



AGENDA  
Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
February 11, 2015  
9:30 a.m.

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**Minutes**

Approval of Minutes: Regular Commission Meeting – January 14, 2015

**Executive Director**

Approval of Executive Director's Report – January 2015

**General Discussion**

Portland International Airport Workplace Initiative

*KRISTEN LEONARD*

**Action Items**

1. 2015 PORT OF PORTLAND TRANSPORTATION IMPROVEMENT PLAN *SUSIE LAHSENE*

Requests approval of the Port of Portland's Transportation Improvement Plan.

2. PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 456-B TO ISSUE UP TO \$170,000,000 OF PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS SERIES TWENTY-THREE *TATIANA STAROSTINA*

Requests approval of Port of Portland Ordinance No. 456-B to authorize the sale of up to \$170,000,000 of Portland International Airport Refunding Revenue Bonds, Series Twenty-Three to pay the costs of refunding all or part of the outstanding Portland International Airport Revenue Bonds, Series Nineteen.

3. PERSONAL SERVICES CONTRACT – CONCOURSE D WEST HVAC REPLACEMENT DESIGN – PORTLAND INTERNATIONAL AIRPORT *JIM MCGINNIS*

Requests approval to award a Personal Services contract to Burns & McDonnell for the design of the HVAC replacement for Concourse D West.

4. PERSONAL SERVICES CONTRACT AMENDMENT AND PUBLIC IMPROVEMENT CONTRACT AMENDMENT – REPLACE ACCESS CONTROL PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*

Requests approval of two contract actions related to the Replace Access Control project at Portland International Airport.

**2015 PORT OF PORTLAND TRANSPORTATION IMPROVEMENT PLAN**

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February 11, 2015

Presented by: Susie Lahsene  
Senior Manager, Transportation  
and Land Use Policy**REQUESTED COMMISSION ACTION**

This agenda item requests approval of the Port of Portland's (Port) Transportation Improvement Plan (PTIP). As a transportation agency reliant on elements of the transportation system developed and managed by others to support our mission, the Port must carefully plan, consider funding initiatives and support projects that will enhance market access for Port customers and businesses in this region and state. The Port Commission considers the PTIP annually as the basis for charting our transportation improvement needs and funding requirements.

**BACKGROUND**

Transportation continues to be both a strategic advantage for this region and a potential vulnerability. We are a small market and good access to markets beyond our region is critical for the businesses that locate here, but it is also crucial that the businesses that rely on products from others in this region can receive them in a timely manner. That means making strategic investments in all parts of the transportation system to diminish choke points, excessive congestion and poor connections.

The President's Export agenda, and our local metropolitan export strategy, the Port's own industrial lands initiative, our strategic initiative to retain and grow service and portions of our federal and state strategy link back to the Port's transportation plan. It is our blueprint to ensure that we are strategic about assessing our needs relative to our customers' interests. It is our way of ensuring our customers have good access to markets and that the region remains attractive for business expansion and job growth.

As a result of increased competition for fewer federal and state transportation dollars, increasing congestion, need for global market access and the impact of inflation and fuel efficiency on the purchasing power of local and state gas taxes, the demand for transportation improvements continues to far exceed existing funding sources. In order to address business and passenger transportation market access and freight bottlenecks, needed improvements must be included in regional, state and federal transportation planning documents and funding strategies. Since transportation funds are not adequate to meet most of the region's capital and maintenance needs, the Port must consider prioritizing our customers' most critical transportation access needs as well as look to other governments and the private sector for funding port transportation maintenance and major capital investments.

For these reasons and others, it is prudent of us to review our transportation needs with the Commission annually. In addition, Federal and state regulations require that all transportation funding requests include public review of project lists and funding strategies. Regulations

further require inclusion of projects in regional transportation plans in order to be considered for air quality assessment and funding. To meet state and federal public process requirements established in 1991, the Commission must formally authorize submission of the PTIP to Metro and the Oregon Department of Transportation when there are changes to projects or funding priorities. Project funding priorities are reconsidered annually when PTIP projects and costs are updated. This year's PTIP contains changes to the project list, project costs and funding priorities.

This year's PTIP is a compilation of 104 road, rail, transit, marine, environmental, aviation and waterway improvements that address Port facility, property access and freight mobility needs. Some of the projects in the PTIP are primarily the Port's responsibility; others are critical for Port customers' market access on systems owned and operated by others. The projects on systems owned and operated by other governments or private rail carriers are primarily the responsibility of those entities, but due to competing priorities and capital constraints, they require some amount of Port focus and/or financial participation to create the impetus for the responsible entity to pursue the project.

Port staff has identified 34 projects that may require some Port resources and/or outside grant funding as well as commitments from the various responsible agencies to move the projects forward. These projects represent the most pressing bottlenecks and capital needs for Port customers. The need for Port funding and the precise amount for each project will be determined at the time commitments must be made and will be subject to funding availability, a specific project business case justification and Commission approval for any amounts in excess of delegated authority.

The projects identified in the PTIP were developed with full opportunity for public review and input. In December 2014, the PTIP was placed on the Port's website and notices of the PTIP's availability were emailed to stakeholders, community organizations and area businesses. A series of presentations were made to business organizations, customers and community interests. A public hearing was held as part of the PTIP discussion at the January 2015 Commission meeting. Port staff intends to work with Metro, state and local transportation planners to include the projects in the PTIP in the local Transportation System Plans, the Regional Transportation Plan and funding programs at various levels of government.

### **EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to submit the Port of Portland's Transportation Improvement Plan to Metro and the Oregon Department of Transportation for inclusion in the Regional Transportation Plan to be eligible for future state, regional, and federal funding; and

BE IT FURTHER RESOLVED, That approval is given to seek federal, state and regional transportation funds for the list of Port Priority Projects identified in the Port Transportation Improvement Plan.

PUBLIC HEARING AND ENACTMENT OF PORT ORDINANCE NO. 456-B TO ISSUE UP TO \$170,000,000 OF PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS SERIES TWENTY-THREE

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February 11, 2015

Presented by: Tatiana Starostina  
Senior Manager  
Financial Analysis and Projects

**REQUESTED COMMISSION ACTION**

This agenda item requests approval of Port of Portland (Port) Ordinance No. 456-B (the Ordinance) to authorize the sale of up to \$170,000,000 of Portland International Airport Refunding Revenue Bonds, Series Twenty-Three (the Bonds) to pay the costs of refunding all or part of the outstanding Portland International Airport Revenue Bonds, Series Nineteen (Non-AMT<sup>1</sup>) (the Refunded Bonds), to pay costs of issuance, to fund certain reserves, if necessary, and for any other lawful purposes of the Port. Ordinance 456-B also authorizes certain amendments to Airport Revenue Bond Ordinances Nos. 155 and 323.

**BACKGROUND**

In October 2010, the Port issued the Refunded Bonds to pay for the costs of construction of the North Runway extension, deicing system improvements and the Port Headquarters Building. The Refunded Bonds were issued as fixed-rate bonds, with 4.00%-5.50% interest coupons, final maturity in July 1, 2038, and a call option on or after July 1, 2018. The Refunded Bonds are currently outstanding in the principal amount of \$121,245,000.

**Advance Refunding**

The current market favors advance refunding of the Refunded Bonds to reduce interest rates, which will result in savings for the Port. Preliminary estimates based on current interest rate levels show that the Port can achieve present-value savings of about \$10 million (cash value of about \$17 million), which is about 8% of the outstanding principal. Savings will benefit both the airlines and the Port.

The proposed Bonds will have the same maturity as the Refunded Bonds (July 2038).

The cost of issuance, including the underwriters' discount is estimated at \$825,000, or about 0.5% of the estimated principal of Series Twenty-Three Bonds.

With approval of this agenda item, staff expects to proceed with the transaction in early March and close by mid-April 2015. The bond issuance schedule is subject to favorable market conditions.

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<sup>1</sup> A Non-AMT bond is a bond, the interest on which is not subject to the federal alternative minimum tax.

PUBLIC HEARING AND ENACTMENT OF PORT ORDINANCE NO. 456-B TO ISSUE UP TO \$170,000,000 OF PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS SERIES TWENTY-THREE

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**Emergency**

Because of rapidly changing market conditions and because the current rate of interest being borne by the Refunded Bonds is higher than the rate the Port expects to obtain on the Series Twenty-Three Bonds, and issuing the Series Twenty-Three Bonds as quickly as possible will reduce the debt service costs to the Airport, the Ordinance declares an emergency to exist. As a result, the Ordinance shall take effect immediately upon its enactment.

**Delegation of Authority**

Ordinance No. 456-B delegates authority to the Executive Director or the Chief Financial Officer/ Director of Financial and Administrative Services of the Port and the designee of the Executive Director (each of whom is referred to in this ordinance as “Executive Director”) to take the following actions:

- Sell and provide for the issuance of the Bonds in one or more series.
- Prepare, approve, authorize the distribution of, and deem final disclosure documents.
- Provide interim financing.
- Establish the final series designations, principal amounts, maturities, interest rates or methods of determining interest rates, sale prices, optional and/or mandatory redemption provisions, notice provisions, payment terms and dates, record dates and other terms for the Bonds of each series; provide for the Bonds to be held by or through the facilities of DTC; select one or more underwriters, negotiate terms of the sale of the Bonds with those underwriters and enter into one or more bond purchase agreements with those underwriters.
- Undertake to provide continuing disclosure in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- Determine whether to purchase, and establish the terms of and obtain, one or more Credit Facilities for the Bonds and enter into agreements with providers of those Credit Facilities.
- Determine actions necessary to satisfy the debt service reserve requirement.
- Prepare, execute and deliver one or more certificates, bond purchase agreements, bond declarations and supplemental actions related to the issuance of the Bonds.
- Determine actions for federal income tax purposes.
- Execute and deliver one or more escrow deposit agreements, appoint one or more verification agents, and take any actions that are required to call, refund or defease all or any portion of the Port’s outstanding Refunded Bonds.

PUBLIC HEARING AND ENACTMENT OF PORT ORDINANCE NO. 456-B TO ISSUE UP TO \$170,000,000 OF PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS SERIES TWENTY-THREE

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- Obtain any necessary consents from the providers of the Port's existing interest rate swaps, surety bond reserve policies and/or Credit Facilities.
- Execute and deliver amendments to the Port's existing interest rate swaps to facilitate the issuance of the Bonds, or replace the existing interest rate swaps with other interest rate swaps that work more advantageously with the Bonds.
- Create special accounts and subaccounts within the SLB Fund that is held under Ordinance No. 323, as amended, for the Series Twenty-Three Bonds and provide for deposits and withdrawals of amounts in those subaccounts.
- Provide for the application and investment of proceeds of Bonds.
- Execute and deliver any other documents and take any other action in connection with the Bonds which the Executive Director finds will be advantageous to the Port.

**Participants in the Transaction**

In addition to the Port, these are the primary firms involved in the transaction:

- Goldman Sachs & Co will be the Leading Underwriting Bank, and Bank of America Merrill Lynch will act as co-manager.
- The Bank of New York Mellon Trust Company, N.A., will be the Trustee.
- Orrick, Herrington & Sutcliffe LLP is bond counsel and disclosure counsel to the Port.
- Trillion Aviation LLC is the Airport Consultant.
- Standard & Poor's is expected to provide the rating on the Series Twenty-Three Bonds.
- Public Financial Management, Inc. is the financial advisor to the Port.
- PricewaterhouseCoopers is the auditor of the Port.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Port Ordinance No. 456-B, in the form presented to the Port of Portland Commission, be read by title only; and

BE IT FURTHER RESOLVED, That a public hearing be held prior to adopting Ordinance No. 456-B in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and

PUBLIC HEARING AND ENACTMENT OF PORT ORDINANCE NO. 456-B TO ISSUE UP TO  
\$170,000,000 OF PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS  
SERIES TWENTY-THREE

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BE IT FURTHER RESOLVED, That the proposed Port Ordinance No. 456-B, in the form presented to the Port of Portland Commission, be enacted by a roll call vote; 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.



**ORDINANCE NO. 456-B**

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE IN ONE OR MORE SERIES OF NOT MORE THAN \$170,000,000 AGGREGATE PRINCIPAL AMOUNT OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS TO REFUND OUTSTANDING PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS AND TO PAY COSTS OF ISSUING THE BONDS, AND TO FUND CERTAIN RESERVES, IF NECESSARY; AUTHORIZING AMENDMENTS TO THE PORT’S AIRPORT REVENUE BOND ORDINANCE NO. 155, AS AMENDED, AND AIRPORT REVENUE BOND ORDINANCE NO. 323, AS AMENDED; AUTHORIZING AND PROVIDING FOR RELATED MATTERS AND DOCUMENTS; AND DECLARING AN EMERGENCY.**

WHEREAS, the Board of Commissioners of The Port of Portland (the “Board”) has determined and does hereby determine that it will be advantageous to The Port of Portland (the “Port”) to authorize the issuance by the Port of its Portland International Airport Refunding Revenue Bonds, Series Twenty-Three, in one or more series (collectively, the “Series Twenty-Three Bonds”) to: (i) refund all or a portion of the outstanding Portland International Airport Revenue Bonds, Series Nineteen (Non-AMT) (the “Refunded Bonds”), (ii) pay costs of issuing the Series Twenty-Three Bonds, (iii) fund certain reserves, if necessary, and (iv) for any other lawful purposes of the Port;

WHEREAS, the Series Twenty-Three Bonds will be issued pursuant to Section 10 of Ordinance No. 323, enacted October 9, 1985, as amended and restated thereafter and as hereafter amended, restated and supplemented (“Ordinance No. 323”), on a parity with the Port’s currently outstanding airport revenue bonds (the “Senior Lien Bonds”);

NOW THEREFORE, BE IT ENACTED BY THE PORT OF PORTLAND:

**Section 1. Terms Defined in Ordinance No. 155 and Ordinance No. 323.**

1.1 As used in this Ordinance No. 456-B (the “Ordinance”), the following terms shall have the meanings defined for such terms in Ordinance No. 155, enacted November 10, 1971, as amended and restated thereafter and hereafter amended, restated and supplemented (“Ordinance No. 155”) and in Ordinance No. 323, as follows:

<b>Term:</b>	<b>Defined in Ordinance No.</b>
Airport Fund	155
Airport	155
Credit Facility	323
General Account	155
Investment Securities	155
Net Revenues	155
Port	155
Rebate Account	323
SLB Fund	323
SLB Interest Account	323
SLB Reserve Account	323
SLB Reserve Fund Requirement	323
SLB Serial Bond Principal Account	323

1.2 In addition to the terms defined as provided in Section 1.1 of this Ordinance, the following terms shall have the following meanings:

“Additional Senior Lien Bonds” means the bonds and other obligations that qualify as “Additional Subordinate Lien Bonds,” as that term is defined in Ordinance No. 323.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time, and the applicable rulings and regulations of the United States Treasury Department.

“DTC” means The Depository Trust Company, New York, New York or any successor serving as securities depository under this Ordinance.

“Executive Director” means the Executive Director or the Chief Financial Officer and Director of Financial & Administrative Services of the Port and any designee of the Executive Director as provided in Section 3.

“Outstanding” refers to any Series Twenty-Three Bonds that have been issued and delivered under this Ordinance except:

(a) Series Twenty-Three Bonds that have been canceled by the Trustee because of payment or redemption or that have been surrendered to the Trustee for cancellation; or

(b) Series Twenty-Three Bonds that are no longer deemed outstanding because of the application of Section 17 of Ordinance No. 323.

“Owner” means a registered owner of a Series Twenty-Three Bond, as shown on the registration books maintained by the Trustee.

“Refunded Bonds” means the Port’s Portland International Airport Revenue Bonds, Series Nineteen (Non-AMT) that are refunded with proceeds of the Series Twenty-Three Bonds.

“Rule” means United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12).

“Senior Lien Bonds” means bonds and other obligations that qualify as “Subordinate Lien Bonds” as that term is defined in Ordinance No. 323.

“Series Twenty-Three Bonds” means the Senior Lien Bonds of each series authorized by Section 2.1 of this Ordinance.

“SLB Construction Account” means the Subordinate Lien Revenue Bond Construction Account in the Construction Fund created under Section 8 of Ordinance No. 323.

“Trustee” means the “Subordinate Lien Bond Trustee” as defined in Ordinance No. 323.

## **Section 2. Authorization and Security for Bonds.**

2.1 Pursuant to the provisions of Ordinance No. 155 and Ordinance No. 323, the Board hereby authorizes the Port to sell and issue in one or more series up to \$170,000,000 aggregate principal amount of Portland International Airport Refunding Revenue Bonds to: (i) refund all or a portion of the Refunded Bonds, (ii) make a deposit to the SLB Reserve Account, if necessary, (iii) pay other costs related to the refunding of the Refunded Bonds and costs of issuing the Series Twenty-Three Bonds, and (iv) for any other lawful purposes of the Port. The Series Twenty-Three Bonds authorized by this Section 2.1 shall be issued as fixed-rate bonds, and may be issued in one or more series.

2.2 The Series Twenty-Three Bonds shall be issued pursuant to Section 10 of Ordinance No. 323 and shall be payable solely from the Net Revenues of the Airport that are available for deposit in the General Account and from moneys in the SLB Fund and SLB Construction Account as provided in Section 4 of Ordinance No. 323 and in the documents authorized by Section □ of this Ordinance.

2.3 The Board also authorizes the Port to obtain one or more Credit Facilities, if necessary and desirable, to secure all or a portion of the Series Twenty-Three Bonds, to enter into one or more reimbursement agreements with the provider or providers of such Credit Facilities, if necessary and desirable, and to enter into the agreements and other documents referred to in Section 3.

## **Section 3. Delegation.**

The Executive Director is hereby authorized, on behalf of the Port and without further action by the Board and the Board hereby ratifies actions heretofore taken by the Executive Director in connection with the Series Twenty-Three Bonds, to:

3.1 Sell and provide for the issuance of the Series Twenty-Three Bonds in one or more series.

3.2 Participate in the preparation of, approve, authorize the distribution of, deem final, and execute and deliver the disclosure documents for the Series Twenty-Three Bonds.

3.3 Provide for the issuance of one or more series of Series Twenty-Three Bonds to commercial banks or other lenders to provide interim financing for the refunding of the Refunded Bonds, use the proceeds of the Series Twenty-Three Bonds to refund the Refunded Bonds, and issue additional refunding bonds to refund such Series Twenty-Three Bonds.

3.4 Establish the final series designations, principal amounts, maturities, interest rates or methods of determining interest rates, sale prices, optional and/or mandatory redemption provisions, notice provisions, payment terms and dates, record dates and other terms for the Series Twenty-Three Bonds of each series; provide for the Series Twenty-Three Bonds to be held by or through the facilities of DTC; select one or more underwriters, negotiate terms of the sale of the Series Twenty-Three Bonds with those underwriters and enter into one or more bond purchase agreements with those underwriters.

3.5 Undertake to provide continuing disclosure in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission; provided that any such undertaking shall provide that if the Port fails to comply with the continuing disclosure undertaking, the Owners and the beneficial owners shall have only the remedies specified in such continuing disclosure undertaking and that failure by the Port to comply with the continuing disclosure undertaking shall not constitute a default on any Senior Lien Bonds or an event of default under this Ordinance, Ordinance No. 155 or Ordinance No. 323.

3.6 Determine whether to purchase, and establish the terms of and obtain, one or more Credit Facilities for the Series Twenty-Three Bonds and enter into agreements with providers of those Credit Facilities to repay any amounts paid under the Credit Facilities (plus fees and other costs of such providers) from the Net Revenues of the Airport in accordance with Ordinance No. 323.

3.7 Determine whether to purchase, and obtain, reserve sureties, deposit cash and investments in the SLB Reserve Account, substitute sureties for cash then on deposit in the SLB Reserve Account or substitute cash for sureties then credited to the SLB Reserve Account and take any other action necessary to satisfy the SLB Reserve Requirement.

3.8 Prepare, execute and deliver one or more certificates, bond purchase agreements, bond declarations and supplemental actions specifying the terms under which the Series Twenty-Three Bonds are issued, the form of the Series Twenty-Three Bonds and the administrative provisions that apply to the Series Twenty-Three Bonds. These documents may contain additional covenants for the benefit of the owners of the Series Twenty-Three Bonds, providers of Credit Facilities for the Series Twenty-Three Bonds, if any, and providers of any reserve sureties.

3.9 Except in the case of any Series Twenty-Three Bonds, the interest on which the Port intends to be includable in gross income for federal income tax purposes, enter into covenants by the Port to maintain the excludability of interest on the Series Twenty-Three Bonds from gross income under the Code.

3.10 Determine whether to provide, and provide that a portion of the Series Twenty-Three Bonds bear interest that is includable in gross income for federal income tax purposes.

3.11 Execute and deliver one or more escrow deposit agreements, appoint one or more escrow agents and verification agents, and take any actions that are required to redeem, refund and/or defease all or any portion of the Port's outstanding Refunded Bonds, which actions may include directing an escrow agent to purchase appropriate securities for deposit in an escrow account.

3.12 Obtain any necessary consents from the providers of the Port's existing interest rate swaps, surety bond reserve policies and/or Credit Facilities.

3.13 Execute and deliver amendments to the Port's existing interest rate swaps, if desirable, to facilitate the issuance of the Series Twenty-Three Bonds, or replace the existing interest rate swaps with other interest rate swaps that work more advantageously with the Series Twenty-Three Bonds.

3.14 Create special accounts and subaccounts within the SLB Fund that is held under Ordinance No. 323, as amended, for the Series Twenty-Three Bonds and provide for deposits and withdrawals of amounts in those subaccounts.

3.15 Provide for the application and investment of proceeds of the Series Twenty-Three Bonds, including the payment of interest to accrue on a portion of Series Twenty-Three Bonds as specified by the Executive Director.

3.16 Execute and deliver any other documents and take any other action in connection with the Series Twenty-Three Bonds and the refunding of the Refunded Bonds which the Executive Director finds will be advantageous to the Port.

#### **Section 4. Amendments to Ordinance No. 323 and to Ordinance 155.**

4.1 The Port may amend and restate Ordinance No. 323 and Ordinance No. 155 to delete the final paragraph of Section 9 of Ordinance No. 323 and to remove all other references in those ordinances to “Excess Principal.”

4.2 As the Port has done in the ordinances authorizing all currently outstanding series of Senior Lien Bonds, the Port hereby provides and clarifies that the Port may amend Ordinance No. 155 and Ordinance No. 323 without the consent of the Owners of the Series Twenty-Three Bonds for any of the purposes listed in this Section 4.

(a) To amend the definition of “Airport” to add any facilities operated by the Port whether or not such facilities are related to aviation.

(b) To provide that the Airport Fund (other than the SLB Fund) may be invested in any securities that are legal investments for the Port under the laws of the State of Oregon.

(c) To provide that the SLB Fund may be invested only in Investment Securities, and to define Investment Securities to include those securities that are then typically permitted for the investment of debt service and the reserve funds of revenue bonds that have credit ratings similar to the credit ratings then in effect for the Senior Lien Bonds.

(d) To permit the Port’s obligations under derivative products (including interest rate swaps, collars, hedges, caps and similar transactions) to be treated as Senior Lien Bonds and to make other changes which are desirable in order to permit use of derivative products in connection with Senior Lien Bonds.

(e) To permit obligations that are subordinate to the Senior Lien Bonds to be issued for any lawful Port purpose.

(f) To provide that balloon obligations will be treated as if they were refinanced with long-term obligations for purposes of calculating the SLB Debt Service Requirement and making certain deposits to the SLB Fund.

(g) To provide that any “put” or other right of Owners to require the purchase of Senior Lien Bonds shall not be treated as a maturity or mandatory redemption and may be

ignored when calculating the SLB Debt Service Requirement and the amounts to be deposited to the SLB Fund, but only if bond insurance, a line or letter of credit, a standby bond purchase agreement or other liquidity or credit enhancement is in effect which is expected to pay for the purchase of the Senior Lien Bonds when the Owners exercise that right, if the Senior Lien Bonds are not remarketed or refunded.

(h) To provide that certain amounts in the SLB Serial Principal Account and the SLB Term Bond Principal Account may be used for redemption or purchase for cancellation of Senior Lien Bonds.

(i) To reduce the SLB Reserve Fund Requirement to an amount equal to the maximum amount of proceeds of tax-exempt bonds which the Code permits to be deposited in a reserve account without yield restriction, and to specify either that separate reserve accounts will be held for each series of Senior Lien Bonds, or that a single reserve account will secure all series of Senior Lien Bonds.

(j) To modify the requirements for funding the Rebate Account or to eliminate the Rebate Account.

(k) To combine Ordinance No. 155 and Ordinance No. 323, to delete outdated provisions, to delete provisions that interfere with the business operations of the Port but that do not provide substantial security for owners of Senior Lien Bonds, to clarify and simplify the remaining provisions, to substitute modern, more flexible provisions, and to restate those amended ordinances as a single ordinance.

4.3 As the Port has done previously in the ordinances authorizing the Port's Airport Revenue Bonds, Series Nineteen, Series Twenty, Series Twenty-One and Series Twenty-Two, in addition to the amendments provided in Sections 4.1 and 4.2, the Port may amend Ordinance No. 155 and Ordinance No. 323 without the consent of the Owners of the Series Twenty-Three Bonds for any of the purposes listed in this Section 4.3.

(a) To amend the definition of "SLB Debt Service Requirement" so that for purposes of calculating compliance with the Port's rate covenants, the amount of principal and/or interest on SLBs and/or the amount of Scheduled Swap Obligations paid or to be paid from moneys not then included in the definition of "Revenues" or "Net Revenues" shall be disregarded and not included in any calculation of "SLB Debt Service Requirement."

(b) To amend Ordinance No. 323 to provide that for purposes of determining compliance with Section 10 of Ordinance No. 323, the amount of passenger facility charges, customer facility charges, state and federal grants or other payments and/or other moneys that are not then included in the definition of "Revenues" or "Net Revenues" but that are committed irrevocably to the payment of debt service on Senior Lien Bonds and to the payment of Scheduled Swap Obligations or that are held by the Trustee for the sole purpose of paying debt service on Senior Lien Bonds and paying Scheduled Swap Obligations may be disregarded and not included in the calculation of SLB Debt Service Requirement for the period in which such amounts are irrevocably committed or are held by the Trustee.

(c) To delete Section 17(c) of Ordinance No. 155.

(d) To clarify that when determining compliance with the Port's covenants, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of swaps or other derivative products, shall be disregarded.

(e) To exclude from the definition of "Revenues" customer facility charges (or any portion thereof) that may be levied by the Port and collected by rental car companies from their customers and to permit the release from the pledge of Net Revenues for one or more years, and to make Net Revenues available (through a specific pledge or otherwise) to pay other obligations, including Special Obligation Bonds (as defined in Ordinance 155), subject in each case to the covenants and other provisions then applicable to or in connection with Outstanding Senior Lien Bonds, Scheduled Swap Obligations and Junior Lien Obligations.

(f) To combine the SLB Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account into one account within the SLB Fund.

(g) To permit all or a portion of the Remaining Balance, as hereinafter defined, to be taken into account as "Revenues" when determining compliance by the Port with its rate covenants. For this purpose, "Remaining Balance" means for any fiscal year the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the General Account (after all deposits and payments required to be made by Section 7 of Ordinance 323 have been made) as of the last day of the immediately preceding fiscal year.

(h) To permit the application of proceeds received from the sale of Senior Lien Bonds or of Junior Lien Obligations to make termination payments incurred in connection with terminating swap agreements or other derivative products.

## **Section 5. Formal Matters.**

5.1 The power granted in Section 4 to amend Ordinance No. 155 and Ordinance No. 323 supplements and clarifies, and does not limit, the power of the Port to amend Ordinance No. 155 under its Section 20 and Ordinance No. 323 under its Section 12.

5.2 The Executive Director may determine that the providers of Credit Facilities for the Series Twenty-Three Bonds, if any, shall be treated as Owners of the Series Twenty-Three Bonds secured by those Credit Facilities for purposes of consenting to amendments to Ordinance No. 155, Ordinance No. 323 and the documents relating to the Series Twenty-Three Bonds.

5.3 Provisions of the documents that are executed pursuant to Section 3 shall have the same effect as if those provisions were included in this Ordinance.

5.4 The Port may restate Ordinance No. 323 and Ordinance No. 155 to include the amendments contained in this Ordinance and may combine Ordinance No. 155 and Ordinance No. 323 without the consent of any Owner or beneficial owner, Credit Facility provider or swap provider.

5.5 A concise summary of this Ordinance, including the location within the Port where a complete copy of this Ordinance may be obtained without charge, shall be published

within five (5) days after passage in a newspaper of general circulation within the boundaries of the Port.

5.6 Capitalized terms that are used but not defined in this Ordinance shall have the meanings defined for such terms in Ordinance No. 155 or Ordinance No. 323.

**Section 6. Emergency.**

6.1 Because of rapidly changing market conditions and because the current rate of interest being borne by the Refunded Bonds is higher than the rate the Port expects to obtain on the Series Twenty-Three Bonds, and issuing the Series Twenty-Three Bonds as quickly as possible will reduce the debt service costs to the Airport, an emergency is hereby declared to exist and this Ordinance shall take effect immediately upon its enactment.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on February 11, 2015, and signed by its President.

THE PORT OF PORTLAND

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Commission President

Approved as to Form:

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Orrick, Herrington & Sutcliffe LLP  
Bond Counsel



**PERSONAL SERVICES CONTRACT – CONCOURSE D WEST HVAC REPLACEMENT  
DESIGN – PORTLAND INTERNATIONAL AIRPORT**

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February 11, 2015

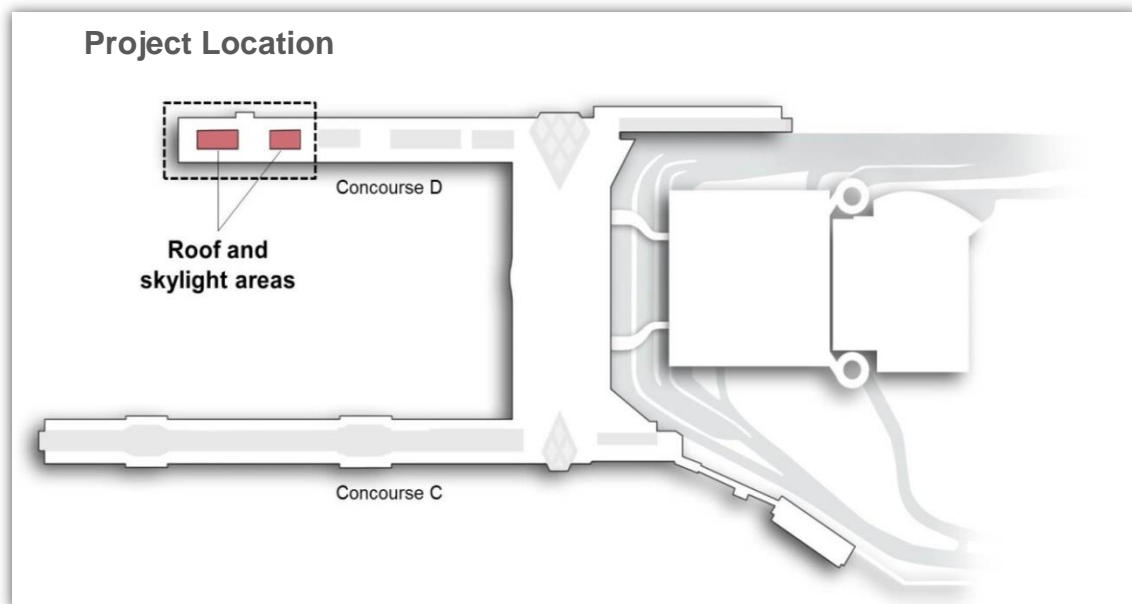
Presented by: Jim McGinnis  
Project Manager

**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a Personal Services contract to Burns & McDonnell Engineering Company, Inc. (Burns & McDonnell) for design and construction support services for the Concourse D West HVAC Replacement project at Portland International Airport (PDX) in the amount of \$1,607,300.

**BACKGROUND**

The heating, ventilation and air conditioning (HVAC) system that serves PDX Concourse D West was installed in 1988. This system has reached the end of its useful life and needs to be replaced by more efficient equipment to meet the current heating and cooling loads in the concourse. In addition, the expansive skylights in the concourse add significantly to the solar heat gain in that area and add to the cost of cooling the area. This project is intended to correct the solar heat gain problem, and it will replace the existing HVAC equipment in Concourse D West with more efficient units. Energy efficiency will be improved in both Concourse D West and the terminal overall.



**Interior Skylights**



**HVAC Equipment**



The project work scope includes primarily the following elements:

- Remove and replace air handlers
- Remove and replace ductwork
- Remove and replace chilled and heating water piping
- Remove existing fan-powered terminal units and install new variable air volume units
- Remove pneumatic controls for HVAC systems and install all electric controls
- Upgrade lighting and HVAC controls in hold rooms with occupancy sensors
- Upgrade skylights

### **CONSULTANT SELECTION; COMPENSATION**

The Port of Portland (Port) advertised a Request for Proposals (RFP) in October 2014 and received proposals in December 2014 from Burns & McDonnell, Carleton Hart Architecture, Mackenzie, GHD, Inc. and Sazan Group. Port staff evaluated proposals using the RFP criteria, as follows:

- Proposer's qualifications and experience
- Project approach
- Project team
- Project management
- Small business participation

The Port evaluation team determined that Burns & McDonnell was the most qualified for this project based on the RFP evaluation criteria. Port staff then negotiated with Burns & McDonnell to determine their compensation, which will be paid on an hourly basis, plus expenses, with a not-to-exceed amount of \$1,607,300 for the services set forth below.

### **SCOPE**

Burns & McDonnell will provide all necessary design services for the project, including mechanical, architectural, electrical and structural. They will also provide project construction support and coordination services. Related services include:

- Solar loading modeling and building energy modeling
- Code compliance support
- Permitting support
- Bidding support
- Commissioning support

### **SCHEDULE**

<b>Design contract award</b>	<b>February 2015</b>
Notice to proceed (design)	March 2015
30% design complete	May 2015
AAAC* meeting and vote	June 2015
Design complete	December 2015
Advertise construction contract	January 2016
Construction contract award	April 2016
Start construction	May 2016
Substantial completion	March 2017

\* AAAC: Airport and Airline Affairs Committee

## **PROJECT RISKS**

The following is a preliminary list of project risks, not limited to design:

Risk: Design goal not achievable without significant modifications to building.

Mitigation Strategy:

- Evaluate design concept and constructability frequently to alter scope or goals as needed.

Risk: Negative impact of construction operations on terminal and tenant operations.

Mitigation Strategies:

- Work with the construction contractor to develop work plans that minimize impact to the traveling public.
- Work with the construction contractor and Port maintenance staff to develop phasing plans and cutover schedules for critical utilities.
- Use of temporary heating and cooling system.
- Outreach to airline and tenant operations staff to identify potential impacts.
- Public outreach for notification of construction impacts.

Risk: Inability to timely procure equipment for new HVAC system utility connections.

Mitigation Strategy:

- Construction contract will provide for early ordering, delivery and construction of long-lead items.

## **PRELIMINARY PROJECT BUDGET**

Design contract	\$1,607,300
Port staff/contracted services	492,700
Construction contract	7,300,000
Contingency	3,700,000
Total Project	\$13,100,000

The current project contingency set forth above, which represents 28 percent of the project budget, is considered reasonable given the early stage of the project, the nature of the work and the risk profile for the project.

The design contract cost, as well as the full project cost upon approval by the AAAC, will be funded by the Airline Cost Center.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a personal services contract for the Concourse D West HVAC Replacement project at Portland International Airport to Burns & McDonnell Engineering Company, Inc., in accordance with this agenda item; 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.

PERSONAL SERVICES CONTRACT AMENDMENT AND PUBLIC IMPROVEMENT  
CONTRACT AMENDMENT – REPLACE ACCESS CONTROL PROJECT – PORTLAND  
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February 11, 2015

Presented by: George Seaman  
Engineering Project Manager

**REQUESTED COMMISSION ACTION**

This agenda item requests approval of two contract actions related to the Replace Access Control project at Portland International Airport (PDX):

- **Design.** Amendment of the existing personal services contract with Aviation Security Consulting, Inc. (ASC) in the amount of \$1,791,500 to facilitate ASC's performance of construction administration support services; and
- **Construction.** Amendment of an existing public improvement contract with Hoffman Construction Company of Oregon (Hoffman) in the amount of \$35,069,873 to facilitate Hoffman's performance of additional project construction activities.

**BRIEF PROJECT INFORMATION**

The Replace Access Control project, which is currently underway, will upgrade all components of the PDX access control security system to incorporate significant advances in security system technology. It will also relocate TSA-monitored exit lanes and associated "meet and greet" waiting areas to the north and south ticket lobby areas. The project will also accomplish other improvements at PDX as described below. The Port initially awarded ASC the project design contract in December 2012. The Port awarded Hoffman the project public improvement (construction) contract in August 2014. The proposed contract amendments are described below, after additional project background information.

**BACKGROUND**

Transportation Security Administration (TSA) regulations require PDX to have security badging and access control systems that control access to the restricted areas of the airport. The current access control system at PDX is more than 20 years old and consists of hardware and software that have exceeded their useful lives and need to be replaced with current technology and best-practice processes to continue to meet TSA requirements.

The PDX access control security system restricts access to the secure areas of the terminal and airfield by a series of interwoven system operations that include identity management systems, badging operations, terminal building and airfield perimeter gate access control system hardware and software, closed-circuit television (CCTV) cameras and midfield security checkpoint guard facilities.

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As stated above, this project will upgrade all components of the PDX access control security system to incorporate significant advances in security system technology. The identity management and badging systems will incorporate a biometric identification and credentialing component to manage employee identities. These system upgrades will require updated computer-based training module development and the re-badging of more than 8,500 badge-holders at PDX. All badging and training operations will be consolidated in a new security badging office located in the mezzanine area of PDX.

The access control hardware and software will be upgraded at more than 350 doors in the terminal and support buildings at PDX. These upgraded door systems will include biometric identification at the boundaries between the public and restricted areas. Upgrades to the 23 perimeter gates will include replacement of the access control system, rebuilt gate hardware, implementation of fiber-optic communications and improvements in lighting and CCTV coverage. Midfield checkpoint upgrades will improve access control, increase lighting, add CCTV cameras, improve traffic barriers and inspection facilities and improve the work environment for security staff.

**Concourse Exit Lanes**

Deplaning passengers currently exit the airport concourses through TSA-monitored exit lanes next to the existing TSA checkpoints. As stated above, this project will relocate these exit lanes and associated “meet and greet” waiting areas to the north and south ticket lobby areas to eliminate passenger cross-traffic at the TSA checkpoint entrances, better utilize the ticket lobby and align passenger circulation patterns with the Port of Portland’s (Port) long-range plan for the best usage of the terminal building. The new exit lanes will include automated doors with video analytics to monitor passenger direction of travel and prevent a breach of the secure boundary of the terminal concourses.

**“Access PDX” Program Terminology**

The various components of the PDX Replace Access Control project are sometimes referred to collectively as the Access PDX Program. The access control security system component of the project alone is sometimes referred to as the Access PDX Rebadging Program.

Security Badge Reader



Midfield Vehicle Checkpoint





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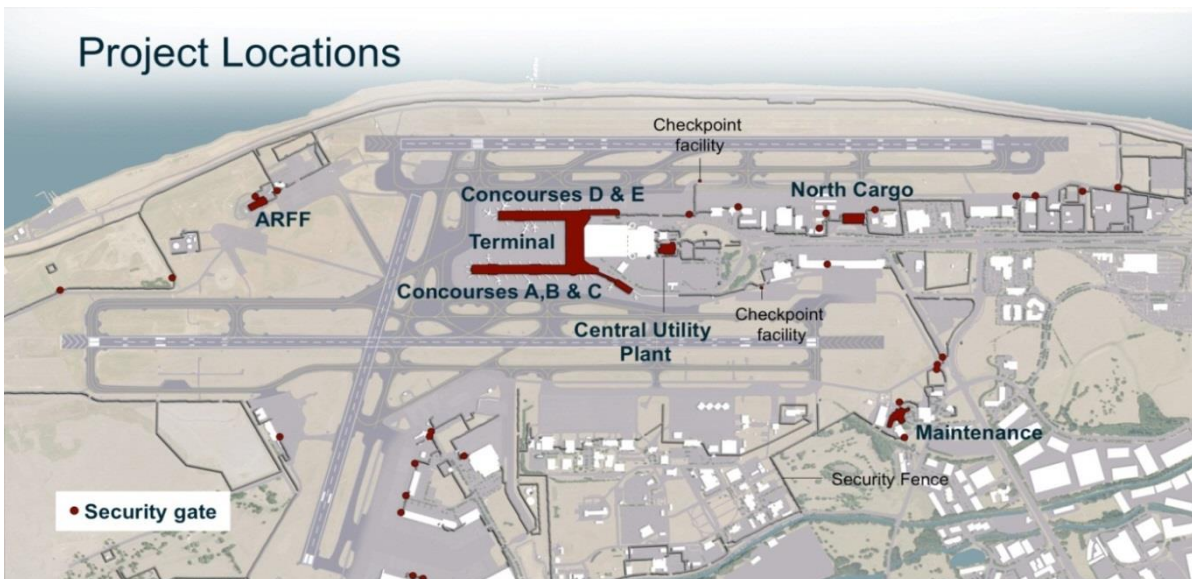
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### Exit Lane Technology



### Project Locations





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**AMENDMENT OF DESIGN CONTRACT**

In December 2012, the Commission authorized Port staff to award ASC a personal services contract to develop conceptual design drawings of the access control security system component of the project. Under this contract, ASC developed preliminary drawings depicting the project scope and developed the project schedule and budget. The contract allowed the Port to further engage ASC to perform detailed design and construction support services for the project at the Port's election. Under the terms of the contract, ASC is paid on an hourly basis at negotiated rates, plus expenses.

In October 2013, the Commission authorized the Port to amend the contract to provide for ASC's completion of detailed design documents. The Port then expanded the project to include the concourse exit lanes, as discussed above. In March 2014, under the Executive Director's delegated contracting authority, the Port amended the contract to provide for ASC's development of conceptual design drawings for the concourse exit lanes. In August 2014, the Commission authorized the Port to amend the contract to provide for ASC's completion of detailed design documents associated with the concourse exit lanes, modification of the access control system design to include a new IT hut for the south airfield area, and to provide construction administration support for the initial phase of construction activities.

The Port now wishes to amend the contract to engage ASC for the construction support phase of the work, specifically construction administration and system commissioning services in support of the project's construction activities. ASC will provide these services at the previously-established rates.

Original Design Contract Amount	\$ 517,109
Amendments to Date	\$2,999,219
<b>This Amendment</b>	<b><u>\$1,791,500</u></b>
New Design Contract Amount	\$5,307,828

**AMENDMENT OF CONSTRUCTION CONTRACT**

In October 2013, the Commission approved an exemption from competitive bidding to allow the Port to use a request for proposals (RFP) process to select a construction manager/general contractor (CM/GC) for the Replace Access Control project. The RFP was advertised in October 2013. A Port evaluation team reviewed the proposals and determined that Hoffman was the most qualified proposer to act as the Port's CM/GC for the project. In March 2014, under the Executive Director's delegated contracting authority, the Port awarded a preconstruction services contract to Hoffman.

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The RFP allowed the Port to also award a CM/GC public improvement contract to Hoffman for project construction, at the Port's election. In August 2014, after negotiating a CM/GC public improvement contract with Hoffman on terms that were acceptable to the Port, the Commission authorized the Port to award the CM/GC contract to Hoffman. Under the terms of the contract, Hoffman is reimbursed for construction based primarily on competitively-awarded subcontracts. Consistent with CM/GC contracting requirements, the contract's compensation structure includes a negotiated maximum construction cost (MCC) for Hoffman's direct costs (such as subcontracts), a negotiated fixed fee for indirect costs (such as profit and overhead) plus a variable incentive fee based upon contract performance. The fixed fee was set at 1.95 percent of the MCC with an additional 0.30 percent potential incentive fee.

In November 2014, the Commission authorized the Port to amend the Hoffman contract to provide construction services to support the concessions redevelopment program. In December 2014, under the Executive Director's delegated contracting authority, the Port further amended this contract to provide construction services to provide lighting and cabling installation in support of the Federal Immigration Station (FIS) improvement project.

The Port now wishes to amend the Hoffman contract to provide for Hoffman's performance of the second phase of the Replace Access Control Project. This phase will replace the existing access control system, install new mid-field checkpoint officer stations, rebuild 23 perimeter gates, construct and rebuild five network rooms in the PDX terminal and construct new automated exits from the passenger concourses.

Staff has negotiated a total cost of \$35,069,873 for this phase of construction, based on an MCC of \$34,298,165 plus the 1.95 percent fixed fee equaling \$668,814 and a potential incentive fee of \$102,894.

**Hoffman Contract Summary**

Original Contract Amount (Replace Access Control Project Phase 1)	\$1,933,000
Amendment 1-2: Concessions Redevelopment Project	*\$3,600,000
Amendment 3: FIS Improvement Project	*\$ 270,000
Total to Date	\$5,803,000
<b>Amendment 4 (Proposed): Replace Access Control Project Phase 2 Construction Services</b>	<b>\$35,069,873</b>
New Contract Total	\$40,872,873

\* Funded through other project budgets

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**PROJECT SCHEDULE**

Conceptual Design	Jan. 2013 – June 2013
Commission Action (Design Contract)	October 2013
Design Development	Nov. 2013 – April 2015
Commission Action (Acquisition of Identity Management System)	March 2014
Commission Action (Construction Contract – Phase 1)	August 2014
<b>Commission Action (Construction Contract – Phase 2)</b>	<b>February 2015</b>
Construction	Sept. 2014 – Sept. 2016
Identity Management System Operational	April 2015
Concourse Exit Lanes Operational	May 2016

**PROJECT RISKS**

Risk: Security vulnerabilities during system transition.

Mitigation Strategies:

- Develop detailed phasing and transition plan utilizing strong communications with TSA and stakeholders.
- Perform factory acceptance test of new Access Control System, Identity Management System (IDMS) and exit lanes prior to installation and start-up.
- Rigorous commissioning process to verify system operations and communications with badging system and Communications Center.

Risk: Delays in IDMS installation could impact entire project schedule.

Mitigation Strategies:

- Early engagement with IDMS vendor to allow completion of IDMS earlier than necessary for project implementation.
- Develop plans to re-badge the PDX employee population in less time than the currently-planned six months.
- Rigorous tracking of software development milestones and immediate recovery plans for any slips.

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Risk: Exit lane video analytics operations may be impacted by environmental changes (predominately direct sunlight).

Mitigation Strategies:

- Evaluate location of exit lanes and potential impact of sunlight. Perform lighting study to determine potential impacts of direct sunlight on exit lane video analytics.
- Engage exit lane vendors to determine options to mitigate for direct sunlight. Consider relocation of exit lanes further into the exit passageway to reduce opportunity for sunlight to contact exit lane flooring.
- Carry \$250,000 allowance in the construction contract to cover potential changes associated with this risk.

**BUDGET**

Personal Services Contract – Design	\$5,310,000
Construction Contracts (Preconstruction Services and Public Improvement)	\$37,430,000
IT Hardware/Software Procurement	\$1,690,000
Identity Management System	\$1,060,000
Port Staff/Contracted Services	\$7,345,000
Contingency	\$3,690,000
Total Project	\$56,525,000

The project contingency, representing 6.5 percent of the project budget, is considered reasonable given the construction contracting method (CM/GC), the stage of the design when the MCC was set, the nature of the work and the risk profile for the project.

The project cost will be shared between the Airline Cost Center and the Port Cost Center. The Port may also receive some Federal Aviation Administration grant funding.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the existing personal services contract with Aviation Security Consulting, Inc. for the design of the Access PDX Program at Portland International Airport, consistent with the terms presented to the Commission; and

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BE IT FURTHER RESOLVED, That approval is given to amend the existing public improvement contract with Hoffman Construction Company of Oregon for the construction of the Access PDX Program at Portland International Airport, 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.