



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
July 11, 2012
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – June 13, 2012
Approval of Minutes: Special Commission Meeting – June 22, 2012

Executive Director

Approval of Executive Director's Report – June 2012

General Discussion

Transportation Security Administration Update

MIKE IRWIN, TSA

Consent Item

1. EXTENSION OF COMMERCIAL BANKING SERVICES CONTRACT *ROBERT BURKET*
Requests approval to extend the Port of Portland's five-year Commercial Banking Services Contract with Wells Fargo for an additional two years.

Action Items

2. ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 444-B TO ISSUE UP TO \$60 MILLION OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS, SERIES 2012A *TATIANA STAROSTINA*
Requests approval of Port of Portland Ordinance No. 444-B to authorize the sale of up to \$60,000,000 of Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012A, pay the costs of refunding all of the outstanding Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2009A, to fund the Passenger Facility Charge First Lien Reserve Account and to pay costs of issuance.

3. EQUIPMENT PURCHASE CONTRACT – GLYCOL RECOVERY VEHICLES – PORTLAND INTERNATIONAL AIRPORT *TERRI BURK*

Requests approval to award a contract to Elgin Sweeper Company for the purchase of two Glycol Recovery Vehicles at Portland International Airport.
4. PROFESSIONAL SERVICES CONTRACT – TERMINAL CARPET REPLACEMENT – PORTLAND INTERNATIONAL AIRPORT *ROBIN MCCAFFREY*

Requests approval to award a professional services contract to Hennebery Eddy Architects, Inc., to provide for project design and construction support services for the Terminal Carpet Replacement project.
5. EXEMPTION FROM COMPETITIVE BIDDING AND PUBLIC IMPROVEMENT CONTRACT – P2 AUTOMATIC PARKING GUIDANCE SYSTEM – PORTLAND INTERNATIONAL AIRPORT *STAN SNYDER*
MICHAEL HUGGINS

Requests approval of an exemption from the competitive bidding requirement and also to award a public improvement contract to Scheidt & Bachmann, GmbH, for the provision and installation of an automatic parking guidance system for the P2 parking garage at Portland International Airport.

EXTENSION OF COMMERCIAL BANKING SERVICES CONTRACT

July 11, 2012

Presented by: Robert Burket
Controller**EXECUTIVE SUMMARY**

This agenda item requests approval to extend the Port of Portland's (Port) five-year Commercial Banking Services Contract with Wells Fargo for an additional two years. Monthly flat fees will increase by \$850 per month (\$10,200/year) under the proposed extension to \$2,850 per month (\$34,200/year). All other fees will remain the same.

BACKGROUND

In 2007, the Port issued an RFP for Commercial Banking Services. Wells Fargo was selected and awarded a five-year contract to provide services including checking, lockbox, investment safekeeping, electronic banking and merchant services (credit cards). It took the Port much longer than expected to fully implement all necessary system changes to complete the change in banks. Additionally, the Port has just wrapped up a nearly yearlong effort to get certified as compliant with the payment card industry digital security standards; a change in banks now could negate much of that effort. Extending the contract for an additional two years will enable the Port to take advantage of a mature and stable banking relationship.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to extend the contract with Wells Fargo Bank for commercial banking services, consistent with 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.

ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 444-B TO ISSUE UP TO \$60,000,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS, SERIES 2012A

July 11, 2012

Presented by: Tatiana Starostina
Sr. Manager
Financial Analysis & Projects**EXECUTIVE SUMMARY**

This agenda item requests approval of Port of Portland (Port) Ordinance No. 444-B (the Ordinance) to authorize the sale of up to \$60,000,000 of Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012A (the Bonds), pay the costs of refunding all of the outstanding Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2009A (Non-AMT)¹ (the Refunded Bonds), to fund the Passenger Facility Charge (PFC) First Lien Reserve Account and to pay costs of issuance.

BACKGROUND

In 2009, the Port issued the Refunded Bonds as variable rate debt obligations (VRDOs) to reduce its interest costs. The Port obtained a letter of credit (LOC) from Bank of America, N.A. (BANA) in the stated amount of \$57.8 million to provide credit support for the Refunded Bonds. The Refunded Bonds are also fully hedged with two swap agreements resulting in the Port paying a synthetic fixed rate.

The Refunded Bonds are remarketed weekly by Goldman Sachs and Merrill Lynch (subsidiary of Bank of America Corp.). These bonds are predominantly held by money market funds, which are highly regulated and have strict eligibility requirements on their investments, including a requirement for high credit ratings. The ratings on the Refunded Bonds are based on BANA's ratings, not the Port's. To date, the Series 2009A PFC bonds have met the money market eligibility requirements, as the bonds are short-term, liquid and have "Tier 1" ratings by S&P (AAA/A-1) and Fitch (A+F+).

On June 21, 2012, Moody's downgraded 15 top global banks, including BANA. As a result, BANA's short-term rating was cut from "P-1" to "P-2," which is below the "Tier 1" category. There is a risk that, although Series 2009A PFC bonds are not rated by Moody's, BANA's downgrade may impact their marketability, and, as a result of decreased demand, the Port may end up paying higher variable interest rates.

To mitigate this risk, the Port initiated an RFP to replace the LOC or refund Series 2009A with a short-term direct bank loan (Direct Purchase). Staff evaluated eight proposals and recommends refunding the Refunded Bonds with a Direct Purchase to be provided by Wells Fargo.

¹ Non-AMT bond is a tax-exempt bond, interest on which is not subject to the federal alternative minimum tax, as it is issued for governmental purposes. The majority of bonds issued by airports is classified as private activity bonds, and is subject to the alternative minimum tax (AMT).

ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 444-B TO ISSUE UP TO
\$60,000,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE
REFUNDING REVENUE BONDS, SERIES 2012A

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The Direct Purchase Transaction

Under the Direct Purchase proposal, the Port will issue the Bonds that will be purchased and held by Wells Fargo for an agreed term and rate. The annual rate will be set as a percentage of a one-month London Interchange Bank Offered Rate (LIBOR) plus a fixed premium. The not-to-exceed amount of \$60,000,000 in the Ordinance is the maximum amount of principal that would be issued to refund the outstanding principal and interest on the Refunded Bonds and fund the PFC First Lien Reserve Account and associated financing costs.

The Direct Purchase is estimated to result in annual savings of \$60,000-\$147,000 in LOC and remarketing fees, depending on the selected term, and will eliminate the LOC provider credit risk, remarketing risk, and, potentially, all or most of the basis risk by matching the variable index of the Bonds and the underlying swaps for the term of the Bonds.

With approval of this agenda item, the financing team will proceed with completing the agreement with Wells Fargo and closing by mid-August.

Delegation of Authority

Ordinance No. 444-B delegates authority to the Port's Executive Director or Chief Financial Officer and Director of Administrative Services and their designees (each of whom is referred to in this ordinance as "Executive Director") to take the following actions:

- Establish the denominations, series designations, final principal amount and maturity schedules for the Bonds within limits set by the Ordinance.
- Establish the dates on which interest shall be paid.
- Establish and revise optional, conditional and mandatory redemption and purchase provisions for the Bonds.
- Establish all other terms of the Bonds in accordance with the limitations of this Series ordinance and the Master Ordinance.
- Establish and make such covenants or agreements or changes or amendments hereto as permitted by law and as necessary to obtain satisfactory ratings for the Bonds.
- Enter into an agreement with the Trustee, which provides for, among other things, the payment of Trustee fees.

ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 444-B TO ISSUE UP TO \$60,000,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS, SERIES 2012A

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- Enter into a continuing covenant agreement with Wells Fargo with respect to the purchase of the Refunded Bonds, which will include representations and other covenants by the Port.
- Execute and deliver a supplemental action certificate specifying the actions taken by the Executive Director and to execute and deliver any other certificates, documents or agreements which the Executive Director determines are desirable to issue, sell, deliver, manage or administer the Bonds in accordance with the Ordinance.

Participants in the Transaction

In addition to the Port, the primary firms involved in the transaction are:

- Wells Fargo Bank, National Association, will be the Bank.
- Orrick, Herrington & Sutcliffe LLP is bond counsel to the Port.
- Seattle-Northwest Securities Corporation is the financial advisor to the Port.
- Standard & Poor's is expected to provide the rating on the Bonds.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends as follows:

1. That proposed Port of Portland Ordinance No. 444-B, in the form presented to the Port of Portland Commission, be read by title only; and
2. That proposed Port of Portland Ordinance No. 444-B, in the form presented to the Port of Portland Commission, be enacted by a roll call vote.

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. 444-B
(PFC SUPPLEMENTAL SERIES
ORDINANCE)

THE PORT OF PORTLAND

Enacted: July 11, 2012
Effective: August 10, 2012

Relating to the
Issuance of
Not to Exceed
\$60,000,000
The Port of Portland
Portland International Airport
Passenger Facility Charge Refunding Revenue Bonds
Series 2012A (Non-AMT)

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ORDINANCE NO. 444-B

AN ORDINANCE AUTHORIZING THE SALE AND ISSUANCE OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS, SERIES 2012A OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$60,000,000 FOR THE PURPOSE OF REFUNDING OUTSTANDING PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS, SERIES 2009A; FIXING OR PROVIDING FOR THE DATE, FORMS, TERMS AND MATURITIES FOR SUCH BONDS; AUTHORIZING THE SALE OF SUCH BONDS; DELEGATING TO THE EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER & DIRECTOR OF ADMINISTRATIVE SERVICES OR THEIR DESIGNEE BY SUPPLEMENTAL ACTION THE ESTABLISHMENT OF INTEREST RATE, PAYMENT, TENDER, REDEMPTION AND OTHER TERMS; AND PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, RATINGS, ISSUANCE, SALE, SECURITY, PAYMENT OR DELIVERY OF THE BONDS AND ANY RECORD OF DECISION; AUTHORIZING AN AMENDMENT TO ORDINANCE NO. 395-B.

WHEREAS, The Port of Portland (the "Port"), a port district and political subdivision of the State of Oregon (the "State"), owns and operates Portland International Airport (the "Airport"); and

WHEREAS, pursuant to Ordinance No. 395-B, enacted June 10, 1999 (the "PFC Master Ordinance"), as amended, the Port previously issued its Portland International Airport Passenger Facilities Charge Refunding Revenue Bonds, Series 2009A (Non-AMT) (the "Series 2009A PFC Bonds"); and

WHEREAS, the PFC Master Ordinance authorizes the Port to issue passenger facility charge refunding revenue bonds (defined as "Future First Lien PFC Refunding Bonds" in the PFC Master Ordinance) payable from PFC Revenue on a parity with the outstanding First Lien PFC Bonds (as such terms are defined in the PFC Master Ordinance); and

WHEREAS, the Port desires to issue up to \$60,000,000 in aggregate principal amount of Portland International Airport Passenger Facilities Charge Refunding Revenue Bonds, Series 2012A (Non-AMT) (the “Series 2012A PFC Bonds”) to refund the Series 2009A PFC Bonds pursuant to this Series Ordinance (as such term is defined in the PFC Master Ordinance); and

WHEREAS, it is necessary that the date, form, terms and maturities of the Series 2012A PFC Bonds constituting Future First Lien PFC Refunding Bonds under the PFC Master Ordinance be fixed or provided for as provided in this Series Ordinance; and

NOW THEREFORE,

BE IT ENACTED BY THE PORT OF PORTLAND, AS FOLLOWS:

Section 1. Definitions. Unless otherwise defined herein, the terms used in this Series Ordinance, including the preamble hereto, which are defined in the PFC Master Ordinance shall have the meanings set forth in the PFC Master Ordinance. In addition, the following terms shall have the following meanings in this Series Ordinance:

“Board” means the Board of Commissioners of the Port.

“Bond Register” means the books or records maintained by the Registrar containing the name and mailing address of the owner of each Series 2012A PFC Bond or nominee of such owner and the principal amount and number of Series 2012A PFC Bonds held by each owner or nominee.

“Continuing Covenant Agreement” means the Continuing Covenant Agreement between the Port and Wells Fargo, relating to the purchase of Series 2012A PFC Bonds.

“Costs of Issuance Account-2012A” means the subaccount of the PFC Fund by that name maintained by the Port for the purpose of holding certain proceeds of the Series 2012A PFC Bonds.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2012A PFC Bonds pursuant to Section 6 hereof.

“Executive Director” means the Executive Director of the Port or the Chief Financial Officer & Director of Administrative Services of the Port and each designee of the Executive Director as provided in Section 11.

“Letter of Representations” means the blanket issuer letter of representations from the Port to DTC, dated June 1, 1995.

“Owner” means the person named as the registered owner of a Series 2012A PFC Bond in the Bond Register.

“Paying Agent” means the Trustee acting in its capacity as Paying Agent. The term “Paying Agent” shall include any successor to the Trustee.

“PFC Master Ordinance” means Ordinance No. 395-B of the Port, as the same may be amended from time to time in accordance with its terms.

“Registrar” means the Trustee acting in its capacity as Registrar, and for the purposes of registering and authenticating the Series 2012A PFC Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2012A PFC Bonds. The term “Registrar” shall include any successor to the Trustee.

“SEC” means the Securities and Exchange Commission.

“Series Default” has the meaning given such term in Section 14 of the PFC Master Ordinance.

“Series 2009A PFC Bonds” means The Port of Portland, Oregon, Portland International Airport Passenger Facility Charge Revenue Bonds, Series 2009A.

“Series 2012A PFC Bonds” means The Port of Portland, Oregon, Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012A, authorized to be issued by Section 2 of this Series Ordinance.

“Supplemental Action” means any Supplemental Action executed and delivered pursuant to Section 13 hereof by the Executive Director.

“Trustee” means the Trustee appointed pursuant to the PFC Master Ordinance.

“Wells Fargo” means Wells Fargo Municipal Capital Strategies, LLC, as initial purchaser of the Series 2012A PFC Bonds.

Rules of Interpretation. In this Series Ordinance, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Series Ordinance, refer to this Series Ordinance as a whole and not to any particular section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Series Ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several Sections of this Series Ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series Ordinance, nor shall they affect its meaning, construction or effect;

(e) All references herein to “sections” and other subdivisions or clauses are to the corresponding sections, subdivisions or clauses hereof.

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Executive Director or his or her designee, respectively, and all references herein to the Executive Director shall be deemed to include references to his or her designee, as the case may be.

Section 2. Authorization of Series 2012A PFC Bonds. The Port shall issue, in one or more subseries, the Series 2012A PFC Bonds in the aggregate principal amount of not to exceed \$60,000,000 for the purpose of providing funds necessary to (i) pay the costs of refunding the Series 2009A PFC Bonds, (ii) fund a portion of the First Lien Reserve Account Requirement, and (iii) pay all costs incidental to the foregoing and to the issuance of the Series 2012A PFC Bonds. The Series 2012A PFC Bonds shall be initially issued as variable rate obligations, as shall be further described in the Supplemental Action.

Section 3. Bond Details.

(a) *Series 2012A PFC Bonds.* The Series 2012A PFC Bonds shall be designated as “The Port of Portland, Oregon, Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012A,” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as provided in the Supplemental Action, shall be in the denominations specified in the Supplemental Action, and shall bear interest from the date as provided in the Supplemental Action. The Series 2012A PFC Bonds shall mature no later than July 1, 2024.

(b) *Series 2012A PFC Bonds a Special Fund Obligation.* The Series 2012A PFC Bonds are not general obligations of the Port, and no tax revenues of the Port may be used to pay the principal of, premium, if any, and interest on the Series 2012A PFC Bonds. The Series 2012A PFC Bonds shall be obligations only of the First Lien Bond Account and the First Lien Reserve Account and shall be payable and secured as provided herein and in the PFC Master Ordinance. The Series 2012A PFC Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional and statutory provisions and limitations of the State of Oregon.

Section 4. Redemption and Purchase.

(a) *Redemption and Purchase.* The Series 2012A PFC Bonds shall be subject to optional and mandatory redemption and optional and mandatory purchase as provided in the Supplemental Action.

(b) *Purchase of Series 2012A PFC Bonds.* The Port reserves the right to purchase any of the Series 2012A PFC Bonds offered to the Port at any price deemed reasonable to the Executive Director.

Section 5. Place and Medium of Payment. The Port hereby appoints the Trustee as the Paying Agent for the Series 2012A PFC Bonds. The principal of, premium, if any, and interest on the Series 2012A PFC Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2012A PFC Bonds shall be calculated in the manner described in the Supplemental Action. For so long as all Series 2012A PFC Bonds are held by DTC, such payments shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 2012A PFC Bonds are no longer in fully immobilized form, interest on the Series 2012A PFC Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to the Owner of such Series 2012A PFC Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Owners of the Series 2012A PFC Bonds at the addresses for such Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of and premium, if any, on the Series 2012A PFC Bonds shall be payable upon presentation and surrender of such Series 2012A PFC Bonds by the Owners at the office of the Registrar designated for such presentation and surrender.

If any Series 2012A PFC Bond shall be duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 2012A PFC Bond until such Series 2012A PFC Bond is paid.

Section 6. Registration.

(a) *Registrar/Bond Register.* The Port hereby appoints the Trustee as the Registrar for the Series 2012A PFC Bonds. The Port shall cause the Bond Register to be maintained by the Registrar. So long as any Series 2012A PFC Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Series 2012A PFC Bonds at its designated corporate trust office. The Registrar may be removed at any time at the option of the Port upon prior notice to the Registrar and the FAA, and a successor Registrar appointed by the Port. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder and under the Master PFC Ordinance. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2012A PFC Bonds transferred or exchanged in accordance with the provisions of such Series 2012A PFC Bonds and this Series Ordinance and to carry out all of the Registrar's powers and duties under this Series Ordinance. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2012A PFC Bonds.

(b) *Registered Ownership.* The Port and the Registrar, each in its discretion, may deem and treat the Owner of each Series 2012A PFC Bond as the absolute owner thereof for all purposes (except as otherwise expressly provided in this Series Ordinance or in the Supplemental Action), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2012A PFC Bond shall be made only as described in Section 5 hereof, but such Series 2012A PFC Bond may be transferred as herein provided. All such payments made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the Port upon such Series 2012A PFC Bond to the extent of the amount or amounts so paid. The Series 2012A PFC Bonds will be registered initially in the name of “Municipal Capital Strategies, LLC.”

(c) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 2012A PFC Bond may be registered and Series 2012A PFC Bonds may be exchanged, but no transfer of any such Series 2012A PFC Bond shall be valid unless such Series 2012A PFC Bond is surrendered to the Registrar with the assignment form appearing on such Series 2012A PFC Bond duly executed by the Owner or such Owner’s duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2012A PFC Bond and shall authenticate and deliver, without charge to the Owner or transferee therefor, a new Series 2012A PFC Bond (or Series 2012A PFC Bonds at the option of the new Owner) of the same date, maturity and interest rate (and subseries, if any) and for the same aggregate principal amount in any authorized denomination, naming as Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2012A PFC Bond, in exchange for such surrendered and canceled Series 2012A PFC Bond. Any Series 2012A PFC Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 2012A PFC Bonds of the same date, maturity and interest rate (and subseries, if any), in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Series 2012A PFC Bond after notice of the redemption of such Series 2012A PFC Bond has been given.

(d) *Registrar’s Ownership of Series 2012A PFC Bonds.* The Registrar may become the Owner of any Series 2012A PFC Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Owners of Series 2012A PFC Bonds.

(e) *Registration Covenant.* The Port covenants that, until all Series 2012A PFC Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2012A PFC Bond that complies with the provisions of Section 149 of the Code.

Section 7. Disposition of the Proceeds of Sale of Series 2012A PFC Bonds.

(a) *Series 2012A PFC Bonds.* The proceeds of the Series 2012A PFC Bonds shall be applied as follows:

(i) A sum specified by the Executive Director prior to closing and delivery of the Series 2012A PFC Bonds shall be deposited with the Paying Agent and applied to the redemption of the Series 2009A PFC Bonds;

(ii) A sum specified by the Executive Director prior to the closing and delivery of the Series 2012A PFC Bonds shall be deposited in the First Lien Reserve Account in satisfaction of a portion of the First Lien Reserve Account Requirement unless the Port deposits in lieu thereof Qualified Insurance; and

(iii) The remainder of the proceeds of the Series 2012A PFC Bonds shall be paid into the Costs of Issuance Account-2012A (hereinafter authorized to be created).

The Port hereby creates a special subaccount of the Port, designated as “The Port of Portland Costs of Issuance Account, 2012A” (the “Costs of Issuance Account-2012A”). The amount on deposit in the Costs of Issuance Account-2012A shall be utilized to pay costs incurred in connection with the issuance and sale of the Series 2012A PFC Bonds, to the extent designated by the Port.

All or part of the proceeds of the Series 2012A PFC Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Oregon by law which will mature prior to the date on which such money shall be needed provided, however, such proceeds shall not be invested in the obligations of any municipality with a credit rating lower than that of the Port. Interest earnings on the Costs of Issuance Account-2012A shall be retained in Costs of Issuance Account-2012A.

Any part of the proceeds of the Series 2012A PFC Bonds remaining in the Costs of Issuance Account-2012A after December 31, 2012 shall be transferred to the First Lien Bond Account for the uses and purposes therein provided.

Section 8. Tax Covenants. The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 2012A PFC Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Series 2012A PFC Bonds.

Without limiting the generality of the foregoing, the Port covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 2012A PFC Bonds or any other funds of the Port which may be deemed to be gross proceeds of the Series 2012A PFC Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder that will cause the Series 2012A PFC Bonds to be “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code.

The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 2012A PFC Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal

amendment thereof (and without the consent of the Trustee, the FAA or any Owner) upon receipt of an opinion of the Port's Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 2012A PFC Bonds.

Section 9. Lost, Stolen, Mutilated or Destroyed Series 2012A PFC Bonds. In case any Series 2012A PFC Bond or Series 2012A PFC Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2012A PFC Bond or Series 2012A PFC Bonds of like date, number and tenor to the Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2012A PFC Bond was actually lost, stolen, mutilated or destroyed (including the presentation of a mutilated Series 2012A PFC Bond) and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 10. Form of Series 2012A PFC Bonds and Registration Certificate. The Series 2012A PFC Bonds shall be in the form attached as an Exhibit to the Supplemental Action.

Section 11. Purchase of Series 2012A PFC Bonds and Supplemental Action. The Series 2012A PFC Bonds shall be purchased by Wells Fargo under the terms of a Continuing Covenant Agreement. Upon the adoption of this Series Ordinance, the Executive Director is hereby authorized and directed, on behalf of the Port and without further action by the Board and the Board hereby ratifies actions heretofore taken by the Executive Director in connection with the Series 2012A PFC Bonds, to undertake all action necessary for the prompt execution and delivery of the Series 2012A PFC Bonds to Wells Fargo and further to negotiate, execute and deliver the Continuing Covenant Agreement and all closing certificates and documents desirable to effect the closing and delivery of the Series 2012A PFC Bonds and to effect the refunding of the Series 2009A PFC Bonds.

Section 12. Amendment of PFC Master Ordinance. The Board hereby authorizes the PFC Master Ordinance to be amended pursuant to Section 12 thereof to provide that (i) Debt Service on obligations subject to a Derivative Product be calculated in a manner that takes into account such Derivative Product and/or (ii) Debt Service on unhedged variable rate obligations be calculated in a manner that takes into account the historic and/or expected interest rate on such obligations. In such connection, the Supplemental Action executed and delivered pursuant to Section 13 hereof may set forth such amendments to applicable portions of the PFC Master Ordinance, all as may be necessary or desirable in the judgment of the Executive Director executing the same. Such amendments shall become effective only upon the Port obtaining the consent of the Registered Owners of a majority in aggregate principal amount of First Lien PFC Bonds or the Port obtaining the consent of the issuers of all Credit Facilities with respect to First Lien PFC Bonds, all as required by Section 12 of the PFC Master Ordinance.

Section 13. Supplemental Action. The Executive Director of the Port is hereby authorized from time to time in his or her discretion, on behalf of the Port, to:

(a) establish the denominations, series designations, final principal amount (subject to the limitation in Section 2 of this Series Ordinance) and the maturity schedules for the Series 2012A PFC Bonds provided the final maturity date of the Series 2012A PFC Bonds shall not be later than July 1, 2024.

(b) establish the dates on which interest shall be paid, and the rates or methods of determining the rates of interest which the Series 2012A PFC Bonds shall bear, which rates may be variable rates;

(c) establish and revise optional and mandatory redemption, tender and purchase provisions for the Series 2012A PFC Bonds;

(d) establish all other terms of the Series 2012A PFC Bonds, in accordance with the limitations of this Series Ordinance and the PFC Master Ordinance;

(e) establish and make such covenants or agreements or changes or amendments hereto permitted by law and as necessary to obtain satisfactory ratings and credit enhancement for the Series 2012A PFC Bonds;

(f) obtain debt service reserve insurance or a surety bond in lieu of funding all or any portion of the First Lien Reserve Account Requirement attributable to the Series 2012A PFC Bonds, and enter into, execute and deliver any agreements with the insurer or provider of the surety which the Executive Director determines are desirable to obtain the insurance or surety bond and make any changes required to this Series Ordinance necessary in connection with such reserve insurance or surety bond;

(g) obtain, from time to time, if in the best interests of the Port, one or more Credit Facilities or liquidity facilities for the Series 2012A PFC Bonds, and enter into, execute and deliver any agreements with the providers thereof which the Executive Director determines are desirable in connection therewith;

(h) enter into an agreement with the Trustee which provides for, among other things, the payment of Trustee's fees;

(i) as may be required from time to time, appoint one or more remarketing agents for the Series 2012A PFC Bonds, and enter into remarketing agreements in connection therewith;

(j) appoint one or more tender agents for the Series 2012A PFC Bonds, and enter into tender agent agreements in connection therewith;

(k) take actions necessary to change the interest rate mode of all or a portion of the Series 2012A PFC Bonds, and execute and deliver any certificates, documents or agreements which the Executive Director determines are desirable in connection therewith, all in accordance with this Series Ordinance;

(l) execute and deliver a continuing disclosure undertaking, if desirable, for the Series 2012A PFC Bonds;

(m) negotiate, execute and deliver a Continuing Covenant Agreement with Wells Fargo, and any related or ancillary agreements, which will set forth, among other things, representations and covenants of the Port in connection with Wells Fargo's purchase of the Series 2012A PFC Bonds;

(n) execute and deliver a supplemental action certificate specifying the actions taken by the Executive Director pursuant to this Section 13, and execute and deliver any other certificates, documents or agreements which the Executive Director determines are desirable to issue, sell, deliver or administer the Series 2012A PFC Bonds in accordance with this Series Ordinance;

(o) execute and deliver new or amended agreements, certificates and other documents in connection with modifying, replacing or terminating one or more of the interest rate exchange agreements entered into by the Port pursuant to Ordinance No. 422-B of the Port, such agreements, certificates and documents to include, without limitation, new or amended ISDA Master Agreements, Schedules to Master Agreements, Credit Support Annexes and Confirmations, and any agreements, certificates or other documents related thereto; and

(p) execute and deliver any other certificates, documents or agreements which the Executive Director determines are desirable to refund the Series 2009A PFC Bonds in accordance with this Series Ordinance.

Section 14. Severability. If any one or more of the covenants or agreements provided in this Series Ordinance to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Series Ordinance and shall in no way affect the validity of the other provisions of this Series Ordinance or of any First Lien PFC Bonds.

Section 15. Publication of Ordinance. A concise summary of this Series Ordinance, including the location within the Port where a complete copy of this Series Ordinance may be obtained without charge, shall be published within five days after passage in a newspaper of general circulation within the Port.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on July 11, 2012, and signed by its President.

THE PORT OF PORTLAND

Jim Carter
Commission President

Approved as to Form:
ORRICK, HERRINGTON & SUTCLIFFE LLP,
as Bond Counsel

By: Douglas E. Goe

EQUIPMENT PURCHASE CONTRACT – GLYCOL RECOVERY VEHICLES – PORTLAND INTERNATIONAL AIRPORT

July 11, 2012

Presented by: Terri Burk
Development Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a contract to Elgin Sweeper Company (Elgin) for the purchase of two Glycol Recovery Vehicles (GRVs) at Portland International Airport (PDX). This purchase will replace aging GRVs and help ensure continued compliance with the PDX Deicing Permit issued to the Port of Portland (Port) and co-permittees by the Oregon Department of Environmental Quality (DEQ).

BACKGROUND

The GRVs are a key component of the concentrated deicing collection system. The GRVs collect concentrated aircraft deicer overspray and drips, minimizing deicing runoff from impacting the storm system and the airport's stormwater discharge to waters of the state.

The deicing system infrastructure, including pipes, pump stations, dilute and concentrated storage were designed and sized based on the operation of two GRVs. Without operation of the GRVs, there would be an increased risk of violating the stormwater limits in PDX's National Pollutant Discharge Elimination System deicing permit with DEQ.

The existing two GRVs were purchased in 1997. They were originally scheduled for replacement in 2009, consistent with the replacement cycle for special purpose heavy duty trucks outlined in the Port's Fleet Management Policy (7.1.17). The GRVs have been stored inside and have been very well maintained and in 2010, the GRVs underwent a rehabilitation to extend their operation to a replacement date in Fiscal Year 2012-2013. Replacement is recommended due to increased maintenance costs, parts availability, operability and reliability of the machines.

Consistent with the Port's contracting rule, 279A.220 Interstate Cooperative Procurements, the Port is a member of the National Joint Powers Alliance (NJPA), a Municipal Contracting government agency that serves its members with competitively awarded purchasing solutions. In February 2010, NJPA issued a request for proposals for Public Utility Vehicles and/or Services, Apparatus, Equipment and/or Accessories. Through this competitively bid process, NJPA awarded a contract for the procurement of public utility vehicles and/or equipment, including GRVs to Elgin, a Subsidiary of Federal Signal. It is recommended that the Port purchase two GRVs from Elgin for a combined total of \$845,000 through this cooperative purchasing method. The purchase of the GRVs would be funded through the Airline Cost Center.

EQUIPMENT PURCHASE CONTRACT – GLYCOL RECOVERY VEHICLES – PORTLAND
INTERNATIONAL AIRPORT

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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 Elgin Sweeper Company for the purchase of two glycol recovery vehicles 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.

**PROFESSIONAL SERVICES CONTRACT – TERMINAL CARPET REPLACEMENT –
PORTLAND INTERNATIONAL AIRPORT**

July 11, 2012

Presented by: Robin McCaffrey
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a professional services contract to Hennebery Eddy Architects, Inc., to provide for project design and construction support services for the Terminal Carpet Replacement project.

BACKGROUND

This project is intended to replace carpeting at Portland International Airport (PDX) in the Port of Portland (Port) maintained public terminal space and the rental car service center. The oldest portions of the terminal carpet were installed in the late 1980s. A large percentage of the existing carpet is showing its age in its condition and dated design. By 2013, more than half of the public area carpet is projected to be in poor or failing condition.

The terminal and rental car facility together contain over 52,000 square yards of carpeting in public areas for which the Port has maintenance responsibility. These public areas in the terminal include the ticket lobby, Oregon Market, security checkpoints, concourses, concourse connector, Federal Inspection Services facility, baggage claim, pedestrian tunnels and certain loading bridges.

Port staff has compared a range of floor coverings including concrete, terrazzo, tile and multiple carpet types. The analysis has shown carpet to be the most desirable option based on qualitative and quantitative (i.e., life cycle cost) factors.

In 2011, the Port developed a terminal carpet design concept consistent with the PDX Terminal Design Standards. The design effort resulted in potential Axminster carpet products from three manufacturers using their respective stock yard colors, to support competitive construction pricing. This project will build on that carpet design effort, ultimately resulting in the carpet replacement described above.

A Request for Proposals for design and construction support services was advertised on April 2, 2012. On April 25, 2012, proposals were received from the following consultant firms:

- Hennebery Eddy Architects, Inc. (HEA)
- Carleton Hart Architecture, PC (CHA)
- Cooper Architectural Works, Inc.
- LEEKA Architecture and Planning

PROFESSIONAL SERVICES CONTRACT – TERMINAL CARPET REPLACEMENT –
PORTLAND INTERNATIONAL AIRPORT

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- MCA Architects, PC
- ZGF Architects LLP (ZGF)

Proposals were reviewed and evaluated on May 3, 2012, against the following criteria:

- Project Team
- Qualifications of Proposer
- Project Approach
- Project Management
- Small Business Participation Program

A Port review team consisting of Engineering, Aviation, Environmental, and Contracts and Procurement staff determined that HEA, CHA and ZGF should be interviewed as the strongest candidates for the project. The same Engineering and Aviation staff that performed the initial review conducted the interviews on May 11, 2012. They determined HEA to be the highest ranked candidate for the project, particularly on the strength of HEA's project team.

Negotiations began on May 17, 2012, and were successfully concluded on June 20, 2012. The negotiated not-to-exceed amount for the project was \$1,420,700, to be compensated on an hourly basis plus expenses. The proposed hourly rates are comparable to those in other Port contracts for work within like disciplines (i.e., architectural, mechanical and electrical, etc.). Funding will be through the Airline Cost Center and the Port Cost Center for the terminal and rental car service center, respectively.

The scope of the work to be performed by HEA in support of the project, which has a construction estimate of nearly \$8 million, includes the following:

Design Services

- Existing conditions assessment
- Carpet and terrazzo layout, appurtenant work plans
- Mock-up installation plans
- Technical specifications
- Environmental support
- Cost estimation
- Construction phasing

Construction services

- Construction administration support
- Supplemental testing and inspection services
- Record drawing services

Construction is expected to occur between Fall 2014 and Summer 2015.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a professional services contract for the Terminal Carpet Replacement project at Portland International Airport to Hennebery Eddy Architects, Inc., 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.

**EXEMPTION FROM COMPETITIVE BIDDING AND PUBLIC IMPROVEMENT CONTRACT –
P2 AUTOMATIC PARKING GUIDANCE SYSTEM – PORTLAND INTERNATIONAL AIRPORT**

July 11, 2012

Presented by: Stan Snyder
Engineering Project Manager
Michael Huggins
Landside Operations Manager

EXECUTIVE SUMMARY

This agenda item requests approval of an exemption from the competitive bidding requirement of Oregon's Public Contracting Code (Code). The exemption would enable the Port of Portland (Port) to use an alternate contracting method to procure a public improvement contract for the provision and installation of an automatic parking guidance system (APGS) for the P2 parking garage at Portland International Airport (PDX). This item also requests approval to award the public improvement contract to Scheidt & Bachmann, GmbH (S&B) for the amount of \$3,116,912.

BACKGROUND

Completed in 2010, the P2 parking garage started filling up sooner than anticipated and now frequently reaches capacity two days per week. When the garage nears capacity it is more difficult for customers to locate available parking spaces, customers lose valuable pre-flight time, and they become frustrated searching for the few remaining spaces. To minimize this space hunting and improve customer service, this project proposes to install an APGS in P2.

An APGS provides a sonic detector over each parking stall connected via computer network to a series of variable message signs. As customers approach each level of the garage, a variable message sign indicates the exact number of vacant spaces available on that floor. Once on the floor, additional electronic message signs and the individual space detectors direct customers to available spaces. This project would provide an APGS on P2 Levels 2 through 6, and the covered area of Level 7. Physical restrictions of the system prevent installation on the uncovered portion of the seventh floor. The Port successfully deployed an APGS in the P1 parking garage in 2007.

Parking is an important source of revenue for the Port. Parking demand is growing and P2 is expected to fill up more frequently over time. The proposed APGS would help the Port manage this increased demand while also improving customer service. The P2 APGS is expected to be operational by the end of 2012.

Alternate Contracting Method

The floors in the P1 and P2 garages are connected by ramps that allow vehicles to move between garages when the ramp gates are manually opened. A primary requirement of the new P2 APGS is to provide the ability to operate the two APGS systems as a single system when garage conditions require the ramp gates to be opened. For those instances, the P2 APGS

system needs to interface directly with the P1 APGS and exchange data and control between both systems. This condition may occur when either garage is nearing capacity, for maintenance or for emergency conditions. The flexibility to operate both garages with a single parking guidance system allows for better management of both garages.

S&B provided the P1 APGS in 2007. That system is proprietary to S&B. As a result, S&B is the only firm that can readily provide an APGS for P2 that meets the Port's key requirement of a seamless integration with the P1 APGS. Due to the Code's default requirement that public agencies competitively solicit public improvement contracts and award contracts to the lowest bidder, the Port proposes to use an alternate contracting method to award the P2 APGS contract to S&B.

EXEMPTION FROM COMPETITIVE BIDDING

The Code embraces alternate contracting methods for complex public improvement projects. To use an alternate contracting method, an agency's Contract Review Board (CRB) must grant an exemption from the Code's competitive bidding requirement. In granting the exemption, the CRB must require and approve or disapprove written findings that support the award of the contract without the competitive bidding requirement. The final findings in support of the exemption requested under this agenda item (Findings) are attached as Exhibit A.

Staff proposes to award the public improvement contract for the P2 APGS project to S&B on a sole-source basis. As detailed in the Findings, the proposed contracting method is not likely to encourage favoritism or substantially diminish competition, is likely to result in substantial cost savings to the Port and is consistent with the Code's stated policy of embracing alternate contracting methods when appropriate.

As required under the Code, public notice of the Port's intent to seek an exemption from competitive bidding was published and a public hearing was held on January 20, 2011. A summary of the comments received at the hearing, and the Port's response thereto, have been incorporated into the Findings. In order for the Port to award a project public improvement contract to S&B on a sole source basis, Oregon law requires that the Port's CRB exempt the contract from the Code's competitive bidding requirements.

Public Improvement Contract

S&B has worked closely with Port staff on the design of the P2 APGS, resulting in a system design that is closely tailored to the Port's requirements. The negotiated price of \$3,116,912 for the S&B public improvement contract provides for the provision and installation of the P2 APGS.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the Findings in Support of an Exemption from Public Bidding set forth on the attached Exhibit A, dated October 4, 2011; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, specifically exempts from competitive bidding public improvement contracts for the Long Term Parking Structure/P2 Automatic Parking Guidance System project, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a public improvement contract for the Long Term Parking Structure/P2 Automatic Parking Guidance System project to Scheidt & Bachmann, GmbH, 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.



LONG TERM PARKING STRUCTURE (P2) AUTOMATIC PARKING GUIDANCE SYSTEM PORTLAND INTERNATIONAL AIRPORT

FINDINGS IN SUPPORT OF AN EXEMPTION FROM COMPETITIVE BIDDING OCTOBER 4, 2011

Project Background

The Port of Portland (Port) plans to install an automated parking guidance system (APGS) in the newly-completed Long Term parking structure (P2) at Portland International Airport (PDX). The system will consist of approximately 2,500 individual space sensors and, with dynamic signage, will guide parking customers to available parking spaces. The system tracks and reports on individual space, floor, and overall garage usage, enhancing garage management capabilities.

In 2007, Scheidt & Bachmann (S&B) successfully installed the Port's first APGS in the Short Term parking structure (P1) at PDX. The P1 APGS project consisted of installing 2,655 individual parking sensors, 64 dynamic signs, and 7 vehicle gates. The P1 system is similar in size and scope to the proposed P2 system.

S&B was selected through a competitive proposal process to provide and install the Port's new parking revenue control system (PRCS) in 2000. In 2005, S&B was awarded the contract to provide and install the P1 APGS based on their unique ability to provide a system that could integrate with the parking revenue control system.

The floors in the P1 and P2 garages were constructed with ramps that allow vehicles to move between garages when the ramp gates are manually opened. A primary requirement of the new P2 APGS is to provide the ability to operate the two APGS systems as a single system when garage conditions require the ramp gates to be opened. For those instances, the P2 APGS system needs to interface directly with the P1 APGS and exchange data and control between both systems. This condition may occur when either garage is nearing capacity, for maintenance, or for emergency conditions. The flexibility to operate both garages with a single parking guidance system allows for better management of both garages.

Project Description

The project will provide and install approximately 2,500 individual parking space sensors, a physical sensor support system, IT and power infrastructure, dynamic signage and software to run the system. The system will be required to monitor and report on individual space, floor, and overall garage usage, and be capable of full integration with the legacy system in P1. It is anticipated that the system will be operational by Summer 2013. The contractor will be required to:

- Assist in the project specification and design process
- Select the electrical subcontractor through a competitive bidding process
- Be responsible for the physical installation of the system
- Provide all labor and materials required to complete the work
- Provide all traffic control required for the installation
- Provide all required testing to assure system compliance with the specifications

Alternate Contracting Methods for Public Improvement Projects

Oregon's Public Contracting Code (Code) embraces alternate contracting methods for complex public improvement projects. A stated policy goal of the Code is to: "[p]rovide a public contracting structure that can take full advantage of evolving procurement methods as they emerge within various industries, while preserving competitive bidding as the standard for public improvement contracts unless otherwise exempted." ORS 279A.015. Similarly, the Port's contracting rules promulgated under the Code are intended to: "maximize the Port's flexibility in adjusting its contracting procedure to the specific circumstances of each procurement, and to ensure that the Port receives the maximum benefit from the public funds expended on public contracts." Rule A.015. Under the Code, when appropriate, an agency's local contract review board (CRB) may direct the use of alternate contracting methods that "take account of market realities and modern practices and are consistent with the public policy of encouraging competition." ORS 279C.335(4).

An agency's CRB directs the agency to use an alternate contracting method by granting an exemption from competitive bidding under ORS 279C.335(2). In granting the exemption, the CRB must require and approve or disapprove written findings that support the award of the contract without the competitive bidding requirement. The findings must show that the exemption of the contract complies with certain requirements, as set forth below.

Proposed Contracting Method

The Port intends to award the construction contract for the P2 APGS project to S&B on a sole-source basis, for the reasons described in these Findings.

Findings

Under the Code, an agency's CRB may exempt a public improvement contract from competitive bidding upon approval of certain findings submitted by agency staff which justify the exemption. The two required findings are underlined below, with supporting information following each:

a. It is unlikely that the exemption will encourage favoritism in the awarding of the contract or substantially diminish competition for the contract. It is unlikely that exemption of this contract from competitive bidding will encourage favoritism or substantially diminish competition, in that S&B is really the only firm that can provide the key requirement of integration with the P1 APGS. In addition, subcontract work will be competitively bid.

b. The awarding of the contract under the exemption will likely result in substantial cost savings to the agency. The cost savings and/or revenue enhancement to result from the award of this contract to S&B will be realized in the ability of P1 and P2 to be operated in an integrated fashion. During holidays, peak travel periods, or other occasions, having an integrated APGS in both garages will allow staff to direct customers from one garage into another to available parking through the use of directional signage located at key decision points in both garages. The result will be an enhanced customer experience and more efficient management of available parking, and will maximize revenue. Surveys and existing occupancy data suggest that when the Long Term garage (P2) reaches capacity, customers are more apt to choose the Economy lot at a lower parking rate than the Short Term garage (P1), reducing Port revenue potential. An integrated APGS in both garages allows the Port to continue to offer the Long Term lot product beyond what the 3,000 space facility can accommodate, and extends the trigger points for when the Port needs to construct a third multi-level parking facility.

Additionally, by utilizing the same vendor's system as is installed in P1, savings will be realized in the maintenance of the new system by requiring stocking of fewer parts and simplifying the IT, maintenance, and operational training required by having one vendor's system instead of two. In making this finding, the CRB may also consider appropriate factors including the information called for in ORS 279C.330, which follows in underlined text:

i. Operational, Budget, and Financial Data. The contract cost with S&B for the P1 APGS was approximately \$2M, with a relatively small amount of change order work all related to additional work scope. The contract cost of the proposed P2 APGS is estimated to be between \$2.3M and \$2.7M, depending on the options selected during the design process. It is anticipated that the project will begin installation in fall 2011 and be completed by April, 2012.

ii. Public Benefits. The ability to operate the adjacent floors of P1 and P2 as a single floor unit has the benefit of a more efficient use of space available by allowing Port parking management staff the ability to direct Long Term customers into the adjacent Short Term garage floor when the Long Term garage reaches capacity. Staff is currently directing Long Term customers into the Short Term garage during the mid-week peak period and expects this management practice to continue with more regularity as parking transactions and enplanements continue to increase. This flexibility of utilizing two garages as one facility during peak periods allows the Port to provide superior customer service, maximize efficient use of Port facilities, and maximize revenue.

iii. Value Engineering. Port parking and design staff will work with S&B to achieve the optimum design for the budget allowed. This was the experience with S&B on the P1 system.

iv. Specialized Expertise Required. The ability of a new P2 APGS to integrate seamlessly with the existing P1 APGS and the associated PRCS for both garages is a key requirement of the project. The P1 APGS and PRCS systems are proprietary to S&B, contain no publicly available integration points available through software development kits, and were not specified or written to comply with any certifiable parking industry software integration standards, making S&B the only company with the ability to fully integrate a new P2 APGS with the Port's existing parking systems. It is the expert opinion of Port IT staff that any product provided by a vendor other than S&B could only be loosely interfaced in a very limited fashion, and would be unable to meet the requirements of the P2 project that only a seamlessly integrated solution can provide.

v. Public Safety. All on-site work performed in the installation of proposed P2 APGS will be in accordance with OR-OSHA safety regulations. The project will be phased in order to minimize impact to the public.

vi. Market Conditions. On-site installation work will be performed by a qualified electrical subcontractor licensed in the State of Oregon. The subcontractor will be selected by a competitive bid process, assuring that advantages related to market competition for the system installation will be realized.

vii. Technical Complexity. This project requires technical expertise and experience working in an active parking facility. Work will need to be carefully coordinated and phased such that the work may be accomplished without disruption to parking operations or impact to the revenue control interface. Having performed essentially the same work in P1 as proposed for P2, S&B is in the best position to understand the Port's requirements.

viii. Funding Sources. Project #101419 has an estimated project budget of \$3.6 million that includes design, contract, and installation costs, and Port costs. Port senior management approved the September, 2010 recommendation to expand the original design request of \$75,000 to \$175,000 for allow for a more detailed design of an APGS in P2. The design and total project budget will be funded under the Port Cost Center and is included in the aviation base line project list.

Public Hearing

Draft Findings summarizing the requested exemption from competitive bidding were published and a public hearing was held on January 20, 2011 to allow interested parties to present comment on the proposed exemption. At the hearing representatives of McCain, another APGS vendor; proposed that the Port delay its decision to award a sole source contract to S&B until McCain could propose a workable, alternative form of APGS. Port Engineering, Legal, and Contracts & Procurement staff met with McCain on February 8, 2011 and heard their alternate proposal. However, McCain's proposal involved the complete replacement of all of the existing P1 APGS equipment as well as all existing parking revenue system equipment at PDX, which Port staff determined was not in the Port's best interests.

Summary

S&B is the only firm that can provide an APGS for P2 that meets the Port's key requirement of a seamless integration with the P1 APGS. The proposed contracting method is not likely to encourage favoritism or substantially diminish competition, is likely to result in substantial cost savings to the Port, and is consistent with the Code's stated policy of embracing alternate contracting methods when appropriate. It is therefore recommended that the contract for the P2 APGS be awarded to S&B.