AGENDA*
Regular Commission Meeting
September 10, 2025
9:30 a.m.

The Board of Commissioners of the Port of Portland will hold its monthly meeting in the Chinook Room on the 8th floor of the Port of Portland Headquarters Building, located at 7200 N.E. Airport Way in Portland, Oregon 97218.

Subject to successful streaming, the Board of Commissioners also plans to provide access to the meeting virtually on the Port's website and YouTube channel for those Commissioners, members of the public, presenters and staff unable to attend in person.

Written public comments can be submitted via email at testimony@portofportland.com. If you submit comments in writing, they will be distributed to all Commissioners for their review. If you wish to provide live testimony, you may do so in person, or you may send an email with your first and last name to testimony@portofportland.com and you will be provided with a link to testify via MS Teams. Please limit your comments to two minutes. The deadline to sign up for live testimony via MS Teams is noon on the day prior to the Port of Portland Commission Meeting.

Minutes

Approval of Minutes: Regular Commission Meeting – August 13, 2025

Executive Director

Approval of Executive Director's Report – August 2025

Public Comments

General Discussion

Port of Portland Climate Goals — *JENN BIES*

Action Items

1. FACILITY LEASE AND SALE OF CRANES – HARBOR INDUSTRIAL SERVICES CORPORATION – TERMINAL 6 — *TERESA CARR*

   Requests approval to enter into a seven-year lease of the Terminal 6 container and breakbulk facility, with the potential for four, five-year extensions, with Harbor Industrial Services Corporation along with approval to sell seven ship-to-shore cranes to Harbor Industrial Services Corporation.

*Certain discussion, consent and agenda items may contain forecasts/estimates. Actual results may differ.

2. AMENDED AND RESTATED GROUND LEASE – AUSTIN POINT AVIATION, LLC – HILLSBORO AIRPORT *JEFF HELLER*

Requests approval of an amended and restated ground lease with Austin Point, LLC, for the extension of the lease of Hangar 2995 and the premises within the Hillsboro Airport.

Port of Portland

Agenda Item No. 1

FACILITY LEASE AND SALE OF CRANES – HARBOR INDUSTRIAL SERVICES CORPORATION – TERMINAL 6

September 10, 2025

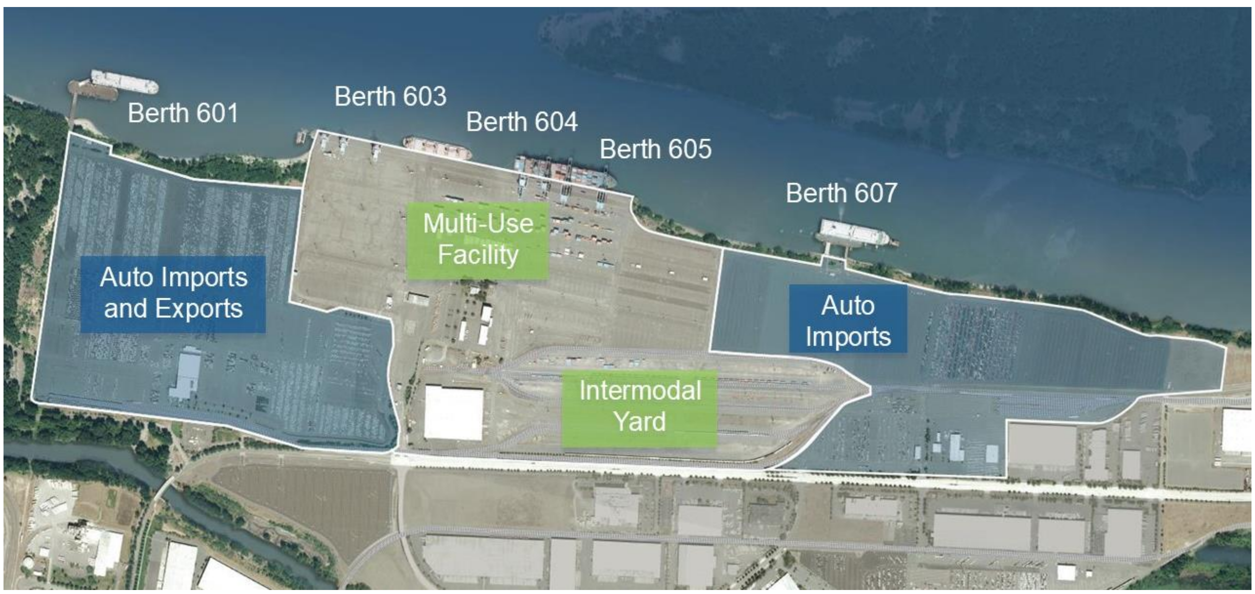
Presented by: Teresa Carr
Director, Business Development and Properties

REQUESTED COMMISSION ACTION

This agenda item requests approval to enter into a seven-year lease of the Terminal 6 (T6) container and breakbulk facility (Container Facility), with the potential for four, five-year extensions, with Harbor Industrial Services Corporation (Harbor/Lessee) along with approval to sell seven ship-to-shore cranes (STS Cranes) to Harbor. This action secures a new operator for the Container Facility, ensuring continued maritime container and breakbulk operations.

BACKGROUND

T6 Container Facility Overview



T6 is a multipurpose, 419-acre facility that features five ship berths and an on-dock rail yard. Autos, containers and breakbulk cargoes are handled out of this this terminal (autos are excluded in this transaction). Situated on the Columbia River just west of the Interstate Bridge, T6 is 100 nautical miles from the Pacific Ocean. It has remained a viable and important seaport because of its unique at-grade (i.e. not mountainous) rail access to key inland markets, navigability of the Columbia River, and proximity to the interstate highway system.

T6 is currently Oregon's only international container port and provides critical access for businesses in every part of our state, moving products ranging from seafood to animal feed, to building supplies.

Beyond its trade function, container operations at T6 generate significant economic activity. A recent economic impact study estimates that T6 supports approximately 1,500 direct and indirect jobs, including positions with the International Longshore and Warehouse Union, terminal operators, stevedores, truckers, railroads, freight forwarders, federal agencies, marine service providers and others. These are often higher-wage jobs, averaging $79,000 annually, and many have low barriers to entry. Combined state and local tax revenues generated from these jobs and related business activity exceed $20 million per year.

Without container service at T6, Oregon shippers would incur an estimated $19.2 million in additional net trucking costs annually. It costs Oregon shippers an average of $585 more per container to move goods out of Seattle.

The T6 Business Plan

In recent years, costs of the container operation became unsustainable due to specific market factors and capital maintenance costs. Without a financially sustainable business model at T6, the Port of Portland (Port) cannot continue container operations while fulfilling its full public mission.

The Terminal 6 Business Plan, developed at the Governor's direction and shared publicly in 2024, outlines how the Port can reduce losses and sustain and grow container operations. The core tenets of the plan include:

1. **Securing an agreement with a third-party operator**: Container ports are commonly operated by third parties due to the unique, and sometimes financially volatile, nature of the industry. This approach keeps the service intact while keeping costs to the public manageable.

2. **State investment in capital**: The lease with Harbor is only viable with public investment in the capital needs of the facility.

3. **Increase in Container Volumes**: Terminal 6's financial sustainability is highly dependent on volume and operations at scale. To reach an acceptable level of financial performance, the Port estimates that volumes must increase from the 2025 budget volume of 58,900 to at least 120,000 vessel moves.

About Harbor Industrial Services Corporation

Harbor, based in Wilmington, California, is a privately held company with decades of experience in crane and equipment services, cargo handling and terminal operations. Since January 2014, Harbor has served as the crane and equipment services provider and stevedore for the T6 container facility. While this will be their first role as the full container terminal operator, Harbor brings significant experience working closely with the Port and other operational partners. The existing Trade Services Agreement with Harbor will remain in effect until the new lease begins. Entering into this lease is fully aligned with the Governor's directive, the T6 Business Plan, multiple commissioned studies, and the Commission's strategic goals to promote long-term financial sustainability, operational excellence and strengthened private-sector partnerships that support regional trade.

Collectively, this investment by the state, Port and Harbor is foundational to maintaining a working waterfront for containers and breakbulk that sustains traded sector jobs and regional economic benefits. Harbor will need to increase container volumes over time to ensure long-term success. The Port will manage these costs within a marine portfolio approach and seek future state and federal investments to support facility capital needs and river navigability.

During the 2025 regular session of the Oregon Legislature, the legislature approved $20 million of funding by the State of Oregon for T6 capital and maintenance needs. This investment over the initial seven-year term of the lease, alongside the Minimum Annual Guarantee (MAG), will reduce the Port's capital investment requirements and financial exposure to market volatility.

This transaction involves separate and simultaneous transactions of a lease of the Container Facility and a sale of seven STS Cranes. Disposition of the cranes relieves the Port of a future obligation to retrofit, upgrade or replace the cranes, placing this responsibility on Harbor. In this transaction, the Port is requesting the ability to sell the cranes to Harbor for fair market value determined after consideration of assessments from third party appraisers and other considerations, including the removal and relocation market.

KEY BUSINESS TERMS

Facility Lease

Term length: An initial term of seven years, with four additional five-year renewal options.

- First renewal at Lessee's discretion if:
  - Notice given 90+ days before year seven.
  - 120,000 vessel moves or year seven MAG met.
  - State provides sufficient capital funding.
  - No uncured lease default.

Exit: Lessee may terminate with 365 days' notice after first anniversary.

Key dates:

- Harbor operations commence no later than December 31,2025

Authorized use: Container and breakbulk facility, with other Port-approved revenue-generating uses that do not increase Port costs or compete with existing tenants.

Leased premises: 202.4-acre improved facility

Financials:

- Wharfage:
  - Years 1–2: $5–$10 per move (ramp-up period)
  - Year 3+: $26–$40 per move based on volume; 3% annual increase begins Year 1.
- MAG:
  - Waived in Years 1–2.
  - Years 3–7: ~$28 million total, with upside for high throughput.
- Other:
  - Modified triple net: Lessee covers utilities; Common Area Maintenance included in MAG; stormwater costs shared 50/50 above $850,000, escalated 3% annually.
- Port invests $5 million per year on average over term.
- Port provides up to $140,000 for transition assistance.

Assets:

- Leased Assets: Yard equipment including hustlers, reach stackers, chassis, vehicles, tractors, forklifts, crane attachments and tools, and other essential gear.

Maintenance

- Standard: Maintained to the same level as under the current stevedoring agreement.
- Port: Maintains the premises and berths.
- Lessee: Maintains leased assets and terminal operating system (hardware/software).
- Berth Dredging: Port covers up to $650,000 per year (escalated 3% annually); Harbor responsible for the next $650,000, also escalated 3% annually.

Marine tariffs:

- Port will revise its T6 marine terminal operator schedules to allow Harbor to set container and breakbulk rates. Harbor will adopt its own rate schedules. The parties' schedules will be aligned to contain liability and indemnity protections for both parties.

Expiration and hand back:	• All leased assets return to the Port in original condition (less normal wear and tear). Remaining materials and supplies also transfer to the Port.

<u>Crane Sale</u>

Seven STS Cranes and associated equipment and spare parts:	• Four Post Panamax Container Cranes • Three Panamax Break Bulk Cranes • Crane spreader beams and other crane-associated equipment.
Price:	Fair Market Value of $150,000 based on independent appraisals and reviews.
Conditions:	Sold "As-Is" Subject to being kept at the Container Facility for at least two years, and thereafter, with Harbor obligated to maintain sufficient crane capabilities to meet its needs for the term of its lease. Otherwise, Harbor controls crane disposition, including the right to sell to a third party or give the cranes back to the Port at the end of the lease.

<u>EXECUTIVE DIRECTOR'S RECOMMENDATION</u>

The Executive Director recommends that the following resolutions be adopted:

> BE IT RESOLVED, That approval is given to enter into a lease with Harbor Industrial Services Corporation for the continued operation of container and breakbulk activities at the Terminal 6 Container Facility and to sell to Harbor Industrial Services Corporation seven ship-to-shore cranes, consistent with the terms presented to the Commission; and
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> 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

AMENDED AND RESTATED GROUND LEASE – AUSTIN POINT AVIATION, LLC – HILLSBORO AIRPORT

September 10, 2025

Presented by: Jeff Heller
Airside Leasing Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval of an amended and restated ground lease with Austin Point, LLC, for the extension of the lease of Hangar 2995 and the premises within the Hillsboro Airport, in exchange for a Reversion Deferral Fee (RDF) based on Fair Market Value.

BACKGROUND

The proposed transaction contemplates an amended and restated lease to extend the existing lease for 30 years and modifies and updates certain terms, supported by an RDF of $550,000. The RDF is a one-time payment for the existing tenant-built improvements, with no conditions subsequent to payment. Upon execution, the annual rent will continue at the current ground rental rate of $0.65 per square foot, totaling $12,870 per year.

The RDF was established through an independent third-party appraisal. Completion of this transaction prevents the facility from reverting to the Port, thereby avoiding the Port having to incur new direct building maintenance, repair and management obligations and associated costs otherwise incurred upon building reversion.

REVERSION DEFERRAL FEES

At the end of a long-term ground lease, improvements built and owned by a tenant on the property, such as a hangar, may at the Port of Portland's (Port) option, in a reversion process, become owned by the Port or be required to be removed by the tenant.

If the Port and the tenant desire to extend the tenant's ground lease and usage of the improvements, the Port could: a) take ownership of the improvements and charge a facility rent to the tenant; or b) allow the tenant to retain ownership of the improvements and charge a Reversion Deferral Fee (RDF).

An RDF compensates the Port in lieu of charging a facility rent and it avoids Port responsibility for ownership, maintenance and repairs of the improvements. An RDF benefits the tenant by allowing the tenant to continue owning, maintaining and using the improvements under an extended ground lease.

- RDF Purpose: Compensates the Port for deferring Port ownership of the asset.
- Value: Reflects market conditions, opportunity cost and administrative considerations, including avoiding the Port having to commit funds and resources to building expenses.
- In this case: $550,000 RDF for a 30-year lease extension.
- At the conclusion of the extension period, the asset will once again either be demolished by the tenant, revert to the Port, or a new RDF will be negotiated.

In the Austin Point situation, this RDF fee structure ensures the Port is fairly compensated for use of the improvements while supporting long-term tenant use and investment.

KEY TRANSACTION DETAILS

Agreements:	Ground lease extension with Austin Point Aviation, LLC.
Term extension:	30 years
Land:	0.45 acres (19,800 square feet)
Rent:	Annual rent of $12,870, adjusted every three years to Fair Market Value.
Reversion deferral fee:	$550,000
Maintenance and repair:	Tenant responsible for all facility maintenance and repair. Upon lease termination, the Port may elect to assume ownership of the hangar or require the tenant to remove it.

Total value (RDF + rent):	$1,181,026 paid to the Port.
Closing:	Transaction to close promptly following Commission approval.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

> BE IT RESOLVED, That approval is given to sign and execute the ground lease amendment with Austin Point, LLC, for the amendment, restatement and extension of the lease of Hangar 2995 and the premises within the Hillsboro Airport, for an additional 30 years upon payment of the Reversion Deferral Fee, consistent with the terms presented to the Commission; and
>
> BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to sign and execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.