

MINUTES OF THE REGULAR MEETING  
WAUKEGAN PORT DISTRICT BOARD

April 15, 2020  
4:00 PM

Virtual Meeting via Zoom – Open to Public

Join Zoom Meeting by phone

Call: 1 (312) 626-6799

Enter Meeting ID & Password when prompted

Meeting ID: 938 612 516 Password: 664100

Members of the public who join the meeting will hear the full meeting while on the call.

Callers will be muted until Public Comment section of the Agenda where each will be given an opportunity to speak to the Board

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 Officer 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 Airport, General Manager, Airport

Joe Seidelmann, F3 Marina, General Manager, Harbor

Mary McCarthy, F3 Marina, Staff Accountant

Cathy Smith, F3 Airport, Assistant General Manager

Mary Louise Schram, F3 Airport, Administrative Assistant

Call to Order

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

Roll Call

Pledge of Allegiance

Orientation to Virtual Meeting Format – Mr. Friedman

### Chairman Remarks – Grant Farrell

Chairman Farrell reported that there was considerable coordination with staff and Board members to create accounts, practice, and utilize Zoom for meetings to continue his work on behalf of the Board and with staff.

Chairman Farrell reported the following activity on behalf of WPD since the last Board meeting:

- Held two management meetings with the General Managers via Zoom.
- Participated in two Zoom meetings with the F3 Management team and General Managers to discuss the financial impact of COVID-19 at WPD
- Consulted with Bob Hamilton and Phil Cook to discuss financial options that might benefit WPD.
- Request Board members to be aware and considerate of staff time during this time of reduced hours and resources.
- The Chairman stated that he did not receive comments on the briefing provided last month by John Matheson regarding the Harbor RFQ. In the absence of comments, the Chairman asked Mr. Bach, Mr. McCaffrey, Mr. Matheson, and Mr. Seidelmann to serve as members of the Harbor RFQ Committee. All agreed to the committee assignment and the work of the committee is to begin.

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

Mr. Matheson stated that he would defer his comments until after the Treasurer's Report.

### Public Comment

Questions from members of the public were asked and answered by the Chairman and Board members.

### Treasurer's Report – Mr. Hamilton

Mr. Hamilton stated that the Committee recommended approval of the April 2020 check register.

Mr. Hamilton stated that the COVID-19 orders affecting all businesses in Illinois are creating serious issues with cash flow, more so at the Harbor than the Airport, because of the seasonal nature of the marina businesses and boating community. Mr. Hamilton reported that the General Managers reduced employee hours and that F3 applied for PPP funds which Mr. Matheson will discuss in greater depth. Mr. Hamilton also stated that WPD is also looking at the Local Government Prompt Payment Act, which may provide WPD the ability to extend vendor payments out to 60-days without penalty. Mr. Hamilton stated that there is the potential to slow down one or both bond issues. The caution is that it would affect the bond rating of the District which would be a serious matter. Mr. Hamilton will continue to explore this topic to see if there is a grant process to help pay bond payments. Mr. Hamilton stated that in regard to the SBA Payroll Protection Program (PPP), WPD is in a unique situation because F3 qualifies to apply for PPP adding, that the Harbor and Airport staff are employed by F3 through the contract with F3 for management and staffing services. PPP is not available to employees of municipal organizations.

Mr. Matheson stated that F3 applied for PPP funding with the intent of keeping employees employed during the 8 – 10-week program, noting that without the funding that there would be a severe reduction in staff at the Harbor. He also stated that the impact to the Airport personnel did not meet the PPP criteria to qualify. The details of the PPP funding are still unclear. The funding could turn into a loan, which would be the

responsibility of WPD, or the funds may be ‘forgiven’ as a grant to cover the designated wages by meeting the criteria set by PPP funding.

Mr. Matheson offered WPD a 6-month deferral of the F3 Harbor management fee, payable at the end of the contract (January 2021) or, other terms if the contract is extended.

The Board discussed the impact of the reduced revenues at both the Harbor and Airport, thoughts about the season opening at a later date and potential recovery, and employment details required by the PPP funding.

Mr. Matheson stated that he looks forward to serving on the Harbor RFQ committee with Mr. McCaffrey, Mr. Bach, and Mr. Seidelmann. Mr. Matheson reviewed the Development RFP and asked the Board if anyone had questions regarding the draft RFP that was presented at the February Board meeting. No questions were submitted. Mr. Matheson stated that the RFP attempts to improve the financial long-term performance through better utilization of the real estate. The RFP is designed to see if there are any developers who are interested in the considerable piece of real estate between Chicago and Milwaukee. Mr. Matheson stated that he is not suggesting that the land be sold but to consider a long-term land lease. In addition, the RFP requires no financial investment at this time by the Board. The Committee may or may not receive sufficient interest to proceed. This is a common situation that is being addressed similarly across the country.

Mr. Matheson stated that he had an administrative topic to address with the Board, noting that there are a lot of demands being placed on the employees of the District, both internally by F3, as well as through the Board, and through their work. There is a lot of work to be done. F3 leadership is trying to create a channel or method to address those concerns in a more formal way so that it limits the extra work the employees are doing. The need has been noted for the last several years and Mr. Matheson believes that now is the time to more formally address it with a plan that facilitates cooperation. If a Board member has a question or needs information from any F3 employee on staff, the Board member is requested to complete the simple form that was included in the Board packet. The requests will be channeled through the Chairman so that priorities and resources can be aligned.

Chairman Farrell drew the conversation to conclusion by noting that there are a lot of demands on staff and limited resources, especially during this critical economic downturn. In an effort to find a channel to both address the needs of Board members and respect the limited resources of staff, he requested that Board members submit their requests for information through him, using the form that was included in the Board packet.

Mr. Hamilton added his appreciation of F3’s offer to defer the Harbor management fee, stating that it was F3 who was proactive and approached the District with the offer. Mr. Hamilton shared that if F3 employees are furloughed or laid-off that F3 is providing the employee in essence a ‘loan’ to cover their insurance premiums until the employee can return to work. A repayment plan will be established for each employee.

### Ad Hoc Committee Reports

F3 Contract Review Committee Chairman, Mr. Hamilton, stated that the committee began collecting and distributing the information between the three committee members that will be used for the review. Because of the limitations of meeting in-person, this is all they are doing at present.

### Consent Agenda

- February 19, 2020 Regular Board Meeting Minutes
- February 2020 Check Approval

- February 2020 Financials
- March 2020 Check Approval
- March 2020 Financials

Request by Mr. McCaffrey to remove the February 2020 Financials and March 2020 Financials from the Consent Agenda.

Motion by Mr. McCaffrey, second by Mr. Bach:  
To establish 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

Motion by Mr. Bach, second by Mr. McCaffrey  
To approve the items on the Consent Agenda

- February 19, 2020 Regular Board Meeting Minutes
- February 2020 Check Approval
- March 2020 Check Approval

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

- February 2020 Financials

Motion by Mr. McCaffrey, second by Mr. Bach  
To approve the February 2020 Financials

Discussion: Board members stated their concerns regarding the way the financials were reported, specifically those related to the Customs Building income and expenses. Mr. Cook noted that through an oversight the income and expenses for Customs were omitted but that moving forward the report will be in the Board packet. There was general discussion from Board members and some were unhappy with the customs financials and wanted to place the new building construction on hold. Mr. Goss explained that the recent questions raised by Board members made Mr. Goss and Mr. Cook realize that two separate matters were being incorrectly combined: the financial reporting for Customs Operations should be reported separately from Customs New Construction. Customs operations expenses are designed to be a 'break-even' account at year end and WPD is always very close to this goal. The Customs new construction will be paid for with the 2019 bond monies. The Airport User Fee Ordinance was updated in 2019 to include a special assessment to certain companies using customs. These companies will pay a special assessment annually, for the next twenty years, to cover the full cost of the bond. The reason it

looked to members that the Customs Operating account was losing money was that the expenses for new construction were being reported, incorrectly, within that account. Mr. Cook is setting up separate accounts so that Operation and Construction are reported separately.

Mr. McCaffrey asked to amend the motion to include March 2020 Financials as he had the same question for each month.

Motion by Mr. McCaffrey, second by Mr. Bach:

To amend the motion to approve the February 2020 Financials to include approve March 2020 Financials.

On the following roll call vote to approve the February 2020 Financials, 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

On the following roll call vote to approve the March 2020 financials, 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 Board members were individually updated on the COVID-19 impact to Harbor operations. He will continue monitoring and adjust operations as required. Mr. Seidelmann reported that he responded to Mr. McCaffrey's requests and the outstanding items will be directed to the F3 Review Committee. In the packet was a summary of the Harbor's Edge property for which no business plan proposal was submitted by any interested party. This summer the property will be rented out by the District for events, subject to the Governor's orders. The slip rentals are significantly behind last year's numbers because of the stay-at-home and social distancing orders. Activity at the launch ramp is being monitored to ensure compliance with the Governor's COVID-19 orders and Mr. Seidelmann reported that he continues to ensure that he and the Mayor are informed and working together. Mr. Seidelmann informed the Board of the areas of the break wall that need repair.

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

- Notice to Board of Lafarge sublease with Rock Solid, Inc.

Mr. Seidelmann reported that the lease only requires that LaFarge give notice to the Board of the sublease and that there is no legal obligation for Board approval.

- 2020-R-15, Resolution to Approve the U.S. Army Corps of Engineers Letter of Intent for CAP-107 (non-obligating)

Motion by Mr. Bach, second by Mr. Evers

To approve 2020-R-15, Resolution to Approve the U.S. Army Corps of Engineers Letter of Intent for CAP-107 (non-obligating)

Discussion: Mr. Seidelmann reminded the Board that this is a non-binding letter to the Army Corps of Engineers.

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

Airport General Manager Remarks (operations/status)

Mr. Goss reported that the Airport remains open as an essential business but that activity levels are a fraction of normal for this time of year. Mr. Goss reported that maintenance personnel are on reduced hours. The Airport may receive up to \$150,000 in aid from the CARES Act. Mr. Goss reported that he is working with the contractors who were awarded the \$2.25 million-dollar runway 5/23 resurfacing project, initially slated for August 2020, in an effort to move the construction to May to take advantage of this slow time at the Airport. The tenants on the field have applauded this rescheduling opportunity. Like many community organizations around Lake County, the Airport has been asked to work on a sublease with the Public Health and Coroner's office. Mr. Goss stated that the Airport will post an RFQ for a Architectural, Engineering, and Consulting Services for the 15 projects identified in the RFQ. Mr. Goss reviewed the Customs report, included in the Board packet, that provided a summary of the history, financing, bid, and need to rebid. Mr. Goss shared a more fulsome discussion regarding Customs operating income and expenses as contrasted with the Customs new construction expenses which is funded by special assessment to users.

Chairman Farrell requested Mr. Hamilton, Mr. Petry, and Mr. Goss work together as a committee to review the proposals that are submitted in response to the Architectural, Engineering, and Consulting RFQ. All three agreed to serve on the committee.

- 2020-R-09, Resolution to Approve Tony DeGrazia Lease (formerly a member of Waukegan Airpark)

Motion by Mr. Bach, second by Mr. Veal

To approve 2020-R-09, Resolution to Approve Tony DeGrazia Lease

Discussion: Mr. Goss explained that Waukegan Airpark dissolved at the end of December 2019. A few of their former tenants want to stay at the Airport with their own lease. Mr. Goss described the terms of the new lease. Mr. Goss reviewed the various types of leases noting the specific differences between a land lease and hangar rental. Mr. Goss pointed out that the next two resolutions, R10, and R-11 are also new leases as a result of the dissolution of Airpark.

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

To amend the motion to approve 2020-R-09, Resolution to Approve Tony DeGrazia Lease to include

2020-R-10, Resolution to Approve Scott VanderVeen Clamshell Lease

and

2020-R-11, Resolution to Approve Scott VanderVeen Hangar Lease

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

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

No:.....Mr. McCaffrey,

Absent:.....~~none~~

Abstain:.....none

- 2020-R-12, Resolution to Approve the Waukegan Airshow Agreement for 2020 Event

Motion by Mr. Veal, second by Mr. Evers

To approve 2020-R-12, Resolution to Approve the Waukegan Airshow Agreement for 2020 Event

Discussion: This is an all-volunteer event that is not financially supported by WPD. The Waukegan Airshow committee will continue to monitor the social distancing criteria and will adjust their plans accordingly.

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-13 Resolution to Approve Memorandum of Understanding Between the Lake County Coroner's Office and the Waukegan National Airport

Motion by Mr. Petry, second by Mr. Veal

To approve 2020-R-13, A Resolution to Approve Memorandum of Understanding Between the Lake County Coroner's Office and the Waukegan National Airport

Discussion: Board members discussed the topic.

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

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

No:.....Mr. Legat

Absent:.....none

Abstain:.....none

- 2020-R-14 Resolution to Approve Signature Sublease with the Lake County Coroner's Office

Motion by Mr. Petry, second by Mr. Evers

- To approve 2020-R-14, A Resolution to Approve Signature Sublease with the Lake County Coroner's Office

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

Board Comments

Board Correspondence – Legat Letter dated 04/09/2020. Mr. Legat discussed his letter and said he wanted to bring it up again at the next meeting. Mr. Evers expressed his strong disagreement with Mr. Legat's conclusions regarding the general counsel selection process.

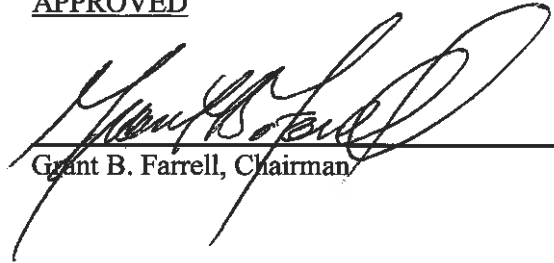
Adjournment – 5:45 PM

Motion by Mr. Petry, second by Mr. Bach:  
To adjourn

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

Meeting Adjourned at 5:45 PM

APPROVED



Grant B. Farrell, Chairman