

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
May 11, 2011**

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 Judi Johansen, President, presiding; Ken Allen; Jim Carter; Steve Corey and Diana Daggett. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

AWARD PRESENTATION

Steve Reidy, Principal at PAE Consulting Engineers, presented the Port with the 2011 Engineering Excellence Award. PAE and the Port were co-recipients of the award, which was presented by American Council of Engineering Companies (ACEC) and honors innovation in building technology systems.

Commissioner Johansen said effective May 10, Tom Chamberlain, President of AFL-CIO was named to replace former Commissioner Mary Olson. She thanked Mary for her 10 years of service to the Port.

GENERAL DISCUSSION

Triennial Exercise

Mark Crosby, Chief Public Safety and Security Officer, presented a brief overview of the Portland International Airport (PDX) triennial drill, including the venues and objectives of the exercise. Mr. Crosby noted the Federal Aviation Administration safety regulation requires commercial service airports to hold a full-scale airport emergency plan exercise once every three years. Participants in the exercise included the Port of Portland, PDX airlines, Federal Aviation Administration, City of Portland (Fire, Police, Bureau of Emergency Communication and Portland Office of Emergency Management), Oregon Air National Guard, Transportation Security Administration and Customs and Border Protection.

LEAVE OF ABSENCE

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

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Special Commission Meeting of March 9, 2011 and the Regular Commission Meeting of April 13, 2011.

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Commissioner Corey moved to approve the minutes. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Carter, Corey, Daggett and Johansen voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 1

PORT OF PORTLAND FISCAL YEAR 2011-2012 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) 2011-2012 Budget (Budget) and authorize its submittal to the Tax Supervising and Conservation Commission (TSCC) for its public hearing on June 8, 2011. 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 that have more than half of their real market value within Multnomah County. After review by the TSCC, we will request Commission approval to adopt the Budget at a special meeting on June 24, 2011. At that time, the Commission may take into consideration any suggestions of the TSCC or make other modifications to the Budget subject to the limitations of Oregon Revised Statutes (ORS) 294.435.

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

BE IT RESOLVED, That the Port of Portland's Budget document for Fiscal Year 2011-2012 as presented to the Port of Portland Commission is approved; and

BE IT 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 Daggett moved that the Executive Director's recommendations be approved. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Carter, Corey, Daggett and Johansen voted in favor of the motion.

Agenda Item No. 2

2011-2012 ADMINISTRATIVE COMPENSATION PROGRAM

This agenda item requested Commission approval to fund the merit pool and additional compensation for promotions, equity and special adjustments for the Port of Portland's (Port) Fiscal Year 2011-2012 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 2011-2012 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 Allen moved that the Executive Director's recommendations be approved. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Allen, Carter, Corey, Daggett and Johansen, voted in favor of the motion.

Agenda Item No. 3

RESOLUTION TO AUTHORIZE THE REPLACEMENT OF THE IRREVOCABLE LETTER OF CREDIT CURRENTLY SUPPORTING THE PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS SERIES EIGHTEEN

This agenda item requested approval of a resolution to authorize the replacement of the Letter of Credit currently supporting the Portland International Airport Refunding Revenue Bonds Series Eighteen with new separate Letters of Credit from Wells Fargo Bank, National Association and U.S. Bank National Association.

Sugie Joseph presented the Executive Director's recommendations as follows:

WHEREAS, The Port of Portland has previously issued its Portland International Airport Refunding Revenue Bonds Series Eighteen (Multimodal Variable Rate) (2008 Bonds) in the aggregate principal amount of \$138,890,000, of which \$133,650,000 is outstanding as of June 30, 2010; and

WHEREAS, The Letter of Credit currently supporting the 2008 Bonds provided by Lloyds TSB Bank Plc (Expiring Letter of Credit) is scheduled to expire July 8, 2011, and must be replaced or the Port of Portland, at considerable cost, must refund the 2008 Bonds; and

WHEREAS, The Port of Portland has received a joint proposal from Wells Fargo Bank, National Association and U.S. Bank National Association to provide two replacement Letters of Credit (Replacement Letters of Credit) with respect to the 2008 Bonds; therefore

BE IT RESOLVED, That approval is given to replace the Expiring Letter of Credit with Replacement Letters of Credit; and

BE IT FURTHER RESOLVED, That the Executive Director, the Director of Financial & Administrative Services and Chief Financial Officer or their designee are each authorized to negotiate, execute and deliver reimbursement agreements, remarketing agreements, security agreements, promissory notes, and such other agreements, certificates or documents as may be required or convenient to replace the Expiring Letter of Credit with the Replacement Letters of Credit or to otherwise ensure that the 2008 Bonds are appropriately secured; and

BE IT FURTHER RESOLVED, That the Port of Portland is authorized to cause the preparation and delivery of one or more Reoffering Circulars or other reoffering disclosure documents with respect to the 2008 Bonds and the Executive Director, the

Director of Financial & Administrative Services and Chief Financial Officer or their designee are each authorized to execute and deliver any required certificates or agreements in connection therewith.

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

Agenda Item No. 4

RETAIL CONCESSION LEASES – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to enter into two new concession leases operated by Project Horizon, Inc., for an InMotion Entertainment store and a SoundBalance store at Portland International Airport.

Rebecca Sonniksen presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into two new concession leases operated by Project Horizon, Inc., for an InMotion store and a SoundBalance store at Portland International Airport, based 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.

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

Agenda Item No. 5

CONSTRUCTION CONTRACT – AIR TRANS CENTER PAVEMENT REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Kodiak Pacific Construction Company for rehabilitation of the Air Trans Center pavement adjacent to the Boeing hangar 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 Kodiak Pacific Construction Company, for the rehabilitation of the Air Trans Center pavement adjacent to the Boeing hangar 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 Carter seconded the motion, which was put to a voice vote. Commissioners Allen, Carter, Corey, Daggett and Johansen voted in favor of the motion.

Agenda Item No. 6

FIRST READING AND PUBLIC HEARING – ORDINANCE NO. 440-R TO RELOCATE HARBOR LINES – TRIMET LIGHT RAIL BRIDGE

This agenda item requested a first reading and public hearing on proposed Port of Portland Ordinance No. 440-R regarding the adjustment of harbor lines in the Willamette River in connection with the TriMet Portland-Milwaukie Light Rail Project.

Eric Burnette read Ordinance No. 440-R by title only.

PUBLIC HEARING

Commissioner Johansen opened a public hearing for purposes of taking testimony on the proposed Port of Portland Ordinance No. 440-R.

Hearing no comments, Commissioner Johansen closed the public hearing and noted that no action was required at this time. She said Ordinance No. 440-R will be brought back before the Commission for a second reading and request for adoption at the June 8, 2011 meeting.

EXECUTIVE DIRECTOR'S REPORT

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

EXECUTIVE DIRECTOR'S COMMENTS

Bill Wyatt provided a brief overview of the time loss safety incidents that occurred in April. Mr. Wyatt noted a more detailed safety report would be included in the monthly executive director's report to the Commission.

Mr. Wyatt said the appeal period ended and LUBA did not receive an appeal against the City of Portland's Land Use Plan for Airport Futures, which means the contents of the City's plan (plan district, code, map amendments, etc.) are effective Friday, May 13.

Mr. Wyatt said PDX continues to experience strong passenger growth, which is a good indicator of improvements in the local economy. He said there are some clouds on the horizon with the rising oil prices. He said this has caused several major carriers to reduce the amount of new capacity they planned to add in 2011.

Mr. Wyatt said JetBlue will begin new summer seasonal red-eye service to Boston. He said the service will start on May 26 using A320 aircraft and will end in September. Mr. Wyatt said this adds to the existing Alaska service to Boston. He noted Alaska will add some seasonal flights to Billings and Missoula this summer.

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Mr. Wyatt said air cargo volumes are up and he expects we will soon have some exciting news about improvements to our air cargo service.

Mr. Wyatt said performance on the south matrix of our new baggage handling and screening system was very good with error rates around 2 percent. He said the north matrix will be completed and in service in July.

Mr. Wyatt said expansion of our deicing collection and treatment system is on schedule and budget as construction wraps up in the next few months. He said early testing shows the system is performing very well.

Mr. Wyatt said the shipper support program was very successful. He said the Port contributed just under \$400,000 to assist shippers with the additional logistics costs. Mr. Wyatt said he believes the program preserved the Hapag Lloyd service because they are very dependent on the upriver cargo. They were facing new competition for their service in Seattle. Mr. Wyatt said the key shippers upriver were grateful to the Port for helping to maintain their supply chain.

Mr. Wyatt reported on his recent trip to Asia. He attended China Ocean Shipping Company's 50th Anniversary celebration at the Great Hall of the People in Beijing. He said it was an honor to be invited and the only other West Coast Port represented there was the Port of Long Beach. Mr. Wyatt went on to Jakarta Indonesia to participate in a Customs-Trade Partnership Against Terrorism (C-TPAT) validation. Mr. Wyatt said the C-TPAT was created after 9/11 to help improve the security around imported containerized cargo into the United States by creating a standard that large shippers like Nike and Columbia Sportswear adhere to in order to secure their supply chain. Mr. Wyatt noted the Port is C-TPAT certified.

The meeting adjourned at 11:04 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.