

MINUTES OF REGULAR MEETING  
OF WAUKEGAN PORT DISTRICT

December 19, 2012

55 South Harbor Place, Waukegan, Illinois  
Harbor Control Building

**The following Board members were present:**

Jorge Torres  
Dale Johnson  
Mike Melius  
Todd Binning  
Randy Podolsky

**The following Board member was absent:**

Homer Benavides  
Joe Legat

**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  
Jamie O'Meara, Chief Accountant  
Jim Stanczak, Airport Manager  
Joe Seidelmann, Harbor Maintenance Supervisor

**Others in attendance:**

Jack Orlov, Commodore, Waukegan Yacht Club

1. Call to Order by Chairman Torres at 2:00 PM. Messrs. Torres, Johnson, Melius, and Podolsky were present.
2. Pledge of Allegiance
3. Approval of Regular Board Meeting Minutes of November 23, 2012

On motion of Mr. Johnson to approve the November 23, 2012 Board Meeting Minutes, seconded by Mr. Podolsky, all members present voted aye, and the Chairman declared the motion carried.

4. Approval of checks.

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

5. Financial Reports: November 2012

Mr. Henderson commented on the difference between budget and year to date figures. The profit margin for both the harbor and airport are down, but even so, the District remains profitable. There had been no capital expenditures in November. Mr. Johnson cited past board policy had been to maintain cash on hand to carry the district through one year in the event of uncontrollable economics. He recognized the Cash on Hand for the harbor is on target but the airport is a little tighter.

Mr. Torres recognized Mr. Binning's arrival.

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

6. Operations Reports: November 2012

Harbor operations are finishing up with a few launches and diesel fuel sales. The airport has two more helicopters from Kenosha. Fuel deliveries are off about 10% as they have been since Landmark bought DB Aviation. Customs Operations continue to do well. Thirty international arrivals a month is fairly routine. This shows the value of Customs Service at the airport. Customs is a user fee service, which about breaks even. The service is a draw to new tenants.

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

7. 2013 Budget

Mr. Henderson explained the goals and process utilized to create the budget. It was recognized that optimistic revenue projections and expense savings were required to meet the budget requirements. Discussion ensued with questions about employee compensation and benefits. The budget does include a two per cent merit increase for employees along with health insurance and retirement benefits. The last compensation package was reviewed in 2008 and the board requested an update. Capital improvements queried were obtaining a cost estimate for a new North Pier Gate, access to the Akzo Noble Beach and a dog beach area adjacent to the launch ramps. Mr. Morris was asked to report to the board on the legalities of access to the beach south of the break wall. Health hazards and injury caused by storm runoff was recognized as a significant concern. Participating in a shuttle service was considered.

Various revenue projections were discussed. Mr. Henderson confirmed the budget was optimistic, but as drafted does meet the 1.2 debt service.



On motion of Mr. Podolsky to approve the 2013 budget, and a review of current wages and the compensation program within 120 days, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

#### Harbor – Board/Public Commentary

Mr. Henderson then explained we had inadvertently left health insurance off of the agenda this month. The renewal summary was provided at this meeting to the board members with a renewal date of January 1, 2013. Mr. Henderson suggested that he sign the 3.8% increase to renew on time, anticipating a January agenda item for formal approval. The board explored options for approving the expense this month. Mr. Morris explained the statutes are clear and that the item cannot be added this month, caveating that if three members had an objection to the renewal next month, now is the time to make your position clear. No board member presented an objection and the consensus was that 3.8% was good.

#### Harbor - Unfinished Business

##### 8. Status Reports

Harbor staff had met with the City's Consultant, Jon Shabica and the Army Corps of Engineers regarding the North Harbor entrance. Mr. Shabica's suggestion was to dig a hole on the beach. Handling of sand on land is easier than water management. The costs remain unknown. The City of Waukegan agreed to install a snow fence on the beach to help keep the sand in place. The USEPA environmental dredge will continue next year. The Army Corps is three years away from a plan to solve the sand management problem. Funding is key. Tonnage under one million precludes Waukegan Harbor from receiving dredging money. The Army Corps utilizes discretionary money for our projects and is also looking into possible funding from FEMA in the Sandy Relief Bill.

We do not have a response from the ACOE on the permit for maintenance dredging in South Marina.

Ontario Trap Rock toured our facility reference storage and transfer of aggregate.

Bill Hults of Durkin Joyce, approached us about possible projects at the lake front including the possibility of a boat storage building. Mr. Hults' reported he does pre-cast residential; he also mentioned interest in a Veterans hospital on LaFarge or Johns Manville. Previously we were pursuing an RFP for our properties, in the meantime, Waukegan Yacht Services had been taken over by Larsen Marine. Larsen has stored the same number of boats in less space than was used by Waukegan Yacht Services and they appear to be growing. Larsen Marine has requested a three year lease which is in progress. We would like to defer the RFP in light of Larsen's negotiations. Rates and use for harbor properties should be determined. Mr. Podolsky suggested land valuation and comparables first.

Mr. Melius inquired about the Bowers and whether there was value to an NFR at this time. You would normally apply for an NFR based on the use for the property. Residential is the most stringent. Seven years ago we were involved in a joint venture to remediate the

property at great expense. Unfortunately the dirt used to replace a UST was contaminated. The costs were high, with no positive result.

#### Harbor - New Business

##### 9. Waukegan Yacht Club

Ten Day Notice was served. Jack Orlov, Commodore of the Yacht Club was present and told the board the balance of rent due would be paid this week.

Mr. Torres asked for an agenda item in January for amenities.

#### Airport – Board/Public Commentary

None

#### Airport - Unfinished Business

##### 10. Status Reports

Mr. Stanczak reported Taxiway S is done, the punch list for Taxiway B is pending. The FAA requested some light lane clearance on 5/23 and 14/32. That is done and we are awaiting their approval. He reported attending a tax exemption hearing for two parcels, receiving approval conditioned on state concurrence. He had met with Beach Park on development.

Mr. Henderson reported on meeting with IDOT Highways, Aviation, and the FAA. We had anticipated receiving IDOH's Letter of Intent to design IL 131 below grade to enable forward progress on the runway and highway projects. Highways is dragging their feet, now targeting the LOI for delivery after the first of the year. The FAA is supporting EMAS. There is standard EMAS and non-standard EMAS. EMAS will do nothing for our runway length. At best it will allow us to keep 6,000 feet. The FAA study requires 7,000 feet. Mr. Henderson told Highways the LOI is required before we can move ahead. Mr. Henderson also intended to schedule a Planning Meeting with the Steering Committee. Mr. Torres inquired if there was a specific agency with difficulty. Mr. Henderson said no, they all have their own issues. Financing the project is problematic, we are aware that we will have to seek help from our tenants, but we need to know what we are doing in order to pursue that need. The airport needs to extend the runway; highways needs to widen Green Bay Road –design was to have been done by November of 2012. Lake County Forest Preserve wants the highest value for their land. Last September highways went to the Forest Preserve and told them they were considering a jug handle through the Waukegan Savanna. That would cut the Savanna in two, and use much more Forest Preserve Land. The cost of that alternative was so high that highways determined to widen the road in its existing location. That would be a new obstruction for the airport forcing the FAA to shorten the runway. Right now, we just need to keep everyone working together to achieve the common goals of runway extension and widening of the roadway.



Airport - New Business

11. Approval of Expenditures for Customs Trailer Upgrades
- a. Entrance Stairs / Ramp
  - b. Sewer Connection

Eight years ago, our Customs facility was built to CBP standards and received approval for use. About a year ago, they told us it no longer meets their standards. Following a recent inspection, their representative acknowledged the facility could be upgraded within its existing structure. In an effort to show good faith, Mr. Henderson requested approval of two items now, new entrance stairs/ramp and a sewer connection to municipal sewer. The funds are available in the customs account. Mr. Melius asked if there was any guarantee that Customs would not come back and ask for a new building. Mr. Henderson responded that we had not received a letter but only had a verbal agreement to work together. Mr. Podolsky inquired about a second estimate for plumbing. The plumbing quote from Peterson already included location of the sewer to be connected. Another plumber would have to do that work again, which would only increase the cost.

On motion of Mr. Podolsky to approve new stairs / ramp for a not to exceed cost of \$17,000 and a not to exceed cost of \$25,000 to connect to city sewer, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

Mr. Henderson requested the Board take action on the Executive Director's salary in Closed Session and suggested that Mr. Morris could take over Minutes during the Closed Session. On motion of Mr. Podolsky to go into Closed Session pursuant to 5 ILCS 120/2 (c) (1) of the Open Meeting Act, seconded by Mr. Binning, on a roll call, Messrs. Johnson, Melius, Binning, Podolsky and Torres voted aye and the Chairman declared the motion carried.

Closed Session:

12. Employee Compensation pursuant to 5 ILCS 120/2 (c) (1) of the Open Meetings Act.

Open Session:

13. Employee Compensation pursuant to 5 ILCS 120/2 (c) (1) of the Open Meetings Act.

The board reconvened in Open Session. It was moved by Mr. Podolsky and seconded by Mr. Johnson that the salary compensation of Mr. Duncan Henderson be increased by 2%, effective January 1, 2013. The President called the question and upon voice vote, all members voted aye.

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

APPROVED:

  
JORGE M. TORRES, Chairman

  
DALE R. JOHNSON, Secretary