The Marquette County Board of Commissioners met in Special Session on Wednesday, August 23, 2000 at 9 p.m. in Room 231 of the Henry A. Skewis Annex, Marquette, Michigan.


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

There were no minutes to approve.

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

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

The County Board considered approval of the Delphi Lease. At a Special Meeting held on December 28, 1999, the Board of Commissioners approved terms for a proposed Lease between the County and Delphi Automotive Systems, L.L.C., which was to include Building 104 (the former Alert Facility) and related acreage. At that time Delphi hoped to be able to execute a lease and occupy the premises by early January, 2000, its own internal review and approval processes for this project took substantially longer than expected, and have only recently been completed. In the meantime, Delphi has spent in excess of $140,000 to prepare Building 104 for occupancy.

Delphi chose to defer negotiating the final terms of the proposed lease until after its internal review and approval has been completed, which has been done, in earnest, during the past month. It is now necessary to return to the Board for full approval at this time because the final lease as now proposed includes certain terms which were not included in the Board’s December 28, 1999 approval.

The salient final terms as now contained in the Lease are as follows:

Term: The initial term is for five (5) years, beginning retroactively on August 1, 2000, and continuing until July 31, 2005. It will automatically extend for up to three (3) additional terms of five (5) years each, unless written notice is given by Delphi not less than 120 days prior to the end of any then current five (5) year term of its intention not to extend.

Rent: The annual rent to be paid for each year during the first five (5) year term will be $185,600, based on $2.00 per square foot per year for the 25,000 square feet of Building 104, plus $1,200 per acre per year for each of the 113 acres of the site. The monthly rent payment will be $15,466.66. The rental rate will be adjusted per the Consumer Price Index at the beginning of each five year term.

New Garage: Delphi needs a new heated garage in addition to the existing buildings on the site. It cannot, by its own internal policies, incur capital costs to build such a structure, but it can make additional rent payments to amortize the cost of such a structure, which is estimated to be approximately $400,000. The Marquette County Economic Development Corporation has agreed to finance and construct the new garage building and to lease it to the County, which will in turn include that new building in the Lease to Delphi. On its part, Delphi will pay to the County additional monthly rent in an amount sufficient to amortize the construction costs over a ten (10) year period, plus interest, which the County will in turn pass through to the EDC. Further, Delphi will indemnify and hold the County harmless from any costs associated with the construction of the new building, even if the Lease is terminated, or is not renewed for a second five (5) year term. In short, the building is to be paid for by additional rent payments to be made by Delphi, and guaranteed by Delphi, so the risk to the County is minimal. The proposed lease now incorporates these provisions.

Security: When the lease terms were previously approved, the information presented to the Board indicated that the amount of the security deposit had not yet been set.
Standard County practice would require an amount equivalent to the first and last month’s rent, which in this case would be $30,933.32. Given that the vast bulk of the leased premises is bare land, this amount would appear to be excessive. Accordingly, Harley Andrews, Chief Civil Counsel, is recommending a security deposit of approximately one-half of that amount or $15,000. Delphi is opposed to any requirement for the payment of a security deposit, in any amount, and Larry Coelhoorn does not believe that a security deposit should be required in this case. Whether or not to require a security deposit, and if so, the amount to be required, are issues that the Board will have to decide.

Maintenance: As is customary with Sawyer leases, Delphi will be responsible for the maintenance of the buildings, including the HVAC systems.

Insurance: The usual insurance requirements are included in the proposed Lease, but Delphi will be permitted to self insure all or any portions of the required coverages so long as it can demonstrate, through provisions of its Annual Reports, that it has a net worth in excess of Fifty Million Dollars.

Option: Because the leased premises is Airport PBT property, it will not be sold. However, the lease provides to Delphi an option and a right of first refusal to lease an additional adjacent parcel of approximately 102 acres, which, if exercised, will require the payment of additional rent at the then applicable “per acre” rate.

Termination: The lease provides a right in Delphi to terminate this Lease in the event of certain occurrences, such as the adoption of any laws, ordinances, or regulations which might prohibit Delphi from using the property for its intended purposes, or any environmental remediation activities which might unreasonably interfere with the intended use of the property.

Environment: The leased premises is essentially environmentally clean, with no remediation, monitoring, or other activities presently occurring or contemplated.

It is the recommendation of the Airport Staff that the County Board give final approval to these lease terms; that it make a determination of the security deposit issues; and, that it authorize the County Board Chair to execute the lease and all related documents, including all related documents and agreements with the Economic Development Corporation regarding the construction and financing of the new heated garage facility.

It was moved by Comm. Arsenault, seconded by Comm. Roberts, and unanimously carried by voice vote that the County Board approve the Delphi Lease for Sawyer Property; authorize the Board Chair to execute the lease and all related documents, including all related documents and agreements with the Economic Development Corporation regarding the construction and financing of the new heated garage facility; and further that the County waive the standard security deposit requirement.

Chairperson Corkin opened the meeting for public comment. None was forthcoming.

There being no further business to come before the County Board the meeting was adjourned.

Respectfully submitted,

Connie M. Branam
Deputy County Clerk
MARQUETTE COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING, WEDNESDAY, AUGUST 23, 2000
IMMEDIATELY FOLLOWING THE COMMITTEE OF THE WHOLE
(APPROXIMATELY 6:30 P.M.)
Room 231, Henry A. Skewis Annex
Marquette, Michigan 49855

1. ROLL CALL.
2. SALUTE TO THE FLAG AND PLEDGE OF ALLEGIANCE.
3. APPROVAL OF THE MINUTES: None.
4. PROCLAMATIONS, PRESENTATIONS AND AWARDS.
5. PUBLIC COMMENT. (time limit 20 minutes total)
6. APPROVAL OF THE AGENDA.
7. PUBLIC HEARINGS.
8. PRIVILEGED COMMENT:
9. INFORMATIONAL ITEMS:
10. ACTION ITEMS:
   a. Approval of the Delphi Lease.
11. LATE ADDITIONS:
   a.
   b.
   c.
12. PUBLIC COMMENT. (time limit 20 minutes total)
13. COMMISSIONERS COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS.
14. ADJOURNMENT.