

MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
August 8, 2012

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 Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Jim Carter, President, presiding; Peter Bragdon; Tom Chamberlain; Steve Corey; Diana Daggett; Bruce Holte, via telephone; and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

Commissioner Carter noted the Commission agenda had been revised; the Amended and Restated Ground Lease with Columbia Grain has been removed and the Cost Sharing Agreement between the Port of Portland and ICTSI Oregon has been added.

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of July 11, 2012. Commissioner Bragdon moved to approve the minutes. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt, Executive Director, noted for those who are not regular attendees of the Port's Commission meetings, that the Executive Director's report is a formal report included in the packet of materials the Commission and the public receive prior to the meeting. Mr. Wyatt said his remarks this morning are focused on events and activities over the course of the past month.

Mr. Wyatt said that early year-end data shows that it has been a very strong year at the airport. He said that we had passenger growth of about 3 percent and the load factor was up by 2.2 percent to 81.7 percent. Mr. Wyatt said cargo volume is up 2.7 percent. He noted that many airports are experiencing declines in both seat capacity and volume, while we are experiencing growth. Mr. Wyatt said that he has said this before, but it reflects the state of the underlying economy; people fly because there are economic forces allowing them to, or causing them to, in the case of business, and our growing numbers are a very positive sign.

Mr. Wyatt said in terms of our air carriers, Horizon is up 4.8 percent; Southwest is up 2 percent and Alaska is up 7.3 percent. Mr. Wyatt said the very strong growth is not surprising because Alaska and Horizon have added a lot of service and put quite a few additional seats in the market.

Mr. Wyatt said we have new concessions at PDX that have or are about to open. He said the Market/Kiehl's in the South Lobby opened on July 28, the Pendleton Store in the Oregon Market opened on August 4, the Barbers Shoe Shine on Concourse C opened August 6 and the Market on Concourse D will open on August 10. Mr. Wyatt said that later this month, a delegation from Portland will be going to Washington, DC to inaugurate the nonstop service between Portland and Reagan National Airport.

Mr. Wyatt said that we had an aircraft incident over the weekend; a pilot from Ameriflight successfully landed her craft with the right landing gear in the up position. He said there were no injuries but the crosswind runway sustained slight damage from the wing dragging.

Mr. Wyatt said that on the marine side of the business, total tonnage for Fiscal Year 2011-14 was 12.9 tons, which is the fourth highest year for us. He said container traffic was up 4.6 percent and export container traffic was up 25.8 percent. Mr. Wyatt said this reflects the strength of our region because we are an export-oriented region. We have more exports than imports, which distinguishes us from other ports' container operations up and down the West Coast. Mr. Wyatt said auto volumes were up 29.9 percent, grain was down 6 percent and mineral bulk was down 13.7 percent.

Mr. Wyatt noted that over the weekend, we were pleased to welcome the Hanjin Mundra to Portland. He said Hanjin had been by-passing the Portland call for five weeks due to the labor-related issues at Terminal 6. Mr. Wyatt said the vessel arrived on Friday afternoon and has already sailed. He noted that Hapag-Lloyd was also in over the weekend and their vessel has sailed as well.

Mr. Wyatt said that although we expect them both to continue calling Portland, the success of the enterprise depends on production and how they are feeling about their business. He said the Hanjin vessel productivity was not what we would normally consider to be the standard here, but they did get in and out on time and all the cargo was either discharged or received.

Mr. Wyatt said that the annual SeaPort celebration will be held at Terminal 4 on Saturday, August 18. He said we have been told that the anti-coal protestors will be there to protest the potential of exports here or elsewhere on the Columbia River. He said from the Port's perspective, we are not in the coal business, we do not have a terminal that is available for the export of coal and even if we did, coal would not be our target. Mr. Wyatt said several other ports on our river system have indicated a strong interest in coal.

Mr. Wyatt said with regards to the Lower Willamette Superfund, the Lower Willamette Group (LWG), of which we are part, is disputing the Environmental Protection Agency's (EPA) Out of Compliance Order to the LWG. He said this is a highly technical issue, but what concerns the members of the LWG is that we have been working closely and in close cooperation with the EPA and the other Federal trustees. He said we have collectively spent \$80 million just doing the studies that will hopefully enable us in two to three years to begin the process of cleaning up the 100 years of legacy pollution. He said this Out of Compliance Order came out of the blue with no prior warning with many prior assurances that no such activity was contemplated. The City of Portland, the Port and other members of the LWG have signed the voluntary Administrative Order on Consent and we are disputing it. Mr. Wyatt said that we hope to have this resolved within the next month or so.

Mr. Wyatt said Portland was named as one of the top 50 cities for global trade by *Global Trade* magazine. He said the overall ranking lists the 50 largest metropolitan areas by export volume.

Mr. Wyatt noted that it was announced that the Columbia River Crossing project will receive an Interstate Maintenance Discretionary Grant. He said the U.S. Department of Transportation continues to be a strong supporter of this project. Mr. Wyatt said that the Governor has indicated he will be aggressively pursuing the state and local funding package during the next legislative session and we will be doing what we can to help and to support that.

Mr. Wyatt said there is currently a draft restriction of 42 feet on the river. He said the Corp's dredge, as well as the Dredge Oregon and private dredge contractors, are working feverishly on the river to get us back to 43 feet. Mr. Wyatt noted that the Dredge Oregon has had a very good season so far, which is good because we need the production. He said we do need to get it out of the water in October to begin the necessary repower project.

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

AWARD PRESENTATION

Vince Granato, Chief Operations Officer, recognized the Portland Police Bureau's Air Support Unit (ASU) for their partnership in reducing aircraft noise impacts on the community. He thanked Sgt. Dan Slauson, former head of the unit, and Sgt. Josh Goldschmidt, who currently leads the ASU. Mr. Granato also recognized Portland Police Chief Mike Reese, Assistant Chief Eric Hendricks and Citizen Noise Advisory Committee members Maryhelen Kincaid, Joe Smith and Kelly Sweeney.

Mr. Granato said that while noise complaints associated with law enforcement activity had historically been uncommon, in early 2009 we began seeing an increase in the number of noise complaints associated with this activity. He said because the Federal Aviation Administration (FAA) restricts flight track information for law enforcement activity, responding to noise complaints can be difficult.

Mr. Granato said that the Port Noise Management Team began reaching out to law enforcement agencies known to operate aircraft within the region, and the Portland Police Bureau's Air Support Unit was particularly helpful in this effort. He said members of the Port's Noise Management Team began a working relationship with the ASU that has flourished. Mr. Granato thanked the ASU for their efforts to reduce noise impacts while conducting their important work in our community.

GENERAL DISCUSSION

Fiscal Year 2011-2012 Environmental Performance Update

Dorothy Sperry, Environmental Affairs Manager, provided an overview of the Port's environmental objectives and targets for 2011-2012. She said under the Environmental Management System, the Port identifies the following five environmental programs: air quality, energy management, natural resources, water resources and waste minimization.

Ms. Sperry said the Port completed 13 of the 20 environmental targets last year. She noted that only three targets were not substantially completed by the end of the year, but said we will continue to work on them until they are complete. Ms. Sperry said that the two air quality targets, one of the natural resource targets and one of the waste minimization targets are multi-year targets and we are on track to complete those.

Economic Factors Impacting Air Service

Vince Granato and Phil Hill of Ricondo & Associates provided an overview of a study Ricondo & Associates performed for the Port. Mr. Granato said that the goal of the study was to see if there is some correlation between airport activity and a number of other factors, which includes airport costs. He said that we have heard from airlines at various points in time that if we were to lower our costs, the airlines would bring in more flights and thus more economic benefits to the airport and the region.

Mr. Granato noted that over the last decade or so, we have worked very hard to try to reduce costs through bond refinancing, limiting our expense growth, reductions in force and other programs. He said we have also been aggressive in seeking grant funding from the FAA and Transportation Security Administration. In addition, we augmented the revenue sharing with the airlines in the current airline agreement.

Mr. Hill provided an overview of the analysis and findings on the relationship of airport costs and air service. He noted that approximately 5.9 percent of airline operating costs are payments to airport operators. Mr. Hill said that roughly 52 percent of their costs are for fuel and labor and that those costs generally influence airline profits or losses to a greater degree than airline payments made to airports. He said it is important to point out airline margins are thin, so all costs matter to the airlines.

Mr. Hill said that in doing the analysis, their conclusion is that there is no clear relationship between airline payments and airline/passenger activity. He said changes in seats and enplanements appear to be more closely related to other variables such as employment, GDP and average airline yield.

CONSENT AGENDA

No presentation was made of the following agenda items, which were brought before the Commission as part of the Consent Agenda.

Agenda Item No. 1

CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND

BE IT RESOLVED, that the Port of Portland Commission consents to a request by the City of Portland to move property from the East Portland Enterprise Zone to the Portland Enterprise Zone, located within Port of Portland district boundaries.

Agenda Item No. 2

APPOINTMENT AND DESIGNATION OF ASSISTANT TREASURERS

BE IT RESOLVED, That effective August 8, 2012, Bill Wyatt, Cynthia A. Nichol, Robert A. Burket, Suzanne M. Kenny, Andrea C. Marzette and Tatiana Starostina 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.

Agenda Item No. 3

APPOINTMENT AND DESIGNATION OF ASSISTANT SECRETARIES

BE IT RESOLVED, That effective August 8, 2012, Bill Wyatt, Cynthia A. Nichol, Pamela Thompson, Carla Kelley and Elise Neibert are designated Assistant Secretaries 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 Secretary designations be rescinded.

Following the reading of the titles of the Consent Agenda by Commissioner Carter, Commissioner Rosenbaum 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, Chamberlain, Corey, Daggett, Holte and Rosenbaum voted in favor of the motion.

ACTION ITEMSAgenda Item No. 4

AMENDED COOPERATIVE AGREEMENT – AIRPORT WAY INTERCHANGE FUNDING

This agenda item requested approval to enter into an amended Cooperative Agreement with the Oregon Department of Transportation to fund construction of the Airport Way Interchange Project.

Scott King presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into an amended Cooperative Agreement with the Oregon Department of Transportation for funding of the Airport Way Interchange Project, 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

CONSTRUCTION CONTRACT – RUNWAY 2/20 AND TAXIWAY C – HILLSBORO AIRPORT

This agenda item requested approval to award a construction contract to Goodfellow Bros., Inc., for the rehabilitation of Runway 2/20, Taxiway C and associated existing infrastructure at Hillsboro Airport.

Jim McGinnis presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Goodfellow Bros., Inc., for the rehabilitation of Runway 2/20, Taxiway C and associated existing infrastructure at Hillsboro 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 Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte and Rosenbaum voted in favor of the motion.

Commissioner Holte said as Secretary-Treasurer of the International Longshore and Warehouse Union (ILWU) Local 8, he has an interest in any action that affects the Port's terminals and therefore declared a potential but not actual conflict with Agenda Item No. 6. He said that he would participate in the discussion and vote.

Agenda Item No. 6

COST-SHARING AGREEMENT BETWEEN THE PORT OF PORTLAND AND ICTSI OREGON, INC.

Mr. Wyatt said that on one level, this cost-sharing agreement is not all that different in terms of actions that we have taken with other tenants. He said ICTSI is a tenant of the Port with a 25-year lease. Mr. Wyatt said that during the heart of the recession, we negotiated changes in the terms and conditions of leases of various of our airport concessionaires because business was down significantly. He said that was a business decision, just as this agreement is a business decision.

Mr. Wyatt said that the Port has operated Terminal 6 for about 38 years and in no single year did we ever generate a net profit operating it. He said it became very clear as long ago as 2004 that we were slowly going out of business and were not going to be able to sustain the kind of capital commitment that is required to operate this facility. Mr. Wyatt said that if we had not successfully identified a tenant, in this case ICTSI, he believed our days in the container business were numbered. He said the Port struggled over the years to find a private entity with a global reach that could come in and operate the terminal. In the end, however, we did find one to come in, operate the terminal and pay steady rent: ICTSI, the fourth-largest independent marine terminal operating company in the world.

Mr. Wyatt said it is important to note that after entering into the Terminal 6 lease, ICTSI became a member of the employer association, Pacific Maritime Association (PMA). The PMA has a coast-wide contract with the ILWU to employ longshore labor. Mr. Wyatt said the Port has had a long-standing contract with the IBEW to do certain work at Terminal 6, which includes successor agreements that give the IBEW the right to do the particular work in question.

Mr. Wyatt said that as a result of the labor dispute, production slowed to the point that some shippers began booking away from Portland, and Hanjin bypassed Portland for five consecutive weeks. He said Hanjin is the largest carrier group that calls Portland and they average in normal months about 2000 moves, so it is a very significant representation here in our local market place. Mr. Wyatt said that when Hanjin discontinued their call, those 2000 moves went elsewhere and for local shippers it meant anywhere from \$800 to \$1200 or even \$1500 to truck their cargo from the other ports.

Mr. Wyatt said that Hanjin is back now and there is some semblance of equilibrium or normality at the terminal, but it is difficult to say whether that will last or not. He said ICTSI, in the meantime, experienced significant losses. Terminal operators incur expense by the hour and they earn their revenue by the box, and so if the boxes are moving more slowly, they incur greater expense.

Mr. Wyatt said that we consider ICTSI to be like a partner; their success ultimately will be our success and the region's success and their failure will be our failure and the region's failure. There is no Plan B in place if ICTSI fails. We want them to be successful; the more successful they are financially, the more successful we will be financially because there are contractual triggers that will reward us financially for improvements in volume here in Portland.

Mr. Wyatt explained the reasoning behind the \$4.6 million. He said that is the amount of the annual rent payment from ICTSI to the Port of Portland, so we are using the rent that they are paying us to manage this reimbursement program.

Mr. Wyatt noted that a story in *The Oregonian* regarding the cost-sharing agreement, "Public Money Versus Tax Money," said that it is all public money. He said that indeed everything we have is public in the sense that we are a public body and are subject to laws and rules of the State governing public bodies. Mr. Wyatt said it is not, however, tax money that will be used to fund this program and that is an important distinction. He said that the Port, in its \$260- or \$270-million general fund revenue this year, includes only about \$9.1 million in property tax collections that is collected from the three county jurisdictions surrounding Portland.

This agenda item requested approval to enter into a cost-sharing program with ICTSI Oregon, Inc. (ICTSI), in an amount not to exceed \$4,664,356, the amount of annual rent otherwise due from ICTSI. This program is being proposed for the sole purpose of off-setting a portion of ICTSI's incremental operating costs and lost revenues directly attributable to the labor dispute impacting the container line of business at Terminal 6 during a specified time period. This is a one-time only initiative and the dollar amount noted above is a "not-to-exceed" amount.

Dan Pippenger presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a cost-sharing program with ICTSI Oregon, Inc., for half of certain increased operating costs and lost revenues sustained at Terminal 6, 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.

Mr. Wyatt said it is important to point out that the actual terms of this agreement are at the Port's sole discretion. Mr. Wyatt said ICTSI asked a few questions, but there was no negotiation over the legal terms. Mr. Wyatt said it is Port money and we are accountable for it, but because we were not contractually obligated to do this, we determined the terms and conditions. Mr. Wyatt said that we have full and complete accountability and responsibility for everything that is executed as a result of this agreement should the Commission approve it today.

When the presentation by Mr. Wyatt and Mr. Pippinger concluded, Commissioner Carter said that two people have signed up to testify today. He asked that Jeff Smith and Leal Sundet come forward to speak to the Commission.

Jeff Smith, President of ILWU Local 8, said he was puzzled by Mr. Wyatt's remarks about container traffic and export cargo being up, yet he mentioned doom and gloom out there. Mr. Smith said, ICTSI is a PMA member that is refusing to implement the Coast Labor Relations Committee's arbitration rulings. He said it (ICTSI) is a rogue company that is suing the ILWU and the PMA, and the Port of Portland wants to give them 4.5 million of tax dollars to help them further attack the ILWU-PMA contract.

Mr. Smith said Portland's local taxpayer resources should be used wisely and should not be misspent on private Philippines-based ICTSI's management of Terminal 6. He said they are a private foreign corporation that is responsible for its own management and any inadequacies it may have. Mr. Smith said their lack of judgment has already made carriers pause to change their routing of cargo from the Port of Portland.

Mr. Smith said Enrique Razon, who owns ICTSI, is the third-richest man in the Philippines and has a net worth of 3.5 billion U.S. dollars. He asked that the Commission carefully consider the importance of each and every taxpayer dollar and not misuse Port resources on ICTSI. Mr. Smith said he encourages a strong no vote from the taxpayers of Oregon, who should not be responsible for a foreign company going against the agreement between the ILWU and PMA.

Leal Sundet, an international officer with the ILWU headquartered in San Francisco, said he is a homeowner in Clackamas County so he is familiar with how the taxing system works. Mr. Sundet said he is against the Executive Director's recommendation, but before he gets into the specifics why, he wanted to clear up a significant inaccuracy in paragraph three of the Background section of the written agenda item. He said we are seeing a lot of misinformation surrounding the so-called dispute that the ILWU has with ICTSI and there is misinformation in this. He said that he would like to clear it up.

Mr. Sundet said the agenda item states that the International Brotherhood of Electrical Workers, Local 48, IBEW, which had historically done this work, filed a claim with the NLRB after the International Longshore and Warehouse Union, Local 8, asserted this work belonged to ILWU. Mr. Sundet said the IBEW did not file a claim with the NLRB; ICTSI filed a complaint against the IBEW under the 10(k) process with the NLRB.¹

¹ Mr. Sundet was correct in his description of the procedural claims initiating the 10(k) hearings before the NLRB. The proceeding was initiated by ICTSI in response to the IBEW's threat to picket ICTSI if ICTSI acceded to the ILWU's claim for jurisdiction over the reefer jobs. The description in the Agenda incorrectly referenced the IBEW as the petitioning party to the NLRB.

Mr. Sundet said there are two major pieces of misinformation that keep getting repeated. The first is that there is a dispute between the unions. He said there is no dispute between the ILWU and the IBEW, and there is no dispute between the ILWU and the Port of Portland. Mr. Sundet said the ILWU has no dispute with the Port of Portland; their dispute is solely with ICTSI and whether or not they have a contractual obligation with the ILWU and the PMA as they compete with other terminals. Mr. Sundet said when this is finally resolved, he is sure the facts will speak for themselves and will be resolved in favor of the ILWU.

Mr. Sundet said he guesses in some ways the ILWU does have a dispute with the Port because they think the Port is interfering unnecessarily in the dispute with ICTSI. Mr. Sundet said the Port Commission made a decision that they would essentially get out of the operating business and become a landlord. He said if the Port is going to be out of the operating business, then they ought to be out of the operating business and let the private operators operate. Mr. Sundet said this is a personnel matter between ICTSI's employees and ICTSI and its employees, and that is being worked out. He said now the carriers and the Port of Portland, or the public, should stay out of that. He repeated, they should stay out of that.

Mr. Sundet said the other piece of misinformation that keeps getting repeated is that Hanjin, for instance, bypassed Portland for five consecutive weeks because of the labor problem. He said Hanjin did not bypass Portland because of the labor problem. Hanjin is a PMA member and they have a contract with the ILWU, an obligation to that contract just as ICTSI does. Mr. Sundet said the reefers (refrigerated containers) belong to Hanjin and Hapag-Lloyd; Hanjin is the contractor of the cargo, the containers and the content of the cargo, and ICTSI is essentially their subcontractor. Mr. Sundet said the reason Hanjin is calling Portland again is because the Port and IBEW, without consultation with ILWU, agreed to assign the work to them, so ICTSI is in compliance with the contract.

Mr. Sundet said that at the end of the day, there is going to be a decision made under the NLRB's 10(k) process, and that process is not a fair resolution procedure. Mr. Sundet said there is a good chance that the 10(k) resolution process will come back and say that IBEW should be assigned the work, not the ILWU. He asked what would that do to the Port and what is Hanjin going to do? He said there is going to be some decision making at that time, if the work is again assigned outside of the scope of the agreement that the ILWU has with ICTSI. He said in reality he does not know what is going to happen, but if the Port wants this dispute to be over with, the best thing to do is to stay out of it.

Mr. Sundet noted Mr. Wyatt's comment about helping airport tenants during the recession, but he said this is not a similar situation. He said he equates that to helping a handicapped person across the street. He said ICTSI is not a handicapped company, they are like the bodybuilder, muscles bristling and perfectly capable of taking care of themselves. Mr. Sundet said they do not need help; ICTSI is a very significantly large company in the world and they are growing fast. Mr. Sundet said ICTSI is not some poor starving company that cannot make it. They are a company making decisions and they need to live with the results of those decisions, however it comes out, just like the ILWU makes decisions and lives with the results. He said if the Port is going to be a landlord, be a landlord, stay out of the operating business and do not get mixed up in a company's personnel matters.

Commissioner Holte said he agrees with Mr. Sundet and Mr. Smith that the Port should not be using public money to subsidize ICTSI. He said the Port Commission voted two years ago to get out of the container business at Terminal 6 and function solely as a landlord, and the Port is not an operating partner with ICTSI. He said the Port should not interfere with ICTSI's labor relations or any other part of ICTSI's businesses. Commissioner Holte said subsidizing ICTSI is an abuse of public trust.

Commissioner Bragdon acknowledged that he heard the ILWU position, but that, frankly, he just sees it differently. He said he takes exception to the comments about abuse and misuse of funds. He said he sees it in a very different way: we have a shared interest in the long-term success of Terminal 6. He reiterated that he is receiving the messages and is listening to what is being said, but he is looking at how to make the terminal successful for the long term.

Commissioner Rosenbaum said that he considers himself a friend of the ILWU and he has a lot of friends in the room who are members of the union. He said he remembers one of the first Commission meetings he attended when he was given the background on the Port's financial position. It was very clear to him that the weakness of the Port five years ago was in the operations at Terminal 6. He said the numbers do not lie and it was clear that we needed to do something about it.

Commissioner Rosenbaum said that the comments made that ICTSI does not need our help are true. We need their help. He said Mr. Wyatt, whom he trusts very much, made a very simple statement at the beginning of his comments when he said this is just a business decision and it was very clear that we cannot sustain the capital commitment to operate that facility. Commissioner Rosenbaum said that is true, it is just a business decision and we did not make that decision over a period of almost three years without looking at all aspects of it and determining we needed help. Commissioner Rosenbaum said ICTSI does not need our help; the Port needs their help. Our days in the container business were numbered without ICTSI.

Commissioner Rosenbaum said he intends to vote in favor on this agenda item for two reasons. First, the executive director has indicated that this is a very important reason for us to stay in this because of the future of the business. He said more importantly, a statement was made that the 10(k) process will most likely be in favor of IBEW, and if that is the case, and we do not have a terminal, the union members are going to lose their jobs as well. He said if this is not a bluff, and if in fact that this thing really goes the way it is, it would not be two jobs, it will be all your jobs. Commissioner Rosenbaum said that as a friend of the union, he has to ask the question in one form or another; what is going to happen to ILWU jobs, especially if they believe that the 10(k) process is going to rule in favor of IBEW. He said he is listening very closely and is very sympathetic to what is being said, but this is a business decision and that business decision is going to hurt the ILWU as well as the Port.

Commissioner Corey said he is interested in the claim by Mr. Sundet about a statement in the agenda item being incorrect, but it will not affect how he votes. Mr. Wyatt said he believes Mr. Sundet's description of the events was accurate. Carla Kelley, General Counsel, said Mr. Sundet correctly identified an error in the Agenda materials. (See correction above at p. 8.)

Commissioner Corey said he views it as our responsibility as a port to protect our landlord position and he is going to vote in favor of the motion. He said the correction point is interesting but does not lend itself to be a reason he would change his vote.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett and Rosenbaum voted in favor of the motion. Commissioner Holte voted against the motion.

Commissioner Carter said we appreciate it when our stakeholders come and state their positions, because it helps to clarify and educate us on the matters and issues. He thanked Mr. Sundet and Mr. Smith for their comments.

The meeting adjourned at 11:38 a.m.

President

Assistant Secretary

Date Signed

An audio recording of these proceedings and the full Commission agenda is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218.

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