

## **REVISED AGENDA**

*Port of Kennewick  
Regular Commission Business Meeting  
Port of Kennewick Commission Chambers  
350 Clover Island Drive, Suite 200, Kennewick, Washington*

Tuesday, December 10, 2019  
2:00 p.m.

### **I. CALL TO ORDER**

### **II. PLEDGE OF ALLEGIANCE**

### **III. APPROVAL OF AGENDA**

### **IV. PUBLIC COMMENT** *(Please state your name and address for the public record)*

### **V. CONSENT AGENDA**

- A. Approval of Warrant Register Dated November 15, 2019
- B. Approval of Direct Deposit and ePayments Dated November 18, 2019
- C. Approval of Warrant Register Dated November 26, 2019
- D. Approval of Warrant Register Dated December 2, 2019
- E. Approval of Direct Deposit and ePayments Dated December 3, 2019
- F. Approval of Warrant Register Dated December 10, 2019
- G. Approval of Regular Commission Business Meeting Minutes November 12, 2019
- H. Approval of Special Commission Business Meeting Minutes November 15, 2019

### **VI. NEW BUSINESS**

- A. Carbitex Lease; Resolution 2019-34 (**AMBER**)
- B. Draft Purchase and Sale Agreement with Santiago Communities (Oak Street) (**AMBER**)

### **VII. REPORTS, COMMENTS AND DISCUSSION ITEMS**

- A. Cedars Update (**AMBER/ LUCINDA**)
- B. City of West Richland Transfer Agreement Update (**TIM/AMBER**)
- C. 2017-2018 Accountability Audit Update (**NICK**)
- D. 2019-2020 Work Plan Update (**TIM**)
  - 1. Project Review (**LARRY/AMBER**)
- E. Chief Executive Officer Performance Evaluation; Resolution 2019-35 (**LUCINDA**)

### **VIII. RECESS**

### **IX. PRESENTATION**

- A. Hanford Reach Solar System, Trevor Macduff of Silas Education (**LARRY**)

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**X. REPORTS, COMMENTS AND DISCUSSION ITEMS (Continued)**

- F. Hearing Status Update (**LUCINDA**)
- G. Training / Consultants Update (**LUCINDA**)
- H. 2020-2021 Committee Assignments (**BRIDGETTE**)
- I. Election of 2020-2021 Officers (**BRIDGETTE**)
- J. Commission Meetings (**BRIDGETTE**)
  - 1. December 24, 2019 Cancelled
- K. Commissioner Meetings (formal and informal meetings with groups or individuals)
- L. Non-Scheduled Items

**XI. PUBLIC COMMENT** (*Please state your name and address for the public record*)

**XII. ADJOURNMENT**

***PLEASE SILENCE CELL PHONES***



# PORT OF KENNEWICK REGULAR COMMISSION MEETING

**DRAFT**

**NOVEMBER 12, 2019 MINUTES**

Commission President Thomas Moak called the Regular Commission Meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

## **The following were present:**

**Board Members:** Thomas Moak, President  
Don Barnes, Vice-President  
Skip Novakovich, Secretary

**Staff Members:** Tim Arntzen, Chief Executive Officer  
Tana Bader Inglima, Deputy Chief Executive Officer  
Amber Hanchette, Director of Real Estate and Operations  
Nick Kooiker, Chief Finance Officer  
Larry Peterson, Director of Planning and Development  
Lisa Schumacher, Special Projects Coordinator  
Bridgette Scott, Executive Assistant  
Lucinda Luke, Port Counsel

## **PLEDGE OF ALLEGIANCE**

Commissioner Barnes led the Pledge of Allegiance.

## **APPROVAL OF THE AGENDA**

***MOTION:*** Commissioner Novakovich moved to approve the Agenda; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

## **PUBLIC COMMENT**

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick recently had the opportunity to drive the newly constructed scissors intersection at Vista Field.

No further comments were made.

## **CONSENT AGENDA**

- A. Approval of Direct Deposit and E-Payments Dated November 4, 2019**  
Direct Deposit and E-Payments totaling \$80,535.83
- B. Approval of Warrant Register Dated November 12, 2019**  
Expense Fund Voucher Number 101556 through 101612 for a grand total of \$431,713.86
- C. Approval of Special Commission Business Meeting Minutes October 29, 2019**

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**MOTION:** *Commissioner Barnes moved for approval of the Consent Agenda as presented; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

## **PRESENTATION**

### **A. *City of Kennewick Vista Entertainment District Project***

Mr. Arntzen introduced City of Kennewick City Manager Marie Mosley and Vijay Patel of A-1 Hospitality Group, who are here today to discuss the new public/private partnership opportunity. Mr. Arntzen has been working with Ms. Mosley and Mr. Patel over the past year on the concept because of the close proximity of the entertainment district to Vista Field. Mr. Arntzen expressed his appreciation for Ms. Mosley and has enjoyed getting to know Mr. Patel.

Ms. Mosley thanked the Commission and Mr. Arntzen for the partnership and stated the City appreciates the partnership with the Port and could not do the projects or the work in this community without our partnership. Recently, City Council unanimously approved moving forward on a public/private partnership. The City made several attempts for a voter approved 2/10% sales tax measure to support the expansion of the convention center, add a performing arts theater, and link the convention center to the Toyota Center; however, it failed all three times. The City listened to the voters, who indicated that they did not want to see a sales tax increase and that they would like to see private development as well.

Conventions, conferences, and trade shows currently have an overall economic impact to the community of over \$31,000,000.

- Nearly \$20,000,000 in potential economic impact just in retaining current conventions that are quickly outgrowing the existing space and the ability to attract new conventions;
- Potential for \$210,000,000 in private investment;
- Catalyst project for new development;
- 2/10% voter sales tax authority preserved for future opportunities;
- Supports community wide vision and desire for priority regional projects;
- Substantial new sales tax and lodging tax dollars would be reinvested into the local economy.

Ms. Mosley stated in September, the City entered into a Purchase and Sale Agreement (PSA) with A-1 Hospitality Group, which has two phases. Phase one is an \$85,000,000 investment, which includes:

- A \$35,000,000 public investment;
- Add nearly 33,000 square feet to the convention center;
- 2,000 seat flex-space performing arts theater;
- 11,000 square feet convention center and theater lobby with new box office;
- 13,850 square feet of back of house space and provide the required parking to support the convention center expansion.



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The private investment of \$50,000,000 includes:

- Acquisition of approximately 3.5 acres of City land adjacent to the convention center;
- Finance and construct a high quality, 7 story convention hotel equivalent to an upper mid-scale hotel with restaurant, spa, and outdoor pool;
- Finance and construct an approximately 40,000 square foot retail building;
- Provide the required surface parking to support the new hotel and retail space.

Phase 2 would include an option on additional property and includes a \$160,000,000 private investment.

Mr. Patel appreciates the opportunity to speak today and thanked Mr. Arntzen for his kind words. A-1 and the City have been discussing the expansion of the convention center for some time. Phase 2 would include five components: residential, commercial (office/retail), a public park, water features and boardwalk;

- Three residential towers with 800 quality condominium units with full amenities including reception area, exercise facility, swimming pool, sauna, storage units and garden/BBQ area;
- 250,000 to 300,000 square feet of high-end shopping, restaurants, and offices on first two levels of the mixed-use development;
- Underground parking for residents;
- One level of paid public parking/guest parking with validation;
- State of the art water features with public areas;
- Boardwalk with designated spots for vendors for weekend market.

Commissioner Novakovich inquired what the time frame is for this project.

Mr. Patel stated phase 1 includes working on the funding, which may include federal assistance from the Employment-Based Immigration Fifth preference (EB-5) program with the U.S. Citizenship and Immigration Services. We have been approved by Washington State and are now working on the approval at federal level. We currently have five investors in place and once the EB-5 funding is in place, the investors will fill out an I526 application. Additionally, A-1 is meeting with local financial institutions to partner in the project. The site is an opportunity zone which allows a variety of funding strategies. The goal is to move as fast as possible once financing is completed. Mr. Patel stated the goal is to break ground in 2021.

Ms. Mosley stated the public portion will not use as committed, no new tax dollars. City staff will bring forward a financing plan to City Council, which will include reinvesting funds from that area. The City owes money on the convention center, coliseum, and marquis sign and anticipates paying off the debt service in 1 to 5 years and then reinvesting those funds back into the community. Additionally, some investment will be generated from the public/private partnership. Recently, the Legislature increased the sales tax credit back to communities that have a public facility and extended the program an additional 15 years. Ms. Mosley stated the PSA includes a 24-month due diligence period to identify the financing strategy.

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Commissioner Moak inquired if there is a sequencing to the public and private projects or will you be working together.

Ms. Mosley stated we will be working together, because the hotel will be built in combination with the convention center expansion. Ms. Mosley stated one cannot be successful without the other and we need the hotel to make the convention center successful.

Commissioner Moak inquired if there will be one prime contractor for the hotel and the convention center.

Mr. Patel stated there is an architect working on both projects; however, each project will have their own contractor and the timing of construction will start and end at the same time. Mr. Patel stated once the drawings are complete, then we can go out to bid for each project.

Commissioner Novakovich confirmed that the private sector will not need to pay prevailing wages.

Ms. Mosley stated that is correct; however, the City will still pay prevailing wages.

Commissioner Novakovich asked what would trigger the start for phase 2.

Mr. Patel stated once phase 1 is complete. We have a finance team who is working exclusively on the EB-5. Once the funds are in place for phase 1, the team will begin working on the financing for phase 2.

Commissioner Barnes stated in the past there have been discussions about the Toyota Center and the need for upgrades and improvements, even the possibility of demolishing the old facility and building a new one. Commissioner Barnes inquired if there any plans, or thoughts or provisions for that in this project.

Ms. Mosley stated not in this current project; however, the City has invested in the Toyota Center and installed a new ice plant, additional lighting, and a video board. Also, the City has preserved the 2/10% sales tax for a potential opportunity in the future, which may or may not include the Toyota Center. Ms. Mosley stated there may be opportunities in the future for the community to support the Toyota Center and the City is holding the land next to the Toyota Center for future rebuilding.

Commissioner Moak asked if there were any differences in this plan and the plan from a few years ago.

Ms. Mosley stated the City is staying within the \$35,000,000 investment and stated the footprint of the expansion is less and we are not linking the convention center and the Toyota Center.

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Commissioner Novakovich stated because of the close proximity to Vista Field, has there been discussion of the aesthetics of the new buildings and possibly matching the design of Vista Field.

Ms. Mosley stated the City and Port will continue to work together, as previously done when the City was designing Fire Station #3. The City's intent of this project is to not compete, but to compliment what the Port is doing at Vista Field. Ms. Mosley stated the private component is committed to that vision as well, which includes the water feature and boardwalk, and it will flow together nicely.

Mr. Patel reiterated that the development will compliment Vista Field.

Commissioner Moak stated there is underground parking that appears to serve the residential towers only and inquired if there will be additional structured parking to support events and the development.

Ms. Mosley stated parking is an issue and the City believes at some point in time, we will need a parking garage to support the development. Our commitment is with the private development and the City to ensure that there is parking available for the expansion and the hotel and will continue to monitor the area. Ms. Mosley believes it will eventually occur; however, the land needs to become valuable enough to support parking garage.

Mr. Patel looked at adding a parking structure in phase 1 but determined it was not financially viable.

Commissioner Moak stated this is very exciting and Mr. Patel has been a part of the community for some time and worked on a number of great projects in the Tri-Cities and elsewhere. Commissioner Moak thanked Ms. Mosley and Mr. Patel for sharing the project with us and we are happy to be neighbors.

Ms. Mosley expressed her appreciation for the partnership and stated the City could not do things without the partnership of the Port. We believe this is the right time, we have the right team involved for this public/private partnership, and we believe this is what the community has asked us for and we are excited about delivering it and working in conjunction with the Port.

Commissioner Novakovich thanked Ms. Mosley for all she has done to partner with the Port of Kennewick, because it was a struggle prior to her coming on to the scene. Commissioner Novakovich stated what Ms. Mosley has done over the past several years is amazing and thanked her for that.

Ms. Mosley stated it has been a pleasure working with Mr. Arntzen and staff and the Commission.

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Mr. Arntzen is excited to see that a performing arts theater will be included in the project and it is something where we can have more discussions because there is a carrying capacity in our community. Mr. Arntzen stated that this is a great opportunity for further discussions among the Port, the City, and the performing arts group.

Ms. Luke stated a matter came up prior to the Commission Meeting starting related to the Cedars and a request for a material change in the lease. Ms. Luke asked if the item could be added to the Agenda under Reports, Comments and Discussion items.

Commissioner Barnes inquired if there needs to be a motion to add Cedars to the Agenda.

Ms. Luke stated that would be appropriate.

***MOTION: Commissioner Barnes moved to add Item E, sub. 1, review of the possible changes to the Cedars Lease; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.***

Commissioner Moak anticipates the Executive Session will last approximately 30 minutes, Potential Litigation, per RCW 42.30.110(1)(i) with no action. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

## REPORTS, COMMENTS AND DISCUSSION ITEMS

### ***A. Neutral Hearing Status***

Ms. Luke updated the Commission on the hearing related to the complaint and Commissioner Barnes' request for a hearing. Ms. Luke, Commissioner Barnes' counsel, counsel for the Port, Matt Mensick, and counsel Michael Love had a phone conference on November 1, 2019 with retired Judge Paris Kallas, the neutral selected for the hearing, to discuss moving the process forward. At this time, there is a brief/legal memorandum that has been requested by Judge Kallas addressing the issue of what the hearing process will look like, which is due Friday, November 15, 2019. Ms. Luke will be submitting the Port's brief Friday and as she understands it, Commissioner Barnes' counsel, Joel Comfort will be submitting a brief. Judge Kallas will make a decision about what the process will look like. We will then have a phone conference with Judge Kallas in December to discuss the scheduling for the hearing.

## EXECUTIVE SESSION

### ***A. Potential Litigation, per RCW 42.30.110(1)(i)***

Commissioner Moak anticipates the Executive Session will last approximately 30 minutes, Potential Litigation, per RCW 42.30.110(1)(i) with no action. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

*Commissioner Moak recessed the Regular Commission Meeting at 2:34 p.m.*

*Commissioner Moak convened into Executive Session at 2:40 p.m. for approximately 30 minutes.*

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*Ms. Scott extended the Executive Session for ten minutes at 3:10 p.m.*

*Ms. Scott extended the Executive Session for ten minutes at 3:20 p.m.*

*Ms. Scott extended the Executive Session for five minutes at 3:30 p.m.*

*Ms. Scott extended the Executive Session for five minutes at 3:35 p.m.*

*Ms. Scott extended the Executive Session for five minutes at 3:40 p.m.*

*Commissioner Moak reconvened the Regular Commission Meeting at 3:44 p.m.*

*The Commission Meeting room was opened and the public returned.*

## **B. Chief Executive Officer 2019-2020 Goals and Objectives**

Mr. Kooiker stated the CEO goals and objectives are tied to the budget in that every other year, when the Commission adopts a budget, they also adopt new goals and objectives for the CEO. Mr. Kooiker gave the Commission a mid-biennial review of the CEO's accomplished goals. Mr. Kooiker stated staff is recommending six out of the eleven goals be accepted today via Resolution 2019-31:

- #3, 2017/18: This goal will keep carrying forward and relates to the Vista Field Owners Association, which is 95% complete. The Port needs to have the parcels in place prior to implementation;
- #3, 2019/20: Negotiate the land sale of the former raceway property with the City of West Richland and present the purchase offer to the Commission. This goal was recently amended via Resolution 2019-20. Staff is recommending that this goal is complete based on the goal and measurement that the Board established for the CEO. The PSA was presented on September 24, 2019;
- #6 2019/20; Complete a team building. A staff retreat with training was held on May 30-31 and the CEO reported to the Commission on June 11, 2019;
- #7 2019/20: Complete Executive Training. The CEO completed Executive Training on October 21-22, 2019 in Leavenworth and reported to the Commission on October 29, 2019;
- #8 2019/20: Present for Commission consideration non-City of Kennewick partnership visions.
  - Port and City of Richland staff are working on a next decade plan with a consultant and are working together to finalize and bring to the Commission.
  - Benton City contracted with DPZ Partners for the shoreline master plan and the Port allocated \$15,000 in funding for that project.
  - Land sale to Benton County Fire District #4.
- #9 2019/20: Establish a vibrancy policy. This was presented to the Commission on May 14, 2019 and the Memorandum of Understanding was executed by the CEO on behalf of Commission.

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- #10 2019/20: Identify and present one additional mutually beneficial or ROI partnering opportunity to the Commission: A PSA with Benton County on September 24, 2019 for water rights transfer from the former raceway property to the Benton County Fairgrounds. This was beneficial to Benton County because they did not have enough water rights for the fairgrounds and benefitted the Port as a result of Benton County giving the Port \$500,000 of their Rural County Capital Funds for Vista Field. The County has contributed to the Port on many projects and this will also result in future goodwill between both agencies.

Additionally, other accomplishments include:

- Completed a land sale of 12 acres on Oak Street to Three Rivers Acquisition;
- Successful launch of new Port website in Spring 2019;
- Signed contract with U.S. Army Corps of Engineers (USACE) for the 1135 project, phase 2;
- Obtained clean financial statement audits for 2017 and 2018.

Mr. Kooiker stated for Commission consideration is Resolution 2019-31, which includes Exhibit A, approving the aforementioned goals. Staff will provide a progress report to the Commission in 2020 on the remaining CEO goals and objectives. Mr. Kooiker stated this was previously discussed by the evaluation committee and inquired if the Commission would consider approving the CEO goals on an ongoing basis.

Ms. Luke stated the Commission has implemented this to some degree when they recently changed the West Richland Racetrack goal. Ms. Luke thinks that is something the Commission has previously considered and would like to keep this as a living document.

Commissioner Novakovich likes the recommendation of approving these goals as they are accomplished. Commissioner Novakovich believes it gives a better running status of where the Port is at.

Mr. Kooiker stated it also offers him flexibility because it is awarded in Paid Time Off (PTO) units and can be dispersed as the goal is met.

## PUBLIC COMMENTS

No comments were made.

***MOTION: Commissioner Novakovich moved for approval of Resolution 2019-31, in accordance with the CEO's Goal and Objectives update, dated November 12<sup>th</sup>, 2019, attached as Exhibit A; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.***

### ***C. Chief Executive Officer Performance Evaluation***

Ms. Luke proposed an extension in the CEO Performance Evaluation since we are still in the process of completing the evaluation and asked the Commission to authorize her to negotiate an extension of deadline with the CEO, Mr. Arntzen.



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Commissioner Novakovich inquired if that could be done by consensus or if a motion with public input is required.

Ms. Luke advised the Commission that a motion is needed for the record.

## **PUBLIC COMMENTS**

No comments were made.

**MOTION:** *Commissioner Novakovich moved to authorized Port Counsel to negotiate with the CEO, Mr. Arntzen, an extension of the CEO Evaluation deadline date; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

### ***D. Acceptance of Columbia Gardens Wine Village Phase #2A***

Mr. Peterson stated before the Commission is Resolution 2019-30, accepting the work completed by Big D's Construction of Tri-Cities, LLC., for the Columbia Gardens Loop Roadway Project. The project included the loop roadway, water, sewer, storm drainage, utilities and food truck plaza, and parking lot. The project was awarded in 2018 and due to the winter weather, completed in May of 2019. Some remaining paperwork was recently finalized and the City has accepted the project and Gary Hall, the project engineer has deemed the project complete.

## **PUBLIC COMMENTS**

No comments were made.

**MOTION:** *Commissioner Barnes moved approval of Resolution 2019-30, accepting Columbia Gardens Wine Village Phase #2A project as substantially complete by Big D's Construction of Tri-Cities, Inc.; and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the Port Chief Executive Officer is authorized to take all action necessary in furtherance hereof; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

### ***E. Southridge Update***

Mr. Peterson reported that the Port purchased 157 acres in 1994 in the Southridge area for \$487,832. The Port intended to construct the Dickerson Industrial Park and created the development and maintenance standards for the area. In 2005 the City adopted the Southridge Master Plan and as a result, the land use designation changed from industrial to commercial and the Port lost crucial access to SR-395. In 2005-2006, the Port and Kennewick General Hospital (KGH) entered into a land swap and land sale. In 2006 the Port sold 148+ acres to Southridge Village for \$5,771,210. The City established a local redevelopment financing (LRF) plan and installed \$13,000,000 in infrastructure in the area. In 2009, Southridge Village entered into a forbearance agreement with the Port and received a credit of \$370,260 of the original purchase price and returned 8.5 acres (four parcels) to the Port, which allowed the development to keep going.

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Since the initial purchase of the property in 1994 the following have been constructed: 46 single family homes, 9 commercial buildings, and 250 jobs. Mr. Peterson stated approximately \$56,000,000 is on the tax rolls or \$700,000 annually in taxes.

Mr. Peterson stated the Port will be holding an auction on Friday, November 15, 2019 at 11:00 a.m. to divest of the 8.5 acres or four parcels.

Ms. Hanchette reiterated that there will be an auction Friday, November 15, 2019 to auction off the remaining 8.5 acres of property at Southridge. The property was initially zoned for light industrial and the Port created the development and maintenance standards for the area. Ms. Hanchette stated Resolution 2019-32 rescinds the existing development and maintenance standards and removes the cloud on the title prior to the auction on Friday.

Additionally, the title search on Southridge Village included a one-time option to buy-back undeveloped property, which is located in section six of the real estate contract. Section six stipulates that the buy-back is 15 years from the date of closing which is in July 2020 and would still be applicable. The Commission has the option to purchase undeveloped property within 180 days at fair market value. The clause affects 17 parcels in various stages of development and would cost approximately \$8,700,000. Ms. Hanchette stated this clause does not apply to 8.5 acres, but only applies to undeveloped parcels in the area.

Also, the Port's Real or Personal Property Purchase and Sale Agreement, section 1.1 outlines a not for speculation clause which includes a buy-back stipulation. Ms. Hanchette requested clarification from the Commission if they desired to waive the not for speculation clause and buy-back clause.

Ms. Hanchette stated the Special Commission Meeting starts at 11:00 a.m. and asked that the Commission and staff arrive by 10:45 a.m. Ms. Hanchette expects the auction process to take about an hour. Once we are assembled, Commissioner Moak will begin the Special Meeting and the following will take place:

- The Pledge of Allegiance;
- Approval of the Agenda;
- Recess for auction process conducted by Musser Bros. Auction;
- Reconvene Special Meeting for Executive Session for Real Estate, Minimum Price per RCW 42.30.110(1)(c);
- Reconvene Meeting and continue auction until process is complete.
- Final Commission decision and adjournment.

Ms. Hanchette stated there are several scenarios for purchase of the four parcels and stated Musser Bros. Auction has advertised the property in print and on their website. Ms. Hanchette inquired if the Commission had any questions regarding the auction, or Resolution 2019-32. Additionally, Ms. Hanchette asked for Commission direction regarding the land sale policy.

## PUBLIC COMMENTS

No comments were made.



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**MOTION:** *Commissioner Novakovich moved approval of Resolution 2019-32, rescinding the Development and Maintenance standards for Dickerson Industrial Park in order to clear a title encumbrance for auction and future land sales attached to the original property; and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the Port Chief Executive Officer is authorized to take all action necessary in furtherance hereof; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

Ms. Hanchette explained that the Commission, by consensus, can confirm that they agree to waive Section 1.1: not for speculation of the Real or Personal Property Purchases and Sales Policy and that they do not intend to have a buy back clause as part of a condition of sale for the 8.5 acres in Southridge.

Commissioner Moak inquired if this needs to be done today or at the Special Meeting on November 15, 2019, prior to the auction.

Ms. Hanchette stated it would be helpful to have a clear path forward for the prospective buyers.

Commissioner Barnes supports the removal of Section 1.1 and stated the Port owns the property now, and it is not like we have 100 acres adjacent to it that we are going to develop or have plans to develop. Commissioner Barnes stated it could be addressed in a provision of the Purchase and Sale Agreement (PSA) and stated explicitly that it will be exempt from that policy. Commissioner Barnes supports it.

Ms. Luke stated that is correct and it could be addressed in PSA so that it specifies that the property is not subject to buy back. The Port has done that in the past and leave that portion blank and as well as waiving the not for speculation clause.

Commissioner Novakovich recommends by consensus that we agree to this.

Commissioner Moak stated Mr. Peterson's presentation was great and it showed that we had a lot of acreage out there and now we are down to this. Commissioner Moak stated that the Port does not intend to go back to Southridge and reinvest in that area and believes clearing that up would be the best case and it sounds like all three Commissioners are in favor.

*It is the consensus of the Commission to remove Section 1.1 of the Real or Personal Property Purchases and Sales Policy: not for speculation clause and buy back clause as part of a condition of sale for the 8.5 acres in Southridge.*

Commissioner Moak inquired if it is it clear where the Special Meeting will take place and how the Chambers will be set up.

Ms. Hanchette stated the auction is at Musser Bros. Auction office location and the address is on the Agenda. Staff will be visiting the site on Thursday to watch an auction and get a tour of the facility for the set up.

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Commissioner Moak thanked Mr. Peterson and Ms. Hanchette and stated it has been an interesting process.

## *1. Cedars*

Ms. Luke recently received an email from Carrie Lundgren regarding the Cedars lease and where they stand on the process of obtaining financing. Ms. Luke presented Ms. Lundgren's email to the Commission, with the lender request. Ms. Luke stated last week staff understood that the Lundgren's were looking into other lender alternatives because of Umpqua's challenges with the lease language and policies and underwriting requirements. The Lundgrens were looking at other community lenders to determine if they could obtain financing that was more in line with the Port's requirements as it related to the lease. As Ms. Luke understood it, the Lundgrens would be making a decision today regarding which lender they would be working with. Staff received this email indicating that the Lundgrens were running into problems with the Port's lease language related to permitted use in the event before closure, which was one of the issues identified by Umpqua Bank. Ms. Luke let the Lundgrens know that that would be a material change to the lease and stated she would need to bring it back to the Commission. Umpqua Bank representative Matthew Backlund is proposing, as seen in the email, that the language of the Port ground lease be revised and allow for the bank, if foreclosure were to happen, to conduct any type of business, other than those that the Port might identify as unacceptable. Ms. Luke stated that puts the burden on the Port to list all of the businesses that the Port does not want to see across the street, which would be challenging. Ms. Luke stated this is a material change and asked for the Commission's input.

Ms. Hanchette stated the email came in at noon today and staff has not had a lot of time to review the email. Ms. Hanchette stated the lease that was presented to the Commission outlined the permitted use of a restaurant and bar, which is the same language used in the Mitcham's lease. Also, if the building is foreclosed on, the bank would need to get permission from the Port for a reassignment or other business to occupy the building. The bank is concerned that if they had to take the building back for non-payment, they would be limited on the uses. Ms. Hanchette stated it is a material change and the Lundgrens would like to close as soon as possible; however, staff would like Commission input on the language. Ms. Hanchette and Ms. Luke briefly discussed other uses that are found in commercial marine zoning; however, this is a 40 year lease and we do not know what could change in that time period. Ms. Hanchette stated there are businesses that are legal that used to be illegal, and staff cannot predict the future. Ms. Hanchette stated the language needs to be reviewed more thoroughly by staff and legal counsel. Additionally there are shoreline rules that the City of Kennewick has in place that could affect the permitted use. Ms. Hanchette stated staff does not have a recommendation, but wanted to bring this forward to see if the Commission had any feedback.

Mr. Arntzen stated Ms. Hanchette and Ms. Luke have been doing an amazing job on the Cedars transaction. Mr. Arntzen believes when staff first brought this to the

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

NOVEMBER 12, 2019 MINUTES

**DRAFT**

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Commission, we were asking a fairly straight forward question, would you like to allow the Mitchams to sell Cedars to the Lundgrens, who were going to continue to run Cedars. The Commission stated that Cedars is a landmark and it is consistent with every planning effort that the Port and the City have done. The Port wanted to keep Cedars at Clover Island and would do almost anything to keep them on the island. Along the way things have changed and the Commission is being asked very different question. Mr. Arntzen would love to see the Lundgrens purchase Cedars and he hopes there is a way to make that happen; however the Commission is being asked to make a decision soon related to the lease which would determine what kind of business would go in there that were not contemplated a few years ago. The Commission is faced with what business the bank would allow in the event of foreclosure. Clover Island is very complicated because of all of the rules, so even if something is allowed by the zoning, it could trigger a state agency coming in and not allowing a certain type of business because of the shoreline plan.

Commissioner Moak confirmed that the language relates specifically to foreclosure and if the Lundgrens lost the building to foreclosure.

Ms. Luke stated that is correct and financial circumstances can change quickly. Ms. Luke hopes that we would not need to deal with a foreclosure; however, we do need to take it into consideration when evaluating risk related to that property and how it might be used.

Commissioner Moak stated we are still in a boom economy although that was not the case several years ago and a lot of businesses went under. Commissioner Moak stated we do not know when the economy will bust again and if you just are starting a business, you are more prone to foreclosure than an established business. Commissioner Moak is concerned about that, but Cedars is a signature piece, even though it may not always be a steak restaurant, but he would like it to be successful. There are certain restrictions placed on certain businesses that operate 1,000 feet from schools, but out on an island where there aren't any kids, that is a different scenario.

Commissioner Novakovich asked what the permitted use clause says.

Ms. Luke stated it allows for the same exact language and same use as is there, for a restaurant and bar. Ms. Luke stated the restaurant type could change, so the Port has given some flexibility to the fact that a different type of restaurant or bar could occupy the building. That may or may not be something the Commission would like to revisit. Ms. Luke has brought the language to the Lundgrens and their bank, and the Port has been very flexible and could be more restrictive. Additionally, with regard to the foreclosure, what they are asking the Port to consider only deals with the instance of foreclosure and the language as Ms. Luke recalls, allows for restaurant and bar use. Also, if they wish to propose a change in use, they would be required to bring it back to the Port for authorization and we would consider it. The language does allow for them to bring the use back; however, the bank does not want to do that.

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

NOVEMBER 12, 2019 MINUTES

**DRAFT**

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Commissioner Barnes asked in the authorization of the alternate use or modification of use is language included that states the Port will be reasonable.

Ms. Luke stated yes there is language.

Commissioner Barnes stated the thing he does not like about the proposed language is, if the bank comes to the Port with a proposed change of use, the way this is written, it would be an assignment for staff to think of every possible business that we don't want in that location and then the bank can look at that and look for a hole in the fence, or a way around it. Commissioner Barnes would like to encourage the Port to retain the right to approve their proposed alternate use, provided, if the Port could add language, perhaps it is already there, that we would be fair and reasonable in that request.

Ms. Luke stated we do have that language in the lease which states that approval will not be unreasonably held. Ms. Luke recommends that the Commission does not accept the proposed language.

Commissioner Barnes would really like to see the Mitchams close the sale and move on, but we represent the Port and we need to maintain some uniform consistency and reasonable standards at Clover Island. Commissioner Barnes does not like the way it was written and he would not want to ask the staff to come up with something like this every time there is a proposed change. For example, staff would need to look at every possible business that we do not want to see on the island, the bank would then have the opportunity to craft a solution that could navigate that list to get to their point. Commissioner Barnes would like to encourage the Port to maintain the approval of their proposed use but to add language that is reasonable.

Commissioner Novakovich agrees with Commissioner Barnes and suggested the bank give us a list of businesses they would propose, over a forty-year period.

Ms. Luke suggested that the Port stands by the language; however, we are willing to work with them if they would like to propose something else or a list of possible alternatives. In reality, as Ms. Hanchette indicated, if we are dealing with this in twenty years, who knows what businesses could be legal that we had not considered today.

Commissioner Novakovich stated maybe the bank would understand the position they are putting the Port in if we turn it around on them.

Commissioner Moak stated the Lundgrens are trying to get a loan from Umpqua Bank and Umpqua will make the final decision and they can choose to not lend them the money.

Ms. Luke stated that is what staff has experienced thus far which is why the Lundgrens looked at other options, but apparently circled back to Umpqua.

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

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Ms. Hanchette spoke with Ms. Lundgren during the Executive Session break and she indicated that at least one other lender had similar concerns about having their hands tied about what they could put in the building if they had to take it back. Ms. Hanchette has not had time to speak with Mr. Arntzen regarding this new information and it was recommended that staff review other ground leases in detail, such as those on Columbia Point. Ms. Hanchette stated staff will bring this back to the Commission because it is a material change. The Port wants to work with the Lundgrens and the Mitchams and staff understands this affects not only this transaction but future transactions.

Commissioner Moak has a hard time believing that Umpqua Bank has a foreclosure policy with all these exceptions and maybe they aren't used to dealing with leased property.

Ms. Luke stated in her experience with the Umpqua counsel, they did not seem to have a lot of experience dealing with public entities. They were proposing language that would not be applicable to a port district or other municipalities.

Commissioner Moak would like to hear back from staff at a future meeting with either a recommendation or proposed wording.

Ms. Luke will work with Mr. Arntzen and Ms. Hanchette on the lease language for Commission consideration.

Mr. Arntzen stated at the October 8, 2019, the Commission reached a consensus to cancel the November 26<sup>th</sup> Commission Meeting; however, if staff has something to bring to the Commission regarding Cedars, would you consider a Special Meeting.

Commissioner Novakovich stated that is a reasonable request and asked staff to let the Lundgrens and Mitchams know that the Commission is willing to do that.

Commissioner Barnes stated there is a Special Meeting on November 15<sup>th</sup> and inquired if staff could have something by then.

Ms. Luke stated we can certainly try; however we will be working with parameters of a different setting which may pose some challenges.

Commissioner Moak stated staff can give a report if there has been headway.

Ms. Luke stated we may know if a Special Meeting is needed and believes that is more in line of what staff may be able to accomplish by Friday.

Commissioner Novakovich asked staff to add an Agenda Item on the status of Cedars.

## ***F. Public Records Request Status***

Ms. Scott reviewed public records that the Port has received over the last four years:

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

NOVEMBER 12, 2019 MINUTES

**DRAFT**

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	Total Requests	Commercial Standard Requests	Standard Requests	Open Requests	Staff Time
2016	9	7	2	0	
2017	11	7	4	0	
2018	16	4	12	0	58 hours
2019	39	5	34	7	166 hours

In 2018, Washington State put together the Joint Legislative Audit and Review Committee (JLARC), which asked public agencies to report how many hours and how much money they are spending on public records requests. Currently, this information is voluntary for the Port because we are not large enough and do not meet the \$100,000 minimum threshold. However, the Port tracks the information and is voluntarily submitting the information.

Commissioner Moak inquired if the 166 hours is multiple staff.

Ms. Scott confirmed that it is multiple staff and stated she has spent 50 hours to date, Ms. Schumacher has spent 40 hours to date, and the remaining hours are multiple staff.

Commissioner Novakovich inquired if Ms. Scott has a dollar amount for the requests.

Ms. Scott is unable to provide that information.

## ***G. Discussion of 2019-2020 Work Plan***

Mr. Arntzen stated as 2019 comes to a close, he would like to review the 2019-2020 Work Plan in January 2020 because there have been some changes. Mr. Arntzen listed some items to possibly discuss:

- Previous 2017-2018 Work Plan;
- Infrastructure in The Willows: does the Port want to continue in that direction even though Columbia Basin College has indicated that the Cable Greens property is more attractive for the Culinary Institute;
- Duffy's Pond: this is a very challenging situation because of all of the agencies involved and the USACE notified the Port that they are working on a management of wetlands policies and procedures, including regulations aquatic treatment. This project may take a long time or may be impossible to move forward;
- Partnership with City of Richland for Rural County Capital Funding (RCCF) for Columbia Park Trail improvements: this project has stalled and may require more action on our part. There is a possibility that this item may come back to Commission or it may not receive RCCF funding;
- West Richland RCCF credits: if the former racetrack property makes it to closing and Benton County approves the funding mechanism, the Commission has the opportunity to pledge some of those credits to other Port projects;
- Clover Island Master Plan: currently on hold and what the future may hold.

Mr. Arntzen believes the Port should review these projects against the back drop of Vista Field. The Port is doing an amazing job at Vista Field and construction is proceeding accordingly,



# PORT OF KENNEWICK REGULAR COMMISSION MEETING

NOVEMBER 12, 2019 MINUTES

**DRAFT**

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but there is a lot of paperwork to complete with Vista Field. Mr. Arntzen appreciates Mr. Kooiker saying the Owner's Association is at 95%; however, he worries about the last 5% and getting it right. Mr. Arntzen mulled if the Port should complete the last 5% before starting work on another project. Mr. Arntzen asked the Commission to review the 2019-2020 Work Plan to discuss in January or February.

Commissioner Moak stated the sale of the former racetrack was totally unanticipated and there will be money associated with that. The same for the potential sale of other properties on Oak Street. Commissioner Moak stated a lot has happened in this last year and some of it was good. Commissioner Moak pondered how the Commission will review next year and what the opportunities and challenges there are going to be.

## ***H. Commission Meetings***

### ***1. November 15, 2019 Special Commission Meeting at Musser Auction Facility at 11:00 a.m.***

There will be a Special Commission Meeting on November 15, 2019 at Musser Auction Facility for the sale of 8.5 acres in Southridge.

### ***2. November 26, 2019 Cancelled.***

A Special Meeting may take place prior to December 10, 2019 to discuss Cedars.

## ***I. Commissioner Meetings (formal and informal meetings with groups or individuals)***

Commissioners reported on their respective committee meetings.

## ***J. Non-Scheduled Items***

1. Commissioner Barnes offered his congratulations to Commissioner Moak on his recent election win.
2. Mr. Peterson reported that paving continues at Vista Field.

## **PUBLIC COMMENTS**

No comments were made.

Commissioner Moak anticipates the Executive Session will last approximately 20 minutes, Real Estate, Minimum Price, per RCW 42.30.110(1)(c) with no action. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

*Commissioner Moak recessed the Regular Commission Meeting at 4:52 p.m. for three minutes.*

*Commissioner Moak convened the meeting into Executive Session at 4:58 p.m. for approximately 20 minutes.*

## **EXECUTIVE SESSION**

### ***A. Real Estate, Minimum Price per RCW 42.30.110(1)(c)***

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

NOVEMBER 12, 2019 MINUTES

**DRAFT**

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*Commissioner Moak reconvened the Regular Commission Meeting at 5:14 p.m.*

## COMMISSION COMMENTS

No comments were made.

## ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 5:14 p.m.

**APPROVED:**

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

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*Thomas Moak, President*

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*Don Barnes, Vice President*

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*Skip Novakovich, Secretary*





# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

NOVEMBER 15, 2019 MINUTES

Commission President Thomas Moak called the Special Commission Meeting to order at 11:00 a.m. at Musser Brothers Inc. located at 3125 Rickenbacker Drive Pasco, Washington 99301.

## The following were present:

**Board Members:** Thomas Moak, President  
Don Barnes, Vice-President  
Skip Novakovich, Secretary

**Staff Members:** Tim Arntzen, Chief Executive Officer  
Tana Bader Inglima, Deputy Chief Executive Officer  
Amber Hanchette, Director of Real Estate and Operations  
Lucinda Luke, Port Counsel  
Nick Kooiker, Chief Financial Officer  
Larry Peterson, Director of Planning and Development  
Lisa Schumacher, Special Projects Coordinator

## PLEDGE OF ALLEGIANCE

Commissioner Novakovich led the Pledge of Allegiance.

## APPROVAL OF THE AGENDA

***MOTION:*** Commissioner Barnes moved the Agenda as presented; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

## CEDARS UPDATE

### A. Cedars Lease

Ms. Hanchette updated the Commission on the requested language for the Cedars lease and stated the lender for the buyer would like to modify some language. Staff and legal counsel have been reviewing acceptable language that may be satisfactory to the buyer's lender. Ms. Hanchette has updated the prospective buyer, who is fine with the time extension, to ensure that the proposed language is in place. Ms. Hanchette stated the Commission indicated at the November 12, 2019 Regular Commission Meeting to not expend staff time with coming up with unlimited restrictive uses and staff and legal counsel will look at language from a permitted use and a notice to cure standpoint. Ms. Hanchette stated staff may be coming back to the Commission for a Special Meeting prior to the December 10, 2019 Regular Commission Business Meeting to address this if an agreement with the lender can be met.

***Commissioner Moak recessed the Regular Meeting at 11:02 a.m. for the auction of Port property located at Southridge.***

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

NOVEMBER 15, 2019 MINUTES

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*Commissioner Moak reconvened the Special Commission Meeting at 11:38 a.m.*

Commissioner Moak anticipates the Executive Session will last approximately 15 minutes, Real Estate, Minimum Price, per RCW 42.30.110(1)(c) with action. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

*Commissioner Moak recessed the Special Commission Meeting and convened the meeting into Executive Session at 11:39 a.m. for approximately 15 minutes.*

## EXECUTIVE SESSION

### *A. Real Estate, Minimum Price per RCW 42.30.110(1)(c)*

*Commissioner Moak reconvened the Special Commission Meeting at 11:54 a.m.*

*Commissioner Moak recessed the Special Meeting at 11:54 a.m. to continue the auction of Port property located at Southridge.*

Auction Closed at 12:10 p.m. with a closing bid of \$1,300,000 for all four parcels.

*Commissioner Moak reconvened the Special Commission Meeting at 12:11 p.m.*

*Commissioner Moak recessed the Special Commission Meeting and convened the meeting into Executive Session at 12:12 p.m. for 15 minutes.*

*Commissioner Moak reconvened the Special Commission Meeting at 12:27 p.m.*

## COMMISSION COMMENTS

Commissioner Moak stated the Commission is going to take action on Item A: Real Estate from the Executive Session.

## PUBLIC COMMENTS

No comments were made.

**MOTION:** *Commissioner Novakovich moved for approval of Resolution 2019-33, authorizing the Port's CEO to execute all necessary documentation associated with the land sale of 8.5 acres to the highest bidder of \$1,300,000 for all four parcels and to take all other action necessary to close this transaction; and further ratifies and approves all action by port officers and employees in furtherance hereof Commissioner Barnes seconded.*

### *Discussion:*

*Commissioner Novakovich thanked Musser Brothers for what they have done on this auction and he thinks the process was very fair. Commissioner Novakovich believes the Port demonstrated the real value of what property may sale for in the Southridge area. Commissioner Novakovich knows that the prices the Port hoped to get were higher, but apparently by the number of attendees today*

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

NOVEMBER 15, 2019 MINUTES

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*and the people that bid, he thinks we have arrived at a price that is fair and equitable to all parties involved. Commissioner Novakovich is pleased with the whole process.*

*Commissioner Barnes added, this property was marketed by staff for a number of years and was available. It was an ambitious asking price; however, any party that had genuine interest in the property could have submitted an offer at what they deemed to be a fair and reasonable price for the property. To Commissioner Barnes' knowledge, the Port did not receive any offers for the property and we have been marketing it for approximately five years. Another thing that factors into the decision today, in Commissioner Barnes' opinion, is the new Bob Olson Parkway, and there is a lot of available land for development. Commissioner Barnes stated there is competition for this property and he thinks there appears to be a fair representation of interested parties here that were bidding on the property. The Port has a great use for this money in the Vista Field and Columbia Drive areas and other areas, and he thinks it is in the best interest of the Port to accept this offer.*

**MOTION:** *Commissioner Novakovich moved to amend the motion to address the total purchase price of \$1,300,000 to include a 6% buyer's premium; Commissioner Barnes seconded amending the motion. With no further discussion, the motion to amend the motion carried unanimously. All in favor 3:0.*

## ***Discussion continued:***

*Commissioner Moak appreciates the work of Musser Brothers, who gave several reports to the Commission on their process. The Commission saw the results of their work through advertisement, both digital and print and the handling of the auction today and the citizens in attendance. Commissioner Moak thinks we have done everything we could, from the Port of Kennewick standpoint, to try to get as much as we could out of this property and he thinks Musser Brothers has done as much as they could to get as much out of this property. At some point, this is going to be a great piece of property and the Port of Kennewick will be pleased to see the economic development that results from this property, but it may be several years out and the buyer may need to hold that property until the appropriate time. From the Port of Kennewick's standpoint, our interest is not holding that property, but to do as Commissioner Barnes said, to invest into the properties that we are working on that are going to create millions of dollars in investment in the Tri-Cities and he thinks that is the ultimate goal of the Port. We will accept this offer and wish the buyer great success in being able to develop these properties into something that will benefit the entire Tri-Cities community, because that is what we do at the Port of Kennewick.*

***Commissioner Moak called for a vote on the amended motion.***

***With no further discussion, the amended motion carried unanimously. All in favor 3:0.***

## **PUBLIC COMMENT**

No further comments were made.

## **ADJOURNMENT**

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

NOVEMBER 15, 2019 MINUTES

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With no further business to bring before the Board; the meeting was adjourned 12:33 p.m.

***APPROVED:***

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

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*Thomas Moak, President*

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*Don Barnes, Vice President*

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*Skip Novakovich, Secretary*



## AGENDA REPORT

**TO:** Port Commission

**FROM:** Amber Hanchette, Director of Operations & Real Estate

**MEETING DATE:** December 10, 2019

**AGENDA ITEM:** Resolution 2019-34; lease renewal with Carbitex

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**I. REFERENCE(S):** Resolution 2019-34 and Commercial Lease Agreement

**II. FISCAL IMPACT:** \$175,296.00 plus LET

**III. DISCUSSION:**

Carbitex LLC has been an Oak Street Industrial Park tenant with the Port of Kennewick since 2013.

In the last year, Carbitex has made significant capital investments in their Tri-Cities based manufacturing operations. Carbitex leaders have added 15 new employees to their payroll this year for a total of 30 people company-wide and project to have 40 employees by the end of January. They have leased an additional 2,500 square feet of space from the private sector near their oak street operations and invested substantial capital in additional equipment.

Key parameters of the negotiated lease renewal are:

- Lease 16,600 square feet of office and industrial space for flexible carbon fiber cloth manufacturing, research and development;
- Location – 1426 E. 3<sup>rd</sup> Ave. Development Building B;
- Lease rate - \$0.44 per square foot which includes a 3% rental increase from previous lease period.
- A continued lease commitment until December 31, 2021;
- Tenant responsible for separately metered electricity, water & sewer;
- According to Port of Kennewick Policies and Procedures, POK-CEO-DOA, 1.2.2, adopted by Resolution 2015-29; *Leases in which the total monthly rental amount exceeds \$5,000.00 per month (excluding LET, utilities, and other ancillary items).*

***Motion:*** *I move approval of Resolution 2019-34 to accept a two year lease with Carbitex and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the port Chief Executive Officer is authorized to take all action necessary.*

# **PORT OF KENNEWICK**

## **Resolution No. 2019-34**

### ***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A LEASE AGREEMENT WITH CARBITEX LLC***

**WHEREAS**, the Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

**WHEREAS**, a two year lease for 16,600 square feet of office and industrial warehouse space has been negotiated by Port staff with Carbitex LLC; and

**WHEREAS**, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

**WHEREAS**, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and it is in the Port's best interest; and

**WHEREAS**, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby approves a two-year lease with Carbitex LLC as presented and authorizes the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

**BE IT FURTHER RESOLVED** that all action by port officers and employees in furtherance hereof is ratified and approved.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 10<sup>th</sup> day of December, 2019.

***PORT of KENNEWICK  
BOARD of COMMISSIONERS***

By: \_\_\_\_\_  
THOMAS MOAK, President

By: \_\_\_\_\_  
DON BARNES, Vice President

By: \_\_\_\_\_  
SKIP NOVAKOVICH, Secretary

# **COMMERCIAL PROPERTY LEASE AGREEMENT**

**BETWEEN  
PORT OF KENNEWICK,  
LANDLORD**

**AND**

**CARBITEX, LLC,  
TENANT**

**OAK STREET INDUSTRIAL PARK  
DEVELOPMENT BUILDING B  
SUITES B110, B120 & B130**



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**PORT OF KENNEWICK LEASE AGREEMENT  
(Commercial Property)**

Landlord hereby leases to Tenant and Tenant hereby leases and accepts from Landlord the premises hereinafter described on the terms and conditions set forth in this Lease Agreement, hereinafter called "this Lease".

**BASIC LEASE PROVISIONS**

The following Basic Lease Provisions are hereby incorporated herewith as part of this Lease:

- A. Lease Date: January 1, 2020.
- B. Landlord: Port of Kennewick,  
a Washington municipal corporation
- C. Tenant: CARBITEX, LLC
- D. Land: The real property located at 1426 E. 3<sup>rd</sup> Ave, Suite B110, B120 & B130, Kennewick, WA 99336, (Development Building B), as more particularly described on Exhibit A attached hereto.
- E. Premises: The Premises shall mean the Land, as defined above, and any improvements located thereon.
- F. Permitted Use: Light manufacturing and administrative offices and for such other lawful activities as may be approved by the Port of Kennewick.
- G. Term: Commencing on the Lease Commencement Date and terminating on the Expiration Date.
- H. Lease Commencement Date: January 1, 2020
- I. Expiration Date: December 31, 2021.
- J. Base Rent Calculation: \$0.44 psf      16,600 square feet leasable space
- K. Monthly Base Rent (not including LET): \$7,304.00
- L. Leasehold Tax (LET): Current Washington State Leasehold Tax shall be added to Base Rent. Current effective rate is 12.84%.
- M. Total Monthly Rent (includes LET): \$ 8,241.83
- N. Rent Due Date: First day of every month
- O. Financial Security: \$ 8,054.52 deposit (ON FILE); (additional deposit required \$187.31)
- P. Landlord's Address for Notices and Rent Payments:

**Port of Kennewick  
350 Clover Island Drive  
Kennewick, WA 99336**

Q. Tenant's Address for Notices:

**CARBITEX LLC  
2839 W. Kennewick Ave Suite 530  
Kennewick, WA 99336**

R. Exhibits:

Exhibit "A" Legal Description of Premises

~~Exhibit "B" Personal Guaranty~~

## **ARTICLE 1 PREMISES**

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord the Premises, which Premises are more particularly described in the Basic Lease provisions.

## **ARTICLE 2 USE OF PREMISES**

Tenant shall occupy and use the premises for light manufacturing of flexible carbon fiber fabric and administrative offices and for such other lawful activities as may be approved by the Landlord during the lease term and for no other business purpose without the written consent of landlord, which landlord may give or withhold in landlord's sole discretion. Residential use is strictly prohibited. No smoking shall be allowed within any portion of the premises or within twenty-five (25) feet of all entryways.

## **ARTICLE 3 TERM**

### **3.1     Duration**

The Term hereof shall commence on the Lease Commencement Date defined in the Basic Lease Provisions and shall terminate on the Expiration Date defined in the Basic Lease Provisions, unless earlier terminated.

## **ARTICLE 4 RENT**

### **4.1     Rent**

Tenant shall pay to Landlord without prior demand, abatement, deduction, set-off, counter claim or offset, for all periods during the Lease Term, all sums provided in this Article 4 and all other additional sums as provided in this Lease, at the address set forth in the Basic Lease Provisions, payable in lawful money of the United States of America on or before the first (1<sup>st</sup>) day of each month.

#### **(a)     Late Fee**

If Tenant shall fail to pay when due any installment of Rent or any other sums due under this Lease on or before the fifteenth (15th) day of any month, a late charge equal to the greater of (i) \$50, or (ii) five percent (5%) of the overdue amount shall be payable by Tenant to reimburse Landlord for costs relating to collecting and accounting for said late payment(s).

#### **(b)     Interest.**

In addition to any applicable late fees, 12% APR interest, compounded monthly shall be applied to the total unpaid balances beginning the sixteenth (16<sup>th</sup>) day of any month.

(c) Non-Sufficient Funds (NSF).

If a Tenant check is returned by the bank for any reason, Tenant shall pay a fifty (\$50) dollar fee for costs administrative costs related to collecting and any associated bank fees. Future payments may be required to be made by cash or money order. Landlord and Tenant hereby agree that these charges represent a fair and reasonable estimate of what the Landlord might incur by reason of Tenants late or NSF payment. These fees are due and payable with the current rent payment. Landlord's acceptance of any late charge, interest or NSF fee shall not be deemed an extension of the date rent is due or prevent Landlord from exercising any other rights or remedies under this agreement. The Landlord reserves the right to revise its policy regarding late payment and NSF check charges without notice.

## **ARTICLE 5 FINANCIAL SECURITY**

In compliance with the requirements of the state law, Tenant agrees that it will secure the performance of the rental portion of this Lease by 1) providing a deposit in the amount set forth in the Basic Lease Provisions or 2) procuring and maintaining, during the term of this Lease, a corporate surety bond, or 3) by providing other financial security satisfactory to Landlord.

The Bond option shall be in a form and issued by a surety company acceptable to Landlord and shall comply with the requirements of Washington law. Tenant shall obtain such Bond and forward evidence thereof to Landlord within fourteen (14) days of execution of this Lease, but in no event later than the Commencement Date of this Lease. Failure to comply with this requirement shall be grounds for termination of this Lease without notice by Landlord. Such Bond shall be kept always in effect during the term of this Lease; failure to comply with this requirement shall render Tenant in default. The Bond shall be increased annually to reflect any adjustments in annual Rent.

Upon any default by Tenant of its obligations under this Lease, Landlord may retain any Financial Security provided by Tenant and/or collect on the Bond to offset the Tenant's liability to Landlord. Collection on the Bond shall not relieve Tenant of liability, shall not limit any of Landlord's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

## **ARTICLE 6 TAXES & ASSESSMENTS**

### **6.1 Personal Property Taxes**

Tenant shall pay before delinquency all license fees, public charges, taxes and assessments on the furniture, fixtures, equipment, inventory and other personal property of or being used by Tenant in the Premises, whether or not owned by Tenant.

### **6.2 Additional Taxes/Assessments; Leasehold Excise Tax (LET)**

Tenant shall also pay: (a) all special taxes and assessments (including irrigation assessments) or license fees now or hereafter levied, assessed or imposed by law or ordinance, by reason of Tenant's use of the Premises; (b) all business and occupation tax and any tax, assessment, levy or charge assessed on the Rent paid under this Lease; (c) the statutory leasehold excise tax imposed in connection with the Rent due hereunder or otherwise due as a consequence of this Lease; and

(d) any excise, transaction, sales, privilege, or other tax (other than net income and/or estate taxes) now or in the future imposed by the city, county, state or any other government or governmental agency upon Landlord and attributable to or measured by the Rent or other charges or prorations payable by Tenant pursuant to this Lease.

## **ARTICLE 7 UTILITIES**

Tenant acknowledges that Landlord shall have no obligation to provide any utilities or services to the Premises. Tenant shall be solely responsible for the payment of all assessments, charges and/or fees pertaining to the Premises, including, but not limited to, water assessments, charges for public utilities, license and permit fees which may, during the Lease Term, be assessed, levied, charged, confirmed or imposed i) on the Premises or any part thereof, ii) on improvements now or hereafter comprising a part thereof, and iii) on the use or occupancy of the Premises. Tenant shall pay all such assessments, charges and/or fees when due.

### Suite B110

Electricity Meters Assigned to Tenant: 250800 (Panel 9), 231554 (Panel 9A)

Water Meters Assigned to Tenant: 74521087

### Suite B120

Electricity Meters Assigned to Tenant: 231702 (Panel 8), 231555 (Panel 8A)

Water Meters Assigned to Tenant: 74521088

### Suite B130

Electricity Meters Assigned to Tenant: 231702 (Panel 7), 231556 (Panel 7A)

Water Meters Assigned to Tenant: 74521119

## **ARTICLE 8 INSURANCE**

### **8.1     Insurance**

Tenant, at its own expense, shall provide and keep in force all insurance deemed appropriate for the farming and general agricultural purposes that the Premises are to be used and with companies reasonably acceptable to Landlord, including but not limited to the following:

#### **(a)     Commercial General Liability Insurance**

Commercial general liability (CGL) insurance for the benefit of Landlord and Tenant jointly against liability for bodily injury and property damage for a combined single limit of not less than One Million Dollars (\$1,000,000) for any one occurrence for this location, including coverage for contractual liability and personal injury, with a \$2,000,000 aggregate limit and One Hundred Thousand Dollars (\$100,000) for property damage;

#### **(b)     Statutory Workers' Compensation**

Statutory Workers' Compensation, including at least \$250,000 Employer's Contingent Liability (Stop Gap) coverage in Tenant's commercial general liability insurance;

#### **(c)     Automobile Liability Insurance**

Automobile Liability Insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000, including all owned, non-owned and hired vehicles and covering claims for damages because of bodily injury or death of any person or property damage arising out of ownership, maintenance or use of any motor vehicle; and

(d) Property Insurance

Property insurance covering its leasehold improvements to the Premises, furniture, fixtures, equipment, inventory and other personal property located on the Premises (and, at Landlord's election, on all buildings and other improvements now or hereafter existing at the Premises) in an amount of not less than one hundred percent (100%) insurable replacement value with no coinsurance penalty, "Special Form—Causes of Loss", with Flood Insurance if Landlord reasonably deems such insurance to be necessary or desirable, with an Ordinance or Law endorsement and replacement cost coverage to protect against loss of owned or rented equipment and tools brought onto or used at the Property by Tenant.

8.2 Requirements

The foregoing insurance requirements shall be placed with an insurance company or companies admitted to do business in the State of Washington and shall have an A.M. Best's rating of A-/VIII or better. Tenant shall furnish Landlord with a copy or certificate of such policies before the Commencement Date of this Lease and whenever required shall satisfy Landlord that such policies are in full force and effect. Tenant's liability insurance policies shall list Landlord as an additional insured and Tenant's property insurance policies shall reflect Landlord as a loss-payee as its interests may appear, and all of Tenant's insurance policies shall be primary and non-contributing with any insurance carried by Landlord. Such policies shall not be cancelable or materially altered without forty-five (45) days' prior written notice to Landlord. In addition, the policies shall provide for ten (10) days' written notice to Landlord in the event of cancellation for non-payment of premium. Tenant's failure to deliver the policies or certificates to Landlord as required above shall constitute an event of default pursuant to Article 23 hereof.

8.3 Waiver of Subrogation

Each party hereby waives, and each party shall cause their respective property insurance policy or policies to include a waiver of such carrier's, entire right of recovery (i.e., subrogation) against the other party, and the officers, directors, agents, representatives, employees, successors and assigns of the other party, for all claims which are covered or would be covered by the property insurance required to be carried hereunder or which is actually carried by the waiving party.

**ARTICLE 9**  
**ACCEPTANCE AND CARE OF PREMISES**

Tenant has inspected the Premises and accepts the Premises "AS IS" in its present condition and acknowledges that Landlord is not responsible to provide, and has made no representations or warranties that it will provide, any improvements to the Premises whatsoever. Tenant shall, at its sole cost, keep the Premises in as good working order, cleanliness, repair, and condition, as that which existed when Tenant initially began operating at the Premises. In the event that Tenant fails to comply with the obligations set forth in this Article 9, Landlord may, but shall not be obligated to, perform any such obligation on behalf of, and for the account of Tenant, and Tenant shall reimburse Landlord for all costs and expenses paid or incurred on behalf of Tenant in connection with performing the obligations set forth herein. Tenant expressly waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.



## **ARTICLE 10**

### **ALTERATIONS AND IMPROVEMENTS**

Tenant shall not make any alterations, additions, renovations or improvements to the Premises without first obtaining the written consent of Landlord. All alterations, additions, renovations and improvements made shall be at the sole cost and expense of Tenant and shall become a part of the real property and belong to Landlord and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease, or be removed from the Premises at Tenant's sole cost at the sole discretion of Landlord by written notice given by Landlord not later than thirty (30) days after expiration or earlier termination of this Lease. Tenant further agrees to indemnify, defend, and hold Landlord and the Premises free and harmless from, and against, any and all damages, injuries, losses, liens, costs or expenses (including attorneys' fees) incurred, claimed or arising out of said work.

**Upon lease termination notice for B110, B120 or B130, by either party, Tenant shall employ at its own expense a Washington State licensed, bonded and insured contractor to obtain all required permits and to reconstruct all walls where wall penetrations have been constructed by Tenant between warehouses and/or offices and exterior surfaces from sign penetrations. All such work shall be completed within 30 days of lease termination notice. Tenant shall be required to return the premises to the same condition as when entered into lease including but not limited to wall construction, paint, materials, and meeting all applicable building and fire codes.**

## **ARTICLE 11**

### **ACCIDENTS AND INDEMNIFICATION**

Tenant shall indemnify Landlord and save it harmless from and against, and shall defend with counsel acceptable to Landlord, any and all suits, actions, damages, claims, liability, and expense in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or from the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, invitees, licensees, or concessionaires; provided that Tenant shall not be liable to Landlord to the extent such damages, liability, claims or expenses are caused by or result from the negligence or intentional misconduct of Landlord.

Tenant hereby expressly waives claims against Landlord, and Landlord shall not be responsible or liable at any time, for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining property, unless and only to the extent due to Landlord's gross negligence or intentional misconduct, and in no event shall Landlord be liable for Tenant's consequential damages. Tenant shall store its property in and shall use and enjoy the Premises and improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law and except as expressly provided above, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

Solely for the purpose of effectuating the indemnification obligations under this Lease, and not for the benefit of any third parties (including but not limited to employees of Tenant), Tenant specifically and expressly waives any immunity that may be granted it under the Washington State Industrial Insurance Act, Title 51 RCW. Furthermore, the indemnification obligations under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts. Tenant shall cause Contractors and their subcontractors and material suppliers to execute similar waivers of industrial insurance immunity. The parties, by their execution hereof, acknowledge

that the foregoing provisions of this Article 11 have been specifically and mutually negotiated between the parties.

## **ARTICLE 12 COMPLIANCE WITH LAWS**

Tenant shall comply fully at its sole expense with all federal and state statutes and local or city ordinances (including any zoning ordinances) now or hereafter in force in respect to the Premises and Tenant's activities therein. Tenant warrants and represents to Landlord that Tenant shall use the Premises only for lawful purposes.

## **ARTICLE 13 MAINTENANCE**

Tenant shall keep the premises in a neat, clean, and sanitary condition at all times. Tenant shall make necessary improvements to the existing facilities in order to provide safe conditions, build any new improvements agreed upon and keep all improvements in good condition.

- a) Other Utilities: Tenant shall be responsible for telephone, network connections and interior maintenance.
- b) Property Tax: Landlord will pay property tax on the land and building. But not on Tenant-owned Trade Fixtures, furnishings, equipment and all personal property of Tenant contained in the Premises.
- c) Janitorial: Tenant will provide janitorial service inside the Premises, restrooms and window washing on inside of windows.
- d) Landscaping and Common Area Sweeping: Landlord, at its cost, will provide landscaping care and common area repairs, maintenance, and sweeping outside the building.
- e) Other Maintenance and Repairs: Landlord will maintain exterior of building (except for overhead and/or sliding doors, if any), roof, foundation, and electrical (except for lightbulbs and light fixture ballasts), heating and plumbing, in a good state of repair. Tenant shall pay the reasonable cost of repairs of all damage caused by Tenant, its agents, servants, employees, or invitees within ten (10) days of receipt of an invoice stating the repairs performed and the cost thereof. Tenant shall be responsible for all minor plumbing repairs and maintenance including but not limited to plumbing line blockages and minor leaks. Tenant shall be responsible to replace all light bulbs and light fixture ballasts located in Tenant's leased space. Tenant shall be responsible for the maintenance and repair of all overhead and/or sliding doors located in Tenant's Premises. Landlord shall be responsible for maintenance of lighting in Tenant's shared Premises. Landlord shall be responsible for testing and maintaining interior fire sprinkler systems, smoke detectors, fire extinguishers and alarm systems.
- f) HVAC: HVAC and all mechanical systems shall be in satisfactory operating condition and will be maintained by Landlord during the term of the Lease.
- g) Interruptions: There shall be no abatement of rent and Landlord shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Landlord's reasonable control or in cooperation with governmental request or directions.

## **ARTICLE 14 LANDLORD'S ACCESS**

Landlord shall have the right to inspect the Premises at all reasonable times and enter the same for purposes of cleaning, repairing, inspecting, altering, exhibiting, or improving the Premises, but nothing contained in this Lease shall be construed so as to impose any obligation on Landlord to make any repairs, alterations or improvements not otherwise expressly set forth elsewhere herein.

The Landlord reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses will not unduly interfere with the use of the Premises by Tenant.

## **ARTICLE 15 SIGNS AND ADVERTISING**

Tenant will not inscribe, post, place, or in any manner display any sign, notice, picture, poster or any advertising matter whatsoever anywhere in or about the Premises, without first obtaining Landlord's written consent thereto.

## **ARTICLE 16 WASTE AND UNLAWFUL USE**

Tenant will not commit or suffer any waste upon the Premises, or make or suffer any nuisance, undue or unseemly noise, or otherwise, and will not do or permit to be done in or about the Premises anything which is illegal or unlawful, or which will be dangerous to life or limb, or which will increase any insurance rate upon the Premises.

## **ARTICLE 17 SUCCESSORS**

All the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, marital communities and assigns. Any assignment or subletting of the Premises or any interest in this Lease shall not relieve Tenant of primary responsibility for the performance of the terms and payment of the sums to be performed or paid by Tenant hereunder.

## **ARTICLE 18 HAZARDOUS MATERIALS**

Tenant shall not dispose of or otherwise allow the release of any hazardous waste or materials in, on, or under the Premises, or any adjacent property. Tenant represents and warrants to Landlord that Tenant's intended use of the Premises does not involve the use, production, or disposal of any hazardous waste or materials. As used herein, "**hazardous waste or materials**" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state, or local statute, regulation, rule or ordinance now or hereafter in effect; In the event Tenant brings or uses hazardous waste or materials on the Premises, Tenant shall, at its sole cost, properly dispose of all such hazardous waste or materials. Tenant shall be responsible for complying with all federal, state and local laws and regulations in regard to the handling of and disposing of hazardous waste or materials, and agrees to indemnify, defend, and hold Landlord harmless from and against all losses, costs, and expenses (including but not limited to site cleanup, investigation, and remediation costs and attorneys fees and costs related thereto) arising from a breach by Tenant of its obligations under this Article 18.

## **ARTICLE 19**

### **ASSIGNMENT AND SUBLETTING**

Tenant shall not transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises, or any part thereof (any of which, a “**Transfer**”) without the prior written consent of Landlord in each instance, which may be given, withheld, or conditioned in Landlord’s sole discretion. In no event shall Tenant be released or relieved of any liability hereunder due to any Transfer whether or not consented to by Landlord.

Landlord shall have the right to transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part without the prior written consent of the Tenant. See also Landlord rights to terminate this Lease as set forth in Article 23 below.

## **ARTICLE 20**

### **SURRENDER OF POSSESSION**

#### **20.1    Surrender**

At the expiration of the tenancy created hereunder, whether by lapse of time or otherwise, Tenant shall surrender the Premises in substantially the same condition as when tenant first took possession and in good condition and repair, and shall remove all of its personal property, furniture, fixtures, and equipment, and all cabling and wiring installed by or for Tenant. Tenant’s obligations shall include the repair of any damage occasioned by the installation, maintenance or removal of Tenant’s personal property, furniture, fixtures, equipment, and the removal of any generators or storage tanks installed by or for Tenant (whether or not the installation was consented to by Landlord), and the removal, replacement, or remediation of any soil, material or ground water contaminated by Tenant, its agents, contractors, employees, servants, invitees, licensees, or concessionaires, all as may then be required by applicable Laws.

#### **20.2    Removal of Property**

In the event of any entry in, or taking possession of, the Premises or upon the termination of this Lease, Landlord shall have the right, but not the obligation, to remove from the Premises all personal property located therein, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, upon ten (10) days notice to Tenant, after it has been stored for a period of thirty (30) days or more. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, with the balance, if any, to be paid to Tenant.

#### **20.3    Holding Over**

If Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant’s occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount due on the first of each month of the holdover period, without reduction for partial months during the holdover, equal to 150% of the greater of: (1) the monthly Rent, Leasehold Tax, and any other charge due, for the monthly period immediately preceding the holdover; or (2) the fair market value for gross monthly rental for the Premises as reasonably determined by Landlord. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by

summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant, or to perform improvements for a new tenant, as a result of Tenant's holdover, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from the holdover. Nothing herein shall be construed as Landlord's consent to such holding over.

## **ARTICLE 21 NOTICES**

All notices, requests and demands to be made hereunder shall be in writing at the address set forth in the Basic Lease Provisions, as applicable, by any of the following means: (a) personal service (including service by recognized overnight delivery/courier service, such as UPS or FEDEX); or (b) registered or certified first class mail, return receipt requested. Such addresses may be changed by written notice to the other party given in the same manner provided above. Any notice, request, or demand sent pursuant to clause (a) of this Article 21 shall be deemed received upon such personal delivery or service (or the date of refusal, if personal service or delivery is refused), and if sent pursuant to clause (b), shall be deemed received three (3) days following deposit in the mails.

## **ARTICLE 22 LIENS AND ENCUMBRANCES**

Tenant shall keep the Premises free and clear of any liens and encumbrances arising out of the use and occupancy of the Premises by Tenant. Should Tenant fail to discharge any lien of the nature described in this Article 22 Landlord may, at Landlord's election, pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title and the cost thereof shall be immediately due from Tenant as rent under this Lease.

## **ARTICLE 23 DEFAULT**

### **23.1 Default**

The failure to cure, upon 30 days written notice, any one or more of the following events shall constitute a material breach and default of this Lease (each, an "**Event of Default**"):

- (a) Any failure by Tenant to pay Rent and Leasehold Tax on the 1<sup>st</sup> of the month when due, or any other charge when due;
- (b) Any failure by Tenant to observe or perform any other provision, covenant or condition of this.

The failure to cure, upon 15 days written notice, any one or more of the following events shall constitute a material breach and default of this Lease (each, an "**Event of Default**"):

- (c) Any failure by Tenant to obtain and keep in full force and effect the insurance coverage(s) required hereunder to be carried by Tenant;
- (d) Any failure to immediately remedy an emergency condition that poses a significant risk of injury or damage;

### **23.2 Remedies.**

- (a) Re-entry and Termination

Upon and during the continuance of an Event of Default, Landlord, in addition to any other remedies available to Landlord at law or in equity, at Landlord's option, may without further notice or demand of any kind to Tenant or any other person:

1. Declare the Lease Term ended and reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim to the Premises; or

2. Without declaring this Lease ended, reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect any unpaid Rent, Leasehold Tax, and other charges, which have become payable, or which may thereafter become payable; or

3. Even though Landlord may have reentered the Premises, thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

4. In the event of the insolvency or bankruptcy of the Tenant, Landlord may, at Landlord's option, immediately take full possession of the premises to the exclusion of all persons. Exercising such option shall not alleviate Tenant's obligations under this Lease and Landlord shall have the right to seek all remedies set forth in this Lease.

(b) Express Termination Required

If Landlord reenters the Premises under the provisions of this Article, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any Rent, Leasehold Tax, or other charges thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions of this Lease, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that Landlord had elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of Washington state and surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.

(c) Damages

If Landlord elects to terminate this Lease pursuant to the provisions of this Article, Landlord may recover from Tenant as damages, the following:

1. The worth at the time of award of any unpaid Rent, Leasehold Tax, and other charges which had been earned at the time of such termination; plus

2. The worth at the time of award of the amount by which the unpaid Rent, Leasehold Tax, and other charges which would have been earned after termination until the time of award exceeds the amount of such loss Tenant proves could have been reasonably avoided; plus

3. The worth at the time of award of the amount by which the unpaid Rent, Leasehold Tax, and other charges for the balance of the Lease Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided; plus

4. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to any costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees, (ii) maintaining or preserving the Premises after the occurrence of an Event of Default, (iii) preparing the Premises for reletting to a new tenant, including repairs or unauthorized alterations to

the Premises for such reletting, (iv) leasing commissions, and (v) any other costs necessary or appropriate to relet the Premises; plus

5. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of Washington State.

(d) Definitions

As used in Paragraphs 23.2(c)1) and 23.2(c)2) above, the "worth at the time of award" is computed by allowing interest at the rate of twelve percent (12%) per annum compounded monthly. As used in Paragraph 23.2(c)3) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Property at the time of award plus one (1) percentage point.

(e) No Waiver

The waiver by Landlord of any breach of any term, covenant or condition herein contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or any other term, covenant or condition of this Lease. The subsequent acceptance of Rent, Leasehold Tax, and other charges due hereunder shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular amount so accepted regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such amount. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver shall be in writing and signed by Landlord.

23.3 Interest

Any sum accruing to Landlord under the terms and provisions of this Lease which shall not be paid when due shall bear interest at the interest rate provided herein from the date the same becomes due and payable by the terms and provisions of this Lease until paid, unless otherwise specifically provided in this Lease. The interest rate which shall apply shall be the lesser of (i) twelve percent (12%) per annum, compounded monthly or (ii) the highest rate allowed by applicable law.

**ARTICLE 24**  
**ATTORNEYS' FEES AND COSTS**

If either party hereto shall file any action or bring any proceeding against the other party arising out of this Lease or for the declaration of any rights hereunder, the prevailing party therein shall be entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party as determined by the court. If either party ("**secondary party**") without its fault is made a party to litigation instituted by or against the other party (the "**primary party**"), the primary party shall pay to the secondary party all costs and expenses, including reasonable attorneys' fees, incurred by the secondary party in connection therewith.

## **ARTICLE 25 MISCELLANEOUS**

### **25.1 Miscellaneous Provisions**

The following miscellaneous provisions shall apply to this Lease:

- (a) Time is of the essence hereof.
- (b) If any portion of this Lease shall be deemed void, illegal or unenforceable, the balance of this Lease shall not be affected thereby.
- (c) This Lease shall be interpreted according to the laws of the State of Washington. The parties agree that the Superior Court of the State of Washington for Benton County shall have sole jurisdiction over any question, claim, loss or injury arising hereunder.
- (d) Tenant acknowledges that, except as expressly set forth in this Lease, neither Landlord nor any other person has made any representation or warranty with respect to the Premises.
- (e) This Lease shall be binding upon the heirs, executors, administrators, successors, and assigns of both parties hereto, except as otherwise provided for herein;
- (f) Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of its business or otherwise.
- (g) The paragraph and section headings hereof are for convenience only and shall not be used to expand or interpret the meaning of any part of this Lease.
- (h) Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.
- (i) This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. This Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Lease and all preliminary negotiations, inducements, representations, and agreements of whatsoever kind or nature are merged herein, and there are not oral agreements or implied covenants. Both parties represent they have had the opportunity to seek legal counsel prior to signing this Lease. All Exhibits, Riders, or Addenda mentioned in this Lease are incorporated herein by reference. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any section.

Tenant shall comply with all applicable federal, state and local requirements prohibiting discrimination based on age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability. Tenant and Landlord hereby represent and warrant that they have not employed any broker with regard to this Lease and that they have no knowledge of any broker being instrumental in bringing about this Lease transaction. Each party shall indemnify the other against any expense as a result of any claim for brokerage or other commissions made by any broker, finder, or agent, whether or not meritorious, employed by them or claiming by, through or under them. Tenant acknowledges that Landlord shall not



be liable for any representations of Landlord's leasing agent or other agents of Landlord regarding this Lease transaction except for the representations and covenants of Landlord expressly set forth in this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

**PORT OF KENNEWICK**

**CARBITEX LLC**

**By:**

**Tim Arntzen, Chief Executive**

**Title:**

**Officer**

**By:**

**Ron Boninger, President**

**Reviewed:**

**Approved as to form:**

**By:**

**Nick Kooiker, Port CFO**

**Title:**

**By:**

**Lucinda Luke, Port Legal Counsel**

STATE OF WASHINGTON

COUNTY OF BENTON \_\_\_\_\_

ss.

I certify that I know or have satisfactory evidence that Ron Boninger is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of Carbitex LLC, a Washington limited liability company, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON

COUNTY OF BENTON \_\_\_\_\_

ss.

I certify that I know or have satisfactory evidence that Tim Arntzen is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Chief Executive Officer of Port of Kennewick, a municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

## LEGAL DESCRIPTION

### COMMON DESCRIPTION

[illegible]

EXHIBIT "B"

PERSONAL GUARANTY TO THE PORT OF KENNEWICK

TO GUARANTEE PERFORMANCE OF LEASE

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, as personal guarantor, is firmly bound unto the Port of Kennewick, a municipal corporation, in the sum of all monthly rent, plus leasehold tax, and any other charges due as per Lease Agreement dated January 1, 2018.

The conditions of this obligation are as follows:

WHEREAS, CARBITEX LLC entered into a lease with the PORT OF KENNEWICK for commercial tenancy as described in Exhibit "A", located in 1426 E. 3<sup>rd</sup> Avenue, Suite B120 & B130, Kennewick, WA 99336, Development Building B, Oak Street Industrial Complex, Benton County, Washington, which lease provides for the payment of monthly rent, leasehold tax, and other charges; and

WHEREAS, this guaranty incorporates the lease hereinabove referred to;

NOW THEREFORE, the undersigned agrees that in place of such bond called for under RCW 53.08.085, he/she/they agree to be personally liable and guarantee the payment of all sums due up to one year's rent as per the basic lease provision from him/her/them to the Port of Kennewick.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

GUARANTORS:

\_\_\_\_\_  
Name: Junus Khan



## AGENDA REPORT

**TO:** Port Commission

**FROM:** Amber Hanchette, Director of Real Estate & Operations 

**MEETING DATE:** December 11, 2019

**AGENDA ITEM:** Draft Purchase & Sale Agreement with Santiago Communities

---

**I. REFERENCE(S):** Purchase & Sale Agreement  
Sample Site Plan  
Real Estate Land Sale & Commission Policy

**II. FISCAL IMPACT:** \$831,400.00

**III. DISCUSSION:**

Santiago Communities Inc. has submitted a letter of interest to purchase 26.42 acres of land from the Port of Kennewick in order to develop an affordable manufactured home community in east Kennewick.

The property consists of three separate parcels (Exhibit A) located east of the City of Kennewick water treatment plant and north of the Port of Kennewick's Oak Street Industrial complex off of East 3<sup>rd</sup> Avenue. Parcels are zone industrial and located in two different jurisdictions; two of the parcels are under lease for agricultural use and the third has a residence and is encumbered by a life estate.

Buyer estimates that 200 lots will be constructed in a phased approach. The development will have a community center with kitchen, laundry, restrooms, recreation room and manager's office. Estimated value of the development improvements are \$5,000,000.00.

Buyer is seeking to provide affordable housing options in a booming economy. In house financing will be available to potential home buyers. Manufactured homes values average \$125,000 for a three bedroom, two bath home equating to \$25,000,000 at full build out.

**Highlighted Terms:**

- 26.42 acres
- Purchase price - \$831,400.00 (inclusive of art policy)
- Dry land purchase with water rights retained by port.
- Agriculture lease remains in place until closing. Then is transferred to Buyer.
- Buyer assumes life estate on parcel #1-0580-202-0006-002.
- Buyer has requested an extended feasibility period in order to perform due diligence including comprehensive plan changes and rezoning process. Buyer is responsible for application documents, associated fees/costs and any meetings with jurisdictions. Seller to review documents and sign as needed.

**IV. ACTION REQUESTED OF COMMISSION:**

**Direction to staff:**

- Buy back option – include or waive?
- Art Policy included in purchase price – acceptable?
- Broker commission – improved vs. unimproved property?



a of Oregon, State of

## REAL ESTATE PURCHASE AND SALE AGREEMENT

1. **PARTIES.** THIS AGREEMENT is made and effective on the \_\_\_\_\_ day December, 2019, by and between the

**Port of Kennewick  
A Washington Municipal Corporation  
350 Clover Island Drive, Suite 200  
Kennewick, Washington 99336**

**DRAFT**

hereinafter "Seller", and

**Santiago Communities, Inc., a California corporation  
registered to do business in Washington**

hereinafter "Purchaser".

2. **PROPERTY.** The Seller agrees to sell, and the Purchaser agrees to purchase, upon the terms and conditions herein specified, that certain real property located in Benton County, State of Washington, legally described in Exhibit "A" attached hereto and incorporated hereby reference (hereinafter referred to as the "Property"). The Property is sold to Purchaser as dry land without water rights.

**Tax Parcel Nos.: 105802020006002, 105802013067002, and 105802020010005**

3. **PURCHASE PRICE.** The total purchase price is Eight Hundred Thirty-One Thousand Four Hundred and 00/100 Dollars (\$831,400.00). The Purchase Price, inclusive of any applicable Earnest Money deposit, shall be paid all in cash at Closing.

4. **EARNEST MONEY.** Receipt is hereby acknowledged of Forty-one Thousand Five Hundred Seventy and 00/100 Dollars (\$41,570.00) delivered as earnest money. Earnest money shall be applied to the purchase price at Closing. Earnest money and this Agreement shall be promptly delivered by Seller to the Closing Agent hereinafter designated for the benefit of the parties.

5. **TITLE INSURANCE.** The Seller shall provide Purchaser with a standard form owner's policy of title insurance in the amount of the Purchase Price. The title policy to be issued shall contain no exceptions other than those provided in said standard form plus encumbrances or defects approved by Purchaser as provided below.

As soon as reasonably possible after escrow is opened Purchaser shall be furnished with a preliminary commitment therefore issued by Benton Franklin Title Company. Said preliminary commitment shall include legible copies of all documents forming the basis for any special exception set forth.

**DRAFT**



**6. PURCHASER'S CONTINGENCIES.** Purchaser's obligation to purchase the Property shall be contingent upon the following:

**6.1 Condition of Title.** Title is to be free of all encumbrances or defects except:

- i) Parcel #1-0580-202-0006-002 includes a life estate.
- ii) Ag lease shall remain in effect until December 31, 2021 with all rents through Closing paid to Seller and any rents due after Closing and before expiration of the lease shall be paid to Purchaser. If the lease remains in effect at the time of Closing, the Seller shall assign the lease to the Purchaser.
- iii) See also Repurchase Option at Paragraph 10 below.
- iv) Those other encumbrances or defects approved by Purchaser.

The Purchaser shall be considered to have accepted the condition of title unless the Purchaser provides notice of specific written objections within ten (10) business days after Purchaser's receipt of a preliminary commitment as provided for above. If the Seller is not able to provide title in accordance with the Purchaser's written objections prior to closing, this Agreement shall terminate and earnest money shall be refunded.

**6.2 Approval of Seller's Disclosure Statements.** Purchaser shall have ten (10) business days to review Seller's Disclosure Statements. This contingency shall be deemed waived or satisfied unless Purchaser provides written notice to the contrary within said ten (10) business days. If Purchaser provides such notice, this Agreement shall terminate and the earnest money shall be refunded.

**6.3 Feasibility Determination/Comp Plan Change/Rezone/Environmental Due Diligence.** For the period from execution of this Agreement and expiring August 1, 2021, Purchaser may engage consultants or engineers of the Purchaser's choosing to conduct surveys, site studies and tests of the Property, as the Purchaser deems necessary. The Purchaser and its agents shall have the right to enter the Property at reasonable times to make such tests, inspections, studies and other investigations as the Purchaser may require, at the Purchaser's expense and risk. During its investigation of the Property, Purchaser shall also have the right to determine if the Property is suitable for Purchaser's contemplated use. Purchaser and its agents shall have full access to the Property for the purpose of conducting Purchaser's inspections and evaluation. Purchaser's feasibility study process shall also include preparation of necessary documentation to update the Port's Comprehensive Scheme of Harbor Improvements, complete documentation for any required rezoning, and conduct environmental due diligence. The Seller shall review and sign documentation necessary to complete the Comprehensive Scheme update and rezoning. The Purchaser shall indemnify, defend and hold the Seller harmless from any and all claims of loss, injury, or damage to any person or property arising out of the Purchaser's access or Purchaser's agents' access to the Property for purposes of tests, inspections, studies and other investigations.

This contingency shall be deemed waived or satisfied unless Purchaser provides written notice to Seller the contrary within said feasibility period expiring August 1, 2021, in which case this Agreement shall terminate, and earnest money shall be refunded.

If this transaction fails to close due to a default by Purchaser, Purchaser shall immediately deliver to Seller copies of any studies or inspections, appraisals or surveys and any and all information, which either the Purchaser or Purchaser's consultants have obtained in connection with the Feasibility Determination and/or Environmental Due Diligence.

**6.4 Survey.** A survey has been conducted on the Property and a copy has been provided to the Purchaser. This contingency shall be deemed waived or satisfied unless Purchaser provides written notice to Seller to the contrary within ten (10) business days from the date of this Agreement.

**7. CONDITION OF PROPERTY/"AS IS" SALE.** Except as otherwise expressly set forth in this Agreement, Seller makes no representations or warranties and shall not in any way be liable for any representations or warranties, including, without limitation, representations and warranties concerning (a) the physical condition of the Property (including, without limitation, the environmental condition, condition of the soils and groundwater conditions); (b) the Property's suitability for Purchaser's intended use; (c) any applicable building, zoning or fire laws or regulations or compliance therewith or any required permits of any governmental entities or agencies or compliance therewith; (d) the availability or existence of any water, sewer or other utilities (public or private). Purchaser acknowledges that Purchaser is relying on its own examination and inspection of the physical condition of the Property and all matters relating thereto. Seller shall have no obligation to make any repairs to the Property, and Purchaser shall accept the property in its "as is" condition at closing. Purchaser shall assume, as of closing, the responsibility for and risk of all defects and conditions of the Property, including any defects and conditions that cannot be observed by casual inspection.

**8. RISK OF LOSS.** Risk of loss or damage to the Property or any part thereof prior to closing shall be assumed by the Seller. If such loss or damage occurs prior to closing, this Agreement shall terminate and the earnest money shall be returned to the Purchaser.

**9. CLOSING.**

**9.1 Closing Agent.** This transaction shall be closed by Benton Franklin Title Company ("Closing Agent").

**9.2 Closing Costs.** Closing costs shall be allocated as follows:

<b>Seller</b>	<b>Purchaser</b>
Excise Tax	Recording Fees
Title Insurance Premium	½ Closing Fee Costs
½ Closing Fee Costs	

Other incidental closing costs shall be paid and/or allocated in accordance with local practice.

**9.3 Items to be Prorated.** Taxes and assessments for the current year, water and other utilities, if any, constituting liens shall be prorated as of date of closing.

**9.4 Closing Date - Possession.** This transaction shall be closed when all contingencies have been satisfied but in any event no later than September 1, 2021. "Closing" shall be the date on which all documents are recorded and funds are available for disbursement.

**9.5 Conveyance.** At Closing Seller shall deliver to Purchaser a Statutory Warranty Deed, free of any encumbrance or defect except:

- i) Parcel #1-0580-202-0006-002 includes a life estate.
- ii) Current Ag lease shall remain in effect until December 31, 2020 with all rents due through Closing paid to Seller and any rents due after Closing and before expiration of the lease shall be paid to Purchaser. If the lease remains in effect at the time of Closing, the Seller shall assign the lease to the Purchaser.
- iii) See also Repurchase Option at Paragraph 10 below.
- iv) Those other encumbrances or defects approved by Purchaser.

**9.6 Assignment.** This Agreement may be assigned with the prior written consent of Seller, which consent shall not be unreasonably withheld.

## **10. REPURCHASE OPTION.**

**10.1 Obligation to Construct a Manufactured Home Community.** The parties agree that the Purchaser's use of the Property shall be to develop an affordable manufactured home community consisting of approximately 200 spaces, clubhouse, playground, and swimming pool. The development is to be built in accordance with the following conditions:

10.1.1 Construction of the development is to commence no later than eighteen (18) months from the date the deed is recorded transferring the Seller's title to this land to Purchaser;

10.1.2 Commencement of construction will be evidenced by issuance of all required building/construction permits and approvals together with actual commencement of on-site construction;

**10.2 Failure to Construct and Right to Repurchase.** Subject to force majeure, the parties agree that in the event construction of the development, or some other mutually agreed upon utilization of the Property, has not begun (evidenced as set forth in 10.1.2 above) Seller shall have the right to repurchase the Property at the Purchase Price with all closing costs and real estate taxes paid by Purchaser, payable in cash at closing. Seller must give Purchaser written notice of its intent to repurchase the property within sixty (60) months of the date deed is recorded transferring the Seller's title to this land. In the event this repurchase provision is invoked, payment for

improvements made to the site by the Purchaser which benefit the future development of the Property shall be made by Seller. Value of improvements which benefit the Property shall be established, unless otherwise agreed by the parties, from the average of two appraisals (one obtained by Seller and one obtained by Purchaser) performed to determine the residual value of site improvements made by the Purchaser.

Closing for the repurchase of the Property shall occur in accordance with the terms of paragraph 9 above, except that Purchaser shall bear all closing costs unless otherwise agreed between the parties, and closing shall occur no later than fifteen (15) days after delivery of the Seller's written notice. Upon closing, Purchaser shall immediately vacate and redeliver possession of the Property to the Seller. At closing, the Purchaser will execute a statutory warranty deed re-conveying the Property to Seller and this Agreement shall be void and of no further force or effect.

**10.3 No Assignment or Encumbrances.** Purchaser shall not assign, encumber or transfer any right or interest in the Property during the first eighteen (18) months after deeds are recorded transferring the Seller's title to this land without the Seller's written approval, which approval shall not be unreasonably withheld.

**10.4 Hold Harmless.** Further and in consideration of the terms hereof, in the event the Seller repurchases the Property, Purchaser shall release and hold Seller harmless and shall indemnify and defend Seller from any and all claims, demands, liens, or encumbrances arising out of or connected with this Agreement and the Property.

**11. Notices.** All notices required by this Agreement shall be considered properly delivered when (1) personally delivered, (2) when transmitted by facsimile or email showing date and time of transmittal, or (3) sent by regular overnight courier, delivered or mailed by U.S. registered or certified mail, return receipt requested, and, if mailed, shall be considered delivered three (3) business days after deposit in such mail. The addresses to be used in connection with such correspondence and notices are the following, or such other address as a party shall from time to time direct:

**Purchaser:** Santiago Communities, Inc.  
Address: \_\_\_\_\_  
PO Box 11927, Santa Ana, CA 92711  
Phone No.: \_\_\_\_\_  
Fax No.: \_\_\_\_\_  
Email: \_\_\_\_\_

**Seller:** Port of Kennewick, a Municipal Corporation  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336  
Attn: Tim Arntzen, Chief Executive Officer  
Phone No.: (509) 586-1186  
Fax No.: (509) 582-7678

**With copy to:** Lucinda J. Luke

Carney Badley Spellman, P.S.  
701 Fifth Avenue, Suite 3600  
Seattle, WA 98104-7010  
Phone No.: (206) 607-4111  
Fax No.: (206)467-8215  
Email: [luke@carneylaw.com](mailto:luke@carneylaw.com)

## **12. MISCELLANEOUS.**

**12.1 Confidentiality.** Both parties agree that this transaction shall remain completely confidential and shall not be disclosed to any other third party without the express written consent of the Purchaser and/or Seller, except as may be required by law. Note that the Seller is a public entity subject to the Public Records Act and may be required to the disclosure of records related to this transaction.

**12.2 Default Remedies.** If either party defaults under this Agreement, the non-defaulting party may seek specific performance of this Agreement, damages or any other remedy available at law or equity.

**12.3 Dispute Resolution/Attorney's Fees.** In the event of any claim or dispute arising under this Agreement, the parties agree to submit the same to arbitration at a location to be mutually agreed upon in Benton County, Washington. In the event the parties are unable to promptly agree upon an arbitrator, the same shall be selected by the presiding judge for the Benton County Superior Court at the request of, and upon seven (7) days' notice from either party.

The arbitrator so appointed shall be a retired superior court judge or an attorney having at least ten years experience in matters similar to the subject of the claim or dispute.

The court may establish the ground rules by which the initial arbitrator fees are to be paid. The mandatory arbitration rules, as implemented in Benton County Superior Court, shall be binding as to procedure. The arbitrator shall determine an award of reasonable attorneys' fees to the substantially prevailing party. If any suit or other proceeding is instituted by either party that is alleged not to come within the foregoing agreement for arbitration, the substantially prevailing party as determined by the court or in the proceeding shall be entitled to recover its reasonable attorneys' fees and all costs and expenses incurred.

**12.4 Time of Essence.** Time is of the essence of this Agreement.

**12.5 Calculation of Time Periods.** Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday. The final day of any such period shall be deemed to end at 5:00 p.m., Pacific [Daylight] Time.

**12.6 Governing Law and Venue.** This Agreement shall be governed by and construed according to the laws of the State of Washington. Jurisdiction and venue of any suit arising out of or related to this Agreement shall be exclusively in Benton County Superior Court, Benton County, State of Washington.

**12.7 Authority to Execute Agreement.** Each of the undersigned represents and warrants that, if not signing on his own behalf, he has the authority to bind the entity for which he/she is executing this Agreement.

**12.8 Entire Agreement.** There are no verbal or other agreements, which modify or affect this Agreement, and Purchaser and Seller acknowledge that this Agreement constitutes the full and complete understanding between Purchaser and Seller.

**12.9 Amendments.** This Real Estate Purchase and Sale Agreement may be amended or modified only by a written instrument executed by Seller and Purchaser.

**12.10 Broker Compensation.** Both Purchaser and Seller warrant to the other that it has not incurred a brokerage commission for which the other party would be responsible. The Buyer's Real Estate Agent is Dennis Gisi of John L. Scott Tri-Cities is the Real Estate Agent. Pursuant to Port policy, the Port shall pay a commission to John L. Scott Tri-Cities in the amount of \_\_\_\_% on the first \$500,000 and 5% on the balance of the Purchase Price above \$500,000 (\$331,400).

Except as specifically disclosed herein, neither party has had any other contact or dealings regarding said property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the purchase and sale contemplating this Agreement. If any broker or finder perfects a claim for a commission or finder's fee based upon any other contract, dealings or communication, the party through whom the broker or finder makes his or her claim will be responsible for that commission or fee and shall indemnify, defend and hold harmless the other party from and against any liability, cost or damages, including attorney's fees and costs, arising out of that claim.

**12.11 Obligations to Survive Closing.** The obligations contained herein shall survive closing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**Port of Kennewick,**  
A Washington Municipal Corporation  
By Authority of its Board of Commissioners

By: \_\_\_\_\_  
Tim Arntzen, Chief Executive Officer

**12.6 Governing Law and Venue.** This Agreement shall be governed by and construed according to the laws of the State of Washington. Jurisdiction and venue of any suit arising out of or related to this Agreement shall be exclusively in Benton County Superior Court, Benton County, State of Washington.

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**12.10 Broker Compensation.** Both Purchaser and Seller warrant to the other that it has not incurred a brokerage commission for which the other party would be responsible. The Buyer's Real Estate Agent is Dennis Gisi of John L. Scott Tri-Cities is the Real Estate Agent. Pursuant to Port policy, the Port shall pay a commission to John L. Scott Tri-Cities in the amount of \_\_\_\_% on the first \$500,000 and 5% on the balance of the Purchase Price above \$500,000 (\$331,400).

Except as specifically disclosed herein, neither party has had any other contact or dealings regarding said property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the purchase and sale contemplating this Agreement. If any broker or finder perfects a claim for a commission or finder's fee based upon any other contract, dealings or communication, the party through whom the broker or finder makes his or her claim will be responsible for that commission or fee and shall indemnify, defend and hold harmless the other party from and against any liability, cost or damages, including attorney's fees and costs, arising out of that claim.

**12.11 Obligations to Survive Closing.** The obligations contained herein shall survive closing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**Port of Kennewick,**  
A Washington Municipal Corporation  
By Authority of its Board of Commissioners

By: \_\_\_\_\_  
Tim Arntzen, Chief Executive Officer

**Santiago Communities, Inc.**

A California corporation registered to do business in Washington

By: \_\_\_\_\_

Printed Name& Title: \_\_\_\_\_

**ACKNOWLEDGEMENTS**

State of Washington       )  
  )ss:  
County of Benton        )

On this day personally appeared before me Tim Arntzen to me known to be the **Chief Executive Officer** of the **Port of Kennewick**, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned, and on oath stated he is authorized to execute the said instrument.

GIVEN under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Notary Public in and for the State of  
Washington  
Residing at: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_



State of \_\_\_\_\_ )  
 )ss:  
County of \_\_\_\_\_ )

On this day personally appeared before me \_\_\_\_\_, to me known to be the \_\_\_\_\_ of Santiago Communities, Inc., the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company for the use and purpose therein mentioned, and on oath stated he is authorized to execute the said instrument.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Notary Public in and for the State of

Residing at: \_\_\_\_\_

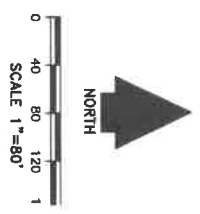
My Commission Expires: \_\_\_\_\_


**EXHIBIT A**  
**(Legal Description & Survey)**

Hermiston, Oregon  
Preliminary Site Plan Project

PRELIMINARY SITE PLAN

SCALE: 1"=80'



	<b>PORT OF KENNEWICK</b>	
	<b>Chief Executive Officer Delegation of Authority</b>	
	<b>REAL OR PERSONAL PROPERTY PURCHASES AND SALES</b>	<b>Part 2.0</b>
	Adopted by the Commission on December 8, 2015 Resolution 2015-29	Cross Reference CEO's Procedures for Staff Part 2.0

## 1. REAL OR PERSONAL PROPERTY PURCHASES AND SALES

The CEO may offer to purchase real property without prior Commission approval, provided that each offer expressly indicates that it is subject to Commission approval. When the Commission authorizes the acquisition of real property by purchase, the CEO must take all necessary steps, including without limitation by obtaining appraisals, to secure title to the property for the Port. *See RCW 53.08.010-.020.*

When the Commission authorizes the sale of real property, the CEO must take all necessary steps to complete the transaction, including without limitation by accepting deposits, opening escrow, and signing all necessary documents. *See RCW 53.08.090-.092.*

The CEO may approve and sign the following easements and covenants over Port property: (1) those easements and covenants that benefit the Port (e.g., utility easements); and (2) all other easements and covenants that do not exceed a term of two years and where the interest granted does not substantially interfere with the Port's use of the property or the property's fair market value. All other easements and covenants exceeding two years must be approved by the Port Commission.

- 1.1. **Not for Speculation.** Port-owned real property will only be sold for identifiable, immediate development and not for speculative purposes. To serve this goal, most sales will include a repurchase option in favor of the Port in the event identified development does not occur in a timely manner.
- 1.2. **Onerous Contingencies.** The Port discourages onerous contingencies (e.g. long-term options, first rights of refusal, etc.), and such contingencies will be accepted only in exceptional circumstances.
- 1.3. **"As Is".** All Port property will be sold "AS IS" unless otherwise approved by Port Commission.
- 1.4. **Offers.** No Port real property will be sold or reserved unless the Port has received a valid offer on a Port standardized purchase and sale agreement, and such

agreement is submitted and approved by the Port Commission in a public meeting. A legally sufficient review procedure shall be utilized if there are material exceptions to the Port standardized purchase and sale agreement. Until approval by the Port Commission, all property designated as “for sale” will remain for sale. The CEO is authorized to accept and make offers on real or personal property without prior Commission approval, provided that such offers clearly indicate the offer is subject to approval of the Commission or other similar language. The CEO will take all necessary steps, if applicable (e.g. securing appraisals, title searches, surveys, environmental reviews, deposits, escrow, or signing all necessary documents after Commission approval).

- 1.5. Determining Price.** The CEO will develop a procedure for and make a reasonable determination of fair market value for property designated as available for sale before the purchase and sale agreement is presented to the Commission for approval.

The Port Commission may choose to sell Port-owned properties for less than fair market value, on a case-by-case basis, if the Port deems the business decision is not be considered a gift of public funds by a reasonable auditor (e.g. State Auditor’s guidance on gifting of public funds was reviewed and the Port determined the land sale is not a gift of public funds due to aiding in a general Port purpose and goals).

- 1.6. Prior Inspection.** All prospects are encouraged to meet with the jurisdictional City or County staff to review the proposed site conditions (e.g. zoning, servicing, topography, grading, history of the property, existing neighbors, etc.) prior to submitting an offer to the Port.
- 1.7. Port Staff Assistance.** Port staff will offer reasonable assistance to prospective purchasers of Port “for sale” real property pursuant to this policy (e.g. providing property information and tours of “for sale” property). Staff assistance will not be deemed to reserve any parcel of real property for any party, nor will staff assistance be deemed a commitment in any way whatsoever with respect to any Port real property.
- 1.8. Submission of Offer to Purchase by Prospective Purchaser.** Offers to purchase Port property will be submitted by the prospective purchaser to Port staff in writing and dated. A valid offer must be signed upon submission and contain all information set forth below. Non-complying offers will be returned without processing:
- a. Identify the full legal name of the purchasing party and be executed by the purchasing party or its authorized representative;
  - b. Contain a check for earnest money in a sum of not less than 5% of the offer price (in no case less than \$5,000);

- c. Contain a separate non-refundable administrative processing fee of \$500 for all parcels where the proposed purchase price is less than \$500,000 and \$1,000 for all parcels where the proposed purchase price is \$500,000 or greater;
- d. Identify the party to use and occupy the property, if different from the offering party;
- e. Legally describe the property subject to the offer;
- f. Indicate the total offer price;
- g. Indicate any terms for payment of purchase price;
- h. Identify any proposed contingencies;
- i. Identify a proposed closing date;
- j. Detail the proposed use of the property and timing for any construction or development;
- k. Identify size and type of building to be erected, if applicable;
- l. Identify anticipated number of employees with approximate wage levels;
- m. Indicate whether or not any new positions will be created as a result of the real property purchase, and if so, indicate number of new employees with approximate wage levels;

Interested parties must submit offers using a Purchase and Sale Agreement in Port approved format as developed by the Port attorney, CEO, and CFO. If the interested party does not use the Port approved agreement, the interested party will pay the Port for all out of pocket cost associated with review. Staff will review the offer with the offeror to ensure that the offeror has submitted all the information as required. Port staff will present the offer to the Port CEO with a brief oral summary of the offer. The CEO may send the offer back to the offeror for additional information or may proceed to present the offer to the Port Commission as set forth in this policy.

**1.9. Presentation of Offer to Port Commission.** When the CEO determines that an offer complies with the requirements of this policy, the CEO will submit the offer to the Port Commission for its consideration in due course (usually within 30 days of the submission of the offer to staff). Additionally the CEO will make a written recommendation to the Commission (except in cases of unusual circumstances, in which cases the CEO's recommendation to the Commission may be oral). The CEO's recommendation will request that the Commission accept the offer, reject the offer, present a counter offer or table the offer. The CEO will not sign any proposed offer until approved by the Port Commission by formal resolution.

**1.10. Action on the Offer by Port Commission.** Offers will be evaluated by the Port Commission based upon the criteria set forth above. If there are competing offers, either of which may be acceptable if made separately, the Port Commission may select the offer it believes best serves the goals of the Port. The Port Commission may reject any or all offers. The Commission will respond to

the offer through the CEO, who will communicate the response to the prospective purchaser as soon as practicable. Any action on an offer will only be made by official action of the Port Commission at a Commission meeting.

**1.10.1.1. Acceptance of Offers.** Within 10 days of the Port's acceptance of an offer, the CEO will sign and accept the offer on behalf of the Port Commission. The executed agreement and deposited earnest money will be transmitted to the closing agent designated in the offer. The property subject to the offer will not be removed from the "for sale" list, but will be marked with a 'sale pending' designation.

**1.10.1.2. Rejection of Offers.** If the Port Commission rejects an offer, the offer will immediately be null and void and of no force and effect. Earnest money will be refunded less processing fee.

**1.10.1.3. Tabling of Offers.** The Port Commission may table an offer to be reviewed at a later date.

## **2. COMMISSION STRUCTURE FOR LICENSED BROKERS.**

Commissions will only be paid to licensed real estate brokers. The broker must submit a signed bona fide offer plus a signed appointment from the potential purchaser authorizing the broker to negotiate for the potential purchaser in order to claim the commission. The broker authorization must include the name of the proposed purchaser and the date of their first contact with said purchaser. Unless the provision is strictly complied with, the Port will not pay any claimed commission.

**2.1.1.** After final approval of the sale by the Port Commission and after receipt of all funds due at closing, the Port of Kennewick will pay to the licensed real estate broker negotiating any such sale a commission based on the following schedule:

### **A. SALES OF UNIMPROVED REAL PROPERTY (Bare Land)**

- |                                       |                   |
|---------------------------------------|-------------------|
| 1. On the first \$500,000 of any sale | Seven (7) percent |
| 2. On the next \$500,000 of any sale  | Five (5) percent  |
| 3. On any amount over \$1,000,000     | Three (3) percent |

### **B. SALES OF IMPROVED REAL PROPERTY (With Structure)**

- |                                       |                   |
|---------------------------------------|-------------------|
| 1. On the first \$500,000 of any sale | Five (5) percent  |
| 2. On the next \$500,000 of any sale  | Five (5) percent  |
| 3. On any amount over \$1,000,000     | Three (3) percent |

If payment is to be made in installments on any sale, the commission will be paid as each principal installment is received, in the percentage thereof of the principal balance applicable to the sale. The commission paid on any sale will only be on the basic price of the land sold excluding any Local Improvement District assessments, any taxes or liens against such sales, including excise tax.

## *MEMORANDUM*

To: Port Commission

From: Tim Arntzen, CEO

Date: 12/06/2019

Re: Update of 2019-2020 Work Plan

At a recent commission meeting we discussed the 2019-2020 port work plan and that a number of things had changed this past year (e.g. Southridge Auction and West Richland Raceway land sale to the city), and the commission seemed interested in reviewing and updating that plan for 2020-2021. Based on that interest, I propose that starting in January the commission and staff review and talk about what a work plan update might look like. I believe the public should be invited to participate as well.

I offer the following thoughts:

**1. General.** Whatever the update encompasses, we should consider elevating the work plan from a useful, but austere, internally-focused document, into an attractive, user-friendly document which complements our branding and better communicates with the public regarding our priorities. This will also help raise the visibility for our work in the community. In other words, we could take a plain, functional planning document “public”; making it into a glossy handout that can be taken to public meetings and speaking engagements, and distributed both online and in print. That way, it becomes a daily working document (which showcases our projects in a manner befitting the significance of the tremendous work we have underway). It would be on par with the port newsletter and website; and it would also be included on the website a “flip book” for the convenience of digital users.

**2. Clover Island Master Plan.** I think that staff could work with Makers to get this planning process underway. I would suggest the following: (1) only include “upland” portions of the island. Discussion related to shoreline could cause concern for agencies and tribes. The issue of breaching the causeway at Bateman Island is heating up, and I would suggest that our port avoid any discussion related to breaching anything or removing barriers on or near the island; and (2) that any master plan implementation avoid impacting the on-going 1135 process.

**3. 1135.** The work plan should acknowledge current conditions with respect to this project. Currently the USACE has just obligated funds by awarding the contract for design—delayed due to their calendar year, budget, and concerns with the initial scope. We anticipate that design work will begin in January 2020; however, this project is at the mercy of federal timing, budgeting, and staffing resources. Current conditions and potential revision to the calendar should be considered. Additionally, the magnitude of the project should be reiterated; and budget



contingencies considered as schedule delays may create the need for additional funding to complete as desired.

**4. Duffy's Pond.** The Corps of Engineers is taking a national approach to reviewing wetland areas; and as such have indicated that it may be four years before their management plan is complete. As such, we cannot move forward without the Corps permission. Also, it appears that Corps regulations prohibit using sterilants in the pond. It also appears that they are opposed to dredging. Thus, this project does not appear feasible and continuing on with this objective may eat up valuable time and resources that could be spent on priority projects. Regardless, the USACE does not want to take a one-off approach to wetland management, so we must wait until their system-wide report with recommendations is complete.

**5. Vista Field Hangar Remodel.** I suggest the commission review and formalize this Phase 1B project as a priority goal (provided it remains a commission priority). Likely commission would reiterate that the port should continue with all efforts to successfully complete the Phase I infrastructure, and take no actions which would slow this down. Therefore, I believe a judicious approach to hangar renovation is doable, should not negatively impact progress toward association planning or securing private sector investments; and would foster vibrancy within that site. Given that, the commission might consider “phasing” the hangar project, which might look something like this:

- In 2020 staff could complete architectural and engineering for the hangars, as well as estimating a budget and preparing a draft financing plan.
- In 2021, staff could begin construction. Staggering the hangar project would have the following benefits.

First, not constructing in 2020 would mean that the port would keep out of the way of finishing the infrastructure. It would also mean that the port could pursue selling the first few lots to builders. Second, staggering would allow the appropriate level of resources to be put into the hangar project without competing for time and resources with finishing the infrastructure project.

Should the commission specify the hangar project as a priority goal, it should shortly thereafter determine the types of uses which would be appropriate and what design theme would be appropriate.

**6. Vista Field Calendar.** The redevelopment calendar should be updated with respect to current conditions, and consideration of the 2.2-acre arts center site should be addressed ASAP. The Port Planner will present more information related to scheduling and timing directly to the commission.

**7. Rural County Capital Fund Strategy.** The commission may want to have a 360 degree view of the present and near future status of the RCCF. Should this be the case, the commission could

direct the CEO to undertake a staff review of the RCCF world. This may include an analysis of current funding, current projects identified for funding and future funding and project possibilities. Two near term possibilities might be potential use of RCCF funding for the Vista Field hangar remodel project, and also the very real possibility that the county may not approve the port's request for RCCF funding for the Richland Island View project. Should the county fail to approve the port's Island View application, the city may ask the port to fund its portion of the project with non-RCCF funding. The commission may want to prepare for this question to be posed to address our involvement with Richland/Island View as per the current work plan.

**8. Arts Policy.** The commission may want to discuss potential for implementation of the port's art policy. Perhaps some discussion could circulate around creating a fund-building period (1-3 years) and then an implementation period to allow for meaningful, significant artwork(s). With smaller art installations identified and funded with cash on hand.

**9. Conclusion.** Should the commission wish to revisit the two-year work plan, staff could be prepared to "cue it up" beginning in January. Should the commission decide to overhaul the work plan, it might also consider a reauthorization statement clarifying the importance of the work plan as a keystone document, and indicating its directives are to be paramount to other pursuits. Should the plan be revised, appropriate support documents, including but not limited to the Comp Scheme and Goals & Objectives should also be reviewed and updated in order to dovetail with the updated work plan.



## AGENDA REPORT

**TO:** Port Commission

**FROM:** Lucinda Luke, Port Legal Counsel

**MEETING DATE:** December 10, 2019

**AGENDA ITEM:** Resolution 2019-xx; 2019 CEO Performance Evaluation

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**I. REFERENCE(S):** Exhibit "A" - compiled CEO Performance Evaluation  
Exhibit "B" - 2019 CEO Performance Evaluation Packet  
submitted to Port Commissioners  
Exhibit "C" - additional Evaluation Packet  
materials submitted to Port Commissioners  
Exhibit "D" – CEO 2013 Employment Agreement and  
amendments thereto

**II. FISCAL IMPACT:** Contractual adjustment to CEO's compensation package per CEO's Employment Agreement.

**III. DISCUSSION:**

The Port Commission conducts an annual evaluation of the Port's Chief Executive Officer's performance pursuant to the CEO's Employment Agreement.

On October 10, 2017, the Port Commission adopted Resolution 2017-16 establishing a Committee to prepare a draft of the CEO's performance review and present the draft to the Commission for review and approval, citing a more efficient and effective process.

On November 28, 2017, the Port Commission adopted Resolution 2017-27 modifying the CEO's employment contract to adjust for changes made resulting from resolution 2017-16 establishing an evaluation committee.

On August 13, 2019, Resolution 2019-16 was presented to the Board of Commissioners to appoint a new committee member to the CEO Evaluation Committee, and said resolution was not approved. In lieu of Resolution 2019-16, Commissioner Barnes made a motion that the CEO Annual Evaluation Process revert to the original paragraph 6 language of the CEO's Employment Agreement and use of the CEO's Employment Agreement Exhibit D format that existed prior to Resolution 2017-27. Commissioner Moak seconded. Commissioner Barnes' motion

passed 2-1 with Commissioners Barnes and Moak voting in favor of the motion and Commissioner Novakovich voting against.

With the reversion to the paragraph 6 evaluation process, the deadline for the CEO's performance review reverted to November 15. The Commission and CEO agreed to extend the review deadline to December 15, 2019 and entered into the Second Amendment to Employment Agreement confirming such deadline extension.

On October 2, 2019, the Port Commissioners were provided Port Counsel's Memorandum with evaluation materials for consideration in preparation of their evaluation (Exhibit B) and guidance with regard to applicable procedures and rules. In Port Counsel's October 2, 2019 Memorandum, Port Commissioners were reminded of the following applicable procedures and rules (and given copies of same):

A. A reminder regarding the anti-retaliation provision of Section 5.2 of the Port Commission Rules of Policy and Procedure which states, in pertinent part:

No employee will be discharged, threatened, or discriminated against in any manner for following up on any complaint or for reporting what they perceive to be misconduct.

B. Port Commission Rules 15.1.6 requires that:

The Port Commission shall address CEO performance issues as they arise by timely referring them to the CEO Evaluation Committee.

No such CEO performance issues were referred to the Committee during 2019.

C. The CEO has made a written request that all aspects of his 2019 performance review be conducted in open session.

On October 14, 2019, Port Commissioners were provided with additional materials (Exhibit C) for the CEO's evaluation.

As directed by the Port Commission, Port Counsel has gathered preliminary drafts of performance evaluations from all three individual Commissioners.

Exhibit A is a compiled version of the CEO's performance evaluation including all three Commissioners' comments and appraisals.

#### IV. COUNSEL RECOMMENDATION:

I recommend that the Commissioner take action to complete the CEO 2019 evaluation process in accordance with the CEO Employment Agreement and do so within the current December 15, 2019 deadline.

#### V. ACTION REQUESTED OF COMMISSION:

***Motion:** I move approval of Resolution 2019-xx adopting the CEO's 2019 Annual Performance Review [as set forth in Exhibit A or \_\_\_\_\_ alternative].*

*Furthermore, in accordance with the CEO's Employment Agreement, I deem the CEO's performance as \_\_\_\_\_. [SATISFACTORY, ABOVE SATISFACTORY OR EXCEPTIONAL]*



**2019 ANNUAL PERFORMANCE REVIEW**  
**Individual Commissioner Evaluation of**  
**Executive Director Performance**

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		COMMISSIONER COMMENTS
➤ Attach extra papers as necessary ➤ Factors should be reviewed in terms of quality, quantity and timeliness	Met	Not met	
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>	xx	x [DB]	<p>The Port Commission has been clear on its direction that Vista Field development and Columbia Gardens redevelopment were top priorities and Tim has delivered on those two projects. Tim more than once came back to the commission to clarify the port's vision and identified obstacles to be overcome or decisions that needed to be made in terms of resource allocation in order to achieve the vision.[TM]</p> <p>Mr. Arntzen failed to communicate and collaborate with the Commission when Commissions raised questions regarding the Ivey land transaction. See for example POK Commission meetings of Jan. 22 and Feb. 19, 2019. [DB]</p> <p>Tim's mind is constantly at work developing visions for future POK direction that are beneficial for our constituents. Then he will engage his senior staff and appropriate others, to vet his vision against all possible pitfalls giving careful consideration to allocation of all necessary resources before finalizing a vision and purpose that his staff can support. After careful assembly and understanding of all issues involved he will begin briefing the Commission on several occasions, each time researching answers to</p>

			Commission concerns or questions before asking for clear Commission direction on how to proceed. Yet Tim has always been willing to do whatever the Commission instructed even if his vision is not accepted or is modified by the Commission.[SN]
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>	xxx		<p>Tim demonstrated agility with bringing the Southridge land to auction and working on various projects with the City of Kennewick, where he needed to work to meet the needs of the City and the Port in a way that could get funded through RCCF. Tim successfully led port to two land sales in West Richland that were unanticipated at the beginning of the year and served port and community interests.[TM]</p> <p>One exception here is that Mr. Arntzen failed to anticipate future benefits/consequences of his decisions and actions regarding the item in I. above. [DB]</p> <p>Before testing the merits of his ideas he carefully researches the pros and cons of implementing his visionary projects. I believe Tim deserves extreme praise for his knowledge and ability to accurately assess future trends and the effect they will have on the POK, our projects and ultimately our constituents. Tim assessment of situations and issues is something I can place complete trust in.[SN]</p>
<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p>	xxx		<p>A. Both the Vista Field and the Columbia Gardens projects have moved ahead to great acclaim and high level of public anticipation, for which Tim deserves great credit.</p>



<p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.</p>	<p>xx</p>	<p>x [DB]</p>	<p>Tim has done a great job at looking for funding sources for the Vista Field hangars remodel which are an important element to the Vista Field implementation. Other items mentioned in the self-appraisal are also praiseworthy. [TM] The Port of Kennewick, through the policies established by its 3member Commission and implemented by its CEO and staff, has effectively brought its vision to fruition. It is a TEAM effort and these results are not due to the efforts of any single individual.[DB]</p> <p>B. It is not always easy to secure clean audits year after year, but Tim deserves credit for continual clean ones. [TM]</p> <p>Budget monitoring presentations to the Commission are too infrequent. Legal fees, in the opinion of some constituents, are too high. Constituents ask why attorney attends staff meetings and performs routine clerical tasks that could easily be handled by staff. [DB]</p> <p>My extensive training and experience in the US Army regarding operations and logistical management allows me to attest to Tim's steadfast, unwavering ability to carry out all duties required of him in a very strategic manner of employing necessary available resources in the most effective and efficient way possible while diligently overseeing all</p>
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			operations and exploring potential ways to create additional efficiencies in all areas of operations while operating in a hostile work environment.[SN]
<p>IV. <u>Integrity</u></p> <p>Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.</p>	x[SN]	<p>xx [TM&amp;DB]</p>	<p>Tim's dealings with individual commissioners show a lack of consistent honesty and fairness, appearing to favor one commissioner over the other two.[TM]</p> <p>In my opinion, the expectations for uniform and consistent adherence to values and principles of honesty/fairness have not been met in 2019. [DB]</p> <p>Tim has exemplified the most absolute manner of a person possessing a natural God given unwavering trait of integrity, ethical and moral value. Working in a very hostile work environment, being asked by commissioners to change his statements he has steadfastly refused to compromise his values. [SN]</p>

	Met	Not met	
V. <u>Financial Stewardship</u>			
A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.	xx	x [DB]	A. All the great projects the Port is accomplishing are done without tax increases. Tim borrowed conservatively in order to finance phase one of Vista Field and has developed a plan to pay off early, if circumstances warrant. [TM] My expectations here were not met because too many port resources are being wasted. Please see remarks in III. above. [DB]
B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.	xxx		B. Even with more complicated transactions, Tim has managed to secure clean audits for the port again. Tim's misunderstanding of Washington bid law almost cost the port a lawsuit over the award of a contract for Vista Field construction. To his credit, he listened to legal counsel and reversed course before the final bid award. [TM] The Port of Kennewick has a history of clean audits from the State Auditors Office. [DB] The clean financial audits, the consistent lowering of the levy rate and the 300%+ increase in constituent equity obtained under his leaders clearly substantiates the need to give Tim the highest possible marks on this subject. Tim is very well aware of his fiduciary responsibilities and takes this responsibly very seriously by insisting on only the very best

			management of POK financial affairs. I don't think anyone can boast of a better accomplishment record in this regard. [SN]
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>	<p>xxx</p> <p>xxx</p>		<p>A. This is an area where Tim has excelled. He has maneuvered the port into not taking public positions on issues that would jeopardize relationship with various partners. He strengthened partnerships with multiple jurisdictions during the year and worked to make sure that the port was aligned correctly with cities and the county. Working through the racetrack sale to try to strike a deal with West Richland that would not offend Kennewick and could pass muster with the county was a good example. Working through RCCF issues with Kennewick was another good issue where understanding the political dynamics in the city were important. [TM] As above, the attached letters and my personal interaction and conversations with elected officials and staff members of other jurisdictions by way of committees I serve on give me great pride and honor to be associated with someone held in such high and respected regard as Tim.[SN]</p> <p>B. Tim has been very sensitive to the understanding that the port</p>

			<p>no longer has a lot of spare cash floating around and to continue to do more means careful resource allocation and has frequently shared that with the commission. But he also has looked for opportunities to fund additional with “other people’s money”. [TM] He is extremely talented guiding the Port of Kennewick through all political situations with a superior attention to necessary and appropriate political as well as institutional sensitivity.[SN]</p> <p>A. &amp; B. Expectations met if looking only at Port projects (with the exception of the Ivey transaction). I would have to say that expectations were not met if looking only at the communication and collaboration by the CEO with the Commission. [DB]</p>
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>	<p>xxx</p> <p>xxx</p>		<p>A. Tim negotiated a new lease with Cedars with the goal to allow a transfer of ownership for a key tenant on Clover Island. The Port partnered with Clover Island Inn, the Benton Franklin Fair, the Historic Downtown Partnership, and other entities in sponsoring events that help promote the port’s partnerships. [TM]</p> <p>B. Tim’s relations with government officials has been good and he has responded appropriately to citizens and the media.[TM]</p>

			<p>A. &amp; B. Please see response above which also applies here. In the past several years, under Tim's astute leadership, the POK has become the model for other governmental organizations to follow regarding Stakeholder Relations.[SN]</p> <p>A. &amp; B. Mr. Arntzen's abilities in this area demonstrated by letters of commendation received from jurisdictional partners, contractors, and associate entities. [DB]</p>
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	Met	Not met	
<p>VIII. <u>Priority Setting</u></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>	xx	x [DB]	<p>Tim has worked on priorities of the port and has brought back items that were not priorities to the commission to help identify where these fit in the grand scheme of things. One area where the commission consistently told Tim to follow the comp scheme on West Richland and he kept bringing back West Richland issues. Fortunately, that is in the past with the successful sale of the racetrack property. [TM]</p> <p>Mr. Arntzen has spent too much time and resources on trying to shape the outcome of this performance evaluation. [DB]</p> <p>Tim has always been committed to inform Commissioners on all potential beneficial restructuring of Commission established priorities as new possibilities present themselves. He very concisely and thoroughly explains to the Commissioners both the positive and negative effects of any change to the existing priority list. Tim is very focused on meeting the goals and objects given him as well as bringing forward appropriate, constituent benefitting, unanticipated opportunities to the Commission for their directions. If Tim is asked to incorporate new opportunities into his work he skillfully will recommend to the Commission which previously set Goals and Objectives may have to be tabled for a period of time in order to allocate necessary resources to the new opportunity. He is very adept at working with his staff and the Commission to</p>

			accomplish whatever tasks are assigned him without prejudice.[SN]
<p>IX. <u>Knowledge</u></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>	<p>xxx</p> <p>xxx</p>		<p>A. Tim maintains good working relationships with many other port directors in the state and is aware of what they are doing and brings back ideas as appropriate. Tim investigated the powers of Industrial Development District which is unique to ports. He sends his staff to trainings so they can perform well in a port environment. [TM] The POK is extremely fortunate to have an ED with a doctorate degree in law. Tim is very well versed and knowledgeable in all managerial and operational aspects of ports. And what he doesn't know he will devote whatever time is necessary to self-education himself and then rely on other appropriate skilled resources, including his staff, to expand his knowledge before taking action to assure only the best possible results are achieved for the POK, those we partner with and those we serve. [SN]</p> <p>B. Tim follows what happens in the WPPA legislative committee and sometimes participates with them. [TM] The POK is well respected throughout the State and</p>



			<p>certainly within the Port community due to Tim's knowledge and ability to craft mutually beneficial relationships. [SN]</p> <p>A. &amp; B. Mr. Arntzen understands Ports and how they function. [DB]</p>
<p>X. <u>Decision Quality</u></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>	<p>xx x [DB]</p>	<p>x [DB]</p>	<p>Tim appears to make good decisions bases on analysis, wisdom, experience, and judgment. Whether they turn out to be correct over time...time will tell.[TM]</p> <p>Mr. Arntzen's decisions regarding Port projects and initiatives in the community have been met and, in my opinion, will turn out favorably when judged over time. However, I believe Mr. Arntzen's decisions regarding communication and collaboration with the Commission, and how he responds to differences of opinion between himself and members of the Commission have not been sound. [DB]</p> <p>The constituent benefitting quality of decisions Tim makes is exceptional. He will take whatever time is necessary to research all consequence of a decision to assure it is the right one before taking action including vetting his potential decision with appropriate staff members or outside resources if necessary and prudent. I am unaware on any decisions Tim has made since he became the ED of the POK that has resulted in a negative impact on the POK constituents or our partners.[SN]</p>
<p>XI. <u>Entrepreneurial</u></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue,</p>	<p>xxx</p>		<p>A. Tim has looked for ways to use "other people's money" to further the port. Tim secured an "unnecessary" appraisal of</p>

<p>investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>	<p><b>xx</b></p>	<p><b>x [DB]</b></p>	<p>the Tri-City Raceway that resulted in an additional \$500,000 to the port coffers. He has leveraged funds from other government entities to support port projects.[TM] Expectations met in a minimally positive way. It is important to remember that return on investment at the Port is not always measured purely in financial (\$\$) terms. [DB]</p> <p>B. When Tim brings recommended opportunities to the commission, they are well thought out and he presents good analysis that enable the commission to take appropriate action.[TM] Mr. Arntzen rarely includes financial projections or any risk/reward analysis in his recommendations to the Commission. [DB]</p> <p>A. &amp; B. Having grown up in a family owning small businesses, and himself owning a small business Tim's entrepreneurial spirit is perhaps second to none in the Port industry or perhaps in any governmental management position. I sincerely appreciate his knowledge and ability to maintain a true entrepreneurial spirit. Tim had excelled at bringing staff carefully vetted recommendations to the Commission with detailed information including allotted allocation of resources and staff evaluation of risk/rewards. Lately the Commission has publically reprimanded Tim for doing this. As a result he has become reluctant to continue doing so. As a policy making elected official I</p>
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			find Commissioners reluctant to listen to staff's knowledge and recommendations to be a real disservice to those they represent. [SN]
	<b>Met</b>	<b>Not met</b>	
<p><b>XII. <u>Leadership/Management</u></b></p> <p>A. Rallies support behind the vision and strategic plan; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>	<p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p>	<p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p>	<p>A. Tim has done a very good job of rallying staff and community around the port's priorities of Vista Field and Columbia Gardens. There is much excitement about these projects and Tim's abilities to move these along have been exceptional.[TM]</p> <p>B. Tim has hired excellent employees who have succeeded not only on the big projects that garner much attention, but also the details of running a marina or managing many operations or keep the port in good financial standing.[TM]</p> <p>C. Tim has been good at recognizing not only the value that staff bring to the table, but also contractors, advisors, and other government entities. He has been very willing to share credit. [TM]</p> <p>D. Tim has done a very good job at drawing out opinions from the commissioners on strategic issues and vision for the port. He scans the horizon and helps provide context.[TM]</p> <p>E. Tim effectively manages staff relations consistent with port policies. [TM]</p> <p>F. Tim understands well his delegation of authority but</p>

			<p>is very good at bringing issues to the commission, that, while within his delegation, have political or other dimensions and wants commission guidance.[TM]</p> <p>A. – F. When the visions and ideas of individual Port Commissioners are in close alignment with Mr. Arntzen’s personal visions and ideas, his performance in the area of leadership and management is excellent. However, when the visions and ideas of Port Commissioners depart from his personal views, there is a very marked change in Mr. Arntzen’s behavior and performance. When individual Commissioners question Mr. Arntzen’s decisions and judgment regarding Port business matters, he becomes defensive, argumentative, and combative. I find this behavior/performance to be divisive and detrimental to the overall democratic process (majority rule) of the Commission. [DB]</p> <p>A. – F. Tim’s managerial style has proven to be extremely effective. On many occasion I have stated that he has assembled and empowered the finest staff I have ever had the honor of working with in ether civilian, military or volunteer roles</p> <p>Tim hires only the very best employees possible. He clearly explains the POK vision, goals, and objectives to them and then empowers them to do what they do best. Tim gives his staff the ability to do what they do best as professionals in their field of expertise for which he hired them. Once he clearly explains</p>
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			<p>Commission established goals and objectives to staff he allows for their input on how to proceed until he is assured that all staff members have taken ownership of the goal or objective and then he does not micro manage, but remains available for help while continually offering motivation but reserving the right to give final approval.</p> <p>I feel the Commission would be far better served if they would allow Tim to give his well thought out advice without reprimanding him for doing so. I have always found his ability to clearly define a shared vision and taking as much time as allowed to the Commission on challenges and threats that may affect the vision to be extremely helpful and something Tim excelled at doing.</p> <p>Even though the Commission has given Tim certain authority, if he has any question or is uncertain of potential consequence or any action he may take, he will bring that subject to the Commission for discussion and ask for their direction even though the authority to take such action had already been delegated to him. He is very cautious to only make the very best decisions for the POK, its staff and constituents. He has been very effective in his decision making decisions and the handling of managerial issues.</p>
<p><b>XIII. <u>Initiative</u></b></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>	<b>xxx</b>		<p>Tim appears to demonstrate appropriate initiative.[TM] Mr. Arntzen has good initiative. [DB] Tim will never hesitate to accept direction from the Commission if given clear and non-conflicting</p>

			direction. He is a self-starter always looking for more to accomplish.[SN]
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	Met	Not met	
<p><b>XIV. <u>Courage</u></b></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Fortrightness in dealing with customers, suppliers, and others in the organization.</p>	<b>x[SN]</b>	<b>xx[TM &amp; DB]</b>	<p>Courage is standing up in the toughest situations. I have not seen courageousness in the midst of conflict or forthrightness in dealing with the port commission. Courage means admitting mistakes or weaknesses, which Tim's self-appraisal lacks any critical self-analysis.[TM]</p> <p>In my opinion, Mr. Arntzen has not been forthright with the Commission regarding the Ivey land transaction. [DB]</p> <p>Tim has always been willing to state his opinions and reasons that comply with POK goals, visions and directives to anyone, anywhere, without regard for his personal popularity. He is a fair and honest "bulldog" for the POK. I sincerely appreciate his courage to stand up for the best interests of the POK and our taxpaying public even when doing so often subjects him to personal criticism especially from two Commissioners. [SN]</p>
<p><b>XV. <u>Persuasiveness</u></b></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>	<b>xxx</b>		<p>Tim doesn't share much in the writing with the port commission, but he does a good job in oral persuasiveness. As the commission was dealing with much decision making on its projects, Tim was generally able to bring the commission to consensus and sometimes convince the commission not to act on something that it didn't need to.[TM]</p> <p>Mr. Arntzen can be very persuasive. [DB]</p> <p>Tim has always been willing to state his opinions and reasons that</p>

			comply with POK goals, visions and directives to anyone, anywhere, without regard for his personal popularity. He is a fair and honest “bulldog” for the POK. I sincerely appreciate his courage to stand up for the best interests of the POK and our taxpaying public even when doing so often subjects him to personal criticism especially from two Commissioners.[SN]
<p><b>XVI. <u>Adaptability</u></b></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>	<b>xx</b>	<b>x [DB]</b>	<p>The biggest change Tim adapted to related to the unsolicited offer for the Tri-City Raceway. Tim was able to get that turned around with enough time to get the sale approved by the commission in a time frame that met the buyer’s needs, even though the offer came in almost at the “eleventh hour”. [TM]</p> <p>Mr. Arntzen is not always receptive to or accepting of Commission discussions which go counter to his own opinion. He can become very defensive and combative. [DB]</p> <p>Anyone who has been involved in POK meetings for the past year has to admire and give Tim “Gold Stars” for his ability to move forward with Commission directives which go counter to his own opinions. He is firmly dedicated to carrying out Commission directives rather than his own.[SN]</p>
<p><b>XVII. <u>Stamina</u></b></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>	<b>xxx</b>		<p>There were no known issues with stamina. Tim did no foreign travel and limited domestic travel on behalf of the port.[TM]</p> <p>Very good abilities here. [DB]</p> <p>The hostile work environment created by Commissioners Moak</p>



			and Barnes has damaged Tim's health, yet he does not miss a step in the performance of his duties. This would be extremely admirable for anyone to do so but Tim's performance and successes exceed any possible expectations.[SN]
<p>XVIII. <u>Ambition</u></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>	xxx		<p>Tim appears to demonstrate appropriate ambition.[TM]</p> <p>Mr. Arntzen has demonstrated a willingness to make sacrifices in some situations. [DB]</p> <p>See above and realize the work Tim is doing is having a long lasting effect on his health, personal life and personal financial resources. In all the years I have known Tim as the Executive Director of the POK I have never once seen him put personal needs in front of accomplishing POK goals and objectives. From what I have observed of other Port EDs across the State Tim easily sets an example of unselfish ambition to go beyond what is expected to see that the POK not just meets, but exceeds community expectations.[SN]</p>
<p>XIX. <u>Loyalty</u></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>	xx	x [DB]	<p>Tim understands and accepts the goals and policies of the organization.[TM]</p> <p>Mr. Arntzen understands goals and policies, but is sometimes unreceptive to discussions of policies that are not in line with his personal views. In my opinion, it's imperative that individual Commissioners be able to openly and freely discuss their views without feeling threatened or intimidated by the CEO. [DB]</p> <p>Tim and his staff have been working under adverse conditions ever since Commissioner Moak</p>

			was elected. This has elevated to the substantiation of a very hostile work environment. Yet Tim, who has been offered other employment, has stayed loyal to the Port of Kennewick.[SN]
<p><b>XX. <u>Communications</u></b></p> <p>Effectiveness of exchanging significant information throughout all levels of the organization; with clients, vendors, and the public.</p>	<b>x[SN]</b>	<b>xx [TM &amp; DB]</b>	<p>Tim is not responsible for all the communication problems at the port, but as CEO he has an obligation to lead the effort to improve communication among staff and between commissioners and staff. There appears to be little effort made by Tim to improve communication. His self-assessment ignores the communications problems within the organization. Between August 27 and November 12 he provided no updates to the commission on the two major projects of the port, Vista Field and Columbia Gardens, other than a year-in-review on October 29. [TM]</p> <p>Mr. Arntzen has not demonstrated a consistent level of effective communication. For example, he resorted to name calling just after the conclusion of the March 12, 2019 Commission meeting. [DB]</p> <p>Tim will always error on the side of over communication and explanation to assure those he engages clearly understand what he is trying to accomplish. And he is always willing to offer further explanation or answers to questions when asked. It is unfortunate as well as a disservice to the public that Commissioners Moak and Barnes choose not to meet and listen to him. Tim offers to disclose and explain extensively in order to be clearly understood and never have anyone retort – “well you never told me that”. When given the opportunity his</p>

			communication skills excel for the mutual benefit of the POK, those we serve, and those we partner with.[SN]

	Met	Not met	
<p>XXI. <u>Listening</u></p> <p>Interest in and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.</p>	x[SN]	xx [TM & DB]	<p>The Ivy land transaction was a good example of Tim's defensiveness when challenged and his unwillingness to listen carefully to the commission majority that was attempting to secure enough information to make an important policy decision. When Tim does not like what he hears, he develops an extremely negative physical posture that appears to show unwillingness to listen.[TM]</p> <p>On three occasions (telecon 2/18/19, telecon 2/21/19, and meeting in Mr. Arntzen's office on 2/25/19), he was combative, defensive, and confrontational when our positions differed and it was very clear to me that he was not able to overcome his personal biases. Rather than discuss the topic (port procedures and handling of a routine land sale), Mr. Arntzen almost immediately made it personal. I wanted to discuss the handling of the matter (or policy) and Mr. Arntzen wanted to talk about being personally offended, his past personal battles with other (since departed) Commissioners and staff members, and to challenge me to a battle for my position and for control of the Port. [DB]</p> <p>There never has been a doubt that Tim's ability to carefully listen, interpret, and process information</p>

		he receives is anything less than remarkable. Yet he will go beyond just listening and ask appropriate clarifying questions until he has a clear understanding of what is being communicated to him.[SN]
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**Additional Commissioner Comments:** Tim rightfully earns stellar marks for many of the activities of the port. The list of accomplishments and achievements listed in the self-appraisal are real and due in no small part to Tim's leadership. Everyone at the port should feel very proud of the achievements that have happened in the past year. However, the events surrounding the Ivy land transaction have resulted in a "black eye" for everyone at the Port. Tim is not responsible for everything that goes right at the port nor everything that has gone wrong. Everyone had a role in the issues that caused such pain and anxiety. As CEO, Tim must take the lead in fixing the problems that exist. That will take third-party assistance to get everyone back working on the same page. Tim should complete the work on updating the Port Commission Rules of Policy and Procedure which was stopped. Events of the year demonstrated the need for this update. [TM]

On or about March 21, 2019, I called Lucinda Luke and pointed out that we (Lucinda and I) are members of the CEO evaluation committee and that I wanted to discuss Tim's recent behavior/performance regarding the Ivey land transaction. I explained to Ms. Luke that I did not understand why Mr. Arntzen becomes so emotionally charged any time the Ivey file is brought up. I said that I'm concerned about the working relationship with Mr. Arntzen. I further explained that it is my understanding that the CEO evaluation committee is to let Mr. Arntzen know that his performance is unsatisfactory at the time it takes place (rather than holding it until the end of the year evaluation process). I asked Ms. Luke to schedule an appointment with Mr. Arntzen to address performance, working relations, and to clear the air. Ms. Luke set the appointment with Bridgette Scott and I received the calendar invite and accepted. I received notice the next day (from Ms. Scott) that Mr. Arntzen had cancelled the meeting. Later, Ms. Luke told me that she did not feel that she could force a meeting with Mr. Arntzen. She said she talked to Mr. Arntzen and he said that he did not see any problems with our working relationship. [DB]

Tim has done a remarkable job of accomplishing the goals given him by the Commission in spite of ever changing, sometimes unclear, Commission direction while working in a hostile work environment affecting his health. Even though he has done the very best he possibly can to educate and inform the Commission on various issues Commissioners Moak and Barnes have stated they do not trust his judgment, managerial or leadership skills. This perception has caused him to divert attention from established Commission approved goals and objectives to spending time on individual Commissioner requests (some of which are not in compliance with the "Port Commission Rules of Policy and Procedure" document, adopted February 22, 2011) and maintaining staff morale. Yet in spite of this he has managed to accomplish the goals given him by the Commission. This is nothing short of remarkable, only to be successfully accomplished by a very dedicated, loyal, hardworking, and flexible individual willing to do everything and anything expected of him by his Commissioners. The POK is very fortunate to have this rare combination of qualities in our Executive Director, Tim Arntzen. [SN]

I have been very discouraged and upset by what I have observed happening at the Port of Kennewick over the past several years since Commissioner Moak was elected. What I have heard, seen, and watched, especially in the past few months, have made me very concerned about the Port of Kennewick's ability to develop the projects we have pledged to our constituents and the entire Mid-Columbia region. [SN]

I have served on this Commission for over 10 years and in that time I have witnessed the Port of Kennewick (POK) under the skilled leadership of CEO Tim Arntzen and his assembly of a highly qualified, professional, motivated and loyal staff accomplishing great things for this region. The POK has developed a sterling reputation for the highest degree of integrity, open and transparent conduct of business, and an ability to develop and nurture mutually beneficial strategic partnerships through trusting relationships. This has allowed the establishment of many very successful quality of life and economically beneficial projects that are equal to or greater than those anyone else has done anywhere. AND this has been accomplished with very limited

resources and without burdening our constituents with an increase in taxes. However, I now see two Commissioners jeopardizing future successes by violating our own adopted rules of policy and procedure. [SN]

I now see a CEO with noticeable health issues, worn down, tired, and rendered ineffective by being ridiculed in public meetings particularly by Commissioner Moak but also by Commissioner Barnes and being instructed to work on frivolous if not libelous matters rather than continuing to focus his efforts on the already planned good work of the POK as set forth in Commission approved documents. I see a once bright, energetic staff now fearful, discouraged, some ready to seek employment elsewhere in order to escape the continued abuse and criticism of Commissioners Moak and Barnes. I see the actions of Commissioner Moak and Barnes tearing apart a once effective, award winning, loyal team and frankly this breaks my heart. Yet Tim Arntzen continues to do everything within his power and available resources to maintain the high standards the Port of Kennewick is known for. [SN]

EXHIBIT B

# Memo

**To:** Commissioner Tom Moak, Commissioner Don Barnes, and Commissioner Skip Novakovich

**From:** Lucinda J. Luke, Port Counsel

**cc:** Nick Kooiker, Port Auditor and CFO

**Date:** October 2, 2019

**Re:** CEO 2019 Performance Review

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Attached are the following:

1. CEO Tim Arntzen's Summary of 2019 Accomplishments and Achievements.
2. CEO Tim Arntzen's 2019/2020 Goals and Objectives.
3. CEO Tim Arntzen's 2018 Performance Review.
4. Section 6 of CEO's November 2013 Employment Agreement.
5. Evaluation Form (Exhibit D to CEO's November 2013 Employment Agreement).
6. Section 15 of Port Commission Rules of Policy and Procedure.
7. Section 5 of Port Commission Rules of Policy and Procedure.

## Timeline

- October 14 – Commissioners to deliver their completed Evaluation Form to Lucy



- October 25 – (3) Evaluation Forms compiled by Lucy into one Evaluation Form and circulated to Commissioners for review
- October 29 - (Commission Meeting) – conduct CEO performance review

Please note that pursuant to Paragraph 6 of the CEO's Employment Agreement, the CEO's performance review is to be completed no later than November 15.

Other Applicable Procedures and Rules

A. A reminder regarding the anti-retaliation provision of Section 5.2 of the Port Commission Rules of Policy and Procedure (see attached) which states, in pertinent part:

No employee will be discharged, threatened, or discriminated against in any manner for following up on any complaint or for reporting what they perceive to be misconduct.

B. Port Commission Rules 15.1.6 (see attached) requires that:

The Port Commission shall address CEO performance issues as they arise by timely referring them to the CEO Evaluation Committee.

No such CEO performance issues were referred to the Committee.

C. The CEO has made a written request that all aspects of his 2019 performance review be conducted in open session.

Please let me know if you have any questions regarding the performance review process.  
Thank you.

# **ATTACHMENT 1**

## **Chief Executive Officer Tim Arntzen**

### **Summary of Accomplishments and Achievements for Port of Kennewick**

#### **Vision & Purpose:**

Tim is adept at managing multiple and concurrent challenges, while identifying additional resources, and overcoming obstacles without becoming distracted or discouraged in pursuit of the port's mission. He has worked diligently to follow direction given by Commission (in spite of sometimes varied and disparate views of individual Commissioners), and in spite of occasional duality of direction regarding their strategic vision. The CEO continues to work to ensure the Port's limited resources are allocated toward attainment of the goals established by Commission direction, consensus, and resolution. *The CEO has demonstrated that more than half of the 2019/2020 goals Commissioners established for him have been completed to date.*

#### **Strategic Agility:**

Tim constantly works to scan the horizon and brings forward any concerns to help avoid pitfalls and negative perceptions which could impact port actions and activities. Indeed, his insight and ability to analyze potential impacts were evidenced in his identifying how the Richland rail expansion could increase train traffic and negatively impact the Port's waterfront revitalization efforts, and the City of Kennewick. And his skills were again clearly demonstrated by his bringing forward West Richland land sales to Benton County Fire District, and to City of West Richland; his recognizing opportunities presented by rural county capital funds; his working diligently to ensure a cooperative relationship with county staff to advance that funding for the Port's projects—including a water-rights transfer to Benton County; and his encouraging substantial investments for Vista Field and the Clover Island shoreline by both Benton County and City of Kennewick. In addition, his skills led to a collaborative review and enthusiastic acceptance of a potential better alternative location (Cable Greens) for the CBC culinary school when a private developer expressed early interest in The Willows.

#### **Operating Plans:**

Tim's ability to steadfastly focus on the port's plans and goals is remarkable. In spite of diverse direction regarding the DPZ master plan, Port's comp plan, and 2019/2020 work plan, Tim was able to ensure the port broke ground on both the Vista Field and Columbia Gardens Phase 2B projects—in keeping with the goals established for him as CEO. Tim keeps a strategic eye on budget, staff resources, oft-competing jurisdictional interests, and leveraging investments to meet future needs. Examples are his advancing the land sale auction for Southridge as a means of providing adequate financial resources for Vista Field hangars remodel; fostering an additional \$5 million from City of Kennewick, a state grant, and federal funds for Clover Island's shoreline restoration; transfer of water rights from the former racetrack to benefit Vista Field, and fairground facilities within the port district; and a traffic-calming study in partnership with City of Kennewick to bring future benefit to the Columbia Gardens Wine & Artisan Village.

Tim continues to monitor internal controls to ensure financial, management, and administrative compliance with the Port's vision and commission direction; and under his leadership the port received *yet another clean, financial audit for 2017 & 2018 (both completed this past year)*.

#### **Integrity:**

Tim holds himself and his staff to the highest level of integrity. Corporate culture and tone is set at the top and that high level of ethical integrity, accountability, attention to detail, and transparency, is evident in the Port's clean audit history. And while he operates with demanding, evolving, and extremely diverse constraints on his time and attention; he has managed to identify new resources and creative partnerships, and to foster a strong culture of responsibility, accountability, and mindfulness regarding the best interest of taxpayers, citizens, regional community, and the port. A perfect example is his handling of the recent citizen complaint; having been through a contentious, highly publicized commissioner complaint process before, he understood the potential ramifications to port productivity, resources, and morale, and potentially even to his own physical health—yet, rather than sweeping the complaint under the rug, or trying to make it “go away” quietly; he is following the very specific process as required by port policies and procedures which were established by the Port Commission.

#### **Financial Stewardship:**

Tim has done an excellent job of ensuring the port's future financial stability while balancing the Commission's direction for significant construction projects including the Clover Island shoreline, Columbia Gardens Wine & Artisan Village Phase 2, and Vista Field infrastructure. This past year, Tim oversaw and successfully utilized a \$900k insurance settlement, \$200k City of Kennewick grant, \$1.1m Benton County RCCF grant, and \$150k HAEIFAC grant to support Wine Village Phase 2 construction. He secured another \$1 million from Kennewick/Benton County Rural County Capital Funds, and \$3.5 million from the US Army Corps of Engineers for the Clover Island shoreline restoration project; He ensured timely completion of Phase 2a infrastructure; and the award of the Phase 2b tasting room construction contract within budget at Columbia Gardens; and the award of a construction contract, within budget, for the Vista Field Phase One infrastructure project. Tim's skillful engagement of investment partners has leveraged the port's ability to complete crucial, consecutive, high-profile construction projects while maintaining the port's financial integrity long-term.

*During the past year, the Port received clean financial audits for 2017 & 2018. Under the CEO's leadership the port has had no audit findings and no management letters; AND clean audits from both the independent third-party auditing firm of Clifton Larsen Allen, and from the State Auditor's office—in spite of increasing scrutiny of port districts and other municipal jurisdictions. Having clean audits is perhaps the most important measure of Tim's solid management and outstanding leadership as CEO.*

### **Political and Institutional Sensitivity:**

Tim's skill in navigating sensitive political situations have kept the port in good stead with its many partners. Indeed, Tim helped carefully evaluate impacts and port involvement related to City of Kennewick's rezone of Vista Entertainment District land to urban mixed-use; he continued to emphasize need for transparency and an EIS for the increased rail traffic proposed for Richland; he has been a mediating influence in our arrangements with both Kennewick and West Richland; and his skillful, and respectful, delicate approach to county politics enabled the port to secure significant amounts of rural county capital funding.

Tim helped carefully manage the Port's brand and public perceptions during periods of heightened media and public scrutiny. Under his leadership the Port implemented a new port website, and coordinated successful branding and element naming for Vista Field. And he worked diligently to steward the port's reputation from any claims the Port was either acting in a discriminatory manner, or competing with the private sector during the contentious Ivy matter.

Because of Tim's leadership, Port of Kennewick has been publicly recognized by the Confederated Tribes of the Umatilla Indian Reservation for our MOU and respectful engagement with the Tribes; and in March 2019 Port of Kennewick was once again hailed as a model for how to advance projects that involve Tribal homelands; as Marie Mosley reported during the April 9, 2019 commission meeting: *"City staff recently met with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and held an afternoon meeting, where TRIDEC and several other community representatives joined us to discuss the shoreline reconveyance. During that conversation, the CTUIR suggested that if the City wants a good partnership with the CTUIR, they should emulate what the Port has done. The CTUIR continued to reinforce the partnership that they have with the Port. Ms. Mosley believes the City was able to instill some confidence in their partnership with the CTUIR because of the relationship between the City and the Port."* In addition, Tim was invited, as a personal friend of the Tribes, to attend a ceremony honoring and installing the new Chief of the Walla Walla Indian Nation.

Each of the above examples are proof of Tim's ability to understand, engage with, and manage extremely sensitive and political and institutional situations.

### **Stakeholder Relations:**

Commissioners should also be pleased with the work the CEO has done to strengthen the port's many jurisdictional partnerships. Tim's work to carefully cultivate strategic partnerships include: facilitating meetings with the Confederated Tribes of the Umatilla Indian Reservation (including meeting the CTUIR's new Executive Director in January, and hosting a March Clover Island tour/and networking reception for port and CTUIR department directors); coordinating meetings with the new USACE commander in November and July; finalizing the land sale to the Benton County Fire District in January; inviting the City of Kennewick to partner with port staff at the Washington Wine

Growers expo in February; coordinating a highly successful, well-attended, well publicized, multi-jurisdictional groundbreaking event for Vista Field phase one in April; supporting City of Kennewick's traffic calming study in May; partnering with Richland to submit a Rural County Capital Fund application for the City's Island View infrastructure project in May; finalizing a contract with US Army Corps of Engineers to improve Clover Island in May; partnering with Port of Pasco to secure daily service to LAX in April; facilitating a vibrancy plan/partnership with City of Kennewick for Columbia Gardens in May; renegotiating Cedars lease to enable continued jobs and business vibrancy on Clover Island, and working to facilitate sale of former Tri-City Raceway to City of West Richland in September.

**Priority Setting:**

Tim is motivated by the goals and incentives given him by the Commissioners and works diligently to accomplish those—as evidenced by his presenting to commissioners documentation of completion for more than ½ of the two-year goals to date. He also does well at recognizing and bringing forward unanticipated opportunities such as the sale of the former 2-acre parcel to the Fire District, and Tri-City Raceway property to City of West Richland; the opportunity for water rights transfers; and the Cedars lease renegotiation—understanding that often time is of the essence, and he works to adjust staff and resources to enable an evolution of priorities as the year progresses—while following the established comp plan, work plan, and direction given by commissioners.

**Knowledge:**

Tim works to gather quality information and he continues building and maintaining his knowledge base and skill set; in fact, he is undertaking port-specific executive training in October; regularly visits with community leaders to gauge Port perception and success. He is an excellent ambassador for the Port within the community and economic development industry. His formal training as a lawyer is a substantial benefit to the port; and is an asset uncommon to most CEOs in port leadership.

**Decision Quality:**

Tim does not rush to judgement, and instead works hard to ensure thorough understanding and solid 'intel' before making decisions; and even though he many have delegation of authority on something—if he feels it will benefit the port he brings those things back to Commission to ensure transparency for the public, a fully informed and engaged elected body, fully vetted concepts, and an understanding of intentions. He seeks counsel from many sources, and works well under pressure.

**Entrepreneurial:**

Tim's entrepreneurial skills are evidenced in his work to collaborate with City of Kennewick to expend their Rural County Capital Funds at Clover Island; which then leveraged port monies to be spent at Vista Field. This creative, investment partnership was Tim's idea, which he implemented with full transparency and the support of all parties, to the significant benefit of the Port district. And again, his proposal to



encourage additional partnership with City of Kennewick for traffic calming/pedestrian improvements on Columbia Drive and Washington Street; whereby the City of Kennewick shares their Rural County Capital Funding with the Port to renovate the Vista Field hangars—is yet another example of his creative, entrepreneurial mindset. And while he is creative, he also does a great job of analyzing risk/rewards and works to bring only carefully vetted, strategic opportunities to the Port Commission that would result in a positive allocation of resources and beneficial return to the Port's reputation.

#### **Leadership/Management:**

Tim understands the Port's vision and mission, and works diligently to move the Port toward that vision; all while balancing limited budget and staffing resources, public perceptions, and the politics inherent in working with a multitude of jurisdictional partners. Tim's leadership led to successful Vista Field groundbreaking event where several hundred people gathered to celebrate a project facilitated through a partnership with the City, County, and Port district; indeed Chris Barnes made this public comment following that Vista Field event: *"The Port has a very cohesive team and has done a tremendous amount of work and developed a fan base in the community."*

Tim's management style encourages input and recommendations from staff, and regular dialogue with Commissioners. He works to regularly engage Commissioners and will bring items before Commission multiple times if he feels they or the public will benefit from additional discussion, direction, or counsel. He is extremely effective in encouraging staff to take ownership of their projects; and stays involved enough for oversight, but removed enough to encourage individual responsibility, creativity, ownership, growth and skill development. Great examples are: installation of the iconic bus shelter, and resolution of drainage issues at the wine village; remodeling of the Commission Chambers; new website development, and Vista Field branding; and implementation of Vista Field phase one construction. Tim also facilitated a staff retreat and team-building/training this year; and has weekly standing meetings to ensure timely, focused, communications with each director.

In all he does, Tim's leadership is consistent with established port policies and procedures, and within his delegation of authority. He works to refine and adapt port operations as necessary to meet future needs and challenges, but does so with respect for and within the authority Commissioners have delegated to him; and has been very effective in making decisions and in handling of legal (lawsuits and insurance settlements) and managerial issues.

#### **Initiative:**

Tim is exceptional at getting things done. He positively inspires others and doesn't let Port of Kennewick projects linger. He is a self-starter and is always scanning the horizon for the next best thing for the port, and for more to accomplish on behalf of the taxpayers. He does not hesitate to accomplish projects identified by the Commission when given clear and non-conflicting policy direction. He is motivated by his

incentivized goals and promptly moves forward with consistent follow-through; and has already accomplished more than ½ of the two-year goals established by Commission.

**Courage:**

Tim demonstrates high levels of courage in challenging and controversial times. A perfect example is that he did not hesitate to follow established policy when in receipt of a citizen complaint—and did so because it was the required course of action, regardless of the potential impact to his health, reputation, or working environment. He is fair, honest, and a bulldog in defense of the Port. He holds himself to high standards and holds his staff to the same exemplary standards of transparency, honesty, and stewardship. He is frank and forthright when it is necessary, and willing to defend the port's goals, vision, and directives without regard to his personal popularity. Another example was his willingness to stand in support of Benton County staff regarding the county's oversight/ownership of Rural County Capital funds—when other jurisdictions were bullying/challenging the county to gain access to that funding.

**Persuasiveness:**

Tim is both practical and matter of fact, and takes a sound approach to economic development without undue emotion. He possesses excellent writing and verbal skills, and his training in, and experience practicing, the law has given him a unique 'edge' for persuasive communications. He excels in making personal presentations, and is adept at creating collaborative partnerships to accomplish port goals. Evidenced by his work with City of Kennewick and City of West Richland to ensure common understanding and support for the former racetrack land sale; and his collaboration with City of Kennewick and Benton County to ensure adequate funding for both Clover Island shoreline restoration, and Vista Field phase one infrastructure.

**Adaptability:**

Tim is very good at adapting. Evidenced by his ability to pivot abruptly from the adopted Comp Scheme and established goals for Columbia Drive land sales to focus on negotiating a land sale with West Richland for the former Tri-City Raceway site. Tim has a natural ability to anticipate and then to be proactive. Much of the success of the port has been through his ability to adapt to evolving port leadership, opportunities, and changing regional conditions.

**Stamina:**

Tim has always taken controversy or negative public perceptions regarding port projects (Southridge, Columbia Gardens, Vista Field, elections, investigations, potential legal issues) in stride. Tim travels well, and does an excellent job for the port in both managing travel resources, and in ensuring exploration and research within the areas he visits to bring value to the port and related port projects. He is careful in managing his health, and encourages staff to find a work-life balance to enable continued success and endurance in a fast-paced port environment. However, truth be known, doing the right thing in regard to the recent citizen complaint, and the related controversies and



work environment that process created, is taking a recognized toll on morale and stamina; and the refocus from Port's mission towards the citizen complaint has caused lost productivity/momentum for the office.

**Ambition:**

Tim has a great deal of drive and ambition; and is internally motivated to accomplish the incentivized goals established by Commission. He takes pride in ensuring a top-quality job is done for the taxpayers and wants to complete exceptional projects. He sets the bar high, and personally demonstrates an unselfish ambition to exceed Port and community expectations. Tim is constantly reading management books and trade materials; researching and talking with industry partners and port counterparts; and he scans the horizon for opportunities to benefit the port and advance his skills.

His ambition is demonstrated by having presented Commission with evidence of accomplishing more than half of his 2019/2020 goals to date.

**Loyalty:**

Tim demonstrates a high degree of loyalty to the Port of Kennewick. He works to ensure policies and plans are moving forward in keeping with the Port's stated vision and mission. This loyalty to Port of Kennewick was very publicly demonstrated in his handling of the citizen complaint against Commissioners as required by established policy and procedures—in spite of an understanding of the controversy it could cause and personal impact it might create. Indeed, Tim often forgoes his evenings and weekends to ensure availability to priority projects and responsiveness to staff, Commissioners, stakeholders, and consultants—even when he is on vacation. A very recent example includes Mayor Gerry calling/texting Tim regarding sale of the former raceway site when Tim was vacationing in B.C.

**Communications:**

Tim has regular, standing staff meetings with each director to ensure timely, focused, communications. He has standing monthly meetings with Marie Mosley to ensure continued collaboration and investment partnerships. Tim does an outstanding job in gathering, understanding, and then distilling very complex issues into relevant facts for focused discussions with Commissioners, staff and partners. Tim is also excellent at encouraging discussion to ensure a variety of scenarios have been analyzed; until he is prepared to bring a positive path forward for consideration. And his outreach and personal communications have led to stronger relationships with the CTUIR and USACE. Tim facilitated a Clover Island tour and networking event with the CTUIR departmental directors this past spring. He twice met with the new USACE commander to discuss Duffy's Pond since the last executive review. And he is facilitating joint meetings/discussions between himself and the city managers from Kennewick and West Richland to ensure continued positive relationships with those entities given the potential for competing interests related to wine industry development.

**Listening:**

Tim is a very good listener. He carefully studies, analyzes, and interprets information he receives—and he asks insightful questions to foster understanding. Tim maintains an open-door policy, and is always willing to visit with stakeholders, the general public, and others who make inquiry of the Port. He listens for content, and not just to provide a response; and because he really “hears” what people are telling him, he then retains an unbelievable amount of information related to the port and community—about people, activities and actions with potential to impact port operations; and about past projects and potential pitfalls. When Tim seeks information from Commission, he is not afraid to seek clarification or ask probing questions until he has clear direction. And his training and skill as a former attorney are a true asset to the Port of Kennewick.

**List of accomplishments & achievements since last review:**

**2018**

- Carbitex lease executed, retaining business and jobs in our Port District-- November 2018

**2019**

- Negotiated mutually beneficial land sale in City of West Richland to Benton County Fire District #4 to improve the life/health/safety of the port district citizens and businesses and industry within City of West Richland and Benton County—sale closed January 2019.
- Coordinated research, review, and eventual release of deed restrictions on 5-acres of land formerly owned by Port—allowing development to proceed for a \$20 million primary care clinic adjacent to Vista Field. The Vista Field master planning process identified adjacent proximity medical facilities as complementary to a walkable, bikeable, transit-oriented planned development—March 2019.
- Secured Interlocal Agreement with City of Kennewick and Benton County such that \$1 million of the City of Kennewick’s Rural County Capital Funding would be used for Clover Island shoreline restoration—March 2019.
- Coordinated bid and contract award for new Columbia Gardens Wine & Artisan Village tasting room building within budget; and secured letters of intent from Cave B Estate Winery and Gordon Estate Winery as future, qualified, and high-profile tenants—March 2019.
- Coordinated insurance compensation for collapse of new building to be spent toward the fourth building at Columbia Gardens.
- Coordinated bid and contract award for Vista Field Phase 1 construction—March 2019.
- Coordinated a tour of Clover Island shoreline and The Gathering Place, followed by a brief reception/staff networking event with CTUIR leadership and department directors—including Ted Wright, Bobbie Conner, Dave Tovey, Chuck

Sams, and Eric Quaempts (CTUIR Director of Natural Resources)—March 13, 2019.

- Ground breaking event for Vista Field phase 1 construction held in April 2019; nearly two hundred people attended, and multi-jurisdictional partnership investments highlighted/strengthened.
- Partnered with Port of Pasco and provided funding to help secure a small community air services development grant from the USDOT to support daily flights from PSC to LAX—April 2019; flights are now daily to/from LAX.
- Partnered with City of Kennewick and provided funds to analyze traffic calming on Columbia Drive to benefit the Columbia Gardens Wine & Artisan Village via Resolution 2019-09—May 2019; [subsequently the City installed signalized pedestrian cross-walk at Date Street entrance to Wine Village].
- Coordinated independent legal review of citizen complaint as required by port policies and procedures—March 2019.
- Coordinated release of statutory deed-restriction (buy-back clause) for Spaulding Business Park real estate purchased by Tri-Cities Chaplaincy—June 2019.
- Oak Street land sale to Three Rivers Acquisitions—June 2019.
- At commissioners' request, researched initial information related to IDD, coordinated presentation to Commission regarding potential IDD; and queued up consultant contract for commissioners consideration (which they decided to pass on)—June 2019.
- Queued up consultants for Waterfront Master Planning; including June 25, 2019 public scoping meeting with Commissioners and individual meetings with staff and stakeholders to help Makers Architecture develop project Scope of Work.
- Coordinated developers' agreement with Benton PUD for required Vista Field electrical infrastructure improvements—July 2019.
- Researched and brought forward options for Southridge Land sale, including auction information and coordinated formal RFP for auction services; resolution brought to commission—August 2019.
- Coordinated negotiations for Cedars lease amendment to help facilitate building sale which would retain vibrancy and iconic business and jobs on Clover Island—September 2019.
- Spent great deal of time with potential "Opportunity Zone" investor/developer interested in Willows, and to accommodate City of Kennewick and CBC concerns; contractor provided
- At Commission direction, advancing economic development by helping to facilitate a land transfer between the Port and City for approximately 93-acres commonly known as the former Tri-City Raceway site. City of West Richland has proposed purchasing that site to accommodate construction of a new West Richland Police Station; as well as additional infrastructure to support Red Mountain's rapidly-expanding wine industry, and future City needs. The City feels time is of the essence as there is a limited window in which to secure a location for the new police station. CEO is also working to ensure

relationship/partnership commitments with City of Kennewick will not be jeopardized by the West Richland transaction—July 2019 to present.

- Completion of construction of Columbia Gardens Phase 2a infrastructure including roadway, parking lot, food truck plaza (including securing involvement of Swampy's BBQ, Frost Me Sweet, Ciao Wagon, and Rollin Ice Cream), installation of bus shelter and Aspirations artworks, landscaping, signage, and shelter over food truck plaza—funded by Benton County RCCF via \$550,000 from City of Kennewick allocations—ongoing throughout 2019.
- Coordinating with Port's insurance carrier regarding potential litigation stemming from slip fall incident including moving to mediation and continued processing of that issue to ensure addressing that in a fair and equitable manner, and addressing potential for negative publicity—ongoing throughout 2019.
- Worked to successfully manage the Port as a high-profile, highly productive, successful, fiscally-sound entity; while simultaneously engaging with and managing numerous jurisdictional relationships including: Confederated Tribes of the Umatilla Indian Reservation (met with Ted Wright new Executive Director of CTUIR in January), US Army Corps of Engineers (met with Commander in November 2018 and July 2019), Benton County, City of Kennewick, City of Richland, City of West Richland, City of Benton City, Ben Franklin Transit, Port of Pasco, Department of Commerce, Department of Fish & Wildlife, Futurewise, Benton REA, and Columbia Basin College.
- Coordinated and submitted Rural County Capital Fund application for Port funds to be used to support City of Richland's Island View improvements.
- Coordinated communications with Arts Center Task Force's Steve Wiley and new executive director Renee Adams regarding Vista Field status and interest; and several meetings with CBC's leadership Rebecca Woods and Laird Livingston, their new associate dean of culinary arts and hospitality business management, regarding Culinary Arts Institute at Columbia Drive.
- Successful launch of all-new Port website; Vista Field brand development; advertising partnerships to extend Port name and recognition within district (including City of Kennewick's Playground of Dreams, Clover Island Concert Series, Columbia Gardens Wine & Artisan Village vibrancy program; Historic Downtown Partnership; Benton Franklin County Fair & Rodeo, Visit Tri-Cities, Chambers of Commerce, CTUIR activities); and oversight for the Vista Field street/element naming process.
- Signed contract with USACE for Clover Island 1135 Phase 2 in May 2019; and continued working with US Army Corps of Engineers to keep shoreline restoration project moving forward; including August project scoping meeting. Design contract is scheduled to be finalized between USACE and contractor by September 30, 2019; with construction contract to be out to bid late summer 2020 for in-water construction 2020/2021.
- Coordinated with City of Kennewick and US Army Corps of Engineers and contract consultant to explore/research/advance clean-up of Duffy's Pond;

including meetings with port consultant, Ecoland, and a one-on-one with the USACE Commander Dietz on July 29, 2019.

- Coordinating with City of Kennewick to secure MOU for use of additional City funds from the Benton County RCCF for use at Vista Field for hangar remodel; and to support City of Kennewick with Port funds to make visual upgrades and pedestrian improvements to Washington Street to help connect Clover Island and Columbia Drive with downtown.
- Oversight of budget and contracts; technical upgrades to commission chambers; and implementation of Laserfiche invoicing and accounting system; and oversight of budget and contracts which led to yet *another clean, third-party financial statement audit for both 2017 & 2018 (auditors completed during this past year)*.
- Coordinated and provided leadership for the team building retreat held in 2019, including a tour of Kendall Yards in Spokane, Washington with Greenstone, the development company; and the waterfront/public art investments in Coeur d'Alene Idaho.
- Managed PR regarding TRIDEC rivershore land conveyance; especially port involvement and public perceptions and the port's relationship with CTUIR. As a result, Port of Kennewick was specifically identified by name at a high-profile public meeting; lauded as an example of the right way to work with Tribes; as an example of a positive partnership; and as a model for how to advance projects that involve Tribal homelands. Port of Kennewick was also recognized by CTUIR as a good example at an April 2019 meeting that TRIDEC coordinated between the cities and the Tribes to discuss the land reconveyance—the CTUIR even handed out copies of The Gathering Place postcards when talking about the positive relationship the Port has with the CTUIR. Also, Tim was invited to attend a special ceremony to honor and officially designate Donald Sampson Chief of the Walla Walla—he was invited personally, not as a Port representative—due to the friendship he has built with the Tribes and the trust they place specifically in him—this is an huge honor and absolutely PRICELESS when it comes to our ability to advance projects for the Port of Kennewick.
- Lost productivity from duality of direction given to staff related to Vista Field redevelopment, budget priorities, and removing deed-restriction on Ivy land. Citizen complaint requiring staff time, resources, and energies to be redirected toward processing, managing legal review, questions regarding policies & procedures, documenting, and increased public records requests. Given that the Ivy research/review/inquiry/complaint began in January 2019, and is likely not going to be completed before year's end, anticipate approximately one-year's lost productivity/momentum.

# **ATTACHMENT 2**



Exhibit "A"

EXHIBIT A  
DATE: CEO 2019/20 Goals & Objectives Update (included update on 2017/18 ongoing goals)  
September 26, 2019

GOAL & OBJECTIVE	TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
<i>2017/2018 Goals and Objectives Update</i>				
Vista Field	2017/18 GOAL: Recently, draft, and present the Vista Field Association or like organization for dues regarding operating Vista Field amenities; a key element includes shifting ongoing operating cost of Vista Field common areas to the development partners and businesses within Vista Field.	Considered complete when presented to Commission.	95% Complete	Two types of owners association documents have been prepared (Commercial & Industrial). Donor Goldstein presented the concept to the Commission on 5/28/19. Awaiting final edits to documents for Commission approval in January 2020.
<i>2019/2020 Goals and Objectives Update</i>				
Vista Field	2019/20 GOAL: Completion of Phase 1A construction.	Considered complete when presented to Commission for substantial completion	33% Complete	33% complete based upon pay applications from Contractor. The project is currently well within our estimated budget. Completion currently scheduled in Spring 2020.
Vista Field	2019/20 GOAL: Sell one parcel or obtain one ground lease (does not include Arts Center Task Force)	Considered complete when presented to Commission.	100% Complete	Unanimous until the Port has recorded lots to sell. Completion scheduled in Spring 2020. However, the Port has had substantial interest from developers.
West Richland	2019/20 GOAL: Negotiate the land sale of the former racetrack property with the City of West Richland and present the purchase offer to the Commission.	Considered complete when presented to Commission.	✓	Staff & Port attorney have many hours invested toward PSA and water rights transfer logistics. Tenants PSA and major deal points presented to the Commission on 9/10/19. PSA presented to Commission on 9/21/19.
Columbia Drive	2019/20 GOAL: Design and complete engineering for Eagle Pond Recreation.	Considered complete when presented to Commission.	40% Complete	Consultants have drafted a basic restoration plan. Tim presented to USACE commander the potential solution on 7/29/19. Staff to staff consultations continue, but with USACE process there is no guarantee.
Clower Island	2019/20 GOAL: Present for Commission consideration the Waterfront master plan.	Considered complete when presented to Commission.	25% Complete	Introduced consultant to Commission and toured community; developing scope of work for Clower Island Master Plan Update (goal on track for 2020).
Port Staff	2019/20 GOAL: Complete a team building event (e.g. seminar).	Considered complete when presented to Commission.	✓	Held a staff retreat with trainings on May 30/31. Reported to Commission on 6/11/19.
Districtwide	2019/20 GOAL: Completion of one executive level training course.	Considered complete when presented to Commission.	✓	Stand for completion on October 22nd with Jan Darling.
Districtwide	2019/20 GOAL: Present for Commission consideration non City of Kenton's partnership vision.	Considered complete when presented to Commission.	✓	Richland: Working on next decade plan, with consultants from White Bluffs Consulting. Consultants and Port staff have met five times to prepare a list of long term and short term projects. Benton City: Partnership for D172, shoreline master plan, which is now complete. West Richland/Benton County: Completed land sale to Fire District #4, enabling them to build a new fire station.
Districtwide	2019/20 GOAL: Establish "Visitors" policy.	Considered complete when presented to Commission.	✓	Presented to Commission on 5/14/19. Executed MOU on 4/25/19.

Exhibit "A"

GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
Districtwide	9				
	2019/20 GOAL				
	10	Identify and present one additional mutually beneficial or ROI partnering opportunity to the Commission.	Considered complete when presented to Commission.	✓	Executed PSA with Benton County on 9/24/19 for water rights transfer from the Blaney property to the Benton County Fairgrounds. This was beneficial to Benton County because they didn't have enough water rights for the Fairgrounds, and benefited the Port as a result of Benton County giving the Port \$50K of their RCCF funds for Visa Field. This will also result in future goodwill between both agencies, hopefully leading to more successful partnerships.
Districtwide					
Other Accomplishments					



# **ATTACHMENT 3**

## PORT OF KENNEWICK EMPLOYEE EVALUATION

Employee Name: Tim Arntzen

Evaluation for the period:

2018 Year

Title: CEO

### GOALS AND OBJECTIVES DURING THIS EVALUATION PERIOD

Cross reference Exhibit A – CEO 2017 & 2018 Goals & Objectives Update.

### ACHIEVEMENTS, ACCOMPLISHMENTS, AND RESPONSIBILITIES (COMPLETED BY EMPLOYEE)

2018 was another impressive year at the Port of Kennewick. We publicly unveiled the construction vision for Vista Field to rave reviews. With city comments in hand, we will bid the job this winter. This culminates many years of effort on the part of the commission, staff, consultants, city partners and the public. External alliances have been created and maintained: \$1,000,000 support for Vista Field from the City of Kennewick, via the 1135 account, and \$510,000 from Benton County.

We have also just completed one of the port's most challenging budgets in recent memory.

Port transparency is at an all-time high. Public support is at an all-time high. We are efficient. We continue to strengthen our relationships with the Confederated Tribes, the Governor's office, the Latino community, the arts community and others. We are able to form community coalitions which reach across socioeconomic, racial, political, ethnic, gender and other lines. Our policy of inclusion is one of the reasons we are so successful. Everyone in our district has the opportunity to contribute.

This doesn't just happen by itself. While I provide leadership, I appreciate and rely on the contributions of my staff. I would have no success without them. I appreciate the opportunity to work for the commission and look forward to many more team successes in the future.

The following are just some of the main highlights of "our team's" achievements, accomplishments, and responsibilities:

- **Goals & Objectives:** Reached 90% completion of the 2017/2018 goals and accomplishments set by the Commission (only one goal left to complete).
- **Vista Field:** In December, coordinated City adoption of the Vista Field master plan; 10 year development agreement; and Urban Mixed Use Zoning district applicable to Vista Field and Columbia Gardens. Guided and served on the Vista Field Loan Committee, resulting in favorable bond financing for phase 1A construction. Prepared financing plan of \$7.2M for the first phase of development. Obtained \$510k contribution from Benton County's own portion of RCCF funding.
- **Vista Field Development Buildings:** Re-negotiated and extended lease with Bruker Handheld.
- **Columbia Gardens:** Successful negotiation of the Interlocal with City of Kennewick for \$200,000 of funding for the parking lot at Columbia Gardens. Celebrated grand opening of first two wineries; and installation of the Latino Heritage Mural—that port project was nominated to be recognized by the Washington Chapter of the American Institute of Architects with their 2018 Merit Award. Wrote and secured a joint port/city HAEIFAC grant for \$150,000 which helped ensure completion of various amenities at Columbia Gardens. Selection of two high quality tenants for the new tasting rooms, and two high quality tenants for the new food truck plaza. I was asked to speak at the Washington Cultural Congress of the Arts on behalf of the Port's investment in art as an economic development tool. And the Port was named the Governor's 2018 Heritage Award recipient for the port's significant contributions to the creative vitality of Washington State.

- **Clover Island:** Negotiated the City of Kennewick's \$1,000,000 contribution to the shoreline project via Interlocal agreement. The "Willow Fish Trap" artwork was installed on the south shoreline to complete The Gathering Place and continue fostering a positive relationship with the CTUIR. Secured MOU with USACE related to in-kind credit for port-led hydrology work to determine best alternative for Clover Island North shoreline restoration.
- **Richland:** Negotiated and secured Interlocal agreement for the Island View roadway project, with all funds being from rural County Capital Funds. This allowed the Port to reallocate the \$400,000 in the 17/18 budget for the City of Richland to the Columbia Drive tasting room. This agreement also transferred the maintenance of the Spaulding Business Park street lights to the City of Richland.
- **Benton City:** Negotiated and secured Interlocal agreement with Benton City to support shoreline planning.
- **Financial & Operational:** The Port has continued to maintain its properties at the highest levels, all while maintaining the Port's expense budget under benchmark. Port properties are 85% occupied, and the marina is 93% occupied. The Port also received another clean audit from the State Auditor's Office in 2018, marking the 22<sup>nd</sup> consecutive year the Port has received clean audits. In addition, CliftonLarsonAllen has audited our financial statements and provided us consistently clean audit reports. This involved many meetings and discussions with staff and Commissioners. We also implemented a major new software system called Laserfische. This will increase our invoice processing speeds, and save the Port almost \$15k/year!

There are many more achievements and accomplishments in 2018 that I didn't include above, including: Finalizing insurance settlement for the 211 building, continued work to clean up Duffy's Pond, lease amendment for Cedar's, coordinated delivery of the artistic bus shelter, organized Vista Field conceptual renderings event, and securing a consultant for Vista Field brand development. I look forward to an even more exciting and successful 2019!

#### **EVALUATION (COMPLETED BY THE COMMITTEE FOR COMMISSION APPROVAL)**

##### **EXECUTIVE SUMMARY:**

2018 was another successful year at the Port. The CEO overcame many difficult challenges including obtaining additional resources from jurisdictional partners, all while maintaining focus and keeping the Port aligned with the goals provided by the Commission. The CEO has completed 90 percent of the 2017/18 goals and objectives, with the remaining goal near completion.

##### **LEADERSHIP & MANAGEMENT:**

Tim has proven to be a great leader for the Port. Staff morale is very high, therefore creating a high performance standard at the Port. This high standard has been maintained for several years, and has allowed the Port to flourish. Tim is very good at empowering staff to make decisions and to own those decisions, helping the team feel invested in the success of the Port. The fact that the Port has enjoyed longevity of employees with extremely low turnover (added employees yes, but haven't had to replace any staff positions since 2013) demonstrates employee satisfaction with the port's working environment. Tim has built a very solid staff over the years; often referred to as "the best in the business" by members of the community and Port contractors.

The CEO has proven that he can be flexible, balancing the long term priorities of the Commission with the near term issues. A great example of this is how Tim handled the long term Vista Field project, Columbia Gardens redevelopment, and shoreline restoration efforts. All of these projects moved forward, while the CEO handled various other issues such as: Transportation Impact fees related to Vista Field and Columbia Drive; Fire department concerns regarding the scissors intersection at Vista Field; The potential project labor agreement; Columbia River shoreline re-conveyance; and challenging Port tenants.

Tim has been determined to maintain the highest levels of transparency at the Port. Over time, this has proven to be very advantageous to the Port and its taxpayers. The public's trust in the Port is

shown with all of the positive publicity and support at groundbreaking events. It's also proven through all of the financial support we've received from jurisdictional partners. An example of this is the City of Kennewick's ongoing support of Port projects (e.g. financial, regulatory, and political).

He has also shown great ability to overcome huge challenges, resulting in a positive outcome for the Port. An example of this was the budgeting process for 2019/20. This was a very difficult budget to compile due to the large amount of capital outlay required for projects such as Vista Field and Columbia Drive, all while having limited resources and trying to maintain our properties at a high level. Tim proved that he could work with staff, Commissioners, and even jurisdictional partners to draft a budget beneficial to the Port and aligns with the Comprehensive Scheme.

#### **STRATEGIC AGILITY:**

The CEO is very persuasive and shows strong negotiation skills. He brings a vast amount of knowledge and a unique perspective to many complex issues. This has been shown in many situations, such as issues related to rail or the shoreline transfer. Tim has shown that he isn't afraid to stand for a certain position, sometimes contradicting what the political pressures are in the situation.

A great example of these skills has been the relationship established with the CTUIR. Establishing such a positive relationship with the CTUIR has been many years in the making, not something that just happened in 2018. The strength of this partnership has proven to be very beneficial to the Port, advancing projects that may not be otherwise possible. The CTUIR has mentioned many times that they value their relationship with the Port of Kennewick and appreciate the Port discussing projects with them in advance (rather than afterwards such as the shoreline transfer). Evidence of this this was proven when CTUIR representative Donald Sampson made a statement at the Columbia Rivershore Enhancement Community meeting on September 20, 2018. Don stated, *"There are also good examples of consultation and partnerships with our Tribe – such as the Port of Kennewick. Their commissioners and Executive Director always first meet with the Tribes regarding proposed projects at the initiation of the planning, not at the end of planning when decisions have been made. We have helped them throughout the planning process to find mutually beneficial options and it has been a success. Our partnership is built on trust, mutual respect, and transparency"*.

Some other examples of Tim's strategic leadership include:

- Negotiated \$510,000 of Benton County's portion of RCCF funds for Vista Field phase 1A;
- Coordinated the City of Kennewick's adoption of the Vista Field master plan, zoning change, and 10-year development agreement;
- Worked with the City of Kennewick to sort out many details related to Vista Field phase 1A plans. Gave them time to "digest" the plans and provide input, rather than rush them through the process and make them feel uncomfortable. Treated them like a true partner;
- Negotiated \$1,200,000 of funding from the City of Kennewick (\$1,000,000 for the shoreline, and \$200,000 for the parking lot at Columbia Drive), and got Commission approval to transfer \$1,000,000 from the current shoreline budget to backfill the Vista Field financing plan;
- Negotiated with the City of Richland for use of \$800,000 of the Port's RCCF funds; thus allowing use of the \$400,000 in the budget for the wine village tasting room;
- Didn't get frustrated when the initial winery tenant decided not to lease the tasting room. Went through process and obtained four highly qualified applicants, two of them arguably some of the top wineries in the region;
- Oversaw the process of obtaining a \$5M bank loan for Vista Field. This was highly politicized and included many banks. In the end, all bidders felt the process was very fair and lauded the Port for its process.

Tim's strategic agility is also evidenced by the amount of awards and honors the Port has received for its projects. The Port was recognized by WPPA for the "Creative Partnership Award" for its work on Columbia Drive. In partnership with the city, the Port received the Governor's 2018 Smart Partnership award for our Vista Field master planning efforts. And we were named the Governor's 2018 Heritage Award recipient for the Port's significant contributions to the creative vitality of Washington State.

#### **INTEGRITY:**

It has been proven that the Port is held in a very high standard in the public eye. This is a sentiment that has taken a very long time to establish, and it starts at the top of the organization. Tim operates at the highest levels of integrity, and demands the same out of his staff members. He encourages transparency and openness in every situation. The Port obtained another clean audit from the State Auditor's Office in 2018, which means that the Port has had clean audits for the last 22 years. This is a testament to the Port's operations and how we conduct business.

**COMMUNICATION:**

The CEO is a very effective communicator, and has been asked to speak at many events and serve on various Committee's within our community. An example of this is presenting at the Benton County Commission meeting regarding the Port's plans for phase 1A of Vista Field, which resulted in funding from the county's own rural county capital fund allocation.

Tim is able to connect with people of all backgrounds, and he represents the Port in a positive manner. A testament to this was the leadership he demonstrated in engaging with the Latino community to bring the Latino Heritage Mural to fruition—positively interacting with and guiding that project and the port's involvement during a particularly tumultuous time for Latino/civic relations within the greater region. Those efforts led to the Port being named the Tri-Cities Hispanic Chamber of Commerce's Outstanding Business of the Year for 2018. This is just one example of his communication skills.

**RECOMMENDATION:**

The CEO Evaluation Committee recommends to the Commission approval of this evaluation. In addition, the Committee recommends an overall CEO performance rating of "Exceptional" in accordance with the CEO's Employment Agreement (Compensation & Benefits pursuant to section 4.1.3).

**GOALS AND OBJECTIVES FOR NEXT EVALUATION PERIOD**

! Cross reference Exhibit B – CEO 2019 & 2020 Goals & Objectives

EMPLOYEE SIGNATURE

SUPERVISOR SIGNATURE

*Tim G* 12/16/18  
Date

Date

Thank you Commission, Lucy and Nick. All of the accomplishments came as a member of a quality TEAM. Having the support of Commission, staff and contractors such as the port attorney (and others) is essential.

I am proud to be a member of a highly-effective team. I hope to continue making contributions well into the future. It is my pleasure working for this commission!

*Tim G*

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**GOALS AND OBJECTIVES FOR NEXT EVALUATION PERIOD**

Cross reference Exhibit B – CEO 2019 & 2020 Goals & Objectives

EMPLOYEE SIGNATURE



10/23/18  
Date

SUPERVISOR SIGNATURE



10-23-18  
Date

Exhibit "A"

EXHIBIT A  
DATE: October 23, 2018

CEO 2017 & 2018 Goals & Objectives Update (included update on 2015 & 2016 ongoing goals)

GOAL & OBJECTIVE	TACTICAL STEPS	ACTION	STATUS (checkmarks = Completed)	COMMENTS
2015-2016 Goals and Objective Update				
Project prioritization process for Commission review (Goal 1 from 15-16)	2015 & 2016 GOAL: 1 Develop prioritization plan for Commission review to focus on identified work plan items (establish firm plan to resist piling onto already full work plans—if a new opportunity arises and an unidentified project is added, the plan would help identify what item "falls off" the plate unless staffing levels are increased).	Considered complete when the updated Comp Plan is presented to Commission.	✓	Draft presented on September 10, 2016 where Commission directed this prioritization process to be included in the updated Comprehensive Plan. Resolution approved on November 8, 2016 approving the Port's Comprehensive Scheme of Development Plan (Res. 2016-33).
Clever Island Redevelopment (Goal 3(a) & 3(b) from 15-16)	2015 & 2016 GOAL: 3(a) Complete the following items identified within the work plan, in coordination with the approved budget, financial and operational philosophy: a) Completion of Gathering Place (Village at Island Harbor) shoreline pathway.	Considered complete when construction completion resolution is presented to Commissioners.	✓	Design completed, and project went out to bid on October 10, 2016; Commission awarded bid contract November 8, 2016 (Res. 2016-32). Construction completed and community celebration held August 4, 2017; now awaiting final contractor paperwork. Commission accepted construction completion on November 28, 2017 (Res. 2017-22).
	3(b) b) Installation of CTUIR artwork and display panels.			Commission awarded bid contract November 8, 2016 (Res. 2016-32). Construction completed and community celebration held August 4, 2017; now awaiting final contractor paperwork. Commission accepted construction completion on November 28, 2017 (Res. 2017-22).
West Richland (Goal 8 from 15-16)	2015 & 2016 GOAL: 8 Implement approved work plan in coordination with the approved budget, financial, and operational philosophy.	Considered complete when the updated Master Plan is presented to Commission.	✓	Port successfully negotiated release of the KID flood inundation clause. Marketing of Keene Road Lots 3 & 4 was put on hold until UGB approval and Port has potential non-wise related use buyer. Port sold land to current lease tenant. Phase II Master Plan for the former racetrack was approved on March 28, 2017 (Res. 2017-07).



Exhibit "A"

GOAL & OBJECTIVE	TACTICAL STEPS	2017-2018 Goals and Objective Update	ACTION	STATUS (checkmark = Completed)	COMMENTS
Vista Field	2017 & 2018 GOAL 1	Develop a list of potential funding partners for Vista Field (e.g. cities, counties, schools, private partners, TRIDEC, etc.). Compile economic impact information for each potential funding partner. Complete a letter of request and present to each agency.	Considered complete when presented to Commission.	✓	Funding partners have been identified at various Commission meetings in 2017 & 2018. Commission agreed to focus on larger funding partners. City of Kenosha interlocal agreements was signed December 12, 2017 per Res. 2017-32 with \$1 million in funding. Benton County voted on July 31, 2018 to provide \$510 thousand in funding. Benton PUD has verbally agreed to provide Vista Field utility infrastructure (similar to Columbia Gardens) in meetings with the Port planner.
	2017 & 2018 GOAL 2	Complete design for Phase I infrastructure and present to Commission for approval.	Considered complete when presented to Commission.	✓	Design complete and presented on October 23, 2018.
	2017 & 2018 GOAL 3	Research, draft, and present the Vista Field Association or the organization for dues regarding operating Vista Field amenities; a key element includes shifting ongoing operating cost of Vista Field common area to the development partners and businesses within Vista Field.	Considered complete when presented to Commission.	85% complete	85% complete with the draft document. This goal will be rolled over in 2019 & 2020 goals and objectives if not completed in 2018.
Vista Field	2017 & 2018 GOAL 4(a) or 4(b)	a) Obtain three letters of intent to present to Commissioners for approval on the residential development as called out in the Master Plan; or b) Obtain one letter of intent to present to Commissioners for approval on commercial development as called out in the Master Plan.	Considered complete when presented to Commission.	✓	Letter of Intent received from the Arts Center Task Force
Vista Field	2017 & 2018 GOAL 5	After construction of winery buildings in Phase I, obtain letters of intent for 100% occupancy of the buildings.	Considered complete when presented to Commission.	✓	Two letter of intents were obtained (Palencia and Bartholomew Winery) and presented to Commission. Commission discussed on March 14, 2017, May 23, 2017, June 13, 2017, and August 22, 2017 meeting minutes. Bartholomew and Palencia Leases were approved on 10.10.17.
Columbia Drive	2017 & 2018 GOAL 6	Complete phase II design and present to Commission.	Considered complete when presented to Commission.	✓	Columbia Gardens Loop Roadway project design complete and construction bid award was presented on April 24, 2018 for Commission approval (Res. 2018-05). [Note: Phase II was recently revised to Phase II (a) and (b). This was due to a grant application in for Phase III. Willows and the Port faced an unexpected emergency building collapse. Phase II when goals were passed was for the Columbia Gardens Loop Road, not the recent emergency re-build project.]
Columbia Drive	2017 & 2018 GOAL 7	Obtain one letter of intent for a development partner.	Considered complete when presented to Commission.	✓	I) Secured interlocal for \$10 million CBC Culinary Arts Institute with CBC and City of Kenosha; 2) 2200 square foot building to be built on Columbia Drive (211 Building with insurance proceeds). And a third winery tenant has been identified and letter of intent executed.
Clover Island	2017 & 2018 GOAL 8	Bring contract for USACE phase II of the 1135 shoreline habitat restoration and recreation project to Commissioners for consideration.	Considered complete when presented to Commission.	✓	CEO and staff met with USACE staff on 11.2.17 regarding alternatives, costs, required documents, and process to move forward with the USACE's 1135 Clover Island shoreline restoration/recreation improvements. A resolution in support of Alternative 1 Construction Plans and authorizing the CEO to execute contract documents will be presented to Commissioners for consideration at their November 28, 2017 meeting.
Professional Growth Event	2017 & 2018 GOAL 9	Identify and present to Commission, and attend one professional urban revitalization growth event.	Considered complete when presented to Commission.	✓	2017 Congress for the New Urbanism (CNU) conference in Seattle. Presented to Commissioners on May 9, 2017.



Exhibit "A"

GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
	2017 & 2018 GOAL				1) Secured \$10 million CBC Culinary Arts Institute interlocal with CBC and City of Kennewick. 2) \$2.1 million from Benton County Rural County Capital Funds for Phase 2 and Phase 3 infrastructure interlocal secured. 3) Submitted EDA grant in partnership with City of Kennewick and CBC for infrastructure at The Wilsons to support the culinary school. 4) Applied for and secured 2017 Governor's Smart Partnerships Award. 5) City of Richland Columbia Park Trail Road Improvement project partnership opportunity for Columbia Park Trail. 6) Identified need for Duffy's Pond USACE fence removal and aeration/algae treatment—brought to commissioners for opportunity fund to hire consultant to identify and explore options. 7) Removing Maser airport access easement from Vista Field. 8) Completed Annual space renovations at VFDF and marketing space for lease.
Districtwide	10	Identify and present an additional mutually beneficial or ROI partnering opportunity to Commissioners	Considered complete when presented to Commission	✓	

## Other Accomplishments

- 1) Secured \$1.1 million in Rural County Capital Funds for Phase 2 at Columbia Gardens and \$1 million for infrastructure to bring CBC culinary school to Wilsons.
- 2) Finalized Vista Field Master Plan layout/design for Commission review and approval.
- 3) Partnership for City-led Columbia Park Trail Improvement project (protecting staff resources & retaining focus on waterfront and Vista Field).
- 4) Finalized Master Plan for former West Richland Race track land.
- 5) Managed the Port's brand and public perceptions with 4 positive editorials and 91 positive print and broadcast stories.

## **EXHIBIT B**

**TO:** PORT OF KENNEWICK CEO EVALUATION COMMITTEE  
**FROM:** TAMMY FINE, ADVISOR/CPA, CFE, CGMA  
**SUBJECT:** 2019/2020 CEO GOALS & OBJECTIVES  
**DATE:** OCTOBER 16, 2018

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Proposed goals and objectives for the 2019 and 2020 budget years include:

**Vista Field:**

- 1) Completion of Phase 1A construction.
  - Goal is awarded when the Commission approves substantial completion resolution.
- 2) Sell one parcel or obtain one ground lease (does not include Art Center Task Force).
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).

**Columbia Drive:**

- 3) Sell one parcel or obtain one ground lease.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).
- 4) Design and complete plan for Eagle Pond restoration.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).

**Clover Island:**

- 5) Present for Commission consideration the Waterfront Master Plan.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).

**Port Staff:**

- 6) Complete a team building event (e.g. seminar).
  - Goal is awarded when CEO presents to Commission the completion of the event.

**Districtwide:**

- 7) Completion of one executive level training course.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).
- 8) Present for Commission consideration non City of Kennewick partnership visions.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).
- 9) Establish "Vibrancy" policy.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).
- 10) Identify and present one additional mutually beneficial or ROI partnering opportunity to the Commission.
  - Goal is awarded when presented for Commission acceptance (e.g. via resolution or other Commission approval methods).

**2017 & 2018 Goals and Objective Rollover:**

Vista Field Association Goal 3, rolls over into 2019 & 2020 goals if not completed in 2018.

**PTO Units Awarded:**

10 PTO units per each individual goal is awarded. PTO awarded can be used, accrued, or cashed out.

# **ATTACHMENT 4**

## EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into on this date by and between the PORT OF KENNEWICK, a Washington municipal corporation, by its Board of Commissioners (the "Employer", the "Port" or "Board"), and TIM ARNTZEN (the "Employee" or "Executive Director"), collectively referred to as the "Parties".

1. **Employment.** Employer hereby continues the employment of Employee and Employee hereby accepts continuing employment as Executive Director of the Port of Kennewick upon the terms and conditions set forth herein.

2. **Effective Date.** This Agreement shall be effective November 15, 2013.

3. **Duties.** The Employee is employed as Executive Director of the Port of Kennewick under the direction of the Board of Commissioners. As Executive Director of the Port, Employee shall be responsible for and perform all acts and duties incident thereto, including, but not limited to the following:

- 3.1 The Employee shall serve as the chief administrative officer and the chief executive officer of the Port of Kennewick; and
- 3.2 The Employee shall perform for the Board all duties and responsibilities of an executive director of a public port generally imposed by or implied from the laws of the State of Washington, including, but not limited to, Chapter 53 of the Revised Code of Washington, the written policies, rules and regulations of the Board, the applicable portions of the Washington Administrative Code, and other customs and practices which may be applicable to public ports; and
- 3.3 Employee shall perform all duties and responsibilities of the Executive Director of the Port as set forth in the job description for the position as now or hereafter adopted by the Commission; and
- 3.4 The Employee shall perform such other duties and responsibilities as may from time to time be assigned or delegated to the Employee by the Board; and
- 3.5 Subject to Board policy and applicable law, the Employee is hereby authorized to organize, reorganize, hire, discipline, terminate and arrange the staff and employees of the Port in the manner that in his judgment best serves the interests of the Port; and
- 3.6 Employee's employment is full-time exempt service, and Employee shall devote full attention and best efforts to performing the duties of the Executive Director.

3.6.1 Except as set forth herein, the Parties acknowledge that providing the services of the Executive Director, as needed by the Employer, is of

Employment Agreement 2013  
Executive Director

Initials LA / TA  
Port Commission/ Tim Arntzen

development, community outreach, and/or specialized school or training opportunities. The Commission President shall approve the leave subject to scheduling, staffing, and budget considerations, and on the condition that the leave enhances the Employee's personal and professional performance, facilitates the acquisition of new skills and abilities, and enhances the Employee's learning through education, service, research, or related pursuits. After returning to work, the Employee must present what has been gained during the leave by providing the Commission with a presentation, report, or some other agreed upon mechanism.

5. **Washington State Department of Retirement or Approved Policy Retirement:** If the employee's performance is deemed "satisfactory" by the Employer as provided in Section 6 of this Agreement, then, effective each January 1 following the date of the performance review; Employer shall make an additional annual 1% contribution into Employee's Deferred Compensation account. "Additional" shall mean an amount in addition to the normal Employer contribution provided by the Port's Policies and Procedures Handbook approved by the Commission.
6. **Evaluation.** The Employer shall provide Employee with a written performance review based on the evaluation form attached hereto as Exhibit D, no later than November 15th of each year.
7. **Employer Responsibility.** To the maximum extent permitted by law, Employer shall defend, indemnify, and hold Employee harmless from and against any and all claims, demands, suits, action or proceedings of any kind of nature arising out of the performance by Employee of the Employee's duties and responsibilities as Executive Director of the Employer.
8. **Termination.** The purpose of this Section is to provide a prompt and equitable procedure for all disciplinary action, which may include reprimand, suspension and termination actions. Notwithstanding any other provision of this Agreement, disciplinary action of whatever nature shall not be arbitrary, unreasonable or retaliatory.
  - 8.1 The burden of proof shall be on the Employer to demonstrate a clear basis for any disciplinary action.
  - 8.2 Notwithstanding any other provision of this Agreement, no Employee activity or action outside the defined scope of employment shall provide a basis for disciplinary action.
  - 8.3 Disciplinary action shall be fully documented in writing and shall follow the policy of progressive discipline, pursuant to the port Policy and Procedures Manual.

Employment Agreement 2013  
Executive Director

Initials SM TK  
Port Commission/ Tim Arntzen

# **ATTACHMENT 5**

**EXHIBIT "D"**



## 2014 ANNUAL PERFORMANCE REVIEW

### INDIVIDUAL COMMISSIONER EVALUATION OF EXECUTIVE DIRECTOR

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		APPRAISER'S COMMENTS
➤ Attach extra papers as necessary ➤ Factors should be reviewed in terms of quality, quantity and timeliness	Met	Not met	
I. <u>Vision and Purpose</u>  Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.			
II. <u>Strategic Agility</u>  Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.			
III. <u>Operating Plans</u>  A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.  B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.			
IV. <u>Integrity</u>  Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.			

	Met	Not met	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>			
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>			
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>			

	Met	Not met	
<p><b>VIII. <u>Priority Setting</u></b></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>			
<p><b>IX. <u>Knowledge</u></b></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>			
<p><b>X. <u>Decision Quality</u></b></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>			
<p><b>XI. <u>Entrepreneurial</u></b></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue, investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>			

	Met	Not met	
<p><b>XII. <u>Leadership/Management</u></b></p> <p>A. Rallies support behind the vision and strategic plan; makes the vision sharable by everyone; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>			
<p><b>XIII. <u>Initiative</u></b></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>			

	Met	Not met	
<b>XIV. <u>Courage</u></b>  Willingness to state opinions and reasons without concern about the popularity of the views. Forthrightness in dealing with customers, suppliers, and others in the organization.			
<b>XV. <u>Persuasiveness</u></b>  Ability to sell a sound course of action. Persuasive ability in oral and written presentations.			
<b>XVI. <u>Adaptability</u></b>  Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.			
<b>XVII. <u>Stamina</u></b>  Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.			
<b>XVIII. <u>Ambition</u></b>  Desire to get ahead and willingness to make sacrifices necessary for progress.			
<b>XIX. <u>Loyalty</u></b>  Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.			
<b>XX. <u>Communications</u></b>  Intent and effectiveness in exchanging significant information to all levels in the organization, to clients, vendors, and the public.			

	Met	Not met	
<b>XXI. <u>Listening</u></b>  Interest and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.			

**Commissioner Comments:** \_\_\_\_\_

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# **ATTACHMENT 6**

# **PORT OF KENNEWICK**

## **Resolution No. 2017-16**

### **A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A REVISED SECTION 15 OF THE PORT COMMISSION RULES OF POLICY AND PROCEDURE COVERING THE CHIEF EXECUTIVE OFFICER EVALUATION PROCESS**

**WHEREAS**, the Port Commission conducts an annual evaluation of the Port's Chief Executive Officer's performance pursuant to a form currently identified in the CEO's employment agreement; and

**WHEREAS**, the Port Commission and CEO have determined that the policy and procedure for the Chief Executive Officer's performance evaluation should be updated to be more efficient and effective, and consistent with current trends.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick appoint the Port's Chief Financial Officer, Port Attorney, and DON BARNES to the CEO Evaluation Committee; and

**BE IT FURTHER HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick adopts the attached revised Section 15.0 of the Port Commission Rules of Policy and Procedure; and instructs the CEO Evaluation Committee to take all action necessary to implement such Policy and Procedure.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 10th day of October, 2017.


#### **PORT OF KENNEWICK BOARD OF COMMISSIONERS**

By:   
SKIP NOVAKOVICH, President

By:   
THOMAS MOAK, Vice President

By:   
DON BARNES, Secretary



	<b>PORT OF KENNEWICK</b>	
	<b>Port Commission Rules of Policy and Procedure</b>	
	<b>CHIEF EXECUTIVE OFFICER EVALUATION</b>	<b>Section 15.0</b>
	Adopted by the Commission on October 10, 2017 Resolution 2017-16	Replaces Section 15, adopted February 22, 2011

## **15. CEO EVALUATION**

### **15.1 CEO Evaluation Committee**

- 15.1.1 The Port Commission shall appoint a CEO Evaluation Committee made up of the Port's Chief Financial Officer, Port Attorney, and one Commissioner to serve a 2-year term.
- 15.1.2 The CEO Evaluation Committee will develop the CEO's goals and objectives for Port Commission review and approval. The goals and objectives developed by the Committee shall be specific, measurable, attainable, realistic, timely and in alignment with the Port's mission, budget, work plan, and comprehensive scheme of development.
- 15.1.3 The CEO Evaluation Committee will develop a procedure for evaluating the CEO's performance.
- 15.1.4 On an annual basis, the CEO Evaluation Committee will conduct CEO's performance evaluation.
- 15.1.5 On an annual basis, the CEO Evaluation Committee will present the results of its evaluation of the CEO's performance to the Port Commission for review and approval. Such results may include, among other things, recommendation for salary adjustment in accordance with CEO's employment agreement.
- 15.1.5 The CEO Evaluation Committee may use assistance from other staff members or consultants as necessary and appropriate.
- 15.1.6 The Port Commission shall address CEO performance issues as they arise by timely referring them to the CEO Evaluation Committee. The CEO Evaluation Committee will develop a procedure for handling performance issues that may arise between annual evaluations.

# **ATTACHMENT 7**

## 5. REPORTING MISCONDUCT

5.1 General. The Port is committed to lawful and ethical behavior in all of its activities and requires its staff and Commissioners to conduct themselves in a manner that complies with all applicable laws, regulations and this policy. Complaints against staff (other than the Executive Director) shall be resolved by the Executive Director, according to law and the Port Policies and Procedures manual. Complaints against the Executive Director shall be resolved by the Port Commission according to applicable contract, Delegation of Authority and the Port Policies and Procedures manual. Complaints against Commissioners shall be resolved as set forth below.

5.2 Complaint. If any person believes that a Commissioner or Commissioners have engaged in misconduct, the Executive Director shall investigate consistent with Section 5.3 and report to the Commission. No employee will be discharged, threatened, or discriminated against in any manner for following up on any complaint or for reporting what they perceive to be misconduct. All complaints must include a description of the alleged misconduct. The proceedings shall be treated confidentially, including the name of the complainant, except to the extent required to complete any investigation and in the event that an action is taken.

5.3 Initial Determination. Based upon the complaint, and only following investigation and with the advice and counsel of Port general or special legal counsel ("Port counsel"), the Executive Director shall determine whether sufficient evidence exists to proceed with an investigation. If the Executive Director determines that insufficient evidence exists, the complaint shall be dismissed. Otherwise, the Executive Director shall proceed as follows.

5.4 Investigation. If an investigation is warranted, the Executive Director shall recuse himself from the process and delegate all further steps to Port counsel, and/or an investigator retained for such purpose by Port counsel. Port counsel shall inform the party/ies subject of the complaint (Respondent(s)) in writing that a complaint has been filed and that an investigation will take place. Port counsel shall provide a copy of the complaint to the Respondent(s) and the Respondent(s) shall have a reasonable time to prepare and submit a response in writing. Port counsel may seek additional information regarding the matter from the Complainant, the Respondent(s) and/or relevant third parties. In conducting the investigation and evaluating all evidence, the Port's counsel shall presume that the Respondent(s) acted ethically and shall determine that an act of professional misconduct has occurred only upon a finding of substantial evidence of such misconduct.

5.5 Determination and Recommendation. Port counsel shall evaluate the complaint and issue a determination within thirty (30) days of receiving all relevant evidence, that the complaint is substantiated or unsubstantiated. If Port counsel finds misconduct and the complaint substantiated, a report to Executive Director and the Commission shall set forth the basis for the determination and a recommended action; otherwise, the complaint shall be dismissed.

5.6 Notification. The Complainant and Respondent(s) shall be notified in writing of the determination and recommended action; or, of the dismissal.

5.7 Hearing and Decision upon Recommended Action. The Complainant and Respondent(s) shall have the right to be heard before the Commission or, if pending before a neutral as discussed below, to be heard before the neutral. If the complaint received is against one Commissioner, following receipt of the determination and recommended action from Port counsel, the Commissioners who are not a party to the complaint shall promptly hear, consider and vote upon the recommended action. If the complaint received is made by one or more of the Commissioners against one or more Commissioner, the determination and recommended action of Port counsel shall be submitted to a mutually agreeable neutral selected from the panel of neutrals available at the Seattle office of Judicial Arbitration and Mediation Services ("JAMS") or Judicial Dispute Resolution ("JDR"), or other similarly qualified third party neutral as agreed upon by the Complainant and the Respondents. The neutral selected shall promptly hear, consider and issue a decision regarding the recommended action. If the parties cannot agree upon the selection of a neutral, the presiding judge for Benton County Superior Court shall select a neutral from the panel available at the Seattle office of JAMS or JDR. The neutral shall determine the hearing process and shall issue a decision within 30 days of the hearing.

5.8 Reconsideration. A decision (whether by Commission vote or issued by a neutral) is subject to reconsideration upon written request by Complainant or Respondent(s). The sole ground for reconsideration shall be that the party seeking reconsideration has new, relevant information which was not considered by Port counsel. A party having new information to submit to the Commissioners or neutral, shall have fifteen (15) days of receipt of the written notice of decision to file a written request for reconsideration stating the reason and including the new information not considered by the Port counsel. Following review of the entire investigative file, the decision and recommendation of the Port counsel and the new information submitted by a party or parties, the Commission or, if applicable, the neutral, shall, within fifteen (15) days of receipt of such new information, hear, consider and render a final decision which may not be further appealed. The parties shall be notified of the final decision, and any action required by the final decision shall be implemented immediately.

5.9 Sanctions. Censure and/or reprimand may be invoked with respect to Commissioner misconduct, in addition to reassignment of committee assignments and other actions.

5.10 Public Notification. Unless otherwise determined by the Commission or neutral in a particular matter, it shall be standard procedure to publish, in a manner deemed appropriate by the Commission or neutral, the fact of any sanction.

5.11 Other Remedies Reserved. Any action taken by the Commission or neutral shall not prevent other legal action that may be available under law. The Port shall not indemnify or defend any Commissioner charged with misconduct, except as otherwise provided under Section 18.

Page 10 of 10

EXHIBIT C



October 10, 2019

Tim Arntzen, Chief Executive Officer  
Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336

Dear Tim:

Just over one year ago the Governor's Heritage Award recognized the Port of Kennewick's track record of building and sustaining your community through advocacy, art, and architecture. That recognition included work Tamástslikt Cultural Institute performed with the Port of Kennewick under your leadership. While it is belated, please know how very deeply I appreciate your work to foster and support a close working relationship between the Port and the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and most especially with our staff at Tamástslikt.

Your dedication to collaboration is uncommon and appreciated. Before I became involved, you were already engaged with others here at the CTUIR regarding interest and support for the Port's shoreline improvement plans on Clover Island. Next, you asked for insight and guidance regarding the idea of a Tribal heritage art installation. When presenting that idea, you came prepared with funding instead of expecting it to be bankrolled by the CTUIR. Then, during the eight-year-process as that art project moved from concept, to commissioning of the artists, to successful installation of both The Gathering Place and the Willow Fish Traps, you remained committed, flexible, and understanding. Throughout, you demonstrated significant patience, and a willingness to ensure the best representation, partnership, and installation possible.

Indubitably, by creating Wiyáákuktpa--the Gathering Place, you spearheaded a public investment that not only acknowledges our ancient ancestral ties to the mid-Columbia region, it also provides an ongoing way to raise awareness and educate your visitors and citizens through an accurate depiction of tribal history and culture on Clover Island.

You chose to respectfully engage the CTUIR which led to the establishment of an MOU between our entities. You continue to encourage meetings between your Board of Commissioners and our Tribes' Board of Trustees. Your regular updates regarding port projects and plans, your active communication with our executive and cultural resource staff, and your willingness to facilitate ongoing collaborations are all commendable.

Additionally, we are very grateful for the warm hospitality you extended to the entire CTUIR Management Team by hosting a Clover Island/Gathering Place tour and networking event for all CTUIR department directors and Port staff this past spring.

Your vision and execution in establishing, cultivating, and honoring the relationship with the CTUIR is remarkable, praise-worthy, and uncommon. Thank you for your thoughtful leadership.

Sincerely,

A handwritten signature in cursive script that reads "Bobbie Conner". The signature is written in dark ink and is positioned below the word "Sincerely,".

Roberta "Bobbie" Conner  
Director





October 10, 2019

Port of Kennewick  
350 N Clover Island Dr # 200  
Kennewick, WA 99336  
Tel 509 586 1186  
Via post and email

Attention: Commissioner Thomas Moak  
tmoak@portofkennewick.org  
cc. Tana Bader Inglima, Deputy CEO  
tana@portofkennewick.org

Dear Commissioner Moak,

**Letter of Commendation – Tim Arntzen**

DPZ CoDesign, LLC (DPZ) is pleased to provide this letter to formally and publicly commend Port of Kennewick Chief Executive Officer Tim Arntzen for the exemplary leadership and partnership he has demonstrated over the course of our collaboration with the Port on Vista Field.

From the outset, Tim fostered the vision for transforming Vista Field into a walkable, mixed, and lively neighborhood, and to this aim has enthusiastically advocated New Urbanism and provided strong guidance and support to DPZ in our co-creation of the Vista Field Master Plan.

As implementation ramps up, DPZ appreciates Tim's consistent efforts to keep us involved in the development build-out and other related efforts. We feel assured that Tim and his team will sustain and uphold DPZ's planning intent for Vista Field towards its completion as the new "heart of the Tri-Cities", and DPZ anticipates maintaining our longstanding working relationship with Tim well into the future.

Very sincerely,

Andres M. Duany  
Founding Partner

Elizabeth Plater-Zyberk  
Founding Partner

Senen M. A. Antonio  
Partner





*Leading the Way*

October 10, 2019

Tim Arntzen  
Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336

Dear Tim:

First of all I want to congratulate you on leading your team through another year of successful economic development endeavors: from an outstanding ground breaking at Vista Field; to completion of the utilities, parking lot, artworks, and trench drain at Columbia Gardens; from launching the food truck plaza, and securing two more high-caliber tasting room tenants for the Wine Village; to contracting with the US Army Corps of Engineers for Clover Island's shoreline restoration—your diligent efforts are transforming Kennewick in so many positive ways.

You and I have developed a trusting relationship that has led to a positive path forward for our community. You are not afraid to advocate and negotiate for the port district; yet when you do, you propose solutions in a manner which leads to positive compromise. Indeed, we are making significant, mutual investments for our community as a result of our frank and robust discussions. And I appreciate that you were willing to take a stand for our shared understandings about Kennewick's wine village investments—even though it might have impacted the port's involvement with another jurisdiction. You remain true to your commitments, and that means so very much.

Your willingness to engage with me and my staff on so many details have ensured that our projects stay on track. And your strong relationship with the Confederated Tribes of the Umatilla Indian Reservation, and the political insights you share during our conversations, have helped me sensitively navigate a number of projects and issues for Kennewick.

---

*Office of the City Manager*

210 W. 6<sup>th</sup> Ave • PO Box 6108 • Kennewick, WA 99336-0108  
(509) 585-4238 • Fax (509) 585-4445 • [go2kennewick.com](http://go2kennewick.com)



*Leading the Way*

Your leadership in community engagement has established a high water mark for public involvement, citizen activism, and organizational transparency. I applaud all that you are doing in terms of balancing your limited budget and staff resources, and want to commend you on your ability to identify funding and leverage partnerships for the benefit of our community. I look forward to another successful year of progress and building on our partnership that has been formed. It is an honor and privilege to work in partnership with you and to call you both an esteemed economic-development colleague, and a friend.

Sincerely,

Marie E. Mosley  
City Manager  
City of Kennewick

---

*Office of the City Manager*

210 W. 6<sup>th</sup> Ave • PO Box 6108 • Kennewick, WA 99336-0108  
(509) 585-4238 • Fax (509) 585-4445 • [go2kennewick.com](http://go2kennewick.com)



**KENNEWICK POLICE DEPARTMENT**

*"Committed To Your Safety"*

---

CHIEF OF POLICE  
K.M. Hohenberg

211 W. 6<sup>th</sup> Avenue ♦ Kennewick, WA 99336 ♦ (509) 585-4208 ♦ Fax (509) 582-9528 ♦  
[kpinfo@ci.kennewick.wa.us](mailto:kpinfo@ci.kennewick.wa.us)

October 14, 2019

Tim Arntzen  
Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336

Dear Tim:

I want to express my sincere gratitude for the work you are doing to transform perceptions about downtown Kennewick and the historic waterfront. As you know, I hold regular "running meetings" with the lieutenants, commanders and departmental staff; and my favorite route takes us around Clover Island. During those outings our eyes are on the community—and I can tell you, that it is a vastly different outing these days than in not too many years past.

Your leadership and visionary projects have attracted new businesses and jobs to downtown. And your work on both Clover Island and Columbia Drive has taken an overlooked and neglected part of town—with properties that were not only eye-sores, but responsible for the highest volume of police-calls-per-location anywhere in the city—and transformed those very sites into an inviting and desirable commercial waterfront. Previous attempts had tried to kick-start a "downtown revitalization"; but it was your passionate persistence, quiet dedication, and strategic investment that finally "tipped the neighborhood".

During your tenure as CEO, you've made port properties available for local and regional police, SWAT, and fire department training; advocated for bike patrols, worked to quickly remove graffiti and miscreants; supported our Community Cares program; and regularly commended my officers for their responsive service. With your involvement, the port and KPD have formed a strong partnership; and together, we are making historic downtown Kennewick a safe, attractive, family-friendly destination.

Thank you for your outstanding public service.

Sincerely,

Kenneth M. Hohenberg  
Chief of Police



P.O. Box 2241  
Tri-Cities, WA 99302-2241  
509-735-8486  
1-800-254-5824  
[www.VisitTRI-CITIES.com](http://www.VisitTRI-CITIES.com)  
[info@VisitTRI-CITIES.com](mailto:info@VisitTRI-CITIES.com)

September 23, 2019

Mr. Tim Arntzen  
Port of Kennewick  
350 Clover Island Drive  
Kennewick, WA 99336

Dear Mr. Arntzen:

You, along with Marie Mosley, City of Kennewick, have been nominated for the ***Visit Tri-Cities 2019 Excellence in Service Award***, a prestigious award recognizing the exceptional customer service you provide.

Visit Tri-Cities' *Excellence in Service Award* celebrates and recognizes members of the Tri-Cities tourism and hospitality industry for their ongoing commitment in providing outstanding customer service to visitors and residents alike. *The winner of the Excellence in Service Award will be contacted by Visit Tri-Cities by no later than October 25, 2019 and must be present to accept the award at the Visit Tri-Cities Annual Meeting on Tuesday, November 12, 2019 from 12:00 p.m. to 1:30 p.m. at the Three Rivers Convention Center.* The selected candidate will receive a gift card valued at \$500 sponsored by Battelle.

To complete the next step in the selection process, we request that you complete the attached questionnaire and return it to Visit Tri-Cities via email to [Gretchen@VisitTRI-CITIES.com](mailto:Gretchen@VisitTRI-CITIES.com) by no later than October 1, 2019. Please note the questionnaire is being provided in both a Word and pdf format for your convenience. If you have any questions, please contact Gretchen Guerrero at 509-735-8486.

Thank you,

A handwritten signature in black ink, appearing to read "Michael Novakovich".

Michael Novakovich  
President & CEO

Enclosure



EXHIBIT D

## SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to the CEO's November 15, 2013 Employment Agreement is entered into this 26 day of November, 2019 by and between the PORT OF KENNEWICK, a Washington municipal corporation, (the "Employer" or the "Port"), and TIM ARNTZEN (the "Employee" or "Chief Executive Officer"), collectively referred to as the "Parties".

On August 13, 2019 the Port Commission passed a motion to discontinue use of the CEO Evaluation Committee Process and revert the CEO annual evaluation process to the original Paragraph 6 language and use of the Exhibit D format (an option set forth in the November 12, 2017 Amendment to the Employment Agreement). The original Paragraph 6 language set a November 15 deadline for completion of the evaluation process.

The Parties agree to extend the deadline for completion of the 2019 CEO annual evaluation to December 15, 2019.

All other provisions of the CEO's November 15, 2013 Employment Agreement, as Amended December 12, 2017, remain unchanged and in full force and effect.

EMPLOYER:

PORT OF KENNEWICK  
A Washington Municipal Corporation

By: 

Tom Moak, Commission President

EMPLOYEE:

By: 

Tim Arntzen, Chief Executive Officer

## AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to the Employment Agreement (the "Amendment") is entered into this 12 day of December, 2017 by and between the PORT OF KENNEWICK, a Washington municipal corporation, (the "Employer" or the "Port"), and TIM ARNTZEN (the "Employee" or "Chief Executive Officer"), collectively referred to as the "Parties".

The Parties wish to update and amend the Employment Agreement dated November 15, 2013 (the "Agreement"). A copy of the Agreement is attached hereto as Exhibit "A" and incorporated herein by reference. The Agreement is amended as follows:

A. Paragraph 6, "Evaluation," shall read:

On or before December 15 of each year, the Employer shall provide Employee with a written performance review based on the CEO Evaluation Committee Process adopted by the Commission. The annual evaluation process will revert to the Agreement's original Paragraph 6 language and use of the Exhibit D format at such time as the Port Commission determines to discontinue using the CEO Evaluation Committee Process.

B. Paragraph 8.5, "Performance-Based Cause," shall read:

The Employer shall have the right to terminate Employee's employment if the Employee's performance, as measured in annual performance evaluations, consistently fails to meet the fundamental evaluation criteria as established in Paragraph 6. For the purpose of this Agreement the term "consistently" shall mean three (3) out of five (5) years performance reviews where the Employee's performance is deemed "unsatisfactory".

All other provisions of the Agreement remain unchanged and in full force and effect.

EMPLOYER:

EMPLOYEE:

PORT OF KENNEWICK  
A Washington Municipal Corporation

By:   
Skip Novakovich, Commission President

By:   
Tim Arntzen, Chief Executive Officer

## EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into on this date by and between the PORT OF KENNEWICK, a Washington municipal corporation, by its Board of Commissioners (the "Employer", the "Port" or "Board"), and TIM ARNTZEN (the "Employee" or "Executive Director"), collectively referred to as the "Parties".

1. **Employment.** Employer hereby continues the employment of Employee and Employee hereby accepts continuing employment as Executive Director of the Port of Kennewick upon the terms and conditions set forth herein.

2. **Effective Date.** This Agreement shall be effective November 15, 2013.

3. **Duties.** The Employee is employed as Executive Director of the Port of Kennewick under the direction of the Board of Commissioners. As Executive Director of the Port, Employee shall be responsible for and perform all acts and duties incident thereto, including, but not limited to the following:

- 3.1 The Employee shall serve as the chief administrative officer and the chief executive officer of the Port of Kennewick; and
- 3.2 The Employee shall perform for the Board all duties and responsibilities of an executive director of a public port generally imposed by or implied from the laws of the State of Washington, including, but not limited to, Chapter 53 of the Revised Code of Washington, the written policies, rules and regulations of the Board, the applicable portions of the Washington Administrative Code, and other customs and practices which may be applicable to public ports; and
- 3.3 Employee shall perform all duties and responsibilities of the Executive Director of the Port as set forth in the job description for the position as now or hereafter adopted by the Commission; and
- 3.4 The Employee shall perform such other duties and responsibilities as may from time to time be assigned or delegated to the Employee by the Board; and
- 3.5 Subject to Board policy and applicable law, the Employee is hereby authorized to organize, reorganize, hire, discipline, terminate and arrange the staff and employees of the Port in the manner that in his judgment best serves the interests of the Port; and
- 3.6 Employee's employment is full-time exempt service, and Employee shall devote full attention and best efforts to performing the duties of the Executive Director.

3.6.1 Except as set forth herein, the Parties acknowledge that providing the services of the Executive Director, as needed by the Employer, is of

Employment Agreement 2013  
Executive Director

Initials LA / TA  
Port Commission/ Tim Arntzen



primary importance and that the actual amount of time spent by Employee to provide such services is not limited to the hours or days upon which the business office of the Port is open for business and may include participation in or presence at Port and community activities and matters relating to the best interests of the Port beyond the normal business day, including emergency situations. In like manner, less than a normal eight (8) hour day may, at times, be sufficient. The Executive Director shall organize his time and perform his duties in light of this subparagraph.

3.6.2 The Employee may undertake other personal consulting or private business activities so long as they do not detract from or conflict with his responsibilities as the public spokesperson for and Executive Director of the Port. Prior to engaging in any such activities, the Employee shall receive the consent of the Employer, which shall be liberally granted.

4. **Compensation and Benefits.** The Employee will receive the following salary and benefits:

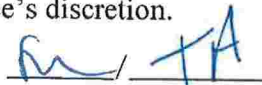
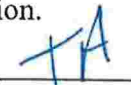
4.1 The base annual salary of the Employee shall be \$141,431 plus \$8,484 towards deferred compensation plan of employees choice starting January 1, 2014, which base amount shall be subject to annual adjustment as follows:

4.1.1 Provided Employee's performance is deemed "satisfactory" by the Employer as provided in Section 6 of this Agreement, then, effective each January 1 following the date of the performance review, Employee shall be entitled to a cost of living increase in an amount equal to 2% of his then current salary and a step increase in an amount equal to 2% of his then current salary directed at the Employee's discretion to be paid out as salary or allocated to the Employee's Deferred Compensation account. If Employee directs part of his salary to be allocated to the Employee's Deferred Compensation account, it is subject to the IRS cap limits. If the IRS cap amount is reached, the Employee may use part of his salary to supplement the Employee's matching portion requirement by the Port's Policies and Procedures Handbook approved by the Commission or apply it toward another allowable deferred compensation plan.

4.1.2 Provided Employee's performance is deemed "above satisfactory" by the Employer, the Employee shall receive 14 PTO days in addition to 4.1.1 above. This PTO can be accrued in addition to Port approved policy, cashed out, taken or a combination of the three at Employee's discretion.

4.1.3 Provided Employee's performance is deemed "exceptional" by the Employer, Employee will receive an additional 7 PTO days in addition to 4.1.1 and 4.1.2. This PTO can be accrued in addition to Port approved policy, taken or a combination of the two at Employee's discretion.

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- 4.1.4 The annual salary shall be paid in equal monthly installments in accordance with the rules of the Board governing payment to other employees of the Port.
- 4.1.5 The salary adjustment provisions of Section 4.1.1 above shall be subject to available budget, recognizing that staff salaries shall be a priority budget item.
- 4.1.6 The Employer shall establish annual Executive Director goals for the Employee commensurate with those as set forth in Exhibit "A" attached hereto. The Employee may be considered for merit pay and other recognition at the Employer's discretion.
- 4.2 The same medical, dental, life insurances, PTO and all other benefits provided to employees of the Port with premiums paid at the same rate as such employees; provided, the Employee shall be entitled to life insurance in the amount of two times the Employee's annual salary. The Employee may select the carrier to provide said coverage (currently NY Life, Richland, Washington).
- 4.3 Paid holidays recognized by the State of Washington and the Board.
- 4.4 Longevity compensation as set forth in the "Longevity Compensation Agreement," Exhibit "B" to this agreement.
- 4.5 Employee shall receive an automobile insurance allowance of \$80 per month.
- 4.6 Phased retirement as set forth in the "Phased Retirement Plan," Exhibit "C" to this agreement.
- 4.7 Leave without pay: The Employee may utilize up to 30 days of annual leave without pay for either personal or professional reasons, so long as the Employee's absence does not cause undue disruption with the Employer. At least one-half of the Employee's annual paid leave (PTO) must be exhausted before leave without pay may be exercised. Leave without pay must be charged in minimum increments of one day. The Employer shall encourage top level employees to utilize unpaid leave as a means of budgetary constraint. The Employee shall discuss any proposed leave without pay with the Employer prior to utilizing any such leave.
- 4.8 Professional Development Leave: The Employee shall also be entitled to 10 additional days of paid leave to pursue professional development activities which may include opportunities for training, coaching, workshops, seminars, conferences, institutes, lectures, and meetings; participation in professional and technical associations and for the opportunity to pursue unique professional

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Executive Director

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Port Commission/ Tim Arntzen

development, community outreach, and/or specialized school or training opportunities. The Commission President shall approve the leave subject to scheduling, staffing, and budget considerations, and on the condition that the leave enhances the Employee's personal and professional performance, facilitates the acquisition of new skills and abilities, and enhances the Employee's learning through education, service, research, or related pursuits. After returning to work, the Employee must present what has been gained during the leave by providing the Commission with a presentation, report, or some other agreed upon mechanism.

5. **Washington State Department of Retirement or Approved Policy Retirement:** If the employee's performance is deemed "satisfactory" by the Employer as provided in Section 6 of this Agreement, then, effective each January 1 following the date of the performance review; Employer shall make an additional annual 1% contribution into Employee's Deferred Compensation account. "Additional" shall mean an amount in addition to the normal Employer contribution provided by the Port's Policies and Procedures Handbook approved by the Commission.
6. **Evaluation.** The Employer shall provide Employee with a written performance review based on the evaluation form attached hereto as Exhibit D, no later than November 15th of each year.
7. **Employer Responsibility.** To the maximum extent permitted by law, Employer shall defend, indemnify, and hold Employee harmless from and against any and all claims, demands, suits, action or proceedings of any kind of nature arising out of the performance by Employee of the Employee's duties and responsibilities as Executive Director of the Employer.
8. **Termination.** The purpose of this Section is to provide a prompt and equitable procedure for all disciplinary action, which may include reprimand, suspension and termination actions. Notwithstanding any other provision of this Agreement, disciplinary action of whatever nature shall not be arbitrary, unreasonable or retaliatory.
  - 8.1 The burden of proof shall be on the Employer to demonstrate a clear basis for any disciplinary action.
  - 8.2 Notwithstanding any other provision of this Agreement, no Employee activity or action outside the defined scope of employment shall provide a basis for disciplinary action.
  - 8.3 Disciplinary action shall be fully documented in writing and shall follow the policy of progressive discipline, pursuant to the port Policy and Procedures Manual.

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Executive Director

Initials SM TA  
Port Commission/ Tim Arntzen

During the period of this Employment Agreement, the Port shall have the right to terminate the Employee only as follows:

8.4 For Cause. Termination of the Executive Director's employment for cause shall become effective fourteen (14) days after a written notice of intent to terminate is received by the Executive Director, which notice shall specify the reason or reasons for termination. Employer may, at the time of giving such notice, suspend or direct the Executive Director to immediately cease performing all or any part of the Executive Director's duties. Such suspension shall be with pay pending final resolution of any termination for cause. Cause shall be defined as and strictly limited to:

8.4.1 The continued or repeated intentional failure of the Executive Director to substantially perform his duties and obligations to the Port, which failure continues after written notice to the Executive Director; or

8.4.2 Theft, fraud, dishonesty provided that such activity is toward or involving the Port (other than the failure resulting from illness, sickness or physical or mental incapacity)

8.4.3 Conviction of any felony crime.

8.4.4 A finding or decision of any court or government agency of a willful and intentional violation of any court order or order or directive of a governmental agency relating to the Executive Director's duties or responsibilities as the Port's Executive Director, or when such violation is contrary to any directive by the Port Commission or no reasonable basis can be inferred from which the Executive Director believed he was directed or authorized by the Board of Commissioners to perform such acts constituting the violation.

8.5 Performance-Based Cause. The Employer shall have the right to terminate Employee's employment if the Employee's performance, as measured in annual performance evaluations, consistently fails to meet the fundamental evaluation criteria as established in the written performance evaluation form attached hereto as Exhibit "D." For the purpose of this Agreement the term "consistently" shall mean three (3) out of five (5) years performance reviews where the Employee's performance is deemed "unsatisfactory".

8.5.1 Termination of the Executive Director's employment for Performance-Based Cause shall be effective fourteen (14) days after receipt by the Executive Director of written notice of termination stating that such termination is for Performance-Based Cause.

8.5.2 Employer may, at the time of giving such notice, suspend or direct the

Employment Agreement 2013  
Executive Director

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Port Commission/ Tim Arntzen



Executive Director to immediately cease performing all or any part of the Executive Director's duties.

9. **Severance Pay.**

9.1 If Employer terminates Employee for cause as defined above there shall be no severance pay. Employee shall receive all other earned or accrued benefits through the effective date of termination.

9.2 If Employer terminates Employee for performance based cause as defined above, Employer shall make a severance payment computed as follows:

9.2.1 Pay Employee his salary in a lump sum amount equal to twelve (12) month's salary following the date of termination, together with any earned benefits at time of termination; and

9.2.2 Reimburse Employee for the cost of acquiring health benefits for Employee and his family through COBRA for a period of one (1) year from the date of termination unless Employee becomes employed during said one-year period and receives comparable insurances benefits.

9.3 The payment of severance pay is subject to applicable law.

10. **Corrective Action.** Prior to the imposition of disciplinary action, the Employee shall have the opportunity to undertake corrective action, which shall be reasonable under the circumstances, and which may include, but is not limited to, monetary restitution, compliance with a commitment not to repeat any misconduct or to correct the matters set forth in the notice of discipline. The Employer shall designate a reasonable time period for compliance with the terms of the corrective action. Any subsequent failure to perform the required act or otherwise comply with the corrective action shall immediately subject the Employee to the implementation of the underlying discipline without additional opportunity for corrective action.

11. **Attorneys' Fees and Costs.** In the event it is necessary for either Party to utilize the services of an attorney to enforce any of the terms of this Agreement, the Party which shall substantially prevail shall be entitled to compensation for its reasonable attorneys' fees and costs. In the event of litigation regarding any of the terms of this Agreement, the substantially prevailing Party shall be entitled, in addition to other relief, to such reasonable attorneys' fees and costs as determined by the court.

12. **Dispute Resolution.** In the event of any claims or disputes arising out of this agreement, including whether any termination is properly for cause, or whether any performance review was accurate, the parties hereby agree to submit the same to binding arbitration pursuant to RCW Chapter 7.04A, as supplemented herein, at a location to be mutually agreed upon in Benton

Employment Agreement 2013  
Executive Director

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Port Commission/ Tim Arntzen

County, Washington. In the event the parties are unable to promptly agree upon an arbitrator, the same shall be selected by the presiding judge for the Benton County Superior Court at the request of either party, after seven (7) days written notice to all other effected parties. The mandatory arbitration rules (MAR) as implemented in Benton County Superior Court, shall be binding as to procedure. The substantially prevailing party in any such dispute shall be entitled to recover a reasonable attorney fee. The foregoing notwithstanding, the parties agree that mediation should precede arbitration, and, if the arbitrator selected believes that good faith mediation has not occurred, the arbitrator, in the arbitrator's sole discretion can adjourn the arbitrator proceedings until such time as mediation has been contemplated. Cost of mediation may be assessed by the arbitrator. If any claim or dispute arises related to whether any disciplinary action is proper, the Employee may waive dispute resolution and file a claim in a court of competent jurisdiction.

A finding to support discipline must be based only on the evidence presented at the arbitration hearing. If the arbitrator does not find that the disciplinary action was based on proper cause, the discipline imposed shall be annulled and, if appropriate, damages may be awarded to the Employee. If the arbitrator concludes that proper cause for a disciplinary action has been established but that a different penalty than that proposed would be more appropriate, the arbitrator shall determine a different penalty, which may be more or less severe, with supporting reasons. The decision of the arbitrator shall be binding upon the parties, provided that either party may appeal to an appropriate court of law.

**13. Resignation.** If Employee resigns his employment other than for Good Reason (as defined below), the Employer shall have no liability to Employee except to pay Employee's base compensation and any accrued benefits through his last day worked, and Employee shall not be entitled to receive severance or other benefits. If Employee resigns his employment for Good Reason, he shall be entitled to receive all accrued but unpaid salary and benefits through the date of termination plus severance (as defined above). Resignation for "Good Reason" shall mean a resignation based upon a material diminution of base salary; a material diminution in the Employee's authority, duties or responsibilities; an elimination of the Employee's position; a requirement that the Employee report to an officer or employee instead of directly to the board of commissioners; a material diminution in the budget over which the Employee retains authority; a material change in geographic location at which the employee must perform his services; or any other action or inaction which constitutes a material breach of the terms of this Agreement. The Employee must provide notice to the Employer of the occurrence of "Good Reason" for resignation within 90 days of the initial existence of such reason, and the Employer must be given 30 days to remedy the situation.

**14. Succession.** The conditions, covenants and agreements of this Agreement shall be binding upon the heirs, legal representatives, successors and assigns of all Parties hereto.

**15. Conflict.** This Agreement is intended to operate as a supplement to the provisions of the Employer's Personnel Manual. However, If there is an irreconcilable conflict between any of the provisions of this Employment Agreement and:

Employment Agreement 2013  
Executive Director

Initials  /   
Port Commission/ Tim Arntzen

15.1 Employer's policies as adopted by the Board; or

15.2 The Longevity Compensation Agreement,

the provisions of this Agreement shall prevail.

16. **Severability.** In the event of any of the provisions of the Agreement should violate any law, regulation or regulatory order, consent directive or similar restrictions or agreement, such provision shall be deemed void and of no effect. In such case, the remainder of the provisions of this Agreement shall not be affected. Each term or provision of this Agreement shall be valid and enforceable only to the fullest extent permitted by law. In the event a provision of this Agreement is void and of no effect, as set out herein, neither Party shall have any rights against the other as a result of such determination.

17. **Entire Agreement.** This Agreement contains the entire agreement of the Parties hereto, and except for any agreements stated in writing to survive the execution and delivery of this contract, supersedes all of their previous understandings and agreements written and oral, with respect to the Employer's employment of Employee.

DATED this 15 day of November, 2013.

EMPLOYER:

EMPLOYEE:

PORT OF KENNEWICK  
A Washington Municipal Corporation



By:   
Skip Novakovich, President

By:   
Tim Arntzen

By:   
Don Barnes, Vice President

By:   
Gene Wagner, Secretary

Employment Agreement 2013  
Executive Director

Initials    
Port Commission/ Tim Arntzen

**EXHIBIT "A"**



# PORT OF KENNEWICK - 2014 EXECUTIVE DIRECTOR GOALS & OBJECTIVES

NOTES	JURISDICTION	LOCATION	PROJECT	TASK
<b>PRIORITY 1.5</b>				
1	<input type="checkbox"/>	West Richland	Bio-Reactor/Wine Effluent Treatment	Assist West Richland in Implementing Next Steps for Project
2	<input type="checkbox"/>	Richland	Real Property Purchase	Identify Land for Purchase in 2015
3	<input type="checkbox"/>	Kennewick	Vista Field Airport	Plan for Redevelopment
				Implement and Report to Commission and Community on Phase II of Planning
4	<input type="checkbox"/>	Kennewick	Columbia Drive	Columbia Gardens/Willows
				Implement Next Phase of Planning and Continue Transitioning
5	<input type="checkbox"/>	Kennewick	Clover Island	Shoreline Enhancement
				Continue Seeking Financial Sources and Grant Opportunities; Continue Design and Permitting as Funding Allows
6	<input type="checkbox"/>	Kennewick	Clover Island	Village at Island Harbor
				Finish A/E; Locate Alternative Financing Build Boardwalk and Public Amenities
7	<input type="checkbox"/>	West Richland		Establish Positive Working Relationship with New Mayor
8	<input type="checkbox"/>	General	Commission Transition	Implement Transition Plan for New Commission
9	<input type="checkbox"/>	District-Wide	Trip to Washington DC	Travel to Washington DC with Port Commissioner to Discuss Tribal Partnership, Seek Support West Richland Interchange, and Obtain Funding for Shoreline Enhancement
10	<input type="checkbox"/>	District-Wide	Tribal Partnership	CTUIR – Conduct Joint Meetings per MOU
11	<input type="checkbox"/>	General	Meeting Minutes	Implement Plan to Timely Processing of Commission Meeting Minutes
12	<input type="checkbox"/>	General	IEDC	Attend at Least One IEDC Training With Appropriate Staff and One Commissioner
13	<input type="checkbox"/>	General	Due Diligence Policy	Develop Due Diligence Policy for Tenants and Land Purchasers
14	<input type="checkbox"/>	District-Wide	Public Outreach	Enhance Public Outreach Throughout District

*JA*

### REGULAR 1.0

1	<input type="text"/>	Kennewick	Columbia Drive	Columbia Gardens	Present Utility Plan to Commission for Consideration and Possible Action
2	<input type="text"/>	Kennewick	Columbia Drive	Columbia Gardens/Willows	Install at Least One Art Object
3	<input type="text"/>	Kennewick	Clover Island & Columbia Drive	Willows Wine Village & Village at Island Harbor	Continue to Seek Potential Tenants and Project Partners
4	<input type="text"/>	West Richland	West Richland		Sell or Lease One Parcel
5	<input type="text"/>	General	District-Wide	100 Year Anniversary	Develop Plan for Port's 2015 100 Year Anniversary
6	<input type="text"/>	General		Economic Development Corporation	Enhance EDC and Develop Plan for Its Use
7	<input type="text"/>	General	District-Wide	Rebranding	Develop Plan for Rebranding in 2015
8	<input type="text"/>	West Richland/Benton City		Red Mountain Interchange	Enhance Participation in Planning
9	<input type="text"/>	District-Wide		Tribal Partnership	Continue Outreach to CTUIR
10	<input type="text"/>	Kennewick	Columbia Drive	PUD Line Relocation	Continue Discussions as Appropriate
11	<input type="text"/>	Richland			Plan Joint Elected Meeting
12	<input type="text"/>	Benton County			Plan Joint Elected Meeting
13	<input type="text"/>	Benton City			Plan Joint Elected Meeting
14	<input type="text"/>	Kennewick			Plan Joint Elected Meeting
15	<input type="text"/>	West Richland			Plan Joint Elected Meeting

### OPTIONAL 0.5

1	<input type="text"/>	General		Commission Meeting Format	Develop Recommendations for Commission Meeting Format, Schedule, Time and Location
2	<input type="text"/>	General		Incubator Policy	Formulate Incubator Policy
3	<input type="text" value="Tabled 2012"/>	Richland	Spaulding	Lighting	Identify and Replace Fixtures
4	<input type="text" value="Tabled 2012"/>	Kennewick	Clover Island	Overwater Coverage	Continue Design & Permit Efforts [Involves Mitigation Negotiations]
5	<input type="text" value="Tabled 2012"/>	Kennewick	Clover Island	Marina West Parking Lot	Design & Bid for Recoating/Recoloring, Present for Commission Action

### SPECIAL PRIORITY 2.0

1	<input type="text"/>	District-Wide		Operating Gap	Close operating gap by 5%
2	<input type="text"/>	Finley		Sale of Property	Sell Finley Area Properties Consistent with Comprehensive Scheme
3	<input type="text"/>	Benton County	Plymouth	Plymouth Island	Formulate Plan for Plymouth Island

*GA TA*

**COMPLEX 5.0**

1

Kennewick

Columbia Drive

Kick-Off Project

Implement One Kick-Off Project

A handwritten signature in black ink, appearing to be "Smith" followed by a stylized flourish.

## **EXHIBIT "B" TO EMPLOYMENT AGREEMENT**

### **LONGEVITY COMPENSATION AGREEMENT**

A. **Investment of Longevity Compensation.** The Employer shall deposit \$8,500 (subject to adjustment beginning January 1, 2012 as set forth below) each calendar year for five consecutive years commencing January 1, 2011; and thereafter on the first business day of each thereafter through January 2015, into an approved interest bearing tax exempt trust account for the benefit of the Employee to be accounted for in an individual manner. Said yearly Longevity Compensation investments, plus the earning on those investments while in an approved trust account, shall constitute the entirety of the "Longevity Compensation" under this Agreement. Each annual contribution, commencing with the contribution of January 1, 2012, shall be increased by 3% annually. The Longevity Compensation shall be deposited into a fund of Employer's choice, as permitted by law, or as a salary payout, when earned, as permitted by law. Investment management decisions for the funds deposited into the trust are directed by the trustee or Employer. Employee can express their opinion on investments, but cannot direct the investment. The Employer will receive all statements and deal directly with investment broker or financial institution.

B. **Vesting, Election, and Distribution on Service Date.** Provided that the Employee remains employed by the Employer until December 31, 2015 (hereinafter the "Service Date") all of the Longevity Compensation shall thereupon become fully vested to the Employee and shall be paid to the Employee on or before the 90<sup>th</sup> day immediately following separation from service at the discretion of the Employer in a single lump sum adjusted for required tax payments under Section E herein, if such be due at that time. Both Employee and Employer elect to defer current and all subsequent years compensation stated in section "A" above until the distribution date which is defined within this agreement.

Distribution of the Longevity Compensation cannot be distributed any earlier than the above stated date; however, IRS allows exceptions for the Longevity Compensation distribution. Distributed of the following events cannot be any earlier than on or before the 90<sup>th</sup> day immediately following the triggering event for the following allowable IRS exceptions:

1. The date the employee becomes disabled;
2. The employees death;
3. To the extent allowed by the IRS if a change in the ownership or effective control of the organization;
4. When an unforeseeable emergency occurs. An unforeseeable emergency is a severe financial hardship to the employee resulting from an illness or accident of the employee or the employee's spouse, beneficiary, or dependent; loss of employee's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising from events beyond the employee's control. Unforeseeable emergencies are subject to IRS guidelines and are

determined based on the relevant facts and circumstances of each case. The amounts distributed for the emergency must not exceed the amounts reasonably necessary to satisfy the emergency plus amounts to pay taxes reasonably anticipated as a result of the distribution. Other IRS requirements may apply.

C. **Termination of Employment Prior To Service Date.** If, prior to the Service Date, the Employee should voluntarily terminate his employment with the Employer, or be terminated by the Employer for cause as defined in the parties Employment Agreement, the entire Longevity Compensation may be forfeited to the Employer, and the Employer shall then have no further obligation under this Agreement. If the Employer terminates the Employee for reasons other than for cause, a ratable portion of the Longevity Compensation shall become immediately vested and shall be distributed to the Employee in a single lump sum as soon as practicable after such termination. The ratable portion due the Employee shall be the full amount invested by the Port at the time of termination of employment from the inception date specified in paragraph A of this Agreement to the month of the Employee's separation of employment plus the inclusion of all account earnings to the date of separation. However, if employee terminates employment on January 1<sup>st</sup>, he shall not receive the current year annual amount allocation as described in section A above.

D. **Death.** In the event that the Employee dies while employed by Employer prior to the Service Date of this Agreement, the entirety of the agreed Longevity Compensation amount, plus earnings to date of death, shall become fully vested and shall be paid in a single lump sum either to the estate or to the designated beneficiary of the Employee on or before the 90<sup>th</sup> day immediately following the Employee's death at the discretion of the Employer in a single lump sum adjusted for required tax payments under Section E herein, if such be due at that time. It is the employee's responsibility to inform the Port of the designated beneficiary and/or estate. If designated beneficiary and/or estate are not named, the Port will retain funds in trust account until notification under Washington State Laws.

E. **Taxes.** If applicable, the Employer shall withhold income and payroll taxes from the final Longevity Compensation payment to the extent required by State or Federal law at the time of the disbursement. The Employer's and Employee share of FICA or other employment taxes with respect to the Longevity Compensation due shall be paid by the Employer out of the Employer's separate funds, and shall not reduce the amount of Longevity Compensation payable to the Employee under this Agreement.

F. **Meaning of Terms.** For purposes of this Agreement:

- (1) The Employee's employment shall be deemed to have been "terminated" when the Employee ceases to be classified as an active employee under the Employer's normal employment practices, and the Employee does not continue to perform substantial ongoing services for the Employer in the capacity of an independent contractor; or
- (2) The Employee shall be deemed to have "voluntarily" terminated employment (as opposed to having been terminated by the Employer) if the Employee resigns,



quits, or otherwise terminates employment without the Employer having taken any action to request an end to the Employment Agreement; or

G. **Supplement to Normal Compensation.** The Longevity Compensation provided under this Agreement shall be considered as an income supplement to the normal salary, wages, or other benefits of the Employee, and this Agreement shall not limit the amount of salary, wages, or other benefits that could or would be paid to the Employee in the absence of this Agreement. Whether the vesting or payment of the Longevity Compensation under this Agreement causes the Employee to accrue or receive additional benefits or contributions under any pension, or other plan, shall be determined solely in accordance with the terms of such other plan.

H. **No Employment Contract.** Nothing contained in this Agreement shall be deemed to constitute an employment contract between Employee and Employer, or to give the Employee any special right to be retained in the employment of Employer, or to enlarge or diminish the Employer's right to terminate Employee's employment

I. **General Assets of the Employer.** Prior to the payment of Longevity Compensation to the Employee, the amounts invested by the Employer in the approved trust account, or otherwise set aside, or segregated to satisfy the Employer's obligations under this Agreement, shall remain the sole property of the Employer, and the Employee shall have no claim against the Employer for the funds except as a general creditor under this Agreement. Notwithstanding the foregoing, the Employer's obligation to pay the Longevity Compensation within the scope of this Agreement shall be limited to the total amount of the five (5) yearly principal contributions, plus any earnings on those investments, and the Employer shall not be liable for any losses or shrinkage in the value of the Longevity Compensation reserve account resulting from investment losses over the term of the Agreement, should such occur.

J. **No transferability.** The Employee shall have no right to commute, sell, transfer, pledge, or otherwise convey or encumber the right to receive deferred compensation, other than allowed under Section "D" herein, or to a designated beneficiary upon the death of Employee. The Longevity Compensation shall not be subject to attachment, garnishment or execution, or be transferable in any event until fully earned, or as otherwise required by law.

K. **Applicable Law.** This agreement shall be governed by and construed in accordance with the laws of the state of Washington.

L. **Binding Effect.** This Agreement shall be binding on and shall inure to the benefit of any successor of the Employer and to the personal representatives of the Employee.

M. **Entire Agreement.** This Agreement shall constitute the entire Agreement between the parties involved and any understanding or representation relating to the Longevity Compensation package shall not be binding upon either party except to the extent incorporated in this Agreement.

N. **Renewal.** If Employee is employed by the Employer at the termination of this Longevity Agreement, the Employee shall have the option to enter into a new Longevity Agreement for an additional five year term. The terms of the new Longevity Agreement shall be identical to the terms of the current agreement, except that the term shall extend from January 1, 2016 through December 31, 2020; and the initial Employer deposit shall be \$10,000.

## **EXHIBIT "C" TO EMPLOYMENT AGREEMENT**

### **PHASED RETIREMENT**

At any time while this Agreement is in effect, and upon 90 days advance, written notice to the Employer, Employee may elect to participate in Phased Retirement as described below. The chief advantages of continued association between the Employer and the Employee, on a reduced participation level include the following:

For the Employer:

- retention of trained and qualified personnel, especially for positions that are difficult to fill, such as Executive Director
- continued benefit from the Employee's accumulated experience and skills
- benefit of the Employee's willingness to serve as a mentor
- assistance with effective succession process
- reduced costs achieved through lower salary and benefits expenses, made possible by employees shifting from full-time to part-time status

For the Employee:

- Allow a gradual phase-in to full retirement
- Provide an opportunity for continued association with the Employer

#### ***Phased Retirement Status***

Phased Retirement Status shall be provided to the Employee if:

1. The Employee has been employed by the Employer for 15 or more years; and
2. The Employee may enter into a two-year Phased Retirement status as follows:
  - a) Year 1: 75% FTE Employee; and
  - b) Year 2: 55% FTE Employee; or the PERS definition of one full service credit.
3. For the first year of Phased Retirement, the Employee shall be employed as Executive Director, at 75% FTE and shall perform the duties of the Executive Director as set forth in this Employment Agreement. Additionally, the Employee shall assist the Employer in performing a job search to assist the Employer in selecting a successor for the job of Executive Director.
4. For the second and final year of Phased Retirement, the Employee shall be employed as Director of Special Projects, at 55% FTE and shall perform the following duties:
  - a. Assist the then current Executive Director in learning his or her role and acting as a mentor; and
  - b. Shall perform other assignments as assigned by the then current Executive Director.
5. During each year of Phased Retirement, the Employee shall:
  - a) Be paid the appropriate pro-rata portion of his total compensation that he was entitled to receive for full-time employment at the time of resignation for each year of Phased Retirement;



- b) Be eligible to receive proportionate salary and merit pay increases;
  - c) Continue to be subject to performance reviews and annual evaluations;
  - d) Receive full medical insurance, state and Employer-sponsored employee benefit and voluntary retirement programs and all other benefits, allowances and compensation that he was entitled to receive for full-time employment at the time of resignation,
  - e) Continue to accrue longevity pay, if otherwise applicable; and
  - f) Receive a pro-rata share of contributions to deferred compensation.
6. Upon successful completion of the first and second years of Phased Retirement, the Employee may, by mutual agreement of the parties, transition to the position of Port Ambassador in accordance with the terms and conditions of the Ambassador Program.
- a) In the event that the foregoing option is exercised, the parties shall enter into an "Ambassador Agreement" that shall set forth the compensation, reimbursement, insurance and other benefits agreed upon by the parties.
  - b) As Port Ambassador, the Employee shall no longer be an employee of the Port and shall become an independent contractor.
  - c) Such appointment shall be irrevocable for a two year period, except in the event that the Employee engages in conduct set forth in Section 7 hereof, at which time the appointment may be terminated as provided therein.

## **EXHIBIT “D”**

## 2014 ANNUAL PERFORMANCE REVIEW

### INDIVIDUAL COMMISSIONER EVALUATION OF EXECUTIVE DIRECTOR

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		APPRAISER'S COMMENTS
<ul style="list-style-type: none"> <li>➤ Attach extra papers as necessary</li> <li>➤ Factors should be reviewed in terms of quality, quantity and timeliness</li> </ul>	Met	Not met	
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>			
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>			
<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p> <p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.</p>			
<p>IV. <u>Integrity</u></p> <p>Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.</p>			

	Met	Not met	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>			
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>			
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>			

	Met	Not met	
<p>VIII. <u>Priority Setting</u></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>			
<p>IX. <u>Knowledge</u></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>			
<p>X. <u>Decision Quality</u></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>			
<p>XI. <u>Entrepreneurial</u></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue, investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>			

	Met	Not met	
<p><b>XII. <u>Leadership/Management</u></b></p> <p>A. Rallies support behind the vision and strategic plan; makes the vision sharable by everyone; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>			
<p><b>XIII. <u>Initiative</u></b></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>			

	Met	Not met	
<p>XIV. <u>Courage</u></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Fortrightness in dealing with customers, suppliers, and others in the organization.</p>			
<p>XV. <u>Persuasiveness</u></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>			
<p>XVI. <u>Adaptability</u></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>			
<p>XVII. <u>Stamina</u></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>			
<p>XVIII. <u>Ambition</u></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>			
<p>XIX. <u>Loyalty</u></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>			
<p>XX. <u>Communications</u></p> <p>Intent and effectiveness in exchanging significant information to all levels in the organization, to clients, vendors, and the public.</p>			

	Met	Not met	
<b>XXI. <u>Listening</u></b>  Interest and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.			

**Commissioner Comments:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



***PORT OF KENNEWICK***

***Resolution No. 2019-35***

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE PORT OF KENNEWICK APPROVING THE PORT CHIEF EXECUTIVE  
OFFICER'S 2019 PERFORMANCE EVALUATION**

**WHEREAS**, the Port Commission conducts an annual evaluation of the Port's Chief Executive Officer's performance pursuant to the CEO's Employment Agreement; and

**WHEREAS**, on October 10, 2017, the Port Commission adopted Resolution 2017-16 establishing a Committee to draft the CEO's performance review and present to the Commission for final approval, citing a more efficient and effective process; and

**WHEREAS**, on November 28, 2017, the Port Commission adopted Resolution 2017-27 modifying the CEO's employment contract to adjust for changes made resulting from resolution 2017-16 establishing an evaluation committee; and

**WHEREAS**, on August 13, 2019, Resolution 2019-16 was presented to the Board of Commissioners to appoint a new committee member to the CEO Evaluation Committee, and said resolution was not approved; and

**WHEREAS**, in lieu of Resolution 2019-16, Commissioner Barnes made a motion that the CEO Annual Evaluation Process revert to the CEO's Employment Agreement original paragraph 6 language and the use of the Exhibit D format that existed prior to Resolution 2017-27, Commissioner Moak seconded and the motion passed 2-1 with Commissioners Moak and Barnes voting in favor and Commissioner Novakovich opposed; and

**WHEREAS**, as directed by the Port Commission, Port counsel has gathered performance evaluations from all three individual Commissioners, and compiled those preliminary drafts into the attached 2019 Annual Performance Review form (attached as Exhibit "A").

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Port of Kennewick Board of Commissioners hereby approves the 2019 Annual Performance Review of CEO attached as Exhibit "A" and directs the Commission President to present the 2019 evaluation to the CEO.

**NOW, THEREFORE, BE IT HEREBY FURTHER RESOLVED** that the Port of Kennewick Board of Commissioners, in accordance with the CEO's Employment Agreement, hereby deems the CEO's performance \_\_\_\_\_ for 2019.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 10<sup>th</sup> day of December, 2019.

By: \_\_\_\_\_  
THOMAS MOAK, *President*

By: \_\_\_\_\_  
DON BARNES, *Vice President*

By: \_\_\_\_\_  
SKIP NOVAKOVICH, *Secretary*

EXHIBIT A

**2019 ANNUAL PERFORMANCE REVIEW**  
**Individual Commissioner Evaluation of**  
**Executive Director Performance**

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		COMMISSIONER COMMENTS
<ul style="list-style-type: none"> <li>➤ <b>Attach extra papers as necessary</b></li> <li>➤ <b>Factors should be reviewed in terms of quality, quantity and timeliness</b></li> </ul>	Met	Not met	
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>	xx	x [DB]	<p>The Port Commission has been clear on its direction that Vista Field development and Columbia Gardens redevelopment were top priorities and Tim has delivered on those two projects. Tim more than once came back to the commission to clarify the port's vision and identified obstacles to be overcome or decisions that needed to be made in terms of resource allocation in order to achieve the vision.[TM]</p> <p>Mr. Arntzen failed to communicate and collaborate with the Commission when Commissions raised questions regarding the Ivey land transaction. See for example POK Commission meetings of Jan. 22 and Feb. 19, 2019. [DB]</p> <p>Tim's mind is constantly at work developing visions for future POK direction that are beneficial for our constituents. Then he will engage his senior staff and appropriate others, to vet his vision against all possible pitfalls giving careful consideration to allocation of all necessary resources before finalizing a vision and purpose that his staff can support. After careful assembly and understanding of all issues involved he will begin briefing the Commission on several occasions, each time researching answers to</p>

			Commission concerns or questions before asking for clear Commission direction on how to proceed. Yet Tim has always been willing to do whatever the Commission instructed even if his vision is not accepted or is modified by the Commission.[SN]
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>	xxx		<p>Tim demonstrated agility with bringing the Southridge land to auction and working on various projects with the City of Kennewick, where he needed to work to meet the needs of the City and the Port in a way that could get funded through RCCF. Tim successfully led port to two land sales in West Richland that were unanticipated at the beginning of the year and served port and community interests.[TM]</p> <p>One exception here is that Mr. Arntzen failed to anticipate future benefits/consequences of his decisions and actions regarding the item in I. above. [DB]</p> <p>Before testing the merits of his ideas he carefully researches the pros and cons of implementing his visionary projects. I believe Tim deserves extreme praise for his knowledge and ability to accurately assess future trends and the effect they will have on the POK, our projects and ultimately our constituents. Tim assessment of situations and issues is something I can place complete trust in.[SN]</p>
<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p>	xxx		<p>A. Both the Vista Field and the Columbia Gardens projects have moved ahead to great acclaim and high level of public anticipation, for which Tim deserves great credit.</p>

<p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.</p>	<p>xx</p>	<p>x [DB]</p>	<p>Tim has done a great job at looking for funding sources for the Vista Field hangars remodel which are an important element to the Vista Field implementation. Other items mentioned in the self-appraisal are also praiseworthy. [TM] The Port of Kennewick, through the policies established by its 3member Commission and implemented by its CEO and staff, has effectively brought its vision to fruition. It is a TEAM effort and these results are not due to the efforts of any single individual.[DB]</p> <p>B. It is not always easy to secure clean audits year after year, but Tim deserves credit for continual clean ones. [TM]</p> <p>Budget monitoring presentations to the Commission are too infrequent. Legal fees, in the opinion of some constituents, are too high. Constituents ask why attorney attends staff meetings and performs routine clerical tasks that could easily be handled by staff. [DB]</p> <p>My extensive training and experience in the US Army regarding operations and logistical management allows me to attest to Tim's steadfast, unwavering ability to carry out all duties required of him in a very strategic manner of employing necessary available resources in the most effective and efficient way possible while diligently overseeing all</p>
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			operations and exploring potential ways to create additional efficiencies in all areas of operations while operating in a hostile work environment.[SN]
<p>IV. <u>Integrity</u></p> <p>Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.</p>	x[SN]	<p><b>xx</b> <b>[TM&amp;DB]</b></p>	<p>Tim's dealings with individual commissioners show a lack of consistent honesty and fairness, appearing to favor one commissioner over the other two.[TM]</p> <p>In my opinion, the expectations for uniform and consistent adherence to values and principles of honesty/fairness have not been met in 2019. [DB]</p> <p>Tim has exemplified the most absolute manner of a person possessing a natural God given unwavering trait of integrity, ethical and moral value. Working in a very hostile work environment, being asked by commissioners to change his statements he has steadfastly refused to compromise his values. [SN]</p>

	Met	Not met	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>	<p>xx</p> <p>xxx</p>	<p>x [DB]</p>	<p>A. All the great projects the Port is accomplishing are done without tax increases. Tim borrowed conservatively in order to finance phase one of Vista Field and has developed a plan to pay off early, if circumstances warrant. [TM] My expectations here were not met because too many port resources are being wasted. Please see remarks in III. above. [DB]</p> <p>B. Even with more complicated transactions, Tim has managed to secure clean audits for the port again. Tim's misunderstanding of Washington bid law almost cost the port a lawsuit over the award of a contract for Vista Field construction. To his credit, he listened to legal counsel and reversed course before the final bid award. [TM] The Port of Kennewick has a history of clean audits from the State Auditors Office. [DB] The clean financial audits, the consistent lowering of the levy rate and the 300%+ increase in constituent equity obtained under his leaders clearly substantiates the need to give Tim the highest possible marks on this subject. Tim is very well aware of his fiduciary responsibilities and takes this responsibly very seriously by insisting on only the very best</p>



			management of POK financial affairs. I don't think anyone can boast of a better accomplishment record in this regard. [SN]
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>	<p>xxx</p> <p>xxx</p>		<p>A. This is an area where Tim has excelled. He has maneuvered the port into not taking public positions on issues that would jeopardize relationship with various partners. He strengthened partnerships with multiple jurisdictions during the year and worked to make sure that the port was aligned correctly with cities and the county. Working through the racetrack sale to try to strike a deal with West Richland that would not offend Kennewick and could pass muster with the county was a good example. Working through RCCF issues with Kennewick was another good issue where understanding the political dynamics in the city were important. [TM] As above, the attached letters and my personal interaction and conversations with elected officials and staff members of other jurisdictions by way of committees I serve on give me great pride and honor to be associated with someone held in such high and respected regard as Tim.[SN]</p> <p>B. Tim has been very sensitive to the understanding that the port</p>

			<p>no longer has a lot of spare cash floating around and to continue to do more means careful resource allocation and has frequently shared that with the commission. But he also has looked for opportunities to fund additional with “other people’s money”. [TM] He is extremely talented guiding the Port of Kennewick through all political situations with a superior attention to necessary and appropriate political as well as institutional sensitivity.[SN]</p> <p>A. &amp; B. Expectations met if looking only at Port projects (with the exception of the Ivey transaction). I would have to say that expectations were not met if looking only at the communication and collaboration by the CEO with the Commission. [DB]</p>
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>	<p>xxx</p> <p>xxx</p>		<p>A. Tim negotiated a new lease with Cedars with the goal to allow a transfer of ownership for a key tenant on Clover Island. The Port partnered with Clover Island Inn, the Benton Franklin Fair, the Historic Downtown Partnership, and other entities in sponsoring events that help promote the port’s partnerships. [TM]</p> <p>B. Tim’s relations with government officials has been good and he has responded appropriately to citizens and the media.[TM]</p>

			<p>A. &amp; B. Please see response above which also applies here. In the past several years, under Tim's astute leadership, the POK has become the model for other governmental organizations to follow regarding Stakeholder Relations.[SN]</p> <p>A. &amp; B. Mr. Arntzen's abilities in this area demonstrated by letters of commendation received from jurisdictional partners, contractors, and associate entities. [DB]</p>
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	Met	Not met	
<p>VIII. <u>Priority Setting</u></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>	xx	x [DB]	<p>Tim has worked on priorities of the port and has brought back items that were not priorities to the commission to help identify where these fit in the grand scheme of things. One area where the commission consistently told Tim to follow the comp scheme on West Richland and he kept bringing back West Richland issues. Fortunately, that is in the past with the successful sale of the racetrack property. [TM]</p> <p>Mr. Arntzen has spent too much time and resources on trying to shape the outcome of this performance evaluation. [DB]</p> <p>Tim has always been committed to inform Commissioners on all potential beneficial restructuring of Commission established priorities as new possibilities present themselves. He very concisely and thoroughly explains to the Commissioners both the positive and negative effects of any change to the existing priority list. Tim is very focused on meeting the goals and objects given him as well as bringing forward appropriate, constituent benefitting, unanticipated opportunities to the Commission for their directions. If Tim is asked to incorporate new opportunities into his work he skillfully will recommend to the Commission which previously set Goals and Objectives may have to be tabled for a period of time in order to allocate necessary resources to the new opportunity. He is very adept at working with his staff and the Commission to</p>

			accomplish whatever tasks are assigned him without prejudice.[SN]
<p>IX. <u>Knowledge</u></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>	<p>xxx</p> <p>xxx</p>		<p>A. Tim maintains good working relationships with many other port directors in the state and is aware of what they are doing and brings back ideas as appropriate. Tim investigated the powers of Industrial Development District which is unique to ports. He sends his staff to trainings so they can perform well in a port environment. [TM] The POK is extremely fortunate to have an ED with a doctorate degree in law. Tim is very well versed and knowledgeable in all managerial and operational aspects of ports. And what he doesn't know he will devote whatever time is necessary to self-education himself and then rely on other appropriate skilled resources, including his staff, to expand his knowledge before taking action to assure only the best possible results are achieved for the POK, those we partner with and those we serve. [SN]</p> <p>B. Tim follows what happens in the WPPA legislative committee and sometimes participates with them. [TM] The POK is well respected throughout the State and</p>

			<p>certainly within the Port community due to Tim's knowledge and ability to craft mutually beneficial relationships. [SN]</p> <p>A. &amp; B. Mr. Arntzen understands Ports and how they function. [DB]</p>
<p>X. <u>Decision Quality</u></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>	<p>xx x [DB]</p>	<p>x [DB]</p>	<p>Tim appears to make good decisions bases on analysis, wisdom, experience, and judgment. Whether they turn out to be correct over time...time will tell.[TM]</p> <p>Mr. Arntzen's decisions regarding Port projects and initiatives in the community have been met and, in my opinion, will turn out favorably when judged over time. However, I believe Mr. Arntzen's decisions regarding communication and collaboration with the Commission, and how he responds to differences of opinion between himself and members of the Commission have not been sound. [DB]</p> <p>The constituent benefitting quality of decisions Tim makes is exceptional. He will take whatever time is necessary to research all consequence of a decision to assure it is the right one before taking action including vetting his potential decision with appropriate staff members or outside resources if necessary and prudent. I am unaware on any decisions Tim has made since he became the ED of the POK that has resulted in a negative impact on the POK constituents or our partners.[SN]</p>
<p>XI. <u>Entrepreneurial</u></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue,</p>	<p>xxx</p>		<p>A. Tim has looked for ways to use "other people's money" to further the port. Tim secured an "unnecessary" appraisal of</p>

<p>investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>	<p>xx</p>	<p>x [DB]</p>	<p>the Tri-City Raceway that resulted in an additional \$500,000 to the port coffers. He has leveraged funds from other government entities to support port projects.[TM] Expectations met in a minimally positive way. It is important to remember that return on investment at the Port is not always measured purely in financial (\$\$) terms. [DB]</p> <p>B. When Tim brings recommended opportunities to the commission, they are well thought out and he presents good analysis that enable the commission to take appropriate action.[TM] Mr. Arntzen rarely includes financial projections or any risk/reward analysis in his recommendations to the Commission. [DB]</p> <p>A. &amp; B. Having grown up in a family owning small businesses, and himself owning a small business Tim's entrepreneurial spirit is perhaps second to none in the Port industry or perhaps in any governmental management position. I sincerely appreciate his knowledge and ability to maintain a true entrepreneurial spirit. Tim had excelled at bringing staff carefully vetted recommendations to the Commission with detailed information including allotted allocation of resources and staff evaluation of risk/rewards. Lately the Commission has publically reprimanded Tim for doing this. As a result he has become reluctant to continue doing so. As a policy making elected official I</p>
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			find Commissioners reluctant to listen to staff's knowledge and recommendations to be a real disservice to those they represent. [SN]
	<b>Met</b>	<b>Not met</b>	
<p><b>XII. <u>Leadership/Management</u></b></p> <p>A. Rallies support behind the vision and strategic plan; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>	<p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p> <p><b>xx</b> <b>x [DB]</b></p>	<p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p> <p><b>x [DB]</b></p>	<p>A. Tim has done a very good job of rallying staff and community around the port's priorities of Vista Field and Columbia Gardens. There is much excitement about these projects and Tim's abilities to move these along have been exceptional.[TM]</p> <p>B. Tim has hired excellent employees who have succeeded not only on the big projects that garner much attention, but also the details of running a marina or managing many operations or keep the port in good financial standing.[TM]</p> <p>C. Tim has been good at recognizing not only the value that staff bring to the table, but also contractors, advisors, and other government entities. He has been very willing to share credit. [TM]</p> <p>D. Tim has done a very good job at drawing out opinions from the commissioners on strategic issues and vision for the port. He scans the horizon and helps provide context.[TM]</p> <p>E. Tim effectively manages staff relations consistent with port policies. [TM]</p> <p>F. Tim understands well his delegation of authority but</p>



			<p>is very good at bringing issues to the commission, that, while within his delegation, have political or other dimensions and wants commission guidance.[TM]</p> <p>A. – F. When the visions and ideas of individual Port Commissioners are in close alignment with Mr. Arntzen’s personal visions and ideas, his performance in the area of leadership and management is excellent. However, when the visions and ideas of Port Commissioners depart from his personal views, there is a very marked change in Mr. Arntzen’s behavior and performance. When individual Commissioners question Mr. Arntzen’s decisions and judgment regarding Port business matters, he becomes defensive, argumentative, and combative. I find this behavior/performance to be divisive and detrimental to the overall democratic process (majority rule) of the Commission. [DB]</p> <p>A. – F. Tim’s managerial style has proven to be extremely effective. On many occasion I have stated that he has assembled and empowered the finest staff I have ever had the honor of working with in ether civilian, military or volunteer roles</p> <p>Tim hires only the very best employees possible. He clearly explains the POK vision, goals, and objectives to them and then empowers them to do what they do best. Tim gives his staff the ability to do what they do best as professionals in their field of expertise for which he hired them. Once he clearly explains</p>
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			<p>Commission established goals and objectives to staff he allows for their input on how to proceed until he is assured that all staff members have taken ownership of the goal or objective and then he does not micro manage, but remains available for help while continually offering motivation but reserving the right to give final approval.</p> <p>I feel the Commission would be far better served if they would allow Tim to give his well thought out advice without reprimanding him for doing so. I have always found his ability to clearly define a shared vision and taking as much time as allowed to the Commission on challenges and threats that may affect the vision to be extremely helpful and something Tim excelled at doing.</p> <p>Even though the Commission has given Tim certain authority, if he has any question or is uncertain of potential consequence or any action he may take, he will bring that subject to the Commission for discussion and ask for their direction even though the authority to take such action had already been delegated to him. He is very cautious to only make the very best decisions for the POK, its staff and constituents. He has been very effective in his decision making decisions and the handling of managerial issues.</p>
<p>XIII. <u>Initiative</u></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>	xxx		<p>Tim appears to demonstrate appropriate initiative.[TM] Mr. Arntzen has good initiative. [DB] Tim will never hesitate to accept direction from the Commission if given clear and non-conflicting</p>

			direction. He is a self-starter always looking for more to accomplish.[SN]
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	Met	Not met	
<p><b>XIV. <u>Courage</u></b></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Fortrightness in dealing with customers, suppliers, and others in the organization.</p>	x[SN]	xx[TM & DB]	<p>Courage is standing up in the toughest situations. I have not seen courageousness in the midst of conflict or forthrightness in dealing with the port commission. Courage means admitting mistakes or weaknesses, which Tim's self-appraisal lacks any critical self-analysis.[TM]</p> <p>In my opinion, Mr. Arntzen has not been forthright with the Commission regarding the Ivey land transaction. [DB]</p> <p>Tim has always been willing to state his opinions and reasons that comply with POK goals, visions and directives to anyone, anywhere, without regard for his personal popularity. He is a fair and honest "bulldog" for the POK. I sincerely appreciate his courage to stand up for the best interests of the POK and our taxpaying public even when doing so often subjects him to personal criticism especially from two Commissioners. [SN]</p>
<p><b>XV. <u>Persuasiveness</u></b></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>	xxx		<p>Tim doesn't share much in the writing with the port commission, but he does a good job in oral persuasiveness. As the commission was dealing with much decision making on its projects, Tim was generally able to bring the commission to consensus and sometimes convince the commission not to act on something that it didn't need to.[TM]</p> <p>Mr. Arntzen can be very persuasive. [DB]</p> <p>Tim has always been willing to state his opinions and reasons that</p>

			<p>comply with POK goals, visions and directives to anyone, anywhere, without regard for his personal popularity. He is a fair and honest “bulldog” for the POK. I sincerely appreciate his courage to stand up for the best interests of the POK and our taxpaying public even when doing so often subjects him to personal criticism especially from two Commissioners.[SN]</p>
<p><b>XVI. <u>Adaptability</u></b></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>	<b>xx</b>	<b>x [DB]</b>	<p>The biggest change Tim adapted to related to the unsolicited offer for the Tri-City Raceway. Tim was able to get that turned around with enough time to get the sale approved by the commission in a time frame that met the buyer’s needs, even though the off came in almost at the “eleventh hour”. [TM]</p> <p>Mr. Arntzen is not always receptive to or accepting of Commission discussions which go counter to his own opinion. He can become very defensive and combative. [DB]</p> <p>Anyone who has been involved in POK meetings for the past year has to admire and give Tim “Gold Stars” for his ability to move forward with Commission directives which go counter to his own opinions. He is firmly dedicated to carrying out Commission directives rather than his own.[SN]</p>
<p><b>XVII. <u>Stamina</u></b></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>	<b>xxx</b>		<p>There were no known issues with stamina. Tim did no foreign travel and limited domestic travel on behalf of the port.[TM]</p> <p>Very good abilities here. [DB]</p> <p>The hostile work environment created by Commissioners Moak</p>

			and Barnes has damaged Tim's health, yet he does not miss a step in the performance of his duties. This would be extremely admirable for anyone to do so but Tim's performance and successes exceed any possible expectations.[SN]
<p><b>XVIII. <u>Ambition</u></b></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>	<b>xxx</b>		<p>Tim appears to demonstrate appropriate ambition.[TM]  Mr. Arntzen has demonstrated a willingness to make sacrifices in some situations. [DB]  See above and realize the work Tim is doing is having a long lasting effect on his health, personal life and personal financial resources. In all the years I have known Tim as the Executive Director of the POK I have never once seen him put personal needs in front of accomplishing POK goals and objectives. From what I have observed of other Port EDs across the State Tim easily sets an example of unselfish ambition to go beyond what is expected to see that the POK not just meets, but exceeds community expectations.[SN]</p>
<p><b>XIX. <u>Loyalty</u></b></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>	<b>xx</b>	<b>x [DB]</b>	<p>Tim understands and accepts the goals and policies of the organization.[TM]  Mr. Arntzen understands goals and policies, but is sometimes unreceptive to discussions of policies that are not in line with his personal views. In my opinion, it's imperative that individual Commissioners be able to openly and freely discuss their views without feeling threatened or intimidated by the CEO. [DB]  Tim and his staff have been working under adverse conditions ever since Commissioner Moak</p>

			<p>was elected. This has elevated to the substantiation of a very hostile work environment. Yet Tim, who has been offered other employment, has stayed loyal to the Port of Kennewick.[SN]</p>
<p><b>XX. <u>Communications</u></b></p> <p>Effectiveness of exchanging significant information throughout all levels of the organization; with clients, vendors, and the public.</p>	<p><b>x[SN]</b></p>	<p><b>xx [TM &amp; DB]</b></p>	<p>Tim is not responsible for all the communication problems at the port, but as CEO he has an obligation to lead the effort to improve communication among staff and between commissioners and staff. There appears to be little effort made by Tim to improve communication. His self-assessment ignores the communications problems within the organization. Between August 27 and November 12 he provided no updates to the commission on the two major projects of the port, Vista Field and Columbia Gardens, other than a year-in-review on October 29. [TM]</p> <p>Mr. Arntzen has not demonstrated a consistent level of effective communication. For example, he resorted to name calling just after the conclusion of the March 12, 2019 Commission meeting. [DB]</p> <p>Tim will always error on the side of over communication and explanation to assure those he engages clearly understand what he is trying to accomplish. And he is always willing to offer further explanation or answers to questions when asked. It is unfortunate as well as a disservice to the public that Commissioners Moak and Barnes choose not to meet and listen to him. Tim offers to disclose and explain extensively in order to be clearly understood and never have anyone retort – “well you never told me that”. When given the opportunity his</p>

			communication skills excel for the mutual benefit of the POK, those we serve, and those we partner with.[SN]

	Met	Not met	
<p><b>XXI. <u>Listening</u></b></p> <p>Interest in and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.</p>	x[SN]	xx [TM & DB]	<p>The Ivy land transaction was a good example of Tim's defensiveness when challenged and his unwillingness to listen carefully to the commission majority that was attempting to secure enough information to make an important policy decision. When Tim does not like what he hears, he develops an extremely negative physical posture that appears to show unwillingness to listen.[TM]</p> <p>On three occasions (telecon 2/18/19, telecon 2/21/19, and meeting in Mr. Arntzen's office on 2/25/19), he was combative, defensive, and confrontational when our positions differed and it was very clear to me that he was not able to overcome his personal biases. Rather than discuss the topic (port procedures and handling of a routine land sale), Mr. Arntzen almost immediately made it personal. I wanted to discuss the handling of the matter (or policy) and Mr. Arntzen wanted to talk about being personally offended, his past personal battles with other (since departed) Commissioners and staff members, and to challenge me to a battle for my position and for control of the Port. [DB]</p> <p>There never has been a doubt that Tim's ability to carefully listen, interpret, and process information</p>



			<p>he receives is anything less than remarkable. Yet he will go beyond just listening and ask appropriate clarifying questions until he has a clear understanding of what is being communicated to him.[SN]</p>
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**Additional Commissioner Comments:** Tim rightfully earns stellar marks for many of the activities of the port. The list of accomplishments and achievements listed in the self-appraisal are real and due in no small part to Tim's leadership. Everyone at the port should feel very proud of the achievements that have happened in the past year. However, the events surrounding the Ivy land transaction have resulted in a "black eye" for everyone at the Port. Tim is not responsible for everything that goes right at the port nor everything that has gone wrong. Everyone had a role in the issues that caused such pain and anxiety. As CEO, Tim must take the lead in fixing the problems that exist. That will take third-party assistance to get everyone back working on the same page. Tim should complete the work on updating the Port Commission Rules of Policy and Procedure which was stopped. Events of the year demonstrated the need for this update. [TM]

On or about March 21, 2019, I called Lucinda Luke and pointed out that we (Lucinda and I) are members of the CEO evaluation committee and that I wanted to discuss Tim's recent behavior/performance regarding the Ivy land transaction. I explained to Ms. Luke that I did not understand why Mr. Arntzen becomes so emotionally charged any time the Ivy file is brought up. I said that I'm concerned about the working relationship with Mr. Arntzen. I further explained that it is my understanding that the CEO evaluation committee is to let Mr. Arntzen know that his performance is unsatisfactory at the time it takes place (rather than holding it until the end of the year evaluation process). I asked Ms. Luke to schedule an appointment with Mr. Arntzen to address performance, working relations, and to clear the air. Ms. Luke set the appointment with Bridgette Scott and I received the calendar invite and accepted. I received notice the next day (from Ms. Scott) that Mr. Arntzen had cancelled the meeting. Later, Ms. Luke told me that she did not feel that she could force a meeting with Mr. Arntzen. She said she talked to Mr. Arntzen and he said that he did not see any problems with our working relationship. [DB]

Tim has done a remarkable job of accomplishing the goals given him by the Commission in spite of ever changing, sometimes unclear, Commission direction while working in a hostile work environment affecting his health. Even though he has done the very best he possibly can to educate and inform the Commission on various issues Commissioners Moak and Barnes have stated they do not trust his judgment, managerial or leadership skills. This perception has caused him to divert attention from established Commission approved goals and objectives to spending time on individual Commissioner requests (some of which are not in compliance with the "Port Commission Rules of Policy and Procedure" document, adopted February 22, 2011) and maintaining staff morale. Yet in spite of this he has managed to accomplish the goals given him by the Commission. This is nothing short of remarkable, only to be successfully accomplished by a very dedicated, loyal, hardworking, and flexible individual willing to do everything and anything expected of him by his Commissioners. The POK is very fortunate to have this rare combination of qualities in our Executive Director, Tim Arntzen. [SN]

I have been very discouraged and upset by what I have observed happening at the Port of Kennewick over the past several years since Commissioner Moak was elected. What I have heard, seen, and watched, especially in the past few months, have made me very concerned about the Port of Kennewick's ability to develop the projects we have pledged to our constituents and the entire Mid-Columbia region. [SN]

I have served on this Commission for over 10 years and in that time I have witnessed the Port of Kennewick (POK) under the skilled leadership of CEO Tim Arntzen and his assembly of a highly qualified, professional, motivated and loyal staff accomplishing great things for this region. The POK has developed a sterling reputation for the highest degree of integrity, open and transparent conduct of business, and an ability to develop and nurture mutually beneficial strategic partnerships through trusting relationships. This has allowed the establishment of many very successful quality of life and economically beneficial projects that are equal to or greater than those anyone else has done anywhere. AND this has been accomplished with very limited

resources and without burdening our constituents with an increase in taxes. However, I now see two Commissioners jeopardizing future successes by violating our own adopted rules of policy and procedure. [SN]

I now see a CEO with noticeable health issues, worn down, tired, and rendered ineffective by being ridiculed in public meetings particularly by Commissioner Moak but also by Commissioner Barnes and being instructed to work on frivolous if not libelous matters rather than continuing to focus his efforts on the already planned good work of the POK as set forth in Commission approved documents. I see a once bright, energetic staff now fearful, discouraged, some ready to seek employment elsewhere in order to escape the continued abuse and criticism of Commissioners Moak and Barnes. I see the actions of Commissioner Moak and Barnes tearing apart a once effective, award winning, loyal team and frankly this breaks my heart. Yet Tim Arntzen continues to do everything within his power and available resources to maintain the high standards the Port of Kennewick is known for. [SN]

**2019 ANNUAL PERFORMANCE REVIEW**  
**Individual Commissioner Evaluation of**  
**Executive Director Performance**

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		COMMISSIONER COMMENTS
<ul style="list-style-type: none"> <li>➤ <b>Attach extra papers as necessary</b></li> <li>➤ <b>Factors should be reviewed in terms of quality, quantity and timeliness</b></li> </ul>	Met	Not met	
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>	XXX		<p>Tim's mind is constantly at work developing visions for future POK direction that are beneficial for our constituents. Then he will engage his senior staff and appropriate others, to vet his vision against all possible pitfalls giving careful consideration to allocation of all necessary resources before finalizing a vision and purpose that his staff can support. After careful assembly and understanding of all issues involved he will begin briefing the Commission on several occasions, each time researching answers to Commission concerns or questions before asking for clear Commission direction on how to proceed. Yet Tim has always been willing to do whatever the Commission instructed even if his vision is not accepted or is modified by the Commission.</p>
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>	XXX		<p>Before testing the merits of his ideas he carefully researches the pros and cons of implementing his visionary projects. I believe Tim deserves extreme praise for his knowledge and ability to accurately assess future trends and the effect they will have on the POK, our projects and ultimately our constituents. Tim assessment of situations and issues is something I can place complete trust in.</p>

<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p> <p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.</p>	<p>XXX</p> <p>XXX</p>		<p>My extensive training and experience in the US Army regarding operations and logistical management allows me to attest to Tim's steadfast, unwavering ability to carry out all duties required of him in a very strategic manner of employing necessary available resources in the most effective and efficient way possible while diligently overseeing all operations and exploring potential ways to create additional efficiencies in all areas of operations while operating in a hostile work environment.</p>
<p>IV. <u>Integrity</u></p> <p>Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.</p>	<p>XXX</p>		<p>Tim has exemplified the most absolute manner of a person possessing a natural God given unwavering trait of integrity, ethical and moral value. Working in a very hostile work environment, being asked by commissioners to change his statements he has steadfastly refused to compromise his values.</p>

	<b>Met</b>	<b>Not met</b>	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>	XXX		<p>The clean financial audits, the consistent lowering of the levy rate and the 300%+ increase in constituent equity obtained under his leaders clearly substantiates the need to give Tim the highest possible marks on this subject. Tim is very well aware of his fiduciary responsibilities and takes this responsibly very seriously by insisting on only the very best management of POK financial affairs. I don't think anyone can boast of a better accomplishment record in this regard</p>
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>	XXX		<p>As above, the attached letters and my personal interaction and conversations with elected officials and staff members of other jurisdictions by way of committees I serve on give me great pride and honor to be associated with someone held in such high and respected regard as Tim.</p> <p>He is extremely talented guiding the Port of Kennewick through all political situations with a superior attention to necessary and appropriate political as well as institutional sensitivity.</p>
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to</p>	XXX		<p>Please see response above which also applies here. In the past several years, under Tim's astute leadership, the POK has become the model for other governmental organizations to follow regarding Stakeholder Relations.</p>

coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.			
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	<b>Met</b>	<b>Not met</b>	
<p><b>VIII. <u>Priority Setting</u></b></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>	<b>XXX</b>		<p>Tim has always been committed to inform Commissioners on all potential beneficial restructuring of Commission established priorities as new possibilities present themselves. He very concisely and thoroughly explains to the Commissioners both the positive and negative affects of any change to the existing priority list. Tim is very focused on meeting the goals and objects given him as well as bringing forward appropriate, constituent benefitting, unanticipated opportunities to the Commission for their directions. If Tim is asked to incorporate new opportunities into his work he skillfully will recommend to the Commission which previously set Goals and Objectives may have to be tabled for a period of time in order to allocate necessary resources to the new opportunity. He is very adept at working with his staff and the Commission to accomplish whatever tasks are assigned him without prejudice.</p>
<p><b>IX. <u>Knowledge</u></b></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>	<b>XXX</b>		<p>The POK is extremely fortunate to have an ED with a doctorate degree in law. Tim is very well versed and knowledgeable in all managerial and operational aspects of ports. And what he doesn't know he will devote whatever time is necessary to self education himself and then rely on other appropriate skilled resources, including his staff, to expand his knowledge before taking action to assure only the best possible results are achieved for the POK, those we partner with and those we serve.</p>



			The POK is well respected throughout the State and certainly within the Port community due to Tim's knowledge and ability to craft mutually beneficial relationships.
<p>X. <u>Decision Quality</u></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>	XXX		<p>The constituent benefitting quality of decisions Tim makes is exceptional. He will take whatever time is necessary to research all consequence of a decision to assure it is the right one before taking action including vetting his potential decision with appropriate staff members or outside resources if necessary and prudent. I am unaware on any decisions Tim has made since he became the ED of the POK that has resulted in a negative impact on the POK constituents or our partners.</p>
<p>XI. <u>Entrepreneurial</u></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue, investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>	XXX		<p>Having grown up in a family owning small businesses, and himself owning a small business Tim's entrepreneurial spirit is perhaps second to none in the Port industry or perhaps in any governmental management position. I sincerely appreciate his knowledge and ability to maintain a true entrepreneurial spirit.</p> <p>Tim had excelled at bringing staff carefully vetted recommendations to the Commission with detailed information including allotted allocation of resources and staff evaluation of risk/rewards. Lately the Commission has publically reprimanded Tim for doing this. As a result he has become reluctant to continue doing so. As a policy making elected official I find Commissioners reluctant to listen to staff's knowledge and recommendations to be a real disservice to those they represent.</p>

	Met	Not met
<p><b>XII. <u>Leadership/Management</u></b></p> <p>A. Rallies support behind the vision and strategic plan; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>	<p><b>XXX</b></p>	<p>Tim's managerial style has proven to be extremely effective. On many occasion I have often stated that he as assembled and empowered the finest staff I have ever had the honor of working with in ether civilian, military or volunteer roles.</p> <p>Tim hires only the very best employees possible. He clearly explains the POK vision, goals, and objectives to them and then empowers them to do what they do best.</p> <p>Tim gives his staff the ability to do what they do best as professionals in their field of expertise for which he hired them. Once he clearly explains Commission established goals and objectives to staff he allows for their input on how to proceed until he is assured that all staff members have taken ownership of the goal or objective and then he does not micro manage, but remains available for help while continually offering motivation but reserving the right to give final approval.</p> <p>I feel the Commission would be far better served if they would allow Tim to give his well thought out advice without reprimanding him for doing so. I have always found his ability to clearly define a shared vision and taking as much time as allowed to the Commission on challenges and threats that may affect the vision to be extremely helpful and something Tim excelled at doing.</p> <p>Even though the Commission has given Tim certain authority, if he has any question or is uncertain of</p>

			potential consequence or any action he may take, he will bring that subject to the Commission for discussion and ask for their direction even though the authority to take such action had already been delegated to him. He is very cautious to only make the very best decisions for the POK, its staff and constituents. He has been very effective in his decision making decisions and the handling of managerial issues.
<p>XIII. <u>Initiative</u></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>	XXX		Tim will never hesitate to accept direction from the Commission if given clear and non-conflicting direction. He is a self starter always looking for more to accomplish.

	<b>Met</b>	<b>Not met</b>	
<p><b>XIV. <u>Courage</u></b></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Fortrightness in dealing with customers, suppliers, and others in the organization.</p>	<b>XXX</b>		<p>Tim has always been willing to state his opinions and reasons that comply with POK goals, visions and directives to anyone, anywhere, without regard for his personal popularity. He is a fair and honest “bulldog” for the POK. I sincerely appreciate his courage to stand up for the best interests of the POK and our taxpaying public even when doing so often subjects him to personal criticism especially from two Commissioners</p>
<p><b>XV. <u>Persuasiveness</u></b></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>	<b>XXX</b>		<p>Tim excels at selling a well vetted, Commission approved course of action to all parties necessary to achieve successful completion of the action.</p>
<p><b>XVI. <u>Adaptability</u></b></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>	<b>XXX</b>		<p>Anyone who has been involved in POK meetings for the past year has to admire and give Tim “Gold Stars” for his ability to move forward with Commission directives which go counter to his own opinions. He is firmly dedicated to carrying out Commission directives rather than his own.</p>
<p><b>XVII. <u>Stamina</u></b></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>	<b>XXX</b>		<p>The hostile work environment created by Commissioners Moak and Barnes has damaged Tim’s health, yet he does not miss a step in the performance of his duties. This would be extremely admirable for anyone to do so but Tim’s performance and successes exceed any possible expectations</p>
<p><b>XVIII. <u>Ambition</u></b></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>	<b>XXX</b>		<p>See above and realize the work Tim is doing is having a long lasting affect on his health, personal life and personal financial resources. In all the years I have known Tim as the Executive</p>

			Director of the POK I have never once seen him put personal needs in front of accomplishing POK goals and objectives. From what I have observed of other Port EDs across the State Tim easily sets an example of unselfish ambition to go beyond what is expected to see that the POK not just meets, but exceeds community expectations.
<p>XIX. <u>Loyalty</u></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>	XXX		Tim and his staff have been working under adverse conditions ever since Commissioner Moak was elected. This has elevated to the substantiation of a very hostile work environment. Yet Tim, who has been offered other employment, has stayed loyal to the Port of Kennewick.
<p>XX. <u>Communications</u></p> <p>Effectiveness of exchanging significant information throughout all levels of the organization; with clients, vendors, and the public.</p>	XXX		Tim will always error on the side of over communication and explanation to assure those he engages clearly understand what he is trying to accomplish. And he is always willing to offer further explanation or answers to questions when asked. It is unfortunate as well as a disservice to the public that Commissioners Moak and Barnes choose not to meet and listen to him.. Tim offers to disclose and explain extensively in order to be clearly understood and never have anyone retort – “well you never told me that”. When given the opportunity his communication skills excel for the mutual benefit of the POK, those we serve, and those we partner with.

	<b>Met</b>	<b>Not met</b>	
<p>XXI. <u>Listening</u></p> <p>Interest in and ability to receive and process information accurately. Able to overcome</p>	XXX		There never has been a doubt that Tim’s ability to carefully listen, interpret, and process information he receives is anything less than remarkable. Yet he will go

personal biases or defensiveness in so doing.			beyond just listening and ask appropriate clarifying questions until he has a clear understanding of what is being communicated to him.
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**Additional Commissioner Comments:** Tim has done a remarkable job of accomplishing the goals given him by the Commission in spite of ever changing, sometimes unclear, Commission direction while working in a hostile work environment affecting his health.. Even though he has done the very best he possibly can to educate and inform the Commission on various issues Commissioners Moak and Barnes have stated they do not trust his judgment, managerial or leadership skills. This perception has caused him to divert attention from established Commission approved goals and objectives to spending time on individual Commissioner requests (some of which are not in compliance with the "Port Commission Rules of Policy and Procedure" document, adopted February 22, 2011) and maintaining staff morale. Yet in spite of this he has managed to accomplish the goals given him by the Commission. This is nothing short of remarkable, only to be successfully accomplished by a very dedicated, loyal, hardworking, and flexible individual willing to do everything and anything expected of him by his Commissioners. The POK is very fortunate to have this rare combination of qualities in our Executive Director, Tim Arntzen.

I have been very discouraged and upset by what I have observed happening at the Port of Kennewick over the past several years since Commissioner Moak was elected. What I have heard, seen, and watched, especially in the past few months, have made me very concerned about the Port of Kennewick's ability to develop the projects we have pledged to our constituents and the entire mid-columbia region.

I have served on this Commission for over 10 years and in that time I have witnessed the Port of Kennewick (POK) under the skilled leadership of CEO Tim Arntzen and his assembly of a highly qualified, professional, motivated and loyal staff accomplishing great things for this region. The POK has developed a sterling reputation for the highest degree of integrity, open and transparent conduct of business, and an ability to develop and nurture mutually beneficial strategic partnerships through trusting relationships. This has allowed the establishment of many very successful quality of life and economically beneficial projects that are equal to or greater than those anyone else has done anywhere. AND this has been accomplished with very limited resources and without burdening our constituents with an increase in taxes. However, I now see two Commissioners jeopardizing future successes by violating our own adopted rules of policy and procedure.

I now see a CEO with noticeable health issuers, worn down, tired, and rendered ineffective by being ridiculed in public meetings particularly by Commissioner Moak but also by Commissioner Barnes and being instructed to work on frivolous if not libelous matters rather than continuing to focus his efforts on the already planned good work of the POK as set forth in Commission approved documents. I see a once bright, energetic staff now fearful, discouraged, some ready to seek employment elsewhere in order to escape the continued abuse and criticism of Commissioners Moak and Barnes. I see the actions of Commissioner Moak and Barnes tearing apart a once effective, award winning, loyal team and frankly this breaks my heart. Yet Tim Arntzen continues to do everything within his power and available resources to maintain the high standards the Port of Kennewick is known for.

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**2019 ANNUAL PERFORMANCE REVIEW**  
**Individual Commissioner Evaluation of**  
**Executive Director Performance**

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		COMMISSIONER COMMENTS
<ul style="list-style-type: none"> <li>➤ <b>Attach extra papers as necessary</b></li> <li>➤ <b>Factors should be reviewed in terms of quality, quantity and timeliness</b></li> </ul>	Met	Not met	
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>	x		<p>The Port Commission has been clear on its direction that Vista Field development and Columbia Gardens redevelopment were top priorities and Tim has delivered on those two projects. Tim more than once came back to the commission to clarify the port's vision and identified obstacles to be overcome or decisions that needed to be made in terms of resource allocation in order to achieve the vision.</p>
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>	x		<p>Tim demonstrated agility with bringing the Southridge land to auction and working on various projects with the City of Kennewick, where he needed to work to meet the needs of the City and the Port in a way that could get funded through RCCF. Tim successfully led port to two land sales in West Richland that were unanticipated at the beginning of the year and served port and community interests.</p>
<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p> <p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures</p>	X		<p>A. Both the Vista Field and the Columbia Gardens projects have moved ahead to great acclaim and high level of public anticipation, for which Tim deserves great credit. Tim has done a great job at looking for funding sources for the Vista Field hangars remodel which are an important element to the</p>



improvement.	X		Vista Field implementation. Other items mentioned in the self-appraisal are also praiseworthy. B. It is not always easy to secure clean audits year after year, but Tim deserves credit for continual clean ones.
IV. <u>Integrity</u>  Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.		X	Tim's dealings with individual commissioners show a lack of consistent honesty and fairness, appearing to favor one commissioner over the other two.

	Met	Not met	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>	<p>x</p> <p>x</p>		<p>A. All the great projects the Port is accomplishing are done without tax increases. Tim borrowed conservatively in order to finance phase one of Vista Field and has developed a plan to pay off early, if circumstances warrant.</p> <p>B. Even with more complicated transactions, Tim has managed to secure clean audits for the port again. Tim's misunderstanding of Washington bid law almost cost the port a lawsuit over the award of a contract for Vista Field construction. To his credit, he listened to legal counsel and reversed course before the final bid award.</p>
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>	<p>x</p> <p>x</p>		<p>A. This is an area where Tim has excelled. He has maneuvered the port into not taking public positions on issues that would jeopardize relationship with various partners. He strengthened partnerships with multiple jurisdictions during the year and worked to make sure that the port was aligned correctly with cities and the county. Working through the racetrack sale to try to strike a deal with West Richland that would not offend Kennewick and could pass muster with the county was a good example. Working through RCCF issues with</p>

			<p>Kennewick was another good issue where understanding the political dynamics in the city were important.</p> <p>B. Tim has been very sensitive to the understanding that the port no longer has a lot of spare cash floating around and to continue to do more means careful resource allocation and has frequently shared that with the commission. But he also has looked for opportunities to fund additional with “other people’s money”.</p>
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>	<p>x</p> <p>x</p>		<p>A. Tim negotiated a new lease with Cedars with the goal to allow a transfer of ownership for a key tenant on Clover Island. The Port partnered with Clover Island Inn, the Benton Franklin Fair, the Historic Downtown Partnership, and other entities in sponsoring events that help promote the port’s partnerships.</p> <p>B. Tim’s relations with government officials has been good and he has responded appropriately to citizens and the media.</p>

	Met	Not met	
<p>VIII. <u>Priority Setting</u></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>	x		<p>Tim has worked on priorities of the port and has brought back items that were not priorities to the commission to help identify where these fit in the grand scheme of things. One area where the commission consistently told Tim to follow the comp scheme on West Richland and he kept bringing back West Richland issues. Fortunately, that is in the past with the successful sale of the racetrack property.</p>
<p>IX. <u>Knowledge</u></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>	<p>x</p> <p>x</p>		<p>A. Tim maintains good working relationships with many other port directors in the state and is aware of what they are doing and brings back ideas as appropriate. Tim investigated the powers of Industrial Development District which is unique to ports. He sends his staff to trainings so they can perform well in a port environment.</p> <p>B. Tim follows what happens in the WPPA legislative committee and sometimes participates with them.</p>
<p>X. <u>Decision Quality</u></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>	x		<p>Tim appears to make good decisions bases on analysis, wisdom, experience, and judgment. Whether they turn out to be correct over time...time will tell.</p>
<p>XI. <u>Entrepreneurial</u></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue, investment capital and maximizes the financial potential of existing port assets.</p>	x		<p>A. Tim has looked for ways to use "other people's money" to further the port. Tim secured an "unnecessary" appraisal of the Tri-City Raceway that resulted in an additional</p>

<p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>	<p>x</p>		<p>\$500,000 to the port coffers. He has leveraged funds from other government entities to support port projects.</p> <p>B. When Tim brings recommended opportunities to the commission, they are well thought out and he presents good analysis that enable the commission to take appropriate action.</p>
	<p>Met</p>	<p>Not met</p>	
<p>XII. <u>Leadership/Management</u></p> <p>A. Rallies support behind the vision and strategic plan; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>		<p>A. Tim has done a very good job of rallying staff and community around the port's priorities of Vista Field and Columbia Gardens. There is much excitement about these projects and Tim's abilities to move these along have been exceptional.</p> <p>B. Tim has hired excellent employees who have succeeded not only on the big projects that garner much attention, but also the details of running a marina or managing many operations or keep the port in good financial standing.</p> <p>C. Tim has been good at recognizing not only the value that staff bring to the table, but also contractors, advisors, and other government entities. He has been very willing to share credit.</p> <p>D. Tim has done a very good job at drawing out opinions from the commissioners on strategic issues and vision for the port. He scans the</p>

<p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>	<p>x</p>		<p>horizon and helps provide context.</p> <p>E. Tim effectively manages staff relations consistent with port policies.</p> <p>F. Tim understands well his delegation of authority but is very good at bringing issues to the commission, that, while within his delegation, have political or other dimensions and wants commission guidance.</p>
<p>XIII. <u>Initiative</u></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>	<p>X</p>		<p>Tim appears to demonstrate appropriate initiative.</p>

	Met	Not met	
<p>XIV. <u>Courage</u></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Fortrightness in dealing with customers, suppliers, and others in the organization.</p>		x	<p>Courage is standing up in the toughest situations. I have not seen courageousness in the midst of conflict or forthrightness in dealing with the port commission. Courage means admitting mistakes or weaknesses, which Tim's self-appraisal lacks any critical self-analysis.</p>
<p>XV. <u>Persuasiveness</u></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>	x		<p>Tim doesn't share much in the writing with the port commission, but he does a good job in oral persuasiveness. As the commission was dealing with much decision making on its projects, Tim was generally able to bring the commission to consensus and sometimes convince the commission not to act on something that it didn't need to.</p>
<p>XVI. <u>Adaptability</u></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>	x		<p>The biggest change Tim adapted to related to the unsolicited offer for the Tri-City Raceway. Tim was able to get that turned around with enough time to get the sale approved by the commission in a time frame that met the buyer's needs, even though the offer came in almost at the "eleventh hour".</p>
<p>XVII. <u>Stamina</u></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>	x		<p>There were no known issues with stamina. Tim did no foreign travel and limited domestic travel on behalf of the port.</p>
<p>XVIII. <u>Ambition</u></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>	x		<p>Tim appears to demonstrate appropriate ambition.</p>
<p>XIX. <u>Loyalty</u></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>	x		<p>Tim understands and accepts the goals and policies of the organization.</p>

<p>XX. <u>Communications</u></p> <p>Effectiveness of exchanging significant information throughout all levels of the organization; with clients, vendors, and the public.</p>		x	<p>Tim is not responsible for all the communication problems at the port, but as CEO he has an obligation to lead the effort to improve communication among staff and between commissioners and staff. There appears to be little effort made by Tim to improve communication. His self-assessment ignores the communications problems within the organization. Between August 27 and November 12 he provided no updates to the commission on the two major projects of the port, Vista Field and Columbia Gardens, other than a year-in-review on October 29.</p>

	Met	Not met	
<p>XXI. <u>Listening</u></p> <p>Interest in and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.</p>		x	<p>The Ivy land transaction was a good example of Tim's defensiveness when challenged and his unwillingness to listen carefully to the commission majority that was attempting to secure enough information to make an important policy decision. When Tim does not like what he hears, he develops an extremely negative physical posture that appears to show unwillingness to listen.</p>

**Additional Commissioner Comments:** Tim rightfully earns stellar marks for many of the activities of the port. The list of accomplishments and achievements listed in the self-appraisal are real and due in no small part to Tim's leadership. Everyone at the port should feel very proud of the achievements that have happened in the past year. However, the events surrounding the Ivy land transaction have resulted in a "black eye" for everyone at the Port. Tim is not responsible for everything that goes right at the port nor everything that has gone wrong. Everyone had a role in the issues that caused such pain and anxiety. As CEO, Tim must take the lead in fixing the problems that exist. That will take third-party assistance to get everyone back working on the same page. Tim should complete the work on updating the Port Commission Rules of Policy and Procedure which was stopped. Events of the year demonstrated the need for this update.



**2019 ANNUAL PERFORMANCE REVIEW**  
**Individual Commissioner Evaluation of**  
**Executive Director Performance**

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		COMMISSIONER COMMENTS
<ul style="list-style-type: none"> <li>➤ Attach extra papers as necessary</li> <li>➤ Factors should be reviewed in terms of quality, quantity and timeliness</li> </ul>	Met	Not met	
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>		X	<p>Mr. Arntzen failed to communicate and collaborate with the Commission when Commissions raised questions regarding the Ivey land transaction. See for example POK Commission meetings of Jan. 22 and Feb. 19, 2019.</p>
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>	X		<p>One exception here is that Mr. Arntzen failed to anticipate future benefits/consequences of his decisions and actions regarding the item in I. above.</p>
<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p> <p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.</p>	X	X	<p>The Port of Kennewick, through the policies established by its 3-member Commission and implemented by its CEO and staff, has effectively brought its vision to fruition. It is a TEAM effort and these results are not due to the efforts of any single individual.</p> <p>Budget monitoring presentations to the Commission are too infrequent. Legal fees, in the opinion of some constituents, are too high. Constituents ask why attorney attends staff meetings and performs routine clerical tasks that could easily be handled by staff.</p>
<p>IV. <u>Integrity</u></p> <p>Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.</p>		X	<p>In my opinion, the expectations for uniform and consistent adherence to values and principles of honesty/fairness have not been met in 2019.</p>

	Met	Not met	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>		X	<p>My expectations here were not met because too many port resources are being wasted. Please see remarks in III. above.</p> <p>The Port of Kennewick has a history of clean audits from the State Auditors Office.</p>
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>	X		<p>Expectations met if looking only at Port projects (with the exception of the Ivey transaction). I would have to say that expectations were not met if looking only at the communication and collaboration by the CEO with the Commission.</p>
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>	X		<p>Mr. Arntzen's abilities in this area demonstrated by letters of commendation received from jurisdictional partners, contractors, and associate entities.</p>



Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).		<b>X</b>	financial projections or any risk/reward analysis in his recommendations to the Commission.
	<b>Met X</b>	<b>Not met X</b>	
<p><b>XII. <u>Leadership/Management</u></b></p> <p>A. Rallies support behind the vision and strategic plan; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>			<p>When the visions and ideas of individual Port Commissioners are in close alignment with Mr. Arntzen's personal visions and ideas, his performance in the area of leadership and management is excellent. However, when the visions and ideas of Port Commissioners depart from his personal views, there is a very marked change in Mr. Arntzen's behavior and performance. When individual Commissioners question Mr. Arntzen's decisions and judgment regarding Port business matters, he becomes defensive, argumentative, and combative. I find this behavior/performance to be divisive and detrimental to the overall democratic process (majority rule) of the Commission.</p>
<p><b>XIII. <u>Initiative</u></b></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>	<b>X</b>		Mr. Arntzen has good initiative.

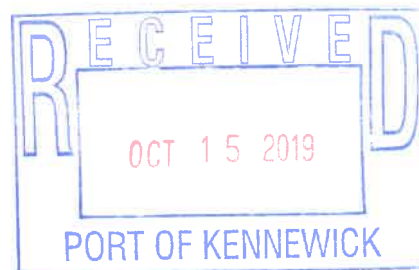
	Met	Not met	
<p>XIV. <u>Courage</u></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Forthrightness in dealing with customers, suppliers, and others in the organization.</p>		X	In my opinion, Mr. Arntzen has not been forthright with the Commission regarding the Ivey land transaction.
<p>XV. <u>Persuasiveness</u></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>	X		Mr. Arntzen can be very persuasive.
<p>XVI. <u>Adaptability</u></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>		X	Mr. Arntzen is not always receptive to or accepting of Commission discussions which go counter to his own opinion. He can become very defensive and combative.
<p>XVII. <u>Stamina</u></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>	X		Very good abilities here.
<p>XVIII. <u>Ambition</u></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>	X		Mr. Arntzen has demonstrated a willingness to make sacrifices in some situations.
<p>XIX. <u>Loyalty</u></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>		X	Mr. Arntzen understands goals and policies, but is sometimes unreceptive to discussions of policies that are not in line with his personal views. In my opinion, it's imperative that individual Commissioners be able to openly and freely discuss their views without feeling threatened or intimidated by the CEO.
<p>XX. <u>Communications</u></p>			Mr. Arntzen has not demonstrated a consistent level of effective

Effectiveness of exchanging significant information throughout all levels of the organization; with clients, vendors, and the public.		<b>X</b>	communication. For example, he resorted to name calling just after the conclusion of the March 12, 2019 Commission meeting.
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	<b>Met</b>	<b>Not met</b>	
<b>XXI. <u>Listening</u></b>  Interest in and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.		<b>X</b>	On three occasions (telecon 2/18/19, telecon 2/21/19, and meeting in Mr. Arntzen's office on 2/25/19), he was combative, defensive, and confrontational when our positions differed and it was very clear to me that he was not able to overcome his personal biases. Rather than discuss the topic (port procedures and handling of a routine land sale), Mr. Arntzen almost immediately made it personal. I wanted to discuss the handling of the matter (or policy) and Mr. Arntzen wanted to talk about being personally offended, his past personal battles with other (since departed) Commissioners and staff members, and to challenge me to a battle for my position and for control of the Port.

**Additional Commissioner Comments:** On or about March 21, 2019, I called Lucinda Luke and pointed out that we (Lucinda and I) are members of the CEO evaluation committee and that I wanted to discuss Tim's recent behavior/performance regarding the Ivey land transaction. I explained to Ms. Luke that I did not understand why Mr. Arntzen becomes so emotionally charged any time the Ivey file is brought up. I said that I'm concerned about the working relationship with Mr. Arntzen. I further explained that it is my understanding that the CEO evaluation committee is to let Mr. Arntzen know that his performance is unsatisfactory at the

time it takes place (rather than holding it until the end of the year evaluation process). I asked Ms. Luke to schedule an appointment with Mr. Arntzen to address performance, working relations, and to clear the air. Ms. Luke set the appointment with Bridgette Scott and I received the calendar invite and accepted. I received notice the next day (from Ms. Scott) that Mr. Arntzen had cancelled the meeting. Later, Ms. Luke told me that she did not feel that she could force a meeting with Mr. Arntzen. She said she talked to Mr. Arntzen and he said that he did not see any problems with our working relationship.



October 10, 2019

Port of Kennewick  
350 N Clover Island Dr # 200  
Kennewick, WA 99336  
Tel 509 586 1186  
Via post and email

Attention: Commissioner Thomas Moak  
tmoak@portofkennewick.org  
cc. Tana Bader Inglima, Deputy CEO  
tana@portofkennewick.org

Dear Commissioner Moak,

**Letter of Commendation – Tim Arntzen**

DPZ CoDesign, LLC (DPZ) is pleased to provide this letter to formally and publicly commend Port of Kennewick Chief Executive Officer Tim Arntzen for the exemplary leadership and partnership he has demonstrated over the course of our collaboration with the Port on Vista Field.

From the outset, Tim fostered the vision for transforming Vista Field into a walkable, mixed, and lively neighborhood, and to this aim has enthusiastically advocated New Urbanism and provided strong guidance and support to DPZ in our co-creation of the Vista Field Master Plan.

As implementation ramps up, DPZ appreciates Tim's consistent efforts to keep us involved in the development build-out and other related efforts. We feel assured that Tim and his team will sustain and uphold DPZ's planning intent for Vista Field towards its completion as the new "heart of the Tri-Cities", and DPZ anticipates maintaining our longstanding working relationship with Tim well into the future.

Very sincerely,

  
Andres M. Duany  
Founding Partner

  
Elizabeth Plater-Zyberk  
Founding Partner

  
Senen M. A. Antonio  
Partner





October 10, 2019

Tim Arntzen, Chief Executive Officer  
Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336

Dear Tim:

Just over one year ago the Governor's Heritage Award recognized the Port of Kennewick's track record of building and sustaining your community through advocacy, art, and architecture. That recognition included work Tamástslikt Cultural Institute performed with the Port of Kennewick under your leadership. While it is belated, please know how very deeply I appreciate your work to foster and support a close working relationship between the Port and the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and most especially with our staff at Tamástslikt.

Your dedication to collaboration is uncommon and appreciated. Before I became involved, you were already engaged with others here at the CTUIR regarding interest and support for the Port's shoreline improvement plans on Clover Island. Next, you asked for insight and guidance regarding the idea of a Tribal heritage art installation. When presenting that idea, you came prepared with funding instead of expecting it to be bankrolled by the CTUIR. Then, during the eight-year-process as that art project moved from concept, to commissioning of the artists, to successful installation of both The Gathering Place and the Willow Fish Traps, you remained committed, flexible, and understanding. Throughout, you demonstrated significant patience, and a willingness to ensure the best representation, partnership, and installation possible.

Indubitably, by creating Wiyákuktpa--the Gathering Place, you spearheaded a public investment that not only acknowledges our ancient ancestral ties to the mid-Columbia region, it also provides an ongoing way to raise awareness and educate your visitors and citizens through an accurate depiction of tribal history and culture on Clover Island.

You chose to respectfully engage the CTUIR which led to the establishment of an MOU between our entities. You continue to encourage meetings between your Board of Commissioners and our Tribes' Board of Trustees. Your regular updates regarding port projects and plans, your active communication with our executive and cultural resource staff, and your willingness to facilitate ongoing collaborations are all commendable.

Additionally, we are very grateful for the warm hospitality you extended to the entire CTUIR Management Team by hosting a Clover Island/Gathering Place tour and networking event for all CTUIR department directors and Port staff this past spring.

Your vision and execution in establishing, cultivating, and honoring the relationship with the CTUIR is remarkable, praise-worthy, and uncommon. Thank you for your thoughtful leadership.

Sincerely,

A handwritten signature in cursive script that reads "Bobbie Conner". The signature is written in a dark ink and is positioned above the printed name.

Roberta "Bobbie" Conner  
Director



P.O. Box 2241  
Tri-Cities, WA 99302-2241  
509-735-8486  
1-800-254-5824  
[www.VisitTRI-CITIES.com](http://www.VisitTRI-CITIES.com)  
[info@VisitTRI-CITIES.com](mailto:info@VisitTRI-CITIES.com)

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September 23, 2019

Mr. Tim Arntzen  
Port of Kennewick  
350 Clover Island Drive  
Kennewick, WA 99336

Dear Mr. Arntzen:

You, along with Marie Mosley, City of Kennewick, have been nominated for the **Visit Tri-Cities 2019 Excellence in Service Award**, a prestigious award recognizing the exceptional customer service you provide.

Visit Tri-Cities' *Excellence in Service Award* celebrates and recognizes members of the Tri-Cities tourism and hospitality industry for their ongoing commitment in providing outstanding customer service to visitors and residents alike. *The winner of the Excellence in Service Award will be contacted by Visit Tri-Cities by no later than October 25, 2019 and must be present to accept the award at the Visit Tri-Cities Annual Meeting on Tuesday, November 12, 2019 from 12:00 p.m. to 1:30 p.m. at the Three Rivers Convention Center.* The selected candidate will receive a gift card valued at \$500 sponsored by Battelle.

To complete the next step in the selection process, we request that you complete the attached questionnaire and return it to Visit Tri-Cities via email to [Gretchen@VisitTRI-CITIES.com](mailto:Gretchen@VisitTRI-CITIES.com) by no later than October 1, 2019. Please note the questionnaire is being provided in both a Word and pdf format for your convenience. If you have any questions, please contact Gretchen Guerrero at 509-735-8486.

Thank you,

A handwritten signature in black ink, appearing to read "Michael Novakovich", with a stylized flourish at the end.

Michael Novakovich  
President & CEO

Enclosure



## KENNEWICK POLICE DEPARTMENT

*"Committed To Your Safety"*

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CHIEF OF POLICE  
K.M. Hohenberg

211 W. 6<sup>th</sup> Avenue ♦ Kennewick, WA 99336 ♦ (509) 585-4208 ♦ Fax (509) 582-9528 ♦  
[kpinfo@ci.kennewick.wa.us](mailto:kpinfo@ci.kennewick.wa.us)

October 14, 2019

Tim Arntzen  
Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336

Dear Tim:

I want to express my sincere gratitude for the work you are doing to transform perceptions about downtown Kennewick and the historic waterfront. As you know, I hold regular "running meetings" with the lieutenants, commanders and departmental staff; and my favorite route takes us around Clover Island. During those outings our eyes are on the community—and I can tell you, that it is a vastly different outing these days than in not too many years past.

Your leadership and visionary projects have attracted new businesses and jobs to downtown. And your work on both Clover Island and Columbia Drive has taken an overlooked and neglected part of town—with properties that were not only eye-sores, but responsible for the highest volume of police-calls-per-location anywhere in the city—and transformed those very sites into an inviting and desirable commercial waterfront. Previous attempts had tried to kick-start a "downtown revitalization"; but it was your passionate persistence, quiet dedication, and strategic investment that finally "tipped the neighborhood".

During your tenure as CEO, you've made port properties available for local and regional police, SWAT, and fire department training; advocated for bike patrols, worked to quickly remove graffiti and miscreants; supported our Community Cares program; and regularly commended my officers for their responsive service. With your involvement, the port and KPD have formed a strong partnership; and together, we are making historic downtown Kennewick a safe, attractive, family-friendly destination.

Thank you for your outstanding public service.

Sincerely,

Kenneth M. Hohenberg  
Chief of Police



*Leading the Way*

October 10, 2019

Tim Arntzen  
Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, WA 99336

Dear Tim:

First of all I want to congratulate you on leading your team through another year of successful economic development endeavors: from an outstanding ground breaking at Vista Field; to completion of the utilities, parking lot, artworks, and trench drain at Columbia Gardens; from launching the food truck plaza, and securing two more high-caliber tasting room tenants for the Wine Village; to contracting with the US Army Corps of Engineers for Clover Island's shoreline restoration—your diligent efforts are transforming Kennewick in so many positive ways.

You and I have developed a trusting relationship that has led to a positive path forward for our community. You are not afraid to advocate and negotiate for the port district; yet when you do, you propose solutions in a manner which leads to positive compromise. Indeed, we are making significant, mutual investments for our community as a result of our frank and robust discussions. And I appreciate that you were willing to take a stand for our shared understandings about Kennewick's wine village investments—even though it might have impacted the port's involvement with another jurisdiction. You remain true to your commitments, and that means so very much.

Your willingness to engage with me and my staff on so many details have ensured that our projects stay on track. And your strong relationship with the Confederated Tribes of the Umatilla Indian Reservation, and the political insights you share during our conversations, have helped me sensitively navigate a number of projects and issues for Kennewick.

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*Office of the City Manager*

210 W. 6<sup>th</sup> Ave • PO Box 6108 • Kennewick, WA 99336-0108  
(509) 585-4238 • Fax (509) 585-4445 • [go2kennewick.com](http://go2kennewick.com)



*Leading the Way*

Your leadership in community engagement has established a high water mark for public involvement, citizen activism, and organizational transparency. I applaud all that you are doing in terms of balancing your limited budget and staff resources, and want to commend you on your ability to identify funding and leverage partnerships for the benefit of our community. I look forward to another successful year of progress and building on our partnership that has been formed. It is an honor and privilege to work in partnership with you and to call you both an esteemed economic-development colleague, and a friend.

Sincerely,

Marie E. Mosley  
City Manager  
City of Kennewick

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*Office of the City Manager*

210 W. 6<sup>th</sup> Ave • PO Box 6108 • Kennewick, WA 99336-0108  
(509) 585-4238 • Fax (509) 585-4445 • [go2kennewick.com](http://go2kennewick.com)



Port of Kennewick

**DRAFT**

## PORT of KENNEWICK 2020-2021 COMMISSION ORGANIZATION REPRESENTATION

NAME	MEETING SCHEDULE	MEETING TIME	MEETING PLACE	CURRENT COMMISSIONER REPRESENTING POK	COMMENTS
Benton-Franklin Council of Governments <b>Board of Directors (BOD)</b> <b>Economic Development District (EDD)</b>	3rd Friday	10:00 AM	Benton Franklin Transit Conference Room	Commissioner <b>Skip Novakovich</b>	Alternate: Commissioner Don Barnes
Local Good Roads & Transportation Association	3rd Wednesday every other month	6:00 PM	Crow's Nest, Clover Island Inn	Commissioner <b>Thomas Moak</b>	Alternate: Commissioner Don Barnes Meets Feb, April, June, August, October, December
Confederated Tribes of the Umatilla Indian Reservation (CTUIR)	As Called			Commissioner <b>Skip Novakovich</b>	Alternate: Commissioner Thomas Moak
Historic Downtown Kennewick Partnership Board Meeting	4th Monday	5:30 PM	Clover Island Inn	Commissioner <b>Thomas Moak</b>	Alternate: Commissioner Don Barnes
Tri-Cities Hispanic Chamber of Commerce (Luncheon)	3rd Tuesday	11:30 AM	Pasco Red Lion	Commissioner <b>Skip Novakovich</b>	Alternate: Commissioner Don Barnes
Tri-City Regional Chamber <b>Board of Directors Meeting</b>	3rd Wednesday every other month	7:00 AM	Bechtel Board Room	Commissioner <b>Don Barnes</b>	Alternate: Commissioner Thomas Moak
Visit Tri-Cities (formerly Tri-Cities Visitor & Convention Bureau) <b>(Full Board Meeting)</b>	4th Wednesday	7:30 AM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner <b>Don Barnes</b>	Alternate: Commissioner Thomas Moak
<b>TRIDEC Board of Directors Meeting</b>	4th Thursday	4:00 PM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner <b>Don Barnes</b>	Alternate: Commissioner Skip Novakovich
<b>TRIDEC Executive Board Meeting</b>	2nd Thursday every other month	4:00 PM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Don Barnes Port of Kennewick	Tri-Ports Executive Board Rep (Rotates Annually) 2019 - Port of Pasco 2020 - Port of Kennewick 2021 - Port of Benton
West Richland Area Chamber of Commerce (Luncheon)	1st Wednesday	Noon	The Sandberg Event Center	Commissioner <b>Skip Novakovich</b>	Alternate: Commissioner Don Barnes
WPPA Board of Trustees	As Called			Commissioner <b>Skip Novakovich</b>	Alternate: Tim Arntzen



Port of Kennewick

**DRAFT**

**PORT of KENNEWICK  
2020-2021 COMMISSION ORGANIZATION REPRESENTATION**

NAME	MEETING SCHEDULE	MEETING TIME	MEETING PLACE	CURRENT COMMISSIONER REPRESENTING POK	COMMENTS
WPPA Economic Development Committee	As Called			Commissioner <b>Thomas Moak</b>	Alternate: Tim Arntzen
WPPA Legislative Committee	As Called			Commissioner <b>Skip Novakovich</b>	Alternate: Tim Arntzen
WPPA Marina Committee	As Called			Commissioner <b>Don Barnes</b>	Alternate: Tim Arntzen
WPPA Marketing Committee	As Called			Commissioner <b>Skip Novakovich</b>	Alternate: Tim Arntzen



***Election of 2020-2021 Officers***

*I move for the approval of the following slate of officers for the Port of Kennewick Board of Commissioners, for 2020-2021, effective January 1, 2020:*

*President:* \_\_\_\_\_

*Vice President:* \_\_\_\_\_

*Secretary:* \_\_\_\_\_