

BOIS BLANC TOWNSHIP

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October 31, 2018

BOIS BLANC TOWNSHIP THE CHEBOYGAN RIVER PARCEL PURCHASE (Proposed Financing)

Bois Blanc Township has a millage for marine, dockage, harbor and similar purposes ("Marine Millage"). The funds collected pursuant to that millage after August, 2016 (when the voters approved broader ballot language) can be used for the purchase of the Cheboygan River property.

Currently, the Marine Millage fund has a balance of approximately \$630,000 as of October 31, 2018. Annually, the Township receives approximately \$92,000 via that millage, which is collected between December and February.

As proposed, the Township would purchase the river parcel on a 5-year land contract. At closing, the Township would pay \$90,000 down, which would reduce the monies in the Marine Millage fund down to approximately \$540,000. Next March, the Township would pay another \$90,000 from the incoming funds for the Marine Millage and the adjusted approximate \$534,000 sum in the Marine Millage fund would not be further reduced for this purchase. Thereafter, the required annual payments on the land contract would be \$57,000, such that the incoming funds from the Marine Millage would still increase by approximately \$35,000 per year.

Each year, the Township receives approximately \$17,000 from boat slip fees and related fees from the Township marina. All of those funds are spent in the marina.

With the purchase of the river parcel as proposed, the existing fund from the Marine Millage would not go below approximately \$534,000. Township officials believe that the \$534,000 amount in accumulated monies left in the Marine Millage fund after next March after the closing on the river parcel purchase would be both fiscally prudent and reasonable, as well as conservative.

