

MINUTES OF REGULAR BOARD MEETING
OF WAUKEGAN PORT DISTRICT

December 16, 2015

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

The following Board Members were present:

Grant Farrell
Jorge Torres
Gene Bach
Randy Podolsky

The following Board members were absent:

Michael Melius, Thomas Evers and Joseph Legat

The following Board Members were present via conference call:

None

District Counsel was absent:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Randy Rogers, Executive Director
Jamie O'Meara, Director of Operations
James Stanczak, Airport Manager
Joe Seidelmann, Harbor Master
Terri Hatton, Slip Coordinator
Mary McCarthy, Accountant
Cathy Smith, Administrative Assistant

Others in attendance:

Jason Koperny, West's Insurance

1. Call to order by Chairman Farrell at 2:00 PM.
2. Roll Call
Messrs. Farrell, Podolsky, Bach and Torres answered present.
3. Pledge of Allegiance
4. Approval of Remote Participation/Voting
Not needed

5. Chairman Remarks

Mr. Farrell reported that on December 9 he hosted a meeting with local Mayors that was very informal, no agenda and very informative. One of their biggest concerns was whether or not the airshow was going to take place next year. The airshow is scheduled for September 10, 2016. The plan is to meet with the Mayors once a year.

Mr. Farrell conveyed that he met with local commercial fisherman and they had a lot of good input. Discussions were had in regards to discounting fuel for them so they can buy directly from Waukegan Harbor.

Mr. Farrell indicated that he met with our newest Board Member Mr. Evers, to answer any questions he may have and to bring him up to speed on current issues.

Mr. Farrell updated the Board on the F-111 scheduled to arrive on 12/17 at 5 PM, to be unloaded 12/18 and the truck will head back down to pick-up the wings and tail sections. The project took longer to take apart than originally planned. No final decision has been made as to a permanent display location; it may look better on the ground rather than on a pedestal but we will need a plan to keep it from getting damaged. Plans have been drawn up by Manhard Consulting for a Veterans Park, which we hope will be part of the larger display. It will be impressive when it is all done.

Mr. Farrell shared that Mr. Bach had a tour of the airport and had suggested identifying signage for the main building.

6. Approval of Regular Board Meeting Minutes of November 18, 2015

On motion of Mr. Podolsky to approve the Regular Board Meeting Minutes of November 18, 2015, seconded by Mr. Torres, all members present voted aye, and the Chairman declared the motion carried.

7. Approval of Closed Session Board Meeting Minutes of November 18, 2015

On motion of Mr. Podolsky to approve the Closed Session Board Meeting Minutes of November 18, 2015, seconded by Mr. Torres, all members present voted aye, and the Chairman declared the motion carried.

8. Approval of Checks for November 2015

There was a brief discussion regarding Burriss Equipment, Jewell Electric and Outside Legal services.

On motion of Mr. Torres to approve the checks for November 2015, seconded by Mr. Bach, all members present voted aye, and the Chairman declared the motion carried.

9. Approval of Financial Reports for November 2015

Ms. O'Meara reported that we are coming to a close of our year, final numbers are solidifying, and there is nothing unusual to report.

Mr. Torres expressed concern that we are \$355,000 off our projected harbor revenue and that he was disappointed in the fuel and slips fees. Ms. O'Meara acknowledged the shortfall,

reminding the Board of the fuel challenge. Ms. O'Meara pointed out that year-to-date we were also below budgeted expenses by \$156,000.

Mr. Rogers noted that in developing the new budget we have not included any pending projects that we expect to generate revenue next year.

Mr. Podolsky questioned why the refinance was not reported last month. Ms. O'Meara explained that she is working with our accountants on the proper way to reflect the new debt as well as the expenses and proceeds from the re-financing. The proceeds of \$1.3 million have been deposited in the Harbor Revenue account for now, but will be adjusted once final entries are approved by the Accountant.

Mr. Torres asked if we were all caught up on the Harbor aging. Ms. O'Meara responded that Salmon Stop has been given notice they have until the end of the December to pay and they were told that their lease will not be renewed until their account is paid in full satisfied. She also mentioned that if they do receive a new lease it will include provisions for security deposit as recommended by Mr. Podolsky.

On the Airport aging, Westwind has been settled; the settlement amount has been paid and they are relinquishing their property. We will consult with Mr. Morris to determine if anything further needs to be done from a legal standpoint. Mr. Podolsky asked if Westwind had an outstanding obligation that we are forgiving. Ms. O'Meara responded that Mr. Cummings and Mr. Stanczak spoke at some point regarding Westwind's desire to end their lease, but nothing was ever put in writing. There was confusion on both parties as to whether this satisfied the lease requirements. Mr. Farrell, Mr. Rogers, and Ms. O'Meara subsequently met with Mr. Cummings and a settlement was reached to terminate the lease as of December 31. A prorated invoice has been issued and a check is in process..

Mr. Podolsky inquired as to whether Baxter was caught up. Ms. O'Meara explained that the small balance due reflected the adjustment increase for October and is to be included in their next lease payment.

Mr. Podolsky expressed that he was not comfortable approving the Financial Report as is because the re-financing proceeds were not correctly reflected.

On motion of Mr. Podolsky to approve the Financial Report of November 2015 subject to correcting the cash statement and Debit obligation page to reflect the receipt of the excess loan proceeds, seconded by Mr. Torres, on a roll call vote all members present voted aye, and the Chairman declared the motion carried.

10. Approval of Health Insurance Renewal Proposal through Blue Cross Blue Shield of Illinois
11. Approval of Dental Insurance Renewal Proposal through Delta Dental
12. Approve of Life, ST/LT Disability Insurance Renewal Proposals through Principal Life

Mr. Farrell announced that items 10, 11 and 12 will be one motion.

Mr. Torres identified that nothing has changed since the last presentation.

Mr. Podolsky explained that he was under the impression that there were additional proposals coming for these services, however that is not the case. Property is not included because it is being reviewed for possible competition that we need to be aware of.

On motion of Mr. Podolsky to approve the Health Insurance, Dental Insurance and Life ST/LT Disability Insurance renewals, seconded by Mr. Bach, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

13. Approval of 2016 Budget

Staff presented the proposed 2016 Budget to the Board.

Mr. Farrell advised that the budgets are guidelines and can be revised or redone according to income coming in or somethings going out throughout the year, as needed.

Mr. Bach summarized that it seems to be very straight forward and agreed with most of the assumptions and agreed with Mr. Farrell that you do the best you can and I think when formulating a budget and feels we are close to that.

Additional comments included: a request by Mr. Farrell a report on hourly/non-exempt employees from Ms. O'Meara; confirmation by Ms. Hatton that slip rentals were at 52% occupancy in 2015; a request by Mr. Farrell that membership and training be more detailed in the future.

Regarding Capital Requests, Mr. Farrell asked for clarification of a new utility vehicle requested by the Airport. Ms. O'Meara responded with Mr. Baker's detailed explanation.

Lastly Mr. Farrell requested that the final page of the budget reflect the previous year entries for comparison.

Mr. Podolsky affirmed that any capital item requests above \$5,000 require further approval from the board.

Mr. Torres complimented the staff for spending an hour with him going over each line item. Mr. Farrell thanked the staff

On motion of Mr. Bach to approve the 2016 Budget, 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 updated the Board on the exhibits for the Baxter lease which include a survey of the Baxter parcel as well as the option parcel; he expects to have it completed by Christmas at which time he will present it to the Board for approval.

Mr. Rogers also shared that we had previously discussed a capital expenditure of \$100,000.00 for a study to confirm how much weight the Commercial dock can accommodate. We have been in discussions with a mechanical engineer, (Tim Harrington Inc.), who has done previous work here at the harbor, as well as for the City, and has a lot of historic knowledge. We are waiting on an estimate from him and should have it by Christmas.

Mr. Rogers conveyed that he is waiting on the final estimate and design specs for the customs building. This will most likely be a sole source provider who has been preapproved by DHS, US Customs and TSA. Once received he will present it to the Board for approval. Mr. Stanczak added that Customs doesn't release the plans and specs in general form, you have to go through a lot of paperwork for each individual that sees the plans and specs. We had an original estimate of \$650,000.00, we are hoping it will be much less.

Mr. Rogers indicated that we are moving forward with getting the permits for the break wall repair.

Mr. Podolsky asked if the two docks on North Pier have been pulled. Mr. Rogers responded that Gillen is planning to pull the two docks Thursday and Friday.

Mr. Rogers announced that he is working with a company out at the airport to bring a new tenant to the airfield. This is a very positive development for us and will be very beneficial. More to come in January.

Mr. Rogers also shared that we are moving forward on a development at the harbor as well. We had a very positive meeting with the Mayor who indicated his support of the Bay Marine project. Bay is working with the Corps of Engineers to obtain permits and is working very closely with Mr. Podolsky on getting a lease completed.

Mr. Bach asked if St. Mary's Cement has any interest in coming back to the harbor. Mr. Rogers responded that at this point they have no interest in moving any product by water, primarily due to their uncertainty of the channel remaining open.

Mr. Rogers introduced Mary McCarthy our new bookkeeper. Mary has been on board for about a month now.

Harbor – Public/Board Comments

No Comments

Harbor – Ongoing Business

14. Harbor Operations – November 2015

Ms. O'Meara reported that surprisingly we had a few daily launches and some fuel sales from Illinois National History Survey. These are the final numbers for the year.

Mr. Farrell advised that the commercial fisherman would like to have extended accommodations next year, weather permitting, at a discounted rate.

15. Harbor Status Report

Mr. Seidelmann thanked the Board for the opportunity to attend training with the Association of Marina Industries. It was the first of two training classes required to obtain his Certified Marina Manager certification. It was good training and he made some good contacts locally and nationally. A focus on marketing included tips for social media, Facebook, Twitter and Instagram and how to not only promote the company but build a brand for the company.

Mr. Podolsky suggested taking the top 50% of our customer's zip codes and market to those communities.

Mr. Seidelmann also shared some marketing strategies for this year's boat show.

Mr. Farrell inquired about the status on the reconfiguration of the building. Ms. O'Meara responded that we have 2 quotes that she will share with Mr. Legat. Mr. Farrell suggested Mr. Bach be involved with the selection process as well.

16. 2016 Harbor Annual Leases – Discussion and Approval of Proposed Rates

Mr. Podolsky stated that there are 2 motions he would like to propose.

On motion of Mr. Podolsky to approve that a reasonable market rate be adopted for 2016 annual leases, but in no event less the 5% greater than 2015 rates, unless otherwise approved by the Board Chair. Specifically, however, Dockside Dogs rent shall be as stated in its currently drafted pending new lease, Dockside Ice Cream and Deli at \$175/mo., and The Salmon Stop no renewal quote until their rent is current and their security deposit going forward is discussed, seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

On motion of Mr. Podolsky to approve an extension to the Baxter lease through February 2016, seconded by Mr. Bach, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

Harbor – New Business

None

Airport – Board/Public Comments

No Comments

Airport – Ongoing Business

17. Airport Operations – November 2015

Ms. O’Meara stated that we have a slight increase in fuel delivery for the year and this is exceptional considering Baxter was closed for half the year. Customs, however, is down slightly.

Mr. Stanczak request the Operations report, specifically year-to-date totals be reviewed for accuracy.

Mr. Rogers welcomed Mr. Stanczak back, wishing him the best of health.

18. Airport Status Report

Mr. Rogers mentioned that we spoke about airport issues already and that there was nothing else to report.

Mr. Stanczak added some detail to discussions with Gulfstream, Mr. Cummings purchasing Waukegan Avionics, a few gate issues, and the start of the survey of the Baxter lease property.

19. F-111 Project Update

Mr. Stanczak shared that he has been working on getting the F-111 here for 10 years. Mr. Jim Hull is heading up the project and enjoying it. Fundraising starts after the beginning of the year.

Airport-New Business

Mr. Farrell advised that there is a meeting scheduled for January 20th at 10:00 AM at the airport office for all Airport users and tenants.

There being no further business, on motion of Mr. Podolsky to adjourn, seconded by Mr. Torres all members present voted aye and the Chairman declared the motion carried. Board Meeting adjourned at 3:10 PM.

JOSEPH J. LEGAT, Secretary

APPROVED:

GRANT B. FARRELL, Chairman