

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
January 12, 2011**

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

QUORUM

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

LEAVE OF ABSENCE

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

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of December 8, 2010. Commissioner Daggett moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said he was glad to have 2010 behind us; he said it is worth reflecting on the last two years, which have been an extraordinary period for the Port and the region.

Mr. Wyatt said we are 80 percent of the way through the largest capital expansion in our history and it is going very well. He said the consolidation of our headquarters continues to be very successful for us as an organization, not only financially, but also in terms of the impact on Port culture. He said the organization is adapting well to being together in one place.

Mr. Wyatt said we inaugurated a leadership program for some of the key leaders in our organization. He said it is a program that is being produced for us by Willamette University. The feedback from participants that we have received to date is excellent.

Mr. Wyatt said we concluded the new airline agreement, for which he is very grateful. It ensures a period of financial stability, which is important especially during periods of expansion.

Mr. Wyatt said the ICTSI transition at Terminal 6 is proceeding on schedule. ICTSI is hiring staff and beginning to install all the elements that will be required to operate the facility.

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Mr. Wyatt commented that as we look at the year ahead, the initial signs are very positive. He said containers were up 4 percent; autos were up 10 percent; vessel calls were up 15 percent and bulk volumes, including grain, were up 35 percent. Mr. Wyatt noted that although this is on a declining base, it is headed in the right direction. He does not see anything that will change that and expects that we will continue to see those volumes grow.

Mr. Wyatt said a nice punctuation point at the end of the year was the deal that the Port and MEPT, our development partners at Rivergate, made with Subaru for a 440,000-square-foot distribution facility. Mr. Wyatt said this will generate international container volume despite the fact that it was not a specific part of the transaction. The container facility is very close to the center, so there is no reason why we would not be able to make a strong case for its use. Mr. Wyatt said the other good news in this transaction is that so much of Subaru's import volume comes from Japan, which means they need empty containers going back. We can fill these containers with agricultural products that we export to Japan, which makes an ideal trading opportunity. Mr. Wyatt said this is exactly why we have been reserving that land in Rivergate for 30 years.

Mr. Wyatt said in the aviation world, we have seen significant increases in both passenger and capacity volumes in the last three months and he expects that to continue. He said that concessions are up significantly as well.

Mr. Wyatt said Alaska Airlines has increased their commitments in the market place and to the community. They have made a significant commitment to the Portland Timbers and they have increased their capacity with additional flights to Hawaii. Mr. Wyatt noted our international flights to Tokyo and Amsterdam continue to do extremely well.

Mr. Wyatt said the south matrix of the Baggage Screening Improvements Project is up and running, but there is still a lot of tweaking to do. He said it is an immensely complex system and a lot of fine tuning is needed to get the speed and error rate to an acceptable level.

Commissioner Carter said he came through the airport recently and was very impressed with the increased staffing levels to accommodate the football fans heading to Phoenix for the BCS game. He said the increased traffic could have easily created a bottleneck at the security checkpoints, but everything ran very smoothly. He also noted that the retail selection and food services at PDX are superb.

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

ACTION ITEMS

Agenda Item No. 1

2011 PORT OF PORTLAND 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 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 Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Olson seconded the motion, which was put to a roll call vote. Commissioners Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Commissioner Holte said as secretary/treasurer of International Longshore and Warehouse Union Local 8, he has an interest in any actions that affect the Port's terminals and declared a potential but not actual conflict with Agenda Item No. 2. He said he would participate in the discussion and vote.

Agenda Item No. 2

CONTRACT – MARINE TERMINAL CRANE MECHANICAL MAINTENANCE SERVICES

This agenda item requested approval of an agreement with ICTSI Oregon to provide the mechanical maintenance of marine terminal waterside gantry cranes and accessories used in stevedore cargo handling operations at Terminal 2 and Terminal 6. In accordance with stated performance criteria, ICTSI Oregon would provide all International Longshore and Warehouse Union labor and supervisory personnel necessary for the provision of these crane mechanical maintenance services.

Dan Pippenger presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to ICTSI Oregon for the management of mechanical maintenance services for the Port of Portland's marine terminal waterside gantry cranes and accessories at Terminal 2 and Terminal 6; 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 Holte asked Mr. Pippenger how comfortable he is with ICTSI. Mr. Pippenger said he is very comfortable; while ICTSI did not rate the highest in the qualifications and experience because they are a new entity in Portland and do not have a track record here, there are key points that make the Port very comfortable. He said the first is that the Port has been

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managing the maintenance of the cranes for approximately 35 years and that does not change; we still have full access to our maintenance and professional engineering staff, and we also have an outside professional consultant service that is available to us. Secondly, the ILWU talent that is in the gear locker today is highly skilled and familiar with the cranes. ICTSI has access to the same employees, so they are comfortable with the talent level of the workforce here. Mr. Pippenger noted ICTSI also operates world-wide and has a professional crane management program that we will have access to.

Mr. Holte said he agrees wholeheartedly. He said the mechanics from the gear locker have had an opportunity to meet with Mr. Ganda of ICTSI and they, too, agree with ICTSI's outlook and the skill level of the labor force.

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

Commissioner Johansen read a letter she received from former-Governor Kulongoski expressing his sincere appreciation for the Port Commission's service and dedication during his administration.

The meeting adjourned at 10:04 a.m.

President

Assistant Secretary

Date Signed

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