

**MINUTES  
REGULAR COMMISSION MEETING  
THE PORT OF PORTLAND  
February 12, 2014**

Following due notice to the public, the regular meeting of the Board of 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.

An audio recording was made of these proceedings. The recording, and the full Commission agenda, is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218. The following written minutes constitute a summary of the proceedings.

**QUORUM**

Commissioners present were Jim Carter, President, presiding; Peter Bragdon; Tom Chamberlain; Diana Daggett; Bruce Holte; Bob Levy; Linda Pearce and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter noted the agenda had been revised; the item to procure the Identity Management System at Portland International Airport (PDX) was removed.

**LEAVE OF ABSENCE**

Commissioner Carter called for a motion to grant a leave of absence to Commissioner Tsuruta, who was out of town. Commissioner Holte moved to grant the leave of absence. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Rosenbaum voted in favor of the motion.

**MINUTES**

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of January 8, 2014. Commissioner Daggett moved to approve the minutes. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Rosenbaum voted in favor of the motion.

**EXECUTIVE DIRECTOR'S REPORT**

Bill Wyatt addressed the Commission and audience. He began with a reminder that the formal Executive Director report is attached to the Commission packet which is mailed in advance of the meeting, and that he uses this opportunity to reflect on events of interest that have occurred over the course of the last month.

Mr. Wyatt's comments covered the following general topics:

## 8

- Staffing announcements, which included the addition of Curtis Robinhold as Deputy Executive Director, effective February 3; Dan Blaufus as General Counsel, effective February 24; and the departure of Tom Imeson, Public Affairs Director, who will be going to work for NW Natural the end of March. He also offered a heartfelt thank you to Ian Whitlock for stepping in and being such an incredible leader after the tragic loss of Krista Koehl;
- PDX served 15 million passengers in 2013, surpassing the former record of 14.7 million passengers in 2007;
- New air service announcements from Spirit Airlines and Alaska Airlines;
- Airport operational effects caused by the recent weather event;
- Providing testimony in support of the Columbia River Crossing project to the House Committee in Salem;
- Current state of the container industry and the need for government subsidies and incentives to retain container service;
- Update on the Hanjin service, the on-going labor dispute and low productivity at Terminal 6;
- Challenges and additional costs associated with the Portland marketplace as an upriver Port and the difficulty Portland faces in recruiting a new container carrier if Hanjin should leave; and
- Brief historical overview of Terminal 6 operations and financials that led to the Port's decision to enter into a long-term lease with ICTSI.

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

### **GENERAL DISCUSSION**

#### 2014 Federal Agenda

Rick Finn, Government Relations Manager, provided a brief overview of the scope of the Port's federal activities, as well as the federal political environment and what it means for the Port. Mr. Finn also briefly discussed the Port's federal priorities for 2014.

### **CONSENT AGENDA**

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda.

#### Agenda Item No. 1

#### LEASE AMENDMENT – PACIFICORP – PORTLAND INTERNATIONAL CENTER

BE IT RESOLVED, That approval is given to amend a lease with PacifiCorp to extend the term and modify additional term extension options and rent adjustments for 2.3 acres of land located on NE Alderwood Road in Portland International Center, 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 Carter, Commissioner Holte moved that the Executive Director's recommendation be approved and Commissioner Bragdon seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Rosenbaum voted in favor of the motion.

### **ACTION ITEMS**

#### Agenda Item No. 2

#### 2014 PORT OF PORTLAND TRANSPORTATION IMPROVEMENT PLAN

This agenda item requested approval of the Port of Portland's (Port) Transportation Improvement Plan (PTIP). As a port district reliant on elements of the transportation system developed and managed by others, the Port must carefully plan, consider funding initiatives and support projects that will enhance market access for Port customers and businesses in this region and state, consistent with the Port's mission.

The Port Commission considers the PTIP annually as the basis for charting the Port's transportation improvement needs and funding requirements.

Susie Lahsene presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to submit the Port of Portland's Transportation Improvement Plan to Metro and the Oregon Department of Transportation for inclusion in the Regional Transportation Plan to be eligible for future state, regional and federal funding; and

BE IT FURTHER RESOLVED, That approval is given to seek federal, state and regional transportation funds for the list of Port Priority Projects identified in the draft Port Transportation Improvement Plan.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Rosenbaum voted in favor of the motion.

#### Agenda Item No. 3

#### PROPERTY SALE – 5.40 ACRES TO BNSF RAILWAYS COMPANY AND BN LEASING CORPORATION – RIVERGATE INDUSTRIAL DISTRICT

This agenda item requested approval to sell approximately 5.40 acres of property located on North Marine Drive in the Rivergate Industrial District, to BNSF Railway Company and BN Leasing Corporation.

Joe Mollusky presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell approximately 5.40 acres of real property, located in the Rivergate Industrial District, to BNSF Railways Company and BN Leasing Corporation, 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.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Rosenbaum voted in favor of the motion.

Commissioner Holte, as a member of the International Longshore and Warehouse Union (ILWU), declared a potential but not actual conflict with Agenda Item No. 4 and said he would participate in the discussion and vote.

Agenda Item No. 4

WEIGHTED VOLUME CONTAINER CARRIER INCENTIVE PROGRAM – TERMINAL 6

This agenda item requested approval to enter into a one-year Weighted Volume Container Carrier Incentive Program (Program) not to exceed \$4 million. This Program is being proposed to support the continuation of container carrier services to the Port of Portland (Port), as well as create an attractive environment for growing container volume and services calling Terminal 6.

In order to help promote continuity of container service to the State of Oregon and the region, the Port is proposing a per-container incentive payment available to calling carriers that is weighted by the proportion of the through-put volume they carry, with a minimum set at \$20 per container and a maximum set at \$45 per container. The Port has established a not-to-exceed Program budget of \$4 million. The Program is being developed in order to help sustain the mission-critical nature of the container franchise to shippers in Oregon and throughout the region. This is one component of a two-part initiative to increase the long-term viability of the container franchise in Portland. The second component involves the current initiative by the Governor's office to bring parties together to address the labor jurisdictional issues as well as to seek remedies to ensure sustained productivity gains.

Sebastian Degens presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a Weighted Volume Container Carrier Incentive Program for payment of a per-container incentive paid directly to calling carriers at Terminal 6, 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.

Barry Horowitz, International Trade and Logistics Consultant, and Michael Garone, Schwabe, Williamson and Wyatt attorney representing ICTSI, provided testimony in support of the incentive program. David Strader, President of ILWU Local 40, and Mike Stanton, President of ILWU Local 8, provided testimony opposing the incentive program. Mr. Strader offered for the Commission's review a letter and article regarding a Honduran dockworker.

Commissioners Rosenbaum and Chamberlain asked questions of Mr. Stanton. Commissioner Carter asked questions of Mr. Garone and Commissioner Holte commented on the facts pertaining to the lack of equipment.

Commissioner Holte submitted numerous questions regarding on-going litigation and the agreements that were made between the various parties. Ian Whitlock, Acting General Counsel, responded to Commissioner Holte's questions. Mr. Wyatt also provided responses to the questions.

Commissioner Chamberlain commented on the ongoing labor relations and the need for all parties to work together so Terminal 6 can become a viable container terminal.

Commissioner Holte read a statement in opposition of ICTSI operations and management.

Commissioner Carter commented on the incentive program to save the carrier service. He said we have to put faith in the parties involved that they put forward a good faith effort to increase productivity and make this work.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion. Commissioner Holte voted against the motion.

#### Agenda Item No. 5

#### APPROVAL OF ADJUSTMENT TO BUDGET APPROPRIATION LEVELS FOR FISCAL YEAR 2013-14

This agenda item requested approval to adjust the Port of Portland's Fiscal Year 2013-14 budget appropriations within the General Fund to reflect the amount of the Weighted Volume Container Carrier Incentive Program for Terminal 6, previously presented to the Commission for approval.

Suzanne Kenny presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That in accordance with ORS 294.463, the Port of Portland Commission finds the need to adjust appropriations within the General Fund in the amounts shown on Exhibit A and for the purposes shown on Exhibit B, incorporated by this reference, to meet actual spending patterns unforeseen at the time of adoption of the Port of Portland's Fiscal Year 2013-14 Budget; and

BE IT FURTHER RESOLVED, That copies of Exhibit A, Schedule of Appropriations Fiscal Year 2013-14; and Exhibit B, Explanation of Changes to Fund Appropriations Fiscal Year 2013-14, shall be included in the minutes of this meeting; and

BE IT FURTHER RESOLVED, That the Budget Officer is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Levy moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion. Commissioner Holte voted against the motion.

The meeting adjourned at 11:44 a.m.

\_\_\_\_\_  
President

\_\_\_\_\_  
Assistant Secretary

\_\_\_\_\_  
Date Signed

## SCHEDULE OF APPROPRIATIONS FISCAL YEAR 2013-14

	ADOPTED BUDGET June 21, 2013	CHANGES TO APPROP. February 12, 2014	REVISED APPROP. February 12, 2014
<b>GENERAL FUND</b>			
Corporate Administration	\$ 46,617,280		\$ 46,617,280
Marine & Industrial Development	30,778,362	\$ 2,000,000	32,778,362
Navigation	9,561,843		9,561,843
General Aviation	2,107,711		2,107,711
Sub Total	89,065,196	2,000,000	91,065,196
Service Reimbursements	312,718		312,718
Long-Term Debt Payments	10,225,125		10,225,125
Other Environmental	3,905,346		3,905,346
System Development Charges / Other	30,000		30,000
Cash Transfers to Other Funds	21,145,675		21,145,675
Contingency	133,200,183	(2,000,000)	131,200,183
<b>Total Requirements</b>	<b>\$ 257,884,243</b>	<b>\$ -</b>	<b>\$ 257,884,243</b>
<b>AIRPORT REVENUE FUND</b>			
Operating Expenditures	\$ 84,314,286		\$ 84,314,286
System Development Charges / Other	5,000		5,000
Service Reimbursements	22,545,025		22,545,025
Cash Transfers to Other Funds	83,944,343		83,944,343
Contingency	36,500,000		36,500,000
<b>Total Requirements</b>	<b>\$ 227,308,654</b>	<b>\$ -</b>	<b>\$ 227,308,654</b>
<b>BOND CONSTRUCTION FUND</b>			
Capital Outlay	\$ 49,858,683		\$ 49,858,683
Service Reimbursements	2,754,075		2,754,075
Cash Transfers to Other Funds	10,000		10,000
Contingency	10,000,000		10,000,000
<b>Total Requirements</b>	<b>\$ 62,622,758</b>	<b>\$ -</b>	<b>\$ 62,622,758</b>
<b>AIRPORT CONSTRUCTION FUND</b>			
Capital Outlay	\$ 73,710,798		\$ 73,710,798
Service Reimbursements	8,468,088		8,468,088
Cash Transfers to Other Funds	2,200,000		2,200,000
Contingency	51,025,000		51,025,000
<b>Total Requirements</b>	<b>\$ 135,403,886</b>	<b>\$ -</b>	<b>\$ 135,403,886</b>
<b>PASSENGER FACILITY CHARGE FUND</b>			
Letter of Credit / Other	\$ 10,000		\$ 10,000
Cash Transfers to Other Funds	35,390,054		35,390,054
Contingency	25,948,187		25,948,187
<b>Total Requirements</b>	<b>\$ 61,348,241</b>	<b>\$ -</b>	<b>\$ 61,348,241</b>

## SCHEDULE OF APPROPRIATIONS FISCAL YEAR 2013-14 (Con't.)

	ADOPTED BUDGET June 21, 2013	CHANGES TO APPROP. February 12, 2014	REVISED APPROP. February 12, 2014
<b>PASSENGER FACILITY CHARGE (PFC) BOND FUND</b>			
Long-Term Debt Payments	\$ 14,329,379		\$ 14,329,379
Unappropriated Ending Balance	15,476,035		15,476,035
<b>Total Requirements</b>	<b>\$ 29,805,414</b>	<b>\$ -</b>	<b>\$ 29,805,414</b>
<b>AIRPORT REVENUE BOND FUND</b>			
Long-Term Debt Payments	\$ 49,631,562		\$ 49,631,562
Unappropriated Ending Balance	25,439,577		25,439,577
<b>Total Requirements</b>	<b>\$ 75,071,139</b>	<b>\$ -</b>	<b>\$ 75,071,139</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 849,444,335</b>	<b>\$ -</b>	<b>\$ 849,444,335</b>
<b>Less Unappropriated Ending Balances:</b>			
Passenger Facility Charge (PFC) Bond Fund	\$ 15,476,035		\$ 15,476,035
Airport Revenue Bond Fund	25,439,577		25,439,577
Subtotal Unappropriated Ending Balance	40,915,612	-	40,915,612
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 808,528,723</b>	<b>\$ -</b>	<b>\$ 808,528,723</b>



Explanation of Changes to Fund Appropriations Fiscal Year 2013-14

<u>FUND</u>	<u>AMOUNT OF INCREASE/(DECREASE)</u>	<u>REASON FOR CHANGE</u>
<b>GENERAL FUND</b>		
Marine & Industrial Development	\$ 2,000,000	Increase to cover expenses associated with the Weighted Volume Container Carrier Incentive Program for Terminal 6.
Subtotal Increases	\$ <u>2,000,000</u>	
Contingency	\$ <u>(2,000,000)</u>	Balancing entry.