

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
July 9, 2008**

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 Mary Olson, Vice President, presiding; Steve Corey; Diana Daggett; Bruce Holte; Paul Rosenbaum and Bill Thorndike. Also present were Bill Wyatt, Executive Director; participating staff members; and representatives of the public.

LEAVE OF ABSENCE

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

MINUTES

Commissioner Olson called for a motion to approve the minutes of the Regular Commission Meeting of June 11, 2008 and the Special Commission Meeting of June 25, 2008. Commissioner Daggett moved to approve the minutes. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt provided a brief update on the state of the Port's business given the uncertainty that exists in the oil market. Mr. Wyatt said the state of the economy itself is having an impact on our business and things are happening daily that have an effect on us. Mr. Wyatt said in general, insofar as aviation is concerned, we still anticipate a five percent or so reduction in seat capacity this fall. Mr. Wyatt noted that the Delta Northwest merger ought to auger well for Portland. He noted our regional economy, while not growing, is certainly not hurting to the extent that others are, which makes a difference in the commercial aviation business. Mr. Wyatt said Horizon Air announced their intention to eliminate their Pendleton service. Mr. Wyatt said we will be seeing a lot more of this as time goes on and the main message is that we will tighten our belts and stay very close to what is going on.

Mr. Wyatt said on the marine side, Yang Ming made its last call to Terminal 6. Mr. Wyatt said the service would be replaced by K-Line and we would see a net improvement in overall volume and a significant improvement in terms of the quality of the service. He noted both Hanjin and COSCO continue to do very well in this market.

Mr. Wyatt said the auto business is doing well. He noted Toyota is down quite a bit, while Honda is holding steady and Hyundai is doing fairly well. Mr. Wyatt said there are several factors affecting the auto business, not the least of which is the U.S. domestic market for auto

purchases. He said typically in this country we purchase about 16 million cars per year. The market is expected to be down quite a bit and the mix of autos will change significantly. However, our customers are in a good position to adapt to these changes.

Mr. Wyatt said the Port's mineral businesses are very strong and will continue to be so. He noted because of the rail improvements that we are about to commence in Rivergate, our principal grain tenant, Columbia Grain, anticipates a very significant investment and increase in capacity. Mr. Wyatt said one could say this is somewhat oil-related because it is too expensive for the company to hire vessels to go through the Panama Canal. Much of that traffic will shift to the West Coast and to the Pacific Northwest in particular.

Mr. Wyatt said it is very difficult to describe these global changes in black and white terms as they are subtle in some cases, and while he would not say that the increasing price of oil is necessarily good for anyone, it does not have a uniform impact. Mr. Wyatt said at this time he feels reasonably good about how to manage through this.

Mr. Wyatt said that the Portland City Council was meeting today and that they would be hearing, and hopefully approving, the basic concept presented on the Columbia River Crossing project. Mr. Wyatt said that approving the Columbia River Crossing Project is a smart transportation and quality-of-life decision that will benefit both sides of the river as our region grows. He said doing nothing is not an option. It is the most congested corridor in the state with the most congested interchange, providing access to our marine facilities and the state's only international container facility. Mr. Wyatt said the project has regional economic significance. Interstate 5 is a critical trade corridor stretching from Canada to Mexico with a convergence of surface transportation and port facilities in the Portland/Vancouver region.

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

GENERAL DISCUSSION

Keith Leavitt, Corporate Real Estate Manager, provided an overview of the Port's corporate real estate program. Mr. Leavitt discussed the current inventory, as well as the business park tenants and owners at Rivergate, Swan Island and Portland International Center. Mr. Leavitt also discussed the current initiatives at the Troutdale Reynolds Industrial Park, West Hayden Island and land transactions near PDX.

ACTION ITEMS

Agenda Item No. 1

SECOND READING AND ENACTMENT – PORT OF PORTLAND ORDINANCE NO. 423-R – AMENDING AND RESTATING ORDINANCE 348, AS AMENDED BY ORDINANCE NOS. 370-R AND 377-R, REGULATING USE AND OPERATION OF AIRPORTS AND THEIR FACILITIES

This agenda item requested a second reading and enactment of proposed Port of Portland Ordinance No. 423-R, the amendment and restatement of Ordinance No. 348, as amended by Ordinance Nos. 370-R and 377-R, which pertains to regulation of use and operation of airports and their facilities.

Carla Kelley presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That Port of Portland Ordinance No. 423-R, amending and restating Ordinance No. 348, as amended by Ordinance Nos. 370-R and 377-R, be given a second reading by title only; and

BE IT FURTHER RESOLVED, That the proposed Ordinance No. 423-R, in the form presented to the Commission, be enacted by roll call vote.

Carla Kelley read Ordinance 423-R by title only.

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

Agenda Item No. 2

SECOND READING AND ENACTMENT – PORT OF PORTLAND ORDINANCE NO. 426-R – AMENDING ORDINANCE NO. 367-R, REGULATING USE AND OPERATION OF MARINE TERMINALS AND THEIR FACILITIES

This agenda item requested a second reading and enactment of proposed Port of Portland Ordinance No. 426-R, which regulates the use and operation of Marine terminals and their facilities.

Carla Kelley presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That Port of Portland Ordinance No. 426-R, amending Ordinance No. 367-R, be given a second reading by title only; and

BE IT FURTHER RESOLVED, That the proposed Ordinance No. 426-R, in the form presented to the Commission, be enacted by roll call vote.

Carla Kelley read Ordinance 426-R by title only.

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

Agenda Item No. 3

PORT OF PORTLAND CONTRACTING RULES AND CONTRACT REVIEW BOARD RULES

This agenda item requested approval of two items: (1) a revision to the Port of Portland (Port) Contracting Rules (Exhibit A-1, "redlined" version; and Exhibit A-2, final version); and (2) additions to the Port Contract Review Board Rules (Exhibit B) with supporting findings (Exhibit C).

Craig Johnsen presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Commission hereby adopts the revised Port of Portland Contracting Rules set forth on the attached Exhibit A-2 as the Port's official Contracting Rules; and

BE IT FURTHER RESOLVED, That Exhibits A-1 and A-2 be attached to the minutes of this meeting; and

BE IT FURTHER RESOLVED, That the Commission, as the Port of Portland's Contract Review Board, adopts the Findings in Support of Class Special Procurement Methods set forth in the attached Exhibit C; and

BE IT FURTHER RESOLVED, That the Commission, as the Port of Portland's Contract Review Board, approves of the class special procurement methods set forth in the attached Exhibit B and directs that they be added to the Port of Portland Contract Review Board Rules; and

BE IT FURTHER RESOLVED, That Exhibits B and C be attached to the minutes of this meeting.

Commissioner Daggett moved that the Executive Director's recommendations be approved to adopt the revised Port of Portland Contracting Rules set forth in Exhibit A-2. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Commissioner Olson recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Olson called for a motion and second to approve the findings in support of Class Special Procurement Methods, as set forth in Exhibit C. Commissioner Corey moved to approve the findings. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Commissioner Olson called for a motion and second for approval of the addition of the Class Special Procurement Methods, as set forth in Exhibit B. Commissioner Thorndike moved that the Executive Director's recommendation be approved. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Commissioner Olson adjourned the Port of Portland Contract Review Board and called to order the Port of Portland Board of Commissioners.

Agenda Item No. 4

COLLECTIVE BARGAINING AGREEMENT – NAVIGATION DEPARTMENT

This agenda item requested approval of a new four-year collective bargaining agreement between the Port of Portland Navigation Division, and the International Union of Operating Engineers, Local 701.

Brenda Meece presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the International Union of Operating Engineers, Local 701, for a four-year agreement beginning June 1, 2007, setting forth wages, fringe benefits and working

conditions for the employees in the Navigation Department, consistent with the terms presented to the Port of Portland 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 Holte moved that the Executive Director's recommendations be approved. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 5

CONTRACT – SHUTTLE BUSES – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a contract to purchase six 35-foot, compressed natural gas shuttle buses for Portland International Airport.

Steve Koester presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to EIDorado National for the purchase of six shuttle buses, 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 Daggett moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 6

CONSTRUCTION CONTRACT – CLOSED CIRCUIT TELEVISION CAMERA INSTALLATION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a contract to install an upgrade to the closed circuit television camera system at Portland International Airport.

George Seaman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to Oregon Electric Group for installation of an upgrade to the closed circuit television camera system at Portland International Airport, in accordance with its bid; 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 Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 7

GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – TAS PROPERTIES, LLC – TROUTDALE AIRPORT

This agenda item requested approval to enter into a ground lease and ramp management agreement with TAS Properties, LLC, at the Troutdale Airport.

Matthew Hoffman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a ground lease and ramp management agreement with TAS, LLC, consistent with the terms and conditions 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.

Greg Lehman, co-owner of Advanced Aircraft Services operating out of Hangar 2 at the Troutdale Airport, said he is concerned about the transfer of ownership being proposed because he believed it would provide an unfair advantage to a direct competitor. Mr. Lehman said he feels it is unfair to allow a tenant to manage the entire hangar complex. Mr. Lehman said all of the tenants were offered the same opportunity to manage the complex. He said he expressed his desire to purchase Hangar 2, but that the Port's preference was to turn the entire complex over to one individual.

Commissioner Olson asked Mr. Lehman if he had been notified of a rent increase and he said he had not. Mr. Lehman said he did meet with the new owner and was told that although the plan was to keep things the same, there would be a lease discussion taking place, so he expects the rent to go up.

Mark Crosby, Chief Public Safety Officer, said the general aviation industry has always operated on thin margins and is generally composed of small businesses trying to make ends meet, which is why the industry is being impacted by the current economic situation. Mr. Crosby said it is a tough balance, and while it may be appealing to break up the facilities into pieces, from the Port's standpoint we are looking at the long-term viability to keep the facility operating to meet the niche of all the small operators. Mr. Crosby said he felt the outreach process at Troutdale had been extensive. (Mr. Crosby represented Aviation, substituting for Mary Maxwell.)

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

Agenda Item No. 8

MULINO AIRPORT MASTER PLAN UPDATE

This agenda item requested adoption of the Mulino Airport Master Plan Update, including the updated Airport Layout Plan.

Jason Gately presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Port of Portland Commission recognizes and appreciates the work and input of citizens in the preparation of the Mulino Airport Master Plan Update; and

BE IT FURTHER RESOLVED, That the Mulino Airport Master Plan Update, which represents the Port of Portland's long-range vision for the Mulino Airport, be adopted.

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

Agenda Item No. 9

LEASE AND OPERATING AGREEMENT FOR RAMSEY RAIL FACILITIES – UNION PACIFIC RAILROAD COMPANY AND BNSF RAILWAY COMPANY

This agenda item requested approval to enter into a lease and operating agreement with Union Pacific Railroad Company and BNSF Railway Company for the Ramsey Rail Facilities.

The Ramsey Rail Facilities include approximately 11,800 feet of lead track connecting North and South Rivergate and three tracks (approximately 9,000 feet in total) in Ramsey Yard, as well as the subgrade preparation to accommodate a future fourth track.

Robin McCaffrey presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a lease and operating agreement with BNSF Railway Company and Union Pacific Railroad Company, 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 Corey moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Corey, Daggett, Holte, Olson, Rosenbaum and Thorndike voted in favor of the motion.

The meeting adjourned at 11:20 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.

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