

June 14, 2010

Dennis Aloia, County Administrator  
Grand Traverse County  
400 Boardman Ave.  
Traverse City, MI. 49684

Ref; Removal of hydroelectric equipment at Boardman and Sabin Dams.

Dennis;

In response to your e-mail dated June 11, 2010, please be informed that we are proceeding with removal of the above referenced equipment as follows;

- Traverse City Light & Power (TCLP) has previously agreed to perform specific work as fulfillment of the Purchase Agreement and has therefore been requested to perform specific site work in accord with the attached letter.
- Our insurance carrier will be forwarding a Certificate of Commercial Liability Insurance Coverage as per the attached letter dated June 11, 2010
- Our personnel will coordinate with the DPW staff to begin work on June 15 th at the Boardman Dam Powerhouse and will conclude our process at the Sabin Dam Powerhouse as expediently as is safely possible.

Notwithstanding your failure to respond to our specific requests related to misrepresentations, as delineated in our letter dated June 8, 2010, we are proceeding to implement all of the foregoing plans and procedures. We will be adhering to our plan as outlined in our letter dated June 8, 2010.

Finally, since there apparently still remains confusion on the part of Grand Traverse County and the MDEQ, dam safety inspector, regarding the difference between our hydroelectric equipment and our dam safety equipment, as evidenced by your e-mail of this date, and since we were not invited to participate in any on-site review of potential safety issues, we must issue the attached **“Notice of Increased Risk to Life and Property”** to all parties, agencies, establishments, etc. who may in any way be affected by such action, as previously indicated.

(continued)

Grand Traverse County  
June 14, 2010  
Page 2

This notice is necessary since we have been ordered to remove all of our equipment which includes the previously referenced three (3) items related to safe and compliant operation of the dams. Since your e-mail does not address these items, we hereby assume that there no longer remains any interest in your purchase or leasing any of the three (3) items including the Atlas-Polar Trash Rake System at Boardman Dam. If, however, this assumption is incorrect, we recommend you respond before completion of their removal.

We trust this adequately addresses your request for removal and we will be in direct contact with the Grand Traverse County Dept. of Public Works staff to expedite this process.

Sincerely,

Charles R. Peterson  
Peterson Machinery Sales

encl; Traverse City Light & Power Letter, 6-11-2010  
Dept of Public Works Letter, 6-14-2010  
Gen'l Southwest Ins. Letter, 6-10-2010  
Notice of Risk