



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
March 12, 2014
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – February 12, 2014

Executive Director

Approval of Executive Director's Report – February 2014

General Discussion

Portland International Airport Community Advisory Committee
Annual Report

VINCE GRANATO
STACEY TRIPLETT
MIKE SLOAN

Consent Items

1. CHANGE IN DESIGNATION OF THE PORT OF PORTLAND'S REGISTERED AGENT
Requests approval to designate Dan Blaufus as the Port of Portland's registered agent. *DAN BLAUFUS*

2. APPOINTMENT AND DESIGNATION OF ASSISTANT SECRETARIES
Requests approval of the appointment Dan Blaufus as Commission Assistant Secretary. *DAN BLAUFUS*

3. APPOINTMENT AND DESIGNATION OF ASSISTANT TREASURERS
Requests approval of the appointment Cheryl Arpan as Commission Assistant Treasurer. *TATIANA STAROSTINA*

Action Items

4. ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 449-B TO AMEND PORT ORDINANCE NO. 323, AS AMENDED, TO COMBINE CERTAIN ACCOUNTS IN THE SUBORDINATE LIEN BOND FUND INTO ONE ACCOUNT AND MAKE OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING *TATIANA STAROSTINA*

Requests approval of Port of Portland Ordinance No. 449-B to amend Port Ordinance No. 323, as amended, to provide that the Subordinate Lien Bond (SLB) Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account within the SLB Fund are combined into one account.

5. PROCUREMENT OF IDENTITY MANAGEMENT SYSTEM –
REPLACE ACCESS CONTROL SYSTEM PROJECT –
PORTLAND INTERNATIONAL AIRPORT

GEORGE SEAMAN

Requests approval to award a contract for the procurement of an identity management system for the Replace Access Control System project at Portland International Airport.

6. LEASE AMENDMENT – DAIMLER TRUCKS NORTH AMERICA
LLC – SWAN ISLAND INDUSTRIAL PARK

WILLIE WILCOXEN

Requests approval to amend Daimler Trucks North America LLC's current lease with the Port of Portland.

7. LEASE OF AUTO LOADING FACILITY – TERMINAL 6

LORALI REYNOLDS

Requests approval of an updated lease with BNSF Railway Company and Union Pacific Railroad Company for the Terminal 6 Berth 607 rail ramp.

CHANGE IN DESIGNATION OF THE PORT OF PORTLAND'S REGISTERED AGENT

March 12, 2014

Presented by: Dan Blaufus
General Counsel**REQUESTED COMMISSION ACTION**

This agenda item requests approval to designate Dan Blaufus as the Port of Portland's (Port) registered agent.

BACKGROUND

Chapter 198 of the Oregon Revised Statutes (ORS) requires special districts, including ports, to designate a registered office and a registered agent to accept service of process, notice or demand required or permitted by law to be served upon the district. Changes to registered agent designations must be made by filing in the office of the Oregon Secretary of State and with the county clerk in each county where located. Currently, the Port's registered agent is its acting General Counsel, Ian Whitlock.

Dan Blaufus was hired as the Port's new General Counsel and it is appropriate to change the designation of the Port's registered agent. Pursuant to ORS 198.340(2)(e), this change requires Commission action. The Port's registered office is current and will remain the same.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Dan Blaufus, General Counsel, is designated as the Port of Portland's registered agent for purposes of accepting service of any process, notice or demand required or permitted by law to be served upon the district, effective March 12, 2014; and

BE IT FURTHER RESOLVED, That all previous registered agent designations be rescinded; 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.

APPOINTMENT AND DESIGNATION OF ASSISTANT SECRETARIES

March 12, 2014

Presented by: Dan Blaufus
General Counsel**REQUESTED COMMISSION ACTION**

This agenda item requests approval of the appointment of Dan Blaufus as a Port of Portland (Port) Commission Assistant Secretary.

Assistant Secretaries are authorized to execute certain documents on behalf of the Port. In lieu of the Commission Secretary, the Commission typically has appointed the holders of the following positions as Assistant Secretaries: the Executive Director, Chief Financial Officer, Executive Assistant, General Counsel and Executive Administrative Supervisor. This agenda item seeks to add Dan Blaufus, General Counsel, to those designated as Assistant Secretaries.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That effective March 12, 2014, Bill Wyatt, Cynthia A. Nichol, Pamela Thompson, Dan Blaufus and Elise Neibert are designated Assistant Secretaries of the Port of Portland Commission and shall perform such functions and duties as the Commission shall authorize from time to time; and

BE IT FURTHER RESOLVED, That all previous Assistant Secretary designations be rescinded.

APPOINTMENT AND DESIGNATION OF ASSISTANT TREASURERS

March 12, 2014

Presented by: Tatiana Starostina
Senior Manager
Financial Analysis and Projects**REQUESTED COMMISSION ACTION**

This agenda item requests an update to the individuals designated as Assistant Treasurers under Commission Policy 6.2.01. Since the last update in August 2012, the incumbent Risk Manager, which is a position appointed as an Assistant Treasurer, has retired and been replaced by Cheryl Arpan. Per the Policy, the Commission shall appoint Assistant Treasurers by resolution.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That effective March 12, 2014, Bill Wyatt, Cynthia A. Nichol, Robert A. Burket, Tatiana Starostina, Suzanne M. Kenny and Cheryl Arpan are designated Assistant Treasurers of the Port of Portland Commission and shall perform such functions and duties as the Commission shall authorize from time to time; and

BE IT FURTHER RESOLVED, That all previous Assistant Treasurer designations be rescinded.

ENACTMENT OF ORDINANCE NO. 449-B TO AMEND ORDINANCE NO. 323, AS AMENDED, OF THE PORT OF PORTLAND TO COMBINE CERTAIN ACCOUNTS IN THE SUBORDINATE LIEN BOND FUND INTO ONE ACCOUNT; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING

March 12, 2014

Presented by: Tatiana Starostina
Senior Manager
Financial Analysis and Projects

REQUESTED COMMISSION ACTION

This agenda item requests approval of Port of Portland (Port) Ordinance No. 449-B to amend Port Ordinance No. 323, as amended, to provide that the Subordinate Lien Bond (SLB) Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account within the SLB Fund are combined into one account.

BACKGROUND

Taken together, Ordinance Nos. 155 and 323 (including amendments) (together Bond Ordinances) set out the financial structure for Portland International Airport (PDX) bonds.

Section 6 of Ordinance No. 323 created a special trust fund of the Port referred to as the "SLB Fund" for administering the Port's various SLB payments. It also established the following accounts within this fund to be maintained by the SLB Trustee:

- SLB Interest Account
- SLB Serial Bond Principal Account
- SLB Term Bond Principal Account
- SLB Reserve Account

Section 7 of Ordinance No. 323 establishes an order of priority of depositing funds into these accounts in case the available funds are not sufficient to pay all the amounts due to the Trustee in connection with the PDX bonds. During recent negotiations with the Port's letter of credit banks for the Series 18 bonds, they raised legal concerns that Section 7 may be interpreted as giving priority to Serial Bond holders under certain circumstances. The Port's intent under Ordinance No. 323 is to have parity between SLB Serial and Term bonds. In order to eliminate possible ambiguity in interpretation of Section 7 of Ordinance No. 323, the Port's Financial Advisor and Bond Counsel recommended an amendment to Ordinance No. 323 to combine the SLB principal and interest accounts into one account.

Amendments to the Port's Bond Ordinances generally require consent of holders of no less than sixty-six and two thirds per cent of the principal amount of the outstanding bonds, swap providers and surety providers.

ENACTMENT OF ORDINANCE NO. 449-B TO AMEND ORDINANCE NO. 323, AS AMENDED, OF THE PORT OF PORTLAND TO COMBINE CERTAIN ACCOUNTS IN THE SUBORDINATE LIEN BOND FUND INTO ONE ACCOUNT; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING

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Pursuant to the ordinances authorizing the Port's Airport Revenue Bonds, Series 19, Series 20 and Series 21, the Port reserved the right to amend Ordinance No. 323 without consent of the holders of these bonds for the purpose of combining the SLB Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account into one account within the SLB Fund.

U.S. Bank National Association and Wells Fargo Bank, National Association, as the current letter of credit providers for the Series 18 Bonds, are authorized to consent to this amendment on behalf of Series 18 holders. Both banks indicated that they will consent to Ordinance 449-B.

Ordinance No. 449-B will be effective subject to receiving formal consent of the letter of credit providers, the swap providers, Goldman Sachs, JP Morgan and Bank of America Merrill Lynch, and the surety provider, Financial Guaranty Insurance Company.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following ordinance be adopted by the following resolutions:

BE IT RESOLVED, That Port of Portland Ordinance No. 449-B, in the form presented to the Port of Portland Commission, be read by title only; and

BE IT FURTHER RESOLVED, That proposed Port of Portland Ordinance No. 449-B, in the form presented to the Port of Portland 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. 449-B

AN ORDINANCE AMENDING ORDINANCE NO. 323 OF THE PORT AND THE CERTIFICATE OF THE EXECUTIVE DIRECTOR FOR THE SERIES EIGHTEEN BONDS, EACH AS PREVIOUSLY AMENDED AND RESTATED FROM TIME TO TIME, TO COMBINE CERTAIN ACCOUNTS IN THE SLB FUND INTO ONE ACCOUNT; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

BE IT ENACTED BY THE PORT OF PORTLAND:

Section 1. Purpose. This Ordinance is enacted to amend Ordinance No. 323 of the Port and the Certificate of the Executive Director with respect to the Series Eighteen Bonds (as defined herein), to provide that certain accounts within the SLB Fund are combined into one account.

Section 2. Authorization of Amendments to Ordinance No. 323 and the Certificate of the Executive Director. Ordinance No. 323 may be amended pursuant to Section 12 thereof and Section 20 of Ordinance No. 155. Pursuant to the ordinances authorizing the Port's Airport Revenue Bonds, Series Nineteen, Series Twenty and Series Twenty-One, the Port may amend Ordinance No. 323 without consent of the holders of such Airport Revenue Bonds for the purpose of combining the SLB Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account into one account within the SLB Fund. Such combined account is hereby referred to as the "SLB Principal and Interest Account." U.S. Bank National Association and Wells Fargo Bank, National Association, as the current letter of credit providers for the Series Eighteen Bonds, are authorized pursuant to Section 5.02(B) of the Certificate of the Executive Director to consent to this amendment on behalf of holders of such Series Eighteen Bonds.

Pursuant to Section 7.01 of the Certificate of the Executive Director, such Certificate of the Executive Director may be amended in the same manner as amendments are made to Ordinance No. 323.

Section 3. Definitions. The following capitalized terms used in this Ordinance have the meanings specifically assigned below, unless the context clearly requires otherwise. Capitalized terms not specifically defined below shall have the meanings assigned to such terms in Ordinance No. 323, unless the context clearly requires otherwise.

a. "Certificate of the Executive Director" means the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Port's Portland International Airport Refunding Revenue Bonds, Series Eighteen.

b. "Ordinance" means this Ordinance, providing the terms under which Ordinance No. 323 is amended, together with any ordinances supplemental or amendatory thereto.

c. “Ordinance No. 323” or “SLB Ordinance” means Ordinance No. 323, enacted October 9, 1985, as amended and restated thereafter and hereafter from time to time.

d. “SLB Principal and Interest Account” means the SLB Principal and Interest Account in the SLB Fund created under Section 4 of this Ordinance.

Section 4. Condition to Effectiveness of Amendments. The amendments to Ordinance No. 323 set forth in Sections 5, 6, 7 and 8 hereof shall not become effective until the Port has received all required consents, including any required consents from the Port’s letter of credit providers, interest rate swap providers and surety bond providers.

Section 5. Amendments to Section 2 of Ordinance No. 323. The definition “SLB Interest Account” is hereby deleted from Section 2 of Ordinance No. 323.

Section 6. Amendments to Section 6 of Ordinance No. 323. Section 6 of Ordinance No. 323 (entitled “Bond Fund”) is hereby amended and restated as follows (additions shown in **bold underline** format and deletions shown in ~~striketrough~~ format for convenience):

a. Clause c. of Section 6 is hereby amended and restated in its entirety as follows:

c. The SLB Trustee shall maintain a separate account in the SLB Fund to be known as the “SLB **Principal and** Interest Account.” So long as the Port remains obligated to make payments on Subordinate Lien Bonds or Qualified Swaps:

(1) In the case of Subordinate Lien Bonds and any Qualified Swap for which interest or Scheduled Swap Obligations are due semi-annually, or less frequently, on the first business day of each month, commencing with the month which follows the month in which the first series of Subordinate Lien Bonds are issued under this SLB Ordinance, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB **Principal and** Interest Account: (i) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which an installment of interest falls due on the Subordinate Lien Bonds, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB **Principal and** Interest Account to pay interest on Subordinate Lien Bonds, or scheduled to be deposited therein pursuant to a Capitalized Interest Certificate, will equal the installment of interest falling due on the Subordinate Lien Bonds on such interest payment date; plus (ii) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which a Scheduled Swap Obligation is due, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB **Principal and** Interest Account and available to pay Scheduled Swap Obligations, will equal those Scheduled Swap Obligations on that payment date.

(2) In the case of all Subordinate Lien Bonds and any Qualified Swap for which interest or Scheduled Swap Obligations are due more frequently than semi-annually; on the business day immediately preceding each interest payment date for such Subordinate Lien Bonds and each payment date for that Scheduled Swap Obligation, commencing with the month which follows the month in which the first series of Subordinate Lien Bonds are issued under this SLB Ordinance, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB **Principal and Interest** Account: (i) an amount that, together with any other moneys previously deposited and available in the SLB **Principal and Interest** Account to pay interest on Subordinate Lien Bonds, will equal the installment of interest falling due on the next succeeding interest payment date for those Subordinate Lien Bonds; plus (ii) an amount that, together with moneys previously deposited and available in the SLB **Principal and Interest** Account to pay Scheduled Swap Obligations, will equal the Scheduled Swap Obligations due on the next succeeding payment date for such Scheduled Swap Obligations.

(3) Accrued interest received on the sale of Subordinate Lien Bonds, payments received by the Port under an agreement to enter into a Qualified Swap, as described in clause (4) of the definition of "SLB Debt Service Requirement," and any regularly scheduled payment that is received by the Port (or the SLB Trustee on behalf of the Port) from a Qualified Swap Provider under a Qualified Swap that exceeds the amount paid by the Port, shall promptly be deposited in the SLB **Principal and Interest** Account.

(4) If, at any time, the amounts in the SLB **Principal and Interest** Account are not sufficient to pay all interest payments on Subordinate Lien Bonds and Scheduled Swap Obligations that are then due, the SLB Trustee shall apply amounts in the SLB **Principal and Interest** Account to pay, on a pro rata basis, interest on Subordinate Lien Bonds and any amounts due in respect of Scheduled Swap Obligations.

b. Clause d. of Section 6 is hereby amended and restated in its entirety as follows:

d. ~~The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the "SLB Serial Bond Principal Account."~~ On the first business day of each month, so long as any Subordinate Lien Bonds are Outstanding, commencing with the month which is twelve (12) months prior to the first principal payment of any Subordinate Bond maturing serially **or the date on which Subordinate Lien Bonds are subject to mandatory redemption**, the Port shall pay to the SLB Trustee, from moneys in the General Account for deposit in the SLB ~~Serial Bond Principal~~ **and Interest** Account, an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which principal, if any, on the Subordinate Lien Bonds maturing serially becomes due and payable **or the next date upon which Subordinate Lien Term Bonds are subject to mandatory redemption (excluding any principal due as Excess Principal)**, the aggregate of the amounts on deposit in this account will equal the amount of ~~serially maturing~~ principal on such Subordinate Lien Bonds on such principal payment date.

c. Clause e. of Section 6 is hereby amended and restated in its entirety as follows:

e. ~~**[Reserved]** The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the "SLB Term Bond Principal Account." On the first business day of each month, so long as any Subordinate Lien Bonds are Outstanding, commencing with the month which is twelve (12) months prior to the date on which Subordinate Lien Bonds are subject to mandatory redemption, the Port shall pay to the SLB Trustee, from moneys in the General Account for deposit in the SLB Term Bond Principal Account, an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which Subordinate Lien Term Bonds are subject to mandatory redemption (excluding any principal due as Excess Principal), the aggregate of such amounts will equal the amount of Term Bond principal due by mandatory redemption.~~

d. Clause f. of Section 6 is hereby amended and restated in its entirety as follows:

f. The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the "SLB Reserve Account." The Port shall pay to the SLB Trustee, from Revenues in the General Account or from Subordinate Lien Bond proceeds, for deposit in the SLB Reserve Account, moneys sufficient to fund the SLB Reserve Fund Requirement, in accordance with the schedule provided in each ordinance authorizing issuance of a series of Subordinate Lien Bonds. Except as provided below in this paragraph, moneys in the SLB Reserve Account shall be used only to pay principal of, interest, and any premium on, Subordinate Lien Bonds and Scheduled Swap Obligations, and only when moneys in the SLB Principal and Interest Account, ~~SLB Serial Bond Principal Account, and SLB Term Bond Principal Account~~ are insufficient for such purposes. In the event that the balance in the SLB Reserve Account is reduced below the SLB Reserve Requirement, then on the first business day of each month, the Port shall pay to the SLB Trustee from Revenues in the General Account for deposit in the SLB Reserve Account, an amount equal to twenty percent (20%) of the amounts required to be paid to the SLB Trustee on that day, pursuant to the preceding three paragraphs of this Section, until there is on deposit in the SLB Reserve Account an amount equal to the SLB Reserve Fund Requirement. If the amounts on deposit in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, and there is no deficiency in any other account in the SLB Fund, the SLB Trustee shall, upon written request of the Port, disburse the excess to the Port for deposit in the General Account.

e. Clause g. of Section 6 is hereby amended and restated in its entirety as follows:

g. Moneys in the SLB Fund shall be invested and reinvested, to the extent reasonable and practicable by the SLB Trustee, and at the direction of the Port, in Investment Securities which are legal investments for the Port under the laws of the State of Oregon. Such investments shall mature on, or prior to, the date on which moneys are required to be disbursed from the SLB Fund. All earnings on the SLB Fund which are subject to rebate to the federal government shall be accounted for separately, in accordance with instructions to the Trustee by the Port and shall be transferred at convenient intervals to the Port for deposit in the Rebate Account. All earnings on the

SLB Fund not credited to the Rebate Account shall be credited to the SLB Reserve Account, unless and until there is on credit to said account, an amount equal to the SLB Reserve Requirement on all Subordinate Lien Bonds then Outstanding, in which event such earnings shall be credited to the SLB Principal and Interest Account, ~~the SLB Serial Bond Principal Account, the SLB Term Bond Principal Account, or any combination thereof as the Port may determine.~~ The SLB Trustee shall notify the Port of the availability of earnings for credit to such accounts, so that the Port, when making the payments to the SLB Trustee required by this Section, may adjust its payments for the earnings credited to such accounts.

Section 7. Amendments to Section 7 of Ordinance No. 323. Section 7 of Ordinance No. 323 (entitled “Order of Payment; Priority of Claim”) is hereby amended and restated as follows (additions shown in bold underline format and deletions shown in ~~strikethrough~~ format for convenience):

Order of Payment; Priority of Claim. All moneys to be paid to the SLB Trustee by the Port from the General Account in any month, under the provisions of this SLB Ordinance, shall be paid before any other amounts are paid in that month for any other purpose. In the event amounts in the General Account are insufficient to pay the amounts due under the SLB Ordinance on the date that such amounts are to be paid, all moneys then existing in the General Account, and all moneys subsequently available for deposit in the General Account, shall be immediately transferred to the SLB Trustee for deposit to the deficient accounts in the SLB Fund and no moneys from the General Account shall be disbursed for any other purpose until all payments then due hereunder have been made. If such an insufficiency occurs, the SLB Trustee shall deposit the moneys it receives to the following accounts, in the following order of priority:

FIRST: to the SLB Principal and Interest Account, until all required deposits to that account have been made;

~~SECOND: to the SLB Serial Bond Principal Account, until all required deposits to that account have been made;~~

~~THIRD: to the SLB Term Bond Principal Account, until all required deposits to that account have been made;~~

SECOND-FOURTH: to the SLB Reserve Account, until all required deposits to that account have been made; and,

~~THIRD-FIFTH:~~ to the Port for deposit in the JLO Fund, until all required deposits to that fund have been made.

Section 8. Amendment to Section 8 of Ordinance No. 323. Section 8 of Ordinance No. 323 (entitled “SLB Construction Account”) is hereby amended and restated as follows (additions shown in bold underline format and deletions shown in ~~strikethrough~~ format for convenience):

(a) There is hereby created a separate account in the Construction Fund which shall be designated as the “Subordinate Lien Revenue Bond Construction Account,” which is referred to herein as the “SLB Construction Account.” Moneys

credited to the SLB Construction Account shall be accounted for separately from other moneys of the Port, and shall be applied solely for the purposes listed in Section 3 hereof, or the payment of Subordinate Lien Bonds and Scheduled Swap Obligations.

The Port shall transfer moneys in the SLB Construction Account to the SLB Trustee for deposit in the SLB **Principal and Interest** Account in accordance with the schedule contained in the Capitalized Interest Certificate. Other withdrawals of money on credit to the SLB Construction Account shall be made only in accordance with the applicable law and upon a written requisition for such payment signed by an officer or employee of the Port, in the same manner as provided for withdrawals of money from the Airport Construction Fund under Section 12 of Ordinance No. 155.

Section 9. Amendments to Certificate of the Executive Director.

References to the SLB Interest Account contained in the Certificate of the Executive Director shall be deemed references to the SLB Principal and Interest Account and references to the SLB Term Bond Principal Account contained in the Certificate of the Executive Director shall be deemed references to the SLB Principal and Interest Account.

Section 10. Section Headings; Table of Contents. The headings or titles of the several sections hereof, and any table of contents appended hereto or copies hereof, shall be solely for the convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Ordinance.

Section 11. Publication and Effectiveness of This Ordinance. 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 days after passage once in a newspaper of general circulation within the Port; and this Ordinance shall become effective thirty (30) days after enacted.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on March 12, 2014 and signed by its President on the same date.

THE PORT OF PORTLAND

President

Approved as to Form:

Orrick, Herrington & Sutcliffe LLP
Bond Counsel

PROCUREMENT OF IDENTITY MANAGEMENT SYSTEM – REPLACE ACCESS CONTROL SYSTEM PROJECT – PORTLAND INTERNATIONAL AIRPORT

March 12, 2014

Presented by: George Seaman
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a contract for the procurement of an identity management system for the Replace Access Control System project at Portland International Airport (PDX).

BACKGROUND

Transportation Security Administration (TSA) regulations require PDX to have security badging and access control systems that control access to the restricted areas of the airport. The current access control system at PDX is more than 20 years old and consists of hardware and software that have exceeded their useful lives and need to be replaced with current technology and best-practice processes to continue to meet TSA requirements.

The PDX access control security system restricts access to the secure areas of the terminal and airfield by a series of interwoven system operations that include identity management systems, badging operations, terminal building and airfield perimeter gate access control system hardware and software, closed-circuit television (CCTV) cameras and midfield security checkpoint guard facilities.

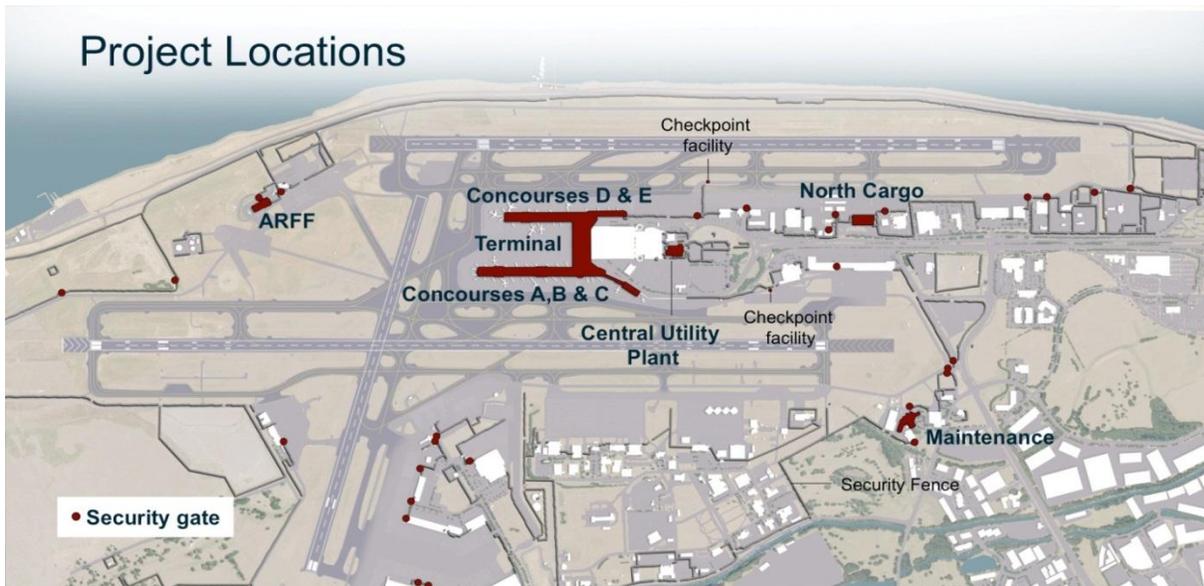
This project will upgrade all components of the PDX access control security system to incorporate the significant advances that have occurred in security system technology over recent years. The identity management and badging systems will incorporate a biometric identification and credentialing component to manage employee identities. These system upgrades will require updated computer-based training module development and the re-badging of more than 8,500 badge-holders at PDX.

The access control hardware and software will be upgraded at more than 350 doors at the terminal and support buildings at PDX. These upgraded door systems will include biometric identification at the boundaries between the public and restricted areas. Upgrades to the 25 perimeter gates will include replacement of the access control system, rebuilt gate hardware, implementation of fiber optic communications and improvements in lighting and CCTV coverage. Midfield checkpoint upgrades will improve access control, increase lighting, add CCTV cameras, improve traffic barriers and inspection facilities and improve the work environment for security staff.

PROCUREMENT OF IDENTITY MANAGEMENT SYSTEM – REPLACE ACCESS CONTROL SYSTEM PROJECT – PORTLAND INTERNATIONAL AIRPORT

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PROJECT OVERVIEW

In October 2013, the Port of Portland (Port) Commission approved an exemption from competitive bidding to select a construction manager/general contractor (CM/GC) for the Replace Access Control System project. A request for proposals was advertised in October 2013, and four construction firms responded: Fortis Construction, Inc.; G4S Technology LLC; JE Dunn Construction; and Hoffman Construction Company of Oregon (Hoffman).

A Port evaluation team that included a Port Commissioner reviewed the proposals. The voting members of the evaluation team determined that Hoffman is the most qualified proposer to act as the Port's CM/GC for the project. The following five criteria were considered during the evaluation: project management plan; qualifications and experience of key personnel; effective cost, schedule, quality control and safety plans; project fees and small business participation plan.

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Prior to the award of a public improvement contract to Hoffman for project construction, two other contracts will be awarded. The first is a preconstruction services contract, which the Port will award under delegated contracting authority. Under that contract Hoffman will work closely with the consultant design team throughout the design phase of the project. During this phase, Hoffman will implement small business participation plans, prepare construction cost estimates, provide value engineering analysis and constructability recommendations, develop phasing plans and schedules, analyze manpower and materials availability and make recommendations on potential early bid packages. Hoffman will be compensated on an hourly basis plus expenses for pre-construction services in an amount not to exceed \$79,300.

The second major project contract to be awarded before the public improvement contract for project construction is the identity management system procurement that is discussed below in this agenda item.

At the conclusion of the pre-construction services phase, staff will negotiate the public improvement contract for project construction with Hoffman. Provided that the Port and Hoffman agree on terms that are acceptable to the Port, the Port will seek Commission approval to award that contract to Hoffman later in 2014. The Port is not obligated to award the public improvement contract to Hoffman.

IDENTITY MANAGEMENT SYSTEM CONTRACT

The new identity management system (IDMS) will replace an 18-year-old Port-developed software program. The new system will utilize a biometric component to assist in verification of individual identification, improve badging operations by automating processes that are currently manual and will integrate with the new access control system.

A request for proposals to develop and implement an IDMS at PDX was advertised in October 2013. Four firms submitted proposals: Quantum Secure, Inc.; Alert Enterprise, Inc.; Intellisoft, Inc.; and GCR, Inc.

A Port evaluation team from the engineering, information technology and security departments reviewed the proposals and requested that Quantum Secure, Inc., demonstrate its proposed solution to the Port. Based on the proposals and the demonstration, the evaluation team concluded that Quantum Secure, Inc., is the most qualified firm to implement a new IDMS at PDX. The following five criteria were considered during the evaluation: qualifications and experience of key personnel; effective project approach and management of the work; functionality and technical design of the operating system; overall cost and system support; and maintenance requirements. Quantum Secure, Inc., satisfied all of the evaluation criteria. They provided a solid project plan, an experienced team who had successfully completed the IDMS installations at San Francisco International Airport and Phoenix Sky Harbor International Airport, and submitted a fair and reasonable overall project cost. The proposed Quantum Secure, Inc., contract amount is \$795,550.

PROCUREMENT OF IDENTITY MANAGEMENT SYSTEM – REPLACE ACCESS CONTROL SYSTEM PROJECT – PORTLAND INTERNATIONAL AIRPORT

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SCHEDULE

Conceptual Design	January 2013 – June 2013
Commission Action (Design)	October 2013
Design Development	November 2013 – December 2014
Commission Action (IDMS)	March 2014
Commission Action (CM/GC – Phase 1)	August 2014
Commission Action (CM/GC – Phase 2)	December 2014
IDMS Operational	March 2015
Construction	August 2014 – July 2016

Should the Port award the project public improvement contract to Hoffman, Commission approval will be requested for subsequent amendments as necessary to that contract as the design progresses, construction activities are required and the amount increases.

PROJECT RISKS

Risk: Security vulnerabilities during system transition.

Mitigation Strategy:

- Develop detailed phasing and transition plan utilizing strong communications with TSA and stakeholders.
- Perform factory acceptance test of new access control system prior to installation and start up.
- Rigorous commissioning process to verify system operations and communications with badging system and communications center.

Risk: Delays in IDMS installation could impact entire project schedule.

Mitigation Strategy:

- Early engagement with Quantum Secure, Inc., to allow completion of IDMS earlier than necessary for project implementation.
- Develop plans to re-badge the PDX employee population in less time than the currently planned six months.
- Rigorous tracking on software development milestones and immediate recovery plans for any slips.

PROCUREMENT OF IDENTITY MANAGEMENT SYSTEM – REPLACE ACCESS CONTROL SYSTEM PROJECT – PORTLAND INTERNATIONAL AIRPORT

March 12, 2014

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PROJECT BUDGET

CM/GC Contracts (preconstruction and public improvement)	\$24,880,000
Identity Management System	\$1,540,000
Design Contract	\$3,180,000
Port Staff/Contracted Services	\$6,465,000
Contingency	<u>\$6,080,000</u>
Total Project	\$42,145,000

The contingency, representing 14.4 percent of the project budget, is considered reasonable given the early stage of the project, the nature of the work and the risk profile for the project.

The project cost will be shared between the Airline Cost Center and the Port Cost Center, in accordance with the PDX Airline Agreement.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a contract to Quantum Secure, Inc., for the procurement of an identity management system for the Replace Access Control System project at Portland International Airport, in accordance with its proposal; 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.

LEASE AMENDMENT – DAIMLER TRUCKS NORTH AMERICA LLC – SWAN ISLAND INDUSTRIAL PARK

March 12, 2014

Presented by:

Willie Wilcoxon
Business Development Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend Daimler Trucks North America LLC's (Daimler) current lease with the Port of Portland (Port) in support of Daimler's development of a new corporate headquarters facility in the Swan Island Industrial Park. The proposed amendment would allow project construction to commence as soon as April 2014 rather than June 2015.

BACKGROUND

Port staff presented an agenda item to the Port Commission on October 9, 2013, that approved business terms to allow Daimler to develop a headquarters building in Portland by entering into a lease amendment and sale agreement. This approval solidified Daimler's presence in Portland through the consolidation of office space from several different locations within the Portland area, as well as relocating jobs from the company's office assets, land holdings and manufacturing facilities in North and South Carolina. The current headquarters construction estimate is \$150 million for a nine-level, 265,000-square-foot building and a four-level parking structure.

The retention and expansion of Daimler's long-term corporate headquarters in Portland represents a major economic development win for the Port, City of Portland and State of Oregon. Daimler employs approximately 2,000 people in the Portland area and expansion plans would add 350 high-wage jobs averaging approximately \$80,000 per year.

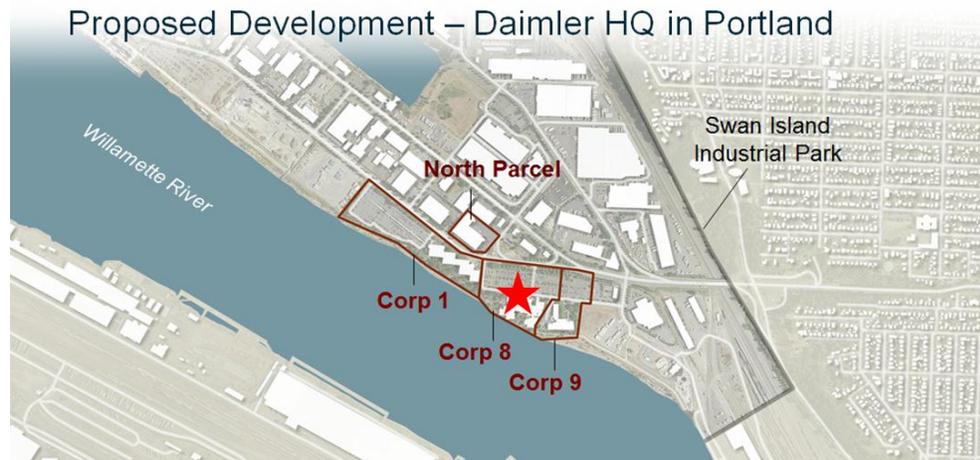
The new headquarters building will be financed and owned by a third party (Buyer) and leased back to Daimler. The following were key business terms that were brought forth and approved at the October 2013 Commission meeting.

- Partitioning the current leasehold with the City of Portland to create three different lots.
- Purchase options, timing and pricing of the various lots created.
- North parcel purchase to be used as surface parking by Daimler.
- Environmental indemnities to clarify roles and responsibilities of all parties.
- Port incentive: \$1.7 million towards the overall \$12-million public incentive of this development.

LEASE AMENDMENT – DAIMLER TRUCKS NORTH AMERICA LLC – SWAN ISLAND INDUSTRIAL PARK

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Daimler, with the assistance of the Port, has aggressively started partitioning the leasehold. This complex process is expected to take 12 to 18 months. Rather than waiting for the conclusion of the land partition to start construction, the parties would like to amend the ground lease to allow the project construction start date to commence as soon as April of this year. Specifically, the lease would be amended as follows:

- Amend Exhibit A of the Ground Lease to permit the Port to sub-divide the current leasehold into three separate parcels to enable Daimler to assign to its project financier the approximately 10-acre Corp 8 lot on which the new headquarters building will be located.
- Extend the Lease Term for the Corp 8 lot by 10 years to provide Daimler's financier an adequate leasehold interest to ensure favorable financing for the headquarters development.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into the lease amendment described herein with Daimler Trucks North America LLC to support its development plans on Swan Island Industrial Park, 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.

LEASE OF AUTO LOADING FACILITY – TERMINAL 6

March 12, 2014

Presented by: Lorali Reynolds
Property Manager
Business Dev. and Properties

REQUESTED COMMISSION ACTION

This agenda item requests approval of an updated lease with BNSF Railway Company and Union Pacific Railroad Company for the Terminal 6 Berth 607 rail ramp.

BACKGROUND

This property consists of approximately 5.44 acres and is used as the rail load-out facility for Honda import vehicles with 50 percent of the rent paid by each railroad. The leasehold has been leased by the railroads as a joint facility since 1978. The 1978 lease, which helped finance the initial improvements for the leasehold including the rail spur/yard, has expired and the two railroads currently occupy the property under a holdover month-to-month tenancy. A new facility lease will provide for ground rent at current rates and incorporate updated environmental and other lease provisions.

Leasehold



KEY BUSINESS TERMS

Initial Term:	7 years, 3 months – to coincide with current Honda lease term
Options:	Two, 5-year options
Lease Premises:	236,966 square feet (5.44 acres)
Initial Rent:	\$146,919 annually (\$0.62 per square foot)
Rent Adjustments:	Annually, based on Consumer Price Index

LEASE OF AUTO LOADING FACILITY – TERMINAL 6

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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to update the lease of 5.44 acres of property located in Terminal 6 to BNSF Railway Company and Union Pacific Railroad Company, 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.