

START OF TRANSCRIPT

[00:00:28] THIS IS COMMISSIONERS STEPHEN BOWMAN
[00:00:30] CALLING TO ORDER THE PORT OF SEATTLE
[00:00:32] AUDIT COMMITTEE SPECIAL MEETING TODAY IS
[00:00:34] THURSDAY, DECEMBER 9, 2021, AND THE TIME
[00:00:38] IS 2:42. OUR APOLOGIES FOR STARTING THE
[00:00:40] MEETING LATE. WE ARE MEETING REMOTELY
[00:00:43] TODAY VIA TEAM PLATFORM TO COMPLY WITH
[00:00:45] SENATE CONCURRENT RESOLUTION 8402 AND
[00:00:48] GOVERNOR INSLEE'S PROCLAMATION 2028.
[00:00:51] PRESENT WITH ME TODAY IS COMMITTEE
[00:00:53] MEMBER SAM CHO AND PUBLIC MEMBER CHRIS
[00:00:55] GEHRKE. WILL THE CLERK PLEASE
[00:00:59] CALL THE ROLL TO ENSURE ALL COMMITTEE
[00:01:01] MEMBERS ARE ON THE LINE? THANK YOU.
[00:01:04] BEGINNING WITH COMMISSIONER BOWMAN
[00:01:06] PRESENT. THANK YOU. COMMISSIONER CHO
[00:01:09] PRESENT. THANK YOU. MEMBER GHERKE
[00:01:11] PRESENT. THANK YOU. YOU DO HAVE A
[00:01:14] QUANTUM. EXCELLENT. THANK YOU. THIS IS A
[00:01:17] VIRTUAL MEETING. WE'VE MADE SPECIAL
[00:01:19] ARRANGEMENTS TO PROVIDE FOR REMOTE
[00:01:21] PARTICIPATION FOR ALL OF OUR STAFF, ANY
[00:01:23] OUTSIDE PRESENTERS AND OUR COMMITTEE
[00:01:25] MEMBERS. ALSO, PLEASE NOTE THAT ALL
[00:01:28] THOSE COMMENTS AND QUESTIONS TODAY WILL
[00:01:30] BE TAKEN BY WILL CALL METHOD AS A
[00:01:32] RESULT, FOR A VIRTUAL ENVIRONMENT TO
[00:01:34] MAKE THIS MEETING MORE ACCESSIBLE TO THE
[00:01:36] PUBLIC. THE MEETING IS BEING LIVE
[00:01:38] STREAMED AND DIGITALLY RECORDED AND MAY
[00:01:40] BE VIEWED OR HEARD AT ANY TIME ON THE
[00:01:42] PORT PORTS WEBSITE. OUR FIRST ITEM OF
[00:01:45] BUSINESS TODAY IS APPROVAL OF OUR LAST
[00:01:47] MEETING. MINUTES FROM SEPTEMBER 9,
[00:01:49] 2021. ARE THERE ANY CORRECTIONS TO THE
[00:01:53] MINUTE?
[00:01:56] ALL RIGHT. SHARING NOTHING. IS THERE A
[00:01:58] MOTION AND A SECOND TO APPROVE THE
[00:02:00] MINUTE SO MOVED.
[00:02:04] EXCELLENT. AND I WILL SECOND. SO THE
[00:02:08] MOTION IS MADE. AND SECOND COMMITTEE
[00:02:09] MEMBERS, A QUESTION BEFORE US IS
[00:02:12] APPROVAL OF THE MINUTES. PLEASE SAY YES
[00:02:14] OR NO WHEN YOUR NAME IS CALLED
[00:02:16] COMMISSIONER CHO. AYE.
[00:02:21] SORRY, MR. BOBBIN. THANK YOU. ALL RIGHT.
[00:02:24] THANK YOU. YOU DO HAVE TWO YESES FOR
[00:02:27] THIS ITEM. EXCELLENT. THE MINUTES ARE
[00:02:31] APPROVED AS PRESENTED. WE ARE
[00:02:35] GOING TO BE MOVING INTO OUR NEXT ORDER
[00:02:37] OF BUSINESS, WHICH IS EXTERNAL AUDIT
[00:02:39] PRESENTERS, PLEASE UNMUTE YOURSELVES.
[00:02:42] COMMITTEE MEMBERS. YOU MAY USE THE HAND
[00:02:44] RAISING TOOL TO INDICATE THAT YOU WISH
[00:02:46] TO SPEAK OR ELSE I'LL CALL FOR QUESTIONS
[00:02:48] AT THE CONCLUSION OF THE PRESENTATION.
[00:02:50] MR. FERNANDEZ, WOULD YOU PLEASE
[00:02:52] INTRODUCE OUR FIRST SPEAKERS AND THE
[00:02:53] TOPIC? YEAH, COMMISSIONERS. SO TODAY WE
[00:02:57] HAVE OLGA DARLINGTON AND ANNA WALPRINT
[00:02:59] FROM MOSS ADAMS, AND THEY'LL BE

[00:03:00] PRESENTING OUR 2021 AUDIT SERVICES PLAN
[00:03:05] AS THEY KICK OFF THE AUDIT. SO,
[00:03:08] OLGA AND ANNA, I'LL PASS IT TO YOU,
[00:03:12] MICHELLE, IF YOU CAN PULL UP THAT
[00:03:14] PRESENTATION.
[00:03:20] THANK YOU, GLENN. THANK YOU. GOOD
[00:03:22] AFTERNOON. MEMBERS OF THE AUDIT
[00:03:24] COMMITTEE. IT'S GREAT TO BE WITH YOU
[00:03:27] HERE AGAIN TODAY AS WE ARE PROVIDING
[00:03:30] THE HIGHLIGHTS OF OUR AUDIT PLAN OF
[00:03:32] 2021. YEAR END AUDIT.
[00:03:36] OF COURSE, AS ALWAYS, THE START OF THE
[00:03:39] AUDIT IS BEFORE DECEMBER
[00:03:43] 31, YEAR END OF THE PORT COURT. AND
[00:03:46] THAT'S INTENTIONAL TO MAKE SURE THAT WE
[00:03:48] PLAN THE AUDIT IN ADVANCE OF THE YEAR
[00:03:51] END AS WELL AS REVIEW SOME INTERNAL
[00:03:54] CONTROLS AND PROVIDING YOUR
[00:03:55] RECOMMENDATIONS TO MANAGEMENT ON
[00:03:57] ANYTHING WE SEE BEFORE THE YEAR END
[00:03:59] DISCLOSE. AND SO THE MANAGEMENT
[00:04:02] CAN ADDRESS ANY OF THOSE QUESTIONS. IF
[00:04:06] WE CAN ADVANCE TO THE NEXT SLIDE,
[00:04:09] THERE IS A BRIEF AGENDA. WHAT WE'LL
[00:04:11] COVER TODAY IS WE'LL PRESENT OUR SERVICE
[00:04:13] TEAM MEMBERS. WE'LL FOCUS ON THE SCOPE
[00:04:17] OF SERVICES THAT WE WILL BE PROVIDING
[00:04:18] FOR THE PORT. AS PART OF OUR 2021
[00:04:21] ENGAGEMENT, WE'LL REVIEW
[00:04:24] RESPONSIBILITIES OF AUDITOR AS WELL AS
[00:04:26] MANAGEMENT. TALK A LITTLE BIT ABOUT THE
[00:04:29] AUDIT PROCESS, AUDIT RISKS, AS WELL AS
[00:04:32] THE CONSIDERATION OF FRAUD AND AUDIT
[00:04:33] PROCESS, AND THEN COVER THE TIMELINE FOR
[00:04:37] OUR 2021 ENGAGEMENT. ON THE NEXT SLIDE,
[00:04:40] WE DO HAVE A SUMMARY OF THE LEADERSHIP
[00:04:42] OF OUR AUDIT TEAM. OF COURSE, OUR TEAM
[00:04:45] IS MUCH LARGER THAN THAT, AND MANY
[00:04:47] MEMBERS OF OUR TEAM DO TURN OVER, SO
[00:04:50] THERE'S USUALLY SOME NEW FACES, NEW
[00:04:53] NAMES AS PART OF OUR AUDIT TEAM. BUT THE
[00:04:56] TEAM LEADERSHIP HAS REMAINED CONSISTENT
[00:04:59] IN THE CURRENT TEAM FOR THE LAST TWO OR
[00:05:02] THREE YEARS TO MAKE SURE THAT WE HAVE
[00:05:04] THE CONSISTENCY AND KNOWLEDGE OF THE
[00:05:07] PORT OPERATIONS. WE DID INCLUDE SOME
[00:05:10] CONTACT INFORMATION HERE FOR ALL OF THE
[00:05:12] TEAM MEMBERS ON THIS SLIDE. SHOULD YOU
[00:05:15] HAVE ANY QUESTIONS AFTER THIS
[00:05:17] PRESENTATION BETWEEN NOW AND THE TIME
[00:05:20] THAT WE FINISH THE AUDIT, WHICH WILL BE
[00:05:23] IN APRIL, FEEL FREE TO REACH OUT TO
[00:05:27] ANYONE ON THE TEAM. AND OF COURSE, THE
[00:05:29] MAIN REASON FOR OUR PRESENTATION TODAY
[00:05:31] IS NOT ONLY TO INFORM YOU ABOUT THE
[00:05:32] AUDIT PLAN THAT WE'RE SETTING OUT, BUT
[00:05:35] KEEP THAT TWO WAY COMMUNICATION BETWEEN
[00:05:37] THE AUDIT COMMITTEE AND THE AUDITOR.
[00:05:40] SHOULD YOU HAVE ONCE AGAIN ANY QUESTIONS
[00:05:42] OR ANY CONCERNS SPECIFICALLY TO
[00:05:46] ADDRESS IN THE AUDIT ON THE NEXT SLIDE,
[00:05:50] A QUICK SUMMARY OF OUR AUDIT SCOPE
[00:05:54] OF OUR PROCEDURES. OF COURSE, WE WILL BE

[00:05:56] PERFORMING THE AUDIT OF THE FINANCIAL
[00:05:59] STATEMENTS OF THE PORT OF SEATTLE,
[00:06:01] WHICH INCLUDES ITS ENTERPRISE FUND AS
[00:06:04] WELL AS A FIDUCIARY FUND, WHICH IS
[00:06:06] COMPRISED OF THE WAREHOUSE PENSION TRUST
[00:06:10] FUND. THOSE DOCUMENTS WILL BE INCLUDED,
[00:06:13] OR THOSE TWO REPORTS WILL BE INCLUDED AS
[00:06:16] PART OF THE ANNUAL COMPREHENSIVE
[00:06:18] FINANCIAL REPORT OF THE QUOTE.
[00:06:22] AS WE ARE PERFORMING THE AUDIT IN
[00:06:23] ACCORDANCE WITH GOVERNMENT AUDITING
[00:06:25] STANDARDS, WE WILL BE ONCE AGAIN TESTING
[00:06:28] THE INTERNAL CONTROLS SURROUNDING THE
[00:06:30] MAJOR BUSINESS CYCLES, AND WE WILL BE
[00:06:33] REQUIRED TO PROVIDE A REPORT OR ISSUE
[00:06:34] REPORT ON THOSE INTERNAL CONTROLS
[00:06:37] SURROUNDING THE FINANCIAL REPORTING. WE
[00:06:40] WILL BE PERFORMING A SINGLE AUDIT AS
[00:06:42] WELL, WHICH IS A COMPLIANCE AUDIT ON
[00:06:45] FEDERAL EXPENDITURES OR EXPENDITURES OF
[00:06:48] ANY GRANTS THAT HAVE BEEN PROVIDED FROM
[00:06:51] FEDERAL SOURCES. AIP PROGRAM HAS BEEN
[00:06:54] THE MAJOR PROGRAM FOR THE PORT THAT WE
[00:06:56] HAVE AUDITED IN THE PAST YEARS, AND WE
[00:06:58] EXPECT THAT TO CONTINUE THIS YEAR AS
[00:07:00] WELL, PARTICULARLY AS NEW METHODS OF
[00:07:03] FUNDING THAT ARE ALLOCATIONS FROM
[00:07:06] CONGRESS IN THE FORMS OF CARE ACT FUNDS.
[00:07:09] KRISTA AND ARPA ARE COMING THROUGH THAT
[00:07:12] PROGRAM AS WELL.
[00:07:15] ANOTHER COMPLIANCE AUDIT WILL BE A
[00:07:17] PASSENGER FACILITY CHARGE PROGRAM AUDIT
[00:07:20] SPECIFIC TO RECEIPTS AND EXPENDITURES
[00:07:22] FOR THE PFC PROGRAM. WE WILL ALSO BE
[00:07:25] PROVIDING A REPORT ON THE SCHEDULE OF
[00:07:27] NET REVENUES AVAILABLE FOR DEATH SERVICE
[00:07:30] AND TWO SEPARATE AGREED UPON PROCEDURES
[00:07:34] ENGAGEMENT ONE FOR THE DEPARTMENT OF
[00:07:36] ECOLOGY AND ONE FOR THE ENVIRONMENTAL
[00:07:38] PROTECTION AGENCY. SO QUITE A FEW
[00:07:41] DIFFERENT THINGS GOING ON AT THE SAME
[00:07:43] TIME THERE. ON THE NEXT SLIDE, WE WILL
[00:07:48] QUICK SUMMARY OF THE AUDITOR
[00:07:50] RESPONSIBILITIES UNDER GOVERNMENT
[00:07:52] AUDITING STANDARDS. FOR OUR
[00:07:55] RESPONSIBILITY IS TO FOCUS ON AUDITING
[00:07:57] THE FINANCIAL STATEMENTS WHICH ARE
[00:08:00] RESPONSIBILITY OF MANAGEMENT. WE DO HAVE
[00:08:03] TO LOOK INTO INTERNAL CONTROLS THAT
[00:08:05] SURROUND THE FINANCIAL REPORTING AND ANY
[00:08:07] MAJOR CYCLES THAT BECOME PART OF THAT
[00:08:09] FINANCIAL REPORTING, INCLUDING THE
[00:08:11] INFORMATION TECHNOLOGY SYSTEM.
[00:08:15] WE WILL ISSUE OUR REPORT AND PROVIDE A
[00:08:20] REPORT ON THE RESULTS OF THE AUDIT TO
[00:08:22] THOSE CHARGE TO GOVERNANCE, WHICH IS THE
[00:08:25] AUDIT COMMITTEE AT THE COMPLETION OF THE
[00:08:27] AUDIT, AS WE ALWAYS DO ON
[00:08:31] THE NEXT SLIDE, A QUICK HIGHLIGHT ON THE
[00:08:33] RISKS INVOLVED
[00:08:38] IN THE AUDIT AND A CONSIDERATION OF
[00:08:41] FRAUD IN THE FINANCIAL STATEMENT AUDIT
[00:08:42] IS PROBABLY THE MAJOR CONSIDERATION,

[00:08:45] PARTICULARLY THIS PAST YEAR, AS THERE
[00:08:49] SEEM TO BE INCREASED RISK
[00:08:53] FOR MANY GOVERNMENT AGENCIES,
[00:08:55] PARTICULARLY FROM THE IT STANDPOINT FROM
[00:08:58] EXTERNAL SOURCES ATTACKING THE IT
[00:09:01] SYSTEMS OF THEIR GOVERNMENT AGENCIES.
[00:09:04] SO WE DO BRING OUR IT TEAM IN PARTICULAR
[00:09:07] TO LOOK AT THE STRUCTURE,
[00:09:11] SURETY AND SAFETY OF THE IT SYSTEMS OF
[00:09:14] SUPPORT. BUT AS WELL,
[00:09:17] FROM THE AUDIT STANDPOINT, WE DO PERFORM
[00:09:20] PROCEDURES AND INTRODUCE SURPRISE
[00:09:24] PROCEDURES INTO OUR AUDIT PROCESS TO
[00:09:26] MAKE SURE THAT IT DOES NOT BECOME STALE,
[00:09:29] AND THE INDIVIDUALS THAT WE WORK WITH
[00:09:32] AND FINANCE AND ACCOUNTING DON'T BECOME
[00:09:33] TOO FAMILIAR WITH WHAT WE ASKED FOR AND
[00:09:35] WHAT WE AUDIT. SO, AS I SAID,
[00:09:38] INTRODUCED AN ELEMENT OF SURPRISE AND
[00:09:40] UNPREDICTABILITY INTO OUR AUDIT PROCESS
[00:09:44] HAS BECOME A STANDARD PRACTICE.
[00:09:47] ON THE NEXT SLIDE, WE DO HAVE SOME
[00:09:52] OF THE AUDITS AREAS OF FOCUS THAT
[00:09:56] [inaudible 00:09:59] REQUIRED. THANKS,
[00:09:59] OLGA SO, IN ADDITION TO ASSESSING FOR
[00:10:02] FRAUD RISK AS PART OF OUR PLANNING
[00:10:04] PROCESS, WE DO ALSO IDENTIFY ADDITIONAL
[00:10:07] AREAS OF SIGNIFICANT RISK OF
[00:10:09] MISSTATEMENT, WHETHER THAT'S DUE TO THE
[00:10:11] MATERIAL DOLLAR VALUE OF THOSE ACCOUNTS
[00:10:13] OR THE COMPLEX NATURE OF THE ACCOUNTING
[00:10:16] IN THESE AREAS. SO THE SIGNIFICANT RISKS
[00:10:19] IDENTIFIED IN THE CURRENT YEAR AUDIT
[00:10:21] INCLUDE REVENUE RECOGNITION,
[00:10:23] CONSTRUCTION AND PROCESS AND CAPITAL
[00:10:25] ASSETS MANAGEMENT ESTIMATES AND THEN
[00:10:28] GRANT COMPLIANCE TO ADDRESS THE
[00:10:32] RISK OF APPROPRIATE REVENUE RECOGNITION.
[00:10:35] WE PLAN TO ANALYTICALLY TEST AIRPORT AND
[00:10:38] REAL ESTATE REVENUE JUST BASED ON
[00:10:40] CURRENT AND PRIOR YEAR INFORMATION OF
[00:10:43] REVENUE BENCHMARKS SUCH AS SQUARE
[00:10:45] FOOTAGE, NUMBER OF PASSENGERS, NUMBER OF
[00:10:48] PLANES AND LANDING AND DOCK OCCUPANCY.
[00:10:51] WE'LL ALSO ANALYZE SIGNIFICANT LEASING
[00:10:55] TRANSACTIONS AND PERFORM TESTS OF
[00:10:57] INTERNAL CONTROLS SURROUNDING THE LEASE
[00:10:59] REVENUE DETERMINATION AND THE
[00:11:01] RECOGNITION PROCESS, AND THEN FOR
[00:11:04] CONSTRUCTION AND PROCESS, WE'LL PERFORM
[00:11:06] A TEST OF THE CAPITALIZED COST TO
[00:11:08] DETERMINE THAT THE CHARGES FOR THE YEAR
[00:11:10] ARE REASONABLE FOR THE WORK PROJECT THAT
[00:11:13] THEY'RE ASSIGNED TO AND MEET THE
[00:11:15] CRITERIA AND MEET THE CRITERIA
[00:11:19] FOR CAPITALIZATION. AND WE ALSO WILL
[00:11:21] EVALUATE ANY NEWLY NEWLY ESTABLISHED
[00:11:24] PROCESS BY MANAGEMENT IN THE CURRENT
[00:11:26] YEAR, WHICH IS TO EVALUATE OPEN WORK
[00:11:28] ORDERS FOR TIMELY CLOSING AND THAT
[00:11:31] TRANSFERS ARE IN THE PROPER CATEGORIES
[00:11:33] OF CAPITAL ASSETS FOR DEPRECIATION IF WE
[00:11:36] COULD GO TO THE NEXT SLIDE, PLEASE,

[00:11:41] MANAGEMENT ESTIMATES IMPACT A NUMBER OF
[00:11:44] LINE ITEMS IN THE PORT PORTS FINANCIAL
[00:11:46] STATEMENTS. WE'LL ANALYZE MANAGEMENT'S
[00:11:48] ASSUMPTIONS AND ESTABLISHING ALLOWANCES
[00:11:50] FOR UNCLASSABLE ACCOUNTS, DEPRECIATION
[00:11:54] AND DEPRECIABLE LIVES OF CAPITAL ASSETS,
[00:11:57] THE ENVIRONMENTAL AND LEGAL RESERVES,
[00:11:59] AS WELL AS THE ACTUARIAL ASSUMPTIONS
[00:12:01] THAT GO INTO ESTABLISHING PENSION AND
[00:12:04] OPE LIABILITIES, AND THEN FINALLY GRANT
[00:12:07] COMPLIANCE. AND AS OLGA MENTIONED,
[00:12:10] SPECIFICALLY, FERRIES ACT FUNDING
[00:12:11] RECEIVED DURING THE YEAR. SO WE'LL
[00:12:13] PERFORM COMPLIANCE TESTING OF
[00:12:15] EXPENDITURES OF FEDERAL AWARDS DURING
[00:12:17] THE YEAR FOLLOWING THE REQUIREMENTS OF
[00:12:19] THE UNIFORM GRANT GUIDANCE. AND THEN
[00:12:22] THIS YEAR WE'LL DESIGN SPECIFIC TESTS TO
[00:12:24] ENSURE THE ALLOWABILITY OF EXPENDITURES
[00:12:27] FOR GRANT AWARDS THAT CAME UNDER THE
[00:12:29] CARES ACT, KRISTA OR ARPA FEDERAL
[00:12:32] AWARDS. AND NEXT SLIDE, PLEASE.
[00:12:38] AND THEN HERE WE JUST HAVE A VERY HIGH
[00:12:41] LEVEL OUTLINE OF THE AUDIT TIMELINE. SO
[00:12:44] AS OLGA MENTIONED, WE REALLY KICK OFF
[00:12:46] OUR KIND OF PLANNING AND INTERIM
[00:12:48] PROCEDURES IN SEPTEMBER IN ORDER TO MAKE
[00:12:50] SURE THAT CONTROLS ARE OPERATING DURING
[00:12:52] THE YEAR THAT WE'RE TESTING. AND IF
[00:12:54] THERE'S ANY ISSUES IDENTIFIED, THERE'S
[00:12:56] TIME FOR PORT MANAGEMENT TO RESOLVE
[00:12:58] THOSE. AND THEN WE'LL
[00:13:02] KIND OF WRAP UP OUR IT PROCEDURES IN
[00:13:05] JANUARY AND AS WELL AS FINAL AUDIT
[00:13:08] PLANNING AND PREP, KICK OFF OUR AUDIT
[00:13:11] FIELD WORK IN MARCH, WHICH RUNS THROUGH
[00:13:13] MARCH AND APRIL WITH EXPECTED ISSUANCE
[00:13:16] OF ALL OF THE DELIVERABLES THAT OLGA
[00:13:18] OUTLINED BY THE END OF APRIL AND THEN
[00:13:21] PLAN TO CONNECT BACK WITH THE AUDIT
[00:13:23] COMMITTEE IN THE MAY OR JUNE TIME FRAME
[00:13:26] TO REPORT BACK ON OUR FINDINGS AND THE
[00:13:27] RESULTS OF THE AUDIT.
[00:13:32] JUMPING DOWN TO NEXT SLIDE. USUALLY AT
[00:13:36] THE END OF MY PRESENTATION, I PROVIDE A
[00:13:38] SUMMARY OF NEW GATSBY PRONOUNCEMENTS
[00:13:42] THAT WILL BE APPLICABLE FOR THE UPCOMING
[00:13:44] YEAR. I THINK THIS IS OUR LAST KIND
[00:13:48] OF A PUGET YEAR WHEN IT COMES TO
[00:13:49] IMPLEMENTING NEW GATSBY PRONOUNCEMENTS
[00:13:52] IN THE FINANCIAL STATEMENT AUDIT. THEY
[00:13:55] HAVE BEEN DEFERRED UNTIL NEXT YEAR,
[00:13:58] MOST OF THEM THE SIGNIFICANT ONES. SO
[00:14:01] WHAT I THOUGHT I'D COVER HERE FOR YOU IS
[00:14:03] A NEW AUDITING STANDARD THAT WE WILL BE
[00:14:05] FOLLOWING FOR DECEMBER 31 YEAR
[00:14:08] END AUDIT, AND THE PRIMARY CHANGE IN
[00:14:11] THIS PARTICULAR AUDITING STANDARD WILL
[00:14:14] BE THE FEEL AND LOOK OF THE ACTUAL
[00:14:16] AUDITOR REPORT. ALL THE INFORMATION IN
[00:14:19] THE AUDITOR REPORT WILL REMAIN THE SAME.
[00:14:21] WE WILL STILL PROVIDE AN OPINION WHETHER
[00:14:23] IT'S UNMODIFIED OR OTHERWISE. THE

[00:14:26] ORGANIZATION AND GEOGRAPHY OF THE REPORT
[00:14:28] ITSELF WILL BE A LITTLE BIT DIFFERENT.
[00:14:31] THAT IS SOMETHING I WILL ALSO HIGHLIGHT
[00:14:33] WHEN WE PRESENT THE FINAL REPORTS IN
[00:14:37] OUR EXIT CONFERENCE. THE NEW AUDITING
[00:14:40] STANDARD ALSO REQUIRES US TO LOOK AT
[00:14:42] OTHER INFORMATION THAT'S PRESENTED ALONG
[00:14:44] WITH THE FINANCIAL STATEMENTS, AND
[00:14:45] THAT'S USUALLY INFORMATION THAT'S
[00:14:47] INCLUDED IN THE ANNUAL FINANCIAL REPORT.
[00:14:51] SO ANYTHING THAT PRECEDES THE FINANCIAL
[00:14:54] STATEMENTS AND THE MANAGEMENT DISCUSSION
[00:14:56] ANALYSIS, I DO HAVE TO SAY THAT WE WILL
[00:14:59] NOT HAVE TO DO A LOT MORE ADDITIONAL
[00:15:02] WORK WITH RESPECT TO THAT.
[00:15:03] HISTORICALLY, MANAGEMENT DID PROVIDE US
[00:15:06] THE ENTIRE DOCUMENT OF THE ANNUAL REPORT
[00:15:09] WITH ALL OF ITS STATISTICAL INFORMATION
[00:15:11] AND TRANSMITTAL LETTER AND EVERYTHING
[00:15:13] ELSE. AND WE JUST READ THROUGH THAT
[00:15:15] INFORMATION, MAKE SURE IT'S CONSISTENT
[00:15:17] WITH THE INFORMATION THAT WE USE IN OUR
[00:15:19] AUDIT. MAKE SURE NOTHING INCLUDED IN
[00:15:24] THAT INFORMATION IS INCONSISTENT OR
[00:15:26] MISLEADING TO THOSE READING THE
[00:15:29] FINANCIAL REPORT. ONCE AGAIN NEW
[00:15:32] AUDITING STANDARD. THE BIGGEST IMPACT IS
[00:15:34] THE LOOK OF THE AUDITOR OPINION. THE
[00:15:37] REST OF THE PROCEDURES, I DON'T THINK
[00:15:39] WILL HAVE A SIGNIFICANT IMPACT ON WHAT
[00:15:41] WE WILL BE DOING ONE OTHER.
[00:15:45] I THINK THAT CONCLUDES MY PRESENTATION.
[00:15:47] BUT THERE WAS ONE OTHER THING THAT I
[00:15:49] WANTED TO MENTION WHEN I TALKED ABOUT
[00:15:51] OUR TEAM. I DID WANT TO STRESS THAT,
[00:15:54] AS WE HAVE DONE HISTORICALLY, KEEPING
[00:15:57] OUR COMMITMENT TO THE PORT AND THE
[00:16:00] COMMISSIONERS WITH RESPECT TO INVOLVING
[00:16:03] SMALLER BUSINESS FIRMS. AS PART OF OUR
[00:16:05] TEAM, WE WILL HAVE TWO FIRMS OR
[00:16:07] REPRESENTATIVES OF TWO FIRMS ONCE AGAIN
[00:16:10] JOINING OUR TEAM AND BECOMING PART OF
[00:16:12] OUR TEAM. IT'S AVIATION CONSULTING
[00:16:16] AND BRANCH AND RETURNS. THEY WERE PART
[00:16:20] OF OUR TEAM DURING OUR INTERIM WORK IN
[00:16:22] SEPTEMBER AND OCTOBER, AND WE'LL COME
[00:16:24] BACK AND CONTINUE TO WORK WITH OUR TEAM
[00:16:26] IN MARCH AND APRIL AGAIN WITH
[00:16:30] THAT THAT CONCLUDES MY PRESENTATION. IF
[00:16:32] ANY OF THE COMMITTEE MEMBERS HAVE ANY
[00:16:34] QUESTIONS, I'M HAPPY TO ANSWER THOSE.
[00:16:37] WELL, EXCELLENT. THANK YOU SO MUCH.
[00:16:40] PRESENTATION. COMMITTEE MEMBERS, PLEASE
[00:16:43] MUTE YOURSELVES FOR QUESTIONS AND
[00:16:45] COMMENTS. PRESENTERS WILL REMAIN UNMUTED
[00:16:47] AS WELL. PLEASE CALL THE ROLL.
[00:16:50] THANK YOU. BEGINNING WITH COMMISSIONER,
[00:16:52] CHO, QUESTIONS OR COMMENTS. NO REAL
[00:16:55] QUESTION. I JUST WANT TO THANK YOU ALL
[00:16:56] FOR THE GREAT WORK AND FOR KEEPING US ON
[00:16:58] THE TRACKS. I'M GLAD TO SEE IN HERE THAT
[00:17:00] WE'RE GOING TO HAVE SOME CONTINUITY
[00:17:01] GOING NEXT YEAR. SO WELCOME BACK AND

[00:17:04] LOOK FORWARD TO IT. THANKS. THANK YOU,
[00:17:08] COMMISSIONER CHO A MEMBER GHERKE. NO
[00:17:10] QUESTION. THANK YOU. THANK YOU,
[00:17:12] COMMISSIONER BOWMAN. GREAT. I DON'T
[00:17:15] HAVE ANY QUESTIONS EITHER. IT JUST SEEMS
[00:17:18] LIKE A GOOD, COMPREHENSIVE PLAN AND
[00:17:20] REALLY APPRECIATE THE WIDE VARIETY OF
[00:17:23] AREAS. AND I DID WANT TO COMMENT. I ALSO
[00:17:25] VERY MUCH APPRECIATE YOUR COMMENTS
[00:17:26] TOWARDS THE END ABOUT INCLUDING SOME
[00:17:29] SMALLER BUSINESSES IN THE WORK OF MOSS
[00:17:31] ADAMS. THAT'S OBVIOUSLY VERY IMPORTANT
[00:17:33] TO THE PORT TO PROVIDE OPPORTUNITIES.
[00:17:36] AND SO IT'S GOOD TO SEE THAT YOU ALL
[00:17:38] SHARE THOSE SAME VALUES. SO I VERY MUCH
[00:17:40] APPRECIATE THAT. I THINK IT LOOKS
[00:17:43] LIKE IT'S GOING TO BE A GOOD YEAR. SO IF
[00:17:45] THERE ARE NO OTHER QUESTIONS AT THIS
[00:17:47] TIME FOR THE MOSS EVIDENCE TEAM, I THINK
[00:17:49] WE'LL MOVE ON TO THE NEXT ITEM THAT
[00:17:53] WOULD BE ITEM NUMBER FOUR ON THE AGENDA,
[00:17:55] WHICH IS AN UPDATE REGARDING THE
[00:17:57] EXTERNAL AUDIT SERVICES SELECTION FOR
[00:18:00] 2022 TO 2026 OPERATING PERIODS.
[00:18:03] PRESENTERS, WOULD YOU PLEASE UNMUTE
[00:18:05] YOURSELF? HI.
[00:18:08] CAN YOU GUYS HEAR ME? WE CAN.
[00:18:12] MS. LAMB, GO AHEAD AND PROCEED, PLEASE.
[00:18:14] ALL RIGHT.
[00:18:19] SO GOOD AFTERNOON, COMMISSIONER CHO AND
[00:18:22] COMMISSIONER BOWMAN AND PUBLIC MEMBER
[00:18:24] CHRISTINA GHERKE. MY NAME IS LISA LAM.
[00:18:27] I'M THE ASSISTANT DIRECTOR OF ACCOUNTING
[00:18:29] AND FINANCIAL REPORTING. I'M HERE TODAY
[00:18:31] TO REQUEST YOUR ENDORSEMENTS, THE
[00:18:34] SELECTION OF THE EXTERNAL INDEPENDENT
[00:18:37] AUDITOR AND INFORM THE FULL COMMISSION
[00:18:40] OF THE EXTERNAL INDEPENDENT AUDITOR
[00:18:42] SELECTION THAT WE HAVE MADE AS A TEAM IN
[00:18:46] THE PORT AND PURSUANT FOR THEIR
[00:18:48] AUDIT COMMITTEE CHARTER. THIS IS KIND OF
[00:18:50] THE STEP THAT WHERE WE ADD THE TEAM
[00:18:52] SELECTED MOSS ADAM LLP BASED ON THE OPEN
[00:18:56] COMPETITIVE PROCESS AS A KIND OF RECAP.
[00:19:00] OUR CURRENT INDEPENDENT EXTERNAL AUDIT
[00:19:03] SERVICE CONTRACT IS EXPIRING IN MAY 2022
[00:19:07] NEXT YEAR AFTER THE 2021 FINANCIAL
[00:19:10] STATEMENT AUDIT PERIOD COMPLETE AND WE
[00:19:14] KIND OF IN THERE JUST NOW. THE ENTRANCE
[00:19:15] CONFERENCE REALLY SIMILAR. THE SCOPE OF
[00:19:18] WORK OF OUR EXTERNAL ORDER SERVICES
[00:19:20] INCLUDE INDEPENDENT AUDIT OPINION FOR
[00:19:24] THE FINANCIAL STATEMENTS FOR THE
[00:19:25] ENTERPRISE FUND FOR THE PORT. ALSO THE
[00:19:29] FIDUCIARY FUND THAT IS REALLY
[00:19:31] REPRESENTING THE WAREHOUSE AND PENSION
[00:19:32] TRUST FUND AND THE NET REVENUE AVAILABLE
[00:19:36] FOR REVENUE BOND DEBT SERVICE THAT BOND
[00:19:39] COVERING CALCULATION, INCLUDING IN OUR
[00:19:41] PUBLIC OFFERING DOCUMENT. WHEN WE ISSUE
[00:19:43] BONDS. OUR OPINIONS
[00:19:46] ARE SINGLE AUDIT WHEN WE RECEIVE FEDERAL
[00:19:48] GRANT AWARDS, PASSENGER FACILITY CHARGE

[00:19:52] PROGRAM AUDIT THAT IS MANDATED BY FAA
[00:19:56] AND TWO AGREE UPON PROCEDURE REPORTS,
[00:19:59] ONE FOR WASHINGTON STATE DEPARTMENT OF
[00:20:01] ECOLOGY FOR TERMINAL 91. THE OTHER
[00:20:04] ONE IS FOR ENVIRONMENTAL PROTECTION
[00:20:07] AGENCY, EPA FOR EAST WATERWAY.
[00:20:12] IN JUNE I CAME TO THE AUDIT COMMITTEE
[00:20:15] AND PROVIDE YOU THE SOLICITATION
[00:20:18] DOCUMENTS. THERE INCORPORATE ALL THE
[00:20:20] EVALUATION CRITERIA BEING REVIEWED BY
[00:20:23] THE SAME ORDER COMMITTEE AND APPROVED.
[00:20:26] AND I ALSO PRESENTED IN JULY
[00:20:29] COMMISSION MEETING TO SEEK THE FULL
[00:20:32] COMMISSION AUTHORIZATION TO ALLOW
[00:20:35] DIRECTORS TO METRIC TO EXECUTE AN
[00:20:38] EXTERNAL INDEPENDENT ORDER SERVICE
[00:20:40] CONTRACT. ONE IS THIS COMPETITIVE
[00:20:42] PROCESS AND CURRENTLY THE STEP OF
[00:20:45] SEEKING ORDER COMMITTEE ENDORSEMENT OF
[00:20:48] OUR SELECTION AND BREATHING THE FULL
[00:20:50] COMMISSION AFTERWARDS. THEN WE CAN
[00:20:53] EXECUTE A CONTRACT THAT IS PURSUING OUR
[00:20:56] CURRENT CENTRAL HUMAN OFFICE POLICY CPO
[00:21:00] POLICY.
[00:21:02] SO BESIDES THE SOLICITATION DOCUMENTS
[00:21:06] BEING REVIEWED BY THE ORDER COMMITTEE,
[00:21:08] THIS ENTIRE PROCESS FROM DRAFTING
[00:21:10] ADVERTISING, EVALUATION AND SELECTION OF
[00:21:15] EXTERNAL INDEPENDENT AUDITOR FIRMS.
[00:21:18] THIS PROCESS HAS BEEN LED BY OUR CPO
[00:21:20] OFFICER WITH THE PARTICIPATION OF
[00:21:23] INDEPENDENT INTERNAL AUDIT DEPARTMENT.
[00:21:26] WE ALSO INCLUDE WOMEN MINORITY
[00:21:30] BUSINESS ENTERPRISE DEPARTMENT
[00:21:31] REPRESENTATIVE TO INCORPORATE DIVERSITY
[00:21:34] IN CONTRACTING PROGRAMS IN THIS
[00:21:36] SOLICITATION. SO IN AUGUST THE
[00:21:39] CORPS RECEIVED FOUR NATIONAL PUBLIC
[00:21:41] ACCOUNTING FIRMS PROPOSAL.
[00:21:45] ALL FOUR PROPOSALS WERE EVALUATED
[00:21:47] AGAINST THE PREDETERMINED EVALUATION
[00:21:49] CRITERIA REVIEWED BY THE ORDER COMMITTEE
[00:21:52] IN THE SEASON DOCUMENT AND THE
[00:21:56] EVALUATION TEAM INCLUDE FOUR
[00:21:58] REPRESENTATIVES FROM VARIOUS OTHER
[00:22:01] DEPARTMENTS IN THE PORT OF SEATTLE.
[00:22:03] THEY ARE FROM THE ACCOUNTING FINANCIAL
[00:22:05] REPORTING DEPARTMENT, AVIATION FINANCE
[00:22:08] AND BUDGET DEPARTMENT, INTERNAL AUDIT
[00:22:10] DEPARTMENT AND THE WINDY DEPARTMENT AND
[00:22:13] THE ENTIRE PROCESS. AGAIN, I WANT TO
[00:22:15] EMPHASIZE WITH THE PRESENCE OF A CPO
[00:22:18] REPRESENTATIVE. SO HERE IS SOME
[00:22:22] HIGHLIGHT OF THE STRENGTH OF THE OVERALL
[00:22:25] PROPOSAL PRESENTED BY MOSS ADAM AND THE
[00:22:29] CURRENT SELECTED PROPOSAL BASED ON THE
[00:22:31] TEAM EVALUATION. SO HERE ARE SOME
[00:22:34] HIGHLIGHTS. SO MOSS ADAMS PROPOSAL THEY
[00:22:38] INCLUDE A PROPOSED ENGAGEMENT TEAMS
[00:22:40] EXPERIENCE COMPRISED OF A COMBINATION OF
[00:22:42] A PUBLIC SECTOR CLIENT THAT ARE VERY
[00:22:44] SIMILAR IN SIZE AND INDUSTRY TO THE PORT
[00:22:48] THEY HAVE COMMITTED THE EARLIEST

[00:22:50] COMPLETION DATE OF ALL DELIVERABLE.
[00:22:52] AMONG ALL THE OTHER EVALUATION THAT WE
[00:22:55] HAVE SEEN, THERE ARE 20 DAYS EARLIER
[00:22:59] THAN THE REQUIRED DEADLINE TO COMPLETE
[00:23:01] FOR OUR AGREE UPON PROCEDURE REPORT AND
[00:23:04] FIVE DAYS EARLIER THAN THE REQUIRED
[00:23:07] DEADLINE FOR ALL THE REMAINING REPORT.
[00:23:10] THEY ALSO INCLUDE A SOLID EXAMPLE FROM
[00:23:13] THE PORT CLIENT EXPERIENCE TO IDENTIFY
[00:23:16] POTENTIAL AUDIT RISK AND AUDIT
[00:23:19] APPROACHES FOR THE NEW ACCOUNTING
[00:23:21] STANDARD FOR THE FOURTH THAT'S COMING UP
[00:23:23] IN 2022. THEY ALSO INCLUDED
[00:23:27] SOLID QUALITY IMPROVEMENT PROGRAM ALONG
[00:23:31] WITH CAREFUL CONSIDERATION OF ADOPTING
[00:23:33] NEW AUDITING STANDARD PROCEDURE TO
[00:23:35] IMPROVE AUDIT EFFICIENCY AND QUALITY.
[00:23:38] EXAMPLE WAS THE NEW SSAE
[00:23:42] AUDIT STANDARD NUMBER 19 FOR THE
[00:23:44] AGREEMENT PROCEDURE PROCESS
[00:23:48] AND REVIEW. LASTLY, THEY COMMITTED 15%
[00:23:52] IN DIVERSITY IN CONTRACTING PROGRAM WITH
[00:23:55] THE INTEGRATION OF WINDY FIRMS INTO THE
[00:23:57] OVERALL ORDER ENGAGEMENT AND WORK ORDER
[00:24:01] COMMITTEE. DO YOU HAVE ANY QUESTIONS FOR
[00:24:02] ME WITH US COMING TO SEEK
[00:24:06] ENDORSEMENT OF THE SELECTION OF THE NEXT
[00:24:09] EXTERNAL INDEPENDENT AUDITOR FOR REPORT,
[00:24:17] MR. BOWMAN, WOULD YOU LIKE ME TO CALL
[00:24:18] THE ROLL FOR ANY QUESTION? YES. I'M
[00:24:21] SORRY. I WAS JUST GOING TO SAY THANK YOU
[00:24:22] SO MUCH, MS. LAMB, FOR THE PRESENTATION.
[00:24:25] YES, IT'S COMMITTEE MEMBERS. IF YOU
[00:24:27] COULD UNMUTE YOURSELVES AND CLERK HART,
[00:24:29] PLEASE CALL THE ROLL. THANK YOU.
[00:24:31] BEGINNING WITH COMMISSIONER CHO.
[00:24:35] NO, I JUST WANTED TO COMMENT AND THINK
[00:24:38] THE COMMITMENT TO 15% MINORITY
[00:24:41] BUSINESSES. I THINK IT'S GOOD TO HAVE
[00:24:43] CONTINUITY, BUT I ALSO THINK AND I THINK
[00:24:46] REALLY AGREES THAT IT'S GOOD TO PROVIDE
[00:24:48] OPPORTUNITIES IN SMALLER FIRMS AND
[00:24:50] MINORITY ON FIRMS TO ALSO GET THEIR FEET
[00:24:53] WET IN DOING THIS SO THAT SOMEDAY THEY
[00:24:56] CAN SOMEHOW WORK WITH LARGER PUBLIC
[00:24:58] ENTITIES ON STUFF LIKE THIS. AND SO I
[00:25:00] APPRECIATE MOST ITEMS ACCOMMODATING THAT
[00:25:02] I LOOK FORWARD TO SEEING THE
[00:25:04] COLLABORATION. BUT OTHER THAN THAT, I
[00:25:06] DON'T HAVE MUCH TO ADD. THANK YOU.
[00:25:08] THANK YOU, COMMISSIONERS MEMBER GHERKIE,
[00:25:10] I DON'T HAVE ANY ADDITIONAL QUESTIONS OR
[00:25:12] COMMENTS. THANK YOU. THANK YOU,
[00:25:14] COMMISSIONER BOWAN.
[00:25:17] NO QUESTIONS. JUST WANTED TO THANK THE
[00:25:20] TEAM FOR ALL OF YOUR WORK ON THIS. AND I
[00:25:22] KNOW THAT OVER THE YEARS, HOW MUCH TIME
[00:25:25] IT TAKES TO DO SELECTION AND PUT
[00:25:27] TOGETHER AGAIN THE AUDIT PLAN. SO I JUST
[00:25:30] WANT TO SAY HOW MUCH I APPRECIATE
[00:25:31] EVERYTHING THAT YOU'VE DONE. I'M REALLY
[00:25:33] PROUD, ACTUALLY, OF THE WORK THAT OUR
[00:25:35] AUDIT TEAM DOES EVERY YEAR. YOU GUYS DO

[00:25:38] A FANTASTIC JOB, AND IT'S VERY
[00:25:40] COMPREHENSIVE. AND I HOPE THAT THE
[00:25:42] PUBLIC HAS THE SAME AMOUNT OF TRUST IN
[00:25:46] THE WORK THAT YOU DO AND THE
[00:25:48] TRANSPARENCY THAT YOU PROVIDE. SO REALLY
[00:25:50] APPRECIATE THAT WITH THAT, IS THERE
[00:25:54] A MOTION TO APPROVE ITEM NUMBER FOUR,
[00:25:57] MR. BOWMAN, BEFORE WE CALL FOR THE
[00:25:59] MOTION, I DO SEE MR. KHALIFA HAS HIS
[00:26:01] HAND UP. OH, I'M SORRY. GO AHEAD,
[00:26:04] RUDY. THANK YOU FOR BEING RECOGNIZED. I
[00:26:07] APPRECIATE IT VERY MUCH. COMMISSIONERS
[00:26:08] BOWMAN AND COMMISSIONER SHOW YOU BOTH
[00:26:10] HOOKED ON THE POINT WITH REGARD TO THE
[00:26:12] PRIORITY AND THE DIRECTION THAT THE
[00:26:15] COMMISSION HAS PUT FORTH TO EXECUTIVE
[00:26:17] STAFF WITH REGARD TO WOMEN MINORITY
[00:26:19] OWNED BUSINESS PARTICIPATION IN
[00:26:20] CONTRACTING. AND THIS IS SOMETHING
[00:26:22] EXCEPTIONAL WITH REGARD TO MOSS ADAMS IN
[00:26:24] TERMS OF THEIR ENGAGEMENT AND EMBRACING
[00:26:26] THAT PRIORITY TO THEM AS WELL WITH
[00:26:29] REGARD TO THIS PARTICIPATION. AND I JUST
[00:26:32] WANT TO CLARIFY HERE, SINCE IT IS VERY
[00:26:34] IMPORTANT IN TERMS BEFORE THE SEATTLE
[00:26:36] BEING SOLD. PROGRESSIVE REGARD TO WMB
[00:26:39] PARTICIPATION. THIS IS JUST A 15% PIECE
[00:26:42] OF THE ACTION IN TERMS OF THE DOLLARS.
[00:26:44] MAZDA ADAMS HAS WORKED WITH US AND
[00:26:46] COMMITTED TO CONTINUE TO WORK WITH US
[00:26:47] WITH REGARD TO PROVIDING AN OPPORTUNITY
[00:26:50] FOR WOMEN MINORITY ON BUSINESSES TO
[00:26:52] GROW. SO THEY ARE NOT JUST GIVEN A PIER
[00:26:54] OF THE AUDIT WORK, THEY BECOME AN
[00:26:56] INTEGRAL PART OF THE MOSS ADAMS AUDIT
[00:26:58] TEAM. THEY'RE GIVEN THE MOSS ADAMS
[00:27:00] LAPTOP. THEY'RE GIVEN THE TRAINING, THE
[00:27:02] ACCESS AND EVERYTHING. SO OUR GOAL HERE
[00:27:04] AT THE PORT OF SEATTLE RESPECTING
[00:27:05] DIRECTION TO PORT COMMISSIONERS IS THAT
[00:27:07] WE WANT TO BUILD A RESUME OF WMB FIRMS
[00:27:11] SOMEDAY THEY CAN GET UP THERE AND SAY
[00:27:12] WE'RE NOT PART OF MOSA. WE ARE CAPABLE
[00:27:15] OF DOING BIGGER AUDITS. SO THIS IS
[00:27:18] REALLY FULFILLING. VERY PROACTIVELY THE
[00:27:20] DIRECTION THE PORT COMMISSION. AND I
[00:27:22] WANT TO THANK MOSS ADAMS FOR THAT
[00:27:23] COMMITMENT AND ONGOING WITH REGARD TO
[00:27:26] MOVING FORWARD AS WELL. IT'S A VERY
[00:27:27] IMPORTANT POINT TO MAKE TO THE PUBLIC
[00:27:29] WITH REGARD TO THE COMMITMENT WE ARE
[00:27:30] MAKING FOR SMALL BUSINESSES. THANK YOU,
[00:27:34] RUDY. THAT'S GREAT. THANK YOU SO MUCH
[00:27:36] FOR BRINGING THAT UP. AND I ABSOLUTELY
[00:27:38] LOVE I DON'T THINK IT'S JUST
[00:27:41] INSPIRATIONAL THAT SOME OF THESE SMALLER
[00:27:44] FIRMS WOULD ONE DAY TAKE OVER THE AUDIT.
[00:27:46] I REALLY HOPE THAT THAT HAPPENS NOTHING
[00:27:48] AGAINST MOSS ADAMS, BUT SOMETIME IN THE
[00:27:50] VERY NEAR FUTURE, I LOVE THE IDEA THAT
[00:27:52] WE'RE BEING A PART OF BUILDING CAPACITY.
[00:27:56] SO THANK YOU FOR BRINGING THAT UP.
[00:27:58] REALLY APPRECIATE IT. THANK YOU. AND

[00:28:00] THERE'S A LOT OF CREDIT TO DIVERSITY AND
[00:28:02] CONTRACTING OPERATIONS UNDER ME AND
[00:28:04] RICE. THEY PUT FORWARD A PORT GEN
[00:28:07] PROGRAM, AND WE INVITED ALL WMB
[00:28:10] FIRMS. THEY'RE INTERESTED IN THE
[00:28:12] ACCOUNTING, AUDITING, FINANCE, TREASURY
[00:28:14] ARENA AND CONTRACTING. AND WE COLLECTED
[00:28:17] BUSINESS CARDS. AND WE ARE ROTATING THIS
[00:28:18] OPPORTUNITY HERE WITH REGARD TO FIRMS TO
[00:28:21] BE ABLE TO ALIGN WITH MOSS ADAMS IN THIS
[00:28:23] CONTEXT, IT IS A VERY SOLID PROGRAM THAT
[00:28:25] WE'RE EMBRACING MOVING FORWARD. THANK
[00:28:27] YOU. THAT'S GREAT TO HEAR, RUDY. I
[00:28:30] WASN'T AWARE THAT THAT WAS PART OF
[00:28:32] PORT GAN. THAT'S FANTASTIC. IT IS.
[00:28:34] THAT'S EXACTLY HOW THAT PROGRAM IS
[00:28:36] SUPPOSED TO WORK. I APPRECIATE THAT.
[00:28:39] THANK YOU. ALL RIGHT. WELL, IF THERE IS
[00:28:42] NO FURTHER DISCUSSION, I'LL GO BACK TO
[00:28:46] CALKINS FOR A MOTION TO APPROVE ITEMS
[00:28:48] NUMBER FOUR. SO MOVED.
[00:28:52] EXCELLENT. AND I WILL SECOND CLERK HART,
[00:28:55] PLEASE CALL THE ROLL FOR THE VOTE.
[00:28:57] THANK YOU. BEGINNING WITH COMMISSIONERS
[00:28:58] CHO. AYE. THANK YOU, COMMISSIONER BOWMAN.
[00:29:02] AYE. THANK YOU. YOU DO HAVE TWO YESES AND
[00:29:06] ZERO NOS FOR THIS ITEM. THANK YOU SO
[00:29:08] MUCH. ALL RIGHT. THE MOTION IS APPROVED.
[00:29:12] ALL RIGHT. WE ARE NOW AT ITEM NUMBER
[00:29:15] FIVE ON THE AGENDA. THE 2021 AUDIT PLAN
[00:29:17] UPDATE. MR. FERNANDEZ, I BELIEVE THAT
[00:29:20] YOU ARE OUR PRESENTER FOR THIS ITEM. I
[00:29:22] AM, MICHELLE. IF YOU CAN PULL UP THE
[00:29:24] DECK POINT AND WE'LL
[00:29:27] GET STARTED AND I WILL TRY TO KEEP THIS
[00:29:30] MOVING AND GET IT STOPPED AT 4:00 BECAUSE
[00:29:33] WE'VE GOT A NON PUBLIC SESSION AS WELL.
[00:29:36] COMING UP AFTER THIS NEXT SLIDE,
[00:29:37] PLEASE, MICHELLE. SO, COMMISSIONERS AND
[00:29:41] MS. GHERKE. THIS IS OUR 2021 AUDIT
[00:29:43] PLAN. ALL THE GREEN ESSENTIALLY SHOWS
[00:29:46] THAT WE'VE COMPLETED VIRTUALLY
[00:29:48] EVERYTHING. WE DID HAVE ONE AUDIT, THE T
[00:29:50] TWO AIRPORT PARKING GARAGE SYSTEM.
[00:29:52] WELL, IT NEVER OCCURRED BECAUSE OF
[00:29:54] COVID. IT'S MOVED TO NEXT YEAR. SO WE
[00:29:56] MOVED IT OUT TO NEXT YEAR AND WE DID
[00:29:58] PICK UP AN EXTRA AUDIT FOR THAT. WE TOOK
[00:30:00] IT OUT OF CONTINGENCY AUDITS. AND SO,
[00:30:03] IN A NUTSHELL, WE DID COMPLETE OUR TIRE
[00:30:05] PLAN. NEXT SLIDE, PLEASE, MICHELLE.
[00:30:11] IN 2021, WE ISSUED 19 REPORTS,
[00:30:15] SIX CAPITAL, SIX OPERATIONAL, FOUR
[00:30:17] CAPITAL FIVE. IT SO ON. WE IDENTIFIED
[00:30:22] SOME HIGH RISK ISSUES, TWELVE MEDIUM
[00:30:24] RISK AND SOME LOW SO NOTHING JUST OTHER
[00:30:28] THAN A FEW HIGH RISK ISSUES. IT'S BEEN A
[00:30:30] RELATIVELY LIGHT YEAR, A LOT OF
[00:30:32] IMPROVEMENT OPPORTUNITIES AND THINGS
[00:30:35] THAT WE'RE HERE TO HELP THE BUSINESS
[00:30:37] FIX. SOME OF THE THINGS WE DID DURING
[00:30:41] COVID IS AN
[00:30:44] AUDIT OF THE RENT CONFESSION DEFERRAL

[00:30:46] RECOVERY. WE LOOKED AT CHANGE ORDERS
[00:30:50] WITHIN CAPITAL PROJECTS BECAUSE THERE
[00:30:52] WERE A LOT OF COVID RELATED CHANGE
[00:30:53] ORDERS AND WE SAW SOME OPPORTUNITIES FOR
[00:30:55] IMPROVEMENT THERE. AND THEN BESIDES
[00:30:58] AUDITS, WE DO LITTLE OFFHAND PROJECTS
[00:31:01] HERE AND THERE, LIKE ONE
[00:31:04] OF CRUISE JOURNALS OF AMERICA NEEDED A
[00:31:06] RENT CREDIT. AND IN ORDER FOR THAT TO
[00:31:08] HAPPEN, THEY NEED SOMEBODY TO COME IN
[00:31:10] AND LOOK AT THEIR BOOKS AND AUDIT THEM
[00:31:13] IN ESSENCE AND SAY, YES, THEY HAVE A
[00:31:15] LOSS. WELL, IT WASN'T VERY DIFFICULT
[00:31:17] BECAUSE THEY CLEARLY HAD A LOSS LAST
[00:31:19] YEAR BECAUSE THEY DIDN'T HAVE ANY
[00:31:20] BUSINESS. BUT WE WENT AHEAD AND DID THAT
[00:31:24] FOR THAT. AND WITH
[00:31:27] CAPITAL PROJECTS, AS ALWAYS, WE HAVE A
[00:31:29] LOT OF CHANGE ORDERS, SCHEDULE DELAYS.
[00:31:31] THAT'S ALWAYS AN AREA FOR OPPORTUNITY.
[00:31:35] NEXT SLIDE. MICHELLE,
[00:31:38] WHEN WE LOOK AT OUR AUDITS, SOME
[00:31:40] HIGHLIGHTS ON WE OCCASIONALLY GET
[00:31:43] RECOVERIES FROM AUDITS. AND IN
[00:31:47] 2021 OF THE LEASE AND CONCESSION AUDITS,
[00:31:50] WE FOUND ABOUT \$169,000 IN REVENUE
[00:31:55] MONEY, THOUGH, TO THE BOARD THAT WEREN'T
[00:31:56] PAID. WE SUGGESTED WE'RE COVERING THOSE
[00:31:59] ON THE CAPITAL FRONT.
[00:32:03] WE HAD SOME
[00:32:07] SMALLER ITEMS, SOME CHANGE ORDERS TO
[00:32:09] ABOUT \$30,000, MOST OF THEM FROM THE
[00:32:12] CENTRAL TROUBLE AND INFRASTRUCTURE
[00:32:13] UPGRADE PROJECT, WHICH I BRIEFED ON
[00:32:16] COMMITTEE ON EARLIER IN THE YEAR. SO
[00:32:18] SMALL RIDERS, SMALL IMPROVEMENT OPTICS.
[00:32:20] BUT WE DO RECOVER SOME MONEY. NEXT
[00:32:23] SLIDE, PLEASE, MICHELLE.
[00:32:26] IMPROVABLE COST OVERRUNS WHEN WE DO
[00:32:29] HIGHLIGHT THINGS THAT COULD HAVE BEEN
[00:32:32] PREVENTED OR BETTER CONTROLS COULD HAVE
[00:32:34] ADDRESSED, WE CAPTURE THOSE AND
[00:32:36] HIGHLIGHT THEM AS WELL. AGAIN, SMALL FOR
[00:32:39] 2021, WE IDENTIFIED \$29,000
[00:32:43] CHANGE ORDER ON THE BAGGAGE SIDE.
[00:32:46] BAGGAGE OPTIMIZATION PROJECT. I KNOW
[00:32:48] IT'S A VERY LARGE PROJECT, AND THESE ARE
[00:32:50] SMALL DOLLAR AMOUNTS THAT THEY ALL HAVE.
[00:32:53] NEXT SLIDE, PLEASE, MICHELLE.
[00:32:57] SO WITH THAT COMMISSIONERS, UNLESS
[00:33:00] ANYONE HAS ANY QUESTIONS, I'M GOING TO
[00:33:02] TALK JUMP RIGHT INTO HOW WE BUILD UP OUR
[00:33:05] AUDIT PLAN FOR 2022.
[00:33:08] AND WITH THAT,
[00:33:12] I'LL START BY SAYING WE TALK TO KEY
[00:33:15] LEADERS WITHIN THE ORGANIZATION, A
[00:33:17] VARIETY OF THEM AT DIFFERENT LEVELS,
[00:33:19] PEOPLE THAT ARE CLOSE TO OPERATIONS,
[00:33:23] PEOPLE THAT OWN CRITICAL FUNCTIONS, AND
[00:33:26] WE SPEND TIME WITH THEM. WE KIND OF KICK
[00:33:29] THE TIRES TO DO A MINI RISK ASSESSMENT.
[00:33:32] SO THESE ARE SOME EXAMPLES OF THE
[00:33:34] DEPARTMENTS THAT WE TALK TO. AND THEN

[00:33:38] FROM THOSE DISCUSSIONS, WE COME UP WITH
[00:33:40] SOME OF THE KEY RISK TEAMS THAT WE SEE
[00:33:42] SEVERAL LEADERS ACROSS THE ORGANIZATION.
[00:33:45] THEY HAVE TO BE USUALLY REPETITIVE FOR
[00:33:47] US TO CAPTURE THEM OR SIGNIFICANT.
[00:33:50] AND CLEARLY EVERYONE HAD RESOURCE
[00:33:53] ISSUES, TOTALLY VACCINE MANDATES, AGING
[00:33:55] WORKFORCE, BUT WE KNOW THAT THAT CAME
[00:33:58] WITH NO SURPRISE. PAYROLL.
[00:34:02] THERE ARE SOME OPPORTUNITIES THAT PEOPLE
[00:34:03] NOTED FOR IMPROVING PEOPLE WHERE
[00:34:07] ADMINS ARE PROVING TIME AND BECOMES A
[00:34:10] LITTLE BIT DIFFICULT TO GET ACCURACY IN
[00:34:12] CERTAIN SITUATIONS BECAUSE THE ADMINS
[00:34:16] HAVE TO RELY ON THE INDIVIDUALS THAT ARE
[00:34:18] WORKING TO LET THEM KNOW HOW MANY HOURS
[00:34:20] THE PORT. THERE IS MAYBE AN OPPORTUNITY
[00:34:23] FOR IMPROVEMENT THAT WAS POINTED OUT TO
[00:34:26] US APPROVAL SYSTEMS
[00:34:29] AND DHC, WHICH WE LOOKED AT LAST YEAR,
[00:34:34] AND WE HIGHLIGHTED AS WELL. SO THESE ARE
[00:34:37] ALL THINGS THAT MADE US SAY, OKAY,
[00:34:38] PAYROLL IS PROBABLY AN OPPORTUNITY FOR
[00:34:40] IMPROVEMENT. GRANTS, GRANTS. I'M SORRY.
[00:34:43] GRANTS ARE ALWAYS SOMETHING
[00:34:47] THAT GETS FRUIT. NINE MAX ADAMS LOOKS AT
[00:34:49] THEM IN CASE OF THE FAA MIGHT COME IN
[00:34:51] AND LOOK AT THEM AS WELL. BUT WE HAD A
[00:34:54] LOT OF GRANTS AND GRANT COMPLIANCE WERE
[00:34:57] HIGHLIGHTED. CONSTRUCTION ALWAYS JUST
[00:35:00] BECAUSE OF THE AMOUNT OF MONEY WE SPEND
[00:35:03] AND GOVERNANCE, WITH NEW COMMISSIONERS
[00:35:05] COMING IN AND CHANGING PRIORITIES. AND
[00:35:07] THEN ALSO WE TALK TO COMMISSIONER CHO
[00:35:10] YOU. WE LISTEN FROM THE ONCOLOGY
[00:35:12] MEETINGS, AND WE DO TAKE INPUT FROM
[00:35:14] STEVE BANKS AND ALSO THE EXECUTIVES.
[00:35:16] NEXT SLIDE, PLEASE, MICHELLE.
[00:35:19] SO WITH THAT, WHEN WE BUILD UP OUR PLAN,
[00:35:24] WE HIGHLIGHTED SOME OPPORTUNITIES FOR
[00:35:27] AUDITS FOR NEXT YEAR PAYROLL CONTROLS,
[00:35:31] EMERGENCY PROCUREMENT VAST BY
[00:35:34] COMMISSIONER CALKINS. COMMISSIONER CHO
[00:35:36] AT THE LAST COMMITTEE MEETING,
[00:35:39] FEDERAL GRANT ADMINISTRATION, THE
[00:35:41] CARISSA AND RELIEF PROGRAM FOR THE
[00:35:44] TENANTS. AND WE GRANT
[00:35:48] A LOT THROUGH THE SOUTH KING COUNTY FUND
[00:35:51] AND OTHER PROGRAMS. SO COMMUNITY
[00:35:54] SUSTAINABILITY INITIATIVES. WE WANT TO
[00:35:57] MAKE SURE THAT THE MONEY IS BEING SPENT
[00:35:59] CORRECTLY AND FOR THE INTENDED PURPOSE.
[00:36:01] SO THAT WOULD BE SOMETHING THAT WE
[00:36:03] RECOMMEND PUTTING ON THE AUDIT PLAN.
[00:36:06] AND THEN THE CONTINGENCY AUDIT
[00:36:07] CONTRACTOR COPING 19 VACCINATION
[00:36:09] COMPLIANCE WAS SOMETHING THAT DIRECTOR
[00:36:13] METRIC ASKED. IN THE EVENT THAT
[00:36:16] WE DO REQUIRE CONTRACTORS TO COMPLY.
[00:36:21] HE WANTS TO MAKE SURE THAT THEY CLEARLY
[00:36:23] ARE COMPLIANT. IT'S JUST NOT A
[00:36:26] WINK, WINK, NOD, NOD. AND THEY SAY
[00:36:29] THEY'RE VACCINATED. NEXT SLIDE, PLEASE.

[00:36:37] ON THE CAPITAL FRONT, WE LOOK
[00:36:41] AT SIX CRITERIA FOR THE LARGER PROJECTS.
[00:36:46] THE PROJECT SIZE, CHANGE ORDERS, NUMBER
[00:36:48] OF CHANGE ORDERS, THE TYPE OF CONTRACT
[00:36:51] THEN, ARE THEY BEHIND SCHEDULE? ARE THEY
[00:36:54] OVER BUDGET. ARE THERE ANY KNOWN ERRORS,
[00:36:57] ERRORS OF COMMISSIONERS, POTENTIAL
[00:36:59] CLAIMS. WE LOOK AT ALL THOSE AND THEN
[00:37:02] COME UP WITH AN ITEM PLAN. A LOT OF THIS
[00:37:05] DETAIL IS AN APPENDIX A AT THE BACK OF
[00:37:07] THIS PRESENTATION FOR THE PUBLIC OR FOR
[00:37:10] ANYONE THAT WANTS TO LOOK AT ALL THE
[00:37:12] PROJECTS, HOW WE RISK RATED THEM. NEXT
[00:37:15] SLIDE MICHELLE SO
[00:37:20] FROM THAT LIST THAT'S IN THE BACK, THE
[00:37:22] PROJECTS THAT MADE IT UP TO THE TOP ARE
[00:37:26] THE IAF, WHICH WE'VE TALKED ABOUT
[00:37:29] PREVIOUSLY AUDIT COMMITTEE MEETINGS
[00:37:31] INTERIM WESTSIDE FIRE
[00:37:33] STATION BECAUSE AGAIN, IT'S BEHIND
[00:37:36] SCHEDULE AND ABOVE BUDGET, THE NORTH
[00:37:40] CENTER LINE RENOVATION EXPANSION. AND
[00:37:42] THIS IS A CLOSED OUT ON IT PRIMARILY
[00:37:44] BECAUSE OF THE SIZE. THAT AGAIN,
[00:37:46] SOMETHING THAT WAS BROUGHT UP A PREVIOUS
[00:37:48] AUDIT COMMITTEE MEETING AND THE SOUTH
[00:37:50] SATELLITE HIGH VOLTAGE AC
[00:37:54] INFRASTRUCTURE. AND THEN THE BOTTOM
[00:37:57] THREE AUDITS OPPOSED TO AIRLINE
[00:37:59] REIGNMENT C ONE BUILDING EXPANSION.
[00:38:02] MAKE SURETY LOW VOLTAGE THOSE ARE ALL
[00:38:04] REQUIRED AUDITS BECAUSE WHENEVER WE HAVE
[00:38:07] A GCCM TYPE PROJECT
[00:38:11] OR CAPITAL PROJECT, THE RCW ADVICE OF
[00:38:15] WASHINGTON REQUIRES THAT IN CERTAIN
[00:38:17] SITUATIONS,
[00:38:20] WHEN SUBCONTRACTORS ARE SELECTED BY THE
[00:38:23] GENERAL, THAT ALL OF THOSE COSTS ARE
[00:38:26] RECONCILED AND AUDITED BY AN INDEPENDENT
[00:38:28] AUDITOR. SO WE'VE ADDED THOSE TO THE
[00:38:31] PLAN AND WE WILL BE MANAGING THAT
[00:38:32] PROCESS WITH AN OUTSIDE INDEPENDENT
[00:38:35] AUDITOR THROUGH 2022.
[00:38:39] NEXT SLIDE, MICHELLE,
[00:38:43] WHICH STATES THAT ANOTHER
[00:38:47] LEG OF OUR STOOL, THE INFORMATION
[00:38:49] TECHNOLOGY AUDITS AND FOR INFORMATION
[00:38:53] TECHNOLOGY AUDITS, WE LOOK AT THE CENTER
[00:38:56] FOR INFORMATION TECHNOLOGY OR INTERNET
[00:38:59] SECURITY, ET CETERA. INTERNET SECURITY,
[00:39:01] WHICH IS CALLED CIS, AND THEY'RE
[00:39:05] A PROFESSIONAL TECH TECH THAT HAS AS
[00:39:09] OF RIGHT NOW, 18 KEY CONTROL AREAS AND
[00:39:12] 153 CONTROLS. AND THEY SAY THESE ARE
[00:39:15] FOUNDATIONAL CONTROLS. YOU DO THAT
[00:39:17] RIGHT. AND YOUR CYBER SECURITY RISK
[00:39:20] SIGNIFICANTLY DECREASED. SO ONE
[00:39:23] OF THE THINGS WE WANT TO DO IS CYCLE
[00:39:25] THROUGH THOSE IN THE NEXT FEW YEARS. WE
[00:39:27] CAN ONLY DO SO MANY A YEAR, BUT WE DO
[00:39:29] WANT TO CYCLE THROUGH ALL OF THEM AND
[00:39:31] MAKE SURE THOSE FOUNDATIONAL CONTROLS
[00:39:34] ARE ROBUST AND EXIST. AND ONCE WE CYCLE

[00:39:37] THROUGH THOSE, THEN WE'LL EXPAND TO
[00:39:40] OTHER INFORMATION TECHNOLOGY GENERAL
[00:39:42] CONTROL. RIGHT NOW. THAT'S WHERE OUR
[00:39:44] EMPHASIS IS ON THE CIS EIGHT TOP 18
[00:39:48] CONTROL AREAS. NEXT SLIDE,
[00:39:51] MICHELLE. SO WITH THAT,
[00:39:56] WE BREAK OUT. SO THE PORT HAS ICT
[00:40:01] OR INFORMATION TECHNOLOGY DEPARTMENT
[00:40:03] CALLED ICT THAT MANAGES MANY
[00:40:06] OF THE SYSTEMS CRITICAL SYSTEMS AND THEN
[00:40:09] AVIATION MAINTENANCE MANAGERS. A LOT OF
[00:40:11] THE SYSTEMS AT THE AIRPORT AND A LOT OF
[00:40:13] THEM ARE ALSO CLOSED NETWORK SYSTEMS AT
[00:40:15] THE PORT, MEANING THEY DON'T CONNECT TO
[00:40:17] THE OUTSIDE INTERNET, BUT NONETHELESS,
[00:40:20] THEY'RE CRITICAL INFRASTRUCTURE.
[00:40:24] YOU'LL SEE TWO LINES FOR EACH OF THESE
[00:40:26] AUDITS, ONE FOR ICT, ONE FOR AVIATION
[00:40:29] MAINTENANCE. AND THESE ARE THE CIS
[00:40:32] AUDITS. AND AT THE TOP THERE THE T TWO
[00:40:35] AIRPORT PARKING GARAGE AUDIT. THE SYSTEM
[00:40:39] REPLACEMENT IS A CARRYOVER FROM 2021.
[00:40:43] WE DO HAVE CONTINGENCY AUDITS IN CASE
[00:40:45] SOMETHING CHANGES. IF SOMETHING COMES
[00:40:47] UP, WE ALWAYS LIST OUT A FEW CONTINGENCY
[00:40:50] AUDITS. SO IF WE HAVE CAPACITY OR
[00:40:53] SOMETHING GETS PUSHED OUT. WE CAN MOVE
[00:40:54] CONTINGENCY AUDIT UP RIGHT AWAY AND GET
[00:40:56] STABBED BUSY. AND THEN NEXT SLIDE,
[00:40:59] PLEASE, MICHELLE. AND LAST, BUT NOT
[00:41:03] LEAST IN CONCESSION AUDITS,
[00:41:06] WE BASE THIS BASED ON THE REVENUE OF THE
[00:41:09] CONCESSIONNAIRES. THESE ARE ALL AIRPORT
[00:41:10] AUDITS. REMEMBER THE CONCESSIONNAIRES.
[00:41:13] A LOT OF THEM. IT'S AN HONOR SYSTEM
[00:41:15] WHERE THEY SEND IN THEIR FINANCIAL
[00:41:17] STATEMENTS AND BASED ON THAT, THEY PAY
[00:41:19] US A PERCENTAGE REVENUE. SO WE CYCLE
[00:41:22] THROUGH THOSE WHEN WE CAN AND THROUGH A
[00:41:26] CYCLE. SO IF THEY'RE REALLY LARGE, WE
[00:41:28] LOOK AT THEM EVERY FIVE TO SEVEN YEARS.
[00:41:30] IF THEY'RE MEDIUM SIZE, WE LOOK AT THEM
[00:41:34] EVERY TEN YEARS. THEY'RE REALLY SMALL.
[00:41:36] IT'S MORE OF A RANDOM PROCESS. WE TRY TO
[00:41:39] GET TO MANY OF THEM.
[00:41:42] NEXT SLIDE, PLEASE, MICHELLE. AND THIS
[00:41:45] YEAR WE'VE COVERED A LOT OF
[00:41:49] THE LARGER CONCESSIONNAIRES.
[00:41:53] WE'VE GOT THREE THAT HAVE COME UP
[00:41:55] INTERSERVICES A CLEAR CHANNEL AT THE
[00:41:57] AIRPORT AVIS, AND WE'RE GOING TO BE
[00:42:01] LOOKING AT TWO THE RENTAL CAR
[00:42:02] OPERATIONS, AVIS, BECAUSE IT'S BEEN
[00:42:05] ABOUT FIVE YEARS. PLUS, WE'VE LOOKED AT
[00:42:08] THOSE AND WE'VE GOT A CONTINGENCY THAT
[00:42:11] IF WE HAVE THE RESOURCES NOW, REMEMBER
[00:42:14] THE STAFF THAT WORK ON THESE ALSO HAVE
[00:42:16] TWO OPERATIONAL AUDITS. SO THEY MOVE
[00:42:19] BACK AND FORTH BETWEEN CONCESSION AUDITS
[00:42:21] AND OPERATIONAL AUDITS. AND THEN THE
[00:42:24] NEXT SLIDE, PLEASE, MICHELLE.
[00:42:27] AND THIS SLIDE,
[00:42:30] COMMISSIONERS, IS A QUICK OVERVIEW OF

[00:42:32] HOW MANY AUDITS WE'VE DONE A YEAR
[00:42:36] WITH OUR EXISTING TEAM. SO IT'S BEEN
[00:42:41] RELATIVELY STEADY. WE'RE PROPOSING 21
[00:42:44] AUDITS NEXT YEAR. 2018 WAS
[00:42:48] ANOMALY YEAR. THAT'S WHY IT'S A LITTLE
[00:42:50] HIGH BECAUSE WE HAD A LOT OF CARRIER
[00:42:52] AUDITS. THAT'S THE YEAR I JOINED THE
[00:42:54] PORT. THEREAFTER, IT'S BEEN 19 TO 20
[00:42:57] RANGE. AND WITH THAT, I'LL MOVE TO
[00:43:01] THE NEXT SLIDE. MICHELLE AND I'LL
[00:43:03] ENTERTAIN QUESTIONS. THIS IS A SNAPSHOT
[00:43:05] OF THE PROPOSED AUTO PLAN FOR 2022.
[00:43:10] COMMISSIONERS BOWMAN.
[00:43:16] ALL RIGHT. WELL, THANK YOU. SO LET'S
[00:43:19] MOVE ON TO QUESTIONS. COMMITTEE MEMBERS,
[00:43:21] COULD YOU PLEASE MEET YOURSELF AND QUICK
[00:43:23] HEART, PLEASE CALL ROLL FOR QUESTIONS
[00:43:26] BEGINNING WITH COMMISSIONER CHO.
[00:43:28] YEAH. GLENN, THANK YOU FOR THE
[00:43:30] PRESENTATION AND AUTO PLAN FOR 2022. I
[00:43:33] KNOW YOU AND I HAVE HAD A CONVERSATION
[00:43:35] ABOUT THIS SEPARATELY, BUT FOR THE
[00:43:37] PUBLIC AND FOR EVERYONE ELSE ON THE
[00:43:39] CALL, I JUST WANTED TO CALL OUT AND ASK
[00:43:41] THAT SOME OF THESE CAPITAL PROJECTS
[00:43:44] AUDITS THAT I WOULD ASK MAY NOT BE
[00:43:46] LOOKED AT JUST IN ISOLATION,
[00:43:50] BUT WE KIND OF COMPARE ONE PROJECT TO
[00:43:54] ANOTHER TO SEE WHERE CERTAIN COST
[00:43:56] OVERRUNS WERE, WHERE WE COULD HAVE BEEN
[00:43:58] BETTER. AND IN PARTICULAR, GIVEN THAT WE
[00:44:02] HAD, FOR INSTANCE, IF NORTH SATELLITE
[00:44:05] KIND OF RUNNING IN CONJUNCTION OR AT THE
[00:44:08] SAME TIME, HOW ONE PROJECT WAS ABLE TO
[00:44:11] CURB CERTAIN COSTS BETTER THAN THE
[00:44:13] OTHER. AND SO I WOULD ASK THAT YOU DO
[00:44:16] ALSO A COMPARISON OF PROJECTS DURING
[00:44:18] AUDIT PROCESS AND NOT JUST THE AUDITS IN
[00:44:22] SILOS. SO THAT'S THE ONLY COMMENT I HAD.
[00:44:25] THANK YOU, COMMISSIONERS. YES. NOTED.
[00:44:27] AND FOR THE PUBLIC, YES, WE WILL BE
[00:44:29] DOING THAT. AND COMMISSIONERS CHO AND I
[00:44:31] HAVE DISCUSSED THAT. THANK YOU. THANK
[00:44:34] YOU, COMMISSIONERS CHO. MEMBER GEHRKE.
[00:44:37] YEAH, THE QUESTION I HAVE TO DO WITH THE
[00:44:40] INFORMATION TECHNOLOGY AUDITS. I KNOW
[00:44:42] THAT I UNDERSTAND WHY YOU'RE SPLITTING
[00:44:44] ITC AND AVIATION MAINTENANCE BECAUSE
[00:44:47] THERE'S DIFFERENT RESPONSIBLE UNITS
[00:44:51] FOR THOSE. BUT WHAT I WANT TO KNOW IS
[00:44:54] THERE GOING TO BE SOMEONE ON YOUR TEAM,
[00:44:56] GLENN, WHO'S GOING TO LOOK AT THE
[00:44:58] FINDINGS ACROSS ALL THESE TO
[00:45:01] SEE IF THERE'S SOME COMMON TECHNOLOGY
[00:45:04] ISSUES THAT CROSS THESE THAT MAYBE
[00:45:08] NEED TO BE ELEVATED UP TO THE AUDIT
[00:45:11] COMMITTEE BECAUSE IT MAY BE MORE
[00:45:14] A SYSTEMIC ISSUE THAT MIGHT GET MISSED
[00:45:17] AS WE'RE BREAKING THE PORT INTO SMALLER
[00:45:19] CHUNKS. HOPEFULLY THAT QUESTION MAKES
[00:45:21] SENSE. ABSOLUTELY. MS.
[00:45:24] COOKIE. AND I'M GOING TO ASK BRUCE CLAU
[00:45:27] ALL TO UNMUTE HIMSELF AND PROVIDE LITTLE

[00:45:30] INPUT INTO THAT. I BELIEVE HE DOES DO
[00:45:32] THAT. BUT BRUCE PLEAD AND RESPOND
[00:45:36] TO MEMBER GEHRKE'S QUESTION.
[00:45:40] THANKS, GLENN. I'M BRUCE KAUSUL. I'M THE
[00:45:42] PORT. IT AUDIT MANAGER. AND SO IN ANSWER
[00:45:45] TO YOUR QUESTION, WE WILL DO THAT EVEN
[00:45:49] THOUGH WE'RE DOING THESE IN SEPARATE
[00:45:51] CHUNKS. IT AVIATION MAINTENANCE ARE
[00:45:54] TWO SEPARATE IT ORGANIZATIONS IN THE
[00:45:56] PORT. THEY'RE COMPLETELY SEPARATE. THEY
[00:45:58] HAVE DIFFERENT MANAGEMENT, DIFFERENT
[00:45:59] PROCESSES, DIFFERENT EQUIPMENT,
[00:46:01] DIFFERENT TECHNOLOGIES SOMETIMES. AND SO
[00:46:04] IT'S BETTER AND EASIER FOR US TO DO THE
[00:46:06] AUDIT SEPARATELY. BUT CERTAINLY WE'LL
[00:46:08] KEEP IN MIND ANYTHING THAT WE SEE
[00:46:10] BETWEEN THE TWO AREAS THAT'S COMMON OR
[00:46:14] SOMETHING THAT CAN BE IMPROVED. YOU'LL
[00:46:16] SEE SOME OF THAT, I THINK IN THE NON
[00:46:18] PUBLIC SESSION, LET ME GO OVER THE
[00:46:19] CONTINUOUS VULNERABILITY MANAGEMENT
[00:46:21] AUDIT, WHERE WE INCLUDED ALL THE IT
[00:46:23] AREAS OF THE PORT. IT MADE IT A LITTLE
[00:46:25] COMPLICATED, BUT WE WERE ABLE TO SPOT
[00:46:27] SOME OF THESE THINGS.
[00:46:31] YEAH. I JUST WANT TO MAKE SURE THE
[00:46:33] COMMITTEE KNOWS THE
[00:46:37] WHOLE OF ALL THE TECHNOLOGY ISSUES AND
[00:46:40] ANY COMMONALITIES ACROSS ALL OF THEM,
[00:46:42] BECAUSE I DON'T WANT SOMETHING LIKE THAT
[00:46:44] TO GET MISSED JUST BECAUSE OF HOW IT'S
[00:46:46] BEING REPORTED OUT INTO THE SMALLER
[00:46:48] PIECES. WE WILL BE SURE AND
[00:46:51] INCLUDE THAT.
[00:46:55] THANK YOU. MOVING TO OH, I'M SORRY. GO
[00:46:58] AHEAD. OH, THAT'S IT THE SHOW. OKAY.
[00:47:00] THANK YOU, COMMISSIONER BOWMAN, FOR
[00:47:03] QUESTIONS OR COMMENTS. GREAT. THANK YOU.
[00:47:06] IT JUST HEARD TO ME THERE'S GOING TO BE
[00:47:09] SIGNIFICANT CHANGE NEXT YEAR ON THIS
[00:47:12] COMMITTEE. OUR PUBLIC MEMBER GHERKE WILL
[00:47:16] BE LEAVING IN JULY. AND SO LOSING A LOT
[00:47:18] OF INSTITUTIONAL KNOWLEDGE.
[00:47:21] COMMUNITY MEMBER GHERKE. I REALLY
[00:47:22] APPRECIATE YOUR QUESTION AND YOUR FOCUS
[00:47:25] ON THOSE TECHNOLOGY AUDITS. YOU'VE
[00:47:27] BROUGHT A LOT OF EXPERIENCE TO THIS
[00:47:29] COMMITTEE, AND WE VERY MUCH APPRECIATE
[00:47:31] THAT. SO THANK YOU FOR BRINGING THAT UP,
[00:47:34] GLENN. MY QUESTION AGAIN, NOT A
[00:47:36] QUESTION. MORE OF A COMMENT. I REALLY
[00:47:38] APPRECIATE THE INCLUSION OF THE IAS IN
[00:47:42] THE PLAN. I WAS INVOLVED WITH THAT
[00:47:45] PROJECT. ACTUALLY, IT WAS ONE OF THE
[00:47:46] FIRST THINGS THAT I VOTED ON ALMOST
[00:47:48] EIGHT YEARS AGO WHEN I JOINED THE
[00:47:50] COMMISSIONERS WAS THE INITIAL DESIGN OF
[00:47:52] THE IAF, AND THE PROJECT HAS ADVANCED
[00:47:55] ALL THE WAY TO THE FACT THAT IT WILL BE
[00:47:57] OPENING HERE NEXT MONTH. SO WE HAD
[00:48:00] A LOT OF COSTS, A HUGE INCREASE IN
[00:48:03] THE BUDGET FOR A VARIETY OF REASONS.
[00:48:06] AND SO I REALLY APPRECIATE IT WAS

[00:48:08] IMPORTANT TO ME THAT WE INCLUDE THIS AND
[00:48:11] THANK YOU FOR DOING SO. THAT'S GOING TO
[00:48:13] BE REALLY AGAIN IMPORTANT FOR
[00:48:14] TRANSPARENCY. AND ALSO, I HOPE THAT YOU
[00:48:17] MENTIONED IT, BUT I HOPE THAT THE AUDIT
[00:48:19] WILL TAKE A GOOD LOOK AT THE GMC
[00:48:21] CONTRACTING METHOD, BECAUSE THAT WAS
[00:48:24] CERTAINLY A POINT OF DECISION MAKING
[00:48:28] WHEN THE COMMISSION AT THAT TIME. AND I
[00:48:30] BELIEVE IT HAD QUITE A BIT TO DO WITH
[00:48:32] THE EVENTUAL EXPLOSION OF THE BUDGET.
[00:48:36] IT WAS A NEW CONTRACTING METHOD FOR THE
[00:48:38] PORT, AND WE HAD A LOT OF LEARNING AND
[00:48:42] GROSS PAINS ASSOCIATED WITH THAT. SO ALL
[00:48:46] THAT TO SAY, THANK YOU VERY MUCH FOR
[00:48:47] INCLUDING IT. AND NOT MUCH ELSE WAS.
[00:48:51] GLENN, YOU WANTED TO COMMENT ON THAT?
[00:48:53] NO. YES. COMMISSIONERS BOWMAN, YOU'RE
[00:48:55] ABSOLUTELY RIGHT. YOU'VE BEEN PART OF
[00:48:59] THE VARIOUS AUDITS THAT WE'VE DONE ON
[00:49:01] THIS AND DRIVEN, AND YOU HAVE CLEARLY
[00:49:04] DRIVEN LOTS OF CHANGE WITH THE IA HAS
[00:49:07] GONE SIDEWAYS FROM TIME TO TIME. YES,
[00:49:10] WE'LL DEFINITELY LOOK AT THAT. WE'LL
[00:49:12] FOCUS ON THE CHANGE ORDERS AND COSTS,
[00:49:15] AND THERE'S JUST SOME THINGS THAT
[00:49:17] THERE'S JUST SO MUCH IT'S SUCH A BIG
[00:49:19] PROJECT THAT THERE'S SO MUCH THAT WE CAN
[00:49:22] IDENTIFY, BUT WE WILL DEFINITELY TRY TO
[00:49:23] BUILD AND IDENTIFY THINGS THAT'LL HELP
[00:49:26] THE PORT BE BETTER IN THE FUTURE.
[00:49:30] MICHELLE, I KNOW THE SLIDE VANISHED IF
[00:49:35] I PULLED THEM UP AGAIN.
[00:49:42] THE COMMISSIONERS IS ALSO SLIDE 16 ON
[00:49:45] THIS. MICHELLE, IF YOU GO ONE MORE SLIDE
[00:49:49] DOWN, WHICH TALKS ABOUT CONTINGENCY
[00:49:51] AUDITS, AS I MENTIONED EARLIER, IN THE
[00:49:53] EVENT THAT WE HAVE EXTRA CAPACITY,
[00:49:57] TIME OR SOMETHING HAS TO SHIFT, WE CAN
[00:50:01] MOVE ONE OF THESE UP AND GET IT DONE.
[00:50:04] SO WITH THAT COMMISSIONERS AND MS.
[00:50:08] GEHRKE, UNLESS YOU HAVE ANY OTHER
[00:50:10] QUESTIONS, WE WILL NEED APPROVAL OF
[00:50:13] THIS. GREAT. AND ACTUALLY,
[00:50:17] I'LL JUST MAKE A QUICK COMMENT AS WELL.
[00:50:19] THANK YOU, GLENN. YOU DO A GREAT JOB OF
[00:50:21] MAKING SURE THAT WE'VE GOT SOME ROOM FOR
[00:50:23] THOSE CONTINGENCY AUDITS. AND I WOULD
[00:50:24] THINK THAT AS WE EXPERIENCED DURING THE
[00:50:28] FIRST 2020 AND ALL OF THE FEDERAL
[00:50:30] DOLLARS THAT WERE COMING IN, THE ABILITY
[00:50:32] TO HAVE SOME EXTRA BANDWIDTH WITHIN THE
[00:50:34] STAFF AND THE PLAN TO BE ABLE TO TACKLE
[00:50:37] SOMETHING THAT MIGHT COME FORWARD. I
[00:50:39] REALLY APPRECIATE YOUR FORETHOUGHT ON
[00:50:40] THAT. I WOULD IMAGINE, ACTUALLY, AS WE
[00:50:44] MOVE FORWARD WITH THE BUILD BACK BETTER
[00:50:47] AND THE VARIOUS FEDERAL DOLLARS, WE'VE
[00:50:49] GOT LITERALLY HUNDREDS OF MILLIONS OF
[00:50:52] DOLLARS COMING IN TO THE PORT IN VARIOUS
[00:50:55] WAYS. AND SO I WOULD IMAGINE THAT THOSE
[00:50:58] WOULD BE RIGHT FOR AN AUDIT AT SOME
[00:51:00] POINT. AND SO IT'S JUST GREAT TO KNOW

[00:51:02] THAT YOU'RE ALREADY THINKING AHEAD ON
[00:51:05] THOSE THINGS. JUST A COMMENT.
[00:51:07] BUT IF THERE ARE NO OTHER QUESTIONS,
[00:51:11] MICHELLE, I DO NOT SEE ANY ADDITIONAL
[00:51:14] HANDS RAISED. OKAY. WELL, THEN I WILL
[00:51:17] MAKE A MOTION FOR APPROVAL OF THE
[00:51:22] ITEM NUMBER FIVE. EXCUSE ME. ITEM NUMBER
[00:51:25] SIX. YEAH, I THINK ITEMS NUMBER FIVE AND
[00:51:27] SIX KIND OF GOT COMBINED THERE. SO
[00:51:29] THAT'S CORRECT.
[00:51:33] DO I HEAR A MOTION REMOVED? EXCELLENT.
[00:51:36] AND I WILL SECOND QUICK HEART, PLEASE
[00:51:38] HOLD FOR THE VOTE BEGINNING WITH
[00:51:41] COMMISSIONER CHO. AYE. THANK YOU.
[00:51:44] MEMBER GHERKE, I'M SORRY. NO VOTE THERE.
[00:51:47] COMMISSIONER BOWMAN. AYE THANK YOU.
[00:51:50] WE DO HAVE TWO YESSES AND ZERO NO'S FOR
[00:51:52] THIS ITEM. EXCELLENT. THE MOTION
[00:51:56] IS APPROVED. ALL RIGHT. WE'RE GOING TO
[00:51:58] MOVE ON TO ITEM NUMBER SEVEN. OPEN
[00:52:00] ISSUES. FOLLOW UP REPORT, GLENN.
[00:52:04] OKAY, MICHELLE, NEXT SLIDE,
[00:52:07] PLEASE.
[00:52:11] SO COMMISSIONERS FOR THE PUBLIC,
[00:52:14] NOT ONLY DO WE HAVE AUDIT ISSUES, WE
[00:52:16] ALSO TRY TO MAKE SURE THAT THEY DON'T
[00:52:18] GET PUT UP ON A SHELF THAT NEVER LOOKED
[00:52:20] AT AGAIN. YES. WE WANT TO MAKE SURE THEY
[00:52:22] CLOSED DOWN. AND THAT'S WHY WE TRACKED
[00:52:24] THEM. MEMBER GEHRKE WAS INSTRUMENTAL IN
[00:52:28] DRIVING THIS CHART THAT WE NOW USE.
[00:52:31] BUT IT SHOWS YOU ALL THE OPEN ISSUES AND
[00:52:34] WHERE THEY STAND FROM TIME OF REPORT
[00:52:36] ISSUANCE AND FROM TARGET DATE WHEN
[00:52:40] THE INDIVIDUALS COMMITTED TO GETTING
[00:52:41] THEM FIXED. SO FROM
[00:52:45] LAST QUARTER THAT'S BEEN RELATIVELY
[00:52:47] FLAT. IT HAS A SLIGHT UPTICK, BUT NOT IN
[00:52:51] THE ONES THAT ARE OUTSTANDING. THEY'RE
[00:52:53] REALLY THE ZERO TO SIX MONTH CATEGORY
[00:52:56] AND NOT DUE CATEGORY REPORTS.
[00:53:00] THE PANDEMIC HAS SLOWED DOWN RESOLUTION
[00:53:03] OF SOME OF THESE A BIT, BUT FOR THE MOST
[00:53:06] PART, THE BUSINESS IS WORKING ON THEM,
[00:53:09] HIGHLIGHTING JUST SOME, LIKE AD THAT
[00:53:12] SLIPPED A LITTLE BIT BEHIND. BUT I'VE
[00:53:14] HAD CONVERSATIONS WITH DAVE SOYKI AND
[00:53:16] TEAM, AND THEY ARE MOVING FORWARD
[00:53:20] WITH ADDRESSING SOME OF THEM. SO WE'LL
[00:53:21] TALK MORE ABOUT THAT NEXT YEAR IN THE
[00:53:25] FIRST QUARTER, AND THEN ON THE
[00:53:27] TECHNOLOGY FRONT, WE'LL TALK ABOUT THOSE
[00:53:28] AND NOT A PUBLIC SESSION. BUT AGAIN,
[00:53:31] MANY OF THEM HAVE BEEN ADDRESSED. THERE
[00:53:34] ARE SOME THAT ARE LONGER TERM ONES THAT
[00:53:35] ARE JUST GOING TO TAKE A LONG AMOUNT OF
[00:53:37] TIME. NEXT SLIDE, PLEASE,
[00:53:40] MICHELLE. AND COMMISSIONERS,
[00:53:43] WITH THAT, I'M GOING TO JUMP RIGHT INTO
[00:53:47] ITEM EIGHT, WHICH IS THE AUDITS, THE
[00:53:50] OPERATIONAL AUDITS EIGHT ON.
[00:53:54] SO WE'VE GOT FOUR AUDITS THAT WE'RE
[00:53:58] GOING TO TALK ABOUT BRIEFLY. HERE,

[00:54:01] TWO OF THEM, WE'RE GOING TO SPEND THE
[00:54:03] FIRST TWO WILL SPEND A LITTLE BIT MORE
[00:54:05] TIME ON, AND THE LAST TWO WILL JUST BE
[00:54:09] THEY DON'T HAVE ANY ISSUES. THEY'LL BE
[00:54:10] RELATIVELY QUICK. THREE OF THE
[00:54:14] AUDITS, THE ONES THAT READ THE PCI
[00:54:17] AUDIT, CONTINUOUS VULNERABILITY AND DATA
[00:54:19] RECOVERY WILL BE TALKED ABOUT DURING THE
[00:54:21] NON PUBLIC SESSION FROM FOUR TO FIVE.
[00:54:24] AND THAT'S WHY DECK WILL BE PRESENTED AT
[00:54:27] THAT TIME. SO WITH THAT,
[00:54:30] MICHELLE, WE CAN JUMP TO THE FIRST AUDIT
[00:54:34] CAPITALIZATION OF ASSETS,
[00:54:38] BOWMAN SHOW AND MEMBER GEHRKE,
[00:54:42] THIS AUDIT WAS A REQUEST OF MANAGEMENT,
[00:54:45] IF YOU RECALL. IN THE LAST AUDIT
[00:54:48] COMMITTEE MEETING, LOST ADAMS PRESENTED
[00:54:50] THEIR FINDINGS, AND THEY HAD AN ISSUE
[00:54:53] WHERE SOMETHING TO THE TUNE FOR
[00:54:58] THE YEAR. BUT THERE WERE 20 MILLION PLUS
[00:55:02] ASSETS THAT WEREN'T CAPITALIZED ON
[00:55:03] TIMELY BASIS. SO THEY
[00:55:07] HAD A COMMENT ABOUT THAT. AND THE
[00:55:13] CAPITAL TEAM REWORKED THEIR POLICIES
[00:55:17] AND BUILT SOME NEW CONTROLS AND
[00:55:18] PROCESSES. AND THEN THEY ASKED US TO
[00:55:21] COME AND TAKE A SECOND LOOK AT IT. SO
[00:55:23] THIS SLIDE ACTUALLY HIGHLIGHTS SOME
[00:55:27] KEY ELEMENTS. THERE'S A FORD ACCOUNTING
[00:55:29] POLICY THAT ESTABLISHES STANDARDS.
[00:55:33] WHEN YOU'RE BUILDING SOMETHING, WHEN
[00:55:35] IT'S IN PROCESS, IT'S SPLIT TO
[00:55:37] CONSTRUCTION WORKING PROCESS. AND THEN
[00:55:41] WHEN IT'S READY, IT'S COMPLETED AND WE
[00:55:44] GET OUR CERTIFICATE OF OCCUPANCY. IT'S
[00:55:48] MOVED INTO ITS CAPITAL LINES AND MOVED
[00:55:50] INTO FINANCIAL STATEMENTS INTO A
[00:55:52] DIFFERENT BUCKET. AND THEN YOU START
[00:55:53] DEPRECIATING THEM THE ASSETS. SO THE
[00:55:56] PORT HAD AT THE END OF 2020,
[00:56:00] ABOUT 1.3 BILLION IN CONSTRUCTION MARKET
[00:56:04] PROCESSES ASSETS,
[00:56:06] AND OUR CAPITAL ASSETS WERE 8 BILLION.
[00:56:09] SO A LOT OF MONEY AND A LOT
[00:56:12] OF MOVING PIECES HERE. NEXT SLIDE,
[00:56:15] PLEASE, MICHELLE. SO WE
[00:56:19] HAVE ONE LOW RISK FINDING. THIS IS
[00:56:21] ESSENTIALLY AN OPPORTUNITY FOR
[00:56:23] IMPROVEMENT. IT'S A VERY COMPLICATED
[00:56:26] PROCESS. WELL, MORE THAN COMPLICATED.
[00:56:29] THERE'S A LOT OF HANDS. THERE'S A LOT OF
[00:56:31] CONSTRUCTION MANAGERS THAT ARE WORKING
[00:56:33] ON THESE THINGS ON THE PROJECT,
[00:56:35] CONSTRUCTION LEADS. AND THEY'VE GOT TO
[00:56:38] SEND ALL OF THEIR DATA AND INFORMATION
[00:56:40] INTO ONE SEPARATE PERSON AND THAT PERSON
[00:56:43] THAT COMPILES THAT DATA, SCRUBS IT AND
[00:56:46] SENDS IT OVER TO AFR, WHO THEN RECORDS
[00:56:48] IT AND STARTS THE ACCOUNTING PROCESS
[00:56:52] DEPRECIATION AND SO ON.
[00:56:55] SO WHEN WE LOOKED AT THEIR
[00:57:00] PROCESSES AND THIS NEW PROCESS THEY PUT
[00:57:02] IN PLACE, WE LOOKED AT IT FROM THE EYES

[00:57:05] OF A CONSULTANT COMING IN. HOW DO WE
[00:57:07] HELP THEM BE BETTER AND IMPROVE THE
[00:57:09] GOALS, MICHELLE, AND RAISE SOME
[00:57:12] RECOMMENDATIONS. NEXT SLIDE, PLEASE.
[00:57:14] IT'S A LOW RATED ISSUE BECAUSE IT
[00:57:20] WAS A PARTNERSHIP. THEIR PROCESS STILL
[00:57:23] NEEDS TO BE BATTLE TESTED, AND THEIR NEW
[00:57:26] PROCESS IS THERE. THEY HAVE ESTABLISHED
[00:57:28] IT'S ABOUT MAKING IT BETTER AND HELPING
[00:57:31] IT IMPROVE. SO ONE OF THE THINGS WE
[00:57:34] HIGHLIGHTED THROUGH OUR RECOMMENDATIONS
[00:57:36] WERE THE ANNUAL REVIEW PROCESS,
[00:57:40] THE PROGRAM LEADS THAT ARE ACTUALLY
[00:57:43] DOING THE WORK. SENDING IT INTO THE
[00:57:45] CENTRAL PERSON SHOULD FORMALLY REVIEW,
[00:57:48] SIGN OFF ON THE PORT AND APPROVE IT
[00:57:50] BEFORE IT'S SUBMITTED. SO THEY TAKE A
[00:57:51] LITTLE BIT MORE OWNERSHIP RATHER THAN
[00:57:53] JUST SEND IT OVER TO CAPITAL SERVICES.
[00:57:57] THEY HAVE THESE FACILITY ASSET REVIEW
[00:58:00] MEETINGS, WHICH WE SUGGESTED
[00:58:04] HAVING A YEAR IN. THEY'RE GOING TO DO
[00:58:06] SOMETHING SLIGHTLY DIFFERENT AFTER EVERY
[00:58:09] PROJECT, WHICH I THINK IS FINE.
[00:58:14] IT'S A MATTER OF JUST HAVING A SECOND
[00:58:17] DOUBLE CHECK OF EVERYTHING. AND THAT'S
[00:58:20] WHY WE SAID A YEAR END. BUT WITH PAYNE
[00:58:23] FIELD TALK ABOUT NEXT, HOW HE'S GOING TO
[00:58:25] DO IT WORKS EQUALLY WELL. AND IT'LL
[00:58:29] HAVE TO BE BATTLE TESTED AGAIN. AND LAST
[00:58:32] NOTIFICATION AFTER ASSET
[00:58:36] TRANSFERS HAVE BEEN RECORDED IN THE
[00:58:38] FINANCIAL SYSTEM. WE SUGGESTED THAT
[00:58:41] CAPITAL SERVICES OR THE CAPITAL TEAM
[00:58:45] PROVIDE A NOTIFICATION BACK TO KEY
[00:58:46] STAKEHOLDERS SO THAT THEY CAN VALIDATE
[00:58:49] EVERYTHING THAT WAS REPORTED. AND THESE
[00:58:51] ARE JUST DOUBLE CHECKS OF WORK TO MAKE
[00:58:53] SURE WE DON'T MISS ANYTHING. SO WITH
[00:58:55] THAT, WAYNE, OR JASON,
[00:58:59] IF YOU GUYS WANT TO JUMP IN AND TALK
[00:59:01] ABOUT YOUR MANAGEMENT ACTION PLAN, AND,
[00:59:03] MICHELLE, IF YOU CAN MOVE TO THE NEXT
[00:59:05] SLIDE. YOU CAN GO FROM THERE.
[00:59:08] IT'S RELATIVELY BRIEF. SO I EXPLAINED.
[00:59:11] YEAH. THANK YOU, GWEN, AND THANK YOU AND
[00:59:13] YOUR STAFF FOR WORKING VERY CLOSELY WITH
[00:59:14] US. AS YOU SAID, WE'VE GOT A NEW [inaudible 00:59:17]
[00:59:17] STRENGTHENED PROCESS IN PLACE THIS YEAR.
[00:59:20] YOU'VE SUGGESTED SOME TWEAKS TO THAT
[00:59:23] WHICH WE AGREE WITH TWO OF THE THREE OF
[00:59:25] AND I WANT TO TURN IT TO JASON ON THE
[00:59:28] SECOND ONE, THE FACILITY ASSET REVIEW
[00:59:30] MEETING. I THINK THERE WAS JUST SOME BIT
[00:59:32] OF A MISUNDERSTANDING AS TO HOW THAT
[00:59:34] PROCESS WORKS. JASON, COULD YOU ADDRESS
[00:59:36] THAT SECOND ONE AND WHAT WE ARE
[00:59:37] PROPOSING TO DO AS A WAY TO ADDRESS THE
[00:59:41] SAME POINT, BUT NOT EXACTLY IN THE WAY
[00:59:42] IT WAS WORDED IN THE AUDIT. YEAH. HI,
[00:59:45] EVERYBODY. JASON AVIATION PROJECT
[00:59:48] CONTROLS. SO. YEAH, WE APPRECIATE
[00:59:52] THE AUDIT COMING IN. A LOT OF THESE

[00:59:53] PROCESSES WE'VE ALREADY HAD IN PLACE AND
[00:59:58] INTERNAL AUDIT RECOMMENDED THAT WE JUST
[01:00:00] DOCUMENT THEM. SO WE ARE DOING THAT IN
[01:00:03] REGARDS TO THE FACILITY ASSET REVIEW
[01:00:04] MEETING WE ARE GOING TO LOOK AT AS PART
[01:00:07] OF OUR ANNUAL PROCESS. WE HAVE A YEAR
[01:00:11] END REVIEW, EVERYTHING THAT WAS IN
[01:00:12] CONSTRUCTION IN THE CURRENT YEAR. WHAT
[01:00:15] WAS SUBMITTED? DID WE MISS ANYTHING BUT
[01:00:20] TO HAVE AN ACTUAL FARM MEETING? I WON'T
[01:00:23] PUGET TOO FAR INTO THE DETAILS OF WHAT
[01:00:24] THAT MEANS. IT'S REALLY NOT PRACTICAL
[01:00:27] BECAUSE THERE ARE A NUMBER OF PEOPLE
[01:00:28] THAT ARE INVOLVED ON EACH AND EVERY
[01:00:30] PROJECT. IT WOULD BE BEST GUESS A
[01:00:34] WEEK LONG MEETING, 8 HOURS A DAY OF AT
[01:00:37] LEAST 30 PEOPLE IN EACH MEETING. AND SO
[01:00:42] WE WON'T NECESSARILY GO RIGHT
[01:00:47] INTO THE RECOMMENDATION THAT WAS MADE.
[01:00:48] BUT WE DO RECOGNIZE THE INTENT IS TO
[01:00:51] REALLY DOUBLE CHECK AND MAKE SURE THAT
[01:00:54] IS THERE ANYTHING THAT WE HAVE MISSED?
[01:00:56] AND WE HAVE DONE THAT INVOLVING OUR
[01:00:59] PROGRAM LEADERS, OUR PROJECT MANAGERS,
[01:01:02] REACHING OUT TO OUR CONSTRUCTION
[01:01:03] MANAGEMENT TEAM MEMBERS AND EVEN CONTROL
[01:01:06] STAFF TO MAKE SURE THAT WE HAVE AT LEAST
[01:01:08] LOOKED UNDER AS MANY ROCKS AS WE CAN TO
[01:01:10] MAKE SURE THAT WE DID NOT HAVE ANYTHING
[01:01:12] THAT FALL THROUGH THE CRACKS. I DO
[01:01:14] APPRECIATE GLENN RECOGNIZING AND
[01:01:15] IDENTIFYING HOW COMPLICATED THIS PROCESS
[01:01:18] IS. A LOT OF OUR PROJECTS JUST TO GIVE
[01:01:21] SOME CONTEXT ARE ABOUT ANYWHERE FROM 100
[01:01:25] TO THOUSANDS OF ASSETS. IF YOU LOOK AT
[01:01:28] THE IF AND THE NORTH SATELLITE AND A
[01:01:31] LITTLE BIT MORE CONTEXT ON THE NORTH
[01:01:32] SATELLITE WAS FIRST BUILT, IT WAS BOOKED
[01:01:34] IN THE SYSTEM AS ONE ASSET BUILDING,
[01:01:37] AND NOW WE'RE BREAKING THOSE DOWN AT
[01:01:40] A FAR MORE DETAILED LEVEL. I DON'T WANT
[01:01:44] TO FORGET THE CAPITAL SERVICES TEAM,
[01:01:46] TOO, WHO'S PLAYED AN INTEGRAL PART IN
[01:01:48] BEING INVOLVED WITH THIS NEW SOP AND OUR
[01:01:51] PROCESS HERE THAT'S INCREASED THE
[01:01:54] WORKLOAD A BIT, BUT HAS PROVED VERY
[01:01:56] VALUABLE AS WE'RE ALL ON THE SAME PAGE
[01:01:58] EARLY ON. HOPE THAT ANSWERS THAT
[01:02:00] QUESTION.
[01:02:04] YEAH. DOUBLE CHECKING EVERYTHING. THANK
[01:02:06] YOU, JASON AND DAN CHASE. DID YOU WANT
[01:02:09] TO MAKE ANY COMMENTS? IF YOU'RE ON THE
[01:02:12] LINE?
[01:02:15] NO, GLENN, I AM ON THE LINE. THANKS.
[01:02:18] NO, I DON'T HAVE ANYTHING MORE TO ADD.
[01:02:21] I KNOW WE'RE RUSHED FOR TIME AS WELL.
[01:02:24] SO, COMMISSIONERS, ANY QUESTIONS ON THIS
[01:02:27] ON IT? YOU CAN GO THROUGH THE ROLE
[01:02:31] THREE. COMMISSIONER BOWMAN. YES,
[01:02:35] I HAVE A QUESTION IF YOU DON'T MIND.
[01:02:37] GLENN, WHAT ARE YOUR THOUGHTS IN TERMS
[01:02:39] OF THE MANAGEMENT RESPONSE? ANY ISSUES?
[01:02:41] IT SOUNDS LIKE YOU'RE OKAY WITH THE

[01:02:43] QUOTE UNQUOTE DOUBLE CHECKING. AND
[01:02:45] JASON, I DO WANT TO SAY I APPRECIATE THE
[01:02:47] WAY THAT YOU FRAMED THIS. AND IT'S TRUE
[01:02:51] THAT'S A GREAT EXAMPLE OF THE NORTH
[01:02:53] SATELLITE BEING CALLED ONE PROJECT BACK
[01:02:56] IN THE DAY. AND EVEN OVER THE LAST FEW
[01:02:59] YEARS, WE'VE LEARNED WITH THE IAF WE
[01:03:01] MUTED TO CALL IT A PROJECT, AND NOW WE
[01:03:03] CALL IT A PROGRAM. AND SO I CAN
[01:03:06] ABSOLUTELY UNDERSTAND HOW MANY PEOPLE
[01:03:09] MIGHT HAVE TO BE INVOLVED TO DOUBLE
[01:03:12] CHECK AND DO ALL OF THAT WORK. SO THAT
[01:03:15] MAKES SENSE. I JUST WANT TO GO ON TO MY
[01:03:17] HEARING CONFIRMATION THAT YOU AGREE WITH
[01:03:19] THAT COMMISSION. BOWMAN, THANK YOU FOR
[01:03:21] ASKING. YOU KNOW, ON THE SECOND BULLET
[01:03:25] WHERE JASON WANTS TO ULTIMATELY JASON
[01:03:27] OWNS CONTROLS AND
[01:03:32] IF HE WANTS TO DO EVALUATING FOR ME FOR
[01:03:36] QUALIFYING PROJECTS RATHER THAN THE YEAR
[01:03:38] END ONE, AS HE STATED HERE, THAT'S FINE.
[01:03:43] IT'S A MATTER OF DOUBLE CHECKING IF HE
[01:03:45] WANTS TO DO IT IN THE MIDDLE
[01:03:46] PERIODICALLY ON THESE PROJECTS, IF HE
[01:03:48] STAYED HERE THAT'LL WORK,
[01:03:52] THERE ARE ENOUGH OTHER EYES AND THINGS
[01:03:56] TOUCHING THIS RIGHT NOW WHERE HE'S
[01:04:01] GOT FOR RIGHT NOW. KNOCK AT WOOD UNLESS
[01:04:04] IT CHANGES, WILL WORK. DAN CHASE GOOD.
[01:04:08] YEAH. I'M COMFORTABLE WITH THE
[01:04:11] MANAGEMENT RESPONSE. I THINK SOMETHING
[01:04:12] THAT WAS BROUGHT FORWARD DURING THE
[01:04:14] AUDIT, WHICH I THOUGHT WAS A GOOD IDEA,
[01:04:16] IS THAT WE SHOULD DESIGN A PROCESS THAT
[01:04:18] DOESN'T INCLUDE A SINGLE POINT OF
[01:04:20] FAILURE. AND SO THAT'S REALLY THE LENS
[01:04:22] THAT WE USED WHEN PERFORMING THIS AUDIT.
[01:04:24] AND LOOKING AT THE SOP. AND SO WE WANTED
[01:04:27] TO MAKE SURE THAT THERE WERE SEVERAL
[01:04:29] STEPS TO CONFIRM AND THEN RECONFIRM
[01:04:31] ACCURACY OF WHAT'S BEING REPORTED.
[01:04:36] SO IT MIGHT NOT BE
[01:04:39] EXACTLY HOW WE LAID IT OUT IN THE AUDIT
[01:04:41] REPORT. BUT BUILDING IN REDUNDANCIES IS
[01:04:44] A GOOD IDEA, WHICH I THINK WAYNE AND
[01:04:46] JASON ALSO AGREE WITH. THE FINAL THING
[01:04:49] I'LL SAY IS THAT THE MEETING,
[01:04:52] IT WOULD BE AN OPPORTUNITY TO VALIDATE
[01:04:55] THE INFORMATION, JUST ANOTHER
[01:04:57] OPPORTUNITY TO VALIDATE IT. AND WHAT I
[01:04:59] WAS NOT SUGGESTING, AND MAYBE THIS
[01:05:01] DIDN'T COME ACROSS IS THAT TO HAVE A
[01:05:03] SEPARATE MEETING TO GO PROJECT BY
[01:05:05] PROJECT, IT COULD BE AN AGENDA ITEM
[01:05:09] AT AN EXISTING FARM MEETING WHERE YOU
[01:05:13] OBTAIN NEGATIVE ASSURANCE. RIGHT. SO IF
[01:05:18] NOBODY SAID ANYTHING DURING THE MEETING
[01:05:20] AND THEY WERE GIVEN AN OPPORTUNITY TO
[01:05:21] REVIEW AND PROVIDE CORRECTIONS,
[01:05:25] THEN IF NOTHING WAS SAID, THEN YOU WOULD
[01:05:28] ASSUME THAT THE INFORMATION IS ACCURATE
[01:05:31] AND THEN AT A FUTURE TIME, IF SOMETHING
[01:05:33] DID NOT GET TRANSFERRED AT THE RIGHT

[01:05:35] TIME, THAT COULD GIVE YOU
[01:05:38] A TOOL TO GO BACK TO THE INDIVIDUAL
[01:05:41] THAT'S RESPONSIBLE FOR IT. AND ADDRESS
[01:05:45] IT FROM THAT STANDPOINT. SO IT'S JUST
[01:05:46] ONE MORE OPPORTUNITY TO REDUCE THE
[01:05:48] LIKELIHOOD THAT A TRANSFER DOESN'T GET
[01:05:51] REPORTED IN THE CORRECT PERIOD. BUT THE
[01:05:54] WAY YOU WANT TO DO IT IS REALLY UP TO
[01:05:56] YOU GUYS. MR. BOWMAN, DOES THAT ANSWER
[01:05:59] YOUR QUESTION?
[01:06:02] YOU'VE REACHED A COMPROMISE AND YOU'RE
[01:06:04] ON THE SAME PAGE. YEAH, THAT'S GREAT. I
[01:06:07] KNOW WE HAVE SEVERAL ITEMS. THE ONLY
[01:06:08] THING I WOULD ADD TO THIS, THOUGH, IS
[01:06:09] THAT I WOULD BE A LITTLE CONCERNED ABOUT
[01:06:12] THIS. IF NOBODY SAYS ANYTHING, WE ASSUME
[01:06:14] EVERYTHING'S FINE. I THINK IT'S ALWAYS
[01:06:16] IMPORTANT. IT'S JUST A BASIS OF
[01:06:19] ORGANIZATIONAL BEHAVIOR THAT IT'S ALWAYS
[01:06:21] IMPORTANT TO ASK THE QUESTION. DOES
[01:06:23] ANYBODY HAVE ANY CONCERNS? IS THERE
[01:06:24] ANYTHING WE'VE MISSED? SO WE'VE GOT
[01:06:27] AGAIN, A VERY COMPLEX ORGANIZATION WITH
[01:06:30] JUST TREMENDOUS PROJECT GOING ON ALL AT
[01:06:33] THE SAME TIME. SO I HOPE YOU ADD THAT
[01:06:35] EXTRA STEP. ALL RIGHT. WELL, WITH THAT,
[01:06:39] MR. BOWMAN, I THINK WE STILL HAVE A
[01:06:41] COUPLE OF MEMBERS TO SPEAK. SHOULD I
[01:06:43] CALL FOR OTHER ADDITIONAL QUESTIONS?
[01:06:45] YES, COMMISSIONER CHO. I'M OKAY. I HAVE
[01:06:49] NO QUESTIONS. THANK YOU. THANK YOU.
[01:06:50] MEMBER GEHRKE? NO ADDITIONAL
[01:06:52] QUESTIONS. THANK YOU. WELL, IT'S BACK TO
[01:06:54] YOU, COMMISSIONERS CHO. I'M SORRY.
[01:06:56] COMMISSIONER BOWMAN. ALL RIGHT. I'M
[01:06:58] SORRY ABOUT THAT. I DIDN'T NEED TO STEP
[01:07:01] OVER MY COLLEAGUES. WITH THAT, WE ARE
[01:07:04] GOING TO MOVE OVER TO ITEM NUMBER EIGHT,
[01:07:07] CAPITALIZATION OF ASSETS. WE'VE MOVED TO
[01:07:10] NINE. I'M ON THE WRONG PAGE. MOVING TO
[01:07:13] NINE. EXCUSE ME. NORTH TERMINAL
[01:07:16] UTILITIES UPGRADE PHASE ONE.
[01:07:20] OKAY. NEXT SLIDE, PLEASE. MICHELLE.
[01:07:23] YES. AND JUST A TIME CHECK. WE HAVE
[01:07:24] ABOUT ELEVEN OR TWELVE MINUTES LEFT IN
[01:07:27] THE SCHEDULED PART OF THIS. YEAH, I'M
[01:07:28] GOING TO THIS PRETTY QUICKLY. SO REALLY,
[01:07:30] THE OTHER TWO DON'T HAVE ANY ISSUES.
[01:07:33] THE NEXT TWO ON IT. SO WE CAN SPEND THE
[01:07:35] BULK OF THE TIME ON THIS ONE. AND THE
[01:07:39] LAST TWO AUDITS WILL GLANCE OVER VERY
[01:07:42] QUICKLY, IF NEED BE. ONE OF
[01:07:45] THE KEY ELEMENTS I WANT TO POINT OUT
[01:07:47] HERE IS WE HAVE A GREAT WORKING
[01:07:49] RELATIONSHIP WITH CONSTRUCTION
[01:07:50] MANAGEMENT JANIS OHN AND OUR TEAM. SO WHEN
[01:07:53] WE DO THESE AUDITS, THEY'RE ALWAYS
[01:07:57] RECEPTIVE. AND I WANT TO REALLY POINT
[01:07:59] OUT THAT EVERYTHING'S ADDRESSED AND WE
[01:08:04] WORK TOGETHER REALLY WELL. SO, SPENCER,
[01:08:07] IN TWO, THREE MINUTES, IF YOU'RE AROUND,
[01:08:10] IF YOU WANT TO GO THROUGH THE ISSUE THAT
[01:08:12] YOU FOUND AND PROVIDE A LITTLE

[01:08:15] BACKGROUND IN ORDER OF ALL UTILITIES
[01:08:17] THAT WAY.
[01:08:20] THANK YOU, GLENN. I'M SPENCER BRIGHT.
[01:08:24] I AM THE PORT INTERNAL AUDIT MANAGER
[01:08:27] OVER CAPITAL PROJECTS. CAN YOU GO TO THE
[01:08:31] NEXT SLIDE, PLEASE, MICHELLE?
[01:08:38] OVERALL. SO THIS
[01:08:42] PROJECT WAS ORIGINALLY GOING TO BE ONE
[01:08:45] PROJECT, BUT BASED ON THE
[01:08:50] STRICT DEADLINE OF OPENING NORTH
[01:08:51] SATELLITE AND SOME
[01:08:55] OF THE ISSUES GOING ON AT THE IAF
[01:08:58] PROJECT, IT WAS BROKEN UP INTO TWO
[01:09:00] PHASES. SO WE REVIEWED THE FIRST PHASE.
[01:09:04] NEXT SLIDE, PLEASE.
[01:09:09] WE ISSUED ONE FINDINGS RELATED
[01:09:14] TO INSTANCES WHERE THE PORT
[01:09:18] SOP STANDARD OPERATING PROCEDURES WERE
[01:09:21] NOT FOLLOWED RELATED TO CHANGE ORDERS.
[01:09:25] SOME EXAMPLES THAT WE NOTED WERE ONE
[01:09:30] INSTANCE WHERE THE CONTRACTOR DIDN'T
[01:09:33] NOTIFY THE PORT WHEN IT WAS APPROACHING
[01:09:36] 80% OF THE NOT TO EXCEED AMOUNT ON A
[01:09:40] CHANGE ORDER. WE ALSO NOTED AN
[01:09:43] INSTANCE WHERE THE PORT DIDN'T PREPARE A
[01:09:45] COST ESTIMATE PRIOR TO APPROVING SEO.
[01:09:51] ANOTHER EXAMPLE, SOME OF THE FINALIZED
[01:09:55] CHANGE ORDERS DIDN'T HAVE INCLUDE THE
[01:09:58] REQUIRED SIGNATURES AND ON
[01:10:02] THE COVID EXPENSE CHANGE ORDER THAT WE
[01:10:05] REVIEWED, WE DID NOTICE SOME PAYROLL
[01:10:08] DISCREPANCIES BETWEEN SUBCONTRACTOR
[01:10:12] TIMESHEETS AND THE DAILY FORCE ACCOUNT
[01:10:15] FIELD DOCUMENT SHEETS, WHICH THEY SUBMIT
[01:10:18] TO THE PORT AS THEIR SUPPORTING
[01:10:21] DOCUMENTATION. NEXT SLIDE,
[01:10:24] PLEASE.
[01:10:27] WE PROVIDED MANAGEMENT WITH SOME
[01:10:30] RECOMMENDATIONS AND IMPROVEMENT
[01:10:34] RECOMMENDATIONS,
[01:10:37] COMPLAINTS WITH THE STANDARD OPERATING
[01:10:40] PROCEDURES. AND NEXT SLIDE,
[01:10:44] PLEASE. THAT SHOULD BE FOR JANICE.
[01:10:48] YES. JANICE IS UNAVAILABLE TO DISCUSS
[01:10:52] MANAGEMENT ACTION PLAN. YES. THANK YOU,
[01:10:55] SPENCER. THANK YOU, GLENN. HELLO.
[01:10:59] SO, YES, THIS IS OUR MANAGEMENT
[01:11:01] RESPONSE. WE ALWAYS APPRECIATE THE
[01:11:02] PARTNERSHIP WITH INTERNAL AUDIT TO
[01:11:06] PROVIDE US WITH THAT INDEPENDENT REVIEW
[01:11:10] AND MAKE SURE THAT WE'RE ALWAYS
[01:11:12] CONTINUOUSLY IMPROVING IN THE WORK THAT
[01:11:14] WE DO. WE HAVE A ROBUST STANDARD
[01:11:17] OPERATING PROCEDURES. AND YET IT'S
[01:11:20] ALWAYS GOOD TO MAKE SURE THAT THOSE
[01:11:21] PIECES ARE TESTED AND TO REVALIDATE
[01:11:25] THE TRAINING THAT MIGHT BE NEEDED AND
[01:11:27] OVERSIGHT OF OUR STAFF, ESPECIALLY AS WE
[01:11:30] BRING IN NEW PEOPLE, BOTH CONSULTANTS AS
[01:11:33] WELL AS NEW BACKFILLS FOR THOSE STAFF
[01:11:36] THAT HAVE LEFT OR RETIRED FROM THE PORT.
[01:11:39] SO WE TOOK THESE RECOMMENDATIONS TO
[01:11:42] HEART, AND OUR STAFF HAVE REVIEWED OUR

[01:11:46] STANDARD OPERATING PROCEDURES TO LOOK AT
[01:11:49] THOSE AREAS, THAT IT CAN BE STRENGTHENED
[01:11:52] SO THAT WE AVOID THESE TYPES OF
[01:11:55] THINGS IN THE FUTURE.
[01:12:00] SO I'M OPEN TO QUESTIONS OR
[01:12:05] COMMENTS. I CAN CALL THE ROLL FOR ANY
[01:12:08] QUESTIONS. PLEASE DO. THANK YOU.
[01:12:11] BEGINNING WITH COMMISSIONER CHO. NO
[01:12:14] QUESTIONS. THANK YOU SO MUCH. THANK YOU,
[01:12:16] MEMBER GEHRKE. NO QUESTIONS. THANK YOU.
[01:12:18] THANK YOU, COMMISSIONER BOWMAN. I DON'T
[01:12:21] HAVE ANY QUESTIONS EITHER. THANK YOU SO
[01:12:23] MUCH, JANICE. THANK YOU FOR BEING HERE.
[01:12:26] THANKS, JANICE. ALL RIGHT. HEY,
[01:12:30] MOVING FORWARD, COMMISSIONERS BOWMAN,
[01:12:32] IN THE INTEREST OF TIME, I'LL MOVE
[01:12:35] THROUGH THESE LAST FEW FERRY QUICKLY.
[01:12:36] NO, TWO OF THE ODDS THAT I'LL DISCUSS
[01:12:40] WON'T HAVE ANY ISSUES. ONE IS BACKGROUND
[01:12:43] INFORMATION. SO LET'S START WITH THIS
[01:12:45] CONCESSION DEFERRAL RECOVERY. THIS IS A
[01:12:47] COMMISSION REQUEST AND SOMETHING THAT
[01:12:49] THE SEO WAS GOING TO COME IN ON THEIR
[01:12:51] LIST. SO WE WENT OUT. WE DID THE WORK.
[01:12:55] WE LOOKED AT THE PROGRAM THAT WERE IN
[01:12:58] PLACE JUST TO SHOW THAT THE PORT WAS
[01:13:02] DOING EVERYTHING CORRECTLY. NEXT SLIDE,
[01:13:04] PLEASE. MICHELLE.
[01:13:08] WE DID FIND THAT EVERYTHING
[01:13:14] WAS FINE. THERE WERE NO ISSUES,
[01:13:17] EVERYTHING. THE CONTROLS WERE ROBUST AND
[01:13:19] THE SEO CAME IN, LOOKED AT OUR WORK,
[01:13:22] SIGNED OFF ON IT. AND BECAUSE OF THE
[01:13:24] WORK WE DID, THEY DID NOT HAVE TO DO ANY
[01:13:26] WORK ON THIS. SO AS FAR AS RECOVERING
[01:13:30] THE DEFERRED RENT CONCESSION REVENUE,
[01:13:33] BECAUSE THE PANDEMIC SUPPORT PASS ARE
[01:13:36] CHECKED OUT OVER THERE. NEXT SLIDE,
[01:13:39] MICHELLE. AND ONE MORE.
[01:13:46] OKAY, PCI, WE'RE GOING TO TALK ABOUT
[01:13:48] THIS NON PUBLIC SESSION IN MORE DETAIL.
[01:13:51] BUT INTERNAL AUDIT DOES DO THE PORT DID
[01:13:54] DO THE PCI AUDIT IN 2021.
[01:13:58] JUST TO NOTE, WE DO HAVE AN INDIVIDUAL
[01:14:00] THAT WENT OUT WITHIN OUR TEAM, GOT THE
[01:14:02] APPROPRIATE CERTIFICATION, AND IT'S
[01:14:05] QUITE A LOT OF WORK. BUT WE
[01:14:09] PULL IN OVER \$80 MILLION IN REVENUE AT
[01:14:12] THE AIRPORT PARKING GARAGE AND THEN ALSO
[01:14:15] THROUGH THE MARINAS. WE HAVE QUITE A BIT
[01:14:17] OF REVENUE THAT COMES IN THERE. AND
[01:14:20] BECAUSE OF THAT, BANKS, VISA,
[01:14:23] MASTERCARD AND AMERICAN EXPRESS REQUIRE
[01:14:25] US TO DO THIS ON AN ANNUAL BASIS. AND
[01:14:28] YOU HAVE TO PASS EVERY SINGLE CONTROL IN
[01:14:32] ORDER TO PASS. THERE'S 331 CONTROLS
[01:14:35] THAT YOU HAVE TO PASS. AND HAPPY
[01:14:39] REPORT DID PASS PCI AUDIT IN 2021.
[01:14:44] NEXT SLIDE, PLEASE. AND FINALLY,
[01:14:48] COMMISSIONER GOLDMAN AND DILETTANTE
[01:14:53] CHOCOLATE WAS ANOTHER AUDIT. WE DID,
[01:14:55] AND IT'S A LARGE AUDIT
[01:14:59] WITH CONCESSION FEES OF ABOUT NEARLY

[01:15:02] \$600,000 A YEAR IN NORMAL OPERATIONS.
[01:15:06] SO IT'S AMAZING HOW BUSY THEY ARE. NEXT
[01:15:09] SLIDE, PLEASE. BUT THAT
[01:15:13] IS A CLEAN AUDIT AND THERE ARE NO ISSUES
[01:15:15] THERE. SO WITH THAT, I'LL PASS IT BACK
[01:15:17] TO YOU, COMMISSIONERS BOWMAN, FOR THE
[01:15:19] NEXT FEW MINUTES FOR ANY COMMENTS,
[01:15:21] QUESTIONS OR ANYTHING ELSE.
[01:15:24] LET'S GO TO CLERK HART, COULD YOU ASK
[01:15:27] EVERYONE TO PLEASE,
[01:15:37] MICHELLE?
[01:15:41] APOLOGIES. I WAS STILL MUTED. I'M JUST
[01:15:43] SITTING HERE TALKING TO MYSELF. SO THANK
[01:15:45] YOU, MR. FERNANDEZ. THERE WAS A COUPLE
[01:15:47] OF ITEMS THERE THAT WERE COMBINED
[01:15:49] TOGETHER, SO I'M GOING TO CALL IF
[01:15:50] ANYBODY HAS QUESTIONS ON ANY OF THOSE
[01:15:52] BEGINNING WITH COMMISSIONERS CHO. NO
[01:15:55] QUESTION. THANK YOU. THANK YOU. MEMBER
[01:15:57] GEHRKE. NO QUESTIONS FOR ME. THANK YOU.
[01:16:00] THANK YOU, COMMISSIONER BOWMAN. NO
[01:16:03] QUESTION. I THINK IT'S VERY IMPORTANT TO
[01:16:05] NOTE THAT THERE WERE NO ISSUES RELATED
[01:16:09] TO THE CONCESSION DEFERRAL RECOVERY.
[01:16:12] I THINK THAT'S REALLY IMPORTANT. IT WAS
[01:16:14] SOMETHING THAT THE COMMISSION DEBATED
[01:16:16] HEAVILY. WE WORKED VERY HARD TO TRY AND
[01:16:19] PUT TOGETHER A PROGRAM WHERE WE COULD
[01:16:21] PROVIDE RELIEF TO OUR TENANTS. AND WE
[01:16:24] WANTED TO MAKE SURE THAT WE WERE DOING
[01:16:26] IT IN EVERY LEGAL MEANS. SO I'M REALLY,
[01:16:29] REALLY HEARTENED TO LEARN AND PUGET
[01:16:32] CONFERENCE TO GET CONFIRMATION THAT
[01:16:36] THAT HAS HAPPENED. SO, GLENN, THANK YOU
[01:16:38] FOR BRINGING THAT UP WITH THAT,
[01:16:42] WE HAVE A COUPLE OF ITEMS. ITEMS NUMBER
[01:16:45] 1112 AND 13 ARE SECURITY SENSITIVE,
[01:16:48] AND THEREFORE WE'LL BE DISCUSSED IN THE
[01:16:50] NON PUBLIC PORTION OF THE MEETING.
[01:16:53] THOSE ITEMS, WE FINISHED OUR OTHER ITEMS
[01:16:55] TODAY. AND SO WITH THAT, WE WILL BE
[01:16:59] MOVING TO RECESS OF THE NON PUBLIC
[01:17:02] PORTION OF THE MEETING TO ADDRESS THOSE
[01:17:04] WHICH SPECIFICALLY ARE THE INFORMATION
[01:17:06] TECHNOLOGY AUDIT ITEMS AND THE
[01:17:10] INFORMATION TECHNOLOGY AUDIT ITEMS
[01:17:12] PERIOD. HOWEVER, BEFORE WE GET TO
[01:17:15] THE NON PUBLIC PORTION, I JUST WANTED TO
[01:17:17] TAKE A MOMENT RIGHT NOW TO RECOGNIZE THE
[01:17:20] INCREDIBLE CONTRIBUTIONS OF CHRISTINA
[01:17:22] GEHRKE. SHE SERVED AS A PUBLIC MEMBER OF
[01:17:25] THE PORT COMMISSION'S AUDIT COMMITTEE
[01:17:27] FOR MANY, MANY YEARS. CHRISTINA, IT
[01:17:30] REALLY HAS BEEN AN HONOR TO SERVE WITH
[01:17:32] YOU OVER MY EIGHT YEARS ON THE PORT
[01:17:35] COMMISSIONERS. I'VE LEARNED A LOT. I PAY
[01:17:38] A LOT OF ATTENTION TO THE QUESTIONS THAT
[01:17:39] YOU ASK. YOU HAVE AN ENORMOUS AMOUNT OF
[01:17:42] EXPERIENCE AND YOU HAVE BEEN A TRUE
[01:17:45] PUBLIC SERVANT AND BEING WILLING TO
[01:17:47] OFFER UP YOUR TIME AS A VOLUNTEER TO
[01:17:49] OVERSEE THIS COMMITTEE. SO I JUST WANT
[01:17:52] TO THANK YOU ON BEHALF OF THE

[01:17:53] COMMISSIONERS AND ALSO MY PERSONAL
[01:17:55] THANKS. I BELIEVE GLENN HAS A FEW WORDS
[01:17:57] HE WOULD LIKE TO SHARE AS WELL. SO,
[01:17:59] GLENN, YOU HAVE THE FLOOR. WELL, I WANT
[01:18:02] TO SAY THANK YOU AGAIN AS WELL. THE
[01:18:05] DEPARTMENT, OUR MEETINGS BEFORE EVERY
[01:18:09] HONOR COMMITTEE HAVE SPENT TIME OVER THE
[01:18:10] LAST FIVE YEARS WITH CHRISTINA, AND
[01:18:13] WE'VE GONE THROUGH THE ENTIRE PACKAGE
[01:18:15] ALL THE ISSUES, AND SHE'S REALLY
[01:18:17] DEDICATED A LOT OF TIME TO THIS. THIS IS
[01:18:20] ALL WITH HAVING A FULL TIME JOB AND
[01:18:24] ACTUALLY MULTIPLE FULL TIME JOBS BECAUSE
[01:18:26] SHE'S A PROFESSOR,
[01:18:29] SHE WORKS IN THE PRIVATE SECTOR, AND SHE
[01:18:32] DOES A LOT OF VOLUNTEER WORK. SO THANK
[01:18:35] YOU FOR ALL OF THAT. SHE'S EVEN HAD THE
[01:18:38] ENTIRE INTERNAL AUDIT DEPARTMENT COME
[01:18:39] OUT AT LUNCH HOUR. SHE'S A BOARD
[01:18:43] MEMBER AT UPLIFT NORTHWEST,
[01:18:47] AND IT'S THE MILLIONAIRE'S CLUB OVER ON
[01:18:50] ELLIOTT BAY. THE TEAM FED THE HOMELESS
[01:18:53] FOR THE AFTERNOON, AND CHRISTINA DOES
[01:18:56] A LOT OF CHARITY WORK THERE. AFTER THIS
[01:18:58] MEETING, SHE'S GOT TO GO TO A FORWARD
[01:19:00] MEETING THERE AT THE WORLD TRADE CENTER.
[01:19:02] SO, CHRISTINA, YOU DO HAVE THAT
[01:19:03] CERTIFICATE THAT THE COMMISSION WROTE?
[01:19:05] YEAH, I GOT A CERTIFICATE RIGHT HERE.
[01:19:09] HARD TO SEE, BUT I GUESS IT DOESN'T COME
[01:19:11] ACROSS, BUT THANK YOU EVERYONE FOR
[01:19:13] SIGNING THAT. AND IT'S
[01:19:17] BEEN MY PLEASURE TO SERVE. AND I WILL
[01:19:20] MISS THESE MEETINGS, AND I'M ALWAYS
[01:19:23] AVAILABLE FOR ANYTHING THAT COMMITTEE
[01:19:25] MIGHT NEED.
[01:19:29] THAT'S WONDERFUL. THANK YOU. CHRISTINA.
[01:19:31] MR. CHO, DO YOU HAVE ANY COMMENTS TO
[01:19:33] ADD? YEAH. I ALSO JUST WANT TO ECHO
[01:19:35] THOSE SENTIMENTS. I'VE ONLY BEEN ON THE
[01:19:37] AUTO COMMITTEE FOR A YEAR, BUT IN THAT
[01:19:40] SHORT PERIOD OF TIME, I REALLY QUICKLY
[01:19:42] LEARNED THE TREMENDOUS VALUE ADD,
[01:19:45] HAVING MS. CHRISTINE WITH US HAS BEEN.
[01:19:49] SO I SERIOUSLY APPRECIATE YOUR TENURE
[01:19:53] HERE. WE'RE GOING TO MISS YOU. WHOEVER
[01:19:56] REPLACES YOU FROM THE PUBLIC IS GOING TO
[01:19:58] HAVE BIG SHOES TO FILL. BUT YOU SHOULD
[01:20:01] KNOW THAT YOU ALWAYS HAVE A HOME HERE AT
[01:20:03] THE PORT OF SEATTLE AND WE'LL SEE YOU
[01:20:06] AROUND. I'M SURE. THANK YOU.
[01:20:12] ALL RIGHT. WELL, WITH THAT, ANY FINAL
[01:20:15] COMMENTS FROM COMMITTEE MEMBERS BEFORE
[01:20:17] WE RESET? I AM NOT
[01:20:20] SEEING ANYTHING. OKAY?
[01:20:23] NOT SEEING ANYTHING. ALL RIGHT. WELL,
[01:20:26] HEARING FOR THE COMMENTS. ACTUALLY,
[01:20:29] WE'RE NOT GOING TO TAKE A BREAK BECAUSE
[01:20:31] WE GOT THIS STARTED LATE TODAY, SO WE
[01:20:33] NEED TO JUMP RIGHT INTO THE NON PUBLIC
[01:20:35] PORTION OF OUR MEETING TO BEGIN HERE.
[01:20:37] WE'RE ALREADY RUNNING A LITTLE LATE.
[01:20:39] WE'LL BEGIN HERE AT ABOUT FOUR OR THREE.

[01:20:41] WE'LL BE DISCUSSING THREE MATTERS
[01:20:43] RELATED TO SECURITY SENSITIVE
[01:20:45] INFORMATION. THE PUBLIC PORTION OF THE
[01:20:47] MEETING WILL LAST APPROXIMATELY 60
[01:20:49] MINUTES, AND THE MEETING WILL ADJOURN
[01:20:50] WITH NO FURTHER BUSINESS. AFTER THAT
[01:20:53] TIME, PARTICIPANTS JOINING THE NON
[01:20:55] PUBLIC PORTION OF THE MEETING. WOULD YOU
[01:20:57] PLEASE CLOSE OUT OF THE MEETING LINK AND
[01:20:59] JOIN AT THE 04:00 TEAM MEETING
[01:21:02] INVITATION? THE CURRENT TIME. NOW IS 402
[01:21:05] THANK YOU. THANK YOU, EVERYONE.
[01:21:09] GOOD MEETING.

END OF TRANSCRIPT