



**Reminder: Meeting
on Saturday, Oct
19th starts at 9 AM –
Secord Townhall.**

RECAP of FLTF Webinar October 9, 2024

This captures key points regarding Secord from the 90-minute FLTF Informational Webinar. We encourage you to watch / listen to the FLTF webinar held Wed Oct 9th. <https://register.gotowebinar.com/recording/7370756959201331714>

AFTER APPEAL IS DENIED, HCA CONTINUES EFFORTS TO STALL THE RETURN OF SECORD LAKE

FLTF is Unable to Issue Bonds to Complete Construction until HCA Legal Issues are Resolved in Favor of FLTF

Dams to go into Construction Suspension with Safety Status a Key Priority per EGLE

Secord Could Delay until Spring 2026 or Later

HCA Stall Estimated Cost Increase of up to \$20 Million for all 4 Lakes Impacting all Property Owners

For those that have followed our frequent updates over the years, we often refer to ***TIME, MONEY, and RESOURCES.***

TIME – FLTF reports all written briefs submitted to the MI Court of Appeals. At this point, the Courts' calendar indicates a likely first window for oral arguments in December. FLTF indicates HCA has said they plan to appeal to MI Supreme Court should the Appellate Court uphold the Midland Circuit Court ruling. It is unknown how long this entire process could take.

HCA also filed two separate lawsuits against the counties of Gladwin and Midland along with FLTF that are with the Federal Courts. There is not an update on timing for these issues.

While FLTF is optimistic, they also discussed the uncertainties of court timing.

We need to prepare ourselves for further delays caused by the HCA construction suspension. If construction on Secord does not start back up in Spring 2025 to allow for lake fill in May 2026, Secord could likely be delayed longer. The key to completing construction is a full summer season. As EGLE will likely not allow lakes to fill in the fall due to winter ice, the dam needs to be complete, with permits to fill in spring of the year. This is true for all the lakes.

Time is a non-renewable resource, once it is gone, it is lost forever. The HCA delay continues to steal time from all of us.

MONEY –

FLTF indicated last year that as we moved into summer 2024, with construction at all 4 dams, the state grant money for construction would be exhausted with the need for additional funds to continue construction.

The plan was to establish the “not to exceed” assessment to start with the winter tax bill Dec 2025, due Feb 2026. Having the “not to exceed” assessment in place allows the FLTF to issue bonds or seek loans to complete the project.

The HCA lawsuits do not allow the FLTF to issue bonds or seek loans resulting in suspension of the construction projects.

FLTF is using existing grant money to prepare all 4 dams for construction suspension with safety a priority. As the table on the right indicates, there is no money available to complete any of the dam restoration projects.

	Projected Budget	Estimated Spend*
Edenville	\$125 Million	\$20 Million
Sanford	\$90 Million	\$50 Million
Smallwood	\$50 Million	\$40 Million
Secord	\$68 Million	\$54 Million
All Lakes Costs	<u>\$21 Million</u>	<u>\$ 6 Million</u>
	\$308 Million	\$170 Million

There is a **\$10 Million** contingency remaining from the state of MI construction grant available of **\$180 Million**.

*Estimated spend by projects suspension
Source FLTF OCT 2024 informational webinar

FLTF provided the chart below to update the progress on the dams as they enter suspension.


Secord Dam –Safety Status

SUSPENSION DATE:
OCTOBER

Major Work Component	Current Status	Status at Suspension
Principal Spillway	In progress	In progress (bay 1 and 2 in progress)
Auxiliary Spillway	Completed	Completed
Seepage Cutoff Wall with Filter/Drains	Completed	Completed
Dam Slopes Flattened	Completed	Completed
Low Level Outlet	In progress	In progress (downstream component mostly complete and upstream in progress)

Key Takeaways:

- Lake level to remain at current level until completion
- Flows being routed through auxiliary spillway
- Gap in work remaining within the principal spillway which includes crest gates, spillway rehab, energy dissipation, and low-level outlet



Issues at ALL dams prior to failure:

- Lack of spillway capacity.
- Concrete deterioration.
- Gates and mechanism past their life.
- Embankments signs of seepage.
- Downstream erosion protection inadequate.

1. Included in GEI reports and EGLE requirements in June 30, 2021 letter

Smallwood Dam –Safety Status

SUSPENSION DATE:
OCTOBER

Major Work Component	Current Status	Status at Suspension
Principal Spillway	In progress	In progress (bay 1 is partially complete)
Auxiliary Spillway	Mostly completed	Mostly completed
Embankment Filter/Drains	Right side completed; left side not started	Right side completed; left side not started
Dam Slopes Flattened	Not started (Left side only)	Not started (Left side only)
Low-Level Outlet	In progress	Completed

Key Takeaways:

- Lake level maintained at current level until completion
- Flows being routed through low-level outlet and bay 2
- Gap in work remaining within the principal spillway which includes crest gates, spillway bay 1 and 2 rehab, and energy dissipation

Safety Status Summary:

- Dams under construction, not complete.
- Safe stopping points identified for suspension reviewed w/ EGLE.
- Safe stopping points for each dam must be met for safety per EGLE.

Dams cannot be left in the suspended condition. They must be completed or removed.

How does the denial of the loan by the US Army Corps of Engineers (USACE) impact construction at Secord / Smallwood?

We shared last year, “The US Army Corps of Engineers Loan program is new with stringent requirements to qualify. As stand-alone projects, both Secord and Smallwood would 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.”

This is the reason FLTF indicated the need to issue municipal bonds to fund the completion of Secord / Smallwood. FLTF indicated late last year municipal bonds required in June 2024 timing to fund completion of Secord / Smallwood. The USACE decision to not provide a loan to FLTF has no bearing on the ability of FLTF to secure funding via municipal bonds.

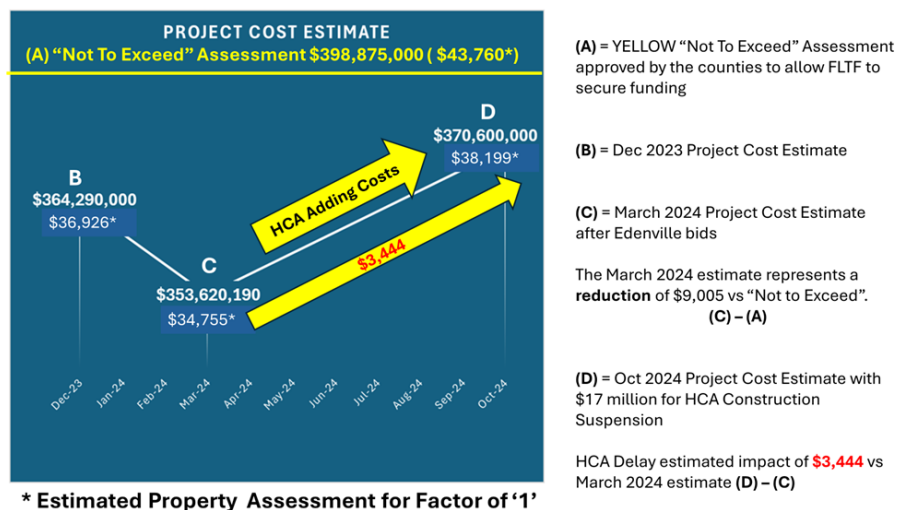
The permitting challenges with Wixom have no impact on the construction schedule / permitting at Secord, Smallwood, and Sanford or the ability of FLTF to issue municipal bonds to fund completion of construction.

Due to the HCA legal objections, FLTF is NOT able to issue bonds to complete construction. Until the courts confirm the Midland Courts ruling or HCA drops their lawsuits, FLTF CANNOT secure funding via municipal bonds or loans.

What is the HCA legal action going to cost property owners in the FLSAD?

At this point, the estimated cost for construction suspension is between \$10 to \$20 million assuming a restart of construction in spring 2025.

FLTF shared estimated project costs during the webinar using \$17 million as the estimated cost of the HCA construction suspension / restart - - the chart below is an illustration:



The simple answer, FLTF updated the project cost estimate to include the suspension. The number in **RED \$3,444** is the estimated cost IMPACT for a property with an assessment of '1'. To determine the impact to your property, you can take your total assessment factor and multiply by \$3,444. (Example: .67 X \$3,444 = \$2,307).

To explain the chart - - The Capital Assessment approved by the counties as the 'Not to Exceed' number represented by 'A' in the chart. The 'Not to Exceed' is the Dec 2023 project cost estimate plus \$34.5 million for contingency planning. The Dec 2023 project cost estimate is represented by 'B' in the chart. In March 2024 after the Edenville bid was received, FLTF lowered the project cost estimate represented by 'C'. This represents a reduction of \$9,005 vs the "Not to Exceed" estimate for a property with an assessment factor of '1'.

The Oct 2024 project cost estimate due to HCA construction suspension is 'D', representing an increase over the March project estimate. The difference of **\$3,444** is the estimated impact for a property with a total assessment factor of '1'. You can multiply these estimated assessment figures by the assessment factor for your property to illustrate what these mean to you. FYI - the FLSAD average assessment factor is .75, for Secord the average is .699.

FLTF has secured over \$247 million in state, federal, and private grants to date. **FLTF continues to seek grants.** However, asking for or seeking grants and receiving grants are two different steps.

FLTF, with assistance from the lake associations, townships, counties working closely with our local state and federal elected officials continue to seek additional funds to lessen the burden of the costs.

However, a common requirement of grants is that the organization must not be encumbered with a lawsuit.

In addition, a grant for capital expenditures often requires proof of operating revenue to fund the operations. The Operations and Assessment Roll and Capital Assessment Roll are both being challenged by HCA.

The HCA legal challenge(s) puts FLTF and the counties in a position where funders may wait until the court case(s) is resolved in favor of FLTF or HCA drops their legal challenges.

Additional Funding Updates

- ❑ Awarded a new FEMA HHPD grant, totaling \$433,698
- ❑ Outstanding grant requests:
 - ❑ EPA Climate Justice Grant, application totaled \$17.7M
 - ❑ Appropriation requests totaling \$8.25 million, 3 USDA Community Facilities grants
 - ❑ DNR Fisheries grant \$150,000

FLTF continues to prove their ability to secure grants.

At the October 9, 2024, informational webinar, FLTF indicated they recently were awarded another FEMA HHPD grant for \$433,698. FLTF has been awarded this annual grant before and will apply each year in the future.

FLTF explained they have \$26.1 million in outstanding grant requests. These are requests that have been accepted with positive feedback provided. While there are no guarantees, these grants, if received, will decrease the assessment for all property owners in the FLSAD.

RESOURCES:

The FLTF Board are volunteers from each of the 4 Lakes along with a commissioner from each county. This group, working in collaboration with the counties, townships, and lake associations, has proven their ability to

secure grants and work through complex government regulatory issues. One needs to consider what this type of talent would cost the FLSAD if these talented volunteers were not willing to put their skills and time into this project.

There is recognition that the Special Assessment District (SAD) costs for property owners are high. The capital/construction SAD does not go into effect until the winter tax bill, Dec 2025 which is due in Feb 2026. When the HCA legal action began, we had almost 2 years to find additional funding to reduce costs to property owners.

The past 6 months or so, the majority of the FLTF time is consumed by HCA legal issues. This does not allow them to focus on seeking additional grants, securing permits, and driving costs savings in construction as they demonstrated with the Sanford and Edenville bids.

We support the FLTF's Restoration Plan as this is the only viable plan. We are committed to seeing Secord Lake returned as soon as possible and will continue to work to secure additional grants to benefit ALL property owners.

 Second Lake Association
October 1 at 9:47 AM · 🌐

Last week, SLA Members Phil, Chuck, Joel and Jeff toured Secord dam with Spicer Engineers and Fisher Construction. In attendance that day were key staffers from the offices of MI Rep Bill Schuette, US Congressman Dan Kildee, US Congressman John Moolenaar and US Senator Gary Peters.

We received an update on dam construction and discussed the need for additional funding to help reduce assessments for all property owners. Our guests asked how the construction suspension will... See more



Chuck w/ US Senator Gary Peters



Chuck w/ MI Rep Mike Hoadley



MI Rep Mike Hoadley joined us for SLA Golf Outing



Gladwin County and representative from Sen Peters office joined us for the Secord Dam Tour event.

We recognize there are more questions than answers available now. Look for more informational updates from the FLTF and Secord Lake Association. **Our last in-person meeting for the 2024 season is Saturday, October 19th at 9 AM – Secord Township Hall. ((PLEASE NOTE THE 9 AM START TIME))**

www.SecordLakeAssociation.org

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