



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
December 11, 2013
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – November 13, 2013

Executive Director

Approval of Executive Director's Report – November 2013

Consent Item

1. CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND *LISE GLANCY*

Requests consent to a minor boundary amendment to the Portland Enterprise Zone, located within Port of Portland boundaries, by the City of Portland.

Action Items

2. EMPLOYMENT OF DEPUTY EXECUTIVE DIRECTOR *BILL WYATT*
Requests approval of the initial employment and rate of remuneration of Curtis Robinhold as the Port of Portland's Deputy Executive Director.
3. AMENDED AND RESTATED GROUND LEASE – MERLO CORPORATION – HILLSBORO AIRPORT *KEN ANDERTON*
Requests approval to amend and restate the existing ground lease agreement with the Merlo Corporation for use by their operating sub-lessee, Global Aviation, in support of an expansion initiative at their Hillsboro Airport facility.
4. GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – TRIANGLE AVIATION RDD LLC – PORTLAND INTERNATIONAL AIRPORT *KEN ANDERTON*
Requests approval to enter into a long-term ground lease agreement with Triangle Aviation RDD LLC, an affiliate corporation of Ameriflight LLC, for development of a new base of operations at Portland International Airport.

5. EQUIPMENT PURCHASE – TERMINAL WI-FI UPGRADE – PORTLAND INTERNATIONAL AIRPORT *LINDA DYSON*

Requests approval to award a contract to Mountain States Networking for the purchase of Cisco network equipment, wireless access points and system configuration assistance to support the Wi-Fi Operational Upgrade project at Portland International Airport.

6. SECOND READING AND ENACTMENT – PORT OF PORTLAND ORDINANCE NO. 448 – ESTABLISHING A CUSTOMER FACILITY CHARGE ON RENTAL CAR TRANSACTIONS COMMENCING AT PORTLAND INTERNATIONAL AIRPORT TO FUND RENTAL CAR RELATED PROJECTS, PROGRAMS AND RELATED EXPENSES *DAVID PFEIFFER*

Requests a second reading and enactment of proposed Port of Portland Ordinance No. 448 to authorize establishment of a Customer Facility Charge on rental car transactions commencing at Portland International Airport to fund rental car-related projects and programs.

7. FACILITY LEASE – UNITED STATES OF AMERICA, DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION ADMINISTRATION – PORTLAND INTERNATIONAL AIRPORT *MATTHEW HOFFMAN*

Requests approval of a facility lease with the United States of America, Department of Transportation, Federal Aviation Administration, for certain premises located at Portland International Airport.

CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND

December 11, 2013

Presented by: Lise Glancy
Regional Government Relations
Manager**REQUESTED COMMISSION ACTION**

This agenda item requests consent to a minor boundary amendment to the Portland Enterprise Zone, located within Port of Portland (Port) boundaries, by the City of Portland (City). This boundary amendment will provide additional incentives to encourage existing or new companies to invest and add employees within the zone.

BACKGROUND

In the 2005 legislative session, the state statute for the Enterprise Zone program was changed to require the governing bodies of a port district to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play a key role in economic development in the community. Since the statute changed in 2005, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone applications and/or boundary changes.

In June 2012, the Port Commission supported the City of Portland's successful application for designation of the Portland Enterprise Zone. Enterprise Zones provide up to 100-percent property tax abatement on a company's new investment in facilities, equipment and machinery over a five-year period if a job threshold is met (10-percent increase from base employment average over five years). Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to the Port.

Portland Development Commission (PDC) and Port staff are working with a company conditionally committed to making a significant investment on 100 acres at the Port's Terminal 5 marine facility, located at 15550 N. Lombard Street. Initially, the company intends to invest \$25 million in new equipment to support local operations, and if approved by their board of directors, the investment could grow to over \$125 million.

The investment is expected to increase by 10-percent the permanent full-time transportation jobs at this site. In order to provide the company with access to the Enterprise Zone program and to help build the case for the company's Board of Directors to make a significant investment in Portland, the City is requesting that Business Oregon add this property to the Portland Enterprise Zone.

In addition, the City has rezoned 48.4 acres of a site currently used by the Colwood Golf Course, located at 7313 NE Columbia Blvd, for industrial development. As there is a very limited supply of large-lot sites for higher-value, traded-sector industrial development, the City would like to add this particular site to the Portland Enterprise Zone to provide incentives for larger recruitments in the Advanced Manufacturing cluster.

To accommodate inclusion of these two properties in the Portland Enterprise Zone boundary, a portion of Rivergate property would be removed from the Portland Enterprise Zone (approximately 92 acres). The area to be removed includes the Bonneville Yard rail tracks as well as wetland mitigation ponds that have an environmental overlay on them.

Under the current tax code related to this action, the Port would forgo approximately \$0.0701 per \$1,000 of assessed value of any new investment by development on these sites until the exemption period ends. For the Portland Enterprise Zone expansion, the impact on Port property tax revenue is expected to be relatively small (less than \$7,000 over a five-year period). Upon completion of the five-year exemption period, the property would be fully taxed thereafter.

The City is seeking the Port Commission's support and consent in favor of this action. The Portland City Council, as Zone Sponsor, is scheduled to take action on December 18, 2013. In order to move the request forward to Business Oregon for approval, the City is required to have a resolution of consent from the Port Commission for this boundary change request.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to an application by the City of Portland for minor boundary changes to the Portland Enterprise Zone located within Port of Portland district boundaries, as described in this agenda item. The Port Commission's consent is contingent upon approval of the application for a new Enterprise Zone by the City Council.

EMPLOYMENT OF DEPUTY EXECUTIVE DIRECTOR

December 11, 2013

Presented by: Bill Wyatt
Executive Director**REQUESTED COMMISSION ACTION**

This agenda item requests approval of the initial employment and rate of remuneration of Curtis Robinhold as the Port of Portland's (Port) Deputy Executive Director.

BACKGROUND

The Port Commission has delegated most administrative tasks to the Executive Director, including the appointment of "persons requisite, necessary, or convenient" to carry on the work of the Port. However, the Commission has reserved several important matters to itself, including the authority to "approve the initial employment and remuneration of the Deputy Executive Director." (Bylaws, Article III section 2)

The Port has historically been inconsistent in its use of the Deputy position. Former Deputies have exercised limited operational roles and no Deputy has succeeded to the Executive Director position. Recently, the Commission has given significant attention to the issue of succession planning and the Port's executive team is engaged in an effort to identify critical personnel and plan for orderly succession in the event of retirement or emergency. With this in mind, the Executive Director recommends the appointment of a Deputy who will, over a relatively short period of time, assume the full working responsibilities of the Port's chief executive. While the Commission will remain free to choose the next Executive Director, it is expected that the Deputy will become the most qualified candidate. Curtis Robinhold is nominated to fill this position.

Mr. Robinhold is Chief of Staff to Oregon Governor John Kitzhaber, where he oversees the Governor's policy agenda, staff and policy advisors.

Previous to joining the Governor's team, Mr. Robinhold was CEO of Energy RM, an energy efficiency finance company in Portland, Oregon. Mr. Robinhold built his experience in this field as Managing Director of BP Alternative Energy's global gas-fired power business, where he had financial and operational accountability for over 3500 mW of generating capacity and served on the board of several subsidiary companies.

At BP, Mr. Robinhold also served in commercial and finance roles in the wind and gas-fired power business in Europe and Asia. He was instrumental in developing the strategy for the Alternative Energy unit within BP, as well as subsequent growth in renewable energy business in new markets such as India and China.

EMPLOYMENT OF DEPUTY EXECUTIVE DIRECTOR

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Before joining BP, Mr. Robinhold spent 10 years working for Oregon's Governor John Kitzhaber on natural resource issues and for Congressman Peter DeFazio. Mr. Robinhold grew up in Eugene, Oregon, and currently lives in Portland. He holds a BA from the University of California at San Diego, as well as an MBA and Master of Environmental Management from Yale University.

The recommended initial salary is \$285,000. This recommendation is based on consideration of internal and external salary equity factors. Internal factors include salaries paid within the Port's executive team; external factors include consideration of salaries paid to chief and deputy executives at comparable ports.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Commission approves the employment of Curtis Robinhold as Deputy Executive Director, at a starting salary of \$285,000; 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.

AMENDED AND RESTATED GROUND LEASE – MERLO CORPORATION – HILLSBORO AIRPORT

December 11, 2013

Presented by: Ken Anderton
Industrial Development Program
Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend and restate the existing ground lease agreement with the Merlo Corporation for use by their operating sub-lessee, Global Aviation, Inc., (Global Aviation), in support of an expansion initiative at its Hillsboro Airport (HIO) facility.

BACKGROUND

Founded in 1995, Global Aviation is a full service aviation company that focuses on corporate jet aircraft charters, maintenance, and management services to individuals and business travel customers. Global Aviation operates through a sub-lease from Merlo Corporation.

Global Aviation approached the Port of Portland (Port) with a request to construct a new hangar facility at an estimated cost of approximately \$4 million. Global Aviation also desires to develop a new expanded parking facility. As part of this expansion plan, Global Aviation will relocate an above-ground fuel storage tank. Merlo Corporation will retain ownership of the improvements and be responsible for all maintenance and capital expenses.

Given that Global Aviation's business has evolved and grown over the years, Port staff recommends that the existing lease be amended and restated to incorporate updated lease language and revised business terms.

REVISED BUSINESS TERMS

- Term: 30 years; with no options to extend (equates to a 14-year extension).
- Leased Area: 336,285 square feet, including an additional 54,450 square feet for a parking area. Final square footage will be subject to confirmation through a land survey to be performed after completion of the proposed construction.
- Land Rent: Initial annual rent to the Port will equal approximately \$127,788. Ground lease rent is based on Fair Market Value (FMV) of the land, which is currently \$0.38 per square foot per year.
- Rent Deferral: Rent deferral on the expanded parking facility outside the current leasehold for the earlier of: one year or substantial construction completion.

Rent Adjustments: Ground rent shall increase to \$0.40 per square foot per year effective November 1, 2014. Further adjustments will be completed triennially based on FMV, consistent with other airport ground leases.

Reversion Deferral Fee: In addition to ground rent, Merlo Corporation will pay to the Port a reversion deferral fee (RDF) for the Port's reversionary interest in hangar buildings, office space and improvements according to the original lease end dates through the end of the new 30-year term. The two reversion dates are November 1, 2023, and November 1, 2029. The formula for the RDF is the net present value of the Port's potential income stream as owner of the improvements.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend and restate the existing ground lease agreement with the Merlo Corporation at Hillsboro Airport, 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.

GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – TRIANGLE AVIATION RDD LLC – PORTLAND INTERNATIONAL AIRPORT

December 11, 2013

Presented by: Ken Anderton
Industrial Development
Program Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into a long-term ground lease agreement with Triangle Aviation RDD LLC, an affiliate corporation of Ameriflight LLC, for development of a new base of operations at Portland International Airport (PDX).

BACKGROUND

Ameriflight LLC has provided feeder cargo service to United Parcel Service (UPS) at PDX since 1982. It currently operates from the former World War II era hangars located in the southwest quadrant of the airfield. The facilities have surpassed their economic viability and the lifespan of the aircraft parking apron cannot be extended without costly reconstruction. The Port of Portland (Port) has been working towards a solution with Ameriflight LLC principals for several years. Staff have identified a viable area adjacent to UPS that Ameriflight LLC agrees is a convenient location to serve its air freight client. Ameriflight is coordinating through an affiliate – Triangle Aviation RDD LLC – and a local development partner to establish a long-term agreement and a new maintenance hangar with the intended goal to not adversely affect its corporate balance sheet.

The project will result in a new facility of approximately 15,000 square feet, including a large maintenance bay, operations dispatch center, crew support facilities and parts storage. The hangar will be built in the footprint of the former Horizon Air maintenance hangar, itself of pre-World War II military heritage, which was demolished less than 10 years ago.

Ameriflight LLC will also operate under a ramp management agreement for the concrete apron immediately in front of the new hangar. This apron was positioned to be reconstructed at an estimated cost of \$9 million. With this new use, the project could be re-scoped for a reduced weight requirement suitable for the smaller aircraft that Ameriflight operates. The current ramp refurbishment is in the preliminary planning stages and is budgeted at \$315,000.

BUSINESS TERMS

Triangle Aviation RDD LLC will enter into a long-term ground lease and ramp management agreement with the Port. Triangle Aviation RDD LLC will sublease to PDX Air Ventures LLC for the building development and Ameriflight LLC will sub-sublease the finished facility from PDX Air Ventures LLC. Ameriflight LLC will sublease the ramp management agreement directly from Triangle Aviation RDD LLC. Key business terms are outlined as follows.

GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – TRIANGLE AVIATION RDD
LLC – PORTLAND INTERNATIONAL AIRPORT

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- Term: 25 years, with no options to extend
- Rent: Initial annual rent will be \$119,166. Ground lease rent is based on Fair Market Value (FMV) of the land, which is currently \$0.70 per square foot per year. The ramp management agreement is also based on FMV of the improved apron under their management, which is currently \$0.98 per square foot per year. Adjustments to both will be completed triennially, consistent with other airport ground leases.
- Rent Deferral: Rent will commence at the earlier of the construction completion or 12 months from the effective date.
- Other Fees: Lessee is responsible for Air Trans Center common area charges and landing and fuel flowage fees from Ameriflight's operation.
- Tenant Development Commitment: Lessee will construct a 15,000-square-foot maintenance base including dispatch center, crew facilities, offices and parts storage. Lessee will construct parking area sized for crew, maintenance staff and delivery trucks. Lessee will redevelop a bulk fuel storage tank and enter into an above ground tank agreement with the Port.
- Port Development Commitment: Port will reconstruct existing concrete joints in front of the proposed hangar site and prepare a Phase I Environmental Site Assessment to serve as the initial environmental audit for an estimated \$320,000. The Port will refurbish the private roadway leading to the new facility. The construction will be amortized and included with Air Trans Center common area charges to all tenants.

In concert with this lease, the Port will extend Ameriflight's existing lease on a month-to-month basis pending transition to the new facilities. The Port will also amend Ameriflight's existing agreements for mobile fuel storage trucks once the new facility is completed and operating.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is granted to enter into long-term ground lease agreement with Triangle Aviation RDD LLC to facilitate the construction of a new base of operations for Ameriflight LLC at Portland International Airport, 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.

EQUIPMENT PURCHASE – TERMINAL WI-FI UPGRADE – PORTLAND INTERNATIONAL AIRPORT

December 11, 2013

Presented by: Linda Dyson
Senior Manager, Technology
Operations/Infrastructure**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a contract to Mountain States Networking for the purchase of Cisco network equipment, wireless access points and system configuration assistance to support the Wi-Fi Operational Upgrade project in the Portland International Airport (PDX) terminal.

BACKGROUND

PDX has long been an industry leader in customer service and was among the first airports to offer free public Wi-Fi in November 2004. Even before the system was officially “live,” passengers had begun to connect to the Internet through the infrastructure provided at the airport terminal. The initial implementation included 28 access points installed in the primary areas where customers waited for flights: concourses (gate hold rooms and service centers), security checkpoints, the Oregon Market, food courts and the PDX Conference Center. The target audience then was primarily the business traveler with a laptop computer.

Nine years later, the monthly usage is 15 times what it averaged in 2005, i.e., 27,706 connections then compared to a peak in August of this year of 411,622, equating to over 13,000 daily customer connections. This growth is primarily attributable to smart phones and tablets, accompanied by the expectations that Wi-Fi is a basic service and available everywhere.

This project addresses two primary needs for PDX Wi-Fi: increases in coverage areas and upgrades to the aging technology infrastructure, including improvements in security, administration, monitoring, measuring and metering.

SCOPE

The IT Communications Services team has been working in partnership with the Cisco account team for the last few months to determine the design, implementation plan and costs for the new equipment. By cooperatively procuring this equipment using a contract already in place through Western States Contract Alliance, the Port of Portland (Port) will achieve a 40-percent discount compared to manufacturer list pricing.

The project scope includes an upgrade to the network infrastructure (switches, controller, firewalls), replacement of existing Wi-Fi access points and the purchase of approximately 45 new access points to increase coverage.

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The contract amount is \$620,000, including vendor assistance with system configuration and implementation.

SCHEDULE

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|-------------------|------------------------------|
| Design | August 2013 – December 2013 |
| Procurement | December 2013 – January 2014 |
| Implementation | January 2014 – June 2014 |
| Project close-out | July 2014 |

PROJECT RISKS

The project has no significant risks. Installation will be phased and scheduled to avoid operational impacts with the current system.

BUDGET

The project budget is \$990,000. This includes the equipment purchase, system configuration assistance, staff costs and a contingency of \$75,000.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a contract to Mountain States Networking for the purchase of Cisco network equipment, wireless access points and system configuration assistance in support of the Wi-Fi Operational Upgrade project at Portland International Airport, in accordance with its proposal; 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.

SECOND READING AND ENACTMENT – PORT OF PORTLAND ORDINANCE NO. 448 –
ESTABLISHING A CUSTOMER FACILITY CHARGE ON RENTAL CAR TRANSACTIONS
COMMENCING AT PORTLAND INTERNATIONAL AIRPORT TO FUND RENTAL CAR
RELATED PROJECTS, PROGRAMS AND RELATED EXPENSES

December 11, 2013

Presented by: David Pfeiffer
Senior Manager
Concessions Development

REQUESTED COMMISSION ACTION

This agenda item requests a second reading and enactment of proposed Port of Portland (Port) Ordinance No. 448 to authorize establishment of a Customer Facility Charge (CFC) on rental car transactions commencing at Portland International Airport (PDX) to fund rental car-related projects and programs. Once approved, collection of CFCs will commence on January 15, 2014.

BACKGROUND

On November 13, 2013, staff appeared before the Commission for the first reading and a public hearing on proposed Port Ordinance No. 448 to authorize establishment of a CFC on rental car transactions commencing at PDX to fund rental car-related projects and programs.

Following the first reading and public hearing, the Port received no public comments.

The current rental car agreements, effective September 1, 2011, contain provisions granting the Port the ability to implement the CFC during the lease term. The intent is to initially fund the existing “quick turn-around” facility and in addition, fund future rental car related projects and programs.

A team consisting of Port staff and LeighFisher, Inc., an experienced rental car industry consultant, have developed Ordinance No. 448, which reflects best practices from around the country, Port values and gives careful consideration to the impacts on Port customers. It provides flexibility to the Executive Director to set and adjust the rate and duration of the CFC, based upon current and future operations and projects.

The guiding principle for the rental car program is to keep operations as close to the terminal, for as long as possible, to provide the best possible customer experience. Implementation of a CFC has been a strategic objective to fund rental car-related costs. The team, with support from the rental car industry, will complete a CFC financial analysis to determine the recommended rate structure. This analysis will obtain historical rental car transactional data at PDX, identify potential projects necessary to support the rental car operations and assess the impact of a CFC on passengers.

SECOND READING AND ENACTMENT – PORT OF PORTLAND ORDINANCE NO. 448 –
ESTABLISHING A CUSTOMER FACILITY CHARGE ON RENTAL CAR TRANSACTIONS
COMMENCING AT PORTLAND INTERNATIONAL AIRPORT TO FUND RENTAL CAR
RELATED PROJECTS, PROGRAMS AND RELATED EXPENSES

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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, That Port of Portland Ordinance No. 448, be given a second reading by title only; and

BE IT FURTHER RESOLVED, That the proposed Port of Portland Ordinance No. 448 in the form presented to the Commission, be enacted by a roll call vote; 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.

ORDINANCE NO. 448

AN ORDINANCE ESTABLISHING A CUSTOMER FACILITY CHARGE ON RENTAL CAR TRANSACTIONS AT THE AIRPORT TO FUND RENTAL CAR RELATED PROJECTS, PROGRAMS, AND RELATED EXPENSES

WHEREAS, following the last rental car solicitation process, the Port (as defined in Section 2.15) determined that those facilities that serve the rent-a-car companies are in need of updating, replacement and/or expansion;

WHEREAS, certain projects have been identified or will be in the future at the Airport (as defined in Section 2.1) to improve the convenience, security, and efficiency of rental cars for Airport users; and

WHEREAS, the Port has determined that in order to fund and to provide Airport users with adequate Rental Car Facilities (as defined in Section 2.14) and related programs, it is in the best interest of the Airport, its users, and RACs (as defined in Section 2.11), to impose a Customer Facility Charge on Rent-A-Car Customers (as defined in Section 2.12) who rent automobiles from those RACs that operate from Airport facilities:

BE IT ENACTED BY THE PORT OF PORTLAND:

Port of Portland Ordinance No. 448 is enacted and will read as follows:

Section 1. Findings and Purpose

1.1 The Port of Portland finds as follows:

1.1.1 That the Port owns and controls a system of airports including that certain airport and air navigation facility located in Multnomah County, State of Oregon, known as the Portland International Airport, which includes the rental car businesses and facilities used by RACs at the Airport; and

1.1.2 That the Airport, including the Rental Car Facilities contributes to a strong economic base for the community, assists and encourages world trade opportunities, and is of vital importance to the health, safety, and welfare of the public; and

1.1.3 That the Port has required, and will continue to require, substantial expenditure for capital investment, operation, maintenance, and development of the Rental Car Facilities to meet the future demand of the Rent-A-Car Customers; and

1.1.4 That the current state of the Rental Car Facilities has resulted in a negative impact on the quality of services provided to Rent-A-Car Customers; and

1.1.5 That Rent-A-Car Customers receive economic benefit from the use thereof; and

1.1.6 That the revenues received from Airport Rent-A-Car Customers are vital to the economic well-being of the Airport; and

1.1.7 That pursuant to ORS 778.260(1), the Port has the authority to enact ordinances to regulate the use of its properties, including Rental Car Facilities, and in collecting the Customer Facility Charge (as defined in Section 2.4), the Port is imposing a fee for the use of these facilities at the Airport; and

1.1.8 Pursuant to 49 U.S.C. §§ 47107(b)(1) and 47133(a), the Customer Facility Charge proceeds will be used for the construction, maintenance and improvement of Rental Car Facilities and Enabling Projects (as defined in Section 2.5) at the Airport; and

1.1.9 That it is essential that the Airport remain financially healthy to perform its economic role in the community and to provide the community with cost-effective aviation facilities; and

1.1.10 That, in order to generate revenue for purposes of maintaining and developing the Rental Car Facilities for the convenience of the traveling public, it is necessary to adopt and implement a system of fees to be paid by Rent-A-Car Customers utilizing the Airport; and

1.1.11 That Rent-A-Car Customers should contribute toward the maintenance and continued development of the Rental Car Facilities; and

1.1.12 That the fees and regulations adopted herein are reasonable for the affected Rent-A-Car Customers.

1.2 The purpose of this Ordinance is to enact regulations consistent with the above findings and this Ordinance and the regulations published pursuant thereto shall be liberally construed to effectuate the purposes expressed herein.

Section 2. Definitions

As used in this Ordinance:

2.1 "Airport" shall mean Portland International Airport, including all facilities and roads located within the geographical boundaries of Port land designated as Portland International Airport, which, for purposes of this Ordinance, shall include, but is not limited to, the Airport terminal building, the Airport parking garages, the commercial roadway, all Airport parking lots, the airfield, all of Airport Way running from Interstate 205 on the East end and extending West to the Airport terminal building, and all of the frontage roads and adjacent facilities running parallel to Airport Way, including Portland International Center and other adjacent Airport Port owned property.

2.2 "Annual Report" shall mean a report itemizing the number of Transaction Days each RAC had during the prior Port Fiscal Year (as defined in Section 2.8) and the amount of CFCs calculated, collected, and remitted.

2.3 "Concession Agreement" shall mean an agreement entered into with the Port whereby the RAC pays a percentage of its gross revenues to the Port for the privilege of operating on or from the Airport, or any other similar agreement.

2.4 "Customer Facility Charge" or "CFC" shall mean the charge imposed on the Rent-A-Car Customer by the Port for the benefit of the Port and collected and remitted to the Port by the RAC pursuant to this Ordinance.

2.5 "Enabling Projects" shall mean projects and costs necessitated by the construction, maintenance, demolition, or operation of Rental Car Facilities.

2.6 "Executive Director" or "Director" shall mean the Executive Director of the Port, or the Executive Director's designee.

2.7 "Implementation Date" shall mean January 15, 2014, the date on which the CFC shall commence to be charged to the Rent-A-Car Customers.

2.8 "Port Fiscal Year" shall mean July 1st of any calendar year to June 30th of the following calendar year.

2.9 "Port International Airport Rule(s)" shall mean those rules and regulations issued and published by the Port pertaining to, among other things, the use of the Airport parking garages and Rental Car Facilities.

2.10 "Port Policies/Policy" shall mean any policy adopted by the Port intended to implement or define any portion of this Ordinance.

2.11 "RAC" shall mean any rental car business operating or using Airport facilities at the Airport either under a Concession Agreement, lease, sublease, permit, or any other sort of agreement with the Port or other RAC.

2.12 "Rent-A-Car Customer" shall mean any person or entity renting a vehicle from a RAC operating at, or from, the Airport under a Concession Agreement, lease, sublease, permit, or any other sort of agreement with the Port or other RAC.

2.13 "Rental Car" shall mean an automobile rented from a RAC.

2.14 "Rental Car Facilities" shall mean those facilities which relate to rent-a-car operations and are used either exclusively or in part by the RACs.

2.15 "The Port of Portland" or "Port" shall mean the port district of the State of Oregon that owns and operates the Airport pursuant to Oregon Revised Statutes, Chapter 778.005 through Chapter 778.990, as amended from time to time.

2.16 "Transaction Day" shall mean a twenty-four (24) hour period or fraction thereof for which a Rent-A-Car Customer is provided the use of a Rental Car regardless of the duration or length of the rental term. However, if the same Rental Car is rented to more than one Rent-A-Car Customer within such continuous twenty-four (24) hour period, then each such rental shall be calculated as a 'Transaction Day' except that a partial day that is a grace period of no more than 2 hours after the last twenty-four (24) hour day booked shall not be considered a separate Transaction Day. In the event the Transaction Day or the rental agreement that includes the Transaction Day covers a portion of two different months or Port Fiscal Years, the Transaction Day shall be considered to have taken place and be reported during the month the rental agreement closed.

Section 3. Customer Facility Charge

3.1 Beginning on the Implementation Date, each Rent-A-Car Customer shall pay a fee for the use of the Airport Rental Car Facilities set by the Executive Director, as may be changed from time to time, for each Transaction Day a Rent-A-Car Customer rents an automobile. The initial fee was provided to the RACs no less than thirty (30) days prior to the Implementation Date. Each RAC shall collect and remit such fee to the Port.

3.2 The Customer Facility Charge shall be shown as a separately itemized charge on each customer contract for such RAC and described as "Customer Facility Charge," "CFC," or any other term the Port may approve in writing.

3.3 Each RAC shall include the CFC on all forms of reservations at least thirty (30) days prior to the date the Implementation Date and no later than thirty (30) days prior to any adjustment in the CFC rate.

3.4 Each RAC shall maintain records and controls that are sufficient to demonstrate the accuracy of the CFC revenues collected and the amount of CFC revenue collections remitted. These accounting records must be made available for inspection and examination with

reasonable notice at all reasonable times to the Port or a duly authorized representative. The Port may audit each RAC's books and records at any time to verify compliance with this Ordinance. The Port may use its own staff to perform audits under this Section, or may engage an independent certified public accountant to perform the audit. If an audit reveals the RAC has incorrectly stated and collected the CFCs by more than two percent (2%), the entire expense of the audit shall be borne by the RAC. In any case, the RAC shall remit any additional amounts due that the audit determines within thirty (30) calendar days of the Port's invoice, with interest at the Port's then prevailing delinquency charge. Interest shall accrue from the date any CFC was due under this Ordinance. Charges referenced in this Section are exclusive of any other fees or penalties under this Ordinance or any other agreement the RAC may have with the Port.

Section 4. Eligible Projects

The Customer Facility Charge collected pursuant to this program shall be expended for projects related to Rental Car Facilities and any related Port approved Enabling Projects and program costs. Such projects, Enabling Projects, and related program costs shall be determined and approved by the Port, and may include, but not be limited to, studies, consulting fees, plans and specifications, construction, demolition, and reimbursements to the Port for Port costs associated with operating and maintaining Rental Car facilities. For the purposes of this Section, projects related to Rental Car Facilities shall include the construction of Rental Car Facilities and any improvements made to existing Rental Car Facilities after the Effective Date of this Ordinance and the maintenance, operation, and demolition of such. Nothing in this Section shall preclude the Port from reimbursing itself for any costs associated with implementation of this Ordinance, including but not limited to, consulting and legal fees. CFCs may be assigned and pledged or otherwise committed to repay debt service on bonds issued or other financing used to fund Rental Car facilities and Enabling Projects, to fund and replenish reserves therefor, and to pay costs associated therewith.

Section 5. Collection

5.1 Each RAC must hold the CFC revenues collected by it in trust in a fiduciary capacity for the Port. All CFC revenue collected and held will be considered the property of the Port and will be excluded from gross revenues under Concession Agreements.

5.2 Each CFC shall be collected from all Rent-A-Car Customers, including Rent-A-Car Customers receiving complimentary or discounted Rental Cars.

5.3 Each RAC shall remit all CFCs that were collected or those that should have been collected, regardless of whether or not actually collected by the RAC, from Rent-A-Car Customers on a monthly basis to the Port together with the monthly statement of Transaction Day transactions in a format approved by the Port, which shall include Transaction Days. The CFCs shall be remitted and received by the Port no later than the twentieth (20th) of the month following the month in which the CFCs were collected. Failure to strictly comply with this Section shall be considered a violation of this Ordinance and those remedies set forth in Section 7 shall be available to the Port. If the Port so directs in its sole discretion, the RAC shall remit the CFCs to a Trustee appointed by the Port for the purpose of retaining the CFCs in trust.

5.4 The RAC shall not be entitled to any compensation for collection and remittance of the CFCs, and shall make no attempt to charge or collect from any Rent-A-Car Customer any such fee for such collection or remittance.

5.5 No later than October 1st of each year, each RAC shall furnish an Annual Report to the Port signed by the RAC's chief financial officer or highest ranking financial manager, or employee with actual knowledge and expertise in the CFC collection, or an independent certified

public accounting firm, stating that the CFCs remitted by the RAC to the Port during the preceding year were properly calculated and remitted in accordance with the terms of this Ordinance. The Annual Report shall be in a form approved by the Port and shall contain a complete, itemized statement demonstrating the Transaction Days and the total CFCs calculated and remitted.

Section 6. Port Reservation Of Rights

6.1 The Executive Director is authorized to issue and publish additional Port Policies to implement this Ordinance as is deemed necessary by the Director. Should this Ordinance conflict with the Port Policies, this Ordinance shall prevail, but the Port Policies must be applied to the fullest extent that they do not conflict.

6.2 The Executive Director is authorized, at any time and from time to time, as the Director deems necessary, to change the amount of the CFC or place a limitation on the number of Transaction Days the CFC is to be collected from a single Rent-A-Car Customer within a single rent-a-car transaction. This amount or limit on the number of days to be collected, may be modified with sixty (60) days written notice consistent with Section 8 to the RACs at the notice address currently of file under each companies Agreement with the Port.

Section 7. Violation of Ordinance

In the event that a RAC violates any provision of this Ordinance or the Portland International Airport Rules pertaining to the CFC, or any applicable law or Port Policy pertaining to collection of the CFCs, the Port may, in addition to any other rights or remedies allowed by this Ordinance, at law or in equity, deem such violation to be a default under the RAC's Concession Agreement, or any other agreement the RAC may have with the Port.

Section 8. Notice of Violation

8.1 The Port shall have the authority to issue a Notice of Ordinance Violation. The Notice shall set forth:

8.1.1 The nature of the violation(s) which is the reason for the violation;

8.1.2 The date of the violation(s); and

8.1.3 The date on which the violation shall result in a default under the Concession Agreement.

8.2 Notice as required by this Section 8, or any other notice required by this Ordinance to be given to a RAC, is sufficient if delivered in person or sent by certified U.S. mail, return receipt requested, to the last address on file with the Port. Notice shall be deemed issued when the notice is hand-delivered or deposited in the U.S. mail.

Section 9. Civil Penalties

Pursuant to ORS 836.210(2), if allowed by law, the Port shall be entitled to impose civil penalties for the violations of this Ordinance pertaining to the Customer Facility Charge imposed by this Ordinance. Such penalty shall be equal to twenty five percent (25%) of the CFC involved. Where the RAC is required to pay, collect, and/or remit a fee, charge, or toll to the Port, each calendar day the fee, charge, or toll is past due shall be considered a separate violation.

Section 10. Criminal Sanctions

Any person violating this Ordinance shall, upon conviction, be punished by a fine not to exceed the maximum penalty set forth in ORS 778.990. Where the violation is continuing, each calendar day the violation continues shall be considered a separate violation.

Section 11. Remedies Non-exclusive

All of the rights and remedies set forth herein, as well as all other rights and remedies available at law or in equity for violations of this Ordinance shall be non-exclusive and the Port shall be entitled to pursue one or more of them simultaneously for each violation of this Ordinance.

Section 12. Time Periods

Time periods set forth in this Ordinance shall be based on calendar days, unless otherwise specified. In the event the final day for action falls on a Saturday, Sunday, or legal holiday observed by the Port, then the period shall extend to the next day that the Port is open for business.

Section 13. Effective Date

This Ordinance shall be effective January 10, 2014.

Section 14. Savings Clause

In the event any phrase, clause, sentence, paragraph, or paragraphs of this Ordinance is declared invalid for any reason, the remainder of the sentence, paragraph, or paragraphs of this Ordinance shall not be thereby invalidated, but shall remain in full force and effect, all parts being hereby declared separable and independent of all others. In the event that a judgment is entered, and all appeals exhausted, which judgment finds, concludes or declares that this Ordinance is unconstitutional or is otherwise invalid, the RAC shall collect and remit to the Port the Customer Facility Charge established by regulations issued by the Executive Director pursuant to this Ordinance.

ADOPTED THIS 11th day of December, 2013, being effective thirty (30) days thereafter.

THE PORT OF PORTLAND

By: _____
James C. Carter, Commission President

By: _____
Pamela Thompson, Assistant Secretary

APPROVED AS TO LEGAL
SUFFICIENCY FOR THE PORT:

By: _____
Counsel for the Port of Portland

**FACILITY LEASE – UNITED STATES OF AMERICA, DEPARTMENT OF TRANSPORTATION,
FEDERAL AVIATION ADMINISTRATION – PORTLAND INTERNATIONAL AIRPORT**

December 11, 2013

Presented by: Matthew Hoffman
Senior Manager
Airside Real Estate**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a facility lease (Lease) with the United States of America, Department of Transportation, Federal Aviation Administration (FAA), for certain premises located at Portland International Airport (PDX).

BACKGROUND

In 1986, the Port of Portland (Port) entered into a 25-year ground lease with McCormack, W. L. & Co. (McCormack) for approximately 0.83 acres on the southeast side of the airfield near the corner of NE 82nd Avenue and NE Alderwood Road. The site was leased to support the construction of approximately 9,500 square feet of office and shop space that McCormack then sub-leased to the FAA. The FAA uses this facility to support its delivery of flight services to users of the national airspace system. The FAA desires to continue to occupy and use this facility for at least another 10 years.

At the expiration of the ground lease with McCormack, all improvements reverted to Port ownership. The Port then initiated direct discussions with the FAA for a new lease. Although the building is more than 25 years old, it has been well maintained and is in good condition. As owner, the Port assumes maintenance and capital improvement responsibilities of the improvements. A building assessment identified life cycle improvements that will be completed during the term of the new lease, such as heating, ventilation and air conditioning replacement and certain structural enhancements. Such projects will be defined and accomplished through the Port's project portfolio management process.

KEY BUSINESS TERMS

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|----------------------|--|
| Term: | 10 years |
| Premises: | 40,656 square feet ground; 9,500 square feet office and shop |
| Office Rent: | \$15.29 per square foot per year |
| Ground Rent: | \$0.62 per square foot per year |
| Initial Annual Rent: | \$170,500 |

Rental Adjustments: Building and ground rental rates are based on Fair Market Value. Ground rates adjust every 3 years, based on FMV, and building rates adjust annually, based on the Consumer Price Index.

Maintenance and Asset Management: The Port is responsible for structural components and building systems, including applicable capital improvements.

Operating Expense: FAA will pay the Port actual operating expenses for services provided.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a facility lease with the United States of America, Department of Transportation, Federal Aviation Administration, 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.