


PORT OF SEATTLE
MEMORANDUM

DATE: August 08, 2016
TO: Audit Committee
FROM: Joyce Kirangi, Internal Audit Director 
SUBJECT: Audit Termination Memo -- Project Deemed Low Risk
Marel Seattle Inc. Lease & Concession Agreement

Included in the 2016 Audit Committee Annual Work Plan was a lease and concession audit of Marel Seattle Inc. The audit objective was to assess whether Port management monitoring controls are adequate and effective to ensure Marel Seattle Inc. complied with the lease and agreement terms as stipulated in the agreement. After conducting our planning and assessing management controls, Internal Audit did not identify significant risks related to this agreement. We concluded that further audit testing would add no value.

Background

Marel Seattle Inc. is the leading global provider of advanced food processing systems and services. The company provides equipment and systems to help food processors (poultry, fish, meat) of all sizes, in all markets.

Agreement Section 3.3.1, as amended stipulates:

... in addition to the Base Rent, also pay the Port a percentage rent equal to one percent of Lessee's annual Gross Income in excess of \$20,000,000; provided, however, the Percentage Rent shall not exceed \$150,000 in any single year of this lease.

FINANCIAL HIGHLIGHTS

KEY FINANCIAL RESULTS FOR MAREL SEATTLE INC. AGREEMENT		
AGREEMENT YEAR	REPORTED GROSS REVENUES	BASE RENT & CONCESSION PAID
2014 – 2015	43,058,000	731,183
2015 – 2016	48,004,000	795,581
TOTAL	91,062,000	1,526,764

Data Source: PeopleSoft Financials and Propworks