills in Winter 2026.” Source the FLTF publication [HERE](#)

The chart below is designed to illustrate the assessment schedules over the next few years.

	Winter Tax Bill Issued	Due Date	Operations Assessment	Capital Assessment
Last Year	Dec 2022	Feb 2023	Current Operations Assessment	NONE
This Year	Dec 2023	Feb 2024	Current Operations Assessment - same as the one due 2023	NONE
Next Year	Dec 2024	Feb 2025	Current Operations Assessment - same as the one due 2023 and 2024	NONE
2 Yrs. from Now	Dec 2025	Feb 2026	Updated Operations Assessment	Initial capital assessment at a reduced rate "payment due in 2026 will be interest only on the bond and the loan".
3 Yrs. from Now	Dec 2026	Feb 2027	Updated Operations Assessment	"Full capital assessment amount will then begin on tax bills in Winter 2026"

### What is the current FLTF timing for full lake level?

**Timing** – When the bid to rebuild Secord was awarded in December 2022, FLTF informed us the timeline was pushed to the end of 2024 to complete construction. We reported the reasons behind this along with the complexity of the entire bid process.

This summer FLTF indicated issues due to dewatering at Secord caused a 4 month delay coupled with an additional cost of \$4 million (engineering and construction). The FLTF shared the potential for a delay to March 2025 to complete construction.

**In October 2023, FLTF informed us the new completion target for Secord is September 2025. FLTF indicates this date includes a fully functioning dam with an EGLE permit to fill.** This timing contains a variance of “plus or minus 3 months”. [CLICK HERE](#) for the link to the October 15<sup>th</sup> Secord Lake Association News You Can Use.

Here is the October 2023 timeline for all 4 dam projects. Secord and Smallwood are permitted, have completed the bid process and are under construction. There were delays reported at Sanford and Wixom due to permitting issues. FLTF slide:

### October 2023 – Estimate of Lake Use

Lake	Estimated Start Date	Prior Published July Estimate	Estimated Substantial Completion Date	Target Date for Lake Use	Comments
Secord	February 2023	January to April 2025	September 2025 +/-3 months	After Memorial Day 2025	Start up issues On track for new dates
Smallwood	January 2023	December 2024	March 2025 +/-3 months	Before Memorial Day 2025	On track for new dates
Wixom	April 2024 for spillways	January to April 2026	August 2026 +/-6 months	After Memorial Day 2026	Still high degree of uncertainty
Sanford	October 2023	January to April 2026	April 2026 -3/+8 months	Before Memorial Day 2026	Very dependent on 2024 construction season

- Secord and Smallwood reflect the current contracted construction schedules
- Wixom is an estimate until bids are received
- Sanford is contracted, but conditional based on permitting
- Next estimates to publish will be early December of 2023

**As a Lake Association, our goal is to restore Secord.** For that to occur, the entire Tittabawassee system needs to be restored. We believe the FLTF plan is and remains the only viable option to make this happen. The FLTF plan to make this a reality initially had a cost range of \$250 to \$400 million (in summer 2020 before inflation) and did not include significant grant money.

Like most long-term plans, things within the plan changed over a four-year period. Many things are outside of the FLTF or our control. We are focused on the goal.

As property owners, we are disappointed with the costs and timing. As property owners we realize the significant loss in property values for us and our neighbors should Secord Lake not return. As property owners, we look forward to Secord returning to the legal lake level.

As volunteers we commit our time, energy, and resources to restoring Secord. We will continue to prepare Secord to receive water and inform our lake community with the updates.

If you have additional questions, you can email them to [secordlakeassociation@gmail.com](mailto:secordlakeassociation@gmail.com) We will do our best to respond with another Secord Lake Association communication as others may have similar questions.

You can expect continued updates from the Secord Lake Association. These updates will include town hall meetings. Our team is working through these details now. **There is a plan in full motion to restore Secord dam in 2025.** The Secord Lake Association is focused on what is required to prepare Secord to return. Keep an eye out for updates, there is more to come.

[www.secordlakeassociation.org](http://www.secordlakeassociation.org)

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