

A special meeting of the Ishpeming City Council was held on Tuesday, June 22, 2010 at the Ishpeming City Hall. Mayor Gary Nelson called the meeting to order at 4:00 p.m.

Present: Mayor Gary Nelson, Council Members Patricia Bureau, Claudia Demarest, and John Stone. Present: Four (4). Absent: Council Member Pat Scanlon. One (1). Also present were City Manager Jered Ottenwess and City Attorney David Savu.

#### AGENDA COMMENT

Mr. Robert Airaudi reserved time for comment on Agenda Item No. 1.

#### ROBERT AIRAUDI/EVERLAST INDUSTRIES

Mayor Nelson stated that Mr. Robert Airaudi submitted a letter to the City, dated June 11, 2010, and requested that the City of Ishpeming refund a total of \$15,200 that he paid to the City of Ishpeming which includes the \$14,000 payment for the Malton Road property and the \$1,200 in monthly lease payments. Mayor Nelson reported that Mr. Airaudi stated in his letter that he could then purchase a building in the Brownstone area and continue with his business project.

Mayor Nelson stated that it is important to consider both the pros and cons of Mr. Airaudi's request. Mayor Nelson stated that the lease agreement signed on June 12, 2009 is a legal, binding document. Mayor Nelson stated that rather than move the project out of Ishpeming, Mr. Airaudi has requested the refund so that he can relocate his project to the Brownstone area. Mayor Nelson stated that Mr. Airaudi has indicated that if the City does not comply with his request, he intends to file a lawsuit.

Councilman Stone stated that the agreement is a legal document and Mr. Airaudi did not sign the agreement under duress. Councilman Stone stated that he does not think it is wise to get into the habit of rescinding legal documents. Councilman Stone stated that the agreement is a legal document and was signed in good faith.

Councilwoman Demarest stated that paragraph 9 of the lease states that "Failure by Airaudi to comply with any of the above terms and provisions, or abandonment of the project by Airaudi, shall constitute a default in the terms of this Lease." Councilwoman Demarest stated that Mr. Airaudi has one year left on the lease. Councilwoman Demarest stated that he still has a year to put up his building.

Councilwoman Bureau stated that Mr. Airaudi had approached the City with the purchase price and he agreed to the terms. Councilwoman Bureau stated that the City agreed to go along with the purchase price in order to make sure that this project was completed. Councilwoman Bureau stated that the lease was drawn up and he was not under any duress or any other pressure to sign the agreement. Councilwoman Bureau stated that the City has put in more than two years to try to get this project off the ground. Councilwoman Bureau stated that she feels the City has done its very best to accommodate Mr. Airaudi. Councilwoman Bureau stated that she does not feel that the City is under any obligation to refund the \$14,000 plus the lease payments to Mr. Airaudi.

Councilman Stone stated that the City had prepared that property for Mr. Airaudi. Mr. Stone stated that the DDA invested over \$80,000, which is taxpayer money, to make the infrastructure improvements. Councilman Stone stated that this does not include the staff time that has been invested throughout the course of this project.

Mayor Nelson stated that there have been some issues and this project has not necessary been an easy one. Mayor Nelson stated that the ultimate, long term goal is to encourage development and to try to get small businesses to locate within the City. Mayor Nelson stated that the City needs to look at the smaller business development opportunities. Mayor Nelson stated that while the City does have a valid document, the City must also do what is necessary to encourage business owners to put their businesses in Ishpeming. Mayor Nelson urged the City Council to consider the consequences of holding Mr. Airaudi to the terms of the agreement. Mayor Nelson stated that the question for the City Council is, do we want the jobs or do we want the \$14,000?

Councilwoman Bureau stated that the City has been working on this project for over two years. Councilwoman Bureau stated that this process has created a tremendous amount of stress for this City Council. Councilwoman Bureau stated that she does not feel that the City has a responsibility to pay this money back to Mr. Airaudi.

City Manager Ottenwess stated that as a result of some recent activity surrounding this issue, there is a perception that the City of Ishpeming is not friendly to business development. The City Manager stated that this is a very unfortunate picture to paint for the City. The City Manager described a few of the safeguards that were built into this lease agreement. City Manager Ottenwess stated that he questions how this issue has been interpreted as the City failing to support the development of business in this City. The City Manager stated that in addition to the lease agreement, the City staff has invested a considerable amount of time on the grant for the road project. City Manager Ottenwess stated that in order for the grant to be successful, there must be a viable business that can demonstrate job creation.

Councilwoman Demarest stated that Mr. Airaudi indicated in his letter that he intends to purchase a building in the Brownstone area with the money that would be refunded to him. Councilwoman Bureau stated that the City has no guarantee that Mr. Airaudi would follow through with that purchase.

A motion was made by Councilman Stone and seconded by Councilwoman Demarest to deny Mr. Robert Airaudi's request for the refund of \$14,000.00 for the Malton Road property and the refund of \$1,200.00 for the lease payments, a total of \$15,200.00. Roll Call Vote: Ayes: Councilwoman Bureau, Councilwoman Demarest and Councilman Stone. Three (3). Nays: Mayor Nelson. One (1). Absent: Councilman Scanlon. One (1). Motion carried.

#### OLD BUSINESS

None.

#### NEW BUSINESS

Councilman Stone reported that the blades have been installed on the wind turbine at the Bluff Street Apartments.

Councilwoman Bureau stated that she is happy to see the progress with the wind turbine and looks forward to seeing it in operation.

ADJOURNMENT

A motion was made by Councilwoman Demarest and seconded by Councilwoman Bureau to adjourn the meeting at 4:24 p.m. Ayes: Four (4). Nays: None (0). Absent: Councilman Scanlon. One (1). Motion carried.

Jenifer M. Rajala  
City Clerk