

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

**October 19, 2016**

**Waukegan Harbor and Marina  
Harbor Control Building – Conference Room  
55 South Harbor Place, Waukegan, IL**

**The following Board members were present:**

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

**The following Board member was absent:**

Tom Evers

**District Counsel Present:**

Thomas Morris

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

Mary McCarthy, Chief Accountant  
Cathy Smith, Administrative Assistant  
Terri Hatton, Slip Coordinator  
Joe Seidelmann, Marina Maintenance Supervisor  
Don Cento, Siegel - Gallagher  
Chris Marx, Siegel - Gallagher  
Skip Goss, General Manager, Airport  
Gregg Pupecki, General Manager, Harbor  
Mary Louise Schram, Administrative Assistant

**Other Public Attendees:**

Kathy Larsen-Sivia, Larsen Marine  
Ron Hudson, Hansen Engineering  
Randy Syme, President, Junior Sailors  
William (Billy) McCaffery  
Jim Hellquist  
Tom MacIntosh

**Call to Order**

Chairman Farrell called the meeting to order at 2:00 PM.

**Roll Call**

**Pledge of Allegiance**

**Approval of Remote Participation/Voting** - none

**Chairman Remarks / SG Management**

Chairman Farrell welcomed everyone and noted that no one would be calling in to join the meeting, today. He then requested Siegel-Gallagher to provide their remarks, first.

**SG Management Remarks**

Chris Marx, VP of Marina, Siegel-Gallagher, introduced Don Cento to the Board.

Don Cento introduced himself to the Board. He is the CFO/COO for Siegel-Gallagher. He will be taking over the Waukegan Port District customer relationship responsibilities formerly managed by John Matheson of Siegel-Gallagher.

**Chairman Remarks**

Chairman Farrell thanked SG and welcomed them to the meeting.

He reminded public attendees who were still joining the meeting to sign-in with Cathy Smith.

Chairman Farrell distributed a copy of the Board of Directors Information Guide to the Board members and Mr. Morris. He stated that the guide is intended to help organize and provide a common understanding of the Port District. The guide includes: Summary, Description, Mission Statement, History, Rules of Board, Meetings, Records, Job Description of Board Members, Organization Pledge (or a statement that Board members sign), Term Limit Definition, and detailed information related to each current member and their remaining term. It is a working document that will be updated to remain current as needed. Chairman Farrell requested Board members and staff provide clerical or content feedback directly to him.

Chairman Farrell noted that the last page of the guide contains the term limits for current Board members. It was thought that terms were six years from the date a member joined the Board. This is not the case. A term start is defined as starting on June 1<sup>st</sup>. If there hasn't been an appointment prior to June 1<sup>st</sup>, then the current Board member continues in the Board position for another year. A Board member can continue for three years without being reappointed. To clarify the terms of the existing Board members, there is a chart at the end of the guide that shows their term (start/end) and appointment type (Mayor or Governor).

One additional component that will be added to the guide is the Jurisdiction managed by the Waukegan Port District. The current jurisdiction includes: Wadsworth Road south to 10<sup>th</sup> Street, two miles out from the shoreline and forty feet in from all waterlines.

Technically, there are two jurisdictions that govern the jurisdiction of the Waukegan Port District.

1. Taxing Authority – area covered by Waukegan Township
2. Waterfront Authority – this area extends beyond the Township boundaries and is determined by statute. The Port District is reviewing documentation to confirm/update the details.

Chairman Farrell distributed a copy of the Greater Waukegan Development Coalition (GWDC) handout of their festival schedule for Summer 2017. The festival schedule is available much earlier than in prior years in response to the District's request for improved planning and communication. Four festival dates are planned. Please direct any comments or concerns to Chairman Farrell.

Chairman Farrell distributed a second handout to the Board, also related to and from GWDC. The handout reflects the GWDC proposed improvements to the lakefront. It is unclear at this time who would finance the proposed improvements recommended by the plan. This is a working document and is information only at this time as the discussions continue. It was distributed so that everyone on the Board would have knowledge of the footprint of the site in ongoing discussions. None of this is proposed for approval, it is in a working stage.

The final GWDC related handout distributed to the Board members was a preliminary concept plan that per Chairman Farrell was “pre-everything”. It represents two to three years on ongoing discussions and is intended to keep Board members apprised and is for information only. Concerns and comments can be directed to Chairman Farrell.

Mr. Podolsky commended the Board Guide and recognized the effort of those who contributed to its development. It contains the most information in one place that he has seen since his appointment.

Mr. Torres recommended that the District post the Guide on the website.

Chairman Farrell noted that the City will also receive a copy of the Guide. He requested Board members review and provide comments to him before the next meeting.

#### **Approval**

#### **1. September 2016 Regular Board Meeting Minutes**

Motion by Mr. Podolsky, second by Mr. Melius:  
To approve the September 2016 regular board minutes.

All members present voted aye and the Chairman declared the motion carried.

#### **2. September 2016 Closed Meeting Minutes**

Motion by Mr. Podolsky, second by Mr. Bach:  
To approve the September 2016 closed meeting minutes.

All members present voted aye and the Chairman declared the motion carried.

(Note: Mr. Bach stated ‘as amended’ but the minutes presented in the Board packet were the minutes that had all corrections previously noted. Therefore, the minutes as presented were approved.)

#### **3. September 2016 Check Approval**

Mr. Torres reviewed the check approval and had no questions. He requested that Ms. McCarthy send a detailed check statement prior to Board meetings to all Board members to keep them informed. The detailed check statement that he received was very well done and.

Motion by Mr. Torres, second by Mr. Bach:  
To approve the September 2016 check approval as presented to the Board.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

#### **4. September 2016 Financial Report**

Mr. Torres noted the minor format changes to the report and asked for clarification of the Airport revenue columns.

Mary McCarthy described the column breakout for clarification: current month, year-to-date (in this report 9-month), and budget amount.

Mr. Torres noted on the Harbor expense report that the Building and Grounds and Uniform line items are over budget by 24%.

Ms. McCarthy noted that she has made adjustments to those accounts.

Mr. Torres confirmed with Ms. McCarthy that everything reflected in the report was in the Board approved budget.

Motion by Mr. Torres, second by Mr. Bach:  
To approve the September 2016 financial report.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

#### **5. Approval of the 2015 Audited Financial Statement**

Mr. Torres commented that when depreciation was removed from the audit statement, the result is that the report will show a profit but that change does not reflect more revenue. He cautioned the Board that even though the report gives an appearance of the Port operating 'in the red', the Port is operating 'in the black'.

Ms. McCarthy noted that the value of the Airport and Harbor depreciation amounts (over \$800K), as well as a one-time refinance of \$248K, and \$42K are the values reflected in the depreciation number.

Mr. Torres noted that because of the adjustment to depreciation that approximately one million dollars is overstated on the audit report and he wanted to insure the Board was aware.

Motion by Mr. Podolsky, second by Mr. Melius:  
To approve the 2015 audited financial statement.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

#### **Harbor Public Comments**

William (Billy) McCaffery stated that he has been a lifelong slip holder and noted that the Harbor community is close and information travels quickly. Because of the closeness among the community, he warned the Board about good communication and his concern that rumors can spread as quickly as good information. His concern today is about the proposed increase in slip fee pricing, specifically end dock locations (used to be a low priority/premium location), late arrivals, and premium pricing. The concerns that he brought to the Board include: 1.) pricing not penalize long-term tenants, 2.) to be competitive in their slip pricing, and 3.) to realize the Harbor is not at capacity.

Ms. Kathy Larsen-Sivia commented that she thought there was good discussion related to slip fees at last month's meeting. She is also concerned about increases in slip pricing for next summer, so much so that if her fees increase in her 45' slip she will not renew her slip for next year. She recognized Siegel-Gallagher, the Board, and staff for their improvements to the Harbor and general management. She has received many positive comments from others in her industry and wanted to acknowledge them with the Board. She is getting many calls for boat storage from Harbor tenants, partly due to the increased activity at the Harbor. She has heard positive comments from perspective storage customers. She hopes the slip pricing will support potential growth of the Harbor occupancy and utilization.

Chairman Farrell confirmed with Ms. Larsen-Sivia that she was in fact referring to last month's meeting when she spoke about the discussion related to slip fees. Chairman Farrell then stated that proposed 2017 slip fees were discussed at last month's meeting to explore the pros and cons. To clarify, the action item to finalize 2017 slip fees is on the agenda for this meeting.

Mr. Randy Syme stated that he has a boat in the Harbor and really appreciates everything the District has done. He is President of the Junior Sail Club and was at the meeting to represent the 30 – 35 young sailors in the organization who take classes during the summer. They use the garage at the back of the Waukegan Yacht Club. The Board has been very responsive to his organization and are doing a great job. His concern is that changes may affect the group's ability to use the resources of the Harbor. He requested that he would like to be included to represent the Junior Sailor organization in future discussions related proposed changes to site or facilities.

Chairman Farrell responded to Mr. Syme stating his appreciation for the organization as they and their future sailors and an important link to the plan for the Harbor. Chairman Farrell stated that he shared the plans with the Board in an effort to be as transparent as possible. A lot of the documents shared represent 'work-in-progress' and are shared with the Board so that they are informed in the event they do need to take action on an item. Chairman Farrell received the 'wish list' email from Mr. Syme and forwarded it to Mr. Pupecki who will share it with the master planner. Chairman Farrell welcomed their ideas and recommendations. The Junior Sail program is important to the Board and the future of the Harbor and he hopes the District will be able to provide a better and more visible facility for the organization in the future.

Mr. Tom MacIntosh stated that he is a long-term tenant and has seen many changes over the years and notes that the number of tenants has decreased. He is concerned that the changes in fees will reduce the number of tenants. He would like to see more activities and places of business to draw people to support the Harbor. Mr. MacIntosh lives in Lake Forest and he has a very short commute but others, who do not live as close, would benefit from expanded opportunities. He thought Siegel-Gallagher would bring this type of change and has been disappointed so far. The message the Board sends the tenants will have an impact.

Mr. Jim Hellquist stated that he has been a long-term tenant at the Harbor. He docked at Great Lakes for one year as the dock fee there is \$1000/year for any size boat for ex-military but returned this last summer. There is a financial incentive to dock at Great Lakes but he actively races out of Waukegan Yacht Club, participating in all of the races. Waukegan Yacht Club has an active racing fleet and with the addition of the Joseph Conrad Yacht Club coming in, they host the second largest race excluding the Mac and Queen's Cup races. More than one hundred boats registered for their regatta last year and they continue in their efforts to grow participation. He personally has brought new tenants to the Harbor as he feels the place runs well and Gregg Pupecki has done a good job. He cautioned that pricing increases will negatively affect tenant renewal. He also requested that the District revitalize the Yacht Club.

## Harbor Board Comments – none

## Harbor General Manager Remarks

Mr. Pupecki reported operational activities for winterization are underway. The water has been turned off and the water hoses have been cleared.

The event board that highlights the summer activities at the Harbor is on display and will remain in the lobby.

Rebranding continues and a security patrol vehicle now sports the new logo. In addition, new merchandise with the new logo is available for sale. Anyone looking for holiday gifts can purchase items in anticipation of Summer 2017.

Mr. Pupecki introduced representatives from Salmon Unlimited and GWDC and they held a meeting two weeks ago to discuss plans to coordinate a major fishing derby with sponsorships and events at the Harbor. It is anticipated that the fishing derby will piggyback with one of the events on the GWDC 2017 Festival schedule. Current feedback from those involved in very positive—great spot, great location. Gregg will keep the Board updated on their progress.

Mr. Pupecki reported that the District received and responded to the following FOIA requests:

- Urban Real Estate (Urban Land Institute?) submitted a FOIA request related to the commercial lease of the barge.
- Larsen Marine submitted a request regarding the Bay Marine land/lease agreement.

Mr. Pupecki has been contacting and meeting with businesses and entities within the jurisdiction of the Port District to, a.) get to know and meet them, and, b.) share the scope and jurisdiction of the permitting process. He will share an outline map that details the permitting jurisdiction at the next meeting. For example, the Waukegan Reclamation District is doing work at the Waukegan River which the Port District will collect fees. Larsen Marine is installing a fence and there are permitting fees related to that fence extension.

Mr. Pupecki is working on obtaining new aerial photographs of the Harbor to update the current views that were taken 15 – 20 years ago. New photos should be available by the next Board meeting.

Mr. Pupecki received a delinquent property tax notice for the Waukegan Yacht Club in the amount of \$6,603.19 that was due in September (current taxes, 1<sup>st</sup> installment). He reached out to the Yacht Club for comment and Kathy Larsen Sivia responded and was available during the meeting to comment.

Chairman Farrell recognized Kathy Larsen-Sivia who was in attendance to ask if she, as a representative of the Yacht Club, could update the Board on the status of payment. She stated that the Waukegan Yacht Club and the Joseph Conrad Yacht Club recently merged and the merger was approved by the membership of both organizations. They realize that they are responsible for the tax bill but are currently short of funds. If the tax bill is not paid by November 8<sup>th</sup>, 2016, the building will go up for sale. The organizations are holding a party on November 5<sup>th</sup> to raise the money needed to pay the tax bill. In addition, the membership dues will increase due to the added members of the clubs merging. It is their intention to pay the taxes.

Chairman Farrell deferred any additional discussion until after the Harbor Operations Report.

## 1. Operations/Status Report

Mr. Pupecki met with the Army Corps of Engineers and coordinated with most of the commercial stakeholders in the Port for the Waukegan a Section 107 meeting last Thursday to review the proposed feasibility study to find a solution to the dredging problem of the port to make the port more viable for commercial shipping. The Mayor of Waukegan, industry partners, representatives from National Gypsum, and St. Mary's attended. St. Mary's expressed an interest in further investment in the Harbor if there were long-term solutions to dredging to make it a more reliable harbor. The Army Corp requires matching funds, as stated in the plan, to continue with the project. To complete the feasibility study, the Army Corps requires \$300,000 from the partners in the project to match their \$400,000 contribution. There are three different programs with that and Mr. Pupecki will email the Board members the program details.

Mr. Pupecki stated that if the feasibility study produces a solution that meets economic, environmental, and local partnership requirements that the estimated cost to complete the project could range from \$6M to \$12M.

There was a meeting on Friday with Edgewater Resources for the harbor master plan. Surveys will be completed and mailed by Gewalt within a week and a half. Edgewater will be able to continue with the study once the surveys come in. The Port District also brought on board Deigan and Associates as the environmental consultant for the master plan.

Mr. Pupecki then turned to Mr. Joe Seidelmann to discuss the permitting process for the new kayak launch that was approved.

Mr. Seidelmann provided a brief recap that the Port District received funding from a citizen's advisory group to purchase new kayak launch equipment late last year. The plan is to have it installed by this Spring. The Port District was also awarded a DNR grant that has not yet been funded. If the state has/provides monies for these grants, this project is on the list to be funded. The equipment will not be purchased until the proper Army Corps permits are awarded which we heard yesterday that the final hurdle to pass and permits appear to be imminent. Already in place for several months now are approvals from DNR and IEPA for this project. We have been waiting for the Army Corps to approve this non-motorized launch ramp. The approval process for this project began in April. Mr. Seidelmann advised the Board that given the current economic climate and cutbacks in staffing of local, state, and federal funding agencies the Board can expect longer delays in project permitting and authorizations.

Chairman Farrell asked Mr. Seidelmann if it's possible for a project to lose funding because of the delay in funding by any of the three organizations (Army Corps, DNR, IEPA).

Mr. Seidelmann stated no loss of approvals even if there is a delay in funding.

Mr. Torres asked Mr. Pupecki to provide his impression of the willingness of the industry partners to participate in funding the costs of the Army Corp feasibility study.

Mr. Pupecki answered that St. Mary's addressed that specifically and said there were willing to invest in Waukegan Harbor and Port if there is a long-term agreement reached that industry will be allowed and the Port would be viable.

Mr. Pupecki further explained that private entities cannot invest directly with the Army Corps but that there can be side arrangements made with the Port District working with them.

Mr. Torres asked how National Gypsum responded at the meeting.

Mr. Pupecki stated that National Gypsum indicated a willingness to get involved. They also noted that if they had the reliability of the port, they could redirect transporting their products from over-road to barge shipping because of the lower cost of transporting their goods over the water. In addition, the plant manager at National Gypsum stated that they would be adding a third shift to their Waukegan plant (currently a 2-shift operation).

Mr. Torres asked the two Board members who are also boat owners (Podolsky and Melius) their impression of the GWDC festivals at the Harbor and whether the activities were viewed as enhancements or a distraction by the boating community.

The Board members deferred to the members of the Public who attended the meeting to share their impressions. The consensus of the attendees was that any activity is a benefit and the activities of 2016 enhanced the boater's experience. Comments and concerns noted:

- Improve communication, notify boaters earlier about events (Noted that GWDC has already published the 2017 Festival schedule)
- Activity at the Harbor is a draw and more is always welcome
- Local business tagged with graffiti during one event. Perhaps more security needed?
- Other local businesses noted and appreciated the increased sales from GWDC activities.

Chairman Farrell thanked everyone for the comments and directed Mr. Pupecki to add these concerns and comments when planning resources for next year.

Chairman Farrell recognized Mr. Hellquist followed by Mr. McCaffery who added additional comment related to their earlier statements in Public Comment.

Chairman Farrell recognized Ms. Larsen-Sivia whose comments were deferred until after the Harbor Operations Report.

Chairman Farrell reminded all attendees that comments are recognized during the Public Comments section of the meeting. If a member of the public has a topic that they want to bring to the Board's attention, they should request time on the agenda by contacting Chairman Farrell.

Ms. Kathy Larsen-Sivia reported that the Waukegan Yacht Club voted to merge with the Joseph Conrad Yacht Club and the by-laws of both organizations have been merged. They have doubled their membership. The annual dues have decreased to \$400 annually to belong to the Yacht Club. They hope that this will be attractive to boaters and that they will join. They are hosting a joint Sails Award Dinner on November 5<sup>th</sup> and Commodore Ball later during the month of November. They are actively pursuing a restaurateur to fill the location and they have another perspective party looking at the Club this weekend.

Mr. Torres asked what the current membership.

Ms. Larsen-Sivia stated that there are currently 90 – 95 members after the merger (50 before the merger and a few members who held joint membership). There are pending memberships waiting for the restaurant to reopen. The organization is still holding the liquor license.

Mr. Torres asked for more information about Joseph Conrad Yacht Club.



Ms. Larsen-Sivia stated that the Joseph Conrad Yacht Club is based out of Chicago with primarily Polish membership. The organization has a houseboat that they run their activities out of, currently it is used for parties. The hope is that they will call the Waukegan Harbor home and the organization will bring more boats and people to the Harbor.

## 2. Unfinished Business

- **Approval of 2017 Slip Pricing**

Mr. Pupecki reported that the proposed slip pricing is very similar to the proposal presented and discussed at last month's meeting. At the request from multiple Board members he reviewed pricing for high demand slips and premium slips. The percentage of proposed increase remained the same as did the pay early, save more, feature of the plan.

Chairman Farrell asked if the slip fee pricing proposal was the recommendation of Siegel-Gallagher.

Both representatives of Siegel-Gallagher and Mr. Pupecki acknowledged that the pricing was recommended by Siegel-Gallagher.

Mr. Torres asked if consideration was given to tenants who have been loyal to the Harbor.

Mr. Pupecki stated yes, if tenants take advantage of the early pay option it waives more than the increase. He clarified that for the majority of tenants who will take advantage of the early payment, their fees will remain the same as 2016 and for some it could be even lower than 2016 fees. There are a few high-demand and premium slips that will realize a modest increase over the 2016 pricing. An example of the modest increase: a \$3500 slip fee for 2016 may increase to \$3750 in 2017 if payment for 2017 is received by the December 2016 deadline. The goal is to get tenants to commit early to the incentive pricing and lock them in to the 2017 schedule.

Mr. Podolsky asked for clarification of the discount pricing and referred to the handout and then further explained the history of pricing for 2016 as it related to the proposed pricing for 2017. The District, based on his recommendation and supported by other Board members, reduced 45' slips fees for 2016 by \$500 as an incentive to grow utilization of that slip size. That decision resulted in a \$23,000 net loss of revenue for the Port District. The proposed incentive pricing is a way to limit the financial impact of an increase to the long-term tenants who commit early while at the same time restructuring pricing to align the revenue needs of the Port District. The increase for 2017 for that same slip size is \$250 per slip, with the District only recouping half of the lost revenues from the 2016 failed discount plan. If a tenant pays by the December 2016 deadline, the tenant will not be paying more in fees than was paid in 2016.

Chairman Farrell shared with the public attendees that if they had any questions about pricing specific to their needs that they can meet with Mr. Pupecki after the meeting.

Mr. Podolsky also addressed the premium slip pricing for end slips and described the criteria that identifies them as premium which results in modest increases in fees.

Mr. Torres then questioned if the premium pricing took loyalty into consideration and whether or not there should be recognition of loyalty with reducing fees.

Mr. Podolsky responded by asking how Mr. Torres would be able to execute that condition. How would loyalty be defined, everyone who currently rents a slip? Would the District extend the revenue crisis forever?

Mr. Torres asked how many end slips meet the premium pricing proposed (answer 25 slips and they are all occupied). Mr. Torres would like to see an evaluation of the financial impact of grandfathering the slip pricing for this subset of slips.

Mr. McCaffery asked: What is the basic reason for increasing the pricing on the end docks?

Mr. Pupecki stated that the premium pricing was developed in a joint collaborative process with Siegel-Gallagher. The end slips were identified as a premium spot because they have wider and longer docks, an extra hook-up, a larger dock box and other various benefits. The fee was increased \$200 for the additional benefits that come with those slips. These T-docks are considered premium slips and are assessed an additional increase in fees.

Mr. Marx stated that T-docks are considered premium spots up and down the lake and the pricing proposed by the Siegel-Gallagher is in line with practices at all other marinas on the lake.

Chairman Farrell determined that the discussion was sufficient on the topic to proceed.

Motion by Mr. Podolsky, second by Mr. Melius:  
To approve the 2017 slip pricing.

Discussion on the motion.

Mr. Torres restated his concern about loyalty and slip pricing related to lost revenue.

Mr. Podolsky responded that the 5% discount is greater than the 3% increase. Tenants who pay the slip fee by December 2016 as proposed a tenant will save money on slip fees.

Mr. Torres stated that this gets to the heart of his question and this makes him more comfortable with the pricing proposal because tenants can save money if they commit and pay by the December 2016 deadline.

Chairman Farrell stated that the goal is to get the commitment from the tenants early because it benefits everyone.

Mr. McCaffrey's 45' T-dock was used as an example to demonstrate how the premium pricing may affect tenants. His current 2016 fee \$3500 will increase by \$255 or \$3755 in 2017 if paid by December 2016.

Mr. Podolsky reminded the Board that this is a modest increase and is still \$245 less than the 2015 pricing for the same slip (\$4000 slip fee in 2015, reduced to \$3500 slip fee in 2016, projected \$3755 slip fee in 2017 if paid by December 2016. If paid before the discount deadline, the 2017 fee is \$3950 or \$50 less than the 2015 fee.).

Mr. Torres requested confirmation that the proposed 2017 pricing of that slip size and type is less than the actual 2015 pricing.

Mr. Podolsky and Mr. Pupecki confirmed.

Chairman Farrell requested that Mr. Pupecki review the costs with Mr. McCaffery and any other interested tenant.

End of discussion.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

- **Approval of Property Purchase**

Motion by Mr. Podolsky, second by Mr. Melius:  
To table the approval of property purchase.

All members present voted aye and the Chairman declared the motion carried.

3. **New Business** - none

**Airport Public Comments** - none

**Board Comments** - none

**Airport General Manager Remarks**

1. **Operations/Status Report**

Mr. Goss reports that operations are up 15% and fuel usage is up 40%.

Mr. Goss reports that customs operation is in parity with last year. Ms. Smith and Mr. Goss are looking at the fees for customs. They're compiling fee comparisons with other airports in the area to analyze why the Waukegan Airport seems to run even or a little below anticipated revenues. The findings will be reported at next month's meeting.

In regard to the financial report, Mr. Goss invited Mr. Hudson from Hansen to report on GATA (Grant Availability and Transportation Act). The Act mandates that the Airport financial documents recognize all the monies that benefit the Airport, regardless of the source. The District may not see the monies or deposit the monies but they are the beneficiary of the improvements and they should be reflected on the financial report.

It is Mr. Goss's recommendation that the Waukegan Port District add the appropriate footnotes to reflect these revenue sources and amounts on the 2015 financial statement and all future financial statements.

Mr. Goss asked if there were any questions. (There were none.)

Chairman Farrell directed Mr. Goss to 'get it done'.

Ms. Smith and Mr. Goss are surveying tenants and users to collect comments on services and facilities at the Airport. The consensus will be reported at next month's meeting.

Next month there will be a debrief on the Airshow.

Mr. Goss met with the Mayor's office and NICOR because of a gas line that needed to be moved to accommodate the memorial large display. Mr. Goss was able to get the \$17,000 fee waived. As part of a planned improvement project, NICOR is replacing their steel gas lines with plastic gas lines. They completed this section earlier than scheduled.

Mr. Goss and Mr. Hudson gave a presentation to the Illinois Division of Aeronautics Transportation Improvement Program. The Airport was approved for funding for Phase Fence IV on the south side of the Airport and property acquisition for obstruction removal. Engineering can begin right away and they're flying up next month to take a look at the project and start work.

Mr. Goss reported on future proposals for 2018:

- He requested \$500,000 to repair the runway and rehabilitation of the existing runway which is getting old.
- Rehabilitation of taxi and runway B
- Reimbursement for the properties that the Airport has already paid for (those being demolished in the next 45 days). Most are obstructions and would qualify for reimbursement once the job is done.

Mr. Goss reported on future proposals for 2019:

- \$9,000,000 is on the radar for property acquisition
- The \$2,000,000 apron project which required a huge amount of concrete, at the time the proposal was written and budgeted, the Airport's share was 2.5% of the project cost. The local share amount has changed and is now 5% of the project (5% local, 5% state, 90% federal). So, because of this change and the lease, the FBO is only going to reimburse the Port District \$45,000. The Airport cut a check for \$110,000 and Mr. Goss wanted to let the Board know. It is Mr. Goss's recommendation that the Airport staff monitor funding contributions for any changes.

Mr. Torres requested footnoting the transaction so everyone can keep track of the revenue.

Mr. Goss reported two new hires to the security team. He expanded by sharing that the security team at the Airport are knowledgeable in typical crime prevention activities but that they have additional responsibility specific to Airports and which make them different than most security teams. They perform a very important function at night. They are responsible for reporting the actual runway conditions for flights in all types of weather. They're responsible for keeping all the runways safe and clear. They provide a very important customer service and safety function for the Airport. Their duties are quite broad and very important.

Mr. Goss stated that he is compiling an operations manual for the Airport and staff.

The Custom Officer's vehicle was taken away from him. This affects all the airports that provide fee-based customs services in our area are affected—all of their officer's vehicles were taken away. Why should Waukegan National Airport care? How does it affect our operation? The problem is that the Custom Officer, who used to drive to the pharmaceutical partners to clear their shipment on-site at the company, can no longer receive this service. Clients could get off the plan, jump in their

car, and head home. Now, they have to taxi over to the other side of the field, go to the Customs Shack, everyone must deplane there, go outside, get back on the airplane, taxi back across the field, and deplane. A huge, huge problem. All options were explored including sharing a vehicle, driving the officer to/from locations, and even purchasing a vehicle for the Custom Officer and all were declined by the Agency. This action forces the Airport (and other airports) to move forward with a customs building. All stakeholders have been notified and they are not happy about the inconveniences. Mr. Goss recommends that the Board move forward with the Customs Building.

## 2. Unfinished Business

- **Approval of Architect for the Customs Building**

Mr. Goss stated that a few months ago the Airport hosted the Customs Border Protection and Program Manager to come and help define the specifications because they are really broad. Mr. Goss had obtained quotes prior to this meeting that were 'all over the place'. The Airport invited half a dozen people who have experience in this business to attend the meeting with Customs Border Protection, developed the specifications, and then Hansen Engineering helped put it all out in an RFQ. No one wanted to bid, everyone declined the job. There is only one contractor who is interested and it is the same contractor who wanted to bid the job from the very beginning. Months later, our organization is back to square one and we need to move forward for obvious reasons.

Mr. Melius noted that since the government placed this burden on the stakeholders can the Port District approach the stakeholders for funding?

Chairman Farrell added that the Port District currently doesn't know the cost related to the project to take to the stakeholders for their consideration. But, with that said, he believes the request should be made of the stakeholders.

Mr. Torres suggested that the Port District get stakeholders involved as the process begins so that every effort should be made to inform them and to obtain their commitment.

Mr. Podolsky supported Mr. Torres recommendation and noted that when the costs come in the stakeholder's knowledge and acceptance of the process may make it easier for them to buy into the costs being valid and to partner with the Port District.

Mr. Goss has quarterly meetings with all the corporate operators and has weekly phone calls with each. He will begin the conversations to update them on the status of this project and our hope for their participation.

Mr. Hudson wanted to ensure that the Board was aware of specific information related to this item on the agenda. He stated that the architect that the Port District would like to select meets the Illinois qualifications selection process criteria. However, the request stated that the Port District would select the architect by a certain date and that date is coming up rather quickly. He recommends moving forward with the process.

Mr. Goss concurred and noted that the Port District should negotiate with the architect to obtain the best pricing possible.

Motion by Mr. Podolsky, second by Mr. Torres:

To negotiate with Omni Architectural Services to obtain the best price possible for the defined project.

Discussion:

Mr. Torres requested that staff document the history of the single-sourcing for this project.

Mr. Goss will obtain written confirmation from the firms that declined to respond to the RFQ.

Mr. Bach thanked Mr. Hudson for his help on this project.

All members present voted aye and the Chairman declared the motion carried.

### 3. New Business

- **Approval of UGN-4521 Taxiway – Rehabilitate Portions of Taxiways B & C**

Mr. Goss noted that the funding for this project occurred two years ago and that the project is finally happening. It is a \$2,100,000 project to rehabilitate taxiways B and C. The Port District is responsible at this time for their 5% share of the costs and he needs Board authorization to make the payment.

Motion by Mr. Legat, second by Mr. Podolsky:

To pay the 5% Port District's share of UGN-4521 Taxiway – Rehabilitate Portions of Taxiways B & C in an amount not to exceed \$125,000.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

#### Closed Session at 3:35 PM

- **Personnel Matters To 5 ILCS 120/2 (c) (1)**
- **Property Matters To 5 ILCS 120/2(c)(6) and threatened litigation 5 ILCS 120/2(c)(11)**

Motion by Mr. Torres, second by Mr. Melius:

To move to closed session for the purpose of discussion related to personnel, property matters, and threatened litigation.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

#### Open Session at 4:05 PM

Reconvened into Open Session at 4:05 PM.

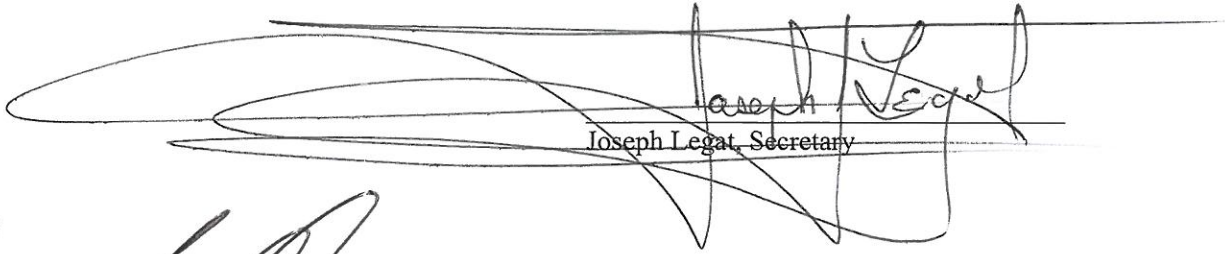
Roll Call: Present: Mr. Farrell, Mr. Bach, Mr. Melius, Mr. Torres, Mr. Podolsky  
Absent: Mr. Evers, Mr. Legat

#### Adjournment

Motion by Mr. Podolsky, second by Mr. Torres:  
To adjourn.

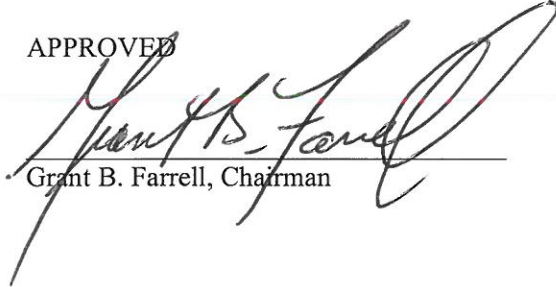
All members present voted aye and the Chairman declared the motion carried.

Meeting adjourned at 4:05 PM



Joseph Legat, Secretary

APPROVED



Grant B. Farrell, Chairman