

MINUTES OF THE REGULAR MEETING
WAUKEGAN PORT DISTRICT BOARD

June 17, 2020

4:00 PM

Virtual Meeting via Zoom – Open to Public

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Enter Meeting ID & Password when prompted

Meeting ID: 860 4120 2012 Password: 347175

Members of the public who join the meeting will hear the full meeting while on the call.
Callers will be muted until the 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:

Phil Cook, Founders 3, Manager of Finance & Operations, Marina Division

Skip Goss, F3 Airport, General Manager/Director, Airport

Patrick Lutker, F3 Deputy Director, Airport

Joe Seidelmann, F3 Marina, General Manager, Harbor

Mary McCarthy, F3 Marina, Staff Accountant

Cathy Smith, F3 Airport, Administrative Director

Mary Louise Schram, F3 Airport, Governmental Affairs & WPD Board Liaison

Call to Order

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

Roll Call

Pledge of Allegiance

General Counsel's Comments on OMA and Governor's Executive Orders – Mr. Friedman

Chairman Remarks – Grant Farrell

Chairman Farrell reported that in response to the Governor’s Executive Orders that WPD continues to use Zoom for meetings. The next order from the Governor will be released at the end of June and will help determine how the Board will meet in July.

Chairman Farrell reported that the board ethics training tentatively scheduled for July will be moved to a month when the Board can meet in person. The Chairman also noted that Mr. Friedman will not attend the July Board meeting but that Mr. Elrod will attend in his place.

The Chairman participated in two management meetings, discussion regarding NSG and lakefront remediation, Mr. Bach and Mr. Veal's visit to the Skill hangar, and work on to repair the door had begun, but a walkthrough was conducted. Skill and Signature are working on a list of work required and a timeline. The Chairman expects to have the information to share with the Board by the next meeting.

Managed regular correspondence related to WPD matters.

F3 Remarks

Mr. Cook, Founders 3, Manager of Finance & Operations, Marina Division, reported that when the 2019 Audit was sent to Board members that it was accompanied by a letter written by F3 to provide insight into all that happened in 2019 as related to the financials. Overall, WPD was compliant with the covenants of both the 2015 and 2019 ARS Bonds and the letter described net income and depreciation and how they will apply to future capital projects. The Auditors expressed their opinion that all financial statements that were provided were presented fairly. Mr. Cook was asked about the consequences of WPD not meeting a bond covenant. He reported that specifically to the 2015 bond, that missing the covenant outlined in the bond would result in a significant increase in the interest rate of the bond (e.g, 3% to 6%) which would present a terrible financial burden for WPD. Mr. Cook stated that it is his understanding that the increased interest rate would remain until WPD could demonstrate that the covenant is met (1.25% of principle in reserve).

Public Comment

Mr. Colin Classen, Program Director of the Junior Sail program at the Waukegan Yacht Club, had hoped to introduce the new President of the Junior Sail Executive Board, Chris Maybach from Anchorage, but she was delayed in travel and was unable to attend. Mr. Classen will send a pdf to share with the Board members background and information regarding the Junior Sail program. Mr. Classen described the measures being taken to follow the COVID-19 safety guidelines during their summer sail program.

Treasurer’s Report – Mr. Hamilton

Mr. Hamilton stated that all questions asked were answered and that the Committee recommended approval of the May 2020 check register.

Mr. Hamilton emphasized the report provided by Mr. Cook, stating that WPD has a requirement to accept and submit the financial audit no later than June 30th of each year. It has been missed in the past due to the auditor not completing by the June 30 date. In the past, there was little consequence to WPD by the delay in filing. This year meeting the filing deadline is critical for WPD to receive grant monies from the State of IL, specifically the State’s \$25 million appropriation for the Runway Replacement program, the grants submitted to the Rebuild IL program, if awarded, and the conversion of PPP monies from a loan to a grant. The potential ramifications of missing the filing deadline could result in serious consequences for WPD. The Treasurer recommended that Board members approve this agenda item.

Ad Hoc Committee Reports

Mr. Hamilton reported that comments on the procurement policy were submitted by four Board members and that the Committee will meet to review, incorporate changes that the Committee adopts, bring back any 'not adopted' recommendations to the Board for their review and discussion. Not a high priority item for the Board so it may be July or September before it is placed on a Board agenda. The Committee is making good progress.

Mr. Hamilton stated that the F3 Contract Review Committee is making good progress and that he expects to provide a report to the Board in September.

Consent Agenda

The Chairman asked if anyone wanted to add or remove any items from the Consent Agenda.

- May 20, 2020, Regular Board Meeting Minutes
- May 2020 Check Approval
- May 2020 Financials

Motion by Mr. Evers, second by Mr. Bach:
To establish the Consent Agenda

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

Motion by Mr. Evers, second by Mr. Petry:
To approve the items on the Consent Agenda

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

Agenda

2020-R-21, Resolution to Accept the 2019 Annual Financial Report

Motion by Mr. Bach, second by Mr. Evers:
To approve 2020-R-21, a Resolution to Accept the 2019 Annual Financial

Discussion: none

The following roll call vote, the Chairman declared the motion failed:

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

Waukegan Port District Procurement Policy – Update

Request by Mr. McCaffrey to postpone the discussion to the next Board meeting

Without objection, the matter was postponed to a future meeting

Request to Provide Financial Records to Board Members – Update

Request by Mr. McCaffrey to postpone the discussion to the next Board meeting

Without objection, the matter was postponed to a future meeting

Airport General Manager Remarks (operations/status)

Mr. Goss announced that Governor Pritzker signed the capital appropriations bill that includes \$25 million for the Runway 5/23 Replacement Program. Mr. Goss acknowledged the team effort of local officials, state legislators, corporate users and staff, and the Lake County Port Investment Task Force members (LCPITF). The next steps include a recently submitted financial plan to the FAA to facilitate their review of the environmental assessment, an anticipated open house and public hearing in late October, which is hoped to a Federal finding of no significant impact (FICON), which provides for FAA funding of the project. LCPITF members will convene this fall to continue their participation in the process. Board Members acknowledged the importance of the Mayor, County Officials, LCPITF members, and Corporate Users for their efforts in this achievement.

Mr. Goss reported that flight operations rebounded from a 75% reduction in April to only 37% down in May. He stated that the Customs clearances remain way down as US Customs continues to direct international flights through Chicago. Mr. Goss stated that he is engaged in discussions with the Users to determine how to fund/sustain the operation. Customs Service also raised their fee by 50% at a time when activity is restricted. All 70 US-based customs user fee airports are affected and collective effort is being made to contact Federal legislators, NBAA, and other groups to appeal the increased fee. Mr. Goss was asked to share the increased fee amounts. Mr. Goss reported that quarterly fees from US Customs will increase from \$30,000/quarter to \$50,000/quarter, adding that a 50% increase in user fees will be needed but that without clearances of international travel, no fees will be collected and that poses a problem (deficit spending) for the Airport. Historically, clearance fees plus user fees were sufficient to fund the Customs Service at the Airport. Customs Users at the Airport are trying to figure out how they absorb a 50% increase while, at the same time, pay a special assessment for the construction of the new Customs building. Mr. Goss shared that there are Federal congressional hearings ongoing related to this concern.

Mr. Goss stated that the customs building went out for bid and thanked Mr. Bach and Mr. Legat for their review and input to modify the plans before rebidding the project.

Mr. Goss shared that the Secretary of Defense arrived at the Airport for a visit to Great Lakes.

Harbor General Manager Remarks (operations/status)

Mr. Seidelmann reported that the increase in lake levels continues to delay the set-up of some slips and has caused a challenging situation in an area of docks. The fixed piers are still accessible but if lake levels continue to remain high, then a longer-term solution may be required, hopefully not this season. The Army Corps (ACE) is projecting lower lake levels over the next few seasons, so hopefully reworking the docks will not be needed. Big Lake Marine will be checking the chain system of floating docks that have shifted because some slips are now narrower than others; no damage was reported by any of the boats using the slips. A limited adjustment can be to adjust or reconnect loose chains to the fixed piers as needed by a diver.

Mr. Seidelmann stated that the Chicago harbors remain closed and that slip occupancy has increased as a result. Occupancy is on-par with last year with about 424 boats in the harbor, adding for comparison that there were 57 new boaters in 2019 and there are 101 new boaters this year. Unfortunately, many boaters chose to remain at their southern ports for the summer or selected to not put their boat in the water this season.

Mr. Seidelmann praised the Maintenance staff as they continue to catch-up after the late start of the season while adding the responsibilities for the landscaping work that was moved in-house this year as a cost-saving measure.

Mr. Seidelmann has received many positive comments from boaters and charter captains about the condition and services this season. Boaters are being referred to www.marina.com to complete a review of the Harbor. Waukegan Harbor hopes to receive 'elite status' with a 4.8 or higher rating across 15 – 20 reviews to receive free national advertising on their site.

Mr. Seidelmann announced that the ACE completed the CAP107 study and determined that because of the high lake levels that it is not a viable project at this time as ACE cannot reach the required return on investment (ROI) at this time. Mr. Seidelmann stated that after ACE completes the final study report that he will provide a copy to Board members. Mr. Seidelmann reported that the Phase II cleanup of the DnAPL by NSG will begin as early as this Fall. NSG has committed to coordinate with WPD to provide the least disruptions, provide continued access to boaters, and ensure site safety. Mr. Seidelmann reported that all tenants are current on payments. He stated that Bay Marine was informed that they need to remove the boats stored in the North parking lot to provide seasonal parking for boaters. Mr. Seidelmann described the progress made by Rock Solid at the silos and site. Mr. Seidelmann reminded the Board that the State of IL offers free fishing on Father's Day across the state. Mr. Seidelmann reported that the Chicago to Waukegan race was canceled, along with most major races this season due to the impact of COVID-19.

The Board discussed the NSG fencing at the Harbor, specifically that the temporary fencing should be converted to a more aesthetically acceptable long-term solution. Chairman Farrell stated that he will set a meeting with the City to address the concern and invited Mr. McCaffrey and Mr. Bach to lend their support. There were questions and general discussion from Board members regarding Mr. Seidelmann's report.

- 2020-R-22, Resolution Approving Intergovernmental Agreement with the City of Waukegan Related to the Conservation Easement at the Waukegan Harbor

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

To deny approval of 2020-R-22, a Resolution Approving Intergovernmental Agreement with the City of Waukegan Related to the Conservation Easement at the Waukegan Harbor

Discussion: An overview of the history of the 12-acre easement was provided by Mr. Seidelmann. Members discussed their concerns regarding the IGA, including:

- Does section 3 of the agreement align with the mission and resources of WPD
- WPD is not in the conservation or preservation business

- A history of problems with this site could place WPD in a no-win middle-man position
- Concern over potential legal exposure and/or expenses
- Concern that enforcement would require WPD to provide ‘policing’
- The agreement is in perpetuity; change to review periods with renewal/cancel clause
- No manpower to direct to this added responsibility

Noelle Kischer-Lepper, from the City Attorney’s office, participated in the meeting and discussions.

Without objection, the motion was withdrawn.

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

To postpone to the next Board meeting 2020-R-22, a Resolution Approving Intergovernmental Agreement with the City of Waukegan Related to the Conservation Easement at the Waukegan Harbor

Discussion: The Board would like to time acquire more information

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-23, Resolution Approving Green Town LLC Lease Agreement

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

To approve 2020-R-23, a Resolution Approving Green Town LLC Lease Agreement

Discussion: Mr. Seidelmann answered Board member's questions about the financial impact of this decision.

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

Board Comments

Closed Session – none

Adjournment – 5:05 PM

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

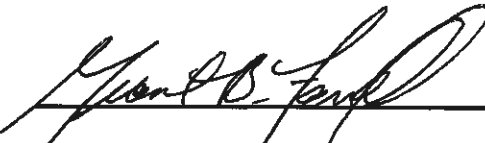
To adjourn

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

Meeting Adjourned at 5:05 PM

APPROVED



Grant B. Farrell, Chairman