



Forest Lake

Forest Lake Property Owners' Association
6180 Bobcat Tr., Alger, MI 48610 989-836-2155

Forest Lake 2021 Special Assessment Questions

Spillway Questions

1. With regards to the Grant eligible construction estimate of \$945,000 that is included in the sub total estimate for the spillway. Would this nearly \$1M be subtracted from the total cost if we receive the grant or is it a loan that must be repaid?

Answer: The USDA grant is not a loan that needs to be paid back. Refer to page 4 of the special assessment package which indicates the total amount deducted from the estimated project cost. Note No.3 on the referenced page also indicates that if the final spillway project cost is less than the grant the excess funds are returned to the grantor. The spillway repair costs not covered by the grant will be the responsibility of FLPOA.

2. What major work is being done on road over Dam? Price tag seems high!

Answer: The road over the dam is owned by FLPOA starts at Wolverine and extends to the top of the hill past the campground road. Mid-Michigan asphalt estimated the cost based on 22 ft. width with a new 3" thick cap. The repair of the road will be included in the spillway contract as a separate price. If the bid price for the road repair is excessive the road work will be subcontracted separately by FLPOA.

3. What is the status of the "dam fund"? Where has this money been spent, or if money is available, why is it not being spent for these repairs?

Answer: The dam fund was used for emergency repairs on the spillway and was used in the past for minor repairs resulting from dam inspections performed every three years. (Refer to Note No. 4 on page 4 of the special assessment package) The emergency repairs were necessary to mitigate further erosion damage, so it had to be done immediately. There are insufficient funds remaining in the dam fund to be used for the spillway repair project.

4. Why was the insurance insufficient to cover the costs of repairs? What has been done to correct this shortcoming?

The dam and spillway have never been included in FLPOA insurance coverage. The FLPOA docks were included but our damage claim was denied since flood damage was not covered. Dam/spillway insurance coverage would be extremely expensive, if not impossible, to obtain.

Dock Questions

5. Did the actual dock estimate change after the bid was accepted? If that happened, then the next question would be. Didn't we have a firm contract with the bidder?

Answer: Bids for dock repairs were received in August 2020 (Refer to Note No. 2 on page 4 of the special assessment package). FLPOA did not issue a notice to proceed to the low bidder since we needed a decision on the insurance claim before proceeding. In addition, FLPOA was seeking FEMA funding or an SBA loan. FLPOA did not obtain financial assistance from FEMA and still has not obtained a loan. The original bid was good for 6 months and therefore has expired.

6. Why are the docks still strewn about the lake? We could have repaired and up righted those within a year. We could have had a work party.

Answer: Refer to the question No. 5 answer. The dock damage must be inspected before our SBA loan can be finalized and therefore no repairs have been made as of this date. The Board has decided that all dock repairs will be made by a qualified contractor since the contractor is better equipped to securely anchor the docks in place. Work parties have been used in the past on various projects but can present a liability issue for FLPOA if someone is injured.

7. Can docks be repaired and water levels brought up at some point this season so we can swim, fish, kayak and just see hope?

Answer: The State of Michigan EGLE Dam Safety Unit has directed FLPOA to maintain the lake level at the current level until the new spillway is complete. During construction of the new spillway the flow into the lake must be diverted around the construction area and the lake must be maintained at the current low level by the contractor to provide storm storage capacity in the lake. A dam overflow during construction could cause another disaster.

8. Will dock rental prices go up? Dock rental prices should go up a little immediately, we let ours roll so it would be available to you but some of the people need to see that that has occurred as they are disgruntled about paying.

Answer: Not even considered at this point.

9. Is contractor fixing docks going to be able to salvage and use some of the existing docks?

Answer: It is the contractor option to repair and/or replace at each dock location that is satisfactory to FLPOA acceptance.

10. Have you thought of a community day or days to ask for help to work on replacing the docks to cut labor cost?

Answer: No. Refer to the question No. 5 and 6 answers. In addition, FLPOA will be negotiating with the contractor as indicated in Note No. 2 on page 4 of the special assessment package.

11. How many docks need replaced, or repaired? How many docks are there? How many require repair or replacement. Many are still in place or salvageable.

Answer: The contractor's bid includes repair of 47 docks and 19 completely new docks to replace original docks.

12. Why is the maintenance staff not repairing/rebuilding the rental docks?

Answer: Refer to the answers for questions No. 6 and No. 10.

13. Have you thought of floating docks to install instead of using lumber?

Answer: We had floating docks years ago, and they were nothing but a maintenance problem.

14. Why did the insurance company deny the claim on the docks? (Act of GOD?)

Answer: Refer to question No. 4 answer.

15. Why should people who do not use or own a boat have to pay for dock repairs?

Answer: Any property that is owned by the Association must be maintained by the Association. All property owners belong to the Association therefore have the obligation to maintain. Properties like the docks, the campground, the clubhouse, the rental house, the RV storage area, etc. all contribute to a supplemental income for the Association and therefore benefit all members.

16. Why don't we have a few of the docks by the main beach open for use by anyone who would like to visit the beach? I remember that there used to be some open spots for people to use. I know that would reduce dock income, but it would also alleviate people who may be unwilling to pay if there was some available to access, even if it was 4 spots or so.

Answer: Day use docks at the beach are available for a fee.

17. Are dock rentals profitable for the POA? If so, where have those profits been spent? If not, why should we continue supporting a limited use (unable to be freely used by the entire association), money losing project?

Answer: The annual income from dock rental is approximately \$28,000 as indicated on page 6 of the special assessment package.

Dredging Questions

18. Can a map be provided showing the areas of the lake that will be dredged?

Answer: Yes, there is an area map of the dredging areas and the potential disposal sites that was presented to EGLE for permit approval. The actual detailed engineered plan for dredging contractor bidding has not been developed as the loan has not been approved for the funding as of this date.

19. If the dredging project is completed, and the soil tests badly, where will that soil be disposed and what will the cost be?

Answer: The soil is tested before and during the dredging process. It is monitored by EGLE and no bad soil will be disposed of improperly. At this point, soil samples at each location have been taken and analyzed by a professional lab and reviewed by EGLE. A disposal plan, when developed, will be approved by EGLE and acceptable sites will also be approved by EGLE.

Other Finance Questions

20. Has any consideration been given to charging lakefront property owners a slightly increased rate for the spillway repairs? Somehow it seems odd that owners like us with a small \$2000 undeveloped lot will be paying the same special assessment as a waterfront homeowner.

Answer: A lot of thought has gone into how to fairly assess each property owner and the most equitable method is for each property owner pay the same amount regardless of how many lots owned or where they are located.

21. The accounting fees are \$2,000 per year or \$20,000 over ten years. What kind of reporting will be generated? Will this reporting be submitted to the property owners?

Answer: The accounting fee is not just for reporting but for actual payments to be made from invoices, collection of the special assessments, and repayment of the loan over a ten-year period. This operation is to assist the Townships with the special assessment collection and outgoing expenses by a professional third-party contract. Reports may be available upon request from the Townships.

22. The special assessment is in realty a property tax increase. True?

Answer: False. The special assessment is not a property tax. It is a specific cost assessment for a specific purpose and only to those in the district for which the special assessment will be collected. Property taxes are permanent, and the special assessment is not and expires upon the completion of the specific purpose for which it was created.

23. Did the association's private insurance coverage cover some disaster events?

Answer: Refer to question No. 4 answer.

24. I Have never seen taxes Go down. I would much rather pay direct to forest lake association and be done with it. Can we pay without going through tax assistance? How much will the fee be reduced if the assessment is paid in one lump sum?

Answer: A lump sum payment option will be investigated. The final option must be reviewed and approved by the Townships, the loan grantor, and the third-party CPA firm. All payments will be to the Townships for the special assessment. Refer to the question No. 22 answer for additional information.

25. Can we charge public to use beaches to cover some of the cost of upkeep? And use visitors passes for forest lake people \$5.00 per car?

Answer: NO, it is in violation of our IRS 501 C4 private non-profit tax-exempt status. We need to be community contributors and friendly neighbors.

26. Will dues eventually increase? They are very low and have not been raised since I have been here. We need to shore up financially after this, so raising 30 dollars a year may benefit. I also realize bringing that up now is not a great idea.

Answer: Correct! Not a good idea now but eventually a dues increase will be required.

27. Can we consider a motion to increase dues? Especially during this crucial time, I believe that we may be able to increase our income and that we may have more support than you think. Unless everyone is aware of what our operating expenses are there is nothing to base a decision on.

Answer: If the Townships decline to create a special assessment district a vote on increasing the dues may need to be considered.

28. If the current proposal is defeated, will it be revised before being tried as a dues assessment?

Answer: If this Special Assessment is defeated by FLPOA members, or if the Townships decline to create a special assessment district, the Board will need to come up with a new plan to complete the spillway and dock repairs as a minimum. Some of the proposed improvements may need to be deferred to a later date.

29. How firm are your estimates? Could it end up costing much more than you state in your letter?

Answer: The estimates which have been presented are considered to be conservative, but the actual cost of the project is unknown until all bids have been received. There is a potential that the final cost could be higher than estimated. However, the plan would be to receive bids for the spillway construction, and lake dredging, during the process of creating the special assessment district. If the bid prices exceed the estimates the FLPOA Board/Townships could decide to modify the scope of work to reduce the cost or cancel the special assessment district creation. FLPOA members would also have the ability to object to any cost increases during the Township public meetings which would be required.

30. What is the plan, if any, for tax assessments that go unpaid? Even if the funds are recovered in tax auction, would it be quickly enough and all of it such that the POA does not default on a loan?

Answer: The board does anticipate some level of tax default and will have sufficient funds to make the payments to the SBA.

31. What is the penalty for default on the proposed loan? Are we issuing collateral against the loan, or is it purely credit based?

Answer: We do not know of any penalty for default on the SBA loan but do not have the loan papers as the loan is not approved yet. Everything has been submitted and the loan is in the approval process. There is no collateral, but we do have to pledge the assessment in writing to the SBA.

32. What will happen if we do not get enough yes votes?

Answer: The Special Assessment fails. Refer to the question No. 28 answer for additional information.

33. What percentage of yes votes are needed?

Answer: Over 50% of FLPOA must vote yes as a minimum. However, the Townships may require a higher percentage to consider a special assessment district.

General Questions

34. When will any work begin and in what order? Please provide tentative timeline. (After voting results received) Will the project that you propose be completed this year? next year? or when? When do you anticipate starting the spillway restoration, dock repair, and lake dredging? When do you anticipate the projects will be completed?

Answer: The work schedule for the spillway construction, dock repairs and the lake dredging will not be available until the scope of work is finalized. The plan is to have the docks and spillway repaired, as a minimum, in order to have the lake back in service next year.

35. Why were we so grossly underinsured? Does the board realize the financial implication if someone at the beach gets hurt or worse? This being especially true since the beach is not really private, public is allowed. Had we been properly insured, docs and spillway would be paid for or at least largely paid for.

Answer: Refer to the question No. 4 answer.

36. To raise money for repairs. What if those of us backing up to common ground were offered to extend our property lines and buy that portion from FL. This could possibly generate a significant amount of money. I am on sfl backing to state land and all of my neighbors would do it. Equating to almost 30 lots. Of course, this would only be acceptable if it was sold to the property owner backing up to it, not a third party.

Answer: Deed restrictions do not allow the sale of FLPOA common ground property.

37. Will water quality and safety be tested this year? The flood brought in who knows what and the stagnant water in places we need to know it is safe to swim in.

Answer: Check on the FLPOA website for the Restorative Lake Sciences Lake Management Contract that we contract with every year to accommodate these concerns. RLS tests for coliform bacteria which includes two common elements which are E. coli and Fecal. If there are any indications of elevated levels which are mostly temporary, then they do a DNA test to identify the possible source.

38. When will there be a special meeting? The people need to feel heard, and this could be held outdoors in pavilion.

Answer: An outdoor public meeting will be scheduled next month.

39. What position is available on the board?

Answer: Board positions are determined after the new members have been voted in. The nomination period for this year's board members has already closed.

40. Why such short time to ask questions?

Answer: We would like the community to have the answers to their questions as soon as possible. Then they can make an informed decision and return their ballot in a timely manner.

41. Even if we do not have official meetings, could we please have a more timely, organized and regular dissemination of information? The secretary should be responsible for DETAILED meeting minutes and relaying timely information to the association members.

Answer: The Board has made every effort to communicate with members via mailings, emails and website postings during the COVID pandemic. Updates were issued after every major change of project status. However, the Board has not attempted to provide detailed information regarding our efforts during every step of the disaster mitigation process this past year. The Board has focused on the difficult task of addressing the flood damage in a timely and financially responsible manner and has not been allowed to have public meetings per the State of Michigan guidelines. Please note that the Board does not use Facebook or other forms of social media for communication. Hopefully, we can return to a more normal routine in the near future.

42. Why don't we have more association meetings? It would be nice to have more information from the board and input from residents. I know with covid there was an issue, but that is ending soon. That way you could garner more volunteers for events like the Ox Roast and set up committees? Most associations meet more than once a year. It could even be every other month.

Answer: Refer to question No. 41 answer.

43. As a board, why are the minutes so sparse? For example. we do not have a full accounting spreadsheet of our finances from the Treasurer. It should be open to all members.

Answer: Refer to the question No. 41 answer.

44. Is the beach public or private?

Answer: The Beach and other FLPOA properties are owned and maintained by FLPOA but are available for use by the community. FLPOA rules apply to use of the properties.