

MINUTES OF REGULAR BOARD MEETING OF WAUKEGAN PORT DISTRICT

October 21, 2009

55 South Harbor Place, Waukegan, Illinois
Harbor Control Building

The following Board members were present:

Rodger Welker, Chairman
Donald Vanderverter, Treasurer
James Bierman
Jorge Torres
Hank Bogdala
Mike Melius

The following Board members were absent:

Dale Johnson, Board Member

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 Marina Manager
Jim Stanczak, Airport Manager
Jamie O'Meara, Chief Accountant
Chris Peters, Executive Assistant
Dan Oestreich, Maintenance Supervisor

Others in attendance:

Jim Barnes, DB Aviation
Ron Hudson, Hanson Professional Services
Robert Sabonjian, Mayor, City of Waukegan
Dave Jorgensen, Waukegan Airways, LLC
Dave Downey, Waukegan Airways, LLC

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

1. Approval of the Board Meeting Minutes of September 16, 2009

Dr. Welker entertained a motion for approval of the September 16, 2009 minutes.

Mr. Bogdala spoke to his absence at the prior board meeting and wanted to show his appreciation for the boater party that had been questioned last month. He had attended the party and felt it was a success and appreciated thoroughly by the boaters. He also inquired about the city suit. Mr. Henderson responded that the suit does continue with the court requesting briefs from the Port District and the City of Waukegan. Mr. Henderson felt this should be brought to the board's attention because of the major impact it has on the harbor. Mr. Bierman inquired if Zurich continued to carry costs and Mr. Henderson responded that it covered most costs but some of Mr. Morris' fees are not being covered. It was noted that Mr. Morris' fees were necessary to keep him and the board apprised of the status of the case.

Mr. Melius inquired about the memo relating to removal of the North Marina in harbor cleanup efforts. Mr. Henderson explained that yes, the USEPA and Army Corps are planning to remove the North Marina. The question will remain as to what will be replaced. A meeting is planned for November 2 to discuss possible scenarios, including upland or in lake CDF disposal. The USEPA is in charge of Superfund.

On motion of Mr. Melius to approve September 16, 2009 Minutes, seconded by Mr. Vanderverter, all members present voted aye and the chairman declared the motion carried.

2. Approval of Checks.

Checks were reviewed by Mr. Vanderverter and discussed and explained prior to the meeting. On motion of Mr. Vanderverter to approve checks, seconded by Mr. Torres, all members present voted aye, and the chairman declared the motion carried.

3. Financial Reports: September 2009

Mr. Henderson reviewed revenue and expenses for the harbor and airport. In both cases, revenue is down from 2008 to 2009. Interest on the LaSalle loan is the explanation for the harbor. Fuel sales and percentage of gross explain the airport figures. Harbor expenses are flat due to fuel sales and airport expenses due to operations and maintenance. There is nothing to be concerned about on the Aging Reports.

On motion of Mr. Vanderverter to approve the Financial Reports for September 2009, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

4. Operations Reports: September 2009

Mr. Henderson conducted a review of the operations reports. Fuels sales for the harbor are up. The Airport numbers while negative are so much better than the national average are viewed favorably. The airport has lost a couple of based aircraft due to moving in anticipation of winter. Mr. Barnes was asked to comment and added that DB's numbers are up a bit following the WCAF project. He agreed that the national figures are down about 40% on average where Waukegan is only down about 20-25%.

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

Harbor-Board / Public Commentary

None

Harbor Unfinished Business

5. Status Reports

Mr. O'Dell reported on harbor projects. The winter shut down would be completed today. The fuel dock demolition was on schedule to be done the end of the week. The new fuel dock is being constructed at the Gillen Tug site. Mr. O'Dell invited board members to a tour of the construction project following the meeting. He also reported when weather conditions permitted, the contractor would move the pier around the breakwalls into South Marina for anchoring.

Mr. Henderson reported a meeting had been scheduled for November 2 to discuss a CDF for disposing of contaminated material from the commercial harbor. He briefed the board on various scenarios for disposal. The USEPA and ILEPA seem to be favorable to the CDF but the USACE had expressed a 6:1 wetlands development for upland disposal. This equates to \$100,000 per acre making the proposal unfeasible. The Port District is hosting the November 2 meeting to discuss the possibilities. The Port District recommends the CDF anticipating the disposal of clean dredge material from the South Marina to complete the North Pier Phase of reconstruction. Mr. Bierman inquired about disposal at a NorStates location. Mr. Henderson explained after discussion with various entities including our environmental consultant, it was not recommended as a course of action. Expected attendees are the U.S. Environmental Protection Agency, Illinois EPA, U.S. Army Corps of Engineers, Environmental Consultants Tom Thomas and Baxter Woodman, Illinois Department of Natural Resources, and a representative of CH2M Hill.

Harbor New Business

6. 2010 Harbor Annual Leases

Mr. O'Dell presented a schedule for Annual Lease increases. The bold print increases are about 18¢ a square foot. CPI increases were briefly discussed.

On motion of Mr. Torres to approve the Lease increases presented as Item 6, seconded by Mr. Vanderverter, all members present voted aye and the Chairman declared the motion carried.

Airport – Board / Public Commentary

Mr. Bogdala reported that he had not been able to attend the Air Show but was in close proximity during the event. He was able to enjoy the event and expressed his enthusiasm and support for its success.

Airport – Unfinished Business

7. 2009 Waukegan Air Show Report

Mr. Henderson reported that Grant Ferrell, the Air Show President was not able to attend the meeting and asked Mr. Stanczak to report on the show. Mr. Stanczak said the show was a success and was pleased with newspaper accounts. The event raised \$18,000 for the returning warriors. The Port District and DB Aviation donations would ensure they attained that point. The Air Show had used Larry Leafblad to market the event and the TV ads were great. He commended Jeff Clark for his efforts. Mr. Torres confirmed \$18,000 had been raised for the charity after expenses and Mr. Melius asked how that related to their projections. It was reported that 10-12,000 people attended @ \$5.00 per person. Next year there will be a parking fee on the Green Bay Road properties. Also the show next year will be on 9/11 and they anticipate working with the fire department for publicity. Dr. Welker commended everyone working with the Air Show for the efforts. Dr. Welker expressed the huge commitment this event is on behalf of the Port District for the City of Waukegan. Mr. Vanderverter felt the City should participate with the event.

8. Status Reports

Mr. Stanczak reported the beacon is now scheduled for March and the 14/32 project will continue in the Spring. The landfill has been cut and some seeding has been done at that site. The WCAF project continues. The signs are up and the lot paving is in progress. The ramp is done and they are painting the building. They have placed their generator outside which will be a problem in the winter. The maintenance department

is getting ready for winter. We have a new box tenant and there is some discussion with a potential corporate tenant from Cancer Treatment Centers for about five airplanes.

Mayor Sabonjian arrived at the meeting.

Mr. Hudson reported on compliance with stimulus funding and construction projects.

Mr. Henderson reported that the Master Plan is a major undertaking required by the Illinois Division of Aeronautics. Mr. Hudson has been working diligently to satisfy all division requirements. Mr. Hudson explained alternatives had been explored, quantification of the alternatives, EA and the new full Master Plan. Some technical components do have a shelf life and coordination between the various agencies is challenging. Dr. Welker inquired if the Forest Preserve had similar issues for their projects and Mr. Hudson confirmed they do follow a similar track. Mr. Henderson and Mr. Hudson have attended Technical Advisory Group meetings which is part of the planning for the Green Bay Road widening project. Serious coordination between the State of Illinois and the Port District is necessary to accomplish the major projects pending. The Port District is meeting with both the Division of Aeronautics and Department of Highways to ensure each department give due consideration to the other.

a. Presentation by David Jorgensen of Waukegan Airways LLC (Land between Baxter site and Wadsworth Road).

Mr. Henderson introduced Dave Jorgensen of Waukegan Airways LLC explaining Mr. Jorgensen had attended the meeting to request an extension of the 36 month rent free period on their lease. The premises is approximately 8 acres northwest of the Baxter property.

Mr. Jorgensen introduced his partner, Dave Downey. He informed the board they are diligently marketing the property and have a four page list of prospects. Financing in the market today is a big issue for new developments. Mr. Downey presented some brochures and marketing materials which their firm prepares individually for each potential client. Many customers are tenants looking to relocate from a neighboring airport and comparisons are very customized. They do feel financing is starting to loosen up and hope with a little more time to be able to procure a customer.

Mayor Sabonjian commended their efforts toward individual marketing and expressed support for working together. The Mayor suggested coordinating their marketing with the City. The Mayor facilitated contact with the City of Waukegan Marketing Coordinator in an effort to procure promotional material for the ICES show.

Mayor Sabonjian stated the City had hired a lobbyist for assistance with capital projects and in an effort to work with City partners, offered to take Port District projects to the City Lobbyist to get help in Washington.

Mr. Henderson, on behalf of the Waukegan Port District, thanked Mayor Sabonjian for his support and granting the beer/wine license previously requested.

Mr. Jorgensen then asked the board for a twelve month extension of the rent free period on their lease. Mr. Henderson thanked Mr. Jorgensen and Mr. Downey for their presentation and explained to the Board the matter was not up for action today, but for them to consider the request. The lease is for 40 years with no rent for three years. It is an 8 acre lease @ 40¢ a square foot currently providing that rent be paid in June of 2010. Mr. Bierman requested the matter be on the agenda next month for action.

Airport – New Business

9. Approval of Engineering Services Agreement with Hanson Professional Services and Contract to Purchase from James of 12564 W. Dorothy St., Beach Park, Illinois.

10. Approval of Engineering Services Agreement with Hanson Professional Services and Contract to Purchase from Blanco and Salinas of 12546 W. Dorothy St., Beach Park, Illinois.

Mr. Henderson requested board approval of the Engineering Services Agreements for the two Dorothy properties listed as items 9 and 10. The properties are both contiguous to the airport, in the Master Plan and in the approach area of Runway 5. FAA requirements mandate that the contracts be for the appraised value and approved by the Division of Aeronautics. That documentation has been ordered and contracts have been signed contingent on board approval anticipating like appraisals. The board discussed the Ray transaction and other prior and potential airport purchases. Mr. Henderson recommended purchase of the Dorothy Street properties.

On motion of Mr. Melius to approve the Engineering Services Agreement with Hanson Professional Services and to consider approval of Contracts on receipt of the Appraisals, for items 9 and 10, seconded by Mr. Bogdala, all members present voted aye and the Chairman declared the motion carried.

11. Approval of Lease for Lot A-19 to Yuemin Wang

Mr. Henderson reported negotiations had been completed on a Land Lease with Yuemin Wang. She is a private tenant intending to construct a hangar. This would be a 40 year lease with provision for escalation every five years at CPI or appraised value, at our standard rate of 40¢ a square foot or \$3,776 annually.

On motion of Mr. Melius to approve the Lease with Yuemin Wang, seconded by Mr. Torres, all members present voted and the Chairman declared the motion carried.

Mr. Barnes expressed concerns over the properties surrounding Delta 2. With the completion of construction at WCAF, DB Aviation has big plans for that location.

The board discussed land acquisition, zoning, and the desire to be good neighbors while protecting tenants and Port District business.

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

s/Jorge Torres
JORGE TORRES, Secretary

APPROVED:

s/James Bierman
JAMES BIERMAN, Acting Chairman