

MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
April 14, 2010

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 Commission Boardroom of the Port's administrative offices at 121 N.W. Everett Street.

QUORUM

Commissioners present were Judi Johansen, President, presiding; Peter Bragdon; Jim Carter; Steve Corey; Diana Daggett; Bruce Holte; Mary Olson and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public. Commissioner Allen was not present for the meeting.

Commissioner Johansen noted she would have to leave at 10:30 and said that Commissioner Olson would chair the meeting at that point.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Commission Retreat of March 9, 2010 and the Regular Commission Meeting of March 10, 2010. Commissioner Olson moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt noted that we will begin the process of moving to the new headquarters building (HQ) on April 23, so this will be the last Commission meeting at the Port Building. Mr. Wyatt said HQ is in good shape but he is sure we will experience a few bumps in the road. Mr. Wyatt said most of the workforce is prepared for the move emotionally and on a personal note he is excited to see us complete the move and integration of our workforce in one location.

Mr. Wyatt welcomed representatives from the Civil Aviation Authority of Bangladesh in the audience. He said they are getting a cook's tour of the airport and related facilities as part of the Oregon Air National Guard/Port of Portland partnership.

Mr. Wyatt said passenger traffic at the airport was up slightly in February. He said it will be difficult to see passenger volumes move significantly in one direction or the other because the planes are full and there is no excess capacity. Mr. Wyatt noted Delta Air Lines will add a second daily roundtrip flight to JFK on June 10 and Alaska Airlines announced they will add new nonstop service to Hawaii.

Mr. Wyatt noted that we had a successful opening of the new parking garage at PDX. He said some of our customers have shifted from the P1 (Short-Term) garage and some moved in from the economy lot. Mr. Wyatt said we have a few signage issues to resolve, but overall, the new garage is working well. He thanked the Port team for getting it up and running in time for Spring Break.

Mr. Wyatt said the Delta/Nike solar panel project is now complete and the Nike store at PDX is now 100-percent solar powered.

Mr. Wyatt said the North Runway extension construction is set to beginning on May 17 which will require some changes to the flight patterns. Mr. Wyatt said an extensive outreach campaign is beginning to notify the community of the changes.

Mr. Wyatt noted that an Oregon Brownfields Award was presented to FedEx Ground for development at the Troutdale Reynolds Industrial Park. Mr. Wyatt said he believes there will be a few more of these to come because this is an extraordinary project. He said many people talk about brownfield redevelopment, but it is an incredibly difficult thing to do and the size of this redevelopment caught the attention of many.

Mr. Wyatt said the Port will be sponsoring the NW Intermodal Conference next month. He said this is a great opportunity to bring together all the key players in the rail intermodal industry in this region as well as an opportunity for us to highlight our facilities.

Mr. Wyatt asked Mark Crosby, Chief Security Officer, to introduce the representatives from the Dhaka International Airport. Mr. Crosby introduced Wing Commander Rahman, Airport Director at Dhaka International Airport; Mr. Nurul, Chief Security Officer; Mr. Azad, Air Traffic Control Manager; and Mr. Abedin, Airport Operations Officer.

Wing Commander Rahman said it is a pleasure for the representatives of the Civil Aviation Authority of Bangladesh to be in Portland and a great honor to be able to attend a Commission meeting. Mr. Rahman said the State Partnership Program will benefit them in many ways and allows them the opportunity to see and learn firsthand about the Port's airport operations.

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

GENERAL DISCUSSION

Fiscal Year 2010-11 Economic Outlook and Proposed Budget

Scott Drumm, Research Program Manager, provided an economic update. He briefly discussed the trends in international trade as well as the U.S. economic trends. He said despite the current pain, there are some signs we may be hitting the bottom. He noted, however, that two important indicators may still be seeking the floor, consumer confidence and unemployment. Mr. Drumm briefly discussed the last four recessions and how many years it took to go from peak to trough and then recover to the previous peak. He said Oregon has had long, slow recoveries, longer and slower than the nation. He noted that in both major recessions, the recovery was more than twice as long as the decline. Mr. Drumm discussed the key economic issues for the Port, which include: speed of the recovery, fuel prices, value of the dollar, public sector budgets and personal income growth.

Mr. Drumm also provided a review of the Port's Strategic Plan highlights. He discussed the Port's strategic areas of focus and the primary strategies to retain and grow key services and be a regional leader in industrial land acquisition and development. Mr. Drumm also discussed the

supporting strategies, which include: ensure sustainable financial model; shift from growth/expansion to asset management; implement environmental activities required to comply with legal and contractual requirements to meet strategic priorities of the business lines; advocate for regional transportation infrastructure that meets regional and customer needs for efficient/effective goods movement; and improve organization effectiveness and efficiency, capitalizing on existing strengths and continuous improvement.

Vince Granato, CFO and Director of Financial & Administrative Services, discussed the Port's financial goals relative to the General Fund, Airline Cost Centers and the Port Cost Center. Mr. Granato also discussed the factors influencing each area, which include: slow economic recovery, flat activity levels, flat revenues, operating expense management, maintaining competitive rates and charges for our customers, and capital program management.

Mr. Granato reviewed the budget assumptions for FY2011 which include: elimination of the furlough program, administrative merit increases, represented labor group salary increases, no PERS rate change, modest land sales, flat revenue forecast and large capital projects complete and on-line.

Mr. Drumm discussed the Aviation business outlook, including the industry trends, passenger and air cargo forecasts and Mr. Granato reviewed the FY2010-11 PDX revenue and expense budget impacts. Mr. Drumm also presented the Marine business outlook, including the industry trends and business line volumes, as well as the outlook and trends for Industrial Development. Mr. Granato discussed the FY2010-11 Marine and Industrial Development revenue and expense budget impacts.

Mr. Granato reviewed the budget calendar and said that at the May 12 meeting, he would request Commission approval to submit the budget to the Tax Supervising and Conservation Commission.

Commissioner Johansen excused herself and asked Commissioner Olson to chair the meeting.

PUBLIC HEARING

Proposed Budget for Fiscal Year 2010-11

Commissioner Olson opened a public hearing for the purpose of taking testimony on the Proposed Budget for Fiscal Year 2010-11.

Hearing no comments, Commissioner Olson closed the public hearing and noted that no action was required at this time. The FY10-11 proposed budget will be brought before the Commission for action at the May 12, 2010, meeting.

CONSENT AGENDA

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

Agenda Item No. 1

REVISION OF COMMISSION POLICY NO. 6.2.01 CONCERNING APPOINTMENT AND DUTIES OF ASSISTANT TREASURERS; AUTHORIZATION AND DESIGNATION OF ASSISTANT TREASURERS

BE IT RESOLVED, That approval is given to the revised Commission Policy No. 6.2.01, concerning appointment and duties of Assistant Treasurers, dated April 14, 2010; and

BE IT FURTHER RESOLVED, That effective April 14, 2010, Bill Wyatt, Vince Granato, Robert A. Burket, Sugie Joseph, Suzanne M. Kenny and Andrea C. Marzette are designated Assistant Treasurers of the Port of Portland Commission and shall perform such functions and duties as the Commission shall authorize from time to time; and

BE IT FURTHER RESOLVED, That all previous Assistant Treasurer designations be rescinded from this date forward; and

BE IT FURTHER RESOLVED, That a copy of Commission Policy No. 6.2.01 concerning appointment and duties of Assistant Treasurers, as revised, shall be attached to the minutes of this meeting.

Agenda Item No. 2

COMMISSION DELEGATION OF CONTRACTING AUTHORITY POLICY 6.1.1

BE IT RESOLVED, That the Port of Portland Commission Delegation of Contracting Authority Policy 6.1.1 dated April 14, 2010, is hereby approved as amended; and

BE IT FURTHER RESOLVED, That a copy of Commission Delegation of Contracting Authority Policy 6.1.1 dated April 14, 2010, be attached to the minutes of this meeting.

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

ACTION ITEMS

Agenda Item No. 3

AMENDMENT TO COMMISSION POLICY NO. 6.1.13 – AUTHORIZING RECEIPT OF CERTAIN EXPENSES

Government ethics rules require prior written authorization if public officers, including Port of Portland (Port) Commissioners, are to accept expenses from third parties related to certain trade promotion missions, fact finding missions, negotiations, or economic development activities. This resolution establishes a mechanism for Commissioners to obtain the necessary prior authorization. This resolution would amend an existing Policy to give the Commission President and Officers authority to approve Commissioner's participation in these events.

Carla Kelley presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That Commission Policy No. 6.1.13 dated January 9, 2002, be approved as amended; and

BE IT FURTHER RESOLVED, That a copy of Commission Policy No. 6.1.13 dated April 14, 2010, be attached to the minutes of this meeting.

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, Corey, Daggett, Holte, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 4

CONSTRUCTION CONTRACT – NORTH RUNWAY EXTENSION, PHASE 2 – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Nutter Corporation (Nutter) for Phase 2 construction work of the North Runway Extension project at Portland International Airport.

Mr. Hermans noted the second low bidder, Kodiak Pacific Construction (Kodiak), submitted a bid protest requesting that the Port reject Nutter's bid as nonresponsive. Kodiak claimed that Nutter failed to meet the project disadvantaged enterprise program goal and requested the award of the contract to Kodiak. After review, the protest was denied by the Port. Kodiak appealed the Port's protest denial and that appeal was denied by the Executive Director after concluding that Nutter's bid was the lowest responsive and responsible bid.

Marcel Hermans presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Nutter Corporation for Phase 2 of the North Runway Extension 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 Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Daggett, Holte, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

CONSTRUCTION CONTRACT – BERTH 501 AND 503 DEEPENING – MARINE TERMINAL 5

This agenda item requested approval to award a construction contract to Hickey Marine Enterprises, Inc., for the deepening dredging of Berths 501 and 503 at Marine Terminal 5.

Marcel Hermans presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract for Terminal 5 Berths 501 and 503 deepening to Hickey Marine Enterprises, Inc., 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 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, Corey, Daggett, Holte, Olson and Rosenbaum voted in favor of the motion.

Agenda Item No. 6

COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE

This agenda item requested approval of a three-year collective bargaining agreement between the Port of Portland and the District Council of Trade Unions, representing the 28 employees who perform maintenance at the Marine terminals.

Brenda Meece presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the District Council of Trade Unions, representing the 28 employees who perform maintenance at the Marine terminals, for a three-year agreement, retroactive to July 1, 2009, containing wage, fringe benefit and working condition terms and conditions, consistent with the terms presented to the Port of Portland 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 Daggett moved that the Executive Director's recommendations be approved. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Carter, Corey, Daggett, Holte, Olson and Rosenbaum voted in favor of the motion. Commissioner Bragdon was not present for the vote.

PUBLIC COMMENT

Miki Barnes, a resident of Banks, Oregon, addressed the Commission regarding litigation she and others have filed challenging the environmental assessment of the planned third runway at Hillsboro Airport. Ms. Barnes told the Commissioners that on April 9, 2010, attorneys for the petitioners filed a request with the Federal Aviation Administration (FAA) for a voluntary stay of the order deeming the Port's environmental assessment of this Hillsboro project to be sufficient. Petitioners have also filed an appeal of this order in the 9th Circuit Court of Appeals. She stated that if the FAA denies their request, the petitioners intend to ask the U.S. Court of Appeals to stop the project. Ms. Barnes also stated that she believed she and her fellow petitioners were being subjected to additional airport noise in retaliation as a result of their legal action and asked that the Port refrain from any retaliation.

Commissioner Olson thanked Ms. Barnes for her comments.

The meeting adjourned at 11:24 a.m.

President

Assistant Secretary

Date Signed

A complete audio recording of these proceedings is available at the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97209.

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