



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
July 9, 2014
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – June 11, 2014
Approval of Minutes: Special Commission Meeting – June 19, 2014

Executive Director

Approval of Executive Director's Report – June 2014

General Discussion

BNSF Rail Safety Briefing

*JOHAN HELLMAN
ED CHAPMAN*

Oregon Solutions Project and Drainage District Levee
Re-Accreditation

PHIL RALSTON

Five-Year Strategic Planning Update

SCOTT DRUMM

Consent Item

1. LAND EXCHANGE AND PERMANENT EASEMENT

ISAAC BARROW

Requests approval of a land exchange agreement between the Port of Portland, Trammell Crow Development, and the Colwood Family Trust.

Action Items

2. PUBLIC HEARING AND ENACTMENT OF ORDINANCE
NO. 454-B TO ISSUE UP TO \$100 MILLION OF PORTLAND
INTERNATIONAL AIRPORT REVENUE BONDS, SERIES
TWENTY-TWO

TATIANA STAROSTINA

Requests approval of Ordinance No. 454-B to authorize the sale of Portland International Airport Revenue Bonds, Series Twenty-Two, to authorize the sale of up to \$100 million aggregate principal amount of Portland International Airport Revenue Bonds, Series Twenty-Two, to fund capital projects in the Airline Cost Center.

3. SERVICE CONTRACT – REFRIGERATED CONTAINER
SERVICES – TERMINAL 6

DAN PIPPENGER

Requests approval to authorize expenditures in connection with extension of a service contract with Deep Water Port Services, doing business as Terminal Maintenance Corporation, for the provision of refrigerated container services at Terminal 6.

Following the regular Commission meeting, there will be an informal update and discussion of the Port's Maritime Futures Panel and the Portland International Airport Ticket Lobby project.

LAND EXCHANGE AND PERMANENT EASEMENT

July 9, 2014

Presented by: Isaac Barrow
Real Estate Manager
Business Development and
Properties

REQUESTED COMMISSION ACTION

This agenda item requests approval of a land exchange agreement between the Port of Portland (Port), Trammell Crow Development, and the Colwood Family Trust whereby the Port would exchange 0.68 acres of land at Portland International Airport (PDX) for receipt of 1.77 acres of adjoining land and an easement for a future stormwater connection between the McBride and Columbia sloughs.

BACKGROUND

Trammell Crow Portland is working with the Colwood Golf Course Family Trust and the City of Portland on the purchase and development of the Colwood Golf Course. Under the terms of the agreement, 85 acres of the golf course, south of Cornfoot Road and east of Alderwood Road, would be purchased by the City of Portland and become a sizable public park and open space. The remaining 45-acre site north of Cornfoot Road, closest to the airport, would be purchased and developed by Trammell Crow as an industrial site. The metro region has an acute shortage of large industrial sites and development of the Colwood site is of regional strategic importance.

As part of Trammell Crow's purchase, this developer would convey to the Port roughly 1.77 acres of land. A portion of this parcel is already in use by the Port as part of the PDX Maintenance base and is inside the airport perimeter fence. Fee simple title to this parcel would give the Port the legal right for its continued use. The remainder of the parcel includes land on the southern bank of the McBride Slough and would give the Port additional options for stormwater management of the slough. The McBride Slough is the stormwater drainage outfall for Basin 7 and accounts for nearly all of the stormwater drainage of the northern half of the airport.

The exchange would also secure easement rights for a future stormwater connection between the McBride and Columbia Sloughs that is of significant benefit to PDX, especially in light of the recent airfield flooding and the poor condition of the drainage pipe currently serving this area of the airfield. Establishing an alternate connection between these two sloughs would greatly mitigate the current risk of flood danger because the current connection between the two sloughs, known as the "straw pipe" is at risk of failure, which currently places a large portion of the airport at risk of flooding. While the easement would be secured through this transaction, construction of the pipe would occur at a later date and would be subject to agreement of responsibility for the pipe with the Multnomah County Drainage District.

LAND EXCHANGE AND PERMANENT EASEMENT

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In exchange for the land and easement, the Port would convey to Trammell Crow roughly 0.68 acres of land. The parcel would benefit Trammell Crow as it would allow the company to construct a more efficient access point from Alderwood Drive to its planned development. The parcel is currently a separate tax lot, which would provide Trammell Crow with additional flexibility in developing and marketing the property.

As the property proposed to be conveyed to Trammell Crow is part of PDX and was purchased in part using Federal Aviation Administration (FAA) grant funding, the Port is required to follow the FAA process to request a release of the land and approval for its disposition. As part of this process, the land parcels were appraised twice and a review appraisal completed. The value of the 0.68 acres being conveyed to Trammell Crow is \$147,197. The value of the 1.77 acres being received by the Port is \$109,268. The value of the easement being given to the Port is \$38,000, offsetting the difference in value of the two land parcels.

The developer has initiated a required National Environmental Policy Act evaluation and has submitted an application for a categorical exclusion. Avigation easements will be included in the deed of conveyance and other transaction documents as appropriate. The release and disposition of airport land and the completion of the proposed exchange would be strictly contingent upon the FAA's approval of the request for release submitted by the Port.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a land exchange agreement and other agreements necessary to effect the exchange of land and easement rights between Trammell Crow Development, the Colwood Family Trust and the Port of Portland, 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.

PUBLIC HEARING AND ENACTMENT OF ORDINANCE NO. 454-B TO ISSUE UP TO \$100 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS, SERIES TWENTY-TWO

July 9, 2014

Presented by: Tatiana Starostina
Senior Manager
Financial Analysis and Projects

REQUESTED COMMISSION ACTION

This agenda item requests approval of Ordinance No. 454-B to authorize the sale of Portland International Airport (PDX) Revenue Bonds, Series Twenty-Two, to authorize the sale of up to \$100 million aggregate principal amount of Portland International Airport Revenue Bonds, Series Twenty-Two, to fund capital projects in the Airline Cost Center. Additionally, Ordinance No. 454-B authorizes the issuance of bonds to fund the Senior Lien Bonds (SLB) Reserve Account, capitalize interest and pay costs of issuance.

BACKGROUND

The Port of Portland (Port) regularly updates the plan of finance based on the most recent Airport Capital Improvement Program. The current plan requires debt financing to fund capital projects in the Airline Cost Center for the next two years.

The Airline Cost Center, which is funded by the airlines' rates and charges, grants and passenger facility charges, is expected to need debt financing in the fall of 2014 for several large projects, including the PDX Access Control System Upgrade, Post-Security Concessions Redevelopment and various terminal infrastructure upgrade projects included in the "PDXNext" Program.

The Port plans to use bond proceeds to fund the SLB Reserve Account, required by the Port's Bond Ordinances No. 155 and 323. Ordinance 454-B authorizes the Port to obtain a surety bond for the SLB Reserve Account and the Port will evaluate whether there is any benefit to obtaining a surety bond at the time the Series Twenty-Two bonds are sold.

The Series Twenty-Two Bonds will bear interest at fixed rates with the final maturity not to exceed 30 years after the bond issuance.

The Port will seek a credit rating for the Series Twenty-Two Bonds from Standard & Poor's. The Port currently has "AA-" rating from Standard & Poor's rating agency on the airport revenue bonds, which is among the highest underlying ratings for airport revenue bonds.

Staff expects to price the Series Twenty-Two Bonds in early September 2014 and close the transaction within the same month.

PUBLIC HEARING AND ENACTMENT OF ORDINANCE NO. 454-B TO ISSUE UP TO \$100 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS, SERIES TWENTY-TWO

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Delegation of Authority

Section 3 of Ordinance No. 454-B delegates authority to take actions and sign the documents that are required to issue, sell and deliver the Series Twenty-Two Bonds to the Executive Director or the Chief Financial Officer and 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”). Such actions may include the following:

- Prepare, authorize the distribution of, and deem final the disclosure documents for the Series Twenty-Two Bonds.
- 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-Two Bonds of each series.
- Determine whether to purchase – and establish the terms of and obtain – one or more Credit Facilities for the Series Twenty-Two Bonds.
- Undertake to provide continuing disclosure in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- Determine whether to purchase, and obtain, reserve sureties; deposit cash and investments in the SLB Reserve Account; and take any other action necessary to satisfy the SLB Reserve Requirement.
- Prepare, execute and deliver one or more certificates, bond declarations and supplemental actions specifying the terms under which the Series Twenty-Two Bonds are issued, the form of the Series Twenty-Two Bonds and the administrative provisions that apply to the Series Twenty-Two Bonds.

Participants in the Transaction

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

- Bank of America Merrill Lynch will be the Leading Underwriting Bank and Goldman Sachs & Co. 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.

PUBLIC HEARING AND ENACTMENT OF ORDINANCE NO. 454-B TO ISSUE UP TO \$100 MILLION OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS, SERIES TWENTY-TWO

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- Trillion Aviation LLC is the airport consultant.
- Standard & Poor's is expected to provide the rating on the Series Twenty-Two 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 of Portland Ordinance No. 454-B, in the form presented to the Commission, be read by title only; and

BE IT FURTHER RESOLVED, That a public hearing be held prior to adopting Ordinance No. 454-B, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and

BE IT FURTHER RESOLVED, That proposed Port of Portland Ordinance No. 454-B, in the form presented to the 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. 454-B

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE IN ONE OR MORE SERIES OF NOT MORE THAN \$100,000,000 AGGREGATE PRINCIPAL AMOUNT OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS TO PAY OR REIMBURSE THE PORT FOR THE PAYMENT OF THE COSTS OF CONSTRUCTING, RENOVATING, ACQUIRING, EQUIPPING AND INSTALLING IMPROVEMENTS AT THE PORTLAND INTERNATIONAL AIRPORT AND TO PAY COSTS RELATED THERETO, AND TO PAY COSTS OF ISSUING THE BONDS, INCLUDING INTEREST TO ACCRUE ON ALL OR A PORTION OF THE BONDS, AND TO FUND CERTAIN RESERVES; 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.

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 Revenue Bonds, Series Twenty-Two, in one or more series (collectively, the “Series Twenty-Two Bonds”) to: (i) pay or reimburse the Port for the payment of costs of constructing, renovating, acquiring, equipping and installing improvements at the Portland International Airport, (ii) pay costs of issuing the Series Twenty-Two Bonds, including interest to accrue on all or a portion of the Series Twenty-Two Bonds, (iii) fund certain reserves, if necessary, and (iv) for any other lawful purposes of the Port;

WHEREAS, on June 26, 2014, the Port declared its intention to reimburse itself with proceeds of the Series Twenty-Two Bonds for expenditures of Port funds to pay costs of constructing, acquiring, equipping and installing improvements at the Portland International Airport; and

WHEREAS, the Series Twenty-Two 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. 454-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:

Term:	Defined in Ordinance No.
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
SLB Term 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-Two Bonds that have been issued and delivered under this Ordinance except:

(a) Series Twenty-Two 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-Two 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-Two Bond, as shown on the registration books maintained by the Trustee.

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

“Series Twenty-Two Projects” means the construction, renovation, acquisition, equipment and installation of Port improvements at the Portland International Airport.

“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 \$100,000,000 aggregate principal amount of Portland International Airport Revenue Bonds to: (i) pay or reimburse the Port for the payment of costs of the Series Twenty-Two Projects, (ii) pay costs of issuing the Series Twenty-Two Bonds, including interest to accrue on all or a portion of the Series Twenty-Two Bonds, (iii) fund certain reserves, if necessary, and (iv) for any other lawful purposes of the Port. The Series Twenty-Two 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-Two 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 3.8 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-Two 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-Two Bonds, to:

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

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

3.3 Provide for the issuance of one or more series of Series Twenty-Two Bonds to commercial banks or other lenders to provide interim financing for the payment of the Series Twenty-Two Project costs, use the proceeds of the Series Twenty-Two Bonds for the payment of the Series Twenty-Two Project costs, and provide for the issuance of additional refunding bonds to refund such Series Twenty-Two 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-Two Bonds of each series; provide for the Series Twenty-Two 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-Two 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-Two 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-Two Bonds are issued, the form of the Series Twenty-Two Bonds and the administrative provisions that apply to the Series Twenty-Two Bonds. These documents may contain additional covenants for the benefit of the owners of the Series Twenty-Two Bonds, providers of Credit Facilities for the Series Twenty-Two Bonds, if any, and providers of any reserve sureties.

3.9 Except in the case of any Series Twenty-Two 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-Two Bonds from gross income under the Code.

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

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

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

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

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

3.15 Execute and deliver any other documents and take any other action in connection with the Series Twenty-Two 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-Two 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 and Series Twenty-One, 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-Two 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-Two Bonds, if any, shall be treated as Owners of the Series Twenty-Two 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-Two 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.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on July 9, 2014, and signed by its President.

THE PORT OF PORTLAND

President

Approved as to Form:

Orrick, Herrington & Sutcliffe LLP
Bond Counsel

SERVICE CONTRACT – REFRIGERATED CONTAINER SERVICES – TERMINAL 6

July 9, 2014

Presented by: Dan Pippenger
General Manager
Planning & Development**REQUESTED COMMISSION ACTION**

This agenda item requests approval to authorize expenditures in connection with extension of a service contract with Deep Water Port Services, doing business as Terminal Maintenance Corporation (TMC), for the provision of refrigerated container services at Terminal 6 (T6).

BACKGROUND

In late 2013, Governor Kitzhaber's office directed the Port of Portland (Port) to find an immediate solution for the labor unrest related to refrigerated container plug and unplug jurisdiction at T6. In addition to plug and unplug activities, the work at issue includes other services, such as temperature monitoring and adjustment, assistance with truck container generator sets, and recordkeeping. As part of a compromise among the International Longshore and Warehouse Union (ILWU), the International Brotherhood of Electrical Workers (IBEW), and the Port, the Port assigned the work on a temporary basis to the ILWU.

Based on the analysis of Port staff, the Executive Director authorized the Port to award the contract under emergency procurement conditions to assign the work to the ILWU on an immediate basis. The primary basis of the emergency procurement determination was the Port's unforeseen need to promptly contract with a qualified company that was readily available.

Under applicable collective bargaining agreements, ILWU labor may only be hired by Pacific Maritime Association (PMA) members. TMC, a PMA member, was already operating at T6, providing maintenance and repairs for ocean carriers.

TMC CONTRACT

In January 2014, the Port contracted with TMC on a temporary basis, intending to re-evaluate the contract when the labor issues at T6 had further progressed toward resolution. The initial six-month term of the contract ended on June 30, 2014. The contract provides the Port three options to extend the term in six-month increments; the Port may terminate upon 30 days' notice. To provide the Port time to develop a long-term plan for refrigerated container work at T6, the Port has exercised the first six-month extension option.

Port staff negotiated with TMC to secure the most commercially reasonable contract terms possible under the circumstances. Based on the negotiated man-hour rates at contract award, the Port anticipated expenditures of approximately \$300,000 during the initial term. Accordingly, the Executive Director authorized the award of the initial term pursuant to delegated contracting authority. Actual expenditures were higher. To facilitate payment, the Port authorized total expenditures of up to \$500,000 for the initial term.

AMENDMENT

The Port now intends to authorize expenditures in connection with the amendment of the contract in an amount necessary to provide for expenditures during the extension term, anticipated to be approximately \$525,000. As amended, the aggregate contract amount will exceed the Executive Director's delegated contracting authority. Accordingly, Commission approval is sought to amend the contract in such amount.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the service contract with Deep Water Port Services, doing business as Terminal Maintenance Corporation, for refrigerated container services at Terminal 6, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.