

MINUTES OF REGULAR BOARD MEETING  
OF WAUKEGAN PORT DISTRICT

October 21, 2015

Waukegan Harbor  
Waukegan Port District Administration Offices – 2<sup>nd</sup> Floor  
55 S. Harbor Place, Waukegan, Il.

**The following Board Members were present:**

Grant Farrell  
Jorge Torres  
Gene Bach  
Joseph Legat  
Randy Podolsky

**The following Board member was absent:**

Michael Melius

**The following Board Members were present via conference call:**

Thomas Evers

**District Counsel present:**

Thomas A. Morris, Jr.

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

Randy Rogers, Executive Director  
Jamie O'Meara, Director of Operations  
Joe Seidelmann, Harbor Master  
Cathy Smith, Administrative Assistant

1. Call to order by Chairman Farrell at 2:00 PM.

2. Roll Call

Messrs. Farrell, Podolsky, Legat, Bach, Torres and Evers answered present.

3. Pledge of Allegiance

4. Approval of Remote Participation/Voting

On motion of Mr. Podolsky to approve Remote Participation/Voting of Mr. Evers, who was absent due to a business conflict, seconded by Mr. Torres, Messrs Farrell, Torres, Legat and Podolsky voted aye, Mr. Bach voted no and the Chairman declared the motion carried.

5. Chairman Remarks

Mr. Farrell reported that both the airport and harbor are very busy and specifics will be reported throughout the meeting.

6. Approval of Public Hearing Minutes of September 16, 2015

On motion of Mr. Torres to approve Public Hearing Meeting minutes of September 16, 2015, seconded by Mr. Legat, all members present voted aye, and the Chairman declared the motion carried.

7. Approval of Regular Board Meeting Minutes of September 16, 2015

Mr. Torres requested that the minutes be emailed to all board members within a week after the Board Meeting even if it's a rough draft.

Mr. Torres made a voice correction of September 16, 2015 minutes that item (12), Financial Reports, include detailed information of outside services and promotion expenses.

On motion of Mr. Podolsky to approve Regular Board Meeting minutes of September 16, 2015 as amended, seconded by Mr. Bach, all members present voted aye, and the Chairman declared the motion carried.

8. Approval of Closed Board Meeting Minutes of September 16, 2015

Mr. Bach made a voice correction of the September 16, 2015 closed session minutes to reflect that there were discussions in regards to an airport lease, specifically regarding environmental issues, as well as several other concerns that were addressed and satisfied.

On motion of Mr. Torres to approve Closed Board Meeting minutes of September 16, 2015 as amended, seconded by Mr. Legat, all members present voted aye, and the Chairman declared the motion carried.

9. Approval of Checks for September 2015

Ms. O'Meara reported the only unusual expenses reflected are due to power outages totaling approximately \$2,000.00.

On motion of Mr. Podolsky to approve September 2015 checks, seconded by Mr. Torres, on a roll call vote all members present voted aye, and the Chairman declared the motion carried.

10. Financial Reports – September 2015

Ms. O'Meara reviewed the most dramatic thing to discuss would be the fuel. Staff recommends for next year that we don't contract and consider going back to Olson Oil. They have been our distributor for many years and have agreed to hold the fuel in our tanks similar to

that part of the program that we have agreed to with Landmark. The main challenge that we faced this year was that our fuel was considerable higher than any alternative the boaters had and they chose the other marinas.

Another issue that you will continue to see in the next few months are wages versus outside services. During the budgeting process last year we made the decision to hire in house all of our staff; this worked well until the college kids went back to school. Consequently, Mr. Seidelmann has had to use temp agencies to hire maintenance staff for the rest of the season. These costs were not budgeted into outside services, but rather were budgeted into wages. As a result, the wages line will come in lower than budget and the outside services line will come in higher than budget. They will offset each other and will be a zero sum.

Mr. Torres questioned the sales of gift shop inventory on the harbor revenue. Ms. O'Meara assured that we are keeping on top of inventory and sales and making sure we get more revenue versus cost.

Mr. Torres expressed concerns about the budget being half million off and emphasized to staff to be more conscientious and more realistic of the numbers and not budget just to meet the bank ratio.

Ms. O'Meara conveyed that the numbers are a little distorted on both sides (revenue and expenses) because of the fuel line items. If you look at revenue and expense harbor, regular and diesel fuel are off about the same. The difference in the budget is a result of half of slip fees and half of the fuel. There is one more month of the season, which will hopefully add to fuel sales.

Mr. Podolsky stated that with respect to the fuel, the report he requested doesn't need final numbers. Mr. Rogers signed a contract with three distinctive periods of time for fuel at a fixed price, two of those periods have passed and we are in the third period. Did we sell the quantity of gas and diesel that we committed to buy? Ms. O'Meara answered we did not and they carry it over until you reach the maximum for which you contracted. Mr. Podolsky stated that he had suggested at the beginning of the season that the price be discounted to our boaters. Customer service management of the program and communication with our boaters continue to fall short throughout the entire season. Tip for next year is to get ahead of it.

Mr. Podolsky requested that we follow up with the two customers on the accounts receivable aging (harbor and airport). He also asked for an update on whether or not Baxter has paid the higher amount to which Ms. O'Meara answered she is pursuing. Finally he asked where we stand on the increase of security fees across the board. Mr. Rogers answered that we have not instituted the across the board increases on request of the Chairman. Following a discussion, it was determined that Mr. Farrell would discuss further with Mr. Rogers and a course of action would be implemented.

On motion of Mr. Torres to approve the financial reports of September 2015, seconded by Mr. Podolsky, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

11. Adopt a resolution authorizing the issuance of general obligation bonds (alternate revenue source), series 2015, in an aggregate principal amount not to exceed \$10,000,000 for the purpose of financing the costs of certain capital projects within the district, refinancing certain outstanding obligations and paying for costs related thereto.

On motion of Mr. Podolsky to approve the 39 page resolution, and waive the reading of the entire 39 pages that have been presented in advance, and in lieu of make it available to the

public, seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

Mr. Rogers thanked Mr. Podolsky and Mr. Morris for their efforts in getting us to this point. This is a very important move for the Waukegan Port District and it is going to enable us to do some things that we haven't been able to do up until now, and really move us forward.

Mr. Podolsky indicated that the passing of the resolution will not only lower our debt service overall for principle and interest payments by almost \$200,000 per year, but also refinance all existing debt and pay off all of our lenders at a lower interest rate. There are two lenders we are working with. We will be borrowing \$10,000,000, refinancing all of our existing debt, paying cost of the refinance, and still have \$1 million to \$1.3 million above and beyond the current debt and costs to use for other airport and harbor projects.

Ms. O'Meara advised that there is one small debt with NorStates that is not part of the refinancing package - a loan for \$200,000 to be paid off by 2018.

Mr. Podolsky further stated that he learned from Ice Miller that we are in a taxing position; we are a taxing body; we can assess tax if we need to, although our intent is to never assess tax but rather to pay our own debt.

Mr. Podolsky summarized that the savings and the extra money will help us to do things we need to do, to make improvements and hopefully get more tenants.

Mr. Torres suggested that the savings be used for infrastructure improvement use only, and not anything else.

On motion of Mr. Podolsky to approve the Adoption of the resolution authorizing the issuance of general obligation bonds (alternate revenue source), series 2015, in an aggregate principal amount not to exceed \$10,000,000 for the purpose of financing the costs of certain capital projects within the district, refinancing certain outstanding obligations and paying for costs related thereto., seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

## 12. Approve Financial Institution for placement of \$10,000,000 Bond Issuance

On motion of Mr. Podolsky to approve the financing previously adopted as part of the resolution with NBH Holdings, Capital One or any other bank with the best terms available as determined by the Chairman and the Executive Director, seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

### Executive Director Remarks

Mr. Rogers announced that we are getting more calls for project cargo work at the Commercial dock; word is getting out that the harbor is open and we are interested in doing business.

Mr. Rogers provided a project list tied to refinancing; this is a starting point, clearly the customs facility is top of list and first priority. These are things we can consider going forward once we close and have the funds available.

Mr. Bach suggested a priority should be the purchase of any harbor land that comes available; we are in the transportation industry and we need shipping, and any way we can enhance it we should do so, even purchase of property on the water if possible.

Mr. Torres suggested some kind of study or research of floating docks here at the harbor, as this is what people are asking for.

#### Harbor – Public/Board Comments

None

#### Harbor – Ongoing Business

##### 13. Harbor Operations – September 2015

Ms. O’Meara announced that we still have another month of fuel sales and maybe some daily launches. Fuel sales may be more than we think because people are putting their boats up for the winter and most people do store their boats with full tanks.

Mr. Podolsky stated that it is all of our obligation to bring boaters and airplanes to our facility as board members, board members should not participate in the referral program offered.

##### 14. Harbor Status Report

Mr. Seidelmann advised that the harbor is winding down for the season and the water is shut down. Pump out at the fuel dock is still available to boaters until the season is closed. The in house, full time staff that we have now is learning quickly but they need to go through every process over a few years to get it; it’s a specialized operation and it will take another whole season before anyone is able to run with it on their own.

Mr. Seidelmann announced that we have been awarded some money through grants. The Waukegan Harbor CAG has decided through a grant that they have received to help fund a handicap canoe/kayak launch in an amount of \$40,000. An additional \$80,000 grant from the State for the same project has been awarded but not funded.

Also we have been notified of another grant awarded to us by the Department of Natural Resources for lakefront planning in the amount of \$100,000, available as of October 17, 2015.

Mr. Torres responded that we should promote this on our website and let everyone know; the whole community should know this is big news. Promote, Promote, Promote news release and post it on Facebook, website, email, newsletter and the boat show.

#### Harbor – New Business

##### 15. Request to re-allocate previously approved capital reserve in the amount of \$150,000 from dredging to breakwall repairs

Ms. O’Meara identified that 1 – 1 1/2 years ago the board had decided to set aside money for maintenance dredging. Since the water level has come up that need has diminished. However there are several infrastructure issues on the N/S break wall. Gillen has presented a proposal for a phased in repair that would be a long term repair. Staff is requesting authorization to move the \$150,000 that we set aside for the maintenance dredging, which we don’t need now, to break wall repairs that we absolutely need right now.

Mr. Rogers explained this is in addition to the \$150,000 that is listed on our project list for refinancing. The total of those two, \$300,000, would cover the entire repair of the break wall.

Mr. Torres requested three estimates (bids) to be presented.

On motion of Mr. Torres to re-allocate previously approved capital reserve in the amount of \$150,000 from maintenance dredging to break wall repairs, seconded by Mr. Bach, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

16. Approve training expense for Harbor Master to attend certified Marina Manager training for an amount not to exceed \$3,500.00.

On motion of Mr. Podolsky to approve Marina Manager training for the amount not to exceed \$3,500, seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

#### Airport – Board/Public Comments

None

#### Airport – Ongoing Business

17. Airport Operations – September 2015

Mr. Rogers advised the Board that Mr. Stanczak has taken an indefinite leave of absence to take care of some health issues. In the meantime he and Ms. O’Meara have been attempting to fill his shoes.

Mr. Rogers indicated that we have had two vehicle incursions on the airfield. We do in fact have a policy in place that addresses vehicles being authorized to get onto the airfield. It is sometimes difficult to enforce. We need to tighten up the procedures and better understand the procedures.

Mr. Rogers will review and report back.

18. Airport Status Report

#### Airport-New Business

19. Authorize the Executive Director to execute the loan agreement with the National Museum of the USAF for an F-111A Static Display

Mr. Hull provided a slide show presentation with information regarding the costs/expenses related to taking possession of the F-111A.

Mr. Podolsky requested a realistic budget so that there is understanding of what is being funded and the kind of support that is being offered.

Mr. Torres inquired that letters of intent of people who are willing to participate financially be provided.

A vote was put on hold until more information can be provided.

20. Authorize the Executive Director to execute the IDOT Agency Agreement for Emergency Repair of Taxiway A (UGN-4225) and to approve payment of \$28,978 as the required local share

On motion of Mr. Torres to approve the authorization of Mr. Rogers to execute the IDOT Agency Agreement for Emergency Repair of Taxiway A (UGN-4225), seconded by Mr. Bach, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

21. Authorize the Executive Director to execute the IDOT Agency Agreement for Main Apron Rehabilitation (UGN-4256) and to approve payment of \$107,426 as required local share

On motion of Mr. Podolsky to approve the authorization of Mr. Rogers to execute the IDOT Agency Agreement for Main Apron Rehabilitation (UGN-4256), seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried

There being no further business, on motion of Mr. Torres to adjourn, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried. Board Meeting adjourned at 4:01 PM.

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JOSEPH J. LEGAT, Secretary

APPROVED:

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GRANT B. FARRELL, Chairman