

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
October 13, 2010**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Jim Carter; Steve Corey; Diana Daggett; Mary Olson and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

Commissioner Johansen acknowledged the new employees in the audience. She noted Mr. Wyatt is returning from Denver, where he was invited to speak to students attending the University of Denver's Intermodal Transportation Institute, so he would be joining the meeting in progress.

LEAVE OF ABSENCE

Commissioner Johansen called for a motion to grant a leave of absence to Commissioner Holte as he was home due to an injury. Commissioner Rosenbaum moved to grant the leave of absence. Commissioner Carter seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioner Corey was not present for the vote.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of September 8, 2010. Commissioner Bragdon moved to approve the minutes. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion. Commissioner Corey was not present for the vote.

OCCUPATIONAL SAFETY & HEALTH ADMINISTRATION (OSHA) AWARD PRESENTATION

Commissioner Johansen said this award is an item near and dear to her heart; safety is the most important issue at the Port of Portland. She is delighted that this acknowledgement is occurring and commended Port staff and the senior leadership for making this a priority.

Steve Schreiber, Director of Aviation, said the goal in Aviation Maintenance was to improve their safety culture and performance and the Safety and Health Achievement Recognition Program (SHARP) best met their needs. He said the group has worked hard over the last two years to achieve this first step towards making this goal a reality.

Steve Eversmeyer, Safety and Loss Control Manager, recognized Rick Elliot, Aviation Maintenance Superintendent; Mike Wilcox, General Maintenance; and Steve Nagy, Operations Manager. He also recognized the Port's safety administrators Ellen Ridgeway and Greg Bieber.

Mr. Eversmeyer congratulated them on this achievement. He said three years ago, the Port set out to improve our health and safety culture and become a SHARP certified organization by 2012. Mr. Eversmeyer thanked everyone for their work to implement the SHARP initiatives and for working to continuously improve our safety performance.

Mr. Eversmeyer introduced Oregon OSHA staff Brenda Camacho-Ching, Field Consultation Manager, and Buddy Kloster, who presented the awards to Mr. Elliott, Mr. Wilcox and Mr. Nagy.

GENERAL DISCUSSION

Navigation Update

Doyle Anderson, Navigation Manager, provided an update of the operation and activities in the Navigation Division. He briefly discussed the history and the mission of the division and the contractual relationship with the U.S. Army Corps of Engineers (Corps). Mr. Anderson said the contracting relationship is a long-term association that was established in federal statute, and under that statute the Port is required to provide a pipeline dredge, associated dredge plant and workforce to perform dredging operations for the Corps. The Corps' responsibility is to reimburse the Port for the cost of operations and capital.

Mr. Anderson provided a brief overview of the dredging operation, the Dredge Oregon and other assets, as well as the annual navigation budget. He also discussed the challenges they face, including negotiating a new contract with the Corps and an aging plant. Mr. Anderson noted that safety is an ongoing challenge because of the nature of the work. He is working hard to improve employee safety and safety awareness in the dredging operations. He discussed the safety improvement plan which includes implementation of SHARP, an on-site safety program administrator, annual safety training and electronic communication stations.

Mr. Anderson briefly discussed the Dredge Oregon repower project and the five-year capital program forecast.

CONSENT AGENDA

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda. Commissioner Johansen read the title of the agenda item and called for a motion to approve the item.

Agenda Item No. 1

COMMISSION INVESTMENTS POLICY 6.1.2

BE IT RESOLVED, That the Port of Portland Commission Investments Policy 6.1.2 dated October 13, 2010, is hereby approved; and

BE IT FURTHER RESOLVED, That a copy of Commission Investments Policy 6.1.2 be attached to the minutes of this meeting.

Following the reading of the title of the Consent Agenda by Commissioner Johansen, Commissioner Olson moved that the Executive Director's recommendations be approved and Commissioner Corey seconded the motion. The motion was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion.

ACTION ITEMS**Agenda Item No. 2****ENACTMENT OF ORDINANCE NO. 436-B AUTHORIZING THE EXECUTION OF PORTLAND INTERNATIONAL AIRPORT LINE OF CREDIT**

This agenda item requested approval of Ordinance No. 436-B to authorize the Port of Portland (Port) to obtain a line of credit (Line of Credit) to provide short-term interim financing for projects at Portland International Airport. The Line of Credit would have a credit limit up to \$100 million to fund capital projects in the Airline Cost Center. Oregon Revised Statutes (ORS) Sections 778.145 to 778.175 and provisions of ORS Chapter 287A permit the Port to authorize the issuance of revenue bonds by enacting an ordinance and for such revenue bonds to be issued in the form of promissory notes securing lines of credit.

Sugie Joseph presented the Executive Director's recommendations as follows:

1. That Ordinance No. 436-B, in the form presented to the Port of Portland Commission, be read by title only; and
2. That proposed Ordinance No. 436-B, in the form presented to the Port of Portland Commission, be enacted by a roll call vote.

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.

Ms. Joseph read Ordinance No. 436-B by title only.

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

Agenda Item No. 3**PERSONAL SERVICES CONTRACT AMENDMENT – DEICING SYSTEM ENHANCEMENTS – PORTLAND INTERNATIONAL AIRPORT**

This agenda item requested approval of an amendment in the amount of \$1,150,000 to the Camp Dresser & McKee, Inc., personal services contract to provide additional design, construction, startup and programming support related to the deicing system enhancement project at Portland International Airport.

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

BE IT RESOLVED, That approval is given to amend the existing contract with Camp Dresser & McKee, Inc., for construction support services for the Deicing Enhancements Project at Portland International Airport, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

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

Agenda Item No. 4

EXEMPTION FROM COMPETITIVE BIDDING – RUNWAY 10R/28L REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval of an exemption from the competitive bidding requirement of Oregon's Public Contracting Code (Code) for a construction contract for the Runway 10R/28L (South Runway) Rehabilitation project at Portland International Airport. For the Port of Portland (Port) to award the contract under the proposed alternate contracting method, the Port's Contract Review Board must exempt the contract from the Code's competitive bidding requirement.

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

BE IT RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the Findings in Support of an Exemption from Public Bidding set forth on the attached Exhibit A, dated October 13, 2010; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, specifically exempts from competitive bidding public improvement contracts for the South Runway Rehabilitation Project, consistent with the terms presented to the Commission.

Commissioner Rosenbaum said he believes the 25-percent contingency is rather high given that we just finished up the North Runway Extension Project and Port staff has a tremendous amount of experience and expertise dealing with runway projects. He stated that he intends to look at this project down the road to see how close the project expenditure is to where it should be. He will monitor whether staff is going to come back for additional funding because the projections were off.

Commissioner Johansen asked if we are aiming to refine that contingency as we move to the next design benchmark. Ms. Edwards said they will continue to refine the contingency but said it is important to realize there are a number of risks associated with this project; she said that typically the Port has done all-asphalt paving at the airport. This will be our first large-scale concrete project, which will most likely bring with it new challenges.

Commissioner Olson asked how many concrete contractors we expect to prequalify for this project. Ms. Edwards said based on her background, there are not a lot of large scale concrete contractors locally. She noted she is receiving inquiries about the project from outside of the region, including California and Washington.

Commissioner Carter said that given the expertise the Port assumes we will get from the exemption process, we should expect more precision in the bid. He suggested that we include in the consideration on the bid criteria “performance in accordance with budget” as well as “prior experience.”

Commissioner Johansen recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Johansen called for a motion and second to approve the findings in support of the Exemption from Competitive Bidding, as set forth in Exhibit A. Commissioner Daggett moved to approve the findings. Commissioner Olson seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion.

Commissioner Johansen called for a motion and second for approval to exempt from competitive bidding the public improvement contracts for the South Runway Rehabilitation Project. Commissioner Daggett moved that the Executive Director’s recommendation be approved. Commissioner Olson seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Johansen, Olson and Rosenbaum voted in favor of the motion.

Commissioner Johansen adjourned the Port of Portland Contract Review Board and called to order the Port of Portland Board of Commissioners.

Agenda Item No. 5

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

This agenda item requested approval of a second amendment to an Intergovernmental Agreement (IGA) with the City of Portland for planning services to complete a West Hayden Island plan district and annexation proposal. The amendment increases payment to the City for reimbursement of planning costs in an amount not to exceed \$169,000 and extends the IGA through January 2012.

Sebastian Degens presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That the Intergovernmental Agreement with the City of Portland be amended to provide additional funding of up to \$169,000 and extended to January 30, 2012, for planning services for West Hayden Island, including the development of a plan district and legislative proposal for annexation and adoption of City Comprehensive Plan and zoning designations; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Corey asked what percentage of the planning or annexation costs are shared with the City of Portland. He said speaking as the only Commissioner from outside the metro area, it seems like this is a mutual benefit to the City and at some point there should be a sharing of costs. Mr. Degens said this is a process that the Port is paying for.

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

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said the process for annexation of West Hayden Island will be a challenging and bumpy road; he added, if it were easy, someone else would be doing it. He said that the annexation plans have well-schooled, thoughtful opponents who are not interested in compromising and have made it very clear that their goal is to have no development on West Hayden Island. Mr. Wyatt said during this process, the region will have a big question to answer: Is there more to land use planning than merely preservation, and are we really looking at this as a tool to identify both the areas that should be properly reserved, and also the areas that can be appropriately developed to serve the economy of our region? He said that will be quite a debate over the course of the next year. He looks forward to it.

Mr. Wyatt said we received great news that Conde Nast Traveler Magazine has named PDX the Best Airport in the United States for the fourth time in the last five years. He said the other great news we received is that Standard and Poor's has reconfirmed our AA- rating which is extremely important because they have strongly validated our position relative to credit worthiness. Mr. Wyatt said Standard and Poor's made it clear that they appreciate annual coverage and is an important policy for us to maintain. He said they also reconfirmed our A rating on our PFC bonds.

Mr. Wyatt said August passenger volumes increased 1.7 percent compared to August of 2009. He said seat capacity increased 1.2 percent, bringing the load factor up 0.5 points to 85.2 percent compared to August of last year. Mr. Wyatt said this is the first month that passenger growth exceeded the 1 percent range since May of 2008. He said it is noteworthy to mention that, unofficially, it looks like September passenger volumes will be up 4.5 percent. He said this is a positive sign for the economy because passenger volumes here reflect what is happening in the underlying economy; he strongly believes we are at the beginning of an improving period.

Mr. Wyatt said parking continues to be very strong. He said occupancy is down in the Short Term Parking garage, but it is very strong in the Long Term garage. He said what this means is that there is more convenient space available for passengers or others coming to PDX for a quick trip in or out of the airport.

Mr. Wyatt said there is good news with the Baggage Screening Improvements Project as we are nearing certification on the south half of the project and are contemplating a phased beginning go-live date of October 25.

Mr. Wyatt said the North Runway Extension project is substantially complete and we anticipate the full opening of the runway on October 19.

Mr. Wyatt said an interesting fact worth noting is that the Port assists the counties in collecting property taxes for tenants occupying Port facilities. He said there are 360 accounts, or tenants, that generate \$10 million in tax revenues for Multnomah and Washington County. Mr. Wyatt said every tenant is current on their property tax obligation.

Mr. Wyatt noted that on October 21, the Columbia River Channel Coalition will meet at the Port of Vancouver for a celebration over 20 years in the making – deepening the navigation channel from 40 to 43 feet. He said we are already seeing positive results from the deepened channel in the form of investments in terminal infrastructure and more fully-loaded ships.

Mr. Wyatt said the Port has been working with the Corps as the non-federal sponsor for Willamette River navigation channel maintenance. The plan had been to do the maintenance dredging in the lower reach this year at a location known as Post Office Bar. Mr. Wyatt said West Hayden Island was to be used as the disposal site for the dredge materials. Unfortunately, the project will need to move to next year due to the fact that the in-water work window comes to a close at the end of October. Mr. Wyatt said there simply was not enough time for the Corps to mobilize a dredge contractor with this work window.

Mr. Wyatt said the Port just completed two up-river shipper and stakeholder receptions in Clarkston, Washington, and Boardman. He said Hanjin, K-Line and Westwood participated in the events, as well as ICTSI, and both were well-attended. Mr. Wyatt said the focus of the receptions were on the extended lock closure, which is scheduled to begin in mid December and last approximately 16 weeks.

Commissioner Carter wanted to note for the record how well the Customs and Border Protection operates at PDX. He said with years of experience as an airport user going through PDX and Customs, he can see that the Portland staff is superb and the people are always friendly and efficient.

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

The meeting adjourned at 11:33 a.m.

President

Assistant Secretary

Date Signed

A complete audio recording of these proceedings and the full Commission agenda is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218.

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PORT OF PORTLAND COMMISSION POLICY

INVESTMENTS Policy No. 6.1.2

Readopted Commission Meeting of October 13, 2010

Objectives

The primary objective of the Port of Portland investment program is preservation of capital. Consistent with that objective, the cash flow needs of the Port and the "Prudent Investor Rule," available funds will be managed and traded to achieve the maximum possible yield. In order to achieve these objectives, and as a safeguard against adverse changes in cash flows, priority will be given to liquid investments, i.e., U.S. Treasury Bills and Notes and U.S. agencies.

Diversification

The portfolio will be diversified so that the par value for each of the security classes shown shall not exceed the maximum position indicated as a percentage of the portfolio:

U.S. Treasury Bills and Notes	100% maximum
U.S. Agencies (but no single Agency position shall exceed 30% of the portfolio)	100% maximum
Corporate Indebtedness (subject to ORS 294.035)	35% maximum
Time Certificates of Deposit (TCD)	30% maximum
Bankers Acceptances (with qualified financial institutions in the State of Oregon as subject to ORS 294.035)	30% maximum
Repurchase Agreements Under 30 days	50% maximum
Oregon Short Term Fund (as subject to ORS 294.810)	As allowed under Oregon Statutes*

Investments in Bankers Acceptances, TCD's and other Corporate Indebtedness of any single company or qualified financial institution shall not, in the aggregate, exceed 5 percent of the portfolio.

Investment Maturity

Since the Port's operating cash needs are generated through operating revenues rather than tax receipts, the Port has more flexibility in structuring maturities than is typical for a municipal district dependent primarily on tax resources. Investments will be timed to meet projected cash requirements unless a shorter maturity is desirable. Funds may be invested to a maximum maturity of five years from the date of settlement.

The portfolio will be structured to meet the following minimums:

- Two years and under, 55 percent of par value
- Three years and under, 75 percent of par value
- Five years and under, 100 percent of par value

* The maximum allowable investment in the Oregon Short Term Fund (LGIP) is adjusted semiannually based on CPI. The current maximum investment is \$42,788,459.

In all cases, the "Prudent Investor Rule" shall apply to maturity decisions. The only exceptions to the maximum maturity shown shall be cases where the Port is using the security as collateral on an operating agreement or in instances where the Port is purchasing its own bonds in the marketplace to lower outstanding debt.

Investment Types

The Port may invest its funds in securities or investments subject to ORS 294.035 and related statutes, with the following restrictions:

Time certificates of deposit with any issuer will not exceed 30 percent of the net capital of such issuer, based on their most currently published financial report.

Bankers acceptances guaranteed by a qualified financial institution shall not exceed 30 percent of the net capital of such institution, based on their most currently published financial report.

Municipal bonds, other than those issued by the Port of Portland, will not be purchased except under the following circumstances:

To the extent that any reserve or construction funds exist and are also subject to yield restrictions by U.S. Treasury regulations or code, such funds may be invested in municipal bonds subject to the provisions of ORS 294.035 and 294.040 and no more than 20 percent of such funds shall be placed with any single issuing authority other than the State of Oregon or one of its agencies.

Repurchase agreements shall not exceed a term of 30 days. Collateral provided to the Port under a repurchase agreement shall be deposited with the Port's custodian bank(s), marked to the market daily and maintained at a minimum level in conformance with ORS 294.035 (11).

Repurchase agreements may be entered into with authorized dealers or institutions when a master repurchase agreement or specific written contract governs the transaction. In no case will the total of such agreements with any firm exceed 10 percent of their equity (based on their most recently published financial report).

Authorized Dealers and Financial Institutions

The Port may purchase or sell securities subject to the provisions of this policy through any of the following:

- Banks, savings and loans, and mutual savings banks authorized to do business in Oregon (not simply loan production offices).
- Primary security dealers as designated by the Federal Reserve Bank of New York and Oregon secondary dealers.
- Primary agency selling group members as designated by the U.S. agency involved.

Safekeeping

The Port shall require delivery of all securities purchased (by means of physical possession or book-entry to the account of the Port) to its custodian bank(s). As noted under repurchase agreements above, securities acquired through repurchase agreements with the Port's custodian bank(s) may be held by the custodian bank(s). In all cases, payment shall be made only upon delivery.

Reporting Requirements

Quarterly, staff will provide the Commission with portfolio reports showing: investment transactions; trading gains and losses; investments owned; market value; yield; maturity distribution, or any such other report as the Commission may request. The Commission will have review authority over the investment program.

Renewal

This policy shall be reviewed annually by the Commission.