

MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
April 13, 2011

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Jim Carter; Steve Corey; Diana Daggett; Bruce Holte; Mary Olson and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of March 9, 2011. Commissioner Allen moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said he just returned from trips to Germany and South America. He traveled with the Portland Business Alliance to Germany where they visited with many of the Port's customers and tenants, most prominently Daimler Trucks, known as Freightliner here locally. Mr. Wyatt said the interaction was very positive with them; their business is improving and they feel quite bullish about their future. Mr. Wyatt said they also met with adidas, SolarWorld, Wacker Siltronic and Intel. He said it was a good opportunity to connect with these major German companies, all of whom have significant operations in Oregon, to reinforce the value and importance of making contact with them locally and at the home office to let them know we are here and care about growing their business in Oregon.

Mr. Wyatt said that from Germany, he met up with Port staff and a team from ICTSI in South America to tour ICTSI's facilities. Mr. Wyatt said his take-away from the trip is that ICTSI is a great company. He was extremely impressed with the quality of people who work for them and their commitment to those people; he said they have outstanding training programs and a very strong commitment to safety. Mr. Wyatt noted that each of ICTSI's facilities were specifically designed to handle unique markets, which suits them well for Portland because we are not everybody's cup of tea as a container terminal and ICTSI is a company that is adept at identifying and maximizing opportunities. He said they are enormously successful in South America and he is confident they will be in Portland as well.

Mr. Wyatt said PDX continues to experience strong passenger growth. He said February passenger traffic was up 4.9 percent compared to February 2010.

Mr. Wyatt said jetBlue will begin new red-eye summer seasonal service to Boston on May 26 and Alaska Airlines will also begin seasonal service to Billings and Missoula, MT, in June.

Mr. Wyatt said the international service is showing some signs of wear due to the fuel prices, but both flights continue to do very well. He said in the case of the Japan flight, it is being affected by the collateral effects of the March 9, 2011, earthquake and the tsunami. He said there are fewer people going to Japan for the obvious reasons and business in Japan is still heavily disrupted due to continued aftershocks and rolling blackouts. Mr. Wyatt said that instead of thinning out consistent days-of-week, Delta has selected individual dates to reduce service based on current bookings and demand outlook.

Mr. Wyatt said funding for the Federal Aviation Administration (FAA) and airport improvement program seems to have avoided the worst of the federal budget cuts, but there will be no increase in the Passenger Facility Charge for the foreseeable future. He said the U.S. House and Senate are reconciling their two versions of a four-year FAA Reauthorization Bill. Mr. Wyatt said he is optimistic that additional slots "beyond the perimeter" will be made available for Reagan National Airport, a non-stop service that Alaska Airlines has committed to providing.

Mr. Wyatt said the South Runway reconstruction project began last week and there have been no operational impacts to date.

Mr. Wyatt noted that the March 16 joint Portland City Council/Port Commission meeting on Airport Futures went very well. He said that after the Port Commission takes action today, the City Council will vote in the afternoon to adopt the zoning for the planned district provisions. Mr. Wyatt thanked Port staff and the Planning Advisory Group members for a great outcome.

Mr. Wyatt said that we have had a great period of recognitions for the airport. He said the Port received the international marketing award at the Annual Governors Tourism Conference in Eugene. Mr. Wyatt noted the award recognizes excellence and creative accomplishment in the marketing and promotion of Oregon as a destination in the international marketplace.

Mr. Wyatt said that Governor John Kitzhaber and the Oregon Sustainability Board will honor six Oregon companies and non-profit organizations, including the Port of Portland, for their commitment to sustainable business practices at the Future Energy Conference later today. Mr. Wyatt said that while the award can cover a range of activities, it is primarily for the innovative new headquarters building that was completed in last year.

Mr. Wyatt said that on March 30, the Port was presented with the Excellence in Transportation Award from the Oregon Department of Agriculture for its facilities, operations and programs geared towards moving agricultural products to domestic and international markets.

Mr. Wyatt said that last week the Port issued a press release announcing that the Troutdale Reynolds Industrial Park (TRIP) was the winner of the National Phoenix Award. He said the award was presented in Philadelphia and Joe Mollusky represented the Port. Mr. Wyatt said the award recognizes the joint work of the Port, Alcoa and FedEx Ground in the remediation and development of the property. He said we were notified in February that TRIP won the regional award covering the states of Oregon, Washington, Idaho and Alaska, but the national award was a surprise.

Commissioner Johansen called for a motion to approve the Executive Director's Report. Commissioner Holte moved to approve the Executive Director's Report. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

FLIGHTSTATS AWARD PRESENTATION

Conduive Technology Corporation's Jeff Kennedy, CEO, and Keith Gerr, Marketing Director, presented the Port with the 2010 PDX Airport On-time Performance Award. The award recognizes airports around the world that delivered the highest percentage of departures from the gate less than 15 minutes after the published scheduled departure time. PDX achieved a 2010 on-time performance record of 86.02 percent. The average on-time performance was 75.29 percent for this category.

GENERAL DISCUSSION AND PUBLIC HEARING

Fiscal Year 2011-2012 Economic Overview and Proposed Budget

Scott Drumm, Research Program Manager, provided a brief overview of the economic trends that have an influence on the Port's budget. He said the economic picture has improved since December and most economists seem to agree that the economy is on better footing than it was a few months ago.

Mr. Drumm said one of the reasons we have had some improvement in the economy is international trade; 2010 was a fairly strong year for trade following a dismal year in 2009. He said during 2010, Oregon exports recovered most of the losses suffered during the recession. Mr. Drumm said trade with China, Japan and Korea grew, comprising more than two-thirds of the total trade volume.

Mr. Drumm said Japan is Oregon's largest trading partner and a dominate source of imports, accounting for 52 percent of the region's imports (by volume). The Port has scheduled container service to Japan and nonstop air service. He said two of our three auto accounts have substantial manufacturing in Japan. Mr. Drumm said there is the potential for short-term downturn in trade and travel, but Oregon is well positioned to support reconstruction with its traded-sector strengths, manufacturing and services.

Mr. Drumm discussed the industry trends for marine and aviation. On the marine side he said carriers returned to profitability in 2010 and vessel construction and orders are increasing in 2011. He said auto sales are increasing nationally and grain exports should be strong given the natural disasters in key production areas.

Mr. Drumm said on the aviation side, oil, which has risen more than 25 percent in the last year, represents about 40 percent of the airlines' total costs. Mainline carriers plan to reduce domestic capacity while increasing international capacity. He said overall, airlines are decreasing their capacity forecasts for the second half of 2011. Mr. Drumm noted that although the local business travel market is recovering, leisure travel is sluggish.

Mr. Drumm said key economic issues for the Port include fuel price impacts on trade and travel, public sector budgets, the value of the dollar, increased ocean and air exports and short-and long-term impacts of the Japan earthquake and tsunami.

Vince Granato, Chief Financial Officer, briefly reviewed the Port's strategic areas of focus and the proposed budget for Fiscal Year 2011-12. He discussed the Portwide budget assumptions which include Public Employees Retirement System impacts, healthcare costs, declining capital outlay and our goal to maintain competitive costs for our customers.

Mr. Granato reviewed the total Port operating revenues and expenses, as well as the budget summary for both Aviation and Marine and Industrial Development.

Mr. Granato said the next step is to request approval to submit the budget to the Tax Supervising and Conservation Commission at the May 11, 2011 Commission meeting.

PUBLIC HEARING PROPOSED BUDGET FOR FISCAL YEAR 2011-12

Commissioner Johansen opened a public hearing for the purpose of taking testimony on the Proposed Budget for FY2011-2012.

Jim Lubescher, a resident of Hillsboro, said he would like to see more information on the number of helicopter training flights and whether foreign or domestic students are being trained at the Hillsboro Airport (HIO). He believes this is important as expansion is driven by these flights, which in his opinion do not benefit the public. Mr. Lubescher encouraged the Port to consider holding or returning the \$4 million in Connect Oregon funds to be used for HIO improvements and also encouraged the Port Commission to consider reimbursing Miki Barnes for the legal expenses incurred from her lawsuit against the City of Hillsboro and the Port. Mr. Lubescher said that he feels Ms. Barnes helped the Port and the City of Hillsboro prevent the unconstitutionality of the Airport Zone.

Hearing no additional comments, Commissioner Johansen closed the public hearing and noted that no action was required at this time. The FY2011-2012 proposed budget will be brought before the Commission at the May 11, 2011, meeting for action.

CONSENT AGENDA

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda. Commissioner Johansen read the title of the agenda item and called for a motion to approve the item.

Agenda Item No. 1

PROPERTY PURCHASE – DEPARTMENT OF STATE LANDS – TERMINAL 6

BE IT RESOLVED, That approval is given to purchase approximately .55 acres of previously submerged and submersible real property from the State of Oregon, Department of State Lands, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Following the reading of the title of the Consent Agenda by Commissioner Johansen, Commissioner Daggett moved that the Executive Director's recommendations be approved and Commissioner Allen seconded the motion. The motion was put to a voice vote. Commissioners Allen, Bragdon, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioners Corey and Holte were not present for the vote.

ACTION ITEMSAgenda Item No. 2

ADOPTION OF THE 2010 PORTLAND INTERNATIONAL AIRPORT MASTER PLAN

This agenda item requested adoption of the Portland International Airport (PDX) Master Plan, acceptance of the updated Airport Layout Plan (ALP) and approval of three intergovernmental agreements formalizing on-going commitments between the Port of Portland, City of Portland and City of Vancouver. The last PDX Master Plan and ALP were approved in October 2000.

Chris Corich presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Portland International Airport Master Plan as presented to the Port of Portland Commission is adopted; and

BE IT FURTHER RESOLVED, That staff is directed to submit the Airport Layout Plan to the Federal Aviation Administration for its approval; and

BE IT FURTHER RESOLVED; That the Port of Portland Commission accepts the Final Report from the Planning Advisory Group. The report reflects the input of the Planning Advisory Group throughout the Airport Futures Planning process and will be used as guidance for Port of Portland staff; and

BE IT FURTHER RESOLVED; That Port of Portland staff and the Port of Portland Commission formally recognizes the tremendous amount of work done by the Planning Advisory Group over the course of the Airport Futures planning process and expresses their sincere appreciation for their work; and

BE IT FURTHER RESOLVED; That the Executive Director is directed to enter into the three Intergovernmental Agreements as outlined above.

Planning Advisory Group (PAG) members Denny Stoecklin, Maryhelen Kincaid, Hector Roche and John Weigant, representing the Airport Issues Roundtable, provided testimony in support of the agenda item and how well the public involvement process worked. Mr. Weigant submitted written testimony.

On behalf of the entire Commission, Commissioner Johansen thanked all those involved for their hard work and dedication during the three-year planning process.

Commissioner Olson said the three-year planning process has been a true collaboration with the City, Port and broader community. She acknowledged the hard work and commitment of the PAG over the three-plus-year process as well as the work of City and Port staff, facilitator and consultants.

Commissioner Olson moved that the Executive Director's recommendations be approved. Commissioner Rosenbaum seconded the motion, which was put to a roll call vote. Commissioners Allen, Bragdon, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioners Corey and Holte were not present for the vote.

Commissioner Allen, as Executive Director of the Oregon American Federation of State, County and Municipal Employees (AFSCME), declared a potential conflict and said he would not participate in the discussion or the vote for the next agenda item.

Agenda Item No. 3

COLLECTIVE BARGAINING AGREEMENT – AVIATION PARKING CONTROL REPRESENTATIVES

This agenda item requested approval of a new three-year collective bargaining agreement between the Port of Portland and AFSCME, Local 3220.

Michael Huggins presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the American Federation of State, County and Municipal Employees, Local 3220, for a three-year agreement beginning July 1, 2010, setting forth wages, fringe benefits and working conditions for employees working as Aviation Parking Control Representatives, consistent with the terms presented to the Port of Portland Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Corey moved that the Executive Director's recommendations be approved. Commissioner Olson seconded the motion, which was put to a roll call vote. Commissioners Bragdon, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioners Corey and Holte were not present for the vote.

Agenda Item No. 4

CONTRACT – RISK MANAGEMENT AND INSURANCE BROKERAGE SERVICES

This agenda item requested approval to award a five-year contract, with two one-year extension options, for general and specialized risk management consulting and insurance brokerage services to Marsh USA, Inc. (Marsh).

Under the contract, Marsh will provide general consulting services in the various areas of risk management including risk identification and analysis; risk control including safety, claims and business continuity; and risk financing, including commercially insured and self-insured programs. Marsh will also serve as the Port of Portland's insurance broker for procurement and administration of commercial insurance.

Andrea Marzette presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a five-year contract, with two one-year extension options, for general and specialized risk management consulting and insurance brokerage services to Marsh USA, Inc., as presented to the Commission; and

BE IT FURTHER RESOLVED, that the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Allen moved that the Executive Director’s recommendations be approved. Commissioner Daggett seconded the motion, which was put to a roll call vote. Commissioners Allen, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioners Bragdon, Corey and Holte were not present for the vote.

Agenda Item No. 5

MOBILE DEVICE POLICY AND COMPENSATION STRUCTURE CHANGE

This agenda item requested approval to implement a new mobile device policy that will create a taxable paid allowance up to \$50 per month to Port of Portland (Port) employees using their personal mobile devices for business purposes. Eligibility is determined by business need for mobility. Examples of mobile solutions include Smartphones, tablet computers and laptops.

James Trujillo presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to implement a new mobile device policy that will create a taxable paid allowance to Port of Portland employees using their personal mobile devices for business purposes, as presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Allen moved that the Executive Director’s recommendations be approved. Commissioner Daggett seconded the motion, which was put to a roll call vote. Commissioners Allen, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioners Bragdon, Corey and Holte were not present for the vote.

The meeting adjourned at 12:10 p.m.

President

Assistant Secretary

Date Signed

An audio recording of these proceedings and the full Commission agenda is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218.

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