



EXECUTIVE DIRECTOR'S REPORT
TO THE
PORT OF PORTLAND COMMISSION
FOR JANUARY 2017

SAFETY REPORT

Port of Portland December 2016 safety performance resulted in an increase in frequency of incidents compared to December 2015. For incidents that occurred in December 2016, there were nine reported incidents and of those incidents, one incident resulted in a claim. In addition, there were four incidents that were reported in December, but had originated in prior months. Calendar year-end results for 2016 total claims and incidents resulted in significantly improved performance from Calendar Year 2015.

The 2016 year-end results for Total Recordable Incident Rate (TRIR) and Days Away, Restriction and Transfers (DART) rate observed some the best results in a 20-year measured historical period. TRIR Portwide for 2016 is 2.9, compared to the OSHA national average of 7.1 for other Port Authorities within the nation. TRIR is a measure of frequency of OSHA recordable incidents.

DART Portwide for 2016 is 1.5, compared to the Occupational Safety and Health Administration national average of 3.4 for other Port Authorities within the nation. DART is a measurement of severity of an incident. Bureau of Labor Statistics is the source of national average TRIR and DART comparisons.

Monthly Report of Injury Incidents

Administrative

Four non-recordable incidents:

- Worker slipped multiple times on ice (without falling) while walking from the Surface Parking Lot to the HQ building, sustaining a back strain.
- Worker slipped and fell on ice in the Sheraton parking lot, straining right knee.
- Worker slipped and fell on ice while walking from the Surface Parking Lot to the HQ building, hitting left thigh on the curb.
- Worker was cut by a sharp object.

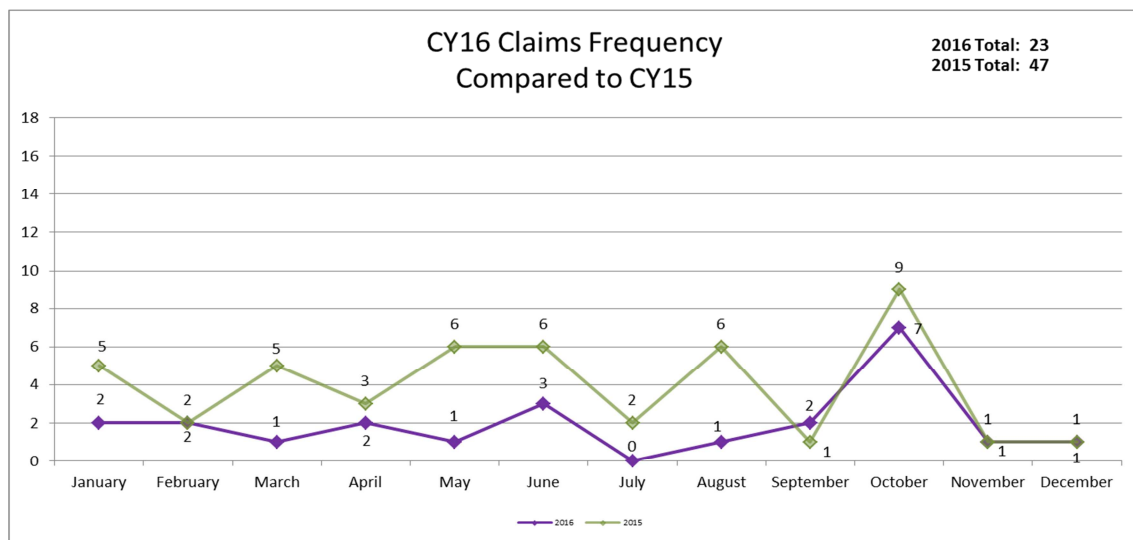
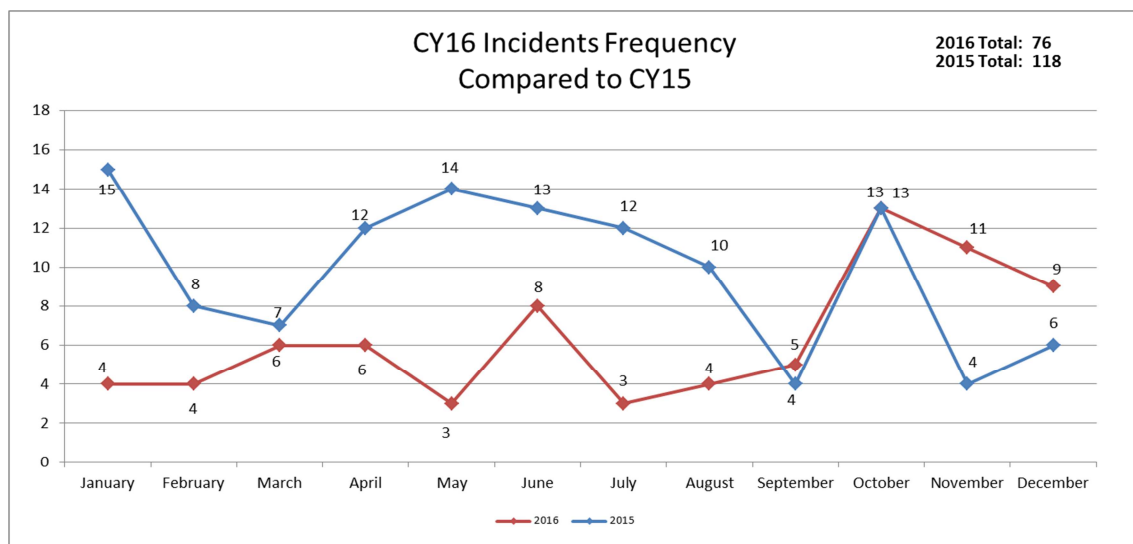
Aviation

Two recordable incidents:

- Maintenance worker had a recordable Standard Threshold Shift (STS) in both ears (test date in November 2016).
- Maintenance worker pinched right thumb while sliding out the ramp from a dump trailer.

Seven non-recordable incidents:

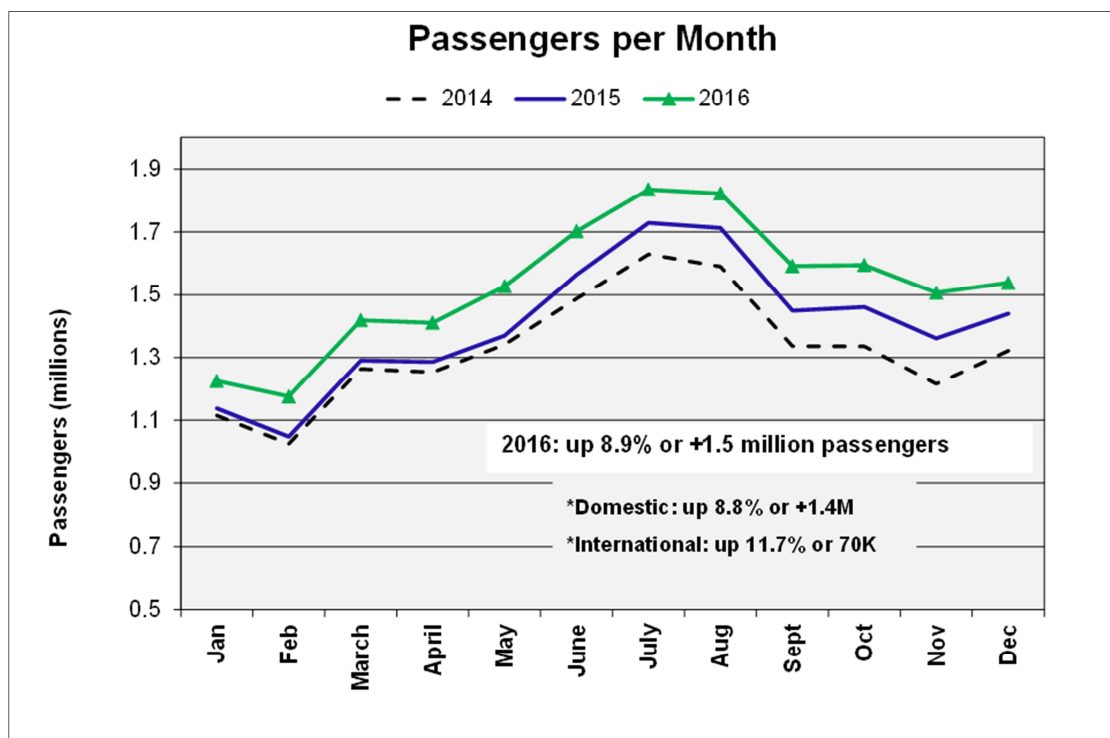
- While removing turnouts from the back of a truck, a Firefighter missed the edge of a curb and fell into a drainage ditch, sustaining abrasions to a knee, hip and elbow (occurred in June 2016).
- Maintenance worker had a STS in the right ear (test date in November 2016).
- Firefighter sustained a strain to the shoulders and back while lifting an unconscious patient out of a vehicle (occurred in November 2016).
- Firefighter discovered a lump in armpit after performing physical fitness.
- Police Officer sustained a contusion to the right knee after being shoved by a combative suspect.
- Firefighter strained low back while lifting equipment out of a vehicle.
- Police Officer caught the left middle finger under a handcuff while attempting to handcuff an intoxicated and uncooperative suspect.



AVIATION REPORT

New and expanded services at PDX that have been announced in the past month include:

Start Date	Airline	Destination	Frequency
5/22/17	Alaska	Philadelphia, PA	Daily; summer seasonal (through 8/25)
6/04/17	Southwest	San Francisco, CA	Daily; three flights year-round
6/05/17	Alaska	Milwaukie, WI	Daily; summer seasonal (through 8/25)
6/06/17	Alaska	Baltimore, MD	Daily; summer seasonal (through 8/25)
8/18/17	Alaska	Albuquerque, NM	Daily; year-round



	Month/Month % change	FYTD % change
	December	July-December
Passengers	6.9%	8.1%
Concessions Revenue	14.9%	12.4%
Rental Car Revenue	1.3%	6.1%
Parking Revenue	3.4%	4.6%

Passengers

In December 2016, passenger volumes grew at a rate of 6.9 percent compared to December 2015. Seat capacity grew at a rate of 6.2 percent, with the load factor increasing 0.5 points to 85.0 percent. The month was impacted by snow and ice events that caused 277 departure cancellations, primarily falling on December 8 through 10.

PDX finished the calendar year with 18,352,767 passengers, an 8.9 percent increase over 2015. This represents the fourth year of record passenger growth, gaining over 3.3 million travelers since 2013. The increase is being driven by strong seat capacity growth of 10.5 percent, with the load factor falling 1.3 points to 83.7 percent for the year. PDX is outperforming the growth rate for North America, which is around 4 percent.

Concessions Revenue

Combined terminal concessions operations reported a 14.9 percent, or \$184,000, rent increase on the month, against a 6.9 percent passenger increase. The increase for December is due to the successful “Winter Wonderland” sales promotion, coupled with growth in the quick serve and coffee categories of food and beverage operations, with 36.4 percent and 16.7 percent increases respectively, and continued rent growth in the news and gift category of retail operations, with a 13.7 percent increase.

Rental Car Revenue

Rental car operations reflect a 6.1 percent, or \$700,000, rent increase fiscal-year-to-date over last year, against a year-to-date passenger increase of 8.1 percent.

Parking Revenue by Lot

Public parking revenue was up 3.2 percent over December 2015. Fiscal year-to-date, public parking revenue is \$31,284,697, up 4.6 percent. Parking transactions decreased 5.6 percent compared to December 2015. The inclement weather events in December may have affected transactions.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,478,129	3.8%	6.2%
Long-Term	\$1,654,270	-0.4%	-1.2%
Economy	\$1,702,437	5.3%	8.3%
Valet	\$114,405	24.1%	19.7%
Total	\$4,949,241	3.2%	4.6%

Ground Transportation

Since Fiscal Year 2015, taxi trips continue with decrease while Transportation Network Companies (TNCs) increase. From September to December 2016, TNCs are starting to plateau, averaging 44,625 pick-ups per month.

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total	
Dec 2015	27,071	16,541	48	7,744	2,405	26,327	80,136	Minus TNC
Dec 2016	20,572	43,791	70	7,724	2,170	28,507	102,834	59,043
	-24.0%	164.7%	45.8%	-0.3%	-9.8%	8.3%	28.3%	-26.3%

For Fiscal Year 2017, revenue is \$2,127,055. This is a 48.4 percent increase over fiscal year-to-date 2016. Revenue is up 41.2 percent for December 2016 from December 2015.

CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to the Transportation Security Administration for the Law Enforcement Officer (LEO) program in the amount of \$12,000 (Agreement No. HSTS0213HSLR118).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$18,196.10 (Agreement No. GS150820LG).

Staff submitted a reimbursement request to the Federal Bureau of Investigation for the Joint Terrorist Task Force program in the amount of \$1,065.05 (Agreement No. 03-026).

Marine

Staff submitted a reimbursement request to the Oregon Department of Transportation (ODOT) for the *ConnectOregon V* – Terminal 6 Crane Drive Electronics project in the amount of \$46,164.26, (Agreement No. 30128).

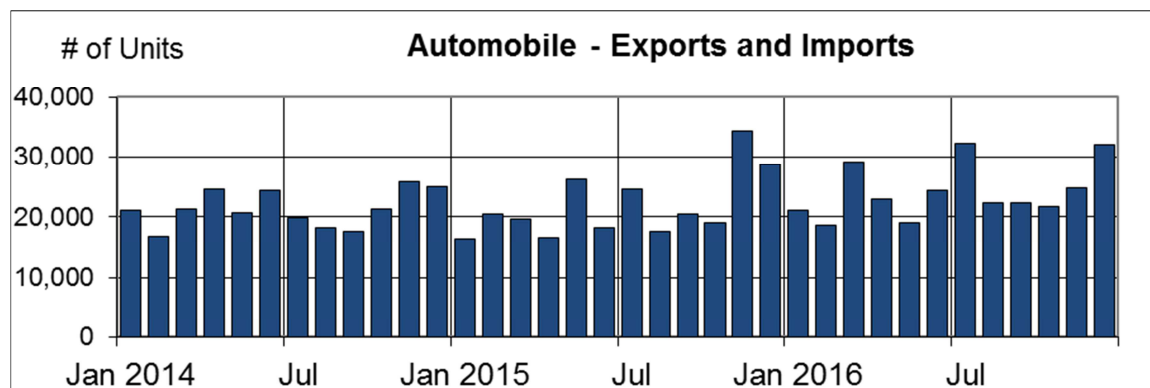
Property

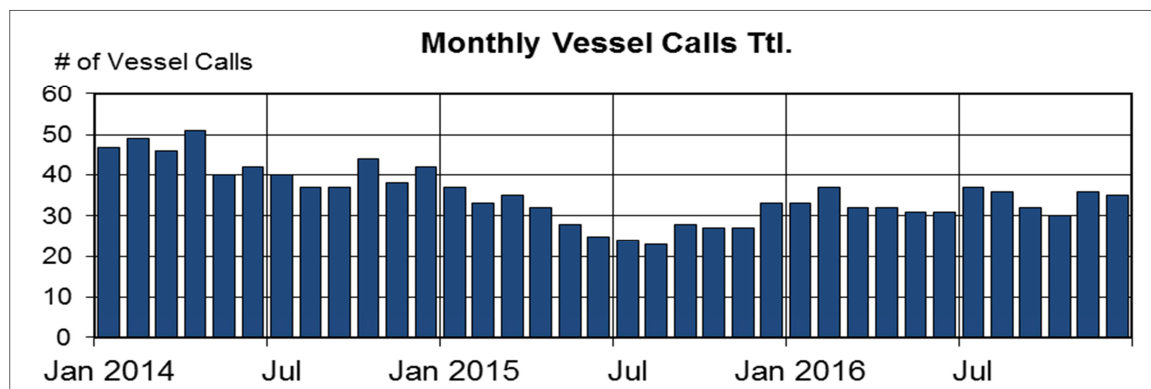
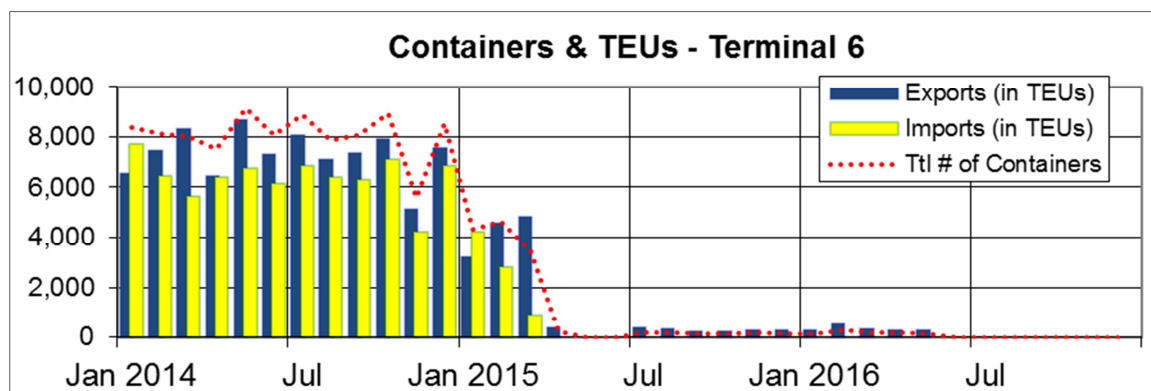
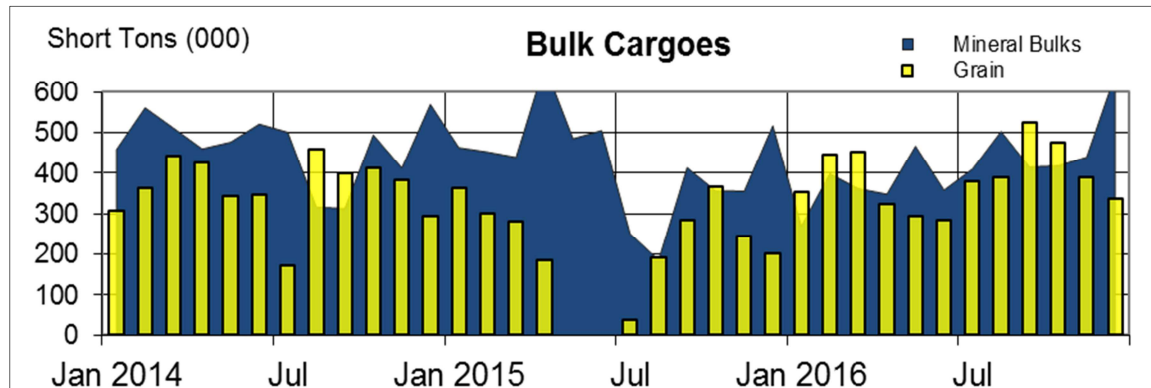
Staff submitted a reimbursement request to ODOT for the Graham/Swigert Road Jobs and Transportation Act Project in the amount of \$690,265.32, covering the July 2016 work period (Agreement No. 28368).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

The figures in the table below show change relative to the prior year.

	<u>December 2016</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	34.0%	50.3%
Containers (TEU)	-100.0%	-100.0%
Import Full Containers	--	--
Export Full Containers	-100.0%	-100.0%
Breakbulk	--	-84.6%
Autos	11.8%	7.4%
Mineral Bulk	23.9%	36.0%
Grain	68.3%	88.5%





REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

ConGlobal Industries, LLC – Fifth Amendment to Lease

Location: Rivergate Industrial District (RGID)

Term: Effective November 09, 2016

Use: Amendment No. 5: Lease amendment to add 0.35 acres of land located adjacent to ConGlobal's 10-acre leasehold in the RGID to improve operational efficiency and reduce congestion on N. Rivergate Blvd.

Powell's Books, Inc. – Eighth Amendment to Retail Concession Lease

Location: PDX

Term: January 03, 2017 to June 30, 2018

Use: Amendment No. 8: This amendment extends the term of the lease for a year by exercising the option to extend.

Auto Warehousing Company – Eighth Amendment to Lease of Improved Space

Location: Terminal 6 (T-6)

Term: Effective December 22, 2016

Use: Amendment No. 8: Lease amendment to adjust square footage to the leased parcel and to adjust the basic rent.

Cascade Station Office II, LLC – Approval Letter for Consent to Sublease to Lease – Ground

Location: Cascade Station

Term: Effective December 21, 2016

Use: This letter approves a sublease from Cascade Station to Portland Community College.

Auto Warehousing Company – Fifth Amendment to Permit and Right of Entry

Location: T-6

Term: Effective December 19, 2016

Use: Amendment No. 5: Amendment to current permit and right-of-entry for additional vehicle parking. Revised the compensation section to include Port improvements made to the Premises for which Auto Warehousing Company will reimburse the Port.

The Whole Bowl, Inc. – First Amendment to Food Cart Permit

Location: PDX

Term: Effective December 06, 2016

Use: Amendment No. 1: This amendment extends the term on a month-to-month basis.

City of Portland – First Amendment to Water Facility Easement

Location: PDX

Term: Effective December 20, 2016

Use: Amendment No. 1: This amendment increases the size of the easement area.

MAJ Airport LLC – General Permit Registration Form to Ground Lease

Location: PDX

Term: Effective December 13, 2016

Use: This Permit allows 7-Eleven to install and operate regulated tanks with the DEQ.

EAN Holdings, LLC DBA Enterprise Rent-A-Car – First Amendment to Month-to-Month Lease

Location: PDX

Term: Effective December 01, 2016

Use: Amendment No. 1: This amendment adds storage space to the premises and adjusts rent accordingly.

TAS Properties, LLC – Operating Agreement

Location: PDX

Term: Effective December 14, 2016

Use: This Agreement sets terms and allows TAS to provide ground handling services at PDX.

Georgia-Pacific Consumer Products (Northwest) LLC – Amended and Restated Lease

Location: RGID

Term: December 01, 2018 to December 31, 2028

Use: Restatement of Port Lease Agreement No. 1968-030, which will expire November 30, 2018.

Auto Warehousing Company – Permit and Right of Entry

Location: Terminal 4 (T-4)

Term: December 20, 2016 to June 30, 2017

Use: This permit and right-of-entry allows Auto Warehousing Company to use a portion of T-4 for temporary vehicle storage.

Federal Express Corporation – Permit and Right of Entry

Location: PDX

Term: November 01, 2016 to December 31, 2016

Use: Permit for temporary parking of trucks.

PacifiCorp – Underground Right of Way Easement

Location: Portland International Center

Term: Effective December 22, 2016

Use: The Port is granting a perpetual easement for the installation, operation, maintenance, repair, replacement and removal of PacifiCorp's underground electric distribution and communication lines.

Contracts Over \$50,000 Pursuant to Delegated Authority

APPROVAL LIMITS (Administrative Policy 7.2.3)

BUDGET APPROVAL	<i>All expenditures require management approval:</i>	
	Approval by Directors	Up to \$ 50,000
	Approval by Chief Officers	Up to \$250,000
	Approval by Executive Director & Deputy Executive Director	Unlimited

CONTRACTING APPROVAL	<i>Contracting authority is limited to the following:</i>	
	Chief Officers	Up to \$ 10,000
	Buyers	Up to \$ 50,000
	Manager of Contracts & Procurement	Up to \$ 250,000*
	Executive Director & Deputy Executive Director	Up to \$ 500,000*

*And any amount approved by Commission

Monthly Report for January 2017 (December Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Purchase additional seating for the PDX terminal.	Engineering Project Development	Arconas Corporation			\$75,245		
Purchase access platforms for Port container cranes.	Engineering Facility Services	Big C Industries LLC			\$82,043		
Purchase dispatch equipment and installation services for the PDX Communications Center.	Information Technology	Motorola			\$130,227		
Purchase a replacement rescue ambulance.	Information Technology	Braun Northwest, Inc.			\$225,481		
Obtain security information services for the PDX Badging Program.	Public Safety & Security	American Association of Airport Executives			\$640,000		
Purchase additional seating for the PDX terminal.	Engineering Project Development	Arconas Corporation			\$1,524,191		

Change Orders and Amendments to Project-Specific Contracts

Contracts in this category are initially awarded with a specific work scope and an identified not-to-exceed project total.

Title	Requestor Department	Vendor Name	Original Amount	Previous Changes to Contract	Current Change to Contract	New Contract Total	
Amendment #1 to obtain additional wastewater operator services for the headquarters Living Machine system.	Administrative Services	Puttman Infrastructure, Inc.	\$84,000		\$80,000	\$164,000	
Change orders #1-3 to obtain additional construction services related to the deicing plant condensate tank installation.	Engineering Project Development	McKinstry Co LLC	\$18,422	\$95,083	\$136,110	\$249,615	
Change orders #2-8 to obtain additional construction services for the Colwood Pipe and Outfalls Project.	Engineering Project Development	K&E Excavating, Inc.	\$1,843,275	\$32,597	\$146,568	\$2,022,440	
Administrative action to fund additional purchases of liquid pavement deicing chemicals.	PDX Maintenance	Cryotech Deicing Technology	\$421,227	\$399,546	\$552,394	\$1,373,167	
Administrative action to obtain additional software services for the Project Portfolio Management System.	Development Services Administration	Aurigo Software Technologies, Inc.	\$612,448	\$1,875,060	\$689,004	\$3,176,512	

New Task Orders and Changes to Task Orders Against Non-Project Specific Contracts

Items in this category are issued against contracts that were initially awarded with no specific work scope or product quantity identified (e.g., "requirements" or "on-call" contracts). These contracts establish pricing or rates for products or work that may be needed over a stated term. Estimated quantities may be identified, but no guarantee of actual contract compensation or work is made. Contract durations may be short-term or for multiple years with optional renewal/extension terms.

Title	Requestor Department	Vendor Name	Original Task Order Amount	Previous Changes to Task Order	Current Change to Task Order	New Task Order Total	Total Contract Activity - All Task Orders
Task order against contract #1050 to obtain avian species surveys on Port properties.	Environmental	Pacific Habitat Services, Inc.	\$84,720			\$84,720	\$84,720

Task order against contract #660 to purchase low-sulfur diesel fuel for the Dredge <i>Oregon</i> .	Navigation	Rainier Petroleum Corporation	\$108,657			\$108,657	\$6,228,845
Task order against contract #994 to obtain engineering services for the Basin 7 Stormwater Facility Improvements Project.	Engineering Project Development	Walsh Consulting Group LLC	\$116,309			\$116,309	\$446,959
Task order against contract #973 to obtain construction services for the relocation of electric services at the Gresham Vista Business Park.	Engineering Project Development	Andersen Construction Company	\$119,425			\$119,425	\$1,133,201
Amendment #11 to task order against contract #300 to obtain additional janitorial services for PDX food court areas.	Airport Properties	Portland Habilitation Center, Inc.	\$568,810	\$4,888,035	\$218,216	\$5,675,061	\$7,447,482
Task order against contract #922 to obtain engineering services for the Marine Terminal 5 Berth 503 Rehabilitation Project.	Engineering Project Development	Century West Engineering Corporation	\$236,380			\$236,380	\$236,380

General Fund

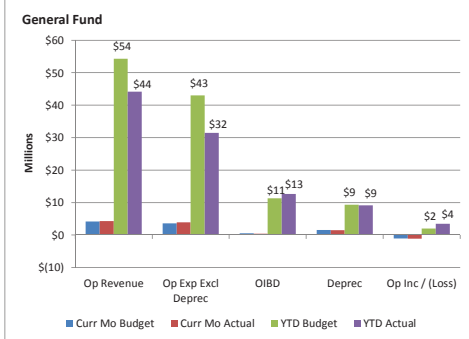
The General Fund includes Marine, Industrial Development, Navigation, General Aviation, Environmental, Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services (IT, Engineering, and the Project Portfolio Office).

Operating revenues are \$10.2M lower than the Revised Budget primarily due to the timing of land sales. Excluding land sales, operating revenue is \$346K over budget.

YTD operating expenses excluding depreciation are \$11.5M lower than the Revised Budget also due to the timing of land sales. Excluding land sales, operating expenses are \$5.9M below budget.

The key variances are listed below:

- Contracts, professional & consulting services expenses (\$5.0M < budget).
- Personnel services (\$268K > budget).
- Cost of property sold (\$5.6M < budget).
- Equipment rental, repair and fuel expenses (\$834K < budget).
- Travel and management expenses (\$470K < budget).
- Materials and Supplies (\$216K < budget).



Marine

Marine Volumes:

Autos – Auto volumes are 0.4% lower than forecast YTD. However, December volumes exceeded budget by 17.0%. Volumes YTD are 7.4% higher than last year due to continued growth in both Hyundai and Honda imports, as well as Ford exports.

Breakbulk – YTD tonnage is 87.9% lower than forecast and 92.8% below last year as there were no ship calls at T-2 until October, and no activity in November and December, of the Fiscal Year.

Containers – Until container service resumes, there will be no TEU variances to report.

Grain Bulk – YTD grain volumes are 41.1% higher than forecast and 88.5% higher than last year primarily because production is up nationally (no drought or disease hurting crops). Also, Columbia River locks closed in December for maintenance spanning three months, so upriver wheat growers moved their cargo earlier in the year so that it would not be tied up in their silos for several months.

Mineral Bulk – Tonnage is 19.9% higher than forecast and 35.8% higher than last year. Portland Bulk was offline for

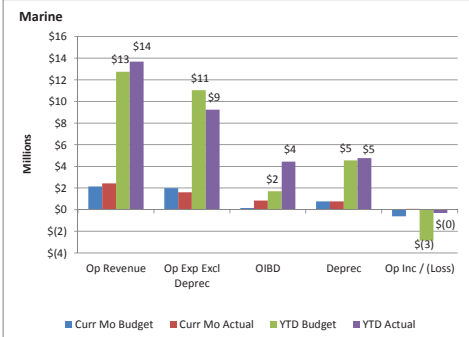
Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	156,421	155,733	(0.4%)	309,000
Breakbulk	65,610	7,964	(87.9%)	132,277
Containers (TEUs)	-	-	-	-
Grain Bulk	1,770,562	2,497,395	41.1%	3,527,379
Mineral Bulk	2,375,831	2,849,588	19.9%	5,141,176

* Volumes in short tons unless otherwise noted.

Marine Operating Results:

YTD operating revenues are \$947K higher than the Revised Budget due to higher than anticipated grain bulk revenues (\$311K > budget) Rent Revenue (\$231K > budget) and South Rivergate rail access fees (\$403K > budget; the rail access fees were expected to move to the balance sheet at beginning of FY 16-17). YTD operating expenses excluding depreciation are \$1.8M less than budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.1M < budget due to timing of T-4 and other Marine environmental expenses (~\$651K) and outside services expenses for waterway/navigation improvements (\$207K < budget; includes contribution for additional stern buoys in the Columbia River and LOADMAX fees).
- Utilities expenses are \$56K < budget due to timing, primarily of Electric Power expenses.
- Travel and management expenses are \$125K < budget.
- Materials and supplies expenses are \$62K < budget, primarily in the Facility & Electrical Maintenance, Crane Shop and Security business units.
- Insurance expenses are \$121K < budget.
- Equipment rental, repair and fuel expenses are \$64K < budget.
- Longshore labor is \$260K < budget.

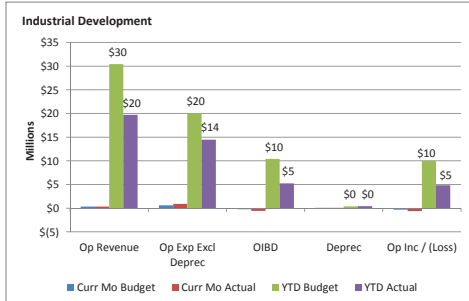


Industrial Development

YTD operating revenues are \$10.7M lower than the Revised Budget due to the timing of land sales. The budget assumed \$5.7M in proceeds for the sale TRIP Lots 11 & 12 to BPA in August, as well as the \$4.9M for the sale of Daimler parcel 8 in November. These sales have not yet closed.

YTD operating expenses excluding depreciation are \$5.6M lower than the Revised Budget, with the largest variances listed below:

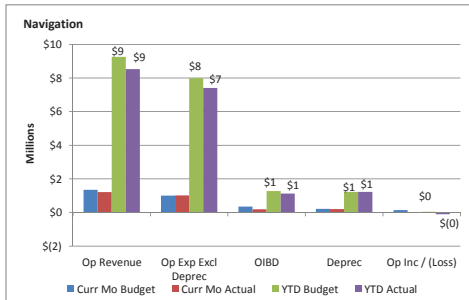
- Cost of property sold is \$5.6M < budget (Daimler parcel 8 is \$884K < budget, TRIP is \$4.4M < budget, Gresham Vista is \$303K < budget)
- Contracts, professional & consulting services are \$434K < budget due to a credit for a Tidewater barge sublease (\$151K; offsets a payment for the Port's lease with DSL that has not yet posted). Remainder primarily from timing of design review and appraisal, mitigation, and Hayden Island and general environmental expenses.



Navigation

YTD operating expenses excluding depreciation are \$574K lower than the Revised Budget due to 32 fewer dredging days than budgeted (safety stand-down delayed the start of the dredging season to late July). Lower operating expenses translate into lower operating revenues, which are \$720K < budget.

Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Revised Budget	Actual Amounts	Variance	
Dredging Days	115	83	(27.8%)	132
Cubic Yards Dredged		1,706,492		

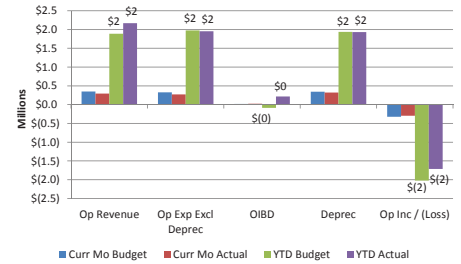


General Aviation

YTD operating revenues are above budget by \$280K. The primary driver of this variance is a \$300k early termination fee that the Port received from BHG Hillsboro.

YTD operating expenses before depreciation are under budget by \$22K, primarily due to lower consulting and environmental expenses.

General Aviation



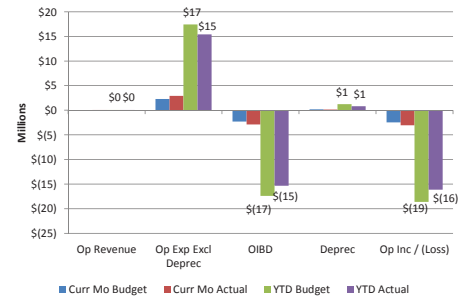
Support Services

Support Services is comprised of Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services. Costs for these areas are allocated to the operating areas.

YTD operating expenses excluding depreciation are \$2.0M under budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.8M < budget, mostly due to timing of ProMIS contract/consulting expenses (\$1.0M budgeted in Project Portfolio Office business unit; 202k expenses YTD). Contracts and outside services in HR, IT, Public Affairs, Financial & Administrative Services, and Environmental Affairs are \$828K < budget due to timing of expenditures.
- Interdepartmental charges are \$267K > budget due to Engineering capitalized labor.
- Travel and management expenses are \$305K < budget primarily due to timing of PROPS recognition program/Achievers contract expenses (\$210K budgeted in August but no expenses YTD).
- Personnel Services are \$101K < budget.
- Equip Rents & Repair is \$100K < budget.
- Other expenses are \$80K > budget.

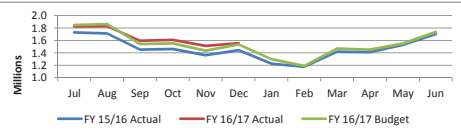
Support Services



Portland International Airport

Total Passengers

Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, over 9.9 million total passengers have utilized PDX, exceeding the prior year by 8.4%. The higher passenger levels are a result of the continued growing economy and new flights by air carriers serving PDX. As a result of strong demand for air travel, PDX passenger levels are increasing as carriers increase seat capacity and add flights.

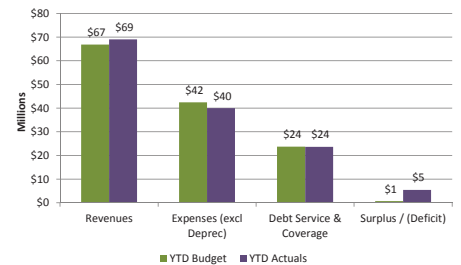


PDX Airline Cost Center (ACC)

YTD ACC revenues are \$2.2M higher than budget. Airline revenues are \$1.05M higher than budget due to higher than expected landing activity (over \$337K), terminal rents (over \$327K), and common use rentals (over \$391K). Retail, food and beverage revenues are \$784K higher than budget as a result of higher passenger volume and higher than expected spending per passenger.

YTD ACC expenses are \$2.5M below budget. Personnel Services are \$333K under budget due lower than budgeted fire, police, and administrative costs driven by vacancies. Materials, services, and transfers are \$2.2M under budget, primarily due to: direct security services (down \$160K), direct deicing operating materials and supplies (down \$122K), direct environmental costs (down \$143K), maintenance (down \$76K), custodial (down \$75K) and direct outside services (down \$227K). Indirect costs included in this variance include: Air Service Development marketing (down \$602K), travel expenses/conferences (down \$220K), CUP heating fuel (down \$144K) outside services for Police (down \$97K), long range planning consulting (down \$95K), equipment repair (down \$89K) and Insurance (down \$71K).

PDX ACC

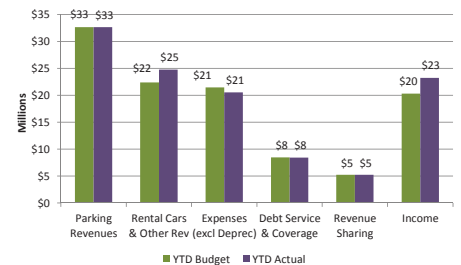


PDX Port Cost Center (PCC)

YTD PCC revenues are \$2.4M > budget. YTD rental car revenues are \$1.1M > budget due to June forecasted accruals being \$615K less than actuals invoiced; this amount carried into July. Passenger volume related activity for July through December account for the remaining \$479K increase in revenues. Other PCC revenues are \$1.3M > budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; over \$744K), additional revenues for overflow ramp parking to the cargo area (over \$151K), and ORANG drainage fees (over \$111K).

PCC expenses are \$929K < budget. Personnel services expense is \$2K < budget. Materials, services, and transfers are \$927K < budget, primarily due to lower equipment rentals and repairs (\$154K lower) and direct custodial services (\$87K lower). Indirect costs related to this variance include: Air Service Development marketing (down \$401K), long range planning consulting (down \$63K), and outside services for Police (down \$34K).

PDX PCC



PORT OF PORTLAND
Investment Report
Quarter Ending December 2016

<u>YIELD COMPARISONS</u>	<u>December</u>	<u>Fiscal</u> <u>Year-to-Date</u>	<u>12 Month Moving Average</u>	
			<u>12/31/16</u>	<u>12/31/15</u>
Port unrestricted portfolio	1.14%	1.09%	1.06%	0.92%
Series 22 construction funds	0.70%	0.77%	0.62%	0.41%
Local Government Investment Pool (LGIP)	1.03%	0.97%	0.86%	0.53%
90 day LIBOR*	1.00%	0.88%	0.76%	0.33%

PORTFOLIO COMPOSITION

Port of Portland Investment Portfolio

Unrestricted investments	\$438,197,000
Unrestricted LGIP	28,365,473
Series 22 construction investments	20,512,000
Series 22 construction LGIP	<u>1,606,869</u>
Total portfolio	\$488,681,342

<u>Maturity Schedule</u>	<u>Actual Portfolio</u>		<u>Policy Minimum</u>
1 year or less	\$184,543,342	38%	none
2 years and under	\$306,712,342	63%	55%
3 years and under	\$446,368,342	91%	75%
5 years and under	\$488,681,342	100%	100%

<u>Interest Earnings</u>	<u>Unrestricted Portfolio</u>	<u>Series 22 Construction</u>	<u>Total Earnings</u>
October 2016	\$430,026	\$21,112	\$451,138
November 2016	\$409,343	\$19,861	\$429,204
December 2016	<u>\$446,406</u>	<u>\$15,218</u>	<u>\$461,624</u>
Quarter Total	\$1,285,775	\$56,191	\$1,341,966

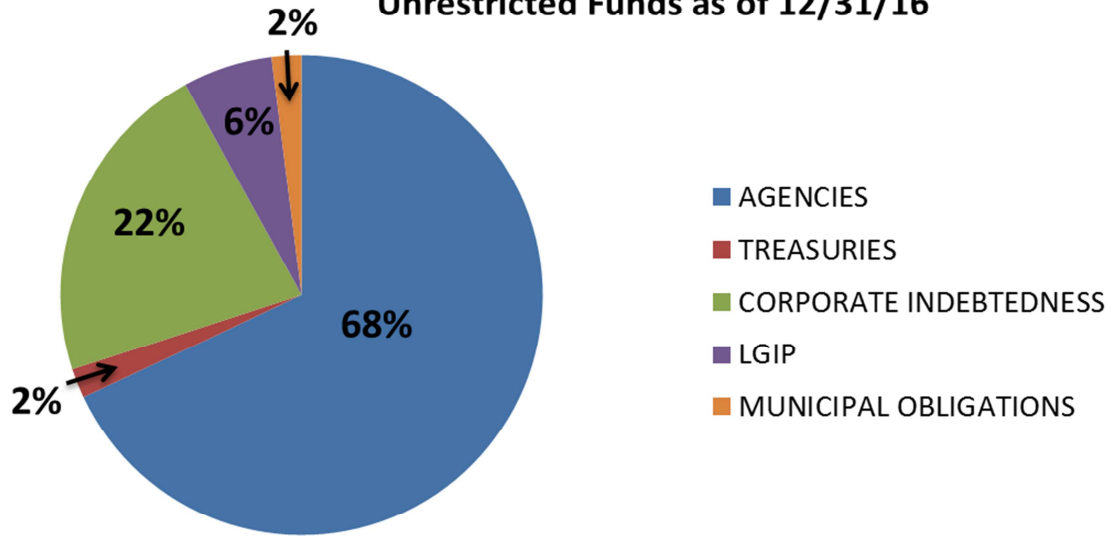
COMMENTS

The minutes of the December Federal Open Market Committee meeting depicted an economy that is doing well and noted that gradual rate hikes are appropriate. In addition to the 25 basis points raise in December to 50-75 basis points, several committee members indicated three more rate increases to the Federal Funds target rate in 2017 are reasonable. At the same time, officials cautioned that there is still a large amount of uncertainty over whether the incoming presidential administration's policies will be enacted and their impact on growth. As rates have risen over 2016, as noted in the yield comparisons above, the Port's yield is also increasing and continues to exceed its benchmarks.

Note: Investment portfolio detail available upon request.

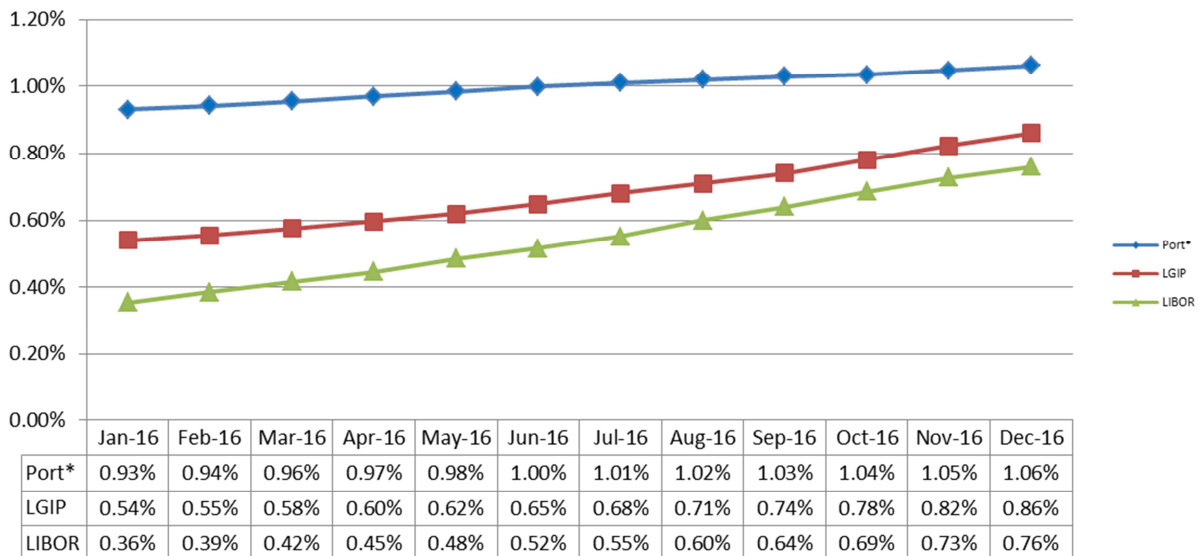
*LIBOR: London Inter Bank Offer Rate. The interest rate that banks charge each other for loans.

**Port of Portland
Portfolio Diversification
Unrestricted Funds as of 12/31/16**



Investments Policy Limits: U.S. Treasuries 100%; U.S. Agencies 100%;
Corp. Indebtedness 35%; LGIP \$47,390,998 maximum

**Port of Portland
12 Month Moving Average Yield Comparison**



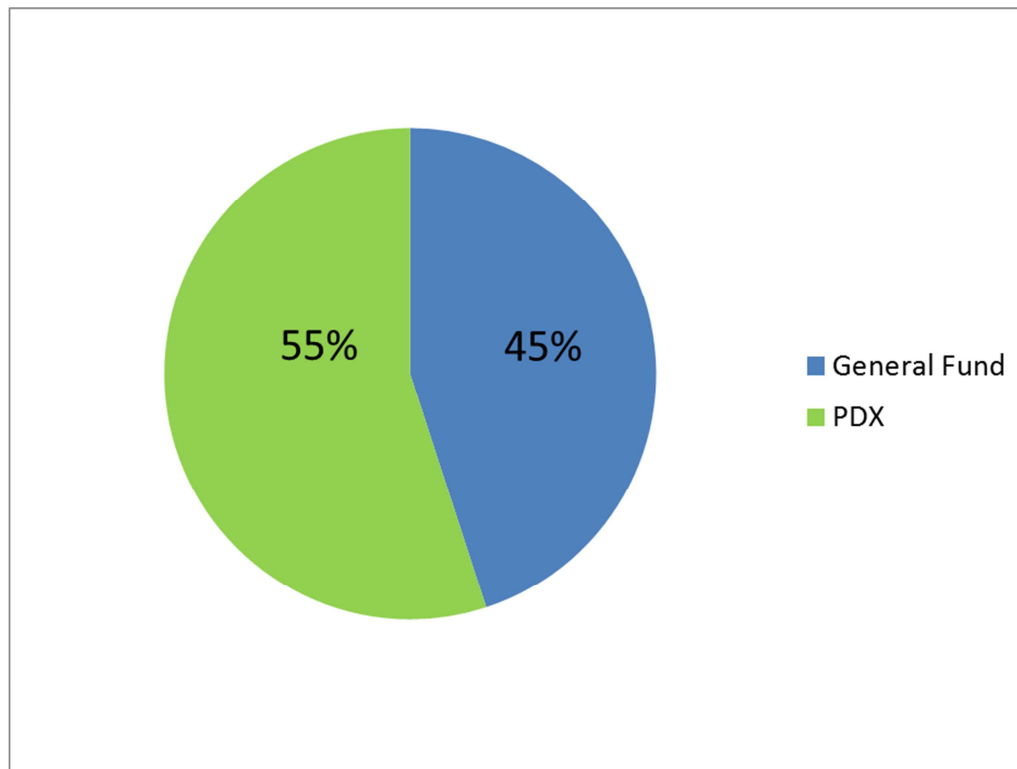
*Port yield shown excludes amounts on deposit in LGIP and restricted cash balances.

PORT OF PORTLAND

Allocation of non-specific cash & investments available*

As of December 31, 2016, the Port had \$212 million in funds available for the General Fund and \$262 million available for Portland International Airport.

Non-specific balances reflect neither restricted monies such as construction bond proceeds from the general investment pool, nor do they reflect debt service funds held by the trustees.



*Allocation is an estimate generated based on accounting balances at December 31, 2016 and includes investments, LGIP and cash accounts.