

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
October 10, 2012**

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 Steve Corey, Vice President, presiding; Peter Bragdon; Tom Chamberlain; Bruce Holte, via telephone; Linda Pearce and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

Commissioner Corey welcomed the Port's new Commissioner, Linda Pearce.

LEAVE OF ABSENCE

Commissioner Corey called for a motion to grant a leave of absence to Commissioners Carter and Daggett, both of whom were out of town. Commissioner Bragdon moved to grant the leave of absence. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

MINUTES

Commissioner Corey called for a motion to approve the minutes of the Regular Commission Meeting of September 12, 2012. Commissioner Bragdon moved to approve the minutes. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte and Rosenbaum voted in favor of the motion. Commissioner Pearce abstained from the vote since she was not a member of the Commission on September 12, 2012.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt, Executive Director, noted for those who are new in the audience that the Executive Director's report is his official report that is a compilation of the activities that have occurred during the previous month and is included in the packet that the Commission and the public receive prior to the meeting. He said he uses this opportunity to make comments about what has happened over the course of the past month.

Mr. Wyatt said that he is pleased to welcome Linda Pearce as our newest Commissioner and is looking forward to working with her.

Mr. Wyatt said that in August, Portland International Airport (PDX) set an all-time record for enplanements, which affects everything else – concessions, parking and the full suite of activities that occur at the airport. He said September did not quite hit the mark in terms of enplanements compared to August, but it was still up almost five percent. Mr. Wyatt said in his view, airport activity usually reflects something happening in the underlying economy, so this is good news.

Mr. Wyatt said that Alaska Airlines will start new Kauai service in November and Spirit Airlines will start new San Diego service in November as well. He said that although we continue to see some additions to service, we are now beginning to experience the seasonal service stop.

Mr. Wyatt noted that the parking rate for the long-term garage will increase from \$16 to \$18 per day on October 29. He said there will be no change to hourly rates for each facility and the daily rates in short term and economy will remain the same.

Mr. Wyatt said that several electric charging stations are scheduled to come online in the parking garage in the next two weeks. He said we will have three Level 2 charging stations in the short-term garage that will charge six cars at once. He noted we also will have two single car chargers in valet.

Mr. Wyatt said that PDX and Pearson Airport staff have been involved in fairly high-level discussions with the Federal Aviation Administration (FAA) about the potential conflicting airspace environment around the two airports. He said we have managed to get along with this airspace conflict for more than 50 years, but now flags have been raised at the FAA and they were ready to implement new procedures that would not allow for simultaneous operations. Mr. Wyatt said that under this procedure, presumably PDX would get priority consideration where those conflicts existed and this would have significant impacts on Pearson Airport. Our delegation has had a series of high-level conversations and the FAA has postponed the implementation of their proposed rule so additional conversations can occur. Mr. Wyatt said we could potentially seek a less-invasive resolution to this issue, and while it is a complex matter, he is hopeful there will be a positive outcome for both parties.

Mr. Wyatt noted that a series of policy-related events took place last week that put a tremendous focus on the importance of industrial land in this region. He said that the Port Commission has been resolute in its guidance to staff that we really focus on the importance of industrial land and make that a third leg of our business stool. He said that we have been out trying to entitle existing industrial land, be that West Hayden Island, or acquiring new industrial land, such as Gresham Vista or Troutdale Reynolds Industrial Park (TRIP). He said that policymakers in the state and the governor are beginning to focus on what can be done to expedite entitlement and development of this limited supply of industrial land.

Mr. Wyatt said that the events began with a summit on the importance of exports, which the Port sponsored and was extremely well attended, and had an industrial lands component to it. The biennial Northwest Freight Conference was also held in Portland and speakers from around the country participated. Mr. Wyatt said the industrial readiness event, which was also linked to the Oregon Business Plans' Regional Leaders Forum, also focused on industrial lands. He said that the Port has beaten this drum the last several years and it is finally getting attention, with more to come. Mr. Wyatt said that in the short term, the Governor's Regional Solutions Team has selected three properties – one each in Clackamas, Multnomah and Washington counties – to focus on expediting development readiness. One of the properties is the Port's TRIP. Mr. Wyatt said that although it is a challenging property, if it was easy, someone else would be doing it; so he is pleased that TRIP has been selected.

Mr. Wyatt said he participated in a Community Forum in Hillsboro in conjunction with the Hillsboro Airport Issues Roundtable. He said this is like the Citizen Noise Advisory Committee that exists at PDX. Mr. Wyatt said it is a terrific forum that addresses issues related to the

operation of Hillsboro Airport. He said that the issues addressed cover such matters as the kinds of noise complaints typically associated with operating an airport, lead in aviation fuel, the potential of commercial passenger or cargo service at Hillsboro and future airport development: a very wide-ranging forum with a diverse audience.

Mr. Wyatt said that Terminal 6 production levels are operating at substandard levels, which is a challenge. He said cargo volumes are fairly strong at the moment, owing to peak season activities associated with the holidays. Mr. Wyatt said that on November 6, U.S. District Court Judge Michael Simon will hold a hearing that will address numerous issues in this labor conflict. He said it is a bit early to speculate how it will turn out.

Mr. Wyatt said that he attended the World Shipping Summit in Xiamen, China, in September and will be leaving again later in the week to join the Governor's trade mission to Asia. Mr. Wyatt said that the summit focused primarily on container shipping in China and was hosted by COSCO, a customer of the Port. Mr. Wyatt said that we participate in this conference because it gives us direct access to the senior executives of all of the carriers that participate in our Asia Pacific market in Portland.

Mr. Wyatt said that, as with most things in China, the carriers always look at the future with great optimism, which is their nature, but behind that optimism are some fairly dark clouds. Mr. Wyatt said there are a lot of signs that suggest economic growth has slowed in China. He said slowing down in China means growing in single digits rather than double digits and is an indication of the economies of their trading partners, like Europe, which are really struggling. Mr. Wyatt said that the mood was somber this year.

Mr. Wyatt noted that the Port will participate in the Great Shakeout exercise on Thursday, October 18 at 10:18 a.m. He said it is a *Drop, Cover, Hold On* drill to be conducted worldwide. Mr. Wyatt said the Port has become more active in this arena because our entire infrastructure is vulnerable to earthquakes.

Mr. Wyatt said that the West Hayden Island SOLVE clean up last weekend was a great event. He said he believes that we removed 2800 pounds of litter and garbage that accumulated since the last SOLVE event.

Mr. Wyatt announced the pending retirements of Carla Kelley, General Counsel, and Gail Woodworth, HR Director, both whom will be retiring on January 2. He said Gail and Carla were the first directors he hired that have decided to retire. He said he cannot say enough about the good job they have both done; they will be missed.

Commissioner Corey called for a motion to approve the Executive Director's Report. Commissioner Bragdon moved to approve the Executive Director's Report. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

GENERAL DISCUSSION

Regional Industrial Site Readiness Study Findings

Keith Leavitt, GM Business Development and Properties, provided a brief recap of Phase 1 of the Portland Metro Regional Industrial Land Study. Bernie Bottomly, Portland Business Alliance, presented the findings from Phase 2 of the study. He said Phase 2 analyzed 12 sites

to identify the challenges in preparing them for development and the potential for both job growth and added local and state revenue. He said of the 12 sites examined, most have at least one major barrier to development-ready status, which would be significant enough to discourage business growth. He said that the analysis also found that most of the sites would not attract an employer in the foreseeable future unless the critical infrastructure deficiencies were addressed. Mr. Bottomly said the conclusions of the analysis are that we do not have a lot of sites that are currently ready for development, which raises the potential of lost opportunities, and there are significant financial and time-to-market hurdles with the sites we do have.

Mr. Leavitt briefly discussed the policy implications as well as legislative concepts that should be considered to ensure that the region and state have a competitive supply of market-ready industrial sites and to put the Portland-Metro's economy in the best position to win the high-paying traded sector jobs that will help improve the overall economic health of the region and the state.

Commissioner Rosenbaum asked, when looking at the 12 potential sites, whether the Port was out in front to move this effort forward. Mr. Bottomly said he believes so; he said that the Port has been a tremendous partner in this effort to organize and move things forward. Commissioner Rosenbaum said since that is the case, an important aspect was left out of the analysis, namely what the cost to the Port would be to develop these sites. He said that we are a quasi-public organization and we are not going to make money doing this, so he believes it is important for the public to understand that we are bringing in a tremendous amount of jobs and revenue into the state, but without making any money in doing so. Mr. Leavitt said that he agrees with Commissioner Rosenbaum. He said that we are a patient developer but have to be rational in the way we make our investments, and eventually the capital does need to come back to the Port. Mr. Leavitt said that we have been clear that we do not have the wherewithal to take on those sites; we have been very selective in the sites we are taking on and our hands are now full. He said that the region and the state need to take this issue seriously, adding more tools to the toolbox so that the Port and other patient developers can take on these sites. We are not financially able to take on more sites like TRIP and Gresham Vista.

Mr. Wyatt said that he likes the concept of "rational patience." He said that we do not need to have a customer in front of us when we acquire property, but we do have to know that the property we are acquiring has the reasonable potential of being developed within sightline of the original investment.

Commissioner Bragdon thanked Mr. Bottomly for the great work. He likes the terms of being rational and patient, but the private sector is not always rational and often impatient.

Commissioner Chamberlain asked whether the jurisdictions have any preference for regional hire or regional build. Mr. Bottomly said the issue has not come up in the conversation; they are trying to establish the initial concept that the state is the bigger winner. Commissioner Chamberlain also asked how wages and benefits would be tracked when developing a program that gives incentives to businesses. Mr. Bottomly said that there are mechanisms that currently exist around the SIP program, for example, in terms of how the company reports back the level of wages they are paying. He said they have not nailed those details down yet, but his expectation is there would be a similar mechanism in place.

Small Business Program Accomplishment Report

Angela Watkins, Small Business Development Program Manager, provided an overview of the Port's Small Business Development program, which consists of the following four components: Mentor Protégé Program; Minority, Women and Emerging Small Business Program; Disadvantaged Business Enterprise Program; and the Workforce Initiative. Ms. Watkins also presented the Port's accomplishments for Fiscal Year 2011-2012, as well as the program enhancements for Fiscal Year 2012-2013.

Commissioner Corey thanked Ms. Watkins for her informative presentation.

Mr. Wyatt said that the Mentor Protégé program is one of the most satisfying means of connecting with the broader community. He said we have made great progress in this area and he is proud of the Port's commitment.

CONSENT AGENDA

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda.

Agenda Item No. 1

COMMISSION INVESTMENTS POLICY 6.1.2

BE IT RESOLVED, That Port of Portland Commission Investments Policy 6.1.2, dated October 10, 2012, 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 Corey, Commissioner Bragdon moved that the Executive Director's recommendations be approved and Commissioner Chamberlain seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 2

SHIPYARD SERVICES CONTRACT – DREDGE OREGON REPOWER PROJECT

This agenda item requested approval to enter into a shipyard services contract with Vigor Marine, LLC for the installation of Port-procured equipment systems for the Dredge *Oregon* Repower Project.

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

BE IT RESOLVED, That approval is given to enter into a shipyard services contract with Vigor Marine, LLC, for the Dredge *Oregon* Repower Project equipment installation, in accordance with this agenda item; 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 called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 3

COLLECTIVE BARGAINING AGREEMENT – AVIATION POLICE/COMMUNICATIONS CENTER CONTRACT

This agenda item requested approval of a new three-year collective bargaining agreement between the Port of Portland and the Port of Portland Police Employees' Association.

Cheryl Hettervig presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the Port of Portland Police Employees' Association, for a three-year agreement beginning July 1, 2011, setting forth wages, fringe benefits and working conditions for the Port of Portland's police and communications center employees, consistent with the terms presented to the Port of Portland 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 Corey called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 4

COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE

This agenda item requested approval of a four-year collective bargaining agreement between the Port of Portland and the District Council of Trade Unions, representing the 27 employees who perform maintenance at the Marine terminals.

Blaise Lamphier presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the District Council of Trade Unions, representing the 27 employees who perform maintenance at the Marine terminals, for a four-year agreement, retroactive to July 1, 2012, containing wage, fringe benefit and working condition terms and conditions, consistent with the terms presented to the Port of Portland 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 Corey called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

COLLECTIVE BARGAINING AGREEMENT – MARINE LANDSCAPE GARDENERS

This agenda item requested approval of a four-year collective bargaining agreement between the Port of Portland (Port) and Municipal Employees, Local 483, representing the six employees who perform landscape gardening maintenance functions on non-airport properties owned and operated by the Port.

Blaise Lamphier presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the Municipal Employees, Local 483, representing the six employees who perform landscape gardening maintenance functions on non-airport properties owned and operated by the Port of Portland, for a four-year agreement, retroactive to July 1, 2012, containing wage, fringe benefit and working condition terms and conditions, consistent with the terms presented to the Port of Portland 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 Corey called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Chamberlain, Corey, Holte, Pearce and Rosenbaum voted in favor of the motion.

The meeting adjourned at 11:10 a.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 10, 2012

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 \$44,999,213.

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.