

MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
June 10, 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; Mary Olson; Paul Rosenbaum and Bill Thorndike. Also present were Bill Wyatt, executive director; participating staff members; and members of the public.

Commissioner Johansen noted agenda item No. 6 had been revised; the term of the collective bargaining agreement with the International Association of Fire Fighters, Local 43, is three years and nine months, not four years as noted in the executive summary.

LEAVE OF ABSENCE

Commissioner Johansen called for a motion to grant a leave of absence to Commissioner Holte, as he was out of town. Commissioner Olson 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, Olson, Rosenbaum and Thorndike voted in favor of the motion.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of May 13, 2009. Commissioner Olson moved to approve the minutes. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt acknowledged the new Port employees in the audience. He also recognized Michael Powell and Sam Naito, who were in attendance, for their contributions to the Port's concessions program.

Mr. Wyatt said the City of Portland adopted, on a five to zero vote, support of the intergovernmental agreement to annex West Hayden Island. He said this has the potential for conflict and contention, but he believes the five –zero vote is a good sign and largely the result of the positive response the Council has had to the Airport Futures Planning Advisory Group.

Mr. Wyatt said the State Legislature has adopted a transportation package to begin investing in new transportation projects, not just maintenance projects, and the Port will be beneficiaries of some significant resources. He said the package includes funding for a major interchange at I-84 and 257th Avenue and access to Troutdale Reynolds Industrial Park. Mr. Wyatt said the Legislature adopted another \$100 million for Connect Oregon, and the Port has been in the past

a 20-percent recipient of those resources. Mr. Wyatt said the Port has also done very well with stimulus funding packages. He said we now have the complete funding in place to finish the Channel Deepening project.

Mr. Wyatt said the various construction projects underway at the Port today are all going very well, on time and very close to budget. While the business challenges remain, he believes we can see the bottom and we are no longer in a free fall that was so alarming in winter and early spring. Mr. Wyatt said in spite of the economy, Air Canada will begin non-stop service to Calgary and Alaska Airlines will begin new non-stop service to Maui. He noted the Port, along with our airline partners, will be conducting a pretty aggressive campaign about the value of air service in the community and a subtle reminder that now is a great time to fly.

Mr. Wyatt noted the Commission approved the transfer of the Mulino airport to the State of Oregon a few years ago and we expect the transfer to be completed by the end of the month.

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

GENERAL DISCUSSION

Aviation Tenant Environmental Excellence Awards

Steve Schreiber presented the Aviation Tenant Environmental Excellence Awards to the Oregon Air National Guard and Alaska Airlines for their environmental leadership and commitment. He said the Port has invested significant resources in meeting its own Environmental Goals and Objectives and recognizes the management, support, commitment and resources that are necessary to implement proactive environmental programs.

The award to the Oregon Air National Guard was presented in the category of Environmental Management for their outstanding contribution to the wildlife hazard management program at PDX. Lt. Colonel Mike Bieniewicz, Senior Master Sergeant Vern Loftis and Airman First Class Brandy Bell accepted the award on behalf of the Oregon Air National Guard.

The award to Alaska Airlines was presented in the category of Environmental Management to recognize the teamwork and leadership they have demonstrated while representing air carriers on the PDX Deicing System Enhancement project. Mookie Patel, Manager, Airport Affairs Corporate Real Estate; Amy Fuller-Lyman, Manager, Environmental Projects; and Geri Parrish, Station Supervisor, accepted the award on behalf of Alaska Airlines.

Portland International Airport Futures Update

Commissioner Johansen thanked Commissioner Olson for taking on the significant Commission-representative role in the Airport Futures project. She said this is an incredible commitment of time and effort and the Commission is grateful for all her hard work.

Commissioner Olson noted that the Planning Advisory Group (PAG) is an important process. She said it is a very interesting and informative journey for both the airport and members of the team, as well as for her personally. Commissioner Olson agreed that the time commitment is significant. She said the Airport Futures team has been involved in 162 meetings, and the PAG itself, which is made up of 30 individuals from government agencies, citizen groups, airlines,

and users, is scheduled to have 21 meetings. She said in addition to the PAG meetings, these 30 people have committed themselves to be on subcommittees, which means even more meetings. Commissioner Olson said the outreach on this project has been as extensive as she has seen during her eight years on the Commission and she wants to applaud the incredible staff.

Chris Corich, manager of planning and noise, presented an update of the Airport Futures project. Mr. Corich said the project started with a 2000 City-Port joint resolution to create a long-range development plan for PDX through 2035. Mr. Corich said we are halfway through the three-year planning process. He said they have completed the forecasts and facility requirements that inform the long-term development plan for PDX. Mr. Corich noted they are just beginning discussions about airport development layouts, the City's land use plan and an ongoing public involvement process for PDX that will follow Airport Futures. Mr. Corich discussed the Airport Master Plan and provided a brief overview of the airport facility alternatives being considered.

Jay Sugnet, project lead for the City of Portland, provided an update of the land use plan. He said the City of Portland's role is to look broadly at how the airport interacts with the City of Portland and the region as a whole. He said the City recognizes that the airport is an economic driver for the region, but it also has regional impacts. Mr. Sugnet discussed the key findings to date and key policy questions such as: what are the plan district boundaries; what is the appropriate building envelope; how does the City address necessary amendments; and should the City expand the height and noise overlay to include a potential 3rd parallel runway.

Mr. Corich provided a brief overview of the ongoing Public Advisory Committee and the makeup of the 30-member body. He said the committee will raise public knowledge about airport issues, support meaningful public engagement and provide an opportunity to inform Port and City decision-making.

Dave Smith, Vice Chair of the PAG, said the Commission is up to speed on the process, but noted that one thing that sometimes gets overlooked is the "people process." He said PAG is effective and working because the right people were chosen and they have devoted their time to both PAG and the subcommittees. He said after lively discussions, the PAG reaches consensus and moves forward. He said it is a great group and the Commission should be proud of the work they do.

Alesia Reese, a member of the Airport Futures Group, said she has encountered a wide variety of public involvement, and the experiences provided through Airport Futures has been unique. She said the participants are knowledgeable and professional and the staff support and leadership has been outstanding. She said the work is hard, but also engaging, meaningful and work that counts.

John Weigant, a member of the Airport Futures Group, said he usually appears before the Commission to comment that the public process has been weak, but he said he is here today to congratulate the Commission for designing a very good public involvement process which is taking the group where they need to be and in directions that would not have happened in past times. Mr. Weigant said the Port is showing remarkable leadership with respect to the emerging concept of sustainable airports. He said the world is changing and it is hard to shift paradigms, but the Port is starting a new way of thinking. He said Port staff has done a superb job from top to bottom. Mr. Weigant thanked the Commission for trusting the citizens to help design a better airport for the future.

ACTION ITEMS

Agenda Item No. 1

CONCESSION LEASES AND EXTENSIONS – POWELL’S BOOKS, REAL MOTHER GOOSE AND MADE IN OREGON – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to extend the terms of three leases with three Oregon Market retailers: Powell’s Books, Real Mother Goose and Made In Oregon, and to enter into a new lease with Naito Corporation for a new Made In Oregon location on Concourse D at the Portland International Airport.

Scott Kilgo presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to extend the lease terms for three Oregon Market retailers: Powell’s Books, Real Mother Goose and Made In Oregon, and to enter into a new Lease with Naito Corporation for a new Made In Oregon location on Concourse D at the 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.

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

Agenda Items No. 2 and 3

CONCESSION LEASE EXTENSION – PANDA EXPRESS, INC. – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to extend the term and increase the rent for the Port of Portland’s concession lease with Panda Express, Inc, at the Portland International Airport.

Scott Kilgo presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to award a concession lease amendment to extend the term and increase the rent for the lease with Panda Express, Inc., 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.

CONCESSION LEASE EXTENSIONS – SANDOVAL’S MEXICAN RESTAURANTS, INC. – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to extend the term for two concessions leases with Sandoval’s Mexican Restaurants, Inc., at the Portland International Airport.

BE IT RESOLVED, That approval is given to award a concession lease extension for two leases with Sandoval's Mexican Restaurants, Inc., 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

Commissioner Daggett 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, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Items No. 4 and 5

CONCESSION LEASE – ELEPHANTS DELICATESSEN – PORTLAND INTERNATIONAL AIRPORT.

This agenda item requested approval to enter into a concession lease with Rhine & Tanzer, Inc., Assumed Business Name, Elephants Delicatessen, for a delicatessen at the Portland International Airport.

Scott Kilgo presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter a concession lease with Rhine & Tanzer, Inc., Assumed Business Name (abn) Elephants Delicatessen, 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.

CONCESSION LEASE – BEACHES RESTAURANT & BAR – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to enter into a concession lease with Beaches PDX for development of a Beaches Restaurant & Bar at the Portland International Airport.

BE IT RESOLVED, That approval is given to enter a concession lease with Beaches PDX, Inc., 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

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

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Agenda Item No. 6

COLLECTIVE BARGAINING AGREEMENT – AVIATION FIRE DEPARTMENT

This agenda item requested approval of a new three year and nine month collective bargaining agreement between the Port of Portland and the International Association of Fire Fighters, Local 43.

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

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the International Association of Fire Fighters, Local 43, for a term of approximately three years and nine months, retroactive to October 1, 2008, setting forth wages, fringe benefits and working conditions for the employees in the Aviation Fire Department, 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 Allen moved that the Executive Director's recommendations be approved. Commissioner Olson seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 7

ADOPTION OF DISPARITY STUDY; IMPLEMENTATION OF RECOMMENDATIONS

This agenda item requested adoption of the Disparity Study that was completed for the Port of Portland by MGT of America, Inc., and requested approval to implement selected recommendations of the Study.

Rhonnda Parsons-Edmiston presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Commission adopts the Disparity Study for its intended purpose, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to implement the Disparity Study's recommendations through appropriate policies and actions, consistent with the terms presented to the Commission.

Commissioner Rosenbaum 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, Olson, Rosenbaum and Thorndike voted in favor of the motion.

Agenda Item No. 8

APPROVAL OF SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2008-09

This agenda item requested approval of a Supplemental Budget for Fiscal Year 2008-09 to cover appropriations for the following situations, which were not foreseen at the time the budget was adopted: increased debt service costs on the Port of Portland Series 19 Airport Revenue Bonds, establishing a cash-funded Senior Lien Bond Reserve Account in the amount of

\$16,867,490 upon issuance of the Series 18 and Series 19 Bonds, and setting an appropriation for a new division, Development Services and Information Technology.

Suzanne Kenny presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That in accordance with Oregon Revised Statute 294.480, the Board of Commissioners of the Port of Portland finds the need to make a Supplemental Budget to adjust appropriations within the Airport Revenue Bond Fund, the Airport Revenue Fund and the Airport Construction Fund to cover the increased debt service costs on the Port of Portland Series 19 Bonds, and establish the Senior Lien Bond Reserve for the amount of deposits upon issuance of the Series 18 and Series 19 Bonds, and to adjust appropriations within the General Fund to provide for the new division of Development Services and Information Technology, conditions that were unforeseen at the time of adoption of the Fiscal Year 2008-09 Budget; and

BE IT FURTHER RESOLVED, That the amounts shown in Exhibit A, incorporated by this reference, are hereby appropriated for Fiscal Year 2008-09; and

BE IT FURTHER RESOLVED, That the Budget Officer is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel

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

The meeting adjourned at 10:47 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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