

MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
July 10, 2013

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Jim Carter, President, presiding; Peter Bragdon; Tom Chamberlain; Diana Daggett; Bruce Holte, via telephone; Bob Levy; Linda Pearce and Tom Tsuruta. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter acknowledged Commissioner Holte on the phone and welcomed the new Port employees in the audience.

LEAVE OF ABSENCE

Commissioner Carter called for a motion to grant a leave of absence to Commissioner Rosenbaum who was out of town. Commissioner Chamberlain moved to grant the leave of absence. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Tsuruta voted in favor of the motion.

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of June 12, 2013. Commissioner Chamberlain moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Tsuruta voted in favor of the motion. Commissioner Carter called for a motion to approve the minutes of the Special Commission Meeting of June 21, 2013. Commissioner Chamberlain moved to approve the minutes. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Tsuruta voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt also welcomed the new Port employees in the audience. He said his comments are not intended to be the official executive director's report (which is included in the Commission materials for the Meeting), but rather an update of general activities that have occurred at the Port or have affected the Port over the course of the last month.

Mr. Wyatt began with comments addressing the Columbia River Crossing (CRC) project. He described the decision of the Washington Legislature to not fund the CRC as a disappointment to the Port because just about all the assets we own, operate, manage, lease and control are on a parallel alignment with the Columbia River and both the I-5 and I-205 bridges are vitally important to us. He noted that Rivergate Industrial District is particularly vulnerable to congestion at the Marine Drive interchange at I-5.

Mr. Wyatt said Washington State's decision was surprising to many who have been involved with this project, and he compared it to Oregon's early positive actions in support of the project. Issues including tolls, light rail and gas taxes appear to have driven the decision. Mr. Wyatt noted that when the interstate system was built in the 50s and 60s, the Federal Government funded 83 percent of the cost, which is not the case today. He said that local governments and states have to fund these projects, meaning tolls are likely to play a roll. Mr. Wyatt said it would be appropriate for all involved to allow some time to pass before deciding how to proceed with the CRC. He speculated that improvements on Marine Drive at the I-5 interchange may occur before the larger CRC issue is resolved.

Mr. Wyatt noted that on July 9, 2013, the City of Portland Planning and Sustainability Commission forwarded their recommendation on annexing West Hayden Island (WHI) to the City Council. This action comes four years and several million dollars into the annexation process. He said nothing was included in that recommendation about zoning changes that would be required to proceed with the kind of development we have in mind, largely because the Commission is uncertain about the transportation impacts of the CRC failure. Mr. Wyatt discounted this concern, noting that we have been very clear from the beginning that any terminal development on WHI will be a rail-served terminal and would therefore have little impact on road traffic.

Mr. Wyatt said that he is confident that we will be able to get through whatever transportation-related questions the City Council may have and we look forward to working with the new Mayor and council to resolve this. He said that if we are successful, this will be the first new marine terminal built in the Port's jurisdiction in over 40 years, an important development given that maritime commerce overall on the Columbia River is booming. He said that there is growing demand from the food and energy sector and he is optimistic we are going to see some positive development.

Mr. Wyatt remarked on the rent rebate program with ICTSI that the Commission approved to help them adjust to the lower levels of productivity at Terminal 6. The rebate program allows the Executive Director to both consult with ICTSI and adjust the rebate based on productivity. He said that we have consulted and communicated with ICTSI on a metric to judge improvements in productivity and then determine whether it is appropriate to reflect that improvement in reduced payments. Mr. Wyatt said that our first run at this for the month of June suggests a modest reduction is appropriate because we have seen a modest improvement in productivity. In his opinion, the slight improvement in productivity should be acknowledged with a slight reduction in the rebate, which is an appropriate exercise of the Port's stewardship of public funds. Mr. Wyatt expressed the hope that further productivity improvements, matched with reduced rebates, would make Port funds available for other projects the Port, ICTSI and unions would like to implement.

Mr. Wyatt commented on favorable news at the airport (PDX). Each month we continue to get an "up" forecast on travel and are undoubtedly going to hit a calendar year record in enplanements. We expect more than 15 million passengers for this year, and for the month of June, we are looking at close to a 6-percent year-on-year growth rate, which is remarkable. Stable fuel prices and a strong local economy are likely to mean continued growth.

Mr. Wyatt said that our own air carrier recruiting efforts have been successful. He said that we have great relationships with all the carrier network departments and when they have a few extra planes, Portland is one of the markets they like to further explore. He said that this is particularly so for Alaska Airlines, both with the 737 long-haul fleet and their Q400s.

Mr. Wyatt said that Virgin America is now offering three daily flights connecting PDX and San Francisco (SFO), effective August 1. Virgin also recently celebrated their one-year anniversary at PDX, serving 222,000 travelers in its first year. Mr. Wyatt said that this fall, a time when carriers are usually scaling back their service, we will see some additions. He said that seasonal flights are being extended all-year to Bellingham, Santa Barbara and Detroit. He noted that Delta is also launching four daily flights to LAX beginning in September, and Alaska is adding new destinations to Dallas September 16, and Reno and Tucson in November.

Mr. Wyatt said that SeaPort Airlines is celebrating its fifth anniversary, which is an accomplishment since most carriers operating with small planes are not experiencing the growth story in the airline industry.

Mr. Wyatt noted the tragic Asiana crash at SFO. He said that PDX experienced a few diversions and cancellations as well as two international flights that were diverted (London and Frankfurt).

Mr. Wyatt said that there was some protest activity involving Matheson Ground Handling Service, who manages our Asiana air cargo flight. Matheson is a contractor with the U.S. Postal Service and is the target of protests from the union representing the Postal Service. He said that the protest disrupted one of the Asiana flights.

Mr. Wyatt said that USA Today named PDX's Stanford's Restaurant one of the 10 best airport restaurants.

Mr. Wyatt said that we have created a new gate at Terminal 5 to support the expansion of Columbia Grain. He said that Columbia Grain is fully engaged in the expansion plans they have to increase the capacity of the grain terminal, and the additional gate helps avoid conflict between the various labor groups who are doing the work on the terminal.

Mr. Wyatt said that we expect to handle our two-millionth Hyundai car through Portland this month at the Auto Warehousing facility at Terminal 6. He said that we are in the process of expanding the terminal, which will accommodate both greater import and export volumes.

Mr. Wyatt noted that for those who look forward to this event every year, the Hillsboro Air Show will run from July 26 through 28.

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

CONSENT AGENDA

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

Agenda Item No. 1

EASEMENT SALE – APPROXIMATELY 1.41 ACRES – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is granted to sell a 1.41-acre easement to Metro for the development of a multi-purpose trail on the south bank of the Columbia River, 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.

Following the reading of the title of the Consent Agenda by Commissioner Carter, Commissioner Tsuruta moved that the Executive Director's recommendations be approved and Commissioner Chamberlain seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Tsuruta voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 2

GROUND LEASE – APPROXIMATELY 26.4 ACRES WITH OPTION ON APPROXIMATELY 17.17 ACRES – PORTLAND INTERNATIONAL CENTER

This agenda item requested approval to lease approximately 26.4 acres of land and to grant an option on approximately 17.17 acres of land in Portland International Center to PDX Logistics I, LLC, a Delaware limited liability company. PDX Logistics I, LLC, will develop multi-tenant warehouses and distribution facilities, consisting of potentially three or four separate buildings, totaling approximately 850,000 square feet in two phases. PDX Logistics I, LLC's, members are PCCP, LLC, a real estate finance and investment management firm, and Capstone Partners, LLC, a local development company. The properties are located adjacent to Alderwood Road and Mt. St. Helens Road.

Teresa Carr presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a ground lease for approximately 26.27 acres at Portland International Center and to enter into an option agreement for approximately 17.17 acres to PDX Logistics I, LLC, for development of a logistics facility, consistent with the terms presented to the Commission; and

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

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

Agenda Item No. 3

COLLECTIVE BARGAINING AGREEMENT – PARKING CONTROL REPRESENTATIVES – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested the approval of a two-year collective bargaining agreement between the Port of Portland and the American Federation of State, County and Municipal Employees, Local 3220, representing the nine employees who are Parking Control Representatives at Portland International Airport.

Blaise Lamphier presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter in a collective bargaining agreement with the American Federation of State, County and Municipal Employees, Local 3220, at Portland International Airport, for a two-year agreement, retroactive to July 1, 2013, setting forth wages, fringe benefits and working conditions, consistent with the terms presented to the Port of Portland Commission; and

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

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

Agenda Item No. 4

COLLECTIVE BARGAINING AGREEMENT – AVIATION MAINTENANCE

This agenda item requested the approval of a four-year collective bargaining agreement between the Port of Portland and the District Council of Trade Unions (Unions), comprised of the Laborers International Union of North America, Local 483 and the International Brotherhood of Electrical Workers, Local 48. The Unions represent 91 employees who perform maintenance work at the Portland International, Hillsboro and Troutdale Airports.

Blaise Lamphier presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter in a collective bargaining agreement with the District Council of Trade Unions, comprised of LiUNA Local 483 and IBEW Local 48, for a four-year agreement, retroactive to July 1, 2013, setting forth wages, fringe benefits and working conditions, consistent with the terms presented to the Port of Portland Commission; and

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

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

Agenda Item No. 5

PUBLIC IMPROVEMENT CONTRACT – CENTRAL UTILITY PLANT – 15KV SWITCH GEAR UPGRADE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a public improvement contract to Electric Construction Company for the Central Utility Plant Switch Gear Upgrade project at Portland International Airport for a contract value of \$1,901,901.90.

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

BE IT RESOLVED, That approval is given to award a public improvement contract for the Central Utility Plant 15kV Switch Gear Upgrade project at Portland International Airport to Electric Construction Company, in accordance with its bid; and

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

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

Agenda Item No. 6

PUBLIC IMPROVEMENT CONTRACT – ENTRANCE ROAD REHABILITATION – TERMINAL 4

This agenda item requested approval to award a public improvement contract to Nutter Corporation for the Entrance Road Rehabilitation project at Terminal 4 for a contract value of \$878,160.22.

Dave Dittmer presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to award a public improvement contract for the Entrance Road Rehabilitation project at Terminal 4 to Nutter Corporation, in accordance with its bid; and

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

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

Agenda Item No. 7LEASE AMENDMENT – KINDER MORGAN DOME AND RAIL SCALE PROJECTS –
TERMINAL 4

This agenda item requested approval to enter into a First Amendment to the 2012 Amended and Restated Ground Lease with Kinder Morgan Operating L.P. "C" for expansion of the current 7.67 acres leasehold adjacent to Berth 410/411 at the Port of Portland's Terminal 4.

Debra Crawford presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a First Amendment to the 2012 Amended and Restated Ground Lease with Kinder Morgan Operating L.P. "C" at Port of Portland's Terminal 4, consistent with the terms presented to the Commission; and

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

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

The meeting adjourned at 10:20 a.m.

President

Assistant Secretary

Date Signed

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

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