

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
BRIEFING

Item No.	7g
Date of Meeting	August 23, 2016

DATE: August 12, 2016
TO: Port of Seattle Commission
FROM: Ted Fick, Chief Executive Officer
SUBJECT: Port CEO Board Membership for National Truck Protection Co., Inc

SYNOPSIS

The Port's CEO Ted Fick has been invited by the National Truck Protection Co., Inc. (NTP) to become a member of their board of directors. The CEO employment agreement with the Port allows for this to occur provided the entity has no business activity with the Port, the CEO uses personal time and/or Paid Time Off, and that the membership does not occur in the first two years of the CEO's employment with the Port.

BACKGROUND

The CEO's Employment Contract with the Port contains the following language:

"... during the term of this Agreement the CEO may on his own time (e.g. after close of business or during Paid Time-Off), serve as a member of a board of directors of a non-profit or for-profit entity; provided, (i) that no service on a for-profit board shall occur in the first two years of this Agreement; (ii) that the CEO shall not serve on any for-profit board of directors for entities doing business in aviation, real estate, warehousing, maritime or logistics, or otherwise doing business related to Port activity; and (iii) that prior to accepting such appointment, the CEO shall obtain approval of the Commission."

The CEO pledges to meet these requirements as follows:

The CEO will use his own personal time either after the Port's close of business or during Paid Time Off to serve in this added capacity as a member of the board. This board work would occur approximately four times per year and will not require the Port to incur any travel or other expenses.

- (i) The CEO's membership with the board will not commence until September 29, 2016 which is two years after the effective date of the Port's employment agreement that was effective on September 29, 2014.
- (ii) NTP's business focus is with truck dealers and owners to provide them warranties. NTP's business focus is unrelated to the Port's business. The legal department sees no conflict of interest, and the procurement department has checked that the Port does not transact business with NTP. An

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independent check also occurred, and based upon the research that was done, no conflict of interest was found (report is attached).

- (iii) Should the Commission approve this request, this third provision will have been met. Only after such approval will the CEO enter into agreement with the NTP.

It is noted that the CEO had earlier been a member of a board of directors of United States Distilled Products; however, he relinquished that membership earlier, with the intention of waiting to consider board memberships until the initial two year employment provision with the Port ends September 29, 2016.

NTP is a for-profit company based in New Jersey and is a leader of extended service contracts (such as extended warranties) that are primarily sold to truck dealers who sell new and/or used trucks. The work related to the board membership is paid \$25,000 per year and 1.25 percent equity in NTP.

ATTACHMENTS TO THIS BRIEFING

Report by Russ Perisho

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None.