

We are not buying the Cisco Dam.

Now that everyone has read that sentence twice, some explanation is in order. Before my involvement with the CCROA began in 2010, your Association was approached by the Upper Peninsula Power Company (UPPCO). They wanted to divest their company of the Cisco Dam for various reasons- mostly because that while expensive to operate, restrictions in the Dam license gave UPPCO very little ability to draw down the Cisco Chain to feed their hydro generating operations downstream. As the principle benefactors of the Dam, they saw our Association as the entity most likely to purchase the Dam. A sales contract was consummated, and the issue was brought before the Federal Energy Regulatory Commission (FERC) for approval where it sat. And sat.

Fast forward nearly a decade. FERC finally releases the Dam from the operating license. In the ensuing time, nearly all the principles that crafted that sales agreement have changed. New CCROA board. New attorneys. New ownership structure at UPPCO. Your new board, along with the new legal council takes a hard look at what we are buying and why. This purchase would be a massive undertaking for a volunteer organization, so we want to be sure that we are doing it for the right reasons and the right way. As we would come to find out, we were wrong on both counts.

Let's look at the REASON for buying the Dam. Our need for the Dam is simple- make the Cisco Chain navigable. In other words, connect the 15 lakes so we can move from lake to lake. Without the Dam, we are essentially stuck on our own individual lake. This, of course, isn't a concern of UPPCO. Why would it be? It turns out, however, that this was a VERY big concern to the Dam's prior owner- the Marathon Mills Paper Company who sold the Dam to one of UPPCO's predecessor companies The Copper District Power Company in 1937. Marathon raised the level of the Cisco Chain expressly FOR navigation, so they could float logs around to the rail spur for removal. As it turns out, this has been done since approximately 1901 by a different company- the Brooks and Ross Lumber Company. All of this raising and navigating over nearly 40 years had created a "new normal" for the Cisco Chain- so much so that the requirement for maintaining this "new normal" was written right into the Warranty Deed when the Copper District Power Company bought the dam in 1937- requiring that the new owner "... maintain substantially the present water level of the water in said Cisco Lake and the Chain of Lakes connected hereto, insofar as it is physically possible to do so." It is here that we find UPPCO's obligation to maintain the present water levels in our Chain of Lakes. This obligation was tested and affirmed 2 years later by the Public Service Commission of Wisconsin in 1939. Riparian owners complained about fluctuating water levels by the Power Company and the Commission found in favor of the Riparians and that the Power Company, when buying the Dam, did not buy any right to use the Dam for any purpose other than to maintain the water levels of the Cisco Chain. These facts drive us to believe that UPPCO has a continuing obligation to own and operate the Dam expressly for navigation thus, making our need to own the Dam unnecessary.

So now we and our legal council believe that we do not need to purchase the Dam. This, of course, does not diminish UPPCO's desire to sell the Dam for at the end of the day, the Dam is a liability, both legally and financially, that they want to get off their books. Towards that end, we must be ready to act to protect the Cisco Chain should UPPCO find some way to get out of their legal obligations. This brings us to how a Dam should be bought the RIGHT WAY. The CCROA should not own the dam. Period. Gogebic County would be the proper entity to own the dam. While we are a volunteer organization

whose existence depends on people willing to give up their free time, the County is a permanent organization. While the removal of the Dam would do unthinkable things to our property values, the County also has a significant stake in our properties as our taxes fund a large portion of its budget. Lastly, and most importantly, the County has, thru the Drain Commissioner, the legal authority to establish a Legal Lake Level and assess ALL properties that benefit from the Dam across state lines. If- and this is a BIG IF- it was to become necessary to purchase the Dam, it should be Gogebic County that purchases the Dam- not us.

Finally, we get to the issue of the Dam Fund. I cannot express my admiration to the members that contributed \$353,000 towards the Dam purchase. We asked for your support and many stepped up. When we asked for donations, we promised that they would ONLY be used for the Dam purchase and we have kept our word. Getting to this point, however, was not inexpensive. We spent around 10% of the fund on attorney fees- money it turns out that was VERY well spent. It is now time to dissolve the fund. Our attorneys have suggested we give our donors the following four choices for their donation:

1. Unrestrict their donation- The CCORA can use the funds for any purpose.
2. Change the restriction- The CCROA can use their donation for our Lake Management Program
3. Transfer their money (less the 10% spent) to the ISCCW- another 501(c)3 organization closely aligned with our mission. We will take care of the transfer.
4. Get their donation back (less the 10% spent). Understand that in receiving a refund, you MAY have to amend your tax return for the year in which you donated.

Everyone that donated to our Dam Fund will receive a letter in the mail explaining the process. There will be a tear-off portion of the letter which will allow you to make your selection and send it back to us for processing.

I know I speak for the entire Board when I say 'Thank-you' for supporting this effort and for your patience during this process! It has been a long road that has consumed many hours of our personal time to get to this point.

Bob McGuffin