



EXECUTIVE DIRECTOR'S REPORT  
TO THE  
PORT OF PORTLAND COMMISSION  
FOR OCTOBER 2016

**SAFETY REPORT**

Port of Portland (Port) September 2016 safety performance showed an increase in both frequency and severity, compared to September of 2015. There were five reported incidents, and of those incidents, two resulted in claims. Calendar Year 2016 total claims and incidents continually show improved performance from Calendar Year 2015.

**Monthly Report of Injury Incidents**

Administrative

One non-recordable incident:

- Administrative employee cut index finger on the headquarters' catering kitchen icemaker.

Aviation

One lost time recordable incident:

- Maintenance employee was mowing at the Alderwood employee Lot and was stung by a bee on the eyelid.

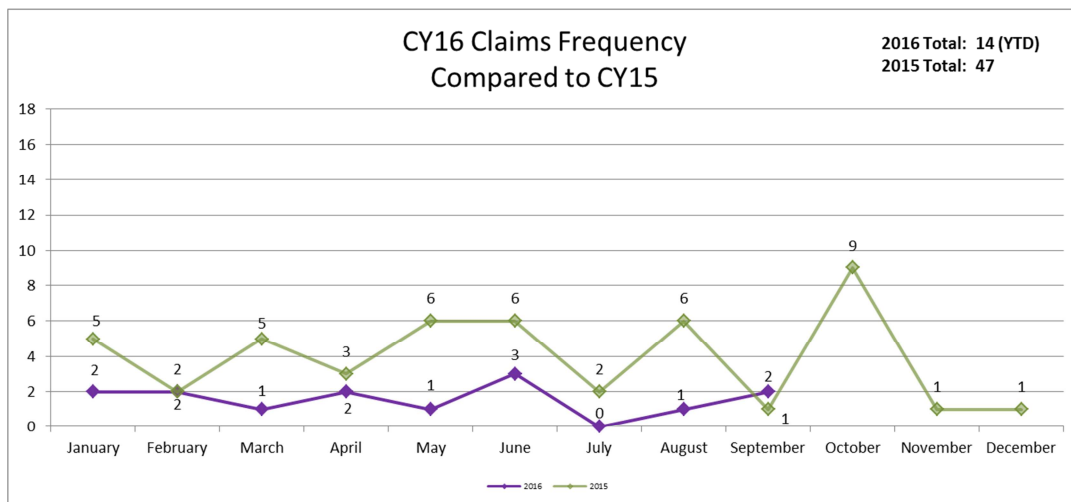
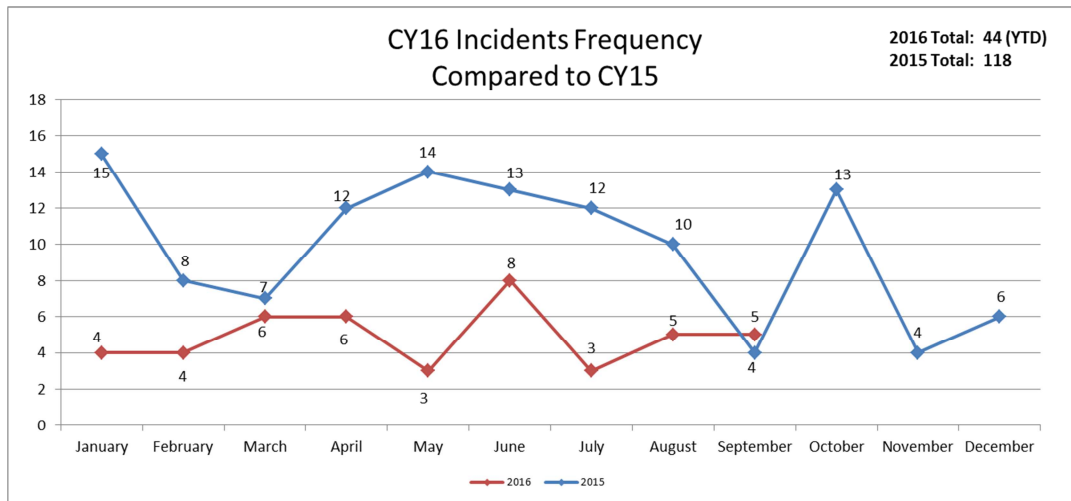
Two non-recordable incidents:

- Firefighter was tending a fire hose during a training exercise and was pulled forward, causing the worker to fall down and injure a shoulder.
- While responding to a possible HVAC leak, a maintenance worker was exposed to waste water contaminated with human waste, which resulted from a backed up drain.

Navigation

One non-recordable incident:

- Shop employee was pulling a cart and strained the lower back.

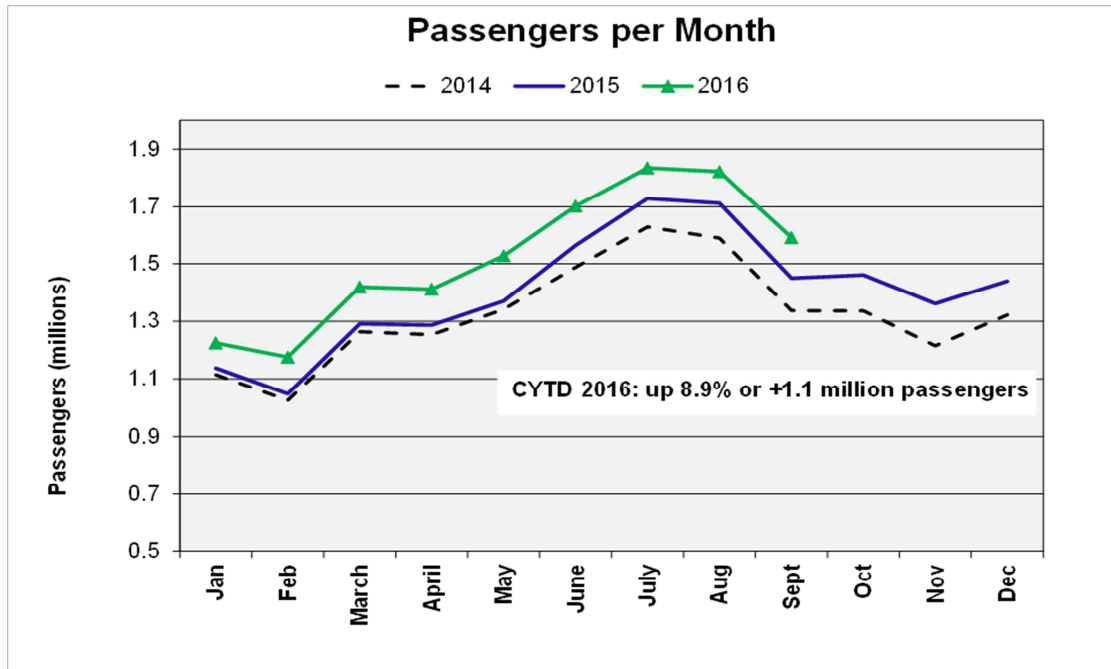


## AVIATION REPORT

Expanded service at PDX that was announced in the past month:

Start Date	Airline	Destination	Frequency
Summer 2017	Icelandair	Reykjavik	Adding fifth frequency per week

	Month/Month % change	FYTD % change
	September	July-September
Passengers	9.8%	7.3%
Concessions Revenue	12.0%	11.4%
Rental Car Revenue	9.8%	5.0%
Parking Revenue	7.6%	5.8%



### Passengers

September 2016 passenger volumes increased 9.8 percent compared to September 2015. Seat capacity increased 11.1 percent, with the load factor falling only one point to 84.2. Historically, September is a strong month for business and leisure travel for those traveling without kids. The expectation is that domestic leisure travel will stay strong as long as there are no major events.

### Concessions Revenue

Combined terminal concessions operations reported a 12.0 percent, or \$136,000, rent increase on the month, against a 9.8 percent passenger increase. This increase is due to sales and rent growth reflective of the final week of a very successful summer sales promotion. Additionally, the month's news and gift, quick serve, and casual dining operations productivity, at 23.3 percent, 21.4 percent, and 17.0 percent rent increases respectively, all contributed to this outstanding performance.

### Rental Car Revenue

Rental car operations reflect a 5.0 percent, or \$347,000, rent increase year-to-date over last year, against a year-to-date passenger increase of 7.1 percent. This is somewhat tempered by the majority of September's rents being reported at plan, due to associated timing issues.

### Parking Revenue by Lot

Public parking revenue continues to increase month over month and is currently 5.4 percent over the first quarter of Fiscal-Year 2016. Parking transactions were up 1.5 percent over September 2015. September and October are historically strong business travel months and continued positive growth is expected in the garage and valet products.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,489,903	10.0%	8.1%
Long-Term	\$1,702,648	2.8%	-2.4%
Economy	\$1,855,469	9.6%	11.3%
Valet	\$115,255	22.2%	21.8%
Total	\$5,163,275	7.6%	5.4%

## **CAPITAL GRANTS**

### **Portland International Airport**

Staff submitted a reimbursement request to the Transportation Security Administration for the Law Enforcement Officer program in the amount of \$12,400 (Agreement No. HSTS0216HSLR647).

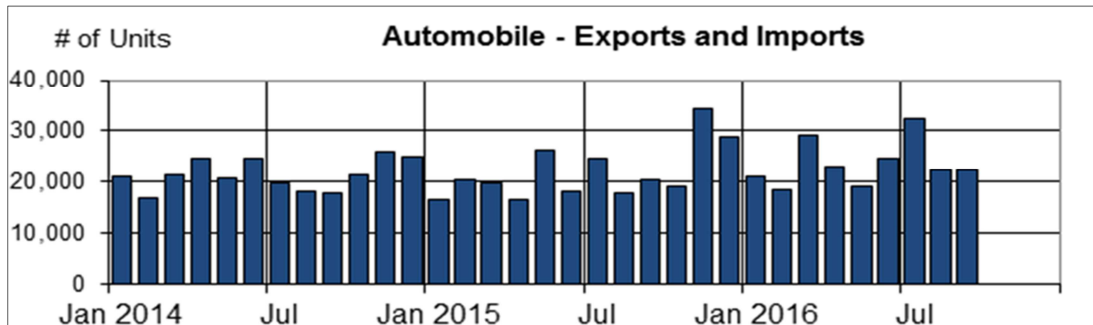
Staff submitted a reimbursement request to TriMet for the Law Enforcement Officer program in the amount of \$10,090 (Agreement No. GS150820LG).

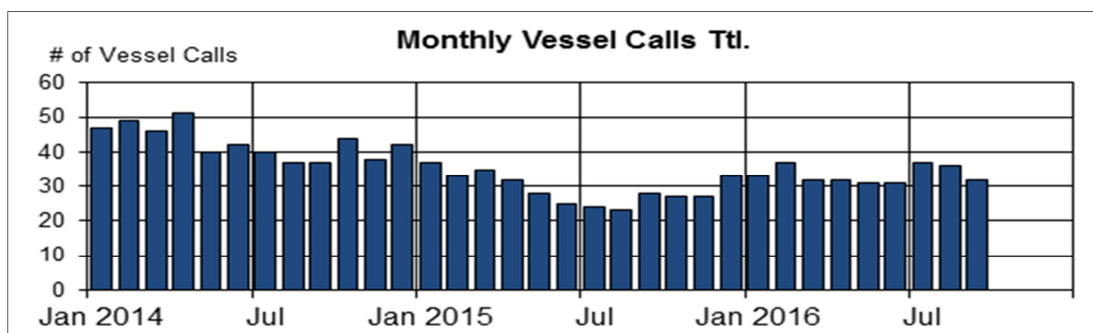
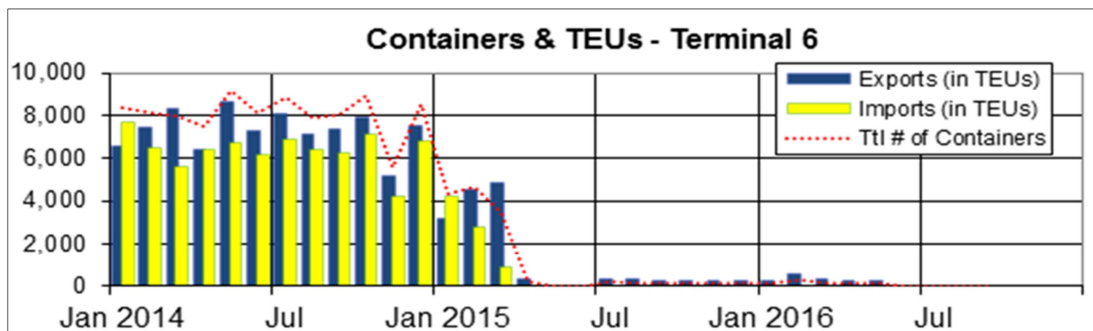
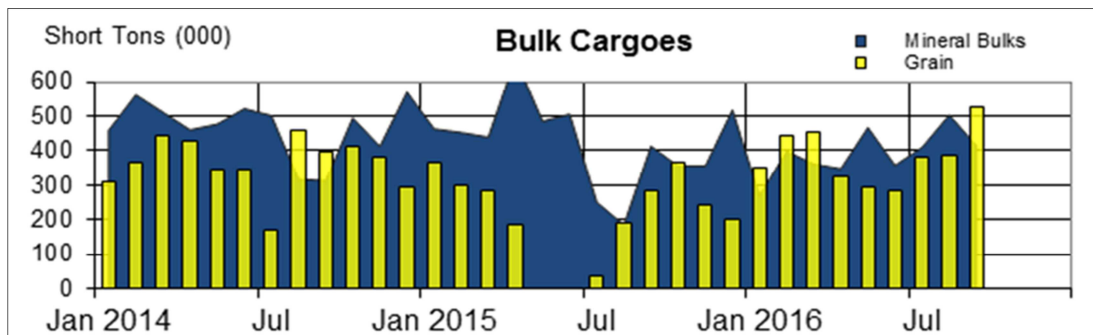
Staff submitted a reimbursement request to the Federal Bureau of Investigation for the Joint Terrorism Task Force program in the amount of \$1,378 (Agreement No. 03-026).

## **MARINE & INDUSTRIAL DEVELOPMENT REPORT**

The figures in the table below show change relative to the prior year.

	<u>September 2016</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	32.7%	79.5%
Containers (TEU)	-100.0%	-100.0%
Import Full Containers	--	--
Export Full Containers	-100.0%	-100.0%
Breakbulk	--	-100.0%
Autos	8.2%	22.4%
Mineral Bulk	0.4%	56.4%
Grain	84.3%	152.1%





## **PROJECT COMPLETION REPORT**

The following construction contract, previously awarded by the Commission, has been completed:

### **Terminal Grease Separation Project – Portland International Airport**

Approved by Port Commission	March 11, 2015
Contract Award Amount	\$3,753,251.00
Authorized Contract Amendments	\$538,746.59
Final Contract Amount	\$4,291,997.59

\*The original contract was exceeded by 10 percent primarily due to a combination of unforeseen conditions and additional requirements by the City of Portland (City) after permits were issued. The Terminal Grease Separation project involved installation of a new vacuum waste piping system within the oldest parts of the existing Terminal building. This was a new type of

collection system for the Port and City that requires all new or redeveloped food, beverage, kitchen and coffee locations to separate fats, oils and grease waste from the sanitary sewer. The City added several different requirements, post permit, in order to sign off and allow the Port to commission the new system. These requirements were not accounted for during design and bidding. Additionally, several conflicts were encountered while installing the new infrastructure as a result of undocumented, unknown or abandoned portions of infrastructure that had to be removed, relocated or required rerouting of the new system.

## **REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY**

### **Powell's Books, Inc. – Seventh Amendment to Retail Concession Lease**

Location: Portland International Airport (PDX)

Term: Effective September 14, 2016

Use: Amendment No. 7: This amendment updates the definition of gross receipts.

### **City of St. Helens – First Amendment to License/Permit to Enter Premises**

Location: St. Helens

Term: Effective September 01, 2016

Use: Amendment No. 1: Five-year extension of term of permit to install and operate a LoadMax tide gauge on the City dock.

### **LSI Corporation – Partial Release of Reimbursement Agreement to Assignment of Reimbursement Agreement**

Location: Gresham Vista Business Park (GVBP)

Term: Effective September 23, 2016

Use: This partial release will allow the sale of GVBP Lots 1, 2, 3 and 9.

### **Sester Farms, Inc. – Second Amendment to Agricultural Use License**

Location: GVBP

Term: Effective September 19, 2016

Use: Amendment No. 2: This amendment adjusts the size of the license area from 19.369 to 18.658 acres of land to accommodate construction of a temporary stormwater facility. The amendment includes a new exhibit of the premises and waiver of the 30-day notice regarding reduction in area of the premises.

### **Avis Budget Car Rental, LLC – Second Amendment to Permit for Parking**

Location: PDX

Term: Effective September 30, 2016

Use: Amendment No. 2: Changes the premises due to construction by the Port.

### **Portland Bulk Terminals, L.L.C. (PBT) – First Amendment to Permit and Right of Entry**

Location: Rivergate Industrial District and Terminal 5

Term: September 01, 2016 to June 30, 2017

Use: Amendment No. 1: This permit amendment will extend the term, reduce the size of the premises, and update the notice relating to PBT's use of a portion of the Bow-Tie site for construction staging associated with its expansion project.

BHG Hillsboro, LLC – Fifth Amendment to Lease

Location: Hillsboro Airport (HIO)

Term: September 01, 2015 to July 31, 2019

Use: Amendment No. 5: This amendment allows BHG to have an early termination buy-out under the terms of the lease.

Beaches PDX, Inc. – Vehicle Display Information Form – Permit and Right of Entry

Location: PDX

Term: October 02, 2016 to March 04, 2017

Use: As required by a Permit and Right of Entry between Beaches and the Port, Beaches submitted a vehicle display agreement for the display of motor vehicles within Beaches Restaurant at the airport.

Dolphin Radio, LLC – First Amendment to Lease of Improved Space

Location: HIO

Term: September 07, 2016 to September 30, 2017

Use: Amendment No. 1: Exercises the option to extend the lease for one year.

Pro Formance Group, Inc. – Permit and Right of Entry

Location: Terminal 2 (T-2)

Term: September 09, 2016 to September 11, 2016

Use: Permittee will use a portion of T-2 and Warehouse 204 and vehicles provided by the Ford Motor Company for the Ford Safe Driver Event.

Host International, Inc. DBA Tamale Boy – Food and Beverage Concession Lease

Location: PDX

Term: September 08, 2016 to May 31, 2027

Use: Lease for the operation of a quick-serve Mexican restaurant.

Tender Loving Empire, LLC – Food and Beverage Concession Lease

Location: PDX

Term: September 13, 2016 to July 01, 2023

Use: Lease for the operation of a specialty/branded retail facility.

PacifiCorp – Temporary Easement

Location: PDX

Term: Effective September 16, 2016

Use: This is an easement for the construction of electric power transmission, distribution and communication lines.

EAN Holdings, LLC DBA National Car Rental – First Amendment to Permit for Parking

Location: PDX

Term: Effective September 01, 2016

Use: Amendment No. 1: Changes the premises due to Port construction.

## Contracts Over \$50,000 Pursuant to Delegated Authority

### APPROVAL LIMITS (Administrative Policy 7.2.3)

BUDGET APPROVAL	<b>All expenditures require management approval:</b>		
	Approval by Directors		Up to \$ 50,000
	Approval by Chief Officers		Up to \$250,000
	Approval by Executive Director & Deputy Executive Director		Unlimited
<hr/>			
CONTRACTING APPROVAL	<b>Contracting authority is limited to the following:</b>		
	Chief Officers		Up to \$ 10,000
	Buyers		Up to \$ 50,000
	Manager of Contracts & Procurement		Up to \$ 250,000*
	Executive Director & Deputy Executive Director		Up to \$ 500,000*
*And any amount approved by Commission			

## Monthly Report for October 2016 (September Activity)

### New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Purchase a 2017 Ford F550 regular cab vehicle.	PDX Maintenance	Northside Ford Truck Sales, Inc.			\$53,798		
Obtain review of the Portland Harbor proposed plan.	Lower Willamette	State of Oregon			\$58,500		
Obtain annual geographic information system software maintenance.	Information Technology	Environmental Systems Research Institute			\$87,429		
Obtain network software licenses and support.	Information Technology	Dell Marketing LP			\$90,736		
Obtain network equipment support.	Information Technology	ConvergeOne, Inc.			\$167,873		
Purchase network equipment for the Quick Turn Around (QTA) and Network Lifecycle Projects.	Information Technology	ConvergeOne, Inc.			\$377,960		
Purchase shuttle bus camera, tracking and stop announcement systems.	Engineering Design Services	Syncromatics			\$552,215		



Purchase and installation of pre-conditioned air units for PDX boarding bridges.	Engineering Project Development	SSM Mechanical Services			\$3,882,000		
<p align="center"><b><u>Change Orders and Amendments to Project-Specific Contracts</u></b></p> <p align="center"><b>Contracts in this category are initially awarded with a specific work scope and an identified not-to-exceed project total.</b></p>							
<b>Title</b>	<b>Requestor Department</b>	<b>Vendor Name</b>	<b>Original Amount</b>	<b>Previous Changes to Contract</b>	<b>Current Change to Contract</b>	<b>New Contract Total</b>	
Change order #4 to obtain additional trash pick up services using inmate labor.	PDX Maintenance	State of Oregon	\$42,460	\$142,092	\$56,160	\$240,712	
Administrative action to add funds for pavement deicing chemicals backup order.	PDX Maintenance	Nachurs Alpine Solutions Corp	\$85,554		\$95,782	\$181,336	
Change order #5 to obtain software support for an additional year.	Information Technology	Microsoft Corporation Technical Support	\$100,120	\$396,670	\$135,330	\$632,120	
Administrative action to add funds for additional annual audit services.	Financial Services Administration	Pricewaterhouse Coopers LLP	\$1,000,000		\$205,000	\$1,205,000	
Administrative action to add funds for additional pavement deicing chemicals.	PDX Maintenance	Cryotech Deicing Technology	\$421,227		\$399,546	\$820,773	
Change orders #42 and 48-54 to obtain additional construction services for Troutdale Reynolds Industrial Park (TRIP) improvements.	Engineering Project Development	Goodfellow Brothers, Inc.	\$17,441,435	\$1,448,692	\$645,120	\$19,535,247	
Administrative action to add funds for additional parking, valet and shuttle bus services.	Airport Operations	SP Plus Corporation	\$7,262,489	\$15,642,335	\$927,807	\$23,832,631	
Change order #1 to obtain increased capacity of the Central Utility Plant, related to the QTA Facility Project.	Engineering Project Development	Hoffman Construction Company of Oregon	\$52,406,784		\$5,852,634	\$58,259,418	

**New Task Orders and Changes to Task Orders Against Non-Project Specific Contracts**

Items in this category are issued against contracts that were initially awarded with no specific work scope or product quantity identified (e.g., "requirements" or "on-call" contracts). These contracts establish pricing or rates for products or work that may be needed over a stated term. Estimated quantities may be identified, but no guarantee of actual contract compensation or work is made. Contract durations may be short-term or for multiple years with optional renewal/extension terms.

Title	Requestor Department	Vendor Name	Original Task Order Amount	Previous Changes to Task Order	Current Change to Task Order	New Task Order Total	Total Contract Activity - All Task Orders
Task order against contract #994 to obtain engineering services for the demolition of Marine Terminal 4 (T-4) Building 521.	Engineering Project Development	Walsh Consulting Group LLC	\$73,105			\$73,105	\$359,849
Amendment #1 to task order against contract #973 to obtain additional work for the relocation of electrical service lines at Gresham Vista Business Park.	Engineering Project Development	Andersen Construction Company	\$182,659		\$85,257	\$267,917	\$1,004,793
Task order against contract #660 to purchase low-sulfur diesel fuel for the Dredge <i>Oregon</i> .	Navigation	Rainier Petroleum Corporation	\$101,526			\$101,526	\$5,843,944
Task order against contract #660 to purchase low-sulfur diesel fuel for the Dredge <i>Oregon</i> .	Navigation	Rainier Petroleum Corporation	\$109,976			\$109,976	\$5,843,944
Task order against contract #866 to obtain design services for the PDX Hangar 7909 Rehabilitation Project.	Engineering Project Development	MWA Architects, Inc.	\$115,822			\$115,822	\$601,519
Task order against contract #910 to obtain mitigation and natural lands maintenance at the TRIP.	Environmental	Mosaic Ecology LLC	\$127,000			\$127,000	\$535,012
Task order against contract #910 to obtain mitigation and natural lands maintenance at various Port sites.	Environmental	Mosaic Ecology LLC	\$174,000			\$174,000	\$535,012
Task order against contract #977 to obtain construction services for the PDX Playground Project.	Engineering Project Development	SDB Contracting Services	\$177,552			\$177,552	\$808,885
Task order against contract #944 to obtain engineering services for the T-4 Berth Rehabilitation & Site Improvements Project.	Engineering Project Development	Walsh Consulting Group LLC	\$286,744			\$286,744	\$359,849

## General Fund

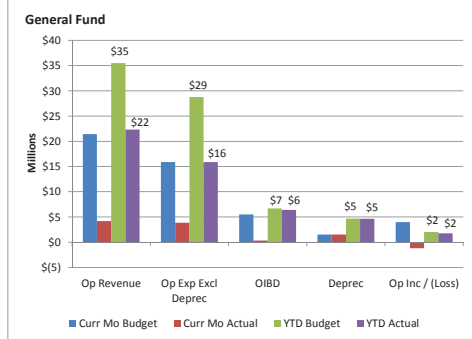
The General Fund includes Marine, Industrial Development, Navigation, General Aviation, Environmental, Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services (IT, Engineering, and the Project Portfolio Office).

Operating revenues are \$13.2M lower than the Adopted Budget primarily due to the timing of land sales. Excluding land sales, operating revenue is \$342K over budget.

YTD operating expenses excluding depreciation are \$12.9M less than budget also due to the timing of land sales. Excluding land sales, operating expenses are \$3.5M below budget.

The key variances are listed below:

- Contracts, professional & consulting services expenses (\$4.3M < budget).
- Personnel services (\$2.0M > budget); an issue that affects all lines of business, the budget did not factor in three pay periods for August. The total year budget is correct but there is a timing difference in the number of pay periods budgeted to each period that will affect August and December.
- Cost of property sold (\$9.4M < budget).
- Equipment rental, repair and fuel expenses (\$724K < budget).
- Travel and management expenses (\$321K < budget).



## Marine

### Marine Volumes:

**Autos** – Auto volumes are 3.5% higher than forecast and 22% higher than last year due to continued growth in both Hyundai imports, Ford exports and Honda imports.

**Breakbulk** – YTD tonnage is 100% lower than forecast and last year as there have been no ship calls at T-2 so far this fiscal year.

**Containers** – Until container service resumes, there will be no TEU variances to report.

**Grain Bulk** – YTD grain volumes are 51.6% higher than forecast and 152% higher than last year primarily because production is up nationally (no drought or disease hurting crops). Also, Columbia River locks will close in December for maintenance for three months, so upriver wheat growers are likely moving their cargo now so it isn't trapped in their silos for several months.

**Mineral Bulk** – Tonnage is 15.8% higher than forecast and 55% higher than last year. Portland Bulk was offline for the first two months of last fiscal year during the installation of the new potash shiploader.

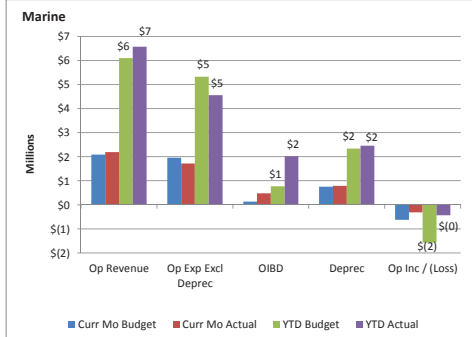
Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	74,337	76,963	3.5%	309,000
Breakbulk	47,223	-	(100.0%)	132,277
Containers (TEUs)	-	-	-	-
Grain Bulk	854,533	1,295,261	51.6%	3,527,396
Mineral Bulk	1,153,842	1,335,837	15.8%	5,141,179

\* Volumes in short tons unless otherwise noted.

### Marine Operating Results:

YTD operating revenues are \$478K higher than the Adopted Budget due to higher than anticipated auto revenues (\$124K > budget) and South Rivergate rail access fees (\$201K > budget; fees were expected to move to balance sheet at beginning of FY 16-17). YTD operating expenses excluding depreciation are \$770K less than budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$706K < budget due to timing of T-4 and other Marine environmental expenses (~\$403K) and outside services expenses for waterway/navigation improvements (\$208K < budget; includes contribution for additional stern buoys in the Columbia River and LOADMAX fees).
- Utilities expenses are \$116K > budget due to timing, primarily of Stormwater expenses.
- Personnel services are \$114K > budget because the budget did not factor in three pay periods for August.
- Travel and management expenses are \$84K < budget.
- Interdepartmental charges are \$48K < budget due to lower than anticipated services received from Engineering and capitalized labor.
- Materials and supplies expenses are \$64K < budget, primarily in the Facility & Electrical Maintenance, Crane Shop and Security business units.
- Insurance expenses are \$46K < budget.
- Equipment rental, repair and fuel expenses are \$39K < budget.
- Longshore labor is \$28K < budget.

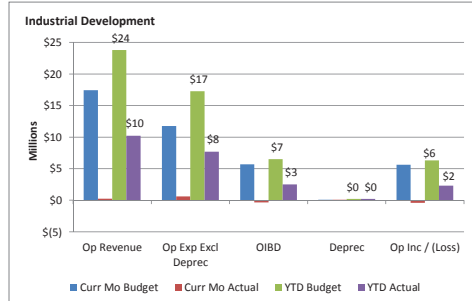


## Industrial Development

YTD operating revenues are \$13.6M lower than the Adopted Budget due to the timing of land sales. The budget assumed \$5.7M in proceeds for the sale of TRIP Lots 11 & 12 to BPA in August, as well as \$7.8M for the sale of Gresham Vista Lots 1, 2 & 3 to Trammell Crow in September. These sales have not yet closed. However, the sale of Gresham Vista Lot 9, which was budgeted in September, closed a month early at the budgeted amount of \$9.3M.

YTD operating expenses excluding depreciation are \$9.6M lower than budget, with the largest variances listed below:

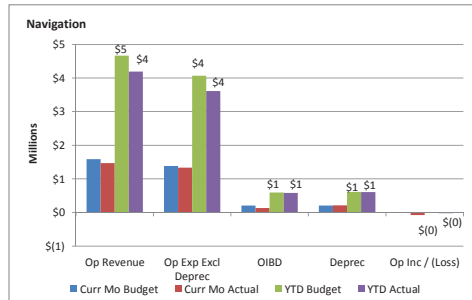
- Cost of property sold is \$9.4M < budget (Lot 9 actual cost of property = \$6.1M; TRIP Lots 11 & 12, GV Lots 1, 2 & 3 budgeted cost of property = \$15.5M).
- Contracts, professional & consulting services are \$306K < budget due to a credit for a Tidewater barge sublease (\$151K; offsets a payment for the Port's lease with DSL that has not yet posted). Remainder primarily from timing of design review and appraisal, mitigation, and Hayden Island and general environmental expenses.



## Navigation

YTD operating expenses excluding depreciation are \$458K less than budget due to 27 fewer dredging days than budgeted (safety stand-down delayed the start of the dredging season to late July). Lower operating expenses translate into lower operating revenues, which are \$471K < budget.

Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Dredging Days	71	44	(38.0%)	132
Cubic Yards Dredged		909,103		

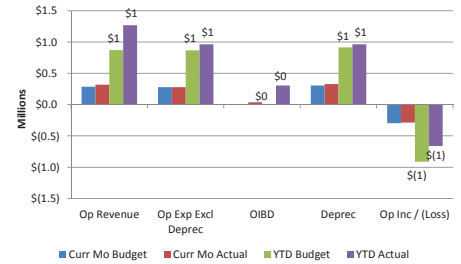


### General Aviation

YTD operating revenues are above budget by \$398K, primarily due to higher than expected rental car revenues and airside land lease revenues at HIO. Also, the Port received a \$300K early termination fee from BHG Hillsboro.

YTD operating expenses before depreciation are over budget by \$96K, primarily due to higher personnel and water/sewer costs.

#### General Aviation



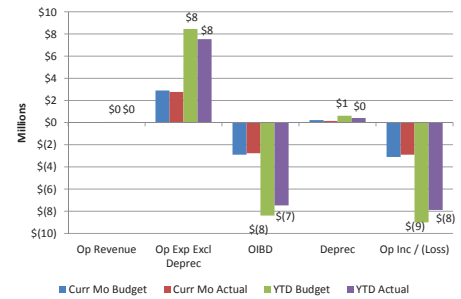
### Support Services

Support Services is comprised of Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services. Costs for these areas are allocated to the operating areas.

YTD operating expenses excluding depreciation are \$900K under budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.5M < budget, mostly due to timing of ProMIS contract expenses (\$878K budgeted in Project Portfolio Office business unit; no expenses YTD). Contracts and outside services in HR, IT, Public Affairs, Financial & Administrative Services, and Environmental Affairs are \$533K < budget due to timing.
- Interdepartmental charges are \$282K < budget due to Engineering capitalized labor.
- Travel and management expenses are \$140K < budget primarily due to timing of PROPS recognition program/Achievers contract expenses (\$210K budgeted in August but no expenses YTD). Travel and management expenses in Legal, Environmental Affairs and Financial & Administrative Services are \$59K < budget due to timing.
- Partially offsetting the lower expenses, personnel services are \$1.2M > budget due to actual versus budgeted pay periods for August (budget did not factor in three pay periods).
- Equip Rents & Repair is \$226K < budget due to timing of SmartNet-Cisco expenses.
- Other expenses are \$93K > budget due to timing of ProMIS software (\$303K budgeted in January; \$151.5K posted in July). Lower than expected sponsorship expenses (\$57K) partially offset the higher software expenses.

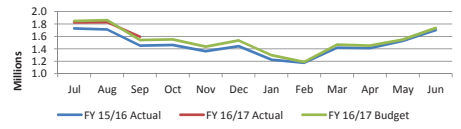
#### Support Services



### Portland International Airport

#### Total Passengers

Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, over 5.2 million total passengers have utilized PDX, exceeding the prior year by 7.2%. The higher passenger levels are a result of the continued growing economy and new flights by air carriers serving PDX. As a result of strong demand for air travel, PDX passenger levels are increasing as carriers increase seat capacity and add flights.

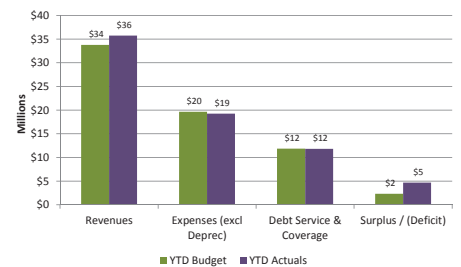


### PDX Airline Cost Center (ACC)

YTD ACC revenues are \$1.9M higher than budget. Airline revenues are \$1.0M higher than budget due to higher than expected landing activity (+\$555K), terminal rents (+\$480K), and common use rentals (+\$283K). Retail, food and beverage revenues are \$408K higher than budget as a result of higher than expected passenger spending.

YTD ACC expenses are \$389K below budget. Personnel Services are \$1M over budget due to payroll being disbursed for three pay periods while the Port budgeted for two pay periods for the month of August. This is a timing issue only that affects the months of August and December. Materials, services, and transfers are \$1.4M under budget, primarily due to direct security services (down \$147K), direct operating materials and supplies (down \$99K), direct environmental costs (down \$89K), direct custodial services (down \$78K), direct stormwater costs (down \$51K). Indirect costs included in this variance include: Air Service Development marketing (down ~\$206K), inter-departmental services provided (down ~\$160K), outside services for Police (down ~\$101K), and long range planning consulting (down ~\$99K).

#### PDX ACC

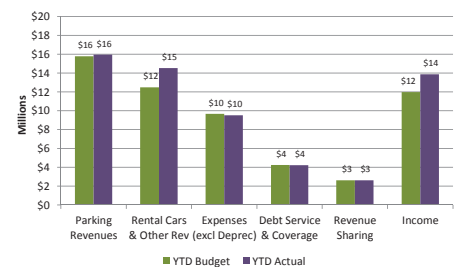


### PDX Port Cost Center (PCC)

YTD PCC revenues are \$2.2M > budget. YTD rental car revenues are \$1.4M > budget due to June forecasted accruals being \$615K less than actuals invoiced; this amount carried into July (a post audit adjustment will be made in October to correctly apply these June revenues to the prior year). Passenger volumes in July and August are higher than budgeted by \$470K, YTD revenue accrual is \$353K higher and should correct by reversal in October. YTD parking revenues are \$173K > budget due higher than expected passenger activity. Other PCC revenues are \$615K > budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; over \$342K), and higher than expected ramp parking cargo revenues (over \$72K).

PCC expenses are \$161K < budget. Personnel services expense is \$492K > budget due to payroll being disbursed for three pay periods while the Port budgeted for two pay periods for the month of August. This is a timing issue only that affects the months of August and December. Materials, services, and transfers are \$616K < budget, primarily due to lower equipment rentals and repairs (\$68K lower) and direct custodial services (\$48K lower). Indirect costs related to this variance include: Air Service Development marketing (down ~\$138K), inter-departmental services provided (down ~\$106K), long range planning consulting (down ~\$99K), and outside services for Police (down ~\$35K).

#### PDX PCC



**PORT OF PORTLAND**  
Investment Report  
Quarter Ending September 2016

<b><u>YIELD COMPARISONS</u></b>	<b><u>September</u></b>	<b><u>Fiscal Year-to-Date</u></b>	<b><u>12 Month Moving Average</u></b>	
			<b><u>9/30/16</u></b>	<b><u>9/30/15</u></b>
Port unrestricted portfolio	1.08%	1.07%	1.03%	0.88%
Series 22 construction funds	0.78%	0.75%	0.55%	0.36%
Local Government Investment Pool (LGIP)	0.94%	0.91%	0.74%	0.52%
90 day LIBOR*	0.85%	0.82%	0.64%	0.27%

**PORTFOLIO COMPOSITION**

Port of Portland Investment Portfolio

Unrestricted investments	\$428,609,000
Unrestricted LGIP	36,810,241
Series 22 construction investments	32,512,000
Series 22 construction LGIP	<u>274,213</u>
Total portfolio	\$498,205,454

<u>Maturity Schedule</u>	<u>Actual Portfolio</u>		<u>Policy Minimum</u>
1 year or less	\$202,722,454	41%	none
2 years and under	\$331,319,454	67%	55%
3 years and under	\$465,113,454	93%	75%
5 years and under	\$498,205,454	100%	100%

<u>Interest Earnings</u>	<u>Unrestricted Portfolio</u>	<u>Series 22 Construction</u>	<u>Total Earnings</u>
July 2016	\$403,692	\$26,264	\$429,956
August 2016	\$408,740	\$24,974	\$433,714
September 2016	<u>\$407,063</u>	<u>\$22,448</u>	<u>\$429,511</u>
Quarter Total	\$1,219,495	\$73,686	\$1,293,181

**COMMENTS**

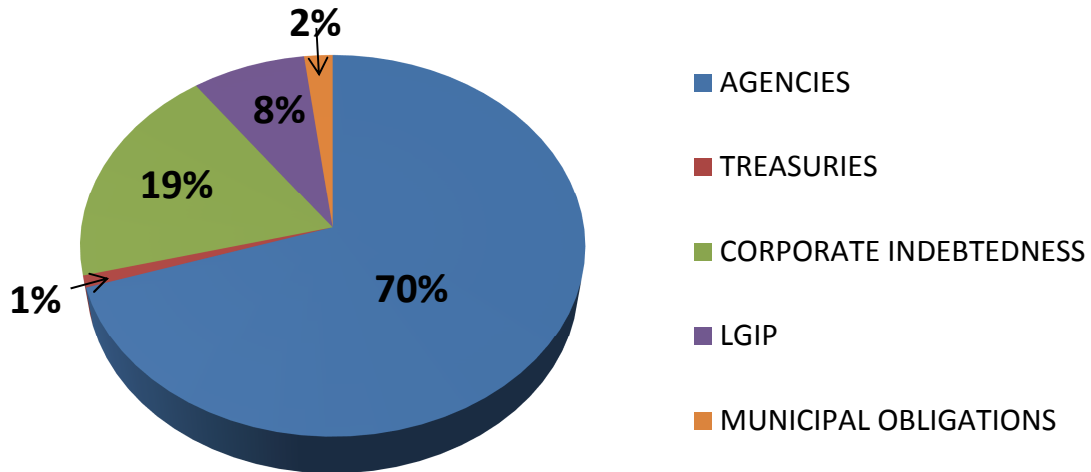
At the last Federal Open Market Committee meeting in September, the Committee judged that the case for an increase in the federal funds rate had strengthened, but decided to wait for further evidence of continued progress toward its objectives. The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate; the federal funds rate is likely to remain at low levels for some time. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

It is interesting to note that the Oregon Short Term Fund, Local Government Investment Pool, has increased their annual percentage yield .40 basis points over the last year. This liquid account is now paying an interest rate approximately equal to what Agency investments are paying for a 20 month +/- maturity.

*Note: Investment portfolio detail available upon request.*

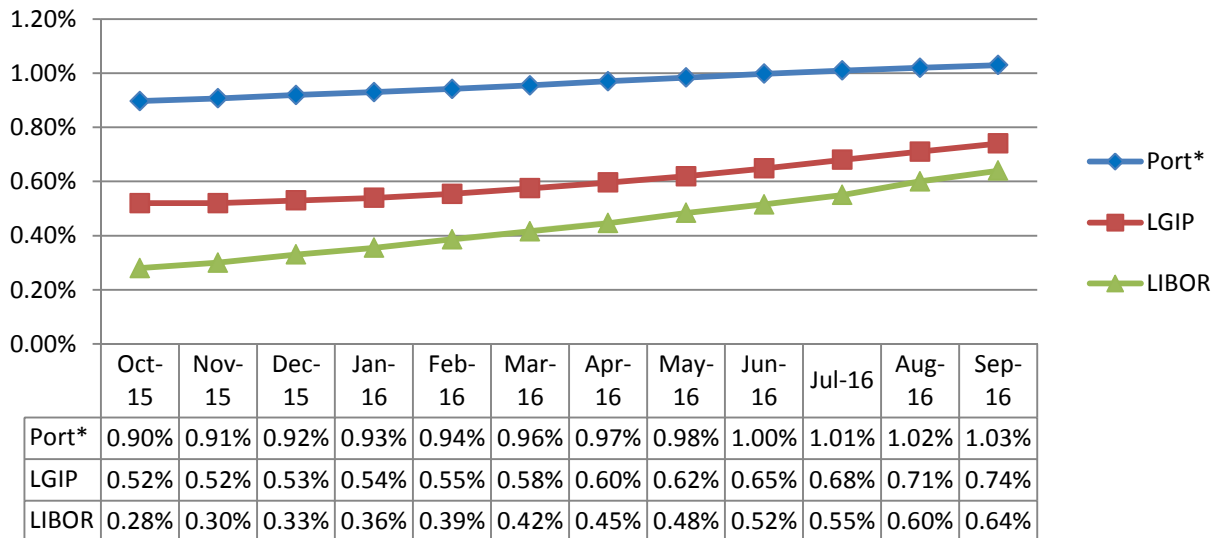
\*LIBOR- London Inter Bank Offer Rate- The interest rate that banks charge each other for loans.

**Port of Portland  
Portfolio Diversification  
Unrestricted Funds as of 9/30/16**



Investments Policy Limits: U.S. Treasuries 100%; U.S. Agencies 100%;  
Corp. Indebtedness 35%; LGIP \$47,390,998 maximum

**Port of Portland  
12 Month Moving Average Yield Comparison**



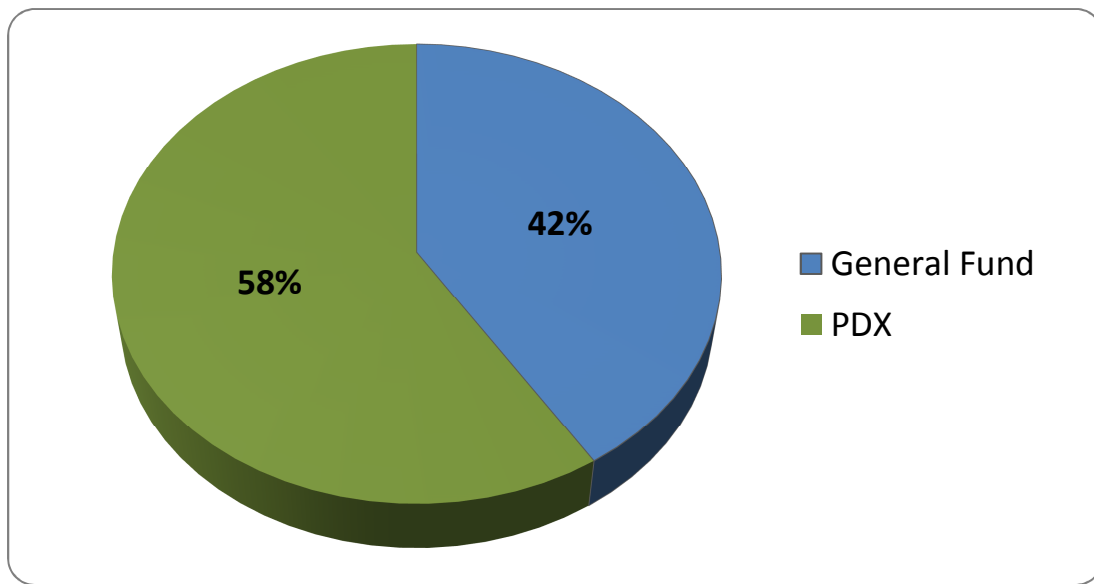
\*Port yield shown excludes amounts on deposit in LGIP and restricted cash balances.

## Port of Portland

### Allocation of non-specific cash & investments available\*

As of September 30, 2016, the Port had \$199 million in funds available for the General Fund and \$276 million available for Portland International Airport.

Non-specific balances reflect neither restricted monies, such as construction bond proceeds from the general investment pool, nor do they reflect debt service funds held by the trustees.



\*Allocation is an estimate generated based on accounting balances at September 30, 2016 and includes investments, LGIP and cash accounts.