File #: 18-0859, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 6, 2018

COMMITTEE ON REAL ESTATE

Mr. John P. Murray, Acting Executive Director

Consent to sublease between ACBL Transportation Services, LLC and Lemont Mulch, LLC on a 4.6-acre portion of two adjacent ACBL leaseholds located at 15900 Des Plaines River Road in Lemont, Illinois, Main Channel Parcel 22.06; and 16100 Des Plaines River Road in Lemont, Illinois, Main Channel Parcel 22.08. Consideration shall be a minimum annual fee of $5,000.00

Dear Sir:

On June 2, 2005, the Board of Commissioners ("Board") awarded a 39-year lease to ACBL Transportation Services, LLC ("ACBL") on approximately 28 acres of District real estate, including a barge slip, located at 15900 Des Plaines River Road in Lemont, Illinois and known as Main Channel Parcel 22.06. The lease commenced June 6, 2005, and expires June 5, 2044. The current annual rent is $551,697.75. On December 15, 2005, the Board awarded a 39-year lease to ACBL on an adjacent parcel comprising approximately 30.1 acres, also including a barge slip, located at 16100 Des Plaines River Road in Lemont, Illinois and known as Main Channel Parcel 22.08. This lease commenced December 16, 2005, and expires December 15, 2044. The current annual rent is $1,186,911.13. ACBL uses both leaseholds for loading and unloading barges and storing shipping containers. Both leases allow ACBL to sublease, subject to the District's prior written consent.

ACBL has requested to sublease a 4.6-acre portion encompassing both leaseholds ("4.6-Acre Portion"), including use of a portion of Parcel 22.06's barge slip, to Lemont Mulch, LLC ("Lemont Mulch") for a period of five (5) years, with the option to renew the sublease for another five (5) years. Lemont Mulch proposes to load and unload barges, and to receive, store, and distribute mulch. In conjunction with such operations, Lemont Mulch indicated it will follow best industry practices for handling and storing mulch, including constructing a fence and barrier to prevent mulch from penetrating the soil or entering the canal or adjacent properties.

Under each lease, the District is entitled to 50% of the increment or value received by ACBL from any sublease in excess of what ACBL is paying with respect to its proportionate share of rent for the subleased area. ACBL's proportionate share of the annual rent for the 4.6-Acre Portion is currently $121,215.66, whereas the proposed initial annual sublease rent from Lemont Mulch is $81,000.00. Because Lemont Mulch's annual sublease rent does not exceed ACBL's proportionate rental share under both leases, the District's standard minimum annual fee of $5000.00 shall be assessed. The technical departments have no objection to the proposed sublease to Lemont Mulch.

It is requested that the Acting Executive Director recommend to the Board of Commissioners that it consent to the sublease between ACBL Transportation Services, LLC and Lemont Mulch, LLC on a 4.6-acre portion of two adjacent leaseholds located at 15900 Des Plaines River Road in Lemont, Illinois, Main Channel Parcel 22.06; and 16100 Des Plaines River Road in Lemont, Illinois, Main Channel Parcel 22.08. Consideration shall be a minimum annual fee of $5,000.00.

It is also requested that the Acting Executive Director recommend to the Board of Commissioners that it

authorize and direct the Chairman of the Committee on Finance and the Clerk to execute the Consent to Sublease on behalf of the District after it is approved by the General Counsel as to form and legality.

Requested, Susan T. Morakalis, General Counsel, STM:CMM:JW:vp
Recommended, John P. Murray, Acting Executive Director
Respectfully Submitted, David J. Walsh, Chairman Committee on Real Estate Development
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for September 6, 2018

Attachment

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