

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

September 18, 2013

**Waukegan National 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
Terri Hatton, Slip Coordinator
Jim Stanczak, Airport Manager
Barney Baker, Airport Maintenance Supervisor
Jamie O'Meara, Chief Accountant

Others in attendance:

Josh Lewis, Landmark Aviation
Frank Bucaro, Landmark Aviation

1. Call to Order by Chairman Torres at 2:00 PM.

Mr. Torres asked for the nomination of a Secretary. On motion of Mr. Podolsky to appoint Grant Farrell Secretary, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

2. Approval of Regular Board Meeting Minutes of August 21, 2013

After review, on motion of Mr. Bach to approve the August 21, 2013 Minutes, seconded by Mr. Legat, all members present voted aye, and the Chairman declared the motion carried.

3. Approval of checks.

Checks were reviewed. It was reported the DCEO Grant had been received and utilized for crack sealing at the airport. On motion of Mr. Podolsky to approve checks, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

4. Financial Reports: August 2013

Mr. Henderson reviewed financials. Airport revenues are on track despite the difference in lease payments from August 2012 to August 2013. One payment can cause that kind of a difference. Expenses are up slightly and the aging report is zero. Harbor revenues are down a bit as are expenses, where we will hold the line. Aging report shows Larsen over 30 days which is being discussed with Mr. O'Dell and Larsen Marine. On motion of Mr. Farrell to approve the financial reports for August 2013, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

5. Operations Reports: August 2013

Airport operations are off slightly, fuel is up 2% for the year, which is not bad despite a bad August. We had an inquiry from Atlantic Aviation out of Chicago Executive requesting our fuel flowage numbers. They are attempting to explain why their figures are low. Harbor fuel is down as well as launches.

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

Mr. Podolsky complimented Archie Cochran for his good work, when during a heavy sustained wind event, he noticed only one line securing a vessel. Together Messrs. Cochran and Podolsky secured the vessel and Mr. Cochran notified the boat owner. This happened by the fuel pier where there could have been damage to both the vessel and port facilities.

Mr. Bach reported someone from the City had removed some graffiti from the lighthouse. He suggested a thank you to the City for their work. It was suggested that note should go to the Mayor.

Airport – Board/Public Commentary

Mr. Torres expressed his appreciation of the Air Show. Mr. Farrell briefed on the event indicating he would provide a note for the Air Show file along with a copy of an Article. They had between 15-20,000 for the show and spent about \$22,000 on fuel. Mr. Farrell thanked Landmark Aviation and Josh Lewis for their assistance. They had performed the Vietnam enactment despite a rain delay. He thanked the board for their support. The next show will be on September 6, 2014. They are working on a theme. Congressman Brad Schneider was in attendance this year and Mr. Farrell showed him around the air show and took him up into the tower. He explained the tower needs.

Airport - Unfinished Business

6. Status Reports

Mr. Stanczak reported Taxiway C is almost done. The project included work with Baxter in the area of their ramp. The project is close to on time.

Punch list items for taxiway B; silt fence is down topsoil/seed. Fence Phase 1: Finishing grading, Fence Phase 2: funding in, Fence Phase 3: Julie has been out. The Grant work is done, the money was used by the August 30 deadline. The access road drain pipe was flooding and has been repaved by IDOT. Last, please call your representatives about Contract Towers. On inquiry, Mr. Morris added the calls to representatives should be as individuals.

7. Ordinance – Contract Air Traffic Control Tower

Mr. Henderson explained there is no action required at this time on the Tower Ordinance. If there is no budget by October 1, it will continue with a continuing resolution. This dovetails into the funding for FAA and Towers. Director Huerta anticipates closing Contract Towers. We will keep the agenda item because at some point we will have to deal with the tower. Revisions were being reviewed pursuant to the last board discussions. Mr. Torres requested a copy of the revised Ordinance by email and an Agenda item next month.

Airport - New Business

8. Landmark Fuel Presentation

Josh Lewis briefed the board on the company Landmark Aviation. Landmark's FBO services are 90% of Landmark's business. They expect to pump 80 million gallons of fuel in 2013 with 40 locations in the United States. Landmark is a multi-national company with clients worldwide. Recently Landmark's Waukegan facility hosted the NBAA Conference with the hope of selling some aircraft that would like to base here. Landmark Waukegan is currently full with 1,100 based customers. Landmark's Charter and Sales Worldwide Headquarters is located here in Waukegan. Fuel pricing is a big deal with an average margin of 95 cents. 7.59% paid retail on jet and 18.84% on AvGas. Others received greater discounts. Looking at a fuel survey of 24/7 operators, Landmark is third on the list. Kenosha and Burlington have not changed their jet fuel prices in years. Taxes in Wisconsin are a lot less. We cannot compete with someone with no staff, no trucks, and no service. The two largest general aviation customers are The Landings and the flight schools. The flight school buys 50,000 of the 100,000 gallons. The high volume customers are the corporate tenants and Mr. Lewis mentioned some high volume customers and their lease terms. Landmark wants to build two hangars in the Delta Quad (with an estimated cost of \$10 million) toward the end of next year to accommodate new growth. Landmark is a community oriented company working to keep based tenants.

Harbor– Board/Public Commentary

Mr. Bach inquired if the North Harbor project was on schedule for reconstruction and cleanup. Mr. O'Dell responded that the USEPA is on schedule. Mr. Torres presented the City of Waukegan TIF maps for viewing by interested persons in response to Mr. Bach's questions of

last meeting. He suggested that Mr. Bach could use the permanent index numbers on the maps to research ownership.

Harbor - Unfinished Business

9. Status Reports

Mr. O'Dell reported the kid's fishing tournament was coming up soon. It is an event enjoyed by the community. The USEPA is laying the mats and are about 1.5% complete and will be moving on to the washrooms and docks. The Approach Channel to be dredged by the Army Corps was to start two days ago, but was delayed by weather. The Outer Harbor dredging is scheduled for Spring 2014. He reported a new Act, WRRRA, moving through Congress which is a continuation of the Harbor Maintenance Trust Fund (HMTF). The WRRRA recognized the Great Lakes as one contiguous unit. The goal is to designate the money collected for the HMTF to be used for the purpose it was collected. Mr. O'Dell was asked to provide talking points for the board on the WRRRA.

Mr. Podolsky asked if the center pilings to be relocated should be eliminated. Mr. O'Dell reported they had poled the tenants who said they required the pilings be placed.

Mr. Podolsky wanted to clarify the Minutes earlier approved relating to Mr. Melius' comments about skepticism; he only acknowledged Mr. Melius' comments. Mr. Podolsky also briefed the board on his discussions following the last board meeting with Mr. Henderson. He had expressed that he would like to pursue additional floating piers connected to S1. Would removal of N2, N4, N6, lower the cost of new slips? He wanted to be of record that payback is buried in up front costs. Mr. Podolsky still wanted to look at getting 30-40 slips incrementally and that 30', 40' and 50' floaters are needed. Mr. Henderson responded that when he looked at getting the slip costs down, tearing out one, moving the dock and double slips gets it down to a payback of twelve years. The cost is about \$1.5 million which we do not have. Mr. Podolsky asked what would the timing be on the RFP. Mr. Bach added the TIF is a good project to blend with the RFP. Mr. Podolsky and Mr. Henderson should meet to discuss the RFP. Mr. Bach would participate in those discussions with a presentation next month. Mr. Podolsky asked about a price for the North Pier Gate. He wanted a firm bid with alternative metals and asked for specifications for the gate at the next meeting.

Mr. Bach had seen some plans for a Teece Pavilion which noted the building at one time was a life saving station. No one was able to confirm that use. The history of the Teece building was further discussed with Mr. Torres indicating he would talk to the Historical Society.

Harbor - New Business

10. 2014 Slip Fees

Mr. O'Dell reported they had met with Mr. Podolsky to discuss 2014 slip fees with good discussion. We would like to hold fees with the exception of a few small fees. The proration date would be set to August 1. Mr. Podolsky concurred they had a productive three hour session. They had concluded the boaters were able to use various policies to allow for attractive pricing. We do have a proposal but don't know how it compares to our neighbors. Mr. Podolsky

indicated he would type up the details and give it to Mrs. Peters. Essentially they would hold slip fees, eliminate the three per cent discount and eliminate the second slip discounts. No combined discounts would be offered and no refunds. The marina is open 214 days (7 months), but that's really June, July and August.

On motion of Mr. Podolsky to approve no slip fee increase for 2014, no three per cent early pay discount, and further pricing policies to be promulgated by Mr. Podolsky and staff, there was some further discussion. The marina is 63% full in total. Occupancy by unit was discussed. Mr. Legat left during this discussion. Mr. Farrell wanted to reduce the price on slips in North Harbor, and Ms. Hatton explained that would not affect occupancy. Ms. O'Meara explained that last year we had offered substantial discounts with no significant increase. Mr. Podolsky's motion was seconded by Mr. Bach, the board members present voted aye and the Chairman declared the motion carried.

Mr. Torres inquired if the board meeting time at 2:00 PM was convenient or if anyone would like a change. Mrs. Peters was asked to send out an email to the board members suggesting 9:00 AM or 2:00 PM and to place the matter on the October Agenda.

Mr. Farrell suggested committees for finance, budget and personnel. Mr. Torres consulted the members present about their desire to serve on a committee. Mr. Morris confirmed committees of two board members could act without formal board action. Mr. Torres suggested Mr. Farrell work with Mr. Henderson on personnel matters and looked for a finance person. Ms. O'Meara explained the budget process will start in mid October with staff. On receipt of insurance premiums, and preliminary board review in November, we have to have the final budget in December. Mr. Podolsky in his position as Treasurer was asked to work with Mr. Henderson on finance issues.

On motion of Mr. Podolsky to go into Closed Session for Negotiation / Value of Property Matters pursuant to 5 ILCS 120/2 (c) (6) of the Open Meetings Act, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

Closed Session:

11. Negotiation / Value of Property Matters pursuant to 5 ILCS 120/2 (c) (6) of the Open Meetings Act

Open Session:

12. Negotiation / Value of Property Matters pursuant to 5 ILCS 120/2 (c) (6) of the Open Meetings Act

On motion of Mr. Podolsky to approve the land acquisition of 12536 West Hart Street, Beach Park, Illinois, for a purchase price of \$250,000, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

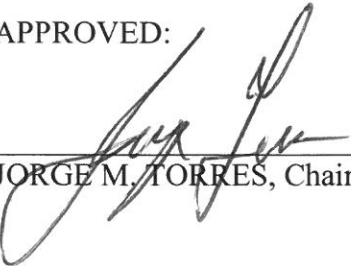
Mr. Farrell then requested a Closed Session item in October to discuss personnel matters. It was suggested that board members contact Mr. Torres prior to meetings in the event they had an agenda item and that he would communicate agenda items to Mrs. Peters.

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



GRANT B. FARRELL, Secretary

APPROVED:



JORGE M. TORRES, Chairman