

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

March 17, 2010

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

The following Board members were present:

Rodger Welker
Donald Vanderverter
Jorge Torres
Hank Bogdala
Mike Melius

The following Board members were absent:

Dale Johnson
Jim Bierman

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Duncan C. Henderson, A.A.E., Executive Director
Jim Stanczak, Airport Manager
Chris Peters, Administrative Assistant
Brion O'Dell, Marina Manager
Jamie O'Meara, Chief Accountant
Barney Baker, Airport Maintenance Supervisor
Dan Oestreich, Harbor Maintenance Supervisor
Terri Hatton, Slip Coordinator

Others in attendance:

David G. Brittsan, DB Aviation, Inc.
Keith A. Koestner, Lowell Nanney, Kevin Stoklosa,
Bruce Gavin, Frank Andrekus, Rod Miller, Launch Users
Paul Biehl, Concerned Citizen
Kenneth Jeep, President, Stick & Rudder Flying Club
Robert Martier, Jim Holbrook, Susan Hillman, Stick & Rudder Flying Club

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

1. Approval of the Board Meeting Minutes of January 20, 2010

On motion of Mr. Torres to approve regular meeting Minutes of January 20, 2010, seconded by Mr. Vanderverter, all members present voted aye and the chairman declared the motion carried.

2. Approval of Checks

Mr. Vanderverter reported reviewing checks with Ms. O'Meara. On motion of Mr. Vanderverter to approve checks, seconded by Mr. Torres, all members present voted aye, and the Chairman declared the motion passed.

3. Financial Reports: January and February 1010

Mr. Henderson conducted a review of the airport financial reports comparing 2009 to 2010 noting the decrease in revenues from fuel flowage. Expenses are flat at this time. Harbor revenue reveals slip fees are down about \$70,000 and expenses are also flat. Capital items were detailed including the Car-Min Construction payment for repairs to the HCB due to mold caused by 25 years of water leaking.

The Airport Aging Report is clean and the amounts due on the Harbor Aging Report have been received since issuance of the Report.

4. Operations Reports: January and February 2010

Tom Morris arrived at the meeting.

Airport operations and industry trends were discussed with Dave Brittsan reporting his business was flat in general except the Charter Business which is up.

Mr. Melius arrived at the meeting.

On motion of Mr. Torres to approve the Financial and Operations Reports for January and February 2010, seconded by Mr. Bogdala, all members present voted aye and the Chairman declared the motion carried.

Airport – Board/Public Commentary

Ken Jeep, President of Stick & Rudder Flying Club along with other club members, presented a request to change their lease agreement and sub-let a portion of their hangar. Mr. Henderson explained the procedure for modifying leases and advised club members the

information submitted would be reviewed. Dr. Welker requested information on compliance with Minimum Standards.

Airport – Unfinished Business

5. Status Reports

Jim Stanczak reported: Insurance carrier safety inspection had been done, the beacon project will be let in April, Runway 14/32 construction will start May 1 around the same time the asphalt plants start production. Lake County Partners is looking into grant possibilities. Aviation events in the news garner support for stricter security in the general aviation industry. Mr. Stanczak had forwarded a letter to airport tenants to be on the alert. Dr. Welker confirmed with Mr. Stanczak that the Mayor does not have control over our airport, referring to the parking of city trucks on runways and taxiways after 11 September 2001.

6. Approval of Agreement for Consultant Services for the Master Plan and Environmental Assessment

Mr. Henderson explained the Agreement is needed because of an FAA requirement for an Environmental Assessment. The FAA determined in the middle of the EA that our Master Plan needs to be updated as well. The total cost for the two items is \$1 million and we have already received federal funding for this project. This action item is to approve the Master Plan in conjunction with the EA. EA touches on all aspects of environmental, such as storm water, pollution, land use etc. It is a big project involving everyone close to the airport, such as the Lake County Forest Preserve, City of Zion, and the General Public to name a few.

On motion of Mr. Melius to approve the Agreement for Consultant Services for the Master Plan and Environmental Assessment seconded by Mr. Vanderverter, all members present voted aye and the Chairman declared the motion carried.

Airport – New Business

7. Bid Award for the Barney Baker Building (BBB)

The BBB had been let by the Port District for construction of the building itself and by the State for the paving and infrastructure. Airport Improvement Project only participates in the pavement and utilities. Both were bid and came in below the engineers estimate. Mr. Henderson recommended accepting the low bid as presented. The board asked for confirmation that the bids would not change due to cost of materials. That was confirmed. On motion of Mr. Torres to award the SRE building project to Prinmar Corporation, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

Mr. Henderson asked Ms. O'Meara to deliver an interesting event tied to the NorStates loan for the BBB building. She stated NorStates Bank on its own had offered to modify the interest rate on the EJ&E Loan, reducing the rate and length of time to pay off the loan.

Monthly payments will remain the same, but the rate change will save the Port District about \$100,000 over the term.

Harbor-Board /Public Commentary

Rod Miller expressed many concerns of launch ramp users and asked for upgrades rather than fee increases. Mr. Miller read a list he had compiled based on conversations with other ramp users for board consideration. Keith Koestner, a Waukegan resident, told the board he had used the ramp when it was free, and that he recalled a grant had been obtained for floating docks. He asked what repairs had been made since that grant. Three or four other boaters agreed with Mr. Miller and Mr. Koestner and requested the seasonal launch fee be reduced. The launch ramp users further inquired about use of funds collected for launch fees in previous years. Dr. Welker thanked the men for their concerns and directed District staff to look into the list of requests.

Mr. Miller continued the discussion citing conflicts between the City of Waukegan and the Waukegan Port District. Mr. Koestner thanked the board and staff for listening. Mr. O'Dell responded to the launch ramp users that he agreed with some of their proposals but would need to take some time to address others. The gentlemen were generally pleased with the rapport of the Port District staff and congratulated and thanked the staff for having great washrooms.

Paul Biehl had an inquiry due to his attendance at a CAG Meeting recently where a Waukegan City representative had spoken about a park at the Port District's existing storage facility. He wanted to go on record denouncing any conveyance of land to the City of Waukegan from the Port District. He felt that Sen. Link had changed the law to give the City of Waukegan control over the Board of Directors. Dr. Welker assured him it was the current board's position to hold all assets.

Harbor Unfinished Business

8. Status Reports

Mr. O'Dell reported the fuel pier project was on schedule to be complete and operational by the first. The North Pier Service Building had been sided. South Pier is ready and when ice has melted maintenance staff will proceed with North Pier set up. Mold remediation in the HCB is underway. Mr. Oestreich reported loose launch ramp floats had been repaired. There was about 14 inches of ice this year.

Dr. Welker inquired if there was ethanol in our boat fuel. Mr. O'Dell said that our fuel is 10% ethanol and 87 octane.

Mr. Henderson reported on his meeting with the offices of Sen. Durbin and Rep. Kirk in Washington DC along with Mary Gade and Tom Thomas. The entire area of Waukegan is suffering from a public relations problem going back three years ago to the Great Lakes Legacy Funds that were turned away. This problem was evident by the reception of the elected officials. The CDF project continues with our attendance at a CAG meeting of the various entities to discuss participation in the USEPA'S cleanup project.

9. Action on recommendation to reduce annual launch fee from \$260 to \$200.

Mr. O'Dell explained the launch user fees fund repairs to the launch ramp area. The reduction had been requested due to user complaints over the increase from \$130 to \$260 from 2009 to 2010. The decrease would result in reduced funds, or more time required to conduct repairs. Mr. O'Dell recommended that the board reduce the fee as requested.

On motion of Mr. Melius to reduce the annual launch fee from \$260 to \$200 for the 2010 season, seconded by Mr. Vanderverter, all members presented vote and the Chairman declared the motion carried.

Harbor New Business

None

Closed Session: Deferred

10. 11. and 12. No action.

The board generally discussed the City litigation and settlement negotiations in open session. There was a settlement conference three weeks ago which had been continued to March 26, 2010 generating a flurry of offers and counters to seek settlement.

Contention is prevalent with harbor tenants exasperating the issue. Mr. Morris reported that Mr. Sheldon and Mr. Vlahakis were hopeful to see some distance covered in settlement negotiations between the parties. He further reported that Mr. Sheldon had been paramount in facilitating discussion. There is a complex array of characters both large and small to be considered. Many feel the lawsuit is ill conceived and would like to know where the actual cost to be reimbursed to the City comes from. It is largely to recoup attorney fees. The case is in an analysis stage with investigation continuing. One barge alleged to be in the harbor had never been in the Great Lakes. The parties are looking at settlement based on what the Judge has directed. The case has far reaching affects for many of the large shippers. A party such as Lakes and Rivers – Bituminous Ins. – is in the matter due to repairs to launch ramps. Judge Kennelly's approach to this case is ineffective, it may work in an average case but with these complex issues it does not work. The lack of direction from the Judge is causing the case to be more difficult than it should be. There will be a mega session on March 26, 2010. Mr. Morris would be attending.

Mr. Bogdala inquired about Port District legal costs to date. After we peeled Mr. Morris off the ceiling, Mr. Henderson and Mr. Morris responded that our deductible is \$50,000 plus \$160,000 from Zurich. Zurich has paid only a portion of Hinshaw's bills, challenging everything. The City legal fees amount to approximately \$1.2 million.

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

s/Jorge Torres
JORGE TORRES, Secretary

APPROVED:

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