

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

December 20, 2017

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

The following Board members were present:

Gene Bach, Historian
Tom Evers, Member
Grant Farrell, Board Chairman
Joe Legat, Secretary
Mike Melius, Member
Randy Podolsky, Real Estate Committee Chairman

The following Board members were absent:

Jorge Torres, Assistant Treasurer

The following Board officer was present:

Bob Hamilton, Treasurer

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
Lindsey Larson, Founders|3 RES, Accounting Specialist
Skip Goss, F/3 Aviation, General Manager, Airport
Joe Seidelmann, F/3 Marine, General Manager, Harbor
Ali Gibbs, F/3 Marine, Marketing/Events Coordinator
Mary McCarthy, F/3 Marine, Staff Accountant
Cathy Smith, F/3 Aviation, Administrative Assistant
Mary Louise Schram, Recording Secretary

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)

Chairman Remarks

Chairman Farrell stated that he participated in numerous meetings throughout the month, including: two meetings with staff; Waukegan Greater Development Council meeting where they presented their ideas for the Harbor; budget meeting to review and revise proposed 2018 budget with Mr. Goss and Mr. Seidelmann; and the initial transition discussions with Mr. Morris and the proposed Legal Counsel. The Chairman also recognized the work that Mr. Cook and Mr. Bach continue to do to align the financial report line items and descriptions to improve clarity. Chairman Farrell stated that he would defer remaining comments to the end of the Board meeting.

Founders|3 RES Remarks – none

Public Comments

WYCYF Junior Sail Presentation

Mr. Colin Classen presented slides to inform attendees about the history, mission, and programs supported through the WYCYF (Waukegan Yacht Club Youth Foundation). Founded in 1966, the WYCYF became a non-profit foundation as a 501(c) (3) in 1998. The Junior Sail program operates from May through August and promotes a life-long love of sailing. The organization recognized the numerous local businesses and organizations that support their mission, including the WPD. Junior Sail program has many sailing and racing alumni who have notable careers or experience. In 2016, the Junior Sail program had 27 members and the WYCYF developed an outreach program to increase membership. In 2017, the enrollment increased to 93 students from 22 communities (43 elementary, 32 middle school, and 15 high school students). The expectation is that the program will continue to grow as the siblings of the 93 participants become eligible to join. WYCYF calculates that every enrolled participant in their program represents a 1.25 – 1.35% increase in the number of people who come to the report as a result of their program (200 – 300 people). In addition to presenting their programs through local Park Districts and school presentations, WYCYF uses social media for outreach, including: website, Facebook, Instagram, and Twitter. WYCYF is doing great things and they hope to do more.

Randy Syme, WYCYF Board President, was introduced and he thanked WPD for their participation and support of the WYCYF program.

Chairman Farrell thanked both Mr. Classen and Mr. Syme, noted that WPD has extra storage available, and directed them to follow-up with Mr. Seidelmann to coordinate.

Closed Session – not required

- **Roll Call**
- **Personnel Matters To 5 ILCS 120/2 (c)(1) of the Open Meetings Act**
- **Property Matters To 5 ILCS 120/2(c)(5)(6)(11) of the Open Meetings Act**

Reports of Standing Committees – Banking, Ethics, Personnel, and Real Estate Banking

Mr. Hamilton reported that the Committee reviewed proposals from three banks and narrowed their focus down to Wintrust. Mr. Hamilton, Mr. Cook, and Ms. McCarthy met with representatives of Wintrust Government Services. The Committee found Wintrust has the resources, knowledge, and flexible policies (can answer questions reliably and quickly). Mr. Hamilton stated that the Committee will recommend Wintrust and, pending Board approval, the transition will occur after the first of the year.

Ethics – none

Personnel - none

Real Estate

Mr. Podolsky distributed a copy of the statement of intent letter sent to the Mayor of the City of Waukegan regarding property bounded by Harbor Place, Clayton Street and Madison Street. The letter was in response to the City's request to manage the property through a statement of intent (resolution) rather than to seek vacation of the site. WPD is awaiting the response from the City of Waukegan. The purpose of the request is to get the City of Waukegan to provide attention and some level of support (landscaping, paving, street maintenance, etc.) to the site which they currently own.

Approval

- **Regular Board Meeting Minutes for November 2017**

Motion by Mr. Evers, second by Mr. Bach:
To approve the November 2017 regular board minutes.

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

- **Closed Board Meeting Minutes for November 2017**

Motion by Mr. Evers, second by Mr. Podolsky:
To approve the November 2017 closed board minutes.

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

- **November 2017 Check Approval**

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

Discussion:

Mr. Bach inquired about the \$34K for the fish cleaning station and if WPD went out for bid.

Mr. Seidelmann responded that the fish cleaning station was put out for bid. The selected station has only one vendor representative for this region and that the cost aligned with previous Board discussions. Mr. Seidelmann will share the bid and vendor information with Mr. Bach.

Mr. Melius inquired about a specific line item that was related to credit card fraud and reissue of credit cards.

There was general discussion about issuing checks to vendors before the Board approves the checks. Mr. Morris provided guidance to the discussion stating that general practice within government entities is to hold checks and issue them after the Board approves them. He added that he appreciates that the staff may be compelled to get checks out but that best practice may be to wait for Board approval before sending checks to the vendor. Chairman Farrell will follow-up on this topic to determine if checks made out to vendors for already budgeted and authorized expenses need Board approval before sending the checks to the vendor.

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

- **Financial Reports: November 2017**

Motion by Mr. Melius, second by Mr. Evers:
To approve the November 2017 financial report.

Discussion:

Mr. Bach stated that the report formats are in transition as they are being reworked. He has met with Mr. Cook, Ms. McCarthy, and others and it is expected that the work will be completed by February 2018. For example, slip fees recorded did not match the financial report. Mr. Bach stated that they have identified the errors and understand the problem and the solution is known.

Mr. Podolsky stated that he would be willing to vote on this item under these circumstances and he called for the vote.

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

- **Adopt Annual Resolution approving dormant tax levy, as required by existing Tax-Free Bond Financing. Tax Levy Resolution 17-R-02**

Motion by Mr. Podolsky, second by Mr. Melius:
To adopt Resolution 17-R-02 to approve the dormant tax levy as required by existing Tax-Free Bond Financing.

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

- **WPD Legal Counsel**

Motion by Mr. Evers, second by Mr. Podolsky:
To award the 2018 contract for legal services to Holland and Knight Law Firm to represent Waukegan Port District.

Upon casting his no vote, Mr. Melius commented that he has been personally happy with the representation provided by Hinshaw and Culbertson and especially with the services, knowledge, and guidance provided by Mr. Morris over the last 28 years. With the current direction of the projects anticipated by the Board, Mr. Melius believes that Mr. Morris' historical knowledge and point of view, as well as Harbor real estate history, is very important and is a loss for the organization.

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

Aye – Mr. Bach, Mr. Evers, Mr. Podolsky, Chairman Farrell

Nay – Mr. Melius

Abstain – Mr. Legat

- **Wintrust Government Services Banking**

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

To approve the transition of banking services from current multiple banking entities and to consolidate banking accounts with Wintrust Bank.

Discussion:

Mr. Bach asked Mr. Morris for legal guidance as to whether or not he should abstain from the vote if he has large holdings of Wintrust. Mr. Morris stated that it would be advised to abstain to avoid any sense of impropriety. Mr. Podolsky asked for clarification and Mr. Morris defined it not as any relationship or investment but a holding/ownership interest.

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

Aye – Mr. Evers, Mr. Melius, Mr. Podolsky, Chairman Farrell

Nay – none

Abstain – Mr. Bach, Mr. Legat

- **2018 FY Budget**

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

To adopt the 2018 FY budget as presented.

Discussion: none

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

- **Property and Casualty Insurance for 2018/2019**

Chairman Farrell deferred action on this item, asked Mr. Hamilton to Chair the Committee, and for Mr. Evers and Mr. Torres were asked to be on the Committee. The Committee will review the proposals and present their recommendation to the Board at the January Board meeting. Both agreed and Mr. Evers invited Mr. Legat to join the Committee and Mr. Legat accepted. Chairman Farrell agreed to the substitution of Mr. Legat in place of Mr. Torres on the Committee.

Mr. Hamilton requested a pdf copy of the proposals for review by the Committee.

Harbor General Manager Remarks (Operations Status)

Mr. Seidelmann reported that the mild winter weather resulted in increased launch ramp revenues for the month of November. The boat slip leases for 2018 are slightly less than 2017 when compared to the same point in time. Mr. Seidelmann stated that the late mailing to boaters of the 2018 fees and related marketing material was a major factor in the lower number but that he expects 2018 to meet or exceed 2017 by the start of the season. Mr. Seidelmann distributed a copy of the Harbor marketing plan to the Board members,

noting that most new boaters are from Chicago and surrounding North Shore communities. Mr. Seidelmann and members of the Harbor staff will be attending the Chicago Boat Show January 10 – 14. Mr. Seidelmann stated that he is working with F/3 on a Harbor Operations Manual to improve training, job knowledge, safety, efficiency, and communication for employees, both full-time and seasonal. He noted that the manual would act as a resource for management and Board members, also.

Chairman Farrell added that he approved a \$500 expense for a consulting fee to develop a concept drawing of the Harbor building. The concept may include, but not be limited to, adding a three-season lounge, upper deck, meeting/party rental space, etc. The concept drawing will be used to develop an RFP to obtain proposed pricing.

- **Unfinished Business**
- **New Business**

Larsen Marine Crane – Site Contamination

Mr. Seidelmann informed the Board that the Larsen Marine lease ended for the site where they placed a crane and that the crane was removed the site filled with gravel. The area where the crane sat had been covered with gravel but has a known history of contamination under the crane. Deigan & Associates were asked to investigate and found the site contaminated and estimated that clean-up would require about \$15K. WPD asked Larsen Marine to pay the costs to clean-up the contamination left behind by the crane. Larsen Marine declined and placed the burden back on WPD stating that WPD would need to identify, without question, that it was their crane and not previous cranes that contaminated the site.

Chairman Farrell stated that the Board has two options: 1) to advance the topic further to legal counsel or 2) pay the remediation costs from WPD funds.

Chairman Farrell stated that he looked at the site and that the Larsen Marine crane location was placed in a different location on the site than the prior crane.

Mr. Morris questioned whether or not the contamination could be analyzed and correlated specifically to the crane placed by Larsen Marine.

Mr. Podolsky stated that Larsen Marine is stating that they are not the sole polluter. Mr. Podolsky recommended that this topic be directed to the new legal counsel to determine what is right, what's fair and to try to find a reasonable accommodation, noting that Larsen has some responsibility.

- **Board Comments** - deferred to end of meeting

Airport General Manager Remarks (Operations Status)

Mr. Goss stated that the Airport is geared up for winter and ready to battle the snow but noted that the mild weather has been a benefit. Mr. Goss reported that due to technical difficulties, that the mounting the F1-11 has been pushed out to sometime in late February or March. Mr. Goss noted that five new large trees were donated and planted.

- **Unfinished Business** – none

- **New Business**

1. **Approval to move forward on Task Order #2 – Hanson Professional Services, Modifications to Standard Document to support Airport Layout Plan and Runway Safety Area Determination not to exceed \$18,000.00**

Mr. Goss explained that as part of the Airport expansion plan, the FAA requires that about one-half dozen things at the Airport that are not to standard need to be explained in great detail to the FAA, within their forms and format, as part of the airport layout plan and runway safety area determination. The funds spent on this item will be reimbursable.

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

To approve funds not to exceed \$18,000 to Hanson Professional Services for modifications to the standard document to support the Airport Layout Plan and Runway Safety Area Determination.

Discussion:

Chairman Farrell asked Mr. Goss to provide examples of the details needed for the FAA so that all Board members would understand the need. Mr. Goss provided various examples of the items identified by the FAA that need to be addressed.

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

2. **Approval for Final payment of \$6,347.00 to Campanella for Demolition of five residential parcels.**

Mr. Goss explained that there was an accounting oversight on the project and that this amount was not, but should have been, billed previously. The work was completed and this is the final bill.

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

To approve funds not to exceed \$6,347 to Campanella for demolition of five residential parcels.

Discussion:

Mr. Goss noted that Hanson made an accounting error, which left out the Campanella payment. These items are also reimbursable.

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

- **Board Comments**

Chairman Farrell thanked Tom Morris for 28 years of service to WPD, noting that the Board will place a brick in recognition of Tom's service in the F1-11 Plaza.

Chairman Farrell instructed the Board to direct ALL memos or communication that they want or need to distribute to the Board through Ms. Smith for distribution.

Chairman Farrell shared that the best way to reach him is through mobile phone or text. Email is the least effective and will result in the slowest response. If a Board member has an emergency issue that requires his immediate attention, again route your need through Ms. Smith.

Chairman Farrell directed specific comments to Board member Joe Legat to express his disappointment in Mr. Legat's recent unacceptable behavior to his fellow Board members. This includes his conduct during meetings, emails, calls, and conversations outside of meetings. Chairman Farrell stated that the behavior is so objectionable that he cannot protect Mr. Legat or cover for Mr. Legat's actions especially since they include false innuendo and insults. Mr. Legat has left Chairman Farrell with no recourse other than to rebut the false allegations.

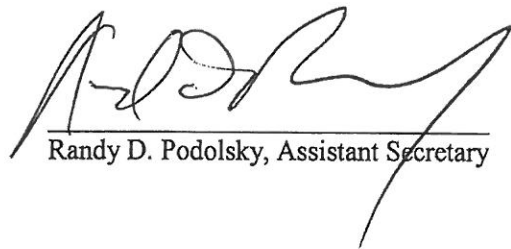
Mr. Hamilton added that he saw an email with false allegations and requested that Mr. Legat stop the insults and instead Mr. Legat should call and discuss any concern or question, with any Board member, noting that it is important for everyone to be on the same team.

Mr. Podolsky noted that the recent and constant barrage of untrue allegations are in bad faith and not fact-based noting particularly how offensive Mr. Legat's attacks on the integrity of Board members has been. Mr. Podolsky made it clear that rather than attacking fellow Board member's integrity, as Mr. Legat has done to multiple Board members and that Mr. Legat would be better served by discussing differences in policy and decisions.

Mr. Podolsky officially asked the Ethics Committee Chair (Mr. Melius) to look into Mr. Legat's allegations and requested appropriate redress be directed at Mr. Legat.

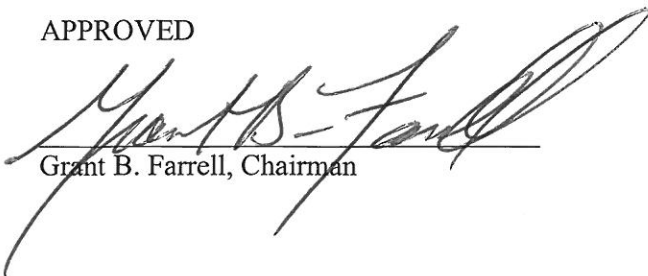
Adjournment – 3:45 PM

Meeting adjourned at 3:45 PM



Randy D. Podolsky, Assistant Secretary

APPROVED



Grant B. Farrell, Chairman