

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
October 8, 2014**

Following due notice to the public, the regular meeting of the Board of 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.

An audio recording was made of these proceedings. The recording, and the full Commission agenda, is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218. The following written minutes constitute a summary of the proceedings.

QUORUM

Commissioners present were Jim Carter, President, presiding; Tom Chamberlain; Diana Daggett; Bruce Holte; Bob Levy; Linda Pearce, Paul Rosenbaum and Tom Tsuruta. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

LEAVE OF ABSENCE

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

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of September 10. Commissioner Chamberlain moved to approve the minutes. Commissioner Pearce seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Holte, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt addressed the Commission and audience. He began with a reminder that the formal Executive Director's report is attached to the Commission packet that is mailed in advance of the meeting; he uses this opportunity to comment on what has been happening over the course of the last month.

Mr. Wyatt's comments covered the following general topics:

- Welcome new Port employees in the audience;
- Commencement of new service to Guadalajara on Volaris Airline;
- Opening of Oregon Market food carts, Pok Pok and Koi Fusion;

- Luncheon to recognize PDX volunteers;
- Final meeting of the Maritime Futures Blue Ribbon Task Force, which was held soon after the announcement of the Pembina development. The timing was great because it gave the Task Force members a tangible sense of the opportunities that are out there for the Port;
- Port and ILWU participation at Breakbulk Houston, the largest convention of its type in North America; and
- Port's efforts to address concerns voiced by retail food and beverage workers at PDX and UniteHere, as well as ground handling personnel and representatives from Service Employees Union International Local 49, and the intent to bring to the Commission a draft Social Equity Policy that will consider worker retention, wages, benefits and working conditions.

Commissioner Chamberlain said he believes there should be Commissioner involvement in the development of the Policy and volunteered to participate.

Commissioner Tsuruta said his recommendation to the team is to be objective and develop a policy that takes into account both the workers' and employers' perspectives.

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

GENERAL DISCUSSION

Port of Portland's Five-Year Strategic Plan

Scott Drumm, Research Program Manager, presented an update on the Port's Strategic Plan, work that began a year ago and will govern the decision making, budgeting and work over the next five years.

PUBLIC COMMENT

Nischit Hegde, a representative of UniteHere Local 8, and the following PDX HMS Host employees and UniteHere members addressed the Commission regarding a worker retention policy: Joanna Rudolph, Tia Sells, Rita, Mike Hoffer and Jerri Price.

Commissioner Carter said he appreciates the comments. He said the Commission is committed to carefully studying the recommendations that staff will make around social equity to see what the appropriate policy should be. He said they will take into account the employees' perspective as well as that of the employers and business owners to come up with a policy that makes sense for the Port, as the airport owner, and one that fits Portland.

CONSENT AGENDA

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

Agenda Item No. 1

COMMISSION INVESTMENTS POLICY 6.1.2

BE IT RESOLVED, That the Port of Portland Commission Investments Policy 6.1.2 dated October 8, 2014, is hereby approved; and

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

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

ACTION ITEMS

Commissioner Holte said that as a member of the International Longshore and Warehouse Union Local 8, he has an interest in any action that affects the Port's terminals and therefore declared a potential but not actual conflict for Agenda Item No. 2. He said he would participate in the discussion and vote.

Agenda Item No. 2

RESTATED GROUND LEASE – PORTLAND BULK TERMINALS, L.L.C. – TERMINAL 5

This agenda item requested approval to enter into an Amended and Restated Ground Lease, Facility Transfer Agreement and related agreements with Portland Bulk Terminals, L.L.C. (PBT), to amend and restate PBT's current Ground Lease for approximately 100 acres of property located at Terminal 5, to provide for extension of the term of the current Ground Lease, to provide for PBT's construction of certain improvements to PBT's existing bulk potash export facility, to allow early redemption of revenue bonds used to finance and refinance PBT's existing bulk facility, and to sell the bond-funded assets and a rail spur to PBT.

Lorali Reynolds presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into an Amended and Restated Ground Lease with Portland Bulk Terminals, L.L.C., for approximately 100 acres of real property located at Terminal 5, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to enter into a Facility Transfer Agreement to sell the Bond Financed Improvements and the Third Loop Track to Portland Bulk Terminals, L.L.C., consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given for the Port of Portland to take all steps necessary or convenient to facilitate the Redemption of the Series 2006 Bonds with moneys provided by or on behalf of Portland Bulk Terminals, L.L.C.; 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 questions of Sam Ruda, Chief Commercial Officer.

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

Dwayne Dahl, Senior Vice President and Treasurer of Canpotex Limited and Jon Somers, Vice President of Planning and Development, provided an overview of Canpotex and their expansion plans.

Agenda Item No. 3

GROUND LEASE – LYONS PROPERTIES, LLC – HILLSBORO AIRPORT

This agenda item requested approval of a ground lease with Lyons Properties, LLC, a sister company to Hillsboro Aviation, Inc., for certain premises located at Hillsboro Airport.

Matt Hoffman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a ground lease with Lyons Properties, LLC, for certain premises located at Hillsboro Airport, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute documents necessary to effect this transaction 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 Daggett seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion. Commissioner Holte was not present for the vote.

Agenda Item No. 4

PROCUREMENT CONTRACT – PARKING REVENUE CONTROL SYSTEM EQUIPMENT – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a contract to Scheidt & Bachmann USA, Inc. for the acquisition of new parking revenue control system equipment related to the Parking Revenue Control System Upgrade project at Portland International Airport.

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

BE IT RESOLVED, That approval is given to award a procurement contract for the acquisition of equipment for the Parking Revenue Control System Upgrade project at Portland International Airport to Scheidt & Bachmann USA, Inc., 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 Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Carter, Chamberlain, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion. Commissioner Holte was not present for the vote.

Agenda Item No. 5

DISCUSSION OF FISCAL YEAR 2013-2014 EXECUTIVE DIRECTOR PERFORMANCE AND ADOPTION OF FISCAL YEAR 2014-2015 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA

This agenda item requested Commission approval of the proposed Fiscal Year 2014-2015 Executive Director performance criteria.

Jim Carter presented his recommendation as follows:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria to be used for Fiscal Year 2014-2015.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Pearce seconded the motion, which was put to a voice vote. Commissioners Carter, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion. Commissioners Chamberlain and Holte were not present for the vote.

Commissioner Carter reviewed Mr. Wyatt's performance for Fiscal Year 2013-2014. He said Mr. Wyatt has done an exceptional job and gave him a three-percent salary adjustment.

The meeting adjourned at 11:44 a.m.

President

Assistant Secretary

Date Signed

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PORT OF PORTLAND COMMISSION POLICY

INVESTMENTS Policy No. 6.1.2

Readopted Commission Meeting of October 8, 2014

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*

*Current maximum investment is \$46,364,262.

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.