



EXECUTIVE DIRECTOR'S REPORT
TO THE
PORT OF PORTLAND COMMISSION
FOR OCTOBER 2017

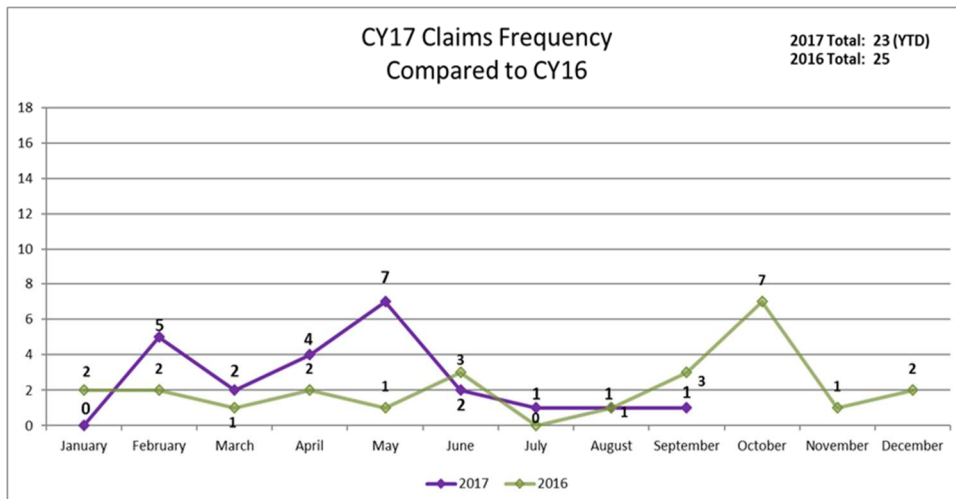
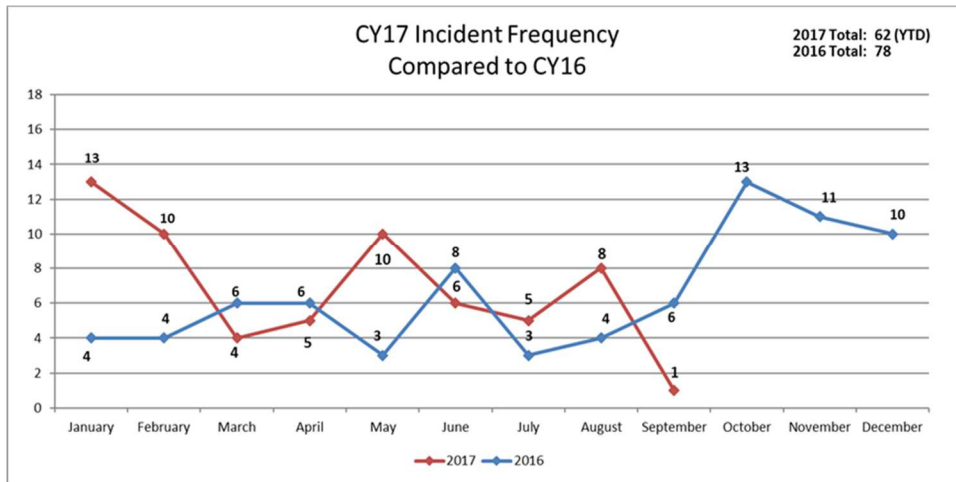
SAFETY REPORT

Port of Portland September 2017 safety performance resulted in a lower frequency of incidents and lower claims frequency compared to September 2016. There was one reported incident that resulted in a claim, but did not result in a recordable case.

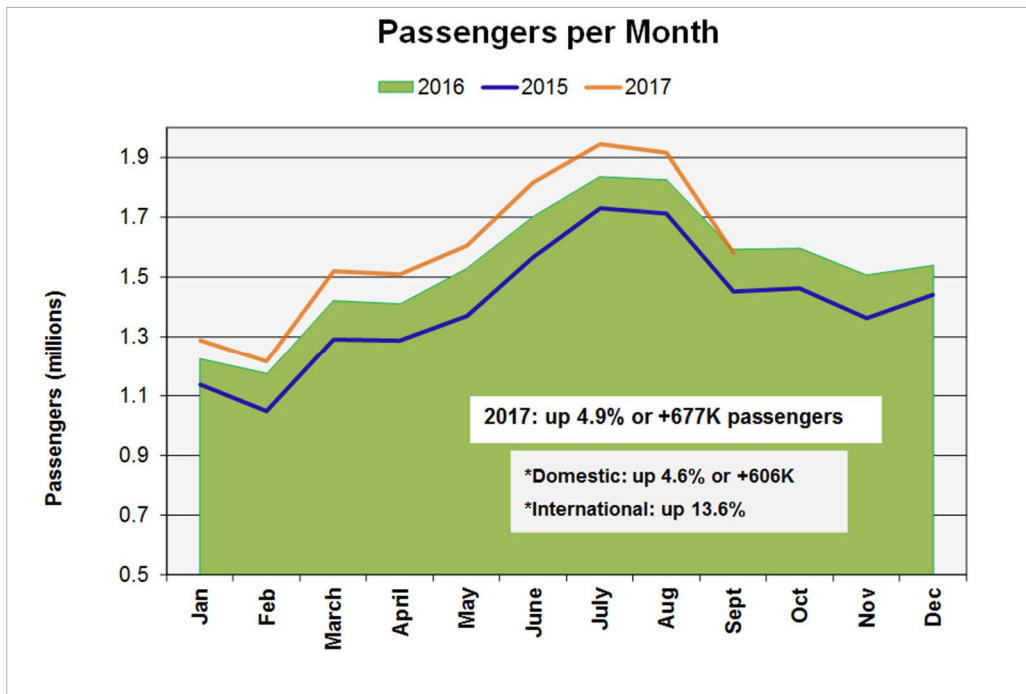
Monthly Report of Injury Incidents

Aviation

One non-recordable incident: Worker was washing a kitchen knife when the sponge slipped and the knife cut the worker's index finger.



AVIATION REPORT



	Month/Month % change	FYTD % change
	September	July-September
Passengers	-0.8%	3.7%
Concessions Revenue	6.8%	5.4%
Rental Car Revenue	-1.9%	4.6%
Parking Revenue	-2.4%	-0.2%

Passengers

After 32 months of positive passenger growth, September 2017 volumes decreased 0.8 percent compared to September 2016. This was primarily driven by a 28.0 percent decrease in Horizon Airlines flying due to continued cancellations from pilot shortages. The hurricanes in Texas and Florida also resulted in flight cancellations. Seat capacity increased 1.4 percent on a decrease in load factor of 1.8 points to 82.5.

Concessions Revenue

Combined terminal concessions operations reported a 6.8 percent, or \$86,000, rent increase on the month, against a 0.8 percent passenger decrease. Similar to prior months' performances, the rent increase for September is due primarily to 42.2 percent growth in the quick-serve category of food and beverage operations.

Rental Car Revenue

Rental car operations reflect a 4.6 percent, or \$338,000, rent increase year-to-date over last year, against a year-to-date enplanement increase of 3.6 percent through September. Much of this increase is due to the strong August performance reflective of rentals associated with the solar eclipse.

Parking Revenue by Lot

Public parking revenue decreased 2.4 percent compared to September 2016, and 0.2 percent year-to-date. Transactions decreased 4.5 percent, and the average noon parking occupancy decreased 1.6 percent compared to September 2016.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,417,919	-4.8%	-1.1%
Long-Term	\$1,662,607	-2.4%	-1.2%
Economy	\$1,832,580	-1.2%	0.4%
Valet	\$125,050	8.5%	16.9%
Total	\$5,038,156	-2.4%	-0.2%

Ground Transportation

Overall revenue increased 21.7 percent to \$483,980 in September 2017, compared to \$360,784 in September 2016. Fiscal year-to-date revenue is \$1,365,422. Transportation Network Company (TNC) revenue for September 2017 was \$295,336, which was a decrease of 7.9 percent from August 2017. Uber holds top market share at 61.0 percent of all TNC activity.

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total	Minus TNC
Sept 2016	26,313	43,702	152	9,142	2,130	28,659	110,098	66,396
Sept 2017	18,870	69,483	155	7,896	2,151	26,378	124,933	55,450
	-28.3%	59.0%	2.0%	-13.6%	1.0%	-8.0%	13.5%	-16.5%

Environmental Operations

The Port earned re-certification of its Environmental Management System from DQS, Inc., an independent third-party auditor. The audit verified that the Port's environmental management activities and supporting business practices meet the requirements of the internationally recognized ISO 14001:2015 Environmental Management System Standard. Certification provides assurance to Port management, staff and our stakeholders that the Port meets its environmental commitments, works continuously to improve environmental performance and is accountable for that performance. Certification also reflects the commitment to environmental stewardship demonstrated at every level of Port operations. The Port is the only consolidated Port authority in North America to achieve this certification across all of its operations.

CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to the Transportation Security Administration (TSA) for the Law Enforcement Officer (LEO) program in the amount of \$12,400, covering the August 2017 work period (Agreement No. HSTS0213HSLR647).

Staff submitted a reimbursement request to the TSA for the National Explosives Detection Canine Team program in the amount of \$87,180.65, covering the July and August work period (Agreement No. HSTS0216HNCP464).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$12,000.37, covering the August 2017 work period (Agreement No. GS150820LG).

Staff submitted a reimbursement request to the Federal Bureau of Investigation (FBI) for the PDX Regional Drug Organized Crime Task Force program in the amount of \$1,479, covering the August 2017 work period (Agreement No. 281C-PD-C2079840).

Staff submitted a reimbursement request to the FBI for the Joint Terrorism Task Force program in the amount of \$129.06, covering the August 2017 work period (Agreement No. 03-026).

Properties

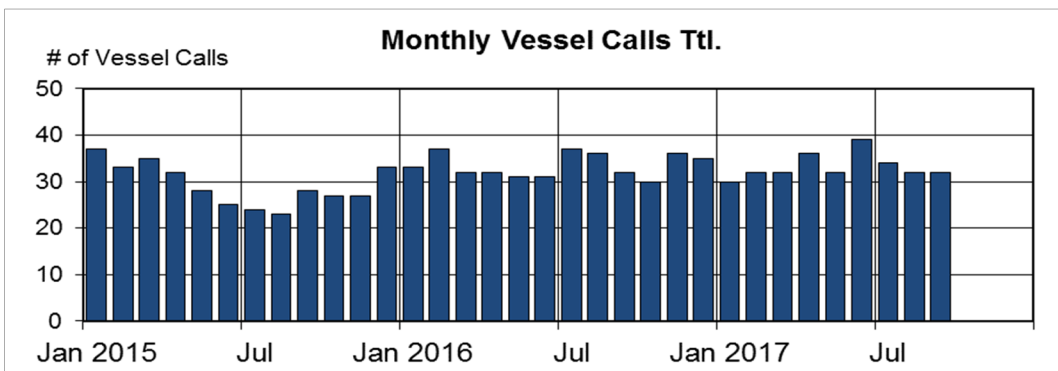
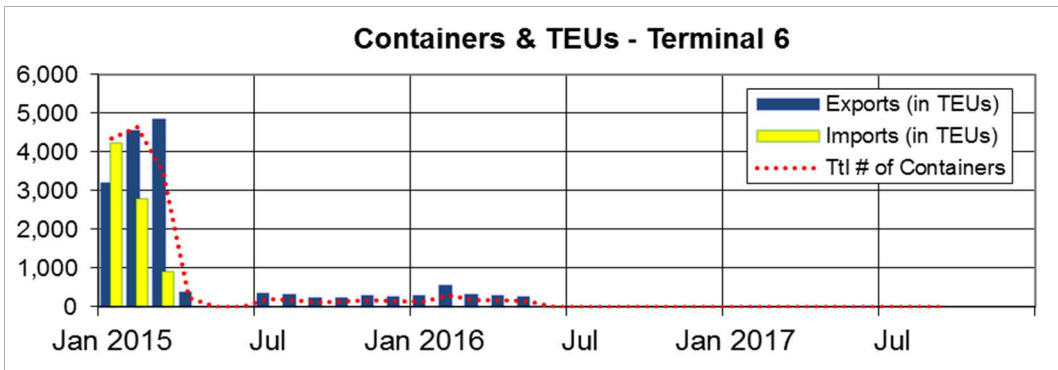
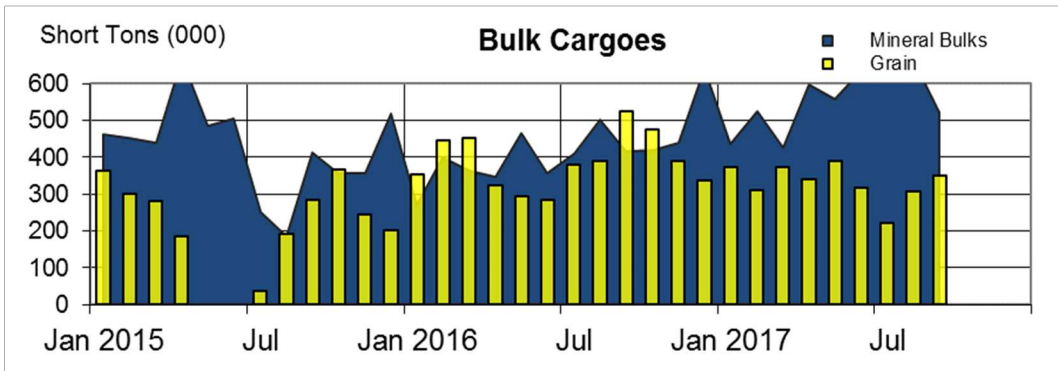
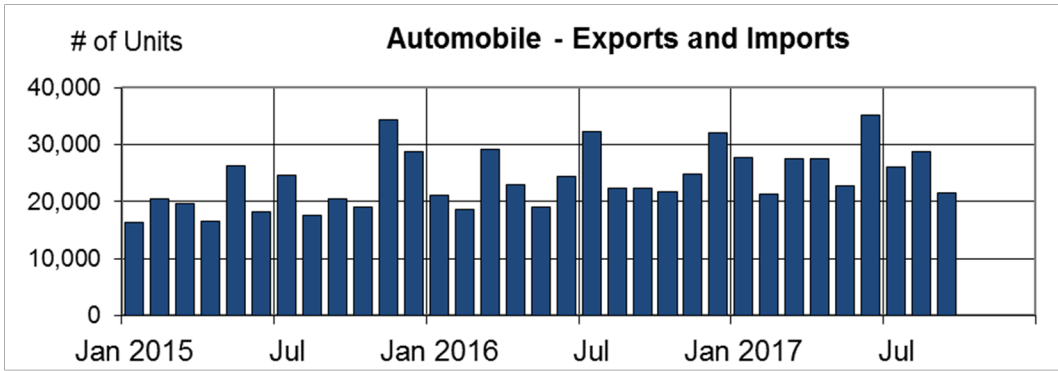
Staff submitted a reimbursement request to the Oregon Department of Transportation for the Graham/Swigert Road Jobs and Transportation Act program in the amount of \$50,208.01, covering the June 2017 work period (Agreement No. 28368).

Staff submitted a reimbursement request to Business Oregon for the Cully Park Parking Lot project in the amount of \$53,000 (Agreement No. RS1616).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

The figures in the table below show change relative to the prior year.

	<u>September 2017</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	-7.3%	5.4%
Containers (TEU)	--	-100.0%
Import Full Containers	--	--
Export Full Containers	--	--
Breakbulk	--	--
Autos	-2.9%	-0.5%
Mineral Bulk	25.4%	41.5%
Grain	-33.5%	-32.1%



PROJECT COMPLETION REPORT

The following construction contract, previously awarded by the Commission, has been completed:

Cargo Center Exterior Building Rehabilitation – PDX

Approved by Port Commission	August 12 2015
Contract Award Amount	\$1,799,158.00
Authorized Change Order Lines	\$145,942.45
Final Contract Amount	\$1,945,100.45

REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

Port of Portland – Seventh Amendment to Declaration of Development Rights and Limitations for Cascade Station

Location: Cascade Station

Term: Effective September 14, 2017

Use: Amendment 6: Documents related to the development of Parcel L as an office building.

Portland Development Commission – Fourth Amendment to Ground Lease

Location: Cascade Station

Term: Effective September 14, 2017

Use: Amendment No. 4: Documents relating to the development of Parcel L as an office building.

Daimler Trucks North America LLC – Third Amendment to Sale Agreement

Location: Swan Island

Term: Effective September 15, 2017

Use: Amendment No. 3: This amendment extends an outside deadline for closing from September 15, 2017 to March 31, 2019.

Beaches PDX, Inc. – Vehicle Display Information Form – Permit and Right of Entry

Location: PDX

Term: September 25, 2017 to February 03, 2018

Use: As required by a Permit and Right of Entry between Beaches, PDX and the Port, Beaches is submitting for Port signature a vehicle display information form for display of motor vehicles within Beaches Restaurant at the Airport.

MAJ Airport, LLC – Landlord Ground Lease Estoppel Certificate to Ground Lease

Location: PDX

Term: Effective September 28, 2017

Use: Estoppel certificate clarifying that MAJ Airport, LLC, is not in default of the ground lease.

Specht Development, Inc. – Third Amendment to Sale Agreement and Agreement for Continuing Covenants

Location: Gresham Vista Business Park (GVBP), Lot 9

Term: Effective September 20, 2017

Use: Amendment No. 3: This amendment resolves the parties' responsibilities to each other relating to area stormwater issues at GVBP and enables the Port to acquire a stormwater infiltration basin on Lot 8.

FedEx Ground Package System, Inc. – First Amendment to Permit and Right of Entry

Location: Troutdale Reynolds Industrial Park

Term: March 18, 2017 to March 30, 2018

Use: Amendment No. 1: This amendment extends the term of the Permit, in connection with the Option Agreement, for FedEx to access Lot 3 for the purpose of completing investigations of the site for its proposed purchase.

LSI Logic Manufacturing Services, Inc. – Memorandum of Termination of Lease

Location: GVBP

Term: Effective September 01, 2017

Use: Termination of Access Easement Agreement.

PacifiCorp – Underground Right of Way Easement

Location: PDX

Term: Effective September 13, 2017

Use: The Port is granting PacifiCorp a right of way easement for the purpose of the installation, operation, maintenance, repair, replacement and removal of underground electric distribution and communication lines and necessary accessories and appurtenances.

Multnomah County, Oregon – Permit and Right of Entry

Location: Portland International Center

Term: Effective September 01, 2017

Use: Permit for the purpose of constructing a gravel access road and concrete boat ramp.

Rivergate V Associates, LLC – Agreement Regarding Ground Lease

Location: Rivergate Industrial District (RGID)

Term: Effective September 15, 2017

Use: Documents allow Rivergate V Association to lease the Port's land for the construction and operation of a single or multi-tenant industrial warehouse, shipping and distribution facility.

Rivergate V Associates, LLC – Declaration of Utilities Easements (2)

Location: RGID

Term: Effective September 15, 2017

Use: Documents allow Rivergate V Association to lease the Port's land for the construction and operation of a single or multi-tenant industrial warehouse, shipping and distribution facility.

Rivergate V Associates, LLC – Ground Lease

Location: RGID

Term: September 15, 2017 to September 15, 2072

Use: Documents allow Rivergate V Association to lease the Port's land for the construction and operation of a single or multi-tenant industrial warehouse, shipping and distribution facility.

Rivergate V Associates, LLC – Memorandum of Ground Lease to Ground Lease

Location: RGID

Term: Effective September 15, 2017

Use: Documents allow Rivergate V Association to lease the Port's land for the construction and operation of a single or multi-tenant industrial warehouse, shipping and distribution facility.

City of Portland and CSG LLC – Ground Lease

Location: Cascade Station

Term: September 14, 2017 to June 30, 2084

Use: Documents related to the development of Parcel L as an office building.

City of Portland and CSG LLC – Memorandum of Ground Lease and Assignment to Ground Lease

Location: Cascade Station

Term: Effective September 14, 2017

Use: Documents related to the development of Parcel L as an office building.

City of Portland and CSG LLC – Consent to Assignment with Partial Release to Ground Lease

Location: Cascade Station

Term: Effective September 14, 2017

Use: Documents related to the development of Parcel L as an office building.

City of Portland and CSG LLC – Assignment of Ground Lease to Ground Lease

Location: Cascade Station

Term: Effective September 14, 2017

Use: Documents related to the development of Parcel L as an office building.

Oregon International Airshow, Inc. – Permit and Right of Entry

Location: Hillsboro Airport (HIO)

Term: September 15, 2017 to October 01, 2017

Use: Short term permit for the purpose of holding an airshow community event.

SSP America PDX, LLC, dba Hopworks Urban Brewery – Food and Beverage Concession Lease

Location: PDX

Term: September 18, 2017 to May 31, 2028

Use: Eleven-year lease for the operation of a casual dining bar.

SSP America PDX, LLC dba Deschutes Brewery – Food and Beverage Concession Lease

Location: PDX

Term: September 18, 2017 to May 31, 2028

Use: Eleven-year lease for the operation of a casual dining bar.

Genesco, Inc., dba Johnston & Murphy – Retail Concession Lease

Location: PDX

Term: Effective September 18, 2017

Use: Eight-year lease for the operation of a first-class specialty retail facility.

Audubon Society of Portland, Oregon – Permit and Right of Entry

Location: West Hayden Island

Term: September 10, 2017 to September 11, 2017

Use: This permit allows Audubon Society to conduct Hayden Island free roaming cat survey between September 10 and 11, 2017.

Aero Mag 2000 PDX LLC – Operating Agreement

Location: PDX

Term: Effective September 29, 2017

Use: Month-to-month agreement for deicing/anti-icing operations and management for signatory and non-signatory airlines.

Professional Business Providers, Inc. – Operating Agreement

Location: PDX

Term: Effective September 28, 2017

Use: Month-to-month agreement for operation services for the baggage handling system and aircraft cleaning for signatory and non-signatory airlines.

Washington County Engineering and Construction Services – Permit and Right of Entry

Location: HIO

Term: September 21, 2017 to September 21, 2017

Use: Short-term permit for the purpose of geotechnical exploration.

Madison-Specht Vista Logistics, LLC – Release of Easement

Location: GVBP

Term: Effective September 27, 2017

Use: This agreement will modify the parties' obligations relating to stormwater management on Lots 8, 9, 10 and 11 in connection with Port Agreement 2016-126.

Madison-Specht Vista Logistics, LLC – Amended and Restated Signatory Passenger Carrier Operating Agreement

Location: GVBP

Term: Effective September 27, 2017

Use: This restated easement will eliminate the stormwater utility component of the existing easement.

Portland General Electric Company – Permit and Right of Entry

Location: RGID

Term: Effective October 17, 2017

Use: This permit allows PGE to conduct soil resistivity testing on 9.5 acres of Port property near PGE's Kelley Point Substation.

USA-USDA-APHIS – Compliance Agreement

Location: PDX

Term: Effective July 18, 2017

Use: Agreement establishing APHIS policies for the handling of regulated garbage.

Oregon State University – Permit and Right of Entry

Location: PDX

Term: August 28, 2017 to December 07, 2018

Use: Permit for parking in support of a motorcycle safety training event.

Contracts Over \$50,000 Pursuant to Delegated Authority

APPROVAL LIMITS (Administrative Policy 7.2.3)

All expenditures require management approval:

BUDGET	Approval by Directors	Up to \$ 50,000
APPROVAL	Approval by Chief Officers	Up to \$250,000
	Approval by Executive Director & Deputy Executive Director	Unlimited

Contracting authority is limited to the following:

CONTRACTING	Chief Officers	Up to \$ 10,000
APPROVAL	Buyers	Up to \$ 50,000
	Manager of Contracts & Procurement	Up to \$ 250,000*
	Executive Director & Deputy Executive Director	Up to \$ 500,000*

*And any amount approved by Commission

Monthly Report for October 2017 (September Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Purchase computer equipment for the PDX baggage handling system.	Information Technology	ConvergeOne, Inc.			\$65,998		
Obtain disposal services for non-hazardous contaminated soil related to the Terminal Balancing Project.	Environmental	Hillsboro Landfill, Inc.			\$71,000		
Purchase computer equipment for the PDX baggage handling system.	Information Technology	CDW Government, Inc.			\$83,700		
Obtain geographic information system software maintenance services.	Information Technology	Environmental Systems Research Institute			\$92,950		
Obtain construction services for the PDXNext Common Use Improvement Program.	Engineering Project Development	COR Construction, Inc.			\$239,852		
Obtain design services for PDXNext terminal closed-circuit TV system improvements.	Engineering Project Development	K2 Security Consulting, Inc.			\$450,000		

Obtain design services for development of a PDX Terminal Wayfinding Master Plan.	Planning & Development	HOK Architects, Inc.			\$754,762		
Obtain engineering services for the replacement of Concourse C, D and E passenger boarding bridges.	Engineering Project Development	HNTB Corporation			\$904,749		
<u>Change Orders and Amendments to Project-Specific Contracts</u>							
Contracts in this category are initially awarded with a specific work scope and an identified not-to-exceed project total.							
Title	Requestor Department	Vendor Name	Original Amount	Previous Changes to Contract	Current Change to Contract	New Contract Total	
Change orders #15-17 to obtain additional construction services for the PDX Concourses C and D West Heating, Ventilation and Air Conditioning Replacement Project.	Engineering Project Development	Hydro-Temp Mechanical, Inc.	\$8,440,000	\$215,937	\$71,631	\$8,727,568	
Administrative action to add funding to obtain additional self-service baggage cart services at PDX.	Airport Operations	Smarte Carte, Inc.	\$80,000	\$208,000	\$84,000	\$372,000	
Amendment #9 to obtain additional services related to the PDX access control system.	Engineering Project Development	Aviation Security Consulting, Inc.	\$517,109	\$5,173,912	\$126,886	\$5,817,907	
Administrative action to obtain continued support for automated passport control kiosks.	Information Technology	Vancouver Airport Authority	\$368,000	\$555,000	\$194,493	\$1,117,493	
Amendment #12 to obtain equipment upgrade and hosting services for Terminal 6 operating system.	Information Technology	Tideworks Technology, Inc.	\$317,172	\$4,435,368	\$345,250	\$5,097,790	
Amendment #8 to obtain additional design services related to the PDXNext Terminal Core Redevelopment Project.	Engineering Project Development	ZGF Architects LLP	\$2,760,948	\$8,774,958	\$483,597	\$12,019,503	
Amendment #1 to obtain additional Construction Manager/General Contractor services for the PDXNext Terminal Balancing Project.	Engineering Project Development	Skanska USA Building, Inc.	\$25,000,000		\$151,280,000	\$176,280,000	

New Task Orders and Changes to Task Orders Against Non-Project Specific Contracts

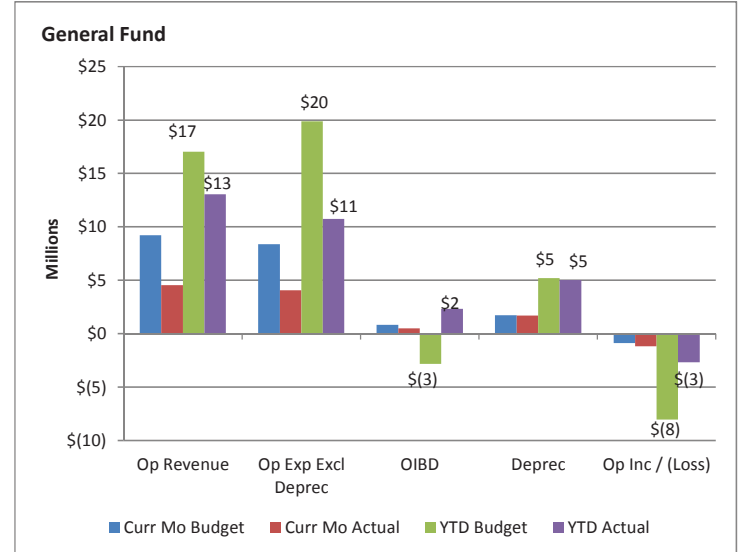
Items in this category are issued against contracts that were initially awarded with no specific work scope or product quantity identified (e.g., "requirements" or "on-call" contracts). These contracts establish pricing or rates for products or work that may be needed over a stated term. Estimated quantities may be identified, but no guarantee of actual contract compensation or work is made. Contract durations may be short-term or for multiple years with optional renewal/extension terms.

Title	Requestor Department	Vendor Name	Original Task Order Amount	Previous Changes to Task Order	Current Change to Task Order	New Task Order Total	Total Contract Activity - All Task Orders
Task order against contract #804 to purchase chemical supplies for the deicing treatment facility.	PDX Maintenance	CCI - Cherokee Chemical Co., Inc.	\$60,000			\$60,000	\$248,728
Task order against contract #964 to obtain support services for the deicing treatment system.	PDX Maintenance	Taurus Power & Controls, Inc.	\$70,000			\$70,000	\$102,543
Task order against contract #994 to obtain engineering services for the new rental car facility.	Engineering Project Development	Walsh Consulting Group LLC	\$94,840			\$94,840	\$627,099
Task order against contract #867 for architectural and engineering services for the baggage claim conveyor system.	Engineering Project Development	DBC Architecture, Inc.	\$103,846			\$103,846	\$1,190,122
Task order against contract #1127 to purchase low-sulfur diesel fuel for the Dredge Oregon.	Navigation	Rainier Petroleum Corporation	\$150,049			\$150,049	\$150,049
Task order against contract #1075 for construction inspection services.	Executive Administration	CMTS LLC	\$154,681			\$154,681	\$269,013
Task order against contract #992 for design services for the Terminal 5 Berth 503 Rehabilitation Project.	Engineering Project Development	Century West Engineering Corporation	\$177,693			\$177,693	\$751,356
Task order against contract #897 for Dahl Beach Mitigation Project Bank Stabilization work.	Engineering Project Development	Hickey Marine Enterprises, Inc.	\$180,000			\$180,000	\$334,074
Task order against contract #977 to obtain construction services for rehabilitation work on the PDX parking garage and helix facilities.	Engineering Project Development	SDB Contracting Services	\$491,574			\$491,574	\$1,946,562
Task order against contract #747 to purchase consumable janitorial supplies for 2017-18.	Airport Operations	Relay Resources	\$911,841			\$911,841	\$8,233,556

General Fund

The General Fund includes Marine, Industrial Development, Navigation, General Aviation, Environmental, Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services (IT, Engineering, and the Project Portfolio Office).

Operating revenues through September are \$4.0M less than the Adopted Budget due to timing of land sales. Excluding land sales, operating revenues are \$1.3M higher than the Adopted Budget of \$11.8M. Operating expenses before depreciation are \$9.2M less than the Adopted Budget (\$5.5M less excluding land sales). Details of operating financial results are discussed below.



Marine

Marine Volumes:

Autos – Auto volumes are 6.3% lower than forecast, however, Toyota Imports (9.4% > budget / 14.4% > FY17) and AWC Ford Exports (4.3% > budget / 44.1% > FY17) are continuing to see growth. Year-to-date volumes are approximate 0.5% lower than prior year.

Breakbulk – T2 breakbulk activity is not forecast until October.

Grain Bulk – Grain volumes YTD are 0.5% higher than budget but continue to be softer than FY 17 (32.1% lower than last year).

Mineral Bulk – Tonnage is 59.9% higher than forecast due to higher than projected volumes for both potash and soda ash, with YTD volumes 42.5% higher.

Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	81,750	76,585	(6.3%)	327,000
Breakbulk	-	-	-	40,000
Containers (TEUs)	-	-	-	-
Grain Bulk	875,000	878,984	0.5%	3,500,000
Mineral Bulk	1,190,381	1,903,530	59.9%	4,554,000

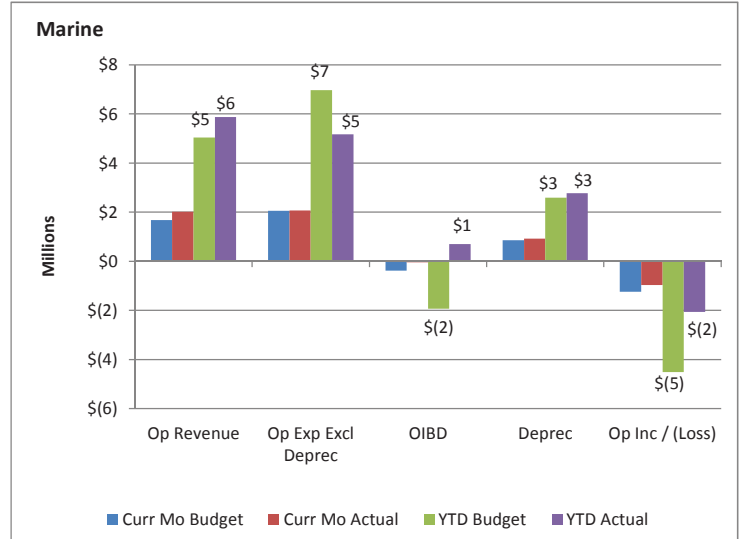
* Volumes in short tons unless otherwise noted.

Marine Operating Results:

YTD operating revenues are \$838K higher than the Adopted Budget due to revenues associated with higher than budgeted AWC Ford exports (\$125K > budget), mineral bulk volumes (\$586K > budget), and South Rivergate rail access fees (\$202K > budget).

YTD operating expenses excluding depreciation are \$1.8M less than budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.4M < budget due to timing of Berth 410/411 maintenance dredging (\$607K < budget; dredging to begin Oct. 1), T-4 rail repair (\$125K < budget), and Marine environmental expenses (\$245K < budget).
- Travel and management expenses are \$221K < budget primarily due to timing of several domestic and international trips, including the Governor's Asia Trade Mission.
- Longshore labor is \$125K < budget (T-6 \$69K < Budget) due to timing of T6 crane maintenance work to return terminal to operational ready state.

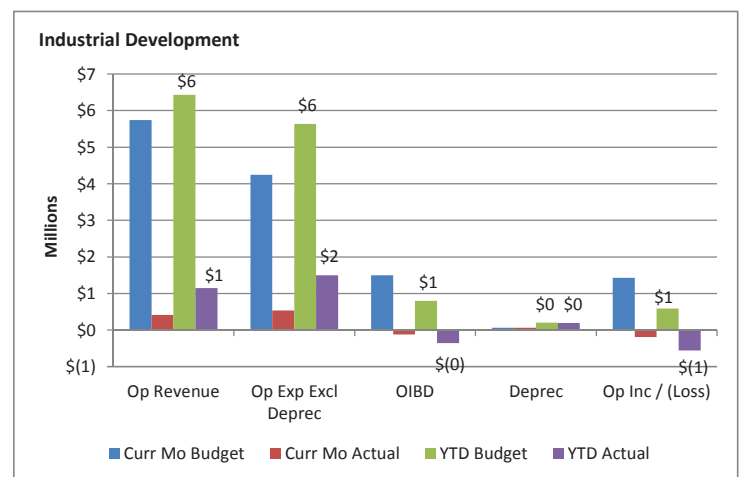


Industrial Development

Excluding land sales, YTD operating revenues through September are in line with projections at only \$32K / 2.7% lower than the Adopted Budget. The sale of TRIP Lot 10 (\$5.3M) initially scheduled for September is now expected to close in January.

YTD operating expenses excluding depreciation and cost of property sold are \$476K lower than the Adopted Budget, with the largest variances listed below:

- Contract, Professional, and Consulting Services are \$434K < budget largely due to timing of land use development consulting (\$126K < budget), acquisition support related to TRIP Lot 10 (\$74K < budget), eco-industrial development and LEED incentives for Gresham Vista Lots 1, 2, and 3 (\$60K < budget), and wetland mitigation site maintenance (\$50K < budget).
- Travel & Management (\$62K < budget).

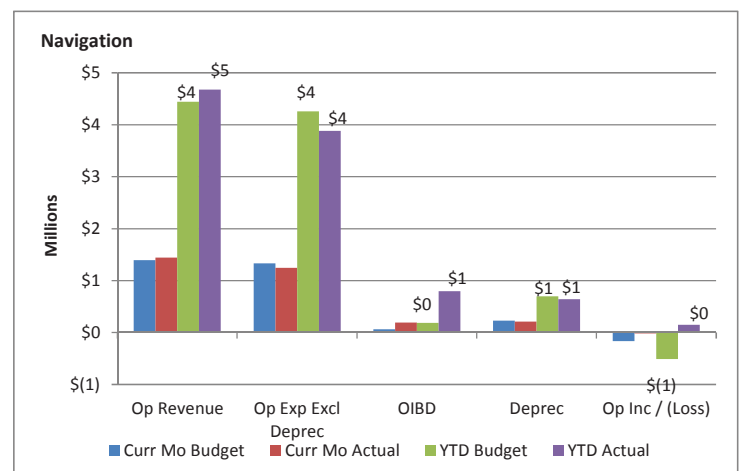


Navigation

Operating revenues are higher than budget due to reimbursement of capital projects / depreciation from the U.S. Army Corps of Engineers.

YTD operating expenses, excluding depreciation, are \$375K lower than the Adopted Budget as a result of fewer days dredged than were budgeted. In addition, timing of Caterpillar Repairs (\$175K < Budget), Environmental Expenses (\$169K < Budget), and Insurance Expenses (\$96K < Budget) also contribute to lower than budgeted expenses. Operating Labor is \$467K > budget due to overtime budget spread evenly over all 12 months when it should have been concentrated during the dredging season (Jul - Oct).

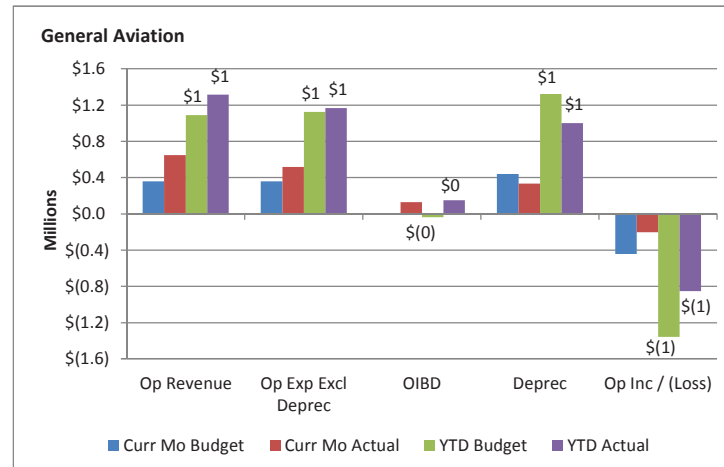
Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Budgeted Amounts	Actual Amounts	Variance	
Dredging Days	72	62	(13.9%)	121
Cubic Yards Dredged		1,385,451		



General Aviation

YTD operating revenues are \$226K higher than budget primarily due to receipt of the HIO Master Plan operating grant (\$138K > budget).

YTD operating expenses before depreciation are slightly higher than budget by \$41K, primarily due to timing of HIO master plan consulting expenses.

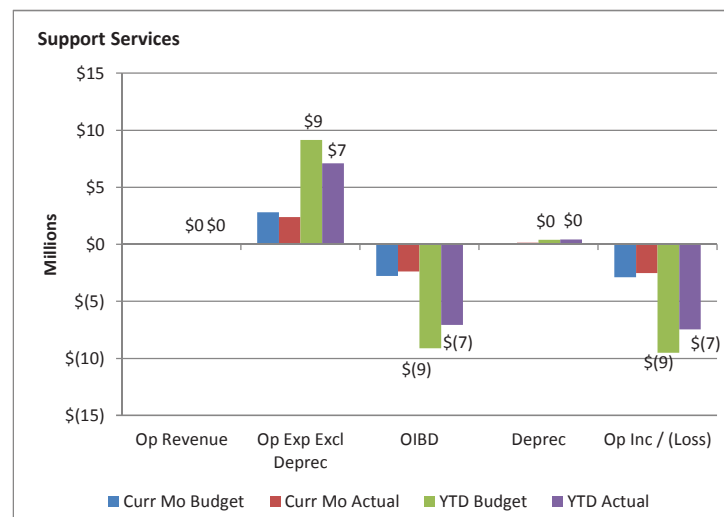


Support Services

Support Services is comprised of Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services. Costs for these areas are allocated to the operating areas.

YTD operating expenses excluding depreciation are \$2.1M under budget, with the largest variances listed below:

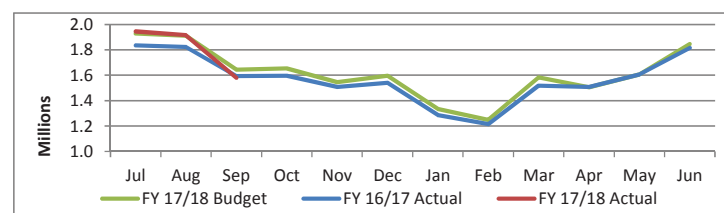
- Contracts, professional & consulting services are \$1.2K < budget due to timing of HR expenses related to diversity, equity, and inclusion, as well as employee performance coaching consulting (\$329 < budget); Public Affairs (\$211K < budget) due to costs related to the levee re-certification efforts; Financial & Administrative Services (\$184K < budget) due to timing of the annual audit fees; Environmental Affairs (\$71K < budget); and Project & Technical Services (\$139K < budget) due to the timing of ProMIS expenditures.
- Other expenses are \$325K < budget (Information Technology software expenses \$168K < budget).
- Salaries, wages, & fringe benefits \$232K < budget due to position vacancies.
- Travel and management expenses are \$181K < budget.



Portland International Airport

Total Passengers

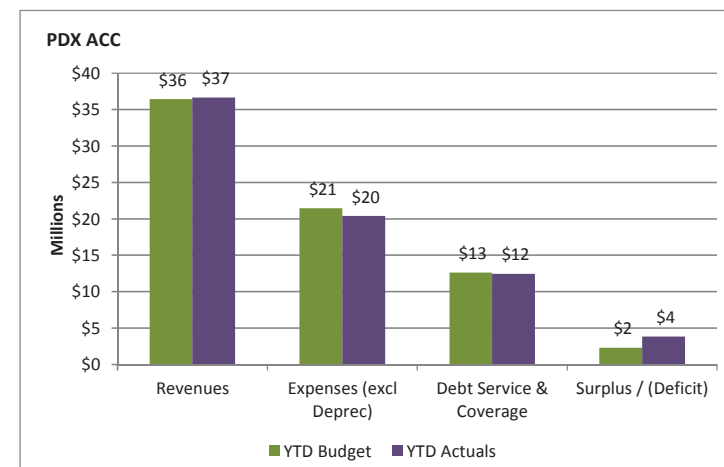
Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, PDX has served more than 5.4 million total passengers. While this is 0.8% less than the FY 18 budget, it exceeds the prior year by 3.7%. Passenger levels are lower than budgeted due to Horizon's regional pilot shortage and the cancellation of several flights. Higher passenger levels over the prior year are a result of continued economic growth and new flights serving PDX. Strong demand for air travel results in air carriers increasing seat capacity and adding flights.



PDX Airline Cost Center (ACC)

Total ACC Revenues are \$299K higher than budget due to higher than expected common use rentals (\$283K) and terminal rents (\$150K). These are partially offset by lower than budgeted landing fee revenues (\$66K); food and beverage revenues as a result of delayed location openings and the exit lane rerouting passengers away from the Clocktower Plaza (\$35K); and FY 18 ORANG Q1 rent invoiced and recorded in October (\$33K).

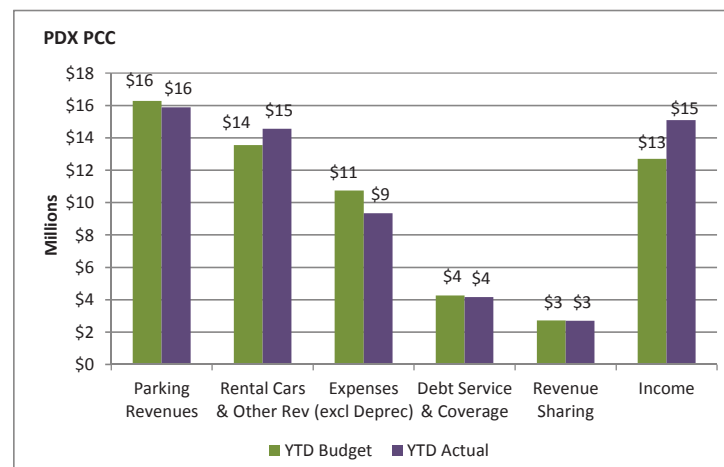
YTD ACC expenses are \$1.1M less than budget. Materials and Services are \$1.2M less than budget, primarily due to timing of outside services related to terminal studies (down \$145K), concession marketing support (down \$62K), and terminal custodial services (down \$24K). Other indirect costs related to this variance include on-call and other consulting for Aviation Long Range Planning and Properties (down \$219K), adjusted workers' compensation claims for Fire (down \$195K), and replacement supplies for Police (down \$42K).



PDX Port Cost Center (PCC)

YTD PCC revenues are \$637K greater than budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; up \$353K) and rental car activity (up \$285K), as well as additional revenues associated with SW Development, Air Trans Center, PDX GA, and Other PIC land lease and rent revenues (over \$158K), as well as North Cargo overflow ramp parking (over \$87K).

PCC expenses are \$1.4M less than budget. Personnel services are \$153k less than budget due to position vacancies. Materials and services are \$1.1M less than budget, primarily due to timing of environmental expenses (down \$184K), consulting and outside services expenses (down \$165K), airside properties and roadway management fees (down \$104K), and stormwater expenses (down \$45K). Other indirect costs related to this variance include on-call and other consulting for Aviation Long Range Planning and Properties (down \$146K) and replacement supplies for Police (down \$15K).



PORT OF PORTLAND
Investment Report
Quarter Ending September 2017

<u>Yield Comparisons</u>	<u>Sept. 2017</u>	<u>Fiscal Year-to-Date</u>	<u>12 Month Moving Average</u>	
			<u>9/30/17</u>	<u>9/30/16</u>
Port unrestricted portfolio	1.47%	1.44%	1.29%	1.03%
Series 22 construction funds	1.07%	1.05%	0.84%	0.55%
Series 24 construction funds	1.12%	1.07%	n/a	n/a
Local Gov't Inv. Pool (LGIP)	1.45%	1.45%	1.24%	0.74%
90 day LIBOR*	1.33%	1.32%	1.14%	0.64%

Investment Portfolio Composition

Unrestricted investments	\$531,187,000
Unrestricted LGIP	11,748,180
PDX construction bond investments	172,545,000
PDX construction bond LGIP	<u>10,446,408</u>
Total Portfolio	<u>\$725,926,588</u>

<u>Maturity Schedule</u>	<u>Actual Portfolio</u>		<u>Policy Minimum</u>
1 year or less	\$247,336,588	34%	none
2 years and under	\$444,922,588	61%	55%
3 years and under	\$582,158,588	80%	75%
5 years and under	\$725,926,588	100%	100%

<u>Interest Earnings</u>	<u>Unrestricted Portfolio</u>	<u>Series 22 Construction</u>	<u>Series 24 Construction</u>	<u>Total Earnings</u>
July 2017	\$647,835	\$10,945	\$168,050	\$826,830
August 2017	678,101	10,321	164,133	852,555
September 2017	<u>664,901</u>	<u>11,154</u>	<u>161,465</u>	<u>837,520</u>
Quarter Total	\$1,990,837	\$32,420	\$493,648	\$2,516,905

Comments

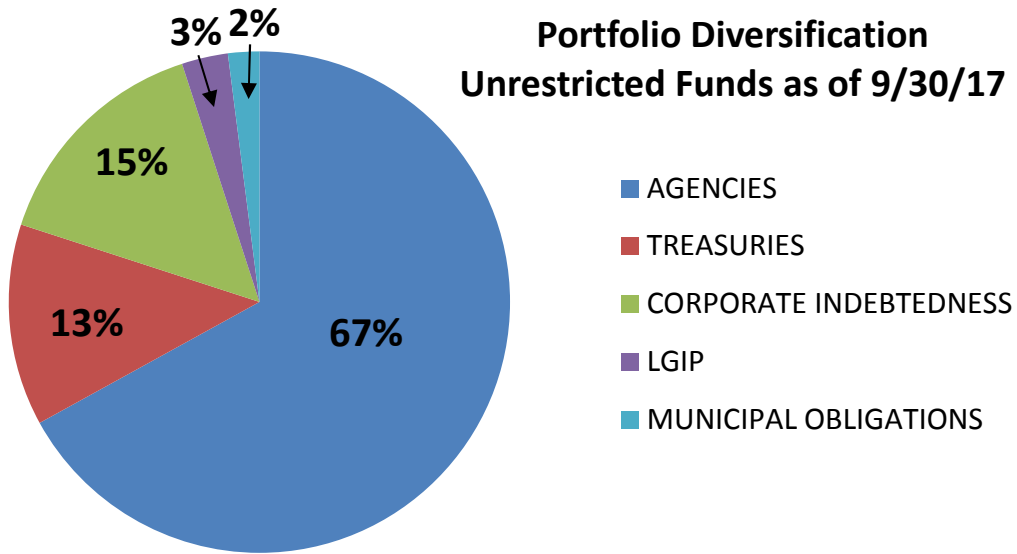
At the September Federal Open Market Committee meeting, the Committee did not raise the federal funds target rate but it did take a step toward shrinking the Federal Reserve's balance sheet. The Fed will begin to slow its reinvestment in US Treasury and Agency debt by \$10 billion a month. A rate increase is still anticipated in December of this year, with additional increases next year. It is important to note that of the 12 voting FOMC members, 6 positions will be new in 2018, including the FOMC chair and vice-chair.

The Port's monthly yield is improving and we continue to meet our benchmark comparisons. With a relatively flat yield curve, we continue to look for value in longer maturity dates between three to five years.

Note: Investment portfolio detail available upon request.

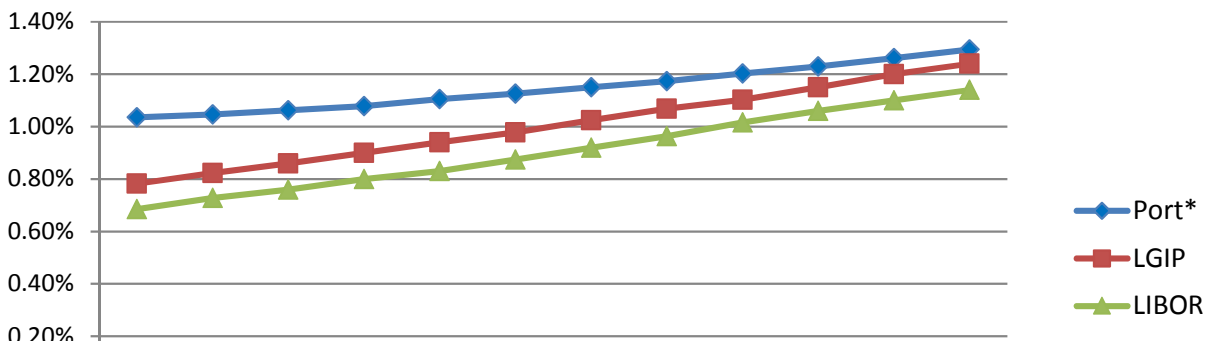
*LIBOR – London Inter Bank Offer Rate (The interest rate that banks charge each other for loans.)

**Port of Portland
Portfolio Diversification
Unrestricted Funds as of 9/30/17**



Investments Policy Limits: U.S. Treasuries 100%; U.S. Agencies 100%; Corp. Indebtedness 35%; LGIP \$48,333,000 maximum

**Port of Portland
12 Month Moving Average Yield Comparison**



	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Port*	1.04%	1.05%	1.06%	1.08%	1.11%	1.13%	1.15%	1.17%	1.20%	1.23%	1.26%	1.29%
LGIP	0.78%	0.82%	0.86%	0.90%	0.94%	0.98%	1.02%	1.07%	1.10%	1.15%	1.20%	1.24%
LIBOR	0.69%	0.73%	0.76%	0.80%	0.83%	0.87%	0.92%	0.96%	1.02%	1.06%	1.10%	1.14%

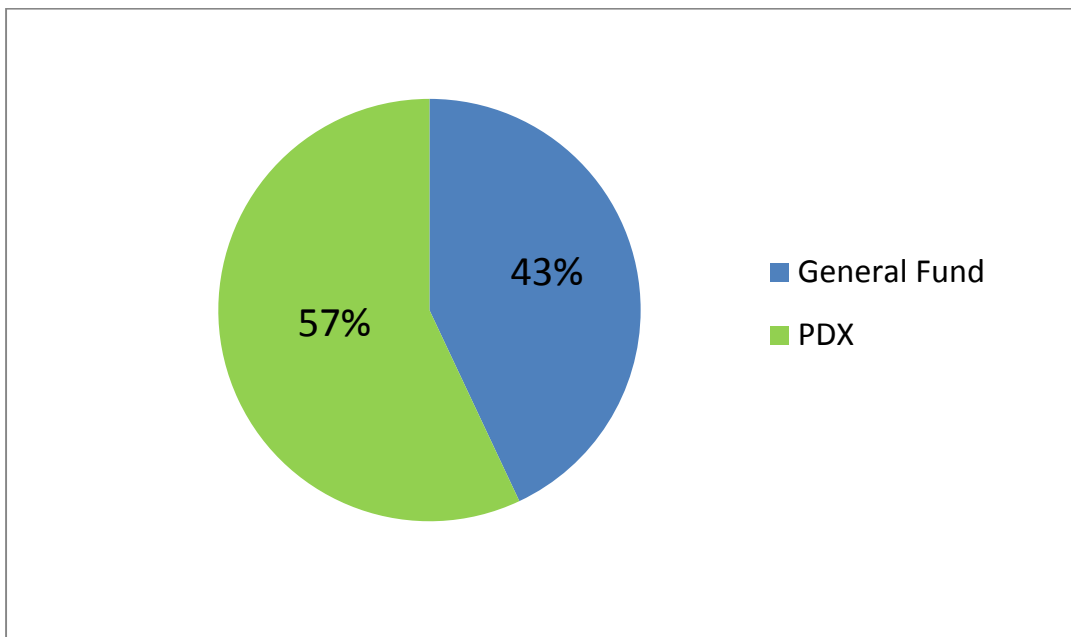
*Port yield shown excludes amounts on deposit in LGIP and restricted cash balances.

PORT OF PORTLAND

Allocation of non-specific cash and investments available*

As of September 30, 2017, the Port had \$244 million in funds available for the General Fund and \$325 million available for Portland International Airport.

Non-specific balances reflect neither restricted monies such as construction bond proceeds, nor do they reflect debt service funds held by the trustees.



*Allocation is an estimate generated based on preliminary accounting balances at September 30, 2017, and includes investments, LGIP and cash accounts.