

OFFICIAL PROCEEDINGS
KEWEENAW COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
November 30, 2016

A special meeting of the Keweenaw County Board of Commissioners was held on November 30, 2016 beginning at 6:00 p.m. at the Horizons Alternative High School in Mohawk, MI and began with the pledge of allegiance.

Commissioners present: Randy Eckloff, Bob DeMarois, Don Piche, Ray Chase, Del Rajala.

The meeting was posted on the door of the Courthouse and on the county website and was advertised in the Daily Mining Gazette four times and on local radio and tv stations.

The special meeting was called to hear public comment and then for the Board to officially vote whether or not to loan money to the Keweenaw Mountain Lodge to open for the 2017 season.

Motion by Chase supported by Rajala and unanimously carried to accept the agenda as presented.

A short financial history was provided to the public to read at their leisure.

Public comment began.

Doug Schubert-Eagle Harbor-Retired from hotel for 50 years, if KML closes it would be a disaster and would turn out to be another Mt Horace Greeley, Get a professional management company in to take over to lease or manage
Mark Cinelli-Ahmeek-Give up on KML, it's been bankrupt for a long time, county should be focused on pensions and medical insurance for the employees of the county, it's a money pit, sell it for \$1

Jim Huovinen-Eagle River-Commissioners are doing a great job with the Courthouse and grounds, appreciate the position that the board is in, agrees with Schubert to get a professional management company in

Lisa MacKenzie-Taxpayer-Lives in Hancock-Do what you can to save it, what happens with the default, if the Board decides to go private it has to stay open to be viable to sell

Tom Daly-Mohawk-Been here for 10 years, the way it's been run in the past just let it die and give it back to the government or sell for cheap

Mary Ann Owens-Mohawk-Is giving money to KML detrimental to the Sheriff Department, are there other issues unknown to us that will break us

Tom Hall-Eagle River-KML is part of the county, the issue at hand was inherited by this Board, the county has no business running a business, tax money shouldn't be used for this, Doug Schubert's words are music to the ears because there was no answer for the Board

Frank Kastelic-Sherman Township-Tough situation, walking away and letting things freeze up is not the answer, the county should not be in the hospitality business, KML should be sold, there is lots of money invested, since we don't know what Rural Development will do keep the heat and power on for the winter, keep viable and open and sell it or lease it or whatever

Dave Carlson-Eagle Harbor-KML is a special place, is a business man himself, shouldn't be in the business, it's not successful and shouldn't be on the back of the taxpayers

Harvey Desnick-Taxpayer-Hazard just to close KML, fund KML this year, enter into a friendly foreclosure with RD before they want full payment, hire a receiver, if you use a management company you must pay up front, have a liquidation plan and work with RD, keep it open

Alex Protzel-Copper Harbor-Business owner, KML has deteriorated, get the management of KML out of county hands, feels the same as Doug Schubert

Graham Jaenig-Daily Mining Gazette-Speaking as a historian, government first built Brockway Mountain Drive, then KML, the car industry was improving and tourism was on the rise, KML was a destination, in the mid 70's things began changing with campers coming up and going to Fort Wilkins, the demographics changed and KML can succeed with changing focus to hikers, bikers, kayakers etc

Don Kauppi-Copper Harbor-Many things to improve upon with cross country ski trails, terrain park, not a matter of opening or closing but to reinvent, businesses have closed in Copper Harbor as times change giving a whole new look to Copper Harbor, go back to RD and say not \$1 was invested in the winterization of KML cabins, not one year round job came with the conference center, wants to go back to RD and put new heating systems in all of the cabins, the cabins alone can retire the debt

Peg Kauppi-Copper Harbor-shouldn't be closed forever, start with the gravy which is the lodging that supports other businesses in Copper Harbor, RD needs to finish the job, not threatened by KML, be the best package together

Mike Dudenas-Eagle River-heard a song that says "know when to hold em, know when to fold em", it's time to fold them, not a jewel, more like an anchor, is a senior citizen taxpayer and do not give KML more money

Jack & Mary Spreitzer-Mohawk-Cannot afford KML, there is no bank or anyone else that would loan KML \$200,000, it's not a good investment

Ernie Mooney-Eagle Harbor-Good to see so many people out, if you sell KML you can't sell it for the amount of money owed, continue to run it is the only option, can you afford to put additional money into it?, bonds through RD are not general obligation bonds, they are revenue bonds, it was making money to stay out of the red but with the outstanding debt it will never generate enough money to pay debt service, if this happens again-can you afford the money-can you afford to finance KML?

Dan Harri-owner of Harbor Haus-was GM for KML from Sept 2010 through Aug of 2014 and worked under Bd of Trustees and in 2015 quit, tourism is the livelihood of Keweenaw County, KML needs a group of individuals from Keweenaw County to get advice on how to run KML

Jack Ketola-Mohawk-Show of hands how many people went to KML in 2016?, asked for show of hands for how many went back, not too many hands and Jack said, "See what I mean?"

Bob Tarvis-Allouez Township-KML should stay open because the value will decrease a lot if closed, believes that the General Fund will end up paying the debt of KML anyways

Barb Foley-Copper Harbor-Had the privilege of working to get the conference center started, need a professional management company and marketing which has never happened yet, Doug Schubert has the right idea, KML is a diamond in the mud, need a destination for Keweenaw County

Jack Barry-Allouez Township-There is still a golf course there, if it is shut down for a year, kiss the golf course goodbye

Tim Baroni-Fulton and Lake Medora-The debt is a revenue bond, asked if there is a mortgage-there is not and there is no collateral, is a banker and everyone makes bad loans, recommends going to RD, the loan is unsecured, once things are settled, sell it and get it out of county hands

There was no further public comment.

The discussion among board members began.

Rajala-already covered \$36,000 in bills and will have to cover all winter, we would still maintain KML not like MHG where the previous Board abandoned MHG, have a duty to minimally maintain if KML closes, it will be watched and not abandoned, will take an additional \$100,000 over the winter and other money to open all coming from the county general fund, will it be the same the following season?-needing money just to open, not talking about RD bonds or grant money but what taxpayers want to do with taxpayer money, this board inherited the problem and there is over \$700,000 into KML so far, tax money is for essential services for the county-the services that taxpayers expect

Chase-Partly agrees with Rajala, \$100,000 to keep it going through the winter, has been on the phone constantly saying they want KML to stay open, problem is if we close it will deteriorate and it won't be as viable, knows it won't make money and the board will make the best bad decision

Piche-No board member wants to continue spending money, if closed it would be worth pennies on the dollar and will turn into MHG, RD won't respond, if KML closes what would RD do?, What would happen to the golf course?, run on a minimum operation until RD decides what to do, does agree with Rajala on some issues

DeMarois-Keep KML open, agrees with Rajala that it can't continue but it is in the best interest of the county with RD to continue operations, look for professional management help

Eckloff-Agrees with everything said, doesn't want to spend the money but to close is a huge mistake, if it stays open it would be more marketable

Rajala-Happy with the big turnout at the meeting and that everyone is informed, all Keweenaw County taxpayers are responsible for this, look at your neighbor and blame them and the board that got us into this mess, taxpayers weren't involved or informed on how tax money was being spent, Rajala to blame too as he didn't pay attention himself, stay involved and stay tuned.

Motion by Chase supported by Eckloff to fund the Keweenaw Mountain Lodge for the 2017 season: Ayes: Chase, DeMarois, Eckloff, Piche. Nays: Rajala. Motion carried.

Motion by Chase supported by Rajala to have a special meeting on Tuesday, December 13, 2016 at 6:30 p.m. at the Courthouse in Eagle River, MI to discuss plans for upcoming operations.

There being no further business motion by DeMarois to adjourn at 7:02 p.m. Meeting adjourned sine die.

Donald Piche, Chairman

Julie A. Carlson, Clerk