

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

December 18, 2013

**55 South Harbor Place, Waukegan, Illinois
Harbor Control Building**

The following Board members were present:

Jorge Torres
Gene Bach
Joe Legat
Grant Farrell
Randy Podolsky
Dale Johnson
Mike Melius

The following Board members were absent:

None

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Brion O'Dell, Harbor Manager
Joe Seidelmann, Marina Maintenance Supervisor
Jim Stanczak, Airport Manager
Jamie O'Meara, Chief Accountant
Terri Hatton, Slip Coordinator
Barney Baker, Airport Maintenance Supervisor

Others in attendance:

Roy Czajkowski, 3 E. Clayton Street LLC
Rick Bentley, Charter Captain
Jack Orlov, Waukegan Yacht Club
Billy McCaffrey, Waukegan Yacht Club
Josh Lewis, Landmark Aviation
Frank Bucaro, Landmark Aviation

1. Call to Order
2. Pledge of Allegiance

Mr. Torres expressed his condolences to Ms. O'Meara on the loss of her sister and to Mrs. Peters on the loss of her mother. In Mrs. Peters' absence, the meeting was being recorded for note purposes.

3. Approval of Board Meeting Minutes of November 7, 2013

On motion of Mr. Podolsky to approve the November 7 board meeting minutes, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

4. Approval of Board Meeting Minutes of November 20, 2013

On motion of Mr. Podolsky to approve the November 20, 2013 board meeting minutes, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

5. Approval Board Meeting Closed Session Minutes of November 20, 2013

Mr. Torres announced the November 20 Closed Minutes were not yet available and would be scheduled at the next meeting.

6. Approval of checks.

On motion of Mr. Melius to approve checks, seconded by Mr. Johnson, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

7. Resolution Approving Bank Signatures

Ms. O'Meara reported with the release of Mr. Henderson, we need a formal resolution approving an emergency signer on our bank accounts. The Resolution presented authorizes Messrs. Torres, Podolsky and Bach to sign checks. On motion of Mr. Podolsky to approve the bank signature Resolutions, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

8. Financial Reports: November 2013

Ms. O'Meara reported the reports are normal. Harbor revenue and expenses are tracking with budget. The airport is slightly under in revenue and over a bit in expense. She did not anticipate going over budget at year end. Mr. Johnson raised a few items such as memberships and conferences and outside services that were over budget. He asked that expenses be monitored closely in relation to the budget.

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

9. 2014 Budget

The budget is based on best efforts to cover the debt service coverage ratio of 1.2. Revenue projections are anticipating tonnage now that the harbor dredging has been completed as well as some interest from two freight haulers to utilize our dockage. Additionally, reduction in regular staff and utilizing a temp agency has reduced benefits. Mr. Melius asked for clarification on the yacht club rent reduction and whether we could be certain of the interest of the rock company. He wanted to know whether there were outside sources that could interfere

with the opportunity. Mr. Johnson asked what other agencies may be interested. Ms. O'Meara advised the yacht club shortage will be \$4,500 and we have no way to make up those funds. Mr. O'Dell was working with Mr. Torres and Mr. Bach on the trap rock proposal. Mr. Bach indicated this is not new to previous operations at the harbor and that the Port District is the permitting authority. Mr. Torres confirmed the city acquiesced in the projects.

On motion of Mr. Podolsky to approve the 2014 budget, seconded by Mr. Farrell, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

Mr. Podolsky reported that he was working with Ms. O'Meara to improve interest earned on port revenues. He was learning that government funds are to be protected 100%, and is trying to coordinate with a number of banks to help the port district earn more but still protect its funds.

10. 2014 Board Meeting Schedule

On motion of Mr. Melius to approve the 2014 meeting schedule as presented, seconded by Mr. Johnson, Messrs. Torres, Bach, Legat, Farrell, Johnson and Melius voted aye, Mr. Podolsky voted nay, and the chairman declared the motion carried.

Harbor- Board/Public Commentary

Mr. Podolsky passed out a list of about 30 items as possible improvements. He and staff will continue to work on costs and priorities. Mr. Podolsky asked for board input on the list. Beach access for boaters would be great with perhaps a dog run. The City seems to be opposed to the dog beach.

Mr. O'Dell had marked priorities with bold face. Some items are intended to be done immediately. He asked that the board look at this as a living document; some of the items are already in the budget. This type of worksheet has been in use by the harbor staff for many years. Furthering the comment of city/port cooperation, perhaps a group pass for boaters to the beach would be considered.

Mr. Torres indicated the City was interested in locating a Zip Car stationed at the marina. The City currently has Zip Cars located at the train station and the county building.

Harbor - Unfinished Business

11. Status Report

In response to Mr. Podolsky's request to close North Marina, Mr. O'Dell had reviewed costs and anticipated revenues. The lengthened piers have had pilings located in custom positions to accommodate charter boats. The cost to keep the marina open would be approximately \$7,300. Given the new service building Mr. O'Dell recommended utilizing that revenue center. Ms. Hatten commented that three have signed up for North Marina and many had expressed interest. Approximately six or seven slip holders would cover the cost. Mr. Farrell wanted to explore the option of can moorings at a lower cost that may attract more boaters. Given the explanation of North Marina's future, the board concurred the marina should open in

2014. Mr. Bentley acknowledged that the charter boaters would need to take a look at the slips and water depths to commit.

Mr. O'Dell updated on endeavors of Tom Thomas our environmental consultant. He has been working with the City and the Army Corps regarding the advanced maintenance area north of the approach channel, and on the long term navigational permit for South Marina. The IDNR has issued a three year extension of our construction permit which will allow us the ability to continue maintenance dredging in the marina until the long term permit can be issued. The extended permit requires upland disposal. We are hopeful the USEPA could take some material next Spring. If the USEPA does not need our fill, other upland disposal locations would be cost prohibitive.

a. Harbor Operations Report – November

No further questions were presented on the Harbor Operations.

12. Waukegan Yacht Club Lease

Mr. Podolsky advised that the lease was pending review and additional negotiation as to terms. Mr. Melius expressed an interest in reviewing the lease before the board considered approval. On motion of Mr. Podolsky to extend the month to month lease but with a reduced rental payment of \$1,500 for January, seconded by Mr. Melius, on a voice vote, Mr. Bach abstained, the remaining members present voted aye and the Chairman declared the motion carried.

13. Ontario Trap Rock

Mr. Bach and Mr. O'Dell had met with a representative of Ontario Trap Rock. That representative was to get back to us with additional information. Also, Hayes Mechanical has expressed interest in using the same dock area for a few months during the time Ontario may be in possession. He reported negotiations are pending and that standard dock and wharf fees were anticipated. Additionally he anticipated environmental compliance would be adhered to by the interested parties. Mr. Torres added that he had spoken with the City and they have no objection to the proposal and the area is zoned industrial.

14. North Pier Gate

Mr. Podolsky presented a written proposal from K & K Welding to replicate the South Pier gate on North Pier with a change to widen the pedestrian gate. The proposal does not cover electrical or security, but both are in close proximity. The Port District's purchasing policy was explained by Mr. Morris. The policy could be updated to match other local entities which could justify sole source procurement. Given our existing policy, other bids should be requested. Mr. O'Dell suggested that Mr. Henderson had requested assistance from JJR on the gate matter. Mr. Morris said that JJR is an engineering firm that would likely be writing a bid spec. Mr. Bach noted there were no specs provided with the proposal and inquired if installing a new gate would interfere with future construction. Messrs. Podolsky and O'Dell responded a new gate would not interfere with future construction. The Port District's financial picture was considered at great length. Cash reserves and debt service coverage are significant concerns giving question to

whether a new gate should be a priority. Ms. O'Meara and Mr. O'Dell both agreed a gate would be an aesthetic improvement, but with our limited reserves felt other items such as unknown dredging costs were of paramount importance. If you take cash reserves out of the equation, the sum in harbor operating funds for capital improvements is \$9,600. Mr. O'Dell pointed out that our dredging costs last year were \$360,000 and we stopped short to maintain reserves. Ms. O'Meara asked the board to establish a reserve amount for accounting purposes. Mr. Melius pointed out for the proposal to replicate the gate, we could do approximately 25 items on the wish list also presented today.

In conclusion, Mr. Torres asked Mr. O'Dell to obtain a second bid for the gate and the matter would be scheduled in January for board action. In response to questions about improvements to the dockage in North Pier area, Mr. O'Dell explained there were environmental issues that would have to be addressed before any work could be commenced.

It was requested that the wish list be prioritized, categorized, and have costs estimated. A proposal for dredging costs or an alternative to dredging was also requested.

15. No Further Remediation Agreement between 3 E Clayton Street LLC and Waukegan Port District

Mr. Torres introduced the subject being a proposal from a private owner, 3 E. Clayton, LLC. The LLC had presented an agreement to acquire a no further remediation letter for their property which is contiguous to port district property. They would like the Port District to join in the agreement which could have significant expenses which are currently unknown. Mr. Morris further explained that should a developer come along that wanted to develop our property, they may well accept the costs of completing the environmental studies. Is this the opportune time for us to get this property ready? The detail is cost sharing, budget controls, etc. Those details can be resolved by written agreement, but he needed direction from the board. Mr. Morris suggested an Access Agreement which would not commit the port district, but would not impede the LLC.

After lengthy discussion and careful consideration of costs and liabilities, on motion of Mr. Johnson to draft an Access Agreement with no expenses to the District, seconded by Mr. Podolsky, on a roll call vote, Messrs. Legat, Bach, Johnson, Melius, Podolsky and Farrell voted aye and Mr. Torres declared the motion carried.

Harbor - New Business

Airport – Board/Public Commentary

Josh Lewis had met with Grant Farrell and Jim Stanczak regarding renegotiating the Landmark leases. They would like to build a large hangar in an area they currently lease through 2040. Other FBO leases expire in 2026. In order to be comfortable investing such a large sum of money, they would like their leases to be concurrent. The board was amenable to modernizing the Landmark lease but was hesitant to incur the legal expenses to do so. The board asked Mr. Lewis to have Landmark's attorney prepare a Lease proposal.

Airport - Unfinished Business

16. Status Report

Mr. Stanczak responded to the comment earlier about conference overages in the budget and said that his conference had been under \$1,000. He was asked to be sure we do not exceed the budget by 200% as was the case in the example cited. He then went on to deliver the status report: Taxiway B was a project last year which was completed and is in process of the punch list. Recently an accident at the entrance narrowly missed a gas line; previously someone took out the City sign. The gas company is installing a main control valve and he has asked them to put some iron work up around it. The red hangars have a problem with ComEd and addresses. We had to close the runway recently due to ice when conditions were down to nil. De-icer pellets worked quite well, but with constant snow removal going on that is quite expensive so we closed the runway on Saturday. A NOTAM had been issued so we are unsure how many arrivals were impacted, we know that three departures were affected. The Contract has been awarded for Fence Phase 2. That project will start when the weather clears. Phase 3 is in design right now. We anticipate about 5 phases right now.

a. Airport Operations Report – November

Operations are down quite a bit. Overall for the year we are only down about 5%. Fuel sales are just about flat compared to last year. Mr. Melius asked why based aircraft had gone down by seven aircraft. Mr. Stanczak responded that some guys were selling their aircraft, some were moving, various reasons. Customs runs from October.

On motion of Mr. Legat to approve the operations report, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

17. Storm Water Pollution Prevention Plan

There is a great big change to the Storm Water Pollution Prevention Plan and he had a proposal from Hansen to update the plan for a sum not to exceed \$6,400. The harbor completed their update for about the same amount of money, and he presented the proposal. This is not reimbursable, but is required by Storm Water Management. Asked if this was an annual update, Mr. Stanczak responded no. Hansen prepared the original Plan for a fee and has updated it pro bono. The extensive changes required by Storm Wager Management will involve substantial time necessitating the modification to our engineering retainer agreement.

On motion of Mr. Farrell to approve the Agreement for Engineering Services to update the Storm Water Pollution Prevention Plan for a sum not to exceed \$6,400, seconded by Mr. Bach, on a roll call vote, Messrs. Legat, Bach, Johnson, Melius, Podolsky and Farrell voted aye and the Chairman declared the motion carried.

Airport - New Business

None

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. Melius, on a roll call vote, Messrs. Legat, Bach, Johnson, Melius, Podolsky and Farrell voted aye and the Chairman declared the motion carried.

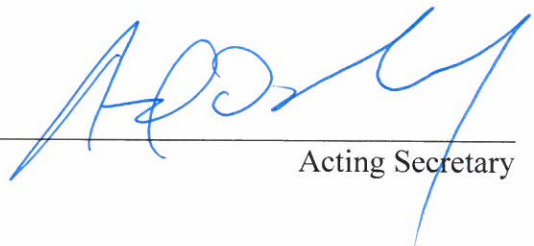
The public departed the meeting.

Closed Session:

18. 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. Farrell, all members present voted aye, the Chairman declared the motion carried. The meeting adjourned.



Acting Secretary

APPROVED:



JORGE M. TORRES, Chairman