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Commission President
Tom Albro
John Creighton
Rob Holland
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Tay Yoshitani
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**APPROVED MINUTES
COMMISSION SPECIAL MEETING OCTOBER 11, 2011**

The Port of Seattle Commission met in a special meeting Tuesday, October 11, 2011, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland, and Tarleton were present.

1. CALL TO ORDER

The special meeting was called to order at 11:35 a.m. by Bill Bryant, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The special meeting was immediately recessed to an executive session estimated to last approximately 90 minutes to discuss matters relating to an ethics review. Following the executive session, which lasted approximately 95 minutes, the special meeting reconvened in open public session at 1:20 p.m.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

None.

4. SPECIAL ORDER OF BUSINESS

a. (00:02:15) *Seattle Business Magazine* "Green 50" Award Recognition.

Presentation document(s): Commission agenda [memorandum](#) dated October 3, 2011, and computer slide [presentation](#) provided by Elizabeth Leavitt, Aviation Planning and Environmental Programs Director, and Stephanie Jones Stebbins, Seaport Environmental and Planning Programs Director.

Mr. Yoshitani announced the presentation to the Port of the Seattle the Seattle Business Magazine's Green 50 Award for demonstrating extraordinary commitment to environmentally

sustainable business practices. He stated that the award was received in the Government/Academia category and recognizes the Port's groundbreaking environmental initiatives including a centralized pre-conditioned air system for parked aircraft, the Seaport At-Berth Clean (ABC) Fuels Program to reduce sulfur emissions from ships while berthed, the Sustainable Aviation Fuels Northwest Project, electrification of Airport ground support equipment, and the Scrappage and Retrofits for Air in Puget Sound (ScRAPs) Program to assist in the replacement of pre-1994 drayage trucks serving the Port's container terminals with newer, lower-emission vehicles.

5. (00:06:00) UNANIMOUS CONSENT CALENDAR

- a. Authorization for the Chief Executive Officer to prepare design and construction bid documents for the Lagoon 3 Bird Wires project. The budget requested for this design work is \$169,000, while the total estimated budget for the completed project is \$1,631,000 (CIP #C800417).**

Request document(s): Commission agenda [memorandum](#) dated October 4, 2011, and [site plan](#) provided by Michael Ehl, Airport Operations Director, and Wayne Grotheer, Aviation Project Management Group Director.

- b. Authorization for the Chief Executive Officer to execute a contract with the Washington State General Administration Engineering and Architectural Services Department for the Stage II Mechanical Energy Conservation project and to proceed with the design and construction of these energy saving initiatives identified by the State's Energy Service Company audit report of June 2011 at Seattle-Tacoma International Airport. The amount of this request is \$3,204,400. The total cost of the project is \$3,289,900 (CIP #C800268).**

Request document(s): Commission agenda [memorandum](#) dated September 30, 2011, provided by David Soike, Aviation Facilities and Capital Program Director, and Wayne Grotheer, Aviation Project Management Group Director.

- c. Authorization for the Chief Executive Officer to advertise and execute a major construction contract for the Loading Bridges Utilities Gate Improvements project at Seattle-Tacoma International Airport in the amount of \$6,144,000 of the previously authorized \$12,883,000 (CIP #C800019).**

Request document(s): Commission agenda [memorandum](#) dated September 30, 2011, provided by Michael Ehl, Airport Operations Director, and Wayne Grotheer, Aviation Project Management Group Director.

- d. Authorization for the Chief Executive Officer to: 1) execute a five-year lease at fair market value, with options to renew for two additional five-year terms, according to the terms laid out in this memorandum, with Fremont Maritime Services Inc. at Fishermen's Terminal; and 2) provide \$33,570 as a tenant improvement allowance and \$11,750 as a leasing broker commission for a total request of \$45,320.**

Request document(s): Commission agenda [memorandum](#) dated October 4, 2011, and [letter of intent](#) provided by Melinda Miller, Portfolio Management Director, and Rebecca Schwan, Real Estate Manager.

- e. **Authorization for Chief Executive Officer to 1) execute a memorandum of understanding with SSA Terminals, Total Terminals Inc., and Eagle Marine Services to implement a radio frequency identification (RFID) system in the Port of Seattle; and 2) purchase the services of eModal to administer the RFID system related to the Clean Truck Program for an amount not to exceed \$500,000. The total cost of the project is estimated to be \$1,170,000, of which \$500,000 will be reimbursed through a previously approved U.S. Department of Transportation Congestion Mitigation/Air Quality Grant and the remainder will be included in the 2012-2016 operations budgets.**

Request document(s): Commission agenda [memorandum](#) dated October 3, 2011, and [memorandum of understanding](#) provided by Michael Burke, Seaport Leasing and Asset Management Director.

Motion for approval of consent items 5a-5e – Creighton

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

At the discretion of the Chair, the Commission advanced to consideration of –

9. POLICY ROUNDTABLE

a. (00:06:40) Puget Sound Partnership Targets and Indicators.

Presentation document(s): Commission agenda [memorandum](#) dated October 5, 2011, computer slide [presentation](#), [Puget Sound Ecosystem Recovery Targets](#), and [B4 Working Waterfronts draft](#) provided by Stephanie Jones Stebbins, Seaport Environmental and Planning Programs Director.

Presenter(s): Ms. Jones Stebbins.

Commissioner Bryant commented on the release of the Puget Sound Partnership's Puget Sound Ecosystem Recovery Targets and various environmental efforts of the Port and introduced the following roundtable participants, who were present to contribute to the panel discussion:

- Tom Bancroft, Executive Director of People for Puget Sound;
- Kerri Cechovic, Campaign Director, Washington Environmental Council;
- Eric Johnson, Executive Director, Washington Public Ports Association;
- Gerry O'Keefe, Executive Director, Puget Sound Partnership;
- James Rasmussen, Duwamish River Cleanup Coalition Technical Advisory Group Coordinator; and
- The Honorable Bill Ruckelshaus, Puget Sound Partnership Leadership Council.

Mr. O'Keefe described the process of identifying key indicators for gauging the health of the Puget Sound and estimated that the process will likely yield about 18 targets established based on the key indicators. He commented on integration of ecosystem restoration with quality of life and noted the importance of a strong economy for protection of the environment.

Ms. Jones Stebbins outlined groupings of the targets proposed by the Puget Sound Partnership as follows, noting their relationship to Port activities:

- Estuaries and shoreline armoring;
- Marine sediment quality and toxics in fish;
- Dissolved oxygen and fresh water quality;
- Swimming beaches; and
- Growing and sustaining healthy populations of keystone species.

She noted there are a number of Port activities that can promote the Port's mission of economic vitality and the goals of the Puget Sound Partnership. Commissioner Bryant remarked on the synergy between indicators affecting sediment quality and dredging, stormwater management, and habitat management and the indicators presented. The panelists were asked to comment on the indicators the Port would or would not be able to engage effectively in the course of its normal range of activities.

Mr. Ruckelshaus commented on the complicated nature of the process of developing indicators and targets and on the importance of involving the public and other public agencies early in planning of related environmental initiatives. He stated there is an opportunity to view a healthy ecosystem as a requirement for economic progress rather than a barrier to it.

Mr. Bancroft remarked on the importance of Port and other local, state, and federal support for funding of environmental restoration in the Puget Sound. He recommended advocacy for stormwater cleanup and strong stormwater regulations from the Washington Department of Ecology. Mr. Bancroft commented on the importance of continued work to reduce water toxics in Puget Sound and restore habitat along the Duwamish River and on the opportunity to redevelop the Seattle waterfront as a model urban waterfront.

Mr. Rasmussen acknowledged the past and current environmental work of the Port, and emphasized the importance of continued leadership from the Port in the process of improving the health of the Puget Sound by cleaning up and sustaining more than 90 percent of the ecosystem's natural background condition. He commented on the importance of this effort in preserving and expanding the region's marine industrial base.

Mr. Johnson stated that a fundamental tenet of land-use planning is promoting density in order to reduce sprawl, in which the Port plays an important role. He noted the applicability to Port operations of environmental indicators for cleanup of waterfront and sediments, estuarine habitat restoration, marina and recreational boating initiatives, and shoreline armoring.

Ms. Cechovic commented on the importance of Port leadership through continued cleanup of Elliott Bay and the Duwamish River, habitat restoration, and mitigation of stormwater runoff, which she stated is the largest source of water pollution in the Puget Sound.

Commissioner Creighton noted that the Port's planning has to take into consideration the level of control it has over outcomes. He described the Port's influence as applying directly to its own property, to the operations of its tenants, and as an influencing factor through its regional leadership.

Mr. Rasmussen commented on the influence of the Port in the region and emphasized that the goal of restoring 100 percent of the ecosystem's natural background condition is an achievable goal.

Commissioner Tarleton remarked on using collaborative efforts to achieve clean water goals, similar to the Port's approach in dealing with clean air goals. Mr. Johnson stated that the pragmatic approach of the Port and its partners in developing a clean air strategy was responsible for the program's success and advised a similar approach in setting goals for clean water initiatives.

Commissioner Albro commented on the importance of applying critical analysis to determine the effectiveness of environmental solutions rather than focusing on a cause that may not produce the desired results. Mr. Bancroft remarked on the need to look at the broader picture when considering environmental issues and added his opinion that it is important for the Port to use its influence to promote both a healthy environment and a healthy economy.

Commissioner Holland commented on the need to increase awareness of environmental issues among working class people whose priorities may be focused elsewhere.

Mr. Rasmussen acknowledged the work of Port Senior Environmental Program Manager George Blomberg, particularly on Duwamish River restoration.

The special meeting was recessed at 2:30 p.m. and reconvened at 2:42 p.m., chaired by Commissioner Bryant, and the Commission returned to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- a. (01:11:10) First Reading of Resolution No. 3653 authorizing the issuance and sale of revenue refunding bonds, in an amount estimated at \$140,000,000 for the purpose of refunding certain outstanding Port bonds.**

Request document(s): Commission agenda [memorandum](#) dated October 3, 2011, and [Resolution No. 3653](#) provided by Elizabeth Morrison, Senior Manager, Corporate Finance.

Presenter(s): Ms. Morrison.

Ms. Morrison described the resolution, which authorizes the sale and issuance of first-lien revenue bonds that would refund two series of outstanding Port bonds, including special facility revenue

bonds issued to fund a portion of Terminal 18 expansion in 1999 and Series 1998 subordinate-lien revenue bonds issued to refund bonds that originally funded construction of corporate offices at Pier 69.

Ms. Morrison outlined changes created by the refunding of the Terminal 18 bonds, the current outstanding amount of which is \$224 million. She explained the nature of the bond security, and noted that the bonds were previously secured only by rent at Terminal 18, but that the new bonds would be secured by total Port revenue. One result of the previous arrangement would have been that in the event of a default, the Port would have had the option to relinquish the Terminal 18 facility to the Bond Trustee. She stated that the bonds currently represent \$124 million of the total cost of the asset, compared to \$300 million in investment of Port resources.

Ms. Morrison explained that neither the bond liability nor the assets funded by the special facility bonds currently appear on the Port's balance sheet. She stated the refunding would bring the assets and liabilities onto the Port's balance sheet, and that the Port would recognize gross revenues from Terminal 18, where previously the Port recognized net revenue of special facility debt service. The Port would also recognize interest and depreciation expense associated with the assets.

Ms. Morrison reported that the refunding would level the debt service and presented a graph illustrating Terminal 18 refunding debt service over time. A copy of the document is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices.

In response to Commissioner Bryant, Ms. Morrison explained that leveling the debt service would provide improved future cash flow to accommodate capital and maintenance costs.

Ms. Morrison reported on the refunding of the subordinate-lien revenue bonds, noting the current outstanding amount is \$11 million, which would be included in the refunding of the special facility bonds, which she stated is a more cost-effective approach considering the bond amount. She noted the savings would accrue to the Real Estate division, since the bonds funded a Real Estate asset. Ms. Morrison stated an \$11 million debt service cash reserve would secure the refunded bonds and listed the firms included in the underwriting pool.

Ms. Morrison introduced Richard Schober, Senior Vice President of Seattle Northwest Securities, the Port's financial advisor, who commented on current market conditions.

In response to Commissioner Bryant, Ms. Morrison reported that savings are expected to be approximately 15 percent on the Terminal 18 bonds and over five percent on the 1998 subordinate-lien bonds. She explained that 3.75 percent is the minimum savings required in order to proceed with a bond refunding because savings of this percent produces positive cash flow to the Seaport and Real Estate divisions.

In response to Commissioner Creighton, Ms. Morrison confirmed that the estimate of \$19 million in savings is based upon the higher percentages of 15 and five percent. If the bonds were refunded at the lower rate, Ms. Morrison and Mr. Schober estimated the savings would be approximately one-fifth of the amount proposed.

Commissioner Albro stated his preference for a more level model of repayment of principal, such as that recommended by staff.

In response to Commissioner Bryant, Ms. Morrison stated that the data presented to the Commissioners was based on the savings of 5-15 percent, but that the Commission could adjust the savings percentage via an amendment prior to final passage of the resolution after second reading.

In response to Commissioner Albro, Ms. Morrison explained the proposed accounting changes as removing the requirement for the bond insurer to approve Terminal 18 lease amendments and introducing relative shifts in financial statement numbers reflecting higher gross revenues and higher interest and depreciation expense associated with the assets.

Commissioner Creighton pointed out that under the current arrangement, bond insurer approval is required for Terminal 18 lease amendments, and asked for more information relating to negotiating Terminal 18 lease amendments in the absence of the bond refunding. Ms. Morrison responded that there have been several amendments to the Terminal 18 lease already, and that although the process is quite cumbersome, the bond insurer has approved the amendments so far.

Commissioner Creighton commented on recent amendments to the Terminal 18 lease to waive crane rental payments by SSA Marine and his concern over continued pressure from terminal operators for rent decreases and subsidies, which he opined would be the result of the bond refunding changes. He stated his opposition to promoting conditions that would result in award of subsidies to SSA Marine. Commissioner Creighton also described a proposal to allocate some of the \$19 million in savings from the bond refunding in the form of a reduction to the Port's tax levy assessment.

In response to Commissioner Holland, Ms. Morrison explained that the savings from the bond refunding would benefit the Port's general fund since the new accounting formula would direct gross terminal rent directly to the Port, which would then allocate debt service payments to bond holders itself.

Commissioner Albro commented on his support of the refunding as a way of improving the Port's competitive advantages.

Motion for First Reading of Resolution No. 3653 – Albro

Second – Holland

Amendment Proposed –

Commissioner Creighton moved, and Commissioner Holland seconded, an amendment to Resolution No. 3653 to insert the following language:

“The first \$10 million in present value of savings obtained through the bond refunding shall be returned to our owners, the citizens of King County, in the form of a corresponding reduction in the Port tax levy.”

Commissioner Tarleton inquired about the legal implications of the amendment. Ms. Morrison advised consulting legal counsel on the appropriateness of attaching the amendment to the bond

refunding resolution rather than incorporating it into the vote on the 2012 budget and tax levy assessment. Commissioner Tarleton stated she had concerns over making a decision affecting the tax levy while the budget briefing process is still in progress. She added that there is no tenant incentive program for the Seaport division comparable to the incentives offered to airlines in the Aviation division.

Commissioner Holland commented that he would be open to reducing the tax levy at some point if there were savings to be realized.

Commissioner Creighton noted that Airport tenants commit to paying for much of the infrastructure improvements that benefit them, in contrast to the prevailing pattern at the Seaport.

Commissioner Tarleton commented that the lease structures for Seaport terminal operators benefit the people of King County by sustaining Port activity despite difficult economic times, although the effect is not as obvious to the general public.

Mr. Yoshitani stated that the business case for pursuing the bond refunding is separate from any considerations relating to renegotiation of Seaport terminal leases as well as from the question of reducing the tax levy. He noted that agreeing to reduce the tax levy by a certain amount related to bond refunding savings would not preclude the overall levy amount from increasing or remaining level due to other funding considerations.

In response to Commissioner Bryant, Dan Thomas, Chief Financial Officer, stated the effect of the amendment is unclear as it pertains to a specific tax levy reduction amount for a particular year.

In response to Commissioner Albro, Commissioner Creighton stated he was open to considering proposals for application of the present value savings to a tax-levy reduction.

Mr. Thomas noted that the decisions of the current Commission related to the amount of the tax levy would not bind future Commissions, which would continue to adopt specific tax levy amounts on an annual basis, and he added that the primary motivation for the bond refunding is debt-service savings.

Commissioner Albro stated that although he generally supports reduction of the tax levy, he would not support the amendment under consideration because of his desire to act on the tax levy based on the context of the larger budget discussion.

Commissioner Holland stated that he would support the amendment because it would be fair to the public to reduce the tax levy.

Amendment Withdrawn –

Commissioner Creighton withdrew his amendment, and asked that staff propose a way to incorporate \$10 million in savings into a reduction of the the tax levy as part of reviewing the plan of finance. Specifically, he asked for a recommendation for scheduling \$10 million in present value savings over time as a reduction of the tax levy and for an opinion from legal counsel on the appropriateness of including a written commitment to reducing the tax levy in the bond refunding resolution.

The title of Resolution No. 3653 reads as follows:

A resolution of the Port Commission of the Port of Seattle authorizing the issuance and sale of revenue refunding bonds in multiple series, in the aggregate principal amount of not to exceed \$140,000,000 for the purpose of refunding certain outstanding revenue bonds of the Port and paying costs of issuance; authorizing preliminary and final official statements; authorizing the Chief Executive Officer to approve the sale date or dates, final principal amounts. Interest rates, payment dates, redemption provisions, maturity dates and principal maturities for the bonds; authorizing the Designated Port Representative to appoint an escrow agent and execute an escrow agreement; and providing for a negotiated sale of the bonds to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Backstrom McCarley Berry & Co., LLC, Barclays Capital Inc., Drexel Hamilton, LLC, J.P. Morgan Securities LLC, and Morgan Stanley & Co. LLC.

The question recurred on the motion by Commissioner Albro, seconded by Commissioner Holland, for First Reading of Resolution No. 3653.

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

- b. (02:06:00) Adoption of a Port of Seattle Commission motion: 1) opposing passage of Initiative 1125, entitled the “Protect Gas-Taxes and Toll-Revenues Act and Protect the 18th Amendment to Washington’s Constitution”; 2) expressing the Port Commission’s position that toll revenues are an important component of state transportation funding and that the authority of the Washington State Transportation Commission ensures a stable and predictable process to provide revenues sufficient for transportation projects, to set tolls, and to provide appropriate security for bondholders; 3) urging the state’s voters to reject Initiative 1125 on November 8, 2011; and 4) directing the Chief Executive Officer to disseminate this motion broadly to state and local government officials, regional organizations, and interested business, community labor and environmental groups.**

Request document(s): Commission agenda [memorandum](#) dated October 6, 2011, [motion](#) opposing Initiative Measure No. 1125, and [text](#) of Initiative Measure No. 1125 provided by Michael Merritt, Manager of Government Relations, Puget Sound/Washington.

Presenter(s): Mr. Merritt.

Mr. Merritt reported on the proposed motion to oppose passage on November 8, 2011, of Initiative Measure No. 1125, which he said would remove toll-setting authority from the State Transportation Commission and require the Legislature to set tolls. He explained the growing trend in Washington state and nationally toward tolling as a means to fund transportation projects, many of which are viewed as valuable to the mission of the Port. Mr. Merritt reported that the initiative would prohibit congestion pricing; require removal of tolls once construction project bonds are satisfied, with no

provision made for maintenance or future improvements to those transportation projects; and would limit use of highway travel lanes for rail projects. He described the policy contained in the initiative as damaging to the Port and the regional transportation system.

Public comment was received from the following individuals:

- Alicia Teel, Seattle Metropolitan Chamber of Commerce Policy Department. Ms. Teel spoke in opposition to Initiative Measure No. 1125, which she said was a dangerous and irresponsible measure that would restrict the state's ability to fund and execute crucial transportation projects, hamper efforts to reduce congestion, restrict expansion of light rail, and pose a threat to regional jobs in the long and short term.
- David Frieboth, Executive Secretary of the King County Labor Council. Mr. Frieboth spoke in opposition to Initiative Measure No. 1125. He commented on historic approaches to solving transportation problems and said financing of alternative transportation projects would be gutted by the initiative. Mr. Frieboth stated that the initiative is a move to dismantle efforts to expand light rail in the region.
- Lee Newgent, Executive Secretary of the Seattle Building and Construction Trades Council. Mr. Newgent commented that he disagrees with the assumption he said is inherent in Initiative Measure No. 1125 that toll roads and bridges cannot coexist with transit. He said it is important to invest in transportation infrastructure in order to sustain the regional economy.
- Written comments supporting the motion to oppose Initiative Measure No. 1125 were received from Rob Johnson, Executive Director of the Transportation Choices Coalition. A copy of the document is, by reference, made a part of these minutes, is marked [Exhibit B](#), and is available for inspection in Port offices.

Several Commissioners spoke in favor of the motion opposing passage of Initiative Measure No. 1125.

The motion proposed for approval reads as follows:

- 1. The Port Commission expresses its position that toll revenues have been identified as an important component of funding of transportation infrastructure necessary to creating jobs, maintaining healthy ports and ensuring the state's competitive position in the global economy.**
- 2. The existing authority of the Washington State Transportation Commission ensures a stable and predictable process to provide revenues sufficient for transportation project needs, set tolls to maximize efficiency and reduce congestion; and further provides appropriate security for bondholders, thus keeping costs low.**
- 3. The Commission urges the state's voters to reject Initiative 1125 on November 8, 2011.**
- 4. The Port Commission directs the Chief Executive Officer to disseminate this motion to appropriate Washington State officials and interested parties, including but not limited to, the Governor of Washington State, the Speaker of the House of Representatives and the House Minority Leader, the Senate**

Majority Leader and the Senate Republican Leader, the Washington State Transportation Commission, the Puget Sound Regional Council, the King County Executive, the King County Council, the City of Seattle Mayor, the Seattle City Council, the Association of Suburban Cities, the various Chambers of Commerce in King County and other business, community, labor and environmental organizations.

Motion for approval of item 6b – Tarleton

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

7. STAFF BRIEFINGS

a. (02:23:45) City of SeaTac: Potential Zoning Changes Regarding Park & Fly Facilities.

Presentation document(s): Commission agenda [memorandum](#) dated September 30, 2011, and computer slide [presentation](#) provided by Mark Reis, Aviation Division Managing Director.

Presenter(s): Mr. Reis.

Mr. Reis reported on a proposal under consideration by the City Council of the City of SeaTac to alter the city's zoning code related to parking development in the City Center area. He noted that the proposal is on hold pending an appeal of the city's determination of nonsignificance issued under the State Environmental Policy Act, and described one of the options proposed to the city by an ad hoc committee. Mr. Reis explained that the option described as model no. 2 could result in addition of approximately 7,000 new parking stalls on property adjacent to the Airport and the Sound Transit station.

Mr. Reis noted other parking projects developed under the current zoning codes, and stated there is a concern over changes proposed in the rules regulating parking uses in the affected area. He presented a diagram showing the City Center area adjacent to the Airport and charts projecting trends in the park-and-fly market over several years showing parking-stall supply exceeding demand.

Mr. Reis explained that a flood of new parking development subsequent to a possible zoning code change could result in loss of non-aeronautical revenue to the Airport of approximately \$5-11 million annually as well as significant hardship for small businesses engaged in the park-and-fly business. He said reinvestment in Airport projects such as federal inspection services improvements, development of air cargo facilities, and others would suffer as a result.

Mr. Yoshitani noted that the City of SeaTac will benefit from per-customer taxes whether the parking is on or off Airport property. Mr. Reis noted that no action from the City Council is expected prior to early 2012 on the recommended zoning changes.

Public comment was received from the following individuals:

- A letter signed by Todd Cutts, City Manager of the City of SeaTac, pertaining to the City's proposed City Center Park-and-Fly Standards, was submitted prior to the meeting. A copy of the letter is, by reference, made a part of these minutes, is marked [Exhibit C](#), and is available for inspection in Port offices.

b. (02:43:50) Review of the Work of the Audit Committee.

Presentation document(s): Commission agenda [memorandum](#) dated October 5, 2011, provided by Tom Barnard, Research and Policy Analyst.

Presenter(s): Mr. Barnard.

Mr. Barnard reported on the work of the Commission's Audit Committee between June and September 2011 noting the various audits completed and commenting on possible changes proposed for the work of the committee in the future. He stated a substantial amount of money has been recovered due to the work of the Internal Audit department historically, and that the committee is in the process of reviewing the methodology behind selection of factors to be audited.

Mr. Barnard commented on consideration given to separating the functions performed by the Internal Audit department and interest in the scoping, organization, and procurement of peer review of the work of the department and the Audit Committee's role in that process. He commented on procedural considerations for maintaining a quorum of the committee, given that pursuant to the committee's charter, only the two Commission representatives count for purposes of establishing a quorum of the three-person committee. Mr. Barnard stated the committee has considered requesting appointment of an alternate Commission member.

Commissioner Albro remarked on the quorum requirements for the committee and the desire of the committee for an alternate member to be appointed by the Commission President. He commented on the role of the Internal Audit department as a vehicle for monitoring policy compliance at the Port and the appropriate assignment of the function of performing lease and concession audits.

Mr. Barnard reported that a proposal likely would be forthcoming for peer review of the Internal Audit department using the standards of either the Association of Local Government Auditors or the Institute of Internal Auditors.

Commissioner Tarleton encouraged collaboration between the Internal Audit department and the Audit Committee to develop an effective work plan. Commissioner Albro commented that the Audit Committee will discuss the Internal Audit department workplan and budget and possible use of external resources to assess Information and Communications Technology functions at the November Audit Committee.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

Agenda item 9a having been disposed of previously, there was no further policy roundtable.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 4:34 p.m.

John Creighton
Secretary

Minutes approved: December 13, 2011.