

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

February 18, 2015

**55 S. Harbor Place, Waukegan, Illinois
Harbor Control Building**

The following Board members were present:

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

The following Board members were absent:

None

District Counsel Present:

None

Members of the Port District Staff present:

Randy Rogers, General Manager
Jamie O'Meara, Chief Accountant
Jim Stanczak, Airport Manager
Terri Hatton, Slip Coordinator
Joe Seidelmann, Marina Maintenance Supervisor

Others in Attendance:

Chris Cowhey, Full Throttle Marine
Steve Hannum, Full Throttle Marine
Brent Jones, West's Insurance

1. Call to Order

Chairman Torres called the meeting to order at 2:00pm

2. Roll Call and Pledge of Allegiance

3. Chairman Remarks

Mr. Torres reported to the Board that Ms. McElyea will be unable to record board minutes going forward due to a medical issue and that Ms. O'Meara volunteered for today's

meeting. Mr. Torres also pointed out that the Port District has received quite a bit of positive press in recent weeks, with articles in the New Sun, the Chicago Tribune, and the Daily Herald. Mr. Torres requested that if any staff or board member is asked for information by the press, to please refer the press to himself or Mr. Rogers.

4. Approval of Regular Board Meeting Minutes of December 17, 2014

On motion of Mr. Podolsky to approve the December 17, 2014 minutes, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

5. Approval of Closed Session Meeting Minutes of December 17, 2014

On motion of Mr. Farrell to approve the December 17, 2014 closed session minutes, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

6. Approval of checks.

After review, and there being no meeting in January, 2015, on motion of Mr. Podolsky to approve December 2014 and January 2015 checks, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

7. Financial Reports: December 2014 & January 2015

There being no meeting in January 2015, both December 2014 and January 2015 financial reports were presented. Ms. O'Meara reviewed the December 2014 report, explaining that due to some year-end entries for assets, this report may have some minor changes after the year-end review by the auditor; if any changes do occur after the audit review, those changes will be brought back before the board.

As for the January 2015 report, Ms. O'Meara pointed out that the year-to-date slip rental line item now reflects all payments on 2015 slip rentals; payments made in 2014 for the 2015 season were held in a reserve account and booked in January as 2015 revenue.

The accounts receivable aging report was reviewed and Mr. Podolsky questioned the LaFarge NA over 30 days invoice. Ms. O'Meara responded that while they had paid the January invoice, the December invoice was missed; she has been in contact with LaFarge and they are reviewing and will send a replacement check. Mr. Podolsky questioned whether a late fee had been assessed and requested that it be done.

Mr. Farrell brought up the timing of invoicing. Ms. O'Meara reiterated that all leases call for payment in advance by the first of each month, or the month in which an annual lease took effect. Any invoicing done is considered a "reminder" billing. After discussion it was decided that all billings should be done on the 25th preceding the month in which they are due.

Mr. Torres then asked for a review of the compilation report for Reserves. Ms. O'Meara reported that all reserves have been updated to reflect the 2015 budget, and no target reserves are being met.

On motion of Mr. Melius to approve both the December 2014 and January 2015 financial reports, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

8. Approval of Updated Employee Handbook

Mr. Podolsky mentioned that he believes there are a few more items to "clean-up"

regarding consistency of language. He also asked for confirmation that the accrued sick time was standard for our type of business, Mr. Rogers answered in the affirmative. Mr. Melius requested clarification on vacation pay rollover, especially in regards to payout upon an employee's termination. Mr. Rogers confirmed that the maximum payout to any employee leaving Port District employment would be one year's accrual based on their service. Staff was requested to review the wording in this section to ensure it is clearly stated. On motion of Mr. Podolsky to approve the updated employee handbook, retroactively effective to January 1, 2015 seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

9. Ratification of Property and Casualty Insurance Renewal

Mr. Brent Jones from West's Insurance briefed the board on the insurance premiums for 2015 Property and Casualty Insurance coverages. With no changes in coverage, except for revised values, and no change in limits, they are pleased to present a 6% decrease in premium over 2014 prices. Upon questioning, Mr. Jones confirmed the same carriers will be maintained. He also mentioned that they did receive an additional quote from Hanover Insurance; for the same coverages the quote was \$3,000 higher. Mr. Jones also mentioned that the one option available which we have declined in the past is terrorism coverage. This would cover both the Harbor and the Airport. Mr. Rogers stated he did not believe the Port District to be vulnerable to any terrorism and recommended we decline this coverage. After a brief discussion, on motion of Mr. Podolsky to approve the Property and Casualty Renewal presented with no terrorism coverage, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

General Manager Remarks

Mr. Rogers reiterated Mr. Torres' earlier remark about the positive press we have been receiving and noted that he is meeting David Rutter, who wrote an Op-Ed piece in the Chicago Tribune regarding Waukegan National Airport, on Friday for a personal interview. He also mentioned that with our new membership in American Great Lakes Port Association (AGLPA), they are introducing us to their community and issuing a press release mentioning the new GM. This press release will be seen by federal agencies as well those in the maritime sector. It will also be published in the online *MarineLink* magazine. Mr. Rogers stressed that this is a great marketing tool and he has every intent to leverage this exposure.

Mr. Rogers informed the board that he and staff have been working on a personnel restructuring plan for the Port District, looking to future needs; he plans on presenting this at the March 2015 board meeting for board approval. He has also been developing a tariff schedule for our commercial dock.

The Port District has received a request for moving some heavy equipment across our commercial dock. Staff is researching whether or not the dock can withstand the weight of the equipment. Upon the suggestion of Mr. Torres, Staff will share any information with Mr. Legat for his review and expert opinion.

Mr. Rogers shared that in the upcoming weeks he has a variety of meetings scheduled: USEPA, FAA, IEPA, IL Department of Aviation, IL Economic Development Association. His goal will be to discuss and resolve any differences in the agencies' opinions on projects affecting

both the Harbor and the Airport.

Additional information shared by Mr. Rogers: in conversations with LaFarge, National Gypsum, and St. Mary's, all have clearly indicated they are interested in re-opening shipping once the channel is dredged; USACE will be dredging the outer harbor as well as the approach channel in the Spring and he feels we should make it a big event when the first ship comes in; we are researching and working with NRG on an alternative energy grant with the hopes of eliminating Harbor power bills; his attendance at the AGLPA conference was beneficial as he made a lot of contacts and he is looking forward to leveraging these relationships into beneficial business relationships; Stick & Rudder has approached Mr. Stanczak for an amendment to their lease whereby they would return the tie-down area to the Port District. Mr. Farrell asked how many they would return – 6, and how many we already owned – 8. Staff was instructed to bring an amendment before the board at the March meeting. Finally, Mr. Rogers reported on the ongoing talks with US Customs & Border Patrol regarding their facility at UGN. They are requesting upgrades to satisfy new standards. Current cost estimates are range from \$300,000-500,000. Staff is researching alternative options that would satisfy the new standards and is also exploring funding options.

Mr. Torres commented that in a meeting between the City, the Port District, and LaFarge, LaFarge expressed that they are “here to stay” and the City welcomed this news.

Airport – Board/Public Commentary

Mr. Farrell, in his role as Chairman of the Waukegan Airshow, confirmed that the Waukegan Airshow will be two days and that the Canadian Snowbirds will be the main attraction.

Airport - Unfinished Business

10. Airport Operations Report

It was pointed out that an updated December 2014 operations report had been included with the board materials; Mr. Stanczak reviewed both the December and the January 2015 reports. On motion of Mr. Farrell to approve Airport Operations, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

11. Airport Manager's Status Report

Mr. Stanczak reported that the maintenance crew at the airport have done a wonderful job during this winter's snow events. Two pieces of equipment went down but staff was able to repair in-house and we are currently at about 95%, awaiting parts for the final repairs. During the snow event we did have an overrun, with no reported damage to the runway or the aircraft. The new security vehicle has arrived and staff reports it is working out nicely. We have a potential customer for a box hangar to be located behind Port District owned T-hangars; we will be prepping the land for a possible lease. Grants are being sought for asbestos abatement and demolition of the homes purchased in the RPZ in the last few years. The security fencing projects are ongoing - there is a portion behind Beach Park School that had not originally been installed, so it is being done now; Phase II fencing sustained some damage from a neighbor's snow plow; repair estimates are being sought. Recent meetings included the pre-meeting for

Taxiway A and the CABAA meeting, which was also attended by Mr. Farrell. One topic of discussion was the apparent decision by Midway Airport to decrease their corporate jet fleet; staff is researching possible opportunities. Finally, we passed the annual Customs inspection.

Mr. Torres reminded staff that any construction on Port District properties still needs City of Waukegan permits in order to ensure passing final inspections. Mr. Bach said he thought we were self-permitting. Mr. Torres responded that we may not need a permit but still should go through the process. In the past we ran into an issue with ComEd because we could not produce a City permit.

12. Approval of Hay Cutting License

After discussion, it was determined to remove the words “any fence or tree” from Section 3 B (2). On motion of Mr. Podolsky to approve the Hat Cutting License with the change in Section 3 B (2), seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

Airport - New Business

None

Harbor – Board/Public Commentary

None

Harbor - Unfinished Business

13. Harbor Operations Report

Ms. O’Meara reviewed both the December and the January 2015 reports. Mr. Torres inquired as to how many new boaters we have to date. Ms. Hatton responded 15, which is average at this time. She stated that March is when slip rentals begin to pick up. On motion of Mr. Farrell to approve Harbor Operations, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

14. Harbor Status Report

Mr. Seidelmann mentioned that the harbor is completely frozen in. So far he has noticed only minor damage: 3 floats have broken free and he has already ordered replacements, and one piling on S3 has heaved but he feels it may not need to be repaired; he will re-evaluate when the ice melts.

Mr. Podolsky inquired about the status of the Wi-Fi to which Mr. Seidelmann responded that the timeline called for equipment to be ordered in February, and the order was approved earlier this month, with installation in mid-March. Mr. Seidelmann noted that an additional piece of equipment will be required to ensure line of sight from the origination point up on the bluff. Mr. Podolsky then asked for reassurance that we would be able to lock down access, to which Mr. Seidelmann assured him it will be password protected.

Mr. Seidelmann mentioned to the board that he had a recent conversation with Mr. Tom

Thomas, our environmental engineer, who informed him that there may be one last opportunity to dispose of our clean dredge materials as a cap fill on the last piece of the OMC property where the final building is coming down. Mr. Podolsky stressed that we cannot afford to miss this opportunity and that we need a plan in place for a vote at the March board meeting. Mr. Torres reminded staff that we will need two bids for review.

Ms. O’Meara reviewed the 2015 harbor advertising with the board, passing around the two page spread in the current issue of Scuttlebutt magazine.

15. Ordinance Enforcement on Port District Property

Mr. Rogers informed the board that he reviewed the existing No Fishing Ordinance and feels it is sufficient and we will begin to strictly enforce it with upgraded signage and ticketing offenders. Mr. Podolsky asked about the affect this would have on boaters who want to drop a line off their pier or boat to which Mr. Rogers answered that this will not be allowed. There will be no fishing allowed at all within the marina. Mr. Torres mentioned that we will need to very clearly inform the boaters up front before the season begins. Staff confirmed emails and newsletters will highlight this change. Ms. Cowhey asked if she could pose a question, and upon approval, she asked about the effect this new enforcement would have on the annual Kids Fishing Derby. It was agreed that, upon request, special exceptions may be made. Mr. Podolsky inquired as to the established penalty rates and after a brief discussion the current rates were deemed acceptable. Since there were no proposed changes to the existing ordinance, no further board action was necessary.

16. North Pier Gate Replacement/Repair

To resolve longstanding issues with the North Pier Access Gate, two replacement options and one repair option were presented to the board. Mr. Rogers recommended the repair option at this time. On motion of Mr. Podolsky to accept the repair option for an amount not to exceed \$4,000, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

Closed Session

On motion by Mr. Podolsky to enter into closed session, seconded by Mr. Melius, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

17. Property Matters pursuant to 5 ILCS 120/2 (c) (6) of the Open Meetings Act.

Open Session

18. Action on Property Matters pursuant to 5 ILCS 120/2 (c) (6) of the Open Meetings Act.

None

There being no further business, on motion of Mr. Legat to adjourn the meeting, seconded by Mr. Melius, all members present voted aye, and the Chairman declared the motion carried. The meeting adjourned at 3:15.

Grant B. Farrell, Secretary

APPROVED:

Jorge M. Torres, Chairman