

**MINUTES**  
**REGULAR COMMISSION MEETING**  
**THE PORT OF PORTLAND**  
**September 12, 2012**

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; Tom Chamberlain; Diana Daggett, via telephone; Bruce Holte; and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

Commissioner Carter welcomed the new Port of Portland employees in the audience.

**LEAVE OF ABSENCE**

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

Commissioner Carter noted a small correction was made to Agenda Item No. 3. In the fifth line of the third paragraph, the reference to the bonds should read: General Airport Revenue Bonds, not Aviation Bonds.

**MINUTES**

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of August 8, 2012. Commissioner Chamberlain moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte and Rosenbaum voted in favor of the motion.

**EXECUTIVE DIRECTOR'S REPORT**

Bill Wyatt, Executive Director, noted for those who have not previously attended a Port Commission meeting, that the Executive Director's report is a formal report included in the packet that the Commission and the public receive prior to the meeting. He said that his comments are informal and relate to activities that have occurred over the course of the past month.

Mr. Wyatt said that Port staff gathered with Asiana Airlines to celebrate their first full year of operation in Portland. He said that despite the fact that the worldwide air cargo industry continues to be in what can best be described as a recession, Asiana is very pleased with their Portland service and its profitability. Mr. Wyatt said Asiana is exploring the possibility of expanding their service that, hopefully, would include inbound service.

Mr. Wyatt said Seaport Airlines has "morphed" into a different airline over the years. They have now moved their operation to the terminal building and will become a signatory airline. He said they are doing this largely because of the importance of their passengers being able to connect to other airlines in the terminal. He welcomed them to PDX and hopes they do well.

Mr. Wyatt described the launch of the new Alaska Airlines service to Washington National Airport. He said it was a memorable event because it was an Honor flight in which Alaska Airlines took World War II veterans to Washington, DC, to see the War memorial. He said the entire first-class section of the plane was filled with veterans and their families. Mr. Wyatt said this single flight means that another 25,000-30,000 passengers will pass through PDX each year: the impact is demonstrable and positive.

Mr. Wyatt said that the Port will hold an open house on September 18 for the new deicing facility. He said its function is to essentially collect all the deicing fluid that is placed on the tarmac or anywhere else on the airfield, and make sure it does not run off in its current state to the adjoining waters. He said that, in his opinion, this project was one of the best and most effectively managed projects we have had. He highly recommends the tour.

Mr. Wyatt said that on October 4 he will be speaking to the Hillsboro Airport Issues Roundtable, an organization that has existed for quite some time and is composed of stakeholders in and around the Hillsboro Airport. He said over the course of the last seven or eight years, this group has addressed challenges head on; as a result, the relationship we have with our neighbors around the airport is as good as it has been during his tenure.

Mr. Wyatt said that if you have read the newspaper, you are aware that we have had some challenges at the marine terminals. He said we have been in the midst of a labor dispute, and while the wheels of justice are grinding away, this will take some time to resolve. Mr. Wyatt said all of the container carriers are back and most of the cargo is back as well. He noted the one major decision that has been made by the National Labor Review Board is that jurisdiction for the disputed jobs in this case belongs to the District Council of Trade Unions, a collection of trade unions to which the International Brotherhood of Electrical Workers participates. Mr. Wyatt said that production at the terminal is not at 100 percent, but given where we were three months ago, we have made significant improvements. He said he is reasonably optimistic that we will be back to fairly normal conditions at the terminal.

Mr. Wyatt said that on the heels of this labor dispute are contentious contract negotiations between the International Longshore and Warehouse Union and the Pacific Northwest Grain Handlers Association, so we are not done with labor issues here in the Northwest. Mr. Wyatt said negotiations have begun and that the current contract will expire at the end of September. He said this will involve the Port indirectly as it affects one of our tenants, Columbia Grain.

Mr. Wyatt said the Northwest Global Freight conference, which we are co-hosting, will be held at the Governor Hotel October 3 and 4. He said this will bring people from all over the country and will focus on freight movement and freight related activities in the Pacific Northwest.

Mr. Wyatt said that West Hayden Island will be going to the City of Portland Planning Commission on October 9 and 23. He said, for the record, we consider our proposal to be very fair and balanced. He said as a public agency, we have a public mission and responsibility because 96 percent of our revenue comes from private business transactions and we need to balance both business and environmental realities, which we have done in this case. Mr. Wyatt said the maritime business on the Columbia River is booming and this is one of the last opportunities to develop a new deep-water marine facility on the entire Columbia/Snake River system. We believe that failing to do so would be a loss to the region and would place us at a competitive disadvantage as time goes on. He said he is very hopeful the planning commission and council will agree.

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

### **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**

#### **CONSENT TO ENTERPRISE ZONE EXPANSION APPLICATION BY CITY OF BEAVERTON**

BE IT RESOLVED, That the Port of Portland Commission consents to an application by the City of Beaverton for the expansion of the Beaverton Enterprise Zone located within Port of Portland district boundaries.

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 title of the Consent Agenda by Commissioner Carter, Commissioner Rosenbaum 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, Chamberlain, Daggett, Holte and Rosenbaum voted in favor of the motion.

### **ACTION ITEMS**

#### **Agenda Item No. 2**

#### **INTERGOVERNMENTAL AGREEMENT – COMPUTER AIDED DISPATCH SYSTEM – CITY OF PORTLAND**

This agenda item requested approval of an Intergovernmental Agreement with the City of Portland (City) for access and use of the City's Computer Aided Dispatch system.

Phil Klahn presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to execute the proposed Intergovernmental Agreement with the City of Portland for access and use of the City's Computer Aided Dispatch system, 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 Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte and Rosenbaum voted in favor of the motion.

Agenda Item No. 3

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 445-B TO ISSUE UP TO \$31,500,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS SERIES 2012B

This agenda item requested approval of Port of Portland Ordinance No. 445-B to authorize the sale of up to \$31,500,000 of Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B to pay the costs of refunding all of the outstanding Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 1999B (AMT<sup>1</sup>), to fund the Passenger Facility Charge First Lien Reserve Account and to pay costs of issuance.

Tatiana Starostina presented the Executive Director's recommendations as follows:

1. That Port of Portland Ordinance No. 445-B, in the form presented to the Commission, be read by title only; and
2. That a public hearing be held prior to adopting Port of Portland Ordinance No. 445-B in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and
3. That the proposed Port of Portland Ordinance No. 445-B, in the form presented to the Commission, be enacted by a roll call vote.

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 opened a public hearing for the purpose of taking testimony on Ordinance No. 445-B. Hearing no comments, Commissioner Carter closed the public hearing and asked Ms. Starostina to read Ordinance No. 445-B by title only.

Commissioner Rosenbaum moved that the Executive Director's recommendations be approved to adopt Ordinance No. 445-B. Commissioner Bragdon seconded the motion, which was put to a roll call vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte and Rosenbaum voted in favor of the motion.

Agenda Item No. 4

DISCUSSION OF FISCAL YEAR 2011-2012 EXECUTIVE DIRECTOR PERFORMANCE AND ADOPTION OF FISCAL YEAR 2012-2013 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA AND MEASUREMENT TARGETS

This agenda item requested that the Commission review and establish the Fiscal Year 2012-2013 Executive Director Performance Criteria and Measurement Targets.

Commissioner Carter said this is the first time he has conducted a performance review in a public setting. He said he has spoken to each of the Commissioners regarding Mr. Wyatt's performance and there is tremendous support within the Commission for Bill's leadership.

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<sup>1</sup> An AMT bond is a bond, the interest on which is subject to the federal alternative minimum tax, as it is issued for private activity.

Commissioner Carter said that as a reminder, the Port is a large, multi-faceted business whose mission is trade development and management for the benefit of the State of Oregon. The Port's annual revenues are approximately \$233 million and the business includes the operation of airports and river terminals, land acquisition and development and all the related local, regional and global activities associated with those businesses.

Commissioner Carter said the Port is very fortunate to have a leader of Bill's quality – both in style and substance. He said the Port has both a private business stakeholder group, dependent on the Port's efficient and innovative operation and a public stakeholder group with an additional expectation of civic-mindedness. Commissioner Carter said the Port's executive director must exercise decision-making in a decisive, yet open and inclusive fashion, which Bill does extremely well.

Commissioner Carter said that Bill's goals were established last year based on the Port's Strategic Plan. He reviewed the key areas of focus, which included:

- Leadership
- Retaining and growing key services
- Being a regional leader in industrial land acquisition and development
- Operating with a sustainable financial model
- Adhering to a Port-wide environmental strategy
- Demonstrating regional leadership in transportation infrastructure and
- Strengthening the Port's organizational health and culture as a strategic asset

Commissioner Carter briefly reviewed Bill's performance in each of the key areas and acknowledged the tremendous effort the organization has made to innovate and to stay financially viable during the slow economic recovery and a challenging business and labor climate.

Commissioner Carter said Bill has performed at an "exceptional" level this year and his leadership is effective and appreciated. He said that in light of these accomplishments, he is recommending a 6.8 percent salary increase, which will bring Bill's base salary to \$370,000.

Following the presentation of Mr. Wyatt's performance review, Commissioner Carter presented the formal agenda item to review and establish the Fiscal Year 2012-2013 Executive Director Performance Criteria.

Commissioner Carter said that in looking toward next year, he is recommending that we continue with the same performance criteria as this year. He said we will begin a major revision of the Strategic Plan in February 2013 and the Commission will have a more detailed discussion of these performance criteria and management targets at that time.

Commissioner Carter said the Port has a tremendous asset in Bill Wyatt and he has every confidence that the goals we set for Bill will be met.

Commissioner Carter presented his recommendation as follows:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria and Measurement Targets to be used for Fiscal Year 2012-2013.

Commissioner Carter called for a motion to approve his recommendation. Commissioner Bragdon moved to approve the recommendation. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte and Rosenbaum voted in favor of the motion.

Commissioner Chamberlain said that he agrees with Mr. Wyatt's performance evaluation. He said it has been a tough 18 months and we have had an aggressive agenda. Commissioner Chamberlain said he also believes one of the major factors driving us out of the recession is Mr. Wyatt's leadership. He said he has been impressed with his leadership and all the programs we have and with the goal of putting Oregonians back to work. He said every day he works with workers who are out of work or working harder and getting less. While he believes we could not have a better leader in Mr. Wyatt, he is unable to support that level of compensation in this economy.

Commissioner Rosenbaum said that because of his personal experience, he equates this to a public company in some ways; we have an organization with 700+ people and \$200 million in revenue. He said he interprets that as a company worth more than \$1 billion in the marketplace. He said his personal opinion is that he has always thought Mr. Wyatt is underpaid. He said that Mr. Wyatt has done a fabulous job and when you look at other people in the industry, he is under paid and if you look at private industry, there is not a CEO in this country that has the responsibilities that Mr. Wyatt does making the salary he does. He said he understands what Commissioner Chamberlain is saying, but he is comfortable with the merit increase.

Commissioner Bragdon said that he is sympathetic to Commissioner Chamberlain's comments as well, but agrees with Commissioner Rosenbaum that Mr. Wyatt deserves more.

Commissioner Daggett said that she concurs with Commissioners Bragdon and Rosenbaum. She said the opportunity to grow the Port, create jobs and expand the business enterprise is certainly worth the investment.

Commissioner Carter said that he appreciates Commissioner Chamberlain raising the appropriate issue in a fashion that is very respectful of Mr. Wyatt's performance, which we agree is not really the issue when we talk numbers.

Mr. Wyatt thanked the Commission and said that this is one of the more unusual moments in public life...when you experience your performance review in a public setting. He said that he has grown to appreciate the process and he hears Commissioner Chamberlain's comments loud and clear. He said we are products of our experiences, and as Commissioner Chamberlain is one of Oregon's most important labor leaders, the experience over the course of the last four or five years has been very tough. Mr. Wyatt said that he likes to think we are on the leading edge of addressing that. Mr. Wyatt said he has a lot of respect for Commissioner Chamberlain's comments and knows they are heartfelt.

Mr. Wyatt said that he would be remiss if he did not acknowledge the work of the entire organization. He said that we have more than 750 employees and one of the things he appreciates about the organization is that we have a talented group of people who want to be here. He said a lot of people have a hand in the success of the organization and this process helps to ratify that. Mr. Wyatt said he does not want anyone to feel he does this on his own; the Port is a big family making a big contribution to the state and he is grateful every day to come to work and lead the organization.

Commissioner Rosenbaum thanked Commissioner Carter for his excellent presentation and his commitment to involve the Commission in this process.

## **GENERAL DISCUSSION**

### Air Service Development Update

Dean Hill, of Campbell-Hill Aviation Group, provided a macro overview of the aviation industry. He discussed issues facing the airline and aviation industry that we do not have a lot control over but have to react to. Those issues include: rising fuel prices; airline efficiency and how the airlines fill their seats; pricing power and increasing airfares; a shift in resources from domestic to international; industry consolidation and the U.S. and global economy.

Mr. Hill said that the load factors at PDX are climbing. He also noted that the domestic fares at PDX continue to increase. Mr. Hill briefly talked about random adversity that surfaced the last six years that we normally do not have to worry about, but that have impacted air service. He said events such as volcanic eruptions, the H1N1 influenza virus, earthquakes and tsunamis all have disrupted air traffic and caused a lot of economic loss.

Mr. Hill briefly discussed issues facing PDX that we do have some influence over, such as the seasonality of our flights, nonstop patronage and retaining and growing air service. Mr. Hill provided a statistical overview of PDX that included the average fare, yield, passenger haul, seats per aircraft and flights per day. He also discussed what makes PDX different: the knowledge and airline experience of the air service development team and the commitment of the Port senior management and the Commission to retain and grown air service at PDX. Mr. Hill said this hard work and commitment pays off and that is why PDX is one of only 14 metro areas with both transatlantic and transpacific nonstop service.

Commissioner Carter thanked Mr. Hill for his presentation.

The meeting adjourned at 11:00 a.m.

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President

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Assistant Secretary

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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.

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