

MINUTES OF REGULAR MEETING
OF WAUKEGAN PORT DISTRICT

July 17, 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
Randy Podolsky
Gene Bach
Joe Legat
Grant Farrell

The following Board Members were absent:

Dale Johnson
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
Jamie O'Meara, Chief Accountant
Terri Hatton, Slip Coordinator

Others in attendance:

Josh Lewis, Landmark Aviation
Frank Bucaro, Landmark Aviation
Kirk Mies, Pilot, Abbott Laboratories

1. Call to Order by Chairman Torres at 2:00 PM.
2. Approval of Regular Board Meeting Minutes of June 19, 2013

After review, on motion of Mr. Podolsky to approve the June 19, 2013 Minutes, seconded by Mr. Farrell, all members present voted aye, and the Chairman declared the motion carried.

3. Approval of checks.

After review, on motion of Mr. Podolsky to approve checks, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

4. Financial Reports: June 2013

Airport revenue from year to date 2012-2013 is up in leases which tracks to payments, so flat and on target. Expenses are up slightly and on track with the budget. Mr. Morris arrived during this report. Harbor revenue year to date 2012-2013 is off in launch fees and fuel. When asked if we are competitive, Mr. Henderson responded yes, and that Illinois taxes make it impossible to compete with Wisconsin that has fewer taxes. We constantly monitor our competition prices as they do us. Harbor expenses year to date 2012-2013 are down. On inquiry Ms. Hatton explained that boaters hold off slip agreements until after the proration date. They are able to come in June under a transient rate and then buy their slip at a lower cost. Mr. Podolsky explained his intent was to increase revenue by pushing the date back, and expressed a desire to take another look at the fee structure. Launch revenues are down due to weather conditions and bad fishing. Airport Aging Report is all zeros, and the Harbor Aging Report shows that Gillen's current payment is due. On motion of Mr. Bach to approve the financial reports for June 2013, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

5. Operations Reports: June 2013

Airport total operations are down about eight per cent. Based aircraft is steady and fuel is off, but by the smallest amount in some time. Mr. Lewis expounded that July would be terrible. Some tenants that take a lot of fuel have been out of town, which will reflect in July's figures. Customs is off slightly. Harbor operations are way down. This is largely due to the cost of fuel and no fish. Discussions with other marinas would indicate their operations are similar. Mr. Farrell inquired about boaters tankering fuel. Mr. Podolsky responded that yes, Wisconsin is much cheaper. People are using their boats less, and trailered boats buy at road fuel stations. Mr. Farrell expressed an interest in keeping the people buying at home. Mr. Bach inquired if we have non-ethanol fuel. Mr. O'Dell responded that we only have two tanks, and that he would check into non-ethanol. Mr. Podolsky added the Illinois road tax makes it impossible to compete with Wisconsin fuel prices.

On motion of Mr. Podolsky to approve the June Operations reports, seconded by Mr. Bach, Mr. Farrell requested that we continue discussion on fuel as a revenue stream. He suggested a review of our pricing structures at both the airport and harbor. He indicated possibly lowering the price could entice more sales. He suggested we meet with Landmark and try to find a way to hit the sweet spot. Mr. Farrell suggested we find a way to keep the airport pilot buying at the airport and to use a similar tactic for the harbor. Mr. Bach clarified that boats do not tanker. Mr. Podolsky confirmed boaters buy gas when and where they need the gas. Boater fuel consumption does not compare because it is based on gallons per mile. Mr. Lewis explained that Landmark offers a great deal to based aircraft. They are in business to make money and transients pay retail prices. Ninety-three cents is the margin for Waukegan tenants. For Landmark, they are as low as they get – we have to compete with Wisconsin. Mr. Torres asked Mr. Henderson to provide a fuel summary for the board. Mr. Henderson reported we get eight to eleven cents per gallon on airport fueling permits, and about twenty-six cents per gallon on harbor fuel.

Mr. Torres confirmed that we had a motion and a second to approve operations reports, and he called for a vote. All members present voted aye, and the Chairman declared the motion carried.

Airport – Board/Public Commentary

None

Airport - Unfinished Business

6. Status Reports

Mr. Stanczak reported the contractor is finishing grouting and sealing and that about 30,000 linear feet and some milling work on Taxiway Alpha should be done today. Taxiway Charlie will be starting July 22. Both projects will keep our controllers busy.

Mr. Lewis talked about the fallen firefighter from Beach Park and the tribute by local fire departments on his arrival at Waukegan Airport. The fire departments created a water arch and big flag for the procession. He expressed his appreciation to the airport and tenants for their support. The plane was owned by Ross Perot.

Mr. Henderson reported the Master Plan / Environmental Assessment continues to progress and expressed concern over federal budgeting. The control tower line item is in the federal budget if passed as is. Strong interest by stakeholders should ensure funding even if in the form of a continuing resolution. Mr. Henderson met with Association Administrator of FAA to discuss interest by local FAA in runway safety area alternatives. This effort by the local FAA office results in redoing a Chapter of the Master Plan which had already been completed. A meeting is pending between the Chicago FAA and Illinois Aeronautics Director Shea. The re-do will be done as requested which means we look at EMAS and how it affects our runway. Conversation with colleagues would indicate this is a growing problem nationwide. Other airports the same size are coming back in the \$50 million range. Ours is in the \$40 million range. This also brings into light a need to have a future meeting to discuss tasking of staff which is occurring on various levels. Mr. Henderson has had input from two different board members taking different directions on the runway extension. Mr. Podolsky commented the Executive Director cannot do his job with conflicting direction.

Mr. Henderson expressed his appreciation to Steve Hawkins, the Chief Pilot and Director of Corporate Aviation for Abbott Laboratories for his letter supporting the runway extension project and requesting support from the FAA, Washington D.C.

Airport - New Business

None

Harbor– Board/Public Commentary

None

Harbor - Unfinished Business

7. Status Reports

Mr. O'Dell reported weed cutting in the marina is being done today and will continue until we can spray again in about a week and a half. Mr. Henderson explained the complications involved with weed spraying and cutting processes. The IL DNR must approve and monitor the spraying by our licensed applicator and operator. The IL DNR will only allow two sprays per season. In between, or if the spraying was unsuccessful, the only solution is to cut the weeds. Cutting exacerbates the problem, but the boaters see action.

As requested by Mr. Podolsky, Mr. O'Dell had conducted an inventory of boats exceeding their slip length. Several customers were way over their length and had been billed. Notice of this policy to enforce length had been given last Fall. Twenty-four boats were identified on North Pier exceeding their length and were billed for total fees in the amount of \$750. We have six very angry boaters and lost one tenant. Mr. Podolsky suggested the same issue exists on South Pier and requested similar action. Mr. O'Dell reported no overages have been authorized on South Pier and that he would look there.

The DNR has invited us to join their Clean Marinas Program. Mr. O'Dell would like to join before it is mandated by the EPA. Mr. Podolsky supported the suggestion.

Mr. Henderson reported the USEPA will give us a timeline for completion of North Marina's new service building and the lengthening of nine slips to sixty feet. There are also some repairs that need to be completed. The reconstruction items are part of the Settlement Agreement previously approved. Additionally there is a failed finger pier at N10-10. Larsen Marine has the equipment and should be able to remove it in the Fall.

Mr. Bach inquired of his request to join Highway H20 and AIS. Ms. Peters responded that we have requested membership information from both organizations.

8. Capital Improvements to South Marina

a. Sole Source or RFP to Renovate or Replace North Pier Gate

An estimate from VanLanen to replicate the existing South Pier gate for North Pier is about \$70,000. There are changes that should be done to improve the gate if it is rebuilt. Should we ask VanLanen to redraw their plans to build the gate, or do we bid existing? Mr. Legat pointed out we have plans in the South Pier project. After discussion, on motion of Mr. Podolsky to create a spec for a gate, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

b. Sole Source or RFP for Engineering Proposals for North Pier Gate and North Pier Modifications

After discussion, on motion of Mr. Podolsky for the Executive Director to create a work plan for North Pier modifications and to use the resources needed, seconded

by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

Harbor - New Business

9. Approval of New Harbor Telephone System

- a. Allied Tel-Com – Mitel 5000 IP
- b. TDS Managed IP

Mr. Henderson explained the harbor phone system is in excess of twenty years old and the equipment is failing. New parts are no longer available. Ms. Peters explained that after requesting proposals from four vendors, two submitted a proposal. Allied has quoted under \$10,000 for a new stand alone VoIP and TDS quoted a Managed IP system which would increase monthly cost in excess of \$700 forever. Mr. Podolsky questioned quality of service and warranty. Ms. Peters responded she had done her best to complete due diligence and there is a built in Software Assurance for five years excluding labor costs. On motion of Mr. Farrell to approve the Allied proposal, seconded by Mr. Bach, Mr. Podolsky abstained and the remaining members voted aye, the Chairman then declared the motion carried.

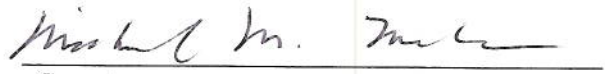
Mr. Torres requested a motion to go into closed session. It was his desire that all staff and Mr. Morris should be absent from the meeting to discuss personnel matters and that no action should be taken following the closed session today. On motion of Mr. Podolsky to go into closed session pursuant to 5 ILCS 120/2 (c) (1) , seconded by Mr. Farrell, on a roll call vote, Messrs. Farrell, Legat, Torres, Podolsky and Bach voted aye, no members voted nay, and the Chairman declared the motion carried.

Closed Session:

10. Personnel Matters pursuant to 5 ILCS 120/2 (c) (1) of the Open Meetings Act

Open Session:

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


Secretary

APPROVED:


JORGE M. TORRES, Chairman