

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
March 14, 2012**

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

QUORUM

Commissioners present were Steve Corey, Vice President, presiding; Peter Bragdon; Jim Carter; Bruce Holte (via telephone) and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

MINUTES

Commissioner Corey called for a motion to approve the minutes of the Regular Commission Meeting of February 8, 2012. Commissioner Rosenbaum moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Holte and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

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

CONSENT AGENDA

No presentation was made of the following agenda items, which were brought before the Commission as part of the Consent Agenda. Commissioner Corey 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 Martin Goughnour to a four-year term as 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.

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Agenda Item No. 2

MEMORANDUM OF AGREEMENT – FEDERAL AVIATION ADMINISTRATION – PORTLAND INTERNATIONAL, HILLSBORO AND TROUTDALE AIRPORTS

BE IT RESOLVED, That approval is given to enter into a Memorandum of Agreement with the Federal Aviation Administration, for each of the Portland International, Hillsboro and Troutdale Airports, 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 Corey, Commissioner Rosenbaum moved that the Executive Director's recommendations be approved and Commissioner Bragdon seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Carter, Corey, Holte and Rosenbaum voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 3

PROPERTY SALE – 2.79 ACRES TO PHYSICIANS' CAPITAL INVESTMENTS, LLC – GRESHAM VISTA BUSINESS PARK

This agenda item requested approval to sell approximately 2.79 acres of unimproved real property (Property) located on S.E. Stark Street in the Gresham Vista Business Park (Gresham Vista), to Physicians' Capital Investments, LLC. The Property is zoned mixed use and is one of three parcels at Gresham Vista that allows commercial use.

Joe Mollusky presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell approximately 2.79 acres of real property located on S.E. Stark Street in the Gresham Vista Business Park, to Physicians' Capital Investments, LLC, 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.

Mr. Wyatt said it is important to note that while we are in the business of acquiring and developing industrial property, this property is not suitable for any other use due to the size and nature of the lot. He said this development is a nice start for us but does not represent the future vision we have for Gresham Vista Industrial Park.

Commissioner Carter asked if the use will inhibit any industrial uses we have planned for the site and Mr. Mollusky said "no;" the lot is isolated, zoned corridor mixed use and is not connected to the balance of the property. Mr. Mollusky said other than Lot 7, which is zoned corridor mixed use, and Lot 11, which is zoned moderate commercial, the balance of the property is zoned general industrial and we are actively marketing that for manufacturing and logistics type uses.

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

LEAVE OF ABSENCE

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

Commissioner Corey welcomed the new Port of Portland employees in the audience.

ACTION ITEMS

Agenda Item No. 4

CONSTRUCTION AND PROFESSIONAL SERVICES CONTRACTS – TAXIWAY C REHABILITATION PROGRAM – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Kerr Contractors, Inc., to construct the Taxiway C West Rehabilitation project at Portland International Airport. This item further requested approval to amend the existing professional services contract with project consultant HNTB Corporation to provide for project design and construction support services for Taxiway C Rehabilitation.

Chris Edwards presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract for the Taxiway C West Rehabilitation project to Kerr Contractors, Inc., in accordance with its bid; and

BE IT FURTHER RESOLVED, That approval is given to amend the existing professional services contract with HNTB Corporation for the Taxiway C Rehabilitation project, 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 called for a motion to approve the Executive Director's recommendations. Commissioner Holte moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Holte and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

CONSTRUCTION CONTRACT – SOUTH AIRFIELD TAXIWAY IMPROVEMENTS – PORTLAND INTERNATIONAL AIRPORT

The South Airfield Taxiway Improvements project is comprised of three individual projects: Taxiway E (south) Rehabilitation, Taxiway F (south) Rehabilitation and a portion of the Air Trans

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Center, specifically Phase II of a multi-year rehabilitation program. In early 2011, geotechnical investigations identified at each of these locations that the underlying pavement foundations were inadequate to support the anticipated aircraft traffic. Life cycle cost analyses, which compares pavement rehabilitation alternatives for either asphalt or concrete over a 40-year life, identified Portland cement concrete pavement as the most cost effective method for rehabilitation. Since these projects are located adjacent to one another, they were combined into a single project for improved constructability and to minimize operational impacts to airport tenants and aircraft operators.

Chris Edwards presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract for the South Airfield Taxiway Improvements project to K&E Excavating Incorporated, 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 called for a motion to approve the Executive Director's recommendations. Commissioner Bragdon moved that the Executive Director's recommendations be approved. Commissioner Carter seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Holte and Rosenbaum voted in favor of the motion.

Agenda Item No. 6

CONSTRUCTION CONTRACT – NORTH APRON – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Kerr Contractors, Inc., for the rehabilitation of the North Apron and associated existing 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 construction contract to Kerr Contractors, Inc., for the rehabilitation of the North Apron and associated existing 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 Corey called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Carter seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Holte and Rosenbaum voted in favor of the motion.

Agenda Item No. 7

CONSTRUCTION CONTRACT – CONCOURSE A HVAC REPLACE AND UPGRADE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Hydro-Temp Mechanical, Inc., to replace and upgrade the capacity of the heating, ventilating and air conditioning systems serving Concourse A at Portland International Airport in the amount of \$848,400.

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

BE IT RESOLVED, That approval is given to award a construction contract for the Concourse A HVAC Replace and Upgrade project to Hydro-Temp Mechanical, Inc., 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 called for a motion to approve the Executive Director's recommendations. Commissioner Carter moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Holte and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S COMMENTS

Bill Wyatt said yesterday he announced internally that he has hired a new Chief Financial Officer, Cindy Nichol. He said she is currently the Director of Finance for San Francisco International Airport. Mr. Wyatt said that she has a long history in the world of aviation and has experience with seaport finance. He said she is a former employee of Massport, which is a Port authority comparable to the Port of Portland. Mr. Wyatt said he is excited to have her on board and is looking forward to her first official day with us on April 16.

Mr. Wyatt said that on the business front, the month of January showed a one-percent increase in passenger volume over the previous January. He said this marks 15 or 16 consecutive monthly increases in passenger volume. He said at the same time, we have had consistent reductions in seat capacity, which tells you the planes are getting fuller. Mr. Wyatt said this will soon change because Virgin America announced they will begin service from Portland to San Francisco and Los Angeles effective in June. He said this will add significant capacity to important markets. Mr. Wyatt said that we have been working on this recruitment for nearly four years. He thanked the air service marketing team for their hard work.

Mr. Wyatt said Alaska Airlines has submitted its application to the U.S. Department of Transportation for PDX service to Reagan National Airport, which was made possible by the new slots allocated as part of the recent Federal Aviation Administration Authorization Act. Mr. Wyatt said that while it is a competitive application, he is optimistic about our chances. He said it is the most underserved market that we currently have in the United States and we have the unwavering support of our Congressional delegation.

Mr. Wyatt said that we are beginning to see improvements in capacity. He said Alaska Airlines resumed daily service to Long Beach and they expanded their Maui, Hawaii, flights from seven nonstop flights each week to eleven.

Mr. Wyatt said that on the marine side, we have seen some harsh weather the last few days, which has caused periodic closures of the Columbia River Bar. He noted that last week a bar pilot fell off the pilot boat into the river, but was quickly rescued. Mr. Wyatt said the quick

response was due in part to procedural changes that were made a few years ago when a bar pilot lost his life. He said we are relieved this situation was resolved quickly and the pilot was unharmed.

Mr. Wyatt said that we welcomed the Cap Cleveland container ship to Terminal 6 on March 7. He said this was the first Portland call for German carrier Hamburg Sud, and that adding the carrier to Portland's international container carrier lineup is part of a newly expanded weekly service to the Mediterranean offered in partnership with Hapag-Lloyd.

Mr. Wyatt noted that the Port will be receiving a Nissan auto vessel, discharging about 3,000 units that will move inland via Union Pacific rail service. He said this is the first time we have had a major move of Nissans in Portland.

Mr. Wyatt noted International Container Terminal Services, Inc., celebrated their first year of operation here in Portland. He said it has been a very successful year; they are fully staffed and the terminal is running well. Mr. Wyatt said that despite the enormous challenges in the business worldwide, our business has been strong and the immediate commercial prospects are very good. He said there are huge challenges in this business, but because of our strong export orientation and our fairly strong local market, business is good and he expects that to continue.

Mr. Wyatt noted that our annual Gateway to the Globe event will be held on April 26 and our guest speaker will be Governor John Kitzhaber, who will talk about his views on the Port's role.

Mr. Wyatt said the Salem legislative session went well for us, which is another way of saying no harm, no foul. He said we did get an additional \$3 million allocated for transportation related projects in Troutdale.

Mr. Wyatt said that the Portland Harbor Behind the Scenes program is kicking off for 2012. He said the tour of the Dredge Oregon last week was very popular. He noted there was a tour of Terminal 6 this past Saturday and there will be additional tours coming up this spring.

Mr. Wyatt said that the PDX Citizen Advisory Committee will hold its second meeting on April 5. He said there was strong participation in the first meeting.

GENERAL DISCUSSION

Citizen Noise Advisory Committee Annual Update

Maryhelen Kincaid, Chair of the PDX Citizen Noise Advisory Committee (CNAC), thanked the Port Commission and staff for their support in allowing them to do what they do. She introduced committee members Karen Meyer, Craig Walker, Tony Holt, Laura Young and Joe Smith. Ms. Kincaid also recognized Kelly Sweeney, who was instrumental in getting the outreach program started.

Ms. Kincaid provided an overview of CNAC, including CNAC's membership, mission and role. She said CNAC's slogan is "Advocates for the Community and Advisors to the Port." She briefly discussed the group's accomplishments for 2011. She said that it was a "quiet" year, which was a real accomplishment in itself. She said they educated a lot of people and there were few complaints and few issues. She said they visited 100 neighborhood meetings and community events.

Ms. Kincaid discussed CNAC's plans for 2012, which include continuing to improve and enhance community education and outreach, the PDX fly quiet program and the ongoing implementation of Airport Futures Noise Working Group recommendations.

Mr. Wyatt thanked Ms. Kincaid for her presentation. He said the Port cannot be effective at the job we are given to do without this kind of relationship. He expressed his sincere thanks for her commitment and the extraordinary work she does because it makes a huge difference. He said we have an important relationship and one we do not take for granted.

Commissioner Rosenbaum said he is always impressed with Ms. Kincaid's presentations and hopes the Commission can play a role in maintaining the excellent relationship.

Commissioner Corey also thanked Ms. Kincaid and CNAC for their hard work and dedication.

Economic Impact Study and Strategic Plan

John Martin of Martin and Associates provided an overview of the 2011 Port of Portland Economic Impact study. He said the purposes of the study are to measure the baseline economic impacts of the Port of Portland's maritime, airport and real estate activities and to develop Port-specific sensitivity models, which are used for planning purposes such as: the impact of new business as well as lost business; changes in tonnage levels and terminal operations; changes in passenger levels; new real estate uses; capital expenditures; and policy issues.

Mr. Martin provided an explanation of the "flow of impacts" and discussed the impacts created, which are jobs, wages and salaries, business revenue and taxes. He briefly discussed the methodology used, which included: 816 telephone interviews; the formulation of the direct impact models from the interviews; development of a Portland-specific induced model; and development of indirect models for the Portland-Vancouver Metro area and the states of Oregon and Washington.

Mr. Martin reviewed the results of the study. He said the economic impacts of the Port's marine and airport activity supported 26,598 direct, induced and indirect jobs; \$1.7 billion in wages, salaries and consumption impacts; \$4.6 billion in business revenue; \$0.5 billion in local purchases; and \$0.2 billion in state and local taxes.

Mr. Martin reviewed the detailed results by individual business line as well as by job type and by county. He also reviewed the economic impacts of the Port's industrial and business parks, which included 30,974 direct, induced and indirect jobs; \$1.5 billion of direct, induced and indirect income and consumption expenditures; \$5.3 billion of sales revenue; \$0.8 billion of local purchases and \$0.1 billion of state and local taxes.

Mr. Martin also noted the Port's maritime and aviation activity generates \$54.4 million of annual property taxes in the metropolitan area, and the Port collects about \$9 million of property taxes annually.

Scott Drumm, Research Program Manager, said to put these numbers into context, if you look at direct, on-facility employment at our marine and aviation facilities, it equals roughly the same number of Providence Health System employees in the region. He said when you look at direct, induced and indirect employment, we are looking at the same number of employees that Intel and Oregon Health & Sciences University have in the region. Mr. Drumm said the annual business revenue generated is about four percent of the Portland-Vancouver gross regional product.

Mr. Drumm said the direct, on-facility employment at our industrial parks is again equivalent to Providence Health System and the total direct, induced and indirect employment would be the equivalent of two Intels. He said the annual business revenue is roughly the same at Precision Castparts' 2010 net sales.

Mr. Drumm said there is a wide range of uses for this information. He said we have used it in the analysis of future uses for West Hayden Island and will continue to do so. We have also used the information for Airport Futures, Columbia River Crossing and the Lower Willamette, as well as TIGER and ConnectOregon grant applications. Mr. Drumm said this information also offers us a chance to look at metrics for our strategic plan.

Commissioner Rosenbaum said the results of the study are fantastic. He said he is amazed that only one to two percent of the community really knows what it is we do at the Port and he strongly believes we need to separate the facts into individual reports to release to the public to reinforce to the community the importance of what we are doing here. He said it is important to emphasize that we are not making money doing what we are doing; we are creating jobs. Tom Imeson, Director of Public Affairs, said we will work to make maximum use of this study and it will be shared with policy makers, stakeholders and others. He said the work Mr. Martin has done provides the foundation for a lot of the communication we will be doing.

Commissioner Carter said an important use for this information that was not mentioned is education for our young people. He said we really form our opinions about the cascading effect of job creation when we are in junior high and high school. Commissioner Carter said that is when we first understand these relationships and that is where we need to be making this pitch about what really matters in the community.

Mr. Wyatt said he would like to see a model developed that would allow us to show the relationship of the work we are doing in the acquisition of industrial property to impact on family wage growth in the metropolitan area. He said it is not a simple matter, but it is exciting because then you can build support for things that go along with it such as the capital that is required, transportation infrastructure, etc. He said having this kind of information is where it all starts. He said we do not intend to keep this a well-hidden secret.

The meeting adjourned at 11:43 a.m.

President

Assistant Secretary

Date Signed

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