The Marquette County Board of Commissioners met in Special Session on Thursday, August 7, 2003, at 9:00 A.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.

It was moved by Comm. Wallace, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the minutes of the Special Meeting held on July 22, 2003 be approved.

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

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

**ACTION ITEMS**

10a) The County Board considered a Lease for Air Combat Warfare International Sawyer Project. Air Combat Warfare International, Ayr Ontario, Canada, requested to build a business at Sawyer International Airport and Business Center. Mr. Kirby J. Duffy, President/CEO, formed Fulcrum, Inc. in 1992 in Ayr, Ontario. Ayr 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.

This issue was brought to the Board in a Special Meeting on July 22, 2003. At that meeting, the County Board sent 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 informed them Marquette County declines to proceed with the current terms. While the opportunity to have their 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.

Air Combat Warfare International has come back to the County Board with the following terms: Air Combat Warfare International would lease Hangar 400 comprised of 19,384 sq. ft. The term would be ten years and two months. The first two terms would be rent free. The rate would be $4 psf nnn or $77,536 annually, with a security deposit of $5,000.

At the time of lease execution the tenant will be provided with a grant in the amount of $300,000 which will be subject to the following claw back clause. The amount would be a loan from the IRP to either the tenant or the EDC and would be paid back via lease payments over the term of the lease. The IRP Loan may be reduced if the EDC is able to fund $100,000 of the project.

Approximately one-half of the payment would be made upon lease execution or as quickly thereafter as possible and the remainder would be paid after the delivery of approximately five truck loads of parts and two planes (approximately two months).

There will be thirty full-time equivalent jobs within 24 months from the lease date. If the jobs are not created by that time, the tenant will be required to pay back the sum of $300,000 less $10,000 for each FTE jobs actually created. If the jobs are created before that time, the clause would go away.

Once the deal is approved by the Board of Commissioners, but before lease signing, the tenant will conduct a review of the premises to insure the facility meets their needs. The tenant has been told the facility is as-is, where-is.

Commissioners and Staff engaged in a lengthy discussion regarding Air Combat Warfare International. They are concerned with the fact that 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.

Air Combat Warfare International is not willing to provide a personal credit report because in their mind the business is an independent corporation. They have provided the County with projected financials and a business plan. They have also provided three business references that all have had positive things to say about the integrity of Air Combat Warfare International. They have also identified an independent reference, they have a contract with JN Technologies, which has been shared with Marquette County. JN Technologies’ has a subsidiary known as Airborne Tactical Advantage Corp., LLC. ATAC has two five year contracts, one with the Navy and the other with the Air Force. These have been verified.
Because the risk has been minimized and because of potential positive impact on the business plan, Staff feels it is a calculated risk based on the following points:

1) Project scope greatly reduced;
2) All funds to be procured through IRP Loan which is in place to assist with high risk loans;
3) More appropriate job to investment ratio and claw back clause to protect that ratio;
4) Fuel flowage free to the County could mean an additional $20,000 - $25,000 each year;
5) Grant/Loan payment split in such a way to cut risk;
6) Northwest has announced the loss of three inbound and three outbound flights per day. This will result in 2,190 flight operations lost each year. The FAA Contract Tower Agreement requires the County to pay a certain percentage of the operating costs based on the number of flight operations. The addition of the Warbird flight operations would help offset and possibly even better that number.

It was moved by Comm. Tuominen, seconded by Comm. Wallace, that the County Board approve the IRP contingent upon asking once again for personal finances and collateral. A roll call vote was taken, 4 Ayes (Comm. Tuominen, Comm. Girard, Comm. Joseph, and Comm. Corkin) to 3 Nays (Comm. Bergdahl, Comm. Cihak, and Comm. Wallace). The motion failed because there was not a majority of the members elect.

Staff explained that the risk benefit analysis conducted by staff weighs heavily toward proceeding with this project. Assuming the project proceeds as indicated by the parties, this deal would have a dramatically positive impact on Sawyer’s business plan, increasing revenues by close to $100,000 annually. It is for that reason that Staff is strongly encouraging the County Board to support the Staff recommendation.

It was then moved by Comm. Wallace, seconded by Comm. Cihak, to accept the proposal and approve a loan of $300,000 to the EDC and lease the building to the EDC contingent upon the EDC’s recommendation. A roll call vote was taken 3 Ayes (Comm. Wallace, Comm. Bergdahl, and Comm. Cihak) to 4 Nays (Comm. Girard, Comm. Joseph, Comm. Tuominen, and Comm. Corkin). Motion failed.

It was then moved by Comm. Tuominen, seconded by Comm. Wallace, and unanimously carried by voice vote that the County Board direct Staff to negotiate with Air Combat Warfare International to accept a straight lease for not less than $2 per sq. ft.

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

There being no further business, the meeting was adjourned at 10:00 A.M.

Respectfully Submitted,

Connie M. Branam
Marquette County Clerk
MARQUETTE COUNTY BOARD OF COMMISSIONERS

SPECIAL MEETING, Thursday, August 7, 2003, 9:00 a.m.
Room 231, Henry A. Skevis Annex, Marquette, Michigan 49855

1. CALL TO ORDER - SALUTE TO THE FLAG - PLEDGE OF ALLEGIANCE.
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:
   a. 
   b. 
10. ACTION ITEMS:
    a. Lease for Air Combat Warfare International Sawyer Prospect.
11. LATE ADDITIONS:
    a. 
    b. 
    c. 
12. PUBLIC COMMENT. (time limit 20 minutes total)
13. COMMISSIONERS COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS.
14. ADJOURNMENT.