

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
December 12, 2007**

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

Commissioner Johansen said agenda item No. 6 had been revised to include the findings of a public hearing that was held on Monday, December 10. She said no comments were received at the public hearing. Commissioner Johansen also said agenda item No. 8, Contract Amendment – Financial Advisor – Terminal 6, had been added to the agenda.

LEAVE OF ABSENCE

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

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of November 14, 2007. Commissioner Holte moved to approve the minutes. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion. Commissioner Corey was not present for the vote.

EXECUTIVE DIRECTOR'S REPORT

Mr. Wyatt said on the agenda today is a request to amend the current Financial Advisory Services contract with Morgan Stanley for financial and marketing services as part of the Terminal 6 (T-6) initiative. He said this initiative is one of the most significant steps we have taken in the last 30 years. Mr. Wyatt said the Port has operated its own container terminal on the Columbia River since the facility was opened in the early 1970s and we are the only public operator of a container facility on the U.S. West Coast. He said the staff view is that this has inhibited our ability to grow and prosper. We are in the midst of a very good year. Our volumes continue to grow and our customers are being very successful in Portland where they are not in other Ports. We have undertaken a year's worth of effort to determine whether it makes sense for us to probe the commercial marketplace for those who might be interested in a long-term franchise position in Portland. Mr. Wyatt said every indication he has had is that there is great market interest in this. He said this warrants a deep breath and a moment to acknowledge what a huge step this is.

Mr. Wyatt said the recent storm closed the Columbia River Bar for a couple of days, but fortunately, the closure did not have a significant impact on our operations.

Mr. Wyatt said this is an extraordinary year for Navigation. We are currently working for the Corps of Engineers at the mouth of the Cowlitz River and will have some additional channel work this year.

Mr. Wyatt noted an article in the Portland Tribune about our proposed annexation of West Hayden Island. Mr. Wyatt said he thought the article fairly characterized the debate. He said this is not going to be an easy process. It is going to take a lot of time and energy but the significance of it cannot be overlooked. This is an enormously important piece of property – one of the very few vacant properties on an international navigation channel that remains on the West Coast.

Mr. Wyatt said as the Commission considers the sale of the Port building today, it is appropriate to acknowledge this is Bill Bach's last Commission meeting. Mr. Bach will be retiring at the end of the year after 30 years. Mr. Wyatt said Mr. Bach's fingers have touched every significant piece of Port activity and operation over the course of his career. Mr. Wyatt said the Port has benefited enormously by his contributions, as has the community, and that he will be missed.

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

GENERAL DISCUSSION

Safe, Sound and Green Streets

Commissioner Sam Adams, City of Portland, provided a brief overview of the Safe, Sound and Green Streets proposal – an effort to find more resources to address the transportation, maintenance, safety and congestion issues facing our region on the local transportation system.

Commissioner Adams said the City of Portland's assets in the area of transportation are valued at \$7.1 billion and those assets have unmet maintenance needs of \$422 million and that backlog grows by \$9 million next year and exponentially after that.

Commissioner Adams briefly discussed the funding mechanisms under consideration, including a street maintenance and safety fee and a county vehicle registration fee. He said there is also an assumption of a 12-cent gas tax increase on the state level over the next seven years.

Commissioner Adams said he is not asking Portlanders to consider giving the Portland Office of Transportation a blank check, but rather to consider making an additional investment in the transportation system for specific projects that would focus on the busiest streets in the city. Commissioner Adams said the street maintenance fee would be \$4.54 per household and an equivalent amount would be levied on businesses. He said this is a 15-year program that would dig us out of the maintenance backlog and address the arterial streets in poor and very poor condition. Commissioner Adams said he was going to go out for a gas tax increase on the local level, but in response to requests from state leaders, he decided to delay the request one session and hopes that the state legislature will act on a gas tax increase.

Columbia River Crossing Briefing

Henry Hewitt, Oregon co-chair of the Columbia River Crossing Task Force and former chair of the Oregon Transportation Commission, provided a brief overview of the Task Force, which was formed about three years ago to oversee an Environmental Impact Statement (EIS) process relating to the Columbia River bridge and the bridge influence area.

Mr. Hewitt said the 39-member Task Force is composed of leaders from a broad cross section of Washington and Oregon communities. Public agencies, businesses, civic organizations, and neighborhood, freight, commuter and environmental groups are represented on the Task Force. Mr. Hewitt briefly discussed the five alternatives being considered: a no-build option; a replacement bridge with bus rapid transit; a replacement bridge with light rail transit; a supplemental bridge with bus rapid transit; and a supplemental bridge with light rail transit.

John Osborn, Oregon project director, provided an update of the Columbia River Crossing project, as well as the project benefits, alternatives, findings, cost, funding and schedule. Mr. Osborn briefly discussed the next steps. He said the draft EIS and the draft locally preferred alternative will be published in February and will be open for public comment for about 60 days. Mr. Osborn said the locally preferred alternative would be presented to the Task Force for adoption in the March or April timeframe and would look to the sponsoring agencies to okay the alternative in May or June. He said the Task Force hopes to move into the final EIS phase and to have a Record of Decision by late 2009.

Commissioner Johansen asked about the likelihood of getting the project fully funded. Mr. Osborn said he thinks it is quite likely. Interstate 5 through Oregon, Washington and California has been designated as one of the corridors of the future and is one of six corridors recognized on the federal level. He said people have recognized that it is vital that we make improvements to the corridor. Governor Kulongoski has recognized that this project is very important.

2007 Port of Portland Transportation Improvement Plan (PTIP)

Susie Lahsene, Transportation Program Manager, said the PTIP is a compilation of projects that improve access to our facilities, enhance our mission, and enhance customer competitiveness. PTIP provides a framework and direction for infrastructure development and is also the foundation for our funding strategy for many of our projects. Ms. Lahsene said this year's PTIP includes 94 surface transportation projects and 25 marine and aviation capital projects that may be eligible for ConnectOregon II grant funding. Ms. Lahsene briefly discussed the Port transportation funding strategy for 2008. Ms. Lahsene also discussed the projects that were submitted for ConnectOregon II funds and well as two projects that were identified for the federal appropriations request.

PUBLIC HEARING

Commissioner Johansen opened a public hearing for purposes of taking testimony on the 2007 Port of Portland Transportation Improvement Plan.

Hearing no comments, Commissioner Johansen closed the public hearing and noted that no action was required at this time. The PTIP will be brought back before the Commission for approval at the January 9, 2008, meeting.

Hillsboro Airport Issues Roundtable (HAIR) Update

Steve Nagy, General Aviation Manager, provided a general overview of HAIR and why it was formed, as well as its activities, goals and accomplishments. Mr. Nagy said the committee's formation was done in partnership with the City of Hillsboro and Washington County. He said HAIR supports the Port goal to develop strategic direction with input from all stakeholders and allows those stakeholders regularly scheduled opportunities to provide feedback about operational issues related to Hillsboro Airport.

Fred Hostetler, HAIR co-chair, discussed the committee composition. He said the committee was formed as a diverse group of governmental direct users, indirect users and private citizens, all who have concerns and opinions about the Hillsboro Airport. He said the committee is a blend of various stakeholders, which includes four business representatives, four airport customers, four elected officials, one representative from the Federal Aviation Administration and seven citizens-at-large from different geographic areas.

Mr. Nagy and Mr. Hostetler also briefly discussed the HAIR land use sub-committee, a six-member sub-committee formed to address airport zoning and the safety and compatibility overlay zone.

Miki Barnes, a citizen of Banks, said she is puzzled as to what the Port means by diversity when referring to the make up of HAIR. She said there appears to be several women on this predominantly male committee, but she is not a ware of a single person of color, so she feels diversity from the Port's point of view does not refer to cultural or racial considerations or impacts. Ms. Barnes said she believes there are conflict of interest issues with many of the HAIR committee members and voiced several objections to HAIR's composition.

Ms. Barnes also noted she has experienced a substantial increase in aircraft over her home since HAIR was formed. She asked why the aircraft are being sent over a community that has virtually no representation on any Port committee. Ms. Barnes said she prefers protecting the planet and livability to promoting private aviation interests at Hillsboro Airport. Ms. Barnes recommended that HAIR be disbanded and be reformulated with representatives appointed by citizen groups, homeowner organizations and environmental groups rather than those with aviation interests.

Commissioner Johansen thanked Ms. Barnes for her comments and asked Mary Maxwell to follow up with Ms. Barnes regarding her concerns about aircraft flying over her home.

ACTION ITEMS

Agenda Item No. 1

CONTRACT AMENDMENT – INFORMATION TECHNOLOGY IMPLEMENTATION SERVICES

This agenda item requested approval of a contract amendment with EMC-2 for Information Technology implementation services in the amount of \$1,109,388.

Kathleen Paul presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to amend the contract with EMC-2 for Information Technology implementation services, 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 Olson moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 2

LEASE – U.S. DEPARTMENT OF ENERGY, BY AND THROUGH BONNEVILLE POWER ADMINISTRATION

This agenda item requested approval of a lease with the U.S. Department of Energy, by and through its Bonneville Power Administration, at the Portland International Airport.

Matthew Hoffman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a lease with the U.S. Department of Energy, by and through its Bonneville Power Administration, on the terms and conditions described herein; 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 Thorndike seconded the motion, which was put to a voice vote; Commissioners Bragdon, Corey, Holte, Johansen, Olson and Thorndike voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

Agenda Item No. 3

SECOND READING AND ENACTMENT– PORT ORDINANCE NO. 425-R – AMENDING AND RESTATING ORDINANCE NO. 275, AS AMENDED BY ORDINANCE NO. 300, THAT ESTABLISHED A CIVIL SERVICE SYSTEM FOR FIRE FIGHTERS AND CREATED A CIVIL SERVICE COMMISSION

This agenda item requested a second reading and enactment of proposed Ordinance No. 425-R, the amendment and restatement of Ordinance No. 275, as amended by Ordinance 300, which pertains to the Civil Service System for the Port of Portland (Port) Fire Department.

Ms. Hettervig said David Palmer, Fire Department shop steward, on behalf of Local 43, has brought forward concerns with the current draft Ordinance. She said the union's concerns have been reviewed by the Civil Service Commissioners and they believe the current document in its draft form is valid and they do not see a reason to backtrack or circumvent the process. Mr. Aiken Blitz, who provided legal counsel on this project, also reviewed the union's concerns and believes the Ordinance as drafted is in compliance with Oregon statute.

Mr. Palmer provided the Commission with a list of concerns and asked for a 30-day continuance to address the issues with the Civil Service Commission.

Commissioner Johansen asked Mr. Palmer if it was his view that passage of the Ordinance would preclude the Commission's ability to address the union's issues. Mr. Palmer said his concern is that once the Ordinance is enacted, the concerns would not be addressed. Commissioner Johansen said from the Commission's perspective they take the issues very seriously and they will direct staff to work with the union to make sure we are meaningfully engaged in their issues.

Cheryl Hettervig read Ordinance No. 425-R by title only.

Cheryl Hettervig presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the proposed Ordinance No. 425-R be given a second reading by title only; and

BE IT FURTHER RESOLVED, That the proposed Ordinance No 425-R, in the form presented to the Commission, be enacted by roll call vote.

Commissioner Corey moved that the Executive Director's recommendations be approved. Commissioner Thorndike seconded the motion, which was put to a roll vote. Commissioners Bragdon, Corey, Johansen, Olson and Thorndike voted in favor of the motion. Commissioner Holte voted against the motion and Commissioner Rosenbaum abstained from voting.

Agenda Item No. 4

PROPERTY SALE – CHEVRON TANKER BASIN

This agenda item requested approval to sell approximately 2.93 acres of real property located on the west bank of the Willamette River to Chevron U.S.A., Inc.

Loral Sinn presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell approximately 2.93 acres of real property located along the west bank of the Willamette River to Chevron USA, 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 Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 5

PROPERTY SALE – 3.96 ACRES TO HAMILTON CONSTRUCTION COMPANY – RIVERGATE INDUSTRIAL DISTRICT

This agenda item requested approval to sell approximately 3.96 acres of property located on North Leadbetter Road in the Rivergate Industrial District, to Hamilton Construction Company.

Joe Mollusky presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell 3.96 acres of property, located in the Rivergate Industrial District, to Hamilton Construction Company, 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 Thorndike seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 6

EXEMPTION FROM COMPETITIVE BIDDING – INFRASTRUCTURE CONSTRUCTION – TROUTDALE REYNOLDS INDUSTRIAL PARK

This agenda item requested approval to use a qualifications and price-based proposal process to select a contractor for construction of public infrastructure at the Troutdale Reynolds Industrial Park. Under Oregon law, approval of such a contractor selection process requires the Commission, in its capacity as the Port of Portland's Contract Review Board, to exempt this contract from traditional competitive bidding.

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

BE IT RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the findings set forth in the attached Exhibit A "Public Infrastructure Troutdale Reynolds Industrial Park – Findings In Support Of An Exemption From Public Bidding," dated December 10, 2007; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, specifically exempts from competitive bidding construction contracts for the Public Infrastructure, Troutdale Reynolds Industrial Park 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 Johansen recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Johansen called for a motion and second to approve the findings in support of the Exemption from Competitive Bidding, as set forth in Exhibit A. Commissioner Olson moved to approve the findings. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum, Thorndike voted in favor of the motion.

Commissioner Johansen called for a motion and second for approval to exempt from competitive bidding the construction contracts for the public infrastructure for the Troutdale Reynolds Industrial Park Project. Commissioner Olson moved that the Executive Director's recommendation be approved. Commissioner Thorndike seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Commissioner Johansen adjourned the Port of Portland Contract Review Board and called to order the Port of Portland Board of Commissioners.

Agenda Item No. 7

PROPERTY SALE AND LEASE BACK – HEADQUARTERS OFFICE BUILDING – 121 NW EVERETT STREET

This agenda item requested approval to sell the Port of Portland's (Port) headquarters office building located at 121 NW Everett Street to Washington Real Estate Holdings LLC, and then to lease back the building until the Port's move to its new headquarters in 2010.

Bill Bach presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell the Port of Portland's office building at 121 NW Everett Street to Washington Real Estate Holdings LLC, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to lease back the building, 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 Johansen called for a motion and second for approval to sell the Port of Portland office building to Washington Real Estate Holdings LLC. Commissioner Olson moved that the Executive Director's recommendation be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Commissioner Johansen called for a motion and second for approval to lease back the Port of Portland office building. Commissioner Rosenbaum moved that the Executive Director's recommendation be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 8

CONTRACT AMENDMENT – FINANCIAL ADVISOR – MARINE TERMINAL 6

This agenda item requested approval to amend the current Financial Advisory Services contract with Morgan Stanley & Co., Incorporated (Morgan Stanley), under which Morgan Stanley provides financial and marketing services to the Port of Portland (Port) as part of the initiative to

secure a long-term lease/concession for the operation and future expansion of the Port's Terminal 6 container facility. The Port Commission received a full briefing of this project at its November 13, 2007, retreat. This contract amendment would revise the existing contract to provide the resources necessary to move forward with a competitive market solicitation process.

Keith Leavitt presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell the Port of Portland's office building at 121 NW Everett Street to Washington Real Estate Holdings LLC, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to lease back the building, 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 Thorndike seconded the motion, which was put to a voice vote. Commissioners Bragdon, Corey, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

The meeting adjourned at 12:04 p.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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