

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
May 14, 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 Judi Johansen, President, presiding; Peter Bragdon; Steve Corey; Diana Daggett; Bruce Holte; Mary Olson; Paul Rosenbaum and Bill Thorndike. Also present were Steve Schreiber, Chief Financial Officer; participating staff members; and representatives of the public. Bill Wyatt was traveling abroad. Ken Allen was not present for the meeting.

Commissioner Johansen noted that item No. 3 on the Consent Agenda had been revised. The total contract amount for Kerr Contractors, Inc. is \$3,103,708.64.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of April 9, 2008. Commissioner Olson moved to approve the minutes. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Mr. Schreiber said business volumes across the Port have been very good this year both at Portland International Airport (PDX) and at our marine terminals. He said passenger traffic at PDX is up five percent and container volumes are up three percent. Mr. Schreiber noted the strong volumes have been reflected in our financial results year to date and are tracking close to, or better than, plan in nearly all of our business lines. He said we expect a strong finish to the fiscal year.

Mr. Schreiber said we are aware of the impacts that higher fuel costs are having more broadly in the transportation industry, especially the airline industry. The airlines are struggling and many are cutting back on capacity to deal with the higher costs. Mr. Schreiber said the Port continues to monitor this closely and will have a plan in place to respond appropriately should a slowdown or downturn occur.

Mr. Schreiber said the Port's new post-Panamax container crane was successfully unloaded and positioned on the crane rails at Terminal 6. He said we are going through a commissioning process to ensure the structural and technical systems are working properly and will begin testing the crane in early June.

Mr. Schreiber said Mr. Sean Connaughton, the Administrator for MARAD, would visit the Port on May 27. MARAD is the federal agency charged with promoting the U.S. merchant shipping industry. Mr. Schreiber said Mr. Connaughton is particularly interested in the Columbia River barge system and the channel-deepening project.

Commissioner Johansen called for a motion to approve the Executive Director's Report. Commissioner Rosenbaum moved to approve the Executive Director's Report. Commissioner

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Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

CONSENT AGENDA

No presentations were 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

CONSTRUCTION CONTRACT – BERTH 205 AND BERTH 206 MAINTENANCE DREDGING – MARINE TERMINAL 2

BE IT RESOLVED, That approval is given to award a construction contract to Hickey Marine Enterprises, Inc., for maintenance dredging at Terminal 2, Berths 205 and 206, 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.

Agenda Item No. 2

CONSTRUCTION CONTRACT – TAXIWAY B RELOCATION – TROUTDALE AIRPORT

BE IT RESOLVED, That approval is given to award a contract to Nutter Corporation for the Taxiway B Relocation at Troutdale 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.

Agenda Item No. 3

CONSTRUCTION CONTRACT – HIGH SPEED EXIT TAXIWAYS – HILLSBORO AIRPORT

BE IT RESOLVED, That approval is given to award a contract to Kerr Contractors, Inc. for construction and rehabilitation of taxiways at Hillsboro Airport, in accordance with its bid, including Additive Alternate A; 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. 4

CONSTRUCTION CONTRACT – REHABILITATION OF UNITED PARCEL SERVICE APRON, CENTRAL APRON AND TAXIWAYS E AND F – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to award a construction contract to Kerr Contractors, Inc., for the rehabilitation of the United Parcel Service Apron, Central Apron and Taxiways E and F 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.

Agenda Item No. 5

CONSTRUCTION CONTRACT – TAXIWAY, EXITS AND APRON REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to award a construction contract to Kodiak Pacific Construction for taxiway, exit and apron rehabilitation 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.

Agenda Item No. 6

CONSENT TO CITIES OF FAIRVIEW, TROUTDALE AND WOOD VILLAGE ENTERPRISE ZONE BOUNDARY EXPANSION APPLICATION

BE IT RESOLVED, That the Port of Portland Commission consents to application by the Cities of Fairview, Troutdale and Wood Village for the Columbia Cascade Enterprise Zone located within Port of Portland district boundaries; 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 Olson moved that the Executive Director's recommendations be approved and Commissioner Holte seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

GENERAL DISCUSSION

Aviation Tenant Environmental Excellence Awards

Mary Maxwell, director of aviation, presented the 2007 Aviation Tenant Environmental Excellence Awards. Horizon Air received an award for environmental innovation for their achievements in recycling; Norma Seeley and Janice Kleiner accepted the award. Delta Air Lines also received an award for environmental innovation for their achievements in recycling; Dawn Anderson and Debbi Johnston accepted the award. Sandoval's Fresh Mexican Grill received an award in the category of environmental innovation; Daniel Sandoval accepted the award.

Commissioner Johansen said the Port has invested a lot in defining and trying to achieve and implement its own environmental goals and objectives. Commissioner Johansen congratulated the award winners for exhibiting leadership and environmental stewardship. She applauded their efforts and said we look forward to their ongoing achievement and success towards continual environmental improvement.

Portland International Airport Futures Update – Forecast Discussion

Chris Corich, General Manager of Long Range Planning, provided background information on the Airport Futures process. He said the goal was to have an integrated planning process to chart the future of PDX, the City of Portland and the metropolitan community. Mr. Corich said the planning advisory group (PAG) is working to develop a plan that will meet the cargo and passenger needs for the region's air transportation as well as to avoid, reduce and mitigate the impacts the airport has on the community. He said we have a great legacy of planning in Portland. Mr. Corich said the planning group would strive to incorporate concepts of sustainability and livability in the plan.

C.F. Booth, a consultant with Jacobs Consultancy, said aviation activity forecasts are planning tools and are the foundations of an airport master plan that are essential for determining future facility requirements. Mr. Booth said once we have estimated facility requirements, we can then develop alternative ways to accommodate the activity we anticipate.

Mr. Booth briefly discussed the forecasting process. He said a list of key issues and trends affecting future aviation activity was created at the beginning of the forecast process and grouped into the five categories: aviation industry, regional and economic, technology, global trends and unpredictable external events. Mr. Booth provided an overview of the aviation demand forecasts.

Catherine Cairlo, a member of the City of Portland Planning Commission, said the City of Portland has a tremendous interest in the economic viability of the airport and the relationship of the airport to the City, as well as ensuring that people can live comfortably in the neighborhoods nearby. Ms. Cairlo said she appreciated the skill of the facilitators and the consultants and the openness of the process.

Bill Blosser, chair of the planning advisory group, said he has been doing urban and environmental planning in Oregon for almost 40 years and has also served on a number of state commissions. He said during that time he learned that a hallmark of Oregon is the desire to have all the right people at the table when faced with a controversial issues. Mr. Blosser said the Port and the City were committed to ensuring the right people were at the table for the PAG. Mr. Blosser said the very diverse 30 member planning advisory group has jelled and come together as a smoothly working group. Mr. Blosser said there is a lot of discussion and good thinking happening in the PAG and he is very pleased to see how well it is working.

Stan Allison, Federal Aviation Administration (FAA) District Officer Planner, said it is his responsibility to review and formally approve the forecast once it is submitted to the FAA. He said the reason the FAA reviews the forecasts is that they anticipate there will be future funding requests coming to them that will be based on what is contained in the forecasts, so they have a keen interest in what the forecasts actually say. Mr. Allison said he has attended all but one of the PAG meetings and has great confidence in the consultant group's forecast. Mr. Allison said the forecast is in alignment with the FAA's terminal access forecast.

Commissioner Johansen thanked Ms. Cairlo, Mr. Blosser and Mr. Allison for their comments and thanked Mr. Blosser for stepping up to lead the effort. She said she is grateful for the incredible public service Mr. Blosser has performed for the community. Commissioner Johansen also thanked Commissioner Olson for her commitment to the PAG.

Commissioner Olson said it is important to note that what the PAG has also accomplished: it brought a massive group representing multiple interests together to work through a very complex subject. In addition to coming out with a very good result, she said the Port generated some trust and convinced the PAG that we are not of the “build and they will come” mind set.

Mr. Corich said there is no formal action requested and unless he is directed otherwise, he will give the forecast to Mr. Allison. Commissioner Johansen gave her approval to forward the forecast to the FAA.

Terminal 4 Removal Action Update

Nicole LaFranchise, Terminal 4 Removal Action project manager, provided a brief update of the Terminal 4 removal action plan. Ms. LaFranchise said the Environmental Protection Agency (EPA) and the Port have agreed to realign the Terminal 4 work with the harbor-wide study. She said subsequent to this decision, the Terminal 4 project was split into two phases: Phase I will begin this summer and Phase II will begin when the harbor-wide studies are completed. Ms. LaFranchise presented the revised schedule and she discussed Phase 1 of the removal action plan.

ACTION ITEMS

Agenda Item No. 7

CONSTRUCTION CONTRACT – REMOVAL ACTION, PHASE1 – MARINE TERMINAL 4

This agenda item requested approval to award a construction contract for the Terminal 4 Removal Action Project, Phase 1.

Marcel Hermans presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract for Terminal 4 Removal Action, Phase 1 to Hickey Marine Enterprises, 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.

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

Commissioner Holte declared a conflict of interest and would abstain from the discussion and vote on agenda item No. 8.

Agenda Item No. 8

COLLECTIVE BARGAINING AGREEMENT – MARINE SECURITY DEPARTMENT

This agenda item requested approval of a new four-year collective bargaining agreement between the Port of Portland and the International Longshore and Warehouse Union, Local 28.

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 Longshore and Warehouse Union, Local 28, for a four-year agreement beginning July 1, 2007, setting forth wages, fringe benefits and working conditions for the employees in the Marine Security 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 Olson moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 9

APPROVAL OF SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2007-2008

This agenda item requested approval of a Supplemental Budget for Fiscal Year 2007-2008 to cover increased interest costs on the Port of Portland Series 17 auction rate bonds, a situation that was not foreseen at the time the budget was adopted in June 2007.

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

BE IT RESOLVED, That in accordance with Oregon Revised Statute 294.480, the Board of Commissioners of the Port of Portland finds the need to make a Supplemental Budget to adjust appropriations within the Airport Revenue Bond Fund, the Airport Revenue Fund, and the Airport Construction Fund to cover the increased interest costs on the Port of Portland Series 17 bonds, a condition that was unforeseen at the time of adoption of the Fiscal Year 2007-2008 Budget; and

BE IT FURTHER RESOLVED, That the amounts shown on Exhibit A, incorporated by this reference, are hereby appropriated for Fiscal Year 2007-2008; and

BE IT FURTHER RESOLVED, That the Budget Officer is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

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

Agenda Item No. 10

PORT OF PORTLAND FISCAL YEAR 2008-2009 BUDGET APPROVAL

This agenda item requested that the Commission, acting as the Port of Portland's (Port) Budget Committee, approve the Port's Fiscal Year (FY) 2008-2009 Budget (Budget) and authorize its submittal to the Tax Supervising and Conservation Commission (TSCC) for its public hearing on

June 11, 2008. The TSCC is an independent, impartial panel of citizen volunteers established to monitor the financial affairs of local governments. The TSCC, required in counties with a population over 500,000, has jurisdiction over all local governments that are required to follow local budget law and which have more than half of their real market value within Multnomah County. All budgets must be certified by the TSCC prior to adoption by the local governing body.

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

BE IT RESOLVED, That the Port of Portland's Budget document for Fiscal Year 2008-2009, with revisions as presented to the Port of Portland Commission is approved; and

BE IT FURTHER RESOLVED, That the maximum tax levy for the General Fund of the Port of Portland be set at a rate of \$0.0701 per thousand of assessed value, such rate subject to the local government limitation; and

BE IT FURTHER RESOLVED, That the Budget Officer is directed to submit the Budget document to the Tax Supervising and Conservation Commission for a public hearing and for orders, recommendations or objections as provided by law.

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

Agenda Item No. 11

FISCAL YEAR 2008-2009 ADMINISTRATIVE COMPENSATION PROGRAM

This agenda item requested Commission approval of the Fiscal Year 2008-2009 base compensation element of the Administrative Compensation Program and the redesign the Port of Portland's incentive compensation element of the Administrative Compensation Program.

Niki Jordan presented the Executive Director's recommendations as follows:

BE IT RESOLVED, that approval is given to implement the Port of Portland's Fiscal Year 2008-2009 Administrative Compensation Program, 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 Olson seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 12

MULTNOMAH COUNTY SENATE BILL 111 – DEADLY PHYSICAL FORCE PLAN

This agenda item requested approval of the Multnomah County Deadly Physical Force Plan as required by Senate Bill 111.

Phil Klahn presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to the Multnomah County Deadly Physical Force Plan presented by the Multnomah County Planning Authority, as required by Senate Bill 111.

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

Agenda Item No. 13

AMENDED AND RESTATED GROUND LEASE – HILLSBORO AVIATION, INC. – TROUTDALE AIRPORT

This agenda item requested approval to amend the ground lease with Hillsboro Aviation, Inc., at the Troutdale Airport.

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

BE IT RESOLVED, That approval is given to restate and amend the ground lease at Troutdale Airport with Hillsboro Aviation, Inc., 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.

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

Agenda Item No. 14

This agenda item requested approval to amend the construction contract with Hoffman Construction Company for the In-Line Baggage Screening Improvements Project at Portland International Airport.

Stan Snyder presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to amend the existing construction contract with Hoffman Construction Company for the In-Line Baggage Screening Improvements 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 Olson moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Corey was not present for the vote.

The meeting adjourned at 11:01 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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