



January 18, 2024

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

The Project costs and assessment roll will be reviewed at the February 6th joint County Commissioners board meeting. The Counties must 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 expect the Counties will approve the capital assessment roll as this is the way forward to complete Secord Dam construction in 2025. We do not want the Secord project delayed. Please read for more background.**

- 1) Secord dam is permitted and under construction with all costs to date supported by grants the FLTF has secured. **No construction assessment from property owners for work to date.**
- 2) **Secord Lake projected to return to full lake level by September 2025.**
- 3) With construction at all 4 dams, the grant money will be **exhausted** by mid-year 2024. **To continue work on Secord a loan is required** to fund the balance of the project. Bond funding will be sought by June 1, 2024.
- 4) To have a loan approved, **one needs to show they can repay the loan**. This is no different than a mortgage.
- 5) The construction special assessment, not due until **Feb 2026**, is required to provide proof the loan can be paid back. Without this, the **loan cannot be approved by the lender**.
- 6) The current construction assessment numbers are the **high end of the range, or the “not to exceed”** number. **The loan officers that will approve the loan suggested the FLTF seek the higher or “not to exceed” amount.** The amount approved does **not** need to be taken. The assessment will only reflect the actual amount taken. **A lower loan amount will reduce the assessment.**
- 7) **Additional grants** secured in the coming years will **reduce** the loan amount.
- 8) **If the County Commissioners do not approve** the assessment role to appear on the winter tax bill (Dec 2025) due in Feb 2026, the **Secord project** (and others) **will be forced to stop due to lack of funding**.
- 9) **There is a risk of additional delay to Secord.** . . the date of September 2025 could easily be turned to “a date to be determined based on funding”. Contractors will not work for free. They will likely redeploy their workers and equipment.
- 10) Based on the existing market conditions, inflation and interest rates, a **STOP** and then a RESTART would not only **DELAY** but will **INCREASE COSTS**. All construction would have to go back out to bid at 2024/2025 rates, as well as new construction administration contracts secured.

There is recognition by all involved in the restoration program that costs to property owners are high. The capital or construction assessment does not go into effect until winter tax bill Dec 2025 due in Feb 2026. We have 2 years to find additional funding to reduce costs to property owners. Our lake association will be working again with the others to help the FLTF seek additional funds from the State and Federal government. We will seek your help and support in this effort.

Continue reading for the REST OF THE STORY . . .

Why do the Counties need to approve the construction assessment now? It is not going to start until the winter tax bill Dec '25 (due in 2026)

The answer is complicated, below we offer a simple, **high-level** overview:

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, FLTF must show proof the loan can be paid back. (No different than a home mortgage for us). The capital assessment provides the proof required of the ability to repay the loan.

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.

The FLTF is seeking a loan via a new US Army Corps of Engineers Program (USACE). 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 USACE loan cannot be disbursed until September-December 2024. Therefore, the FLTF is planning to split financing between a municipal bond and USACE loan, using the bond to pay for ongoing construction at Secord and Smallwood.

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. To issue a bond, there needs to be proof that the bond or loan can be paid back. The capital assessment provides that proof.

Managing the 4 Lakes as one project allows the FLTF to flex the grants and financing available to manage timelines and reduce costs for all property owners.

To learn more, there is a 17 page FLTF document available [HERE](#)

Why is the FLTF using the higher or “not to exceed” construction assessment number?

Construction costs are never final until the project is complete. The 4 Lakes Project and capital assessment figures had been presented as a range. The higher represents the “not to exceed” number. The final construction costs and capital assessments must not exceed the total computation of costs, or a new approval is required by the Counties.

The FLTF was advised by the US Army Corps of Engineers (USACE) that the USACE cannot approve a loan with a range. There must be one amount applied for. The USACE recommended application at the top of the range, or the “not to exceed” amount.

- **In the event less than the maximum amount is required, the loan will be that lesser amount and thus the capital assessments will be lower.**
- **If additional grants are secured, the loan and thus capital assessments will be reduced to reflect those new grants.**
- The final numbers will not be available until the end of the project, in the 2025-2027 timeframe.

Can we wait to see the final numbers before the Counties approve the assessment role?

The biggest obstacles to this project are time and money. **Stopping the process 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 obstacle 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. Contractors may redeploy their crews and equipment to business and jobs elsewhere as the financing issues are resolved.

Any delay will cost the **Secord** project both TIME and MONEY.

Will the initial or first Capital assessment amount due in 2026 be the full 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 located [HERE](#)

The chart below illustrates 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?

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, 2023 Secord Lake Association News You Can Use.

Secord Lake Association does not seek or support additional delays to the completion of the Secord Dam project. A delay by the County Commissioners to approve financing could delay the 4 Lakes projects.

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

This is our 5th update in the past 45 days to help the Secord Lake Community understand the complicated process to restore Secord. For those that may seek the other four publications, here are links to each of them:

[Summary of FLTF Meetings Dec 6 & 12](#)
[FAQ's from FLTF Summary](#)
[Secord Year In Review](#)
[Additional FAQ's Regarding Capital Assessment](#)

The SLA and the FLTF are seeking additional grants from various sources as well as researching other avenues to offset costs to property owners. The SLA will be introducing opportunities for property owners and Members to help. You can expect continued updates from the SLA. **There is a plan in full motion to restore Secord dam in 2025.** The SLA is focused on what is required to prepare Secord to return.

www.secordlakeassociation.com

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