

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

November 23, 2011

**Waukegan Regional Airport
Landmark Aviation FBO, Inc. – 2nd Level Conference Room
3550 N. McAree Road – Waukegan, Illinois**

The following Board members were present:

Hank Bogdala
Dale Johnson
Todd Binning
Jorge Torres
Joe Legat
Homer Benavides

The following Board members were absent:

Mike Melius

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
Dan Oestreich, Harbor Maintenance Supervisor

Others in attendance:

Beverly Bogdala
Billy McCaffree
Burt Atkinson
Larry Walker
Gus Phillips
Brad West, West's Insurance Agency
Ed Shultis, West's Insurance Agency
Brent Jones, West's Insurance Agency
Jason Koperney, West's Insurance Agency

Mr. Bogdala called the meeting to order at 2:00 P.M.

1. Call to Order

2. Roll Call

Joe Legat, Dale Johnson, Jorge Torres, Todd Binning, Hank Bogdala.

3. Approval of the Board Meeting Minutes of September 28, 2011

On motion of Mr. Mr. Johnson to approve regular meeting Minutes of September 28, 2011, seconded by Mr. Legat, all members present voted aye and the chairman declared the motion carried.

4. Approval of Checks

Mr. Torres reported he had reviewed checks and asked if there were any questions. Mr. Johnson inquired about the large harbor operations checks. Checks to Car-Min Construction Company were to re-set leaking windows at the HCB. On motion of Mr. Torres to approve checks, seconded by Mr. Johnson, all members present voted aye, and the Chairman declared the motion passed.

5. Financial Reports: September and October 2011

Mr. Henderson reviewed reports: Airport revenues are at 83% of budget for the year. A year to date comparison 2010 to 2011 show an anomaly which he attributed to lease payments. Expenses are also at 83% of budget, up slightly year to date. The difference between October 2010 and October 2011 vehicle operations and maintenance figures was discussed. Airport Aging Report: Rotors in Motion is always slow.

Harbor revenues are at 93% of budget, a little low for this time of year. Inquiry was made as to what makes up miscellaneous income and permits and was answered a catch all for items that don't fit somewhere else. Harbor expenses are down about \$56,000. Capital budget expenses were to TJ Thomas who works on a variety of environmental projects including the Coke Site and dredging permits and Car-Min Construction for HCB windows.

On motion of Mr. Torres to approve the financial reports, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

6. Operations Report

Airport operations have itinerants off 5.3%, and based aircraft are the same. The big number to look at is fuel delivery showing Landmark is off 8.2% indicative of their operations. Customs are good. Harbor operations show trends that are not new.

On motion of Mr. Legat to approve the Operations Report, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

7. Resolution Authorizing Sale of 100' x 19' on Green Bay Road to IDOT

Mr. Henderson explained the Resolution is more paper required by IDOT to complete a sale approved by this board in July of 2010. We are still waiting to get paid.

On motion of Mr. Johnson to approve the Resolution Authorizing Sale to IDOT, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

8. Action on December Board Meeting

None taken.

9. Preliminary 2012 Budget

The Proposed 2012 Budget was presented for review anticipating final action at the December 2011 meeting. Mr. Henderson suggested board review start on the last page to be sure we cover debt service. Next take a look at the graph pages to show the difference between revenue and expenses noting both units of the district. He expressed concern over the narrowing gaps.

Mr. Benavides and Mr. Morris arrived during this discussion.

Mr. Henderson confirmed our debt service ratio does comply with loan requirements and the wage increase anticipates up to a maximum of 3%. Harbor revenue projections reflect the 2011 percentage of occupancy and the advertising budget was considered for an increase. Capital proposals include dredging and a new vehicle. Additional questions to be answered included:

- What are outside services?
- Airport Vehicle Operations and Maintenance is budgeted lower than actual year end, why?
- Mr. Torres asked how the credit card services fees were resolved acknowledging the line item had been removed.

10. Worker's Compensation Proposal

Mr. West introduced other members of his office in attendance: Brent Jones, Ed Shultis and Jason Koperney. Mr. West reviewed the 2011-2012 Worker's Compensation Renewal Proposal of \$38,378, a \$603 increase over the expiring premium. The proposal includes a value added service to it's members of a grant of \$2,800 for the purchase of safety and education materials and/or safety equipment. Mr. West and Mr. Henderson recommend acceptance of this proposal. The competitive rates and stable program offered by Illinois Public Risk Fund made it a desirable choice, as well as their selection by other local agencies. On motion of

Mr. Torres to accept the renewal proposal, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

11. Health Insurance Renewal 2012

Mr. Henderson introduced Ed Shultis of the "Sick and Dead Department" at West's Insurance Agency who would present the 2012 health insurance renewal proposal. In eight years, Mr. Henderson had not received a no increase proposal until this year. Mr. Shultis told the board he would likely retire soon and had requested a loyalty discount from the provider for his customers. Mr. Shultis and Mr. Henderson recommended approval of the renewal proposal. On motion of Mr. Johnson, seconded by Mr. Benavides, all members present voted aye and the Chairman declared the motion carried. West's Insurance Agency personnel departed.

Airport – Board/Public Commentary

Mr. Torres expressed concern about the air show crash issues raised following the air show. Air Shows are wonderful events until something goes wrong. We keep an arms length separation in an effort to minimize liability. Oshkosh suffers nine minors and one major accident annually at their show. We task Mr. Stanczak with making sure all insurance coverage is in place. We were fortunate that no one was hurt in the 2011 incident. Mr. Benavides, aware of the operational risk when allowing such events, felt that by allowing the show we are endorsing the event. It is good public relations, but the risks from a business perspective need to be addressed. Mr. Henderson explained that the runway extension project will involve a lot of public interaction. There will be public meetings in the next 9-12 month time frame for the Master Plan / Environmental Assessment Project which is a component of the runway extension. The next public meeting will likely be within the next year. Mr. Henderson advised he had briefed Greg Petry of Waukegan Park District on the accident event. Mr. Petry indicated he would be sure no events are scheduled at Sportman's Park simultaneously with the air show. Mr. Benavides pointed out that we had for the second year made a donation to the air show. He asked to see the Air Show's Financial Report before another donation was considered. Mr. Torres added that he was not comfortable making a donation that is then donated elsewhere. Mr. Johnson asked if the board will approve the show occurring and Mr. Henderson answered yes.

Mr. Bogdala summarized the last discussions over handicapped accessibility and that he had asked Mr. Morris to advise him on veto power. Mr. Bogdala read a letter from Mr. Morris on the subject and told the board he did not want to divide "the house", but he was concerned about the law and the right thing to do. He told the board he would not pursue the veto.

Next Mr. Bogdala mentioned that he had asked Mr. Stanczak to attend the last Closed Session and that if Mr. O'Dell attended Closed Session then Mr. Stanczak should also. Mr. Henderson told the board he determined attendance based on the manager's area of responsibility. Today there were no airport items in Closed Session. Mr. Johnson said that his company routinely limits the number of people attending confidential meetings as a good

business practice. Messrs. Torres and Benavides agreed if the subject did not involve their function, they need not attend. All of the board members present, except Mr. Bogdala, agreed that Mr. Henderson would decide which staff members participated in Closed Session. Mr. O'Dell told the board that he had never attended an airport Closed Session.

Airport – Unfinished Business

12. Status Reports

Mr. Stanczak reported that Taxiway S was on hold for the winter and the Ray demolition would start next week. The fence project had been delayed by Army Corps permits but is expected to start in the Spring. The regulator for the runway lights has been fixed. We received the insurance claim for the lightening strike. Taxiway B will commence in the Spring as well as a project by Baxter. Also, a safety/snow meeting was held with airport tenants and the fire department.

Mr. Henderson reported we have a BBJ (Boeing 737 air carrier size aircraft) that utilizes our airport once a week. The Air Force has a large aircraft coming in as does the Navy bringing in a P3. The gear for this plane is 45' across, quite a site on our 50' wide taxiway.

Airport – New Business

13. Agreement for Consultant Services for UGN-4076, Perimeter Fence Installation, Phase I, Design Phase Services, Construction Phase Services and Planning Special Services.

This Agreement is required by Illinois Department of Transportation for Consultant Services for Phase I of the multi-phase fencing project. Our portion is 2.5%. On motion of Mr. Torres to approve the Agreement, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

Harbor-Board /Public Commentary

Mr. Atkinson asked when the harbor clean-up and removal of the North Marina slips would start. He also asked what was going on with the Yacht Club. He said everything is falling apart except for Larsens. Mr. Henderson advised the USEPA cleanup bid would be in the next couple of months. Environmental construction of dewatering will be done at the Coke site and dredging is scheduled for the summer of 2013. The first phase is de-watering.

Mr. Bogdala reported he had spoken to Susie Schreiber of CAG. She asked Mr. Bogdala to talk to Mr. Henderson about channel depth. In reference to the Army Corps, Ms. Schreiber told him the statute of limitations had expired on the "work-in-kind services documentation". Mr. Henderson confirmed his first response to the Corps had been that it was past the statute of limitations, but they did not agree. The board had been copied on all correspondence between the District, the Corps, and CAG. This is a 1998 project where the Port sponsored CAG

to do a feasibility study on dredging. The project was never completed. This is an audit. We do not have any records – all work was done by CAG.

Harbor Unfinished Business

14. Status Reports

Mr. O'Dell reported the marina is buttoned up for the winter. Something new done this year, was we pulled the floating docks out at the launch ramps to protect from winter storm damage.

Mr. Henderson reported attending a meeting at City Hall where he was asked about the Port District's interest in purchasing the Mathon's property and the Waukegan Yacht Club lease. Also, Mr. Henderson, Mr. O'Dell and Mrs. Peters met with representatives of North Shore Gas on the Coke gasification plant formerly at the entrance to the marina. They have test wells on our property and are in the process of vapor intrusion monitoring. They monitor coal tar, diesel and other unknown things extracted from the wells.

15. Action to Correct Southern Shore Erosion at Launch Ramps

One month ago a storm caused silting in of the entrance channel. The Army Corps of Engineers conducted an emergency clearing utilizing in-lake disposal of dredged material. In 19 days another storm came through and closed the entrance again. Currently the draft is too shallow to allow ships to enter. Mr. Johnson asked if LaFarge and National Gypsum had concerns over the depth. Mr. Henderson responded industry utilizes shipping contractors. Those contractors will not come to Waukegan Harbor in its current condition. Industry is currently trucking in their product and is working on money to dredge next Spring.

The same storm damaged our launch ramp area. The water went around the new launch area and sea wall and undermined pavement. We have a proposal from Gillen not to exceed \$35,000 and would like to commence repairs immediately prior to December storms. Mr. Binning asked how we could be sure Mother Nature wouldn't cause more damage. Mr. Henderson responded the repairs include adding steel sea wall which should seal off the area. Mr. O'Dell explained it was necessary to repair the damage now or it would be far worse in the Spring.

On motion of Mr. Binning to approve the Gillen Proposal for repairs, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

Harbor New Business

None

On motion of Mr. Johnson to go into Closed Session, seconded by Mr. Torres, the following members voted aye: Messrs. Legat, Johnson, Binning, Torres, Benavides and Bogdala. No members voted nay. The Chairman declared the motion carried.

Closed Session:

16. Approval of Closed Session Minutes of September 28, 2011
17. Business and Legal Matters pursuant to 5 ILCS 120/2 (c) (5) (6) and (11) of the Open Meetings Act.


Open Session

18. Business and Legal Matters pursuant to 5 ILCS 120/2 (c) (5) (6) and (11) of the Open Meetings Act.

No action taken.

Mr. Benavides expressed interest in hearing a master plan or strategic plan for the district. Mr. Henderson advised that he did have a Master Plan for the District, and that he would put it on paper for the board. An example would be the three years spent working toward the CDF for North Pier sediment removal. The district is constantly evolving and plans change accordingly. The CDF plan failed and we now move to boat storage. We look at where is the money. We do not have capital or borrowing power so we have shifted to try and get private investment in infrastructure. Our goal is to make money and grow our facilities. Mr. Johnson acknowledged Mr. Benavides point, that overall revenue is down and we need your ideas to know how to move us ahead. Mr. Benavides expected we would look at our colleagues and was answered that we have done so. Hammond gets \$1 / head from the casino. Our harbor is slips and boater services. Our airport is fuel and land leases. Our competitors get tax support we get none. We have to focus on service. Mr. Johnson asked what is the best use of, for example, the Yacht Club.

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


Secretary

APPROVED:


Acting Chairman