

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

November 16, 2016

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

The following Board members were present:

Grant Farrell
Gene Bach
Tom Evers
Joe Legat
Randy Podolsky

The following Board member was absent:

Mike Melius
Jorge Torres

District Counsel Present:

Thomas Morris

Members of the Port District Staff present:

Mary McCarthy, Staff Accountant
Cathy Smith, Administrative Assistant
Don Cento, Siegel-Gallagher, CFO/COO
Chris Marx, Siegel-Gallagher, VP of Marina
Phil Cook, Siegel-Gallagher, Mgr. Marina Accounting
Skip Goss, General Manager, Airport
Barney Baker, Airport Maintenance Supervisor
Gregg Pupecki, General Manager, Harbor
Mary Louise Schram, Administrative Assistant

Other Public Attendees:

Peyton Metzel, Airshow President
Tom Coogan Airshow Committee Member
Gary Deigan, Deigan & Associates, LLC

Call to Order

Chairman Farrell called the meeting to order at 1:17 PM.

Roll Call

Pledge of Allegiance

Approval of Remote Participation/Voting – none

Closed Session at 1:20 PM

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

Motion by Mr. Podolsky, second by Mr. Bach:
To move to closed session for the purpose of discussion related to
Personnel 5 ILCS 120/2 (c) (1) and property matters 5 ILCS 120/2(c) (6).

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

Open Session at 2:15 PM

Reconvened into Open Session at 2:15 PM.

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

Chairman Remarks / SG Management

Chairman Remarks

Chairman Farrell stated that he sits with staff every Friday to review the project list and timelines. He invited Board members to contact him if they would like to attend these meetings. He distributed the project list to Board members for both Harbor and Airport projects. He asked Mr. Goss and Mr. Pupecki to have the updated project list to him on the Monday before the Wednesday Board meeting so that he can share it with Board members prior to the Board meeting. If anyone has recommendations to improve the report, questions about projects, or updates to the report, please let him know.

Chairman Farrell received a letter from Lake County Veteran's Memorial regarding the F1-11 at the Airshow. The letter contained a check for \$2,500 as a partial payment to reimburse the Waukegan Port District. They are challenged with their fundraising and would appreciate any support in this regard.

The Board will have a month to review the Budget that will be distributed to Board members at today's meeting. There are a lot of changes to line items to be more transparent. Take it home and study it in preparation for next month's meeting.

Staff and Board members have been very busy working through projects and it is appreciated.

The representatives of the Airshow were invited to present during the Public Comment section of today's meeting.

SG Management Remarks - none

Approval

1. October 2016 Regular Board Meeting Minutes

Motion by Mr. Podolsky, second by Mr. Bach:
To approve the October 2016 regular board minutes.

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

2. October 2016 Closed Meeting Minutes

Motion by Mr. Podolsky, second by Mr. Evers:
To approve the October 2016 closed meeting minutes.

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

3. October 2016 Check Approval

Chairman Farrell noted to the Board that Mr. Torres reviewed the report prior to the meeting and stated that Mr. Torres had no questions related to the report. Board members had no questions.

Motion by Mr. Evers, second by Mr. Bach:
To approve the October 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. October 2016 Financial Report

Chairman Farrell noted to the Board that Mr. Torres reviewed the report prior to the meeting and stated that Mr. Torres had no questions related to the report. Board members had no questions.

Motion by Mr. Evers, second by Mr. Bach:
To approve the October 2016 financial report.

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

Airport Public Comments/Board Comments

Airport Public Comments

Airshow Committee Presentation

Chairman Farrell introduced Peyton Metzler, 2016 Airshow President, to give an overview of the Airshow and introduce next year's President of the event.

Mr. Metzler thanked Chairman Farrell for the introduction. He announced that Tom Coogan as the next President, representing the 2017 Airshow. He reviewed a slide that listed the 2016 Northern Illinois Airshow Committee members. They are currently forming the 2017 committee and expect minor changes.

Mr. Metzel recognized that the volunteers make the Airshow possible and they do the heavy lifting, especially the Committee members who begin planning in January for the September event.

Saturday morning's forecast of 20 – 30 knot winds, rain, and low-ceiling caused concern about attendance. Fortunately, around 11:30 AM the weather began to clear and the event enjoyed a reasonable turnout of approximately 10,000 attendees. The 2016 Airshow was affected by the weather and some performers were unable to participate in the event, notably the opening parachute team, the Legacy Flight, the L39 Hoppers (who modified their performance), and the pyrotechnic display (modified). The pyrotechnics generated calls to 911 as neighbors reported a 'crash' at the Airport. The jet truck was a big hit.

Mr. Metzel stated that it requires approximately 350 to 400 volunteers whose combined contribution of almost 10,000 volunteer hours support the event. Committee meetings begin in January and ramp up in April. The organization relies on support from municipal organizations including fire, police, emergency services, schools, and community members-at-large.

The Airshow budget is approximately \$120K annually and about \$45K is generated through ticket sales. Additional revenue comes from corporate sponsors and private donors. The back page of the brochure highlights the sponsors who supported the Airshow. It is mainly through their generosity that the Airshow committee raises the gap monies of approximately \$70K to \$80K. The Committee recognized that they need a more robust approach to pursue donors.

Mr. Metzel shared the list of volunteer organizations and donors and expressed gratitude for their tireless effort. This year, the Airshow committee donated back to many of the volunteer organizations by sharing \$10,000 of the proceeds to registered non-profit organizations who supported the event. In that spirit, Mr. Metzel presented the Waukegan Port District with a check for \$2,000 to help off-set the costs incurred by the Airport in support of the Airshow. The Committee's donation to McCall School can be directed through the Waukegan School's Foundation and designated for McCall School.

Mr. Metzel praised Mr. Coogan's involvement in expanding the media presence of this year's Airshow. Next year the Committee hopes to hire a student to expand their use of social media marketing.

Mr. Metzel noted that tag line WOW (Wings Over Waukegan) should be renamed Woods over Waukegan in honor of Mr. Woods's extraordinary support as many of his aircraft fly in the show. The B51 is rare warbird that flies in the show.

Mr. Metzel was unable to get the three-minute presentation to play via the PowerPoint technology. He will send a link to the Board members for their enjoyment.

Mr. Metzel presented the Waukegan Port District a framed poster of the Airshow brochure with the signature of each of the pilots who participated in this year's Airshow.

Chairman Farrell thanked Mr. Metzel and Mr. Coogan for their hard work, today's presentation, and the donation to the Waukegan Port District.

Airport Board Comments - none

Airport General Manager Remarks

1. Operations/Status Report

Mr. Goss generated a five-year analysis of fuel usage, from 2009. Usage peaked in 2010 and dropped down and flattened out in 2011 through 2015 and he would expect that the trend would remain stable. Flight operations have been going down since 2009 with a slight 2016 uptick. The job is to make that number go higher. Over 20 years of flight operations historical review show the trends over the years and how September 11, 2001 affected the operations of the area regional airports (UGN, PWK, and ENW). The trend over the years, specifically nose diving after September 11, 2001, a dramatic loss of small plane activity. Volumes have stabilized in the last four years. Kenosha shows an uptick which may be attributable to FBO pricing: \$6 at the Waukegan Airport and \$3 at the Kenosha Airport. Customs has been pretty flat over the years, no dramatic changes in volume. Kenosha has been taking business from the Waukegan Airport. The Illinois Division of Aeronautics approached Mr. Goss stating that the state of Illinois has monies available and suggested that Mr. Goss place a request to make improvements. Mr. Goss recommends McAree Road repairs for the funding.

The new main ramp work is completed and a nice addition to the Airport.

The runway is getting old and starting to crumble (heaves and cracks). The repairs were completed as of last Saturday.

Taxi Lane 3 is crumbling and falling apart. There is \$1M in funding for 2019 to completely rehabilitate. In the meantime, the repairs are completed and should keep it together for another couple of years.

ARFF (Airplane Rescue and Firefighting Vehicle) blew its engine. The Fire Department is seeking funds for a new ARFF unit. Right now they have a vehicle on loan and they're looking for the Airport tenants to help them out with the costs to replace the vehicle.

RSAT and Winter Ops meeting hosted 50 attendees from area airports, FAA, fire department representatives. The Waukegan Airport is a world class airport with world class flight training and support teams. Waukegan was named a top ten flight school by AOPA. The fire department is a world class organization. The ATC is an award winning organization, also. Mr. Goss presented to the meeting attendees and reinforced the operational excellence of the Airport team. The infrastructure is tremendous and well maintained. The Airport maintenance team is also responsible for wildlife hazard mitigation, a three-prong plan to exclude access (fences, tree/branch maintenance), remove habitat (mow grasses), and harassment (chase away). Both maintenance and security staff are responsible and very important as they patrol the grounds to guard against criminal activity and ensure safety on and off the airport, including wildlife mitigation, runway and taxiway FOD checks, FICON NOTAMS, snow and ice removal, traffic (ground and air). Probably the most important thing that the operations team does is snow removal to keep the runway surfaces clear 24/7. Waukegan Airport has the reputation of being one of the best and the customers appreciate the good job that the Airport crew, led by Barney Baker, perform on a regular basis. Mr. Baker and his crew have collectively over 100 years of experience.

2. **Unfinished Business** - none

3. **New Business**

• **Review 2017 Budget**

Mr. Goss distributed the proposed 2017 budget to the Board members.

Mr. Farrell reviewed the budget format: first, revenue, second expenses (year prior is highlighted light gray). Some of the numbers, like services, are noted with a comment for information. Harbor and Airport budgets are both included in the handout. If anyone wants to sit with Chairman Farrell or a Department Manager, please arrange to do so. A detailed review will not occur at today's meeting.

Mr. Podolsky asked a general question as it appears that the budget drops a percent across two years. Mr. Pupecki will look into the reason for the reduction and respond to Mr. Podolsky,

Harbor Public Comments/Board Comments

Harbor Public Comments - none

Harbor Board Comments - none

Harbor General Manager Remarks

1. **Operations/Status Report**

Mr. Pupecki reported on Sales and Marketing and stated that the new 2017 slip pricing matrix was sent out. Boater feedback was quick and revenues are \$85K to date with over forty (40) boaters registered to take advantage of the December 2016 early incentive pricing. Twenty-six (26) new boaters signed up for 2017. He has marketed to North Point Marina customers and West Marine along with others. Charter fleet promotions have begun, including opportunities for the fleet as a whole. The Fishing Derby will be hosted at the Harbor next year, sponsored by Salmon Unlimited and the Greater Waukegan Development Commission. Professional fishermen from all across the Great Lakes attend this event and it is a big deal to be selected to host. The festival is scheduled at the Waukegan Harbor on June 23 – 24, 2017. This will also help support the launch, branding, and awareness that Waukegan is a big fishing destination. Chicago and Milwaukee boat shows are both scheduled for January. Information is going out to tenants to inform them of the 2017 schedule of events and activities. Email blasts are going out to boaters and guest boaters with thanks for a great season and reminders for 2017 activities.

Maintenance and operations have been evaluating all structures, equipment, and systems for 2017 budget proposals is completed.

The Teece Building occupancy with the Bay Marine using temporarily as their project is finalized.

Waukegan Port District to assess a permit fee of 5% of the cost of a project within forty (40) feet of navigable waters. Mr. Pupecki is identifying and contacting all local businesses who meet this criteria to make them aware of the permitting fee. North Shore Reclamation District is one entity currently working in that boundary and was assessed.

Mr. Pupecki contacted the Mayor's office to remind them of the permitting fees allowed on the teardown at the former Bombardier plant. Mr. Pupecki will get the numbers share with the City to Chairman Farrell.

Mr. Pupecki will continue to maintain the facility checklist, both weekly and monthly and annual basis to monitor the facilities and systems.

Mr. Pupecki was informed of an energy saving grant that will provide funding for LED bulbs and new light fixtures.

Mr. Pupecki reported that the marina is vacant of boats and boaters as of November 15, 2016 and that the marina is winterized. The grill recycling program was a success.

No Parking and handicapped signage around the Harbor was replaced.

Mr. Pupecki will give the Board an update on the status of the Teece and Marina Building at the **December Board meeting**.

He is in the process of reviewing leases to determine their status. As part of the review, he is reviewing the Larson sign and related sign fees. WPD branding will be included on the sign that Larsen Marine installed on Port property. Plus, they will pay for half of the permanent illuminated sign at that location, and an annual license fee for their name to be included.

Larsen Marine paid a permit fee for fencing. Mr. Pupecki worked with them to select a metal that would allow someone to see through (not a stockade style) to visually improve the appearance.

Talks have begun with a cruise line to use the commercial dock space. Additional information will be shared with the Board when it is known.

The Harbor administration building renovations which will be laid out at the next meeting.

Mr. Pupecki gave each Board member a Chicago Cubs mini-bat. The items were purchased as a promotional gift to distribute to long-term tenants of the Harbor. The item represents the type of promotion and item branding that will be offered at the gift shop.

2. Unfinished Business

Approval of North Shore Gas

- Access Agreement for remediation

Background: Port District counsel Mr. Morris, Environmental Consultant Mr. Deigan, and Mr. Podolsky have been negotiating a settlement agreement for the incremental costs associated with constructing the Bay Marina project. The site was contaminated in part by North Shore Gas. After extensive discussions and negotiations over the period of six months with dialogue close to a year, the Waukegan Port District has come to an agreement subject

to Board approval of a \$530,000 payment to the Port for those previously mentioned expenses.

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

That the Waukegan Port District enter into an access, indemnity and hold harmless agreement which includes settlement of Bay Marine incremental costs and limited professional and legal fee reimbursement in the total amount of \$530,000, which agreement would be subject to Chairman and Counsel's final approval.

Discussion:

Mr. Podolsky stated for the record that this proposed settlement does not include any consideration at this time for other damages, for sites beyond the Bay Marine site, or for any diminution of value to the Port District property as a result of the trespass and contamination caused by North Shore Gas. This is strictly for the items noted before.

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

- Settlement agreement for Bay Marine site remediation

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

Mr. Podolsky stated to the Chairman that again, after a long process of over a year, and the evolution of Bay Marine's site and building plans which have now been approved as revised by the City of Waukegan. He respectfully moved that the Waukegan Port District approve the Chicago Yachting Center/Bay Marine's revised building elevation and site plans dated the end of October 2016, subject to final comment and enhancements that may be required by the City of Waukegan or the Waukegan Port District.

Discussion:

Chairman Farrell confirmed with Board members that they had a chance to review the documents.

Mr. Podolsky confirmed the two considerations to be clear about what is and is not included, this is Bay Marine's project and on the site plan to the east is where you see handicapped parking the boat launch is not part of Bay Marine's project's scope it the Port District's and where it is placed is subject to final review and the Port District's need to relocate the public fish cleaning station, also not part of Bay Marine's scope.

Chairman Farrell reminded Mr. Podolsky to add the public walkway into the discussion.

Mr. Podolsky stated that typically in a project, a developer, Bay Marine in this case, would provide some public walkway, if appropriate, based upon the project. However, the Waukegan Port District in this case desires a ten-foot wide public promenade walk from the west tip of the existing government pier all the way to Pershing Road. As a result, Waukegan Port District negotiated with Bay Marine to pay for five-foot in width by the length the sidewalk adjacent to their portion of the sidewalk and the Port District would pay the remaining balance. **The Waukegan Port District was able to negotiate with Bay Marine to contribute half the cost of the 10-foot promenade and they readily agreed. This detail will be documented in the final agreement.**

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

3. New Business

Action on Bay Marine Lease (approval of updated site plan and building elevations).

No action required as this item is covered by the motions made under Unfinished Business, above.

Approval of Gillen Land Lease

Mr. Pupecki recommended that the Board table this item.

Mr. Podolsky respectfully suggested that given the timing and that there is a lease draft in front of Gillen that incorporates approximately \$65K to \$70K in value in a one-year lease (breakout of the proposed revenue: rent for one year \$7K; repairs approximately \$7K at their cost; and repainting the building at their cost). Mr. Podolsky is inclined to make a motion so that the Board can still continue to negotiate final terms of the lease.

Motion by Mr. Podolsky, second by Mr. Evers

To approve a one-year land lease with Gillen at their current location for total consideration of no less than \$65,000 in rent and other services, in a form that would be subject to Chairman and Counsel's final approval.

Discussion:

Mr. Evers asked Mr. Pupecki to share his reasoning behind his recommendation to table this item.

Mr. Pupecki thought that the action could be postponed until the lease was finalized.

Mr. Morris stated that the Waukegan Port District and Gillen had a deal, a rough deal. The Port District through Mr. Morris and Mr. Podolsky's efforts worked to make the land lease agreement more in conformance with what WPD expects their land leases to look like. Gillen is wondering why they should accept the terms that require a little more work than what they originally talked about. Mr. Morris acknowledged that the land lease has more requirements than an earlier draft. It is more complete and more thorough and more professional than the first draft. Gillen is struggling with the investment comments and there is going to be further conversation. Mr. Morris believes that Mr. Podolsky's recommendation to get this at least to the point where these bubble comments can be resolved without any difficulty, we'll be done because it's been drifting along without clarity as to the duration of the lease and the payment.

Mr. Podolsky further clarified that there were discussions about raising the rent as early as last April, if not earlier. Mr. Podolsky had been told very clearly that it had been made very clear to them that their rent would go up over the summer. In October, they claimed that they were on a month-to-month lease and would not pay any of the prior increases. Mr. Podolsky is inclined to tell them that this is where the Port District is on the agreement and to negotiate in good faith noting that some topics will be resolved and some will require a more firm position. If an agreement is not reached, then their last rental month may be December 2016.

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

Review 2017 Budget

Chairman Farrell reminded everyone to review and bring any questions or comments to him. He reminded everyone that he needs ensure that there is sufficient attendance at the December 21 Board meeting. Please let him know if you will not attend so that he can plan accordingly.

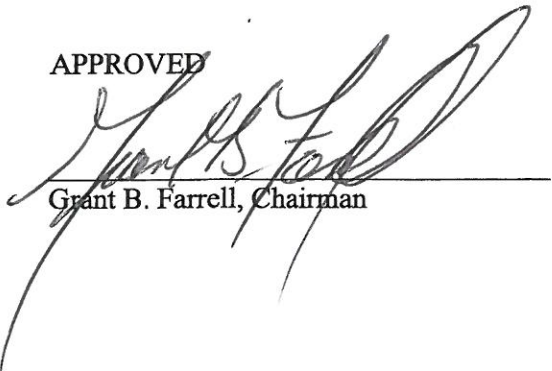
Adjournment

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

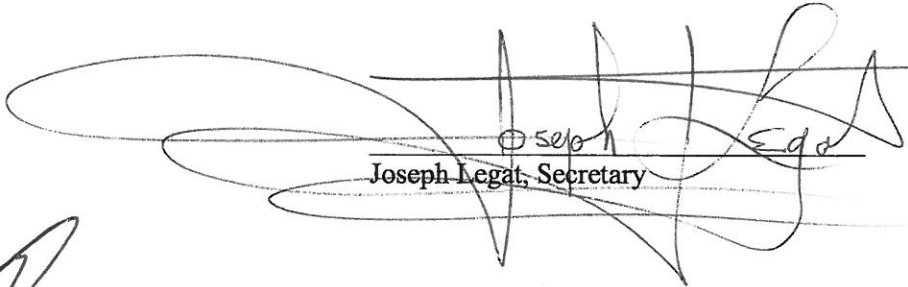
All members present voted aye and the Chairman declared the motion carried.

Meeting adjourned at 3:17 PM

APPROVED



Grant B. Farrell, Chairman



Joseph Legat, Secretary