



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
March 9, 2011
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – February 9, 2011
Approval of Minutes: Special Commission Meeting – February 23, 2011

Executive Director

Approval of Executive Director's Report – February 2011

General Discussion

Terminal 6 Commencement of Operations *DAN PIPPENGER*

Consent Item

1. PROPERTY SALE – WAUD BLUFF PARCEL – SWAN ISLAND INDUSTRIAL PARK *DEBRA CRAWFORD*

Requests approval to sell approximately .94 acres of vacant real property to the City of Portland Parks and Recreation.

Action Items

2. AIRCRAFT HANGAR LEASE – FLIGHTCRAFT, INC. – PORTLAND INTERNATIONAL AIRPORT *WILLIE WILCOXEN*

Requests approval of a new lease with Flightcraft, Inc., for an aircraft hangar at Portland International Airport.
3. PUBLIC HEARING AND EMERGENCY ENACTMENT OF ORDINANCE NO. 437-B TO ISSUE PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS, SERIES TWENTY-ONE *SUGIE JOSEPH*

Requests approval of Ordinance No. 437-B to authorize the sale of Portland International Airport Refunding Revenue Bonds, Series Twenty-one.

Public Hearing

Ordinance No. 437-B to Issue Portland International Airport Revenue Bonds, Series Twenty-one *SUGIE JOSEPH*

PROPERTY SALE – WAUD BLUFF PARCEL – SWAN ISLAND INDUSTRIAL PARK

March 9, 2011

Presented by: Debra Crawford
Property Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to sell approximately .94 acres of vacant real property (Property), known as the Swan Island Waud Bluff parcel, to the City of Portland (City).

BACKGROUND

The Property is a .94-acre parcel of vacant land within the Swan Island Industrial Park, on the hillside above the east bank of the Willamette River, located between the terminus of North Basin Avenue and the southern boundary of the University of Portland campus, in the area known as Waud Bluff. The Port of Portland (Port) acquired the property in 1958 from Multnomah County as part of a larger acquisition of land in the Mock's Bottom area of Swan Island.

The Property is not currently generating any revenue for the Port, provides no waterfront access and is not of strategic value to the Port. Opportunity for development as an income producing property or for productive industrial use is not feasible due to its small size, steep slope, lack of roadway connection and easement restrictions. Selling the Property would remove Port property management, environmental oversight, and potential responsibilities associated with a public use trail in this area.

The Property is being sold "As is, Where is" to the City for a sale price of \$18,835 and no brokerage commission will be payable. The sale would be welcomed by community supporters for the construction by City Parks and Recreation of the Waud Bluff Trail as a key link for North Portland neighborhoods to Swan Island and the future North Willamette Greenway Trail system.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to sell approximately .94 acres of real property known as Swan Island Industrial Park Waud Bluff Parcel to the City 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.

AIRCRAFT HANGAR LEASE – FLIGHTCRAFT, INC. – PORTLAND INTERNATIONAL AIRPORT

March 9, 2011

Presented by: Willie Wilcoxon
Leasing Manager
Aviation Business and Properties**EXECUTIVE SUMMARY**

This agenda item requests approval of a new lease with Flightcraft, Inc., for an aircraft hangar at Portland International Airport (PDX).

BACKGROUND

Flightcraft, Inc., is a Fixed Base Operator that has operated at PDX since 1948. Flightcraft provides a wide range of necessary services to the business and corporate class aircraft customers visiting or based at PDX. These services include fueling, maintenance, charter services, flight management, ground support and aircraft storage. Flightcraft constructed a new maintenance hangar in 2001 so the primary use for the hangar that will be leased under this new lease agreement, will be for aircraft storage and office space.

In 2000, the Port of Portland entered into a five-year agreement structured with five, one-year options to extend, based on Master Plan projections that the area might be being needed for airport expansion during this period of time. The recent Master Plan Update and current passenger forecasts indicate the area will not be needed for airport development during the next 20 years.

The new lease includes the following material terms:

Term: 15 years; with five, one-year options exercised upon mutual agreement.

Rent:

- Hangar Rental Rate: 27,368 square feet at \$8.00 per square foot per year (\$218,944)
- Parking Rental Rate: 14,152 square feet at \$0.82 per square foot per year (\$11,604)
- Land Rental Rate: 6,913 square feet at \$0.62 per square foot per year (\$4,286)

Rental Adjustments: Hangar rental rates will adjust annually, based on changes in the Consumer Price Index; land and parking rental rates will adjust every three years based on changes in the fair market rental rate.

Maintenance: Flightcraft will be responsible for all maintenance and associated operating costs of the hangar/land and parking area.

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Capital Improvements: Based on a recent physical needs assessment, the Port and Flightcraft have identified several building system components that will need to be replaced in the hangar during the term of this new lease. Flightcraft will be responsible for all such improvements with an estimated cost of \$800,000 to \$1 million.

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 new hangar lease with Flightcraft, Inc., at Portland International Airport, based on the terms and conditions described herein; 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 EMERGENCY ENACTMENT OF ORDINANCE NO. 437-B TO ISSUE PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS, SERIES TWENTY-ONE

March 9, 2011

Presented by: Sugie S. Joseph
Senior Manager
Financial Analysis & Projects

EXECUTIVE SUMMARY

This agenda item requests approval of Ordinance No. 437-B to authorize the sale of Portland International Airport Refunding Revenue Bonds, Series Twenty-one. Up to \$102 million aggregate principal amount of bonds may be issued to refund outstanding airport revenue bonds, pay costs of issuance and to fund certain reserves.

BACKGROUND

Portland International Airport Revenue Bonds, Series Fifteen are airport revenue bonds that were issued to refund Series Fourteen bonds. The current market favors refunding Portland International Airport Revenue Bonds, Series Fifteen for lower interest rates, which will result in savings for the Port of Portland (Port). This will reduce the financial impact to the airlines over the long term.

Under current economic conditions, the Port can save money by refunding all of the Series 15A and 15B Bonds, and the Series 15D bonds maturing in years 2012 through 2018. Because it is not economic for the Port to refund the Series 15D bonds maturing after 2018, the Port currently anticipates refunding \$59,145,000 of the \$87.14 million bonds outstanding. We estimate the present value savings to be in the range of \$2.7 million dollars for that amount of refunding. Current market conditions show the Series Twenty-one refunding bonds could price at approximately 3.5 percent, although rates will change between approval of the ordinance and the actual date of pricing.

As previously discussed, the savings that the Port can achieve are subject to market fluctuations. With interest rates being particularly volatile and having increased in recent months, we would like to execute this financing as soon as possible to lock in debt service savings. For the Port to execute this transaction expediently, the Port must declare an emergency in the Ordinance to authorize the sale of revenue bonds to refund Series Fifteen. The Port would monitor the savings achieved at the time of pricing and determine if the savings would warrant refunding.

Declaration of an Emergency

Section 6 of Ordinance No. 437-B, declares an emergency upon execution. This is being requested due to the materially higher interest rate the Port is now paying on the outstanding bonds and the need to issue the Refunding Bonds as quickly as possible to reduce the debt service costs for the Airport. As such, the Ordinance will take effect immediately upon enactment.

PUBLIC HEARING AND EMERGENCY ENACTMENT OF ORDINANCE NO. 437-B TO ISSUE
PORTLAND INTERNATIONAL AIRPORT REFUNDING REVENUE BONDS, SERIES
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Participants in the Transaction

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

- Goldman Sachs & Co. and Bank of America Merrill Lynch are the co-senior managing investment bankers.
- The Bank of New York Mellon Trust Company, N.A., is the Trustee.
- Orrick Herrington & Sutcliffe LLP is bond counsel to the Port.
- Ricondo & Associates, Inc., is the Airport Consultant.
- Standard & Poor's is the rating agency.
- Seattle-Northwest Securities Corporation 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:

1. That approval is given to enact Ordinance No. 437-B to issue Series Twenty-one Refunding Revenue Bonds and to declare an emergency so that the Ordinance will take effect upon enactment; and
2. That proposed Ordinance No. 437-B be read by title only; and
3. That a public hearing be held prior to adopting Ordinance No. 437-B in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and
4. That proposed Ordinance No. 437-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 and deliver all the necessary bond documents on behalf of the Port of Portland Commission in a form approved by counsel.

**ORDINANCE NO. 437-B
OF
THE PORT OF PORTLAND**

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE IN ONE OR MORE SERIES OF NOT MORE THAN \$102,000,000 AGGREGATE PRINCIPAL AMOUNT OF PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS TO REFUND OUTSTANDING PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS AND TO PAY COSTS OF ISSUING 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; AND DECLARING AN EMERGENCY.

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 Refunding Revenue Bonds, Series Twenty-One, in one or more series (collectively, the "Series Twenty-One Bonds") to refund all or a portion of the outstanding Portland International Airport Refunding Revenue Bonds, Series Fifteen (collectively, the "Refunded Bonds"), to pay costs of issuing the Series Twenty-One Bonds, to fund certain reserves, if necessary, and for any other lawful purposes of the Port; and

WHEREAS, the Series Twenty-One Bonds will be issued pursuant to Section 10 of Ordinance No. 323, enacted October 9, 1985, as amended and restated thereafter and 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. 437-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:

“Code” means the United States Internal Revenue Code of 1986 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 of the Port or the Director of Financial & Administrative Services and Chief Financial Officer of the Port and each designee of the Executive Director as provided in Section 3.

“Outstanding” refers to any Series Twenty-One Bonds that have been issued and delivered under this Ordinance except:

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

“Refunded Bonds” means, collectively, The Port of Portland, Oregon Portland International Airport Refunding Revenue Bonds, Series Fifteen A, Series Fifteen B and Series Fifteen D, which are refunded with the proceeds of the Series Twenty-One Bonds.

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

“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 \$102,000,000 aggregate principal amount of Portland International Airport Refunding Revenue Bonds (i) to refund all or a portion of the Refunded Bonds, (ii) to make a deposit to the SLB Reserve

Account, if necessary, (iii) to pay other costs related to the refunding of the Refunded Bonds and costs of issuing the Series Twenty-One Bonds, and (iv) for any other lawful purposes of the Port. The Series Twenty-One 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-One 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-One 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 or the Director of Financial & Administrative Services and Chief Financial Officer of the Port and the designee of the Executive Director (each of whom is referred to in this Ordinance as an “Executive Director”) are each 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-One Bonds, to:

3.1 Sell and issue the Series Twenty-One 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-One Bonds.

3.3 Issue one or more series of Series Twenty-One Bonds to commercial banks or other lenders to provide interim financing for the refunding of the Refunded Bonds, use the proceeds of the Series Twenty-One Bonds to refund the Refunded Bonds, and issue additional refunding bonds to refund such Series Twenty-One Bonds.

3.4 Establish the final series designations, principal amounts, maturity schedules, interest rates or methods of determining interest rates, sale prices, optional and mandatory redemption provisions, notice provisions, payment terms and dates, record dates and other terms for the Series Twenty-One Bonds of each series; provide for the Series Twenty-One 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-One 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-One 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 declarations and supplemental actions specifying the terms under which the Series Twenty-One Bonds are issued, the form of the Series Twenty-One Bonds and the administrative provisions that apply to the Series Twenty-One Bonds. These documents may contain additional covenants for the benefit of the owners of the Series Twenty-One Bonds, providers of Credit Facilities for the Series Twenty-One Bonds, if any, and providers of any reserve sureties.

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

3.10 Provide that a portion of the Series Twenty-One Bonds bear interest that is includable in gross income for federal income tax purposes.

3.11 Execute and deliver one or more escrow deposit agreements, appoint one or more verification agents, and take any actions that are required to call, refund or defease all or any portion of the Port's outstanding Refunded Bonds.

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

3.13 Obtain any necessary consents or approvals from Financial Guaranty Insurance Company, the bond insurer for the Refunded Bonds, or its successors and assigns, in connection with the refunding of the Refunded Bonds or the issuance of the Series Twenty-One Bonds.

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

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

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

3.17 Execute and deliver any other documents and take any other action in connection with the Series Twenty-One 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 Subordinate 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-One 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.

(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 and Series Twenty, 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-One 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-One Bonds, if any, shall be treated as Owners of the Series Twenty-One 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-One 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.

Section 6. Emergency.

6.1 Because of rapidly changing market conditions and because the current rate of interest being borne by the Refunded Bonds is higher than the rate the Port expects to obtain on the Series Twenty-One Bonds, and issuing the Series Twenty-One Bonds as quickly as possible will reduce the debt service costs to the Airport, an emergency is hereby declared to exist and this Ordinance shall take effect immediately upon its enactment.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on March 9, 2011, and signed by its President.

THE PORT OF PORTLAND

President

Approved as to Form:

Orrick, Herrington & Sutcliffe LLP
Bond Counsel