

MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
September 9, 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; Steve Corey; Diana Daggett and Bruce Holte. Also present were Bill Wyatt, executive director; participating staff members; and members of the public.

LEAVE OF ABSENCE

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

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of August 12, 2009. Commissioner Allen moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte and Johansen voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said you can see from the month-on-month comparisons in the monthly financial reports that business is beginning to look a little better. He said the economic collapse that began about a year ago was the opening salvo of a remarkably volatile year, which has reflected itself here at the Port in dramatic reductions on both the aviation and marine sides of the business. Mr. Wyatt said he suspects we will plateau at this lower level, but some volatility will remain because there are a lot of moving parts in the local and global economy that affect us. He said he does not believe we will see continued double-digit drops in volumes in any of our business lines because we have taken a substantial drop and there are signs that things have started to flatten out.

Mr. Wyatt said we have about \$500 million of capital construction activity going on. He said, overall, we have a green flag on the projects, but that is not to say that everything has gone exactly according to plan. He said the organization has responded well to the challenges you get in this business. Mr. Wyatt said that the HQP2 project is going remarkably well and is on time and on budget. He said the north runway extension project is also doing exceptionally well and is ahead of schedule. Mr. Wyatt said the baggage screening detection system project has had a little bump in the road and we are probably going to have to look at using a different machine than the one we had anticipated using, which means re-tuning the scope and scale of the project. He said there will be more to come on this as we get more information. Mr. Wyatt said the deicing project is going well and the bidding environment is very good.

Mr. Wyatt said we are preparing for the H1N1 virus on two fronts, one as an employer and secondly as the operator of transportation facilities. He said it is difficult to know where this is headed, but we are working with all of our partners and will shortly roll out our plans.

Mr. Wyatt said the West Coast container ports – Los Angeles, Long Beach, Oakland, Portland, Tacoma and Seattle – had three extraordinary meetings of the executive directors. This past week they met in Oakland with the two western railroads, BNSF and UP. He said the ports and the railroads are slowly but surely moving toward forming a West Coast alliance to demonstrate to our Asian customers and those we would like to be customers that the West Coast is open for business and working with all the pieces of the logistics puzzle on the West Coast to improve the value proposition. Mr. Wyatt said his view is that despite obvious competition between ports and between railroads, in the end, we are going to do better if our competition does better. We are not going to succeed if someone else is failing, so waiting around for that will not do us much good. Mr. Wyatt said the group will be reaching out to the ILWU as well as PMA, which employs the ILWU, on a coast-wide basis.

Mr. Wyatt said the group would be attending the World Shipping Summit in Tianjin, China, in November to talk about West Coast logistics. He said this is something that could not have happened two or three years ago when everyone was experiencing double-digit increases. The world looks different now and a new attitude has been created amongst the ports – one that is much more conducive to cooperating on large-scale infrastructure projects and marketing for the entire coast.

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

CONSENT AGENDA

No presentation was made of the following agenda items, which were brought before the Commission as part of the Consent Agenda. Commissioner Johansen read the titles of the agenda items and called for a motion to approve the items.

Agenda Item No. 1

CONTRACT RENEWAL – LEASED EMPLOYEE TEMPORARY STAFFING – DEPAUL INDUSTRIES

BE IT RESOLVED, That the contract with DePaul Industries be approved for a five-year term during which term DePaul Industries will continue to provide leased employee temporary staffing support to the Port of Portland for administrative services; 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. 2**CONSTRUCTION CONTRACT AMENDMENT – RAMSEY RAIL IMPROVEMENTS – RIVERGATE INDUSTRIAL DISTRICT**

BE IT RESOLVED, That approval is given to amend the existing construction contract with Tapani Underground, Inc., to add a fourth yard track to the Ramsey Rail Improvement in Rivergate, as 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.

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

ACTION ITEMSAgenda Item No. 3**FISCAL YEAR 2008-2009 EXECUTIVE DIRECTOR PERFORMANCE REVIEW AND FISCAL YEAR 2009-2010 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA**

This item recommended that the Commission review and establish FY 2009-2010 Executive Director Performance Criteria.

Commissioner Johansen said today's agenda item is to request approval of the executive director's performance criteria for Fiscal Year 2009-2010. She said the Commission Officers have not had an opportunity to meet to discuss the executive director's performance rating, so the final decision on a rating will occur when the officers have had an opportunity to meet.

Commissioner Johansen said she is pleased to say the Commission feels Bill Wyatt is an extraordinary, outstanding, exceptional person and especially in this job. Commissioner Johansen highlighted Mr. Wyatt's achievements relative to the Port's strategic objectives: Leadership and Governance; One Port; Marine; Industrial Land Acquisition and Development; Aviation; Environmental; Security; Information Technology; Workforce Practices and Financial Viability.

Commissioner Johansen said it is important to note that the criteria were set before we understood the full effect of the recession and that a year ago we were teetering on the edge of the abyss and not understanding how dramatic that would be. She said the organization made a tremendous effort to stay viable and financially successful during this trying time.

Commissioner Johansen said it was difficult to both regain and then lose K-line in the same year, but that it was due to the global market forces. She asked that Mr. Wyatt focus on bringing in another carrier. She also asked that Mr. Wyatt continue to focus on identifying new property investments to bolster the performance of the real estate portfolio and ensure adequate supplies of land for the distribution and logistics industry. Commissioner Johansen said Mr.

Wyatt will need to closely monitor the effect of the economic downturn on aviation operations and be as nimble and strategic as possible in making the adjustments that will ensure PDX can weather the storm.

Commissioner Holte thanked Mr. Wyatt and Port staff for their hard work. He said he personally believes Mr. Wyatt deserves an excellent rating. He said he has known Mr. Wyatt for a long time and he does great work. He believes that, together, he and Mr. Wyatt have brought the ILWU and the Port together. He noted that Mr. Wyatt was welcomed at an ILWU stop work meeting.

Commissioner Allen said he also thinks Mr. Wyatt and his team has done an exceptional job. He said the measure that is more important than the economic one – which was out of Mr. Wyatt's control – is how he responded to the economic crisis. From his perspective in organized labor, Mr. Wyatt and his team led the labor groups to the recognition that they also needed to make some sacrifices. This is a "big deal" and a very positive development. Commissioner Allen noted that the way Mr. Wyatt responded to the potential loss of Delta Air Lines was a unique, groundbreaking arrangement and shows that this management team is willing to think outside of the box. He said the Port has done a great job responded to the challenges under Mr. Wyatt's leadership.

The Commission President recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria to be used for Fiscal Year 2009-2010.

Commissioner Daggett moved that the Commission President's recommendation be approved. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte and Johansen voted in favor of the motion.

Commissioner Johansen said she would report the executive director's rating once the officers have had an opportunity to meet.

Mr. Wyatt thanked the Commission. He said as odd as it seems to receive his performance review in a public setting, this transparent process is important for the Port. Mr. Wyatt said as you look at the performance criteria and the measures, they are largely the strategic plan of the organization. It is important for people to understand that we have 725 employees who provide the basis for everything good that goes on at the Port. He said as the executive director, he obviously takes responsibility and is accountable for what happens, but it is a team effort and he could not be more satisfied with the overall achievements of the Port team.

Mr. Wyatt said it is in the tough times that you find out what you have and this was a very tough time, from the budget cuts and furlough program to the layoffs. He said what struck him, and why he appreciates working here, is that people have embraced the furlough program as a means by which they can contribute to one another's well being. It reflects the spirit of the people that work here.

Mr. Wyatt said he is always uncomfortable at this time of the year because he does not want people to think he is assuming that every achievement is the result of his own exclusive efforts, because they are obviously the result of an extraordinary team – from his management team to everyone in the organization.

Agenda Item No. 4

CONTRACT AND FINANCE AGREEMENT – HEAVY-DUTY EQUIPMENT RAMP BARGE

This agenda item requested approval to:

1. Award a contract to Diversified Marine, Inc., for construction of a heavy-duty equipment ramp barge to support the work of the Port of Portland (Port) Navigation Department; and
2. Execute a Governmental Lease-Purchase Agreement and related Escrow Agreement with Wells Fargo Brokerage Services, LLC (Wells Fargo), to finance the Port's design, construction and administrative costs for the barge.

Rob Schultz presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to Diversified Marine, Inc., for construction of a heavy-duty equipment ramp barge, in accordance with its bid; and

BE IT FURTHER RESOLVED, That authorization is given for the Port of Portland to enter into a Governmental Lease-Purchase Agreement and Escrow Agreement with Wells Fargo Brokerage Services, LLC, for the aggregate principal amount of \$3,300,000 in order to provide for the lease of the barge. If at the end of the term of the Governmental Lease-Purchase Agreement the Executive Director determines that it is in the Port of Portland's best interests to exercise the option to purchase the barge, authorization is hereby given to complete such purchase for the sum of one dollar; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the construction contract, the Governmental Lease-Purchase Agreement, and the Escrow Agreement described above and all necessary certificates, agreements, or other documents to consummate such transactions on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Corey 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, Corey, Daggett, Holte and Johansen voted in favor of the motion.

Agenda Item No. 5

DEICING OPERATIONS CONTRACTS – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award two contracts to Terra Hydr, Inc., related to the deicing collection and control operations at Portland International Airport (PDX):

- Deicing Equipment Operations; and
- Deicing System and Biochemical Oxygen Demand (BOD) Meter Operations.

Both contracts are necessary for implementation of the winter deicing program and would be for one year with two, one-year renewal options.

Susan Aha presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to Terra Hydr, Inc., for deicing equipment operations at Portland International Airport, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a contract to Terra Hydr, Inc., for deicing system and Biochemical Oxygen Demand meter operations at Portland International 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 the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

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

Agenda Item No. 6

PROFESSIONAL SERVICES CONTRACT – RUNWAY 10R/28L REHABILITATION SCOPE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a Professional Services contract to HNTB Corporation for scope development on the Runway 10R/28L (South Runway) Rehabilitation Project at Portland International Airport.

Chris Edwards presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a Professional Services contract to HNTB Corporation for the scope development of Runway 10R/28L (South Runway) Rehabilitation at Portland International 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 the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

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

Agenda Item No. 7

CONSTRUCTION CONTRACT – TRAFFIC CIRCLE REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Goodfellow Bros., Inc., for the Traffic Circle Rehabilitation Project at Portland International Airport.

Chris Edwards presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Goodfellow Bros., Inc., for the Traffic Circle Rehabilitation Project at Portland International Airport, in accordance with its bid; 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 moved that the Executive Director's recommendations be approved. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte and Johansen voted in favor of the motion.

The meeting adjourned at 10:44 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.

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