

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

July 21, 2010

**Waukegan Regional Airport
DB Aviation FBO, Inc. – 2nd Level Conference Room
3550 N. McAree Road – Waukegan, Illinois**

The following Board members were present:

Hank Bogdala
Mike Melius
Dale Johnson
Joe Legat
Jorge Torres
Homer Benavides

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
Chris Peters, Administrative Assistant
Jim Stanczak, Airport Manager
Jamie O’Meara, Chief Accountant
Barney Baker, Airport Maintenance Supervisor

Others in attendance:

Grant Farrell, Waukegan Airshow Board Member
Bob Sabonjian, Mayor, City of Waukegan

Mr. Henderson opened the meeting at 9:00 AM welcoming new board member, Joe Legat. He also reported that Dr. Welker and Mr. Vanderverter had resigned from the board.

1. Election of Officers

After discussion, on motion of Mr. Melius to elect Hank Bogdala Chairman, seconded by Mr. Johnson, all members present, being Messrs. Bogdala, Melius, Johnson, Legat and Torres voted aye, no members voted nay, and the motion was declared carried.

On motion of Mr. Melius to elect Jorge Torres as Treasurer, seconded by Mr. Johnson, all members present, being Messrs. Bogdala, Melius, Johnson, Legat and Torres voted aye, no members voted nay, and the motion was declared carried.

On motion of Mr. Melius to elect Dale Johnson as Secretary, seconded by Mr. Torres, all members present, being Messrs. Bogdala, Melius, Johnson, Legat and Torres voted aye, no members voted nay, and the motion was declared carried.

Mr. Henderson informed the members present that Homer Benavides had contacted him yesterday indicating he had been appointed to the Port District Board by the Waukegan City Council last Monday evening. Mr. Benavides would be joining the meeting late this morning. This appointment and others recently brought forth discrepancies on seat term expirations. Mr. Morris' working with Port District staff conducted research to rectify the issues. The conclusion is to track terms to seats rather than to individuals. Mr. Henderson reported that April 1 of each year Waukegan Port District staff will notify either the Governor's office or the Mayor's office of the necessity to act on our board appointments.

Mr. Benavides arrived at the meeting.

2. Approval of Board Meeting Minutes of May 12, 2010

On motion of Mr. Melius to approve May 12, 2010 Regular Meeting Minutes, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

3. Approval of checks.

After a review of checks, on motion of Mr. Johnson to approve checks, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

4. Financial Reports: May and June 2010

The airport is at 50% of budget, right where it should be on a calendar basis. Likewise, expenses are at 49%. The capital budget expenditure to Fight Light, Inc. for \$20,425 was to replace the failed regulator. Waukegan Regional is a U.S. Customs user fee airport and we back bill clearance fees. The customs service is necessary for the entities utilizing the airport. In order to provide the service it was required that a "security fund" be implemented with other specifications to include a \$120,000 customs building. Fees are on a flat rate based on plane weight. A one cent per gallon fuel fee is in place to cover security measures. The customs component is a valued asset to draw customers, a definite attraction to corporate users.

Harbor revenue is at 73% of the total budget which is not critical at this time, but a noteworthy concern. Slip income is down as is interest earned. Compliance with loan balance to income requirements was acknowledged. The national trend downward in the boating industry was discussed. Another trend may be that people are coming in later to take

advantage of pro-rated slip fees. Inquiry was made on maintaining North Marina. The major benefit is to provide a separate location for the commercial charter boats. Additionally, the fish grinder station located on North Marina's pier is a valuable component. There would not be enough cost savings to merit closing the facility. Harbor expenses are only at 39% of anticipated expenditures. Capital items include the fork lift purchase from Alta Equipment and a new electric cart from Voss.

The Airport Aging Report was reviewed. The Harbor Aging Report can now reflect that St. Mary's has paid and the sum due from Waukegan Yacht is a quarterly payment which is current. The \$216 is late fees.

On motion of Mr. Johnson to approve the financial reports for May and June 2010, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

Mr. Bogdala greeted Mayor Bob Sabonjian of the City of Waukegan and invited him to address the board at this time.

Mayor Sabonjian reported there had been a Chamber Event at the Yacht Club with a Symphony performance at the Pavilion the prior evening. City gangs had a funeral and it moved to the lakefront. The gang members interrupted the performance. Mayor Sabonjian put all on notice that police action would be enlisted to dispel future transgressions.

Mayor Sabonjian announced efforts to institute a TIFF for Green Bay Road in Waukegan. The City would be approaching the Village of Beach Park and the Waukegan Port District to make it a joint effort. School Districts, the County and the Port District would need to be involved and it was anticipated to be a benefit for all.

Mayor Sabonjian had been approached by a group on off shore wind generators. Only one port could be used to stage this project. He considered it a real opportunity to the City and the Port. Rail and shipping revenue was anticipated reporting that Federal money was pouring into these types of projects.

Next, the Mayor asked Mr. Henderson if there was one additional seat to be filled. On confirmation he indicated he had a candidate in mind and would move forward in his selection.

The Mayor thanked the Board and departed.

5. Operations Reports: May and June 2010

Airport operations are up 1.8% in total. Fuel flowage was up 6.9%.

Harbor operations are off as discussed. The sale of fuel is a service to our customers and is a pass through cost.

On motion of Mr. Torres to approve the Operations Reports, seconded by Mr. Johnson, all members present voted aye and the chairman declared the motion carried.

Mr. Bogdala announced a two minute recess. Mr. Legat departed the meeting.

6. Approval of Audited Financial Statements for year ending December 31, 2009

Mr. Torres inquired if the Board had hired the accounting firm for the audit. On response that the board had not, he requested board action on this choice next year. Mr. Johnson asked for an explanation on the Manager's Report, page 3 showing a one million (approx.) difference and for various other itemizations which would appear to be depreciation. Ms. O'Meara responded that she would research the questions presented.

Mr. Johnson, notwithstanding those questions, moved to approve the audit report for the year ended 2009, and was seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

7. Legal Representation

Mr. Henderson recommended the board accept the letter agreement from Mr. Morris for his representation of the Waukegan Port District. The three year agreement would give the Port District a level of stability as well as Hinshaw & Culbertson. Mr. Morris had represented the Port District since 1989 and their representation had proved well deserved over the last number of years with the depth of legal issues presented. Mr. Bogdala didn't disagree but had concerns suggesting that local counsel would be appropriate naming Mike Melius as counsel with Hinshaw as a backup. Mr. Melius thanked Mr. Bogdala and declined consideration. Mr. Melius endorsed the expertise that Hinshaw and Mr. Morris could provide.

Mr. Morris related that he does maintain Waukegan office space, that Hinshaw in fact rents space for him from the Waukegan School District and also has an office presence in Gurnee. Mr. Morris acknowledged that legal fees have gone down with Mr. Henderson and Mrs. Peters' administrative abilities. Mr. Johnson added that the past environmental legal issues had been extraordinary with a favorable outcome due to the representation of Mr. Morris' firm.

On motion of Mr. Melius to approve the agreement of representation by Tom Morris and Hinshaw and Culbertson, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

8. Ordinance 10-0-1 Amending the Rules, Regulations and Penalties Governing the Use of the Waukegan Harbor as set forth in Ordinance 87-0-01 of the Waukegan Port District.

9. Ordinance 10-0-2 Establishing a General Penalty Provision of the Ordinances of the Waukegan Port District.

Items 8 and 9 are updates to existing Ordinances which date back to 1984. Snagging season is approaching and controlling the fisherman can be problematic. The snagging hooks are extremely dangerous and the fishermen need supervision. Both the rules and regulations and the penalty provisions require update. The language of the ordinances was discussed and Mr. Melius requested that the enforcement provision be amended to bar offenders from the premises.

On motion of Mr. Johnson to adopt Ordinance 10-0-1, seconded by Mr. Melius, all members present voted aye and the chairman declared the motion carried. Ordinance 10-0-2 was held over for amendment.

Airport – Board/Public Commentary

None

Airport - Unfinished Business

10. Status Report

Mr. Stanczak reported construction equipment was on the move now that the local strike is over. Landfill borings were proceeding. The FAA is investigating the VASI and MALSR wash out areas. The regulator borrowed from DuPage Airport had been returned with a big thank you. Potential sellers abound for land acquisition and we are in a good position with IDOT. There was a fence incursion and driver safety was addressed. An FAA representative investigated the incursion and concluded that we need fencing. Surveying work is underway for the Master Plan and Taxiway S. Repairs to the A/C were needed for customs. We have a blossoming coyote population and have requested the assistance of the U.S. Department of Agriculture for removal. An economic study is in the works with Lake County Partners.

Mr. Henderson announced the great honor for our FBO, DB Aviation, to host the Regional Meeting of the NBAA on August 18.

Mr. Henderson reported:

A pre-design meeting had occurred with the Illinois Division of Aeronautics for rehabilitation of Taxiway S. The meeting was on site at the airport allowing the opportunity to

show the Division the failing condition of the Main Ramp at DB Aviation. The State agreed during the meeting this was a priority repair and will be in the next TIP.

Land acquisition was complete on the Blanco and James properties. This property directly affects the runway extension improvements.

Efforts have been put forward working with Sen. Durbin to retain the Waukegan base for the Coast Guard Rescue Helicopter. Safety concerns are paramount but fuel income is also a consideration.

Airport - New Business

11. Approval of Permit for 2010 Air Show

Mr. Henderson advised the Air Show Permit had been completed under essentially the same terms as last year with the exception that we were no longer making an insurance contribution. This had resulted in a cost savings of \$1,200. Mr. Farrell reported the show is in its 9th year and they have some great acts this year. There will be F-18's doing an attack demonstration which has required some residents to move out of their homes during the show. The Airshow will benefit the victims of 911, The Twin Towers Orphan's Fund and the 100 Club of Lake County, Inc. Last years charitable donation was \$20,000 and finances this year are in a much better situation. Mr. Henderson recommended approval of the Permit presented. Mr. Bogdala proposed an increase to the donation from the Port District from \$3,500 to \$5,000.

On motion of Mr. Melius to approve the 2010 Permit to Conduct an Airshow/Aviation Event at Waukegan Regional Airport, 11 September 2010, with an increase to the sum contributed by the Waukegan Port District to a total contribution of \$5,000, seconded by Mr. Johnson, all members present voted aye and the chairman declared the motion carried.

12. Approval of Purchase of Regulator

The regulator purchase is for the runway lighting. Our regulator failed with the lead time on parts substantially longer than the purchase of a new regulator. Without a spare we were able to borrow one from DuPage Airport and although it was able to function, it did not operate properly with our equipment. This forced an emergency purchase. The new regulator has been installed and when parts arrive for the old regulator it will be repaired for use as a backup.

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

Harbor– Board/Public Commentary

Mr. Bogdala raised concerns over emergency responders to the lakefront. The newspapers had reported on various incidents over recent months. Mr. Bogdala suggested a meeting with sister agencies to facilitate efficient services. He also praised District office personnel for their professionalism during those challenging events.

Harbor - Unfinished Business

13. Status Report

The Army Corps project of dredging the outer entrance channel is in progress. Maintenance dredging by the corps allows for return of the material to the lake.

We are working with the USEPA on cleanup of North Harbor. They anticipate removing docks C, D, E and F. We have discussed the replacement of only Dock C in hopes to accommodate a larger boat (80') against the main spine.

The CDF concept is pending.

The Boater Appreciation Party is scheduled for August 14, 2010, board members are welcome.

Harbor - New Business

14. Approval of new replacement for two fish grinders.

The harbor has two fish grinding facilities. Both failed the week before July 4. Mr. Henderson recommended approval of the purchase of two new fish grinders.

On motion of Mr. Johnson to approve the purchase of two new fish grinders, seconded by Mr. Melius, all members present voted aye and the chairman declared the motion carried.

On motion of Mr. Melius to close the meeting for discussion or approval of Minutes of Closed Session pursuant to 5 ILCS 120/2(c)(21) and to discuss Land Acquisition Matters pursuant to 5 ILCS 120/2 (c) (5) of the Open Meetings Act, seconded by Mr. Johnson, all members present voted aye and the chairman declared the motion carried.

The board reconvened in open session.

15. Approval of sale to Illinois Department of Transportation of a portion of 39173 N. Green Bay Road, Beach Park, IL 60087.

On motion of Mr. Melius to approve the sale of a portion of 39173 N. Green Bay Road, Beach Park, Illinois to the Illinois Department of Transportation for a price of \$12,000, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

16. Approval of purchase from Karza Investments, LLC of 38333 N. Green Bay Road, Waukegan, Illinois 60087.

No action.

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 and the meeting adjourned.

s/Dale R. Johnson
DALE R. JOHNSON, Secretary

APPROVED:

s/Henry J. Bogdala, Sr.
HENRY J. BOGDALA, SR., Chairman