

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

June 21, 2017

**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
Tom Evers
Joe Legat
Randy Podolsky

The following Board members were absent:

Mike Melius
Jorge Torres

District Counsel:

Thomas Morris

Members of the Port District Staff present:

Don Cento, Founders 3 RES, CFO/COO
Phil Cook, Founders 3 RES, Mgr. Marina Accounting
Skip Goss, F/3 Aviation, General Manager, Airport
Tom Ceparski, F/3 Marine, General Manager, Harbor
Joe Seidelmann, F/3 Marine, Harbor Maintenance Supervisor
Mary McCarthy, F/3 Marine, Staff Accountant
Cathy Smith, F/3 Aviation, Administrative Assistant
Mary Louise Schram, Recording Secretary

Other Public Attendees:

Jim Hellquist, Waukegan Yacht Club and Waukegan Harbor Slip Owner
Gary LeVine, Waukegan Harbor Slip Owner
Helen Green, Waukegan Harbor Slip Owner
Paul Green, Waukegan Harbor Slip Owner
Janet Kilkelly, Waukegan City Clerk
The Honorable Sam Cunningham, Mayor of Waukegan
Bob Hamilton, Attendee

Call to Order

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

Roll Call

Pledge of Allegiance

Approval of Remote Participation/Voting – not required

Chairman Remarks / Founders 3 Real Estate Services (RES)/Public Comments

Chairman Remarks

Chairman Farrell welcomed everyone to the meeting. Going into closed session early during the meeting but it is anticipated to be a short session. Members of the public will be asked to leave the room for the session and invited to return upon the Board's return to open session. The Chairman reported attending four management meetings with staff since the last Board meeting. A lot of work noted at both the Airport and Harbor. The summer boating season opened June 1st at the Harbor and there is a lot going on. Chairman Farrell then requested Don Cento to present the name change of Siegel-Gallagher to Founders 3.

Founders 3 RES Remarks –

Mr. Cento shared that Siegel-Gallagher merged with two other long-standing Milwaukee-based commercial real estate brokerage companies, Commercial Property Associates Inc. and RFP Commercial Inc., to create Wisconsin's largest, independently owned commercial real estate brokerage and management firm, now named Founders 3 (F/3). Each firm brings something different to Founders 3. The former Siegel-Gallagher division of the newly formed company will be identified as Founders 3 RES and remains an independent management company. As part of the rebranding, the Harbor associated employees and assets will be identified as F/3 Marina, and Airport employees and assets will be identified as F/3 Aviation. There is no impact to the management services provided to the Waukegan Port District (WPD).

Mr. Podolsky reminded Mr. Cento that the WPD will need revised certificates of insurance with the requisite updates and requested Mr. Cento to work with Mr. Morris and provide updated documentation. Mr. Cento agreed to work with Mr. Morris to ensure all paperwork is updated to reflect the change.

Chairman Farrell reminded Board members to provide their updated bios for the website prior to the July 15 deadline.

Public Comments

Janet Kilkelly, Clerk, City of Waukegan, and noted former WPD Board member introduced the new Mayor of Waukegan, the Honorable Sam Cunningham to the Board.

Mayor Cunningham stated that he wants to be a good partner to WPD and would like to expand the partnership between the WPD and City of Waukegan to ensure that Waukegan becomes the destination location for Lake County and an attraction to those from outside the immediate area. He noted that he would like to see collaboration between all agencies and hopes to encourage people to enjoy all that Waukegan has to offer. The State of Illinois has only two ports between Chicago and Milwaukee and Mayor Cunningham noted that Waukegan has the distinction of being one of the two ports and hopes all citizens will recognize and support this special resource. Mayor Cunningham stated that he looks forward to working with WPD board.

Helen Green introduced herself and her husband Paul as newly arrived members of the Harbor and are renting a slip for the summer (slip location withheld for privacy). They were residents of Waukegan since 1991, spent a short time in Florida, and returned to Waukegan. Ms. Green noted that she wants to be assured that Waukegan Harbor is a 'safe' harbor and that measures to ensure the safety of people and property are implemented. In addition, she would like to see a permanent security presence.

Chairman Farrell noted that Ms. Green was referring to an incident at the Harbor which occurred about two weeks ago where six individuals (thought to be teenagers) boarded boats. Chairman Farrell stated that WPD is aware and that the individuals who trespassed are on security video. The video footage was shared with the Waukegan Police and will be given to the Lake County Sheriff's department personnel. He also noted that the Lake County Sheriff's Office has jurisdiction for any incident at the Harbor that occurs past the shoreline.

Tom Ceparski, Harbor General Manager, responded with an overview of the security measures in place, those added since the incident, and the review of applicable operating procedures to verify and improve security at the Harbor.

Chairman Farrell requested additional public input on this topic, noting that it would be welcome.

Gary LeVine asked the practice followed for vendors and whether or not they get a pass/key card.

Mr. Ceparski responded that some vendors qualify to receive pass/key cards.

Chairman Farrell added that Mr. LeVine shared a good point and Mr. Ceparski to review the procedures for vendor key cards.

Paul Green asked if the Harbor had, or would consider, wireless motion detectors to detect and film people on the dock.

Mr. Ceparski stated that the cameras are operational 24/7 and record all activity.

Gary LeVine suggested the installation of a motion detector that would light the main gate/entrance, noting that it could act as a deterrent to trespassers, or enhance the security video to improve identification/recognition of visitors.

Chairman Farrell stated that the staff will look into the recommendations shared with the Board to determine if any offer a viable alternative or enhancement to Harbor security.

Chairman Farrell announced that the closed session is anticipated to be short and public guests are invited to remain and return to the reconvened public meeting.

Closed Session at 2:15 PM

- **Personnel Matters To 5 ILCS 120/2 (c)(1) of the Open Meetings Act**
- **Property Matters To 5 ILCS 120/2(c)(1) of the Open Meetings Act**

Chairman Farrell directed the Board 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)(1)

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

Open Session at 2:45 PM

Reconvened into Open Session at 2:45 PM.

Present: Chairman Farrell, Mr. Bach, Mr. Evers, Mr. Legat, Mr. Podolsky

Approval

May 2017 Regular Board Meeting Minutes

Motion by Mr. Evers, second by Mr. Podolsky:
To approve the May 2017 regular board minutes.

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

May 2017 Check Approval

Mr. Torres (absent) did not submit any questions or comments for this meeting.

Mr. Bach asked if the expense of \$49,345 (on page 1 of 2) represents monies that will be reimbursed through a grant.

Mr. Podolsky confirmed that the grant will reimburse the monies to WPD.

Motion by Mr. Bach, second by Mr. Evers:
To approve the May 2017 check approval as presented to the Board.

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

May 2017 Financial Report

Mr. Bach requested an explanation for the \$700K decline in Harbor revenue.

Mr. Cook reported that this is a transition year for financial reporting as the organization moves from cash basis accounting to accrual accounting to amortize the income over the term of the contracts with boaters or other sources. In 2016 and prior years, income was recognized as received (cash basis). Financial reports from 2017 and forward will use accrual accounting.

Mr. Evers added that next year it will be easier to compare 2017 to 2018 reports because the methodology used to report income will be the same for both years.

Mr. Bach asked if this explanation applies to all income represented on the financial report. Mr. Cook responded that it applies to all items in the report.

Chairman Farrell noted that the number of slip contracts increased this year so that it is confusing to see the \$700K 'decline' in revenue.

Mr. Bach noted that his calculations using cash/accrual to determine Harbor revenue still indicates a decline in revenues of approximately \$88K.

Mr. Ceparski and Mr. Cook responded that there is a mid-year increase in slip rentals that is typically seen in July that would represent the \$88K in revenue that Mr. Bach identified.

Mr. Ceparski added that as of the end of May 2017, occupancy was up 5% over last year at the Harbor but could not speculate on the year-to-date comparison without specific review of the numbers.

Mr. Evers stated that as WPD moves from cash basis to accrual accounting methods this year that it would be helpful to see a point of reference on the line items in the financial report that seem out of balance.

Chairman Farrell asked Mr. Cook if he could provide a report for the Board that compares the year-to-date progress using cash basis methodology for review. Mr. Cook said that he would provide a report to the Board by the next meeting.

Mr. Bach asked about the increased income for jet fuel sales from May 2016 (\$18K) to May 2017 (\$29K).

Mr. Goss stated that jet fuel sales represent 'catching-up' numbers but not an overall increase in revenue.

Chairman Farrell noted that he and Mr. Goss met with representatives of Signature to continue to press them on their concern about how their higher fuel costs are negatively affecting the WPD Airport activity.

Motion by Mr. Bach, second by Mr. Evers:
To approve the May 2017 financial report.

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

Harbor Electric Vehicle Charging Stations

Motion by Mr. Podolsky, second by Mr. Evers:
To approve Waukegan Harbor install, two Tesla and two public electric vehicle charging stations that after rebates and contributions by others will not exceed a cost of \$4,500 to Waukegan Port District.

Discussion:

Mr. Podolsky noted that electric vehicle charging stations are an amenity being made more available across the country. Both he and Mr. Guidice contributed to the review and analysis of adding this service to the Harbor.

There are two ways to approach this service:

1) Purchase to own all the equipment and manage/operate it (for example, to purchase four charging stations from Charge Point would require a \$35K – \$37K investment in equipment and electrical installation costs of approximately \$10.4K). With Charge Point service WPD could charge a fee (per kW) for using the service.

2) Tesla has a program that they will contribute with no contract and no cost to an organization, two Tesla proprietary Destination chargers and, in addition, Tesla will buy two public stations, non-proprietary, from a third party to provide a total of four charging stations. They will contribute money toward the electrical installation. This allows the financial exposure to WPD to be just under \$4,500. The equipment does not provide a method to charge a consumer, but the cost savings are so

dramatic. WPD will meter the service to determine the usage and determine the feasibility of whether or not to charge consumers in the future.

Mr. Podolsky, in good faith, disclosed that he owns an electric vehicle but that is not why he is supporting this amenity. There are a number of electric vehicle owners in the Waukegan Harbor boating community. Waukegan Harbor would not be the first marina to offer the service but it is his recommendation that WPD should not be the last to offer this amenity.

Additionally, he and Mr. Goss met with representatives of Signature at the Airport and they are interested in this service, also. The Airport offers other options regarding the cost of installation and sharing electrical expenses.

Tesla requires public access and use and being near the Metra station is a benefit. The intention is to put a three-hour limit on charging.

Mr. Bach stated that giving free fuel is a concern and he doesn't think WPD should 'give away' potential revenue. If WPD can't recoup their investment, then he cannot support adding the service.

Chairman Farrell noted that as Bay Marine opens and grows their business that their business will attract more electric car consumers to the Harbor. There is no contract required. WPD can meter the usage for one year to determine if there is a need to charge consumers for the service. He supports the recommendation to add this service. The addition of this service will make the Harbor a greener and friendlier place.

Mr. Legat added that he thinks it is the way of the future.

Chairman Farrell called for the vote.

On a roll call vote, the following Board members voted:

Aye: Mr. Evers, Mr. Farrell, Mr. Legat, Mr. Podolsky

Nay: Mr. Bach

Chairman Farrell declared the motion carried.

Election for Treasurer (Robert Hamilton)

Chairman Farrell introduced Mr. Bob Hamilton to the Board and reminded everyone that Mr. Hamilton is being nominated as an Officer of the Board and in this position, he serves as a non-voting Board member. The by-laws allow for the Board Chair to appoint a candidate for this position and for the Board to ratify the selection. Even though Mr. Melius is leaving the Board, Mr. Hamilton is unable to meet the Waukegan residency requirement to fill the position. Four Board members must live in Waukegan and the seat being vacated by Mr. Melius requires that a Waukegan resident fills the position.

Chairman Farrell added that Mr. Hamilton will bring a lot of experience and insight to the organization.

Mr. Podolsky noted that Mr. Hamilton is a civil engineer by trade and his professional background will add depth to the review of many projects.

Chairman Farrell noted to Mr. Bach that he looked into election vs. appointment and both categories state the same thing. He then consulted with Mr. Morris for his legal opinion to confirm the process.

Motion by Mr. Podolsky, second by Mr. Bach:
To appoint Mr. Robert Hamilton to serve as Treasurer, Officer of the Waukegan Port District Board.

Discussion:

Mr. Bach reminded the Board of the need for bonding for the Treasurer and meeting all the requirements to certify and ensure his responsibility while serving as Treasurer for the organization.

Mr. Podolsky added a reminder about adding Mr. Hamilton to the requisite signature cards.

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

Election for Chair of Historian (Gene Bach)

Chairman Farrell requested and Mr. Bach volunteered to Chair the Historical Committee.

Motion by Mr. Evers, second by Mr. Podolsky:
To appoint Mr. Gene Bach as the Chair of the Historical Committee.

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

Election for Chair of Real Estate Committee (Randy Podolsky)

Chairman Farrell requested Mr. Podolsky to Chair the Real Estate Committee.

Motion by Mr. Evers, second by Mr. Farrell:
To appoint Mr. Randy Podolsky as the Chair of the Real Estate Committee.

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

Harbor General Manager Remarks

Operations/Status Report

Mr. Ceparski stated that in addition to Power washing and clean-up, that a lot of hardware issues were identified at the Harbor and are being resolved. The Greater Waukegan Development Coalition (GWDC) is hosting HarborFest this weekend with Salmon Unlimited. The GWDC will provide parking signage to improve traffic flow and parking for their events. The Yacht Club was notified with a reminder that they are responsible for policing their own parking lot during these events. Mr. Seidelmann will be on-site early to monitor and provide direction to various partners in the event, where needed.

The Harbor staff identified areas with suspect electrical cords and notified boaters to resolve or the Harbor staff will remove.

Mr. Ceparski noted that at the April Board meeting concerns about electrolysis were noted. S8 – S11 were reviewed and nothing was identified during the testing. Will test again and will follow-up with the boaters who shared their concerns.

Mr. Ceparski stated that after the Army Corp presentation at the April Board meeting that cooperation to help fund the project has been confirmed with National Gypsum (\$100K) and Larsen Marine (\$30K). \$100K remains unfunded and representatives of the WPD will meet with the City of Waukegan to see if they can participate by funding a portion of the project costs.

A rendering of the Harbor will be available at the July Board meeting.

Events budget update per Mr. Torres request (through Mr. Podolsky as Mr. Torres was away). The 2017 budget numbers will resolve by the end of the year and will not go over budget. Three accounts represent the expenditures and when all is considered and accounted for, collectively, they will be within budget. Next year's budget will more accurately represent the line item to attach an expenditure and the timing of anticipated expense.

Unfinished Business - none

New Business - none

Board Comments

Mr. Evers requested that Mr. Ceparski update the Board at the next meeting regarding the action report from the Waukegan Police and Lake County Sheriff's departments as related to the incident discussed during Public Comments at today's meeting.

Mr. Podolsky asked how many boats were involved? Was there a report where electrical items were stolen or lost?

Mr. Ceparski responded that there were three incidences over a 24-hour period. Two were 'step upons' and one was damage to a sailboat (exterior door, undetermined cause – weather or vandal). Mr. Ceparski is unaware of any incident regarding a lost/damaged/stolen electrical item.

Chairman Farrell stated that Mr. Ceparski and staff are writing new SOPs and requested that Mr. Ceparski shared the document(s) with the Board and provide an update of the three incidents at the next Board meeting.

Mr. Morris asked if the WPD has ever engaged a security consultant to look at the position of cameras, number of cameras, motion detectors, and other safety options. Mr. Podolsky responded that a private firm was used to address recent security system updates. Mr. Ceparski added that the Harbor started the work to install additional cameras last week and that post orders were updated to increase patrols. No formal security analysis was undertaken as far as he knew.

Mr. Podolsky added that he thought it would be a good idea to investigate motion detector lights at the entry gate. Mr. Ceparski stated that he would look into this recommendation.

Chairman Farrell requested Mr. Ceparski to locate a security service and obtain quotes for an analysis of the Harbor security set-up. Mr. Morris recommended that the vendor provides a critical analysis and do more than sell the WPD cameras.

Mr. Hamilton asked if the Lake County Sheriff's police take over some of the support required and add their presence as they do with County villages. Mr. Ceparski noted that if the LC Sheriff had the resources it could be a short-term possibility but that long-term this option may be cost prohibitive.

Mr. Ceparski reminded the Board that the Harbor is a multi-jurisdictional site which adds to the complexity of policing the area: the land area is the responsibility of the Waukegan Police and the water area is the responsibility of the Lake County Sheriff's police.

Airport General Manager Remarks

Operations/Status Report

Mr. Goss reported that the airport take-off and landings have increased and fuel usage has increased. The runway is moving along full steam. All is proceeding well and according to plan.

Lake County Forest Preserve District (LCFPD) intergovernmental agreement is moving along just fine. A meeting is scheduled with their planning committee for next Monday.

A briefing is scheduled with IDOT as we need an intergovernmental agreement with them for the Green Bay Rd. expansion. Working with the Lake County Department of Public Transportation in this effort.

Unfinished Business

New Business

The landfill at the Airport has been evaluated by Deigan & Associates. Their recommendation is to shore up and cap the landfill. The project will require \$40K to complete. This project is not represented on the current budget. Deigan stated that he has been capping landfills for 32 years and he is very confident that this solution will work for the Airport site.

Mr. Hamilton asked if the cap that is proposed going to change the structural capacity to support improvements on the surface.

Mr. Goss stated that Hanson Engineering has studied the site and determined that it is very stable and it can be built upon.

Mr. Hamilton asked if a hanger could be built on the site and Mr. Goss stated yes, absolutely. Mr. Hamilton asked if Deigan planned to add this cap with the knowledge that it could be a build site. Mr. Goss will get back to Deigan to confirm. The site has always had a bit of a crown on it, but he will follow-up to confirm.

Chairman Farrell asked where the funds for the \$40K project will come from out of the Airport budget.

Mr. Goss stated that the funds are coming out of security enhancements, runway improvements, and others items in the current budget that can be deferred until next year to meet this need.

Mr. Hamilton stated that he is supportive of the project and requested that Mr. Goss provide the specifics items being deferred in the budget so that the Board can take action on this item.

Chairman Farrell requested the specifics to send to Board members before the next meeting. Mr. Goss will provide the specifics on the budget and the response from Mr. Deigan.

Chairman Farrell and Mr. Goss are engaged with Signature to strengthen the partnership.

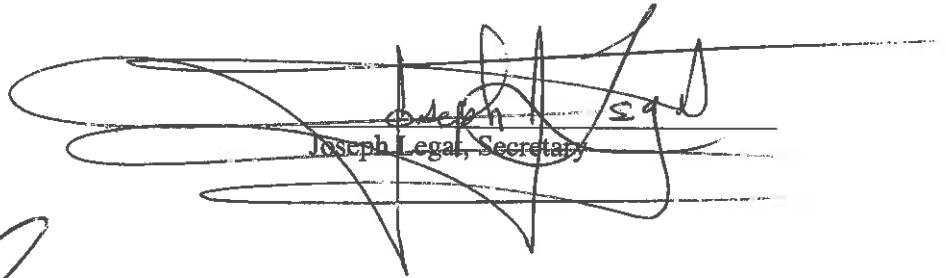
Board Comments - none

Adjournment – 3:25 PM

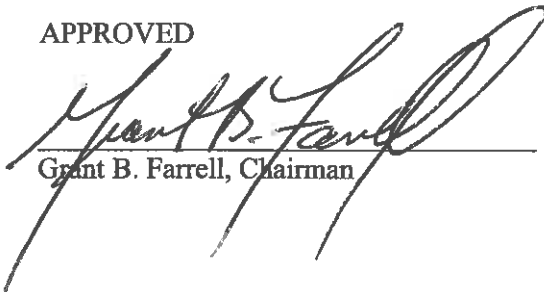
Motion by Mr. Podolsky, second by Mr. Evers:
To adjourn.

All members present voted aye and the Chairman declared the meeting ended.

Meeting adjourned at 3:25 PM


Joseph Legal, Secretary

APPROVED


Grant B. Farrell, Chairman