

MINUTES OF REGULAR BOARD MEETING
OF WAUKEGAN PORT DISTRICT

November 18, 2015

Waukegan National Airport
Landmark Aviation FBO, Inc. – 2nd Level Conference Room
3550 N. McAree Road – Waukegan, Illinois

The following Board Members were present:

Grant Farrell
Jorge Torres
Thomas Evers
Michael Melius
Joseph Legat
Randy Podolsky

The following Board member was absent:

Gene Bach

The following Board Members were present via conference call:

None

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Randy Rogers, Executive Director
Jamie O'Meara, Director of Operations
Barney Baker, Airport Maintenance Supervisor
Brad West, West's Insurance
Brent Jones, West's Insurance
Jason Koperny, West's Insurance
Jim Hull, EAA

1. Call to order by Chairman Farrell at 2:04 PM.
2. Roll Call

Messrs. Farrell, Torres, Evers, Melius, Legat, and Podolsky answered present.

3. Approval of Remote Participation/Voting
Not necessary

4. Chairman Remarks

Mr. Farrell reported that he is working closely with Mr. Rogers to setup a variety of meetings with the intention of sharing information about what the Port District is doing. Meetings scheduled include: 11/24/2015, 6:45pm, Lake Forest City Hall – Presentation by Lake Forest College Marketing/Entrepreneurship Students on marketing plan for Port District (a class project); 12/9/15, 10:00am, Harbor Control Building – Community Leaders including local Mayors and County staff; Date TBD – Commercial fishermen meeting to discuss what we can do better to foster commercial fishing out of Waukegan Harbor; 1/20/2016 (tentative), 10:00am, Waukegan Fire Department Station 5 – Airport tenants for information sharing and listening; Spring 2016 meeting – Harbor tenants and slipholders for information sharing and listening.

Mr. Farrell shared an action item list he is instituting to track “to-do” items and the responsible party. This will be ongoing and updated frequently.

Mr. Podolsky will also be attending the marketing presentation on Tuesday, 11/24/2015 and it was decided that in case another board member chooses to attend, a public notice should be posted stating that no official Port District business will be conducted but that there is a possibility of a quorum of board members.

5. Approval of Regular Board Meeting Minutes of October 21, 2015

Mr. Podolsky requested a clarification in his motion (Item #11) on page 3 to include specifically stating the bond resolution be made available on the Port District website.

On motion of Mr. Podolsky to approve Regular Board Meeting minutes of September 16, 2015 as amended, seconded by Mr. Evers, all members present voted aye, and the Chairman declared the motion carried.

6. Approval of Checks for October 2015

Mr. Torres asked for clarification on two airport checks, the first for Lake County Hose in the amount of \$2,261.03 expensed to Vehicle Operation & Maintenance and the second, a check to Vericom Computers in the amount of \$4,655.00. Mr. Baker responded the Lake County Hose check was for a blower motor and the Vericom check purchased a new friction meter. Mr. Torres expressed concern that there seemed to be a considerable amount of Vehicle Repair expense. Mr. Baker assured him the charges were within budget.

Mr. Torres continued to the Harbor checks and sought clarification for the need for temporary employment checks. A discussion followed regarding the need for temporary maintenance workers after the seasonal college employees returned to school. Mr. Torres asked if this would be reflected in lower wage expense and Ms. O’Meara answered in the affirmative.

On motion of Mr. Evers to approve October 2015 checks, seconded by Mr. Melius, on a roll call vote all members present voted aye, and the Chairman declared the motion carried.

7. Financial Reports – October 2015

Mr. Torres asked about the \$25,000 Miscellaneous Income entry. This is from the sale of the snow broom. Mr. Podolsky asked why the sale price was considerable lower than when the Board reviewed the purchase proposal of the two new brooms, which included an estimated sale price for the used broom. Mr. Baker replied that the sale price was an estimate as there is not a market for used airport equipment. Mr. Rogers stated that the market wouldn't bear the original quoted price, and that a best price offer of \$25,000 was accepted.

Mr. Torres again cautioned that we pay close attention to the detail of each line item during the budgeting process. Staff concurred.

On motion of Mr. Podolsky to approve the financial reports of October 2015, seconded by Mr. Evers, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

8. Approval of Worker's Compensation Renewal Proposal

Mr. Jones of West's Insurance Agency addressed the Board, walking them through the recommended renewal with Illinois Public Risk Fund. The Port District has been with the IPRF for a number of years and they consistently come in with much lower premiums than other insurance companies. The 2016-17 proposal is a 13.6% decrease over the 2015 premium (subject to audit) and is \$29,075. Mr. Jones stated that this is a result of both rates and payroll costs decreasing. As due diligence other companies were asked to quote. They either came in higher or declined to quote altogether. In addition to the lower rates, the IPRF policy will include a safety grant award in the amount of \$2,811 to be spent on safety related training, materials, and equipment

Mr. Torres inquired why the quote is lower; Mr. Jones responded that the rates are down and our payroll expense was lower. Mr. Evers asked if the quote included the grant of \$2,811 or if that was in addition to the lower rates. Mr. Jones answered that the two are separate. Mr. Evers also asked how the grant monies have been used in the past. Ms. O'Meara and Mr. Baker responded with examples such as training items, safety goggles & clothing, barricades, and small equipment such as the friction meter mentioned in the review of checks.

On motion of Mr. Podolsky to approve the 2016-17 worker's compensation insurance renewal with IPRF, seconded by Mr. Melius, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

9. Approval of Health Insurance Renewal Proposal through Blue Cross Blue Shield of Illinois

Mr. Koperny of West's Insurance explained three options presented: renewal of existing policy with Blue Cross Blue Shield of Illinois at an increase of 8.25%; moving to the BCBS Blue Care Direct – Advocate plan, which would require employees to use only providers signed up with this plan with all other options being out of pocket; and United Healthcare plan with similar coverage to current with a premium of 11.9% higher than current.

Mr. Podolsky inquired when the current coverage expires; Mr. Koperny answered 1/1/2016. Mr. Farrell confirmed the renewal would be an increase; Mr. Koperny answered it is 8.25% higher.

At this point Mr. Podolsky recommended that Items 9, 10, and 11 be tabled until information is received from another agent he is working with. Members agreed that they still would like to hear the details of the renewals although a decision to renew would be postponed until the December 2015 meeting.

On motion of Mr. Podolsky to table items pending additional quotes, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

10. Approval of Dental Insurance Renewal Proposal through Delta Dental

Mr. Koperny explained that the Delta Dental proposal includes a locked in rate for two years just as the expiring coverage was locked in for the last two years. The increase is 2.99%, locked for two years. Ms. O'Meara pointed out that this coverage expires December 1, 2015 so if action was tabled until the December board meeting, employees would be without coverage. Mr. Koperny was asked that if we pay the December 1 premium, would that be a de facto renewal; Mr. Koperny answered that none of the employee insurance coverages are contracts, but rather month to month. The rate is what is contracted. Coverage can be terminated at any time without penalty.

Mr. Evers confirmed and was assured that Staff will obtain multiple quotes and present in December.

On motion of Mr. Podolsky to pay the December 1, 2015 premium to ensure continuous coverage for employees, seconded by Mr. Evers, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

11. Approval of Life, ST/LT Disability Insurance Renewal Proposals through Principal Life

Although tabled, Mr. Koperny shared with the Board that Principal had recently revisited their rate quotes and had determined there would be no increase in the short term and long term disability rates.

The Board thanked Messrs. West, Jones and Koperny for their presentations.

12. Approval of Capital Project Priorities using Re-financing Proceeds

Mr. Rogers presented an itemized capital projects list to the Board:

- 1) Construction of a US Customs Facility
- 2) Commercial Dock Study
- 3) Repairs to North/South Breakwall
- 4) Improvements to Harbor Control Building to incorporate a variety of boater amenities

Mr. Rogers introduced the topic, requesting Board approval of the priorities shown for the capital projects listed to enable staff to proceed. He suggested that emphasis be placed on the first four, i.e., customs (design and construction); commercial dock study to assess weight capacity; additional work on the breakwall; and improvements to the Harbor Control building. Mr. Melius raised a question concerning the customs work to verify that the work was limited to what Homeland Security requires. Mr. Podolsky expressed a concern that there was an insufficient basis for the numbers identified, and he was uncomfortable approving the dollar amounts as stated in the board item. A discussion followed about other major projects and the absence of ready fund sources, particularly for the runway extension. Mr. Rogers provided some updated information on likely funding allocations for the new runway project, and Mr. Torres asked some clarifying questions about cost sharing. Mr. Melius sought to verify that the customs work was justifiable, even if the runway extension was not feasible. Following comments by Mr. Farrell, consensus was reached that it was essential to proceed with the customs work immediately and that it was not dependent upon the runway extension. Discussion ensued on the other three items. Mr. Podolsky sought further clarification on the dock study, particularly with respect to the boundaries and portions that were subject to use and any proposed engineering study. It was further clarified that the allocation of another \$150,000 to the breakwall project would likely permit full funding of all necessary repairs.

Mr. Torres made a motion that was seconded by Mr. Podolsky to authorize the administration to proceed with the first four items and to obtain bids for the first four projects. Mr. Evers inquired about the number of bids required, as there are limited available responsible bidders for projects such as the commercial dock study and the breakwall repairs. Mr. Torres would expect at least two bidders for each project. During further discussion, Mr. Melius sought more information about what was planned for the HCB, and he affirmed that the breakwall was an immediate and necessary priority. A question then arose about the form of the motion and what was being authorized. Mr. Morris clarified that the agenda item was to approve priorities and not to authorize particular projects to proceed. He explained that the Open Meetings Act would require that the project award be shown as an action item, and that the agenda for today's meeting simply sought an affirmation of priorities and a range of estimated expense so that staff knew what they were to focus upon. Therefore, the motion should actually simply authorize that the first four listed projects be given a priority and that the administration come back to the Board with more information for specific approval of each project when costs were determined. Following this clarification, Mr. Farrell called the question and all members present voted to authorize the staff to move forward on the first four capital projects, as described previously. All members present voted aye, and the Chairman declared that the motion, as clarified, approved.

Mr. Legat exited the meeting at 3:00pm

Executive Director Remarks

Mr. Rogers mentioned two items of importance:

- 1) The CN Rail line and the City's initial intent to purchase it along with the National Gypsum property – National Gypsum is interested in staying at the Harbor and is looking into purchasing the property themselves. This is an important issue for the Port District as their shipping tonnage affects the willingness of the USACE to dredge the

harbor and channel for access. Although the National Gypsum property purchase by the City now appears to be a dead issue, Mr. Torres confirmed the City Council still has the option to purchase the railroad line.

- 2) Airport Incursions – Mr. Rogers has reached out to the tenants and major users of the Airport, sharing the existing Vehicle Operations Manual and requesting input; we are working on clarifying and tightening up procedures. Mr. Farrell mentioned that an annual safety meeting, sponsored by the Tower Operator, was held last week.

Mr. Farrell asked about the timeline for the 2016 budget. Mr. Rogers responded that he and Ms. O’Meara were planning on a meeting with Mr. Torres in the next week or two to review the proposed budget and have it ready for approval at the December 16, 2015 board meeting.

Airport – Board/Public Comments

None

Airport – Ongoing Business

13. Airport Operations – October 2015

Ms. O’Meara presented the Operations Report to the Board stating that Baxter Aviation has returned their aircraft to the airport after the ramp repair project and, therefore, has begun fueling their aircraft again.

Mr. Farrell asked if Baxter was up-to-date with their adjusted payments due to the new lease. Ms. O’Meara answered in the affirmative. Mr. Farrell also shared with the Board that there are two items, increased security rates for airport tenants and filling the new Security Chief position, that are ongoing.

14. Airport Status Report

Mr. Rogers shared that Mr. Stanczak remains on medical leave but is recovering and reports making good process. All other items have been discussed previously.

Airport-New Business

15. Authorize the Executive Director to execute the loan agreement with the National Museum of the USAF for an F-111A Static Display and Approve \$40,756 to Relocate the Aircraft to UGN

Mr. Farrell presented an estimated budget regarding the pledges/expenses related to taking possession of the F-111A. With Mr. Jim Hull of the EAA, who is coordinating the project, they believe after pledged monies are received, the project will cost the Port District approximately \$26,446. The intent is to have the plane on premises at UGN by the end of December and ready for display by the Air Show scheduled for September 10, 2016. Mr. Podolsky confirmed that if we received none of the pledged money we would be responsible for \$40,746; Mr. Hull mentioned the additional insurance fee of \$700. Mr. Podolsky also pointed out that we will need to build up a maintenance fund for upkeep. Mr. Hull responded that

serious fundraising efforts begin when the plane arrives on premises. Mr. Evers asked if the Port District will own the plane and was told that the plane remains the property of the USAF. Mr. Podolsky inquired who would be the lead on the project to make sure it moves forward and was told Mr. Farrell has taken that role.

On motion of Mr. Evers to authorize Mr. Rogers to execute the loan agreement with the National Museum of the USAF and approve an amount not to exceed \$45,000, with the understanding there are efforts in place to re-coup these costs, to relocate the aircraft to UGN, seconded by Mr. Torres, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

Harbor – Public/Board Comments

Mr. Melius asked how much the lake level had risen; Mr. Podolsky answered it seems to be 3 to 3½ feet.

Harbor – Ongoing Business

16. Harbor Operations – October 2015

Ms. O’Meara presented the report to the Board. Mr. Melius asked about the two past due accounts and Staff responded that attempts have been made to reach the two tenants and resolve; these efforts are ongoing.

17. Harbor Status Report

The recreational harbor has closed for the season. Mr. Seidelmann is attending Certified Marina Manager classes this week.

Harbor – New Business

18. 2016 Harbor Annual Leases – Discussion and Approval of Proposed Rates

Mr. Podolsky asked to table this item until a more comprehensive conversation and analysis can be performed. It will be brought back before the Board in December.

On motion of Mr. Podolsky to table the approval of proposed 2016 annual Harbor leases, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

19. Approve training expenses for Harbor Maintenance Employees – Management Skills and Master Gardener coursework for amounts not to exceed \$200 and \$300 respectively

Ms. O’Meara explained that these items were being brought before the Board for approval per a previous request by Mr. Torres as they were outside of the budgeted amount for 2015.

On motion of Mr. Podolsky to approve the additional training expenditure of \$500, seconded by Mr. Melius, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

20. Bay Marine Proposed Project

Mr. Rogers brought the Board up to date on conversations between Staff, Mr. Podolsky, and Mr. Felhofer of Bay Marine and requested approval of a letter that Bay Marine requires in order to apply for a permit with the US Army Corp of Engineers for the lift well portion of their proposed development.

Mr. Podolsky expressed his support for the project but feels the letter needs to be further reviewed by Counsel.

On motion of Mr. Podolsky to approve moving forward with the intent of the previously approved LOI with Bay Marine, and authorize the Chairman to execute the letter of support upon Counsel's review and input, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

Before entering closed session Mr. Melius inquired as to the status of the Mathon property and the previous environmental testing agreement between the Port District and the owners. Mr. Morris and Mr. Podolsky agreed that the agreement is expiring and no action is needed at this time.

Closed Session

On motion of Mr. Melius to go into closed session at approximately 3:45pm to discuss property matters pursuant to 5 ILCS 120/2 (c) (6), seconded by Mr. Podolsky, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

Open Session

The Board reconvened in open session at approximately 4:08pm.

14. Action on Property Matters pursuant to 5 ILCS 120/2 (c) (6)

On motion of Mr. Podolsky to execute the negotiated lease amendment #2 with Baxter Healthcare Lease pending completion of the Exhibits, seconded by Mr. Melius, all members present voted aye, and the Chairman declared the motion carried.

There being no further business, on motion of Mr. Evers to adjourn, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried. Board Meeting adjourned at approximately 4:10pm.

JOSEPH J. LEGAT, Secretary

APPROVED:

GRANT B. FARRELL, Chairman