

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
January 14, 2009**

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

QUORUM

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Diana Daggett; Bruce Holte and Mary Olson. Also present were Steve Schreiber, Chief Financial Officer; participating staff members; and representatives of the public.

LEAVE OF ABSENCE

Commissioner Johansen called for a motion to grant a leave of absence to Commissioners Corey, Rosenbaum and Thorndike, as they were out of town. Commissioner Allen moved to grant the leave of absence. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen and Olson voted in favor of the motion.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of December 10, 2008. Commissioner Olson moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen and Olson voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Steve Schreiber said December was an eventful month for the Port as both Mother Nature and the economic crisis took a couple of shots at us, and Mr. Schreiber said he is pleased to report that the Port is still standing strong and continues to fulfill our mission in the region.

Mr. Schreiber said the global economy continues to deteriorate. He said the consumer confidence index fell in December to the lowest point since it was created in 1967. Mr. Schreiber said the rising layoffs and the sharp drop off in home prices have bottomed out at a level we have not seen in 21 years. All of this adds up to lower consumer spending, which has a direct and indirect impact on the Port. Mr. Schreiber said passenger volumes were down about 17 percent in December, and while 3 or 4 percent was attributable to the snow and ice event, it was still a steep decline. He said we have also seen a corresponding drop in food and beverage, parking and retail revenues, and our cargo volumes have continued to drop the past couple of months. Mr. Schreiber said container traffic at Terminal 6 is down and we are expecting it to be down about 10 percent over the course of the fiscal year. He said we are expecting Port revenues to be down about \$9 million for the full fiscal year. Mr. Schreiber said we have tightened our belts and reduced our operating budgets by about \$6 million to date, and we are keeping our eyes on the numbers and business activity and are prepared to make further reductions if the business activity continues to decline.

Mr. Schreiber said on a positive note, our investments are sound now, our receivables are in good shape and we have a strong cash position. He said we have been working to establish operating reserves both in the general fund and in aviation to help protect the Port in the event

2

of a severe downturn. Mr. Schreiber noted we have the capital funding in place that we need for the next couple of years and all of our key capital projects are tracking well with budget and schedule.

Mr. Schreiber said the Port has been implementing a long-term master plan for regional rail enhancements and that a process has been enabled through the ConnectOregon funding program. He said one of the key sets of rail initiatives has been the Ramsey Rail Yard in Rivergate, which has been in development for several years. Mr. Schreiber said a cross-functional Port team has been working with both the UP and BNSF railroads and has made substantial progress in gaining an operating agreement that will enable the start of the construction on the improvement this year.

Mr. Schreiber said the Essayons, a federal hopper dredge, is now based at Terminal 2. The Army Corps of Engineers is leasing the lower dock area where the Sauvie Island Bridge was constructed, which speaks to the versatility of the terminal.

Mr. Schreiber thanked Port employees for their generosity during the holiday charitable giving campaign and the Port's 2008 Annual Giving Campaign. The generous contributions to 16 charitable organizations exceeded our goal with 115 employees contributing \$65,364.40 – \$17,255 more than last year.

Mr. Schreiber also thanked Port employees who volunteered during the recent snow and ice event. He said it was the biggest snow storm Portland has seen in at least 40 years and it was a big challenge for us. Mr. Schreiber said Port employees did an outstanding job providing assistance during the five-day event.

Mr. Schreiber said the Oregon House Transportation Committee has asked the Port to testify at a hearing on January 16. The topic is to educate the committee on what the Port's responsibilities are during a weather event and where the responsibility lies regarding flight cancellation, ordering de-icing fluid, etc. Mr. Schreiber said it is a great opportunity to educate legislators on what role the airport plays when it comes to flight cancellations during inclement weather, which is often an area of confusion for people.

Mary Maxwell, Director of Aviation, provided a brief report on the five-day snow event. She said PDX received a total of 18.5 inches of snow and \$1.5 million was spent for materials and labor during the event. Ms. Maxwell said almost 800 flights were cancelled during the five days, which is about 45 percent of the total flights. She said they had a few key objectives going into the snow event: to keep the runways open and to ensure safe operations were maintained for the aircraft and personnel and to make sure they provided a high level of customer service to the passengers. She thinks those objectives were accomplished. Ms. Maxwell said it is important to note that the airlines are responsible for deicing their aircraft and the Port is responsible for maintaining the roadways and access to the airport, as well as maintaining the runways and taxiways and providing access from the aircraft to their ramp areas.

Sam Ruda, Director of Marine and Industrial Development, said all marine facilities, as well as the railroads, were impacted during the inclement weather. Mr. Ruda said Marine Drive was not plowed until December 23 and was virtually impassable unless you had a four-wheel-drive vehicle. He said the decision was made to close the gate at Terminal 6 in order to focus on recovery because they could not work any of the vessels. The impacts to marine operations in terms of ship activity came to a standstill. The most impacted vessel was the Hanjin London, which calls Portland weekly. Mr. Ruda said marine facility maintenance, marine security, terminal operations and Port's America were on scene during the event and they did not miss a beat in terms of keeping the facilities safe and secure.

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

Tim Root, a member of the public, addressed the Commission regarding airport operations during the inclement weather. He said a lot of the questions he had were addressed by Ms. Maxwell's informative presentation. Mr. Root said he understands the storm we had was very unusual, but as part of the traveling public, he expects that the airport and the airlines are going to work in partnership during events like this. He said he encountered many people whose frustration was exacerbated by the situation and the lack of information that was available. Mr. Root said in his opinion the Port's website did not work well and he would like to see something happen to make it work better. He said the public is constantly being told to check the website or call before you head to the airport, but if you cannot get on the website or get through to the airlines, people are going to show up, which is what caused the congestion in the terminal. Mr. Root said in this day and age, the website capacity is something that can be easily fixed.

Ms. Johansen thanked Mr. Root for his comments. She said she spoke with Mr. Wyatt about the storm as it was occurring. She agreed the website capacity was an issue and it is something Mr. Wyatt has assured her Port staff will be addressing. Ms. Johansen said he made good comments about information flow generally to passengers and she can only imagine what it is like to be there and not know what is going on. Ms. Johansen said the Port will be conducting a "lessons learned" review and his comments will be taken into consideration.

GENERAL DISCUSSION

Strategic Investment Zone Designation by the City of Gresham

Kathryn Williams, Business and Rail Affairs Manager, provided a brief overview of the major differences between Strategic Investment Zones (SIZ) and Enterprise Zones, two economic development tools used throughout the state. Ms. Williams said an SIZ is a new form of Strategic Investment Program enabled by the 2005 Oregon Legislature. The SIZ provides a predictable, streamlined approval process to attract high-value industrial investments to key industrial properties and assist with economic development and business recruitment efforts. Qualifying businesses have their taxable assessed value capped at \$100 million for 15 years. Ms. Williams said the City of Gresham and Multnomah County are working to establish an SIZ covering approximately 500 acres of light industrial and business park lands within the City of Gresham. Ms. Williams said there is a statutory requirement that affected Ports and other taxing jurisdictions approve Enterprise Zones.

2009 Federal Legislative Agenda

Rick Finn, Federal Affairs Manager, provided a brief summary of the 2008 Federal legislative agenda. He said many of the projects and activities for 2008 would continue into 2009 because Congress and the Bush administration were not able to accomplish a lot together and that general sense of gridlock affected many of the Port's priorities. Mr. Finn discussed the Port's proposed Federal priorities for 2009, which include: the stimulus bill; the channel deepening project; maintenance dredging and jetty rehab; additional slots at Reagan National Airport; environmental initiatives; and surface transportation projects such as the Columbia River Crossing, I-205/Airport Way interchange and the Troutdale interchange.

4

ACTION ITEMS

Agenda Item No. 1

APPROVAL TO OBTAIN LOAN FROM THE OREGON DEPARTMENT OF TRANSPORTATION

This agenda item requested approval for the Port of Portland to borrow \$2,000,000 from the Oregon Department of Transportation under its ConnectOregon I program to finance the development of the Ramsey Rail Improvements.

Sugie Joseph presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Executive Director is authorized to execute a loan agreement, promissory note, Oregon Transportation Infrastructure Fund grant, and such other agreements, documents or certificates (Financing Documents) as may be required to obtain a loan from Oregon Department of Transportation in the principal amount of \$2,000,000 to provide financing for the Ramsey Rail Improvements project on the terms presented to the Commission; and

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

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

Agenda Item No. 2

THE PORT OF PORTLAND'S 2009 TRANSPORTATION IMPROVEMENT PLAN

This agenda item requested approval of the Port of Portland's (Port) Transportation Improvement Plan (PTIP). As a transportation agency reliant on elements of the transportation system developed and managed by others to support our mission, 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. The Port Commission considers the PTIP annually as the basis for charting our 20-year transportation improvement needs and funding requirements.

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

BE IT RESOLVED, That the 2009 Port Transportation Improvement Plan reflects the Port of Portland's interests in transportation improvements to best meet our business and passenger customers access needs; and

BE IT FURTHER RESOLVED, That the prioritized list of improvements are both business supportive and if undertaken, job producing; and

BE IT FURTHER 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 priority projects identified in the draft Port of Portland Transportation Improvement Plan

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

Agenda Item No.3

PROPERTY PURCHASE – GIMRE FAMILY – HILLSBORO AIRPORT

This agenda item requested approval to purchase a parcel of land, consisting of approximately 19.75 acres, located adjacent to Hillsboro Airport and owned jointly by members of the Gimre family.

Ken Anderton presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to purchase approximately 19.75 acres of land adjacent to Hillsboro Airport from the Gimre family, 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 Olson moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen and Olson voted in favor of the motion.

Agenda Item No.4

COMMERCIAL ROADWAY MANAGEMENT AGREEMENT – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a contract to Standard Parking Corporation to manage the commercial roadway operations at Portland International Airport. The commercial roadway management responsibilities include ensuring a high level of customer service for airport ground transportation services including taxi, town car, door-to-door shuttle, limousine, charter bus and light rail services.

Dawn Huddleston presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award the Commercial Roadway Management Agreement to Standard Parking Corporation consistent 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.

6

Commissioner Olson moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen and Olson voted in favor of the motion.

The meeting adjourned at 10:35 a.m.

President

Assistant Secretary

Date Signed

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