

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
April 9, 2008**

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; Bruce Holte; Mary Olson and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and representatives of the public.

LEAVE OF ABSENCE

Commissioner Johansen called for a motion to grant a leave of absence to Commissioner Thorndike, as he was out of town. Commissioner Rosenbaum moved to grant the leave of absence. Commissioner Olson seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioner Allen was not present for the vote.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of March 12, 2008. Commissioner Olson moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioner Allen was not present for the vote.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt congratulated Commissioner Johansen, who will be named President of Marylhurst University later today.

Mr. Wyatt noted the success of Northwest Airlines' inaugural flight to Amsterdam. He said it was a strong kick-off to what he hopes will be a very positive service.

Mr. Wyatt noted Aloha Airlines, ATA Airlines and Skybus have gone out of business in the past month. He said we should expect to see more of this in the coming months. Mr. Wyatt said most of the current round of financial problems in the industry are driven by the rapid rise in fuel costs. The rapid run up is difficult for global transportation providers to cope with because they cannot immediately recoup that in their pricing. Mr. Wyatt said all of the carriers have contracts for fuel, but at some point they will run out of their hedged position and have to purchase additional contracts. Mr. Wyatt said we are likely to see a very tumultuous, rocky period in the industry over the course of the next several months.

Mr. Wyatt said the state of the airline industry is important to keep in mind as the Commission gets their first look at the proposed budget for Fiscal Year (FY) 2008-09, which shows increases all the way around, including FTEs. Mr. Wyatt said one of the things we have thought a lot

about internally is how to position ourselves to cope with this. He said all of the capital construction activity we have going on at PDX is activity we need to do to stay in the airport business. Mr. Wyatt said it is important to note we are in a strong cash position. Most of the trouble he can anticipate in the industry would be of a short-term variety, but we are well positioned with respect to our capital projects. The airport construction fund and the general fund are in a strong position so we do not have any short-term cash issues. Mr. Wyatt said most of the FTE increases in the proposed budget are a reflection of the volume of capital construction that we have going on, as well as increased dredging.

Mr. Wyatt noted two general aviation accidents, one at the Hillsboro airport and the other at the Troutdale airport, both involving landing gear that didn't deploy or failed to deploy. Fortunately, no one was injured in either accident.

Mr. Wyatt noted the Port's new post-Panamax crane arrived at Terminal 6 (T-6) after a 5,800-mile, month-long journey from Shanghai, China. He said the crane comes to us courtesy of the state's Connect Oregon program, which is an investment in non-road related transportation infrastructure funding initiative passed by the State Legislature.

Mr. Wyatt said the Port received 10 very strong letters of interest from potential bidders for the T-6 initiative. He said confidential due diligence will continue through the summer with a potential financial close by this fall.

Mr. Wyatt said the Port was recently awarded a \$220,000 grant to enhance security fencing near the Willamette River at Terminal 4. He said the new fencing will help to better control access to the terminal. Mr. Wyatt said unauthorized access from the river and shoreline is an increasing concern, not only for the Port's facilities, but also for others in the area.

Mr. Wyatt noted that during his upcoming trip to Asia he would be signing a Memorandum of Understanding with leaders of the Asia-Pacific School of Logistics and Graduate School of Logistics at Inha University in Incheon, Korea, for a joint pilot educational exchange program. He said the program is a first step in attempting to establish a more permanent educational exchange program, which would ultimately be administered by an Oregon University System institution.

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

GENERAL DISCUSSION

Fiscal Year 2008-09 Economic Outlook and Proposed Budget

Scott Drumm, Research and Strategic Analysis Manager, presented an overall economic outlook and the economic factors influencing the Port's business lines and key customers. Mr. Drumm said his presentation was based on a snapshot in time that was taken back in late January and early February when we were beginning our budget process, so while many things in the economy have changed recently, what the Commission will see is the assumptions and economic indices used to help build the proposed budget.

Mr. Drumm said back in January and February, Oregon was doing fairly well despite the national economic downturn. He said economists around the state expect that job growth is going to begin to accelerate and that the downturn would moderate by the end of 2008. Some sectors will see job losses, but will recover in 2009.

Mr. Drumm said 2007 was a very strong year for trade for the United States. Our trade deficit narrowed over 6 percent in 2007 and was the first reduction in a trade deficit since 2001, and our largest single year reduction since 1991. Mr. Drumm said exports were up more than 12 percent on 12 straight months of increase and imports were up nearly 6 percent. Mr. Drumm said we expect the strong export performance to continue this year due to the weak dollar, though there are some economists who caution that if the dollar's depreciation becomes too fast, too steep and too deep, that could hamper trade and dampen demand by foreign countries for our own exports. At the state level, exports were up more than 6 percent in 2007 and demand for Oregon exports is expected to remain strong in key sectors through 2008 and into 2009.

Mr. Drumm said the Port's proposed budget of \$267 million in operating revenues and \$193 million in operating expense drives a significant economic impact for this region. He said it is important to note that Port activity generates over \$60 million in annual property taxes, of which only \$8.6 million are directed to the Port for its use in providing transportation access and economic growth.

Suzanne Kenny, Business and Financial Operations Senior Manager, provided an overview of the proposed budget for FY08-09 compared to the adopted budgets for FY08. Ms. Kenny said despite the uncertainties in the economy, we are cautiously optimistic about FY09. She said we expect to see growth in many of our business lines. Ms. Kenney said this growth in business activity impacts us financially and we project that the Port will have record high operating revenues in FY 2009.

Ms. Kenny said staff continues to work hard to manage our operating expenses while meeting the customers' needs. The proposed budget projects an operating expense increase of approximately 7 percent without longshore labor and environmental accruals, which are not directly controlled by the Port.

Ms. Kenny said we operate in a capital-intensive environment, which tends to have large fluctuations from year to year based on business requirements and timing of projects. Ms. Kenney said the next several years will see record high infrastructure investment in our Marine, Industrial Development and Aviation businesses. We anticipate that a record could be set for capital expenditures in FY 2009 to fund these investments. Over the next five years, our capital program will exceed \$1 billion – the largest capital program in Port history.

Ms. Kenny said the principal business driver for PDX is passenger volumes. We are forecasting passenger volume to be slightly over 15 million, which is about a 5.5 percent increase over FY08. She said we are also projecting an increase in parking revenue, cargo leases and concessions. Ms. Kenny said staff continues to focus on managing costs and increasing revenues in order to maintain competitive rates and charges.

Ms. Kenny said container volume is the main driver on the Marine side and noted that we are forecasting about 144,000 throughput, about a 4 percent decrease from FY07-08. She also noted we are forecasting an increase in revenue from the auto line of business, in spite of the anticipated 10.9 percent decline in auto volumes due to market conditions. The revenue increase is primarily due to additional rent anticipated to start in July 2008. Ms. Kenny said we are also forecasting increased revenue from the breakbulk, grain and mineral bulk lines of business.

Ms. Kenny said she would be back in May to request approval to submit the budget to the Tax Supervising & Conservation Commission.

Public Hearing: Proposed Budget for Fiscal Year 2008-09

Commissioner Johansen opened a public hearing for the purpose of taking testimony on the Proposed Budget for FY08-09.

Hearing no comments, Commissioner Johansen closed the public hearing and noted that no action was required at this time. The FY08-09 proposed budget will be brought before the Commission at the May 14, 2008, meeting for action.

Portland International Airport Construction Update

Bill Allen, Facilities Maintenance and Project Development General Manager, provided an overview of the summer construction projects at PDX, Hillsboro and Troutdale. The projects include airfield pavement preservation and rehabilitation, Airport Way widening and realignment, baggage in-line screening, HQP2 and Taxiway B relocation and rehabilitation at the Troutdale airport.

2008 Congressional Agenda

Rick Finn, Federal Government Relations Manager, provided an overview of the Port's 2008 congressional agenda. He briefly discussed the Port's marine, aviation, surface transportation and environmental priorities, which include: Columbia River channel deepening, maintenance dredging on the Willamette River, rehabilitation of mouth of the Columbia River jetties, nonstop air service between PDX and Reagan National Airport, improve northbound access from Airport Way to I-205, improvement in the I-84 interchange in Troutdale and renewal of the Superfund taxes.

CONSENT AGENDA

No presentations were 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

CONSTRUCTION CONTRACT – PAVEMENT REPAIRS AND FOG SEALING – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to award a construction contract to Kodiak Pacific Construction for airfield pavement repairs and fog sealing 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.

Agenda Item No. 2

CONSTRUCTION CONTRACT – NE APRON REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to award a construction contract for the NE Apron Rehabilitation at Portland International Airport to Nutter Corporation, 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.

Agenda Item No. 3

LEASE AMENDMENT – INTERNATIONAL RAW MATERIALS – MARINE TERMINAL 4

BE IT RESOLVED, That approval is given to amend the lease with International Raw Materials, Ltd., at Marine Terminal 4, 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.

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

ACTION ITEMS

Agenda Item No. 4

CONSTRUCTION CONTRACT – PHASE 1 PUBLIC IMPROVEMENTS – TROUTDALE REYNOLDS INDUSTRIAL PARK

This agenda item requested approval to award a construction contract to Northwest Earthmovers, Inc., for Phase 1 public improvements at Troutdale Reynolds Industrial Park. The project will construct a new street (Swigert Way), buried utilities, a storm water system, improvements to Sundial Road and a new multi-use public path.

Tom Hjort presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract for the Phase 1 public improvements at Troutdale Reynolds Industrial Park to Northwest Earthmovers, 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 Corey moved that the Executive Director's recommendations be approved. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Commissioner Bragdon declared a conflict with Agenda Item No. 5 and abstained from the discussion and vote.

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Agenda Item No. 5

CONCESSION LEASE – COLUMBIA SPORTSWEAR COMPANY – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to enter into a lease with Columbia Sportswear Company for a retail store at Portland International Airport.

Rebecca Sonniksen presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a concession lease with Columbia Sportswear Company for a retail store 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 Corey moved that the Executive Director's recommendations be approved. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 6

CONTRACT – PARALLEL RUNWAY ENVIRONMENTAL ASSESSMENT, PRELIMINARY DESIGN, AND BENEFIT COST ANALYSIS – HILLSBORO AIRPORT

This agenda item requested approval to award a contract to CH2M HILL to conduct an environmental assessment, preliminary engineering, and benefit cost analysis for the proposed parallel runway project at Hillsboro Airport.

Terri Burk presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to CH2M HILL to prepare an environmental assessment, preliminary engineering, and benefit cost analysis on a proposal to construct a parallel runway 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 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 Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 7

CONSTRUCTION CONTRACT – AIRPORT WAY REHABILITATION AND WIDENING – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract for the Airport Way Rehabilitation and Widening Project at Portland International Airport.

Ken Willhite presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Kodiak Pacific Construction Co. for the Airport Way Rehabilitation and Widening 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 Olson moved that the Executive Director’s recommendations be approved. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 8

PROPERTY PURCHASE – COLWOOD NATIONAL GOLF COURSE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to purchase a parcel of land consisting of approximately 48.37 acres of property adjacent to Portland International Airport from the owners of Colwood National Golf Course.

Suzanne Brooks presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to purchase approximately 48.37 acres of land and improvements at Colwood National Golf Course adjacent to 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 Olson seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

The meeting adjourned at 11:07 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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