

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
November 14, 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 Jim Carter, President, presiding; Peter Bragdon; Tom Chamberlain; Steve Corey; Diana Daggett; Bruce Holte; Linda Pearce and Paul Rosenbaum. Also present were Vince Granato, Chief Operating Officer; participating staff members; and members of the public.

Commissioner Carter acknowledged Bill Wyatt, Executive Director, on the phone. Commissioner Carter noted that Agenda Item No. 5 had been revised; under the Work Week section, the reference to 52.92 hours should read 52.89 hours.

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of October 10, 2012. Commissioner Daggett moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt, via telephone, noted that the Executive Director's report is a formal document that is part of the official packet that is mailed to Commissioners and interested parties. He said his remarks are an oral summary of the events from the course of the last month. Mr. Wyatt said because it has been a pretty active month, he took the extraordinary step of calling in from business travel abroad to provide his perspective on several key things that have been going on.

Mr. Wyatt said Portland International Airport (PDX) set an all-time passenger record in September; PDX served 1,213,111 passengers, a 4.4-percent increase compared to September 2011. He said PDX has seen 26 months of positive passenger growth and he does not see anything on the horizon that is likely to change that over the course of the next few months.

Mr. Wyatt congratulated the Port Police Department for being selected to receive TSA's Honorary Partnership Award. He noted the TSA said they were pleased to nominate the Port Police for this annual national award, which represents the "best of the best" as it serves to highlight the incredible partnership at PDX.

Mr. Wyatt said that electric vehicle stations are now available at PDX. He said Level 2 stations are located in the short-term parking garage and are also available to customers using Gold Key Valet parking. He said that there are six charging stations located on the fourth floor of the garage near the south sky bridge that connects to the airport terminal building. Mr. Wyatt said that this is a nice addition to the options we provide our customers at PDX.

Mr. Wyatt said that Federal District Court Judge Michael Simon, who is overseeing all of the various elements of litigation around Terminal 6 (T-6), had a hearing on November 6 to take the labor-related matters before him under advisement and indicated he would issue an opinion soon. Mr. Wyatt said that his opinion could have a significant impact on the on-going dispute, and at least an indicator for all parties about where things are likely to head.

Mr. Wyatt said that, in the meantime, production at T-6 continues to be fairly poor. He said there are any number of reasons for that, but it is fairly clear based on research we have done, that since this dispute began, average productivity has declined significantly. Mr. Wyatt said that the poor production levels are having a significant financial impact on ICTSI. They earn their revenue by the containers moved, but incur their expense by the hour; so when productivity is down, their costs go up. Mr. Wyatt said that we approved a loss sharing program with ICTSI that will run through the end of the year, but he believes we will have to give some serious consideration to extending the program. He said that we will need to talk more about that, but one of our key strategies is to keep the terminal open and operating, the carriers calling and cargo flowing.

Mr. Wyatt said that in the event that ICTSI were forced to quit operating, which is to say that the carriers or cargo left, or they simply could not bear the additional expense, he believes there is a misperception that the Port would walk in and operate the terminal as we had in the past, and that is simply not accurate. Mr. Wyatt said the fact is, the Port has a 23 ½-year lease remaining with ICTSI, so even if we wanted to or were able to keep operating the terminal, we would not have immediate access. He also noted that the Port would have no rolling stock, which are all the pieces of equipment used to move containers to and from the crane and throughout the yard. Mr. Wyatt said that more importantly, the minute the carriers leave, the cargo would be rerouted through other Puget Sound area ports and the likelihood of being able to recruit those carriers to return and get the cargo back is extremely remote. He said that the nature of operating a container terminal on the Columbia River is a challenging enterprise to begin with; this would make it nearly impossible in his view.

Mr. Wyatt said that it has been the foundation of his strategy to do everything possible to keep the terminal open and operating, and at the same time, use the various venues and resources available to us and to others to try to resolve this dispute. He said this is one of the reasons we are eagerly anticipating Judge Simon's opinion because that will give us a pretty clear indication about where things are likely to head. Mr. Wyatt restated it: if T-6 closes for any length of time, it is quite likely that it will never open again as a container terminal. He said that he has said this before publicly but wanted to make it part of the record today because it is extremely important that all parties understand.

Mr. Wyatt said one additional wrinkle in all this is contract negotiations with the marine security officers for a new contract. He said the marine security officers are members of the ILWU and represented by the ILWU, but they are not longshoremen; they are members of Local 28, a separate local. Mr. Wyatt said we have been unable to reach agreement and a strike is a possibility, which would also close the terminal. He said that we have to pay close attention to this and do everything reasonable and within our power to resolve this, but it is a particular challenge in no small part because of the ILWU relationship.

Mr. Wyatt said the grain handler negotiations with the ILWU are ongoing as well under the auspices of a Federal Mediator. He said he has heard that they are not going particularly well. He said that this is in most respects unrelated to the experience we are having at T-6, but further evidence that we are facing challenging times on the waterfront.

Mr. Wyatt said that West Hayden Island (WHI) has been in the news. Although it would appear as though there has been a sudden rush of activity, that simply is not the case: this has been ongoing for almost four years at a cost of several million dollars. Mr. Wyatt said that we hope to annex WHI into the City of Portland in order to make approximately 300 acres available for marine industrial development. The balance of 500 acres would be used for mitigation, restoration and natural resource damage activities related to the Lower Willamette. Mr. Wyatt said that not only is this contentious but very complex. Mr. Wyatt said that Mayor Adams has done a yeoman's job of trying to bring this to a conclusion during his final weeks in office, but we are prepared to see this continue into the next administration. He said Mayor Adams made a proposal to the Port that provided a framework by which most of the major issues that have been raised could be reasonably addressed. We are evaluating the proposal and will have a clearer picture of where this matter is headed by time of the December Commission meeting.

Commissioner Holte said he would like to make a statement rather than a comment. He said on page 15 and 16 of the Executive Director report it notes a rigging company will remove and install new cabs on the various cranes, but there is no mention of the ILWU. He said he attended meetings at which time the ILWU and the ILWU Gearlockers were guaranteed they would have a part in the removal, installation and hoisting of those crane cabs. He said that along with ICTSI, Walt Haynes and some of the electricians were in the meeting. Commissioner Holte said he would like to point out that ILWU is not mentioned in the document and they should be.

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

AWARD PRESENTATION

Daren Griffin, GM of airport operations, said he was pleased to inform the Commission that we have achieved the third-year OSHA Safety and Health Achievement Recognition Program (SHARP) certification at General Aviation (GA) Maintenance. He recognized Nathan Grimes, GA operations supervisor, and Chris Smith, GA assistant maintenance lead, who were in attendance to accept the award on behalf of the represented employees. Mr. Griffin said Mr. Grimes and Mr. Smith were assisted by the following safety staff: Gregg Bieber, safety administrator, Safety Program; Ellen Ridgeway, safety administrator; and Steve Eversmeyer, safety and loss control manager.

William (Buddy) Kloster of Oregon OSHA presented the Port with the SHARP awards. Mr. Kloster said the OSHA regulations are being followed and congratulated Port employees for doing a great job making sure the Port is a safe place to work.

GENERAL DISCUSSION

Fiscal Year 2012 Financial Performance

Cindy Nichol, Chief Financial Officer, presented a high-level overview of the Fiscal Year 2012 financial performance and focused on the General Fund and PDX. She said the General Fund Revenues used to be a function of container volumes until ICTSI took over T-6 In February 2011.

Ms. Nichol said that our operating revenue was under budget for FY2012; we had a budget of \$55 million with actuals of \$53 million. She said that one of the reasons for this was the \$1.5 million in lower-than-anticipated revenues from the T-6 lease rent and reimbursements for lower operating costs. Ms. Nichol said that the operating expenses were also under budget for FY2012; we had a budget of \$55 million with actuals of \$53 million. She said that one of the reasons for this was lower expenses for T-6 berth maintenance dredging.

Ms. Nichol said that the bottom line is the General Fund had a \$9.2 million net loss in FY2012, which was slightly better than our \$10.4 budgeted net loss. Ms. Nichol said that the ongoing challenges with the Port's General Fund make it clear why programs like ConnectOregon are critical to help fund future capital needs.

Ms. Nichol said that on the Aviation side, passenger traffic is the single largest business driver for revenue at PDX, and for FY2012 we had 13.9 million passengers, an increase of nearly 3 percent from FY2011. She said that total revenues increased 6.5 percent over FY2011 due to increased rental car and parking revenues. She noted that we ended the year in line with the adopted budget. Ms. Nichol said that PDX operating expenses increased \$5 million over the prior year. She said that this increase was primarily due to salary, environmental and support services expense. She also noted that actual operating expenses were \$2 million lower than the FY2012 adopted budget due to lower support service expenses.

Ms. Nichol said that the bottom line for PDX is that in FY2012, we had \$9 million net income for the airport, down \$4 million from FY2011 and slightly better than our budgeted \$8 million net income. Ms. Nichol also briefly discussed the working capital balances for PDX as well as Passenger Facility Charge collections and provided a summary of the Federal awards received by the Port.

Ms. Nichol noted that the PricewaterhouseCoopers (PwC) audit report concluded that the Port has a "Significant Deficiency" in our management of the Federal Aviation Administration (FAA) Airport Improvement Program (AIP). She said specifically, PwC found that the Port should have accrued certain grants receivable for AIP eligible costs incurred in FY2012 but not submitted for reimbursement until FY2013. Ms. Nichol said that there are a couple of contributing factors to this: the FAA changed to a new system which coincided with the end of our fiscal year, so for three months we could not file for grants and new port staff were not fully up to speed on when to recognize these grants. Ms. Nichols said that this did not result in any mis-billings or over billings to the federal government. She also said we take this finding seriously and are implementing stronger internal controls to prevent a recurrence.

External Audit

Ms. Nichol introduced the Port's auditors from PricewaterhouseCoopers (PwC): Mike MacBryde, Engagement Partner; and Elizabeth Gils Carbo, Engagement Manager.

Mr. MacBryde said that PWC was retained to provide audit services and to issue and render opinions on a number of different areas, one being the core financials statements. He noted they issued a clean opinion. Mr. MacBryde said that for the PFC's, they will issue a clean opinion with the exception of the internal control deficiency Ms. Nichol noted. Mr. MacBryde said PWC has substantially completed the A133 report and expects to issue a clean opinion by the end of the month.

Mr. MacBryde said that regarding division of responsibilities, between the auditors and Port managers, he can say the Port team continues to be very well prepared when they get into the audit.

Mr. MacBryde said that PwC takes a top-down, risk-based approach to planning and conducting the audit, which means that based on their cumulative knowledge and understanding of inherent risk and the environment the Port operates in, they scope the audit accordingly. He said there are some risks they term significant and others that are more routine in nature. He said the more significant the risk, the more testing they do.

Mr. MacBryde said that he would be remiss if he did not mention that the Port has some complex accounting such as derivatives, valuation, environmental liabilities and GASB accounting, so PwC uses specialists to make sure that they provide the Port with the highest quality audit.

Ms. Gils Carbo said that when auditing the Port, they identified two significant audit risks that existed with all of their clients that have revenue and are not specific to the Port, and are centered around fraud: management override of internal controls and the risk of fraud in revenue recognition. She reviewed the procedures used to address the risk of fraud. Ms. Gils Carbo said there were no findings from the procedure but they did detect the understatement of the Grants Receivables that Ms. Nichol mentioned. Ms. Gils Carbo said that no exceptions were noted when auditing the Port's derivative instruments or environmental liabilities. Ms. Gils Carbo discussed the procedures performed to address the risk of fraud and noted they did not find anything amiss or indicative of fraud at the Port.

Ms. Gils Carbo said that an important component to PwC's audit is the use of the Port's internal audit staff. She said they found the Port's internal audit personnel to be both objective and competent.

Mr. MacBryde reviewed the required communications and noted that PwC did not take exceptions to the accounting principles or practices used at the Port.

Mr. MacBryde summarized the results of the audit. He said that other than the control deficiency noted, he believes the control environment continues to be strong. He also noted there were no disagreements with management.

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

GROUND LEASE – TRIMET STORAGE MAGAZINE – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to enter into a new ground lease with the Tri-County Metropolitan Transportation District of Oregon in the southwest quad area of Portland International Airport, consistent with the terms presented to the Commission; and

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

Following the reading of the title of the Consent Agenda by Commissioner Carter, 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, Carter, Chamberlain, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 2

CONTRACT – APPOINTMENT OF FINANCIAL ADVISOR

This agenda item requested approval to enter into a five-year financial advisory contract with Public Financial Management, Inc., to provide advice, guidance, expertise and transaction assistance in connection with financial planning and debt financing and management.

Tatiana Starostina presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a five-year contract with Public Financial Management, Inc., to provide financial advice to the Port of Portland through December 31, 2017; consistent with the terms presented to the Commission; and

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

Commissioner Carter 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, Carter, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 3

APPROVAL OF ADJUSTMENTS TO THE APPROPRIATION LEVELS FOR FISCAL YEAR 2012-13

This agenda item requested approval of adjustments to the appropriation levels for the Port of Portland's Fiscal Year 2012-13 Budget.

Suzanne Kenny presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That in accordance with ORS 294.450, the Port of Portland Commission finds the need to adjust appropriations within the General Fund in the amounts shown on Exhibit A and for the purposes shown on Exhibit B, incorporated by this reference, to meet actual spending patterns unforeseen at the time of adoption of the Fiscal Year 2012-13 Budget; and

BE IT FURTHER RESOLVED, That copies of Exhibit A, Schedule of Appropriations Fiscal Year 2012-13; and Exhibit B, Explanation of Changes to Fund Appropriations Fiscal Year 2012-13, shall be included in the minutes of this meeting; and

BE IT FURTHER RESOLVED, That the Budget Officer is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Carter 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, Carter, Chamberlain, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 4

CONSTRUCTION CONTRACTS – HEATING, VENTILATING AND AIR CONDITIONING CONTROLS UPGRADE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval of an exemption from the competitive bidding requirement of Oregon's Public Contracting Code. The exemption would enable the Port of Portland (Port) to use an alternate contracting method to procure a public improvement contract for the provision and installation of an upgrade to the heating, ventilating and air conditioning (HVAC) controls system at Portland International Airport.

This item also requested approval to award the public improvement contract to Johnson Controls, Inc. (JCI), in the amount of \$996,158. This item further requested approval to award a construction contract to Todd Hess Building Company, to construct a new network room and connect the upgraded JCI HVAC control panels to the Port's IT network for the amount of \$809,480.

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

BE IT RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the Findings in Support of an Exemption from Public Bidding set forth on the attached Exhibit A, dated September 13, 2012; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, specifically exempts from competitive bidding public improvement contracts for the Portland International Airport Heating, Ventilating and Air Conditioning Controls Upgrade project, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a public improvement contract for the Portland International Airport Heating, Ventilating and Air Conditioning Control System Network Upgrade project to Johnson Controls, Inc., consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a public improvement contract for the Portland International Airport Heating, Ventilating and Air Conditioning Controls Upgrade to Todd Hess Building Company, in accordance with the negotiations summarized above; 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 Carter recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Carter called for a motion and second for approval to exempt from competitive bidding public improvement contracts for the Portland International Airport Heating, Ventilating and Air Conditioning Controls Upgrade Project. Commissioner Chamberlain moved to approve the exemption. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

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

Commissioner Carter called for a motion and second for approval of the Executive Director's recommendation to award public improvement contracts to Johnson Controls, Inc., and Todd Hess Building Company. Commissioner Rosenbaum moved that the Executive Director's recommendation be approved. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

COLLECTIVE BARGAINING AGREEMENT – AVIATION FIRE DEPARTMENT

This agenda item requested approval of a four-year collective bargaining agreement between the Port of Portland (Port) and the International Association of Fire Fighters (IAFF), Local 43.

On April 25, 2012, the Port and the IAFF, which represents 37 employees who work in the Aviation Fire Department, entered into collective bargaining for a new agreement to replace the agreement scheduled to expire on June 30, 2012. On October 31, 2012, the parties reached a tentative agreement, with the following primary changes in terms and conditions to the collective bargaining agreement:

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 International Association of Fire Fighters, Local 43, for a four-year agreement, retroactive to July 1, 2012, setting forth wages, fringe benefits and working 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 Carter 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, Carter, Chamberlain, Corey, Daggett, Holte, Pearce and Rosenbaum voted in favor of the motion.

The meeting adjourned at 10:57 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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SCHEDULE OF APPROPRIATIONS FISCAL YEAR 2012-13

	ADOPTED BUDGET JUNE 22, 2012	CHANGES TO APPROP. November 14, 2012	REVISED APPROP. November 14, 2012
GENERAL FUND			
Administration	\$ 23,991,482		\$ 23,991,482
Marine & Industrial Development	26,771,347	4,670,000	31,441,347
Development Service & Information Technology	9,920,618		9,920,618
Navigation	9,782,277		9,782,277
Engineering	10,529,745		10,529,745
General Aviation	2,005,039		2,005,039
Sub Total	<u>83,000,508</u>	<u>4,670,000</u>	<u>87,670,508</u>
Service Reimbursements	\$ 96,889		\$ 96,889
Long-Term Debt Payments	9,825,469		9,825,469
Other Environmental	5,064,969		5,064,969
System Development Charges / Other	5,000	180,000	185,000
Cash Transfers to Other Funds	26,007,962	(9,536,804)	16,471,158
Contingency	152,539,900	(4,850,000)	147,689,900
Total Requirements	<u>\$ 276,540,697</u>	<u>\$ (9,536,804)</u>	<u>\$ 267,003,893</u>
AIRPORT REVENUE FUND			
Operating Expenditures	\$ 84,537,112		\$ 84,537,112
System Development Charges / Other	5,000		5,000
Service Reimbursements	21,999,918		21,999,918
Cash Transfers to Other Funds	83,639,686		83,639,686
Contingency	35,000,000		35,000,000
Total Requirements	<u>\$ 225,181,716</u>	<u>\$ -</u>	<u>\$ 225,181,716</u>
BOND CONSTRUCTION FUND			
Capital Outlay	\$ 29,200,771		\$ 29,200,771
Service Reimbursements	6,126,698		6,126,698
Cash Transfers to Other Funds	-		-
Contingency	10,000,000		10,000,000
Total Requirements	<u>\$ 45,327,469</u>	<u>\$ -</u>	<u>\$ 45,327,469</u>
AIRPORT CONSTRUCTION FUND			
Capital Outlay	\$ 98,101,436		\$ 98,101,436
Service Reimbursements	8,952,331		8,952,331
Cash Transfers to Other Funds	2,200,000		2,200,000
Contingency	14,387,528		14,387,528
Total Requirements	<u>\$ 123,641,295</u>	<u>\$ -</u>	<u>\$ 123,641,295</u>
PASSENGER FACILITY CHARGE (PFC) FUND			
Letter of Credit / Other	\$ 600,000		\$ 600,000
Cash Transfers to Other Funds	23,418,615		23,418,615
Contingency	31,891,555		31,891,555
Total Requirements	<u>\$ 55,910,170</u>	<u>\$ -</u>	<u>\$ 55,910,170</u>

SCHEDULE OF APPROPRIATIONS FISCAL YEAR 2012-13

	ADOPTED BUDGET JUNE 22, 2012	CHANGES TO APPROP. November 14, 2012	REVISED APPROP. November 14, 2012
AIRPORT REVENUE BOND FUND			
Long-Term Debt Payments	\$ 54,440,932		\$ 54,440,932
Unappropriated Ending Balance	25,554,313		25,554,313
Total Requirements	<u>\$ 79,995,245</u>	<u>\$ -</u>	<u>\$ 79,995,245</u>
PASSENGER FACILITY CHARGE (PFC) BOND FUND			
Long-Term Debt Payments	\$ 16,454,175		\$ 16,454,175
Unappropriated Ending Balance	15,472,567		15,472,567
Total Requirements	<u>\$ 31,926,742</u>	<u>\$ -</u>	<u>\$ 31,926,742</u>
TOTAL ALL FUNDS	<u>\$ 838,523,334</u>	<u>\$ (9,536,804)</u>	<u>\$ 828,986,530</u>
Less Unappropriated Ending Balances:			
Airport Revenue Bond Fund	\$ 25,554,313		\$ 25,554,313
Passenger Facility Charge (PFC) Bond Fund	15,472,567		15,472,567
Subtotal Unappropriated Ending Balance	41,026,880	-	41,026,880
TOTAL APPROPRIATIONS	<u>\$ 797,496,454</u>	<u>\$ (9,536,804)</u>	<u>\$ 787,959,650</u>

Explanation of Changes to Fund Appropriations Fiscal Year 2012-13

<u>FUND</u>	<u>AMOUNT OF INCREASE/(DECREASE)</u>	<u>REASON FOR CHANGE</u>
GENERAL FUND		
Marine & Industrial Development	\$ 4,670,000	Increase to cover expenses associated with the Port's share of ICTSI's extraordinary costs as a result of the labor jurisdiction issues between the electrician union (IBEW) and the longshore union (ILWU) over the two position that monitor the refrigerated containers.
System Development Charges / Other	180,000	Increase to cover the General Fund expense to fund Asiana Airline, Inc. (Asiana) landing fees in the Airline Cost Center within the Airport Revenue Fund for a period of six months per the terms of the Asiana Airlines, Inc. Cargo Service Retention Agreement in consideration for Asiana's commitment to maintain their non-stop cargo freighter service between Portland, Oregon and Incheon, South Korea.
Cash Transfers to Other Funds	(9,536,804)	A decrease in Cash Transfers to Other Funds (the Bond Construction Fund), due to the Port's dedication of property tax revenue to the Port's Bond Construction Fund for use in General Fund capital construction.
Subtotal Increases	\$ <u>(4,686,804)</u>	
Contingency	\$ <u>(4,850,000)</u>	Balancing entry.