



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
September 12, 2012
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – August 8, 2012

Executive Director

Approval of Executive Director's Report – August 2012

Consent Items

1. CONSENT TO ENTERPRISE ZONE EXPANSION APPLICATION BY CITY OF BEAVERTON *LISE GLANCY*

Requests consent to an expansion of the Enterprise Zone boundaries by the City of Beaverton.

Action Items

2. INTERGOVERNMENTAL AGREEMENT – COMPUTER AIDED DISPATCH SYSTEM – CITY OF PORTLAND *PHIL KLAHN*

Requests approval of an Intergovernmental Agreement with the City of Portland for access and use of the City's Computer Aided Dispatch system.
3. PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 445-B TO ISSUE UP TO \$31,500,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS SERIES 2012B *TATIANA STAROSTINA*

Requests approval of Port of Portland Ordinance No. 445-B to authorize the sale of up to \$31,500,000 of Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B.

4. DISCUSSION OF FISCAL YEAR 2011-2012 EXECUTIVE
DIRECTOR PERFORMANCE AND ADOPTION OF FISCAL YEAR
2012-2013 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA
AND MEASUREMENT TARGETS

JIM CARTER

Requests approval of the Port of Portland Executive Director's performance criteria and measurement targets to be used for Fiscal Year 2012-2013.

General Discussion

Air Service Development Update

*DEAN HILL,
CAMPBELL HILL
AVIATION GROUP*

CONSENT TO ENTERPRISE ZONE EXPANSION APPLICATION BY CITY OF BEAVERTON

September 12, 2012

Presented by: Lise Glancy
Manager
Regional Government Relations**EXECUTIVE SUMMARY**

This agenda item requests consent to an expansion of the Enterprise Zone boundaries by the City of Beaverton, located within Port of Portland (Port) boundaries, to provide an additional incentive to encourage existing or new companies to invest and add employees within the zone.

BACKGROUND

Enterprise Zones were enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the statute for the Enterprise Zone program was changed to require the governing bodies of a port district to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play a key role in economic development in the community.

Enterprise Zones offer tax and other incentives to induce additional investment and employment in non-retail businesses in areas meeting certain measures of economic hardship. They have proven to be Oregon's key offering in the pursuit of business growth and expansion. Their effectiveness is due to a typically short-term (three to five years), but immediate, benefit for the business project's cash flow.

Since the statute changed in 2005, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone applications and/or boundary changes. At its May 9, 2012, meeting, the Port Commission approved the creation of a Beaverton Enterprise Zone totaling 1.5 square miles. The Oregon Business Development Department approved this Enterprise Zone on July 1, 2012.

Based on positive interest in the Enterprise Zone, the City of Beaverton is seeking the Port's support and consent in favor of expanding the Beaverton Enterprise Zone to include 0.09 square miles adjacent to the existing area located north of Millikan Way between Murray Boulevard and Hocken Avenue. The proposed expansion area is zoned Station Community – Employment (SC-E), Station Community – Multiple Use (SC-MU), and Interim Washington County Industrial. The proposed expansion of the Beaverton Enterprise Zone will allow the City to continue to support the high employment industrial uses in these areas and establish a more contiguous Enterprise Zone boundary.

The primary beneficiaries of Enterprise Zone benefits are manufacturing and other more industrially-oriented facilities serving other businesses. Most commercial and retail-type operations are ineligible. Enterprise Zones provide up to 100 percent property tax abatement

on a company's new investment in facilities, equipment and machinery over a three- to five-year period if a job threshold is met (a minimum 110 percent of the average level from the time of the authorization application over the past 12 months). Land or existing machinery or equipment is not tax exempt.

The proposed expansion of the Beaverton Enterprise Zone boundaries would have no loss of current property tax levies to the Port or other taxing jurisdictions. Under the current tax levy, the Port will forgo approximately \$0.0710 per \$1,000 of assessed value until the exemption period ends. We expect the impact on Port property tax revenue to be relatively small (approximately \$1,065 impact over a three-year period if a \$5-million investment is made in the zone). Upon completion of the three- to five-year exemption period, the property will be fully taxed.

The Beaverton Council will adopt a resolution on this proposed Enterprise Zone expansion on September 4, 2012. In order to move the Beaverton Enterprise Zone expansion application forward to the Oregon Business Development Department for approval, the City of Beaverton is required, as the Enterprise Zone sponsor, to have the consent of the Port Commission for this application. The City has requested that the Port provide a resolution consenting to this Enterprise Zone boundary expansion.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to an application by the City of Beaverton for the expansion of the Beaverton Enterprise Zone located within Port of Portland district boundaries.

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.

INTERGOVERNMENTAL AGREEMENT – COMPUTER AIDED DISPATCH SYSTEM – CITY OF PORTLAND

September 12, 2012

Presented by: Phil Klahn
Police Chief**EXECUTIVE SUMMARY**

This agenda item requests approval of an Intergovernmental Agreement (IGA) with the City of Portland (City) for access and use of the City's Computer Aided Dispatch (CAD) system.

BACKGROUND

The City's Bureau of Emergency Communication (BOEC) employs a CAD system to support the command and control of emergency services throughout the Multnomah County region. The CAD system tracks all 911 public safety emergency response calls and the personnel and equipment assigned to those calls. In addition, it provides an interface for access to multiple types of data that can be shared between Multnomah County public safety agencies.

The Port of Portland (Port) Police, Fire and Portland International Airport Communication Center departments connect to the same CAD system to manage emergency call dispatch, records management and several other emergency-related functions that are critical to Port operations.

In 2005, the City operated and maintained its CAD system through a contract with Northrup Grumman. The City and Port entered into an IGA authorized by Portland City Ordinance 178773, whereby the BOEC provided the Port with access to its CAD system. Beginning April 16, 2011, the City's relationship with Northrup Grumman ended and the City began operating and maintaining its CAD system through a contract with Versaterm. The City has the right under its software licensing agreement with Versaterm to operate a remote dispatch center that will be used by the Port for its dispatching needs.

This new IGA establishes the terms under which the Port will use the remote dispatch system. The key IGA terms are:

- The Port will pay BOEC an annual system charge in the amount of \$170,000 from the start of the City's contract with Versaterm.
- Annual system charges may be increased to cover actual cost increases, not to exceed five percent per year.
- The Port will retain ownership of all computer and communications equipment it purchases in support of the BOEC CAD system.

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- The BOEC has the responsibility to maintain the CAD system, and the authority to modify it, in order to upgrade the system or keep it functioning. BOEC also has the responsibility to satisfy all software licensing requirements needed to cover all use and connectivity afforded the Port.
- The agreement is year to year, with automatic renewal unless either party terminates.

Staff expects the City to take action on this IGA within the next month.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to execute the proposed Intergovernmental Agreement with the City of Portland for access and use of the City's Computer Aided Dispatch system, 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.

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 445-B TO ISSUE UP TO \$31,500,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS SERIES 2012B

September 12, 2012

Presented by: Tatiana Starostina
Sr. Manager
Financial Analysis & Projects

EXECUTIVE SUMMARY

This agenda item requests approval of Port of Portland (Port) Ordinance No. 445-B (Ordinance) to authorize the sale of up to \$31,500,000 of Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B (Bonds) to pay the costs of refunding all of the outstanding Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 1999B (AMT¹) (Refunded Bonds), to fund the Passenger Facility Charge (PFC) First Lien Reserve Account and to pay costs of issuance.

BACKGROUND

In 1999, the Port issued the Refunded Bonds to pay for Terminal South Expansion Phase II and Light Rail Extension to PDX. The Refunded Bonds were issued as fixed-rate bonds, with 5.375-5.75 percent coupons and final maturity in July 2018. The Refunded Bonds are currently outstanding in the principal amount of \$30.3 million.

The Refunding Transaction

The current market favors refunding the outstanding Series 1999B to reduce interest rates, which will result in savings for the Port. Preliminary estimates show that the Port can achieve present value savings of about \$3.5 million, which is about 11 percent of the outstanding principal. Savings will increase available PFC cash for funding PFC-eligible projects on a pay-go basis, which will decrease the need to issue General Airport Revenue Bonds and avoid increases to airline rates and charges.

The proposed Bonds will have the same maturity as the Refunded Bonds (July 2018).

With approval of this agenda item, the financing team will proceed with the transaction and close by the end of October.

Delegation of Authority

Ordinance No. 445-B delegates authority to the Executive Director or the Chief Financial Officer/ Director of Financial and Administrative Services of the Port and the designee of the Executive Director (each of whom is referred to in this ordinance as “Executive Director”) to take the following actions:

¹ An AMT bond is a bond, the interest on which is subject to the federal alternative minimum tax, as it is issued for private activity.

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 445-B TO
ISSUE UP TO \$31,500,000 OF PORTLAND INTERNATIONAL AIRPORT PASSENGER
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- Establish the denominations, series designations, final principal amount and maturity schedules for the Bonds within limits set by the Ordinance.
- Establish the dates on which interest shall be paid.
- Establish and revise optional, conditional and mandatory redemption and purchase provisions for the Bonds.
- Establish all other terms of the Bonds in accordance with the limitations of this Series ordinance and the Master Ordinance.
- Establish and make such covenants or agreements or changes or amendments hereto as permitted by law and as necessary to obtain satisfactory ratings for the Bonds.
- Enter into an agreement with the Trustee which provides for, among other things, the payment of Trustee fees.
- Execute and deliver a supplemental action certificate specifying the actions taken by the Executive Director and execute and deliver any other certificates, documents or agreements which the Executive Director determines are desirable to issue, sell, deliver, manage or administer the Bonds in accordance with the Ordinance.

Participants in the Transaction

In addition to the Port, the primary firms involved in the transaction are as follows:

- Goldman Sachs will be the Leading Underwriting Bank and Bank of America Merrill Lynch will act as co-manager.
- Orrick, Herrington & Sutcliffe LLP will serve as bond counsel to the Port.
- Ricondo & Associates, Inc., will be the Airport Consultant.
- Standard & Poor's is expected to provide the rating on the Bonds.
- Seattle-Northwest Securities Corporation will serve as financial advisor to the Port.

PUBLIC HEARING AND ENACTMENT OF PORT OF PORTLAND ORDINANCE NO. 445-B TO
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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends as follows:

1. That Port of Portland Ordinance No. 445-B, in the form presented to the Commission, be read by title only; and
2. That a public hearing be held prior to adopting Port of Portland Ordinance No. 445-B in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and
3. That the proposed Port of Portland Ordinance No. 445-B, in the form presented to the 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.

ORDINANCE NO. 445-B
(PFC SUPPLEMENTAL SERIES
ORDINANCE)

THE PORT OF PORTLAND

Enacted: September 12, 2012
Effective: October 12, 2012

*Relating to the
Issuance of
Not to Exceed
\$31,500,000
The Port of Portland
Portland International Airport
Passenger Facility Charge Refunding Revenue Bonds
Series 2012B (AMT)*

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ORDINANCE NO. 445-B

AN ORDINANCE AUTHORIZING THE SALE AND ISSUANCE OF PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REFUNDING REVENUE BONDS, SERIES 2012B OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$31,500,000 FOR THE PURPOSE OF REFUNDING OUTSTANDING PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS, SERIES 1999B (AMT); FIXING OR PROVIDING FOR THE DATE, FORMS, TERMS AND MATURITIES FOR SUCH BONDS; AUTHORIZING THE SALE OF SUCH BONDS; DELEGATING TO THE EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER AND DIRECTOR OF FINANCIAL AND ADMINISTRATIVE SERVICES OR THEIR DESIGNEE BY SUPPLEMENTAL ACTION THE ESTABLISHMENT OF INTEREST RATE, PAYMENT, REDEMPTION AND OTHER TERMS; AND PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, RATINGS, ISSUANCE, SALE, SECURITY, PAYMENT OR DELIVERY OF THE BONDS AND ANY RECORD OF DECISION; AUTHORIZING AN AMENDMENT TO ORDINANCE NO. 395-B.

WHEREAS, The Port of Portland (the "Port"), a port district and political subdivision of the State of Oregon (the "State"), owns and operates Portland International Airport (the "Airport"); and

WHEREAS, pursuant to Ordinance No. 395-B, enacted June 10, 1999 (the "PFC Master Ordinance"), as amended, the Port previously issued its Portland International Airport Passenger Facilities Charge Revenue Bonds, Series 1999B (AMT) (the "Series 1999B PFC Bonds"); and

WHEREAS, the PFC Master Ordinance authorizes the Port to issue passenger facility charge refunding revenue bonds (defined as "First Lien PFC Bonds" in the PFC Master Ordinance) payable from PFC Revenue on a parity with the outstanding First Lien PFC Bonds (as such terms are defined in the PFC Master Ordinance); and

WHEREAS, the Port desires to issue, in one or more series, not to exceed \$31,500,000 in aggregate principal amount of Portland International Airport Passenger Facilities Charge Refunding Revenue Bonds, Series 2012B (AMT) (the "Series 2012B PFC Bonds") to refund the

Series 1999B PFC Bonds pursuant to this Series Ordinance (as such term is defined in the PFC Master Ordinance); and

WHEREAS, it is necessary that the date, form, terms and maturities of the Series 2012B PFC Bonds constituting First Lien PFC Bonds under the PFC Master Ordinance be fixed or provided for as provided in this Series Ordinance; and

WHEREAS, it is deemed necessary and desirable that the Series 2012B PFC Bonds be sold pursuant to negotiated sale as herein provided, and if it is deemed necessary and desirable, the Series 2012B PFC Bonds may be additionally secured by one or more Credit Facilities (as such term is defined in the PFC Master Ordinance);

NOW THEREFORE,

BE IT ENACTED BY THE PORT OF PORTLAND, AS FOLLOWS:

Section 1. Definitions. Unless otherwise defined herein, the terms used in this Series Ordinance, including the preamble hereto, which are defined in the PFC Master Ordinance shall have the meanings set forth in the PFC Master Ordinance. In addition, the following terms shall have the following meanings in this Series Ordinance:

“Board” means the Board of Commissioners of the Port.

“Bond Purchase Contract” means the Bond Purchase Contract between the Port and an Underwriter, or among the Port and the Underwriters, relating to the sale of the Series 2012B PFC Bonds.

“Bond Register” means the books or records maintained by the Registrar containing the name and mailing address of the owner of each Series 2012B PFC Bond or nominee of such owner and the principal amount and number of Series 2012B PFC Bonds held by each owner or nominee.

“Costs of Issuance Account-2012B” means the subaccount of the PFC Fund by that name maintained by the Port for the purpose of holding certain proceeds of the Series 2012B PFC Bonds.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2012B PFC Bonds pursuant to Section 6 hereof.

“Executive Director” means the Executive Director of the Port or the Chief Financial Officer and Director of Financial and Administrative Services of the Port and each designee of the Executive Director as provided in Section 11.

“Letter of Representations” means the blanket issuer letter of representations from the Port to DTC, dated June 1, 1995.

“Owner” means the person named as the registered owner of a Series 2012B PFC Bond in the Bond Register.

“Paying Agent” means the Trustee acting in its capacity as Paying Agent. The term “Paying Agent” shall include any successor to the Trustee.

“PFC Master Ordinance” means Ordinance No. 395-B of the Port, as the same may be amended from time to time in accordance with its terms.

“Registrar” means the Trustee acting in its capacity as Registrar, and for the purposes of registering and authenticating the Series 2012B PFC Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2012B PFC Bonds. The term “Registrar” shall include any successor to the Trustee.

“SEC” means the Securities and Exchange Commission.

“Series Default” has the meaning given such term in Section 14 of the PFC Master Ordinance.

“Series 1999B PFC Bonds” means The Port of Portland, Oregon, Portland International Airport Passenger Facility Charge Revenue Bonds, Series 1999B (AMT).

“Series 2012B PFC Bonds” means The Port of Portland, Oregon, Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B, authorized to be issued in one or more series by Section 2 of this Series Ordinance.

“Supplemental Action” means any Supplemental Action executed and delivered pursuant to Section 13 hereof by the Executive Director.

“Trustee” means the Trustee appointed pursuant to the PFC Master Ordinance.

“Underwriters” mean, collectively, Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Rules of Interpretation. In this Series Ordinance, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Series Ordinance, refer to this Series Ordinance as a whole and not to any particular section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Series Ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several Sections of this Series Ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely

for convenience of reference and shall not constitute a part of this Series Ordinance, nor shall they affect its meaning, construction or effect;

(e) All references herein to “sections” and other subdivisions or clauses are to the corresponding sections, subdivisions or clauses hereof.

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Executive Director or his or her designee, respectively, and all references herein to the Executive Director shall be deemed to include references to his or her designee, as the case may be.

Section 2. Authorization of Series 2012B PFC Bonds. The Port shall issue, in one or more subseries, the Series 2012B PFC Bonds in the aggregate principal amount of not to exceed \$31,500,000 for the purpose of providing funds necessary to (i) pay the costs of refunding the Series 1999B PFC Bonds, (ii) fund, if necessary, a portion of the First Lien Reserve Account Requirement, and (iii) pay all costs incidental to the foregoing and to the issuance of the Series 2012B PFC Bonds. The Series 2012B PFC Bonds shall be initially issued as fixed rate obligations, as shall be further described in the Supplemental Action.

Section 3. Bond Details.

(a) *Series 2012B PFC Bonds.* The Series 2012B PFC Bonds shall be designated as “The Port of Portland, Oregon, Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B,” may be issued in one or more series with separate series designations, shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as provided in the Supplemental Action, shall be in the denominations specified in the Supplemental Action, and shall bear interest from the date as provided in the Supplemental Action. The Series 2012B PFC Bonds shall mature no later than July 1, 2018.

(b) *Series 2012B PFC Bonds a Special Fund Obligation.* The Series 2012B PFC Bonds are not general obligations of the Port, and no tax revenues of the Port may be used to pay the principal of, premium, if any, and interest on the Series 2012B PFC Bonds. The Series 2012B PFC Bonds shall be obligations only of the First Lien Bond Account and the First Lien Reserve Account and shall be payable and secured as provided herein and in the PFC Master Ordinance. The Series 2012B PFC Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional and statutory provisions and limitations of the State of Oregon.

Section 4. Redemption and Purchase.

(a) *Redemption and Purchase.* The Series 2012B PFC Bonds shall be subject to optional and mandatory redemption and optional and mandatory purchase as provided in the Supplemental Action.

(b) *Purchase of Series 2012B PFC Bonds.* The Port reserves the right to purchase any of the Series 2012B PFC Bonds offered to the Port at any price deemed reasonable to the Executive Director.

Section 5. Place and Medium of Payment. The Port hereby appoints the Trustee as the Paying Agent for the Series 2012B PFC Bonds. The principal of, premium, if any, and interest on the Series 2012B PFC Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2012B PFC Bonds shall be calculated in the manner described in the Supplemental Action. For so long as all Series 2012B PFC Bonds are held by DTC, such payments shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 2012B PFC Bonds are no longer in fully immobilized form, interest on the Series 2012B PFC Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to the Owner of such Series 2012B PFC Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Owners of the Series 2012B PFC Bonds at the addresses for such Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of and premium, if any, on the Series 2012B PFC Bonds shall be payable upon presentation and surrender of such Series 2012B PFC Bonds by the Owners at the office of the Registrar designated for such presentation and surrender.

If any Series 2012B PFC Bond shall be duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 2012B PFC Bond until such Series 2012B PFC Bond is paid.

Section 6. Registration.

(a) *Registrar/Bond Register.* The Port hereby appoints the Trustee as the Registrar for the Series 2012B PFC Bonds. The Port shall cause the Bond Register to be maintained by the Registrar. So long as any Series 2012B PFC Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Series 2012B PFC Bonds at its designated corporate trust office. The Registrar may be removed at any time at the option of the Port upon prior notice to the Registrar, the FAA and DTC, and a successor Registrar appointed by the Port. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder and under the Master PFC Ordinance. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2012B PFC Bonds transferred or exchanged in accordance with the provisions of such Series 2012B PFC Bonds and this Series Ordinance and to carry out all of the Registrar's powers and duties under this Series Ordinance. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2012B PFC Bonds.

(b) *Registered Ownership.* The Port and the Registrar, each in its discretion, may deem and treat the Owner of each Series 2012B PFC Bond as the absolute owner thereof for all purposes (except as otherwise expressly provided in this Series Ordinance or in the Supplemental Action), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2012B PFC Bond shall be made only as described in Section 5 hereof, but such Series 2012B PFC Bond may be transferred as herein provided. All such payments made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the Port upon such Series 2012B PFC Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 2012B PFC Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 2012B PFC Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal or interest on Series 2012B PFC Bonds, any notice which is permitted or required to be given to Owners under this Series Ordinance (except such notices as shall be required to be given by the Port to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Owner. For so long as any Series 2012B PFC Bonds are held by DTC hereunder, DTC or its successor depository (or their respective nominees) shall be deemed to be the Owner for all purposes hereunder, and all references herein to the Owners shall mean DTC or its successor depository (or their respective nominees) and shall not mean the owners of any beneficial interest in such Series 2012B PFC Bonds.

(d) *Use of Depository.*

(i) The Series 2012B PFC Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Series 2012B PFC Bond maturing on each of the maturity dates (for each subseries, if any) of the Series 2012B PFC Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 2012B PFC Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Board or the Executive Director pursuant to subsection (ii) below or such substitute depository’s successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Board or the Executive Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Board or the Executive Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 2012B PFC Bonds, together with a written request of the Board or the Executive Director, issue a single new Series 2012B PFC Bond for each maturity (of each subseries, if any) of the Series 2012B PFC Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Executive Director.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Board or the Executive Director determines that it is in the best interest of the

beneficial owners of the Series 2012B PFC Bonds that such owners be able to obtain such bonds in the form of Series 2012B PFC Bond certificates, the ownership of such Series 2012B PFC Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Board or the Executive Director shall deliver a written request to the Registrar, together with a supply of definitive Series 2012B PFC Bonds, to issue Series 2012B PFC Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 2012B PFC Bonds together with a written request of the Board or the Executive Director to the Registrar, new Series 2012B PFC Bonds shall be issued in the appropriate denominations (and subseries, if any) and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 2012B PFC Bond may be registered and Series 2012B PFC Bonds may be exchanged, but no transfer of any such Series 2012B PFC Bond shall be valid unless such Series 2012B PFC Bond is surrendered to the Registrar with the assignment form appearing on such Series 2012B PFC Bond duly executed by the Owner or such Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2012B PFC Bond and shall authenticate and deliver, without charge to the Owner or transferee therefor, a new Series 2012B PFC Bond (or Series 2012B PFC Bonds at the option of the new Owner) of the same date, maturity and interest rate (and subseries, if any) and for the same aggregate principal amount in any authorized denomination, naming as Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2012B PFC Bond, in exchange for such surrendered and canceled Series 2012B PFC Bond. Any Series 2012B PFC Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 2012B PFC Bonds of the same date, maturity and interest rate (and subseries, if any), in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Series 2012B PFC Bond after notice of the redemption of such Series 2012B PFC Bond has been given.

(f) *Registrar's Ownership of Series 2012B PFC Bonds.* The Registrar may become the Owner of any Series 2012B PFC Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Owners of Series 2012B PFC Bonds.

(g) *Registration Covenant.* The Port covenants that, until all Series 2012B PFC Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2012B PFC Bond that complies with the provisions of Section 149 of the Code.

Section 7. Disposition of the Proceeds of Sale of Series 2012B PFC Bonds.

(a) *Series 2012B PFC Bonds.* The proceeds of the Series 2012B PFC Bonds shall be applied as follows:

(i) A sum specified by the Executive Director prior to closing and delivery of the Series 2012B PFC Bonds shall be deposited with the Paying Agent and applied to the redemption of the Series 1999B PFC Bonds;

(ii) If required, a sum specified by the Executive Director prior to the closing and delivery of the Series 2012B PFC Bonds shall be deposited in the First Lien Reserve Account in satisfaction of a portion of the First Lien Reserve Account Requirement unless the Port deposits in lieu thereof Qualified Insurance; and

(iii) The remainder of the proceeds of the Series 2012B PFC Bonds shall be paid into the Costs of Issuance Account-2012B (hereinafter authorized to be created).

The Port hereby creates a special subaccount of the Port, designated as “The Port of Portland Costs of Issuance Account, 2012B” (the “Costs of Issuance Account-2012B”). The amount on deposit in the Costs of Issuance Account-2012B shall be utilized to pay costs incurred in connection with the issuance and sale of the Series 2012B PFC Bonds, to the extent designated by the Port.

All or part of the proceeds of the Series 2012B PFC Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Oregon by law which will mature prior to the date on which such money shall be needed provided, however, such proceeds shall not be invested in the obligations of any municipality with a credit rating lower than that of the rating on the Series 2012B Bonds. Interest earnings on the Costs of Issuance Account-2012B shall be retained in Costs of Issuance Account-2012B.

Any part of the proceeds of the Series 2012B PFC Bonds remaining in the Costs of Issuance Account-2012B after June 30, 2013 shall be transferred to the First Lien Bond Account for the uses and purposes therein provided.

Section 8. Tax Covenants. The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 2012B PFC Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Series 2012B PFC Bonds.

Without limiting the generality of the foregoing, the Port covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 2012B PFC Bonds or any other funds of the Port which may be deemed to be gross proceeds of the Series 2012B PFC Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder that will cause the Series 2012B PFC Bonds to be “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code.

The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 2012B PFC Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Trustee, the FAA or any Owner) upon receipt of an opinion of the Port’s Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 2012B PFC Bonds.

Section 9. Lost, Stolen, Mutilated or Destroyed Series 2012B PFC Bonds. In case any Series 2012B PFC Bond or Series 2012B PFC Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2012B PFC Bond or Series 2012B PFC Bonds of like date, number and tenor to the Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2012B PFC Bond was actually lost, stolen, mutilated or destroyed (including the presentation of a mutilated Series 2012B PFC Bond) and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 10. Form of Series 2012B PFC Bonds and Registration Certificate. The Series 2012B PFC Bonds shall be in the form attached as an Exhibit to the Supplemental Action.

Section 11. Sale of Series 2012B PFC Bonds and Supplemental Action. The Series 2012B PFC Bonds shall be sold by negotiated sale to the Underwriters under the terms of one or more Bond Purchase Contract. Upon the adoption of this Series Ordinance, the Executive Director is hereby authorized and directed, on behalf of the Port and without further action by the Board and the Board hereby ratifies actions heretofore taken by the Executive Director in connection with the Series 2012B PFC Bonds, to undertake all action necessary for the prompt execution and delivery of the Series 2012B PFC Bonds to the Underwriters and further to negotiate, execute and deliver all closing certificates and documents desirable to effect the closing and delivery of the Series 2012B PFC Bonds in accordance with the terms of the Bond Purchase Contract and to effect the refunding of the Series 1999B PFC Bonds.

The Executive Director is authorized to ratify and to approve, on behalf of the Port, the Official Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Series 2012B PFC Bonds and the distribution of such Official Statement (and any Preliminary Official Statement) with such changes, if any, as may be deemed by him or her to be appropriate.

Section 12. Amendment of PFC Master Ordinance. The Board hereby authorizes the PFC Master Ordinance to be amended pursuant to Section 12 thereof to update certain outdated section references to portions of the Oregon Revised Statutes and to provide that (i) Debt Service on obligations subject to a Derivative Product be calculated in a manner that takes into account such Derivative Product and/or (ii) Debt Service on unhedged variable rate obligations be calculated in a manner that takes into account the historic and/or expected interest rate on such obligations. In such connection, the Supplemental Action executed and delivered pursuant to Section 13 hereof may set forth such amendments to applicable portions of the PFC Master Ordinance, all as may be necessary or desirable in the judgment of the Executive Director executing the same. Such amendments shall become effective only upon the Port obtaining the consent of the Registered Owners of a majority in aggregate principal amount of First Lien PFC Bonds or the Port obtaining the consent of the issuers of all Credit Facilities with respect to First Lien PFC Bonds, all as required by Section 12 of the PFC Master Ordinance.

Section 13. Supplemental Action. The Executive Director of the Port is hereby authorized from time to time in his or her discretion, on behalf of the Port, to:

(a) establish the denominations, series designations, final principal amount (subject to the limitation in Section 2 of this Series Ordinance) and the maturity schedules for the

Series 2012B PFC Bonds provided the final maturity date of the Series 2012B PFC Bonds shall not be later than July 1, 2018.

(b) establish the dates on which interest shall be paid, and the rates or methods of determining the rates of interest which the Series 2012B PFC Bonds shall bear;

(c) establish and revise optional and mandatory redemption and purchase provisions for the Series 2012B PFC Bonds;

(d) establish all other terms of the Series 2012B PFC Bonds, in accordance with the limitations of this Series Ordinance and the PFC Master Ordinance;

(e) establish and make such covenants or agreements or changes or amendments hereto permitted by law and as necessary to obtain satisfactory ratings and credit enhancement for the Series 2012B PFC Bonds;

(f) obtain debt service reserve insurance or a surety bond in lieu of funding all or any portion of the First Lien Reserve Account Requirement attributable to the Series 2012B PFC Bonds, and enter into, execute and deliver any agreements with the insurer or provider of the surety which the Executive Director determines are desirable to obtain the insurance or surety bond and make any changes required to this Series Ordinance necessary in connection with such reserve insurance or surety bond;

(g) obtain, from time to time, if in the best interests of the Port, one or more Credit Facilities or liquidity facilities for the Series 2012B PFC Bonds, and enter into, execute and deliver any agreements with the providers thereof which the Executive Director determines are desirable in connection therewith;

(h) enter into an agreement with the Trustee which provides for, among other things, the payment of Trustee's fees;

(i) take actions necessary to change the interest rate mode of all or a portion of the Series 2012B PFC Bonds, and execute and deliver any certificates, documents or agreements which the Executive Director determines are desirable in connection therewith, all in accordance with this Series Ordinance;

(j) execute and deliver a continuing disclosure undertaking, if desirable, for the Series 2012B PFC Bonds;

(k) execute and deliver a supplemental action certificate specifying the actions taken by the Executive Director pursuant to this Section 13, and execute and deliver any other certificates, documents or agreements which the Executive Director determines are desirable to issue, sell, deliver, manage or administer the Series 2012B PFC Bonds in accordance with this Series Ordinance;

(l) execute and deliver new or amended agreements, certificates and other documents in connection with modifying, replacing or terminating one or more of the interest rate exchange agreements entered into by the Port pursuant to Ordinance No. 422-B of the Port, such

agreements, certificates and documents to include, without limitation, new or amended ISDA Master Agreements, Schedules to Master Agreements, Credit Support Annexes and Confirmations, and any agreements, certificates or other documents related thereto; and

(m) execute and deliver any other certificates, documents or agreements which the Executive Director determines are necessary or desirable to refund the Series 1999B PFC Bonds in accordance with this Series Ordinance.

Section 14. Severability. If any one or more of the covenants or agreements provided in this Series Ordinance to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Series Ordinance and shall in no way affect the validity of the other provisions of this Series Ordinance or of any First Lien PFC Bonds.

Section 15. Publication of Ordinance. A concise summary of this Series Ordinance, including the location within the Port where a complete copy of this Series Ordinance may be obtained without charge, shall be published within five days after passage in a newspaper of general circulation within the Port.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on September 12, 2012, and signed by its President.

THE PORT OF PORTLAND

James C. Carter
Commission President

Approved as to Form:
ORRICK, HERRINGTON & SUTCLIFFE LLP,
as Bond Counsel

By: Douglas E. Goe

DISCUSSION OF FISCAL YEAR 2011-2012 EXECUTIVE DIRECTOR PERFORMANCE AND
ADOPTION OF FISCAL YEAR 2012-2013 EXECUTIVE DIRECTOR PERFORMANCE
CRITERIA AND MEASUREMENT TARGETS

September 12, 2012

Presented by: Jim Carter
Commission President

Attached are the Commission approved Fiscal Year 2011-2012 Executive Director Performance Criteria and Measurement Targets and the proposed Fiscal Year 2012-2013 Executive Director Performance Criteria and Measurement Targets.

It is recommended that the Commission review and establish the Fiscal Year 2012-2013 Executive Director Performance Criteria and Measurement Targets.

COMMISSION PRESIDENT'S RECOMMENDATION

The Commission President recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria and Measurement Targets to be used for Fiscal Year 2012-2013.

**2011-2012
PERFORMANCE CRITERIA AND MEASUREMENT TARGETS
EXECUTIVE DIRECTOR**

The role of Executive Director is to balance the normal competing tensions between the following criteria that arise while leading an organization in a very competitive environment.

Leadership

- Provide the vision and leadership that enables the Port to carry out its mission
- Ensure a triple-bottom line approach in Port planning and decision-making

Retain and Grow Key Services

- Grow revenues and support Port's mission via existing and new services and other opportunities
- Maintain and grow service to target markets (air and marine)
- Increase utilization of existing terminal capacity (air and marine)

Be a Regional Leader in Industrial Land Acquisition and Development

- Establish stronger regional leadership around industrial land acquisition and development
- Optimize Port's existing land/assets (strategic value and/or financial return)
- Ensure use of industrial land for intended strategic purposes

Sustainable Financial Model

- Establish financial management policies that ensure a sustainable Port operating model (regardless of external variables)
- Manage all Port assets and investments to the highest reasonable rate of return
- Ensure that all Port activities and investments are strategically aligned and efficiently managed
- Analyze and implement process improvements that lead to both efficiency and organizational effectiveness.

Port-wide Environmental Strategy

- Create an environmental strategy that optimizes environmental resources according to Port-wide and business line priorities
- Implement environmental activities required to comply with legal and contractual requirements and to meet strategic priorities of the business lines

Regional Leadership in Transportation Infrastructure

- Advocate for regional transportation infrastructure that meets regional & customer needs for efficient/effective goods movement
- Develop a plan for transportation infrastructure development that supports the Port's ability to grow and fulfill its vision/strategy

Strengthen the Port's Culture as a Strategic Asset

- Provide a safe, healthy and diverse work environment for employees
- Strengthen a culture of agility, responsiveness, customer focus, and continuous improvement
- Retain talent and intellectual property necessary to implement the Port's vision and strategy
- Improve operating effectiveness through a strong, unified Port working culture
- Ensure alignment of people systems and management to strategic priorities and plans

2012-2013
PERFORMANCE CRITERIA AND MEASUREMENT TARGETS
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