

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
October 12, 2011**

A joint work session with the Port of Portland Commission and the Portland City Council was held from 9:30 – 11:10 a.m. The work session was to report on the progress of the work requested in the July 2010 City Council resolution on West Hayden Island and to provide an opportunity for feedback on the concepts recommended by Worley Parsons for the development of 300 acres for a deep draft marine terminal and 500 acres of habitat and recreation development.

Port of Portland Commissioners present were Judi Johansen, President; Ken Allen; Peter Bragdon; Tom Chamberlain; Diana Daggett; Bruce Holte and Paul Rosenbaum. Portland City Council members present were: Sam Adams, Mayor; Amanda Fritz and Dan Saltzman. Also present was Bill Wyatt, Port of Portland Executive Director; Susie Lahsene, Regional Transportation and Land Use Manager; Eric Engstrom, Bureau of Planning and Sustainability; Matt Laccinole, Worley Parsons and Peter Hummel, Anchor Environmental.

A recording of the work session may be obtained on the City's website at:
<http://www.portlandonline.com/index.cfm?c=49508>

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 11:16 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; Tom Chamberlain; Diana Daggett; Bruce Holte and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

LEAVE OF ABSENCE

Commissioner Johansen called for a motion to grant a leave of absence to Commissioner Corey, who was out of town and to Commission Carter, who was home ill. Commissioner Allen moved to grant the leave of absence. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Allen, Chamberlain, Daggett, Holte and Johansen voted in favor of the motion. Commissioners Bragdon and Rosenbaum were not present for the vote.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of September 14, 2011. Commissioner Allen moved to approve the minutes. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Allen, Chamberlain, Daggett, Holte and Johansen voted in favor of the motion. Commissioners Bragdon and Rosenbaum were not present for the vote.

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 12, 2011, 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 Daggett moved that the Executive Director's recommendations be approved and Commissioner Allen seconded the motion. The motion was put to a voice vote. Commissioners Allen, Chamberlain, Daggett, Holte and Johansen voted in favor of the motion. Commissioners Bragdon and Rosenbaum were not present for the vote.

ACTION ITEMS

Agenda Item No. 2

PROPERTY ACQUISITION – LSI CORPORATION – CITY OF GRESHAM

This agenda item requested approval to purchase approximately 222 acres of land (Property) located in Gresham, Oregon, from LSI Corporation. The Port of Portland (Port) will develop the Property as a new business park and plans to market the Property in partnership with the City of Gresham and other regional partners in order to attract business and industrial uses to the area.

Joe Mollusky presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to purchase approximately 222 acres of land and improvements in Gresham, Oregon, from LSI Corporation, 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.

Tim McCabe, Director of Business Oregon, said he supports the acquisition. He said when his department introduced the Certified Industrial Site Program in 2003, they had 12 certified sites statewide – with one site being on the market for 17 years. Mr. McCabe said since that time, they now have certified 60 sites and each one of those is in some stage of development. Mr. McCabe said in the greater Portland area there are only 11 shovel ready sites available. Two have 50 acres or more, which are the most desirable for manufacturing, and adding the LSI site to the portfolio would be an enormous asset for them to market.

Mayor Bemis, City of Gresham, said this is a monumental day for East County, the region and the State. He said this is a very important piece of property; his economic development team has spent many hours and travelled around the world to market the property. He said he is excited about the partnership and conveyed his assurance that the City of Gresham stands shoulder to shoulder with the Port in marketing the property and will not rest until they have the jobs he believes the project will bring.

Shirley Craddick, District 1 Metro Councilor, said she is very familiar with the history of the property as she was on the Gresham City Council for six years during the time the City was looking to find a buyer or business to occupy the property. She said she realizes the effort the City has gone through to make it a productive piece of property. Ms. Craddick thanked the Port Commission for their consideration of the purchase of the property, especially knowing the experience, expertise and resources the Port brings to the table to develop it. Ms. Craddick noted the Port has partnered with Metro to complete an inventory of the large lot industrial lands in the region and to evaluate the region's needs for such sites. She said it is critical to be strategic in how the large lot industrial lands are developed, and because there aren't many in the region, it's important to build and develop them wisely. Councilor Craddick thanked the Port for its interest and willingness to take on this property.

Mayor Kight, City of Troutdale, thanked the Port Commission for its boldness and vision in investing in East Multnomah County, specifically with the Troutdale Reynolds Industrial Park (TRIP). He said because of the Port's direction and working collaboratively with the City of Troutdale, the largest brownfield in the state of Oregon is now a wonderful piece of property and home to the regional hub for FedEx Ground and 800 employees. Mayor Kight said he applauds the investment the Port has made and supports the purchase of the LSI property. He said this would be another great investment for the Port. Mayor Kight also commended the Port employees; he said they are consummate professionals who work very hard and diligently and do a great job.

Commissioner Johansen said the TRIP project and this project are the product of some great work on the part of the leadership of Bill Wyatt and staff to fulfill the Port's economic development mission.

John Weigant, a resident of Gresham, said he would like to emphasize that his professional background is in land use planning with a masters project in population projection. He stated that he spent a part of his career in economic programs funded by the Federal Government, so he can claim as much knowledge of the impact of employment and job growth as anybody in the ring. Mr. Weigant asked the Commission to move carefully forward on this with much citizen involvement. He said the Port's image of itself has always been as a quasi-governmental business operating by business rules, when in fact it is a government.

Mr. Weigant said some of the unintended consequences of job creation is that we live in a society where people are free to move and they move to more attractive places. He said this involves many factors, but one of the most important is the availability of a job. He said fundamentally, population projections are driven by jobs forecasts and unless careful steps are taken to aim new jobs at residents, many will go to immigrants and the result is increased population growth and increased demand for infrastructure that has not been planned for. He said growth does not pay for itself and this is a plan that intends to create growth. Mr. Weigant said as a government entity, the Port's goal should be to serve the residents and the best way to do that is to involve the citizens in the process. He said what he would like to see happen as part of the process is to do something to focus the jobs on residents, which is a delicate process. He would also like to see us preserve the farmland and keep the site as productive as possible until needed, which might include adding something like a community gardens. Mr.

Weigant said he would like to see a focus on businesses that serve residents. He said Intel is a good example; when they moved here they had a tremendous impact but they brought 90 percent of their employees with them from California.

Mr. Weigant's advice is to take the long view or don't get involved. He said perpetual growth is not sustainable. He noted the Port's focus on sustainability is admirable and important. He said the current economy is symptomatic of the future and we need a conservative approach to the issues of growth.

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

Agenda Item No. 3

INTERGOVERNMENTAL AGREEMENT – CITY OF GRESHAM

This agenda item requested approval of an Intergovernmental Agreement between the Port of Portland and City of Gresham to develop and market approximately 222 acres of real property located in Gresham, Oregon, to be acquired from LSI Corporation.

Ken Anderton presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Intergovernmental Agreement with the City of Gresham represents an important partnership furthering the Port of Portland's industrial land acquisition and development strategy and the region's retention and recruitment of traded-sector companies; and

BE IT FURTHER RESOLVED, That the Intergovernmental Agreement with the City of Gresham provides a unique opportunity for the parties to work collaboratively to develop and market this Property for future economic growth and competitiveness; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to enter into an Intergovernmental Agreement with the City of Gresham, consistent with the terms presented to the Commission

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

Agenda Item No. 4

SECOND READING AND ENACTMENT OF PORT ORDINANCE NO. 439-R PERTAINING TO REGULATION OF OFF-AIRPORT RENTAL CAR AND PARKING LOT BUSINESSES SERVICING PORTLAND INTERNATIONAL AIRPORT

This agenda item requested a second reading and enactment on proposed Port of Portland Ordinance No. 439-R, the amendment and restatement of Ordinance No. 349-R, as amended by Ordinance No. 412-R, which pertains to regulation of off-airport rental car and parking lot businesses serving Portland International Airport passengers.

Scott Kilgo read Ordinance No. 439-R by title only.

Scott Kilgo presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That Port of Portland Ordinance No. 439-R, amending and restating Ordinance No. 349-R as amended by Ordinance No. 412, be given a second reading by title only; and

BE IT FURTHER RESOLVED, That the proposed Port of Portland Ordinance No. 439-R, in the form presented to the Commission, be enacted by a roll call vote; and

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

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Bragdon moved that the Executive Director's recommendations be approved to adopt Ordinance No. 442-B. Commissioner Chamberlain seconded the motion, which was put to a roll call vote. Commissioners Bragdon, Chamberlain, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion. Commissioner Allen was not present for the vote.

Agenda Item No. 5

SECOND READING AND ENACTMENT OF PORT ORDINANCE NO. 432-R PERTAINING TO REGULATION OF COMMERCIAL ROADWAY AT PORTLAND INTERNATIONAL AIRPORT

This agenda item requested a second reading and enactment on proposed Port of Portland Ordinance No. 432-R, the amendment and restatement of Ordinance No. 418-R, as amended by Ordinance Nos. 351, 386-R and 418-R, which pertains to regulation of use and operation of the Commercial Roadway at Portland International Airport.

Micahel Huggins read Ordinance No. 432-R by title only.

Michael Huggins presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That Port of Portland Ordinance No. 432-R, amending and restating Ordinance No. 418-R as amended by Ordinance Nos. 351, 386-R and 418-R, be given a second reading by title only; and

BE IT FURTHER RESOLVED, That proposed Port of Portland Ordinance No. 432-R, in the form presented to the Commission, be enacted by a roll call vote; and

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

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Holte moved that the Executive Director's recommendations be approved to adopt Ordinance No. 442-B. Commissioner Bragdon seconded the motion, which was put to a roll call vote. Commissioners Bragdon, Chamberlain, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion. Commissioner Allen was not present for the vote.

Agenda Item No. 6

PROCUREMENT CONTRACTS – DREDGE OREGON ELECTRICAL GENERATION AND PUMP SYSTEMS – NAVIGATION

This agenda item requested approval to award two equipment procurement contracts for the purchase of new equipment systems for the Dredge “Oregon” to replace the dredge’s original 46-year-old equipment.

The first contract award request was to Peterson Power Systems for the procurement of the electrical generation system and cutterhead gearbox in the amount of \$2,150,741.

The second contract award request was to Valley Power Systems, Inc., for the procurement of the pumping system including the main engine, gearbox and pump in the amount of \$3,306,787.

Walt Haynes presented the Executive Director’s recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a procurement contract with Peterson Power Systems for the procurement of the Dredge Oregon repower project generation system equipment, in accordance with their proposal; and

BE IT FURTHER RESOLVED, That approval is given to enter into a procurement contract with Valley Power Systems, Inc., for the procurement of the Dredge Oregon repower project pumping system equipment, in accordance with their 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.

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

EXECUTIVE DIRECTOR’S REPORT

Mr. Wyatt said we received the good news that Moody’s has reaffirmed the Port’s AA- credit rating, which is the highest credit for which we are eligible under their rating system.

Mr. Wyatt said business has been very good. He said volumes are up at the airport and concession and parking revenues are up as well. He said on the marine side of the business, marine cargoes, containers and vessel traffic are all up. He said a lot of the marine related activity is export oriented, which is even more positive, but also means that it is less dependent on things that are happening in Portland.

Mr. Wyatt noted the South Runway opened last week, which was quite a moment because it is the single most important piece of physical infrastructure in the State of Oregon. Mr. Wyatt said the project was completed on time and within budget and thanked everyone for a remarkable job.

Mr. Wyatt said the Governor's trade mission to Asia was excellent. He said they had a reception in Japan at the Ambassador's residence and all of the Port's customers in Japan were in attendance. He said it was a great opportunity to connect with our customers, especially following the difficult time as a result of the earthquake and tsunami, and it was nice to see things are starting to get back to normal. Mr. Wyatt said Commissioner Bragdon participated in the mission in Japan and Korea and attended the carrier calls.

Mr. Wyatt thanked Commissioner Corey and Carter for participating in the annual upriver customer receptions in Lewiston and Boardman. He said despite the challenges, the mood up river is positive and there is a lot going on. Mr. Wyatt said it is important to reiterate that maritime business on the Columbia River is booming. He said there are global forces behind that, and while a lot of it is export oriented, when it comes to things like West Hayden Island or other properties that might be available for terminal development, he has no doubt or concern in our ability to market that property.

Mr. Wyatt said the completion of the South Runway project represents the last major expansion project that we are going to have for a long time, not bad timing considering the current global economic circumstances.

Mr. Wyatt said all in all it's been a great quarter for us; last month was significantly better than the same month last year so he feels good about where we are.

Commissioner Johansen called for a motion to approve the Executive Director's Report. Commissioner Rosenbaum moved to approve the Executive Director's Report. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion. Commissioner Allen was not present for the vote.

The meeting adjourned at 12:24 p.m.

President

Assistant Secretary

Date Signed

An 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 12, 2011

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 \$43,117,180.

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.