

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

July 20, 2016

**Waukegan National Airport
SRE Bldg. / Admin. Bldg., - Conference Room
2601 Plane Rest Drive, Waukegan, IL**

The following Board members were present:

Grant Farrell
Randy Podolsky
Gene Bach
Jorge Torres
Joe Legat
Mike Melius (arrival 2:51)

Absent:

Tom Evers

District Counsel Present:

Thomas Morris

Members of the Port District Staff present:

Skip Goss, Airport General Manager
Phil Cook, SG-Manager – Marina Accounting
Chris Marx, SG-Vice President of Operations
Jim Hull, F-111 Coordinator
Barney Baker, Maintenance Supervisor
Mary McCarthy, Chief Accountant
Cathy Smith, Administrative Assistant
Gregg Pupecki, Harbor General Manager

Call to Order

Chairman Farrell called the meeting to order at 1:58pm.

Roll Call

Pledge of Allegiance

The Pledge of Allegiance was said.

Approval of Remote Participation / Voting (if needed)

Not needed.

1. Approval of Regular Board Meeting Minutes of June 15, 2016

On motion of Mr. Podolsky to approve the regular board meeting minutes from June 2016, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

2. Approval of Closed Board Meeting Minutes of June 15, 2016

On motion of Mr. Podolsky to approve closed board meeting minutes from June 2016, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

3. Approval of checks

Mr. Torres mentioned that he had no questions regarding June's checks.

On motion of Mr. Torres to approve June 2016 checks, seconded by Mr. Legat, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

4. Financial Reports: June 2016

Mr. Torres commented on payroll savings in conjunction with the outside management fees that have provided an approximate \$6,000.00 savings a month in payroll expenses associated with the consulting company for both harbor and airport.

Mr. Podolsky asked if there was a way to present the monthly snapshot to better compare budget-to-date to year-to-date in order to gain a better sense of where the board may need to make changes.

On motion of Mr. Torres to approve the Financial report from June 2016, seconded by Mr. Podolsky, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

5. Approval to cancel the August Board Meeting

On motion of Mr. Podolsky to approve to cancel the August 2016 Board Meeting, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

Chairman Remarks / SG Management

Mr. Farrell explained that some board members will not be available for the August Board Meeting.

1. Terrorism Insurance Airport/Harbor

Mr. Farrell asked if there was information regarding terrorism insurance for the airport and harbor. Mr. Marx spoke about the terrorism insurance which is not currently apart of the present insurance policy and costs an additional \$1,000.00 annually. The policy in effect covers ensuing fires due to acts of terrorism that is a federal requirement that is built into the policy. Not covered is an explosion with no fire, which could be added separately for the last six months. The discussion was not to pursue, but in 2017 with the new insurance policy as separate line item.

Mr. Podolsky asked how the airport/harbor are covered currently for interruption to business and loss revenue due to an act of terrorism. Mr. Marx stated that he would have to look into that matter.

Mr. Farrell and Mr. Podolsky briefly discussed the interruption to business and the loss that could result as an aftermath of an act of terrorism. Mr. Farrell and other board members felt that more detailed information as to exactly what scenarios the terrorism insurance covers and proper costs would information that the board would require in order to make an informed decision for the next insurance cycle of 2017 hopefully for September's meeting.

2. Budget Update

Mr. Farrell discussed budget updates with Mr. Goss passing handouts for the board's review that show wages have moved to SG payroll along with retirement since February which resulted in savings. Mr. Torres was mainly concerned with wages and salary items. Mr. Goss stated that accounting is working to provide a more comprehensive picture, as to better address income and expense issues. Cathy will print the checks while Mary will still do the books and prepare the financials in order to provide an internal control.

Mr. Pupecki passed out handouts regarding budget review. Fuel sales reflect the building consumer confidence though the figures also still reflect the buy-out that occurred in these figures. Mr. Podolsky brought up the fact that the buy-out was supposed to be a below the line item in last year's budget year-end to avoid confusion for the 2016 season, Mary stated that she would remove it. The figure was \$40,000-ish. Mr. Pupecki stated that fuel sales more than doubled compared to this time last year.

Val Tech relationship will be marketing Waukegan Harbor & Marina in fuel dock ads and videos.

Guest fees more than doubled in June from last year due to activities and events at the harbor. The guest fees also have had the credit card fees separated so that those fees can be better monitored. Outside legal fees are high due to early in the year contract fees. Utilities show 2015 service bills that were paid in early 2016 which explains that issue. Mr. Farrell asked about two \$25,000 bills shown under utilities which are two segments of the contract that was in effective from 2015. These direct energy contracts were not renewed with ComEd which were six months of 2015 energy bills at approximately \$8,000 per month, 3 month segments X2. Billing is currently actual versus contracted for auditing purposes.

Mr. Farrell voiced concern over the fact that utilities was budgeted very low this year by a previous Board for unknown reasons. The airport has plenty of lights always on year around where the harbor is open six months of the year with their energy draw. Mr. Melius mentioned that boats use up big electricity for A/C on boats at the harbor which might help to explain why there is a big difference between airport and harbor in this matter. LED lights are being reviewed to help with utilities. Continuous boater education is being done to help better control utilities.

Mr. Pupecki stated that as he is evolving in his position he is developing ideas in order to address data in the various areas in order to prepare more efficient management in these various areas in the future.

Mr. Podolsky asked about tenant work orders, so far it is zero. Mary stated that they have actually collected \$190.00. Mr. Podolsky asked about if a boater damages something because

these is no dollars shown in the handouts for collection for the service of maintenance to go out a make the repair. Mr. Podolsky would like Mr. Pupecki to look into this as Mr. Podolsky stated that this is a source of revenue and he knows of at least three instances where this has happened.

Mr. Torres asked about slip income that appears to be headed to a \$40,000 short compared to last year. Mr. Pupecki stated that the number is deceiving due to the fact that at the start of the season the marina was offering discounts which generated 102 new slips rentals. Those discounts might not have been factored into how that would reflect as the season progressed. Mr. Torres is concerned with revenue versus occupancy. Mr. Pupecki stated that he is using sales calls as marketing in order to help reach the budget. Mr. Farrell also reiterated that after July 4th there continues to be promotion that are actively being marketed to garner additional slip rentals that will continue past Labor Day that should help chip away at that number that Mr. Torres is mentioning. Mr. Pupecki had stated earlier that the events that the harbor and marina have hosted have brought more inquiries of interest in slip rentals at the harbor, and he is optimistic.

Mr. Pupecki stated the marina is at 67% occupancy compared to last year. Mr. Pupecki is also looking into selling on the docks as a way to generate additional revenue with soda, bags of ice and snacks as an option.

Mr. Farrell mentioned that he asked John and Cathy about reviewing and cleaning up procedures for Board members as to clarify the accurate terms and develop a chart that will reflect accurate terms for individuals as to when they signed up and their terms. Also re-appointment procedures will also be covered. Mr. Farrell is taking ownership for this so that it is completed and distributed in the near future.

Airport Public Comments / Board Comments

None.

Airport SG Aviation Remarks

1. Operations / Status Report

Mr. Goss mentions the newly decorated ADA approved meeting room that this Board Meeting is taking place in. Thanks to Barney, Cathy and crew.

Tax bill to be ripped up new week. Capacity expansion is being looking into as there are customers that want to use the facilities and are not able to at this time.

Custom's Boarder Protection Building has 5 architectural bids being sought \$600,000 to \$800,000 is the projected budget, thought this will not occur in 2016 most likely in 2017.

September 10, 2016 is the Air Show Date. Things are moving ahead smoothly for this event.

Mike Melius arrived at 2:51pm.

Taxi lane 3 is getting a short term fix to take it through the 2019 when FAA \$1 million funding is scheduled to provide a complete renovation.

Fraley property parcel will be utilized in 2017, funding in place for this project.

Fuel sales are flat, Grainger operations have slowed down as well. Baxter lost one of their aircrafts, which reflect with the flat fuel sales.

Mr. Melius asked about the aging report, Skill and Waukegan Aviation Services item.

Mr. Goss will check with them to speak with them about the situation.

Signature creating hanger space issue - building a hanger of the size mentioned is close to a \$3-4 million project, which it is preferred that if someone wants to build it, that would be preferred to the airport spending the funds themselves. The only parcel that is big enough is currently being looked at by AbbVie, and they have right of first refusal. Property is not the issue, it is the infrastructure that is the cost prohibitive concern. A tentative look into the possibility of this could be done.

There are a couple of customers that are not happy with Signature currently, so some thoughts are possibly the Port running self-service fuel options, when contracts are up what does the Port want from a renewal that can benefit the grown and a more independent option for customers at the airport. Currently the airport is the third highest in the state of Illinois in the fuel category.

Jim Hull reports on the F-111 that is at the end of Plane Rest Drive. The group of volunteers has been stripped of all of its paint, priming will start next week and will then be painted in Vietnam colors of greens and browns. All the insignias will also be put on the plane.

Mr. Hull also showed the board a rendition of the plaza as it is conceptualize. It will not be called a park, due to the fact that a park needs to be run by the Lake County Park District or the City of Waukegan Park District, however assistance from the Park Districts has been tremendous. Boiler Construction has assisted with getting the Lake County Constructors Association, Burris Equipment is providing equipment at no charge, Yes Equipment further south in the county is providing a lot of equipment also. Bob Hamilton is working on the two different areas, one for the plane and the plaza along with his engineering group. Glen Christensen's design group is working on the project also. After surveys were done, it became clear that due to utilities the grassy patch next to the building was the best site. There is a 6 inch gas line that does need to be relocated. Mr. Hull briefly described how the plane would be posed and that the plaza would have either stamped concrete or brick pavers. Flags from each American Military Divisions and the American Flag. Memorial pavers also are planned with shrubs and lighted at night for security with some of the existing lights and some additional up lighting. Park benches and tables to watch planes coming and going, along with a parking lot.

Restoration is planned to be completed by the date of the Air Show on September 10th. A dedication ceremony is being planned but Mr. Hull would also like to see a ground breaking for the plaza, which is difficult because the gas line needs to be relocated. Permits have been applied for with the city, state and FAA. All parties are being very helpful. Local donations have been very helpful, paint has been donated.

Vet Fest is a music festive was going to make a major pledge of \$100,000, but that fell through for this year, the City of Waukegan was involved in trying to get this donation. The donation is on tap for next year, but will be a wait and see.

September 10th is a big day for them and the aircraft will be ready. Mr. Farrell spoke that a friend that flew this type plane during the Gulf War that will be present on September 10th to speak about what it was like and to answer questions.

Mr. Podolsky asked if there were any promotional materials that Mr. Hull had describing donation opportunities for this project in addition to possible Vet Fest donation for next year. Mr. Podolsky would like to have those materials so that they can mail them out as soon as possible to assist in the fund raising. Mr. Hull stated that the donation promotional material is in the works.

Mr. Torres asked how the project was doing financially. Mr. Hull stated that at this time he has the money for the paint, and is awaiting for a \$20,000 pledge at this time.

They have raising including that pledge \$45,000 and will be left with \$15-\$18,000.

2. New Business

Mr. Goss spoke about Taxi lane 3 which is to be temporarily repaired with an estimate of \$5-\$10,000 to take the airport through 2019 for the complete renovation to be done. The numbers are not firmed up at this point. Mr. Torres asked if the funds would come out of the airport maintenance fund or the capital improvement fund, to which Mr. Goss stated it might come out of both.

Mr. Goss stated that if the August Board Meeting is not going to take place, and Board might want to put a motion of "not to exceed \$10,000" on the record. Mr. Goss stated that the concrete is crumbling there and it could be a liability issue if someone nicks their prop on it, who is responsible?

Mr. Torres mentioned that the maintenance account has \$15,000, but Mr. Farrell stated that Mr. Goss needs approval for anything over \$5,000. The capital improvement account has a good deal of funds also available. Mr. Torres pointed out that the maintenance fund should suffice and was already approved by the board, therefore if maintenance funds ran low for the remainder of the year, then the Board could move funds from capital improvement into the maintenance fund for the remainder of the year.

Harbor & Port Public Comments / Board Comments

Mr. Torres asked about the festival at the lakefront this weekend to ask if it was approved by the Port District. Mr. Pupecki stated that it was, but Mr. Farrell stated that moving forward that festivals should be approved by the Board. Mr. Podolsky asked if a permit fee which was approved by the Board was not sufficient. The consensus was that as long as all fees and proof of insurance was in place, then that constitutes board approval.

Joe Legat excused himself at 2:59pm.

Harbor SG Marina Remarks

1. Operations/Status Report

Mr. Pupecki stated that he has been working on activities and concepts to showcase the marina and harbor. There is a Miss Waukegan Harbor that was featured in two parades, City of Waukegan and Lake Bluff. Flyers were handled out.

Bay Marine was hosting a free cook out this weekend. The boaters appreciate the extra activities. Mr. Pupecki plans to open up the Miss Waukegan Harbor to the whole community next year.

A launch ramp traffic plan is in the works in conjunction with the Bay Marine project.

Estimates for the Tess Building for renovation or new construction are in the works also to accommodate a potential leasing candidate where those elements would be the responsibility of the landlord.

Gillian is finishing the launch ramp for Bay Marine. The dock removal went pretty smoothly.

A new service, slip side delivery service for Dockside Dogs and Dockside Deli is being announced this weekend.

Mr. Pupecki stated that there is a refrigerator at the fuel dock now so that harbor can sell sodas and snacks.

Mr. Torres compliment Mr. Pupecki on the dock removal project.

Mr. Farrell inquired to when Mr. Pupecki would be speaking with Larsen. Mr. Pupecki stated probably in two weeks when Ms. Larsen returns.

2. New Business

Mr. Pupecki had a board with new business signage for the rebranding the harbor. He discussed the various locations for these signs to the Board. There are a total of 14 signs from land and water. Estimates for complete signage including launch ramp signs is about \$37,000. Mr. Pupecki is working with Pronto Signs on this project. Mr. Podolsky stated that some signs are maybe not necessary and how important it is to have good clear signage for business. A suggestion for a map with directions was made for better orientation. Ms. McCarthy stated that she was finally able to get Google to update the Port District address to 55 South Harbor Place, where it was previously 55 North Harbor Place.

Mr. Pupecki is seeking approval for \$35,000 for new signage.

On motion of Mr. Podolsky to approve that the Harbor be able to update all relevant signage not to exceed \$40,000.00, seconded by Mr. Melius, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

On motion of Mr. Podolsky to go into Closed Session to discuss Property Matters, seconded by Mr. Melius, on a roll call vote, all members present voted aye and the meeting entered into Closed Session at 3:19.

Closed Session

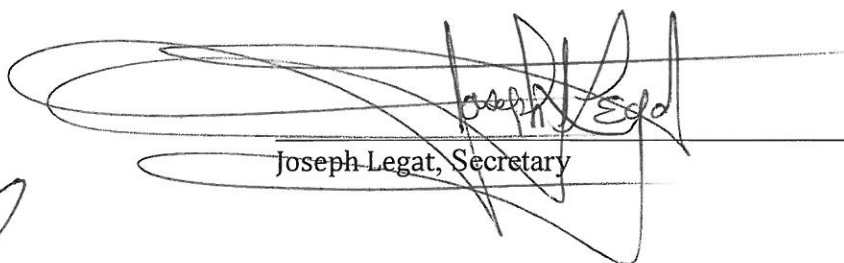
Property Matters pursuant to 5 ILCS 120/2 (c) (1) (6) of the Open Meetings Act.

On motion of Mr. Melius to go into Open Session, seconded by Mr. Podolsky, all members present voted aye and the meeting entered Open Session at 4:21 pm.

Open Session

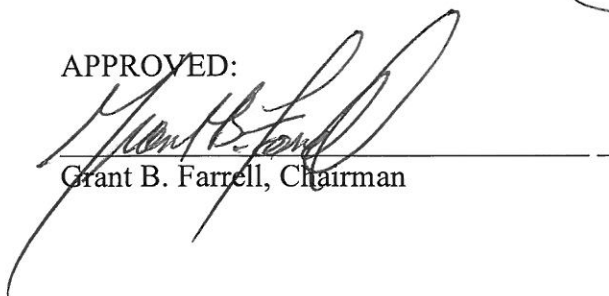
The Board reconvened into open session at 4:21 pm.

There being no further business, on motion of Mr. Podolsky to adjourn the meeting, seconded by Mr. Melius, all members present voted aye, and the Chairman declared the motion carried. The meeting adjourned at 4:28 pm.



Joseph Legat, Secretary

APPROVED:



Grant B. Farrell, Chairman