

**MINUTES  
REGULAR COMMISSION MEETING  
THE PORT OF PORTLAND  
May 8, 2013**

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 Jim Carter, President, presiding; Tom Chamberlain; Diana Daggett; Bob Levy; Linda Pearce; Paul Rosenbaum and Tom Tsuruta. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter welcomed Bob Levy to the Port Commission. He said Bob is both a farmer and an agricultural businessman that runs a number of different businesses and will make a great Commissioner.

**LEAVE OF ABSENCE**

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

**MINUTES**

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of April 10, 2013. Commissioner Rosenbaum moved to approve the minutes. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

**EXECUTIVE DIRECTOR'S REPORT**

Bill Wyatt also welcomed Commissioner Levy. He said it is great to have him on the Commission and to continue to have Eastern Oregon represented. Mr. Wyatt said it reflects our role as an organization and our connection to the eastern part of the state. He also said it is valuable to have someone on the Commission with Commissioner Levy's background in an industry that is so central to what the Port does.

Commissioner Levy thanked Mr. Wyatt. He said he is pleased to be on the Commission and to represent agriculture, which is one of the biggest industries in the state and has a tremendous tie to the Port with regards to imports and exports.

Mr. Wyatt said his formal Executive Director's report is included in the agenda materials that are sent out in the Commission packet and his remarks are a summary of the prior month's activities. Mr. Wyatt said that there has been a lot going on. He said Columbia Grain at Terminal 5 is presently involved with a contract labor dispute with the International Longshore and Warehouse

Union (ILWU) on the Columbia River that also spreads to the Puget Sound area. He said owing to what Columbia Grain suggested was a significant slowing of operations at its terminal, they initiated a lockout of the ILWU. Mr. Wyatt said Columbia Grain is continuing to operate the terminal, and while there have been a couple of incidences, for the moment things are running smoothly and without incident. Mr. Wyatt noted that Portland police are on site. He said the situation could obviously change, and to the extent that it does, he will stay in close contact with the Commission.

Mr. Wyatt noted that one of our Port security officers suggested that they were unhappy because of a jurisdiction issue at Terminal 5. Mr. Wyatt said the Commission approved a contract with ILWU Local 28, which is the Marine security local, and the issue that held the contract up for some time had to do with jurisdiction. He said we extended the jurisdiction specifically to Terminals 2, 4 and 6, but not Terminal 5, and that is because Terminal 5 is occupied by two tenants who essentially provide their own on-site security. Mr. Wyatt said that we have hired an outside firm to provide security during the period of the current contract dispute. He said a split gate has been set up so the terminal has two entry points, one to Canpotex and one to Columbia Grain. Mr. Wyatt said that this is a requirement because if there was only one gate, the current labor dispute would block access to the other gate. Mr. Wyatt said Local 28 has filed a grievance, which is in the process of being resolved. He said that until it is resolved, we will deal with it, but we feel confident in our position and think we will prevail.

Mr. Wyatt noted another of our tenants, Kinder Morgan at Terminal 4, is doing a series of improvements. He said the Port committed to removing an old Dravo crane, which had been there for many years. Mr. Wyatt said that during the removal, the crane collapsed; this could have been a catastrophic situation, but, thankfully, no one was hurt. Mr. Wyatt noted that there was some damage in the dock area, but the dock is structurally sound and ready for vessels to berth.

Mr. Wyatt said that the City of Portland Planning and Sustainability Commission held a public hearing to take testimony on the West Hayden Island draft proposal and then it will go to the full Portland City Council. Mr. Wyatt said he can safely say that the Planning and Sustainability Commission is headed towards a recommendation that will not be acceptable to us, so we will seek changes and amendments based on the direction provided by the Commission. He said the current proposal is not economically viable; we would like to see one that is because the Port has not built a marine terminal in over 40 years and we believe the market and demand is there. Mr. Wyatt said the proposals we have made for the whole of WHI will serve the community well – both from an economic and environmental perspective.

Mr. Wyatt said notifications were sent to the ILWU Locals 8, 40 and 92 that the collective bargaining agreements from 1984 are expired, terminated and unenforceable. He said that this may seem obscure, but the Port has not employed ILWU since the early 1990s, and the agreement goes back to the 1980s when we did employ longshoremen. Mr. Wyatt said that it is the opinion of outside counsel as well as our own that you cannot have a collective bargaining agreement if you do not have employees that are members in the union, and we believe the law on this is very clear. Mr. Wyatt said that we thought it was appropriate to terminate the agreement because it continues to be used in seeking jurisdiction issues that are not appropriate from our perspective.

Mr. Wyatt said that the Environmental Protection Agency (EPA) has assessed stipulated penalties against the Lower Willamette Group (LWG) as a result of a noncompliance proceeding the EPA took against the LWG. He said that the LWG is a group of volunteers who stepped up to study the Superfund Site in the Lower Willamette River. Mr. Wyatt said that he can best characterize our reaction to the assessment as really unhappy. He said we have had

conflict with the EPA over the progress of the work and he believes we have a strong case. Mr. Wyatt said the stipulated penalties were out of line and the EPA was made aware of that. He said the EPA Regional Director came to Portland to meet with the principles of the LWG, which included himself, the Portland City Mayor and the President of Northwest Natural. He said the Regional Administrator suggested an informal letter be submitted seeking redress of the penalties and he expects that we will hear something from them soon. Mr. Wyatt said the meeting with EPA was positive, and the Regional Director learned some things that he did not know before. He said that is concerning because this is a big-ticket item for the region and the EPA.

Mr. Wyatt said it is not the money that is the issue; it is \$125,000 collectively and we all have spent \$100 million. He said this is a partnership; if the river is going to be cleaned up, it will take all of us working collectively and together. He said the LWG felt the approach the EPA had taken was not only punitive, but did not reflect the kind of partnership that gives us the confidence that we will be treated fairly going forward. He said that message was delivered and he expects that we will see that reflected sometime in the next two weeks.

Mr. Wyatt said that the Global Entry Enrollment Center is now open at PDX. He said this is an exciting development in Portland and for those active in international travel. He said the U.S. Customs and Border Protection Global Entry program is a voluntary expedited clearance program for pre-approved, low-risk international travelers entering the United States.

Mr. Wyatt said that Alaska Airlines announced new Atlanta and Dallas/Ft. Worth nonstop flights for later this summer. He noted Delta Airlines continues to be pleased with their nonstop Tokyo and Amsterdam flights, and will be transitioning to daily service in both markets in the coming weeks for the summer.

Mr. Wyatt said, as he mentioned last month, that due to the south runway closure, Asiana Cargo temporarily moved their operations to SeaTac. He said that on June 10 they are expected to move its operations back to PDX. Mr. Wyatt said we were notified by engineering staff that the planned two phases of construction for the south runway repairs will now be completed by June 9, which means Asiana will not have to move their operation back to SEA later this summer. He said this is tremendous news in terms of our ability to retain Asiana going forward.

Commissioner Carter said this has been a year or two of challenges and opportunities. On behalf of the Commission, he commended Mr. Wyatt and all the Port staff for how we have worked through many of the challenges. He said to keep up the good work; it has not been easy and we have a ways to go.

Commissioner Carter called for a motion to approve the Executive Director's Report. Commissioner Daggett moved to approve the Executive Director's Report. Commissioner Pearce seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

## **GENERAL DISCUSSION**

### **Key Influencers Survey**

Adam Davis of DHM Research, Inc., provided an overview of the Key Influencers survey conducted on behalf of the Port. He discussed the methodology as well as the 55 interviewees, which included 6 academic leaders, 14 community leaders and 35 business leaders. Mr. Davis provided a brief overview of the survey questions and the key findings.

Mr. Davis noted that the majority of those interviewed associated the Port of Portland with the airport, followed by freight and the transportation of goods. He said 32 of the interviewees gave the Port a very good performance rating and 16 rated the Port at good. Mr. Davis said the majority of them felt the leadership at the Port was effective and successful. He said they were aware of the issues facing the Port and were very knowledgeable of the Port's successes and failures.

Mr. Davis said the interviewees identified the following issues on the horizon that are likely to impact the Port's operation and business over the next three years: the overall global economy; the Panama Canal; funding infrastructure needs; superfund site clean-up and labor disputes. Mr. Davis said the interviewees felt that the Port should focus on economic development and continuing to expand the international marketplace. They felt the most important message for the Port was to keep working hard at what they are doing; focus on community outreach and transparency with the public; be more active in the business community; and maintain a positive image.

Commissioner Chamberlain asked Mr. Davis what he thought the Port's biggest challenge would be. Mr. Davis said among the key influencers interviewed, it would be that the Port needs to be more visible in the community and telling the story of the Port and Portland, and how this is a port not only for the metropolitan area, but for the State of Oregon as well.

Commissioner Rosenbaum noted that Mr. Davis interviewed some of the most sophisticated people in the community who are cognizant of the Port, and asked if he considered taking a random sample of people outside of the area to see if they agreed with the responses. Tom Imeson, Public Affairs Director, said that at various times we have done a regular public opinion survey, but in this case we wanted to look at those who are influencing decisions by policy makers to see how we were scoring with them. He said we anticipate doing more of these surveys in the coming years, but we would not go back to interview the same people each time we do this. Mr. Davis said that based on all the research they do, the Port of Portland is considered very positively compared to a lot of quasi-government organizations. He said if he were to do a random sample of residences in the Portland-metro area, the Port would be rated among the highest government agencies around – higher than the city or county.

Mr. Carter thanked Mr. Davis for his thought-provoking presentation. He said the questions were critical to the process and he would hope that we make sure we are getting as broad a swipe as we can get out of these processes because we want to keep doing better.

#### Port of Portland Administrative Compensation Program for Fiscal Year 2013-2014

James Trujillo, Senior Manager of Organization and Learning Development, provided a brief overview of the Port's administrative compensation program. Mr. Trujillo said that the program impacts the administrative, nonexempt and exempt population, not the bargaining unit population. He said the Port's goal is to provide a market-competitive pay program that attracts, retains and motivates the skilled employees needed for business success. The Port has a pay for performance philosophy that consists of three components: competitive, market-based salary; at risk incentives; and a three-tier cash recognition program. He said the programs are designed to compete for top talent from both the public and private sector.

Mr. Trujillo said that each year the Port captures market movement by collecting merit, budget and salary structure information from relevant third party survey sources. Based on the information collected, the merit increase recommendation is three percent for the merit base

pool and one percent for the miscellaneous pool, which is used for promotions, equity and special adjustments throughout the year. Mr. Trujillo said that on an annual basis, each employee receives a performance review that serves as the basis for earning merit pay adjustments. He noted there are no automatic increases for the administrative employees at the Port. Mr. Trujillo said that the three-percent merit increase is consistent with the market conditions both locally and nationally, and is consistent with the change made last year at the Port.

### **CONSENT AGENDA**

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda.

#### **Agenda Item No. 1**

##### **SALE OF REMNANT PARCEL**

BE IT RESOLVED, That approval is given to sell 0.225 acres of property and improvements located along the west bank of the Willamette River to Albers Mill Holding, 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.

Following the reading of the title of the Consent Agenda by Commissioner Carter, Commissioner Tsuruta moved that the Executive Director's recommendations be approved and Commissioner Chamberlain seconded the motion. The motion was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

### **ACTION ITEMS**

#### **Agenda Item No. 2**

##### **PORT OF PORTLAND FISCAL YEAR 2013-2014 BUDGET APPROVAL**

This agenda item requested the Commission, acting as the Port of Portland's (Port) Budget Committee, approve the Port's Fiscal Year 2013-2014 Budget (Budget) and authorize its submittal to the Tax Supervising and Conservation Commission (TSCC) for its public hearing on June 12, 2013. 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 real market value located within Multnomah County than in any other county. After review by the TSCC, we will request Commission approval to adopt the Budget at a special meeting on June 21, 2013. 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 294.456.

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

BE IT RESOLVED, That the Port of Portland's Budget document for Fiscal Year 2013-2014 as presented to the Port of Portland Commission is approved; and

BE IT FURTHER RESOLVED, That the maximum tax levy for the Bond Construction Fund of the Port of Portland be set at a rate of \$0.0701 per thousand dollars 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Tsuruta seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion. Commissioner Daggett was not present for the vote.

Agenda Item No. 3

FINANCING FOR DREDGE OREGON REPOWERING PROJECT

This agenda item requested approval to enter into various agreements with Banc of America Leasing & Capital, LLC to finance the Port of Portland's design, equipment procurement, shipyard installation and administrative costs for the Dredge *Oregon* Repower Project.

Tatiana Starostina presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given for the Port of Portland to enter into various agreements described in this agenda item with Banc of America Leasing & Capital, LLC, for the aggregate amount up to \$15,100,000 to provide for the financing of the Dredge *Oregon* repowering project; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute and deliver the documents necessary to obtain the financing described above, in forms approved by counsel, including without limitation, a Master Installment Purchase Agreement, an Acquisition Fund and Account Control Agreement, a First Preferred Marine Mortgage, a Collateral Assignment of Shipyard Agreement, an Assignment of Vessel Insurance Policies and a Schedule of Property No. 1.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Pearce seconded the motion, which was put to a roll call vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

Agenda Item No. 4

APPOINTMENT OF INVESTMENT BANKERS/UNDERWRITERS

This agenda item requested approval to appoint two investment banking firms to serve as lead underwriters to the Port of Portland (Port). This appointment will give the Port access to experts in the financial industry as well as consistency in working with a financing team that is familiar with Port transactions and operations.

Tatiana Starostina presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the firms of Bank of America Merrill Lynch, and Goldman Sachs, Inc., are appointed as the two lead underwriters to the Port of Portland, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That compensation for underwriting services on particular debt issues will be established at the time of each financing; 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Tsuruta moved that the Executive Director's recommendations be approved. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

#### Agenda Item No. 5

#### SERVICE CONTRACTS – TEMPORARY PERSONNEL FOR CONSTRUCTION INSPECTION AND PROJECT SUPPORT AS REQUIRED

This agenda item requested approval of three service contracts with CH2M HILL, Inc., Hatch Mott MacDonald, LLC and URS Corporation for temporary staffing as needed for construction support services. The contracts are for a period of three years from the date of the contracts and are designed to be administered on the basis of task orders, with no task order to exceed the amount of \$250,000.

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

BE IT RESOLVED, That approval is given to award service contracts to CH2M HILL, Inc., Hatch Mott MacDonald, LLC and URS Corporation for temporary personnel as required, 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Pearce seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

Agenda Item No. 6

PUBLIC IMPROVEMENT CONTRACT – NW RED ECONOMY LOT RECONSTRUCTION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a public improvement contract to Kodiak Pacific Construction, to perform the NW Red Economy Lot Reconstruction project at Portland International Airport.

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

BE IT RESOLVED, That approval is given to award a public improvement contract for the NW Red Economy Lot Reconstruction project to Kodiak Pacific Construction, 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Tsuruta seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

Agenda Item No. 7

PUBLIC IMPROVEMENT CONTRACT – SOUTHWEST APRON REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a public improvement contract to K&E Excavating, Inc., to perform the Southwest Apron Rehabilitation 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 public improvement contract for the Southwest Apron Rehabilitation project at Portland International Airport to K&E Excavating, Inc., consistent 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

Agenda Item No. 8

## JANITORIAL SERVICES CONTRACT – PORTLAND INTERNATIONAL AIRPORT AND PORT OF PORTLAND HEADQUARTERS BUILDING

This agenda item requested approval to award a new janitorial services contract to Portland Habilitation Center, Inc. for services at Portland International Airport, related Port of Portland facilities, and the Port Headquarters building.

Kendall Austin presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a janitorial services contract to Portland Habilitation Center, Inc., for services at Portland International Airport, related Port of Portland facilities and the Port of Portland Headquarters building, 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 extend the contract annually, for up to seven additional years, provided that the total amount awarded for an extension year does not exceed the Port of Portland's total expenditures under the contract during the immediately-preceding contract year by more than \$500,000; 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Tsuruta seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce and Tsuruta voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

The meeting adjourned at 11:14 a.m.

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President

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Assistant Secretary

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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.

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