

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
October 9, 2013**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Jim Carter, President, presiding; Peter Bragdon; Diana Daggett; Bob Levy and Linda Pearce. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter welcomed the new employees in the audience.

LEAVE OF ABSENCE

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

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of September 11, 2013. Commissioner Bragdon moved to approve the minutes. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Levy and Pearce voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Mr. Wyatt said that the Commission packet sent out prior to each meeting contains his official Executive Director's report. He said his comments cover a variety of issues that have occurred or developed over the course of the last month, but are not actually part of the official Executive Director's report.

Mr. Wyatt said that the Oregon Legislature met in Special Session last week and adopted a package of six bills, one of which was of particular interest to the Port as a public employer and related to the Public Employee Retirement System (PERS). He said that the bill reduced the cost of living adjustment rate to PERS retirees, which will have a long-term effect on the rate that we pay to PERS as an employer. Mr. Wyatt said that the effect on employees will be varied, depending on the level of their PERS payments. Mr. Wyatt said that all of this will likely be appealed to the State Supreme Court because the Legislature incorporated a provision that allows any plaintiffs to go immediately to the Supreme Court. He said he would expect a ruling within a reasonably short timeframe.

Mr. Wyatt said that the regular session legislation had roughly a \$3-million impact on the Port's overall budget, so these are not insignificant changes. He said that it is hoped that these changes will make the PERS system itself more sustainable. Mr. Wyatt said that our system in Oregon is well funded, but the recession took a big bite out of the nest egg the State has been accumulating.

Mr. Wyatt said that we should hit a new passenger record at Portland International Airport (PDX) for calendar year 2013; a realistic expectation is 14.7 million passengers. Mr. Wyatt said that this is primarily a reflection of the state of the local economy, which has improved significantly, as well as an aggressive and active recruitment effort on the part of our Air Service Development team.

Mr. Wyatt said that he is sad to report that Asiana Cargo Airlines has informed us that they will be moving their PDX operation to SeaTac effective October 28. He said that he is disappointed but not surprised. In general, the air freight business is in trouble for a couple of reasons: one is that the cost of fuel has made air cargo sufficiently expensive so that many shippers are shifting their volume to ocean carriers. Mr. Wyatt said that the accident Asiana experienced in San Francisco put the company in a difficult space for a period of time and it had a big impact on the company. Mr. Wyatt said that Sam Ruda, Rick Aizawa and David Zielke were in Asia to meet with shippers, forwarders and carriers to assess the current market conditions to determine our next steps in maintaining access to global cargo markets.

Mr. Wyatt said that on a more positive note, our international passenger services to Tokyo and Amsterdam have been very strong. He said that both services will be adjusting to their winter frequencies later this month which will be five weekly flights.

Mr. Wyatt said that Alaska Airlines will launch their new Tucson flight on November 1 and the new Reno flight on November 8. He said that they continue to grow in this marketplace

Mr. Wyatt said that pre-check lines are now available at the D/E Concourse, which is another way to help reduce the wait in security lines. He said that the Transportation Security Administration (TSA) is very focused on increasing the number of eligible people for both of the checkpoints because as more people go through pre-check successfully, fewer TSA agents are required to run the balance of their operation.

Mr. Wyatt said that on Monday our airport volunteers celebrated their 20th year of service at PDX. He said the blue-sweatered ambassadors make a significant contribution to the welcoming atmosphere at the terminal, and they do so simply because they love the airport. Mr. Wyatt said that we owe them our deep appreciation for all of their hours of volunteer service.

Mr. Wyatt said that the effects of the Federal Government shutdown on the Port were modest. He said he was scheduled to meet with the senior leadership of the Environmental Protection Agency regarding the Lower Willamette Harbor, but that was cancelled because they were furloughed.

Mr. Wyatt said that Ford vehicles will soon be exported through Portland to China. The first shipment will happen in the coming weeks and initial volumes are planned to be 30,000 in the first year, growing to 40,000 per year. Mr. Wyatt said that this was possible because Auto Warehousing Company's (AWC) processing facility expansion was financed by *ConnectOregon* IV state grant funding and a \$560,000 investment by AWC. He said that inspections by Chinese government auditors at AWC's facility at Terminal 6 received full approval, meaning that export shipments through Portland can now begin.

Mr. Wyatt said that the Daimler agenda item to be presented to the Commission today is the culmination of a yearlong effort and a decades-long relationship. He said that Daimler has a long history in Portland. Mr. Wyatt said the fact that a large and vital part of our manufacturing base desires to remain, grow and prosper in Portland is extremely encouraging. Daimler intends to construct a world-class headquarters, which by itself is a tremendous addition to Portland, but also represents a commitment from Daimler to be a resident and a leader in this community for many years to come.

Mr. Wyatt said that our part of this was negotiating a sale in place of the existing leases, which was not a simple matter because we had to unwind the lease/tenant relationship. He acknowledged the leadership of Port staff Keith Leavitt, Wendy Hain and David Ashton, who had to work through the myriad issues involved with this because the property is also in the Lower Willamette Superfund area.

Mr. Wyatt said that the Washington and Columbia River Port sponsors of the Navigation Channel Maintenance and Development project have adopted the Operations & Maintenance Plan developed for the Federal Channel by the U.S. Army Corps of Engineers (USACE) and the Ports. He said that this is critically important because the USACE and the Port are out every year maintaining the navigation channel. Mr. Wyatt said that the plan lays out how the upland and multiple in-water dredge material placement sites are going to be used and managed.

Mr. Wyatt said that many Port employees and their families and friends volunteered for a community service event at Baltimore Woods in North Portland on Saturday with SOLVE, in partnership with Friends of Baltimore Woods. He said that the Port has been a strong supporter of Friends of Baltimore Woods for a number of years.

Mr. Wyatt said that the Portland Planning Commission and City Council will hold a work session on West Hayden Island on October 10 to talk about the Planning Commission's recommendations. He said that in anticipation of the recommendation, the Port submitted a very specific proposal that represents a better opportunity that development will actually occur while restoring and preserving the natural areas on the adjoining 500 acres. He said that this is not a milestone moment, but close to one. He said that development on West Hayden Island is a very large and important part of our future.

Commissioner Carter said that there is a lot of good and interesting work going on at the Port. He said that, with respect to the record number of passengers through PDX, Bill is being too modest. Commissioner Carter said that the airlines' saying to passengers at the end of a flight, "We know you have a choice; thank you for choosing to fly with us," also applies to airports. He said that additional services can be provided by airlines, but the airlines choose where to put those additional services and the Port has done a wonderful job in recruiting and keeping additional service.

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

AWARD PRESENTATION

Safety and Health Achievement Recognition Program Certification – Aviation

Vince Granato, Chief Operating Officer, said that we have achieved our Fourth and Third year

Safety and Health Achievement Recognition Program (SHARP) certification at General Aviation and PDX Maintenance respectively. He said that the SHARP process is about employees and managers working together to recognize potential hazards, before someone is hurt, working together to develop safer ways to accomplish the job and making that safer way the only way to do the job. He said that, as is often the case in a SHARP environment, not only is the work done safely, it takes less time because it is more efficient.

Mr. Granato recognized the following people: Daren Griffin, General Manager, Airport Operations; Steve Nagy, GA Operations Manager; Rick Elliott, Aviation Maintenance Manager; Mark Griffith, Landscape MX Local 483; and Steve Harley, GA Maintenance Lead. He also acknowledged the Aviation Maintenance Superintendents Sheila Washington, Roland Singleton, Neil Mueller, Steve Lovelady and Andy Sowders; as well as the safety staff: Gregg Bieber and Ellen Ridgeway, Safety Program Administrators; Steve Eversmeyer, Safety & Loss Control Manager; and Andrea Marzette, Risk Manager.

Buddy Kloster, Senior Safety Consultant, with Oregon OSHA, said that during this year's review he interviewed 10 percent of the employees and their interviews showed continuing improvement in the safety culture with employees recognizing their key roles in safety. He said that he did not have any recommendations other than to continue doing what we are doing.

Mr. Wyatt thanked each of the Aviation Maintenance employees for the work they have done to implement the SHARP initiatives within their work practices and for working to continuously improve our safety performance. He said that this success is due to both strong management support for making working safely a part of every activity and employees' thoughtful initiatives to implement safe work practices and suggest safer ways to work. Mr. Wyatt said that in large part we have made safety a priority as a result of Commission leadership. He said that we are pleased to have OSHA as a partner and we will continue to make this an important part of our focus at the Port.

Mr. Kloster presented plaques to Chris Smith, GA Assistant Maintenance Lead, and Bruce Byer, Building Maintenance.

CONSENT AGENDA

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

Agenda Item No. 1

COMMISSION INVESTMENTS POLICY 6.1.2

BE IT RESOLVED, That Port of Portland Commission Investments Policy 6.1.2 dated October 9, 2013, is hereby approved; and

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

Agenda Item No. 2

AMENDMENT TO LEASE OF YARD AREA – DAIMLER TRUCKS NORTH AMERICA LLC – SWAN ISLAND INDUSTRIAL PARK

BE IT RESOLVED, That approval is given to amend the Lease of Yard Area with Daimler Trucks North America LLC for eight acres of gravel parking area located in Swan Island Industrial Park, 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

Agenda Item No. 3

CHANGE IN DESIGNATION OF REGISTERED AGENT

BE IT RESOLVED, That Ian Whitlock, Acting General Counsel, is designated as the Port of Portland's registered agent for purposes of accepting service of any process, notice or demand required or permitted by law to be served upon the district, effective as of October 9, 2013;

BE IT FURTHER RESOLVED, That all previous registered agent designations be rescinded; and

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

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

ACTION ITEMS

Agenda Item No. 4

LEASE AMENDMENT AND SALE AGREEMENT – DAIMLER TRUCKS NORTH AMERICA LLC – SWAN ISLAND INDUSTRIAL DISTRICT

This agenda item requests approval to amend Daimler Trucks North America LLC's (Daimler) current lease and associated agreements with the Port of Portland (Port) and enter into a sale agreement with options to purchase Port owned land in support of Daimler's development of a new corporate headquarters facility to be built in the Swan Island Industrial District.

Keith Leavitt presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into the lease amendment and auxiliary agreements described herein with Daimler Trucks North America LLC to support its development plans on Swan Island 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.

Commissioner Carter said that he appreciates the tremendous amount of work Keith and his team has done. He said obviously there have been a lot of bumps along the way and there will be bumps going forward, but he is hopeful the City of Portland, Daimler and the Port will continue to work as partners to work through them. He said this is a terrific project for us all to feel proud about.

Commissioner Bragdon said that he remembers meeting with Governor Kulongoski, Mr. Wyatt and others in 2003 and 2004 to encourage the company to expand. He said it is great that it is finally happening and that the Port, in cooperation with the others, had a role in making it happen.

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

Agenda Item No. 5

INTERGOVERNMENTAL AGREEMENT – FAIRVIEW CREEK MITIGATION BANK – CITY OF GRESHAM

This agenda item requested approval to enter into an Intergovernmental Agreement with the City of Gresham (City) to purchase wetland mitigation credits when they become available through the Fairview Creek Mitigation Bank, sponsored by the City.

Mark Witsoe presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into an Intergovernmental Agreement with the City of Gresham to purchase wetland mitigation credits from the Fairview Creek Mitigation Bank, consistent with the terms presented to the Commission; and

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

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

Agenda Item No. 6

AIRCRAFT RESCUE AND FIRE FIGHTING FIRE TRUCK PROCUREMENT – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a procurement contract to Oshkosh Corporation for a new Aircraft Rescue and Fire Fighting fire truck at Portland International Airport for a contract value of \$987,701.

Greg Sparks presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract for the Aircraft Rescue and Fire Fighting Fire Truck Procurement project at Portland International Airport to Oshkosh Corporation, in accordance with its price quote; and

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

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

Agenda Item No. 7

PERSONAL SERVICES CONTRACT AMENDMENT AND EXEMPTION FROM COMPETITIVE BIDDING FOR PUBLIC IMPROVEMENT CONTRACT – REPLACE ACCESS CONTROL SYSTEM PROJECT – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested authorization to amend an existing personal services contract with Aviation Security Consulting Inc. for the design of the Replace Access Control System project at Portland International Airport. This agenda item also requests an exemption from competitive bidding, enabling the Port of Portland to procure the project's public improvement contract using a competitive request for proposals process.

George Seaman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to amend the existing personal services contract with Aviation Security Consulting Inc. for the design of the Replace Access Control System project at Portland International Airport, in accordance with its proposal; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the findings set forth in the attached Exhibit A, "Findings in Support of an Exemption from Competitive Bidding – Replace Access Control System, Portland International Airport," dated September 27, 2013; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, specifically exempts from competitive bidding the public improvement contract for the Replace Access Control System project, consistent with the terms presented to the Commission; and

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

Commissioner Carter called for a motion to approve the Executive Director's recommendation to amend the existing contract with Aviation Security Consulting Inc. Commissioner Bragdon moved that the Executive Director's recommendations be approved. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Levy and Pearce voted in favor of the motion.

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Commissioner Carter recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Carter called for a motion and second to approve the findings in support of the Exemption from Competitive Bidding, as set forth in Exhibit A. Commissioner Levy moved to approve the findings. Commissioner Pearce seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Levy and Pearce voted in favor of the motion.

Commissioner Carter called for a motion and second for approval to exempt from competitive bidding the public improvement contract. Commissioner Bragdon moved to approve the findings. Commissioner Levy seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Levy and Pearce voted in favor of the motion.

Commissioner Carter adjourned the Port of Portland Contract Review Board and called to order the Port of Portland Board of Commissioners.

The meeting adjourned at 10:44 a.m.

President

Assistant Secretary

Date Signed

An audio recording of these proceedings and the full Commission agenda is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218.

PORT OF PORTLAND COMMISSION POLICY

INVESTMENTS POLICY NO. 6.1.2

Readopted Commission Meeting of October 9, 2013

Objectives

The primary objective of the Port of Portland investment program is preservation of capital. Consistent with that objective, the cash flow needs of the Port and the "Prudent Investor Rule," available funds will be managed and traded to achieve the maximum possible yield. In order to achieve these objectives, and as a safeguard against adverse changes in cash flows, priority will be given to liquid investments, i.e., investments in U.S. Treasury Bills and Notes and U.S. agencies.

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 Bills and Notes	100% maximum
U.S. Agencies (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
Banker's Acceptances (with qualified financial institutions in the State of Oregon as subject to ORS 294.035)	30% maximum
Repurchase Agreements Under 30 days	50% maximum
Oregon Short Term Fund (as subject to ORS 294.810)	As allowed under Oregon Statutes*

* The maximum allowable investment in the Oregon Short Term Fund (LGIP) is adjusted semiannually based on CPI. The current maximum investment is \$45,405,443.

Investments in Banker's Acceptances, TCDs and other Corporate Indebtedness of any single company or qualified financial institution shall not, in the aggregate, exceed 5 percent of the portfolio.

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 minimums:

- 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 Investor Rule" shall apply to maturity 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.

Investment Types

The Port may invest its funds in securities or investments subject to ORS 294.035 and related statutes, 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.

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.

Municipal bonds, other than those issued by the Port of Portland, will not be purchased except under the following circumstances:

- 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 subject to the provisions of ORS 294.035 and 294.040.
- 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 (11).

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).

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.

Safekeeping

The Port shall require delivery of all securities purchased (by means of physical possession or book-entry to the account of the Port) to its custodian bank(s). As noted under repurchase agreements above, 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: investment transactions; trading gains and losses; investments owned; market value; yield; maturity distribution, or any such other report as the Commission may request. The Commission will have review authority over the investment program.

Renewal

This policy shall be reviewed annually by the Commission.