

MINUTES OF REGULAR MEETING
OF WAUKEGAN PORT DISTRICT

January 16, 2013

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
Todd Binning
Randy Podolsky
Joe Legat

The following Board member was absent:

Homer Benavides
Mike Melius

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
Jim Stanczak, Airport Manager
Barney Baker, Airport Maintenance Supervisor
Jamie O'Meara, Chief Accountant

Others in attendance:

Les Standerfer, Larsen Marine
Josh Lewis, Landmark Aviation
Brad West, West's Insurance Agency
Brent Jones, West's Insurance Agency
Jason Koperney, West's Insurance Agency

1. Call to Order by Chairman Torres
2. Approval of Regular Board Meeting Minutes of December 19, 2012

On motion of Mr. Podolsky to approve the December 19, 2012 Minutes, seconded by Mr. Johnson, all members present voted aye, and the Chairman declared the motion carried.

3. Approval of checks.

Interest was expressed in the name Angel Above Graphics. The payment was for website updates. 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: December 2012

Mr. Henderson summarized financial reports: Airport revenue year to date is on target with budget as are expenses. Harbor revenue is off in slip income. Expenses are off compared to the budget due to insurance coverage required by the dock loan which had been procured mid term. Both aging reports are current. Ms. O'Meara added there will be nominal adjustments to final year end figures due to some accrual numbers she had not yet included in the totals.

On motion of Mr. Podolsky to approve the financial reports for December 2012, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

5. Operations Reports: December 2012

Mr. Henderson summarized operations reports: Airport operations are up four per cent. Fuel sales are also up from December 2011-2012. Mr. Lewis felt the larger airplanes utilizing the airport increased the fuel sales. Mr. Lewis commended airport staff for their snow removal efforts; he felt the clean facility brought in more business. Mr. Henderson continued on Customs, down a little in December. He also advised that a meeting had been scheduled with the project manager for the Customs facility upgrades. Customs fees collected allow us to cover upgrades and other costs to provide the service facility. Harbor operations are closed for the winter.

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

6. Approval of Property and Casualty Insurance Renewal

Mr. Henderson introduced Brad West for the benefit of new board members. Mr. West's company had provided coverage to the District since its inception in 1959. This had worked to the Port District's advantage in various situations. Mr. West introduced two of his colleagues, Brent Jones and Jason Koperney. Mr. West summarized: The proposal is a culmination of appraisal, worker's comp and payrolls. Additions last year were UST coverage and dock loan insurance. The Illinois State Fire Marshall had previously covered the USTs and the loan insurance procurement had been required by the bank. As the State is broke, we obtained UST coverage from another source. Dock insurance was added mid-year, and does include coverage of \$1 million for loss of income as extended. The renewal proposal utilizes several different insurance companies and provides coverages and/or limits of liability as outlined in the property, inland marine, liability, crime, automobile, worker's compensation, public official's liability, pollution and umbrella sections. The proposal renewal premium is \$197,958 representing a three per cent increase in premium. The Port District being a public entity limits the number of

company's that will provide a quote. Mr. West searches for financially solvent companies in a stable competitive market place. Board members confirmed with Mr. West that the appraisal was current before obtaining the quote. Increasing the deductible was considered, but the conclusion was the increased deductible would be cost prohibitive. Mr. West was asked to request a renewal without a premium increase.

Mr. Podolsky made a motion to approve the renewal with no net increase. Upon discussion, the motion was amended to provide that a request be made to the carrier to renew with no increase, but given the expiration of the current policies, Mr. Henderson was authorized to renew the policies following a survey of board members with the result of that inquiry. The amended motion was seconded by Mr. Johnson, all members voted aye and the Chairman declared the motion carried.

7. Approval of Health Insurance Renewal

On motion of Mr. Podolsky to approve the 2013 health insurance renewal, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

8. 2013 Employee Compensation Plan

As requested at the last meeting, a salary study had been conducted and was presented for review. Mr. Torres reported the board had approved Mr. Henderson's two per cent increase last month. Mr. Henderson declined implementation of the increase until other staff had been considered.

Discussion ensued. Was the two percent in the budget across the board or for merit? Mr. Henderson explained in the past the two percent budget amount would be a maximum for any employee up to two per cent. After consideration the two percent budget amount was deemed available in its entirety to be utilized for merit increases as determined by Mr. Henderson.

Retirement benefits were also discussed. The current plan does not allow for employee contributions and the review period had expired. The budget included ten per cent of salary for 2013. The board asked for notification of the next review period to determine the benefit and whether employee contributions should be included.

9. Approval of Not to Exceed 2% Budgeted Salary Increase

Mr. Johnson moved to approve a two percent wage increase for staff in the discretion of the Executive Director. Mr. Binning seconded the motion and stated he felt given the state of the economy the board should take a holistic approach to retirement and the benefit package, continuing that the federal government just took two per cent away. Mr. Podolsky supported merit and other means to incentivize wage increases. The Chairman called for a vote, all members present voted aye and the motion was carried.

Airport – Board/Public Commentary

Mr. Lewis announced another Tenant just ordered a Global Express. He had anticipated a Leer coming in June but we lost it to our competition in Kenosha. Kenosha hangars are about \$800 less than ours. Landmark acquired First Aviation an FBO in Teterboro.

Airport - Unfinished Business

10. Status Reports

Mr. Stanczak spoke about tree trimming pursuant to the FAA safety inspection and that recent snow removal work was complicated due to icing.

Airport - New Business

None

Harbor– Board/Public Commentary

Jamie O’Meara speaking as the representative of Waukegan Main Street invited everyone to the February 9 Mardi Gras Event. Mr. Torres thanked her and voiced support for the Waukegan Main Street Organization.

Harbor - Unfinished Business

11. Status Reports

Mr. O’Dell reported on winter activity at the harbor. An estimate for the North Pier gate had been obtained for \$33,000 which did not include installation. Mr. Johnson asked that we get a total cost installed. Mr. Podolsky was interested in providing amenities to the boaters and had suggested pursuing a dog beach between Government Pier and the launch ramps, use of the south beach next to Akzo Noble and installing the North Pier gate. Mr. O’Dell explained his priority was to utilize available resources to dredge along the north south breakwall and entrance to South Marina.

Mr. Podolsky asked Mr. Morris if he had an update on the right of access to Akzo Noble’s Beach. Mr. Morris was in the process of retrieving previous research in an effort to keep the legal fees down. He anticipated that Akzo Noble will fight the use. Also, the Waukegan River dumps debris into the lake at that location posing a hazardous liability.

Harbor - New Business

12. Bill Hults Presentation

Bill Hults was expected here today, but is not in attendance. He had met with staff yesterday. He proposed substantial development to include a 90,000 square feet building for boat storage and retail space. The question is what price do we require for use of our land? How

much land will his project require? Mr. Podolsky participated in the presentation yesterday. Mr. Podolsky agreed with Mr. Henderson that it appeared to be an aggressive plan. Mr. Hults had indicated that Larsen Marine could utilize 90,000 square feet of boat storage space. Mr. Hults would like to establish retail space above the storage area and indicated he has 50% occupancy already. Other issues are political in nature. Boat storage is not in the City's Master Plan. The Board would need to help get this type of project through the City Council. Mr. Morris acknowledged obtaining comparables for harbor land would be difficult. Mr. Henderson agreed and added that current values as well as a multiplier for increases are problematic. Past leases utilize Consumer Price Index multipliers, but that method had not proved reliable. Mr. Podolsky offered some market research but asked what would be required of the District? When the project moves further along discussion with the Mayor would be appropriate. Mr. Legat would like more concrete information before more effort is expended.

13. Larsen Marine Lease

Les Standerfer is present from Larsen Marine. Larsen would like to lease the Waukegan Yacht Services properties on the same terms as the previous tenant, Mr. Walker. The proposed Lease provides for two per cent increases over 3 ½ years. Mr. Standerfer had also spoken with Bill Hults on the boat storage proposal and was also awaiting assurance. Mr. Standerfer has been with Larsen Marine for two years during which time they have enjoyed double digit growth. Mr. Podolsky indicated he would move to approve the Lease subject to the Port District's right to terminate with notice. Mr. Binning seconded the motion to approve subject to moving or vacating the premises on notice. Mr. Henderson suggested Mr. Morris assist with an out clause in the event of substantial development and that we defer action on the Lease. The motion was withdrawn.

14. Approval of Closed Session Minutes of December 19, 2012

On motion of Mr. Podolsky to approve Closed Session Minutes of December 19, 2012, 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. Johnson to adjourn the meeting, seconded by Mr. Legat, all members present voted aye, and the Chairman declared the motion carried. The meeting adjourned.


C. TODD BINNING, Treasurer

APPROVED:



JORGE M. TORRES, Chairman