

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
April 8, 2009**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:00 a.m. in the Commission Boardroom of the Port's administrative offices at 121 N.W. Everett Street.

QUORUM

Commissioners present were Mary Olson, Vice President, presiding; Peter Bragdon; Diana Daggett; Bruce Holte; Paul Rosenbaum and Bill Thorndike. Also present were Steve Schreiber, aviation director; participating staff members; and members of the public.

LEAVE OF ABSENCE

Commissioner Olson called for a motion to grant a leave of absence to Commissioners Allen, Corey and Johansen, as they were out of town. Commissioner Daggett moved to grant the leave of absence. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Bragdon, Daggett, Holte, Olson and Thorndike voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

MINUTES

Commissioner Olson called for a motion to approve the minutes of the Regular Commission Meeting of March 11, 2009. Commissioner Daggett moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Daggett, Holte, Olson and Thorndike voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

EXECUTIVE DIRECTOR'S REPORT

Steve Schreiber said he is filling in for Bill Wyatt, who is traveling as a member of the Portland Business Alliance trade mission to China. Mr. Schreiber said the delegation will meet with Chinese business leaders, representatives of American companies doing business in China and government officials. Mr. Schreiber said the goal of the trip is to make stronger connections between businesses in Oregon and China. He said China is a critical trading partner for Portland and the region. In order for our businesses to gain a stronger foothold in that market, we need to have a presence and to develop our understanding of the business climate. Mr. Schreiber noted Mr. Wyatt will also be traveling to Seoul to meet with Hanjin and other carriers and Port customers.

Mr. Schreiber said we continue to fight the headwinds of a steep economic downturn. He said passenger traffic was down 19 percent in February and nearly 10 percent year-to-date. Mr. Schreiber said container traffic is also down sharply, 15 percent year-to-date through February. He said other marine business volumes are also showing lower volumes than the prior year.

Mr. Schreiber said that in response to the sharp decline in our revenues, we have taken a number of actions to put the Port in a more secure financial position. He said this was done with three primary objectives in mind: to preserve cash, particularly in the general fund; maintain cost competitive rates and charges, primarily in the airline cost center; and keep a responsible cushion to pay debt service in the Port Cost Center.

Mr. Schreiber outlined the key actions taken to date. Those actions include: the executive director will take a 10-percent pay cut in lieu of furlough days; directors will take a 6-percent pay cut or the equivalent of 20 furlough days; all administrative employees will take 15 days of mandatory furlough between April 1 and the end of the next fiscal year; all merit pay increases will be suspended until June 2010; and 36.5 FTEs were eliminated. Mr. Schreiber said we have also begun conversations with our represented employees to solicit their ideas about how to reduce costs in those work areas. Mr. Schreiber said in addition to the cost reductions, we plan to shore up our revenues at PDX by adjusting parking rates on May 1. He said the proposed adjustments would increase the daily rate in the long term lot from \$14 to \$16 and the economy lot from \$8 to \$10, the first economy lot rate increase in 10 years.

Mr. Schreiber said despite the tough times, he believes there are many reasons for optimism. He said first and foremost, the Port has once again demonstrated the capacity to forthrightly address extremely difficult business and financial challenges. He said we have done this in a timely, caring and humane manner and we are well on our way to achieving the targets we set out.

Mr. Schreiber said we continue to place strong emphasis on environmental stewardship despite the turbulent economic times. He said the Port continues to work on an innovative design for our new deicing collection system, green travel guidelines for Port employees, water conservation improvements at our marine facilities, reductions to our waste generation volume and hazardous materials use and other measures included in our environmental targets and objectives.

Mr. Schreiber said that work on the North Runway Extension project starts on May 1. He said flight pattern changes and aircraft noise impacts may occur in areas of Portland and Vancouver that are in the flight path. He said based on the modeling we have done, we believe that the impacts will be small.

Commissioner Olson called for a motion to approve the Executive Director's Report. Commissioner Rosenbaum moved to approve the Executive Director's Report. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Bragdon was not present for the vote.

GENERAL DISCUSSION

Floating Museum Update

Don Breazeale, president of Don Breazeale and Associates, Inc., presented an overview of the floating museum concept and his findings regarding the suggestion of the USS Ranger Museum Foundation potentially to locate a floating museum at one of the Port's marine terminals. Mr. Breazeale concluded based on the data and information he gathered that locating a floating museum at Terminal 2 would not bring in enough out-of-town visitors to generate sufficient revenue to sustain such a museum. Mr. Breazeale concluded that the underlying costs and overheads would create a serious capital and operating cost burden for the project.

Mr. Breazeale said there is no data or information available regarding how the capital funding requirements will be addressed. He said substantial capital will be required for rehabilitation of the USS Ranger to make it suitable for public use. These expenses include dealing with exposure to asbestos and PCBs, painting, relocation to the site, dredging and maintenance

dredging costs and site preparation, including construction of a new pier/mooring. Mr. Breazeale said estimates by other museum directors and the USS Ranger Museum Foundation itself suggest the initial capital requirements would exceed \$20-25 million.

Mr. Breazeale said locating the USS Ranger at Terminal 2 would force the Port to abandon current operations at the terminal. The length of quay required for the USS Ranger is 1,400 linear feet and this alone would prevent the Port and the Museum from operating in the same place. Mr. Breazeale noted that abandoning the space at Terminal 2 would cause a revenue loss to the Port of \$1.5-\$1.8 million per year, plus a loss of potential additional revenues that would be created by the Port's revenue development program.

Mr. Breazeale said it was a pleasure working with the USS Ranger Museum Foundation and in particular with Ray Kutch, CEO, praised their goals and objectives and said he hoped it was obvious to all concerned that the focus of his report was not to discredit the Foundation, nor was it to position the Foundation in a negative light.

Mr. Breazeale said he feels the work on this project provides concrete examples and evidence as to why certain floating museums work and why others do not.

Commissioner Holte said the Port is actively seeking additional work for Terminal 2 and that Stevedore Services of America is going to meet with the ILWU within the next several weeks regarding a negotiation for a new commodity coming into Terminal 2. Commissioner Holte said he expected there would be a lot more work coming into the terminal.

Mr. Ray Kutch, CEO of the USS Ranger Museum Foundation, thanked Sam Ruda for being so accommodating. Mr. Kutch said the Foundation has made no formal request for Terminal 2. He said they are seeking a location somewhere in the Northwest, but prefer to have it here in Portland. Mr. Kutch said there is no question there is still work to be done, but despite what Mr. Breazeale said, he believes the USS Ranger Museum would be viable.

Captain Peter Ogle, a former Commanding Officer aboard the USS Ranger, said he thinks the USS Ranger Museum would be a good fit for Portland. He said he shares some of the concerns about locating it at Terminal 2 because it is a working terminal and they are looking at other locations closer to the Fremont Bridge, such as Terminal 1 North. Mr. Ogle said the Foundation plans to address the issues raised by Mr. Breazeale and he is very optimistic they will be successful.

Commissioner Olson thanked Mr. Kutch and Mr. Ogle for their comments.

The meeting adjourned at 10:05 a.m.

President

Assistant Secretary

Date Signed

A complete audio recording of these proceedings is available at the Port of Portland administrative offices, 121 N.W. Everett Street, Portland, Oregon 97209.

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