

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
August 12, 2009**

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 Mary Olson, Vice President, presiding; Ken Allen; Peter Bragdon; Steve Corey (via telephone); Diana Daggett; Bruce Holte; Judi Johansen (via telephone); Paul Rosenbaum and Bill Thorndike. Also present were Steve Schreiber, aviation director; participating staff members; and members of the public.

Commissioner Olson noted that agenda item No. 2 had been revised. The maximum contract total noted in the last paragraph should be \$800,000, not \$900,000.

MINUTES

Commissioner Olson called for a motion to approve the minutes of the Regular Commission Meeting of June 10, 2009. Commissioner Daggett 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, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Olson called for a motion to approve the minutes of the Special Commission Meeting of June 24, 2009. Commissioner Allen 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, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Olson called for a motion to approve the minutes of the Regular Commission Meeting of July 8, 2009. Commissioner Holte moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Steve Schreiber said he is filling in for Bill Wyatt, who is in Taiwan this week where he is one of the featured speakers at the Association of Pacific Ports Conference in Keelung. Mr. Schreiber said the Association of Pacific Ports (APP) is a trade and information association that includes ports in the United States, Canada, Mexico, Taiwan and the Pacific Islands. Mr. Schreiber said Mr. Wyatt is traveling with Oregon House Speaker Dave Hunt, who also serves as executive director of the APP, and they plan to meet with key Port clients in Keelung and Taipei.

Mr. Schreiber noted that while the focus of this trip is on our marine operations, Mr. Wyatt also travelled to China and Japan two weeks ago to meet with key aviation partners including Air China Cargo and Delta Airlines. The outcome from these meetings was very positive and both carriers confirmed their commitment to serving our market during the upcoming year.

Mr. Schreiber said the Port concluded its Fiscal Year 2009 (FY09) at the end of June and is now one month into the new fiscal calendar. He said FY09 was a bumpy one for us from a business perspective. He said it was clear less than four months into the year that a sharp economic downturn was confronting us, but because we were able to quickly reduce costs and adjust to the downturn, our year-end financial results appear to be closely aligned with our revised budget.

Mr. Schreiber said that at this time, there are many parallels between our two key business operations.

Passenger traffic at PDX was down over 10 percent for the fiscal year and cargo volumes were also down sharply. He said the declines affected many of our business line revenue streams, which were down proportionately. Mr. Schreiber said we also experienced volume declines across all marine lines of business. Although some businesses performed better than others, in all cases, year-over-year performance was negative.

Mr. Schreiber said our marine terminals handled 11 million tons of cargo, which was a 26.8 percent decline from the previous year. He said the container trade continues to suffer from the impacts of the economy. He noted many of the shipping companies posted quarterly earnings over the last few weeks, including the three Japanese carriers who reported their first quarter fiscal results. Mr. Schreiber said nearly all of the major carriers, whether air or sea, are reporting significant losses this past quarter. In many cases, the losses were in the hundreds of millions.

Mr. Schreiber said that on a positive note, Portland container volumes in July and August are trending upward for both imports and exports. He said summer is the traditional peak season in containerized shipping so we still need to look at fall volumes before we can get a firm read on the market.

Mr. Schreiber said container shipping lines are seeking to impose rate increases to try to correct the declining freight rates, which have plunged to record lows. He noted that similarly, air carriers are fighting to improve yields by imposing baggage fees and other charges in an effort to shore up the financial outlook. He said most carriers are predicting a difficult fall and winter season with hope for improvement in 2010. Mr. Schreiber said that also on a positive note, Alaska Airlines will launch new non-stop service between PDX and Chicago on November 16.

Mr. Schreiber noted on July 21, Governor Kulongoski and approximately 50 representatives of organizations involved with the Columbia River Clean Diesel Project gathered at Terminal 6 for a "Declaration of Cooperation" ceremony. He said the project involves a bi-state, public/private group that is focused on reducing emissions from diesel engines through management of multimodal freight transport emissions along the Columbia River and Interstate 5 corridors.

Mr. Schreiber said we received great news on July 21: the U.S. Army Corps of Engineers, Portland District, awarded the final contract for the Columbia River Channel Improvement Project. He said this truly signals the end of what has been a nearly 20-year process. The \$52-million contract includes \$26.6 million of American Recovery and Reinvestment Act funds, along with 2009 appropriated and matching sponsor funds. According to the contractor, the work is estimated to create about 50 new jobs, and work will begin in mid-August with the removal of 1.7 to 2.5 million cubic yards of material to deepen Columbia River miles 65 to 67, near Longview, Washington. Mr. Schreiber said there is also a one-mile section of basalt between river miles 87 and 88 near St. Helens, Oregon that must be blasted and then dredged. The blasting will occur between November 2009 and February 2010 and create between 250,000 and 500,000 cubic yards of material to dredge. The project should be complete by December 2010.

Mr. Schreiber said the U.S. Department of Transportation has made available \$1.5 billion in TIGER (Transportation Investment Generating Economic Recovery) Discretionary Grants for capital investment in surface transportation projects through September 30, 2011. He said the Port is partnering with the City of Portland on projects that will enhance Terminal 4 and related

transportation infrastructure around the terminal. Mr. Schreiber said Port staff is working on an application involving approximately \$40 million in projects. The grant application is due this September and awards are likely to begin late this year or early next year.

Mr. Schreiber said approximately 35 members of the Port's Citizen Noise Advisory Committee, two elected officials, neighbors and Port staff, observed a special landing procedure conducted by the Oregon Air National Guard (ORANG) 142nd Fighter Wing on August 1. The procedure, called a continuous descent overhead approach, is a tactical maneuver that increases pilot safety when landing in actual combat situations. He said ORANG was seeking the committee's recommendation and the Port's approval to occasionally use this procedure when training at PDX.

Mr. Schreiber noted most of the people that attended seemed curious about the procedure and watched with interest, but did not seem overly concerned about the noise generated. The committee will next make a recommendation to the Port regarding the possible future use of this procedure based on their observations.

Commissioner Olson said the ORANG's request to CNAC and the Port to use this procedure is a great example of the Port and CNAC working together. She said she was very pleased that CNAC took this on, working with us to get a demonstration and then providing their recommendation to City Hall. She said it is great to have that kind of cooperation and relationship with the group.

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

CONSENT AGENDA

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

Agenda Item No. 1

CONTRACT AMENDMENT – FIRE LIFE SAFETY SYSTEMS SERVICES – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That the contract with Siemens Building Technologies, Inc., be amended to extend the term for three-years during which term Siemens will continue to provide maintenance and support services for the Fire Life Safety Systems at Portland International Airport; 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 title of the Consent Agenda by Commissioner Olson, Commissioner Allen moved that the Executive Director's recommendations be approved and Commissioner Holte seconded the motion. The motion was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

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ACTION ITEMS

Agenda Item No. 2

CONTRACT – PHONE SYSTEM PURCHASE AND IMPLEMENTATION SERVICES

This agenda item requested approval to award a contract to Cerium Networks, Inc., for the purchase of hardware and software and associated implementation services to upgrade the Port of Portland's (Port) legacy, Avaya enterprise phone system, in order to provide phone service to the consolidated Port offices in the new headquarters building.

Linda Dyson presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a contract to Cerium Networks, Inc., for the purchase of hardware and software and associated implementation services to upgrade the phone system at Portland International Airport and other Port of Portland locations, in accordance with their proposal; 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 Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 3

CONCESSION LEASE – THE DRAGONTREE, INC. – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to enter into a lease with The Dragontree, Inc., for spa services 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 lease with The Dragontree, Inc., for spa services at Portland International Airport, in accordance 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 Thorndike moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 4CONSTRUCTION CONTRACT – NE CARGO PARKING AND ROAD REHABILITATION –
PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Kerr Contractors, Inc., to rehabilitate the pavement at the NE Cargo complex at Portland International Airport.

Chris Edwards presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Kerr Contractors, Inc., for pavement rehabilitation at the NE Cargo complex 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 Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 5NORTH RUNWAY EXTENSION FEDERAL AVIATION ADMINISTRATION
REIMBURSABLE AGREEMENT MODIFICATION NUMBER 3 – PORTLAND
INTERNATIONAL AIRPORT

This agenda item requested approval to execute an amendment to an existing Reimbursable Agreement with the Federal Aviation Administration (FAA) for construction of navigational aid relocations related to the North Runway Extension (NREX) project at Portland International Airport.

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

BE IT RESOLVED, That approval is given to execute Modification Number 3 to the existing Federal Aviation Administration Reimbursable Agreement for construction of navigational aid relocations related to the North Runway Extension project at Portland International Airport; 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 Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 6

CONSTRUCTION CONTRACT – NORTH LOMBARD WIDENING PROJECT – RIVERGATE INDUSTRIAL DISTRICT

This agenda item requested approval to award a contract to Westech Construction, Inc., for construction of the North Lombard Widening Project.

Robin McCaffrey presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Westech Construction, Inc., for the North Lombard Widening project, 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 Holte moved that the Executive Director's recommendations be approved. Commissioner Thorndike seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

GENERAL DISCUSSION

2009 Legislative Review

Annette Price, State Government Relations Manager, provided a recap of the 2009 state legislative agenda as well as the results of the Port's legislative agenda. Ms. Price said transportation was a huge issue for the Governor and legislative leadership. She said ConnectOregon III received \$100 million in funding, and \$300 million per year in annual revenues, via a six-cent gas tax and fees, was approved for the road transportation package. Ms. Price said \$70 million of that would be bonded annually to fund approximately \$1 billion in projects. Ms. Price said the Governor, Senate President and Speaker, as well as unions, environmental groups and public and private business, were all instrumental in ensuring HB2001 passed. She said this is the first time in 18 years a gas tax has been passed and, at the end of the day, HB2001 is the greenest transportation funding package ever.

Ms. Price said climate change legislation was also important to the Governor this session. She said the Governor and others recognize the Port is a leader on the environmental front and because of that, we worked with DEQ staff to include language in HB2186 that would not put the Port at competitive disadvantage with other container ports on the West Coast.

Ms. Price said areas she will focus on for the 2011 Legislative Session would be industrial lands and Lower Willamette strategies, and she will continue to be actively involved in stakeholder groups.

The meeting adjourned at 10:26 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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