

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
February 11, 2009**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:00 a.m. in the Commission Boardroom of the Port's administrative offices at 121 N.W. Everett Street.

QUORUM

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Steve Corey; Diana Daggett and Mary Olson. Also present were Bill Wyatt, Executive Director; participating staff members; and representatives of the public.

LEAVE OF ABSENCE

Commissioner Johansen called for a motion to grant a leave of absence to Commissioners Holte, Rosenbaum and Thorndike, as they were out of town. Commissioner Daggett moved to grant the leave of absence. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Johansen and Olson voted in favor of the motion.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Commission Retreat of December 9, 2008, and the Regular Commission Meeting of January 14, 2009. Commissioner Olson moved to approve the minutes. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Johansen and Olson voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said it is safe to say that the Port is not immune to the dramatic global economic slowdown. He said we have seen mid double-digit decreases in passenger volumes two months in a row. Mr. Wyatt said his view is that this reflects what is happening regionally in the economy. People fly when they are feeling good about their personal situation – for pleasure or for work – and there is a little less of both right now. He said this is not necessarily extraordinary insofar as like-size airports are concerned, but we may settle in at an annualized reduction in the 10 to 15 percent range in passenger volumes. He said we will have to respond to that decrease, because if we fail to do so, rising airline costs could further erode passenger volumes.

Mr. Wyatt said on the marine side of the business we have had a slower year to be sure, although it has not been quite as dramatic as aviation. He said part of that is because many of our businesses on the marine side are unrelated to the local economy and part of that is due to a slightly different business model. Having said that, Mr. Wyatt said we have seen a reduction in container volumes on the import side, which means people in this country are buying fewer things. At the same time, our volume decreases here have been modest compared to other West Coast gateways. Mr. Wyatt said one interesting thing to note is that we have seen a recent slight uptick in export volumes, which is a good thing and due in part to the interest of the carriers who are looking for any way to generate revenue; they have been more solicitous of export cargo. Mr. Wyatt said a modestly weak U.S. dollar also helps as it makes our exports

more attractive in the markets where we sell them. He said in virtually every container port in the U.S., probably the largest import or export right now is empty containers. However, here in Portland, we have very few empty containers moving in either direction and that is in large measure because imports coming here are loaded and the exports are taking the empty containers and filling them with compressed hay or French fries or other product. He said this is a good news story, even in a declining volume environment, and yet it is very volatile and can change at any time.

Mr. Wyatt said not all is lost in the aviation world. Beginning June 15, Air Canada will offer a new nonstop flight between Portland and Calgary. This is an exciting new addition for PDX passengers – it is the only nonstop service between the two cities. Mr. Wyatt also noted beginning August 7, Alaska Airlines will offer travelers three nonstop flights a week between Maui and Portland.

Mr. Wyatt discussed the Aero Mexico flight that was diverted to PDX on January 20 while en route from Mexico City to Seattle. Mr. Wyatt said there was a good deal of confusion around the diverted flight and the local Customs and Border Protection (CBP) agent made a decision not to clear the aircraft. Based on that decision, the Aero Mexico crew decided to fly the aircraft and passengers back to Mexico City.

As a follow up to the incident, Mr. Wyatt reported that Port staff met with the Regional Director and the Assistant Director of Border Security from the San Francisco CBP office. He said the CBP representatives offered their apology for the incident. Mr. Wyatt noted Portland has been without a CBP Area Port Director for the past six months. The new Port Director has been selected and will arrive next week. Mr. Wyatt said we are looking forward to establishing a very positive relationship with him and working closely to be sure that incidents such as this do not happen again.

Mr. Wyatt thanked the Port of Portland firefighters who went to local burger restaurants and provided food to the passengers on the flight.

Mr. Wyatt said we received a “Finding of No Significant Impact” on our Federal Environmental review on the North Runway Extension project and the project is moving ahead. Mr. Wyatt said we anticipate this project will qualify for federal stimulus support.

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

GENERAL DISCUSSION

Marine Security Update

Dan Pippenger, Marine Security Manager, provided a brief overview of the Transportation Worker Identification Credential (TWIC). He said the TWIC program is administered by the Transportation Security Administration and enforced by the US Coast Guard. Mr. Pippenger discussed the process for obtaining a TWIC as well as National implementation. Mr. Pippenger said the impact of TWIC to the Port is large. Without having a TWIC in your possession, a person may not have unescorted access onto a marine terminal. There are no exceptions and no waivers, so without a TWIC, a person will be denied entry to a marine terminal.

Wildlife Program & Water Rescue Update

Phil Ralston, General Manager of Environmental and Safety, said the Wildlife Program exists solely to support safe aircraft operations at the Port's airports. He said Portland International Airport (PDX) is designated by the Federal Aviation Administration as a Part 139 commercial airport; therefore, we are required to have a wildlife program. But how we meet that commitment, how we design the program and how it is implemented is what makes our program unique and effective.

Nick Atwell, Environmental Project Manager, provided an overview of the Port's Wildlife Program. He said the mission of the PDX Wildlife Management Program is to control wildlife hazards with non-lethal means when possible by focusing on daily dispersals and long-range habitat modifications. Mr. Atwell described the scheme used by the Port as one based on four pillars: short-term, operational strategies; research and development; long-term, management strategies; and information and education.

Ken Edwards, Water Rescue Program Coordinator, provided an overview of the Port's Water Rescue Program. He discussed the mission of the program: aircraft search and rescue and mutual aid support. Mr. Edwards also discussed the history of the program, the concept of operations, as well as the specialized equipment used.

Capital Construction Program

Stan Watters, Director of Development Services and IT, said the Port is currently in the middle of one of its largest construction programs in its history. In 2008, we had a record year in terms of value of construction contract awards, and in 2009, we will have another big year in the construction program. Mr. Watters said 2008 was a very successful year. He said we significantly underran our project budgets and are currently exceeding our small business and workforce goals.

Tom Peterson, Chief Engineer, provided an overview of the construction projects that are in progress or that have been completed this last year. Mr. Peterson said that in addition to the large projects at PDX, we had a large paving program in 2008. Mr. Peterson said on the marine side, 2008 was unique in that we had dredging projects at each of our marine terminals. He said 46,322 cubic yards were removed from Terminals 2, 4, 5 and 6. Mr. Peterson discussed the costs for contracted services versus the engineering budget, construction contract performance, small business and workforce performance and project performance. Mr. Peterson reviewed the ongoing construction projects at PDX and the key projects for 2009 at Troutdale Reynolds Industrial Park.

Bill Allen, General Manager of Facility Maintenance and Project Development, provided an overview of the key Aviation projects for 2009. Those projects include: North Runway Extension, Deicing, NE Cargo parking and road rehab, Hillsboro Third Runway design contract and Taxiway C extension. Mr. Allen also discussed the funding sources for the projects as well as the projects that were submitted for stimulus funding.

Sebastian Degens, MID Department Planning and Development Manager, provided an overview of the key construction projects for Marine and Industrial Development for FY2009/2010. Those projects include: Ramsey rail yard construction, SRG rail yard expansion, North Lombard Street widening and T-4 Pier 1 pipeline infrastructure. Mr. Degens also discussed the funding sources for the projects as well as the projects that were submitted for stimulus funding.

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Mr. Peterson briefly discussed the Navigation capital projects for 2009. He also discussed the construction risks for 2009, which include: unqualified bidders and subcontractors, fuel and asphalt costs, and permitting and security.

ACTION ITEMS

Agenda Item No. 1

COMMISSION AUDIT POLICY NO. 6.1.08

This agenda item requested approval to update Commission Audit Policy No. 6.1.08 to properly reflect that the Commission Officers will review the annual audit plan and will meet privately with the Port of Portland's Manager of Internal Audit.

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

BE IT RESOLVED, That Port of Portland Commission Audit Policy No. 6.1.08, dated February 11, 2009, is hereby approved; and

BE IT FURTHER RESOLVED, That a copy of Commission Audit Policy No. 6.1.08, as revised, shall be attached to the minutes of this meeting.

Commissioner Johansen said it was important to clarify that the responsibilities of the Finance and Administrative Task Force has been rolled into the Officers' meeting.

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

Agenda Item No. 2

NORTH RUNWAY EXTENSION EARLY ACTION CONTRACTS AND FEDERAL AVIATION ADMINISTRATION REIMBURSABLE AGREEMENT MODIFICATION NUMBER 2 – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested three actions from the Port of Portland Commission related to the North Runway Extension project at Portland International Airport:

1. Approval to enter into an early action contract with Coffman Excavation, LLC, for the West Duct Bank Installation project;
2. Approval to enter into an early action contract with Coffman Excavation, LLC, for the Northwest Ramp Sanitary Sewer and Pump Station Replacement project; and
3. Approval to execute an amendment to an existing Reimbursable Agreement with the Federal Aviation Administration (FAA) for construction of navigational aid relocations.

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

BE IT RESOLVED, That approval is given to award a contract to Coffman Excavation, LLC, for the West Duct Bank Installation project, in accordance with its bid; and

BE IT FURTHER RESOLVED, That approval is given to award a contract to Coffman Excavation, LLC, for the Northwest Ramp Sanitary Sewer and Pump Station Replacement project, in accordance with its bid; and

BE IT FURTHER RESOLVED, That approval is given to execute Modification Number 2 to the existing FAA Reimbursable Agreement in an amount not to exceed \$5,562,838; 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 Daggett seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Johansen and Olson voted in favor of the motion.

The meeting adjourned at 11:10 a.m.

President

Assistant Secretary

Date Signed

A complete audio recording of these proceedings is available at the Port of Portland administrative offices, 121 N.W. Everett Street, Portland, Oregon 97209.

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