

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

**May 21, 2014**

**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  
Dale Johnson  
Randy Podolsky  
Gene Bach  
Grant Farrell

**The following Board Members were absent:**

Joe Legat  
Mike Melius

**District Counsel present:**

Thomas A. Morris, Jr.

**Members of the Port District Staff present:**

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:**

Ron Hudson, Hanson Professional Services, Inc.  
Susie Schreiber, CAG  
Frank Bucaro, Landmark Aviation Waukegan, LLC

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

Messrs. Bach, Johnson, Torres, Podolsky and Farrell answered present. Messrs. Melius and Legat were not present.

3. Chairman Remarks

Mr. Torres presented 5 beach passes from the City of Waukegan. He requested the District maintain records of the users of each pass, and that a copy of the Rules and Regulations

be given each time a pass is given out. Each pass will cost the port district \$40, the same as the cost of a city sticker.

Thank you to Tom Morris, Randy Podolsky and Chris Peters for moving quickly to finalize the Lease plans for The Terrace. Unfortunately their opening has been delayed past Memorial Day due to weather conditions.

Diane Tecic of Illinois Department of Natural Resources had contacted Mr. Torres about the "Great Lakes Water Safety" Class being held at the Waukegan Yacht Club. The class is free to the public and is on June 1.

4. Approval of Regular Board Meeting Minutes of April 16, 2014

After review, corrections to the regular minutes were requested. Item 6, add the word "harbor" before "temporary workers"; Item 7, paragraph 4, add "Target" reserves are behind; Item 15, Mr. Farrell had "spoken" rather than "met" with Boeing.

On motion of Mr. Podolsky to approve the April 16, 2014 regular meeting Minutes as corrected, seconded by Mr. Farrell, all members present voted aye, and the Chairman declared the motion carried.

5. Approval of Closed Session Meeting Minutes of April 16, 2014

On motion of Mr. Podolsky to approve the April 16, 2014 Closed Session Meeting Minutes, seconded by Mr. Farrell, all members present voted aye, and the Chairman declared the motion carried.

Mr. Podolsky requested that action items be summarized for the board with a description of their status and resolution.

6. Approval of checks.

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

7. Financial Reports: April 2014

Ms. O'Meara reviewed the financial reports. We are about one-third into the current year and looking at budget numbers airport revenues are on target other than AvGas. Expenses are up in State unemployment and legal. The additional legal expenses are attributed to the expertise and long term knowledge of Mr. Morris which has filled a void in the absence of an Executive Director. Mr. Johnson pointed out that 37% in expenses v. 33% in revenues at year end could be significant, recommending close attention to budget numbers going forward.

Harbor revenues are at 50% bearing in mind the seasonal nature of the marina business. Occupancy is 49%. Miscellaneous Income and Permits are up attributed to the refund of our liquor liability insurance premium. Expense items to note include Outside Services which is

labor offset by lower wage expenses. Advertising is spent in advance represented by 71% of budget for the year. Aging Reports are current.

On motion of Mr. Farrell to approve the financial reports for April, 2014, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

Ms. O'Meara presented the 5 Year Slip Occupancy report previously requested. The percentages will be off because the number of slips changed. Ms. O'Meara was asked to add 2014 numbers to the list understanding those figures will change throughout the season. It was asked that Slip Occupancy be included in the board packet, and reports should have the date and source. Mr. Torres asked for review of the Cash Statement. Ms. O'Meara was asked to add a third column up or down (year to date). Ms. O'Meara summarized the Cash Statement pointing out that the land acquisition funds have reduced the balance by the purchase price. Relocation and demolition are to come.

The Preliminary Audit is in process. Ms. O'Meara stated she would email it to board members anticipating final approval at the June meeting.

#### 8. Executive Director

Mr. Farrell reported he had received applications from 21 candidates and has narrowed his selection down to three. He will do phone interviews next and hopes to have a Director in next couple of months.

#### Airport – Board/Public Commentary

Mr. Podolsky expressed a well done on the May 20 airport meeting. Mr. Farrell thanked everyone for their support and board member attendance at the meeting. He reported the meeting was well received by customers of the airport.

#### Airport - Unfinished Business

#### 9. April Operations and Airport Manager's Report

Mr. Stanczak reported operations are down noting high fuel costs keep people from flying. Based aircraft are about the same, fuel is down and Customs are OK. He was working to resolve a problem with International Garbage and overweight bags. Tower Manager Kline Elder retired and we have a new tower manager in place. Our annual landfill inspection took place and we await the report. The Pre-Con for Fence Phase 2 was held, the project is anticipated to start on July 6, 2014 and should be complete by September 26. Phase 3 will be let in June. Phase 2 is the area west from Lewis and Wadsworth, around to Aviation Drive. Also a portion remaining open on the east side. WCAF exercised their option to renew and Mr. Stanczak accepted the extension. Landmark has had fiber optic cable installed. The company did a fantastic job restoring the premises to its condition prior to the installation. The Air Show Permit was signed and will be presented next month. The EAA is conducting a fly-in on Father's Day. This is a good promotion for the airport. He has insurance. The Abbott retirees recently went to the War Bird Museum and had a great time. Dr. Shea had a stopover during a flight with Senator Terry Link. Mr. Stanczak is working on modifications to the Tower License. The Consultant

Selection is in process. Waukegan Avionics lost an employee, but continues to do business on the airport. There is an area of bad taxilanes where the leases say tenants are responsible. The cost of those repairs are estimated at \$200-500,000. He said the tenants will leave if they have to make those repairs. Funding and similar situations were discussed. Mr. Torres asked Mr. Stanczak to get an estimate for repairs and to try and find grant funding.

Mr. Stanczak was asked to thank Boeing and the War Bird Heritage Foundation. A sample letter for legislators to make their next job clear and simple was suggested.

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

10. Report on Airport Status Meeting – Grant Farrell

Mr. Farrell reported everything went great at the Airport meeting. The tenants and aircraft operators were happy the airport put on the meeting. Mr. Farrell was very appreciative of Boeing's support and requested that Mr. Stanczak thank Boeing and the War Bird Foundation on behalf of the Port District. A letter to our legislators summarizing what is needed is in process along with suggestions for their support. Mr. Johnson suggested that the same form letter should not be used.

Airport - New Business

11. Consent to Assignment of Lease from Palaske to Farrell

Mr. Torres introduced two items for discussion relating to Mr. Farrell's acquisition of a hangar from Daniel Palaske. Mr. Palaske submitted a letter of explanation that he was a partner of the original developer, Plane Rest, Inc. and was therefore exempt from the percent transfer fee on the sale of his hangar which was confirmed by staff. The second item was Mr. Farrell requesting a new Lease starting June 1, 2014 under the same terms as the original lease, i.e., the same rate, and 30 years plus one ten year option. Mr. Morris commented that Section 15 of the Port District Act states "No member of the Board shall have any private financial interest, profit or benefit in any contract, work or business of the District nor in the sale or lease of any property to or from the District." The issue is value vs. rent rate. Are we extending or postponing the FMV increase of fees to the District and is this use of a position for the benefit of the Port as a whole. Other board members have boat slips for which they pay established fees. It is expected that a board member would have an interest in boating or aviation. The question is how we make sure we treat a board member no better and no worse than another customer. It would be advisable to do an analysis of prior transactions and lease extension requests. Mr. Farrell stated he wanted to get something that would have value when he wanted to sell at some point in the future. Mr. Farrell inquired if the board could consent to the Assignment and extend the term? After discussion, consent to the assignment could be approved, but new terms would necessitate a review of prior transactions and current rates. On motion of Mr. Podolsky to Consent to the Assignment without a change in term with Chair review of the final proposal, seconded by Mr. Johnson, on a roll call vote, with Mr. Farrell abstaining, all other members present voted aye.

## Harbor– Board/Public Commentary

### 12. Susie Schreiber Presentation

Ms. Schreiber identified the location of the containment cell under construction at the Outboard Marine Corporation site under the United States Environmental Protection Agency Clean up on a photograph. All cleanup records are on file at the Waukegan Public Library. Next she briefed the board on the challenges faced by the Army Corps to maintain federal infrastructure. The north wall of the Waukegan Harbor Entrance Channel has been rated failing by the Army Corps and requires approximately \$5 million in repairs. She suggested a private – public project to find funding for the repairs and volunteered to work with the Port District. She also reported on the Canoe instruction and teaching children about STEM science. She had been working with Mr. O’Dell and Mr. Podolsky to remedy the little dock at the south end of the yacht club. The old dock was installed by Larsen’s and needs to be updated. Estimates for replacement have gone up significantly and she is working to find grant funding. EZ Launch is another option for disabled persons and would be a nice amenity for safe, secure canoe and kayak launching. North Shore Gas briefed CAG last month. Egg testing is done at all 43 AOCs and she was pleased to report mercury levels at Waukegan were zero.

## Harbor - Unfinished Business

### 13. April Operations and Marina Manager’s Report

Mr. O’Dell provided samples of current harbor advertising. One more ad event will be published in the coming week hitting North Shore newspapers. Mr. Podolsky reviewed the ads and suggested we change the 24 hour security phrase and add we are certified “Green Marina”. We are the second in the State to achieve the status. North Harbor washrooms leaked when the water was turned on. The manufacturer pressure tested the unit before shipping. There is also an area of open floor. We have not accepted the building yet, and the Contractor will be making all repairs to give us a sound building. Flower beds are being planted today. The curb in front of the HCB will be repaired tomorrow. North Marina slip set up is in progress. Mr. Podolsky wanted to work with Mr. O’Dell on North Marina set up, and would like to look into Wi-Fi and a dog run. The Operations report shows fuel off from April 2013-2014. The cold weather being a factor.

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

### 14. Dredging

We requested dredging proposals from three contractors. Two responded. We are evaluating finances to cover costs. The North Harbor clean-up settlement was intended to be used for North Pier renovations. We have an opportunity to work with a Contractor to share costs. We intend to submit a proposal next month that will look high, with the intent to remove as much sediment as possible while the OMC site is available. Ms. O’Meara was asked to look at reserves to give the board an analysis of funding. Mr. Torres added the project may require a special meeting.

Mr. Torres complimented and thanked Mr. Podolsky for his efforts on the Harbor Newsletter, which will continue throughout the season.

Mr. Podolsky sated in addition to getting an Executive Director we have been looking at alternative methods of management.

Ms. O'Meara and Mr. Podolsky have met with one bank and have two other meetings scheduled. Initial indications are that we could see savings on loan payments.

Mr. Bach presented an article from Seaway Magazine reporting on Congressional Funding for the Great Lakes Navigation System, which showed Waukegan Harbor had been allotted an additional \$537,000 for dredging. Originally we had only received \$75,000.

Ms. Schreiber added that the Army Corps is behind schedule and will break the Outer Harbor dredging project into two years.


Mr. Torres reported there are monthly meetings with the Port, the City, IDNR and CAG.

Harbor - New Business

Closed Session: None

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

  
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GRANT B. FARRELL, Secretary

APPROVED  
  
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JORGE TORRES, Chairman