

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

December 15, 2010

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

The following Board members were present:

Hank Bogdala
Jorge Torres
Homer Benavides
Dale Johnson
Joe Legat

The following Board members were absent:

Kimberlee Richmond
Michael Melius

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

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

Others in attendance:

Ed Shultis, West's Insurance Agency
Jason Koperny, West's Insurance Agency
Sonny Garza
Russ Tomlin, City of Waukegan
Mayor Robert Sabonjian, City of Waukegan

1. Call to Order
2. Roll Call: Homer Benavides, Joe Legat, Jorge Torres, Hank Bogdala
3. Pledge of Allegiance
4. Approval of Board Meeting Minutes of November 17, 2010

On motion of Mr. Torres to approve the November 17, 2010 Minutes, seconded by Mr. Benavides, all members present voted aye and the Chairman declared the motion carried.

5. Approval of Closed Session Meeting Minutes of November 17, 2010

On motion of Mr. Torres to approve the Closed Session Minutes of November 17, 2010, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

Mr. Torres moved to change the order of the meeting to hear a presentation by Russ Tomlin on behalf of the City of Waukegan, which was seconded by Mr. Benavides. All members present voted aye and the chairman declared the motion carried. Mr. Morris arrived at the meeting. Mr. Torres acknowledged the arrival of Mr. Johnson and that Sonny Garza was in attendance.

*12. Presentation by Russ Tomlin, City of Waukegan:

Mr. Tomlin advised that due to a change in City Policy closing their downtown parking lots to festivals, they had a need to locate an alternative site. Investigation revealed the lakefront would be ideal and specifically the Port Authority property west of Siver Park. The site would be utilized for evening and weekend seasonal events by private entities. The City had booked between 12-24 events the last full season they had permitted such activities. Policing the events was challenging. A dedicated site would enhance the ability to maintain safety and security.

Mayor Sabonjian arrived at the meeting.

The board inquired if action should be taken at this time. Mr. Morris viewed the agenda item to be informational for the purpose of establishing a dialogue between the City and District. It was suggested that Mr. Henderson and Mr. Tomlin continue discussions on this subject. Mr. Henderson was amenable to the opportunity so long as it fit the Port District master plan to raise revenue. The Port District currently receives rental income from the property and portions are currently under Lease. In the event current Lease issues could be resolved satisfactorily, a highest and best use revenue stream to the Port District would be attractive in the absence of local tax support to the Port District. Mr. Bogdala expressed his support saying that it would be good for the boaters and great for the City to work hand in hand with the Port District so long as legal issues could be worked out. On motion of Mr. Legat to continue discussions on the subject seconded by Mr. Johnson, all members voted aye and the Chairman declared the motion carried.

The Mayor next spoke on the in lake confined disposal facility (CDF) project. He had met with Terry Link and Duncan Henderson. Mr. Link indicated he would carry forward the legislative issue of conveyance in March. Susan Garret would co-sponsor the bill with the support of Carol Sente, Sandy Cole and Rita Mayfield. He had attended a meeting in Springfield which went a long way toward the success of the project. The Mayor sought support for the CDF because it would stop the current plan of the massive berm, impairing development of the city's planned green space at the lake front. A resolution in support of the CDF would be fantastic.

Mayor Sabonjian, Sonny Garza and Russ Tomlin departed.

6. Approval of checks.

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

7. Financial Report through November 2010

Mr. Henderson inquired if there were any questions relating to the financial reports presented. None being presented, after discussion, on motion of Mr. Torres to approve the financial reports, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

8. Operations Reports: November 2010

The harbor is closed. Fuel sales figures would indicate that we were competitive. Although launch totals are down, installation of the automated kiosk has paid for itself.

Aircraft operations are positive overall. Fuel sales are the great revenue stream for the airport. The successor to DB Aviation is Landmark Aviation Waukegan LLC, whose figures are off slightly and something to watch. Our customs services are a great marketing tool for the airport.

9. Approval of Health Insurance Proposal

Mr. Henderson introduced Ed Shultis from West's Insurance for the health insurance proposal. Mr. Shultis summarized the history of health care coverage for the port district. The 2011 premium will increase by 33%. He also expounded on the new health care laws that will affect all plans. Groups of 2-50 persons will have a 17-20% increase without any claims being considered. The Port District had substantial claims in 2010 and in the past the carrier would have declined continued coverage. The deductibles and co-pays were discussed with the conclusion by Mr. Johnson that it was not an overly generous plan and much had been done to cut costs. It's an OK plan, not a wonderful plan and he asked for confirmation the premium had been included in the 2011 budget. Mr. Henderson answered yes. Mr. Johnson recommended acceptance of the proposal. Mr. Henderson recommended acceptance of the proposal. On motion of Mr. Johnson to approve of the health insurance proposal presented, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

Mr. Shultis and Mr. Koperny departed.

10. Approval of 2011 Budget

Mr. Henderson predicted 2011 would be a sustainable year but expressed concerns over 2012.

Attention was focused on the status of Waukegan Yacht Club. Their Lease had expired and they requested a new long term Lease. Mr. Henderson reported he was drafting a new ten year lease. Board members questioned such a term. The highest and best use of the yacht club location was discussed along with other leased facilities and associated economic impacts. The board directed Mr. Henderson to redraft a Lease for a very short term, perhaps one year, capturing what he deemed important.

On motion of Mr. Torres to approve the 2011 Budget presented, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

11. Board Meeting Schedule 2011

Mr. Henderson submitted the customary board meeting schedule, the third Wednesday of each month alternating between the airport and harbor locations, with one exception for the April meeting

date to accommodate the AAAE convention. The board members discussed an alternative date but found none acceptable to the members present. On motion of Mr. Torres to approve the schedule presented, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

Harbor– Board/Public Commentary

12. *Presentation by Russ Tomlin, City of Waukegan – heard previously following item 5 **

Mr. Bogdala apologized for missing the last meeting. He had been ill requiring emergency medical treatment. He wanted to express great respect for the facilities at Vista West. He recommended them for anyone in need of emergency services.

Mr. Bogdala expressed his appreciation for the tour Marina Manager Brion O'Dell took him on showing him the new floating docks in comparison to the fixed docks. The floaters are "the cats meow".

Mr. Bogdala also talked about the cruise ship meeting last November 5. Representatives from Waukegan and Kenosha attended the meeting, including his grandson, David Bogdala. Mr. Bogdala reported his intention to whittle the committee down to a much smaller group, just about 5 members. He also reported working with Betty Mors on dinner cruises and that he had referred a charter captain to Brion O'Dell relative to an inquiry on other harbor matters.

Harbor - Unfinished Business

13. Status reports:

Mr. Henderson acknowledged that the Yacht Club Lease would proceed as directed earlier by the board. Additionally he reported the District had hosted a meeting of Art Space proponents and expressed his support of the worthwhile and exciting project for the City.

Mr. Henderson further reported on the CDF project. Some months ago Mayor Sabonjian organized a telephone conference with the IEPA and IDNR. The IEPA at that time did not support the CDF and closed the door on the concept. USEPA was still hopeful the project could advance. These positions require that we reevaluate our goal for this project. We pioneered the project for the purpose of accomplishing North Pier renovations. While it is a worthwhile cause, we cannot achieve this goal on our own; the USEPA must carry it forward. In efforts to attain the common goal, we recently attended a meeting in Springfield with Mayor Sabonjian, the USEPA, IEPA, and the IDNR. The Mayor and Susan Prout, an attorney for the USEPA carried the flag. A focal point is conveyance of the lake bottom. We offered to take on operations and maintenance of the CDF, but conveyance would require legislative action. The USEPA will continue to explore the CDF if legislation will be approved by January 1. The Mayor is optimistic. Mr. Henderson reported he would continue forward anyway we are able. The City does have a lobbyist and consideration was given to the need to have someone shepherd the legislation. The action item is the resolution. Mr. Morris cited the Rice case and explained a letter of support would be fine, if the resolution involved committing Port District resources then it cannot be done. On motion of Mr. Johnson to support the USEPA in their efforts to support the CDF seconded by Mr. Legat, all members present voted aye. Mr. Henderson pointed out the USEPA's timeline to dredge in 2012 would require a depository location. The Army Corps could dredge the outer channel and provide a liner, but

then we would need to have our financing in place to continue our renovation project to provide the cap for the CDF.

Harbor - New Business

None

Airport – Board/Public Commentary

None

Airport - Unfinished Business

14. Mr. Stanczak's status reports:

- Wadsworth/Lewis accident report: Claim Filed
- Snow removal is in progress
- Met with Landmark Aviation on snow removal.
- Emergency access entrance on Wadsworth Road is pending.
- \$75,000 grant paperwork submitted.
- Attended annual FAA Meeting
- A Heritage Warbird has been donated to the airport with Mr. Henderson's caveat of no financial obligation to the Port District.
- IDOA approval of Perimeter Fencing Phase 2 has been requested.

Mr. Henderson's status report:

The EA/MP continues. The Existing Conditions chapter is complete and alternatives will be determined in the next couple weeks. The environmental examination of the landfill site has been concluded. The property can be developed with 15 – 20% more in construction costs.

Design for Phase I of the Perimeter Fencing project was held on November 8, 2010. Members of the FAA, IDOA, USDA, Port District and Hanson Engineering attended. Specifications for fencing are 12 feet above ground and 4 feet underground with three strands of barbed wire on top. We were able to get the regulatory agencies to agree on modification to 10 feet above and 2 feet below without barbed wire in residential areas. We are looking at City Ordinances to determine whether a variance will be required. The Surveyor has begun work on Phase I. A request for funding of Phase II is pending.

Airport - New Business

None

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

s/ Joseph J. Legat, Board Member

APPROVED:

s/ Henry J. Bogdala, Jr., Chairman