

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
August 13, 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 Bill Thorndike. Also present were Bill Wyatt, Executive Director; participating staff members; and representatives of the public. Commissioner Rosenbaum was not present for the meeting.

Commissioner Johansen noted the agenda had been revised. Agenda Item 2, the Property Sale Amendment to Federal Express Ground Package Systems, Inc. was removed.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of July 9, 2008. Commissioner Olson moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt welcomed new Port employees in the audience. Mr. Wyatt said part of the Port's new employee orientation includes attendance at a Commission meeting followed by a tour of the Port's facilities.

Mr. Wyatt said construction of the Port's new headquarters building and parking garage is on schedule and on budget, but one of its shining achievements so far is the utilization of minority, woman-owned and emerging small businesses (MWESB) on the project. He said the \$191 million project has an overall goal of 8.9 percent MWESB participation and so far has exceeded that goal with an actual overall participation of 17.2 percent.

Mr. Wyatt said the K-Line container service is now into its third week of operation. He said volume is steadily picking up and we should exceed 1,000 moves. Mr. Wyatt said the intermodal service for export trains has commenced and for the first two weeks, we had one train per week.

Mr. Wyatt said the Port facility would be featured on the History Channel's "Modern Marvels: Wheat Feeds the World." At the Columbia Grain export elevator, viewers will see how tens of thousands of tons of wheat are processed and shipped overseas every day. At ConAgra Mills, they will grind the grain into flour and at the Widmer Brothers Brewery, they will mash the grain to produce Hefeweizen beer.

Commissioner Johansen called for a motion to approve the Executive Director's Report. Commissioner Holte 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 Thorndike voted in favor of the motion.

GENERAL DISCUSSION

West Hayden Island (WHI) Update

Susie Lahsene, Regional Transportation and Land Use Manager, presented an overview of the WHI annexation process. Ms. Lahsene said annexation and rezoning of WHI would allow for marine industrial development. She said WHI is within the Urban Growth Boundary, but not in the City, and without annexation to the City, the Port feels it will be difficult to find a tenant. Ms. Lahsene noted that the Port does not have a tenant or customer waiting for this land development at this time. Ms. Lahsene said developing WHI offers opportunities for natural resource mitigation and enhancements.

Ms. Lahsene said in partnership with the City of Portland, the Port will convene stakeholders to develop a scope of work to assess natural resource values of the island, forecasted marine terminal demand, a basis for acreage for development versus open space and general uses and criteria for future development. Ms. Lahsene discussed the process timeline and next steps.

Commissioner Johansen opened up the meeting for public comment.

Richard Carhart, a resident of Hayden Island speaking as chair of Hayden Island Neighborhood Network (HiNoon), said the communities on Hayden Island are a diverse mix of manufactured homes, floating homes, multi- and single-family homes, as well as major shopping areas, marinas and industrial properties. Mr. Carhart said during the past year, HiNoon, along with the City of Portland, has taken an active role in the development of the Hayden Island Comprehensive Neighborhood Plan, which will provide a vision and planning tool for Hayden Island's future. He said HiNoon is vitally involved with the on-going Columbia River Crossing proposal.

Mr. Carhart said HiNoon is deeply interested in any proposed development of the Port's West Hayden Island property, including the current proposal for annexation into the City and rezoning from its current classification. He said changes to WHI of the magnitude being discussed will have a profound impact on the residents of WHI and if enacted, must be successfully coordinated with the Comprehensive Neighborhood Plan and the Columbia River Crossing project. HiNoon expects that the Port-proposed annexation and rezoning plans will be examined as part of a public process involving all impacted stakeholder groups, including HiNoon, and a detailed review will be undertaken of all of the potential uses of the property, considering both the economic and environmental opportunities. Mr. Carhart said HiNoon expects to be an active participant in the process and to be kept informed by the Port regarding all facets of the public examination. Mr. Carhart said HiNoon looks forward to working with the Port of Portland and the City of Portland.

Timme Helzer, a resident of Hayden Island and co-chair and co-founder of Friends of West Hayden Island, spoke about the people of the cargo cult, primitive tribes native to the islands of Micronesia and Melanesia who watched during World War II as great silver birds and massive floating rafts arrived on their islands bringing highly valued things. Mr. Helzer said these faithful but irrational people, growing poorer by the year, without their native forests, diverse wildlife and rich fishing grounds, continue to light landing strip fires and wait patiently for the silver birds to return. Mr. Helzer opposed the marine facility planning.

Larry Paulson, Port of Vancouver Executive Director, discussed the collaborative working relationship between the Port of Portland and the Port of Vancouver. He said the ports operate in the same economic region, share the same workforce and do many things together and have demonstrated this over the years. Mr. Paulson said we share the river, the roads and the rail and work together in our planning processes. He said he lends his support for the Port's efforts and looks forward to working with the Port as we look to develop the area.

Tom Dana, a resident of WHI speaking as co-chair of Friends of West Hayden Island, questioned the energy price assumptions in the Portland and Vancouver Domestic and International Trade Capacity Analysis. Mr. Dana said in 1998, crude oil was selling at \$10 a barrel and 10 years later, it is averaging more than \$120 a barrel. He said if we experience another tenfold increase during the next 10 years, oil would be well over \$1,000 a barrel. Mr. Dana said there is no question that \$1,000 per barrel oil is coming; it is simply a matter of when. Mr. Dana questioned what this increase would do to our trade and traffic and said it is important to consider this when we are estimating the traffic projections.

Cher Lund, a resident of Hayden Island and an active member of Friends of West Hayden Island, addressed the Commission on behalf of the flora and fauna of West Hayden Island. Ms. Lund said she believes the action being considered will not only destroy some of the most phenomenal wildlife habitat left in the region, but will also increase pollution at every level. Ms. Lund said development of WHI would destroy critical salmon habitat. She said WHI is an incredibly special place and said the Commission should see it to understand what is at stake. Ms. Lund said WHI is the gateway to Oregon and can be the crown jewel to our beautiful city and state. Ms. Lund said the Commission, as well as the City of Portland, have a once-in-a-lifetime opportunity to create an incredibly unique and vibrant wildlife refuge and learning center, but they must have the vision. Ms. Lund urged the Commission to consider the true value of WHI and asked that they do not sacrifice it and gamble it away.

Roger Staver, a resident of Hayden Island and chair of HiNoon, reemphasized the comments made by Mr. Carhart. He said the process is important enough to HiNoon that they have formed a committee specifically and expressly to participate in and oversee it. Mr. Staver said HiNoon wants this to be an open and public process and they hope the Port will have a website to address the issue of WHI specifically and exclusively. He said they want to see it coordinated and blended with their Comprehensive Plan. Mr. Staver said the residents are concerned about increased truck traffic, and a bridge as part of the plan is critical to residents of WHI. Mr. Staver said HiNoon is looking forward to participating in the project; they are eager, not anxious, to see it proceed – anxious comes from anxiety, eager comes from enthusiasm. They want the residents and businesses properly represented in the process and would like to see noise and construction impacts minimized.

Esther Wright, a resident of West Hayden Island and a member of the HiNoon board, said her comments echo the comments from the previous speakers, so rather than be redundant, she would just also like to recommend that the Port consider the impacts on the residents that live there. Ms. Wright said she has learned to get used to the airplanes flying overhead and the railroad bridge, as well as the traffic she deals with on Interstate-5, but the idea of adding more of that kind of noise and taking away more of the quality of life for the residents concerns her greatly.

Marylee Toley and Esther Wright read a statement on behalf of Vicky VanDyke. Ms. VanDyke feels there is little argument that using WHI as a largely industrial deep-water port, even if small areas are set aside for wildlife habitat, will have profound impact on many species of birds, fish and mammals. Ms. VanDyke feels that the potential economic advantages for the

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area are questionable at best. She said perhaps there will be some economic advantage at a high cost to a shrinking and irreplaceable wildlife habitat, or we may end up with empty or underused, ugly polluted ports where herons, beavers and osprey once lived happily. Ms. VanDyke said it is our choice and our chance to demonstrate that Portland can spend large sums of public money for little public gain. Ms. VanDyke said this project is our own version of the “bridge to nowhere” and she is saddened that our current group of politicians would even consider this as their legacy.

Art Lewellan, a resident of Portland, said he heard that what is being planned for WHI is a container-type marine terminal. He said if you look at the two types of terminals, whether it is devoted to a grain elevator network or containers, to him there is no question the impact would be far less with a bulk terminal because of the amount of truck traffic and parking spaces needed for a container terminal.

Chris Fountain, who resides on NE Marine Drive in Portland, along with four others representing 23 homes and 31 voters in Portland, said she is concerned about the lack of transparency of the process. She said the timeline discussed is very short and there is very little public knowledge about the process. Ms. Fountain said she confirms and supports the idea of informing the public through the media and hopes the Port and the City of Portland consider using a public outreach process similar to the Columbia River Crossing project.

Commissioner Johansen thanked everyone for their thoughtful comments. She said the Commissioners are grateful for the time they have taken to come and she assured everyone that the Commission cares very much that this be an open and transparent process and if there are things they can do to make the communications better, they will do that. Commissioner Johansen said the issues raised are very important and issues that they need to take into consideration. Commissioner Johansen asked that a date be scheduled for the Commissioners to tour West Hayden Island.

ACTION ITEMS

Agenda Item No. 1

FISCAL YEAR 2007-2008 EXECUTIVE DIRECTOR PERFORMANCE REVIEW AND FISCAL YEAR 2008-2009 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA

This agenda item requested approval of the Fiscal Year 2007-2008 Executive Director Performance Review and the Fiscal Year 2008-2009 Executive Director Performance Criteria.

Commissioner Johansen reviewed the process that led to Mr. Wyatt's review. She said she consulted with all Commissioners on the outcome of the review and noted that the Commission officers met to discuss the formal rating recommendation and salary adjustment.

Commissioner Johansen highlighted Mr. Wyatt's achievements relative to the Port's strategic objectives: Leadership and Governance; Competitive Maritime Access; Land for Logistics; Efficient Rail Capacity; Air Service to Key Markets; Trade-related Infrastructure, Policy and Services; Enhanced Security; Strengthened Stakeholder Relationships; Integrated Environmental Performance; People and Tools; Customer Focus and Financial Viability.

Commissioner Johansen asked Mr. Wyatt to continue to focus on aligning resources with Information Technology goals.

Commissioner Johansen stated that because of Mr. Wyatt's many accomplishments, the Commission Officers have agreed that Mr. Wyatt will receive an "Exceptional" performance rating and a salary adjustment of 8.2 percent, an increase of \$22,614. Commissioner Johansen said the Commission is very pleased with Mr. Wyatt's performance. She said Mr. Wyatt is a real gem and a terrific leader. She also said he delivers results it in a way that is commendable in terms of the "how." Commissioner Johansen said the Commission struggled with trying to find something to suggest in terms of improvement. She said she is in awe of the way Mr. Wyatt leads the Port and the asset that he is for the region.

Commissioner Johansen said it is important to point out that Mr. Wyatt's salary is well below the median of salaries in the surveys conducted as part of the review process.

Commissioner Johansen said Commissioner Olson noted the absence of a Financial Viability criteria in the 2008-2009 Performance Criteria. Commissioner Johansen proposed the use of the Financial Viability criteria from the previous year, with slight modifications. The criteria would read as follows:

"Financial Viability – General Fund: Maintain the Port's financial viability by generating cash flow sufficient to cover operating costs while optimizing the Port's direct contribution to its capital investments. Aviation: Maintain compliance with bond ordinance requirements for the Airport while meeting airline agreement cost metrics and capital expenditure limitations. The Port Cost Center will maintain cash flow sufficient to meet our minimum debt service coverage and maintain AA- rating on Airport Revenue Bonds."

The Commission President recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria to be used for Fiscal Year 2008-2009.

Commissioner Corey moved that the Commission President's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson and Thorndike voted in favor of the motion.

Mr. Wyatt thanked the Commission. He said he views his performance review as a report card on the Port itself. Mr. Wyatt said it is a great honor and continues to be an enormous pleasure to be the Port's Executive Director. He said since his first day back in 2001, he has always been impressed with the spirit and goodwill of the Port employees, who are unlike those of other public sector organizations that he been associated with or part of.

Mr. Wyatt said he could not ask more of his leadership team. He said the Port is an outstanding organization. Mr. Wyatt said the year ahead will be bumpy, but he is confident because Port employees are capable of adapting to the changes that are coming and making it work. Mr. Wyatt thanked Port staff for making his job easier.

Kenneth Morgan, Business Manager for Laborers' Local 296, addressed the Commission regarding the USS Ranger Foundation's request to lease space at Terminal 2. Mr. Morgan briefly discussed the benefits the USS Ranger would bring to the regional economy. He asked that the Port consider meeting with the USS Ranger Foundation to discuss further.

Mr. Wyatt said the Foundation has met with the Port. He said the Port considered their proposition and have declined it because, even though it sounds wonderful, there is a lot more to it. Mr. Wyatt said Terminal 2 is an operating marine terminal that employs longshoremen earning

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good incomes. Mr. Wyatt said the Port has had extensive conversations with the Foundation over a period of several years and made it clear there is no way this will be an activity appropriate for Terminal 2.

Commissioner Holte, speaking as an ILWU member, said Terminal 2 is an active marine terminal and the ILWU would not allow the USS Ranger to berth there.

Commissioner Johansen said she appreciates the sincerity of Mr. Morgan's concern. She said we are respectful of the interest the Foundation has, but Mr. Wyatt made it very clear where the Port stands on this matter. Commissioner Johansen invited Mr. Morgan to meet with Port staff to discuss the information that was provided to the USS Ranger Foundation.

The meeting adjourned at 10:24 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.