



Forest Lake

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

July, 2021

Dear Forest Lake Property Owner

The Board of Directors have been working very diligently for the last 14 months to obtain public assistance grant funding to help ease the financial burden of the flood disaster last year. We did receive financial assistance from the US Department of Agriculture, the State of Michigan, and the Saginaw Chippewa Indian Tribe. However, the lake dredging project, repair of FLPOA boat docks and some of the spillway repair costs are not covered by the public assistance. The Board of Directors is proposing that these costs will be shared among all members of the association as indicated in Attachment "A". A lump sum payment is suggested from each property owner by August 31, 2021 or deferred payment plans are also available as indicated in Attachment "B".

As indicated in the April 23rd special assessment mailing, our original intention was to secure a low interest loan from the Small Business Association (SBA) and then collect the funds to repay the loan via a Moffatt/Clayton Township Special Assessment District (SAD). Several Board members attended the Moffatt Township Board Meeting in June and requested that the Township consider the creation of a SAD for lake dredging. The Township provided an update on some new information that had been brought to their attention but did not vote on a resolution to consider the SAD. If FLPOA obtains a petition signed by at least 51% of the members in favor of an SAD the Township would vote on the issue and is willing to complete all necessary paperwork.

In order to create an SAD the Township would need to borrow the necessary funds in lieu of FLPOA borrowing the funds. The loan interest rate for the Township would be higher than normal due to unforeseen circumstances and they would also need to obtain approval to sell bonds. The process of creating an SAD would require considerable extra work for the Township and FLPOA and the timing would probably not allow the dredging project to start until early 2022. Therefore, the Board of Directors has decided to collect the assessment directly instead of using a Township SAD. This proposed method of assessment provides for substantial cost savings compared to the previous plan and also allows for earlier completion of the dredging project as indicated in Attachment "A".

The Board of Directors has the responsibility under FLPOA By-Laws, Rev. 2015, Article IV to maintain common owned properties and has the authority under Article VI, Section 14, to levy a special assessment to the members upon 2/3rd yes vote by the Board of Directors.

Together we can make a difference.

Forest Lake Property Owners Association Board of Directors

Attachment "A"

FLPOA LAKE DREDGING AND DAM/SPILLWAY/DOCKS PROJECT ESTIMATED COST

ITEM	COST
Lake Dredging Construction Permit	\$7,000
Soil Erosion Permit (estimated)	\$3,000
Engineering for Dredging Project	\$47,000
Dredging/Sediment Pond Contract (estimated)	\$1,200,000
Contingency (10% of Construction Cost)	\$120,000
Dam/Spillway Preliminary Engineering (note #1)	\$33,000
Permit Fees (estimated)	\$7,000
Dam roadway paving (note #2)	\$35,000
Security fencing	\$11,000
Rental docks repairs/replacement (estimated, note #3)	\$100,000
Installation of Dam slide gates (estimated, note #4)	\$10,000
Third party accounting of expenses	\$7,000
TOTAL ESTIMATED PROJECT COST:	\$1,580,000

1,175 Property Owners (as of 7/3/21) (Expected participants = 1,000)

Cost per Property Owner: \$1,580,000/1,000 = \$1,580 (Lump Sum)

See Attachment B for alternate payment plans.

Notes

1. Preliminary engineering for the spillway was not eligible under the USDA grant.
2. Paving cost is reduced by decreasing the pavement thickness.
3. Deck board replacement and minor repairs will be performed by FLPOA maintenance crew. All other repairs will be by the Contractor.
4. The material cost for the slide gates is covered by the Saginaw Chippewa Indian Tribe \$50,000 grant.

Cost Savings Compared to the Previous Proposed Assessment

Interest on a loan @ 3%	\$256,443
Township collection fee	\$25,000
Accounting firm for 10 years	\$20,000
Saginaw Chippewa Indian Tribe Grant	\$50,000
Dock Repairs (\$129,800-\$100,000)	\$29,800
Dam Road Repaving (\$84,300-\$35,000)	\$49,300
TOTAL	\$430,543

The current lake bottom conditions are suitable for long reach excavating equipment to perform the dredging operations. If the dredging project is delayed until fall 2022 the project cost could increase by approximately \$100,00 due to less stable lake bottom conditions which may require specialized equipment.

Please see other side

Attachment "B"

SPECIAL ASSESSMENT PAYMENT PLANS

SUGGESTED PAYMENT PLAN 1 FOR SPECIAL ASSESSMENT:

Lump Sum payment by August 31, 2021 \$1,580

Alternate Plan 2 for Special Assessment:

First payment by August 31, 2021 \$790

Second payment by September 30, 2021 \$790

Alternate Plan 3 for Special Assessment:

First payment by August 31, 2021 \$527

Second payment by September 30, 2021 \$527

Third payment by October 31, 2021 \$527

Alternate Plan 4 for Special Assessment:

First payment of \$200 due August 31, 2021 with annual payments of \$200 for the next 9 years. Beginning in 2022 the Special Assessment Amount will be added to the regular dues owed, and will appear on the annual billing statement that is mailed at the end of every February.

Notes:

The suggested payment plan provides the Board of Directors with the funding necessary to immediately initiate the start of the dredging project. The bid package can be prepared by our engineering consultant and the project can be issued for bids. Construction would begin this year before the lake level is raised next spring. In addition, the suggested payment plan also provides up front funding for dock repairs and grant ineligible spillway repair costs.

If a substantial group of property owners select Alternate Plan 4 the Board may need to borrow funds in order to complete the dredging project this year. Therefore, the cost of plan 4 is increased to cover potential loan interest and administrative fees.

Please note that this assessment is based on estimated costs. If the final cost is less than estimated all remaining funds collected by the assessment will be deposited in the Dam Maintenance fund. If the final cost is greater than estimated the scope of work may need to be adjusted or alternate funding methods may need to be implemented.

Please see other side



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SPECIAL ASSESSMENT NOTICE

Due to the damage caused in May of 2020 by the unprecedented rain fall, The Forest Lake Board of Directors has determined that it is necessary to **assess every property owner for the outstanding balance that will be needed to complete the lake dredging, dock repairs and spillway repairs**. The BOD is requesting that property owners decide how you would prefer to schedule payment of this Special Assessment.

- Payment plan #1**
(\$1,580 lump sum payment due 8-31-21)

- Payment plan #2**
(Two payments of \$790 due 8-31-21 & 9-30-21)

- Payment plan #3**
(Three payments of \$527 due 8-31-21, 9-30-21 & 10-31-21)

- Payment plan #4**
**(Ten annual payments of \$200, first payment due 8-31-21 -
remainder of payments added to regular annual dues notice)**

Signature of Property Owner:

Date:

Please select one payment plan, sign and return in the enclosed return envelope with your payment by 8/31/21 to: FLPOA, 6180 Bobcat Trl., Alger, MI 48610.

«First_Name» «Last_Name»

«Address_1»

«City_Province», «State_Country» «Zip_Code»