

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

**January 20, 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, Chairman
Dale Johnson
Donald Vanderventer, Treasurer
Jorge Torres, Secretary
Hank Bogdala

The following Board member was absent:

Jim Bierman
Mike Melius

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
Chris Peters, Executive Assistant
Jamie O'Meara, Chief Accountant
Barney Baker, Airport Maintenance Supervisor

Others in attendance:

Brad West, West's Insurance Agency, Inc.
Brent Jones, West's Insurance Agency, Inc.
Dave Brittsan, DB Aviation
Jeff Musinski, City of Waukegan, Water Utility Director
Ron Hudson, Hanson Professional Services

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

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

After discussion, on motion of Mr. Torres to approve Minutes of December 16, 2009, seconded by Mr. Vanderverter, all members present voted aye and the chairman declared the motion carried.

2. Approval of Checks

Mr. Vanderverter advised the Board that he had reviewed checks and found them to be routine. On motion of Mr. Vanderverter to approve checks, seconded by Mr. Johnson, all members present voted aye, and the Chairman declared the motion passed.

3. Financial Report through December 2009

Mr. Henderson conducted a verbal review of the report presented. Given the economy he was pleased with the overall success of keeping expenses down compared to revenue. Mr. O'Dell's automated launch fee project received accolades for its contribution to the bottom line and Mr. Torres complimented the staff on keeping the budget in check.

On motion of Mr. Johnson to approve the Financial Reports through December 2009, seconded by Mr. Bogdala, all members present voted aye, and the Chairman declared the motion passed.

4. Operations Report through December 2009

Mr. Henderson next reported airport operations were down overall about 13%. Itinerant are a little down and that's good vs. local. Fuel sales likewise are down as is customs. Numbers in the teens, given the situation in the rest of the country, are not bad. Mr. Brittsan spoke about fuel sales and the general aviation market.

The harbor is frozen, there is no harbor operations report.

On motion of Mr. Vanderverter, to approve the Airport Operations Report, seconded by Mr. Johnson, all members present voted aye, and the Chairman declared the motion carried.

5. Property and Casualty Insurance Proposal

Mr. West of West's Insurance Agency presented the property/casualty insurance renewal for January 30, 2010. West Insurance as our broker has placed our coverages since 1959 and utilizes several different insurance companies to provide coverage for property and general liability. The annual renewal premium is \$154,373, a 5.7% increase based on property appraised values, equipment additions, and an open general liability claim.

Board members discussed the caveats to increases such as the personal injury claim, and appraisal. It was also noted the Red T-hangars were built on vacant land and are now appraised at full value. The Port District has been reimbursed for the cost of that improvement by the State. Additionally, the new TRV tractor purchased by the airport for about \$130,000 increased the equipment valuation. It was confirmed that numerous vendors had been shopped for the insurance proposal.

On motion of Mr. Torres to bind coverage pursuant to the proposal presented, seconded by Mr. Vanderventer, all members present voted aye and the Chairman declared the motion carried.

Mr. West and Mr. Jones departed the meeting.

Airport – Board / Public Commentary

Mr. Brittsan was pleased to announce the installation of new signs for DB Aviation. This was part of a planning project in the works for two years to brand the FBO and Charter Business and was effective January 1. Last year was tough but the fourth quarter was fantastic. Mr. Brittsan was looking forward to the upcoming conference in San Antonio for industry input.

Airport – Unfinished Business

6. Status Reports

Mr. Stanczak introduced Jeff Musinski from the City of Waukegan Water Department.

Mr. Stanczak's status report touched on snow removal and the continuing trend of snow events to occur over the weekend and on holidays. He reported a complaint from a neighbor in the Cambridge subdivision about over flight. The Fire Department will conduct training exercises at the Ray and Turunen properties and have expressed their appreciation for the ability to do so.

Mr. Henderson reported on the Master Plan and Environmental Assessment, copies of which had been provided to board members at this meeting for their review. He felt it was beneficial for the board members to see the major components of the Scope of Work (SOW). Mr. Hudson submitted the SOW to the State and FAA. The FAA had accepted the SOW; the next step would be IDOA approval to finalize and Port District sign off. The matter will be on the agenda next month for board ratification. It was likely the document would require signature prior to that meeting. Mr. Henderson asked Mr. Hudson for his input. Mr. Hudson explained the three phase study of the SOW. We are looking for a finding of no significant impact. This is good for a five year period and if there were no changes to circumstances we could get an extension of about three years. Dr. Welker asked for confirmation that our project could be completed once it was started.

It was explained that the SOW covers the entire airport because a categorical exclusion is needed on all projects, the replacement of the rotating beacon was cited as an example. A question was presented whether there should be any exclusions to the study, such as the landfill. Mr. Henderson explained it is a prime location in proximity to runways and a determination one way or the other would be advisable. Investigation would not require further action, the registered landfill is currently monitored once a month. Mr. Hudson reported it is being reviewed for analysis and that the EPA would prefer it be capped.

Mr. Johnson questioned logistics to sign the Agreement for Services with Hanson for the consultant work on the Master Plan. A telephonic meeting was discussed and was determined not a possibility.

Mr. Henderson reported significant changes to the Open Meetings Act and the possibility of future board action.

7. **Approval of Contract to Purchase for the sum of \$135,000 from James of 12564 W. Dorothy St., Beach Park, Illinois.**

8. **Approval of Contract to Purchase for the sum of \$175,000 from Blanco and Salinas of 12546 W. Dorothy St., Beach Park, Illinois.**

The acquisition of items 7 and 8 had been contracted with the sellers to buy their homes at asking price or appraised value contingent on board approval of the appraised values. Appraisals had been completed and approved by the IDOA for \$135,000 for the James home and \$175,000 for the Blanco/Salinas home. Mr. Henderson requested board approval to proceed with the appraised values. Hanson Professional Services procures the appraisals and the cost is about \$1,000 each. The projects are ultimately funded by the FAA with the Port District's share at 2.5% of cost. The ability to recover costs from the FAA/IDOA impose arduous requirements to the transactions.

On motion of Mr. Torres to approve of the Contract to Purchase the James home for the price of \$135,000 and the Contract to Purchase the Blanco and Salinas home for \$175,000, seconded by Mr. Johnson, all members present voted aye and the Chairman declared the motion carried.

Airport – New Business

9. **Approval of Loan for SRE Building in the amount of \$1,000,000 at 4.1% for 20 years.**

Mr. Henderson opened discussion on the SRE Building loan by taking the opportunity to commend the airport maintenance staff for doing a great job of taking care of the equipment despite the facilities available. The loan requested covers the remaining funds needed after Division funding. Mr. Henderson reported compliance with competitive procurement for the loan with proposals from First Midwest Bank, Bridgeview Bank and NorStates. NorStates came

through with 4.1% for \$1,043,625 for 20 years. The annual cost of the loan was discussed and compared to savings for currently leased space and utilities.

On motion of Mr. Johnson to approve the NorStates loan proposal, seconded by Mr. Vanderverter, all members present voted aye and the Chairman declared the motion carried. Mr. Baker boisterously applauded the action.

Harbor – Board / Public Commentary

Harbor –New Business

It was determined to proceed with item 11 at this time.

11. Approval of Director’s Actions to advance concept to develop in-water containment cell for dredged material to facilitate North Harbor cleanup and South Harbor renovations.

Mr. Henderson: Two months ago I spoke about the proposed concept for the EPA to move dredged material from North Harbor cleanup to a new in-lake containment cell at the southeast corner of South Marina. Expenses were questioned last month and a request for an agenda item at a subsequent meeting was requested. The EPA anticipates that 200,000 c.y. will be dredged from North Harbor. The original plan was to put that material on top of two existing CDFs on the north side of the harbor. The City of Waukegan wants to make that area an eco-park. The City and the EPA have not discussed this. The EPA is aware of the City’s plan but will not comment because the City hasn’t proposed the question to them. 200,000 c.y. will not fit in the City’s designated location. The drawing we are working with to advance the South Marina in-lake cell concept has not been designed by an engineer, but is an artist’s concept. We do not have actual engineering plans for any of the design. The EPA recently amended their Record of Decision for upland disposal but is exploring our CDF idea. The Army Corps also has been stalled in completing operational dredging without a location to deposit their sediments. Our concept would be of benefit to the Army Corps as well as the USEPA. The USEPA would build the CDF at their cost and will build the break-wall to protect the CDF. This is the only way we can ever advance our facility and achieve additional slip area. This exploration has caused some budget overages, specifically, Tom Thomas, Baxter/Woodman and Mary Gade. Those expenses are the reason for the action item today. Late February we are going to meet with Sen. Durbin and Rep. Kirk in Washington. Mr. Henderson recommended the board grant the authority to proceed with the in-lake containment cell plan.

Mr. Bogdala applauded Mr. Henderson for the CDF idea. He expressed great concern with the water lines and the construction of a breakwall around them. Mr. Bogdala requested that Mr. Musinski comment on the subject.

Mr. Musinski started with the statement that he was opposed to the idea. The lines are not buried and he was concerned for their safe keeping. He requested contacts for the project

to coordinate particulars. He stated that it was not his intent to cause problems and indicated the Water Department had previously utilized the firm of Baxter Woodman. He stated further that he opposed floating docks over the water lines. Mr. Bogdala asked about inspections of the water lines. The intake was last inspected in 1992, the lines in the Lake have not been inspected. Mr. Musinski did not have problem with the CDF in relation to the water lines. The board generally discussed the location of other CDF's now on the Great Lakes. Dr. Welker suggested coordinating with Larry Thomas from Baxter Woodman.

Mr. Torres reported we could be cautious and advance the concept expressing support for Mr. Henderson's plan. Mr. Johnson asked if we could have a not to exceed figure for a motion. Mr. Henderson reported that about \$32,000 had been expended to date. The sales trip to Washington DC is imminent and would be at least three persons, being Mr. Thomas, Ms. Gade and himself.

On motion of Mr. Johnson to authorize another \$25,000 to advance the concept of an in-water containment cell to facilitate North Harbor cleanup and South Harbor renovations, seconded by Mr. Bogdala, all members present voted aye and the Chairman declared the motion carried.

10. Status Reports

Mr. O'Dell reported it was winter – cold – and the harbor was frozen. The Fire Department had cut a hole in the ice for training divers, and the gas dock looked great. The perplexing problem of a continuing water leak in the HCB had hopefully been solved. It appeared the windows were not designed for this building type and were improperly installed. We have suffered substantial water and mold damage. Mr. O'Dell reported meeting with EPA and CAG representatives to facilitate installation of signs warning the public of the effects of consuming contaminated fish. The EPA will produce the signs and we have agreed to install them in key community areas.

Dr Welker asked what grade of fuel we dispense and if there was alcohol in the fuel. Mr. O'Dell reported he would contact the supplier for specifics but that it was a branded fuel.

12. City of Waukegan litigation pursuant to 5 ILCS 120/2(c)(11) of the Open Meetings Act

On motion of Mr. Johnson to go into closed session to discuss City of Waukegan litigation pursuant to 5 ILCS 120/2(c)(11) of the Open Meetings Act, seconded by Mr. Bogdala, all members present voted aye and the Chairman declared the motion carried.

13. Action on City of Waukegan litigation.

On motion of Mr. Johnson to authorize Chairman Welker, Director Henderson and Attorney Morris to attend the settlement meeting and bind the Waukegan Port District to a maximum amount authorized by Zurich Insurance with no release of Zurich from continued

coverage for pollution matters under their policy coverage, seconded by Mr. Torres, all members present voted aye, no members voted nay, and the Chairman declared the motion carried.

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

s/Jorge Torres
JORGE TORRES, Secretary

s/Rodger Welker
RODGER WELKER, Chairman