

**MINUTES OF REGULAR BOARD MEETING
OF WAUKEGAN PORT DISTRICT**

August 19, 2009

**55 South Harbor Place, Waukegan, Illinois
Harbor Control Building**

The following Board members were present:

Rodger Welker, Chairman
Jim Bierman
Donald Vanderverter, Treasurer
Dale Johnson
Jorge Torres, Secretary
Mike Melius
Hank Bogdala

The following Board member was absent:

None

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Duncan C. Henderson, A.A.E., Executive Director
Brion O'Dell, Harbor Manager
Chris Peters, Executive Assistant
Jamie O'Meara, Chief Accountant
Jim Stanczak, Airport Manager
Terri Hatton

Others in attendance:

Jeff Clark, Waukegan Airshow
Dennis Banner, Advisory Committee Waukegan Airshow
Skip Goss, Skill Aviation
Frank Wassis, Boater
Augie Ralph, Salmon Stop
Robert Sabonjian, Mayor, City of Waukegan
Lindsay Hausman, Hanson Professional Services

Chairman Welker called the meeting to order at 9:00 A.M.

1. Approval of the Board Meeting Minutes of August 19, 2009

On motion of Mr. Bierman to approve the Minutes of the July 15, 2009 board meeting, seconded by Mr. Bogdala, all members present voted aye, and the Chairman declared the motion carried.

2. Approval of Checks

Mr. Vanderventer reported he had reviewed checks with Jamie O'Meara prior to the meeting. The board members reviewed various expenditures and received explanations about many items.

Mr. Henderson explained the T.J. Thomas invoice related to environmental consulting in preparation of North Pier Renovations. Mr. Thomas had proposed a Confined Disposal Facility (CDF) to the Environmental Protection Agency which was viewed favorably by the Agency in a June meeting. It is hoped the CDF would relieve disposal costs for dredging in the North Pier Renovations. Another environmental consultant, Chris Tanner, had reviewed wetland studies at the Waukegan River mouth. Mr. Bierman expressed his opinion that obtaining funds for north pier will impede proceeding on the renovation project; he also stated that Bank of Waukegan (sic) moved excavation material to a location south of the harbor facilities. Mr. Bierman next inquired into cost of legal counsel's presence at board meetings. Mr. Henderson recalled the subject had been discussed at prior meetings and the board had determined legal counsel was desired at board meetings. Mr. Morris arrived at the meeting following this discussion along with Mayor Sabonjian and Mr. Johnson.

On motion of Mr. Torres to approve of checks, seconded by Mr. Melius, all members present voted aye, and the Chairman declared the motion carried.

3. Financial Reports: July 2009

Mr. Henderson conducted a review of harbor and airport financial reports as presented. Edmund's price was reported as to high t be recommended.

4. Operations Reports through July, 2009

Operations at both facilities aw reported consistent with economic trends.

On motion of Mr. Melius to approve the Financial and Operations Reports presented, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

5. Prevailing Wage Act Ordinance

Mr. Morris was asked if the Prevailing Wage Act was required to be adopted. He stated that it was and that the law is expanding the Act. On motion of Mr. Johnson to approve and adopt Ordinance 09-0-02, An Ordinance setting the Prevailing Rate of Wages as Defined in the Prevailing Wage Act, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

Harbor – Unfinished Business

6. Status Reports

Mr. O'Dell reported the fuel dock project is on track. Design has been completed and staging of construction equipment will commence mid September. He will meet with a representative with a local water show in September to look at site feasibility for such a show. Inncom, an advertising service will be installing a computer terminal to advertise local attractions, restaurants, etc. They will pay the Port District 10% for the privilege with the only cost to the Port District being electricity. Mr. O'Dell had looked into the company and felt it had great potential. They are functioning in Chicago with good feedback. The board concurred.

Dr. Welker suggested the Public Commentary portion of the meeting be moved today and in future meetings to occur prior to new business. With no objections presented, Mr. Henderson inquired of the public for comments.

Harbor – Board/Public Commentary

Mr. Wassis stated that slip fees should not increase next season. No other comments were offered.

Harbor – New Business

7. 2010 Slip Rates

Mr. Henderson explained the logistics of setting slip fees relating to the budget process, health insurance renewals, competitors and the economy. The Port District staff has carefully reviewed rates and is not recommending an increase for the 2010 season. Mr. Torres asked about the comparison list previously forwarded to board members and asked for a summary of vacancies. Mr. O'Dell and Ms. Hatton answered the question in detail. The board discussed possible scenarios at length to include other cost saving measures which could be utilized to offset the need for an increase.

On motion of Mr. Johnson to hold over setting 2010 slip rates to the September board meeting, seconded by Mr. Bierman, all members present voted aye and the Chairman declared the motion carried.

Mr. Bogdala next addressed the board on a new subject matter. He reported that he had met with Mr. Henderson to discuss the possibility of a water show in the vicinity of the Yacht Club. He felt such a show could draw a lot of people and suggested combining with Great America and Gurnee Mills events. He also felt this would be good for the City of Waukegan. He asked the board to give Mr. Henderson authority to talk to the Tommy Bartlett Show people and to take the time to go up to see the show. Dr. Welker asked if this was the show brought up earlier in the status report. It was reported that the Aquanauts from Twin Lakes Wisconsin were going to survey the area at season end. Mr. Bogdala asked the Board to authorize Mr. Henderson and Mr. O'Dell to go up to the Tommy Bartlett Show. Dr. Welker informed Mr. Bogdala that any action by the Board would require an Agenda item and that we could not proceed on this matter at the current meeting. Mr. Morris addressed agenda items and action by the board. Mr. Bierman inquired as to what time frame was needed to get an item on the agenda. Mr. Henderson suggested protocol would be for a board member to contact the Chairman. Preparation of the Agenda is normally the Wednesday before a board meeting.

Mr. Bierman then inquired about the status of the Port District's Audit Report for the year ending 2008. Ms. O'Meara reported it would be ready for the next board meeting.

Airport – Board / Public Commentary

Airport – Unfinished Business

8. 2009 Waukegan Air Show Permit

Mr. Henderson introduced the subject of Permitting the Air Show. Dr. Welker submitted that liability for the Port District and others involved with the Air Show was of paramount importance. Mr. Johnson expressed the opinion that flyers should have insurance coverage. The board also considered staff allocation and fuel fees.

Mr. Clark is coordinating the Air Show and next addressed the board. He requested that the Board modify the proposed Permit, because it was his opinion that the insurance coverage required by the Permit would cause a loss of performers. The performers, who are performing without requiring compensation, do not wish to pay the cost of any additional premium or bother with securing the added endorsements from their agents. Mr. Clark suggested that the performer's coverage would be diluted if more parties were added as insureds under the individual policies, which each of the performers possessed. He stated that the proposed insurance requirements would cause the Air Show to lose many of the performers.

The board discussed the insurance provisions at length. Mr. Morris explained the insurance provisions had been provided by the Port District's insurance agent, Brad West. Mr. Morris concurred the insurance was advisable to provide for a catastrophic event and further stated it was prudent for the District to obtain additional insured endorsements which would afford the District a defense and pay legal fees in the event of a major accident. Mr. Morris noted that Mr. Clark's waiver request was best directed to Mr. Brad West for

evaluation as Brad would be more familiar with the underwriting assumptions upon which the District's insurance plan was based. The District has an umbrella policy, and that policy may require underlying primary policy coverage by all participants. Exempting voluntary performers might result in insurance coverage gaps, a re-evaluation of the premium the District is charged for the Air Show for the umbrella, and could possibly jeopardize umbrella coverage. Mr. West would have to advise whether other options existed, whereby the presentation of individual certificates evidencing the personal policies of the voluntary performers (without adding the District as an additional insured) would be deemed adequate or whether the District could secure a separate underlying policy for the event which would insure it for losses arising from the acts of the individual performers. The board discussed various possibilities including the purchase of an additional policy with a premium cap of no more than \$5,000 divided in-thirds amongst Waukegan Port District and Waukegan Regional Airshow.

On motion of Mr. Johnson to accept the Airshow Permit subject to a review of insurance coverage required for the event, to waive the fuel flowage fee due to the Waukegan Port District for participants in the Air Show the day of the event, and to provide existing airport staff to provide support for the function, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

9. Status Report

Mr. Stanczak reported the construction projects for the air traffic control tower, WCAF and some cracked pavements are proceeding smoothly. 14/32 and the rotating beacon projects will hopefully commence soon. The Customs Building leak has been located and the repair completed. There have been some neighbor noise complaints which are resolved and we lost one red hangar tenant but have found a replacement. A recent FOD (foreign object debris) event occurred with the Boeing jet. It has not been determined if the FOD was picked up here or at another location. Also, Rep. Washington's funding meeting was cancelled. Our TIP meeting is scheduled for September 1. Additionally there is discussion about moving the tollway signs closer.

The board discussed security fencing, use of stimulus funds, and other pending projects including follow up demolition pursuant to land acquisition at the Routt and Kruse properties. Ms. Hausman of Hanson Engineering responded to many questions relating to pending projects, TIP meetings and the Master Plan. Currently the Scope of Work (Master Plan) is in progress.

Airport – New Business

10. Approval of Engineering Services Agreement for Runway 14/32 Overlay

11. Approval of Bid for Runway 14/32/ Overlay

AIP No. 3-17-0105-B44, UGN-3908

Mr. Henderson explained Items 10 and 11 which both relate to Runway 14/32 Overlay. Both items are at no cost to the Port District and he recommended board approval. Ms. Hausman also detailed the construction to take place for the project stating that temperatures should be at 60° and rising to lay and maintain a quality asphalt surface.

On motion of Mr. Melius to approval of the Engineering Services Agreement and the Bid for the Runway 14/32 Overlay, AIP No. 3-17-0105-B44, UGN-3908, seconded by Mr. Johnson, all members present vote aye and the Chairman declared the motion carried.

There being no further business, on motion of Mr. Melius to adjourn the meeting, seconded by Mr. Johnson, all members present voted aye, the Chairman declared the motion carried. The meeting adjourned.

s/Jorge Torres
JORGE TORRES, Secretary

APPROVED:

s/Rodger Welker
RODGER WELKER, Chairman