

**MINUTES**  
**REGULAR COMMISSION MEETING**  
**THE PORT OF PORTLAND**  
**September 11, 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; Bruce Holte; Bob Levy, via telephone; Linda Pearce; Paul Rosenbaum and Tom Tsuruta. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter noted that the Commission agenda has been revised; the Aircraft Rescue and Fire Fighting Truck procurement has been removed. Commissioner Carter also noted revisions were made to Agenda Item No. 4 and the Commissioners received a copy of the revised agenda item.

**LEAVE OF ABSENCE**

Commissioner Carter called for a motion to grant a leave of absence to Commissioner Chamberlain who was out of town. Commissioner Daggett moved to grant the leave of absence. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, 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 August 14, 2013. Commissioner Rosenbaum moved to approve the minutes. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Holte, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

**EXECUTIVE DIRECTOR'S REPORT**

Bill Wyatt said that he wanted to talk about a couple of things today; the first is the tragic death of our colleague, Krista Koehl, who was killed in an accident in Italy. He said it has been a tough week at the Port, but he is reminded of how grateful he is that we are here together because people have really pulled together during this very difficult time. Mr. Wyatt said that Krista came to the Port from Stoel Rives and was our assistant general counsel for just over a year. She was our Superfund lawyer before making a wise but risky decision to move to the Lower Willamette Group to gain some management experience. He said that when Carla Kelley retired, Krista, along with several of her colleagues, competed for the position.

Mr. Wyatt said that Krista has been terrific, and, in her short time as general counsel, she has made an enormous impact on the organization and was an integral part of the management team. He said part of that is a result of great lawyering, but a much bigger part of that is being

such an extraordinary human being; great leadership skills, great friend and someone whose loss leaves a huge hole in the organization. Mr. Wyatt said that this will take time for us to absorb and deal with, and he thinks it is important that we take the time that is required.

Mr. Wyatt thanked the Commissioners who responded when informed of the news; he said that we have had a very appropriate and lovely outpouring of support for the Port family for the sudden loss of our colleague and friend.

Mr. Wyatt said Krista's assistant, Andrea Seger, who is currently in Italy, sent a positive message to Krista's team; she said Krista was in a very happy space in her life, right up until the moment of the accident. Krista loved being general counsel; she loved her team and the Port; she loved her husband and could not have been in a better space in her life. Mr. Wyatt said that this is important for us to reflect on during such a sad period.

Mr. Wyatt said that we are in the midst of a carrier rebate program as well as a rent rebate program with ICTSI, which will expire at the conclusion of December. Mr. Wyatt said he is not going to recommend that we continue the programs, and he believes ICTSI is in agreement with that. He said the total resources involved for the rent rebate program, roughly \$4.5 million, is effectively subsidizing the rates at the terminal. Mr. Wyatt said production has improved a little, but not a lot, so we are essentially subsidizing longshore wages at the terminal, which is not what we intended going forward. Mr. Wyatt said he believes this was an important program to do because it came at a time when we were transitioning the carrier relationships from the Port to ICTSI, and that was a strain and a struggle. He said by the end of this year, that will be concluded and we feel the marketplace needs transparency; what the costs are of operating a container terminal on the Columbia River and the extent to which productivity plays a role in those costs. Mr. Wyatt said that the only variable between the calling carriers continuing to call at Terminal 6 and whatever environment exists next January, is the level of productivity at the terminal because that will determine cost.

Mr. Wyatt said the upside is that ICTSI is obligated to pay its rent for another 23 years. The downside is that should productivity continue to be low and they are forced, for reasons of economic viability, to reflect that productivity in their rates, we could lose the carriers and wake up one morning to find that the terminal is closed. He thinks this is a moment of truth that we have been heading towards for some time, and January is as good a time as any to confront that moment of truth. Mr. Wyatt said that this is an important decision, but his recommendation is that we not extend the program and that we effectively let the chips fall where they may. Mr. Wyatt said that he met with ICTSI on this and other subjects, and they largely agree with this decision, so we are heading down this path collectively.

Commissioner Carter said that the Commission shares in the sadness of the day with regards to Krista. He said the news was shocking to them all; she was a wonderful member of the Port family and the leadership team. Commissioner Carter said that Krista was a rising star and will be missed by all.

Commissioner Carter noted that today is September 11, and for many people, it is a significant day of sadness. He said our hearts and minds are with all of those who have experienced loss that day.

Mr. Wyatt noted that he has named Ian Whitlock to be the acting general counsel and he will remain so until he determines a permanent path forward. He said that all of the concern and effort to digest this terrible news has been on the Port family. He said that the Port itself will be

fine; we have been through two world wars, depression, recessions, spiking fuel costs and globalization – we will find a way because the Port is good at that – but the people of the Port are another matter, so we have spent a good deal of time and energy getting our arms around each other and doing what we can go get through this incredibly challenging period.

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

## **AWARD PRESENTATION**

### **Safety and Health Achievement Recognition Program Certification – Marine Operations**

Vince Granato, Chief Operating Officer, said that he was pleased to inform the Commission that the Port has achieved its fifth-year Safety and Health Achievement Recognition Program (SHARP) certification at the marine department, which includes security, maintenance and landscape employees. He recognized and thanked Buddy Kloster, Oregon OSHA safety consultant; Nathan Sweet, Oregon OSHA industrial hygiene consultant; and Mark Hurliman, Oregon OSHA's Voluntary Protection Program/SHARP program manager.

Mr. Hurliman said that he is pleased to be here to help celebrate the marine facilities SHARP graduation. He said ceremonies like this clearly demonstrate that when management and employees of Oregon OSHA work together voluntarily, we can have a positive impact on the safety and health conditions in the workplace. He said that the Port has been working towards continuous improvement of the safety and health management systems since the SHARP partnership was established in 2007. Mr. Hurliman said that out of nearly 95,000 businesses in the State of Oregon, only 235 have achieved SHARP, and of those 235, only 134 have achieved graduation.

Mr. Granato recognized the Port staff instrumental in achieving this award; Russ Ziemer, plumber foreman; Phil Friesen, electrician; Lyle Larson, lead landscape gardener; Richard Henry, carpenter; and Chris Macquarrie, plumber. Mr. Granato also recognized Scott Carter, marine maintenance superintendent; Geoff Owen, marine security manager; Bill McCormack, marine security superintendent; Andrea Marzette, risk manager; and the safety team: Steve Eversmeyer, Ellen Ridgeway and Gregg Bieber.

Buddy Kloster said with respect to self-sufficiency, he is confident that the Port management team has the tools to keep the program moving forward. He said he knows that what they have worked on in the past eight years is firmly in place and he looks forward to his continued work with the Port.

Mr. Granato said he would like to recognize Sam Ruda, who started this program in marine. He said it was his leadership that helped get it going and drive it home.

## **ACTION ITEMS**

### **Agenda Item No. 1**

**GROUND LEASE – APPROXIMATELY THREE ACRES – HILLSBORO AIRPORT**

This agenda item requested approval to enter into a ground lease with Ochoco Administrative Services LLC, for approximately three acres at Hillsboro Airport for development of an aircraft hangar and associated improvements.

Scott Kilgo presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a ground lease with Ochoco Administrative Services LLC, at Hillsboro Airport for development of a corporate hangar, 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 Tsuruta 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, Holte, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

Agenda Item No. 2

SHIPYARD SERVICES CONTRACT – DREDGE OREGON DRY DOCK 2013 PROJECT – NAVIGATION

This agenda item requested approval to award a shipyard services contract to Vigor Marine, LLC, for the Dredge *Oregon Dry Dock* 2013 project for a contract value of \$3,356,880.

Walt Haynes presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a shipyard services contract for the Dredge *Oregon Dry Dock* 2013 project to Vigor Marine, LLC, 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Holte, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

Agenda Item No. 3

REFINANCING OF THE RAMP BARGE LEASE

This agenda item requested approval to enter into various agreements with Banc of America Leasing & Capital, LLC, to refinance the Port of Portland's heavy-duty equipment ramp barge lease.

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

BE IT RESOLVED, That approval is given for the Port of Portland to enter into the financing documentation described in this agenda item with Banc of America Leasing & Capital, LLC, for the aggregate amount up to \$2,329,297 to refinance the existing ramp barge lease; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute and deliver the documents necessary to obtain the financing described above, in forms approved by counsel, including without limitation Schedule of Property No. 2 under the existing Master Installment Purchase Agreement, an Assignment of Vessel Insurance Policies, a Certificate of the Port as to No Liens, and a UCC Financing Statement.

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 Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Daggett, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion. Commissioner Holte abstained from voting.

#### Agenda Item No. 4

#### DISCUSSION OF FISCAL YEAR 2012-2013 EXECUTIVE DIRECTOR PERFORMANCE AND ADOPTION OF FISCAL YEAR 2013-2014 EXECUTIVE DIRECTOR PERFORMANCE GOALS

This agenda item requested Commission approval of the proposed Fiscal Year 2013-2014 Executive Director Performance Goals.

Commissioner Carter discussed Mr. Wyatt's performance for FY 2012-2013. He said the importance of the performance review is to make sure that the Commission is doing their job to oversee the Port's business and Mr. Wyatt's position to ensure everyone is carrying out the Port's mission.

Commissioner Carter briefly discussed the process for determining the Executive Directors' performance goals. He said that the Commission worked with Mr. Wyatt and the Directors to agree on the performance goals and how those goals are to be measured. Commissioner Carter said that the Commissioners and Directors worked on the metrics at a Commission retreat held earlier in the year. He said the metrics are those things used to measure the achievement of the performance goals, and they are the hardest part of the process. He said we are not completely there, but this will be the year we get much closer to precision in that process.

Commissioner Carter briefly highlighted some of Mr. Wyatt's achievements for the following FY2012-2013 goals:

- Leadership
- Retain and grow key services
- Operate with a sustainable financial model
- Be a regional leader in industrial land acquisition and development
- Adhere to a Port-wide environmental strategy
- Demonstrate regional leadership in transportation infrastructure
- Strengthen the Port's culture as a strategic asset

Commissioner Carter said that the Commission has a tremendous asset in Bill as Executive Director and his performance this past year has been exceptional. He said Bill has been exceptional at seizing an opportunity to make a decision, gathering the support of the employee group and making the decision work. Commissioner Carter noted that it does not always lead to a perfect outcome; leadership is not always about being perfect and knowing what all the answers are all the time; leadership is about making decisions and encouraging others to make decisions and take appropriate risks.

Commissioner Carter said that Mr. Wyatt's performance rating is "exceptional" and, in light of his accomplishments, he is awarding a 3.5-percent salary increase, which will bring Bill's base salary to \$382,950.

Following the presentation of Mr. Wyatt's performance review, Commissioner Carter presented the formal agenda item to review the Fiscal Year 2013-2014 Executive Director Performance Criteria. He said he is recommending that we continue with the same performance criteria as FY2012-2013, but the Commission will do some tweaking within the categories, with a particular focus on leadership, and leading that takes us into the future. He said the Commission will also continue to work on the metrics, which are often times more important than the goals themselves.

Commissioner Holte said he cannot support this. He said ICTSI is in total chaos and, he believes, we have issues at the Port that should be addressed, be it crane maintenance or other things at Terminal 6. Commissioner Holte said they have other marine issues that he believes money should have been put into that were not for other reasons, so he bases his decision on his personal opinion that more is put into the airport than marine business.

Commissioner Tsuruta said he likes the draft FY2013-2014 Performance Goals; they are nice and short and very clear and he fully supports the recommendation.

Commissioner Pearce said that vision is key and she believes Bill does an excellent job of that, not only for the Port, but the entire State of Oregon.

Commissioner Daggett said that she appreciated the opportunity each of the Commissioners had to have a deep conversation to consider all the factors; she is fully supportive of both the recommendation and the vision moving forward. She said that it has been a very thorough and thoughtful process.

Commissioner Bragdon said he echoes Commissioner Daggett's comments. He said that he supports the rating and merit increase, but wished the conditions would have allowed them to do more.

Commissioner Levy said he appreciated the opportunity to weigh in on the performance goals and criteria; as a new Commissioner it was a great opportunity to participate in the process. He said that in his short time on the Commission, he has been extremely impressed with the culture the Port has developed, and he believes that the ongoing Marine and container issues are just the normal type of issues associated with a vibrant business that is growing. Commissioner Levy said that he continues to support Bill and the leadership team at the Port.

Mr. Wyatt thanked the Commission. He said that the accomplishments outlined today are the result of an extraordinary team effort, and while there are many things he likes about his job, coming to work every day and being in the midst of people who really like what they do and are

committed to the mission is the best thing of all. Mr. Wyatt said that the people of the Port, our family, means more to him than anything and they make working here such a terrific thing and he feels incredibly privileged to be their leader. He said that he likes the idea of engaging them in the review process.

Jim Carter presented his recommendation as follows:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Goals to be used for Fiscal Year 2013-2014.

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

The meeting adjourned at 10:34 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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