



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
November 9, 2016
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – October 12, 2016

Executive Director

Approval of Executive Director's Report – October 2016

General Discussion

External Audit Results and Port of Portland Fiscal Year-End 2016
Financials

BOB BURKET
PRICEWATERHOUSE-
COOPERS

Consent Items

1. CONSENT TO EXPANSION OF THE NORTH URBAN
CLACKAMAS COUNTY ENTERPRISE ZONE *EMERALD BOGUE*

Requests consent to an expansion of the North Urban Clackamas
County Enterprise Zone, located within Port of Portland boundaries.
2. APPROVAL OF ADJUSTMENTS TO THE APPROPRIATION
LEVELS FOR FISCAL YEAR 2016-17 *SUZANNE KENNY*

Requests approval of adjustments to the appropriation levels for the
Port of Portland's Fiscal Year 2016-17 Budget. The adjustments
provide for a reimbursement to MAC Venture LLC (dba Mecham Air
Center) for the demolition and site preparation associated with the
development of 5.3 acres on the north side of Airport Way at
Portland International Airport.
3. LEASE AMENDMENT – CONGLOBAL INDUSTRIES, INC. – *NICOLE MIRANDA*
RIVERGATE INDUSTRIAL DISTRICT

Requests approval to enter into a lease amendment with ConGlobal
Industries, Inc., for an additional 0.35 acres of land located adjacent
to ConGlobal's leasehold in the Rivergate Industrial District.

Action Items

4. EQUIPMENT PURCHASE CONTRACT – MOTOROLA SOLUTIONS, INC. *LINDA DYSON*

Requests approval to award an equipment purchase contract to Motorola Solutions, Inc., to purchase 126 APX™ radios, and recording and backup consolettes for the Portland International Airport Communications Center, and miscellaneous radio accessories.

5. PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 459-B TO ISSUE UP TO \$285 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS, SERIES TWENTY-FOUR *LISA FEDELI*

Requests approval of Port of Portland Ordinance No. 459-B to authorize the sale of up to \$285 million aggregate principal amount of Portland International Airport Revenue Bonds, Series Twenty-Four, in one or more series, to fund capital projects in the Airline Cost Center. Additionally, Ordinance No. 459-B authorizes the issuance of bonds to fund the Subordinate Lien Bonds (SLB) Reserve Account, capitalize interest and pay costs of issuance.

CONSENT TO EXPANSION OF THE NORTH URBAN CLACKAMAS COUNTY ENTERPRISE ZONE

November 9, 2016

Presented by: Emerald Bogue
Regional Affairs Manager**REQUESTED COMMISSION ACTION**

This agenda item requests consent to an expansion of the North Urban Clackamas County Enterprise Zone (NUCCEZ), located within Port of Portland (Port) boundaries, to provide an additional incentive to encourage existing or new companies to invest and add employees within the zone.

BACKGROUND

The Enterprise Zone program was enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the statute for the Enterprise Zone program, ORS 285C.065, was changed to require the governing bodies of port districts to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play an important role in economic development in the community.

The NUCCEZ was originally established in 1997 and re-designated and expanded in 2008 to provide the enterprise zone tool to the cities of Milwaukie and Happy Valley and parts of unincorporated Clackamas County. On April 1, 2008 the Milwaukie City Council approved a resolution in support of a co-sponsored application with Clackamas County for inclusion of Milwaukie in the NUCCEZ.

On April 2, 2008, the City of Milwaukie entered into an intergovernmental agreement with Clackamas County to jointly sponsor the designation of Milwaukie as part of the NUCCEZ and for the county to provide zone management services.

Qualified businesses may be eligible to receive exemption from local property taxes on new investments including building construction and improvements, machinery and equipment, for a period of three-to-five years.

Standard Incentives Available to Eligible Businesses

- Construction-in-Process Enterprise Zone Exemption: Exemption from local taxes for up to two years before qualified property is placed in service.
- Full relief from property taxes on qualified property after it is in service for three-to-five consecutive years.
- Additional local incentives may be available.

CONSENT TO EXPANSION OF THE NORTH URBAN CLACKAMAS COUNTY ENTERPRISE ZONE

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Three-Year Exemption Criteria

- Increase full-time, permanent employment by 10 percent, pay employees at least 150 percent of the state minimum wage (benefits may be used to reach pay level).
- Maintain minimum employment level during exemption period.
- Enter into a first-course agreement with local job training providers.
- Pay an application fee of 0.1 percent of the proposed total investment.

Five-Year Exemption Criteria

Businesses should meet the three-year exemption criteria as well as:

- Compensation of new workers must be at or above 150 percent of the county average wage (benefits may be used to reach this pay level).
- Local approval by written agreement with the local zone sponsor.

According to the Clackamas County Assessor's office, in the 2015 property tax year, the assessed value of investments by the businesses in the Enterprise Zone program was \$51,505,759. These investments created 410 new jobs.

The Port Commission routinely receives requests for consent from jurisdictions as they move forward with Enterprise Zone applications or boundary changes. Based on continued positive interest in the Enterprise Zone, the City of Milwaukie and the City of Happy Valley are seeking the Port's support and consent in favor of expanding the NUCCEZ to include an additional 0.24 square miles for a total area of 5.37 square miles, under the maximum allowed 12 square miles. The proposed change would result in expansion of eligible areas that are industrially and commercially zoned. As required by Business Oregon, the added areas are within the maximum allowable distance of five miles from other areas of the Zone. The proposed boundary changes are located within the City of Happy Valley (0.031 square miles) and City of Milwaukie (0.23 square miles), and unincorporated Clackamas County (0.009 square miles).

IMPACT

Under the current tax levy, the Port will forgo approximately \$0.0710 per \$1,000 of *future* assessed value until the exemption period ends. The impact on Port property tax revenue is expected to be small (approximately \$1,065 over a three-year period if a five million dollar investment is made in the Zone). Upon completion of the three- to five-year exemption period, the property will revert to being fully taxed.

The City of Happy Valley and City of Milwaukie are each scheduled to go before their respective city councils to adopt a resolution on November 15, 2016. At a meeting on December 1, 2016, the Clackamas County Board of Commissioners is expected to consider a resolution requesting a boundary amendment.

CONSENT TO EXPANSION OF THE NORTH URBAN CLACKAMAS COUNTY ENTERPRISE
ZONE

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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to the joint application by Clackamas County, the City of Happy Valley, and City of Milwaukie for the expansion of the North Urban Clackamas County 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.

APPROVAL OF ADJUSTMENTS TO THE APPROPRIATION LEVELS FOR FISCAL YEAR 2016-17

November 9, 2016

Presented by: Suzanne Kenny
Director
Budget and Financial Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval of adjustments to the appropriation levels for the Port of Portland's (Port) Fiscal Year 2016-17 Budget. The adjustments provide for a \$2,250,000 reimbursement to MAC Venture LLC (dba Mecham Air Center) for the demolition and site preparation associated with the development of 5.3 acres on the north side of Airport Way for the construction and operation of large business aircraft hangars at Portland International Airport (PDX).

BACKGROUND

On October 12, 2016, the Commission approved the Port to enter into a ground lease with Mecham Air Center for approximately 5.3 acres of land north of Airport Way for construction and operation of Business Aviation aircraft hangars at PDX. The ground lease provides for construction of approximately 90,000-square-foot of general aviation hangar space, approximately 90,000-square-foot of ramp, and approximately 50,000-square-foot of office/support space. In addition, the lease terms include Port reimbursement of \$2,250,000 to Mecham Air Center for demolition and site preparation costs to facilitate concurrent Port and Lessee construction schedules.

CHANGES TO FISCAL YEAR 2016-17 APPROPRIATIONS**Airport Revenue Fund**

In accordance with Oregon local budget law, budget appropriations can be adjusted to cover situations that were unforeseen at the time the budget was adopted. In order to provide for adequate appropriations for the demolition costs to Mecham Air Center, staff requests an increase in the Fiscal Year 2016-17 Airport Revenue Fund category of Systems Development Charges/Other of \$2,250,000. The off-setting entry is a reduction in Contingency in the same amount.

The detailed Schedule of Appropriations and Explanation of Appropriation Changes are attached as Exhibits A and B to this agenda item.

The total Budget for Fiscal Year 2016-17 remains unchanged at \$1,114,604,223 after these adjustments. Total Appropriations are \$1,062,825,679 and are shown on Exhibit A. The difference of \$51,778,544, which is unchanged, is the total of debt service reserve amounts, which are classified under budget law as Unappropriated Ending Balance in the Airport Revenue Bond Fund, and amounts in the Passenger Facility Charge Bond Fund.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That in accordance with ORS 294.463, the Port of Portland Commission finds the need to adjust appropriations within the Airport Revenue Fund in the amounts shown on Exhibit A and for the purposes shown on Exhibit B, incorporated by this reference, to provide for reimbursement of demolition and site preparation costs stipulated in the MAC Venture LLC (dba Mecham Air Center) ground lease that were not anticipated at the time the Fiscal Year 2016-17 Budget was adopted; and

BE IT FURTHER RESOLVED, That copies of Exhibit A, Schedule of Appropriations Fiscal Year 2016-17, and Exhibit B, Explanation of Changes to Fund Appropriations Fiscal Year 2016-17, shall be included in the minutes of this meeting; 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.

SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2016-17

	ADOPTED BUDGET June 28, 2016	CHANGES TO APPROPRIATIONS October 12, 2016	REVISED APPROPRIATIONS October 12, 2016	CHANGES TO APPROPRIATIONS November 9, 2016	REVISED APPROPRIATIONS November 9, 2016
GENERAL FUND					
Beginning Balance	\$ 97,152,163		\$ 97,152,163		\$ 97,152,163
Operating Revenue	79,468,053		79,468,053		79,468,053
Interest on Investments/Other	2,829,327	\$ 250,000	3,079,327		3,079,327
Service Reimbursements	43,210,451		43,210,451		43,210,451
Transfers from Other Funds	3,643,802		3,643,802		3,643,802
Total Resources	\$ 226,303,796	\$ 250,000	\$ 226,553,796	\$ -	\$ 226,553,796
Administration	\$ 55,136,262		\$ 55,136,262		\$ 55,136,262
Marine	19,138,085		19,138,085		19,138,085
Industrial Development	5,071,061		5,071,061		5,071,061
Navigation	11,687,029		11,687,029		11,687,029
General Aviation	2,851,836		2,851,836		2,851,836
Sub Total	93,884,273	-	93,884,273	-	93,884,273
Service Reimbursements	387,267		387,267		387,267
System Development Charges/Other	5,000	\$ 500,000	505,000		505,000
Long-Term Debt Payments	12,068,244		12,068,244		12,068,244
Other Environmental	9,237,783		9,237,783		9,237,783
Cash Transfers to Other Funds	13,147,316		13,147,316		13,147,316
Contingency	97,573,913	(250,000)	97,323,913		97,323,913
Total Requirements	\$ 226,303,796	\$ 250,000	\$ 226,553,796	\$ -	\$ 226,553,796
AIRPORT REVENUE FUND					
Beginning Balance	\$ 88,098,918		\$ 88,098,918		\$ 88,098,918
Operating Revenue	228,230,930		228,230,930		228,230,930
Interest on Investments	938,177		938,177		938,177
Service Reimbursements	1,883,588		1,883,588		1,883,588
Transfers from Other Funds	160,000		160,000		160,000
Total Resources	\$ 319,311,615	\$ -	\$ 319,311,613	\$ -	\$ 319,311,613
Operating Expenditures	\$ 98,087,414		\$ 98,087,414		\$ 98,087,414
System Development Charges / Other	5,000		5,000	2,250,000	2,255,000
Service Reimbursements	27,048,777		27,048,777		27,048,777
Cash Transfers to Other Funds	99,429,508		99,429,508		99,429,508
Contingency	94,740,916		94,740,916	(2,250,000)	92,490,916
Total Requirements	\$ 319,311,615	\$ -	\$ 319,311,615	\$ -	\$ 319,311,615
BOND CONSTRUCTION FUND					
Beginning Balance	\$ 10,000,000		\$ 10,000,000		\$ 10,000,000
Interest Income/Other	207,553		207,553		207,553
Federal/State Grants/Other	5,945,913		5,945,913		5,945,913
Property Tax	11,430,000		11,430,000		11,430,000
Transfers from Other Funds	29,520,316		29,520,316		29,520,316
Total Resources	\$ 57,103,782	\$ -	\$ 57,103,782	\$ -	\$ 57,103,782
Capital Outlay	\$ 42,897,228		\$ 42,897,228		\$ 42,897,228
Service Reimbursements	4,196,554		4,196,554		4,196,554
Cash Transfers to Other Funds	10,000		10,000		10,000
Contingency	10,000,000		10,000,000		10,000,000
Total Requirements	\$ 57,103,782	\$ -	\$ 57,103,782	\$ -	\$ 57,103,782
AIRPORT CONSTRUCTION FUND					
Beginning Balance	\$ 73,165,919		\$ 73,165,919		\$ 73,165,919
Interest Income/ Other	879,993		879,993		879,993
Federal / State Grants	13,468,126		13,468,126		13,468,126
Bond and Other Debt Proceeds	100,000,000		100,000,000		100,000,000
Transfers from Other Funds	66,589,560		66,589,560		66,589,560
Total Resources	\$ 254,103,598	\$ -	\$ 254,103,598	\$ -	\$ 254,103,598
Capital Outlay	\$ 128,346,199		\$ 128,346,199		\$ 128,346,199
Bond Issue Costs/Other	1,500,000		1,500,000		1,500,000
Service Reimbursements	13,461,440		13,461,440		13,461,440
Cash Transfers to Other Funds	5,500,000		5,500,000		5,500,000
Contingency	105,295,959		105,295,959		105,295,959
Total Requirements	\$ 254,103,598	\$ -	\$ 254,103,598	\$ -	\$ 254,103,598

SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2016-17

	ADOPTED BUDGET June 28, 2016	CHANGES TO APPROPRIATIONS October 12, 2016	REVISED APPROPRIATIONS October 12, 2016	CHANGES TO APPROPRIATIONS November 9, 2016	REVISED APPROPRIATIONS November 9, 2016
AIRPORT REVENUE BOND FUND					
Beginning Balance	\$ 29,927,943		\$ 29,927,943		\$ 29,927,943
Bond and Other Debt Proceeds	7,500,000		7,500,000		7,500,000
Interest Income	45,849		45,849		45,849
Transfers from Other Funds	54,938,168		54,938,168		54,938,168
Total Resources	\$ 92,411,960	\$ -	\$ 92,411,960	\$ -	\$ 92,411,960
Debt Service	\$ 55,084,017		\$ 55,084,017		\$ 55,084,017
Unappropriated Ending Balance	37,427,943		37,427,943		37,427,943
Total Requirements	\$ 92,511,960	\$ -	\$ 92,511,960	\$ -	\$ 92,511,960
PASSENGER FACILITY CHARGE (PFC) FUND					
Beginning Balance	\$ 62,879,641		\$ 62,879,641		\$ 62,879,641
Passenger Facility Charge	34,354,746		34,354,746		34,354,746
Interest and Other	56,263		56,263		56,263
Total Resources	\$ 97,290,650	\$ -	\$ 97,290,650	\$ -	\$ 97,290,650
Bond Fees	\$ 50,225		\$ 50,225		\$ 50,225
Cash Transfers to Other Funds	24,931,418		24,931,418		24,931,418
Contingency	72,309,007		72,309,007		72,309,007
Total Requirements	\$ 97,290,650	\$ -	\$ 97,290,650	\$ -	\$ 97,290,650
PASSENGER FACILITY CHARGE (PFC) BOND FUND					
Beginning Balance	\$ 14,350,601		\$ 14,350,601		\$ 14,350,601
Interest Income	62,611		62,611		62,611
Cash Transfers from Other Funds	14,916,395		14,916,395		14,916,395
Total Resources	\$ 29,329,607	\$ -	\$ 29,329,607	\$ -	\$ 29,329,607
Debt Service	\$ 14,979,006		\$ 14,979,006		\$ 14,979,006
Unappropriated Ending Balance	14,350,601		14,350,601		14,350,601
Total Requirements	\$ 29,329,607	\$ -	\$ 29,329,607	\$ -	\$ 29,329,607
CUSTOMER FACILITY CHARGE (CFC) FUND					
Beginning Balance	\$ 21,859,953		\$ 21,859,953		\$ 21,859,953
Customer Facility Charge	16,404,262		16,404,262		16,404,262
Interest and Other	135,000		135,000		135,000
Total Resources	\$ 38,399,215	\$ -	\$ 38,399,215	\$ -	\$ 38,399,215
Bank Fees/Other	\$ 115,000		\$ 115,000		\$ 115,000
Cash Transfers to Other Funds	26,850,000		26,850,000		26,850,000
Contingency	11,434,215		11,434,215		11,434,215
Total Requirements	\$ 38,399,215	\$ -	\$ 38,399,215	\$ -	\$ 38,399,215
TOTAL - ALL FUNDS	\$ 1,114,354,223	\$ 250,000	\$ 1,114,604,223	\$ -	\$ 1,114,604,223
Less Unappropriated Ending Balances:					
Airport Revenue Bond Fund	\$ 37,427,943		\$ 37,427,943		\$ 37,427,943
Passenger Facility Charge (PFC) Bond Fund	14,350,601		14,350,601		14,350,601
Subtotal Unappropriated Ending Balance	51,778,544	-	51,778,544	-	51,778,544
TOTAL APPROPRIATIONS	\$ 1,062,575,679	\$ 250,000	\$ 1,062,825,679	\$ -	\$ 1,062,825,679

**PORT OF PORTLAND
EXPLANATION OF CHANGES TO APPROPRIATIONS - FISCAL YEAR 2016-17**

AIRPORT REVENUE FUND	<u>AMOUNT OF INCREASE/(DECREASE)</u>	<u>REASON FOR CHANGE</u>
Total Requirements		
System Development	\$ 2,250,000	Reimbursement to Mecham Air Center for demolition
Charges/Other		and site preparation costs
Contingency	\$ <u>(2,250,000)</u>	Balancing entry
Total Requirements	\$ <u><u>-</u></u>	

LEASE AMENDMENT – CONGLOBAL INDUSTRIES, INC. – RIVERGATE INDUSTRIAL DISTRICT

November 9, 2016

Presented by: Nicole Miranda
Property Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to enter into a lease amendment with ConGlobal Industries, Inc. (ConGlobal), for an additional 0.35 acres of land located adjacent to ConGlobal's leasehold in the Rivergate Industrial District.

BACKGROUND

ConGlobal has been a tenant in the Rivergate Industrial District since 2012 and leases just over 10 acres from the Port of Portland (Port). ConGlobal uses the current site for container and chassis storage and transload activities.

ConGlobal wishes to expand into a Port-owned parcel (highlighted in blue below) just east of the current leasehold boundary for a new leasehold total of approximately 10.5 acres.

The additional area will allow ConGlobal to improve its operational efficiency and reduce congestion on N. Rivergate Blvd. It will also add rent revenue to the Port's General Fund.

The Port has no current plans for this parcel. The lease amendment would add the expansion parcel to the leasehold through the end of ConGlobal's current lease in 2021, and two, five-year lease extension options to 2026 and 2031.



BUSINESS TERMS

- Current lease expires 2021 and lease options extend to 2031.
- Additional 0.35 acres added to ConGlobal's current lease and lease extension options.
- Annual rent increase to be approximately \$8,000.
- ConGlobal responsible for any required permits, as well as installation and removal of fencing and pavement.
- Port reserves the right to retake the additional lands upon 90 days' notice if it is required for future Terminal 5 rail projects prior to the end of the lease term. In such event, ConGlobal must remove improvements on the site.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a lease amendment with ConGlobal Industries, Inc., for an additional 0.35 acres of land adjacent to ConGlobal's leasehold in the Rivergate Industrial District, 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.

EQUIPMENT PURCHASE CONTRACT – MOTOROLA SOLUTIONS, INC.

November 9, 2016

Presented by: Linda Dyson
Senior Manager, Technology
Infrastructure/Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award an equipment purchase contract to Motorola Solutions, Inc. (Motorola), to purchase 126 APX™ radios and recording and backup consolettes for the Portland International Airport (PDX) Communications Center, and miscellaneous radio accessories.

BACKGROUND

The Port of Portland (Port) is a user of/subscriber to the City of Portland (City) 800 MHz Radio System, which enables regular, ongoing communications and valuable inter-agency communications in the event of an emergency. The Port's Information Technology (IT) Communications Services team coordinates with the City and supports approximately 600 Port radios for public safety, operations and maintenance needs.

Motorola will no longer support the Port's 126 X-series radios beginning in 2018. In addition, the City is currently undergoing a major system upgrade from analog to digital. In support of the City's project, Motorola makes available significant purchasing discounts for all Portland public safety radio system users. Discounts are in effect until December 31, 2016, when the City project will be completed.

The Port's project is divided into two main tasks: subscriber (Port user) upgrades, and Communications Center radio upgrades. The subscriber upgrade tasks include replacing the 126 existing X-series radios with new APX™ radios, which will be compatible with the City's new digital system.

The Communications Center task involves upgrading recording consolettes connected to an audio logging system, which will be upgraded in the next few months. The consolettes continuously record select public safety and operational talk groups. Multi-band backup radio consolettes will also be installed, allowing the Communications Center to communicate with local, state and federal agencies during emergency events by providing critical backup if the primary consoles lose connectivity to the City system.

SCOPE

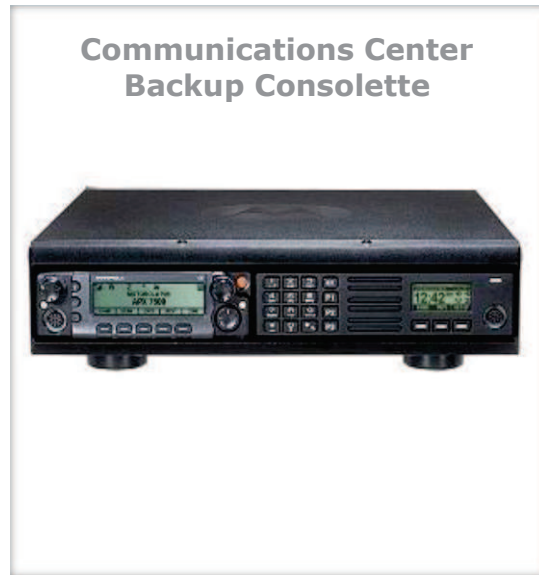
The project scope includes the purchase of new equipment under this contract, followed by configuration, programming, and end user coordination by IT Communications Services. The Port will also engage Motorola for software installation and programming services

EQUIPMENT PURCHASE CONTRACT – MOTOROLA SOLUTIONS, INC.

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(approximately \$100,000) under a separate contract, which the Port will execute under delegated contracting authority. This separate contract will be awarded through a cooperative purchasing program under an existing City of Portland contract with Motorola.



PROJECT SCHEDULE

Planning and design	August – November 2016
Procurement	December 2016
Delivery	February 2017
Installation and deployment	March – December 2017

PROCUREMENT PROCESS

Motorola is the sole provider of radio equipment which is compatible with the City of Portland's radio system. In addition, the Port's radio systems are currently based on Motorola equipment, and upgrades must be manufactured by Motorola to maintain compatibility. As such, the Port will award this contract to Motorola as a sole-source procurement.

Under Oregon law the Port may award procurement contracts without competition when certain criteria are met, and under the Port's Contract Review Board rules the Executive Director has the authority to determine when those criteria are met for this type of contract. For primarily the reasons described above, on November 3, 2016 the Executive Director determined that the equipment to be purchased is available from only Motorola. By law, the Port must negotiate

EQUIPMENT PURCHASE CONTRACT – MOTOROLA SOLUTIONS, INC.

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with a sole-source vendor, to the extent reasonably practical, to obtain advantageous contract terms. As stated above, purchasing this equipment before December 31, 2016 secures significantly discounted pricing for the equipment. The contract amount is \$663,700. Commission approval is required to award the contract because the amount exceeds the Executive Director's delegated contracting authority.

BUDGET

The capital project budget is \$948,000. Costs include this equipment purchase of \$663,700; staff time for configuration, programming and coordination; outside (contracted) software installation and programming services; and contingency.

Since the radios are used by many Port departments, the funding sources for this project are split among the Airline Cost Center (49%), Port Cost Center (32%) and General Fund (19%).

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award an equipment purchase contract to Motorola Solutions, Inc., 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.

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 459-B TO ISSUE UP TO \$285 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS, SERIES TWENTY-FOUR

November 9, 2016

Presented by: Lisa Fedeli
Director
Financial Planning & Analysis

REQUESTED COMMISSION ACTION

This agenda item requests approval of Port of Portland (Port) Ordinance No. 459-B to authorize the sale of up to \$285 million aggregate principal amount of Portland International Airport (PDX) Revenue Bonds, Series Twenty-Four, in one or more series, to fund capital projects in the Airline Cost Center. Additionally, Ordinance No. 459-B authorizes the issuance of bonds to fund the Subordinate Lien Bonds (SLB) Reserve Account, capitalize interest and pay costs of issuance.

BACKGROUND

The Airline Cost Center, which is funded by the airlines' rates and charges, grants and passenger facility charges, is expected to need debt financing at the beginning of calendar year 2017 for several large projects, including Terminal Balancing, Passenger Boarding Bridges, Terminal Core Conceptual Design and other terminal and airfield projects.

The Port plans to use bond proceeds to fund the SLB Reserve Account, required by the Port's Bond Ordinances No. 155 and 323. Ordinance No. 459-B authorizes the Port to obtain a surety bond for the SLB Reserve Account and the Port will evaluate whether there is any benefit to obtaining a surety bond at the time the Series Twenty-Four Bonds are sold.

The Series Twenty-Four Bonds will bear interest at fixed rates with the final maturity not to exceed 30 years after the issuance of the bonds.

The Port will seek a credit rating for the Series Twenty-Four Bonds from Standard & Poor's. The Port is currently rated "AA-" by Standard & Poor's rating agency on the airport revenue bonds, which is among the highest underlying ratings for airport revenue bonds. The Port will evaluate whether it would be beneficial to obtain a second rating from an additional rating agency against the additional fees that would be incurred, prior to the closing of the Series Twenty-Four Bonds.

Staff expects to price the Series Twenty-Four Bonds in January 2017 and close the transaction within the same month.

Delegation of Authority

Section 3 of Ordinance No. 459-B delegates authority to take actions and sign the documents that are required to issue, sell and deliver the Series Twenty-Four Bonds to the Executive Director or the Chief Financial Officer of the Port and the designee of the Executive Director (each of whom is referred to in this ordinance as "Executive Director"). Such actions may include the following:

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 459-B TO
ISSUE UP TO \$285 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE
BONDS, SERIES TWENTY-FOUR

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- Prepare, authorize the distribution of, and deem final the disclosure documents for the Series Twenty-Four Bonds.
- Establish the final series designations, principal amounts, maturities, interest rates or methods of determining interest rates, sale prices, optional and/or mandatory redemption provisions, notice provisions, payment terms and dates, record dates and other terms for the Series Twenty-Four Bonds of each series.
- Determine whether to purchase and establish the terms of and obtain one or more Credit Facilities for the Series Twenty-Four Bonds.
- Undertake to provide continuing disclosure in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- Determine whether to purchase and obtain reserve sureties, deposit cash and investments in the SLB Reserve Account, and take any other action necessary to satisfy the SLB Reserve Requirement.
- Prepare, execute and deliver one or more certificates, bond declarations and supplemental actions specifying the terms under which the Series Twenty-Four Bonds are issued, the form of the Series Twenty-Four Bonds and the administrative provisions that apply to the Series Twenty-Four Bonds.

Participants in the Transaction

In addition to the Port, these are the primary firms involved in the transaction:

- The underwriting banks will be Goldman Sachs & Co. as senior manager; Morgan Stanley and J.P. Morgan will act as co-managers.
- U.S. Bank National Association will be the trustee.
- Orrick, Herrington & Sutcliffe LLP is bond counsel and disclosure counsel to the Port.
- Trillion Aviation LLC is the airport consultant.
- Standard & Poor's is expected to provide the rating on the Series Twenty-Four Bonds. If it is deemed beneficial to secure a second rating, the second rating agency will be determined as part of that decision.
- Public Financial Management, Inc., is the financial advisor to the Port.
- PricewaterhouseCoopers is the auditor of the Port.

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 459-B TO
ISSUE UP TO \$285 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE
BONDS, SERIES TWENTY-FOUR

November 9, 2016

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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Port of Portland Ordinance No. 459-B, in the form presented to the Commission, be read by title only; and

BE IT FURTHER RESOLVED, That a public hearing be held prior to adopting Port of Portland Ordinance No. 459-B, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and

BE IT FURTHER RESOLVED, That proposed Port of Portland Ordinance No. 459-B, in the form presented to the Commission, be enacted by a roll call vote; 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.

ORDINANCE NO. 459-B

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE IN ONE OR MORE SERIES OF NOT MORE THAN \$285,000,000 AGGREGATE PRINCIPAL AMOUNT OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS TO PAY OR REIMBURSE THE PORT FOR THE PAYMENT OF THE COSTS OF CONSTRUCTING, RENOVATING, ACQUIRING, EQUIPPING AND INSTALLING IMPROVEMENTS AT THE PORTLAND INTERNATIONAL AIRPORT AND TO PAY COSTS RELATED THERETO, AND TO PAY COSTS OF ISSUING THE BONDS, INCLUDING INTEREST TO ACCRUE ON ALL OR A PORTION OF THE BONDS, AND TO FUND CERTAIN RESERVES; AUTHORIZING AMENDMENTS TO THE PORT’S AIRPORT REVENUE BOND ORDINANCE NO. 155, AS AMENDED, AND AIRPORT REVENUE BOND ORDINANCE NO. 323, AS AMENDED; AUTHORIZING AND PROVIDING FOR RELATED MATTERS AND DOCUMENTS.

WHEREAS, the Board of Commissioners of The Port of Portland (the “Board”) has determined and does hereby determine that it will be advantageous to The Port of Portland (the “Port”) to authorize the issuance by the Port of its Portland International Airport Revenue Bonds, Series Twenty-Four, in one or more series (collectively, the “Series Twenty-Four Bonds”) to: (i) pay or reimburse the Port for the payment of costs of constructing, renovating, acquiring, equipping and installing improvements at the Portland International Airport, (ii) pay costs of issuing the Series Twenty-Four Bonds, including interest to accrue on all or a portion of the Series Twenty-Four Bonds, (iii) fund certain reserves, if necessary, and (iv) for any other lawful purposes of the Port;

WHEREAS, the Port has declared its intention to reimburse itself with proceeds of the Series Twenty-Four Bonds for expenditures of Port funds to pay costs of constructing, renovating, acquiring, equipping and installing improvements at the Portland International Airport; and

WHEREAS, the Series Twenty-Four Bonds will be issued pursuant to Section 10 of Ordinance No. 323, enacted October 9, 1985, as amended and restated thereafter and as hereafter amended, restated and supplemented (“Ordinance No. 323”), on a parity with the Port’s currently outstanding airport revenue bonds (the “SLBs”);

NOW THEREFORE, BE IT ENACTED BY THE PORT OF PORTLAND:

Section 1. Terms Defined in Ordinance No. 155 and Ordinance No. 323.

1.1 As used in this Ordinance No. 459-B (the “Ordinance”), the following terms shall have the meanings defined for such terms in Ordinance No. 155, enacted November 10, 1971, as amended and restated thereafter and hereafter amended, restated and supplemented (“Ordinance No. 155”) and in Ordinance No. 323, as follows:

Term:	Defined in Ordinance No.
Airport Fund	155
Airport	155
Credit Facility	323

General Account	155
Investment Securities	155
Net Revenues	155
Port	155
Rebate Account	323
SLB Fund	323
SLB Principal and Interest Account	323
SLB Reserve Account	323
SLB Reserve Fund Requirement	323

1.2 In addition to the terms defined as provided in Section 1.1 of this Ordinance, the following terms shall have the following meanings:

“Additional SLBs” means the bonds and other obligations that qualify as “Additional Subordinate Lien Bonds,” as that term is defined in Ordinance No. 323.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time, and the applicable rulings and regulations of the United States Treasury Department.

“DTC” means The Depository Trust Company, New York, New York or any successor serving as securities depository under this Ordinance.

“Executive Director” means the Executive Director or the Chief Financial Officer of the Port and any designee of the Executive Director as provided in Section 3.

“Outstanding” refers to any Series Twenty-Four Bonds that have been issued and delivered under this Ordinance except:

(a) Series Twenty-Four Bonds that have been canceled by the Trustee because of payment or redemption or that have been surrendered to the Trustee for cancellation; or

(b) Series Twenty-Four Bonds that are no longer deemed outstanding because of the application of Section 17 of Ordinance No. 323.

“Owner” means a registered owner of a Series Twenty-Four Bond, as shown on the registration books maintained by the Trustee.

“Rule” means United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12).

“Series Twenty-Four Bonds” means the SLBs of each series authorized by Section 2.1 of this Ordinance.

“Series Twenty-Four Projects” means the construction, renovation, acquisition, equipment and installation of Port improvements at the Portland International Airport.

“SLBs” means bonds and other obligations that qualify as “Subordinate Lien Bonds” as that term is defined in Ordinance No. 323.

“SLB Construction Account” means the Subordinate Lien Revenue Bond Construction Account in the Construction Fund created under Section 8 of Ordinance No. 323.

“Trustee” means the “Subordinate Lien Bond Trustee” as defined in Ordinance No. 323.

Section 2. Authorization and Security for Bonds.

2.1 Pursuant to the provisions of Ordinance No. 155 and Ordinance No. 323, the Board hereby authorizes the Port to sell and issue in one or more series up to \$285,000,000 aggregate principal amount of Portland International Airport Revenue Bonds to: (i) pay or reimburse the Port for the payment of costs of the Series Twenty-Four Projects, (ii) pay costs of issuing the Series Twenty-Four Bonds, including interest to accrue on all or a portion of the Series Twenty-Four Bonds, (iii) fund certain reserves, if necessary, and (iv) for any other lawful purposes of the Port. The Series Twenty-Four Bonds authorized by this Section 2.1 shall be issued as fixed-rate bonds, and may be issued in one or more series.

2.2 The Series Twenty-Four Bonds shall be issued pursuant to Section 10 of Ordinance No. 323 and shall be payable solely from the Net Revenues of the Airport that are available for deposit in the General Account and from moneys in the SLB Fund and SLB Construction Account as provided in Section 4 of Ordinance No. 323 and in the documents authorized by Section 3.7 of this Ordinance.

2.3 The Board also authorizes the Port to obtain one or more Credit Facilities, if necessary and desirable, to secure all or a portion of the Series Twenty-Four Bonds, to enter into one or more reimbursement agreements with the provider or providers of such Credit Facilities, if necessary and desirable, and to enter into the agreements and other documents referred to in Section 3.

Section 3. Delegation.

The Executive Director is hereby authorized, on behalf of the Port and without further action by the Board and the Board hereby ratifies actions heretofore taken by the Executive Director in connection with the Series Twenty-Four Bonds, to:

3.1 Sell and provide for the issuance of the Series Twenty-Four Bonds in one or more series.

3.2 Participate in the preparation of, approve, authorize the distribution of, and deem final, and execute and deliver the disclosure documents for the Series Twenty-Four Bonds.

3.3 Establish the final series designations, principal amounts, maturities, interest rates or methods of determining interest rates, sale prices, optional and/or mandatory redemption provisions, notice provisions, payment terms and dates, record dates and other terms for the Series Twenty-Four Bonds of each series; provide for the Series Twenty-Four Bonds to be held by or through the facilities of DTC; select one or more underwriters, negotiate terms of the sale of the Series Twenty-Four Bonds with those underwriters and enter into one or more bond purchase agreements with those underwriters.

3.4 Undertake to provide continuing disclosure in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission; provided that any such undertaking shall provide that if the Port fails to comply with the continuing disclosure undertaking, the Owners and the beneficial owners shall have only the remedies specified in such continuing disclosure undertaking and that failure by the Port to comply with the continuing disclosure undertaking shall not constitute a default on any SLBs or an event of default under this Ordinance, Ordinance No. 155 or Ordinance No. 323.

3.5 Determine whether to purchase, and establish the terms of and obtain, one or more Credit Facilities for the Series Twenty-Four Bonds and enter into agreements with providers of those Credit Facilities to repay any amounts paid under the Credit Facilities (plus fees and other costs of such providers) from the Net Revenues of the Airport in accordance with Ordinance No. 323.

3.6 Determine whether to purchase, and obtain, reserve sureties, deposit cash and investments in the SLB Reserve Account, substitute sureties for cash then on deposit in the SLB Reserve Account or substitute cash for sureties then credited to the SLB Reserve Account and take any other action necessary to satisfy the SLB Reserve Requirement.

3.7 Prepare, execute and deliver one or more certificates, bond purchase agreements, bond declarations and supplemental actions specifying the terms under which the Series Twenty-Four Bonds are issued, the form of the Series Twenty-Four Bonds and the administrative provisions that apply to the Series Twenty-Four Bonds. These documents may contain additional covenants for the benefit of the owners of the Series Twenty-Four Bonds, providers of Credit Facilities for the Series Twenty-Four Bonds, if any, and providers of any reserve sureties.

3.8 Except in the case of any Series Twenty-Four Bonds, the interest on which the Port intends to be includable in gross income for federal income tax purposes, enter into covenants by the Port to maintain the excludability of interest on the Series Twenty-Four Bonds from gross income under the Code.

3.9 Determine whether to provide, and provide that a portion of the Series Twenty-Four Bonds bear interest that is includable in gross income for federal income tax purposes.

3.10 Obtain any necessary consents from the providers of the Port's existing interest rate swaps, surety bond reserve policies and/or Credit Facilities.

3.11 Execute and deliver amendments to the Port's existing interest rate swaps to facilitate the issuance of the Series Twenty-Four Bonds, or replace or terminate the existing interest rate swaps.

3.12 Create special accounts and subaccounts within the SLB Fund that is held under Ordinance No. 323, as amended, for the Series Twenty-Four Bonds and provide for deposits and withdrawals of amounts in those subaccounts.

3.13 Provide for the application and investment of proceeds of the Series Twenty-Four Bonds, including the payment of interest to accrue on a portion of the Series Twenty-Four Bonds as specified by the Executive Director.

3.14 Execute and deliver any other documents and take any other action in connection with the Series Twenty-Four Bonds which the Executive Director finds will be advantageous to the Port.

Section 4. Amendments to Ordinance No. 323 and to Ordinance 155.

4.1 The Port may amend and restate Ordinance No. 323 and Ordinance No. 155 to delete the final paragraph of Section 9 of Ordinance No. 323 and to remove all other references in those ordinances to “Excess Principal.”

4.2 As the Port has done in the ordinances authorizing all currently outstanding series of SLBs, the Port hereby provides and clarifies that the Port may amend Ordinance No. 155 and Ordinance No. 323 without the consent of the Owners of the Series Twenty-Four Bonds for any of the purposes listed in this Section 4.

(a) To amend the definition of “Airport” to add any facilities operated by the Port whether or not such facilities are related to aviation.

(b) To provide that the Airport Fund (other than the SLB Fund) may be invested in any securities that are legal investments for the Port under the laws of the State of Oregon.

(c) To provide that the SLB Fund may be invested only in Investment Securities, and to define Investment Securities to include those securities that are then typically permitted for the investment of debt service and the reserve funds of revenue bonds that have credit ratings similar to the credit ratings then in effect for the SLBs.

(d) To permit the Port’s obligations under derivative products (including interest rate swaps, collars, hedges, caps and similar transactions) to be treated as SLBs and to make other changes which are desirable in order to permit use of derivative products in connection with SLBs.

(e) To permit obligations that are subordinate to the SLBs to be issued for any lawful Port purpose.

(f) To provide that balloon obligations will be treated as if they were refinanced with long-term obligations for purposes of calculating the SLB Debt Service Requirement and making certain deposits to the SLB Fund.

(g) To provide that any “put” or other right of Owners to require the purchase of SLBs shall not be treated as a maturity or mandatory redemption and may be ignored when calculating the SLB Debt Service Requirement and the amounts to be deposited to the SLB Fund, but only if bond insurance, a line or letter of credit, a standby bond purchase agreement or other liquidity or credit enhancement is in effect which is expected to pay for the purchase of the SLBs when the Owners exercise that right, if the SLBs are not remarketed or refunded.

(h) To provide that certain amounts in the SLB Serial Principal Account and the SLB Term Bond Principal Account may be used for redemption or purchase for cancellation of SLBs.

(i) To reduce the SLB Reserve Fund Requirement to an amount equal to the maximum amount of proceeds of tax-exempt bonds which the Code permits to be deposited in a reserve account without yield restriction, and to specify either that separate reserve accounts will be held for each series of SLBs, or that a single reserve account will secure all series of SLBs.

(j) To modify the requirements for funding the Rebate Account or to eliminate the Rebate Account.

(k) To combine Ordinance No. 155 and Ordinance No. 323, to delete outdated provisions, to delete provisions that interfere with the business operations of the Port but that do not provide substantial security for owners of SLBs, to clarify and simplify the remaining provisions, to substitute modern, more flexible provisions, and to restate those amended ordinances as a single ordinance.

4.3 As the Port has done previously in the ordinances authorizing the Port's Airport Revenue Bonds, Series Nineteen, Series Twenty, Series Twenty-One, Series Twenty-Two and Series Twenty-Three, in addition to the amendments provided in Sections 4.1 and 4.2, the Port may amend Ordinance No. 155 and Ordinance No. 323 without the consent of the Owners of the Series Twenty-Four Bonds for any of the purposes listed in this Section 4.3.

(a) To amend the definition of "SLB Debt Service Requirement" so that for purposes of calculating compliance with the Port's rate covenants, the amount of principal and/or interest on SLBs and/or the amount of Scheduled Swap Obligations paid or to be paid from moneys not then included in the definition of "Revenues" or "Net Revenues" shall be disregarded and not included in any calculation of "SLB Debt Service Requirement."

(b) To amend Ordinance No. 323 to provide that for purposes of determining compliance with Section 10 of Ordinance No. 323, the amount of passenger facility charges, customer facility charges, state and federal grants or other payments and/or other moneys that are not then included in the definition of "Revenues" or "Net Revenues" but that are committed irrevocably to the payment of debt service on SLBs and to the payment of Scheduled Swap Obligations or that are held by the Trustee for the sole purpose of paying debt service on SLBs and paying Scheduled Swap Obligations may be disregarded and not included in the calculation of SLB Debt Service Requirement for the period in which such amounts are irrevocably committed or are held by the Trustee.

(c) To permit all or a portion of the Remaining Balance, as hereinafter defined, to be taken into account as "Revenues" when determining compliance by the Port with its rate covenants. For this purpose, "Remaining Balance" means for any fiscal year the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the General Account (after all deposits and payments required to be made by Section 7 of Ordinance 323 have been made) as of the last day of the immediately preceding fiscal year.

(d) To permit the application of proceeds received from the sale of SLBs or of Junior Lien Obligations to make termination payments incurred in connection with terminating swap agreements or other derivative products.

Section 5. Formal Matters.

5.1 The power granted in Section 4 to amend Ordinance No. 155 and Ordinance No. 323 supplements and clarifies, and does not limit, the power of the Port to amend Ordinance No. 155 under its Section 20 and Ordinance No. 323 under its Section 12.

5.2 The Executive Director may determine that the providers of Credit Facilities for the Series Twenty-Four Bonds, if any, shall be treated as Owners of the Series Twenty-Four Bonds secured by those Credit Facilities for purposes of consenting to amendments to Ordinance No. 155, Ordinance No. 323 and the documents relating to the Series Twenty-Four Bonds.

5.3 Provisions of the documents that are executed pursuant to Section 3 shall have the same effect as if those provisions were included in this Ordinance.

5.4 The Port may restate Ordinance No. 323 and Ordinance No. 155 to include the amendments contained in this Ordinance and may combine Ordinance No. 155 and Ordinance No. 323 without the consent of any Owner or beneficial owner, Credit Facility provider or swap provider.

5.5 A concise summary of this Ordinance, including the location within the Port where a complete copy of this Ordinance may be obtained without charge, shall be published within five (5) days after passage in a newspaper of general circulation within the boundaries of the Port.

5.6 Capitalized terms that are used but not defined in this Ordinance shall have the meanings defined for such terms in Ordinance No. 155 or Ordinance No. 323.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on November 9, 2016, and signed by its President.

THE PORT OF PORTLAND

Commission President

Approved as to Form:

Orrick, Herrington & Sutcliffe LLP
Bond Counsel