

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

**November 20, 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  
Billy McCaffrey  
Roy Czajkowski  
Brad West  
Brent Jones  
Jason Koperny  
Rick Bentley

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

Mr. Torres announced he would like to move items on the Agenda and asked for public commentary. Hearing none, he asked for a motion to go into closed session. On motion of Mr. Farrell to go into closed session to discuss personnel matters pursuant to 5 ILCS 120/2(c)(1) of the Open Meetings Act, seconded by Mr. Bach, on a roll call vote, Messrs. Farrell, Legat,

Torres, Podolsky and Bach voted aye whereupon the Chairman declared the motion carried. Mr. Torres asked everyone to leave the room except the board members, Mr. Henderson and Mr. Morris.

Closed Session: None

Minutes of the Closed Session portion of the meeting are separately maintained.

Open Session:

Following the return to Open Session, Mr. Torres announced the board has concluded new leadership was necessary and that Mr. Henderson was no longer the Executive Director of the Port District and asked for a motion to that effect. Mr. Henderson was no longer present. On motion of Mr. Farrell that the board ratify and affirm the action taken in open session at the November 7, 2013 Special Board Meeting to terminate the Executive Director, effective immediately, in accordance with the June 15, 2005 Employment Agreement, without notice and with the Separation Package, as provided therein; and that the Board Chairman is further authorized to implement the proposed staff reorganization plan, and to take such further and additional actions as he deems reasonably necessary to effectuate this separation action, maintain continuity and security of Port District operations and finalize contractual matters with the Executive Director, seconded by Mr. Legat, upon roll call vote, Messrs. Farrell, Legat, Torres, Podolsky and Bach voted aye and the Chairman declared the motion carried.

On motion of Mr. Podolsky to take a short adjournment, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

2. Approval of Regular Board Meeting Minutes of October 16, 2013

On motion of Mr. Podolsky to approve the October 16, 2013 Regular Meeting Minutes, seconded by Mr. Bach, all members present voted aye, and the Chairman declared the motion carried.

3. Approval of Closed Session Board Meeting Minutes of October 16, 2013

On motion of Mr. Podolsky to approve the October 16, 2013 Closed Session Minutes, seconded by Mr. Legat, all members present voted aye, and the Chairman declared the motion carried.

4. Approval of Closed Session Board Meeting Minutes of November 7, 2013

Mr. Farrell requested the Minutes be amended to strike the words "he was upset" on page 3, paragraph 7, and be replaced with "he was concerned." The board members concurred. Mr. Podolsky requested that the spelling of his name be corrected in the regular meeting Minutes, and that he may have comments which he would bring to the next meeting if needed. On motion of Mr. Podolsky to approve the November 7, 2013 Closed Session Minutes amended as discussed above, seconded by Mr. Bach, all members present voted aye, and the Chairman declared the motion carried.

5. Approval of checks.

On motion of Mr. Farrell to approve checks, seconded by Mr. Bach, Messrs. Farrell, Legat, Torres and Bach voted aye, Mr. Podolsky abstained, and the Chairman declared the motion carried.

6. Financial Reports: October 2013

Mr. Farrell commented the financials appeared to be flat. On inquiry Ms. O'Meara summarized indicating the reports are routine compared with budget. On motion of Mr. Legat to approve the financial reports for October 2013, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

7. Operations Reports: October 2013

Mr. Torres reported the reports looked ordinary and asked for questions. Hearing none, on motion of Mr. Podolsky to approve the October Operations reports, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

8. Approval of Worker's Compensation Renewal Proposal

Mr. West thanked the board for giving West's Insurance Agency the opportunity to provide the renewal quote. The workers compensation coverage is currently insured with the Illinois Public Risk Fund, a risk retention group formed under Illinois law and specializing in the workers compensation insurance exposures of public entities. The IPRF is the largest writer of public entity workers compensation in the State of Illinois and as such utilizes its own statistical data to determine rates and experience modifications.

The current estimated annual premium is \$34,938 and for the policy term 2014-2015 the carrier is quoting a renewal premium of \$33,907, a 2.9% decrease from the expiring premium. The premium is based on payroll data of the District. All rates used by the IPRF for the 2014 renewal average 42.7% less than the National Council on Compensation rates for Illinois. It is important to note the IPRF marina rate includes coverage for exposure to the Longshoreman's and Harbor Workers State act. The policy is also endorsed to include coverage for volunteers under the Voluntary Compensation endorsement. In addition to the renewal premium for 2014-2015, the IPRF, as a value added service to its members, is again making available to the Port District, a grant of \$3,160 which will be available in June and to be used by the District for safety related items. We did go into the market and have provided responses from the carriers. Due to the unique business of the harbor and the airport, there are not carriers that provide coverage for both entities.

On motion of Mr. Legat to approve the worker's compensation proposal presented, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

Mr. West answered additional questions related to premiums, payroll audits and the rate the premiums are based upon.

## 9. Approval of Health Insurance Renewal Proposal

Mr. Koperny from West's Insurance Agency advised the District could opt for early renewal and retain the current health plan but fees would increase about \$550 per month or we could move to an Affordable Care Act compliant plan. Two major changes in the health care reform act are the elimination of health underwriting or removal of past health history and a change in community rating meaning the premiums for the oldest policy holder in a plan can only vary by up to three times the premium of the youngest policy holder. Effectively this means that older groups are seeing some premium relief. Mr. Koperny researched plans with benefits similar to the current plan and presented a comparison for review. There are some differences, the deductible did decrease but there is a new co-pay related to ER visits and outpatient care. Overall the plan that best matches the District's current plan is the Gold G517 PPO with a decreased deductible, lower total out-of-pocket, decreased office visit co-pays and has a slightly less premium, about \$70 a month, than the current plan.

Mr. Koperny also ran quotes for dental plans as Principal had an increase of 7.1%. Delta Dental came back at about \$6,000 a year less for stronger benefits. Mr. Koperny recommended the Port District proceed with the Blue Cross and Delta Dental plans. The dental plan if approved would be moving from an effective date of January 1 to December 1 and would lock in rates for two years.

After entertaining questions from the board and employees present, Mr. Podolsky made a motion to approve the recommendation of West's Insurance Agency for Blue Cross Health Care Plan effective January 1, 2014 and Delta Dental for a December 1 two year rate guarantee, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

## 10. 2014 Preliminary Budget

Mr. Torres reported he had met with staff during budget meetings. The big issue does not revolve around profitability, but around meeting the debt service coverage of 1.2. There are a lot of changes especially at the harbor related to personnel. Mr. O'Dell briefed the board on harbor staffing changes. Three regular full time maintenance workers had been terminated and the Security Chief had also been terminated. Currently a staffing agency is filling positions as needed. Ms. O'Meara asked the board members to review the Preliminary Budget and contact her if there are any questions prior to voting on the 2014 budget next month. Revenue projections within our control are fairly conservative, we are optimistic about increases in tonnage and other sources. Expenses have been cut reflecting the staffing changes and insurance coverages discussed earlier. Various budget items were discussed including advertising, education and seminars. Debt service is 1.2 times the amount of our annual debt service out of our net operating income. It was clarified that reserves are not measured in debt service. Mr. Podolsky recognized the lack of desire to invade reserves, but that if a need arose, we would have to address the issue. Mr. Podolsky also requested that Ms. O'Meara and Mr. Morris explore the possibility of funding the severance package from reserves thereby reducing the payroll expense to offset the debt service. Mr. Torres added that he was more comfortable maintaining our reserve account and paying the severance from payroll.

Mr. Torres concluded budget discussions by asking board members to review the budget prior to the next meeting and contact Ms. O'Meara with any questions. Mr. Podolsky asked Mr. O'Dell to elaborate on capital improvements for the harbor and how they fit into the budget process. It was concluded this could be done outside of the board meeting.

Mr. Stanczak responding to a question by Mr. Bach with regard to outsourcing airport security, advised the security team at the airport has specialized duties as does the maintenance staff which would make it difficult to outsource. Mr. Bach indicated he was inquiring about bundling services.

#### Airport – Board/Public Commentary

Mr. Farrell commented on a draft tower ordinance. He suggested shelving the ordinance and have a committee look at it later. Mr. Torres indicated it had not been voted upon and there was no action necessary.

Mr. Lewis informed the board the cost of AvGas was expected to go way up with low sales over the next few months.

#### Airport - Unfinished Business

##### 11. Status Reports

Mr. Stanczak reported Taxiway C project has been completed and Payne & Dolan did a great job. The upheavals on 5/23 were ground down which is a temporary fix. Those repairs will need to be planned for in the future. They held a snow meeting recently and covered safety and the tower. There is some talk of forming a pilots association here at the airport. The customs building has had some upgrades on the exterior: landscaping, air conditioning drains, grading, new gutters, window trim, weather stripping, and flashing. The building will need to be painted in the Spring. Avionics put in Wi-Fi which is now available to tenants at that end. The Storm Water Pollution Prevention Plan is being updated through Hansen. He has rented a red hangar. He is working with the FAA on approach problems. 5010 doesn't cover it all, it has to be done by flight check.

#### Airport - New Business

None

#### Harbor– Board/Public Commentary

Mr. Bach indicated some planning should occur revolving around making the North Marina more user friendly. Mr. Podolsky indicated he wanted to discuss whether the marina should be opened at all. He wanted to hear revenue projections versus costs. Mr. Bach wanted to know how to enforce speeding boats. Mr. O'Dell agreed security had been lax and expressed his hope the security changes could resolve these issues. Additionally, he has met with the Charter Captains who have indicated they will work with staff in an effort to address some of these problems. Mr. Farrell and Mr. Bach discussed the use of cans to moor boats and the facilities that would be required to do so.

## Harbor - Unfinished Business

### 12. Status Reports

Mr. O'Dell reported the Corps of Engineers had completed dredging of the Approach Channel. The harbor had completed its Storm Water Pollution Prevention Plan. He had been in contact with Hayes Engineering about barging in large pieces of equipment for the Midwest Generation Power Plant. They need a place to off load equipment and are looking at Commercial Dock north of the Yacht Club. This would occur next Fall. This is a possible new revenue source in addition to the Ontario Trap Rock matter later in the agenda. The Clean Marina designation would be complete following a site inspection by the IDNR. We would then be designated as a clean marina. Mr. Torres complimented the accomplishment.

### 13. 2014 Harbor Annual Leases

Mr. O'Dell reported these are the leases for the hot dog stand, the deli, ice cream shop, Salmon Stop, Bristol Boat, and First Mate which renew annually. He requested a two per cent increase for 2014.

On motion of Mr. Podolsky to approve Dock Side Dogs, Dock Side Deli, Dock Side Ice Cream, Salmon Stop East, and to the extent they want to stay, Bristol Boat and First Mate Yacht Detailing, be extended for one year with a two per cent increase, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

Questions were presented on the Gillen and Larsen leases. Gillen is month to month and Larsen is a three year term. No action is needed.

### 14. RFP

No action at this time. Mr. Podolsky clarified this is for land use and he has a red line to get out to everyone. Mr. Bach and Mr. Podolsky discussed what kind of operators or commercial businesses might want to submit proposals in a less formal setting than issuance of an RFP. After discussion, on motion of Mr. Podolsky to have Mr. Morris create or simplify the RFP or create a letter of intent for marina uses, whether recreational or commercial, whether it would be one or two, seconded by Mr. Bach, all members present voted aye.

### 15. North Pier Gate

No action today, but Mr. Podolsky has requested a full comprehensive bid for the installation of that gate, with everything but getting 110 volts to the site and connecting to our security system which would be by others. Upon receipt of the proposal Mr. Podolsky will meet with staff and look into funding options. The matter will be tabled until December.

### 16. Waukegan Yacht Club Lease

Mr. Torres had discussed the lease with Billy McCaffrey. Mr. Bach informed the board that he was a member of the yacht club, but was not otherwise involved in club matters. Mr. Morris had reviewed the lease relative to the reversion clause and the changes requested by

Mr. Podolsky. Mr. Podolsky had consulted with the club. The ability to terminate the lease anticipating positive development was important to the district. The biggest issue was the grave economic condition of the club. It was recognized that the social atmosphere created by the club was a benefit to the marine community. It was also recognized that the 2014 budget anticipated rent from the club to the district of \$2,000/month. Mr. Farrell asked what the club would do differently to address their economic difficulties. Mr. McCaffrey explained the club at one time had 425 members. Now they have 49 members. They recently solicited 32 retired members to come back for a reduced price. While Mr. McCaffrey is not on the club board, he has attended meetings and the Club anticipates revenue from parties, weddings, racing venues, large J type sailing, etc. They have marketed extensively to port tenants but they just don't seem to come. Mr. McCaffrey suggested using their old lease terms of \$1,390 / month and adding CPI's that would have accrued, would derive about \$1,500 per month.

After discussion and various draft motions during which time Ms. O'Meara asked the board to consider the 2014 budget was to the dollar to make debt service anticipating \$2,000 per month from the Yacht Club, Mr. Podolsky made the following motion:

- i) Waukegan Yacht Club would pay December 2013 rent in the amount of \$2,000;
- ii) Waukegan Port District will revise a new lease effective January 1, 2014 for a period of seven years with a five year option;
- iii) Rental under the new lease would be \$1,500 per month from January 1 through June, 2014;
- iv) Rental from July 1 through December, 2014 would be in the amount of \$1,750 per month;
- v) Rental from January 1 through December 2015 would be in the amount of \$1,900 per month;
- vi) Thereafter, rent shall be increased two per cent annually for the remaining term; and
- vii) Messrs. Morris and Podolsky be authorized to complete negotiation of the lease and present to the board next month.

On Mr. McCaffrey's request, Mr. Podolsky enumerated other topics of discussion during lease negotiations. The motion was seconded by Mr. Legat, whereupon Messrs. Farrell, Legat, Torres, and Podolsky voted aye, Mr. Bach abstained, and the Chairman declared the motion carried.

17. No Further Remediation Agreement between 3 East Clayton Street, LLC and Waukegan Port District

Mr. Czajkowski was present but due to the change in personnel, Mr. Torres determined the matter be placed on hold awaiting revisions to the agreement for potential action next month. Mr. Torres asked Mr. Bach to work with Mr. Czajkowski.

Harbor - New Business

18. Ontario Trap Rock Proposal

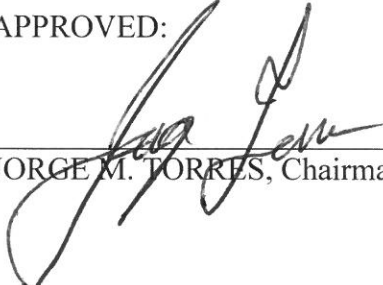
Mr. O'Dell advised the company provides crushed limestone for road contracts and would like to ferry in about 12,000 tons. They are looking for a place to conveyer the material to trucks to move the product. The area we have available is on Commercial Dock north of the Yacht Club which would occur during construction season. The area needed is approximately 100' x 100'. Mr. O'Dell expressed his concerns in meeting City standards for such a work and aesthetics. Revenue is anticipated at \$20,000 for the year and is in the proposed budget.

On motion of Mr. Bach to continue negotiating with Ontario Trap Rock seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

There being no further business, on motion of Mr. Legat 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