

MINUTES OF THE REGULAR MEETING
WAUKEGAN PORT DISTRICT BOARD

February 17, 2021

4:00 PM.

Virtual Meeting via Zoom – Open to Public

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Enter Meeting ID & Password when prompted

Meeting ID: 847 5054 7160 Password: 759741

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 allowed 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 Officer was present:

Bob Hamilton, Treasurer

District Counsel

Peter Friedman

Bruce White, Special Outside Counsel

Members of the Port District Staff present:

Erika Krivitz, Founders 3, Manager of Accounting & Finance, 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 4:03 PM.

Roll Call

Pledge of Allegiance

General Counsel's Comments on OMA and the Governor's Executive Orders

Chairman Remarks – Grant Farrell

Chairman Farrell welcomed everyone to the meeting and reviewed his participation in WPD related meetings. The Chairman invited Board members to let him know if they would like to participate in the Management Meetings with the General Managers.

F3 Remarks - none

Public Comment

Treasurer’s Report

Mr. Hamilton reported that the Committee recommends Board approval of the January 2021 check register.

Consent Agenda

- January 20, 2021, Regular Board Meeting Minutes
- January 2021, Electronic Transfer and Check Approval
- January 2021, Financials
- 2020-R-03, Resolution to Adopt a Budget Policy
- 2021-R-02, Resolution Approving Release of Certain Closed Minutes per Policy

Motion by Mr. Evers, second by Mr. Petry:
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
No:.....none
Absent:.....Mr. Veal (lost connection to Zoom meeting)
Abstain:.....none

Motion by Mr. Evers, second by Mr. Bach:
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
No:.....none
Absent:.....Mr. Veal (lost connectin to Zoom meeting)
Abstain:.....none

Agenda

- 2021-R-05 Approving Settlement Agreement with North Shore Gas

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

To approve 2021-R-05, a Resolution Approving Settlement Agreement with North Shore Gas

Discussion – Board members stated their appreciation of the staff and attorneys who were committed to this matter, adding that the settlement provided value in both compensation and additional North Shore Gas obligation and protections for the District. Mr. Legat stated that he thought NSG should have offered more but understood the WPD decision to accept the offer.

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

Aye:.....Mr. Bach, Mr. Evers, Mr. Petry, Chairman Farrell
No:.....Mr. Legat, Mr. McCaffrey
Absent:.....Mr. Veal (lost connection to Zoom meeting)
Abstain:.....none

(Mr. Veal returned to the meeting)

Ad Hoc Committee Reports

Finance Committee

- Levy/Abate Discussion

Mr. Hamilton reviewed the Finance Committee's analysis regarding whether to levy or abate the bond debt for 2020. He reviewed the financial trends, net operating income, net assets, cash position, seasonal influences, and COVID-19 effects on the Harbor financials. Mr. Hamilton reported that WPD has a Letter of Credit with Wintrust that can be exercised if needed. He also recommended that WPD time invoice payments to take advantage of the time periods provided in the Illinois Prompt Payment Act to assist with managing cash flow. He stated that the Harbor does not have any reserve funds or capital investment funds. Mr. Hamilton added that the Committee that will review 'retooling' the Harbor may be restrained by the lack of Harbor reserves to fund recommended policy changes. Mr. Hamilton reported that while the NSG settlement is helpful, it is insufficient to meet the financial needs of the Harbor. He added that it was Bond Counsel's opinion that WPD would be authorized to levy 100% of both bonds and that Mr. Hamilton's opinion was that WPD should weather the storm that may result from imposing the levy. Mr. Hamilton then reviewed the tax impact on an average property within the District's boundary.

Mr. Hamilton recommended that the Board levy 100% of the 2020 taxes for the 2015 and 2019 General Obligation ARS bonds.

The Board members discussed their thoughts about the need, merit, and impact of the levy or abate decision. Considerable focus was directed to whether the Harbor would go net-negative in 2020 or 2021. Also discussed was 'retooling or right-sizing' the Harbor amenities, services, or staff to identify cost savings and if user-fees rather than a tax should be considered. Other members stated that they did not support levying taxes because they did not think the District had exhausted all possible changes or cost savings.

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

To approve 2021-R-06, a Resolution to Abate 100% of the 2015 NBH Bond

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

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

To approve 2021-R-07, a Resolution to Abate 100% of the 2019 Capital One Bond

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

- **Purchasing Policy** – Chairman Farrell reported that the Purchasing Policy is on the agenda for first reading. Mr. Bach stated that the Policy is similar to past practice but that he has a few changes. The Chairman requested that Mr. Bach and other members submit changes, and, if the changes are minor, the Policy will be included on the March Consent Agenda.

Airport General Manager Remarks (operations/status)

Mr. Goss reported that the last three weeks had been the snowiest on record since the winter of 1978-79, with nine consecutive days of snow. He stated that the crew has been keeping up with the demand, the tenants are happy, and that transient aircraft were diverted to UGN from other airports because the snow crew was doing such an excellent job of keeping the airport open. Mr. Goss reported that the Customs construction is proceeding on schedule and that the completion is anticipated in June. Mr. Goss introduced newly elected Lake County Board Member Gina Roberts as the newest member of the Lake County Port Investment Task Force (LCPITF). Commissioner Roberts was thanked for her recent visit to the Airport and Harbor and her attention to the work of WPD.

Mr. Goss requested Board Members review the CMT scope of services and cost proposal to generate an Existing Airfield Compliance Report in preparation to approve the agreement at the March Board meeting. Mr. Goss asked Board Members to contact him if they wished to discuss in greater detail. The purpose of the report is to understand what would happen at/to UGN if the Replacement Runway Program fails.

Harbor General Manager Remarks (operations/status)

Mr. Seidelmann gave a developer status update on behalf of Mr. Matheson. He stated that F3 received a proposal from a Master Developer (three partners: LA based developer, WI architect, and WI developer) but that the Wisconsin developer pulled back due to COVID-19. The remaining two partners in the proposal are looking for another local partner/developer to join the team and Mr. Seidelmann requested suggestions be submitted to either him or Mr. Matheson.

Mr. Seidelmann reported on the condition and ongoing repairs at the Waukegan Yacht Club (WYC) to bring the facility to good standards. Mr. Seidelmann listed the problems found when WPD took occupancy of the building in January and the repairs and remediation involved to date. He noted that while WPD hopes to continue to support the WYC members while noting that they are in a difficult position. Mr. Seidelmann requested that the new leadership provide a business plan to the Board no later than the March meeting. Mr. Seidelmann is moving ahead by requesting proposals for both the Yacht Club building and the adjacent open space and plans to present recommendations to the Board at the March meeting. He stated that License agreements for both WYC and Junior Sail would be on the agenda for Board approval next month.

Mr. Seidelmann reported that slip occupancy is at 78% of expectation for the year. Staff are attempting to collect slip fees earlier this year as part of the retooling effort.

Mr. Seidelmann stated that back-to-back ice storms with 15-foot waves damaged the breakwater. Drones will be used to survey the damage as the snow melts. If the ice shifts around, the repair may require restacking the

boulders. Mr. Seidelmann will inform the Board of the estimate for the repair. Similarly, ice damage and repairs may delay the season-opening this year. Mr. Seidelmann reported that the transmission of the 2000 Chevy Pickup has failed and must be replaced; there is money for the repair in the vehicle budget. Mr. Seidelmann announced that the 2nd Annual Barrel drop was announced, and he encouraged everyone to participate. Mr. Seidelmann noted that social media exposure has improved, with three marketing campaigns receiving over one million views last month. Mr. Seidelmann reported that an adult gray Greer falcon is nesting at the Harbor and that a bald eagle has also been spotted.

Board members commented on Mr. Seidelmann's report regarding the structure of WPD and the potential development opportunities. Mr. Seidelmann answered the questions presented.

Closed Session – none

Board Comments – none

Adjournment – 4:45 PM

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

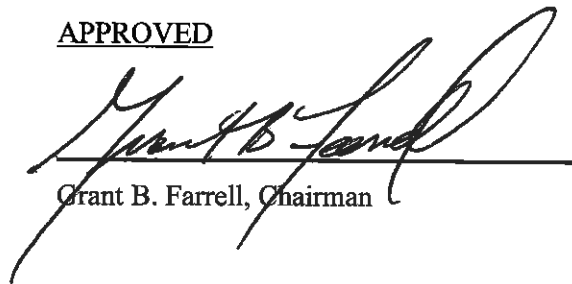
Discussion - none

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

Meeting Adjourned at 4:45 PM

APPROVED



Grant B. Farrell, Chairman