

MINUTES OF THE REGULAR MEETING
WAUKEGAN PORT DISTRICT BOARD

February 19, 2020
4:00 PM

Waukegan National Airport
Airport Administration Office – Conference Room
2601 Plane Rest Drive, Waukegan, IL

The following Board members were present:

Gene Bach, Member and Historian
Tom Evers, Member and Secretary
Joe Legat, Member
Billy McCaffrey, Member
Greg Petry, Member
Ben Veal, Member
Grant Farrell, Board Chairman

The following Board member was not present:

The following Board Office was present:
Bob Hamilton, Treasurer

District Counsel
Peter Friedman

Members of the Port District Staff present:

John Matheson, Founders 3, President
Phil Cook, Founders 3, Manager of Finance & Operations, Marina Division
Skip Goss, F3 Aviation, General Manager, Airport
Joe Seidelmann, F3 Marina, General Manager, Harbor
Mary McCarthy, F3 Marine, Staff Accountant
Mary Louise Schram, F3 Aviation, Administrative Assistant

Call to Order

Chairman Farrell called the meeting to order at 4:00 PM.

Swearing-in Ceremony

Chairman Farrell recognized Mayor Cunningham who administered the Oath of Office to Mr. Greg Petry and Mr. Ben Veal as newly appointed members of the Waukegan Port District Board. Both Mr. Petry and Mr. Veal were appointed by Governor Pritzker,

Roll Call

Pledge of Allegiance – led by Mr. McCaffrey

Approval of Remote Participation/Voting – not required

Chairman Remarks – Grant Farrell

The Chairman welcomed members and guests to the meeting. He asked Mr. Veal and Mr. Petry to each introduce themselves to the Board and to provide a brief summary of their background.

Chairman Farrell reported that since the last Board Meeting, he participated in the following meetings and/or activities:

- One Management Meeting – Chairman Farrell reminded Board members interested in attending these meetings to contact him as he would welcome one additional Board member to attend.
- Meeting with Mr. McCaffrey and Mr. Seidelmann to review Waukegan Yacht Club matters
- Provided a comprehensive orientation to the two new Board members (4 – 5 hours, each) with the General Managers also participating
- Visited the Harbor and Marina to review damage from high water levels and recent storm
- Attended the Lake County Port Investment Task Force (LCPITF) meeting on February 10.
- Informed the Board that the March Board meeting would be cancelled
- The Chairman requested that the General Managers sit at the Board table during meetings.

There were no comments from the Board regarding the Chairman's announcements.

F3 Remarks – John Matheson, President, Principal at Founders 3 Real Estate Services

Mr. Matheson briefed the Board on the history of the WPD/F3 relationship and the reasons the Board in 2016 chose to enter into a management services agreement. He noted that the primary limitations to the former governance (Executive Director/General Manager model), included 1) challenges with the Harbor and declining use, 2) difficulty in gaining traction on the runway expansion project, 3) Executive Director/General Managers unable to remain focused on big picture due to HR, payroll, employee training, and consistent standardized accounting practices. Mr. Matheson stated that F3 has fulfilled the goals set by the Board when they were brought in to provide management services. He stated that the next goal should be to determine how WPD can make better use of the real estate.

Mr. Matheson presented his recommendation for the Board's consideration: WPD pursue a Request for Qualifications (RFQ) to identify interested and qualified master developers and subsequently conduct a Request for Proposals (RFP). The focus of the development opportunity is within the Waukegan Harbor, only. Mr. Matheson stated that he would like to return in April to hear the Board's thoughts regarding this unique opportunity. He will also be contacting the City of Waukegan to discuss how both organizations can explore opportunities at the Harbor, together.

Mr. Matheson reminded the Board that the RFQ proposal was generated through a grant and that the Board has taken no action since the completion of the plan. Industrial use can remain part of the plan as that is an important revenue stream for the District. The Board was asked to discuss the matter and bring questions to Mr. Seidelmann, Chairman Farrell, or Mr. Matheson.

Board/Public Comment – none

Treasurer's Report – Mr. Hamilton

Mr. Hamilton stated that the Committee recommended approval of the January 2020 check registers.

Ad Hoc Committee Reports

Chairman Farrell noted that the F3 contract ends in January 2021 and that Mr. Veal, Mr. Petry, and Mr. Hamilton (Chair), have been asked to serve as members of the ‘F3 Contract Review’ Ad Hoc Committee. The Committee members were asked to complete their review and make a recommendation to the WPD Board by September 2020. The Committee’s review is to determine if WPD continues with the management services model, return to the executive director model, and subsequently, the Committee’s recommendation regarding review of other service contractors.

The Board discussed their general thoughts about the Committee, it’s charter, and composition.

Consent Agenda

The following items were removed, by Board member request, from the Consent Agenda.

- January 2020 Financials
- 2019-R-34, Resolution to Approve the 2020 Airport Budget and Capital Expense Plan
- 2019-R-35, Resolution to Approve the 2020 Harbor Budget and Capital Expense Plan
- 2020-R-05, Resolution to Reappoint Elrod Friedman LLP and Peter Friedman as Port District Counsel and Approve engagement letter
- 2020-R-02, Resolution Approving Annual Lease for Big Lake Marine
- 2020-R-03, Resolution Approving Annual Leases for Dockside Ice Cream, LLC
- 2020-R-04, Resolution Approving Annual Lease for Salmon Stop

Motion by Mr. Evers, second by Mr. McCaffrey

To establish the Consent Agenda

On a voice vote, all members present voted aye and the Chairman declared the motion carried

Consent Agenda

- January 15, 2020 Regular Board Meeting Minutes
- January 2019 Check Approval

Motion by Mr. Evers, second by Mr. McCaffrey

To approve the items on the Consent Agenda

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

Agenda

- January 2020 Financials

Motion by Mr. Evers, second by Mr. Bach

To approve the January 2020 Financials

Discussion: It was brought to the attention of the Board that the costs associated with the Chicago Boat Show increased significantly over the last two years: three years ago, approximately \$1500, last year approximately \$6800, and this year approximately \$7800. The Board requested information about the increased costs. Mr. Seidelmann responded that the booth/show expenses are shared by other F3 marinas to scale exposure and contain costs. The \$1500 expense represented one show in Chicago and over the last two years, WPD Marina & Harbor has been part of four Boat Shows (Chicago, Racine, Milwaukee, and Fort Lauderdale). In addition, the Waukegan Harbor is included in print advertising that prior to F3's resourcing, was financially impossible for WPD to purchase; the group pooled resources to gain access to marketing options that were out of reach for Waukegan alone. Mr. Seidelmann will prepare a pre/post analysis that will be shared at the April Board meeting and, in addition, he will send the Harbor Marketing Plan out to all Board members.

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal
No:.....none
Absent:.....none
Abstain:.....none

- 2019-R-34, Resolution to Approve the 2020 Airport Budget and Capital Expense Plan

Motion by Mr. Evers, second by Mr. Bach

To approve 2019-R-34, Resolution to Approve the 2020 Airport Budget and Capital Expense Plan

Discussion: none

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal
No:.....none
Absent:.....none
Abstain:.....none

- 2019-R-35, Resolution to Approve the 2020 Harbor Budget and Capital Expense Plan

Motion by Mr. Evers, second by Mr. Bach

To approve 2019-R-35, Resolution to Approve the 2020 Harbor Budget and Capital Expense Plan

Discussion: Board members requested that the budget be reviewed periodically throughout the year.

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal
No:.....none
Absent:.....none
Abstain:.....none

- 2020-R-05, Resolution to Reappoint Peter Friedman and Elrod Friedman LLP as Port District Counsel and Approve engagement letter

Motion by Mr. Evers, second by Mr. McCaffrey

To approve 2020-R-05, Resolution to Reappoint Peter Friedman and Elrod Friedman LLP as Port District Counsel and Approve engagement letter

Discussion: Board members discussed the transition from Holland & Knight to Elrod Friedman for legal services. A member requested a legal opinion and it was explained by Mr. Friedman, as it had been stated in the prior Board Counsel, that the statute states that the Board can select legal services as it is a policy decision, not a legal requirement on whether or not to go out for bid at this time. Elrod Friedman LLP formed their own firm and the municipal services personnel moved en masse from Holland & Knight who no longer have a municipal law department. A letter was sent by Holland & Knight to all clients that they can move to the new firm. The new engagement letter states that Elrod Friedman LLP will hold rates for legal services at the current rate for 20 months. Members of the Board Committee that selected Holland & Knight two years ago stated that the selection was based on Mr. Friedman's skills and not H&K as a whole. WPD staff also supported the engagement of Elrod Friedman LLP.

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Petry, Mr. Veal

No:.....Mr. Legat, Mr. McCaffrey

Absent:.....none

Abstain:.....none

- 2020-R-02, Resolution Approving Annual Lease for Big Lake Marine

Motion by Mr. Bach, second by Mr. Evers

To approve 2020-R-02, Resolution Approving Annual Lease for Big Lake Marine

Discussion: The Board discussed standardization of leases, lease rates for buildings with multiple levels, and the need to maximize revenue opportunities to recognize the value of the property at the Harbor. Specific examples were cited. It was stated that WPD is moving away from a profit-sharing term within a lease as it is difficult to monitor, manage, and cost prohibitive to audit. The transition away from profit sharing resulted in establishing a square footage cost that was equal to the prior history of square footage rate plus profit-sharing.

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

- 2020-R-03, Resolution Approving Annual Leases for Dockside Ice Cream, LLC

Motion by Mr. Evers, second by Mr. McCaffrey

To approve 2020-R-03, Resolution Approving Annual Leases for Dockside Ice Cream, LLC

Discussion: The Board discussed standardization of leases, lease rates for buildings with multiple levels, and the need to maximize revenue opportunities to recognize the value of the property at the Harbor. Specific examples were cited. It was recommended that the language of the lease be updated from 'including the use' to the phrase 'except for the use'. Mr. Seidelmann will review and update the lease with legal counsel.

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

- 2020-R-04, Resolution Approving Annual Lease for Salmon Stop

Motion by Mr. Evers, second by Mr. Petry

To approve 2020-R-04, Resolution Approving Annual Lease for Salmon Stop

Discussion: A discussion similar to the prior two Harbor leases. The Board discussed standardization of leases, lease rates for buildings with multiple levels, and the need to maximize revenue opportunities to recognize the value of the property at the Harbor. Specific examples were cited. It was recommended that the language of the lease be updated from 'including the use' to the phrase 'except for the use'. Mr. Seidelmann will review and update the lease with legal counsel.

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

Harbor General Manager Remarks (operations/status)

Mr. Seidelmann reported that caution tape has been placed on the docks as a safety measure where ice has formed on top of the docks and that staff are monitoring the condition. Pier S12-19 (65' x 8') sustained ice damage and free-floated away from the harbor. The manufacturer is coming out with an engineer to re-engineer that space. Alternatives to prevent a reoccurrence will be considered. The Coast Guard was notified, and liability is limited. Mr. Seidelmann will consult with the District's insurance carrier to determine policy coverage. Mr. Seidelmann reported that new boaters are interested in the 2020 extended season in which the harbor opens earlier (March 1) and closes later (November 30), with segmented sessions and variable rates. Based on current interest, Mr. Seidelmann anticipates increased demand. The magazine marketing has also been a good promotional tool. Mr. Seidelmann noted a special event: a March 1st birthday celebration at the Harbor of a local boater that coincides with the opening of the harbor and both events will be covered by the Daily Herald. Mr. Seidelmann shared developing marketing and events, including the Big Rubber Duck (August), bike and car group (Toys for Tots, July), Barrel-Drop event (current), and mentioned ongoing efforts. Mr. Seidelmann reported that the Inland River and Ports Transportation group offered a free membership to the Port District through June 2020 (\$400 annual membership after promotion). As a result of attending their last meeting, Mr. Seidelmann has received inquiries from six commercial shippers who expressed interest in the harbor. Mr. Seidelmann contacted Edgewater Resources to write a grant (due 3/13/20) as a zero-cost grant is available for commercial ports. The IDNR clean marina grant is looking positive for WPD and, if awarded, would be used to purchase a medium sized skimmer to aide in environmental clean-up at the beach. Mr. Seidelmann reported that there is interest in the harbor park property, and he anticipates six (6) proposals which will be evaluated and shared at the April Board meeting. Freedom Boat Club contacted Mr. Seidelmann to discuss a business opportunity that, if a good fit, he will continue to pursue. The Schaumburg Boat Show is March 13 – 14 and a WPD only booth will be at the event. Last year, the harbor gained five new boaters from participation in the event.

There were questions and general discussion from Board members regarding Mr. Seidelmann's report.

Airport General Manager Remarks (operations/status)

Mr. Goss reported that the LCPITF meeting on February 10 was well received with approximately 50 area municipal and state representatives, airport users, local residents, and others in attendance. SB Friedman presented

the preliminary results of the funding analysis and the next step is for the LCPITF to participate in developing a financial plan. Mr. Goss invited the Board members to attend the February 24 State of the Airport meeting at either the 10 AM or 4:30 PM presentation. The meeting will be held at the Waukegan Fire Station #5 on Green Bay Rd., just north of Sunset Rd.

- A19 – Amy Wang request to reconsider CPI increase

Mr. Goss presented, to the Board, Ms. Wang’s request to decrease CPI. The consensus of the Board was to decline the request.

- CMT Presentation – Update/Project Status

Mr. Craig Loudon from Crawford, Murphy, & Tillis (CMT) reviewed the design and construction update for 1) rehabilitation of runway 5/23, 2) US Customs Aviation Facility (GAF), and 3) perimeter fencing for phase 5 of the fence project. He also provided a planning update regarding the scope of work for 1) planning for the replacement runway 5/23 program, 2) completion of the master plan (MP) and airport layout plan (ALP), and 3) completion of the environmental assessment (EA). He reminded the Board that CMT was contracted in July 2018 and the anticipated completion of the scope of work within the current service agreement is Summer 2020. Mr. Loudon reviewed the specific work completed and presented the next steps that will be required to continue the momentum of the projects. He provided a budget update and noted that the contract amount is nearly expended and the need to begin discussion for contract for additional planning work.

- 2020-R-06, Construction Phase Services for the Rehabilitate Runway 5/23 Project. (95% Federal and State Funded)

Motion by Mr. Evers, second by Mr. Bach

To approve 2020-R-06, Construction Phase Services for the Rehabilitation of Runway 5/23 Project

Discussion: none

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

- 2020-R-07, Construction Phase Services for the Construct US Customs Building Project. (Local Funding Only)

Motion by Mr. Evers, second by Mr. Bach

To approve 2020-R-07, Construction Phase Services for the Construction of US Customs Building Project

Discussion: none

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

- 2020-R-08, Design and Special Services Phase Services for the Perimeter Fence – Phase 5 Project. (95% Federal and State Funded)

Motion by Mr. Evers, second by Mr. Petry
To approve 2020-R-08, Design and Special Services Phase Services for the Perimeter Fence _ Phase
5 Project

Discussion: none

On the following roll call vote, the Chairman declared the motion carried:

Aye:.....Mr. Bach, Mr. Evers, Mr. Legat, Mr. McCaffrey, Mr. Petry, Mr. Veal

No:.....none

Absent:.....none

Abstain:.....none

Closed Session - none

Adjournment – 6:05 PM

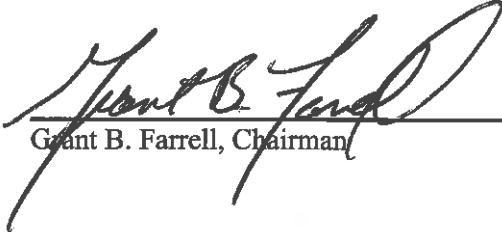
Motion by Mr. Petry, second by Mr. Evers:

To adjourn

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

Meeting Adjourned at 6:05PM

APPROVED



Grant B. Farrell, Chairman