

**MINUTES OF REGULAR BOARD MEETING  
OF WAUKEGAN PORT DISTRICT**

**November 17, 2010**

**Waukegan Regional Airport  
DB Aviation FBO, Inc. – 2<sup>nd</sup> Level Conference Room  
3550 N. McAree Road – Waukegan, Illinois**

**The following Board members were present:**

Jorge Torres  
Dale Johnson  
Mike Melius  
Joe Legat  
Homer Benavides

**The following Board members were absent:**

Hank Bogdala  
Kimberlee Richmond

**District Counsel present:**

Thomas A. Morris, Jr.

**Members of the Port District Staff present:**

Duncan C. Henderson, A.A.E., Executive Director  
Jim Stanczak, Airport Manager  
Chris Peters, Administrative Assistant  
Brion O'Dell, Marina Manager  
Jamie O'Meara, Chief Accountant  
Barney Baker, Airport Maintenance Supervisor

**Others in attendance:**

David G. Brittsan, DB Aviation, Inc.  
Grant Farrell, Waukegan Airshow Board Member  
Brad West, West's Insurance Agency  
Brent Jones, West's Insurance Agency  
David Barnes, Landmark Aviation  
Ted Hamilton, Landmark Aviation  
Jeff Clark

1. Call to Order at 9:00 AM

2. Roll Call

It was reported that Mr. Benavides would be arriving later in the meeting and that Chairman Bogdala was unable to attend the meeting due to illness. Mr. Henderson requested the appointment of a temporary Chairman. On motion of Mr. Melius to appoint Dale Johnson Acting Chairman, seconded by Mr. Torres, the members present, being Messrs. Torres, Melius, Legat and Johnson voted aye and the motion was passed. Messrs. Bogdala, Benavides and Ms. Richmond were not present. Mr. Melius moved to act as Secretary in place of Mr. Johnson, due to his temporary position, which motion was seconded by Mr. Legat, and the members present voted aye passing the motion. Mr. Morris then arrived at the meeting.

3. Approval of the Board Meeting Minutes of October 20, 2010

Mr. Henderson conveyed a request from Mr. Bogdala to amend the Minutes by removing the last line of the first paragraph of item number 15. Status Reports: "He invited board members to attend as well as Mr. O'Dell and Mr. Henderson." On motion of Mr. Melius to approve the Minutes as corrected, seconded by Mr. Torres, the board members present voted aye and the motion was passed.

4. Approval of Checks

The check journal was reviewed and discussed. On motion of Mr. Legat to approve checks, seconded by Mr. Melius, the Chairman reported hearing no objections declaring the motion passed.

5. Financial Reports: October 2010

Mr. Henderson conducted a review of the financial reports. Airport revenue is at 82% of budget, on track, compared with 2009-2010 up slightly. Land acquisition expenditures have not yet been reimbursed. Expenses are up and about 81% of budget, looking at vehicle operations, maintenance, outside services, insurance, but within the 2010 budget. The Prinmar capital payment is a draw for construction on the BBB. The airport aging report is following routine patterns.

Harbor revenue is at 93% of budget and not unusual due to the seasonal operations of the harbor opposed to airport operations. Revenue is down reflected in slip income. The boats are now out of the water. Expenses are at 84% for the calendar year. Harbor management is keeping a close eye on expenses in light of the economy and its impact on recreational boating. The higher expense for advertising was due to a video production opportunity in conjunction with City of Waukegan. The video is accessible from our website as well as a link from the City of Waukegan's website. The board was invited to view the video showing casing the harbor and airport. The Aging Report delinquencies, Waukegan Yacht Services and First Mate have brought their accounts current.

On motion of Mr. Torres to accept the Financial Reports, seconded by Mr. Legat, the Chairman reported hearing no objections and declared the motion passed.

6. Operating Reports: October 2010

Airport operations are positive. Fuel delivery for DB Aviation is off 4.6% for the year although October 2010 is better than was October of 2009. The Customs Report is based on the Federal year which starts October 1.

Harbor operations are closed for the season. Fuel sales and launch fees are down due to early season fee issues. However the cost of installation of the automated kiosk is paid off.

On motion of Mr. Melius to approve the Operations Report, seconded by Mr. Legat, the Chairman reported hearing no objections and declared the motion passed.

7. Worker's Compensation Renewal Proposal

Mr. West presented the Worker's Compensation Renewal details. Current coverage expires on December 15 and the renewal premium for the 2010-2011 term is \$37,775, a 5.8% increase over the expiring premium. The coverage is through the Illinois Public Risk Fund and includes a \$2,100 grant for use by the Waukegan Port District for safety equipment. Mr. Henderson reported the grant would be used by the harbor in 2011 to purchase required fire extinguishers. On motion of Mr. Torres to approve the worker's compensation proposal presented, seconded by Mr. Legat, the Chairman reported hearing no objections and declared the motion passed.

8. Permits and Fees

Mr. Henderson suggested the Port District take advantage of the ability to increase revenue through permits and fees. Recent matters such as new hangar construction at the airport and repairs to the sea wall by National Gypsum reinforce the idea which is already allowed under our legislation. He proposed fees for permits to include actual costs, to include legal and engineering, plus fifteen percent to cover internal costs. The board discussed the idea generally and inquired of Mr. Morris about legal liabilities. Mr. Morris did not feel the action would increase liabilities. The board concurred with implementing permits and fees.

9. Preliminary Budget

Mr. Melius inquired how the public outcry over earmarks might affect the Port District. Mr. Henderson explained the AIP program is dependent upon earmarks for an airport of our size. Earmark funding is critical to general aviation airports unless another method of funding could be established. Mr. Henderson is a member of the national American Association of Airport Executives. Mr. Stanczak is Chairman of the State IPAA. Both participate in various agencies to garner support.

Customarily a draft budget is presented in November for final board approval in December. The objective: produce revenue in excess of expenditures. This budget takes in account worker's compensation numbers just approved and the health insurance increase of 33%, the maximum allowed by law, and based on our claims rates. Our health insurance claims justify the premium increase. The first budget delivered in board packets, did not maintain our required debt service ratio. This necessitated more work on the budget and an amended budget was delivered at the meeting. Board members asked what we saw as a major concern based on the cuts made to cover the required ratio. Mr. Henderson reported the 2011 budget relies on the absolute austerity of current operations. 2011 will be OK but 2012 may be problematic following current trends. This budget predicts flat revenues for the marina and a slight increase on the airport. Boating trade journals predict 2010 as the worst point. The marina is seasonal and this budget reflects the loss of two seasonal employees which may endanger customer services.

Mr. Benavides arrived at the meeting.

Ms. O'Meara explained the amended items are shown in red. Additionally the line item for credit card fees has been removed but added to the outside services fee. Credit card agencies and banks assess fees which will need to be accounted for, but we will recoup the fees where possible in revenue projections. We have a meeting scheduled with a representative of the E-Pay system to determine what fees can be charged.

Mr. Torres recognized Homer Benavides arrival at the meeting.

Revenue and expense projections were reviewed and Mr. Johnson asked that a bullet summary of key items be prepared for board members. Administrative staff is cognizant of the economic impacts and will manage their operations accordingly. A final budget will be presented next month for approval.

### **Airport – Board/Public Commentary**

Grant Farrell summarized the Air Show and showed a video of the event. A plaque was presented to the Port District autographed by participating pilots. New officers have been elected for the 2011 show and the date had been set for September 10. He thanked Dave Brittsan and DB Aviation for their support along with the Waukegan Port District. Jeff Clark said thank you for the opportunity to "lease" the facility.

### **Airport – Unfinished Business**

#### 10. Status Reports

- The rotating beacon is done

- 14/32 is done.
- Fence repairs due to the 4<sup>th</sup> crash have been completed, insurance claim pending.
- Perimeter Fencing is in the Design Phase.
- 5/23 shut down for crack sealing and patchwork as well as FAA VASI repairs were completed.
- ComEd repairs which required a power shut off were completed.

Mr. Johnson asked if there are fencing standards? Mr. Henderson responded yes. The FAA and USDA require a ten foot fence, two of which are buried, and three strands of barbed wire.

11. Approval of Amendment No. 01 – Design Services to the Agreement for Engineering Services for the building portion of the SRE facility.

The amendment requested would increase design service costs to provide for fire pump and electrical. This was caused by the lack of water pressure at the airport. The cost is attributed to the building and not reimbursable under the State program. Mr. Henderson recommended approval of this necessary design change. On motion of Mr. Melius to approve Amendment 1 – Design Services to the Agreement for Engineering Services for the building portion of the SRE facility, seconded by Mr. Legat, the Chairman reported hearing no objections and declared the motion passed.

12. Approval of an Amendment to Participation Agreement for the James and Blanco Parcels Project no. 3-17-0105-B49.

Mr. Henderson recommended of the Amendment required to obtain reimbursement on land acquisition funds. On motion of Mr. Melius, seconded by Mr. Torres, the Chairman reported hearing no objections and declared the motion passed.

**Airport – New Business**

None

**Harbor-Board /Public Commentary**

None

**Harbor Unfinished Business**

13. Status Reports

Mr. O'Dell reported the marina is shut down for the season. In Chairman Bogdala's absence he had asked Mr. O'Dell to report on the cruise line service. They had met with various Chambers and the Mayors of Kenosha and Waukegan. The two Mayors will look for money to fund a feasibility study. The possibility of dinner cruises was also being explored.

### **Harbor New Business**

None

### **Airport Business**

#### **Briefing on DB Aviation Matter**

Details of the transfer of DB Aviation to Landmark Aviation are being finalized. Dave Brittsan memorialized the events of his tenure as President remarking his first day was on 9/11. Over the long term the company prospered and had grown by 50%. Mr. Brittsan introduced the successor to DB Aviation, Landmark Aviation Waukegan LLC. Representatives present were Dave Barnes and Ted Hamilton. Mr. Barnes reported they are a full service FBO provider with 41 locations. 36 are in the U.S., 2 in Europe and 3 in Canada. Their company is in acquisition mode, expecting 44 locations by year end. Their people are on site today, the change over has started. Mr. Melius asked what differences were anticipated. The new FBO is focused about 80% on fueling revenue where DB was more charter focused. Mr. Hamilton pointed out they do have a significant charter fleet. Dave Barnes told the board they were excited about this location and impressed with DB's level of service. The international service is attractive to them.

Board action would be required for the lease assignment. Items of note:

- Fees to be current
- Landmark requested co-terminous leases and operating agreements with the exception of the NWQ leases.
- Gas station (current maintenance shop) continues on a rent free basis. (We will ultimately vacate 2 T-hangars on completion of our BBB.)
- Landmark would pay our attorney fees for the transfer (limited amount).
- Landmark will contribute the sponsor's share for ramp repairs in 2015.
- Release of a Collateral Assignment for DB
- Document Inventory of Lease files (50 approx.)
- Tail insurance naming the Port District

Mr. Morris is working with legal counsel and Mr. Brittsan to finalize the assignment. Mr. Henderson recommended approval of the Assignment upon satisfactory resolution of the

above matters. Consolidation of the voluminous documents was entertained at a later date by Landmark and the Port District.

On motion of Mr. Melius to approve Assignment of the DB Aviation Leases and Operating Agreements subject to legal counsel review and approval, seconded by Mr. Benavides, the Chairman reported hearing no objections and declared the motion passed.

**Closed Session**


On motion of Mr. Melius to close the meeting for discussion or approval of Minutes of Closed Session pursuant to 5 ILCS 120/2(c)(21) of the Open Meetings Act, seconded by Mr. Benavides, all members present voted aye and the chairman declared the motion carried.

*(Item 14 in Closed Session)*

The board reconvened in open session.

**Open Session**

There being no further business, on motion of Mr. Melius to adjourn the meeting, seconded by Mr. Torres, all members present voted aye, the Chairman declared the motion carried and the meeting adjourned.

  
Secretary

APPROVED:

  
Chairman