

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
June 9, 2010**

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 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; Jim Carter; Steve Corey; Diana Daggett; and Bruce Holte. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

Commissioner Johansen welcomed the new Port employees in the audience.

LEAVE OF ABSENCE

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

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt welcomed the new Port employees. He noted that he, along with Commissioners Carter and Holte, participated in the Governor's trade mission to Asia. He said the trip was eventful and worthwhile even though the Governor was not able to attend due to a health issue which prevented him from flying. Mr. Wyatt said the trip was very successful for the Port's interests. He said that they met with several current and potential ocean carriers and they had an opportunity to meet with the Delta offices in Tokyo, Seoul, Shanghai and Hong Kong.

Mr. Wyatt said that at their last official meeting, the Airport Futures Planning Advisory Group (PAG) voted unanimously to adopt the Airport Futures package to be submitted for approval to the Portland Planning Commission, Portland City Council and the Port Commission. He said the package includes a Portland International Airport (PDX) Master Plan update, a City Plan District for PDX, three intergovernmental agreements outlining ongoing commitments and a PAG report. Mr. Wyatt said the consensus recommendation is a testament to the nearly three years of collaborative work of the Port, City, community and a diverse 30-member PAG. Mr. Wyatt said the PAG participated in numerous stakeholder and public meetings over the course of the project and thanked them for volunteering their time. He said it is unfortunate that Mary Olson is not present today because she has been doggedly determined and engaged in the process and it has been an extraordinary commitment of time and energy on her part to make this happen. Mr. Wyatt thanked Port staff for their efforts as well; he said it was an extraordinary undertaking and quite a moment.

Mr. Wyatt said Delta Air Lines has announced their commitment to fly both the Amsterdam and Tokyo routes in the winter schedule. Mr. Wyatt said Continental announced it will be launching seasonal nonstop service to Anchorage June through September. He said the flight is timed to

bring travelers over Portland from Anchorage to Continental's hub in Newark. Mr. Wyatt said Horizon Air will begin new service between Bellingham and Portland on a seasonal basis, flying June through August.

Mr. Wyatt said the new long-term parking garage is performing well and our total system revenues are above last year despite the flat passenger activity.

Mr. Wyatt noted the major capital projects at PDX, including Baggage Screening, Deicing Collection System and North Runway Extension, are tracking on schedule and on budget.

Mr. Wyatt said a community open house was held at the new headquarters on June 6 and it was a huge success. He said about 500 people came out to see and experience our new space.

Mr. Wyatt said we do not hear much about Terminal 4, but thanks to a Connect Oregon grant from the State of Oregon, we are installing a pipeline system to the dock which will allow us to more effectively handle bulk liquid cargoes. He said Terminal 4 is our oldest terminal and over the course of the last decade, it has experienced a complete rebirth. It is very exciting to see the changes that have occurred and the positive impact on the local economy.

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

ACTION ITEMS

Agenda Item No. 1

EXTENSION OF THE WEST HAYDEN ISLAND INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PORTLAND

This agenda item requested approval of an amendment to an Intergovernmental Agreement (IGA) with the City of Portland for planning services to complete a West Hayden Island plan district and annexation proposal. The amendment increases payment to the City for reimbursement of planning costs in an amount not to exceed \$322,000 and extends the IGA for one year.

Susie Lahsene presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the intergovernmental agreement with the City of Portland be amended to provide additional funding of up to \$322,000 and extended to July 30, 2011, for planning services for West Hayden Island, including the development of a plan district in preparation for annexation and adoption of City Comprehensive Plan and zoning designations; 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 said he appreciates the priority from the Port's perspective of development of West Hayden Island for marine industrial use. He asked if his understanding was correct that we would stop the investment or terminate the working group if this use was not the outcome.

Ms. Lahsene said the Port's intent is to discontinue funding of the intergovernmental agreement if the objectives we are interested in are not achievable. Commissioner Carter asked if this would prevent us from moving forward on a plan to develop the area for marine purposes. Ms. Lahsene said it would be difficult for the Port to develop the property for marine industrial uses if we do not receive approval from both the Community Working Group and City Council. Without annexation, we would not be able to develop the property for our intended purposes.

Commissioner Holte thanked Ms. Lahsene and Port staff. He said this has been a big challenge and the Community Working Group has been a great group. Commissioner Holte said he feels it is extremely important that the annexation moves forward.

Eric Engstrom, Principal Planner with the City of Portland's Bureau of Planning and Sustainability (BPS), acknowledged the work that the Port has done on the project. He said it would be an understatement to say people have strong feelings about West Hayden Island and what happens there, and it is within that context that the Community Working Group is operating and the reason Mayor Adams asked BPS to lead the management of consultant work and background studies. He said it has been a very collaborative process and they are encouraged by that approach. Mr. Engstrom said BPS has a long-term interest in continuing to work collaboratively with the Port. He said his bureau also has a responsibility to help manage the long-term land supply for industrial operations within the City of Portland. The Port has worked closely with them to identify ways to achieve that.

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

Agenda Item No. 2

AIRLINE LEASE AND OPERATING AGREEMENT FOR PASSENGER AND CARGO AIRLINES AT PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval of a new five-year Passenger Operating and Lease Agreement and Cargo Operating and Lease Agreement for airlines operating at Portland International Airport. The existing Signatory Agreements will terminate on June 30, 2010.

Chris Madsen presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into Signatory Passenger Lease and Operating Agreements and Signatory Cargo Carrier Operating Agreements with the airlines serving Portland International Airport; 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 legal counsel.

Commissioner Carter said the agreement represents a thoughtful compromise and staff has done a nice job of maintaining the Port's ability to market and develop strategic markets. He said for a company like Nike, this is critical and the international service is important to his business.

Commissioner Johansen said several of the Commissioners, either in Task Force, Commission officers' meeting, or separately, have had the opportunity to interact with staff and airline representatives about the agreement and it is clear that everyone shares a common objective of having a viable and sustainable business enterprise where the airlines can thrive.

Mark Berg, Senior Attorney and Director of Corporate Real Estate for Alaska Airlines and Horizon Air, appeared before the Commission on behalf of Ed White, Vice President of Corporate Real Estate, who was unable to attend the meeting due to a medical emergency. Mr. Berg said he was asked to read into the record a statement regarding airport costs, which was prepared by Mr. White. Exhibit A.

Commissioner Johansen said she thinks the lease agreement and Mr. Schreiber's representations reflect the Commission's desire that these collaborative discussions continue. She said Mr. White can be assured that the Commission takes this very seriously; they do not take lightly the concerns the airlines have about costs and staff will continue to work with the airlines. She said Mr. Schreiber gave examples of benefits to the airlines more generous than those in the existing agreement, which is strong evidence of the sincerity with which Port staff approaches this issue. She thanked Mr. Berg for the comments on behalf of Mr. White and said he could be assured that the Port Commission cares very much about the viability of all the airlines.

Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Daggett, Holte and Johansen voted in favor of the motion. Commissioner Corey was not present for the vote.

Agenda Item No. 3

SECOND READING AND EMERGENCY ADOPTION OF ORDINANCE NO. 433-R REGARDING CERTAIN RENTS, FEES AND OTHER CHARGES AND REGULATING THE USE OF FACILITIES AND SERVICES AT THE PORTLAND INTERNATIONAL AIRPORT

This agenda item requested a second reading and emergency adoption of proposed Port of Portland (Port) Ordinance No. 433-R regarding certain rates, charges, and fees and regulating the use of Portland International Airport (PDX) by commercial airlines that are not party to a lease and operating agreement with the Port (signatory agreement).

The existing signatory agreements will terminate on June 30, 2010, and a new agreement or an Ordinance must be in place by July 1, 2010, for airlines to continue to operate at PDX. A Port ordinance becomes effective the 30th day after it is adopted, unless declared an emergency ordinance which may take effect upon adoption. Staff recommends emergency adoption of Ordinance 433-R to avoid a nine-day gap between the expiration of the current signatory agreements and the July 9 effective date of Port Ordinance 433-R. The Port may not receive executed signatory agreements prior to expiration of the current agreements.

Vince Granato read Ordinance 433-R by title only.

Vince Granato presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That Port of Portland Ordinance No. 433-R in the form presented to Commission, be given a second reading by title only; and

BE IT FURTHER RESOLVED, That Port of Portland Ordinance 433-R be adopted under an emergency process and be made effective July 1, 2010, to ensure that a legal framework remains continuously in place to impose rent, fees and other charges and to regulate the use of facilities and services at the Portland International Airport by air carriers that have not signed an agreement with the Port; and

BE IT FURTHER RESOLVED, That Ordinance 433-R be enacted by a roll-call vote.

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

Agenda Item No. 4

SERVICE CONTRACTS – CONSTRUCTION INSPECTION AND PROJECT SUPPORT TEMPORARY PERSONNEL AS REQUIRED

This agenda item requested approval of two service contracts with URS Corporation and Hatch Mott MacDonald, LLC for temporary staffing as needed for construction support services. The contracts are for a period of three years from the date of the contracts and are designed to be administered on the basis of task orders, with no task order to exceed the amount of \$250,000.

Tom Peterson presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award service contracts to URS Corporation and Hatch Mott MacDonald, LLC, for temporary personnel as required, consistent with their proposals; 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, Carter, Daggett, Holte and Johansen voted in favor of the motion. Commissioner Corey was not present for the vote.

Agenda Item No. 5

CONSTRUCTION CONTRACT AMENDMENT – NORTH RUNWAY EXTENSION, PHASE 2 – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to amend the construction contract with Nutter Corporation for Phase 2 construction work of the North Runway Extension project at Portland International Airport to complete the rehabilitation of Taxiway A.

George Seaman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to amend the existing construction contract with Nutter Corporation for the North Runway Extension Phase 2 Project, 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 Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Carter, Daggett, Holte and Johansen voted in favor of the motion. Commissioners Bragdon and Corey were not present for the vote.

The meeting adjourned at 10:53 a.m.

President

Assistant Secretary

Date Signed

A complete 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.