

OFFICIAL PROCEEDINGS
KEWEENAW COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
July 13, 2017

A special meeting of the Keweenaw County Board of Commissioners was held on July 13, 2017 at the Courthouse in Eagle River, MI at 7:00 p.m. and began with the Pledge of Allegiance. This special meeting was called to take action on necessary steps to get the Keweenaw Mountain Lodge on the market as soon as possible.

Commissioners present: Bob DeMarois, Sandy Gayk, Don Piche, Jim Vivian, Del Rajala.

The meeting was posted in the Courthouse on the door and on the bulletin board at 3:30 p.m. on July 11, 2017 and was also posted on the website.

Gayk requested that item i) contact person for showing the Keweenaw Mountain Lodge to potential buyers be added to the agenda. Motion by DeMarois supported by Gayk and unanimously carried to approve the agenda with the addition of item i.

Time was allowed for public comment.

Motion by Rajala supported by Vivian and unanimously carried to approve the letter of understanding between the Economic Development Administration, Rural Development and Keweenaw County. KML will be sold and the net proceeds will be split between Rural Development (RD) and the Economic Development Administration. The proceeds will be disbursed to RD (50.83%) and this will cancel the remaining amounts due on the revenue bond debt from the original contribution of \$1,813,000 in RD grants and loans and to EDA which will receive (49.17%) of the net proceeds which will satisfy the original grant received in the amount of \$1,754,000 with no claw back due from the County. See attached letter.

Motion by Gayk supported by DeMarois and unanimously carried to approve the surveys completed by Clearwater Surveying PLLC creating the new parcel of 12.68 acres and also creating easements to protect the critical biking trails near the Keweenaw Mountain Lodge.

Motion by Rajala supported by DeMarois to pay Clearwater Surveying PLLC in the amount of \$12,400 for the Keweenaw Mountain Lodge survey. Board polled. Ayes: DeMarois, Gayk, Vivian, Rajala, Piche. Nays: None. Motion carried.

Motion by Rajala supported by Gayk and unanimously carried to approve the Listing Agreement, the Addendum to Exclusive Listing Agreement and the Consulting and Marketing Agreement between Keweenaw County and SVN/Northco Real Estate Services LLC. See attached.

Motion by DeMarois supported by Gayk and unanimously carried to approve the Keweenaw Mountain Lodge Sale Disclosures as written. See attached.

Motion by Vivian supported by DeMarois and unanimously carried to submit the Deficit Elimination Plan to the State of Michigan for the Keweenaw Mountain Lodge. See attached.

Motion by Rajala supported by Gayk and unanimously carried to allow the County Attorney to draw up a deed from the County to the County creating the total Keweenaw Mountain Lodge parcel with easements as shown on the new survey that was completed.

Motion by Rajala supported by DeMarois and unanimously carried to have Gayk as the primary lead on showing potential buyers the Keweenaw Mountain Lodge property with Piche and Vivian as the alternates.

Motion by Rajala supported by Gayk and unanimously carried to allow the County Treasurer to open a new ACH account for the Keweenaw Mountain Lodge at Superior National Bank which will allow direct deposit for Lodge employees to occur through Superior National instead of using Intuit.

Time was allowed for public comment.

There being no further business motion by Rajala to adjourn at 7:45 p.m. Meeting adjourned sine die.

Donald Piche, Chairman

Julie A. Carlson, Clerk



July 13, 2017

Ms. Jeannette P. Tamayo
Regional Director
U.S. Economic Development Administration
230 South Dearborn Street
Suite 3280
Chicago, IL 60604-1512

Mr. Jason Church
Acting State Director
USDA Rural Development
3001 Coolidge Road
Suite 200
East Lansing MI 48823

Re: Sale of the Keweenaw Mountain Lodge

Dear Ms. Tamayo and Mr. Church:

This is to confirm the understandings reached during the telephone conference between representatives of the Economic Development Administration (the "EDA"), USDA Rural Development ("Rural Development") and Keweenaw County (the "County") on Friday, July 7, 2017, as follows:

1. Rural Development and the County previously agreed that the Keweenaw Mountain Lodge ("KML") would be sold; that the net sale proceeds of the KML sale would be disbursed in full to Rural Development; and that Rural Development would cancel the remaining amounts due on the revenue bond debt after it receives the net proceeds of the KML sale in accordance with debt settlement requirements reflected in Rural Development Instruction 1956-C, 7 C.F.R. § 1956.130(a);
2. The agreement between Rural Development and the County was subject to the County's receipt of assurance from EDA that the \$1,754,000 grant which the EDA awarded to the County in 2007 would not need to be repaid to the EDA after KML was sold;
3. The EDA has advised that if KML is sold prior to the expiration of the 20-year commitment period applicable to the 2007 grant, federal law requires that the County pay a portion of the of KML the sale proceeds to EDA equivalent to EDA's participation in the project;
4. The 20-year commitment period applicable to the 2007 grant has not expired. The agreement between the County and Rural Development will therefore be modified to

provide that Rural Development will receive 50.83% of the net proceeds of the KML sale and that the EDA will receive 49.17% of the net proceeds from the KML sale, in accordance with federal grant requirements which govern compensating federal awarding agencies for their participation share in the event real property is authorized to be sold by the grantee. These percentages are based on a total contribution of \$1,813,000 in Rural Development grants and loans and \$1,754,000 in an EDA grant;

5. The County will instruct the title company or other closing agent to disburse the net proceeds of the KML sale directly to Rural Development and EDA according to the agreed percentages and in accordance with escrow instructions to be provided by Rural Development and EDA;
6. All offers to purchase KML will be arm's-length offers and will be transmitted to EDA and Rural Development prior to acceptance by the County; however, the County will only need to obtain Rural Development's approval prior to accepting an offer;
7. No less than three (3) business days prior to the sale closing, the County will cause a settlement statement to be provided to Rural Development for review; and
8. Rural Development will cancel the remaining amounts due on the revenue bond debt after it receives its share of the net sale proceeds and the County's obligation to repay the 2007 EDA grant will be deemed satisfied after EDA receives its share of the net sale proceeds.

Please confirm that this letter correctly sets forth the understandings reached by the EDA, Rural Development, and the County by signing and dating a copy of this letter and returning the signed and dated copy of the letter to Charles Miller, the Keweenaw County attorney. Thank you for your assistance in helping Keweenaw County resolve these matters.

Yours Truly,



Don Piche, Chairman
Keweenaw County Board of Commissioners

REVIEWED AND AGREED:

JEANNETTE
TAMAYO

Digitally signed by JEANNETTE TAMAYO
DN: c=US, o=U.S. Government, ou=Department of
Commerce, ou=Economic Development
Administration, cn=JEANNETTE TAMAYO,
0.9.2342.19200300.100.1.1=13001001101362
Date: 2017.07.14 13:13:00 -0500

Jeannette P. Tamayo
Regional Director
U.S. Economic Development Administration

Jason Church
Acting State Director
USDA Rural Development

Dated: _____, 2017

Dated: _____, 2017

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5. The County will instruct the title company or other closing agent to disburse the net proceeds of the KML sale directly to Rural Development and EDA according to the agreed percentages and in accordance with escrow instructions to be provided by Rural Development and EDA;
6. All offers to purchase KML will be arm's-length offers and will be transmitted to EDA and Rural Development prior to acceptance by the County; however, the County will only need to obtain Rural Development's approval prior to accepting an offer;
7. No less than three (3) business days prior to the sale closing, the County will cause a settlement statement to be provided to Rural Development for review; and
8. Rural Development will cancel the remaining amounts due on the revenue bond debt after it receives its share of the net sale proceeds and the County's obligation to repay the 2007 EDA grant will be deemed satisfied after EDA receives its share of the net sale proceeds.

Please confirm that this letter correctly sets forth the understandings reached by the EDA, Rural Development, and the County by signing and dating a copy of this letter and returning the signed and dated copy of the letter to Charles Miller, the Keweenaw County attorney. Thank you for your assistance in helping Keweenaw County resolve these matters.

Yours Truly,

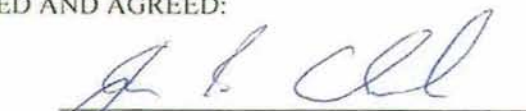


Don Piche, Chairman
Keweenaw County Board of Commissioners

REVIEWED AND AGREED:

Jeannette P. Tamayo
Regional Director
U.S. Economic Development Administration

Dated: _____, 2017



Jason Church
Acting State Director
USDA Rural Development

Dated: 7-14, 2017



20170422

July 14, 2017 11:47 AM

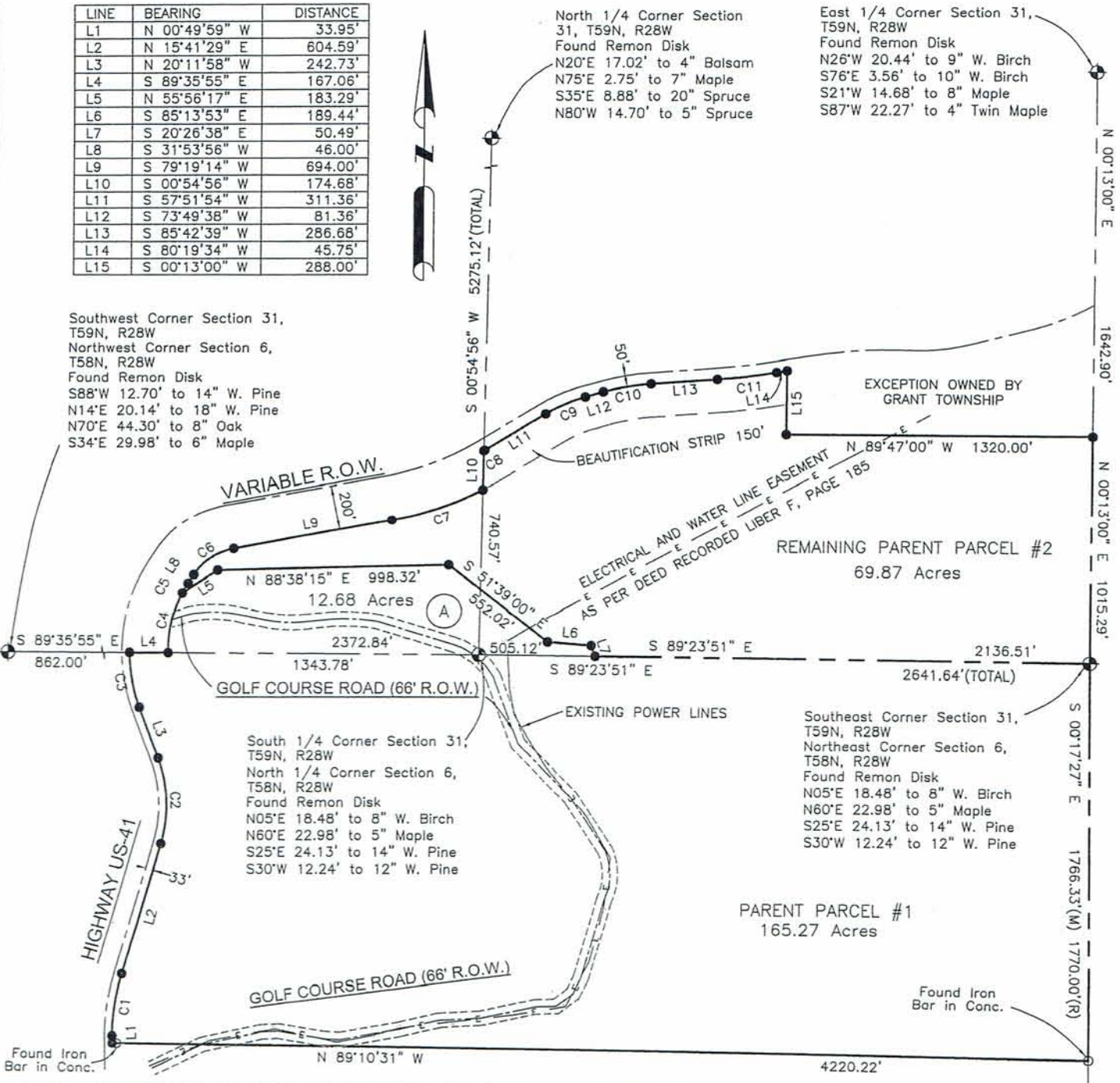
Fees: \$30.00

Julie A. Carlson
Register of Deeds
KEWEENAW COUNTY

Pages: 4

CERTIFICATE OF SURVEY

LINE	BEARING	DISTANCE
L1	N 00°49'59" W	33.95'
L2	N 15°41'29" E	604.59'
L3	N 20°11'58" W	242.73'
L4	S 89°35'55" E	167.06'
L5	N 55°56'17" E	183.29'
L6	S 85°13'53" E	189.44'
L7	S 20°26'38" E	50.49'
L8	S 31°53'56" W	46.00'
L9	S 79°19'14" W	694.00'
L10	S 00°54'56" W	174.68'
L11	S 57°51'54" W	311.36'
L12	S 73°49'38" W	81.36'
L13	S 85°42'39" W	286.68'
L14	S 80°19'34" W	45.75'
L15	S 00°13'00" W	288.00'



North 1/4 Corner Section 31, T59N, R28W
Found Remon Disk
N20°E 17.02' to 4" Balsam
N75°E 2.75' to 7" Maple
S35°E 8.88' to 20" Spruce
N80°W 14.70' to 5" Spruce

East 1/4 Corner Section 31, T59N, R28W
Found Remon Disk
N26°W 20.44' to 9" W. Birch
S76°E 3.56' to 10" W. Birch
S21°W 14.68' to 8" Maple
S87°W 22.27' to 4" Twin Maple

Southwest Corner Section 31, T59N, R28W
Northwest Corner Section 6, T58N, R28W
Found Remon Disk
S88°W 12.70' to 14" W. Pine
N14°E 20.14' to 18" W. Pine
N70°E 44.30' to 8" Oak
S34°E 29.98' to 6" Maple

South 1/4 Corner Section 31, T59N, R28W
North 1/4 Corner Section 6, T58N, R28W
Found Remon Disk
N05°E 18.48' to 8" W. Birch
N60°E 22.98' to 5" Maple
S25°E 24.13' to 14" W. Pine
S30°W 12.24' to 12" W. Pine

Southeast Corner Section 31, T59N, R28W
Northeast Corner Section 6, T58N, R28W
Found Remon Disk
N05°E 18.48' to 8" W. Birch
N60°E 22.98' to 5" Maple
S25°E 24.13' to 14" W. Pine
S30°W 12.24' to 12" W. Pine

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	1041.27'	283.59'	283.59'	N 07°53'20" E	15°36'17"
C2	620.65'	388.78'	382.46'	N 02°15'15" W	35°53'27"
C3	724.21'	243.15'	242.01'	N 10°34'52" W	19°14'13"
C4	557.21'	273.83'	271.08'	N 12°42'25" E	28°09'25"
C5	557.21'	49.73'	49.71'	N 29°20'32" E	5°06'48"
C6	258.36'	213.84'	207.79'	S 55°36'35" W	47°25'18"
C7	1385.41'	418.99'	417.40'	S 70°39'23" W	17°19'42"
C8	1235.41'	4.44'	4.44'	S 57°58'05" W	0°12'22"
C9	674.94'	188.03'	187.43'	S 65°50'46" W	15°57'44"
C10	1019.56'	211.46'	211.09'	S 79°46'08" W	11°53'01"
C11	2750.90'	258.53'	258.43'	S 83°01'07" W	5°23'05"

CLIENT: Keweenaw County
ADDRESS: 5095 Fourth Street
CITY: Eagle River, Michigan 49950



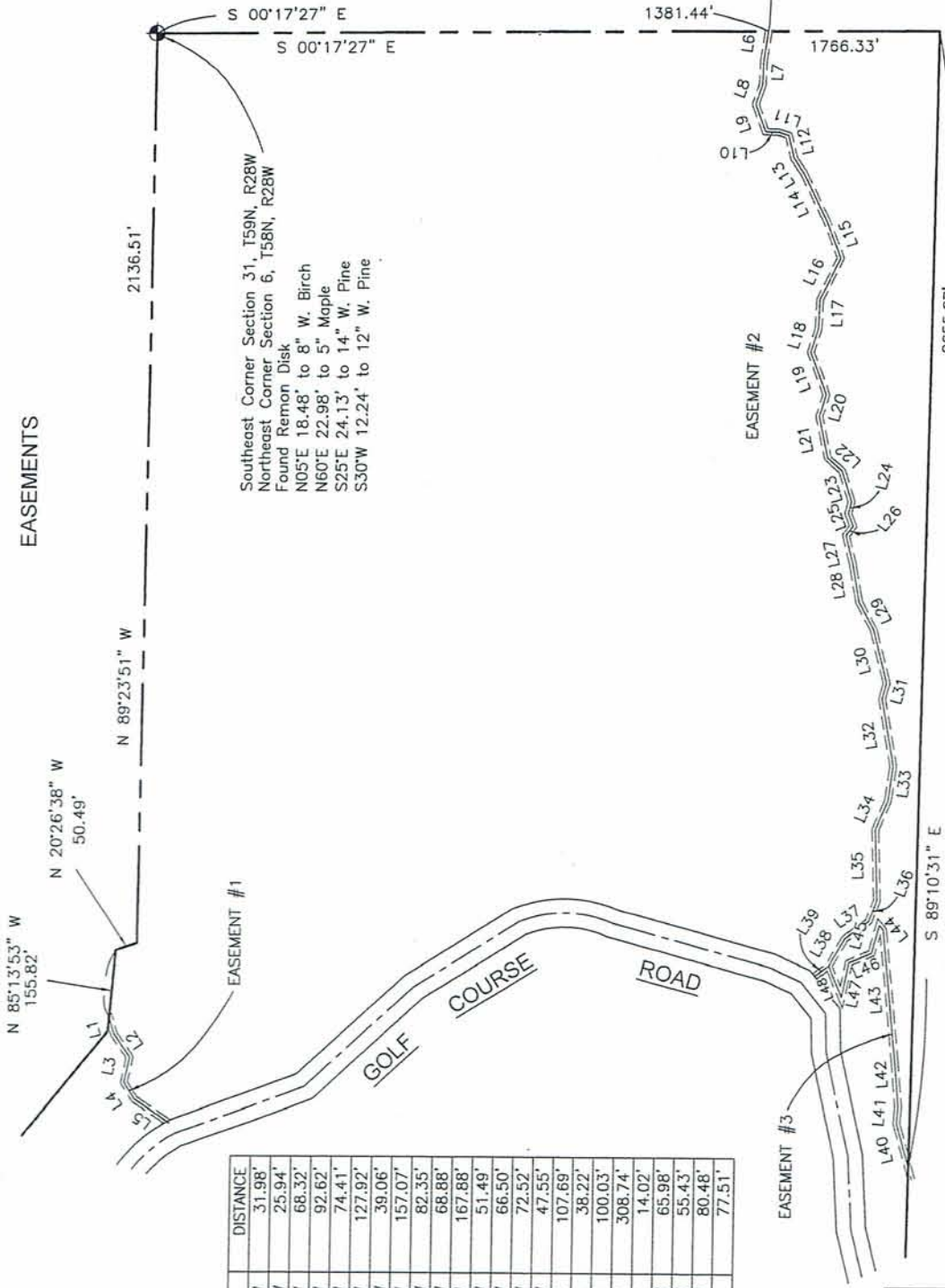
Harold A. Rapson Jr.

I hereby certify that I have surveyed and mapped the above or attached described parcel(s) of land that the error of closure is no greater than 1 in 5000. The survey is in full compliance ACT 132 P.A. 1970

<p>CLEARWATER SURVEYING P.L.L.C. P.O. BOX 504 SOUTH RANGE, MI. 49963 PHONE 906-523-5234</p>		
DRAWN HAR	5-24-2017	Boundary survey of parcel in the N 1/2 of Section 6, T58N, R28W AND S 1/2 of Section 31, T59N, R28W, Grant Township, Houghton County, Michigan
APPROVED HAR	6-05-2017	
SCALE 1" = 500'	SHEET 1 of 4	
		PROJECT NO. T58NR28W0112 GRANT #4

CLIENT: Keweenaw County
 ADDRESS: 5095 Fourth Street
 CITY: Eagle River, Michigan 49950

EASEMENTS



LINE	BEARING	DISTANCE	LINE	BEARING	DISTANCE
L1	S 73°39'24\" W	41.63'	L25	S 68°47'30\" W	31.98'
L2	S 55°51'28\" W	64.49'	L26	N 52°22'36\" W	25.94'
L3	N 78°01'59\" W	59.37'	L27	S 76°46'26\" W	68.32'
L4	S 57°43'32\" W	45.34'	L28	S 80°26'14\" W	92.62'
L5	S 33°59'08\" W	95.18'	L29	S 63°00'02\" W	74.41'
L6	N 81°39'16\" W	69.33'	L30	S 76°03'56\" W	127.92'
L7	N 87°48'05\" W	56.02'	L31	N 75°28'17\" W	39.06'
L8	N 71°26'27\" W	47.28'	L32	S 80°02'37\" W	157.07'
L9	S 70°46'17\" W	67.77'	L33	N 82°12'57\" W	82.35'
L10	S 02°53'36\" W	31.52'	L34	N 66°44'37\" W	68.88'
L11	S 18°59'48\" W	22.49'	L35	S 88°15'41\" W	167.88'
L12	S 77°06'19\" W	54.92'	L36	N 69°53'00\" W	51.49'
L13	S 57°31'07\" W	41.94'	L37	N 37°13'10\" W	66.50'
L14	S 64°52'51\" W	119.68'	L38	N 60°08'24\" W	72.52'
L15	S 69°01'52\" W	97.55'	L39	N 36°48'36\" W	47.55'
L16	N 65°07'10\" W	110.08'	L40	N 75°06'07\" E	107.69'
L17	N 87°53'19\" W	68.98'	L41	S 85°23'11\" E	38.22'
L18	N 72°57'33\" W	57.87'	L42	N 84°58'39\" E	100.03'
L19	S 70°15'29\" W	106.55'	L43	N 84°24'20\" E	308.74'
L20	N 73°29'07\" W	51.78'	L44	N 51°02'28\" E	14.02'
L21	S 78°12'31\" W	99.12'	L45	N 74°52'35\" W	65.96'
L22	S 42°45'15\" W	45.48'	L46	N 24°03'20\" W	55.43'
L23	S 73°07'24\" W	74.61'	L47	N 78°47'19\" W	80.48'
L24	N 76°15'19\" W	28.94'	L48	N 67°12'32\" E	77.51'



Harold A. Rapson

I hereby certify that I have surveyed and mapped the above or attached described parcel(s) of land that the error of closure is no greater than 1 in 5000. The survey is in full compliance ACT 132 P.A. 1970

CLEARWATER SURVEYING P.L.L.C. P.O. BOX 504 SOUTH RANGE, MI. 49963 PHONE 906-523-5234		Easements for parcel in the North 1/2 of Section 6, T58N, R28W, Grant Township, Houghton County, Michigan	PROJECT NO. T58NR28W0112 GRANT #4
DRAWN HAR	5-24-2017		
APPROVED HAR	6-05-2017		
SCALE 1" = 300'	SHEET 2 of 4		

Clearwater Surveying

71 SECOND STREET/PO BOX 504

SOUTH RANGE, MICHIGAN

PH: (906)-523-5234



JUNE 5, 2017

Filed: GRANT #4

Book: T58NR28W0112

LEGAL DESCRIPTION OF PARENT PARCEL #1 AS PER DEED RECORDED IN LIBER U, PAGE 500-501: That certain piece or parcel of land situated and being in the County of Keweenaw and State of Michigan, and described as follows, to-wit: Starting at the section corner common to sections thirty-one (31) and thirty-two (32), township fifty-nine (59) north, of range twenty-eight (28) west and sections five (5) and six (6), township fifty-eight (58) north, of range twenty (20) west, thence due west along the section line between said sections thirty-one (31) and six (6) a distance of four thousand on hundred sixty-nine (4169) feet to intersect the center line of U.S. Highway No. 41 ((U.S.), thence along said Highway as follows: Due south a distance of one hundred (100) feet, thence south eighteen (18) degrees and twenty-one (21) minutes east a distance of five hundred fifty-six and two tenths (556.2) feet, thence south twelve (12) degrees and twenty-five (25) minutes west a distance of six hundred eighty seven and no tenths (687.0) feet, thence south eight (8) degrees and thirty-two (32) minutes west a distance of four hundred eighty and twelve hundredths (480.12) feet to the south boundary of said parcel, thence due east a distance of four thousand two hundred and three (4203) feet to the north and south section line between sections five (5) and six (6), township fifty-eight (58) north, of range twenty-eight (28) west, thence due north along said section line a distance of one thousand seven hundred seventy (1770) feet to the said point of beginning, being a portion of the North half (N 1/2) of section six (6), township Fifty-eight (58) North, of Range twenty-eight (28) west.

LEGAL DESCRIPTION OF PARENT PARCEL #2 AS PER DEED RECORDED IN LIBER 7, PAGE 81: That certain piece or parcel of land situated in the Township of Grant, County of Keweenaw and State of Michigan, known and described as follows: That part of the Southeast Quarter (SE 1/4) of Section Thirty-One (31), Township Fifty-Nine (59) North, Range Twenty-Eight (28) West lying South of U.S. Highway 41 Right-of-Way. EXCEPT That part of the SE 1/4 of Section 31, Township 59 North, Range 28 West, described as beginning on the East Section line at a point North 01° 01' 18" West 1015.29 feet from the Southeast corner of said Section 31; thence South 88° 58' 42" West 1320.0 feet; thence parallel with the East Section Line North 01° 01' 18" West 351.21 feet to the center-line of Highway U. S. 41; thence along said centerline the following six courses: North 79° 30' 11" East 86.03 feet to a point of curvature; thence Easterly 387.30 feet along the arc of a 2022.20 foot radius curve to the right whose chord bears North 84° 59' 25" East 386.74 feet to a point of tangency; thence South 89° 31' 21" East 75.04 feet to a point of curvature; thence Easterly 227.04 feet along the arc of an 818.51 foot radius curve to the left whose chord bears North 82° 31' 52" East 226.31 feet to a point of tangency; thence North 74° 35' 05" East 265.58 feet to a point of curvature; thence Easterly 316.16 feet along the arc of a 1185.43 foot radius curve to the left whose chord bears North 66° 56' 39" East 315.22 feet to the East Section line; thence South 01° 01' 18" East 600.0 feet to the point of beginning, subject to the right of way of Highway U.S. 41 and a water line easement recorded in Liber F, Miscellaneous Records, Page 185, Keweenaw County Records.

LEGAL DESCRIPTION OF PROPOSED PARCEL "A": A parcel of land being a part of the South Half (S 1/2) of Section 31, T59N, R28W, Grant Township, Keweenaw County, Michigan described as: Commencing at the Southeast corner of said Section 31 thence N. 89° 23' 51" W. 2136.51 feet along the South line of said Section 31 to the point of beginning of this description; thence N. 89° 23' 51" W. 505.12 feet along the South line of said Section 31 to the South Quarter corner of said Section 31; thence N. 89° 35' 55" W. 1343.78 feet along the South line of said Section 31 to a point on the Southeasterly right of way line of Highway U.S. 41 (200.00 feet from center line) and the point of curvature of a curve to the Right (Radius = 557.21 feet, Delta = 28° 09' 25", Chord Bears N. 12° 42' 25" E. 271.08 feet); thence along the arc of said curve to the Right 273.83 feet; thence N. 55° 56' 17" E. 183.29 feet; thence N. 88° 38' 15" E. 998.32 feet; S. 51° 39' 00" E. 552.02 feet; thence S. 85° 13' 53" E. 189.44 feet; thence S. 20° 26' 38" E. 50.49 feet to the point of beginning of this description. Said parcel contains 12.68 acres, more or less, and is subject to any and all easements of record. Also subject to a water line easement recorded in Liber F, Miscellaneous Records, Page 185, Keweenaw County Records.

LEGAL DESCRIPTION OF PARENT PARCEL #1 AND PROPOSED PARCEL "A" COMBINED: A parcel of land being a part of the South Half (S 1/2) of Section 31, T59N, R28W, Grant Township, Keweenaw County, Michigan AND the North Half of Section 6, T58N, R28W, Grant Township, Houghton County, Michigan described as: Beginning at the Southeast corner of said Section 31, T59N, R28W and the Northeast corner of said Section 6, T58N, R28W thence S. 00° 17' 27" E. 1766.33 feet along the East line of said Section 6; thence N. 89° 10' 31" W. 4220.22 feet to a point on the Easterly right of way line of Highway U.S. 41 (33 feet from center line); thence along the Easterly right of way line of said Highway the following eight courses N. 00° 49' 59" W. 33.95 feet to the point of curvature of a curve to the Right (Radius = 1041.27 feet, Delta = 15° 36' 17", Chord Bears N. 07° 53' 20" E. 282.72 feet); thence along the arc of said curve to the Right 283.59 feet; thence N. 15° 41' 29" E. 604.59 feet to the point of curvature of a curve to the Left (Radius = 620.65 feet, Delta = 35° 53' 27", Chord Bears N. 02° 15' 15" W. 382.46 feet); thence along the arc of said curve to the Left 388.78 feet; thence N. 20° 11' 58" W. 242.73 feet to the point of curvature of a curve to the Right (Radius = 724.21 feet, Delta = 19° 14' 13", Chord Bears N. 10° 34' 52" W. 242.01 feet); thence along the arc of said curve to the Right 243.15 feet to point on the North line of said Section 6; thence S. 89° 35' 55" E. 167.06 feet along the North line of said Section 6 to a point on the Southeasterly right of way line of said Highway (200 feet from the center line) and to the point of curvature of a curve to the Right (Radius = 557.21 feet, Delta = 28° 09' 25", Chord Bears N. 12° 42' 25" E. 271.08 feet); thence along the arc of said curve to the Right 273.83 feet; thence N. 55° 56' 17" E. 183.29 feet; thence N. 88° 38' 15" E. 998.32 feet; thence S. 51° 39' 00" E. 552.02 feet; thence S. 85° 13' 53" E. 189.44 feet; thence S. 20° 26' 38" E. 50.49 feet to the point of beginning of this description. Said parcel contains 177.98 acres, more or less, and is subject to any and all easements of record. Also subject to a water line easement recorded in Liber F, Miscellaneous Records, Page 185, Keweenaw County Records.

GRANT #4

Clearwater Surveying

71 SECOND STREET/PO BOX 504

SOUTH RANGE, MICHIGAN

PH: (906)-523-5234



JUNE 5, 2017

Filed: GRANT #4

Book: T58NR28W0112

LEGAL DESCRIPTION OF REMAINING PARENT PARCEL #2: A parcel of land being a part of the South Half (S ½) of Section 31, T59N, R28W, Grant Township, Keweenaw County, Michigan described as: Beginning at the Southeast corner of said Section 31 thence N. 00° 13' 00" E. 1015.29 feet along the East line of said Section 31; thence N. 89° 47' 00" W. 1320.00 feet; thence N. 00° 13' 00" E. 288.00 feet to a point on the Southeasterly right of way line of Highway U.S. 41 (50 feet from center line); thence along the Southeasterly right of way line of said Highway the following thirteen courses S. 80° 19' 34" W. 45.75 feet to the point of curvature of a curve to the Right (Radius = 2750.90 feet, Delta = 05° 23' 05", Chord Bears S. 83° 01' 07" W. 258.43 feet); thence along the arc of said curve to the Right 258.53 feet; thence S. 85° 42' 39" W. 286.68 feet to the point of curvature of a curve to the Left (Radius = 1019.56 feet, Delta = 11° 53' 01", Chord Bears S. 79° 46' 08" W. 211.09 feet); thence along the arc of said curve to the Left 211.46 feet; thence S. 73° 49' 38" W. 81.36 feet to the point of curvature of a curve to the Left (Radius = 674.94 feet, Delta = 15° 57' 44", Chord Bears S. 65° 50' 46" W. 187.43 feet); thence along the arc of said curve to the Left 188.03 feet; thence S. 57° 51' 54" W. 311.36 feet to the point of curvature of a curve to the Right (Radius = 1235.41 feet, Delta = 00° 12' 22", Chord Bears S. 57° 58' 05" W. 4.44 feet); thence along the arc of said curve to the Right 4.44 feet to a point on the North and South Quarter line of said Section 31; thence S. 00° 54' 56" W. 174.68 feet along the North and South Quarter line of said Section 31 to a point on the Southeasterly right of way line of said Highway (200 feet from the center line) and to the point of curvature of a curve to the Right (Radius = 1385.41 feet, Delta = 17° 19' 42", Chord Bears S. 70° 39' 23" W. 417.40 feet); thence along the arc of said curve to the Right 418.99 feet; thence S. 79° 19' 14" W. 694.00 feet to the point of curvature of a curve to the Left (Radius = 258.36 feet, Delta = 47° 25' 18", Chord Bears S. 55° 36' 35" W. 207.79 feet); thence along the arc of said curve to the Left 213.84 feet; thence S. 31° 53' 56" W. 46.00 feet to the point of curvature of a curve to the Left (Radius = 557.21 feet, Delta = 05° 06' 48", Chord Bears S. 29° 20' 33" W. 49.71 feet); thence along the arc of said curve to the Left 49.73 feet; thence N. 55° 56' 17" E. 183.29 feet; thence N. 88° 38' 15" E. 998.32 feet; thence S. 51° 39' 00" E. 552.02 feet; thence S. 85° 13' 53" E. 189.44 feet; thence S. 20° 26' 38" E. 50.49 feet to a point on the South line of said Section 31; thence S. 89° 23' 51" E. 2136.51 feet along the South line of said Section 31 to the point of beginning of this description. Said parcel contains 69.90 acres, more or less, and is subject to any and all easements of record. Also subject to a water line easement recorded in Liber F, Miscellaneous Records, Page 185, Keweenaw County Records and a 150 foot Beautification strip of land as recorded in Liber D, Page 304.

LEGAL DESCRIPTION OF EASEMENT #1: An easement being a part of the South Half (S ½) of Section 31, T59N, R28W, AND a part of the North Half (N ½) of Section 6, T58N, R28W, Grant Township, Keweenaw County, Michigan said easement being 15 foot wide lying 7.50 feet either side of the following described center line described as: Commencing at the Southeast corner of said Section 31, T59N, R28W, Grant Township, Houghton County, Michigan thence N. 89° 23' 51" W. 2136.51 feet along the South line of said Section 31 North Line of said Section 6; thence N. 20° 26' 38" W. 50.49 feet; thence N. 85° 13' 53" W. 155.82 feet to the point of beginning of this easement centerline; thence S. 73° 39' 24" W. 41.62 feet; thence S. 55° 51' 28" W. 64.49 feet; thence N. 78° 01' 59" W. 59.37 feet; thence S. 57° 43' 32" W. 45.34 feet; thence S. 33° 59' 08" W. 95.18 feet to the point of ending of this description. Said description is intended to end at the Easterly right of way line of Golf Course Road.

LEGAL DESCRIPTION OF EASEMENT #2: An easement being a part of the North Half (N ½) of Section 6, T58N, R28W, Grant Township, Keweenaw County, Michigan said easement being 15 foot wide lying 7.50 feet either side of the following described center line described as: Commencing at the Northeast corner of said Section 6, T58N, R28W, Grant Township, Houghton County, Michigan thence S. 00° 17' 27" E. 1383.07 feet along the East line of said Section 6 to the point of beginning of this easement centerline; thence S. 00° 17' 27" E. 1381.44 feet; thence N. 81° 39' 16" W. 69.33 feet; thence N. 87° 48' 05" W. 56.02 feet; thence N. 71° 26' 27" W. 47.28 feet; thence S. 70° 46' 17" W. 67.77 feet; thence S. 02° 53' 36" W. 31.52 feet; thence S. 18° 59' 48" W. 22.49 feet; thence S. 77° 06' 19" W. 54.92 feet; thence S. 57° 31' 07" W. 41.94 feet; thence S. 64° 52' 51" W. 119.68 feet; thence S. 69° 01' 52" W. 97.55 feet; thence N. 65° 07' 10" W. 110.08 feet; thence N. 87° 53' 19" W. 68.98 feet; thence N. 72° 57' 33" W. 57.87 feet; thence S. 70° 15' 29" W. 106.55 feet; thence N. 73° 29' 07" W. 51.78 feet; thence S. 78° 12' 31" W. 99.12 feet; thence S. 42° 45' 15" W. 45.48 feet; thence S. 73° 07' 24" W. 74.61 feet; thence N. 76° 15' 19" W. 28.94 feet; thence S. 68° 47' 30" W. 31.98 feet; thence N. 52° 22' 36" W. 25.94 feet; thence S. 76° 46' 26" W. 68.32 feet; thence S. 80° 26' 14" W. 92.62 feet; thence S. 63° 00' 02" W. 74.41 feet; thence S. 76° 03' 56" W. 127.92 feet; thence N. 75° 28' 17" W. 39.06 feet; thence S. 80° 02' 37" W. 157.07 feet; thence N. 82° 12' 57" W. 82.35 feet; thence N. 66° 44' 37" W. 68.88 feet; thence S. 88° 15' 41" W. 167.88 feet; thence N. 69° 53' 00" W. 51.49 feet; thence N. 37° 13' 10" W. 66.50 feet; thence N. 60° 08' 24" W. 72.52 feet; thence N. 36° 48' 36" W. 47.55 feet to the point of ending of this description. Said description is intended to end at the Easterly right of way line of Golf Course Road.

LEGAL DESCRIPTION OF EASEMENT #3: An easement being a part of the North Half (N ½) of Section 6, T58N, R28W, Grant Township, Keweenaw County, Michigan said easement being 15 foot wide lying 7.50 feet either side of the following described center line described as: Commencing at the Northeast corner of said Section 6, T58N, R28W, Grant Township, Houghton County, Michigan thence S. 00° 17' 27" E. 1766.33 feet along the East line of said Section 6; thence N. 89° 10' 31" W. 2655.87 to the point of beginning of this easement centerline; thence N. 75° 06' 07" E. 107.69 feet; thence S. 85° 23' 11" E. 38.22 feet; thence N. 84° 58' 39" E. 100.03 feet; thence N. 84° 24' 20" E. 308.74 feet; thence N. 51° 02' 28" E. 14.02 feet; thence N. 74° 52' 35" W. 65.98 feet; thence N. 24° 03' 20" W. 55.43 feet; thence N. 78° 47' 19" W. 80.48 feet; thence N. 67° 12' 32" E. 77.51 feet to the point of ending of this description.

GRANT #4

EXCLUSIVE LISTING AGREEMENT
FOR PROPERTY AND BUSINESS

THIS EXCLUSIVE LISTING AGREEMENT (the "Agreement"), dated July 13, 2017, is by and between SVN | Northco Real Estate Services, LLC, a Minnesota limited liability company, and SVN | Property Investment Advisors, LLC (collectively the "Broker") and Keweenaw County ("Owner"). Owner is desirous that Broker act as the exclusive listing broker to sell Owner's fee simple interest in the property ("Property") located at, 1452 US 41, Cooper Harbor, Michigan. The Property consists of a main lodge and conference center, twenty-four (24) cabins, storage garage, three (3) sheds, motel, water pump house, and golf course complete with a golf course club house and golf cart storage building that are situated on approximately 177 acres. Owner is also desirous that Broker act as the exclusive listing broker to sell Owner's business operation ("Business") described as follows: Keweenaw Mountain Lodge located on the Property.

Owner hereby hires Broker as Owner's exclusive listing agent, to market the Property and Business for sale and Broker hereby accepts such appointment. The Term of this Agreement shall be for a period of six (6) months commencing on the date of this Agreement and terminating six (6) months from the date of this Agreement ("Term") unless otherwise extended in a writing signed by both Owner and Broker as set forth in this Agreement.

Broker hereby agrees to immediately commence and diligently pursue the execution of marketing programs towards the sale of the Property and Business. Broker shall use reasonable commercial efforts to procure a buyer for the Property and the Business and to assist Owner in the negotiation of the sale of the Property and Business. Broker shall keep Owner advised as to the status of the marketing program. The Property and the Business shall be offered for sale with an initial list price of \$1,500,000 and upon the minimum sale terms and conditions of an all cash transaction. Such terms shall be subject to modification at any time or from time to time as Owner shall agree to, in writing.

It is further agreed as follows:

1. Owner will refer all inquiries pertaining to the Property and the Business to **Frank Jermusek, Chris Kubesh, and Doug Wright** (the "Selling Brokers") during the term of this Agreement and Broker will diligently market, promote and make proposals to all such referrals as deemed appropriate by Broker in furtherance of its duties hereunder.
2. In the event of a sale of all or a portion of the Property and Business during the Term of this Agreement, or any override period, Owner shall pay Broker a commission of **five percent (5%)** of the Gross Sale Price of the Property and Business. In the event the ultimate buyer of any part of the Property and Business utilizes a licensed real estate broker other than the Selling Brokers ("Cooperating Broker"), the foregoing commissions shall be increased by **one percent (1%)**, and Broker shall be responsible for paying any Cooperating Broker's share out of Broker's commission. Nothing herein shall be read or interpreted to create any rights in any Cooperating Broker in or to any commission. Any such agreement must be separately agreed to in writing. "Gross Sale Price" shall mean the total value of all consideration paid by, or to be paid by, the buyer of the Property and the Business, including, but not limited to cash, notes, contracts, services, incentives, rebates, refunds, cash equivalents, or any other form or manner of consideration.
3. The parties specifically agree that Owner is not obligated to pay, nor is Broker entitled to receive any commission unless and until the sale of all or any portion of the Property and the Business is closed. Further, Owner shall have the discretion to accept or reject any and all offers received during the term of this Agreement, and shall be under no obligation to Broker to accept any offer presented or any offer which would entitle Broker to a commission.
4. If Owner grants an option to purchase the Property and the Business at any time during the Term of this Agreement, or any override period, Owner shall pay Broker a sales commission in the percentage provided herein based on the price paid for the option and for any extensions thereof. This commission shall be paid upon receipt by Owner of any such payments. In the event such option is exercised, whether during the term of this Agreement, or thereafter, Owner shall also pay Broker a sales commission on the Gross Sales Price of the Property and Business in accordance with the provisions herein. Notwithstanding the foregoing, to the extent that all or part of the price paid for the option or any extension thereof is applied to the sales price of the Property

and Business, then any commission previously paid by Owner to Broker on account of such option payments shall be credited against the commission payable to Broker on account of the exercise of the option.

5. Owner shall pay Broker its commission for any transaction, if within one hundred eighty (180) days after the termination or expiration of this Agreement, Owner sells or agrees to sell all or any portion of the Property and Business, or commences and thereafter continues discussions leading to a sale of all or any portion of the Property and Business, to any third person who previously made an affirmative showing of interest in the Property and Business during the Term of this Agreement by responding to advertising, by contacting Broker or who had been physically shown the Property and Business by Broker, its salesperson, or a Cooperating Broker. It is understood that Broker shall not seek to enforce collection of a commission under this Paragraph 5 unless the name of such third person is on a written list given to Owner within 72 hours after the termination or expiration of this Agreement.
6. The terms of this Agreement shall survive and be enforceable after termination of the Agreement.
7. This Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties. No amendment, modification or extension of this Agreement shall be valid or binding unless made in writing and signed by both Owner and Broker.
8. This contract shall be governed by the laws of the State of Michigan.
9. Nothing in this Agreement shall create or be deemed or construed to create a joint venture or partnership between or among Broker and Owner. This Agreement shall not be deemed at any time to create an ownership interest of Broker in the Property and Business or any improvements thereon.
10. In addition to all remedies otherwise provided in this Agreement, each party hereto shall be entitled to all remedies available at law or in equity for any breach of, or failure of the other party to perform, any obligations under this Agreement. In the event suit is brought to enforce or interpret all or any portion of this Agreement, the prevailing party shall be entitled to recover all costs and expenses incurred by it in connection therewith, including its reasonable attorney's fees and costs.

Heumenaw County

SVN | NORTHCO REAL ESTATE
SERVICES, LLC

Donald Pette
Owner Name, Title

Frank Jermusek
Frank Jermusek, President

Donald Pette
Chairman

SVN | PROPERTY INVESTMENT
ADVISORS, LLC

Doug Wright
Doug Wright, Advisor

ADDENDUM TO EXCLUSIVE LISTING AGREEMENT FOR PROPERTY AND BUSINESS

This Addendum applies to an Exclusive Listing Agreement for Property and Business ("Listing Agreement") dated July 13, 2017 by and between SVN | Northco Real Estate Services, LLC, a Minnesota limited liability company, and SVN | Property Investment Advisors, LLC (collectively the "Broker") and Keweenaw County, Michigan ("Owner"). In the event of any conflict between the terms and conditions set forth in this Addendum and the terms and conditions set forth in the Listing Agreement, the terms and conditions of this Addendum shall control.

The "Property" referred to in the Listing Agreement is the approximately 178 acres of real estate occupied by the facility commonly known as the Keweenaw Mountain Lodge ("KML"). The exact amount of acreage to be sold and the precise location and dimensions of the Property has been determined by Clearwater Surveying in consultation with Owner and has been set forth by Clearwater Surveying on a boundary survey. Easements for continued public use of some but not all of the existing hiking trails on the Property, and an easement to connect a trail head to Golf Course Road, are also set forth on a survey. The boundary survey and easement survey will be provided to Broker.

The "Business" referred to in the Agreement is the personal property used by KML in the operation of its business (with the exception of tractors, vehicles, and any leased property such as golf carts), as well as KML's fixtures, trademarks, trade names, website content, and other intellectual property, pre-paid advertising, inventory, contract rights, and KML's liquor license. Broker shall inform potential purchasers that transfer of KML's liquor license is subject to prior approval by the State of Michigan. Tractors, vehicles, and any leased property such as golf carts shall be retained by Owner. In addition, the Business shall not include any accounts receivable, uncollected credit card payments or cash in KML's bank accounts on the closing date, which shall remain the property of Owner for collection after closing.

Broker's sale listings will be subject to approval prior to use by the US Department of Agriculture - Rural Development ("Rural Development"). Sale listings shall be required to disclose KML's physical and infrastructure requirements, including any known environmental liabilities (e.g. lead-based paint contamination). Owner will provide Broker with the information needed to disclose KML's physical and infrastructure requirements to potential purchasers. Purchase offers presented by Broker shall state that the potential purchaser has received the disclosures of KML's physical and infrastructure requirements.

Broker's sale listings shall also disclose that KML is currently subject to deed restrictions which require that KML remain open to the general public and that the golf course be maintained; and that while Owner is attempting to make title to KML insurable without exception for the deed restrictions, whether title to KML can be insured without exception for the deed restrictions is uncertain.

Rural Development must approve all purchase offers before they are accepted by Owner. Broker shall submit purchase offers to Owner, the Economic Development Administration, and Rural Development concurrently. Purchase offers may not give a deadline for acceptance which is earlier than the expiration of Broker's six-month exclusive listing unless they are full-price offers. Purchase offers must stipulate that Owner is not required to close the sale until November 1, 2017 in order to give Owner the ability to honor its commitments to customers under existing reservations.

Owner shall make representatives available to Broker to give tours of the Property to prospective buyers.

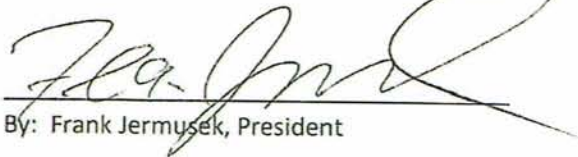
Rural Development will have the right to release Broker as the listing realtor (subject to any conditions set forth in the Listing Agreement) if in Rural Development's estimation, Broker is not sufficiently diligent or successful at finding prospective buyers. If Rural Development releases Broker pursuant to this paragraph, then the Listing Agreement shall be null and void and of no further force and effect (except for the provisions of Section 5 of the Listing Agreement protecting Broker's commission for 180 days after the termination or expiration of the Listing Agreement if the Property is sold to any person who made an affirmative showing of interest in the Property and Business during the term of the Listing Agreement).

KEWEENAW COUNTY, MICHIGAN



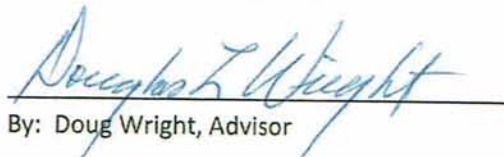
By: Donald Piche, Chairman
Keweenaw County Board of Commissioners

SVN | NORTHCO REAL ESTATE SERVICES, LLC



By: Frank Jermusek, President

SVN | PROPERTY INVESTMENT ADVISORS, LLC



By: Doug Wright, Advisor

**CONSULTING AND MARKETING AGREEMENT
FOR PROPERTY AND BUSINESS**

THIS CONSULTING AND MARKETING (the "Agreement"), dated July 13, 2017, is by and between SVN | Northco Real Estate Services, LLC, and a Minnesota limited liability company, and SVN | Property Investment Advisors, LLC (collectively the "Broker") and Keweenaw County ("Owner"). Owner is desirous that Broker perform financial and marketing consulting activity ("Consulting Work") related to that certain Exclusive Listing Agreement between Broker and Owner dated July 13, 2017 (the "Exclusive Listing Agreement"), attached hereto as Exhibit A. The Consulting Work relates to Broker's activity in analyzing and selling Owner's fee simple interest in the property ("Property") located at, 1452 US 41, Copper Harbor, Michigan. The Property consists of a main lodge and conference center, twenty-four (24) cabins, storage garage, three (3) sheds, motel, water pump house, and golf course with complete with a golf course club house and golf cart storage building that are situated on approximately 177 acres of land. Owner is also desirous that Broker act as the exclusive listing broker to sell Owner's business operation ("Business") described as follows: Keweenaw Mountain Lodge located on the Property.

Owner hereby hires Broker as Owner's financial and marketing consultant, to provide financial analysis and marketing consulting for the Property and Business and Broker hereby accepts such appointment. The Term of this Agreement shall be for a period of six (6) months commencing on the date of this Agreement and terminating six (6) months from the date of this Agreement ("Term") unless otherwise extended in a writing signed by both Owner and Broker as set forth in this Agreement.

Broker hereby agrees to immediately commence and diligently pursue the Consulting Work.

It is further agreed as follows:

1. Broker shall only be compensated for the Consulting Work upon a successful sale of the Property and the Business. In the event of a sale of all or a portion of the Property and Business during the Term of this Agreement, or any override period, Owner shall pay Broker a consulting fee of one percent (1%) of the Gross Sale Price of the Property and Business. "Gross Sale Price" shall mean the total value of all consideration paid by, or to be paid by, the purchaser of the Property and the Business, including, but not limited to cash, notes, contracts, services, incentives, rebates, refunds, cash equivalents, or any other form or manner of consideration.
2. The parties specifically agree that Owner is not obligated to pay, nor is Broker entitled to receive any consulting fee unless and until the sale of all or any portion of the Property and the Business is closed. Further, Owner shall have the discretion to accept or reject any and all offers received during the term of this Agreement, and shall be under no obligation to Broker to accept any offer presented or any offer which would entitle Broker to a consulting fee.
3. If Owner grants an option to purchase the Property and the Business at any time during the Term of this Agreement, or any override period, Owner shall pay Broker a consulting fee in the percentage provided herein based on the price paid for the option and for any extensions thereof. This consulting fee shall be paid upon receipt by Owner of any such payments. In the event such option is exercised, whether during the term of this Agreement, or thereafter, Owner shall also pay Broker a consulting fee on the Gross Sales Price of the Property and Business in accordance with the provisions herein. Notwithstanding the foregoing, to the extent that all or part of the price paid for the option or any extension thereof is applied to the sales price of the Property and Business, then any consulting fee previously paid by Owner to Broker on account of such option payments shall be credited against the consulting fee payable to Broker on account of the exercise of the option.

4. Owner shall pay Broker its consulting fee for any transaction, if within one hundred eighty (180) days after the termination or expiration of this Agreement, Owner sells or agrees to sell all or any portion of the Property and Business, or commences and thereafter continues discussions leading to a sale of all or any portion of the Property and Business, to any third person who previously made an affirmative showing of interest in the Property and Business during the Term of this Agreement by responding to advertising, by contacting Broker or who had been physically shown the Property and Business by Broker, its salesperson, or a cooperating broker. It is understood that Broker shall not seek to enforce collection of a consulting fee under this Paragraph 4 unless the name of such third person is on a written list given to Owner within 72 hours after the termination or expiration of this Agreement.
5. The terms of this Agreement shall survive and be enforceable after termination of the Agreement.
6. This Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties. No amendment, modification or extension of this Agreement shall be valid or binding unless made in writing and signed by both Owner and Broker.
7. This contract shall be governed by the laws of the State of Michigan.
8. Nothing in this Agreement shall create or be deemed or construed to create a joint venture or partnership between or among Broker and Owner. This Agreement shall not be deemed at any time to create an ownership interest of Broker in the Property and Business or any improvements thereon.
9. In addition to all remedies otherwise provided in this Agreement, each party hereto shall be entitled to all remedies available at law or in equity for any breach of, or failure of the other party to perform, any obligations under this Agreement. In the event suit is brought to enforce or interpret all or any portion of this Agreement, the prevailing party shall be entitled to recover all costs and expenses incurred by it in connection therewith, including its reasonable attorney's fees and costs.

Hewesaw County

Owner Name, Title

Donald Ricketts
Chairman

SVN | NORTHCO REAL ESTATE
SERVICES, LLC

Frank Jermusek
President

SVN | PROPERTY INVESTMENT
ADVISORS, LLC

Douglas Wright
Advisor

KEWEENAW MOUNTAIN LODGE SALE DISCLOSURES

Title

Property Boundaries and Easements: KML is situated on two contiguous parcels of property in Grant Township, Keweenaw County, Michigan, 165.27 and 12.68 acres in size, as shown on a boundary survey recorded in Keweenaw County. Keweenaw County has created easements on the property to protect future public use of some (but not all) of hiking/biking trails currently existing on the property, as shown on an easement survey recorded in Keweenaw County. There is also a county road on the property, shown on the surveys, which will remain open to public use after the property is sold.

165.27 Acre Parcel. The 165.27 acre parcel was deeded to Keweenaw County by the former Keweenaw Copper Company in 1938. The 1938 deed provides that the parcel is to be used solely for the purpose of a public park with related facilities, including but not limited to, a golf course. An option agreement was entered into concurrent with the 1938 deed giving Keweenaw Copper Company the option to repurchase the property if the golf course or public park were abandoned by the county. Keweenaw Copper Company was dissolved by expiration of its term on December 16, 1944; a certified copy of the Certificate of Dissolution has been recorded in Keweenaw County. An affidavit of the treasurer of an existing entity known as "Keweenaw Copper Co." has also been recorded attesting that Keweenaw Copper Co. has no relation to the dissolved Keweenaw Copper Company as a successor in interest, assignee, or otherwise; that Keweenaw Copper Co. has no right, title, interest, or claim against real property or personal property, tangible or intangible, conveyed or transferred to Keweenaw County or its affiliates by the dissolved Keweenaw Copper Company; and that Keweenaw Copper Co. does not have any right, title, interest or claim to any option agreement, other contractual right, or chose in action held by the dissolved Keweenaw Copper Company with respect to Keweenaw County or its affiliates.

12.68 Acre Parcel. Most of the 12.68 parcel lies within a larger parcel deeded to Keweenaw County by the State of Michigan in 1946. The 1946 deed provides that the deeded property reverts to the State of Michigan if it is not used solely for public purposes. However, in 1960, the State of Michigan re-deeded 17.97 acres of the property to Keweenaw County without the reverter provision, and in return, Keweenaw County deeded property in Luce County to the State of Michigan. According to documents provided to the county by the State of Michigan, the purpose of the 1960 exchange was to release the 17.97 acres from the reverter provision. Most of the 12.68 parcel lies within the 17.97 acre parcel re-deeded to Keweenaw County in 1960 without the reverter provision; the remainder of the 12.68 parcel is in property owned by the county without any known deed restrictions.

Keweenaw County will be deeding KML subject to all matters of record, including the matters discussed in this section. First American Title Insurance Company (by its local agent, Keweenaw Title Company) has indicated that it will insure title to KML without exception for the deed restrictions and reversionary provisions discussed in the preceding two paragraphs.

Digital copies of the surveys, deeds, and other documents referred to in this section be obtained upon request from the Keweenaw County attorney by emailing him at prosecutor@keweenawprosecutor.com.

Operation and Maintenance

KML is being sold on an "as is" basis. The disclosures set forth in this section are not intended to be a substitute for a purchaser's inspection of KML and its systems.

KML utilizes water wells and a septic system. It is not connected to the Grant Township water and sewer systems, and the county has been advised that it is not eligible for connection. Two of four KML wells are operational. One operational well produces potable water with the assistance of an onsite filtration system. Maintenance of the onsite filtration system must be performed by a properly-licensed person. The other operational well does not produce potable water; it is used for watering the golf course. Water for the golf course is also drawn from Lake Superior through a pumping and piping system originating in the Third Street public Park in Copper Harbor.

UP Engineers and Architects completed an asbestos survey and lead-based paint sampling at KML in 2006. UPEA's report describes UPEA's procedures and methodologies, analytical laboratory results, and UPEA's conclusions and recommendations.

A representative of Keweenaw County contacted the author of the UPEA report in February 2017 to ask whether lead paint in the cabins posed a threat to persons staying in the cabins. The report's author indicated that lead paint in the cabins posed no threat to the public because cabin stays are short-term. He also indicated that there is no legal requirement for further testing for lead paint, nor is there any requirement to remediate the lead paint that is present, unless further demolition or renovation of KML is proposed and undertaken.

No further inquiry has been undertaken on the lead paint or as to the presence of the asbestos. Buyers are advised that any asbestos removal which may be undertaken must be performed by specially-licensed contractors, as indicated in the UPEA report.

A copy of UPEA's report may be obtained upon request from the Keweenaw County attorney by emailing him at prosecutor@keweenawprosecutor.com.

Property Being Sold With the Real Estate

The sale of KML will include the personal property used by KML in the operation of its business (with the exception of tractors, vehicles, and any leased property such as golf carts), as well as KML's fixtures, trademarks, trade names, website content, and other intellectual property, pre-paid advertising, inventory, contract rights, and KML's liquor license. Transfer of KML's liquor license is subject to prior approval by the State of Michigan. Tractors, vehicles, and any leased property such as golf carts shall be retained by Keweenaw County. In addition, the purchaser will not be entitled to any accounts receivable, uncollected credit card payments or cash in KML's bank accounts on the closing date, which shall remain the property of Keweenaw County for collection after closing.

If the purchaser eliminates public access to the disc course, the baskets must be returned to the Copper Harbor trails club.



KEWEENAW COUNTY 2016 DEFICIT ELIMINATION PLAN

Requirement to Submit a Plan

Keweenaw County's annual audit report for December 31, 2016 was filed on June 29, 2017. The Michigan Department of Treasury emailed a Notice of Intent to Withhold State Payments to the Keweenaw County Clerk on July 3, 2017. The Notice of Intent to Withhold State Payments advises Keweenaw County that it may be required to file a deficit elimination plan pursuant to Section 21(2) of the Glenn Steil State Revenue Sharing Act of 1971.

Keweenaw County has reviewed Numbered Letter 2016-1 and has concluded that it is required to file a deficit elimination plan because its proprietary Keweenaw Mountain Lodge fund had a \$336,517 deficit in its unrestricted net position at December 31, 2016 which was not offset by any deferred inflows of resources.¹

Events Leading to the Deficit

The Keweenaw Mountain Lodge ("KML") is a 177 +/- acre recreational and hospitality facility owned by Keweenaw County, consisting of a golf course, a lodge with a bar and a dining area, a conference center/banquet hall, cabins and a motel, and various storage and support buildings.

In 2007-2008, Keweenaw County borrowed \$1,803,000 from USDA-Rural Development and issued three revenue bonds to Rural Development in the amounts of \$1,273,000, \$120,000, and \$410,000.² The Rural Development loans were taken to finance repairs to KML and to add the conference center/banquet hall to the facility. The addition of the conference center/banquet hall was also financed with a \$1,754,000 grant awarded to Keweenaw County in 2007 by the U.S. Economic Development Administration ("EDA").

The expansion of KML has been financially unsuccessful. The KML fund has reported losses in each year since the loans were made and KML has never generated enough cash to service the

¹ Numbered Letter 2016-1 requires that a deficit elimination plan for a proprietary fund relate to the smaller of (i) the deficit in the fund's unrestricted net position and (ii) the excess of the fund's current liabilities over its current assets. At December 31, 2016, the fund's current liabilities exceeded its current assets by \$366,517. This deficit elimination plan refers to the fund's unrestricted net position because the deficit in the fund's unrestricted net position is the less than the excess of the fund's current liabilities over its current assets.

² The bonds were issued pursuant to the Revenue Bond Act of 1933 (MCL 141.101, et. seq).

debt. No payments on the revenue bonds have been made since 2013. The revenue bonds are in default and interest on the debt continues to accrue.

Plan for Eliminating the Deficit


Keweenaw County, Rural Development, and the EDA have agreed that KML will be listed for sale and that the net proceeds of sale will be distributed to Rural Development and the EDA according to percentages agreed to by Rural Development and EDA. The remaining amounts due on the revenue bond debt will be cancelled by Rural Development after it receives its share of the net sale proceeds and Keweenaw County's obligation to repay the 2007 grant will be deemed satisfied after EDA receives its share of the net sale proceeds.

The sale of KML and cancellation of the Rural Development debt will eliminate the deficit which currently exists in the Keweenaw Mountain Lodge fund's unrestricted net position by eliminating the Keweenaw Mountain Lodge fund in its entirety.

The sale of KML pursuant to the agreement with Rural Development and EDA is the best deficit elimination plan Keweenaw County can propose at this time. Keweenaw County does not believe it can set forth future budgetary information for KML in good faith, as suggested in Numbered Letter 2016-1, when it hopes to sell KML in the near future and when it is not committed to continuing to operate KML if it does not sell.³

THEREFORE, BE IT RESOLVED that Keweenaw County, by Donald Piche, Chairman of the Keweenaw County Board of Commissioners, submits the foregoing deficit elimination plan to the Michigan Department of Treasury for certification.

CLERK'S CERTIFICATION. I, Julie A. Carlson, Keweenaw County Clerk, certify that the foregoing Deficit Elimination Plan was adopted by resolution of the Keweenaw County Board of Commissioners at a special meeting held on July 13, 2017.



Julie A. Carlson, Keweenaw County Clerk
Dated: July 13th, 2017

³ The County recognizes that a different deficit reduction plan will be required if KML does not sell.