

FUNDING -COST ESTIMATOR OF JARVIS LAND ACQUISITION PROPOSAL

In our discussions on the possible acquisition of three lake lots owned by John and Cindy Jarvis, we have indicated the only way this acquisition will occur is if the lake district receives a land acquisition grant from the DNR. If we receive a land acquisition grant, the DNR pays 75% of the appraised market value of the property, while the lake district pays only 25% of the appraised market value of the property. (This is obtaining land for \$0.25 on the dollar!)

Before we apply for a land acquisition grant, several steps must take place. First, a majority of the members voting at the annual meeting on June 23, 2018 must approve the proposal. If the majority approve, the second step is for the lake district to go before the Town of Mt. Morris board of supervisors and seek Town Board approval for our proposal. If we receive Town Board approval we then must write a grant proposal and submit it to the DNR by February 1, 2019. If we are awarded a land acquisition grant by the DNR, we will proceed to close on the lots.

How will the lake district pay for our 25% of the appraised market value of the property? The DNR has a public financing program. Below, payments are calculated over 10 and 12 year amortizations at a range of current interest rates.

The Jarvis' original asking price for the three lots was \$330,000. A market value appraisal performed by an approved DNR appraiser in September, 2017 indicated the market value of the three lots to be \$206,500. The Jarvis' have accepted this market value appraisal. Therefore, if we receive the grant, the DNR will pay \$154,825 and the lake district will be responsible for only \$51,625.

Please keep in mind that what follows is for **ILLUSTRATION PURPOSES ONLY!** We do not have a negotiated deal. Interest rates may change. The market value of the lots may change. These numbers below will give everyone an idea of the annual and term costs for the district and each member. For this illustration, annual compounded interest with single annual payments is used.

4.25% for 10 years - \$6,444.36 per year/ \$64,443.55 over 10 years/ \$12,818.55 total interest paid/ \$99.14 per member per year assessment;

4.50% for 12 years - \$5,661.52 per year/ \$67,938.20 over 12 years/ \$16,313.20 total interest paid/ \$87.10 per member per year assessment;

5.00% for 10 years - \$6,685.67 per year/ \$66,856.74 over 10 years/ \$15,231.74 total interest paid/ \$102.86 per member per year assessment;

5.50% for 12 years - \$5,990.01 per year/ \$71,880.11 over 12 years/ \$20,255.11 total interest paid/ \$92.15 per member per year assessment.

For property owners to consider: Should we use some district cash on hand to pay down some of the loan right away? For example, if we paid \$10,000 against the loan and financed \$41,625 the numbers are as follows:

4.25% for 10 years the per year amount is \$5,196.05 and the per member per year assessment drops to \$79.94;

4.50% for 12 years the per year amount is \$5,260.52 and the per member per year assessment drops to \$80.83;

5.00% for 10 years the per year amount is \$5,390.63 and the per member per year assessment drops to \$82.93;

5.50% for 12 years the per year amount is \$5,522.30 and the per member per year assessment drops to \$84.96.

For property owners to consider: Should we use some district cash on hand to pay the first or first and second year assessments for all members?

If we acquire these lots the district pays zero property taxes on them. The district will not be required to make any improvements to the property.

As we prepare the budget for the 7/1/18 thru 6/30/19 fiscal year we will examine every expense category to see if any items can be cut or if we can defer any expenses into future years.

We are holding an informational meeting on Sunday, May 27, 2018 at 1:30PM at the Community Center building on Hwy 152 towards Mt. Morris to discuss any further developments on the land acquisition proposal. This meeting will be a great opportunity for you to get any questions you may have, answered. As always, if you have any questions between now and the informational meeting feel free to contact Skip Hansen at skipdive1950@gmail.com , Kris Helms-Doyle at khelmsy@yahoo.com , or Helen Fisher at zeldaeight@yahoo.com

**SAVE THE DATE:
PLMD ANNUAL MEETING
SATURDAY, JUNE 23 2018
9:00AM**