The Marquette County Board of Commissioners met in Special Session on Tuesday, July 22, 2003, at approximately 8:30 P.M., in Room 231 of the Henry A. Skewis Annex, 234 W. Baraga Avenue, Marquette, Michigan.


A Salute to the Flag was given followed by the Pledge of Allegiance.

Chairperson Corkin opened the meeting for public comment, none was forthcoming.

It was moved by Comm. Arsenault, seconded by Comm. Cihak, and unanimously carried by voice vote that the agenda be approved as presented.

ACTION ITEMS

The County Board considered a request from Mr. Kirby J. Duffy, President/CEO, Air Combat Warfare International, AYR Ontario, Canada, to build a business at Sawyer International Airport and Business Center. Mr. Duffy formed Fulcrum, Inc. in 1992 in Ayr Ontario, Air Capital Warbirds, formed in 1990 by Ken Bryant in Tulsa, Oklahoma. In 2001, the new company Air Combat Warfare International, an Ontario Corporation, was formed. Currently the company is the subcontractor to JN Technologies, Inc. of Florida. The prospect informed us, although the County has not been able to verify, that JN has two contracts with the Department of Defense. The prospect has provided the County with a copy of a contract between them and JN Technologies, valued at $7 million plus over five years. The Company is weighing the decision to expand at its current location or relocate all its facilities to Sawyer. It must be operating by August 19th. They had indicated it would cost them $2.5 million to relocate.

Mike Gokey, EDC Director, and Vikki Kulju, SIABC Marketing Director, have been working with the Prospect and while the prospect has provided the County with a substantial amount of information, much of it has been unverifiable. Marquette County would provide approximately 19,000 sq ft comprised of four hangar bays and office space (known as hangar 400) located in a virtually tax free renaissance zone would be leased to the EDC a minimum of $1 per sq ft ($18,000 per year). This amount could be greater depending on the loan terms if the EDC is able to obtain. The County would also provide, at no charge, furnishings for the warehouse and shelving for the warehouse as is available.

The Marquette County EDC would provide $1 million USD towards the relocation expenses to be funded as follows: $580,000, would be a traditional loan to the EDC secured by the LOC obtained by the prospect in the amount of $500,000; $170,000 would be a grant from the EDC utilizing the Superior Extrusion proceeds earmarked for projects at Sawyer; and $250,000 would be an unsecured low interest loan from the Sawyer IRP to the EDC.

Air Combat Warfare International, would pay $6 per sq ft to the EDC for hangar 400 as a means to pay back the loan. Additionally, Air Combat Warfare International would lease to own approximately 44,000 sq ft of storage space currently owned by the EDC and located at Sawyer for $3 per sq ft.

Air Combat Warfare International would provide a ten year lease commitment of above-mentioned facilities; purchase of not less than 5 million gallons of jet fuel from Sawyer FBO over the term of the lease (which would equate to $375,000 for the County at current fuel rates); investment of $1.5 million USD towards relocation expenses; 14 T-33 Aircraft operating from Sawyer; up to 37 A-4 Skyhawk Aircraft operating from Sawyer; up to 17 A-7 Corsairs operating from Sawyer; 400+ semi truckloads of aircraft support parts; LOC from a bank accredited and certified to do business in the United States or $500,000 over the term of the loan. Air Combat Warfare International needs a decision as soon as possible.

Due to the timing, Sawyer IRP Loan Committee members had a preliminary review of the proposed project. The loan would be to the EDC, so Air Combat Warfare International did not fill out a loan application. D&B reports and unverifiable financial information were reviewed. Due to the lack of information, the fact that Air Combat Warfare International is unwilling to provide collateral against the loan, and the disproportionate ratio of investment to job creation, the consensus was to not support this project. Without this portion of the financing the project cannot move forward.

It was moved by Comm. Nordeen, seconded by Comm. Arsenault, and unanimously carried by voice vote that the County Board send a denial letter to Air Combat Warfare International thanking them for their diligent efforts in working with Marquette County to build their business at Sawyer International Airport and Business Center, but inform them that Marquette County declines to proceed with the current terms. While the opportunity to have their company locate at the Airport is appealing, the project lacks sufficient proof of financial viability (the financial information provided has not been validated by an accounting firm, sufficient proof of credit history or credit references, verifiable contracts with the United States Department
of Defense, and sufficient security to justify the risk of public funds. If the issues can be overcome, Marquette County would reconsider its decision.

Chairperson Corkin opened the meeting for public comment, none was forthcoming.

There being no further business, the meeting was adjourned at 8:45 P.M.

Respectfully Submitted,

[Signature]

Connie M. Branam
Marquette County Clerk
MARQUETTE COUNTY BOARD OF COMMISSIONERS
Special Meeting, Tuesday, July 22, 2003, Approximately 7:00 P.M.
Room 231, Henry A. Skewis Annex, Marquette, Michigan 49855

1. CALL TO ORDER - SALUTE TO THE FLAG - PLEDGE OF ALLEGIANCE.
2. APPROVAL OF THE MINUTES: None
3. PROCLAMATIONS, PRESENTATIONS AND AWARDS.
4. PUBLIC COMMENT. (time limit 20 minutes total)
5. REVIEW OF CLAIMS AND ACCOUNTS.
6. APPROVAL OF THE AGENDA.
7. PUBLIC HEARINGS.
8. PRIVILEGED COMMENT:
9. INFORMATIONAL ITEMS:
10. ACTION ITEMS:
    a. Consideration of a Development Project at SIABC
11. LATE ADDITIONS:
    a.
    b.
    c.
12. PUBLIC COMMENT. (time limit 20 minutes total)
13. COMMISSIONERS COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS.
14. ADJOURNMENT.