

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
October 14, 2009**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:00 a.m. in the Commission Boardroom of the Port's administrative offices at 121 N.W. Everett Street.

QUORUM

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Diana Daggett, Bruce Holte, Mary Olson and Paul Rosenbaum. Also present were Steve Schreiber, aviation director; participating staff members; and members of the public.

Commissioner Johansen welcomed the new Port employees attending the Commission meeting this morning.

LEAVE OF ABSENCE

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

EXECUTIVE DIRECTOR'S PERFORMANCE REVIEW

Commissioner Johansen closed the loop from last month's Commission meeting regarding Bill Wyatt's performance rating. She said there was considerable sentiment to go with the highest rating of Exceptional, but it is her recommendation, and the Officers agreed during their meeting on October 1, that given that financial targets were not met and the loss of K-Line service, an Outstanding rating was more in line with the performance and the results. Commissioner Johansen added that the Commission Officers fully recognize that the global financial crisis was not Mr. Wyatt's fault, and they feel that his response was robust. Ultimately, however, the buck stops with the Executive Director and targets were missed.

Commissioner Johansen said while Mr. Wyatt is deserving of a financial reward for his performance, she is not recommending an increase at this time. She noted he elected to take a 10-percent pay cut, which is reflected in his current salary.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of September 9, 2009. Commissioner Allen moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Steve Schreiber said Bill Wyatt is participating in the 25th Anniversary Joint Oregon Trade Mission to China. After that, he will travel to Europe where he will join the Governor in Amsterdam for several customer meetings. Mr. Schreiber also recognized the new Port employees in the audience and said he is pleased to have them onboard. He said they will find the Port to be an interesting place to work and he looks forward to their contribution to the Port's success.

Mr. Schreiber said the final phase of the 20-year Channel Deepening Project will kick off with public meetings tonight and tomorrow night. The meetings will discuss the upcoming rock removal in a one-mile stretch of the riverbed. He said the work will be conducted in strict compliance with all state and federal regulations, and every attempt will be made to minimize impacts to natural resources, river traffic and nearby property owners. Mr. Schreiber noted the rock removal work will occur between November 2009 and February 2010.

Mr. Schreiber said that the Port submitted a TIGER grant application in September requesting \$34 million for the redevelopment of Terminal 4. He noted TIGER stands for Transportation Investment Generating Economic Recovery, which is an additional Federal stimulus program of \$1.5 billion that is provided through the Department of Transportation. Mr. Schreiber said the application was designed to complete the redevelopment of Terminal 4 by returning a major portion of the facility to productive use. He said included in the project design is the demolition of the idle grain facility, access road and rail improvements and improvements in storm water management systems. Mr. Schreiber said we expect the Department of Transportation will announce grant recipients no later than February 17, 2010. Port Staff put in a great number of hours to meet the submission deadline. We will keep you updated on the status of our grant application in the coming months.

Mr. Schreiber said now that flu season is officially upon us, the Port has taken several steps to ensure that our employees are well informed in ways to stay healthy, how to prevent the spread of the disease and what to do in case of illness. He said a Port-wide team has been working to develop a Pandemic Flu plan to ensure continuity of operations in the event the H1N1 virus significantly impacts us this fall and winter. Mr. Schreiber said we also have some preventative measures planned in the airport terminal this year including installing hand-sanitizing stations, cleaning high contact surfaces more often, and making voluntary surgical masks available to travelers who are coughing or sneezing.

Mr. Schreiber thanked the City of Portland for their contribution to the international air service retention effort. They recently voted to provide \$300,000 of City funding toward the international air service landing fee waiver program. He said this one-time contribution reinforces the City Council's appreciation of the economic impact of our international services and our partnership in retaining and growing this service. Mr. Schreiber also thanked Port staff and the International Air Service Committee for their hard work to make this happen.

Mr. Schreiber said after almost six months, phase one construction on the North runway is nearly complete, and the runway is about to re-open. He expressed his appreciation to the community for their patience as we complete this phase of the project. He said we conducted extensive outreach, have received very few complaints and airfield operations went very smoothly. Mr. Schreiber said the next phase of the work would occur between spring and fall of 2010, when the north runway will close again to lengthen it from 8,000 feet to 9,800 feet. Mr. Schreiber reminded the Commission that the need to rehabilitate the south runway in 2011 is

the driver behind the north runway extension. He said a longer north runway is essential to accommodate international and long-haul domestic carrier departures when the south runway is closed.

Mr. Schreiber acknowledged the recent work of our Citizens Noise Advisory Committee (CNAC) in regard to the Oregon Air National Guard (ORANG) 142nd Fighter Wing's continuous descent overhead approach landings. He said their work spanned more than 19 months of research and analysis and community outreach. Last month, CNAC recommended that the Port support the military's request with some restrictions and Port management concurred with their recommendation. Mr. Schreiber said while the landing procedure is used throughout the world in all military training and increases pilot safety when landing in combat situations, this agreement acknowledges community concerns regarding noise impacts by limiting flights to between 9 a.m. and 5 p.m. Monday through Friday, only two jets maximum formation and only during certain weather conditions.

Mr. Schreiber recognized three of the CNAC members in attendance: Steve Kerman, vice chair, representing Washington County; Joe Smith, Multnomah County; and Kelly Sweeney, City of Portland. He thanked the CNAC members for their dedication, as well as our partners at ORANG for their commitment to reaching out to the community and working to create a modified Continuous Descent Overhead Approach that recognizes the noise concerns in the neighborhoods around PDX.

Mr. Schreiber said work would begin soon on the new de-icing system. He said we recently completed the environmental review, received our permit from the Corps of Engineers and construction is set to begin next month on this three-year project, which will be completed in April of 2012.

Mr. Schreiber said after three years on the top of the Conde Nast list of the Best U.S. Airports, the Port recently received notice that we finished in second place after Washington National. He said we had a great three-year run and being second is still quite an accomplishment, but we look forward to returning to the top slot in the future.

Mr. Schreiber said on the general aviation side, after more than two years of work by the Hillsboro Airport Issues Roundtable, Port staff and City of Hillsboro Planning staff, the Hillsboro City Council approved two ordinances that recognize the importance of Hillsboro Airport and provide land use compatibility protections for the airport and the surrounding community. He said this is a different, but no less significant approach, than the Airport Futures planning process for PDX. He said through this process and outreach, the team has reinforced the Port's partnership with the City of Hillsboro and community.

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

GENERAL DISCUSSION

2008-2009 Environmental Performance

Dorothy Sperry, Environmental Affairs Manager, provided an overview of the Port's environmental performance for 2008-2009. She briefly discussed the five program objectives:

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water resources, natural resources, air quality, waste minimization and energy management. Ms. Sperry also discussed the targets for each objective. She said the Port completed thirteen of the twenty environmental targets and partially completed the other seven.

ACTION ITEMS

Agenda Item No. 1

COMMISSION INVESTMENTS POLICY 6.1.2

This agenda item requested approval to renew Commission Investments Policy 6.1.2.

Pursuant to ORS 294.035, for the Port of Portland (Port) to invest funds in securities with maturities longer than 18 months, the investments must be made in accordance with a written investment policy, adopted annually by the Port Commission. If material changes are made the policy must be reviewed by the Oregon Short Term Fund Board. Port staff is not requesting any material changes to the policy.

Kristin Bauer presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Port of Portland Commission Investments Policy 6.1.2 dated October 14, 2009, is hereby approved; and

BE IT FURTHER RESOLVED, That a copy of Commission Investments Policy 6.1.2 be attached to the minutes of this meeting.

Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a roll call vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 2

SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2009-10

This agenda item requested approval of a Supplemental Budget for Fiscal Year 2009-10 to cover appropriations for the following situations that were unforeseen at the time the budget was adopted: Delta Air Lines air service to Tokyo, Japan, retention agreement in the amount of \$3,500,000; and Letter of Credit and other fees associated with the Passenger Facility Charge variable rate bonds in the amount of \$950,000.

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

BE IT RESOLVED, That in accordance with Oregon Revised Statute 294.480, the Board of Commissioners of the Port of Portland finds the need to make a Supplemental Budget to adjust appropriations within the General Fund to provide for the Delta Air Lines Tokyo, Japan, international air service retention program, and within the Passenger Facility Charge Fund, to provide for the Letter of Credit/Other fees, situations that were unforeseen at the time the Fiscal Year 2009-10 Budget was adopted; and

BE IT FURTHER RESOLVED, That the amounts shown on Exhibit A, incorporated by this reference, are hereby appropriated for Fiscal Year 2009-10; 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.

Commissioner Rosebaum noted that the Commission had approved one of these adjustments several months earlier and inquired as to whether the timing of the supplemental budget should be closer to the approval of the budget item.

Commissioner Allen moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a roll call vote. Commissioners Allen, Bragdon, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 3

PROCUREMENT CONTRACT – CRANE 6378 MOTOR CONTROL SYSTEM – TERMINAL 6

This agenda item requested approval to award a contract to purchase a motor control system for Crane 6378 at Terminal 6 to replace the crane's original 23-year-old motor control equipment.

Franko Martinec presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a contract with ABB Inc., Crane Systems, to provide a motor control system to Crane 6378 at Terminal 6, in accordance with their proposal; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Holte asked if the work would be completed while in the fence area. Mr. Martinec said he believed it would be, but that when they initiated the three contracts, they had not anticipated that.

Commissioner Holte asked if the contractors would be let in the fence area to do the work. Mr. Martinec said they would. He said the ABB drives not only require substantial work by our marine electricians, but also require special brackets to be attached to the crane. He said our intent is to use our gear locker maintenance personnel to perform that work. He said the logic is that it is a part of the installation and we are, in a sense, acting as a general contractor.

Mr. Holte said due to insurance reasons, the ILWU was not allowed in the fence the last time work was performed and he asked if there would be an issue this time. Mr. Martinec said not on this work. He said the rationale for the last crane move was that we had ironworkers performing that work. He said we had contracted to take the crane off, out of service and moved from the rails into the back reach to clear the other cranes, and that was tied to substantial liquidated damages and insurance coverage for that crane. Mr. Martinec said we chose to have that work done as a complete package rather than piecemeal work, mainly for risk consideration and insurance.

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

The meeting adjourned at 10:21 a.m.

President

Assistant Secretary

Date Signed

A complete audio recording of these proceedings is available at the Port of Portland administrative offices, 121 N.W. Everett Street, Portland, Oregon 97209.