



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
October 14, 2015
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – September 9, 2015

Executive Director

Approval of Executive Director's Report – September 2015

General Discussion

Annual Environmental Review

PHIL RALSTON

Consent Item

1. COMMISSION POLICY NO. 6.1.2 – INVESTMENTS

TRACY WESTERFIELD

Requests adoption of Port of Portland Commission Policy 6.1.2, Investments.

Action Items

2. COLLECTIVE BARGAINING AGREEMENT – AVIATION PARKING CONTROL REPRESENTATIVES CONTRACT – PORTLAND INTERNATIONAL AIRPORT

CHERYL HETTERVIG

Requests approval of a new three-year collective bargaining agreement between the Port of Portland (Port) and the Port Parking Control Representatives, American Federation of State, County & Municipal Employees, Local 3220.

3. FISCAL YEAR 2015-2016 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA

JIM CARTER

Requests approval of the Fiscal Year 2015-2016 Executive Director Performance Criteria.

COMMISSION POLICY NO. 6.1.2 -- INVESTMENTS

October 14, 2015

Presented by: Tracy Westerfield
Cash & Investment Program
Manager**REQUESTED COMMISSION ACTION**

This agenda item requests adoption of Port of Portland (Port) Commission Policy No. 6.1.2, *Investments*, a copy of which is attached. There are no material changes in the Policy since its last adoption in October 2014.

BACKGROUND

The Commission Investments Policy provides the primary framework for the internal management of the Port's investment portfolio. On August 31, 2015, the par value of the investment portfolio was approximately \$477.3 million. The budget for interest income for the 2015/2016 fiscal year is \$3.3 million.

Under ORS 294.135, for the Port to invest funds in securities with maturities longer than 18 months, the investments must be made in accordance with a written investment policy that has been reviewed by the Oregon Short Term Fund Board (Board) and adopted annually by the Port Commission. The Board reviewed this version of the Policy prior to its adoption in 2014. There is no change this year except to remove specific reference to the maximum amount that may be invested in the Oregon Short Term Fund, which automatically adjusts annually by law.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Port of Portland Commission Policy No. 6.1.2, *Investments*, dated October 14, 2015, is hereby adopted; and

BE IT FURTHER RESOLVED, That a copy of Commission Policy No. 6.1.2, *Investments*, shall be attached to the minutes of this meeting.

PORT OF PORTLAND COMMISSION POLICY

INVESTMENTS Policy No. 6.1.2

Adopted Commission Meeting of October 14, 2015

The Port of Portland's investment program shall be operated in conformance with Oregon Revised Statutes and applicable Federal Law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to regulations established by the State of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

Objectives

The primary objective of the Port of Portland investment program is preservation of capital. Consistent with that objective and the cash flow needs of the Port the investment portfolio shall be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the safety and liquidity needs of the portfolio. Although return consists of both principal return and income return, this policy discourages active trading and turnover of investments. Investments should generally be held to maturity.

Authority to manage investments within the scope of this policy and operate the investment program in accordance with established written procedures and internal controls is granted to Assistant Treasurers and the Cash and Investment Program Manager. No person may engage in an investment transaction except as provided under the terms of this policy.

Investment Types

The Port may invest its funds in securities or investments subject to ORS 294.035, 294.040, and 294.810, with the following restrictions:

Time certificates of deposit with any issuer will not exceed 30 percent of the net capital of such issuer, based on their most currently published financial report and shall be held in qualified Oregon depositories in accordance with ORS Chapter 295.

Banker's acceptances guaranteed by a qualified financial institution shall not exceed 30 percent of the net capital of such institution, based on their most currently published financial report.

No more than 5 percent of municipal bond funds shall be placed with any single issuing authority other than the State of Oregon or one of its agencies. However to the extent that any reserve or construction funds exist and are also subject to yield restrictions by U.S. Treasury regulations or code, such funds may be invested in municipal bonds and no more than 20 percent of such funds shall be placed with any single issuing authority other than the State of Oregon or one of its agencies.

Repurchase agreements shall not exceed a term of 30 days. Collateral provided to the Port under a repurchase agreement shall be deposited with the Port's custodian bank(s), marked to the market daily and maintained at a minimum level in conformance with ORS 294.035 (3)(j).

Repurchase agreements may be entered into with authorized dealers or institutions when a master repurchase agreement or specific written contract governs the transaction. In no case will the total of such agreements with any firm exceed 10 percent of their equity (based on their most recently published financial report).

Diversification

The portfolio will be diversified so that the par value for each of the security classes shown shall not exceed the maximum position indicated as a percentage of the portfolio:

U.S. Treasury Obligations	100% maximum
U.S. Agency Obligations (GSE) (but no single Agency position shall exceed 30% of the portfolio)	100% maximum
Corporate Indebtedness (subject to ORS 294.035)	35% maximum
Time Certificates of Deposit (TCD)	30% maximum
Bankers Acceptances (subject to ORS 294.035(D))	30% maximum
Repurchase Agreements Under 30 days	50% maximum
Municipal Debt Obligations (subject to ORS 294.035) (No single issuer shall exceed 5% of the portfolio)	15% maximum
Oregon Short Term Fund (as subject to ORS 294.810)	As allowed under Oregon Statutes

Investments in Bankers Acceptances, TCD's and other Corporate Indebtedness of any single company or qualified financial institution shall not, in the aggregate, exceed 5 percent of the portfolio. Where appropriate exposures will be limited by security type; maturity; issuance; issuer, and security type. Investments must have a rating from at least one of the following nationally recognized statistical ratings organizations: Moody's Investors Service; Standard & Poor's; or Fitch Ratings Service, ratings should be investment level ratings and not issuer level ratings (see ORS 294.035).

If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, designated staff shall bring the portfolio back into compliance in a prudent manner as soon as feasible. Due to fluctuations in the portfolio balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the original purchase date. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

Investment Maturity

Since the Port's operating cash needs are generated through operating revenues rather than tax receipts, the Port has more flexibility in structuring maturities than is typical for a municipal district dependent primarily on tax resources. Investments will be timed to meet projected cash requirements unless a shorter maturity is desirable. Funds may be invested to a maximum maturity of five years from the date of settlement.

The portfolio will be structured to meet the following minimum maturities:

- Two years and under, 55 percent of par value
- Three years and under, 75 percent of par value
- Five years and under, 100 percent of par value

In all cases, the "Prudent Person Standard" shall apply to investment decisions. The only exceptions to the maximum maturity shown shall be cases where the Port is using the security as collateral on an operating agreement or in instances where the Port is purchasing its own bonds in the marketplace to lower outstanding debt.

Authorized Dealers and Financial Institutions

The Port may purchase or sell securities subject to the provisions of this policy through any of the following:

- Banks, savings and loans, and mutual savings banks authorized to do business in Oregon (not simply loan production offices).
- Primary security dealers as designated by the Federal Reserve Bank of New York and Oregon secondary dealers.
- Primary agency selling group members as designated by the U.S. agency involved.

Financial institutions utilized as depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

Safekeeping

All trades of marketable securities will be executed (cleared and settled) by delivery vs. payment (DVP). All securities will be evidenced by safekeeping receipts in the name of the Port of Portland. Securities acquired through repurchase agreements with the Port's custodian bank(s) may be held by the custodian bank(s). In all cases, payment shall be made only upon delivery.

Reporting Requirements

Quarterly, staff will provide the Commission with portfolio reports showing: portfolio diversification, yield and benchmarking comparisons, maturity distribution, and investment allocation, or any other report or information as the Commission may request. The Commission has review authority over the investment program.

Renewal

This policy shall be reviewed annually by the Commission.

**COLLECTIVE BARGAINING AGREEMENT – AVIATION PARKING CONTROL
REPRESENTATIVES CONTRACT – PORTLAND INTERNATIONAL AIRPORT**

October 14, 2015

Presented by: Cheryl Hettervig
Human Resources Consultant**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a new three-year collective bargaining agreement between the Port of Portland (Port) and the Port Parking Control Representatives, American Federation of State, County & Municipal Employees (AFSCME), Local 3220 (Union).

BACKGROUND

On April 30, 2015, the Port and the Union, representing 11 employees who perform terminal roadway parking control work at Portland International Airport, entered into collective bargaining for a successor collective bargaining agreement (CBA) to the agreement slated to expire June 30, 2015. On September 1, 2015, the parties reached a tentative agreement, and on September 10, 2015, the Union ratified this agreement. Key terms of the changes to this agreement are outlined below:

Term of Agreement: July 1, 2015, through June 30, 2018.

Base Wages: Effective and retroactive to July 1, 2015, increase wage steps by 3.0 percent.

Effective July 1, 2016, increase wage steps by the percentage increase in the Consumer Price Index for Urban Wage Earners (CPI-W) Portland-Salem Second Half 2015, as reported by the Bureau of Labor Statistics (BLS) in February 2016, with a minimum increase of 2.0 percent and a maximum increase of 3.5 percent.

Effective July 1, 2017, increase wage steps by the percentage increase in the CPI-W Portland-Salem Second Half 2016, as reported by the BLS in February 2017, with a minimum increase of 2.0 percent and a maximum increase of 3.5 percent.

Health & Welfare: Effective January 1, 2016, medical benefits provided under the Preferred Provider Organization (PPO) plan and the Health Maintenance Organization (HMO) plans will be the same plans and benefits that are provided to the administrative employees effective January 1, 2015. Therefore, effective January 1, 2016, the PPO plan will be a high-deductible plan.

Effective January 1, 2016, the Port will establish Health Savings Accounts (HSA) for employees who elect the high-deductible PPO plan and make contributions on the employees' behalf in accordance with a schedule that

mirrors the schedule established for administrative employees begun in January 2015, including additional contributions for those employees who successfully complete Port wellness activities as determined by the Port. Employees who elect the high-deductible PPO plan but are not eligible for an HSA under Internal Revenue Service regulations, will receive equivalent contributions into a Health Reimbursement Account (HRA).

Employees who enroll in the HMO plan will not receive a contribution to an HSA or an HRA. For calendar year 2016, all employees enrolled in the HMO plan will receive the same premium discount as administrative employees. For calendar years 2017 and 2018, employees enrolled in the HMO plan who successfully complete Port wellness activities as determined by the Port will receive the same premium discount as provided to administrative employees under the same circumstances.

Effective January 1, 2016, vision plans provided to employees will be the same as those provided to administrative employees effective January 1, 2015.

Short-Term
Disability:

Effective January 1, 2016, employees will receive the same short-term disability plan as administrative employees.

Critical Illness &
Accident Plans:

A critical illness plan and an accident plan will be made available to employees at the employee's option and expense. Employees may also purchase additional elective coverage for the employee and for their eligible dependents.

Lump Sums:

Employees on the Port payroll on the date of Commission approval of this Agreement will receive an \$800 one-time lump sum.

Employees on the Port payroll on July 1, 2016, will receive a \$550 one-time lump sum.

Uniforms:

Shoe reimbursement will increase from \$100 to \$150.

Unfair Labor
Practices (ULP):

Port and Union must give advance written notice to the other party prior to filing a ULP against the other party. Parties are encouraged to meet to explore resolution prior to filing ULP.

Holidays:

Effective July 1, 2015, one additional personal holiday will be added.

Hours of Work:

A minimum of eight hours off will be required between the end of the employee's night shift and the start of the employee's next shift the following day.

Call-In Time: Employees recalled to duty, or held over, will be paid time and one-half.

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 collective bargaining agreement with the American Federation of State, County & Municipal Employees, Local 3220, for a three-year agreement beginning July 1, 2015, setting forth wages, fringe benefits, and working conditions for the Port of Portland's Parking Control Representative employees, 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.

FISCAL YEAR 2015-2016 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA

October 14, 2015

Presented by: Jim Carter
Commission President**REQUESTED COMMISSION ACTION**

Attached is the proposed Fiscal Year 2015-2016 Executive Director Performance Criteria.

It is recommended that the Commission review and establish the Fiscal Year 2015-2016 Executive Director Performance Criteria.

COMMISSION PRESIDENT'S RECOMMENDATION

The Commission President recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria to be used for Fiscal Year 2015-2016.

**2015-2016
PERFORMANCE CRITERIA
EXECUTIVE DIRECTOR**

The role of Executive Director is to balance the normal competing tensions between the following criteria that arise while leading an organization in a very competitive environment.

Drive Regional Prosperity

- Advocate for costs and environmental/community benefits associated with the cleanup of the Lower Willamette River that assures appropriate stewardship of public financial resources and provides a cleanup consistent with national standards used by the U.S. Environmental Protection Agency.

Deliver an Outstanding Portland International Airport (PDX) Passenger Experience

- Secure terminal environment and first class traveler experience.
- Complete concept and design of PDX Terminal renovation, consistent with safety and capacity needs, and gain stakeholder support for the Project.
- Complete Workplace Initiative with reviewable outcomes.

Connect People and Businesses to Markets

- Emphasize curiosity and creativity for new Port business development.
- Continued focus on solution for Terminal 6 that provides predictable container service and a positive working relationship of all involved parties.
- Develop stakeholder engagement plan for business development.
- Continue to take advantage of strong local Gross Domestic Product growth in promoting the expansion of domestic and international air service.
- Public affairs focus on local and regional stakeholders to achieve support for fulfilling the Port's mission.
- Seek opportunities for improvement in the Port's relationship with the City of Portland.

Promote Excellence in Organizational Effectiveness

- Continue to identify and mentor talented Port employees as successors for current and future Port leadership.
- Seek increased opportunities for individual Commissioner participation in major initiatives undertaken by the Port.
- Blend our mission of economic development with our need for the Port's fiscal health (broader cost-benefit analysis when projects are considered, including stakeholder identification and perspective).