

**THE CONFERENCE CENTER AT SEATTLE-TACOMA INTERNATIONAL AIRPORT
17801 INTERNATIONAL BLVD, SEATTLE, WASHINGTON
BEIJING CONFERENCE ROOM**

PORT OF TACOMA AUDIT COMMITTEE:

1. Don Johnson, Audit Committee Co-Chair
2. Connie Bacon, Audit Committee Co-Chair

STAFF PRESENT:

1. John Wolfe, CEO
2. Kurt Beckett, Deputy CEO
3. Erin Galeno, CFAO
4. Carolyn Lake, Legal Counsel
5. Darren Arakaki, Director, Accounting
6. Leilani Berinobis, Acting Clerk of the Port
7. Juliet Campbell, Commission Records Specialist

12:00 NOON - AUDIT COMMITTEE MEETING

1. CALL TO ORDER:

- A. Commissioner Johnson called the meeting to order at 12:00 p.m. and a flag salute was performed.

2. CONSENT AGENDA:

- A. Minutes of September 19, 2017:

Motion was made by Commissioner Bacon, seconded by Commissioner Johnson:

“Approve The Port of Tacoma Audit Committee Minutes of September 19, 2017.”

VOTE: MOTION CARRIED 2-0

3. GENERAL BUSINESS:

- A. 2017 External Audit Entrance and Interim Audit Update:

1. RSM US LLP (RSM), the Port’s external financial auditors presented the objectives of the 2017 external financial audit and provided an update of the audit work completed in September.
2. One significant transaction was identified: Refunded 2008B GO Bonds in September 2017 reduced total debt service by approximately \$4M.
3. New Governmental Accounting Standards Board (GASB) Pronouncements and their effective dates and impacts were discussed. 2017: GASB 82 and 74. 2018: GASB 75, 85, 86. 2019: GASB 84. 2020: GASB 87. GASB 87 will apply to leases where the Port of Tacoma is the lessor or lessee. In the event the lease is licensed to The Northwest Seaport Alliance (NWSA) those leases would be recorded on the NWSA statements. Assessment needs to take place to identify which leases will be subject to GASB 87.

- B. State Auditor’s Office (SAO): 2016 Accountability/Compliance Audit Report:

1. The SAO presented results of their Accountability Audit. Areas audited included contracts/agreements, related parties, allocation, payroll, open public meetings/minutes, long term leases and promotional hosting expenses.
2. In the areas audited, Port operations complied with applicable requirements and provided adequate safeguarding of public resources. The Port also complied with state laws and regulations and its own policies and procedures in the areas examined.
3. Commissioner Johnson emphasized the need for the Port to be proactive in learning from the deficiencies of others that may have published findings by the SAO. Staff subscribes to the SAO’s email notification service and reviews the list to glean any information that may be useful to the Port.

- C. 2016 Regulatory Compliance Report:

1. Erin Galeno, CFAO presented the 2016 Internal Port Regulatory Compliance Report which is a record of the Port’s compliance with federal, state and local laws. It is also a record of compliance with Port policies intended to ensure compliance by the Port and the Port’s tenants.
2. There are over 200 laws associated with regulatory compliance.

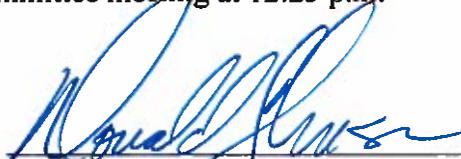
4. PUBLIC COMMENT: None.

5. COMMISSIONER COMMENT:

Brief comments were made by the Commissioners. Commissioner Bacon congratulated the team on the incredible work they do to maintain compliance year after year.

6. ADJOURNMENT:

Commissioner Johnson adjourned the Audit Committee meeting at 12:23 p.m.



Donald C. Johnson, Audit Committee Chair
Port of Tacoma

ATTEST:



Clare Petrich, Audit Committee Vice Chair
Port of Tacoma



Juliet Campbell, Clerk of the Port
Port of Tacoma