

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

January 25, 2012

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

The following Board members were present:

Homer Benavides
Jorge Torres
Todd Binning
Joe Legat
Dale Johnson

The following Board member was 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
Jamie O'Meara, Chief Accountant
Barney Baker, Airport Maintenance Supervisor

Others in attendance:

Josh Lewis, Landmark Aviation
Grant Farrell, Waukegan Regional Air Show
Brad West, West's Insurance Agency

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

1. Call to Order and Roll Call

Homer Benavides, Dale Johnson, Jorge Torres, Todd Binning, Joe Legat and Dale Johnson were present.

2. Election of Officers

On motion of Mr. Johnson to elect Jorge Torres to serve as Chairman, seconded by Mr. Legat, on a roll call vote, all members present being, Messrs. Binning, Legat, Torres, Johnson, and Benavides voted aye and the motion was carried.

On motion of Mr. Johnson to elect Todd Binning to serve as Treasurer, seconded by Mr. Benavides, on a roll call vote, all members present being, Messrs. Binning, Legat, Torres, Johnson, and Benavides voted aye and the motion was carried.

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

Mr. Johnson requested that Congressman Dold's title be corrected on page 3 of the Minutes presented. Mr. Morris arrived at the meeting. Mr. Torres asked Mr. Farrell to present financials for the air show which were not delivered. Mr. Benavides asked for and received some clarifications due to his absence last month. Mr. Torres had contacted Mr. Bogdala to inquire about his well being and whether he had any information which should be shared. There being no additional news, Mr. Benavides suggested a token of appreciation be given to Mr. Bogdala.

On motion of Mr. Mr. Johnson to approve regular meeting Minutes as corrected for the December 28, 2011 meeting, seconded by Mr. Legat, on roll call vote, all members present being, Messrs. Binning, Legat, Torres, Johnson, and Benavides voted aye and the Chairman declared the motion carried.

4. Approval of Checks

After discussion, on motion of Mr. Johnson to approve checks, seconded by Mr. Benavides, on roll call, all members present being Messrs. Binning, Legat, Torres, Johnson and Benavides voted aye, and the Chairman declared the motion carried.

5. Financial Reports: December 2011

Mr. Henderson reviewed airport reports comparing 2010-2011. On revenue, jet fuel flowage is down as is the percentage of gross. Expenses for permits from 10-11 compared are down, overtime is lower this winter. Mr. Johnson acknowledged the airport had built a spread between revenue and expenses expressing his appreciation. He asked for a customs recap, i.e. what is the balance designated to fund? Mr. Henderson responded those funds are specific to security improvements, and will fund our share on the fencing project currently in process. Mr. Torres asked for an explanation of the harbor loan to the airport. That had occurred at a time when the airport's financial position was poor and it needed \$1 million. The harbor loaned the money to the airport and the board determined a repayment schedule should be adopted. Currently \$3,400 is paid monthly over a term of 20 years.

Harbor revenues show an increase for December and would be timing of a payment. Ms. O'Meara commented the expenses show a year end adjustment due to the cost of last fuel shipment against a prior year. The capital payment to Gillen is the launch ramp repair.

Airport Aging shows Rotors in Motion behind, but they have paid up since the report was generated. Waukegan Yacht Services is also paid up. Their lease has been converted to monthly payments of all square footage versus a percentage of gross quarterly.

On motion of Mr. Binning to approve the December 2011 financial reports, seconded by Mr. Benavides, on roll call, all members present being Messrs. Binning, Legat, Torres, Johnson and Benavides voted aye and the Chairman declared the motion carried.

6. Operations Report

Airport operations are off 2.5% tied to itinerant and fuel flowage. Landmark is off 9.7% indicative of their operations. Mr. Lewis of Landmark Aviation reported the loss was due to snow and a slow season. We have lost one plane to Kenosha. Mr. Henderson inquired how our numbers compare nationwide. Mr. Lewis replied they are the same. Customs numbers from 2010-2011 show an increase for based aircraft utilizing our service. There is no harbor operations report because the marina is closed for the season.

The report was accepted by the board to be placed on file.

7. Approval of Proposal of Property and Casualty Insurance Renewal

Brad West presented the proposal. The renewal represents a less than one percent increase in premium. The premium increase is found in the property section as the values have increased in mid 2011 due to the new maintenance building. In prior year's underground storage tanks were covered by the State of Illinois. Because the State of Illinois is broke, and the plan is a reimbursement plan, we have obtained quotes from other markets. Underground Storage Tank Pollution Liability coverage for the harbor is quoted at \$3,455 per year and \$382 for the airport's above ground tank. The harbor tanks are a significant risk as they are contained in the breakwall. Additionally, we are in the process of obtaining quotes for the new piers and docks exploring the concern over dock loss and recovery. The first quote obtained was \$90,000 with a one percent deductible. That coverage is cost prohibitive and we continue to shop. Mr. Henderson recommended approval of the proposal for \$161,853 annual premium plus the storage tank coverages presented.

After discussion, on motion of Mr. Binning to approve the insurance proposal including the fuel tank proposals seconded by Mr. Johnson, on roll call, all members present being Messrs. Binning, Legat, Torres, Johnson and Benavides voted aye and the Chairman declared the motion carried. Mr. Binning expressed his support for continuing to explore the business continuity aspect on insurance.

Airport – Board/Public Commentary

Mr. Farrell presented the Police and Fire expenses for the 2011 air show. He recalled that was the report previously requested. Mr. Torres clarified that he would like the financial statements for the last three years. Mr. Farrell asked if he just wanted profit and loss statements. Mr. Torres responded yes. Mr. Farrell reported they try to keep funds on hand for the next air show. Expenses last year were about \$100,000. Adding the Snowbirds this year we anticipate expenses for 2012 to be about \$150,000. Mr. Farrell reported the board of the air show does not make any money on the project. Mr. Torres asked if the airport makes money on fuel. Mr. Henderson reported we traditionally waive fuel flowage fees so the airport does not receive any revenue from the air show. Mr. Lewis advised that no one can waive federal fuel flowage fees, i.e. U.S. military acts pay for their fuel. Discussion continued on the Canadian Snowbirds and Waukegan Regional Air Show’s reputation amongst performers. Mr. Farrell felt this was key to signing the Snowbirds. Mr. Benavides asked for an itemization of what the Port District waived on fuel fees last year.

Airport – Unfinished Business

8. Status Reports

Mr. Stanczak commended the airport maintenance staff for their outstanding snow removal work. He also reported the Contract Tower Program has budget concerns and want to eliminate 110 towers. You need commercial business and 10,000 military operations to qualify. He is contacting representatives citing safety issues. The Ray demolition is done. DCEO first payment came in for runway and taxiway repairs. Fencing project is four phases; Taxiway B was bid and came in under the engineers estimate. He is implementing changes to the customs process with Landmark. Flat fees can be paid with credit card on the spot and he hopes to have the plan in place by February 1, 2012. Landmark will do the administrative work and we pass through a five per cent fee. The EA/MP is ongoing. A new user fee of \$100 on General Aviation does not include small aircraft but will apply to corporate and charters. The Transportation Reauthorization Plan is coming up.

Mr. Henderson summarized the 2011 year projects will be Taxiway S and Phase 1 of the Fence project. The EA/MP is in process and needed to solve the runway length issue. Coordination of the runway length with Highways is key. Taxiway B is a \$1.6 million project, with a factored in cost for night work. Mr. Lewis asked that construction projects take the May G8 Summit into consideration.

Airport – New Business

None

Harbor-Board /Public Commentary

None.

Harbor Unfinished Business

9. Status Reports

Mr. O'Dell reported marina operations are closed, but a fair amount of boater interest has been generated due to our advertisements in Chicago publications.

Mr. Henderson reported the annual maintenance dredge five year permit for South Marina is in progress. We are awaiting that approval and winter storms to pass to proceed with the South Marina entrance channel. We have our contractor on tap waiting for the go ahead.

The USEPA is to begin the North Harbor dredge in 2012. They have asked to walk through with pre-bid contractors for demolition of North Marina. However, they have not provided any details to us so we are working with Mr. Morris' office to work out an agreement.

We continue to have a problem with sand migration at the North Harbor entrance. We had a meeting on January 19, 2012. The ACOE has money for one more dredge in 2012. New funds have not been allocated after that for harbors receiving less than one million tons. We receive about 300,000 tons. We are requesting all assistance to free up Harbor Maintenance Trust Funds by enlisting support for the RAMP Act. The fund has \$6 billion now and we need \$70 million for all small harbors on the Great Lakes. House Bill 104 is going through the house well. There is trouble with Senate Bill 412 going through. Senator Durbin has not signed up to support the bill. This money has been collected from shippers to fund harbor maintenance and dredging. The integrity of our infrastructure is dependent on receiving these funds. As a result of the meeting on January 19, we estimate the need for \$300,000 for bathometric study, permitting and design. No determination for who pays that sum has been made. St. Mary's Cement, LaFarge and National Gypsum are key stakeholders. We are exploring a long term solution for a sand management system. These solutions are not unusual but have not been done in Illinois. The issue of a local sponsor came up. Grant money would go to a governmental agency, not a private entity. We talked to the City and they do not want a leadership or financial role. What is the tonnage impact on the Port District? Mr. Binning asked if the commercial stakeholders understand the issue. Mr. Johnson stepped out of the meeting. Mr. Henderson responded yes absolutely. Mr. O'Dell is meeting privately with industry. St. Mary's is looking closely at whether they should remain at Waukegan Harbor. LaFarge and National Gypsum have far more at risk.

Mr. Henderson next discussed the Harbor's Strategic Plan and reviewed a flow chart based on existing conditions and projections. Mr. Lewis and Mr. Baker left during this discussion. Our primary goal is to do North Pier in South Marina. We estimate that cost around \$15 million. The big cost is disposal of dredged material. The rules have changed since South

Pier was accomplished and we estimate the cost of “clean construction debris material” to be about \$7 million alone. Mr. Johnson returned to the room. We do not currently have the borrowing capacity to pursue floating docks. This plan is a working draft Mr. Benavides expressed the desire to capture Mr. Henderson’s and the boards’ thoughts to move the Port District forward. Mr. Henderson explained we see revenue in boat storage. We cannot borrow money to accomplish that on our own in our current financial condition. It is our goal to attract outside private interest to achieve that revenue stream.

Harbor New Business

None

On motion of Mr. Benavides to go into closed session, seconded by Mr. Johnson, on roll call, all members present being Messrs. Binning, Legat, Torres, Johnson and Benvides voted aye and the Chairman declared the motion carried.

Closed Session:

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

Open Session:

Mr. Benavides acknowledged receipt of information on board appointments and hold overs. He also asked for training on the Open Meetings Act. The Attorney General does have training online at its website. Mr. Morris took the opportunity to explain action procedures. A roll call vote is not required on most board action during a regular meeting. Going into and out of closed session does require a roll call vote. Actions within a closed session would require a roll call vote. During general open session, one member would make a motion, seconded by another. On query of the Chairman for members to vote, asking first for ayes and next for nays, he can then declare the motion carried or not.

Mr. Legat and Mr. Johnson advised they were unavailable for the February 22 regular meeting. Mr. Benavides could not confirm his availability for February 22 either. On motion of Mr. Legat to postpone the regular meeting to February 29, 2012 at 2:00 PM at the harbor, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

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



DALE R. JOHNSON, Secretary

APPROVED:



JORGE TORRES, Chairman