

MINUTES OF REGULAR MEETING
OF WAUKEGAN PORT DISTRICT

September 24, 2012

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

The following Board members were present:

Jorge Torres
Dale Johnson
Joe Legat
Mike Melius
Todd Binning
Randy Podolsky

The following Board member was absent:

Homer Benavides

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Duncan C. Henderson, A.A.E., Executive Director
Chris Peters, Executive Assistant
Brion O'Dell, Harbor Manager
Barney Baker, Airport Maintenance Supervisor
Jamie O'Meara, Chief Accountant
Terri Hatton, Slip Coordinator
Rose McElyea, Airport Secretary
Jim Stanczak, Airport Manager

Others in attendance:

Grant Farrell, Waukegan Regional Airshow
Josh Lewis, Landmark Aviation
Chris Tanner, Environmental Consultant
Michelle Bowers, Neighboring Land Owner

1. Call to Order by Chairman Torres at 9:00 AM.

Randy Podolsky was introduced as a new Board Member appointed by Mayor Sabonjian. Mr. Podolsky executed his Oath of Office on arrival.

2. Approval of Regular Board Meeting Minutes of August 27, 2012.

On motion of Mr. Binning to approve the August 27, 2012 Board Meeting Minutes, seconded by Mr. Melius, Messrs. Melius, Johnson, Legat, Binning and Torres voted aye, Mr. Podolsky abstained, and the Chairman declared the motion carried.

3. Approval of checks.

Mr. Binning reported he had reviewed checks and asked if there were any questions. Hearing none, on motion of Mr. Binning to approve checks, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

4. Financial Reports: August 2012

Mr. Henderson reviewed the financial reports. Airport revenues are up as are expenses. The increase in expenses is due to three pay periods in August. Baxter is on the aging report but is not a problem. Harbor revenue totals off about \$30,000 reflects in slip occupancy. We are mitigating that loss in other areas. To date we have not received payment from the USEPA. Mr. Henderson reported he had contacted the operations person and had asked Mr. Sheldon to pursue the matter through USEPA's legal counsel as well.

Mr. Morris and Mr. Mies arrived at the meeting.

Mr. Henderson continued on the financial report in harbor expenses, recognizing the increased cost for insurance on the dock loan. The harbor aging report showed the Yacht Club over 30 days. Ms. O'Meara stated their rent had been paid after the August report period. Mr. Podolsky asked for a balance sheet and Ms. O'Meara agreed to provide one.

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

5. Operations Reports: August 2012

Airport operations show itinerants up 14% which is reflected by the number of jets using the ramp. Fuel sales have not increased because most are tankering. Customs are increasing year to date. Harbor gallons are up and the launch ramps are doing well. Revenue from the launch ramps are about \$90,000 per year which is good due to the significant payback for their renovations.

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

Airport – Board/Public Commentary

Mr. Stanczak introduced the Airport Secretary, Rose McElyea. He presented Ms. McElyea with an award in recognition of her 25 years of service to the Waukegan Port District.

Grant Farrell thanked Landmark for use of their facilities and thanked airport staff for their hard work the day of the air show. 25,000 to 30,000 is the estimate of spectators on the airport site. There were many additional spectators having barbecues in their yards, at grocery stores, pretty much anywhere around the airport was utilized to view the show. The Canadian Snowbirds were fantastic and they spoiled them so much they would love to come back. The Canadian Consulate from Chicago came up for the show. Additionally, we had US Military A-10's and F18's that participated and put on a great show. Mr. Farrell thanked everyone again for their support and reported the show date next year is September 7, 2013.

Airport - Unfinished Business

6. Master Plan / Environmental Assessment (MP/EA)

Mr. Henderson reported the tenant meeting a couple weeks ago hosted by Landmark was attended by approximately 85. Senator Link stood up and said he would facilitate a meeting between IDOT highways and aviation to aid with the runway extension and Green Bay Road widening projects. Board members were invited to attend the meeting in Springfield when it occurs. Also, a meeting has been scheduled with the Illinois Department of Commerce and Economic Opportunity to facilitate the same project.

7. Status Reports

Mr. Stanczak reported Taxiway S had been completed with a punch list pending. Taxiway B is in progress with the plan of completion in November. Fencing is also in progress. He reported he had attended the IPAO meeting in Galena, and the Army Corps is conducting surveying by air related to the lake shore.

Mr. Henderson advised of recent notification from US Customs related to deficiencies at the airport customs hall. A meeting is pending. We are a user fee airport which means we have to comply with their requests in order to keep the service. While there is some wear due to age, the building was at their standards when built. There is a one percent security fee on customs clearances to cover this type of expense. Funds may not be sufficient to comply with all the items they had recently requested. The Customs service provided at the airport is equal in importance to the runway extension.

Airport - New Business

8. Consent to Request by Landmark Aviation

Landmark Aviation was held by GTCR. They recently notified us they were selling to the Carlisle Group. Josh Lewis confirmed there are no changes in Landmark from the top down.

Their ownership has basically gone from a small equity to a large equity. Mr. Johnson asked for confirmation that there were no changes to the Lease. Mr. Podolsky inquired if there were any breaches or defaults under the Lease as we were waiving them and asked Mr. Morris if he had reviewed the request. Mr. Morris responded that he had been working with staff on various Lease matters and that he had no issues with the request by Landmark. Mr. Henderson responded he was unaware of any breaches or defaults.

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

Harbor– Board/Public Commentary

Mr. Torres introduced Michelle Bowers. Mrs. Bowers told us that she and her husband had bought 3 and 6 E. Clayton. They were preparing the properties for development. They are in the environmental due diligence process. Chris Tanner who was also present was working with them and they both suggested that since our property was next to theirs, the Port District could benefit from their environmental due diligence. Mr. Tanner explained that he had been working toward a no further remediation letter for a long time and once they had that draft letter, he felt they would have a building up in a year. Mr. Podolsky asked if the Port Authority owned any of their land and told them he felt their costs were their own. Ms. Bowers said no we do not share any ownership, she was requesting a joint application and indicated a desire to include our land in their development. Ms. Bowers asked that the Port District recognize the benefit of their work to the Port District in an effort to obtain some reimbursement to them for cost of the environmental due diligence. Mr. Torres suggested that Ms. Bowers schedule a meeting with Mr. Henderson so he could present their proposal to the board. Mr. Podolsky inquired if a single board member could attend such a meeting. He was welcomed to do so.

Harbor - Unfinished Business

9. Status Reports

Mr. O'Dell reported demolition in North Harbor has been completed. There are minor issues which the Contractor will address, such as shut off valves. USEPA has reported the dredging will commence in the next week or so.

The maintenance permit for South Harbor areas is progressing very slow. A snag is even though our sand is clean they are imposing more difficult conditions on us. We are looking into that dual standard that seems to only apply to Waukegan Harbor.

Mr. Henderson summarized dredging issues pending: First we have environmental clean up in North Harbor which is being done by USEPA. In their recent status meeting, they were excited because the dredging equipment had passed the “gurgle” test, which seems to mean the equipment is working properly. Second, dredging of the area outside the entrance channel where we have a littoral drift problem. Third, South Harbor, marina dredging: the north/south breakwall and marina entrance. The Lake is down about one and one-half feet exacerbating the problem.

Mr. Melius asked about changes to North Harbor and inquired whether the charter boats would return there when the USEPA project was completed. Mr. Henderson confirmed that was the plan and that North Marina would probably reopen the middle of next year. We will have about nine 60' slips and the rest will be 26' and 30's. Mr. Podolsky asked for an inventory of sizes available. Mr. Johnson noted there were only about 23 boats on North Marina in 2012.

Harbor - New Business

10. 2013 Slip Fees

Mr. Henderson requested approval of a two percent increase to slip fees. Customarily we mail out our slip contracts in October. It is necessary to consider the budget process while setting fees. The budget process ties to health insurance costs which we get in December. We have not increased slip fees for three years. The increase is necessary to cover unknown and fixed costs.

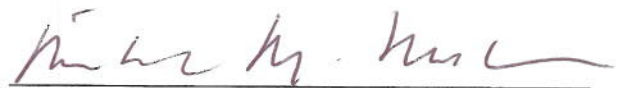
Mr. Podolsky had many questions and made a motion to table the increase until next month so he can review the issues. After discussion, Mr. Torres suggested moving forward with approval of a not to exceed two percent increase conditioned on two board members meeting with personnel. On motion of Mr. Melius to approve a not to exceed two percent increase to slip fees, conditioned on a meeting with Messrs. Binning and Podolsky and Port District staff, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

Closed Session:

None

Open Session:

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


MICHAEL M. MELIUS, Board Member

APPROVED:



JORGE M. TORRES, Chairman