

START OF TRANSCRIPT

[00:00:28] THIS IS COMMISSIONER CHO CALLING TO  
[00:00:30] ORDER THE PORT OF SEATTLE AUDIT  
[00:00:31] COMMITTEE SPECIAL MEETING. TODAY IS  
[00:00:34] THURSDAY, JUNE 17 TH AND THE TIME IS 2  
[00:00:37] 36. WE ARE MEETING REMOTELY TODAY VIA  
[00:00:40] TEAMS TO COMPLY WITH THE SENATE  
[00:00:42] CONCURRENT RESOLUTION 8402 AND GOVERNOR  
[00:00:46] INSLEE'S PROCLAMATION 2028. PRESENT  
[00:00:49] WITH ME TODAY IS PUBLIC MEMBER CHRIS  
[00:00:52] GEHRKE AND COMMISSIONER COMMISSIONER  
[00:00:54] STEINBREUCK WHO IS FILLING IN FOR OH ACTUALLY  
[00:00:57] IS NOT FILLING IN FOR THE COMMISSIONER  
[00:00:58] BOWMAN WHO IS HERE TODAY. EXCUSE ME.  
[00:01:01] AND I BELIEVE COMMISSIONER STEINBREUCK IS  
[00:01:04] HERE AS WELL. WILL THE CLERK PLEASE CALL  
[00:01:07] THE ROLL TO ENSURE ALL COMMUNITY MEMBERS  
[00:01:10] ARE ON THE LINE? THANK YOU. BEGINNING  
[00:01:12] WITH COMMISSIONER BOWMAN PRESENT.  
[00:01:15] THANK YOU. MEMBER GEHRKE PRESENT.  
[00:01:20] THANK YOU, COMMISSIONER STEINBREUCK.  
[00:01:22] HERE, THANK YOU. THANK YOU,  
[00:01:24] COMMISSIONER CHO PRESENT. THANK YOU. YOU  
[00:01:27] DO HAVE A QUORUM OF THE AUDIT COMMITTEE  
[00:01:29] AND ATTENDANCE THERE. GREAT. AS THIS IS  
[00:01:32] THE VIRTUAL MEETING, WE HAVE MADE  
[00:01:34] SPECIAL ARRANGEMENTS TO PROVIDE FOR  
[00:01:36] REMOTE PARTICIPATION FOR ALL OF OUR  
[00:01:38] STAFF, ANY OUTSIDE PRESENTERS AND  
[00:01:40] COMMITTEE MEMBERS. ALSO, PLEASE NOTE  
[00:01:43] THAT ALL VOTES, COMMENTS AND QUESTIONS  
[00:01:45] TODAY WILL BE TAKEN BY ROLL CALL METHOD  
[00:01:47] AS A RESULT OF OUR VIRTUAL ENVIRONMENT  
[00:01:49] TO MAKE THIS MEETING MORE ACCESSIBLE TO  
[00:01:51] THE PUBLIC. THE MEETING IS BEING LIVE,  
[00:01:53] STREAMS AND DIGITALLY RECORDED AND MAY  
[00:01:55] BE VIEWED OR HEARD AT ANY TIME ON THE  
[00:01:57] PORT WEBSITE. BEFORE WE GO INTO  
[00:02:01] OUR FIRST ITEM FOR APPROVAL, I WOULD  
[00:02:03] LIKE TO ASK IF THERE ARE ANY OBJECTIONS  
[00:02:04] TO THE MOVING ITEM SEVEN OF OUR  
[00:02:07] OPERATIONAL AUDITS PERTAINING TO THE ART  
[00:02:10] PROGRAM. TO OUR FIRST ORDER OF BUSINESS.  
[00:02:13] COMMISSIONER STEINBREUCK IS IN ATTENDANCE  
[00:02:15] TO HEAR THE AUDIT REPORT. DO I HAVE ANY  
[00:02:19] OBJECTIONS? ALRIGHT,  
[00:02:22] HEARING NO OBJECTION. WE'LL RE ORDER THE  
[00:02:25] AGENDA TO TAKE ITEM NUMBER SEVEN FIRST.  
[00:02:28] I THINK GLENN AND DAN AND SPENCER  
[00:02:33] BRIGHT ARE UP. SO I'M GOING TO INTRODUCE  
[00:02:36] THIS ITEM. COMMISSIONERS CHO,  
[00:02:38] COMMISSIONER STEINBRUECK, COMMISSIONER  
[00:02:40] BOWMAN, AND TALK A LITTLE BIT ABOUT THAT.  
[00:02:42] DAN CHASE IS GOING TO TALK A LITTLE BIT  
[00:02:44] MORE ABOUT THE ISSUE AND THEN WE'LL HAVE  
[00:02:46] MANAGEMENT RESPOND. WE'LL ALSO TAKE  
[00:02:49] QUESTIONS DURING THIS. BUT IN A  
[00:02:50] NUTSHELL, WE WERE ASKED TO LOOK AT THE  
[00:02:53] ART PROGRAM PRIMARILY BECAUSE OF POLICY  
[00:02:56] DIRECTED IN NOVEMBER 2019 AND TO  
[00:03:00] ASSURE THAT THE PORT WAS FOLLOWING IT  
[00:03:02] AND THE THE PORT DID HAVE ADEQUATE

[00:03:04] CONTROLS THAT PROCESSES IN PLACE TO DO  
[00:03:09] SOMETHING TO BASICALLY SUPPORT THE ART  
[00:03:11] PROGRAM. I WANT TO KNOW AND I'M GOING  
[00:03:15] TO ASK MICHELLE, IF YOU CAN PULL UP THE  
[00:03:17] DECK, WE PRESENT THAT IT'S SLIDE SEVEN  
[00:03:20] OF THE DECK. MICHELLE, YOU GOT IT. GIVE ME  
[00:03:21] TWO SECONDS HERE.  
[00:03:25] OH, THAT IS STRANGE. IT'S NOT  
[00:03:28] BRINGING IT UP CORRECTLY. HANG ON A  
[00:03:30] MINUTE FOR ME, PLEASE.  
[00:03:35] YOU KNOW, I'M GETTING A WHOLE DIFFERENT  
[00:03:37] PRESENTATION, MICHELLE. I CAN PROBABLY  
[00:03:41] PULL IT UP. I'VE GOT IT AND IT'S SET  
[00:03:43] THAT I CAN ONLY PRESENT. SO THANK YOU  
[00:03:45] FOR THAT. I APPRECIATE THAT. HOPEFULLY  
[00:03:47] WE CAN GET THIS UP AND ROLLING HERE  
[00:03:49] PRETTY QUICKLY. COMING UP. LOOKS LIKE  
[00:03:52] AND NOW YOU NEED TO JUST SCROLL TO SLIDE  
[00:03:54] SEVEN OKAY. SO IT'S PULLED UP ON A  
[00:03:57] DIFFERENT ONE. BEAR WITH ME. ALRIGHT.  
[00:04:01] I AM.  
[00:04:04] YEAH. THIS IS A WHOLE DIFFERENT  
[00:04:07] PRESENTATION ON TEAMS TODAY. THIS IS  
[00:04:08] INTERESTING. THEY DID CHANGED TEAMS AND  
[00:04:11] THEY MADE IT A LITTLE MORE AND TOOK AWAY  
[00:04:13] THE THINGS THAT YOU CAN YOU SEE IT AT  
[00:04:15] ALL? WE'RE GOOD NOW.  
[00:04:19] SO, COMMISSIONERS, I WANT TO POINT OUT  
[00:04:21] THAT. YEAH. JUST A FEW HIGHLIGHTS ABOUT  
[00:04:24] THE PROGRAM. THE PORT OF SEATTLE IN THE  
[00:04:26] LATE 60'S WAS THE FIRST PUBLIC AIRPORT  
[00:04:29] TO ESTABLISH THE CIVIC ART COLLECTION.  
[00:04:31] AND WE HAVE QUITE A SIZEABLE COLLECTION  
[00:04:33] AND QUITE A LARGE PROGRAM AROUND THE  
[00:04:36] ARTS AND THAT SUPPORTS LOCAL ARTISTS  
[00:04:39] AROUND THE SEATTLE AREA AS WELL. WE ALSO  
[00:04:43] HAVE ABOUT 1% OF ALL CAPITAL  
[00:04:47] CONSTRUCTION, LESS CERTAIN ADJUSTMENTS  
[00:04:49] FOR NON PUBLIC FACING CAPITAL. THAT'S  
[00:04:52] SUPPOSED TO GO TO AN ART POOL FOR THE  
[00:04:54] POLICY. THROUGH THE COURSE OF THIS  
[00:04:58] AUDIT, I DO WANT TO POINT OUT WE AUDIT  
[00:05:01] IT TO THE ARTS AND CULTURAL PROGRAM  
[00:05:03] POLICY DIRECTIVE THAT WAS CREATED BY THE  
[00:05:05] COMMISSION AND THAT DIRECTIVE  
[00:05:09] REQUIRED THE COMMITTEE AND MANAGEMENT TO  
[00:05:12] CREATE SOME ART GUIDELINES. NOW, I WANT  
[00:05:15] TO SAY THAT I'M GOING TO HAND THIS OVER  
[00:05:17] TO DAN CHASE, TALK A LITTLE BIT ABOUT  
[00:05:19] THAT AND WHAT WE FOUND. BUT IN A  
[00:05:21] NUTSHELL OF A VERY HIGH LEVEL. YOU KNOW,  
[00:05:24] WHAT DAN IS GOING TO POINT OUT IS THAT  
[00:05:27] DIRECTIVE, YOU KNOW, WHERE DOES THAT  
[00:05:30] DIRECTIVE DOESN'T EXIST UBIQUITOUSLY  
[00:05:33] ACROSS THE PORT AND THAT DIRECTIVE  
[00:05:34] ISN'T CONSISTENTLY FOLLOWED. SO THERE  
[00:05:38] ARE DEFINITELY SOME OPPORTUNITIES. AND  
[00:05:40] WITH THAT, DAN, I'M GOING TO HAND IT OFF  
[00:05:41] TO YOU AND MICHELLE, IF YOU CAN GO TO  
[00:05:43] SLIDE EIGHT AND THE NEXT SLIDE AND IT'S ALL  
[00:05:47] YOURS DAN TO TALK ABOUT WHAT YOU FOUND.  
[00:05:48] YEAH. THANK YOU. GLENN, CAN EVERYBODY  
[00:05:51] HEAR ME? YES. GOOD. I CAN'T

[00:05:55] SEE ANY SLIDES. SO I'M JUST GOING TO  
[00:05:57] JUST START TALKING AND MAYBE GLENN, YOU  
[00:06:00] CAN ASK TO FORWARD THE SLIDES AS  
[00:06:02] NECESSARY. DAN, BEFORE YOU GET INTO  
[00:06:05] THAT, GLENN, CAN YOU USE THE SLIDE  
[00:06:07] EIGHT? I CAN. OKAY. PERFECT. THANK YOU.  
[00:06:11] GOOD AFTERNOON, COMMISSIONERS AND MISS  
[00:06:14] GEHRKE. SO I'M SURE YOU'RE ALL FAMILIAR  
[00:06:17] WITH THE REPORT. WHAT WE REALLY FOCUSED  
[00:06:20] ON WAS THREE AREAS THAT WE FELT WERE  
[00:06:23] IMPORTANT TO HIGHLIGHT TO THE AUTO  
[00:06:25] COMMITTEE. THE FIRST WAS AROUND  
[00:06:27] GOVERNANCE OR OVERSIGHT. PRIOR TO  
[00:06:31] JUNE OF 2019, THE ARTS AND CULTURAL  
[00:06:35] BOARD HADN'T BEEN MEETING SUBSEQUENTLY.  
[00:06:38] THEY HAVE BEEN. MY UNDERSTANDING,  
[00:06:41] HOWEVER, IS THAT NOT ALL MEMBERS ARE  
[00:06:44] ALWAYS PRESENT. THE BOARD DOES CONSIST  
[00:06:46] OF NINE MEMBERS FOR PUBLIC MEMBERS,  
[00:06:49] THREE ELP OR THEIR DESIGNEE AND TWO  
[00:06:53] COMMISSIONERS. SO THERE ARE QUITE A FEW  
[00:06:55] PEOPLE THAT ARE NEEDED AT THESE  
[00:06:56] MEETINGS. THE NEXT  
[00:07:00] IS AROUND STAFFING. THE LUMIAR  
[00:07:04] GROUP WAS HIRED IN MARCH OF 2020 AND  
[00:07:07] THEY DEVELOPED A FIVE YEAR STRATEGIC  
[00:07:10] PLAN. AMONG SEVERAL OF THE  
[00:07:13] RECOMMENDATIONS. THEY IDENTIFIED  
[00:07:16] STAFFING AS AN AREA THAT NEEDED TO BE  
[00:07:19] ADDRESSED. THEY RECOMMENDED TO HAVE FIVE  
[00:07:22] TOTAL STAFF. RIGHT NOW WE ONLY  
[00:07:25] HAVE TOMMY GREGORY AS A FULL TIME ART  
[00:07:29] MANAGER. I KNOW HE'S ON THE CALL RIGHT  
[00:07:30] NOW. I JUST LIKE TO SAY TOMMY TOOK US ON  
[00:07:33] A TOUR OF THE ART AT THE AIRPORT.  
[00:07:36] HE'S VERY KNOWLEDGEABLE, EXTREMELY  
[00:07:39] PASSIONATE. I THINK THE PORT IS REALLY  
[00:07:40] LUCKY TO HAVE HIM. SO THANKS, TOMMY,  
[00:07:42] FOR WALKING US THROUGH THE ART AT THE  
[00:07:44] AIRPORT AND ANSWERING ALL OUR QUESTIONS.  
[00:07:47] THE STAFFING. THESE ARE TECHNICAL IN  
[00:07:51] NATURE. THESE POSITIONS. SO DEVELOPING  
[00:07:54] GUIDELINES, DISASTER PREPAREDNESS,  
[00:07:59] OVERSEEING ART INSTALLATION TOURS,  
[00:08:03] INVENTORY CONTROL, ACQUISITIONS.  
[00:08:05] THERE ARE QUITE A FEW TECHNICAL  
[00:08:08] RESPONSIBILITIES THAT ARE REALLY NEEDED  
[00:08:09] TO RUN THE PROGRAM. I THINK  
[00:08:13] THE NEXT SLIDE TALKS ABOUT FUNDING. I  
[00:08:16] CAN'T SEE IT. BUT NEXT SLIDE, PLEASE.  
[00:08:18] OKAY. GREAT. LIKE GLENN HAD MENTIONED,  
[00:08:21] ONE OF CAPITAL CONSTRUCTION COSTS ARE  
[00:08:24] SUPPOSED TO BE ALLOCATED TO THE ART  
[00:08:25] POOL. AND SO THE TABLE THAT I THINK  
[00:08:27] YOU'RE LOOKING AT THAT I CAN'T SEE  
[00:08:30] THERE'S A 1.2 MILLION DOLLAR INCREASE  
[00:08:33] TO THE TO THE POOL. THAT WAS  
[00:08:37] A RETROACTIVE ADJUSTMENT AS KIND OF A  
[00:08:40] MAKE UP THE 1.45. I THINK  
[00:08:43] IT IS RECONCILING ADJUSTMENT THAT  
[00:08:45] DECREASES THE POOL. IT WAS FOR A  
[00:08:49] BUDGET ADJUSTMENT. REALLY. WHAT WE'RE  
[00:08:52] SAYING IS THAT WHAT WE'RE TRYING TO SHOW

[00:08:53] HERE IS THE ART POOL REALLY HASN'T BEEN  
[00:08:55] USED TO QUOTE, UNQUOTE ACQUIRE ART.  
[00:09:00] THE NEXT SLIDE, I THINK, GOES INTO  
[00:09:02] RECOMMENDATIONS. YEAH. BUT WHILE WE'RE  
[00:09:05] ON THIS SLIDE, I JUST WANT TO POINT OUT  
[00:09:08] THERE'S A WITH ABOUT 2,000,000 DOLLARS  
[00:09:11] BALANCE IN THE FUND THEN. YEAH. RIGHT  
[00:09:13] NOW THERE IS THE ART COOL.  
[00:09:16] SO IN SOME PARTS OF THE ORGANIZATION,  
[00:09:19] THE AWARENESS OF THE ART POOL DIDN'T  
[00:09:21] EXIST FROM THE  
[00:09:25] NORTH SAT. AND THE IAF I DO WANT TO POINT  
[00:09:28] OUT THOSE PROJECTS THAT ARTWORK  
[00:09:30] INDEPENDENTLY OUTSIDE OF THE ART POOL.  
[00:09:33] NOW, FOR EVERYTHING ELSE IN THE PORT,  
[00:09:36] THE ARTICLE WASN'T USED AT ALL OTHER  
[00:09:39] THAN THIS ONE TIME ADJUSTMENT THAT WAS  
[00:09:41] MADE UP 1.223 IN FEBRUARY. AND THAT'S  
[00:09:44] STANDPOINT AT 1.453 WAS A RECONCILING  
[00:09:48] ADJUSTMENT FROM BACK IN 2014. SO  
[00:09:50] REALLY, THERE'S NOTHING TRANSFERRED OUT  
[00:09:52] OF THE ARTICLE OTHER THAN THAT  
[00:09:54] RECONCILING ADJUSTMENT. SO THERE'S MONEY  
[00:09:57] SITTING IN THERE. IT'S BEEN SITTING IN  
[00:09:58] THERE FOR A WHILE. IT WAS MORE ADDED IN  
[00:10:00] 2021. AND WE BELIEVE THAT  
[00:10:04] THE BOARD, THE ART BOARD, NEEDS TO BE  
[00:10:07] AWARE OF THIS AND THIS BALANCE AND THESE  
[00:10:09] FUNDS NEED TO BE USED. SO IT'S JUST WE  
[00:10:15] JUST KIND OF WANT TO POINT THAT OUT AND  
[00:10:18] COME TO THE TO FIGURE. WELL, THAT'S  
[00:10:21] REALLY PUZZLING TO ME. WHEN DID TOMMY  
[00:10:24] COME ON BOARD? I THINK.  
[00:10:28] TELL ME YOU CAN CORRECT ME, BUT I THINK  
[00:10:30] IT WAS AROUND JUNE OF 2019. SO MAYBE  
[00:10:33] A LITTLE BIT BEFORE THE BOARD HAD NOT  
[00:10:36] BEEN MEETING, PAYMENTS WERE NOT BEING  
[00:10:39] MADE INTO THE ART POOL FOR ALL THOSE  
[00:10:41] YEARS. AND THEN SUDDENLY A RETROACTIVE  
[00:10:45] PAYMENT. IT'S NOT AS THOUGH WE HAVEN'T  
[00:10:48] HAD CONSTRUCTION PROJECTS DURING THOSE  
[00:10:50] PERIOD THAT PERIOD. WHO IS MANAGING THIS  
[00:10:53] OR WHO WAS NOT MANAGING IT?  
[00:10:57] THE PROGRAM.  
[00:11:01] YOU'RE ABSOLUTELY RIGHT. AND I THINK  
[00:11:03] THAT'S A QUESTION FOR JEFFREY BROWN OR  
[00:11:06] TOMMY, AND THEY ARE ON THE LINE.  
[00:11:09] SO WE WILL PULL THEM UP IN A SECOND,  
[00:11:11] COMMISSIONER. OKAY. I COULD HAVE  
[00:11:13] RESPONDED THAT EVEN THOUGH COMMISSIONER,  
[00:11:15] EVEN THOUGH I CAME HERE IN 2016, I  
[00:11:18] THINK THE RESPONSE LIES WITH ME AS MY  
[00:11:21] POSITION AS CHIEF OPERATING OFFICER TO  
[00:11:23] MANAGE ART POOL. THE 1.2 IS A  
[00:11:26] RETROACTIVE. WE WENT BACK AND LOOKED  
[00:11:28] BACK. WE DID CANCELLATION OF ALL  
[00:11:32] THE PROJECTS THAT SHOULD HAVE  
[00:11:33] TRANSFERRED INTO OUR ART POINT AND  
[00:11:34] REALIZE THAT THE CERTAIN TRANSFER ARE  
[00:11:38] NOT DONE. SO I TAKE FULL RESPONSIBILITY  
[00:11:41] OF THAT. I THINK WHEN WE GO INTO THE  
[00:11:43] RECOMMENDATIONS, YOU SEE WHAT'S  
[00:11:46] RECOMMENDED IS FOR A SIMPLIFICATION OF

[00:11:48] THE PROCESS. THE PROCESS EXISTS TOO  
[00:11:51] COMPLICATED, AND AS A RESULT, YOU HAVE  
[00:11:54] THESE ERRORS AND OMISSIONS. SO I THINK  
[00:11:56] IF WE SEND FOR THE PROCESS, YOU COULD  
[00:11:58] PROVIDE FUNDING NEEDED TO THE OBJECTIVES  
[00:12:01] OF THE STRATEGIC PLAN. OKAY. THANK YOU,  
[00:12:04] JEFFREY. YOU'RE WELCOME. NEXT. SO WHY  
[00:12:09] DON'T I GO INTO THE RECOMMENDATIONS?  
[00:12:11] AND SO I'LL JUST KIND OF GROUP THEM ALL  
[00:12:13] TOGETHER, YOU KNOW, RE EVALUATING  
[00:12:18] FROM A GOVERNANCE OR OVERSIGHT  
[00:12:20] STANDPOINT IF NINE MEMBERS IS NECESSARY  
[00:12:22] AND IF IT'S REALISTIC. AND IF SO, THEN  
[00:12:25] LET'S MAKE SURE EVERYBODY GETS THERE.  
[00:12:27] AS JEFFREY JUST MENTIONED,  
[00:12:30] WHAT WE OFFERED IS MAYBE SIMPLIFYING  
[00:12:34] THE FUNDING PROCESS TO MAKE  
[00:12:38] A ONE TIME ANNUAL ALLOCATION BASED  
[00:12:41] ON THE CAPITAL BUDGET AND POTENTIALLY  
[00:12:44] CAPPING IT. THAT WOULD REDUCE  
[00:12:48] THE ADMINISTRATIVE TIME NECESSARY  
[00:12:52] TO FIRST IDENTIFY IF THE PROJECT IS BE  
[00:12:54] ELIGIBLE AND THEN DETERMINING THE AMOUNT  
[00:12:57] THAT NEEDS TO BE TRANSFERRED. AND THEN  
[00:13:00] FINALLY, THE STAFFING LEVEL IS IMPORTANT  
[00:13:03] BECAUSE, AS THE FIVE YEAR STRATEGY  
[00:13:06] POINTED OUT, THERE'S GOALS. AND IN ORDER  
[00:13:08] TO MEET THOSE GOALS, WE NEED TO HAVE THE  
[00:13:10] RIGHT PEOPLE IN PLACE. SO SO THAT  
[00:13:14] REALLY CONCLUDES IT BEFORE I'LL TURN IT  
[00:13:15] BACK OVER TO GLENN. BUT I DID WANT TO  
[00:13:18] COMMENT THAT JENNY ALBERT IS LISTENING  
[00:13:21] ON THE LINE RIGHT NOW. SHE LED THIS  
[00:13:22] AUDIT. SHE DID A NICE JOB ON IT. I  
[00:13:25] REALLY ENJOYED LEARNING ABOUT THE  
[00:13:27] PROGRAM. WE DO SEE THE VALUE THAT THE  
[00:13:29] ART BRINGS. AND SO  
[00:13:33] REALLY, WE HOPE THAT WHAT WE'RE  
[00:13:35] RECOMMENDING IN THIS REPORT IS GOING TO  
[00:13:38] IMPROVE THE ART PROGRAM AND HELP IT  
[00:13:42] PROGRESS GOING FORWARD. SO, GLENN, I'LL  
[00:13:44] TURN IT BACK TO YOU FOR DECISION TWO  
[00:13:48] QUESTIONS ABOUT STAFFING. DID YOU LOOK  
[00:13:51] AT OTHER COMPARABLE ART PROGRAMS  
[00:13:55] AS FAR AS STAFFING AND YOU'RE  
[00:13:58] SHAKING YOUR HEAD? NO. I KNOW THERE WAS  
[00:14:01] SOME STUDY DONE BY THE CONSULTANT, I  
[00:14:03] THINK, ON STAFFING, BUT IT SEEMS TO  
[00:14:07] ME THAT ONE ISSUE WITH THE STAFFING IS  
[00:14:10] WHERE THE FUNDS COME FROM. BECAUSE IF  
[00:14:13] THEY'RE NOT BUDGETED, THEY'RE NOT COMING  
[00:14:14] OUT OF THE ART PROGRAM. THEY'RE COMING  
[00:14:17] OUT OF THE GENERAL, I GUESS NOW PORT  
[00:14:21] WIDE BUDGET PROCESS. AND I'VE ALWAYS  
[00:14:24] WONDERED WHY THE FUNDS FROM THE ART  
[00:14:27] GENERATED BY THE ART POOL COULD NOT BE  
[00:14:29] USED FOR STAFFING.  
[00:14:31] SO WE DIDN'T LOOK AT OTHER AGENCIES FROM  
[00:14:37] A STAFFING STANDPOINT. SO THE ANSWER TO  
[00:14:38] THAT IS NO. BUT I BELIEVE THE THE LUMIER  
[00:14:42] GROUP PROBABLY USED OTHER AGENCIES  
[00:14:46] AS A BENCHMARK. I THINK SAN FRANCISCO IS  
[00:14:48] PROBABLY OUR CLOSEST COMPARABLE.

[00:14:51] YEAH. SO I  
[00:14:54] WAS JUST GOING TO SAY YOU CAN ANSWER  
[00:14:56] THIS LINE OF QUESTIONS, BUT THERE'S  
[00:14:57] ACTUALLY GOING TO BE TIME TO ASK  
[00:14:58] QUESTIONS AFTER THEY'RE DONE WITH THE  
[00:15:00] PRESENTATION. SO LET'S. ALRIGHT. THANK  
[00:15:01] YOU. I'LL STAY QUIET. THANK YOU. SO AND  
[00:15:06] ONE OF THE THINGS THIS IS TRUE,  
[00:15:09] THIS IS JEFFERY, I NEED TO MAKE A  
[00:15:12] CLARIFICATION. I REALIZED THAT THIS IS A  
[00:15:14] PUBLIC MEETING THEN FOR THE PORT STUFF.  
[00:15:17] WHEN I RESPOND, THEY PROBABLY RECOGNIZE  
[00:15:19] THAT I'M SPEAKING ON BEHALF OF AVIATION  
[00:15:22] DIVISION. SO BY RESPONSE TO COMMISSION  
[00:15:24] STANDARDS QUESTION APPLIES ONLY TO  
[00:15:26] AVIATION DIVISION. I'M NOT SPEAKING ON  
[00:15:28] BEHALF OF THE NON MARITIME OR ON  
[00:15:31] BEHALF OF STEVE METRUCK. SO I JUST WANT  
[00:15:34] TO MAKE THAT CLARIFICATION. SO  
[00:15:37] COMMISSIONERS ON THE FUNDING. ONE LAST  
[00:15:39] THING I WANT TO ADD IS BEFORE I HAND IT  
[00:15:41] OVER TO JEFFREY BROWN AND TO STEPHANIE,  
[00:15:44] JONES-STEVANS, TO RESPOND IS DAN  
[00:15:47] HAD TALKED ABOUT SIMPLIFYING THE  
[00:15:49] FUNDING. THAT'S IMPORTANT. SIMPLIFYING  
[00:15:51] IT EITHER ANNUALLY OR STEVE METRUCK  
[00:15:54] SUGGESTS THAT EVEN WITH THE  
[00:15:56] AUTHORIZATION MEMOS FOR A PROJECT PUT IN  
[00:15:58] THERE, WHAT THE ART POOL FUNDING IS  
[00:16:00] GOING TO BE. SO THERE'S TRANSPARENCY  
[00:16:02] THERE AND THEN IT FUND THE PROJECTS OF  
[00:16:06] THE ARTICLE. BUT THAT NEEDS TO HAPPEN.  
[00:16:08] AND THE COMPLEXITY RIGHT NOW JUST MAKES  
[00:16:10] IT TOO SUBJECTIVE. AND THAT'S WHY THERE  
[00:16:13] WAS A ONE TIME ADJUSTMENT FOR SEVERAL  
[00:16:15] YEARS THAT WAS DONE IN LATE JANUARY,  
[00:16:19] THE FIVE YEAR PLANNED LUMIERE  
[00:16:21] GROUP SET FIVE RESOURCES TO ACCOMPLISH  
[00:16:25] CERTAIN THINGS THAT THEY HAD IN THE  
[00:16:26] PLAN. SO THAT JUST NEEDS TO BE  
[00:16:28] BALANCED. I MEAN, IF WE'RE GOING TO  
[00:16:30] ALLOCATE 1 OR 2 RESOURCES, WE JUST  
[00:16:32] NEED TO KNOW WHAT WE CAN ACCOMPLISH OR  
[00:16:34] PROVIDE JEFFREY WITH RESOURCES. BUT  
[00:16:36] JEFFREY NEEDS TO FIND THE RESOURCES  
[00:16:38] ELSEWHERE. AND THEN THERE'S BOTH  
[00:16:40] MARITIME ECONOMIC DEVELOPMENT AND  
[00:16:44] AVIATION SIDE. SO WITH THAT, I'M GOING  
[00:16:46] TO MOVE TO THE MANAGEMENT ACTION PLAN  
[00:16:48] AND LET JEFFREY START BY RESPONDING FOR  
[00:16:51] THE AVIATION DIVISION. NEXT  
[00:16:55] SLIDE, PLEASE. MICHELLE AND JEFFREY  
[00:16:59] YOUR UP. OKAY. THANKS. THANKS.  
[00:17:03] COMMISSIONS. I THINK  
[00:17:07] WE AGREE WITH THE RECOMMENDATIONS COMING  
[00:17:11] FROM THE INTERNAL AUDIT IN THE THREE  
[00:17:13] AREAS OF GOVERNANCE, FUNDING AND STUFF.  
[00:17:15] IN TERMS OF GOVERNANCE. I THINK IT HAS  
[00:17:18] TO BE A DISCUSSION BETWEEN THE THE BOARD  
[00:17:22] ITSELF, THE ART AND CULTURE BOARD AND  
[00:17:26] STAFF TO AGREE HOW WE REVISE THE  
[00:17:29] GOVERNANCE IN TERMS OF SCHEDULE MEETINGS  
[00:17:32] WHEN WE HAVE MEETINGS AND CORE ROOM AND

[00:17:35] STUFF LIKE THAT. SO I THINK THERE HAS TO  
[00:17:36] BE A DISCUSSION BETWEEN THE BOARD AND  
[00:17:39] STAFF. OUR FIRST FUNDING. I STATED IT  
[00:17:42] BEFORE. IF WE COULD SIMPLIFY THE FUNDING  
[00:17:45] AND IT'S GOING TO BE A TWO WAY STREET  
[00:17:47] WILL PROPOSE THAT ART PROGRAM, LED  
[00:17:51] BY ME, WOULD DEVELOP WITH TOMMY, THE PORT  
[00:17:54] FIVE YEAR STRATEGIC PLAN AND THE FUNDING  
[00:17:57] NEEDED ON THE CAPITAL PORTION OF THAT  
[00:18:02] PROGRAM. AND A SIGN I LOCATED  
[00:18:06] THE FUNDING FOR THE CAPITAL PORTION  
[00:18:08] THAT'S NECESSARY TO MEET OBJECTIVES OF  
[00:18:11] THE STRATEGIC PLAN OR THE FIVE YEAR CIP.  
[00:18:13] AS FAR AS OPERATIONAL EXPENSES LIKE  
[00:18:16] COMMISSION TIME, WE REFER TO STAFF AND  
[00:18:18] THAT'S OBVIOUSLY THERE'S OPERATIONAL  
[00:18:20] EXPENSES. WE HAVE CERTAIN LIMITATIONS,  
[00:18:22] ACCOUNT LIMITATIONS WHERE WE CAN'T USE  
[00:18:24] CAPITAL FUNDS THAT ARE PULLED FOR  
[00:18:27] OPERATIONAL EXPENSES ANNUALLY. WE  
[00:18:30] ALLOCATE FUND OPERATIONAL EXPENSES FOR  
[00:18:32] THOSE ACCORDINGLY. SO YOU HAVE TWO  
[00:18:35] COMPONENTS OF OUR PROGRAM, CAPITAL  
[00:18:37] EXPENDITURE DONE BY ALLOCATION, AND THEN  
[00:18:42] ANNUALLY YOU ALLOCATE OPERATING EXPENSES  
[00:18:45] FOR FUNDING. WE THINK THAT'S SIMPLE, AND  
[00:18:47] IT WILL BE TAKING CONSIDERATION OF  
[00:18:49] OPERATION NEEDS OF THE AVIATION DIVISION  
[00:18:53] FOR THE STAFFING. WE HAVE  
[00:18:57] PROPOSED THE LUMIERE GROUP PROPOSAL OF  
[00:19:00] FIVE FTES INSTEAD OF THE ONE WE HAVE NOW  
[00:19:03] NOT TO MEET OBJECTIVES OF THE STRATEGIC  
[00:19:06] PLAN. HOWEVER, THAT HAS TO BE A DECISION  
[00:19:09] AND DISCUSSION WITH THE ELT  
[00:19:13] MEMBERS. LANDS AS A MANAGING DIRECTOR OF  
[00:19:15] AVIATION, AS STEVE METRUCK IS THE  
[00:19:17] EXECUTIVE DIRECTOR BECAUSE THEY HAVE TO  
[00:19:19] TAKE INTO CONSIDERATION AND THE  
[00:19:21] OPERATION NEEDS OF THE ENTIRE PORT.  
[00:19:24] THIS IS JUST A SMALL SUBSET OF THE  
[00:19:27] OPERATIONAL NEEDS OF THE ENTIRE PORT. AND  
[00:19:29] THEN WE HAVE TO BALANCE THOSE NEEDS  
[00:19:32] COMING OUT OF THE COVID 19. WE PROBABLY  
[00:19:35] CAN FULLY STAFF ALL THE NEEDS WE NEED.  
[00:19:38] SO THERE HAS TO BE A BALANCE BETWEEN  
[00:19:42] WHAT OUR PROGRAM NEEDS AND WHAT THE  
[00:19:44] OVERALL AVIATION NEEDS  
[00:19:48] FOR OPERATING RESOURCES. AND THAT HAS TO  
[00:19:51] BE A DISCUSSION WITH LED BY BY THE MANAGER  
[00:19:54] DIRECTOR LANDS, AND WITH STEVE METRUCK,  
[00:19:56] EXECUTIVE DIRECTOR GLEN. THAT'S ALL I  
[00:19:59] HAVE TO SAY. THANK YOU. THANKS. THANKS,  
[00:20:01] JEFFREY. AND BEFORE WE JUMP INTO  
[00:20:04] QUESTIONS ALSO, CATHY, CAN YOU UNMUTE  
[00:20:07] AND SPEAK TO THE MARITIME AND ECONOMIC  
[00:20:11] DEVELOPMENT RESPONSE, PLEASE? SURE.  
[00:20:13] THANKS VERY MUCH.  
[00:20:15] YEAH. YOU CAN SEE STEPHANIE AND DAVE  
[00:20:19] AGREED ON THIS RESPONSE, AND I AGREE  
[00:20:21] WITH THEM. WE HAD THE NON AVIATION  
[00:20:25] SIDE HAS NEVER UTILIZED AN ART POOL. WE  
[00:20:28] HAVE ALWAYS INDIVIDUALLY AUTHORIZED ART  
[00:20:33] AS PART OF A PROJECT

[00:20:37] INSIDE OF A PROJECT SIMILAR TO HOW IF OR  
[00:20:40] NORTH SATELLITE HAS DONE IT AT THE  
[00:20:43] AIRPORT. SO WE SOMEHOW  
[00:20:47] MISSED THE DIRECTIVE THAT WE CHANGED  
[00:20:50] OUR POLICIES TO ACCOMMODATE THE 1% FOR  
[00:20:54] ART FROM THE HALF PERCENT THAT HAD  
[00:20:55] PREVIOUSLY BEEN. BUT WE DID NOT  
[00:20:58] INSTITUTE AN ART POOL. AND SO WE DO HAVE,  
[00:21:02] AND CARA CAN SPEAK A LITTLE BIT ABOUT  
[00:21:05] THE ONGOING ART THAT WE  
[00:21:08] HAVE AT FISHERMAN'S TERMINAL. WE ALSO  
[00:21:11] HAVE AN ART PROJECT IN CONSTRUCTION AT 1  
[00:21:15] 17. BUT PRIOR TO THAT, WE HAD NOT HAD  
[00:21:18] ANY PUBLIC FACING PROJECTS THAT MET  
[00:21:22] THE CRITERIA TO HAVE ART DONE SINCE  
[00:21:28] THE NEW CRUISE TERMINAL AT T 91.  
[00:21:31] SO WE HAVE BEEN  
[00:21:34] TALKING ABOUT THE STAFFING PART OF IT  
[00:21:37] AND HOW WE CAN ACCOMMODATE THAT.  
[00:21:40] AND WE'VE NARROWED IT DOWN TO MAYBE  
[00:21:44] NOT TWO FTES, BUT TWO BODIES OF WORK.  
[00:21:48] ONE WOULD BE TO FACILITATE NEW  
[00:21:51] PROJECT ACQUISITION OR CONSTRUCTION,  
[00:21:54] AND THE OTHER WOULD BE MORE OF AN ASSET  
[00:21:59] CURATOR THAT WOULD HANDLE THE  
[00:22:04] CLEANING AND MAINTENANCE NEEDS AND  
[00:22:07] ARCHIVING AND JUST GENERALLY ASSET  
[00:22:11] MANAGEMENT, JUST LIKE ALMOST ANY OTHER  
[00:22:13] ASSET. SO WITH  
[00:22:17] THAT, COMMISSIONER QUESTIONS,  
[00:22:19] COMMISSIONER BOWMAN, I SEE YOU HAVE YOUR  
[00:22:20] HAND UP. AND, MICHELLE, YOU WANT TO  
[00:22:22] HANDLE THE QUESTIONS. ARE WE READY FOR  
[00:22:25] QUESTIONS? WE SHOULD SEND THIS THROUGH.  
[00:22:27] COMMISSIONER CHO. COMMISSIONER CHO,  
[00:22:28] WOULD YOU LIKE ME TO CALL THE ROLL?  
[00:22:30] YES. PLEASE CALL THE ROLL FOR QUESTIONS.  
[00:22:32] THANK YOU. WE'LL BEGIN WITH COMMISSIONER  
[00:22:34] BOWMAN. THANK YOU. SO MAYBE  
[00:22:39] SOMEBODY COULD SUGGEST A WAY TO RECTIFY  
[00:22:41] SO THAT WE'RE ALL ON THE SAME PAGE, I  
[00:22:43] BELIEVE IN. COMMISSIONER STEINBREUCK,  
[00:22:45] PLEASE JUMP IN. SINCE YOU ARE REALLY THE  
[00:22:47] TRUE ARCHITECT OF OUR OUR NEW ART  
[00:22:50] POLICY, I THOUGHT IT WAS  
[00:22:54] PRETTY CLEAR. AND WHAT CAN WE DO TO  
[00:22:57] RECTIFY SO THAT ALL OF THE DEPARTMENTS  
[00:22:59] ACROSS THE PORT, AT LEAST THAT THOSE  
[00:23:02] INVESTED IN CAPITAL UNDERSTAND WHAT THE  
[00:23:04] INTENT OF THAT MOTION WAS. MAYBE  
[00:23:07] SOMEBODY ON STAFF COULD GIVE ME SOME  
[00:23:09] GUIDANCE IF IT WAS THAT WE WEREN'T CLEAR  
[00:23:11] ENOUGH IN THE MOTION. OR PERHAPS THAT  
[00:23:14] INFORMATION JUST DIDN'T GET RELATED TO  
[00:23:17] YOUR DEPARTMENTS. I THINK IN THE  
[00:23:19] MARITIME SIDE, COMMISSIONER BOWMAN,  
[00:23:22] THE INFORMATION DID NOT GET DOWN TO TO  
[00:23:27] STAFF, AND THEY WERE NOT AWARE OF THE  
[00:23:29] POLICY THAT'S YES. AND IF  
[00:23:33] I MIGHT JUST PERHAPS THIS IS SOMETHING,  
[00:23:35] COMMISSIONER STEINBREUCK, THAT WE COULD  
[00:23:37] TAKE UP WITH OUR EXECUTIVE. BECAUSE I  
[00:23:39] RECALL THE DISCUSSIONS WHEN THE PUBLIC



[00:23:42] DISCUSSIONS THAT WE HAD WHEN WE PASSED  
[00:23:43] THE ART MOTION AND MY RECOLLECTION. AND  
[00:23:46] PLEASE, AGAIN, CORRECT ME, SOMEBODY IF  
[00:23:47] I'M WRONG. BUT I REMEMBER SPECIFICALLY  
[00:23:50] TALKING ABOUT MARITIME AND WANTING TO  
[00:23:52] HAVE THE ART PROGRAM EXPANDED BEYOND THE  
[00:23:54] AIRPORT. SO I DON'T  
[00:23:58] NEED TO BEAT A DEAD HORSE JUST MOVING  
[00:24:00] FORWARD, SINCE WE'VE NOW NOT HAD IT  
[00:24:03] INCORPORATED. I'D LOVE TO HEAR HOW WE'RE  
[00:24:06] GOING TO REMEDY THIS MOVING FORWARD.  
[00:24:08] BESIDES JUST ADDING AN FTE, I THINK THAT  
[00:24:12] WAS CERTAINLY THE INTENT. AND AGAIN,  
[00:24:14] COMMISSON, SIR, PLEASE JUMP IN.  
[00:24:19] WE DO HAVE KYRA AND CATHY  
[00:24:22] WITH THEIR HANDS UP. IF THERE'S A STAFF  
[00:24:25] RESPONSE, I'LL WAIT FOR A RESPONSE TO  
[00:24:28] COMMISSIONER BOWMAN'S COMMENTS. AND THEN I  
[00:24:30] HAVE 2 OR 3 QUESTIONS. YEAH. I JUST  
[00:24:34] LIKE TO SHARE MY UNDERSTANDING OF THE  
[00:24:36] EVENTS HERE, COMMISSIONER BOWMAN,  
[00:24:38] BECAUSE I THINK I JOINED THE ART BOARD  
[00:24:40] JUST AS LUMIERE'S GROUPS WORK  
[00:24:44] WAS COMPLETED AND WE WERE RESETTING THE  
[00:24:47] TABLE AROUND THE NEW POLICY GUIDANCE  
[00:24:50] DOCUMENTS THAT PROFFERED A PORT WIDE  
[00:24:53] PROGRAM. AND SO WE ALL SAT, WE CONVENED  
[00:24:57] AS AN ART BOARD WITH THE LUMIERE REPORT  
[00:25:01] IN FRONT OF US, WHICH THE STOPPING  
[00:25:02] RECOMMENDATIONS, AND THEN THE CRISIS  
[00:25:06] HIT, AND WE HAVE STAFFING FREEZE. AND I  
[00:25:09] THINK A LOT OF THE INFRASTRUCTURE THAT  
[00:25:11] WAS INTENDED STAY GET UNDERWAY.  
[00:25:16] OKAY. THAT'S TRULY USEFUL. KYRA. THANK  
[00:25:18] YOU. AND I GUESS, AGAIN, I'M JUST  
[00:25:21] THINKING MOVING FORWARD, I WOULD ALWAYS  
[00:25:23] LEAVE IT TO THE STAFF TO DETERMINE HOW  
[00:25:25] TO IMPLEMENT SOMETHING. BUT I GUESS  
[00:25:27] MAYBE AS AN AUDIT COMMITTEE MEMBER MORE,  
[00:25:32] I THINK MY BIGGER QUESTION IS JUST WE  
[00:25:34] IMPLEMENTED A POLICY AND SOMEHOW WE  
[00:25:38] ADOPTED A POLICY, BUT IT HAS NOT YET  
[00:25:40] BEEN IMPLEMENTED. AND THAT'S REALLY THE  
[00:25:42] PURPOSE OF THIS PARTICULAR AUDIT. SO I  
[00:25:45] JUST LIKE TO MOVE FORWARD AND SEE HOW WE  
[00:25:47] CAN RECTIFY. THAT WHETHER IT'S THE STAFF  
[00:25:50] DECIDES YOU NEED MORE FTES, THAT'S A  
[00:25:53] STAFF DECISION. THAT'S NOT AN  
[00:25:55] APPROPRIATE PLACE FOR THE COMMISSION TO  
[00:25:56] GET INVOLVED IN. SO MINE IS JUST I THINK  
[00:26:00] THE BIGGER CONCERN IS THAT WE HAVE MONEY  
[00:26:02] ALLOCATED FROM THESE PROJECTS FOR PUBLIC  
[00:26:05] ART. HOW THAT GOES ABOUT HAPPENING IS  
[00:26:07] REALLY ALL UP TO YOU ALL TO FIGURE OUT.  
[00:26:10] I DON'T WANT TO GET IN THE MIDDLE OF  
[00:26:12] THAT, BUT I HOPE WE CAN JUST GET IT  
[00:26:14] RESOLVED MOVING FORWARD, BECAUSE WE'RE  
[00:26:15] ALL EXCITED ABOUT WE WERE VERY EXCITED  
[00:26:17] ABOUT THIS MOTION WHEN WE PASSED IT.  
[00:26:19] THANK YOU. CAN I ADD STUFF TO  
[00:26:23] [inaudible 00:26:27] ? CAN YOU HEAR  
[00:26:27] ME? GO AHEAD. COMMISSIONER BOWMAN, I THINK  
[00:26:32] YOU [inaudible 00:26:34] . I THINK THE INTENT OF THE POLICY

[00:26:36] WAS TO TAKE THE ART PROGRAM. WE HAVE  
[00:26:39] IT NOW, WHICH IS BASICALLY FOCUSING ON  
[00:26:42] VISUAL ARTS, AND HE WANTED TO TAKE IT TO  
[00:26:44] INCORPORATE CULTURAL AND PERFORMING ART  
[00:26:47] EVENTS. THAT IT  
[00:26:51] FOCUSES A LOT ON THE AIRPORT. AND YOU  
[00:26:53] WANTED TO HAVE A PORT WIDE STANDARD FOR  
[00:26:56] EVERYTHING. SO I THINK THAT'S THE  
[00:26:58] OVERALL BIG PICTURE. YOU WANT YOU'RE  
[00:27:00] PAINTING FOR US. SO I'M NOT SURE IF I  
[00:27:03] SAID IT CORRECTLY. LET ME KNOW. WELL, I  
[00:27:05] THINK WHAT WE'RE DISCUSSING TODAY IS THE  
[00:27:07] RESOURCES NEEDED AND THE GOVERNANCE  
[00:27:09] NEEDED TO MEET THAT OVERALL OBJECTIVE.  
[00:27:11] SO I HOPE I GOT IT RIGHT.  
[00:27:15] THANKS. SO, COMMISSIONER CHO, WE DO  
[00:27:18] HAVE A DIRECTOR, JOAN STEVENS WITH HER  
[00:27:21] HAND UP.  
[00:27:24] THANK YOU, CLERK HART. AND IF I COULD JUST ADD  
[00:27:28] A CONCUR WITH HOW KIRA LEAST  
[00:27:33] EXPLAINED IT, WE DID HAVE A WE  
[00:27:36] ADOPTED THIS POLICY, AND SEVERAL MONTHS  
[00:27:39] LATER, COVID HIT. AND AS WE LOOKED  
[00:27:41] THROUGH THE BUDGET, IT WAS REALLY A PORT  
[00:27:44] WIDE DECISION. WHEN WE LOOKED AT WHETHER  
[00:27:47] OR NOT TO FILL THOSE POSITIONS WITH THE  
[00:27:49] HIRING FREEZE, THERE WAS A DISCUSSION  
[00:27:52] ABOUT THAT. AND I WILL SAY THAT IN THE  
[00:27:55] PROJECT THAT REMAINED IN THE CAPITAL  
[00:27:57] BUDGET, 1% FOR THE ART REMAINED  
[00:28:00] IN THOSE PROJECTS AS PART OF THE  
[00:28:03] CONCEPT. THERE'S A LITTLE BIT OF A  
[00:28:05] DIFFERENCE BETWEEN THE WAY WE HAVE  
[00:28:07] LOOKED AT IT. FOR INSTANCE, WHEN WE'RE  
[00:28:09] DESIGNING PROJECTS AT FISHERMENS, THE  
[00:28:11] IDEA IS THE 1% FOR ART WOULD BE  
[00:28:13] INCORPORATED IN THOSE VERY PROJECTS  
[00:28:16] THERE, VERSUS GOING INTO A COLLECTION  
[00:28:19] SIMILAR TO WHAT MIGHT BE AT THE  
[00:28:23] AIRPORT, SO THAT WE WOULD ACTUALLY THE  
[00:28:25] ART WOULD BE INCORPORATED INTO THE  
[00:28:28] PROJECT WE'RE DOING NOW. OF COURSE, WE  
[00:28:29] KNOW THAT SEVERAL OF THE BIGGEST  
[00:28:30] PROJECTS WE HAD REALLY ENVISIONED A  
[00:28:33] SIGNIFICANT AMOUNT OF ART AS PART OF THE  
[00:28:35] CRUISE PROJECT. FOR INSTANCE, THOSE DID  
[00:28:38] NOT GO FORWARD, BUT THE PROJECT. AND  
[00:28:41] GIVEN THE AMOUNT OF TIME, THE PROJECTS  
[00:28:43] ARE STILL IN KIND OF PLANNING AND  
[00:28:45] DESIGN. BUT THERE IS 1% FOR THE ART IN  
[00:28:49] THOSE, ESPECIALLY THOSE ENVISIONED IS  
[00:28:51] PART OF THE BIG PROJECT. AND ONE OF THE  
[00:28:53] REASONS THAT THE MANAGEMENT RESPONDS IS  
[00:28:55] SLIGHTLY DIFFERENT FROM AVIATION AND THE  
[00:28:59] MARITIME AND ECONOMIC DEVELOPMENT  
[00:29:01] DIVISION IS WE DO FULLY AGREE WITH THE  
[00:29:04] FINDING THAT THERE IS A MISMATCH BETWEEN  
[00:29:06] WHAT IS KIND OF IN THE POLICY AND THE  
[00:29:09] RESOURCES WE HAVE TODAY, AND WE NEED TO  
[00:29:12] RECTIFY THAT AND APPRECIATE THE COMMENTS  
[00:29:15] I HEARD FROM THAT. COMMISSIONER BOWMAN,  
[00:29:19] ESPECIALLY I HEARD WHAT YOU JUST SAID.  
[00:29:21] WE WOULD ENVISION IT WORKING SLIGHTLY

[00:29:24] DIFFERENT, AS I SAID,  
[00:29:27] AND INCORPORATING THAT INTO THE INTO  
[00:29:31] THE SITE OF THE PROJECT ITSELF. AND I'M  
[00:29:33] SORRY. I'M IN A LOUD ROOM DOWN AT 46 AND  
[00:29:37] I APOLOGIZE FOR THAT, AND I'M JUST GOING  
[00:29:40] TO STOP RIGHT THERE. THANK YOU. WE DO  
[00:29:43] HAVE MISS LEASE. YOU MIGHT WANT TO ADD.  
[00:29:46] YEAH, I DID WANT TO GIVE COMMISSIONER  
[00:29:49] BOWMAN SOME ASSURANCE ABOUT THE POLICY  
[00:29:52] ON THE MARITIME SIDE BECAUSE WE ARE  
[00:29:56] CARRYING A 1% PROJECT FOR THE MARITIME  
[00:29:59] INNOVATION CENTER AS IN ACCORD WITH  
[00:30:03] THE POLICY. AND SO WE WILL MAKE AN  
[00:30:05] INVESTMENT BOTH ON THE MARITIME  
[00:30:06] INNOVATION CENTER AND THE PUBLIC  
[00:30:08] IMPROVEMENT PACKAGE THAT'S ASSOCIATED  
[00:30:10] WITH THAT PROJECT OUT OF THE MARITIME  
[00:30:12] BUDGET AT THE 1%. AND THOSE ARE IN OUR  
[00:30:15] PROJECT BUDGET AT 60% DESIGN WILL CARRY  
[00:30:18] FORWARD. AND I BELIEVE IF I'M NOT  
[00:30:20] INCORRECT, WE ARE CONTEMPLATING THE  
[00:30:23] BEGINNING OF THE PORT PROCUREMENT  
[00:30:25] PROCESS WITH TOMMY AND THE TEAM.  
[00:30:29] THANK YOU, KYRA. LOOKS LIKE AS  
[00:30:32] A HAND UP AS WELL. I WAS JUST GOING TO  
[00:30:37] AGREE WITH KYRA THAT WE HAVE ALWAYS  
[00:30:39] INCORPORATED ART IN OUR PUBLIC FACING  
[00:30:42] PROJECTS JUST WITHIN THE PROJECT BUDGET,  
[00:30:46] NOT IN A SEPARATE ART POOL. AND SO  
[00:30:48] THAT'S THE PIECE THAT I THINK WE  
[00:30:52] HAVEN'T WE HAVEN'T GONE FORWARD WITH  
[00:30:55] YET.  
[00:30:58] MR CHO, LET ME BACK UP.  
[00:31:02] COMMISSIONER BOWMAN, DID YOU HAVE A  
[00:31:05] FOLLOW UP? OKAY. SO LET'S MOVE TO  
[00:31:08] COMMISSIONERS STEINBRUECK. YES, THANKS. I  
[00:31:10] WANT TO FIRST EXTEND MY THANKS TO THE AUDIT  
[00:31:14] OFFICE AND STAFF FOR CONDUCTING THIS  
[00:31:17] AUDIT. I THINK IT HAS DEFINITELY  
[00:31:20] PROVIDED SOME REAL VALUE AND INSIGHT  
[00:31:24] INTO A LITTLE BIT OF HISTORICAL  
[00:31:27] PERSPECTIVE ON THIS PROGRAM THAT FROM  
[00:31:30] MY STANDPOINT APPEARS TO HAVE LACKED FOR  
[00:31:34] WHATEVER BENIGN NEGLECT OR WHATEVER HAS  
[00:31:38] LACKED MANAGEMENT OVERSIGHT AND  
[00:31:40] ACCOUNTABILITY. AND THAT'S WHERE THINGS  
[00:31:43] NEED TO CHANGE. AS LONG AS WE HAVE  
[00:31:47] THIS POLICY, WE HAVE TO HAVE A LEVEL OF  
[00:31:49] ACCOUNTABILITY AND OVERSIGHT AND  
[00:31:51] MANAGEMENT EFFECTIVELY. AND IT NEEDS TO  
[00:31:54] BE INSTITUTIONALIZED SO THAT THINGS  
[00:31:57] DON'T GET LOST YEAR TO YEAR OR FORGOTTEN  
[00:31:59] OR NEGLECTED, AS THEY SEEM TO HAVE BEEN.  
[00:32:03] NOT POINTING FINGERS TO ANYONE  
[00:32:05] SPECIFICALLY. BUT I THINK THERE'S AN  
[00:32:07] ELEMENT OF BENIGN NEGLECT THAT'S BEEN  
[00:32:09] OCCURRING HERE. MY UNDERSTANDING IS THAT  
[00:32:11] THE HALF PERCENT WHICH WAS REDUCED  
[00:32:15] TO THAT PRIOR TO DURING THE LAST  
[00:32:17] RECESSION.  
[00:32:20] IT WAS ORIGINALLY SINCE  
[00:32:24] THE 1970S, AND IT WAS NOT  
[00:32:26] EXCLUSIVE TO THE AIRPORT. I DON'T THINK

[00:32:28] IT EVER WAS EXCLUSIVELY AN AIRPORT  
[00:32:31] PROGRAM, THOUGH. I THINK THE AIRPORT HAS  
[00:32:33] MANAGED THE LION SHARE OF THE CAPITAL  
[00:32:36] RESOURCES THAT HAVE BEEN GENERATED,  
[00:32:39] PERHAPS OVER THE YEARS. BUT I DON'T  
[00:32:43] THINK THAT WAS ANYTHING THAT THE POLICY  
[00:32:44] DIRECTIVE CHANGED. IT'S ALWAYS BEEN  
[00:32:46] AGAIN, CORRECT ME IF I'M WRONG A PORT  
[00:32:50] WIDE PROGRAM. AND WE HAVE SO MANY NEW  
[00:32:53] PROJECTS COMING ONLINE NOW THAT IT HAS  
[00:32:56] INCREASED IMPORTANCE. I WANT TO POINT  
[00:32:58] OUT ALSO THAT EVEN IF A PROJECT IS NOT  
[00:33:00] ENTIRELY A PUBLIC FACING PROJECT, THAT  
[00:33:03] THE EMPLOYEES SERVE TO BENEFIT FROM THE  
[00:33:07] INCLUSION OF ART WITHIN THE WORKPLACE.  
[00:33:09] SO I DON'T THINK THAT THAT'S AS A POLICY  
[00:33:13] ISSUE, WE SHOULD BE EXCLUDING PROJECTS  
[00:33:18] THAT MAYBE DON'T HAVE A HIGHLY PUBLIC  
[00:33:21] FACING ELEMENT TO THEM. I WANTED  
[00:33:25] TO ASK ABOUT THE CHALLENGES AND POSSIBLE  
[00:33:29] RESTRICTIONS REGARDING AIRPORT GENERATED  
[00:33:33] FUNDS PROJECT FUNDS THAT WOULD THEY NOT  
[00:33:36] HAVE TO BE APPROVED BY THE MII AIRLINE  
[00:33:41] GROUP? NO, I SEE COMMISSIONER BOWMAN  
[00:33:45] SHAKING HER HEAD. IF IT'S OVER  
[00:33:48] 10,000,000 IS NOT OVER 10,000,000.  
[00:33:52] OKAY, SO IT SEEMS TO ME  
[00:33:55] THAT THEY'RE GIVEN IT. I ALSO WAS  
[00:33:58] WONDERING IF CAPITAL FUNDS CAN BE USED  
[00:34:01] FOR PERFORMANCE AND PROGRAMMATIC, OR IF  
[00:34:04] THERE'S SOME RESTRICTION THERE IF WE  
[00:34:08] ARE TO EXPAND OUR ART PROGRAM TO OFFER  
[00:34:12] MORE PROGRAMMATIC. IN OTHER WORDS,  
[00:34:15] TEMPORAL OR NON CAPITAL PROJECT  
[00:34:20] FUNDING. ARE THERE SOME LIMITATIONS TO  
[00:34:23] THAT?  
[00:34:26] THE OTHER THING THAT I WONDER ABOUT FROM  
[00:34:29] THE AUDIT PERSPECTIVE IS ACCOUNTANCY  
[00:34:32] NOTING THAT A RETROACTIVE  
[00:34:37] PAYMENT OF 1.2 MILLION SOMETHING WAS  
[00:34:40] MADE UNDER THE AVIATION SIDE.  
[00:34:44] HOW MUCH HAS BEEN UNDERFUNDED OVER  
[00:34:48] THE YEARS? I'M GUESSING THE AUDIT MAYBE  
[00:34:50] DIDN'T INCLUDE THAT. BUT I  
[00:34:53] SUSPECT THAT THE IF YOU HOLD UP THE  
[00:34:56] CAPITAL PROJECTS OVER THE LAST 10 YEARS  
[00:34:59] OR SO PORT WIDE,  
[00:35:02] WE WOULD FIND A SERIOUS UNDERFUNDING  
[00:35:06] OF THE ART CONTRIBUTION, EVEN AT HALF PERCENT, BUT I  
[00:35:09] DON'T KNOW. DAN, DO YOU WANT TO DAN  
[00:35:12] CHASE? YOU WANT TO ANSWER THAT, TOO?  
[00:35:15] YEAH. I DON'T DISAGREE WITH WHAT PETER  
[00:35:18] SAID. I DON'T HAVE THE ANSWER FOR WE  
[00:35:23] DIDN'T AUDIT THE 1.2 MILLION DOLLAR  
[00:35:26] RETRO ADJUSTMENT. I CAN'T REALLY SPEAK  
[00:35:28] TO THAT. AND I DON'T KNOW IF ANYBODY ON  
[00:35:32] JEFF, YOU CAN SOME COMMISSIONS. SINCE I  
[00:35:35] HAVE BEEN HERE, I PROBABLY UNDERSTAND  
[00:35:39] WHERE IT COMES FROM IN TERMS OF NOT  
[00:35:41] FUNDING PROPERLY. BUT SINCE I'VE BEEN  
[00:35:43] HERE IN 2016, THERE'S NEVER BEEN AN  
[00:35:45] OPPORTUNITY, A REQUEST FOR AN ART  
[00:35:47] PROJECT, BECAUSE THAT'S NEVER BEEN

[00:35:49] FUNDED. SO WHENEVER THERE IS A NEED  
[00:35:52] IDENTIFIED FOR ART PROJECT HAS ALWAYS  
[00:35:54] BEEN FUNDED AS FAR AS THE FUNDING, THE  
[00:35:57] TEMPORAL OPPORTUNITIES. MY PROPOSAL  
[00:36:01] IS THAT INSTEAD OF TRYING TO WORK WITH  
[00:36:06] WORKING AGAINST LIMITATIONS, WE HAVE. I  
[00:36:07] THINK THAT'S FINE WAY TO WORK WITHIN THE  
[00:36:09] LIMITATIONS. SO WHAT I'M PROPOSING THAT  
[00:36:11] FOR TEMPORARY OPERATIONAL EXPENSES THAT  
[00:36:14] ANNUALLY WE BUDGET FOR THOSE UNDER THE  
[00:36:17] OPERATING BUDGET AND FOR CAPITAL  
[00:36:19] EXPENSES WILL BE FUN, THAT WE ALLOCATE  
[00:36:22] FUNDS FOR THOSE. SO WE DON'T NEED TO  
[00:36:25] HAVE THAT DISCUSSION. IF WE SIMPLIFY,  
[00:36:27] THE PROCESS WOULD BE EASIER. THAT SEEMS  
[00:36:29] REASONABLE OFFER. AND IT SEEMS TO ME  
[00:36:31] THAT THE BUDGET PROCESS IN ITSELF  
[00:36:33] ANNUALLY NEEDS TO RESPOND TO THE PROGRAM  
[00:36:37] NEEDS AND REQUIREMENTS. AND THAT'S WHERE  
[00:36:40] YOUR STAFF IN COMES. AS TO ME HAS TO  
[00:36:43] HAVE A STAFF THAT COULD ASSIST THEM IN  
[00:36:46] DEVELOPING THAT PROGRAM ANNUALLY OR EVEN  
[00:36:48] FOR A FIVE YEAR. OKAY. THANK YOU.  
[00:36:52] THANK YOU, COMMISSIONER STEINBREUCK. COMMISSIONER  
[00:36:55] CHO, I JUST WANT TO DO A TIME CHECK  
[00:36:57] HERE. WE'VE BEEN 45 MINUTES ON THIS  
[00:36:59] ITEM, AND THE AGENDA IS VERY LONG,  
[00:37:02] SO WE WILL MOVE TO MEMBER GEHRKE FOR  
[00:37:04] QUESTIONS NEXT.  
[00:37:08] I DON'T  
[00:37:12] HAVE ANY QUESTIONS. THANK YOU. THANK  
[00:37:14] YOU, COMMISSIONER CHO. AND NEITHER DO I.  
[00:37:18] OKAY, IF WE WANT  
[00:37:22] TO GO AHEAD AND PROCEED. YEAH. WELL,  
[00:37:24] THANK YOU ALL TO THE STAFF OF THE REPORT  
[00:37:26] TO THE MANAGEMENT FOR ALL THE RESPONSES  
[00:37:28] AND COMMISSIONER TIMBER FOR ATTENDING  
[00:37:30] THIS. I APPRECIATE YOUR INVOLVEMENT.  
[00:37:33] WE'RE GOING TO NOW MOVE ON TO AGENDA  
[00:37:37] THE AGENDA ITEM NUMBER TWO, WHICH IS THE  
[00:37:41] APPROVAL OF THE MINUTES FROM APRIL 8  
[00:37:43] 2021 AUDIT COMMITTEE MEETING.  
[00:37:46] OKAY. AND HERE I'M GOING TO SIGN OFF  
[00:37:48] NOW. I'M GOING TO LEAVE THE MEETING.  
[00:37:50] COMMISSIONERS. STEINBRUECK, BEFORE YOU DO  
[00:37:53] THAT, WE MIGHT NEED YOU TO HOLD QUORUM  
[00:37:55] FOR THIS MEETING. SIR, ARE YOU  
[00:38:00] STILL AT I'M TRYING TO PUSH  
[00:38:03] THINGS SO I DON'T HAVE TO LEAVE THE  
[00:38:05] MEETING UNTIL THE VERY END. THANKS,  
[00:38:07] PETER. THANK YOU, MR. BOWMAN TO CALL ME  
[00:38:10] BACK A THANK YOU. ALRIGHT.  
[00:38:13] THANKS. ALL. ALRIGHT. SEE YOU LATER.  
[00:38:15] APOLOGIES, COMMISSIONER CHO, THE FLOOR  
[00:38:17] IS BACK TO YOU. OKAY. THANK YOU FOR A  
[00:38:19] PROOF OF THE MINUTES FROM APRIL 8TH 2021  
[00:38:22] AUDIT COMMITTEE MEETING. ARE THERE ANY  
[00:38:23] CORRECTIONS TO THE MID?  
[00:38:25] IF NOT, IS THERE A MOTION IN A SECOND TO  
[00:38:29] APPROVE THE MINUTES? CAN I  
[00:38:32] GET A SECOND? THAT WOULD BE YOU, SIR?  
[00:38:35] I GUESS SO. SECOND.  
[00:38:40] ALRIGHT. CAN WE REMEMBER THE QUESTION IS

[00:38:43] ON APPROVAL OF MINUTES, PLEASE SAY YES  
[00:38:45] OR NO WHEN YOUR NAME IS CALLED. THANK  
[00:38:48] YOU. BEGINNING WITH COMMISSIONER BOWMAN  
[00:38:51] APPROVED. THANK YOU,  
[00:38:54] COMMISSIONER CHO. AYE. THANK YOU.  
[00:38:57] YOU HAVE TWO YESSES AND ZERO NOS FOR  
[00:38:59] THIS ITEM. GREAT. THE MINUTES ARE  
[00:39:00] APPROVED AS PRESENTED. THANK YOU VERY  
[00:39:03] MUCH. OUR NEXT ORDER OF BUSINESS IS  
[00:39:06] EXTERNAL AUDITS. PRESENTERS, PLEASE  
[00:39:08] DON'T UNMUTE YOURSELF. COMMITTEE MEMBERS  
[00:39:11] MAY USE THE HAND RAISING TOOL TO  
[00:39:13] INDICATE THAT YOU WISH TO SPEAK OR ELSE  
[00:39:15] I'LL CALL FOR QUESTIONS AT THE END OF  
[00:39:16] THE PRESENTATION.  
[00:39:21] THAT IS. OKAY, ANA.  
[00:39:25] GOOD AFTERNOON, MEMBERS OF THE AUDIT  
[00:39:27] COMMITTEE. I AM OLGA DARLINGTON. I'M A  
[00:39:31] PARTNER WITH MOSS ADAMS, EXTERNAL AUDIT  
[00:39:34] FIRM THAT PERFORMS THE INDEPENDENT AUDIT  
[00:39:37] OF THE PORT. WITH ME TODAY IS ANNA  
[00:39:39] WALDRON, A SENIOR MANAGER ON THE  
[00:39:41] ENGAGEMENT WHO IS REALLY THE DRIVING  
[00:39:45] FORCE FOR OUR TEAM. SHE OVERSEES OUR  
[00:39:47] ENTIRE TEAM AS WELL AS MEMBERS OF  
[00:39:51] THE SMALL BUSINESS FROM MINORITY OWNED  
[00:39:54] BUSINESS FIRM FROM SET, A PART OF OUR  
[00:39:56] AUDIT TEAM ON AN ANNUAL BASIS. SO THE  
[00:39:59] AUDIT WAS COMPLETED AND THE REPORTS WERE  
[00:40:02] ISSUED BACK IN APRIL. WE HAVE A BRIEF  
[00:40:05] SUMMARY OF THE AUDIT RESULTS FOR YOU  
[00:40:07] TODAY AND WE CAN GO AHEAD AND PROCEED TO  
[00:40:09] SLIDE NUMBER THREE THAT SUMMARIZES THE  
[00:40:11] REPORTS THAT WE HAVE ISSUED. AND I'M  
[00:40:15] JUST CHECKING. CAN YOU SEE SLIDE THREE?  
[00:40:18] WONDERFUL. THANK YOU. YES. ALL RIGHT.  
[00:40:22] SO AS PART OF THE AUDIT, THERE'S QUITE A  
[00:40:24] NUMBER OF DELIVERABLES THAT WE PRODUCE  
[00:40:27] AFTER ALL OF THE WORK IS DONE. AND I'M  
[00:40:29] JUST GOING TO GO THROUGH THOSE TO GIVE  
[00:40:33] YOU INFORMATION ON EACH AND EVERY  
[00:40:35] REPORT. SO THE FIRST AND FOREMOST THE  
[00:40:36] REPORT ON FINANCIAL STATEMENTS OF THE  
[00:40:39] PORT. IT'S THE ANNUAL FINANCIAL REPORT  
[00:40:41] THAT INCLUDES TWO FUNDS, THE ENTERPRISE  
[00:40:44] FUNDS FUND, WHICH IS A PORT OPERATIONS,  
[00:40:47] AS WELL AS FIDUCIARY FUND, WHICH IS  
[00:40:50] WHERE A WAREHOUSEMAN'S PENSION TRUST FUND.  
[00:40:53] THAT'S THE REPORT THAT GETS PUBLISHED  
[00:40:57] ANNUALLY ON THE PORT'S WEBSITE. IN  
[00:40:59] ADDITION TO THAT, WE DO PERFORM SEVERAL  
[00:41:02] COMPLIANCE AUDITS. THE FIRST ONE IS  
[00:41:05] UNDER THE REQUIREMENTS OF THE UNIFORM  
[00:41:08] AUDIT GUIDANCE OR MORE COMMONLY KNOWN AS  
[00:41:10] THE SINGLE AUDIT REPORTS. THESE ARE  
[00:41:13] REQUIRED BECAUSE OF THE FEDERAL PROGRAMS  
[00:41:17] THAT THE PORT RECEIVES. FEDERAL GRANTS.  
[00:41:20] THE PORT EXPANDS EVERY YEAR PRIMARILY  
[00:41:23] WAS THE AIP PROGRAM. THERE IS TWO  
[00:41:26] REPORTS. 1 IS ON INTERNAL CONTROLS OVER  
[00:41:30] COMPLIANCE AND FINANCIAL REPORTING IN  
[00:41:31] ACCORDANCE WITH GOVERNMENT AUDITING  
[00:41:34] STANDARDS. THIS REPORT REQUIRES US TO

[00:41:38] LOOK, ASSESS, AND REPORT ON INTERNAL  
[00:41:40] CONTROLS. GENERALLY, IF WE HAVE ANY  
[00:41:44] SIGNIFICANT DEFICIENCIES OR MATERIAL  
[00:41:46] WEAKNESSES, WE WOULD INCLUDE THOSE AS  
[00:41:48] FINDINGS IN THIS REPORT. PLEASED TO  
[00:41:51] REPORT THAT IT WAS A CLEAN REPORT. ONCE  
[00:41:53] AGAIN THIS YEAR, THERE WERE NO FINDINGS  
[00:41:55] INCLUDED IN THERE. SO CLEAN A REPORT  
[00:41:58] CARD. FROM THE COMPLIANCE STANDPOINT,  
[00:42:00] THE OTHER COMPLIANCE REPORT IS ACTUALLY  
[00:42:02] SPECIFIC TO THE MAJOR FEDERAL PROGRAM  
[00:42:04] THAT WE AUDIT. AS I MENTIONED THIS YEAR,  
[00:42:07] IT'S ONCE AGAIN AIRPORT IMPROVEMENT  
[00:42:09] PROGRAM THAT INCLUDED CARES ACT FUNDING  
[00:42:12] THAT WAS RECEIVED BY THE PORT. SO BIG  
[00:42:15] DOLLAR AMOUNTS THAT WERE AUDITED THIS  
[00:42:17] YEAR AND ONCE AGAIN GOING THROUGH ALL OF  
[00:42:19] THE COMPLIANCE REQUIREMENT AS REQUIRED  
[00:42:21] BY THE PROGRAM ITSELF. NO FINDINGS OR  
[00:42:25] NON COMPLIANCE NOTED AS PART OF THAT  
[00:42:27] PROGRAM AUDIT AS WELL. SO CLEANER  
[00:42:30] REPORTS ON COMPLIANCE THERE. ON THE NEXT  
[00:42:32] SLIDE, SOME MORE DELIVERABLES THERE.  
[00:42:35] ANOTHER COMPLIANCE AUDIT THAT WE PERFORM  
[00:42:37] IS ON RECEIPTS AND EXPENDITURES OF  
[00:42:40] PASSENGER FACILITY CHARGE. ONCE AGAIN,  
[00:42:44] THIS IS A PROGRAM SPECIFIC AUDIT THAT WE  
[00:42:46] PERFORM. WE DO LOOK INTO INTERNAL  
[00:42:49] CONTROLS AS PART OF THAT PROGRAM AS  
[00:42:51] WELL. NO FINDINGS OR NON COMPLIANCE  
[00:42:54] NOTED AS PART OF THAT POCKET. THERE'S  
[00:42:57] ADDITIONAL REPORTS THAT WE ISSUE. ONE IS  
[00:43:00] ON SCHEDULE OF NET REVENUES AVAILABLE  
[00:43:02] FOR REVENUE BOND SERVICE DEATH SERVICE.  
[00:43:05] THAT'S JUST TAKING THE ANNUAL REVENUES  
[00:43:08] AND MAKING A FEW ADJUSTMENTS TO THEM AS  
[00:43:10] REQUIRED BY THE BOND INDENTURES TO MAKE  
[00:43:13] SURE THAT THE ANNUAL COVENANTS ARE MET  
[00:43:17] OR ANNUAL RATIOS. COMPLIANCE RATIOS ARE  
[00:43:20] MET, AND TWO REPORTS ON AGREED UPON  
[00:43:23] PROCEDURES THAT ARE REQUIRED BY THE  
[00:43:24] DEPARTMENT OF ECOLOGY AND THE  
[00:43:26] ENVIRONMENTAL PROTECTION AGENCY. SO  
[00:43:29] WHOLE A LOT OF DIFFERENT REPORTS THAT WE  
[00:43:32] ISSUE AS A RESULT OF THE AUDIT. ALL OF  
[00:43:35] THEM ARE UNMODIFIED OR CLEAN REPORTS.  
[00:43:38] NO ISSUES IDENTIFIED THERE. WE DID  
[00:43:42] IDENTIFY A FEW ITEMS ON THE INTERNAL  
[00:43:44] CONTROLS AS PART OF THE AUDIT. WE'RE  
[00:43:47] RECOMMENDATIONS TO MANAGEMENT THAT WE  
[00:43:49] WILL COVER A LITTLE BIT LATER IN OUR  
[00:43:50] PRESENTATION. SO IF WE GO TO THE NEXT  
[00:43:53] SLIDE, I WILL GO AHEAD AND PASS  
[00:43:58] THE MIC TO ANA, WHO WILL TALK ABOUT  
[00:44:00] SIGNIFICANT AUDIT AREAS WHERE WE FOCUS  
[00:44:03] OUR AUDIT EFFORTS. AWESOME. THANKS,  
[00:44:06] OLGA. SO NEXT WE'LL WALK THROUGH JUST A  
[00:44:08] HIGH LEVEL OVERVIEW OF SOME OF THE KEY  
[00:44:10] AREAS OF EMPHASIS FOR AUDIT THIS YEAR.  
[00:44:14] THE FIRST AREA, WHICH IS IN SCOPE FOR  
[00:44:16] OUR WORK EACH YEAR, IS THE INTERNAL  
[00:44:18] CONTROL ENVIRONMENT, AND AS PART OF OUR  
[00:44:21] TESTING, WE CONSIDER THE DESIGN,

[00:44:22] IMPLEMENTATION, AND OPERATING  
[00:44:25] EFFECTIVENESS OF THE KEY CONTROLS AROUND  
[00:44:28] CASH RECEIPTS, CASH DISBURSEMENTS,  
[00:44:31] PAYROLL CAPITAL, ASSET CYCLES, AS WELL  
[00:44:33] AS THE ADMINISTRATION OF FEDERAL AWARDS  
[00:44:36] AND SPECIFIC TO 2020. WE ALSO PERFORMED  
[00:44:40] WALKTHROUGHS TO OBTAIN AN UNDERSTANDING  
[00:44:42] OF ANY CHANGES TO KEY PROCESSES OR  
[00:44:45] CONTROLS AS A RESULT OF THE COVID 19  
[00:44:48] PANDEMIC AND MOVING TO A PARTIALLY  
[00:44:50] REMOTE WORK ENVIRONMENT.  
[00:44:54] MANAGEMENT ESTIMATE IS ANOTHER AREA  
[00:44:56] THAT'S IN SCOPE FOR OUR WORK EACH YEAR.  
[00:44:58] THE AREAS THAT WE'VE IDENTIFIED AND  
[00:45:01] LISTED ON THE SCREEN REALLY REQUIRES  
[00:45:03] SIGNIFICANT ESTIMATES BY MANAGEMENT  
[00:45:05] BASED ON THEIR KNOWLEDGE, EXPERTISE,  
[00:45:08] AND EXPERIENCE, AS WELL AS CONSIDERING  
[00:45:10] CURRENT AND FUTURE EXPECTED  
[00:45:12] CIRCUMSTANCES. AND WHILE THE  
[00:45:16] NORTHWEST SEAPORT ALLIANCE ITSELF IS  
[00:45:18] AUDITED BY ANOTHER FIRM AS PART OF OUR  
[00:45:20] AUDIT, WE DO CONFIRM THE RESULTS OF THE  
[00:45:23] ALLIANCES OPERATIONS WITH THE AUDITOR,  
[00:45:25] AS WELL AS RECALCULATED THE PORT SHARE  
[00:45:28] OF THOSE OPERATING REVENUES FOR THE YEAR  
[00:45:31] IN A NEW AREA OF EMPHASIS. THIS HERE,  
[00:45:34] AS A RESULT OF THE PANDEMIC, WAS AUDIT  
[00:45:36] PROCEDURES OVER THE PORT RENT DEFERRAL  
[00:45:39] PAYMENT PLAN. AND AS PART OF OUR  
[00:45:41] PROCEDURES, WE OBTAINED AN UNDERSTANDING  
[00:45:43] OF THE PORT COMMISSION APPROVED DEFERRAL  
[00:45:46] PAYMENT PLAN, THEIR METHODOLOGY FOR  
[00:45:48] TRACKING AND RECORDING THOSE DEFERRALS.  
[00:45:50] AND THEN WE SELECTED A SAMPLE OF TENANTS  
[00:45:52] TO REVIEW THEIR SIGNED AGREEMENTS  
[00:45:54] INVOICING AND PAYMENT SUPPORT. IN ORDER  
[00:45:57] TO EVALUATE ADHERENCE TO THE APPROVED  
[00:45:59] PLAN, WE CAN MOVE TO THE NEXT SLIDE,  
[00:46:01] PLEASE. SO AS  
[00:46:06] PART OF OUR TESTING OF CAPITAL ASSETS,  
[00:46:07] WE CONSIDER THE APPROPRIATENESS OF THE  
[00:46:10] PORT CAPITALIZATION POLICIES IN PLACE.  
[00:46:12] SELECTED A SAMPLE OF NEW ADDITIONS,  
[00:46:15] RETIREMENTS OVERHEAD APPLICATIONS, AND  
[00:46:17] DEPRECIATION TO PERFORM DETAILED TESTING  
[00:46:20] PROCEDURES OVER, AND THEN ALSO CONSIDER  
[00:46:22] THE TIMELY CLOSING OF CIP PROJECTS.  
[00:46:27] THERE WASN'T TOO MUCH OUT OF THE  
[00:46:29] ORDINARY FOR BOND ACTIVITY DURING 2020,  
[00:46:32] AND OUR AUDIT PROCEDURES INCLUDED  
[00:46:34] TESTING THE THREE PARTIALLY DIFFUSED  
[00:46:36] BONDS, AS WELL AS TESTING DEBT  
[00:46:38] REPAYMENTS, AND AS PART  
[00:46:41] OF OUR CONSIDERATION OVER THE AIRLINE  
[00:46:45] LIASON OPERATING AGREEMENTS, WE DO  
[00:46:46] SEND CONFIRMATIONS TO THE AIRLINES TO  
[00:46:49] CONFIRM THEIR OPERATING REVENUE UNDER  
[00:46:51] THESE AGREEMENTS. IN ADDITION, WE  
[00:46:53] PERFORM SUBSTANTIVE ANALYTICAL  
[00:46:55] PROCEDURES TO EVALUATE THAT THE REVENUES  
[00:46:57] THAT ARE RECOGNIZED UNDER THESE  
[00:46:59] AGREEMENTS ARE APPROPRIATE, ESPECIALLY



[00:47:02] CONSIDERING ANY CURRENT YEAR EVENTS THAT  
[00:47:04] WOULD AFFECT REVENUE, INCLUDING  
[00:47:06] CONSIDERATION OVER BOTH FINANCIAL AND  
[00:47:08] FINANCIAL DATA. AND OUR TESTING OVER  
[00:47:11] THE PORT FIDUCIARY ACTIVITIES INVOLVES  
[00:47:14] CONSIDERATION OVER THE INVESTMENT  
[00:47:16] BALANCES PLAN CONTRIBUTIONS AND  
[00:47:19] DISTRIBUTIONS FOR THE WAREHOUSEMAN'S  
[00:47:21] PENSION TRUST FUND. AND WE DID IDENTIFY  
[00:47:24] ONE CONTROL MATTER AS A RESULT OF OUR  
[00:47:26] TESTING IN THIS AREA, WHICH WE'LL TOUCH  
[00:47:27] ON A BIT LATER IN THE PRESENTATION.  
[00:47:29] NEXT SLIDE, PLEASE. SO TESTING  
[00:47:35] FOR APPROPRIATE REVENUE RECOGNITION  
[00:47:37] INCLUDED AN OPERATING REVENUE ANALYSIS  
[00:47:40] WHICH USES BUSINESS INDICATORS SUCH AS  
[00:47:42] LANDED WEIGHT, GATE USAGE, AND  
[00:47:45] EMPLOYMENT. AND THEN WE ALSO PERFORM  
[00:47:47] TESTING PROCEDURES OVER THE PORT NON  
[00:47:49] OPERATING REVENUES, SUCH AS TAX LEVIES,  
[00:47:52] INVESTMENT INCOME, PASSENGER FACILITY,  
[00:47:54] AND CUSTOMER FACILITY CHARGES, AND THEN  
[00:47:57] FEDERAL GRANTS, AS WELL AS THE  
[00:47:59] CONSIDERATION OVER THE COLLECTABILITY OF  
[00:48:02] THE RELATED RECEIVABLES FROM THESE  
[00:48:04] REVENUE STREAMS, ESPECIALLY THIS YEAR.  
[00:48:06] JUST GIVEN THE IMPACTS OF COVID 19 ON  
[00:48:08] SOME OF THE PORT CUSTOMERS.  
[00:48:11] AND DUE TO THE IMPACT OF KEY IT SYSTEMS  
[00:48:15] ON THE PORT FINANCIAL REPORTING PROCESS,  
[00:48:17] WE UTILIZE OUR MOSS ADAMS IT AUDIT TEAM  
[00:48:21] TO PERFORM TESTING OVER INFORMATION  
[00:48:23] TECHNOLOGY TECHNOLOGY, GENERAL COMPUTER  
[00:48:25] CONTROLS IN ORDER TO ENSURE THAT THE  
[00:48:28] PORT HAS THE PROPER CONTROLS IN PLACE  
[00:48:30] FOR SECURITY AND ACCESS AND CHANGE  
[00:48:33] MANAGEMENT OF KEY FINANCIAL SYSTEMS.  
[00:48:35] AND THEN FINALLY, FOR OUR FEDERAL GRANT  
[00:48:39] TESTING, WE NOTED TOTAL FEDERAL AWARDS  
[00:48:41] WERE REPORTED ON THE SIFA OF 163.7  
[00:48:45] MILLION DOLLARS THIS YEAR. AND WE HAD  
[00:48:48] ONE MAJOR PROGRAM IN SCOPE WHICH WAS THE  
[00:48:50] FAA AIRPORT IMPROVEMENT PROGRAM, WHICH  
[00:48:54] HAD TOTAL FEDERAL EXPENDITURES OF  
[00:48:56] 161,000,000. DEFINITELY THE  
[00:48:59] MOST FULL BULK OF EXPENDITURES FOR THE  
[00:49:02] YEAR, AND INCLUDED IN THAT PROGRAM WAS  
[00:49:05] 147,000,000 OF CARES ACT FUNDING THAT  
[00:49:09] WAS TESTED AS PART OF OUR TESTING OVER  
[00:49:11] THAT MAJOR PROGRAM. AND NEXT SLIDE,  
[00:49:14] PLEASE. SO NEXT,  
[00:49:18] WE WANTED TO DISCUSS ONE INTERNAL  
[00:49:20] CONTROL MATTER WHICH HAS BEEN DISCUSSED  
[00:49:23] WITH MEMBERS OF MANAGEMENT AND THE AUDIT  
[00:49:25] COMMITTEE DURING OUR AUDIT FIELD WORK.  
[00:49:27] AS BACKGROUND, THE IDENTIFIED MATTER  
[00:49:30] RELATED TO A BREAKDOWN IN THE TIMELY  
[00:49:33] COMMUNICATION BY CAPITAL PROJECT  
[00:49:34] MANAGEMENT OF PORTIONS OF CAPITAL  
[00:49:36] PROJECTS THAT HAD BEEN COMPLETED AND  
[00:49:39] PLACED IN SERVICE. COMMUNICATING THAT TO  
[00:49:41] CENTRAL ACCOUNTING IN ORDER TO ENSURE  
[00:49:43] THAT THERE'S TIMELY UPDATES TO THE

[00:49:44] FINANCIAL RECORDS FOR ASSETS THAT ARE  
[00:49:46] PLACED IN SERVICE. AND THE TOTAL IMPACT  
[00:49:50] OF THE ERROR WAS DETERMINED TO BE 31.2  
[00:49:54] MILLION DOLLARS OF CONSTRUCTION WORK IN  
[00:49:57] PROGRESS THAT SHOULD HAVE BEEN  
[00:50:00] CLASSIFIED AS IN SERVICE AND BEGUN  
[00:50:02] DEPRECIATION AS OF THE END OF 2019.  
[00:50:05] AND THE MISCLASSIFICATION IS CORRECTED  
[00:50:07] IN THE 2020 FINANCIAL STATEMENTS. SO IN  
[00:50:12] RESPONSE TO OUR INTERNAL CONTROL MATTER,  
[00:50:14] PORT OF SEATTLE MANAGEMENT, WHICH  
[00:50:16] INCLUDED AVIATION PROJECT MANAGEMENT AND  
[00:50:18] FINANCE, AND DESIGNED AND IMPLEMENTED A  
[00:50:21] NEW STANDARD OPERATING PROCEDURE TO  
[00:50:23] ADDRESS THE DEFICIENCY THAT WAS  
[00:50:25] IDENTIFIED. AND THE NEW SOP WAS  
[00:50:28] FULLY IMPLEMENTED IN APRIL 2021. AND WE  
[00:50:31] FURTHER NOTE THAT THIS ITEM IS SCHEDULED  
[00:50:34] FOR AN INTERNAL AUDIT LATER IN THE YEAR  
[00:50:36] AND AS THE NEW PROCEDURES WERE  
[00:50:39] IMPLEMENTED SUBSEQUENT TO THE YEAR THAT  
[00:50:42] WE WERE AUDITING, THIS WILL BE AN AREA  
[00:50:44] OF EMPHASIS FOR OUR 2021 INTERIM AUDIT  
[00:50:46] PROCEDURES THAT WE PLAN TO PERFORM THIS  
[00:50:49] FALL. AND THEN I'LL ALSO JUST NOTE HERE  
[00:50:52] THAT WE DID IDENTIFY A FEW CONTROL  
[00:50:55] MATTERS THAT WERE RELATED TO IT  
[00:50:57] CONTROLS, WHICH WILL BE COVERED IN A  
[00:50:59] SEPARATE MEETING WITH THE AUDIT  
[00:51:00] COMMITTEE. AND NOW I'LL TURN IT BACK  
[00:51:02] OVER TO OLGA TO TALK THROUGH OUR  
[00:51:04] REQUIRED COMMUNICATIONS. THANK YOU,  
[00:51:06] ANNA. ALL RIGHT.  
[00:51:11] THE REQUIRED COMMUNICATIONS THAT WE ARE  
[00:51:13] REQUIRED TO COMMUNICATE TO THE AUDIT  
[00:51:16] COMMITTEE BY OUR AUDITING STANDARDS ARE  
[00:51:19] SUMMARIZED HERE WILL JUST BRIEFLY TOUCH  
[00:51:22] ON SOME OF THE MORE IMPORTANT ONES,  
[00:51:24] THE AUDITOR AND MANAGEMENT  
[00:51:26] RESPONSIBILITIES WITH RESPECT TO THE  
[00:51:28] FINANCIAL STATEMENT. OF COURSE, WE BEING  
[00:51:31] THE INDEPENDENT AUDITOR, WE'RE NOT  
[00:51:33] PREPARING FINANCIAL STATEMENTS, WERE NOT  
[00:51:35] PREPARED PREPARING ANY OF THE RECORDS OR  
[00:51:37] RECONCILIATIONS. WE'RE NOT IMPLEMENTING  
[00:51:39] INTERNAL CONTROLS. WE DO PERFORM AUDIT  
[00:51:42] ON ALL OF THE FINANCIAL INFORMATION THAT  
[00:51:44] IS PROVIDED TO US BY MANAGEMENT AND I DO  
[00:51:46] HAVE TO SAY THAT MANAGEMENT TAKES THEIR  
[00:51:49] RESPONSIBILITY FOR FINANCIAL REPORTING  
[00:51:51] VERY SERIOUSLY. THEY TAKE THE  
[00:51:54] RESPONSIBILITY FOR IMPLEMENTING  
[00:51:55] EFFECTIVE INTERNAL CONTROLS VERY  
[00:51:57] SERIOUSLY. EVEN WITH THIS MATTER OF  
[00:52:00] INTERNAL CONTROLS ON THE CIP  
[00:52:03] CLASSIFICATION, MANAGEMENT WAS VERY  
[00:52:05] FORWARD. FORTHCOMING WAS ADDITIONAL  
[00:52:07] FINDINGS AND ADDITIONAL TWEAKS TO THE  
[00:52:11] AMOUNT DOLLAR AMOUNT AS IT WAS BEING  
[00:52:14] DISCOVERED AND ADDITIONAL ITEMS WERE  
[00:52:16] BEING UNCOVERED. SO MANAGEMENT DOES TAKE  
[00:52:19] US VERY SERIOUSLY. AND ONCE THE FINDING  
[00:52:21] WAS DEVELOPED, MANAGEMENT TOOK A VERY

[00:52:23] PROACTIVE ROLE IN IMPLEMENTING A  
[00:52:27] CORRECTION PLAN THAT IS BEING PUT IN  
[00:52:29] PLACE RIGHT NOW. SO WE DO THANK  
[00:52:32] MANAGEMENT FOR THEIR WORK THERE.  
[00:52:36] AUDIT WAS PERFORMED IN ACCORDANCE WITH  
[00:52:38] SCOPE WITH PLANED SCOPE. OTHERWISE,  
[00:52:42] THAT PLANT SCOPE. WE COMMUNICATED TO  
[00:52:43] YOU, THE AUDIT COMMITTEE BACK IN OUR  
[00:52:45] PLANNING COMMUNICATION BACK IN DECEMBER.  
[00:52:48] THERE WEREN'T ANY SURPRISES OR ANY OTHER  
[00:52:50] ADDITIONAL ITEMS THAT WERE UNUSUAL OR  
[00:52:53] UNEXPECTED IN AUDIT. THE AUDIT,  
[00:52:55] ALTHOUGH BEING VIRTUAL, ENTIRELY VIRTUAL  
[00:52:58] ONCE AGAIN THIS YEAR, DID GO REALLY  
[00:53:01] ACCORDING TO PLAN AND ALL OF THE  
[00:53:04] INFORMATION WAS PROVIDED TO US TIMELY.  
[00:53:07] ALL OF THE SCHEDULES WERE PROVIDED  
[00:53:09] TIMELY. ALL OF THE PORT SUPPORTING  
[00:53:11] DOCUMENTATIONS AND QUESTIONS WERE BEING  
[00:53:14] ANSWERED AS SOON AS POSSIBLE. SO I  
[00:53:18] REALLY HAD A GOOD PLAN THAT WE WERE  
[00:53:20] CARRYING OUT AND MANAGEMENT WAS VERY  
[00:53:22] HELPFUL. SIGNIFICANT ACCOUNTING,  
[00:53:25] NEW POLICIES ARE DISCLOSED, IN FOOT NOTE ONE,  
[00:53:28] TO THE FINANCIAL STATEMENTS. THOSE DID  
[00:53:30] NOT CHANGE SIGNIFICANTLY THIS PAST YEAR  
[00:53:33] OTHER THAN IMPLEMENTING A NEW  
[00:53:36] ACCOUNTING PRONOUNCEMENTS. AND I WILL  
[00:53:38] TOUCH ON THOSE OF YOU A LITTLE BIT LATER  
[00:53:40] IN THE PRESENTATION.  
[00:53:42] WE DID NOT HAVE ANY DISAGREEMENTS WITH  
[00:53:45] MANAGEMENT OR AN AUDIT. GOOD PRODUCTIVE  
[00:53:48] DISCUSSIONS WERE HELD ON ONCE AGAIN  
[00:53:50] IMPLEMENTATION OF NEW ACCOUNTING  
[00:53:52] STANDARDS AND THE FINDINGS, INTERNAL  
[00:53:55] CONTROL ISSUES, BUT NO DISAGREEMENTS TO  
[00:53:57] REPORT TO YOU ON THE NEXT SLIDE.  
[00:54:01] SOME MORE REQUIRED COMMUNICATIONS WE  
[00:54:06] ARE REQUIRED TO COMMUNICATE TO YOU IF  
[00:54:09] ANY SIGNIFICANT AUDIT ADJUSTMENTS OR  
[00:54:11] PROPOSED AUDIT ADJUSTMENTS. AS A RESULT  
[00:54:14] OF OUR WORK, WE DID IDENTIFY ONE ISSUE  
[00:54:19] WITH RESPECT TO THE WAREHOUSEMEN'S  
[00:54:21] PENSION TRUST, WHEREBY ONE PARTICULAR  
[00:54:24] BENEFICIARY DID NOT RECEIVE THEIR  
[00:54:28] BENEFIT PAYMENTS TIMELY IN 2020 THEY  
[00:54:31] WERE ABRUPTLY STOPPED IN THE BEGINNING  
[00:54:34] OF THE YEAR. AS A RESULT, WE PROPOSED  
[00:54:37] AN ADJUSTING ENTRY FOR BENEFITS PAYABLE  
[00:54:40] TO THIS ONE BENEFICIARY IN THE AMOUNT OF  
[00:54:42] \$20,856 TO BE  
[00:54:46] PAID OUT TO THAT BENEFICIARY. THE PLAN  
[00:54:49] ADMINISTRATOR IS FOLLOWING UP ON THAT  
[00:54:52] MATTER. WHAT ARE THE CIRCUMSTANCES  
[00:54:55] SURROUNDING THIS PARTICULAR BENEFICIARY?  
[00:54:59] SO IT'S ONE OF THOSE THINGS THAT EVEN  
[00:55:02] THOUGH THE DOLLAR AMOUNT IS NOT VERY  
[00:55:05] SIGNIFICANT AND MATERIAL TO THE  
[00:55:07] FINANCIAL STATEMENTS OF THE ENTIRE  
[00:55:08] FIDUCIARY FUN BECAUSE IT DOES IMPACT A  
[00:55:11] BENEFICIARY OF THE PLAN, WE WRAPPED IT  
[00:55:14] UP AND INCLUDED IT AS A PROPOSED  
[00:55:15] ADJUSTMENT. AS FAR AS WE KNOW,

[00:55:19] THE MANAGEMENT DID NOT CONSULT WITH ANY  
[00:55:21] OTHER INDEPENDENT AUDITORS. OF COURSE,  
[00:55:23] MANAGEMENT DOES WORK WITH THE AUDITORS  
[00:55:27] OF THE NORTHWEST AT SEAPORT ALLIANCE AS  
[00:55:30] A RESULT OF IT BEING AN ORGANIZATION  
[00:55:33] THAT'S A JOINT CENTER BETWEEN THE TWO  
[00:55:35] HOME PORTS. BUT AS FAR AS  
[00:55:37] CONSULTATIONS. WE WERE NOT AWARE OF ANY  
[00:55:40] IN OUR WORK. AS WE MENTIONED, WE DO  
[00:55:43] QUITE A BIT OF COMPLIANCE REVIEW AND  
[00:55:46] INTERNAL CONTROLS REVIEW,  
[00:55:50] LOOKING AT ANY CONTRACT COMPLIANCE AND  
[00:55:53] LOOKING FOR ANY POTENTIAL SIGNS OF  
[00:55:55] ILLEGAL ACTS OR FRAUD. WE DID NOT  
[00:55:59] IDENTIFY ANYTHING THAT WOULD NEED TO BE  
[00:56:01] RAISED TO YOUR ATTENTION TO YOUR  
[00:56:04] COMMUNICATION WITH RESPECT TO FRAUD OR  
[00:56:07] ILLEGAL ACT OR MISAPPROPRIATION OF  
[00:56:09] ASSETS WITH RESPECT TO THE PORT,  
[00:56:11] THE ABILITY TO CONTINUE AS A GOING  
[00:56:14] CONCERN. THIS WAS AN INTERESTING ITEM  
[00:56:17] FOR MANY OF OUR CLIENTS, PARTICULARLY IN  
[00:56:19] 2020 AUDIT, GIVING THE EFFECTS OF A  
[00:56:21] PANDEMIC ON ALL OF OUR AIRPORT CLIENTS  
[00:56:24] AND A SIGNIFICANT IMPACT AND DECREASE ON  
[00:56:27] REVENUES, AERONAUTICAL AND NON  
[00:56:29] AERONAUTICAL, AND ASSISTANCE FROM THE  
[00:56:32] FEDERAL GOVERNMENT WITH RESPECT TO THAT.  
[00:56:34] OVERALL, NO SPECIFIC DISCLOSURES  
[00:56:37] REGARDING GOING CONCERN ARE INCLUDED,  
[00:56:39] BUT ME AND INTENT DID INCLUDE EXTENSIVE  
[00:56:42] DISCUSSION ABOUT THE PROGRAMS THAT  
[00:56:44] IMPLEMENTED DURING A YEAR TO MITIGATE  
[00:56:47] THE EFFECTS OF THE PANDEMIC AND PROVIDE  
[00:56:51] RELIEF TO THE TENANTS OF THE AIRPORT AND  
[00:56:54] THE PORT. ON THE NEXT SLIDE, A NEW  
[00:57:00] ACCOUNTING PRONOUNCEMENTS THAT WERE  
[00:57:02] IMPLEMENTED IN 2020 I DID MENTION THERE  
[00:57:04] WERE A COUPLE OF THOSE, PARTICULARLY  
[00:57:08] GASB 89 ACCOUNTING FOR INTEREST COST  
[00:57:12] INCURRED BEFORE THE CONSTRUCTION PERIOD  
[00:57:14] IS OVER. THIS PARTICULAR STANDARD GOES  
[00:57:17] AWAY FROM CAPITALIZATION OF INTEREST ON  
[00:57:20] FUNDS THAT ARE BORROWED FOR  
[00:57:23] CONSTRUCTION. SO IN THE PAST, INTEREST  
[00:57:25] PAID ON BONDS WAS CAPITALIZED AS PART OF  
[00:57:27] THE CAPITAL PROJECTS. IT WILL NO LONGER  
[00:57:30] BE DONE THIS WAY. IT WILL ALL BE  
[00:57:33] EXPENSED. GASB ISSUED A  
[00:57:37] STATEMENT 95 IN 2020 TO HELP ITS  
[00:57:42] CONSTITUENTS WITH PUSHING OUT  
[00:57:45] SOME REPORTING DATES OR SOME  
[00:57:47] IMPLEMENTATION DATES FOR SOME  
[00:57:49] SIGNIFICANT GASES THAT WERE UPCOMING FOR  
[00:57:51] IMPLEMENTATION IN 2020. IN GASB, 95  
[00:57:54] ALLOWED FOR DEFERRAL OF THAT  
[00:57:56] IMPLEMENTATION PERIOD FOR ANOTHER YEAR.  
[00:57:57] SO FOR THAT REASON, SOME OF  
[00:58:01] THE SIGNIFICANT GASBS SUCH AS LEAST  
[00:58:05] STANDARD GOT PUSHED OUT FOR ANOTHER YEAR  
[00:58:07] OR SO TO GIVING CONSTITUENTS TO A LITTLE  
[00:58:11] BIT MORE TIME TO DEAL WITH THAT  
[00:58:12] IMPLEMENTATION. AND GASB 97 ANNA

[00:58:17] MENTIONED EARLIER IN 2019 AUDIT,  
[00:58:21] THE EFFECTIVE STANDARD WAS THAT SCOPED  
[00:58:24] IN FOR RECORDING AS FUNERARY ACTIVITIES  
[00:58:27] 401-K PLANS. GASB 97 PROVIDED ADDITIONAL GUIDANCE  
[00:58:34] THAT ALLOWED US TO SCOPE THOSE PLANS  
[00:58:37] OUT. SO WE'RE BACK TO SIMILAR REPORTING  
[00:58:39] AS WE DID PRIOR TO 2019, WHERE THE ONLY  
[00:58:42] PLAN THAT'S REPORTED AS PART OF THE  
[00:58:44] FIDUCIARY FUND IS THE WAREHOUSEMAN'S  
[00:58:46] PENSION PLAN. THE OTHERS ARE JUST  
[00:58:48] MENTIONED IN THE FOOTNOTES TO THE PORT  
[00:58:50] FINANCIAL STATEMENTS. SO THOSE THREE  
[00:58:53] WERE IMPLEMENTED. AND ON THE NEXT SLIDE,  
[00:58:56] JUST A QUICK HIGHLIGHT OF SOME UPCOMING  
[00:58:59] STANDARDS. IT'S NOT A FULL LIST, BUT  
[00:59:01] WHAT'S REALLY ON THE HORIZON AND BEEN  
[00:59:03] KEEPING THE FINANCE TEAM VERY, VERY BUSY  
[00:59:06] IS A LEASING STANDARD. WE'VE BEEN  
[00:59:08] WORKING WITH MANAGEMENT ON VARIOUS  
[00:59:11] ASPECTS OF IMPLEMENTATION OF THE  
[00:59:13] STANDARD AND IT WILL BE IMPLEMENTED IN  
[00:59:16] 2022. AND ON MY FINAL SLIDE  
[00:59:19] IN THE NEXT ONE, JUST A COUPLE OF  
[00:59:21] ADDITIONAL HIGHLIGHTS FOR YOU. AS I  
[00:59:25] MENTIONED, THE AUDIT WAS DONE ENTIRELY  
[00:59:27] VIRTUALLY. WE DID HAVE SECURE ACCESS TO  
[00:59:31] THE PORT SYSTEMS AS WE DO WHEN WE  
[00:59:33] USUALLY PERFORM THE WORK ONLINE THAT  
[00:59:35] WORKED VERY WELL. MANAGEMENT, AS IT  
[00:59:39] HAS DONE IN A PAST, PREPARED TECHNICAL  
[00:59:42] WHITE PAPERS WELL IN ADVANCE OF THE YEAR  
[00:59:43] END CLOSE. SO WE WERE ABLE TO EVALUATE  
[00:59:46] THOSE SIGNIFICANT NEW TRANSACTION  
[00:59:48] ACTIONS AND IMPLEMENTATION OF ACCOUNTING  
[00:59:50] STANDARDS IN ADVANCE OF THE COMPLETION  
[00:59:54] OR START OF THE FINAL FIELD. OR  
[00:59:58] EVERYBODY ACROSS ALL DEPARTMENTS HAVE  
[01:00:01] BEEN VERY VERY HELPFUL AND RESPONSIVE  
[01:00:04] TO OUR QUESTIONS AND REQUESTS. SO THERE  
[01:00:06] WAS NO DELAY IN US PERFORMING ANY OF OUR  
[01:00:08] WORK. AND AS I SAY, EVEN AS THINGS WERE  
[01:00:11] EMERGING FROM THE STANDPOINT OF INTERNAL  
[01:00:16] CONTROL QUESTIONS, THOSE WERE BEING  
[01:00:17] ADDRESSED VERY QUICKLY. AND I JUST  
[01:00:20] WANTED TO SAY A HUGE THANK YOU TO  
[01:00:22] EVERYONE ACROSS ALL TEAMS AT THE PORT  
[01:00:25] AND PARTICULARLY FINANCIN, AN ACCOUNTING  
[01:00:28] TEAM WHO HAVE BEEN SO HELPFUL IN THE  
[01:00:31] AUDIT. I DID WANT TO MENTION THAT FOR  
[01:00:35] THE SECOND YEAR IN A ROW HAD TWO SMALL  
[01:00:38] BUSINESS FIRM PARTICIPATE AS PART OF OUR  
[01:00:40] AUDIT TEAM. BRANCH RICHARDS.  
[01:00:44] WE HAD A SENIOR FROM THAT FIRM AND ONE  
[01:00:48] PERSON FROM THERE, SCOTT PALOMINO AND  
[01:00:49] ASSOCIATES. THE TWO INDIVIDUALS  
[01:00:52] CONTRIBUTED ABOUT 345 HOURS TO OVERALL  
[01:00:55] AUDIT EFFORT, AND THAT ACCOUNTED TO  
[01:00:58] ABOUT 12% OF TOTAL FEES THAT WE PAID TO  
[01:01:02] THE SMALL BUSINESS FIRMS TO ONCE AGAIN  
[01:01:04] SUPPORT THAT EFFORT AND COMMITMENT BY  
[01:01:09] THE PORT AND THE COMMISSIONERS TO  
[01:01:11] SUPPORT SMALL BUSINESSES AND MINORITY  
[01:01:14] OWNED BUSINESSES IN THE AREA THAT'S

[01:01:17] BEEN WORKING VERY, VERY WELL. AND WE  
[01:01:19] PLAN ON CONTINUING OUR RELATIONSHIP WITH  
[01:01:22] THE SMALL BUSINESS FIRMS AND THE  
[01:01:24] UPCOMING AUDIT HERE AS WELL.  
[01:01:27] WITH THAT, THAT COMPLETES MY  
[01:01:29] PRESENTATION, I WILL TAKE ANY QUESTIONS  
[01:01:31] IF THERE ARE ANY ON THE THE AUDIT  
[01:01:35] REPORT. WELL, THANK YOU SO MUCH, OLGA,  
[01:01:38] ANNA AND THE ENTIRE MOSS ADAMS TEAM FOR THE  
[01:01:40] PRESENTATION. NO FINDINGS IS A GOOD  
[01:01:44] THING. IN THIS CASE, A COMMITTEE  
[01:01:46] MEMBERS, PLEASE UNMUTE YOURSELF FOR  
[01:01:47] QUESTIONS AND COMMENTS PRESENTATIVE WILL  
[01:01:49] REMAIN UNMUTED. CLERK HART. PLEASE CALL THE  
[01:01:51] ROLL. THANK YOU, BEGINNING WITH COMMISSIONER  
[01:01:54] BOWMAN. HI. THANK YOU. I DON'T HAVE ANY  
[01:01:56] QUESTIONS. I GOT A PRE BRIEF ON THE  
[01:01:59] AUDIT RESULTS AND REALLY, AGAIN,  
[01:02:01] APPRECIATE ALL OF YOUR WORK AND GLENN TO  
[01:02:03] YOU AND YOUR TEAM OUTSTANDING JOB AS  
[01:02:06] ALWAYS. BUT I REALLY APPRECIATE THE MOSS  
[01:02:08] ADAMS TEAM FOR YOUR REALLY IN DEPTH LOOK  
[01:02:10] AT THIS, SO THANK YOU. THANK YOU TO MR  
[01:02:14] BOWMAN MEMBER GERHKY. I DON'T HAVE ANY  
[01:02:16] QUESTIONS. THANK YOU. THANK YOU,  
[01:02:19] COMMISSIONER CHO. I DON'T HAVE ANY  
[01:02:22] QUESTIONS EITHER, BUT I DO WANT TO THANK  
[01:02:24] THE MOSS9 ADAMS TEAMS FOR POINTING OUT  
[01:02:25] THE WMBE BUSINESSES THAT THEY WORK  
[01:02:28] WITH. I THINK IT'S A HUGE PRIORITY OF  
[01:02:29] OURS HERE AT THE COMMISSION DEPARTMENT.  
[01:02:31] SO I REALLY APPRECIATE YOU ALL OF  
[01:02:33] POINTING THAT OUT DURING THE PUBLIC  
[01:02:34] SESSION. AND I'M GLAD YOU ALL INTEND TO  
[01:02:36] CONTINUE THOSE RELATIONSHIPS SO VERY  
[01:02:38] MUCH APPRECIATE THAT. IT LOOKS LIKE RUDY  
[01:02:42] HAS HIS HEAD UP. YES,  
[01:02:46] THANK YOU, COMMISSIONER CHO.  
[01:02:48] RECOGNIZING ME, I JUST WANT TO EMPHASIZE  
[01:02:50] ONE AREA THAT SHOULD HAVE BEEN CALLED  
[01:02:53] OUT WITH REGARD TO THE UTILIZATION OF  
[01:02:56] WOMEN MINORITY OWNED BUSINESSES. MOSS  
[01:02:58] ADAMS HAVE GONE BEYOND JUST GIVING OUT  
[01:03:01] PART OF THE CONTRACT. THEY INCORPORATE  
[01:03:04] THE AUDIT TEAMS INTO THEIR AUDIT TEAMS  
[01:03:06] AND THEY BECOME INTEGRAL PART OF THE  
[01:03:09] AUDITORS. AND THEY BASICALLY ARE  
[01:03:11] HOLISTICALLY PERFORMING THE AUDIT ALONG  
[01:03:14] WITH MOSS ADAMS. AND WHY THIS IS SO  
[01:03:16] IMPORTANT IS BECAUSE THE WHOLE OBJECTIVE  
[01:03:19] WITH REGARD TO THE POLICY DIRECTIVE OF  
[01:03:22] THE COMMISSION IS TO ENSURE THAT OUR  
[01:03:24] WOMEN MINORITY OWN BUSINESS CAN STAND ON  
[01:03:26] THEIR OWN. THEY ARE RESUME BUILDING FOR  
[01:03:28] US AND THEY ARE BEING PROACTIVE ABOUT  
[01:03:30] THAT. AND MARY SCOTT PALOMINO, AS WELL  
[01:03:32] AS BRANCH FEATHERS, ARE NOW ABLE TO GO  
[01:03:34] OUT AND COMPETITIVELY BID TO SAY WE'VE  
[01:03:36] DONE POOR TO SEATTLE AUDIT VERSUS BEING  
[01:03:38] RESTRICTED TO A PIECE OF THE ACTION AND  
[01:03:41] BEING LESS COMPETITIVE. SO I JUST WANT  
[01:03:43] TO THANK YOU WITH REGARD TO THE POLICY  
[01:03:46] DIRECTION THAT THE PORT COMMISSION IS

[01:03:48] SET. WE STAFF HAVE EMBRACED THAT TO THE  
[01:03:51] MAX AND WE WERE ABLE TO ACCOMPLISH THAT.  
[01:03:53] AND MOSS ADAMS IS DEMONSTRATING THAT.  
[01:03:55] WHILE WE'RE HITTING THE ROAD. THANK YOU.  
[01:03:58] EXCELLENT. THANK YOU. READY FOR THOSE  
[01:04:00] COMMENTS? IF THERE ARE NO ADDITIONAL  
[01:04:03] QUESTIONS AT THIS TIME FOR MOSS ADAMS,  
[01:04:05] WE WILL MOVE ON TO THE NEXT ITEM. ITEM  
[01:04:08] NUMBER FOUR ON THE AGENDA IS AN APPROVAL  
[01:04:11] OF A REQUEST FOR QUALIFICATIONS OF  
[01:04:13] EXTERNAL AUDIT SERVICES FOR 2022 TO 2026  
[01:04:17] OPERATING PERIODS. PRESENTERS, PLEASE  
[01:04:19] MUTED YOURSELF. MISS LAM AND MR KALUZA,  
[01:04:23] PLEASE PROCEED. HI. GOOD AFTERNOON.  
[01:04:26] COMMISSIONER CHO, COMMISSIONER BOWMAN  
[01:04:29] AND PUBLIC MEMBER GERHKY  
[01:04:32] I'M LISA LAM, THE ASSISTANT DIRECTOR OF  
[01:04:34] ACCOUNTING AND FINANCIAL REPORTING. I'M  
[01:04:37] HERE TODAY TO SEEK YOUR REVIEW OF THE  
[01:04:39] [inaudible 01:04:41] OF THE EXTERNAL AUDIT  
[01:04:41] SERVICE AND SEEKING YOUR RECOMMENDATION  
[01:04:44] TO THE FULL COMMISSION AUTHORIZATION FOR  
[01:04:47] EXECUTIVE DIRECTOR TO INITIATE THE  
[01:04:49] PROCUREMENT OF EXTERNAL AUDIT SERVICES.  
[01:04:51] I BELIEVE IN THE PACKAGE PROVIDED. WE  
[01:04:54] PROVIDED THE DRIVE ASSOCIATION DOCUMENT  
[01:04:57] THAT'S NOT AVAILABLE FOR PUBLIC REVIEW  
[01:04:59] YET, BUT IT IS AVAILABLE FOR THE AUDIT  
[01:05:02] COMMITTEE FOR TRANSPARENCY TO FOLLOW  
[01:05:05] THROUGH THE AUDIT COMMITTEE CHARTER SO  
[01:05:07] THAT YOU HAVE VISABILITY HOW THE  
[01:05:09] ASSOCIATION THAT THE STAFF PUT TOGETHER A  
[01:05:11] PLAN TO PROCEED? IN THE  
[01:05:15] AUDIT COMMITTEE MEMO, YOU'LL SEE THAT  
[01:05:17] HIGH LEVEL SUMMARY WE ARE ASKING FOR  
[01:05:20] SOLICITATION OF THE EXTERNAL AUDIT  
[01:05:22] SERVICES FOR THE PORT FISCAL YEAR.  
[01:05:24] 2022 TO 2026. IS  
[01:05:28] THE [inaudible 01:05:30] PLANS TO  
[01:05:30] BE COVERED THREE YEAR DURATION PLUS TWO 1  
[01:05:34] YEAR OPTIONS TO EXTEND. AND THE TOTAL OF  
[01:05:36] THE FIVE YEAR DOLLAR VALUE IS SET TO NOT  
[01:05:40] TO EXCEED 3,000,000 DOLLARS. THE SCOPE  
[01:05:43] OF THE EXTERNAL AUDIT SERVICE THAT WE  
[01:05:45] ARE LOOKING FOR IS KIND OF VERY SIMILAR  
[01:05:48] TO WHAT YOU ALREADY JUST HEARD IN THE  
[01:05:50] IMMEDIATE PRECEDING PRESENTATION.  
[01:05:53] HERE. THE SCOPE OF WORK COVER AND THE  
[01:05:55] FINANCIAL STATEMENT AUDIT OF THE PORT  
[01:05:57] ENTERPRISE FUND AND THEN THE FIDUCIARY  
[01:06:01] FUND OF THE WAREHOUSEMAN PENSION TRUST.  
[01:06:03] ALSO, THE PASSENGER FACILITY CHARGE FOR  
[01:06:05] THE PROGRAM AUDIT FOR OUR PFC COLLECTED  
[01:06:07] BY THE AIRPORT. SINGLE AUDIT FOR THE  
[01:06:10] FEDERAL GRANT AWARD THAT WE GOT FROM THE  
[01:06:12] FEDERAL GOVERNMENT AND THE NET  
[01:06:16] REVENUE SCHEDULE AVAILABLE FOR REVENUE  
[01:06:18] BOND DEBT SERVICE HAS ESSENCE TO  
[01:06:20] AUDIT OPINION ON THE BOND COVENANT  
[01:06:22] CALCULATION AND THEN TWO KINDS OF CREATE  
[01:06:26] POINT PROCEDURE REPORT. ONE IS FOR THE  
[01:06:28] WASHINGTON STATE DEPARTMENT OF ECOLOGY,  
[01:06:30] DOE. THE OTHER ONE IS FOR THE

[01:06:33] ENVIRONMENTAL PROTECTION AGENCY, EPA.  
[01:06:35] REQUIREMENTS AGREEMENT ON PROCEDURES.  
[01:06:40] THE EVALUATION TEAM PANEL IS  
[01:06:44] ENCOMPASSED ACROSS MULTIPLE DEPARTMENTS,  
[01:06:47] INCLUDING A REPRESENTATIVE OF INTERNAL  
[01:06:51] AUDIT DEPARTMENT CAN KIND OF  
[01:06:53] REPRESENTING THE AUDIT COMMITTEE. THAT  
[01:06:55] WILL BE EVERY SINGLE STEP ALONG THE WAY  
[01:06:57] FROM THE KICKOFF OF THE PROCUREMENT  
[01:06:59] OFFICE DRAFTING ASSOCIATION DOCUMENT TO  
[01:07:03] EVALUATE THE WRITTEN DOCUMENT DOWN THE  
[01:07:05] ROAD TO INTERVIEW PROCESS. SO EVERY STEP  
[01:07:08] OF THE WAY, WE WILL HAVE AN INTERNAL  
[01:07:09] AUDIT DEPARTMENT REPRESENTATIVE AS WELL  
[01:07:12] AS WORKING SHOULDER SHOULDER WITH OUR  
[01:07:14] CENTRAL PROCUREMENT OFFICE, OUR CPO OFFICE  
[01:07:16] FOR THIS. THE TIME SCHEDULE.  
[01:07:20] IF TODAY'S THE AUDIT COMMITTEE APPROVED  
[01:07:24] TO MOVE FORWARD WITH THE FULL  
[01:07:25] COMMISSION, WE ARE PLANNING TO SCHEDULE  
[01:07:27] TO BE THE COMMISSION AGENDA ON JULY  
[01:07:32] 13. AND THEN IF THAT COMMISSION  
[01:07:35] MEETING WENT SUCCESSFUL, THEN THE  
[01:07:38] SOLICITATION WILL GOING OUT TO THE  
[01:07:40] STREET IN JULY AND THEN HOPEFULLY THE  
[01:07:43] WHOLE PROCESS WILL GET WRAPPED UP AND  
[01:07:45] GET A CONTRACT SIGN BY END OF 2021.  
[01:07:49] SO THAT'S KIND OF THE HIGH LEVEL OF  
[01:07:52] THE BACKGROUND AND THE SCOPE OF THIS  
[01:07:56] REQUEST OF THE EXTERNAL AUDIT SERVICES  
[01:07:58] PROCUREMENT. DO YOU HAVE ANY QUESTIONS?  
[01:08:01] GREAT. THANK YOU FOR THAT.  
[01:08:04] QUICK PRESENTATION. COMMITTEE MEMBERS,  
[01:08:07] PLEASE UNMUTE YOURSELVES FOR QUESTIONS  
[01:08:09] AND COMMENTS. PRESENTERS WILL REMAIN  
[01:08:11] UNMUTED. CLERK HART. CAN YOU PLEASE CALL  
[01:08:12] THE ROLL? THANK YOU. BEGINNING WITH  
[01:08:14] COMMISSIONER BOWMAN. AT LEAST I DON'T  
[01:08:17] HAVE ANY QUESTIONS. THAT WAS A GREAT  
[01:08:18] OUTLINE AND WE LOOK FORWARD TO HOPEFULLY  
[01:08:20] I'M SUPPORTIVE AND SEE AT THE COMMISSION  
[01:08:23] MEETING. THANK YOU. THANK YOU.  
[01:08:25] REMEMBER GERHKY FOR QUESTIONS. I DON'T HAVE  
[01:08:28] ANY QUESTIONS. SOUNDS LIKE A GOOD PLAN  
[01:08:30] TO ME. THANK YOU, COMMISSIONER CHO, I  
[01:08:34] AGREE. NO QUESTIONS. THANK YOU FOR THAT.  
[01:08:36] THANK YOU FOR YOUR SUPPORT. THANK YOU  
[01:08:40] VERY MUCH. HEARING NO FURTHER  
[01:08:42] DISCUSSION. IS THERE A MOTION TO APPROVE  
[01:08:44] ITEM NUMBER FOUR?  
[01:08:47] AND I WILL SECOND. CLERK HART, PLEASE  
[01:08:50] CALL THE ROLL FOR THE VOTE. THANK YOU.  
[01:08:52] BEGINNING WITH COMMISSIONER BOWMAN, AYE.  
[01:08:56] THANK YOU, COMMISSIONER CHO AYE. THANK YOU.  
[01:08:59] I HAVE TWO YESSES AND ZERO NOS FOR THE  
[01:09:02] ITEM. EXCELLENT. IF THERE ARE ANOTHER  
[01:09:04] QUESTION AT THIS TIME, WE WILL MOVE ON  
[01:09:06] TO NEXT ITEM. AND COMMISSIONER CHO TO  
[01:09:09] NOTE FOR THE RECORD THAT THAT LAST ITEM  
[01:09:11] WAS APPROVED. THANK YOU.  
[01:09:16] ALRIGHT. THANK YOU. THANK YOU. READY?  
[01:09:19] THANK YOU SO MUCH. WE ARE  
[01:09:23] NOW ON TO ITEM NUMBER FIVE ON THE



[01:09:25] AGENDA, THE 2021 AUDIT PLAN UPDATE.  
[01:09:28] MR. FERNANDEZ, I BELIEVE YOU ARE THE  
[01:09:30] SPEAKER FOR THIS ITEM. YES, MICHELLE,  
[01:09:32] IF YOU COULD PULL UP THE DECK AND WE'RE  
[01:09:34] GOING TO START AT PAGE TWO. AT THE TIME.  
[01:09:39] SO I KNOW WITH A LITTLE BIT OF SHUFFLING  
[01:09:41] AROUND, MICHELLE'S JUMPING AROUND,  
[01:09:43] PULLING UP DIFFERENT PRESENTATIONS, BUT  
[01:09:45] SHE IS ON THE BALL LIKE PLEASE. THANK  
[01:09:48] YOU, MICHELLE. SO JUST I'LL KEEP THE  
[01:09:51] PACE GOING. SO WE DO END ON TIME AND I  
[01:09:54] COMMISSIONER CHO WHAT I'D LIKE TO DO  
[01:09:57] AT THE END OF THIS IS TALK A LITTLE BIT  
[01:09:59] ABOUT BIOMETRICS. ALSO, AT THE END OF  
[01:10:00] ALL THE AUDITS, AND I'VE GOT A FEW  
[01:10:02] SLIDES THAT MICHELLE WILL PUT UP THERE  
[01:10:05] THAT ARE AVAILABLE TO THE PUBLIC. FIRST  
[01:10:08] OFF, YOU KNOW, INTERNAL AUDIT IT IS  
[01:10:13] THE LAST LINE OF DEFENSE BEFORE  
[01:10:15] SOMETHING GETS OUTSIDE TO THE STATE  
[01:10:17] AUDITORS, TO THE EXTERNAL AUDITORS THAT  
[01:10:19] YOU'VE HEARD FROM OR TO THE MEDIA. SO  
[01:10:21] MANAGEMENT'S RESPONSIBLE FOR CONTROLS  
[01:10:24] WHERE LIKE THE LAST LINE BLOCKING, AND  
[01:10:27] THEN THEREAFTER, IT'S NOT GOOD  
[01:10:30] TO HAVE ISSUES BECAUSE THEY'RE OUTSIDE  
[01:10:32] IN THE PUBLIC. WE FOLLOW BOTH  
[01:10:35] INTERNATIONAL STANDARDS AND GOVERNMENT  
[01:10:37] STANDARDS. THE INTERNATIONAL FRAMEWORK  
[01:10:41] FOLLOWED BY EVERY LARGE CORPORATION OUT  
[01:10:43] THERE AND MANY GOVERNMENT ORGANIZATIONS  
[01:10:45] AS WELL. AND THEN THE GOVERNMENT  
[01:10:48] STANDARDS ARE VERY PRESCRIPTIVE FOR  
[01:10:51] GOVERNMENT. AND WE FOLLOW THOSE AS WELL.  
[01:10:54] WELL DURING LAST YEAR BECAUSE OF COVID.  
[01:10:57] WE ADJUSTED OUR PLANW,  
[01:11:00] DID QUITE A FEW THINGS BECAUSE OF THE  
[01:11:03] CHANGES TO THE BUSINESS. FOR INSTANCE,  
[01:11:05] IN LIMITED CONTRACT COMPLIANCE THAT  
[01:11:07] LOOKED AT RECOVERIES AND THE COVID  
[01:11:10] IMPACT THERE, WE'RE GOING TO BE DOING AN  
[01:11:12] OPERATIONAL AUDIT OF RENT CONCESSION  
[01:11:15] DEFERRAL RECOVERY. WE'VE DEFERRED A LOT  
[01:11:18] OF REVENUE, AND THERE'S A LOT THAT WE  
[01:11:20] NEED TO COLLECT GOING FORWARD. SO ARE  
[01:11:23] WE COMPLYING WITH STATE LAW? ARE WE DO  
[01:11:26] WE HAVE PROCESSES IN PLACE TO GET THIS  
[01:11:28] BACK? AND THE REASON WE DO IT IS WE'RE  
[01:11:32] GOING TO DO THIS ON IT BEFORE THE STATE  
[01:11:33] AUDITOR COMES IN. SO WHEN THEY COME IN,  
[01:11:36] WE WANT TO MAKE SURE THE CONTROLS IN  
[01:11:38] PLACE AND THINGS ARE ADDRESSED. WE HAD A  
[01:11:42] LOT OF CHANGE ORDERS OF CAPITAL  
[01:11:44] PROJECTS. AND AS YOU'LL SEE, AS YOU'VE  
[01:11:46] SEEN IN THE PAST, WE'VE HAD A LOT OF  
[01:11:48] EXCEPTIONS THERE. SO WE CONTINUE TO LOOK  
[01:11:50] AT THOSE COBA CHANGE ORDERS BECAUSE  
[01:11:52] THEY'RE A VERY MANUAL PROCESS. AND THEN  
[01:11:54] SMALLER ITEMS LIKE THE CRUISE TERMINALS  
[01:11:58] OF AMERICA NEEDED AN INTERNAL AUDIT  
[01:12:02] DONE OR AN AUDIT DONE BY THE  
[01:12:05] TERMINAL, SUCH TO GET ANY OF THEIR  
[01:12:10] REVENUES, THE RENTS WAIVED. SO THERE

[01:12:13] ARE CLAUSES IN THE CRUISE AGREEMENT THAT  
[01:12:16] SAID, IF YOU HAVE NO REVENUE, YOU'VE GOT  
[01:12:18] AN INTERNAL AUDIT. YOU NEED INTERNAL  
[01:12:20] AUDIT TO DO CERTAIN THINGS? SO WE DID THAT  
[01:12:23] TO HELP THE BUSINESS OUT. ADDITIONALLY,  
[01:12:26] A NEW RCW, WE'RE GOING TO BE DOING A LOT  
[01:12:30] OF GCC AND CAPITAL PROJECTS. NEW RCW  
[01:12:32] REQUIRES MORE WORK THERE. SO WE'RE  
[01:12:34] GETTING MORE INVOLVED THERE. WE'RE  
[01:12:36] WORKING AN INDEPENDENT AUDIT NEEDS TO  
[01:12:39] BE DONE. AND ALTHOUGH THAT WORK WILL BE  
[01:12:41] CONTRACTED OUT IN THESE SITUATIONS WELL  
[01:12:45] BE WELL INVOLVED THERE. AND THEN  
[01:12:49] FINALLY, PCI, BECAUSE WE ACCEPT A LOT OF  
[01:12:51] CREDIT CARD PAYMENTS, PAYMENT CARD  
[01:12:54] INDUSTRY ASSESSMENT OR AUDITS REQUIRED  
[01:12:56] TO BE DONE EVERY YEAR AND HISTORICALLY  
[01:12:59] HAS BEEN OUTSOURCED. BUT WE'VE GOT  
[01:13:02] INVOLVED. WE'VE BEEN DOING THAT, AND WE  
[01:13:04] DO HAVE ALL THE CERTIFICATIONS REQUIRED  
[01:13:06] TO DO THAT. SO WE'LL BE DOING IT IN  
[01:13:07] HOUSE IN 2021. NEXT SLIDE,  
[01:13:11] PLEASE. THE COMMISSIONERS. WE'VE GONE  
[01:13:15] OVER THIS. THIS IS JUST A SNAPSHOT FOR  
[01:13:17] THE PUBLIC. AGAIN, A [inaudible 01:13:20] PLAN AND THE  
[01:13:20] NEXT SLIDE I'LL SHOW. WE'RE MAKING GOOD  
[01:13:22] PROGRESS ON THIS. SO AS YOU CAN SEE,  
[01:13:25] EVERYTHING IN GREEN IS DONE.  
[01:13:26] EVERYTHING IN YELLOW IS IN PROCESS AND  
[01:13:31] THE ORANGISH COLOR THERE WILL KICK OFF  
[01:13:34] AND WRAP UP IN THE NEXT TWO QUARTERS.  
[01:13:37] SO WE ARE ON SCHEDULE TO COMPLETE OUR  
[01:13:39] PLAN. SO WE'RE IN GOOD POSITION AS  
[01:13:43] BEFORE. I MOVE ON TO THE NEXT SLIDE,  
[01:13:45] I'LL PAUSE AND THEN SEE HEAR ANY  
[01:13:47] QUESTIONS. COMMISSIONER CHO, I CAN CALL THE  
[01:13:51] ROLL. PLEASE DO. COMMISSIONER. BOWMAN FOR  
[01:13:55] QUESTIONS. I DON'T HAVE ANY  
[01:13:58] QUESTIONS. I THINK IT'S A GREAT PLAN.  
[01:14:00] AND SORRY. TURN ON MY CAMERA. HEARD  
[01:14:03] ABOUT SO. NO QUESTIONS. THANK YOU.  
[01:14:05] THANK YOU, MEMBER GEHRKE, FOR QUESTIONS.  
[01:14:08] I DON'T HAVE ANY QUESTIONS. THANK YOU.  
[01:14:11] THANK YOU, COMMISSIONER CHO. AND I DO. I  
[01:14:13] THANK YOU IN YOU CAN PROCEED. NEXT  
[01:14:16] SLIDE, PLEASE. MICHELLE. SO,  
[01:14:19] COMMISSIONERS. ONE OF THE THINGS WE DO  
[01:14:22] AND WE'RE REQUIRED TO DO BY OUR  
[01:14:24] STANDARDS. AND WE HAVE BOTH THE  
[01:14:27] GOVERNMENT AND INTERNAL INTERNATIONAL  
[01:14:29] STANDARDS NOT ONLY FIND ISSUES, BUT  
[01:14:32] FOLLOW UP ON THEM, MAKE SURE THAT THEIR  
[01:14:33] ADDRESS AND CLOSED OUT, AND MANAGEMENT  
[01:14:36] TAKES ACTION ON THEM. THE LAST THING YOU  
[01:14:37] WANT IS AN AUDIT DONE, SOMEBODY PUTS IT ON THE  
[01:14:40] SHELF AND NOTHING HAPPENS THEREAFTER.  
[01:14:44] YOU KNOW, IT'S SOMETHING THAT WAS  
[01:14:46] HIGHLIGHTED. AND THIS SLIDE ACTUALLY WAS  
[01:14:49] RECOMMENDED BY OUTSIDE MEMBER CHRISTINA  
[01:14:52] GEHRKE. THAT SAID, YOU KNOW, I'D LIKE A  
[01:14:55] SLIDE. THE AUTO COMMITTEE THAT AGES  
[01:14:57] EVERYTHING SHOWS US WHERE THE ISSUES OF  
[01:15:00] STANDING ARE THE TRENDING. ARE THEY

[01:15:01] GETTING ADDRESSED? ARE THEY PILING UP?  
[01:15:04] SO, YOU KNOW, THIS DOES SHOW THAT WE DO  
[01:15:06] HAVE A LITTLE BACKUP BECAUSE OF COVID WE HAVE A  
[01:15:12] LOT OF IT ISSUES THAT ARE A LITTLE  
[01:15:14] OVERDUE. WE'LL TALK ABOUT THOSE IN THE  
[01:15:16] NON PUBLIC SESSION, BUT THE  
[01:15:20] REASON THEY'RE SLIPPING IS BECAUSE OF  
[01:15:21] COVID. ON THE OPERATIONAL SIDE,  
[01:15:24] WE'VE GOT NO, WE'RE UNDER  
[01:15:28] GOOD CONTROL. WE'VE GOT 1 OR 2 ISSUES  
[01:15:30] THAT ARE SLIPPING A LITTLE BIT.  
[01:15:32] PRIMARILY, THE REASONS ARE EXPLAINED  
[01:15:34] BELOW. WE WERE GOING TO BUILD AN INHOUSE  
[01:15:38] SYSTEM. ACTUALLY, WE'RE GOING OUT TO A  
[01:15:40] VENDOR FIRST. THAT DIDN'T QUITE WORK  
[01:15:43] OUT. SO NOW WE'RE BUILDING THE MARINA  
[01:15:46] MANAGEMENT SYSTEM IN HOUSE, AND THAT GOT  
[01:15:48] PUSHED OUT. YEAH, BECAUSE WE HAVE TO DO  
[01:15:50] IT IN HOUSE, SLOWING THE PROCESS DOWN A  
[01:15:52] LITTLE BIT. BUT OTHER THAN THAT, OTHER  
[01:15:55] THAN THE IT ISSUES THAT ARE SLIPPING, I  
[01:15:57] DON'T SEE ANY BIG AREAS AT RISK HERE.  
[01:16:00] THE MANAGEMENT IS ADDRESSING THEM. SO  
[01:16:06] BEFORE I GO INTO AUDITS ON FOLLOW UP,  
[01:16:09] ANY QUESTIONS, IT LOOKS. TAKE  
[01:16:13] THE ROLL. SORRY, COMMISSIONER CHO, I WAS  
[01:16:16] JUST GOING TO SUGGEST THAT WE DO THAT BY  
[01:16:17] A SHOW OF HANDS. THERE ARE ANY QUESTIONS  
[01:16:21] AND I DON'T SEE ANY. I WAS TRYING TO  
[01:16:24] RAISE MY HAND.  
[01:16:29] REMEMBER GERHKE. YEAH, I WAS TRYING TO  
[01:16:32] RAISE MY HAND. JUST JUST CLICKING IN.  
[01:16:33] IT WOULDN'T WORK. SORRY. SO MY CONCERN  
[01:16:36] IS IT SEEMS LIKE, WELL, I KNOW COVID  
[01:16:39] HAPPEN AND THINGS ARE GETTING BEHIND  
[01:16:41] THAT. SEEMS LIKE THERE'S A LOT OF IT  
[01:16:43] ISSUES THAT ARE GOING TO BEHIND. AND  
[01:16:45] FROM THE AUDITORS PRESENTATION, THEY HAD  
[01:16:47] SOME IT ISSUES, TOO. SO I FEEL  
[01:16:53] LIKE MAYBE WE COULD CAN WE HAVE SOME  
[01:16:54] MORE TRANSPARENCY INTO THESE IT  
[01:16:58] ISSUES? AND MAYBE WE'LL TALK ABOUT THE  
[01:17:01] NON PUBLIC SESSION, BUT I'M WONDERING IF  
[01:17:04] WE SHOULD ADD THE AUDIT, THE EXTERNAL  
[01:17:07] AUDIT ISSUES TO THIS, JUST TO KIND OF  
[01:17:10] KEEP AN EYE ON WHAT ARE ALL THE  
[01:17:13] TECHNOLOGY ISSUES OUT THERE THAT HAVE  
[01:17:16] COME TO THIS COMMITTEE THAT ARE NOT  
[01:17:18] BEING RESOLVED? YES.  
[01:17:22] SO, MS GERHKE, WE WILL  
[01:17:26] TALK ABOUT THOSE IN THE NON PUBLIC  
[01:17:28] SESSION. I DO HAVE A LISTING OF ALL OF  
[01:17:30] THE IT ISSUES IN THE DECK THAT ARE  
[01:17:34] OPENED, AND I DO HAVE A LISTING IN YOUR  
[01:17:36] PACKAGES. FOLLOW THE MOSS ADAMS AND IT  
[01:17:39] ISSUES AS WELL. SO I CLEARLY AGREE WITH  
[01:17:42] WE WILL FOLLOW UP ON THOSE. I SAW  
[01:17:44] COMMISSIONER BOWMAN GIVING YOU THE  
[01:17:45] THUMBS UP MAYBE.  
[01:17:49] YES, IT HAS TO BE DONE. AND I HEAR YOU  
[01:17:52] LOUD AND CLEAR. WE'LL DO THAT.  
[01:17:54] THANK YOU. MEMBER GERHKE. MOVING TO  
[01:17:57] COMMISSIONER CHO. NO, I AGREE, BUT THANK

[01:18:00] YOU FOR BRINGING THAT UP. NO FURTHER  
[01:18:02] QUESTIONS. VERY GOOD,  
[01:18:06] MICHELLE. AND WE'RE GOING TO MOVE RIGHT  
[01:18:08] TO RESTROOM RENOVATIONS, PHASE THREE,  
[01:18:11] SINCE WE DID TALK ABOUT THE ART PROGRAMS  
[01:18:13] READY. AND THAT IS GOING TO BE YOU  
[01:18:18] DO VERY GOOD.  
[01:18:22] I'M GOING TO OPEN THIS UP AND TALK A  
[01:18:25] LITTLE BIT ABOUT THE AUDIT ITSELF. AND  
[01:18:28] THEN WE HAVE ONE ISSUE ON THIS, SPENCER.  
[01:18:31] BRIGHT, WHO'S A CAPITAL AUDIT MANAGER,  
[01:18:33] WILL TALK ABOUT THAT. THE MANAGEMENT  
[01:18:35] PROVIDE THEIR RESPONSE. BUT IN A  
[01:18:38] NUTSHELL, WE WERE RENOVATING ONE  
[01:18:42] OF THE RESTROOMS HAD CONCOURSE D, AND,  
[01:18:45] YOU KNOW, A LOT OF PLUMBING  
[01:18:48] WORK AND DESIGN WORK THERE. THE PROJECT.  
[01:18:56] THE MOST IMPORTANT THING THAT I WANT TO  
[01:18:59] TRY TO GET OUT OF THIS SLIDE IS THAT THE  
[01:19:03] PROJECT WAS ESTIMATED BY AN OUTSIDE FIRM  
[01:19:06] AT 1,860,000 DOLLARS. THERE WERE TWO  
[01:19:09] BIDS RECEIVED, WHICH, AGAIN, JUST TWO  
[01:19:13] BIDDERS, WHICH CAME IN A LITTLE BIT  
[01:19:15] HIGHER, ABOUT 3.08 MILLION. THE TWO BIDS  
[01:19:18] WERE RELATIVELY CLOSE TO EACH OTHER,  
[01:19:20] BUT QUITE A BIT MORE THAN THE ESTIMATE.  
[01:19:24] THAT OBVIOUSLY RAISES A FLAG FOR  
[01:19:27] EVERYONE, INCLUDING THE PORT STAFF.  
[01:19:31] WE WENT AND TALKED TO THE ESTIMATOR. HE  
[01:19:34] FELT THAT HIS ESTIMATE WAS ACCURATE AND  
[01:19:38] BASED ON THE DESIGN, THE HE WAS GIVEN.  
[01:19:41] YOU KNOW, YOU DID POINT OUT THAT WHEN  
[01:19:43] YOU HAVE FEWER BIDDERS AND SOMETIMES  
[01:19:47] THEY MAY BE USE THE SAME SUB  
[01:19:48] CONTRACTORS, IN THIS CASE, MECHANICAL  
[01:19:51] PLUMBING SUBCONTRACTORS ON THE SAME FOR  
[01:19:53] BOTH, THERE'S A CHANCE THAT YOU'RE GOING  
[01:19:56] TO LIKELY HAVE A HIGHER BID. BUT HE DID  
[01:19:59] SAY HE WAS COMFORTABLE WITH HIS BID HE  
[01:20:01] CIRCULATED CLEAN AS FORM. WE DIDN'T TALK  
[01:20:04] TO PORT STAFF AS WELL. WHO CAN OCCUR  
[01:20:05] THAT BECAUSE IF YOU HAVE TWO BIDDERS,  
[01:20:07] YOU'RE GOING GET A HIGHER BID. AND  
[01:20:11] SEATTLE MARKET HAS BEEN CHALLENGING.  
[01:20:13] AND BECAUSE OF THAT,  
[01:20:15] OBTAINING BIDS AND SUBCONTRACTORS AND  
[01:20:18] FROM CONTRACTORS, TOUGH MARKET MAKES  
[01:20:23] RATES GO UP. BIDS COME IN HIGHER, BUT  
[01:20:26] IT'S JUST SOMETHING THAT WE NEED TO BE  
[01:20:28] COGNIZANT OF AND KIND OF WANT TO POINT  
[01:20:30] THAT AT THIS POINT, NEXT SLIDE, PLEASE.  
[01:20:35] SO THERE  
[01:20:39] WERE SOME CHANGE ORDERS ON THIS, AS WITH  
[01:20:42] COVID, YOU KNOW, AND AND MOST PROJECTS  
[01:20:47] HAVE CHANGE ORDERS. BUT BECAUSE OF  
[01:20:49] COVID, WE'RE SEEING A LOT OF THOSE COVID  
[01:20:51] RELATED CHANGE ORDERS. THERE WAS SOME  
[01:20:53] CHANGE ORDERS WE'LL TALK ABOUT IN THE  
[01:20:55] ISSUE. BUT IN ESSENCE,  
[01:20:59] THE PROJECT WAS COMPLETED IN DECEMBER OF  
[01:21:02] 2020. AND IN THESE CHANGE ORDERS, WE  
[01:21:04] DID FIND THERE'S TIME AND LABOR. AND  
[01:21:07] YOU'VE GOT TO MANAGE AND TRACK ALL OF

[01:21:09] THOSE AND RECONCILE THOSE WHICH WE DO  
[01:21:11] THROUGH THE COURSE OF THE AUDIT, WE FIND  
[01:21:14] EXCEPTIONS. SO WITH THAT, SPENCER, IF  
[01:21:16] YOU CAN UNMUTE YOURSELF AND MICHELLE,  
[01:21:17] YOU CAN TAKE US TO THE NEXT SLIDE. AND  
[01:21:19] SPENCER, MAYBE YOU CAN TALK ABOUT THE  
[01:21:21] ISSUE.  
[01:21:27] THANKS, GLENN. GOOD AFTERNOON,  
[01:21:30] COMMISSIONERS CHO AND BOWMAN AND MS  
[01:21:34] GERHKE. BEFORE I JUMP INTO THE RESULTS,  
[01:21:37] I DO JUST WANT TO GIVE KUDOS  
[01:21:41] TO THE PORT CONSTRUCTION MANAGEMENT TEAM  
[01:21:44] AND THE GENERAL CONTRACTOR FOR WORKING  
[01:21:48] TOGETHER TO CREATE A THOROUGH,  
[01:21:52] DETAILED COVID SAFETY PLAN.  
[01:21:55] THIS PARTICULAR PROJECT WAS GOING ON  
[01:21:59] RIGHT AS SOON AS COVID HIT THE WORKING  
[01:22:03] SPACE. IT WAS A VERY SMALL WORKING SPACE  
[01:22:07] BEING RESTROOMS, WHICH THAT  
[01:22:10] WAS CREATING A POTENTIAL FOR A MAJOR  
[01:22:14] COVID PROBLEM. BUT BECAUSE OF THE STRICT  
[01:22:18] ADHERENCE TO THE SAFETY PLAN, IF MY  
[01:22:22] MEMORY SERVES ME CORRECTLY, I DON'T  
[01:22:24] THINK THERE WAS ONE INSTANCE OF COVID ON  
[01:22:27] THIS PROJECT. SO SO CONSTRUCTION  
[01:22:32] MANAGEMENT AND THE CONTRACTOR DID A  
[01:22:34] GREAT JOB ON THIS COVID PLAN AND  
[01:22:37] AND ADHERING TO IT. AND SO  
[01:22:42] FOR THE RESULTS.  
[01:22:45] AGAIN, WE REVIEWED NUMEROUS  
[01:22:49] CHANGE ORDERS, IN PARTICULAR THE CHANGE  
[01:22:53] ORDER ASSOCIATED WITH REIMBURSING THE  
[01:22:56] EXTRA COSTS WITH COVID 19.  
[01:23:01] UNLIKE THE AUDIT PRESENTED AT THE  
[01:23:05] LAST QUARTERS AUDIT COMMITTEE MEETING,  
[01:23:07] WHICH YOU MAY REMEMBER THAT THERE WERE  
[01:23:10] SOME QUESTIONABLE CHARGES BILLED IN  
[01:23:13] THIS PARTICULAR INSTANCE. I'M  
[01:23:16] COMFORTABLE IN SAYING THAT THESE OVER  
[01:23:20] BILLINGS WERE JUST DONE IN ERROR AND  
[01:23:23] THERE IS NO INDICATION OF INTENT OF  
[01:23:27] INCORRECT BILLING.  
[01:23:29] AND SO FOR THIS PARTICULAR  
[01:23:33] FINDING, IT'S RELATED TO THE BILLING  
[01:23:38] RATES OF COVID SUPERVISORS.  
[01:23:42] AT THE BEGINNING, THE CONTRACTOR  
[01:23:46] BROUGHT IN ONE OF THEIR OWN SUPERVISORS  
[01:23:50] TO TAKE ON THE COVID SAFETY  
[01:23:53] REQUIREMENTS, AND SO  
[01:23:58] THEY USED A APPROVED AN  
[01:24:01] APPROVED BILLING RATE THAT IS NORMALLY  
[01:24:05] USED ON OTHER PORT ACCOUNT CHANGE  
[01:24:08] ORDERS. HOWEVER, WITH SPECIFIC TO COVID  
[01:24:11] 19, IT WAS ACTUALLY TO BE BILLED AT THE  
[01:24:15] ACTUAL RATE. AND SO FOR THAT SUPERVISOR  
[01:24:18] ONE, AS WE HAVE IN THE TABLE,  
[01:24:21] THE BILLED RATE WAS 107 DOLLARS,  
[01:24:26] WHEN IN ACTUALITY THE CONTRACTOR  
[01:24:29] WOULD HAVE BEEN ENTITLED TO  
[01:24:31] APPROXIMATELY 110 DOLLARS. SO IN  
[01:24:35] THIS CASE, WE NOTED AN UNDER BILLING  
[01:24:38] OF THE 700 DOLLARS.  
[01:24:41] LATER ON, THE CONTRACTOR HIRED

[01:24:45] A SPECIFIC STAFF TO BE  
[01:24:49] THE COVID SUPERVISOR AND STILL USE THE  
[01:24:53] 107 DOLLARS BILLING RATE, WHICH DID  
[01:24:56] RESULT IN THAT APPROXIMATELY  
[01:25:00] 14,000 DOLLARS WITH A NET OVER BILLING  
[01:25:04] OF 12,000 DOLLARS. AND IN  
[01:25:07] ADDITION TO THAT FOR COVID, FOR  
[01:25:10] SUPERVISOR NUMBER TWO, OUT OF THE FOUR  
[01:25:14] MONTHS THAT THEY WERE ON SITE, OUR  
[01:25:17] RECONCILIATION JUST NOTED ONE PARTICULAR  
[01:25:19] DAY WHERE THE PORT WAS BILLED FOR EIGHT  
[01:25:22] HOURS AND SUPERVISOR WAS WORKING FOR  
[01:25:25] ONLY SIX.  
[01:25:30] NEXT SLIDE, PLEASE. MICHELLE,  
[01:25:35] OVERALL, WHEN THIS WAS BROUGHT TO THE  
[01:25:38] CM TEAM'S ATTENTION, THEY IMMEDIATELY  
[01:25:43] NOTIFIED THE CONTRACTOR OF THE RESULTS.  
[01:25:47] VERY PROACTIVE IN OUR RECOMMENDATION OF  
[01:25:50] SEEKING REIMBURSEMENT FOR ANY COSTS DUE  
[01:25:54] TO THE PORT. AND THE CONTRACTOR  
[01:25:58] WAS AN AGREEMENT AND THE PORT HAS  
[01:26:00] ALREADY RECEIVED THE RECOMMENDED MONEY,  
[01:26:08] AND THAT'S ALL I HAVE.  
[01:26:10] ANY QUESTIONS? COULD YOU HAVE JANET,  
[01:26:13] DOES JANICE ON WANT TO SEE ANYTHING? I  
[01:26:16] BELIEVE JANICE AND NICK GABRIEL ARE  
[01:26:19] ONLINE IN CASE THERE'S ANY QUESTIONS FOR  
[01:26:21] THEM? WELL, YES, I'M HERE AS WELL.  
[01:26:25] AND I WOULD SAY THAT THIS PROJECT WAS  
[01:26:28] DEFINITELY ONE OF OUR MORE CHALLENGING  
[01:26:30] ONES BECAUSE OUT OF ALL OF OUR PROJECTS  
[01:26:33] THAT WERE STILL GOING ON DURING COVID,  
[01:26:35] IT WAS THE ONE WHERE ALL THE WORKERS  
[01:26:37] WERE REQUIRED TO WEAR A RESPIRATOR IN  
[01:26:40] ORDER TO WORK BECAUSE OF THE SIX FOOT  
[01:26:43] DISTANCE. AND I DO THINK THAT THEY TRIED  
[01:26:46] THEIR BEST TO MAKE SURE THAT ALL OF THE  
[01:26:48] PAPERWORK WAS CORRECT AND COMPLETE.  
[01:26:51] WHEN THIS ADDITIONAL PAPERWORK THAT THE  
[01:26:54] AUDIT DEPARTMENT RECEIVED FROM THE  
[01:26:56] CONTRACTOR IDENTIFIED AN ISSUE,  
[01:26:59] WE ACTUALLY PULLED THIS PROJECT BACK  
[01:27:02] FROM CLOSE OUT PROCESS TO ISSUE THE  
[01:27:05] DEDUCTIVE CHANGE ORDER AND GET THE MONEY  
[01:27:08] BACK FROM THE CONTRACTOR. SO THAT'S WHY  
[01:27:10] THIS ONE ACTUALLY, WE RECEIVE MONEY BACK  
[01:27:13] FROM THE CONTRACTOR VERSUS JUST REMOVING  
[01:27:17] MONIES THAT THEY WOULD NOT BE PAID AS  
[01:27:20] PART OF THE PROGRESS BILLING. SO THAT'S  
[01:27:24] THE MAIN DIFFERENCE IN THIS PROJECT  
[01:27:26] VERSUS THE PREVIOUS ONE WHERE THERE WAS  
[01:27:29] AN ISSUE IDENTIFIED AND THAT PROJECT WAS  
[01:27:31] NOT YET COMPLETE. AND SO WE ISSUED THE  
[01:27:34] DEDUCTIVE CHANGE ORDER AND THAT WAS JUST  
[01:27:36] MONEY THAT WE DID NOT PAY THE  
[01:27:37] CONTRACTOR. THANK YOU JANICE. TO  
[01:27:42] COMMISSIONER QUESTIONS, MICHELLE. YEAH.  
[01:27:45] CLEAR. HART, DO YOU WANT TO CALL THE  
[01:27:46] ROLL? THANK YOU. BEGINNING WITH  
[01:27:49] COMMISSIONER BOWMAN. THANK YOU. MY  
[01:27:52] QUESTIONS ARE MORE RELATED TO THANK YOU  
[01:27:55] FOR THE EXPLANATION AND REALLY VERY MUCH  
[01:27:57] APPRECIATE THE CHALLENGING CIRCUMSTANCES

[01:28:00] OF DOING RENOVATIONS IN PARTICULAR.  
[01:28:03] BEGINNING COVID AND JANICE, THANK YOU FOR  
[01:28:06] CALLING THAT OUT. I'M ACTUALLY A LITTLE  
[01:28:08] MORE CONCERNED ABOUT THE ISSUE AND  
[01:28:11] WONDERING IF SOMEBODY COULD SPEAK TO IT  
[01:28:13] ABOUT THE FACT THAT THERE WERE ONLY TWO  
[01:28:17] BIDS AND THAT BOTH BIDS RELIED ON THE  
[01:28:18] SAME SUBCONTRACTOR AND WHAT WE CAN DO  
[01:28:22] TO PROVIDE MORE VISIBILITY TO THOSE  
[01:28:25] THINGS PRIOR TO, AT LEAST FOR  
[01:28:28] THE COMMISSION. THAT DOES SEEM  
[01:28:31] TO BE SOMEWHAT PROBLEMATIC ON THE  
[01:28:34] SURFACE, NOT CLAIMING ANYTHING. JUST THE  
[01:28:38] BID WAS CONSIDERABLY OVER WHAT OUR  
[01:28:40] ENGINEER HAD ESTIMATED. AND THE AUDIT  
[01:28:44] REPORT DOES CALL OUT THAT IT'S MOST  
[01:28:46] LIKELY BECAUSE THERE WERE VERY FEW  
[01:28:47] BIDDERS AND THE AUDIT REPORT COST THAT  
[01:28:50] BOTH BIDDERS WERE USING THE SAME  
[01:28:51] SUBCONTRACTOR. SO I GUESS I'M MORE  
[01:28:54] MOVING FORWARD. I WOULD LOVE TO HEAR  
[01:28:56] FROM MANAGEMENT ABOUT HOW WE MIGHT  
[01:28:58] ADDRESS THESE SITUATIONS MOVING FORWARD  
[01:29:01] AND PROVIDE MORE TRANSPARENCY TO THE  
[01:29:04] COMMISSION IN CASES LIKE THIS.  
[01:29:08] SO, THAT WOULD BE A  
[01:29:10] QUESTION FOR DAVE. [inaudible 01:29:12] OR.  
[01:29:13] YEAH. WELL, I CAN GIVE A LITTLE BIT  
[01:29:17] OF SOME CONTEXT FOR THE COMMISSION. SO  
[01:29:20] THIS PROJECT, WHEN IT WAS ADVERTISED,  
[01:29:23] WAS A TIME WHERE THE INDUSTRY IN GENERAL  
[01:29:26] WAS VERY, VERY BUSY AND SO OFTENTIMES WE  
[01:29:30] WILL NOT GET AS MANY BIDDERS. AND I  
[01:29:33] CONTRAST THAT WITH THE LAST YEAR WHERE  
[01:29:37] WE'RE GETTING A LOT MORE BIDS AND  
[01:29:38] PROPOSERS BECAUSE THE MARKET IS SUCH  
[01:29:41] THAT THERE'S A LOT MORE INTEREST IN  
[01:29:45] BIDDING THAN THERE WAS WHEN THIS  
[01:29:47] PARTICULAR PROJECT WENT OUT TO BID. WE  
[01:29:50] DO A VERY ROBUST OUTREACH WITH OUR CPO  
[01:29:53] PROCUREMENT OFFICE TO MAKE SURE THAT  
[01:29:56] CONTRACTORS ARE AWARE OF OUR PROJECTS  
[01:29:58] AND IF THEY'RE ON THE CALL, CERTAINLY  
[01:30:01] MIGHT WANT TO COMMENT AS WELL. BUT I DID  
[01:30:03] WANT TO NOTE THAT THE TIMING OF THIS  
[01:30:06] PARTICULAR PROJECT WAS AT A TIME WHERE  
[01:30:10] WE DID SEE A REDUCTION IN THE NUMBER OF  
[01:30:13] BIDDERS IN IT.  
[01:30:16] THANK YOU FOR THAT. THANK YOU FOR  
[01:30:18] CALLING THAT OUT. I DON'T HAVE ANY  
[01:30:21] CONCERNS ABOUT THAT OVER MY YEARS,  
[01:30:23] SEEING THE EBBS AND FLOWS WHERE WE  
[01:30:25] SOMETIMES HAVE LOTS OF BIDS AND  
[01:30:26] SOMETIMES VERY FEW MORE. IT WAS ABOUT  
[01:30:29] LOOKING FORWARD THAT BOTH OF THESE  
[01:30:31] BIDDERS WERE USING THE SAME  
[01:30:33] SUBCONTRACTOR,  
[01:30:35] AGAIN, WONDERING ABOUT THE COMPETITIVE  
[01:30:38] ASPECT OF THAT, AND REALLY MORE ABOUT  
[01:30:40] TRANSPARENCY. IF MANAGEMENT COULD  
[01:30:43] PROPOSE SOME WAYS TO PROVIDE MORE  
[01:30:45] TRANSPARENCY TO THE COMMISSION, THAT IF  
[01:30:49] BOTH ARE USING ONLY THE SAME

[01:30:51] SUBCONTRACTOR, THAT IT WOULD BE GOOD TO  
[01:30:53] KNOW THAT. THAT PROVIDE.  
[01:30:57] AND MAYBE YOU SAY, HEY, THAT'S JUST THE  
[01:30:59] WAY IT IS. THERE'S REALLY ONLY ONE  
[01:31:01] COMPANY THAT DOES THIS WORK AND NOBODY  
[01:31:04] ELSE DOES IT. BUT IT WOULD BE GREAT TO  
[01:31:06] HAVE THAT VISIBILITY IF THAT IS TRULY  
[01:31:09] THE CASE. SO PROBABLY  
[01:31:12] I KEEP LIKE, SORRY, I WAS  
[01:31:16] GOING TO SAY I DON'T KNOW IF MY  
[01:31:18] CONSTRUCTION MANAGERS ON THE CALL. I  
[01:31:20] BELIEVE THAT THAT PARTICULAR  
[01:31:21] SUBCONTRACTOR IS ONE OF OUR FIRMS PART  
[01:31:25] OF DIVERSITY AND CONTRACTING. AND SO  
[01:31:27] THAT MAY BE AS PART OF THE OUTREACH  
[01:31:31] TO BRING MORE DIVERSE CONTRACTORS.  
[01:31:35] THAT THAT'S WHY THAT PARTICULAR  
[01:31:37] CONTRACTOR WAS BEING USED BY BOTH  
[01:31:40] GENERAL CONTRACTORS PROPOSING.  
[01:31:47] AND IT COULD JUST BE A FOLLOW UP ITEM.  
[01:31:49] IT WOULD BE I THINK WE  
[01:31:53] DON'T NEED TO SPECULATE, BUT IF WE COULD  
[01:31:55] MAYBE JUST GET NOT MAYBE IF WE COULD GET  
[01:31:57] FROM MANAGEMENT SOME RECOMMENDATIONS  
[01:32:01] ABOUT, AGAIN, THE TRANSPARENCY. AND IF  
[01:32:03] THAT'S THE CASE, THEN WE CAN LOOK AT HOW  
[01:32:05] TO ADDRESS IT, BUT IT'S UNCLEAR WHETHER  
[01:32:07] THAT'S THE CASE. APPRECIATE A FOLLOW UP  
[01:32:10] ON THAT FROM STAFF. THANK YOU. WILL DO.  
[01:32:14] AND I'LL WORK WITH YOU AND DAVE AND NORA  
[01:32:18] OFFLINE ON THIS. WE CAN RESPOND BACK.  
[01:32:21] THANK YOU. COMMISSIONER BOWMAN MOVING TO  
[01:32:23] ME. BURGER FOR QUESTIONS. NO QUESTIONS.  
[01:32:26] THANK YOU, COMMISSIONER CHO, YEAH. I  
[01:32:29] THINK THIS JUST HIGHLIGHTS HOW  
[01:32:30] COMPLICATED IT CAN GET. ONE QUESTION  
[01:32:33] THAT I DO HAVE, THOUGH, BEYOND THIS  
[01:32:35] EXAMPLE, IN MY EXPERIENCE, OR AT  
[01:32:38] LEAST WHAT I'VE SEEN, EVEN ON THE  
[01:32:39] FEDERAL SIDE, IT'S KIND OF UNUSUAL FOR  
[01:32:41] ONE SUBCONTRACTOR. USUALLY THE  
[01:32:42] SUBCONTRACTORS STICK TO ONE CONTRACTOR  
[01:32:44] THAT THEY WORK WITH. AND WHEN IT COMES  
[01:32:46] TO THESE BIDS AND THEY BID AS A PACKAGE.  
[01:32:48] AND SO DO WE SEE THIS OFTEN WHERE WE SEE  
[01:32:51] SUBCONTRACTORS GOING WITH MULTIPLE  
[01:32:55] COMPANIES ON ONE RFP,  
[01:33:00] WE CAN COME BACK WITH THE MORE COMPLETE  
[01:33:04] ANSWER FOR YOU. I THINK IT REALLY  
[01:33:06] DEPENDS ON THE CONTRACTOR THE SCOPE OF  
[01:33:09] WORK. SOMETIMES WHEN WE HAVE VERY  
[01:33:13] SPECIFIC SCOPE OF WORK, THAT  
[01:33:15] SUBCONTRACTOR MAY VERY WELL PROPOSED TO  
[01:33:17] MULTIPLE GENERAL CONTRACTORS BECAUSE  
[01:33:20] THIS WAS A DESIGN BIT BUILD, SO THEY'RE  
[01:33:23] NOT IN AN EXCLUSIVE RELATIONSHIP LIKE  
[01:33:26] YOU MIGHT FIND WITH A DESIGN BUILD.  
[01:33:31] OKAY. ALRIGHT. THANK YOU. YEAH, I WOULD  
[01:33:34] LOVE TO LEARN A LITTLE MORE ABOUT THAT  
[01:33:36] BECAUSE I FEEL LIKE IF THAT'S THE CASE  
[01:33:37] BEYOND THE WMBE ASPECT OF IT, YOU COULD  
[01:33:40] HAVE A GROUP OF CONTRACTORS JUST  
[01:33:42] BIDDING ON ALL SIDES.



[01:33:45] WE CAN COME BACK. I'LL TALK  
[01:33:49] WITH THE PROCUREMENT OFFICE AND MY  
[01:33:51] PROJECT MANAGEMENT PARTNERS AND WE WILL  
[01:33:55] COME BACK AND PROVIDE MORE INFORMATION.  
[01:33:57] OKAY. THANK YOU FOR THAT.  
[01:34:01] COMMISSIONER CHO, I THINK WE CAN MOVE ON  
[01:34:05] COMMERCIAL, SO I'M GOING TO HAVE TO PICK  
[01:34:07] UP THE PAGE HERE. IN THE INTEREST OF  
[01:34:08] TIME, WE CAN GET TO BIOMETRICS. NEXT  
[01:34:11] ONE IS LENIN LIMITED. LENIN DOES  
[01:34:14] CURRENCY EXCHANGES AT THE AIRPORT.  
[01:34:17] THEY'VE GOT KIOSKS THAT TRANSFER.  
[01:34:21] BASICALLY, IF YOU BUY FOR POINT EXCHANGE  
[01:34:25] FROM THEM OR YOU SELL YOUR FOREIGN  
[01:34:27] EXCHANGE TO THEM AND THEY MAKE THEIR  
[01:34:29] PROFIT OFF THAT. AND AS YOU CAN SEE FROM  
[01:34:31] THE TABLE DOWN BELOW, QUITE A SIZABLE  
[01:34:33] AMOUNT OF REVENUE PULL IN A YEAR.  
[01:34:36] OBVIOUSLY, COVID HAS BEEN HARD ON THEM,  
[01:34:38] BUT DURING THE SCOPE OF HER ON IT,  
[01:34:40] WHICH WAS PRIMARILY PRE COVID THEY HAD A  
[01:34:43] SIGNIFICANT AMOUNT OF REVENUE AND A  
[01:34:45] DECENT AMOUNT RENT THAT THEY PAY THE  
[01:34:49] PORT TO THE ABOUT A MILLION THREE A  
[01:34:52] YEAR. NEXT SLIDE, PLEASE. MICHELLE,  
[01:34:54] RELATIVELY SMALL ITEM ON ON  
[01:35:00] REVENUE, BUT THEY HAVE SPREADSHEET ERROR  
[01:35:03] AND THAT'S WHY WE DO THESE ON IT. WE  
[01:35:05] WERE LOOKING AT THEIR FINANCIAL  
[01:35:06] STATEMENTS. THEY HAD A MISTAKE THERE.  
[01:35:08] THEY UNDERREPORTED ABOUT \$324,000 TO  
[01:35:11] US, WHICH OTHER NORMAL CIRCUMSTANCES  
[01:35:13] WOULD HAVE BEEN ABOUT \$30,000 BECAUSE IT'S  
[01:35:16] ABOUT 10% THAT THEY PAY US. BUT BECAUSE  
[01:35:20] OF THE MAG WAVE AND SOME OTHER  
[01:35:22] ADJUSTMENTS THAT WERE IN THAT ENDED UP  
[01:35:23] BEING ABOUT \$12,000 ADDITIONAL PERCENTAGE  
[01:35:26] FEES GO TO THE PORT. SO THEY HAD A CREDIT  
[01:35:29] ON THEIR ACCOUNT. WE APPLIED IT.  
[01:35:31] THE TEAM AT DINING RETAIL TEAM APPLIED  
[01:35:35] THAT WE'RE WORKING WITH A FR, APPLIED  
[01:35:38] THAT TO THEIR ACCOUNT. AND THIS ISSUE  
[01:35:41] AGGRESSED. SO IT'S PURELY A MISTAKE.  
[01:35:44] AND LIKE I SAID, THAT'S WHY WE DO THESE  
[01:35:46] AUDITS. NEXT SLIDE, PLEASE.  
[01:35:53] THIS ESSENTIALLY IS A LITTLE MORE  
[01:35:56] DETAIL, BUT BASICALLY TELLS YOU MORE IN  
[01:35:59] THAT 12,000 TELLS HOW YOU GET HOW WE  
[01:36:01] GOT TO THAT 12,000 DOLLARS. AND NEXT  
[01:36:05] SLIDE, THE RECOMMENDATIONS  
[01:36:09] ESSENTIALLY SAY COLLECTED 12,000 DOLLARS  
[01:36:12] AND THE MANAGEMENT RESPONSE IS IN THE  
[01:36:15] NEXT SLIDE, MICHELLE, WILL, COMMISSIONERS  
[01:36:17] WILL SAY THAT WE'VE COLLECTED TO 12,000  
[01:36:19] DOLLARS AND IT'S BEEN ADDRESSED. ANY ANY  
[01:36:23] QUESTIONS ON THIS AUDIT COMMISSIONERS,  
[01:36:26] OR CAN YOU TAKE OKAY,  
[01:36:30] THEN, MICHELLE, IF YOU WANT TO PULL UP.  
[01:36:33] IF YOU COULD PULL UP THE BIOMETRICS  
[01:36:34] PRESENTATION THAT I SENT YOU, JUST GIVE  
[01:36:37] ME JUST ONE MOMENT. I'VE GOT TO SWITCH OVER  
[01:36:39] FOR THAT ONE. 3 SLIDES.  
[01:36:43] AND WHILE SHE'S PULLING THAT UP, A LOT

[01:36:47] OF THE BIOMETRICS WORK THAT WAS DONE AS  
[01:36:49] SECURITY SENSITIVE, BUT THERE  
[01:36:53] WERE SOME SLIDES THAT WERE NOT AND A  
[01:36:56] PART OF THE WORK WAS NOT. COMMISSIONER CHO  
[01:36:58] ASKED THE TRANSPARENCY TO THE PUBLIC IF  
[01:37:00] WE COULD MAKE AVAILABLE THE NON SECURITY  
[01:37:04] SENSITIVE ITEMS TO THE PUBLIC. TO JUST  
[01:37:07] SHOW THAT WHAT WE'VE DONE AND THAT  
[01:37:11] WE HAVE DONE AN AUDIT OF COMPLIANCE AND  
[01:37:15] AND WHY IT'S BETTER  
[01:37:19] FOR THE AIR EXIT TO MANAGE IT IN  
[01:37:21] HOUSE. AS OPPOSED TO HAVING  
[01:37:23] CBP MANAGE IT. THIS ONE'S NOT WANTING TO  
[01:37:26] COME UP, AND GIVE ME A MINUTE. IF  
[01:37:30] I CAN TRY TO FORCE IT.  
[01:37:39] YEAH, IT'S NOT COMING UP FOR ME. THIS IS  
[01:37:42] SOMETHING IS NOT RIGHT WITH MY TEAMS  
[01:37:45] TODAY. I APOLOGIZE.  
[01:37:49] UNFORTUNATELY, YOU'RE THE ONLY ONE WHO  
[01:37:51] CAN SHARE SCREEN. RIGHT? HANG ON A  
[01:37:54] SECOND FOR ME. I CAN ACTUALLY PROBABLY  
[01:37:56] CHANGE THAT EASIER THAN I CAN GET THIS  
[01:37:57] TO COOPERATE WITH ME.  
[01:38:00] OKAY.  
[01:38:04] YOU SHOULD BE ABLE TO, BUT I THINK  
[01:38:06] YOU'RE IN PRESENTER STATUS. OKAY, I'M  
[01:38:10] PULLING IT UP RIGHT NOW.  
[01:38:18] ONE SEC.  
[01:38:30] THAT'S FULL COUNTER SECOND  
[01:38:34] OR TWO MORE. I HOPE IT WILL LET YOU  
[01:38:36] SHARE THAT. IT LOOKS LIKE IT WILL.  
[01:38:38] OKAY.  
[01:38:46] SOI.  
[01:39:02] OKAY, PERFECT. THANK YOU.  
[01:39:05] IS IT UP? IT IS THAT I CAN SEE IT.  
[01:39:09] AND, BRUCE, IF YOU CAN UNMUTE YOURSELF  
[01:39:11] AND I'M GOING TO HAVE YOU HELP ME OUT  
[01:39:14] HERE. CERTAINLY. SO I'M BRUCE CLOSEL.  
[01:39:16] I'M THE PORT'S ID AUDIT MANAGER. SO THIS  
[01:39:20] AUDIT COVER THE PERIOD FROM JANUARY 2020  
[01:39:23] THROUGH MAY OF 2021. AND THE AUDIT  
[01:39:26] WAS EVEN THOUGH WE CALLED IT BIOMETRIC  
[01:39:28] AUDIT, IT WAS ACTUALLY AN AUDIT OF THE  
[01:39:30] PORT BIOMETRIC AIR EXIT PROCESS FOR  
[01:39:32] DEPARTING INTERNATIONAL PASSENGERS. AND  
[01:39:35] WE PERFORM THE AUDIT TO EVALUATE THE  
[01:39:36] ADEQUACY OF INTERNAL CONTROLS RELATED TO  
[01:39:39] SECURE DATA STORAGE, PRIVACY, AND  
[01:39:41] NETWORK SECURITY AROUND THE PROCESSES  
[01:39:43] FOR CREATING, STORING, AND TRANSMITTING  
[01:39:45] THE BIOMETRY DATA FOR THE BIOMETRIC ARE  
[01:39:48] PROJECT. IN ADDITION, WE REVIEWED  
[01:39:51] COMPLIANCE WITH 49 REQUIREMENTS OF THE  
[01:39:54] PORT'S EX23 BIOMETRIC AREAS OF POLICY  
[01:39:58] AND THE U S CUSTOMS AND BORDER  
[01:40:00] PROTECTION BIOMETRIC AIR EXIT BUSINESS  
[01:40:03] REQUIREMENTS. SO THE PORT HAD DEVELOPED  
[01:40:05] A BIOMETRIC AIR EXIT POLICY. AND IF  
[01:40:08] YOU'RE GOING TO IMPLEMENT CBP'S  
[01:40:10] BIOMETRIC AIR EXIT SYSTEM, YOU HAVE TO  
[01:40:13] FOLLOW THEIR DETAILED REQUIREMENTS. WE  
[01:40:15] WERE ACTUALLY FAIRLY IMPRESSED WITH THE  
[01:40:17] REQUIREMENTS. THEY DID A FAIRLY GOOD JOB

[01:40:19] OF INCLUDING PRIVACY AND SECURITY  
[01:40:21] CONTROLS IN THE REQUIREMENTS. AND SO WE  
[01:40:24] WERE VERY HAPPY WITH THAT. WE ALSO KNOW  
[01:40:26] THAT CBP IS CONGRESSIONALLY MANDATED TO  
[01:40:29] IMPLEMENT A BIOMETRIC ENTRY AND EXIT  
[01:40:32] SYSTEM. SO IF THE PORT HADN'T HAVE  
[01:40:34] CHOSEN TO HAVE DONE THIS THEMSELVES,  
[01:40:37] CBP WOULD HAVE COME IN AND THEY WOULD  
[01:40:39] HAVE DONE IT. NEXT SLIDE, PLEASE.  
[01:40:43] AND SO WE JUST NOTE THAT ON MARCH 2020,  
[01:40:47] THE PORT COMMISSION DIRECTOR OF THE  
[01:40:50] STAFF AT THE NEW POLICIES, WHICH WAS  
[01:40:51] BASICALLY THE PORT'S EX 23 BIOMETRIC  
[01:40:55] EXIT POLICY. AND THE CONCLUSION OF OUR  
[01:40:57] AUDIT WAS THAT BASED ON THE WORK WE  
[01:40:59] PERFORMED AND THE INFORMATION GATHERED,  
[01:41:01] INTERNAL AUDIT CONCLUDED THAT THE  
[01:41:02] BIOMETRIC ER EXIT PROGRAM HAD ACHIEVED  
[01:41:05] REASONABLE COMPLIANCE WITH BOTH THE CDP  
[01:41:07] AND THE PORT POLICY REQUIREMENTS. IT WENT  
[01:41:11] VERY WELL. WE HAVE A NEXT SLIDE.  
[01:41:14] SO THIS SLIDE IN PARTICULAR, IF YOU  
[01:41:17] NOTICE IN THE DISTANCE, THIS IS THE S 15  
[01:41:19] GATE IN THE SOUTH SATELLITE. AND SO THIS  
[01:41:22] IS WITH THIS IS WITH EDA AIR, WHO WAS  
[01:41:25] THE INITIAL IMPLEMENTER OF THE, LIKE THE  
[01:41:28] PILOT, THE PILOT METRIC  
[01:41:32] PROGRAM. AND SO IF YOU LOOK AT THE FAR  
[01:41:34] DISTANCE OF THAT PICTURE, YOU CAN SEE A  
[01:41:37] SMALL BLUE SITE DOWN THERE. AND THAT'S  
[01:41:40] ACTUALLY THE FACE OF THE BIOMETRIC  
[01:41:41] CAMERA WITH THE DISPLAY THAT IS SHOWING  
[01:41:44] THE PERSON WALKING UP TO IT WHAT THE  
[01:41:46] CAMERA RESULTS ARE. AND SO IN THE MID  
[01:41:49] DISTANCE, YOU'LL SEE TWO SMALLER WHITE  
[01:41:51] SIGNS. THOSE ARE ACTUALLY THE CDP  
[01:41:55] REQUIRED SIGNS. THIS IS WHAT YOU HAVE TO  
[01:41:57] PUT UP ACCORDING TO THEIR REQUIREMENTS.  
[01:41:59] IN THE IMMEDIATE PRESENCE, YOU SEE THE  
[01:42:01] HUGE SEATTLE PORT SIGN THAT  
[01:42:05] WE PUT UP. AND SO, YOU KNOW, BY  
[01:42:07] IMPLEMENTING THIS, WE WERE ABLE TO  
[01:42:10] RECEIVE FROM CBP THE APPROVAL TO BE ABLE  
[01:42:12] TO DEVELOP OUR OWN SIGNAGE. AND WE HAD  
[01:42:14] VERY LARGE SIGNS. IT MAKES IT VERY  
[01:42:16] OBVIOUS RIGHT UP FRONT WHEN YOU GET IN  
[01:42:17] LINE. SO IT'S MUCH EASIER FOR PEOPLE TO  
[01:42:19] SEE THIS COMPARED TO WHEN YOU'VE ALREADY  
[01:42:22] GOTTEN A LONG LINE OF PEOPLE AND YOU  
[01:42:23] JUST GET UP THERE. AND THEN YOU REALIZE  
[01:42:24] YOU HAVE TO READ THE FINE PRINT. AND IN  
[01:42:26] ORDER TO ACTUALLY OPT OUT, YOU ACTUALLY  
[01:42:28] HAVE TO GO TO THE FRONT COUNTER AND  
[01:42:30] PERFORM SOMETHING SO IT WOULDN'T BE VERY  
[01:42:32] CONVENIENT. WE ALSO NOTICED THAT BECAUSE  
[01:42:36] THE PORT WAS ABLE TO DO THIS THEMSELVES,  
[01:42:37] THEY'RE ALSO ABLE TO IMPLEMENT THEIR OWN  
[01:42:39] TRAINING. SO THE TRAINING OF PORT STAFF  
[01:42:42] AND THE TRAINING OF ALL OF THE AIRLINE  
[01:42:43] STAFF THAT PARTICIPATE IN THIS, THE PORT  
[01:42:46] COULD THEN CUSTOMIZE THAT TRAINING TO  
[01:42:48] MAKE IT MORE HELPFUL FOR THEM AND TO  
[01:42:50] ALSO MAKE IT SO THAT WE COULD TRAIN THEM

[01:42:52] TO BE MORE SENSITIVE IN DEALING WITH  
[01:42:56] PASSENGERS WHO POTENTIALLY MIGHT HAVE  
[01:42:58] CONCERNS ABOUT THE PROCESS. I'LL ALSO  
[01:43:01] NOTE THAT THE AVIATION INNOVATION TEAM  
[01:43:03] THAT WAS RESPONSIBLE FOR INFLAMATING  
[01:43:05] THIS PROCESS ALSO CAME UP. THERE'S NO  
[01:43:07] REQUIREMENT FOR THIS. THEY ALSO CAME UP  
[01:43:09] WITH AUDIO RECORDED ANNOUNCEMENTS. SO AS  
[01:43:11] YOU'RE WAITING IN LINE, THERE ARE  
[01:43:12] ANNOUNCEMENTS THAT ARE PLAYED THAT TELL  
[01:43:14] YOU THAT YOU HAVE THE OPTION TO OPT OUT  
[01:43:16] OF THE PROCESS. SO IF I GET  
[01:43:19] COMMISSIONERS, IF I CAN ADD TO THAT TO  
[01:43:21] BRUCE'S POINT, BY US DOING IT,  
[01:43:24] YOU GET THE BIG SIGNS, YOU GET AUDIO  
[01:43:27] ANNOUNCEMENTS. IT'S A LOT MORE USER  
[01:43:29] FRIENDLY EXPERIENCE. AND A CBP WE'RE  
[01:43:33] RUNNING IT, WHICH THEY THEY'RE  
[01:43:35] CONGRESSIONALLY MANDATED TO DO IT. IF WE  
[01:43:37] DON'T DO IT, YOU HAVE VERY SMALL SIGNS  
[01:43:40] AND INTIMIDATING INDIVIDUALS, CDP  
[01:43:42] UNIFORM STANDING AROUND. THAT REALLY  
[01:43:47] WOULDN'T BE ITS USER FRIENDLY AND WOULD  
[01:43:50] BE A LOT MORE INTIMIDATED TO UPLOAD  
[01:43:52] ANYTHING ELSE. BRUCE, I ACTUALLY WENT  
[01:43:55] TO THE PORT AND WATCHED ONE OF THESE IN  
[01:43:57] OPERATION. AND IT WAS AMAZING BECAUSE AS  
[01:43:59] YOU WALK UP TO THAT CAMERA, THEY HOLD  
[01:44:01] EVERYBODY BACK FROM THAT CAMERA BY ABOUT  
[01:44:03] 4 OR 5 FEET. AND THEN AS THE  
[01:44:04] INDIVIDUAL APPROACHES A CAMERA, PRETTY  
[01:44:06] MUCH BY THE TIME YOU GET UP TO THE  
[01:44:08] CAMERA, THE RESULTS ARE DISPLAYED AND  
[01:44:09] YOU'VE PASSED. SO IT IS A VERY QUICK  
[01:44:12] SYSTEM. IT WAS VERY IMPRESSIVE.  
[01:44:18] I'M DONE.  
[01:44:20] WE HAVE SOME OPPORTUNITIES. WE'LL TALK  
[01:44:22] MORE ABOUT THEM AND IN NON PUBLIC  
[01:44:25] SESSION, BUT THEY'RE ALL ADDRESS, AND  
[01:44:27] THAT'S THE ADVANTAGE OF HAVING AUDIT IN  
[01:44:31] THE PROCESS. FILES WERE ACTUALLY LOADING  
[01:44:35] THE PORT IMPLEMENT THE PROGRAM. SO ANY C  
[01:44:38] AND THE PORT WERE VERY RESPONSIVE AND  
[01:44:40] EVERYTHING WERE IDENTIFIED WERE  
[01:44:42] ADDRESSED RIGHT AWAY. AND THAT'S WHY  
[01:44:44] IT'S CLEAN AUDIT, AND WE'LL TAKE  
[01:44:46] QUESTIONS. GREAT. IF YOU WANT TO CALL  
[01:44:49] THE ROLL CLERK HART ABOUT BEGINNING WITH  
[01:44:51] COMMISSIONER BOWMAN, I DON'T  
[01:44:55] KNOW THAT I HAVE ANY QUESTIONS. I  
[01:44:56] APPRECIATE THE CALL OUT OF THE PORT MORE  
[01:44:59] PROACTIVE ROLE THAT WE HAD A LOT OF  
[01:45:02] DEBATES AND A LOT OF EXPERT TESTIMONY  
[01:45:06] COME IN PRIOR TO ADOPTING OR TALKING  
[01:45:09] ABOUT BIOMETRICS AT THE AIRPORT,  
[01:45:10] INCLUDING HEARING FROM CBP AND EXECUTIVE  
[01:45:13] DIRECTOR METRUCK. AND I TRAVEL TO A  
[01:45:16] COUPLE OF OTHER AIRPORTS TO SEE WHAT IT  
[01:45:17] LOOKED LIKE IN IMPLEMENTATION. AND  
[01:45:20] YOU'RE RIGHT. IT CAN BE VERY QUICK. THE  
[01:45:22] CONCERNS ARE ALWAYS ABOUT PRIVACY.  
[01:45:23] BUT I WILL SAY IT'S GOOD TO HEAR THROUGH  
[01:45:26] THE AUDIT PROCESS THAT YOU FEEL THAT

[01:45:29] SOME OF THE THINGS THAT THE PORT STAFF  
[01:45:30] IS IMPLEMENTED, WE'RE EXACTLY WHERE  
[01:45:32] WE'RE FROM THE COMMISSION LEVEL HOPING  
[01:45:33] TO GO IS REALLY PROVIDING TRANSPARENCY  
[01:45:36] ABOUT THE OPT IN, OPT OUT OPTION  
[01:45:40] THAT PASSENGERS HAD. THAT WAS NOT CLEAR  
[01:45:42] IN OTHER AIRPORTS FROM THE CBP  
[01:45:46] ISSUED POSTERS AND THINGS LIKE THAT. I  
[01:45:49] LOVE THE FACT THAT YOU PUT IN THE AUDIO.  
[01:45:51] THAT'S REALLY GREAT. I HAVE THE NOT  
[01:45:53] HEARD ABOUT THAT. SO CONGRATS. THAT'S A  
[01:45:55] REALLY GOOD EXTRA STEP. AND IT JUST  
[01:45:59] SOUNDS LIKE AT LEAST IN THOSE RESPECTS,  
[01:46:01] WE'RE DOING WHAT WE CAN TO PROVIDE  
[01:46:04] TRANSPARENCY TO THE PUBLIC. I KNOW THERE  
[01:46:07] OBVIOUSLY ARE JUST STILL ENORMOUS  
[01:46:09] CONCERN ABOUT DATA STORAGE, BUT THANK  
[01:46:11] YOU FOR THIS PART OF THE PRESENTATION.  
[01:46:15] THANK YOU TO COMMISSIONER BOWMAN. MOVING TO MEMBER  
[01:46:18] GERHKE. NO QUESTIONS, NO QUESTIONS FOR  
[01:46:22] ME. THANK YOU. THANK YOU. COMMISSIONER  
[01:46:24] CHO. YEAH. I JUST WANTED TO MAKE A QUICK  
[01:46:26] COMMENT HERE. AND, GLENN, I REALLY  
[01:46:28] APPRECIATE HOW QUICKLY YOU RESPONDED TO  
[01:46:30] THE SUGGESTION I MADE WHEN WE DID OUR  
[01:46:31] CHECK IN PRICE TO THIS MEETING. BUT THE  
[01:46:34] REASON THAT I WANTED TO MAKE SURE THAT  
[01:46:36] THE NON SENSITIVE PARTS OF THIS AUDIT  
[01:46:38] WERE PUBLIC IS BECAUSE THE STEPHANIE  
[01:46:41] PROBABLY REMEMBERS WE WERE KIND OF  
[01:46:43] ROLLED FOR TAKING ON THIS RESPONSIBILITY  
[01:46:46] AT ALL. RIGHT. AND THERE WERE MEMBERS OF  
[01:46:48] THE COMMUNITY WHO SAID THAT THE PORT  
[01:46:51] SHOULDN'T HAVE A HAND IN THE USE OF  
[01:46:52] BIOMETRICS, PERIOD. AND WE MADE THE CASE  
[01:46:55] THAT IF WE DON'T DO THIS, THEN WE'LL  
[01:46:57] HAVE ZERO CONTROL OVER THE BOTTOM OF HOW  
[01:46:58] IT'S USED OR WHAT WE DO. AND I THINK  
[01:47:01] THIS IS JUST ANOTHER EXAMPLE. AUDIT IS  
[01:47:03] AN EXAMPLE OF WHY WE DID WHAT WE DID  
[01:47:07] LAST YEAR. THE FACT THAT WE ARE THE ONES  
[01:47:09] ADMINISTERING IT ENABLES US TO AUDIT  
[01:47:11] OURSELVES, WHEREAS IF CBP OR DHS, WE'RE  
[01:47:15] DOING THIS ON THEIR OWN, WE WOULDN'T  
[01:47:16] ACTUALLY BE ABLE TO AUDIT THIS, IF MY  
[01:47:19] UNDERSTANDING THIS CORRECTLY. SO THE  
[01:47:22] FACT THAT WE TOOK THIS ON IS WHAT  
[01:47:25] ENABLED US TO DO THIS IN THE FIRST  
[01:47:27] PLACE. AND I'M GLAD THAT WE'RE TAKING  
[01:47:29] THE STEP TO ACTUALLY PROVIDE THE  
[01:47:31] NONSENSE SENSITIVE SITES OF THE AUDIT TO  
[01:47:33] THE PUBLIC SO THAT THE PUBLIC CAN ALSO  
[01:47:36] BE READ IN ON HOW IT'S GOING. AND SO  
[01:47:40] THANK YOU GLENN FOR KIND OF ACCOMMODATING  
[01:47:42] MY REQUEST ON THAT. AND I KNOW THAT IT  
[01:47:44] WASN'T INITIALLY THE PLAN, BUT I JUST  
[01:47:46] THINK TO STEPHANIE'S POINT ABOUT  
[01:47:48] TRANSPARENCY, IT WAS REALLY IMPORTANT  
[01:47:49] THAT THE PUBLIC COULD SEE THAT WE ARE  
[01:47:50] ACTUALLY WALKING THE WALK AND NOT JUST  
[01:47:52] TALKING THE TALK. AND THE SYSTEM IS  
[01:47:55] WORKING IN. ALL THE SIGNAGE AND  
[01:47:58] EVERYTHING THAT WE INTENDED TO BE TALKED

[01:47:59] ABOUT LAST YEAR IS HAPPENING, BUT IT  
[01:48:03] LOOKS LIKE YOU GOT SOMETHING ADD THERE.  
[01:48:05] I DO. I ALSO LIKE TO NOTE THAT THOSE  
[01:48:07] PICTURES THAT ARE TAKEN ARE RETAINED FOR  
[01:48:09] EXACTLY 45 SECONDS AND NO LONGER. SO WE  
[01:48:12] TESTED THAT, SO THEY'RE GONE PRETTY  
[01:48:15] FAST. THAT'S GREAT. THAT'S GREAT.  
[01:48:19] WONDERFUL. SO THAT'S IT.  
[01:48:23] YOU CAN CLOSE US OUT COMMISSIONER CHO AND WE  
[01:48:25] CAN GO TO THE NON PUBLIC SESSION. VERY  
[01:48:27] WELL. THANK YOU SO MUCH, GLENN. I THINK  
[01:48:30] THAT CONCLUDES OUR PUBLIC AUDIT MEETING  
[01:48:32] ITEMS FOR TODAY. AGAIN, MANY THANKS TO  
[01:48:35] THE AUDIT STAFF AND MANAGEMENT FOR  
[01:48:36] WORKING TOGETHER TO JUST ALL THESE  
[01:48:38] ISSUES. WE WILL RECESS INTO  
[01:48:42] THE NON PUBLIC PORTION OF THE MEETING TO  
[01:48:44] ADDRESS ITEM NUMBER NINE, WHICH IS AN  
[01:48:47] INFORMATION TECHNOLOGY AUDIT ITEM. ARE  
[01:48:50] THERE ANY CLOSING COMMENTS FROM THE  
[01:48:51] MEMBERS BEFORE WE RECESS? CLERK HART,  
[01:48:54] MAYBE WE SHOULD CALL THE ROLL ONE MORE  
[01:48:55] TIME. THANK YOU, COMMISSIONER BOWMAN, FOR  
[01:48:58] CLOSING COMMENTS. NO OTHER QUESTIONS.  
[01:49:01] I JUST WE HAVE TO EXIT THIS MEETING AND  
[01:49:04] RE ENTER. YES, COMMISSIONER. SO THERE IS  
[01:49:07] A SEPARATE MEETING LINK FOR THE NON  
[01:49:09] PUBLIC PORTION OF THIS MEETING, AND YOU  
[01:49:11] WILL EXIT THIS AND GET ON THAT MEETING  
[01:49:14] LINK AND THEN CONDUCT THAT MEETING  
[01:49:15] THERE. THANK YOU. MEMBER GERKY,  
[01:49:18] NO ADDITIONAL QUESTIONS OR COMMENTS.  
[01:49:21] THANK YOU. THANK YOU, COMMISSIONER CHO  
[01:49:23] DONE FOR ME EITHER. ACTUALLY, THE ONLY  
[01:49:25] QUESTION I HAVE IS DO PEOPLE WANT A FIVE  
[01:49:27] MINUTE BREAK OR CAN WE GO STRAIGHT INTO  
[01:49:29] THE NON PUBLIC SESSION?  
[01:49:33] WE HAVE A LOT GOING ON RIGHT NOW. SORRY  
[01:49:37] I MISSED THE FIRST PART OF YOUR COULD WE  
[01:49:40] POWER THROUGH? OKAY. YEAH, THAT'S OKAY.  
[01:49:43] I'M FINE WITH THAT. OKAY, GREAT. SO WE  
[01:49:46] WILL NOT TAKE A BREAK, BUT WE WILL RECESS  
[01:49:49] INTO A NON PUBLIC PORTION OF OUR MEETING  
[01:49:51] AND WE WILL GO STRAIGHT INTO IT TO  
[01:49:53] DISCUSS ONE MATTER RELATED TO SECURITY  
[01:49:55] SENSITIVE INFORMATION. THE NON PUBLIC  
[01:49:59] PORTION OF THE MEETING WILL  
[01:50:01] APPROXIMATELY LAST 30 MINUTES, I  
[01:50:02] BELIEVE, AND THE MEETING WILL ADJOURN  
[01:50:04] WITH NO FURTHER BUSINESS AFTER THAT  
[01:50:05] TIME. PARTICIPANTS JOINING THE NON  
[01:50:07] PUBLIC PORTION OF THE MEETING PLEASE  
[01:50:09] CLOSE OUT OF THIS MEETING, LINK, AND  
[01:50:11] JOIN THE 4 30 TEAMS MEETING. LINK, THE  
[01:50:13] CURRENT TIME IS 426, AND I WILL JOIN THE  
[01:50:17] PUBLIC PROCESSION. THANK YOU,  
[01:50:19] COMMISSIONER. GOOD MEETING. AND THEN  
[01:50:21] JUST TO NOTE THAT THAT 4 30 LINK IS LIVE  
[01:50:23] AT THIS TIME, SO YOU DON'T HAVE TO WAIT  
[01:50:25] FOR THAT TIME TO LAPSE VERY MUCH.  
[01:50:27] MICHELLE, I'M GOING  
[01:50:31] INTO THAT RIGHT NOW. THANK YOU. HAVE A  
[01:50:35] GOOD MEETING. THANK YOU.

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END OF TRANSCRIPT