

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
July 8, 2009**

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

QUORUM

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Steve Corey; Bruce Holte; Mary Olson; Paul Rosenbaum and Bill Thorndike. Also present were Bill Wyatt, executive 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 Daggett, as she was out of town. Commissioner Rosenbaum moved to grant the leave of absence. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said we have completed the transfer of the Mulino Airport to the Oregon Department of Aviation. He said they are thrilled to have Mulino; it will be one of their few opportunities to generate positive cash flow. He acknowledged the great work of the aviation properties and general aviation staff.

Mr. Wyatt said we have a lot of construction activity going on, which is reflected in the agenda before the Commission today. Mr. Wyatt said the bulk of the items are devoted to contracts related to capital construction. Mr. Wyatt said we have several major projects going on at the airport that have been in the pipeline for some time. Those projects include: HQP2, in-line baggage screening, deicing and the North Runway Extension. He said we also have some stimulus projects that are now beginning. Mr. Wyatt said we had not planned to do the Taxiway A project in the near future, but the availability of funds from the Federal Aviation Administration enticed us to do so early. Mr. Wyatt noted that after almost 10 years of intense planning, we finally broke ground on the Ramsey Rail project in Rivergate. He said his general observation about capital construction activities at the Port is that they are on time and on budget.

Mr. Wyatt said there are some indications that we are beginning to see the end of the significant drops in passenger traffic at the airport.

Mr. Wyatt acknowledged Devin Lingo, ILWU Local 28 President, and Dan Hardisty, ILWU Local 28 Secretary/Treasurer and Shop Steward, for their leadership and support of the Port-wide cost savings response by the ILWU, Local 28. He commended the marine security officers for stepping up to help. He said the membership gave up their COLA increase as well as a scheduling premium for the FY09-10 period. Mr. Wyatt thanked them and said their efforts represent a meaningful contribution to the Port's financial goals.

Commissioner Johansen called for a motion to approve the Executive Director's Report. Commissioner Corey moved to approve the Executive Director's Report. Commissioners Allen, Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Commissioner Johansen said the Commission is grateful that the members were willing to working with us to achieve a positive outcome. She thanked the membership for their hard work.

Dan Hardisty said a year ago, the union members were considering a strike because of contentious contract negotiations and issues with previous management, but now they are willing to take a four-percent pay cut. He said it was a lot of hard work on their part, but it has been nice to establish a relationship of mutual respect with Dan Pippenger, Brenda Meece, Mark Crosby, Mike Seidel and Bill McCormick.

Commissioner Holte acknowledged what they did was hard to do, but they stepped up and did the right thing because they were treated with respect. He said in bargaining, when you treat someone with respect and you negotiate in good faith, the return will be a positive one. Commissioner Holte thanked Dan and the membership and said he appreciates what they did.

CONSENT AGENDA

No presentation was made of the following agenda items, which were brought before the Commission as part of the Consent Agenda. Commissioner Johansen read the titles of the agenda items and called for a motion to approve the items.

Agenda Item No. 1

PORT OF PORTLAND FIRE DEPARTMENT CIVIL SERVICE COMMISSION REAPPOINTMENT – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to reappoint Mr. Robert Phillips to a term ending March 11, 2011, as a Port of Portland Fire Department Civil Service Commissioner, in accordance with Port of Portland Ordinance 425; 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.

Agenda Item No. 2

GROUND LEASE – PREMIER JETS, INC. – HILLSBORO AIRPORT

BE IT RESOLVED, That approval is given to enter into a ground lease with Premier Jets, Inc., at Hillsboro Airport on the terms and conditions described herein; 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.

Following the reading of the titles of the Consent Agenda by Commissioner Johansen, Commissioner Allen moved that the Executive Director's recommendations be approved and Commissioner Holte seconded the motion. The motion was put to a voice vote. Commissioners Allen, Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 3

ENACTMENT OF ORDINANCE NO. 431-T LEVYING PROPERTY TAXES

This agenda item requested enactment of Ordinance No. 431-T, levying property taxes for Fiscal Year 2009-10.

Vince Granato presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Port of Portland Commission finds as follows:

1. The Port of Portland has, in the time and manner required by law, submitted its Budget for the Fiscal Year July 1, 2009, to June 30, 2010, to the Tax Supervising and Conservation Commission at the time and place fixed by the Tax Supervising and Conservation Commission; and
2. No orders or objections were made by the Tax Supervising and Conservation Commission; and
3. That the Port of Portland Commission adopted the Port of Portland's Fiscal Year 2009-10 Budget at a Special Commission meeting on June 24, 2009.

The Executive Director further recommends:

1. That Ordinance No. 431-T, levying taxes to be collected for Fiscal Year 2009-10, be read by title only; and
2. That Ordinance No. 431-T be enacted by a roll call vote.

Commissioner Johansen asked Vince Granato to read Ordinance No. 431-T by title only.

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

Agenda Item No.4

PERSONAL SERVICES CONTRACT AMENDMENT – PORT OF PORTLAND HEADQUARTERS AND PARKING STRUCTURE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval of an amendment in the amount of \$1,596,000 to the Zimmer Gunsul Frasca Architects LLP personal services contract to provide additional design and construction support for the completion of the Port of Portland Headquarters and second Parking Structure (HQP2) Project at Portland International Airport. The amended contract amount is within the previously reported budget for HQP2.

Karl Schulz presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to amend the existing contract with Zimmer Gunsul Frasca Architects, LLP, for additional design and construction support services for the Headquarters and Parking Structure Project at Portland International Airport, in accordance with the terms presented to the Commission; and

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

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

Agenda Item No. 5

PROCUREMENT CONTRACT – PORT OF PORTLAND HEADQUARTERS FURNITURE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to issue a purchase order to Haworth Incorporated, in care of NuMark Office Interiors, for workstation and other office furniture for the new Port of Portland headquarters building. The furniture and workstation purchases are within the previously reported budget for HQP2.

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

BE IT RESOLVED, That approval is given to issue a purchase order to Haworth Incorporated in care of NuMark Office Interiors for work station and other office furniture, as described herein, for the Port of Portland's new headquarters building; 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 Allen, Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 6

CONTRACT – NETWORK EQUIPMENT PURCHASE – PORT OF PORTLAND HEADQUARTERS

This agenda item requested approval to award a contract to Qwest Communications for purchase of network equipment for installation in the Port of Portland's new headquarters building to provide connectivity between the systems/servers in the Data Center in the new building and all other Port facilities. Funds for these purchases have been reallocated from previously planned purchases to provide the necessary infrastructure for the new building.

Linda Dyson presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to Qwest Communications for the purchase and installation of network equipment at the Port of Portland headquarters at Portland International Airport, in accordance with their proposal; and

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

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

Agenda Item No. 7

AIR SERVICE DEVELOPMENT AGREEMENT – DELTA AIR LINES, INC. – PORT OF PORTLAND

This agenda item requested approval to enter into an Air Service Development Agreement with Delta Air Lines, Inc. (Delta), pursuant to which the Port of Portland (Port) will pay Delta a service retention fee in the amount of \$3.5 million in exchange for Delta's commitment to continue daily nonstop service between Portland International Airport (PDX) and Tokyo, Japan, from September 1, 2009 through May 31, 2010. This Agreement was developed on the premise that maintaining daily nonstop air service between PDX and Asia is critical to the economic vitality of the region and central to the Port's mission.

Mr. Wyatt offered a brief introduction to this item. He said that in mid-May, Delta Air Lines indicated a concern about its ability to maintain PDX's nonstop service to Tokyo without financial assistance from the Port. He said he met with Delta to try to understand their situation and was satisfied that they were indeed struggling financially to maintain the flight. Mr. Wyatt said Portland is the only community Delta is talking to about some kind of a risk mitigation effort as a retention strategy for the flight. He said because of the community's commitment to the service, and the relationships that have been developed, Delta is committed to maintaining this service.

Mr. Wyatt said his initial reaction was negative, because his view is that carriers need to be financially viable in order to succeed in Portland or anywhere else. The Port does not have the resources to keep them alive, so to provide something that might be viewed as an ongoing subsidy is out of the question.

Mr. Wyatt said what brought him around to thinking this is a good thing to do is Delta's confidence, and his, based on specific and direct conversations with large business travel customers in this market, that the level of business travel necessary to sustain these flights will return as the economy picks up. He said if we can survive the upcoming winter period, our prospects are good that this flight will once again be viable.

Mr. Wyatt said that since resources generated by the airport itself are restricted and not available for this purpose, the necessary resources to pay for this contract would come from the General Fund. He noted there is no guarantee that we will be successful in the end, but said unfortunately, there is a reasonable guarantee that if we do not do this, we will see the end to international nonstop air service in Portland.

David Zielke presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into an Air Service Development Agreement, consistent with the terms described herein, with Delta Air Lines, Inc., to retain nonstop air service between Portland International Airport and Tokyo, Japan; 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 Johansen said she has been in contact with Mr. Wyatt as this matter has developed. One thing that is apparent to her is the thorough groundwork that the air service staff has laid. She said if we had not developed the relationship with Delta, we would not be sitting here with the opportunity to not only preserve that service to Asia, but also the service to Amsterdam.

Several members of the public then testified.

John Charles, President of Cascade Policy Institute, said although his organization is a big fan of free trade, they think these things need to be stand-alone profitable ventures. He said in his mind, there is a reason why Delta is having the conversation with Portland and nowhere else, and that is because Portland is well-known for subsidizing all kinds of ventures that the private market deems wasteful, whether it is our iconic fareless square, a convention center hotel, the west side commuter rail line or an aerial tram. Mr. Charles said Portland likes to see and market itself as a leader in sustainability, but the most important element of a sustainable economy is positive cash flow.

Sho Dozono, former Port Commissioner and co-chair of the International Air Service Development Committee, said he agrees with the need for this one-time support for an industry that is experiencing extreme economic challenges. He said the current economic situation is an event that has not occurred since the 1920s, and contrary to the previous testimony, this is a worthwhile investment. Mr. Dozono said it is very important to make this investment.

Ted Cullen, director of travel and events for Nike and co-chair of the International Air Service Development Committee, said he spent a lot of time and energy working with the Port assessing all of the options with Delta and he whole-heartedly agrees with the assessment. He said this is a long-term strategy to get us through this soft period. He said we want to create an atmosphere that allows us to continue to have access to the world economy. He asked whether Portland wants to participate in the global arena or be a flyover. He does not see the latter as an option.

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

Agenda Item No. 8

CONSTRUCTION CONTRACT – TERMINAL BUILDING AND HEATING, VENTILATION AND AIR CONDITIONING REHABILITATION – HILLSBORO AIRPORT

This agenda item requested approval to award a construction contract to Hydro-Temp Mechanical, Inc., for the terminal building and heating, ventilation and air conditioning rehabilitation at Hillsboro Airport.

Jim McGinnis presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Hydro-Temp Mechanical, Inc., for the terminal building and heating, ventilation and air conditioning rehabilitation at Hillsboro 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 Olson moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Holte, Johansen, Olson and Thorndike voted in favor of the motion.

Agenda Item No. 9

PROFESSIONAL SERVICES CONTRACT – RUNWAY 12L/30R AND TAXIWAY D – HILLSBORO AIRPORT

This agenda item requested approval to award a Professional Services contract to Mead & Hunt, Inc., for the design of Runway 12L/30R and Taxiway D and associated infrastructure at Hillsboro Airport.

Jim McGinnis presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a Professional Services contract to Mead & Hunt, Inc., for the design of Runway 12L/30R and Taxiway D at Hillsboro 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.

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

Agenda Item No. 10

CONSTRUCTION CONTRACT – FLIGHT INFORMATION AND PAGING INFRASTRUCTURE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a contract to COR Construction, Inc., for construction of the Flight Information and Paging System Infrastructure at Portland International Airport.

Jim McGinnis presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to COR Construction, Inc., for the construction of the Flight Information and Paging Infrastructure 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 Allen, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Bragdon was not present for the vote.

Agenda Item No. 11

CONSTRUCTION CONTRACT – SHUTTLE BUS PARKING LOT EXPANSION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a contract to Portland Excavating, Inc., for the construction of the Shuttle Bus Parking Lot Expansion Project at Portland International Airport.

Jim McGinnis presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Portland Excavating, Inc., for the construction of the Shuttle bus Parking Lot Expansion Project 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 Corey moved that the Executive Director's recommendations be approved. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Bragdon was not present for the vote.

Agenda Item No. 12

CONSTRUCTION CONTRACT – TAXIWAY A REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to enter into a construction contract for the rehabilitation of Taxiway A at Portland International Airport.

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

BE IT RESOLVED, That approval is given to award a contract to Nutter Corporation for the Taxiway A Rehabilitation Project at Portland International Airport, in accordance with its bid, and delegates to the Executive Director authority to accept additional funding if offered for the additive alternate, as described; 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 Bragdon seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 13

PROPERTY PURCHASE AND SALE – ST. JOHNS LEAD – TERMINAL 4

This agenda item requested approval of property transactions related to a Union Pacific Railroad Company (UPRR) project to improve rail facilities at Terminal 4. The transactions include the sale of approximately 110,993 square feet of Port of Portland (Port) property at Terminal 4 to UPRR and the purchase of approximately 33,945 square feet of UPRR property by the Port.

Suzanne Brooks presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to purchase approximately 33,945 square feet of property from Union Pacific Railroad Company and to sell approximately 110,993 square feet of property to 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 Holte moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 14

CONSTRUCTION CONTRACT AMENDMENT – PHASE 1 PUBLIC IMPROVEMENTS – TROUTDALE REYNOLDS INDUSTRIAL PARK

This agenda item requested approval to amend the construction contract with Northwest Earthmovers, Inc., for Phase 1 public improvements at Troutdale Reynolds Industrial Park.

Tom Hjort presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to amend the existing construction contract with Northwest Earthmovers, Inc., for Phase 1 public improvements at Troutdale Reynolds Industrial Park, consistent with the terms presented to the Commission; and

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

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

The meeting adjourned at 11:23 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.