

STATE OF ALABAMA)
 :
COUNTY OF BALDWIN)

The Harbor Board met at 4:30 p.m.,
Fairhope Public Library, Board Room, 501 Fairhope Ave.
Fairhope, Alabama 36532 on Wednesday, 12 April 2017

Present were Members: Bob Riggs, Skip Jones, John Henry, Kevin Boone, Margaret Meyers, Tony Chavers, Tom Yeager, and Scott Douglass. Jennifer Olmstead took the minutes.

Bob Riggs called the meeting to order at 4:30 p.m.

Minutes for the January 11, 2017 meeting were presented and approved on a motion by Tony Chavers; seconded by Scott Douglass. None opposed.

The Seawall project update was first on the Agenda. Lance Cabaniss stated that the final document needed from the engineer was received. Dan Ames, Purchasing Manager, will use that final document to let out the project to be bid. Lance stated that due to bid processes, the project could start no sooner than seven weeks.

The Lease agreements at the Fly Creek Marina was the second item on the agenda. Bob Riggs and Skip Jones presented suggestions for the new lease terms; shown in Exhibit A. Bob Riggs gave a brief history of the current two leases held by Eastern Shore Marine. In the Lease Agreement for the Boatyard effective February 1, 2016 (Ordinance 1561), under additional terms D, the City of Fairhope notified the Tenant that the City intends to combine both the Boatyard Lease and the Marina Lease into one Lease and let out the bid for the one lease approximately six months prior to the expiration date of October 14, 2017. John Henry had concerns regarding the description of property leased and how it would affect the Commercial Fishing fleet. At this time, the Commercial fleet are allowed to maintain and work on their boats (two at a time) out of the water upon notice to the City of Fairhope. He is worried that this property description would not encompass the space needed for the Commercial Fleet's boatyard area. Bob Riggs would like for a professional in the marina business to take a look at the Fly Creek property to see if the City is using it in the most optimum way to benefit the citizens of Fairhope.

Bob Riggs made a motion to ask for a survey to examine the property and make recommendations; seconded by Skip Jones. Discussion. Aye: Scott Douglass, Bob Riggs, Skip Jones. Nay: John Henry, Margaret Meyers, Tony Chavers, Tom Yeager. Motion failed.

Tom Hutchins addressed the board as to what direction the Board will be going in when renewing the leases.

Tom Yeager stated that in order for us to decide what position the City is in regarding the two leases, first the Board needs to know what the improvements the current tenant have in the property that would be subject to the depreciation calculation of the Premise and Term portion of both the leases. Second, the Board needs to know what repairs that will need to be done to the facility in order to lease the property. Tom Yeager also stated concerns from the previous meeting where Mayor Karin Wilson stated she wanted to take over the Marina portion of the property to be run by the City. Tony Chavers questioned Councilmember Kevin Boone on where the City stands on letting out the lease for bid. Kevin Boone stated

that Marion “Tut” Wynne, City Attorney, was looking into it. Kevin Boone stated that he should be hearing from Tut soon and would let the Board know what he finds out. Bob Riggs showed email correspondence between himself, Tut Wynne and Council President Jack Burrell asking Tut for where the City stands legally and fiscally from the end of the lease agreements.

Margaret Meyers made a motion to combine the Boatyard Lease and the Marina Lease be made into one; seconded by John Henry. After discussion, the Board concluded that this has already be done through the Boatyard lease dated February 1, 2016 and Ordinance 1561. Margaret Meyers withdrew her motion.

Tom Yeager made a motion to have a current survey be taken of the property so the Board will know what property is currently leased by whom and what property is available to be leased; Margaret Meyers seconded the motion. Non opposed.

Margaret Meyers suggested the term of the lease be discussed. Tony Chavers and Margaret Meyers as business owners both stated that the lease should not be shorter than 10 years. Scott Douglass disagreed. Margaret Meyers suggested a compromise. Tom Yeager suggested a five-year lease with an option for an additional five years.

Tony Chavers made a motion that the new term of the lease be for 10 years; seconded by Tom Yeager. Aye: Margaret Meyers, John Henry, Tom Yeager and Tony Chavers. Nay: Skip Jones, Bob Riggs, Scott Douglass. Motion passed.

Bob Riggs suggested that the rent terms be discussed. Margaret Meyers questioned how Bob and Skips suggestion of \$84,000 per year was concluded. In Fiscal Year 2016 Eastern Shore Marine was budgeted for \$48,000 and actually paid \$42,000. Bob Riggs would like to recommend to the Council a flat rate. Margaret Meyers stated that if the lease is put out for bid that the City should take the recommendation only as a minimum for the bid. Bob Pope addressed the Board regarding his past agreement at the marina pier he had with the City.

Tony Chavers made a motion that the minimum rent be no less than \$5,000.00; seconded by Margaret Meyers. Aye: Bob Riggs, John Henry, Tom Yeager, Tony Chavers, and Margaret Meyers. Nay: Skip Jones and Scott Douglass. Motion passed.

Bob Riggs stated that an additional meeting will need to be called to further discuss the new terms of the lease; as well as in the July 2017 meeting, Board Officers will need to change.

There being no further business to come before the Harbor Board, the meeting was duly adjourned at 5:55pm.

Respectfully submitted by Jennifer Olmstead

Approved: 7/12/17

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Fairhope Harbor Board

Renewal of Fly Creek Leases
Initial suggestions for changes to leases

These suggestions are for Harbor Board discussion purposes only. Provisions of any lease between the City and any lessee would be determined by the Mayor and City Council.

It has been discussed and suggested that the two leases currently in force for the City property on Fly Creek be combined into a single document covering both the shipyard and the 62 boat slips. Based on this assumption, the following changes are suggested.

Paragraph 1, Premises & Term:

The premises be re-surveyed and defined as the present location of the boatyard and the 62 slips currently under the marina lease, but excluding the bayfront property (approximately 220 feet on the bay). This would allow the use of the bayfront area as a park available to the citizens of Fairhope. The area north of the westernmost slips and just adjacent to them would be included in the lease area for parking for the slip tenants. An appropriate area adjacent to the "shrimp boat docks" would be excluded from the lease property for the use of and parking for the lessees of those slips. In addition, it is suggested that the property adjacent to the shipyard buildings on the north and east be better studied to better utilize those areas for shipyard activities. A re-alignment of the use of these areas could provide for the creation of more attractive area adjacent to the covered slips.

Term of the new lease would be 3 years with an option, subject to City approval, for 3 additional years.

Paragraph 2, Rent:

Rent would be as follows:

\$84,000.00 per year, payable \$7,000.00 per month.

Late Charges would be assessed as described in prior lease on payments over 15 days late.

Repairs and improvements:

The City of Fairhope would turn the facilities over to the tenant in good condition.

The City of Fairhope would be responsible to maintain the marina facilities and exteriors of the buildings in the shipyard facilities and major systems such as HVAC, plumbing and electrical in good condition during the term of the least. This could be described as capital maintenance.

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Tenant would be responsible for maintaining the property in clean and orderly condition and for changes or improvements deemed desirable for the tenant's operations, and for any repairs necessitated by the tenant's misuse or neglect. Any permanent additions would be deemed to be leasehold improvements and would revert to the City at the termination of the lease.

More precise language describing these duties would be developed as the lease is drawn.

Use of Premises:

The premises would be used solely for the purpose of a marina for the public to lease boat slips, and for boat sales, repair, maintenance and overhaul business, and as more particularly described in the current boatyard lease.

Special equipment:

The tenant would be responsible to provide a boat lift such as a travel lift in at least the capacity of 20 tons and would maintain that equipment in good condition.

Utilities:

Tenant would pay all the charges for all utilities used in and about the leased premises.

Public facilities:

Bathrooms for the public and separate facilities for slip tenants and transient boaters will be provided by tenant and maintained in good condition by the tenant.

Environmental Protection:

Environmental protection measures, as defined by the City Environmental Advisory Committee and required by federal and state environmental agencies, will be included in the lease and be adhered to by the tenant. In addition, practices and conditions to achieve the Clean Marina® designation would be required in the lease.

Commercial and or fishing slips:

It is also suggested that the City continue to operate and oversee the 30 slips on the east side of the property and to provide special consideration to fishing and commercial vessels that want to have berths in the Fairhope harbor.

Language for these clauses and other legal provisions of the lease such as insurance, default, prohibition of transfer and other necessary provisions to be determined by the City Attorney.

As stated on page one, these are suggestions for Harbor Board Discussion only.