

FRIENDS OF MOUNT MORRIS LAKES ENDOWMENT FUND

The Quality of Our Lakes . . . Today and Always!

PROPOSED ACTION AT THE 2014 ANNUAL MEETING:

It is moved that the Mount Morris Lakes Management District (MMLMD) board proceed to establish the *Friends of Mount Morris Lakes Endowment Fund* for the purpose of helping to secure future sustainability and ongoing improvement of the Mount Morris Lakes, under the direction the MMLMD board. This designated endowment fund will be placed with the Oshkosh Area Community Foundation.

PRESENTATION AND DISCUSSION AT THE 2014 ANNUAL MEETING:

Diane Abraham, President and CEO of the Oshkosh Area Community Foundation will be present at the Annual Meeting on Saturday, July 19, 2014, to provide a brief presentation regarding the Oshkosh Area Community Foundation and its benefits in servicing the Friends of Mount Morris Lakes Endowment Fund.

A GLOBAL PERSPECTIVE:

How much would you pay for a breath of fresh air? Clean groundwater? Fertile croplands? A healthy lake? How much is this “natural capital” worth to you and me? As it turns out it worth quite a bit as one estimate indicates that worldwide natural ecosystem services are valued at over \$44-trillion annually!

THE LOCAL PERSPECTIVE:

Created in 1976, the MMLMD was established as a special purpose unit of government under Wisconsin NR33 to protect and rehabilitate our lakes and dam. The MMLMD has long-term financial commitments related to management and control of invasive species and maintenance and operation of the dam. Over the years the MMLMD has continued to hold steadfast, protecting land and waters in and around the Mount Morris Lakes watershed. It is our responsibility and continuing challenge as a community to help preserve these special places through aquatic plant management, dam and flume maintenance and preservation of water quality.

Historically grants have been used to partially fund these activities but there is no guarantee that grants will be available in the future or that the MMLMD will be successful in securing grant revenue. Recognizing these responsibilities, long term financial commitments and to provide preservation opportunities to property owners, the endowment fund will be used for lake protection and rehabilitation apart from and in addition to the MMLMD annual levy.

CURRENT SOURCES OF INCOME FOR MMLMD

Annual Levy

- Limited by law to 0.0025 of Equalized Value of properties within the MMLMD
- Currently at 0.0005628 of Equalized Value
- 2013 Equalized Value of MMLMD riparian owners = \$46,195,250 (including non-riparian owners the equalized value is \$47,597,050)
- Actual 2013-2014 MMLMD levy = \$26,000
- Maximum MMLMD levy available: \$46,195,250 X 0.0025 = \$115,488

Special Assessments and Special Charges

Special Assessments can be made for the purpose of carrying out district protection and rehabilitation projects. Commissioners determine the entire cost of the project and apportion the special assessment within the district property owners on a reasonable basis.

Power to Finance

The MMLMD may borrow money. The district shall levy an annual, irrevocable tax to pay the principal and interest. This tax is without limitation as to rate or amount on all taxable property within the district and is not included in the annual levy.

KNOWN AND/OR POSSIBLE FUTURE EXPENSES FOR MMLMD

Annual MMLMD Operations

The operations are financed by the annual levy, currently set at \$26,000. The operations will continue to be financed via the annual levy.

Aquatic Invasive Species Management and Treatment

The management and treatment is currently about \$30,000 per year. This is a recurring expense that will not end. While this cost is now 75% funded by a DNR grant (25% MMLMD share), there is no assurance that grant funds will be available in the future.

Major Dam Repairs

It is reasonable to assume that major dam repairs may be required every 25 years or so. Estimated repair costs are on the order of \$20,000 to \$40,000 for items such as slide gates, gate mechanical/electrical and concrete repair. There is no assurance that grant funds will be available for this work. This work would likely be funded by MMLMD borrowing and special assessment.

Aquatic Plant Harvesting Equipment

Aquatic plant harvesting equipment replacement or upgrade can be reasonably estimated at every 20 years at a cost of \$50,000 to \$75,000. While MMLMD has historically obtained grant money to offset total purchase costs, there is no assurance of a future grant. This equipment would likely be funded by MMLMD borrowing and special assessment.

Sanitary Sewer System and Waste Water Treatment Facility

Degradation of lake water quality as a result of MMLMD septic systems may lead to the need for a sanitary sewer and waste water treatment facility for the entire MMLMD. This project has an unknown cost and timing.

Inflation

It can be reasonably assumed that increased MMLMD costs will be incurred due to inflation.

What Difference Does It Make?

The creation of the proposed endowment fund will:

- Provide an independent funding source to help protect Mount Morris Lakes for future generations
- Serve as a strategic resource of the MMLMD to protect shore land and water resources
- Serve as an additional entity to help promote the environmental sustainability of Mount Morris Lakes
- Contribute to the local lake economy
- Assist waterfront owners in preserving their lakes and lands through the MMLMD
- Preserve the Mount Morris Lakes for recreation and enjoyment under the continued oversight of MMLMD

ENDOWMENT FUND GOAL

The endowment fund should have sufficient assets to fund all annual aquatic invasive species management and treatment activities. Assuming treatment costs remain as current and a 5% annual endowment fund payout rate, an endowment fund balance of approximately \$600,000 will be needed.

- The MMLMD goal is to have this endowment fund goal achieved in twenty years by both individual contributions and earnings from the accumulated assets.
- To begin, MMLMD asks that the membership consider a \$1,000 contribution to the MMLMD endowment fund.
- The \$600,000 fund goal can be achieved immediately, if each MMLMD property owner contributes \$3,000.

WAYS TO GIVE

All donations to the Friends of Mount Morris Lakes Endowment Fund will be made directly to the Oshkosh Area Community Foundation and qualify as charitable gifts for tax purposes under the current IRS code. The endowment will be built through:

- Current financial gifts of cash
- Gifts of Stock
- Gifts of Real Estate
- Bequests through wills, estate gifts, and/or life insurance (primary, partial primary or secondary beneficiary)
- Memorial gifts honoring loved ones or long-time residents of the lake community
- Celebratory gifts honoring special events and accomplishments of those we wish to recognize, honor and celebrate
- Creation of named endowments honoring individuals and/or groups