

INTERGOVERNMENTAL AGREEMENT

This INTERGOVERNMENTAL AGREEMENT RELATED TO RETENTION OF INTERNATIONAL AIR SERVICE TO PORTLAND INTERNATIONAL AIRPORT AND ALLOCATION OF FUNDS TO ASSIST IN THIS RETENTION INITIATIVE ("Agreement"), effective _____, 2010 ("Effective Date") is between **THE CITY OF PORTLAND, OREGON**, a municipal corporation ("City"), and **THE PORT OF PORTLAND**, a port district of the State of Oregon ("Port").

RECITALS

A. The Port and the City are authorized to enter into intergovernmental agreements with other local governments pursuant to the terms of ORS 190.003 to 190.010.

B. The Port and the City recognize Portland International Airport's ("PDX") international air service to Asia and Europe ("Service") is critical to regional businesses and the economic vitality of the Portland-Vancouver region, and that Portland is an international city as a result of the international flights to Japan first initiated in 1987. PDX is the smallest of twelve (12) markets in the United States with international air service to both Asia and Europe; and the Service has kept Portland on the international map and provides an annual economic impact of over \$150,000,000.00 and 2,000 jobs for our region helping local companies compete in a global marketplace, creating jobs, spending, and tourism opportunities.

C. The City and the Port have been working together successfully since the year 2000 to create a PDX International Air Service Committee to help build a constituency to secure and retain the Service and have supported an aggressive regional campaign to secure the Service which included risk mitigation (landing fee waivers), an advance travel bank and marketing assistance.

D. This advocacy led to the successful recruitment of Air China Cargo in 2002, Lufthansa Airlines to Frankfurt in 2003 and Northwest Airlines (recently merged with Delta Air Lines) to Tokyo in 2004 and Amsterdam in 2008.

E. Significant reductions in air travel and the severe economic downturn has created significant challenges for the airline industry resulting in the suspension of Lufthansa service from PDX to Frankfurt on September 12, 2009 and recent announcements by Delta Air Lines that they are suspending nonstop international service from several United States airports and have notified the Port that Delta Air Lines gateway flights to Asia and Europe are at risk.

F. Retention of the Service is a state and local priority which, given our market size, requires bold and creative solutions and partnership.

G. On July 10, 2009, the Port's Commission, with the support of the PDX International Air Service Executive Committee, approved a \$3,500,000.00 service retention fee to Delta Air Lines to help sustain daily nonstop PDX/Tokyo service through May 31, 2010, weather the economic downturn, and return to regular passenger volumes required to continue the service over the longer term. The Port has also waived landing fees for all transoceanic international flights, and the State of Oregon has joined the Port in providing funds to support the Service.

H. The City is committed to working with the Port and the State of Oregon to maintain nonstop international passenger and cargo access for our community, and can support this International Air Service Retention program on a one-time basis to help continue Portland's non-stop international service.

I. On September 30, 2009, the City passed a resolution and allocated \$300,000.00 from the 2009-2010 contingency funds to support the landing fee waiver as part of the Port's International Air Service Retention program.

J. On November 18, 2009, the City appropriated these funds to the Port's International Air Service Retention Program through the Fall 2009 Budget Monitoring Program.

NOW, THEREFORE, in consideration of the promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows.

AGREEMENT

1. RECITALS

The Recitals above are true and are incorporated into and are a part of this Agreement.

2. TERM

The term of this Agreement shall commence and be binding upon the Port and the City as of the Effective Date and shall continue until June 30, 2010, unless sooner terminated pursuant to the provisions of this Agreement.

3. CITY FUNDING

The City agrees to disburse THREE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$300,000.00) in City funds to the Port for application to the Port's International Air Service Retention program.

4. PORT FUNDING

The Port agrees to apply such disbursed funds to defray the cost of landing fees for non-stop international service at Portland International Airport.

5. NOTICES

All notices required under this Agreement shall be deemed to be properly served if sent by certified mail, return receipt requested, or delivered by hand to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent as follows:

to the City at:

City of Portland
Office of Management and Finance
1120 SW Fifth Avenue, Suite 1250
Portland, OR 97204
Attention: Judy Tuttle

to the Port at:

The Port of Portland
P.O. Box 3529
Portland, OR 97208
Attention: Lise Glancy

The date of service of such notice by mail is agreed to be three (3) calendar days after the date such notice is deposited in a post office of the United States Postal Service, postage prepaid, return receipt requested, certified mail or, if delivered by hand, then the actual date of hand delivery. Notice may also be given by facsimile. The burden of proof concerning receipt of the facsimile will be on the sender who may satisfy the burden by presenting a receipt of the transmission showing the date the transmission successfully occurred, the facsimile number that the transmission was sent to, the name of the party to whom the facsimile was sent, and a description of the document sent.

6. ENTIRE AGREEMENT

This Agreement represents the entire agreement between the Port and the City. It is understood and agreed by the City that neither the Port nor the Port's agents or employees have made any representations or promises with respect to this Agreement or the making of or entry into this Agreement, except as expressly set forth in this Agreement. No claim for liability shall be asserted based on any claimed breach of any representations or promises not expressly set forth in this Agreement. All oral agreements, if any, are void and expressly waived by the City. This Agreement has been thoroughly negotiated between the parties; therefore, in the event of ambiguity, there shall be no presumption that such ambiguity should be construed against the drafter.

7. GOVERNING LAW

This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Oregon. Jurisdiction shall be with Multnomah County Courts or the Federal Court located in Portland, Oregon.

IN WITNESS HEREOF, the parties have subscribed their names hereto effective as of the year and date first written above.

THE CITY OF PORTLAND

THE PORT OF PORTLAND

By: _____

By: Bill Wyatt

Print Name: _____

Print Name: Bill Wyatt

As Its: _____

As Its: Executive Director

Date: _____

Date: 2/24/10

APPROVED FOR LEGAL SUFFICIENCY FOR THE CITY:

APPROVED FOR LEGAL SUFFICIENCY FOR THE PORT:

APPROVED AS TO FORM
By: _____

By: _____

Counsel for The City of Portland

Counsel for The Port of Portland

CITY ATTORNEY