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August 28, 2012

The Honorable Zack Hudgins
Washington State House of Representatives
Post Office Box 40600
Olympia, WA 98504-0600

Dear Representative Hudgins:

The Port Commission appreciates the interest you have expressed in the Port of Seattle and it shares your commitment to ensuring the port remains an institution worthy of the public's trust. As you are aware, over the last five years the commission has implemented broad and deep reforms, one of which is a strengthened employee code of conduct and ethics policy. Be assured, all commissioners are committed to ensuring these policies are followed.

It is because of that commitment that we thank you for sharing the concern you expressed in your letter dated August 24. As chair of the commission's Audit Committee, I am responding to your letter on behalf of the Commission to clarify several points and correct a few others.

First, allow me to clarify that as part of his employment contract approved publicly by the commission on March 1, 2011 and posted on the port's website shortly thereafter, Mr. Yoshitani may "on his own time (e.g., after close of business or while on Paid Time-Off), participate as a member of a Board of Directors for a private entity; *provided*, that prior to accepting such appointment, the Port's General Counsel determines that CEO's participation would not create or appear to create a conflict of interest, or is contrary to any other provision of the Port's Code of Ethics for Employees." Mr. Yoshitani's appointment to the board of directors of Expeditors International was reviewed by the port's general counsel to ensure compliance with the port's Code of Conduct for employees and for any potential conflict of interest before he joined the board. The general counsel of Expeditors International has informed us that the appointment was reviewed in accordance with its internal policies and the rules promulgated by the Nasdaq Stock Market and the Securities and Exchange Commission regarding independence and related party transactions.

The commission president stated in public session on August 14, 2012 that the CEO was in full compliance with the terms of his employment contract. As with any contract, continued compliance will be monitored through audits, including our commission audit committee.

Second, permit me to correct some of the statements and inferences in the letter you and your colleagues signed. It is important that the facts are accurate when concerns are raised about public employees. Mr. Yoshitani does not have dual employment with both Expeditors' International and the Port of Seattle. As a member of their board of directors, he is not an employee of that company. Also, Mr. Yoshitani serves as one of nine board members and is

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neither the Chairman of the Board, the Lead Independent Director, nor the president of the board at Expeditors (a position that does not exist).

Third, state law provides clear statutory language defining conflicts of interest and other matters pertaining to public employees today who sit on corporate boards of directors. If you have specific information regarding a conflict of interest, please have your legal counsel send us an assessment of that conflict and how the port's ethics policy or employee code of conduct has been violated. Should the commission determine that further review is warranted, we have several options available.

Once again, thank you for sharing our commitment to ensuring King County's Port of Seattle remains a public institution that serves the public, and conducts itself in a manner in which the people of King County may be proud.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Albro', with a stylized flourish at the end.

Tom Albro
Chair, Audit Committee
Seattle Port Commission

Cc: Senator David Frockt
Senator Karen Keiser
Senator Adam Kline
Senator Sharon Nelson
Representative Joe Fitzgibbon
Representative Bob Hasegawa
Representative Luis Moscoso
Representative Tina Orwall
Representative Gerry Pollet
Representative Derek Stanford
Representative Pat Sullivan
Representative Dave Upthegrove
Members of the Seattle Port Commission