PORT OF CENTRALIA
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Minutes
Regular Meeting of the
PORT OF CENTRALIA
June 21, 2023
Port of Centralia Administrative Office & Via Teleconference
3:00 PM

Attendees: Commissioners: Kyle Markstrom, Julie Shaffley, and Peter Lahmann
Executive Director: Kyle Heaton
Counsel: Ray Liaw, Van Ness Feldman (via teleconference)
Press: Owen Sexton, The Chronicle
Public: Jan Banevich; Brian Dow; Bob Jackins; Elizabeth Cameron; Joyce Hoerling; Bill Ralph; Cynthia Mudge, Centralia-Chehalis Chamber of Commerce
Teleconference: Six unknown callers

1) **Call Meeting to Order/Introductions:** Commissioner Markstrom called the meeting to order at 3:00 p.m.

2) **Approval of Agenda:** Commissioner Shaffley made a motion to approve the June 21, 2023, agenda as submitted. Commissioner Lahmann seconded the motion. The motion carried.

3) **Good of the Order/Public Comment:** Commissioner Markstrom opened the meeting to public comment and stated the rules regarding public comment.

Jan Banevich, of Centralia, congratulated Commissioner Lahmann on being exonerated in the Port's recent and most ludicrous investigation. She said that in her opinion the investigation was nothing more than another smear campaign designed with the reckless use of taxpayer dollars to deter Commissioner Lahmann from running for reelection. At best, she said, it showed poor ethical behavior on part of the Port staff, Commissioner Markstrom, and Commissioner Shaffley. She said their values and behavior appear to be self-centered and not in the best interests of people who elected them. She asked them to publicly apologize to Commissioner Lahmann.

Brian Dow, of Centralia, said that there has been an ongoing discussion since he has been attending meetings on the cost of public records requests to the Port. He agreed that is seems unnecessary and asked why they need to be doing so many records requests. He said that it has come to his attention that a lot of times it is the only way to get information. He suggested, for instance the financial statements that were reviewed the previous meeting, that there be a couple of copies for the public to look at. He said then he would not have to request it and it is public record anyway. He said that he was not saying that anyone is trying to hide anything, but to get the information out there and to let the public have a look at it.

Cynthia Mudge, executive director of the Centralia-Chehalis Chamber of Commerce, announced several upcoming Chamber events and asked for community volunteers.

4) **Approval of Minutes:** Commissioner Lahmann made a motion to approve the June 7, 2023, regular meeting minutes. Commissioner Shaffley seconded the motion. The motion carried.

5) **Approval of Warrants:** Commissioner Shaffley made a motion to approve warrants 23176 through 23190 with an aggregate amount of $51,622.68. Commissioner Lahmann seconded the motion.

Commissioner Lahmann said that he would like to pull Warrant 23187 in the amount of $10,237 to Haggard & Ganson LLP because he believed that he may be in violation of Number 4 of the code of ethics if he voted on it. He said that the payment is for professional services pertaining to the investigation into the ethics complaint against himself. He felt that he could not vote on the whole package with that warrant in it because he thinks it is a violation and said that he wanted that warrant to be separated. Ray Liaw, of Van Ness Feldman, asked Commissioner Lahmann if he was asking if whether or not he had a special interest or relation in the context of the provision of the code of ethics that requires him to abstain from voting on it. Commissioner Lahmann said that he thought he did have a special interest in that particular pay item.

Ray Liaw said that provision is similar to state law where it tends to be where there is financial interest or personal gain to the Commissioner involved with that where it would be appropriate to abstain from voting on it. She said that this instance has to do with an investigation into Commissioner Lahmann's conduct. She said that Commissioner Lahmann could decide for himself if he needs to abstain from the vote because he received some sort of personal or financial benefit from having that investigation completed. Commissioner Lahmann said that he did not feel like he could vote on that particular item.

Commissioner Markstrom and Commissioner Shaffley voted to approve the motion on the table. Commissioner Lahmann opposed the motion. The motion carried.

6) **New Business:**

a) **Executive Director Report:** Kyle Heaton gave an update on the I-5 Mellen Street Connector project Stages 1 and 2.

b) **Resolution 2005-05 Commissioner Code of Ethics:** Commissioner Markstrom said that Kathleen Haggard of Haggard & Ganson LLP made a series of recommendations for updating the Resolution 2005-05 Commissioner Code of Ethics in her report resulting from the recent investigation.

Commissioner Shaffley made a motion to allow Port staff, in conjunction with Port counsel, to review and redraft the code of ethics for the Port of Centralia using the recommendations of Kathleen Haggard and to bring the new code of ethics to be brought forward to the Commissioners to be discussed and voted on. Commissioner Markstrom seconded the motion.

Commissioner Lahmann thought that the investigator did what she was supposed to do and said that he has asked for years for a review of the Port's policies. He said that it looked to him like the resolution is being reviewed now because the Port needs a way to control him and he does not feel like that is really necessary. He thought the resolution did its job and it could use a little updating. Commissioner Markstrom said that there were six or seven items of

recommendation from the investigator that all centered around the Port's code of ethics or code of conduct. He thought it behooved the Commissioners to heed those recommendations and to consider making those changes.

Commissioner Shaffley said that she learned after a discussion with Ray Liaw that the state code of ethics is the minimum and anything above that is what the Port can do. She said the Port's current code of ethics is currently equal to the state's and she feels the Port can do better because there is so much gray area, which is getting blurred. She said that she would like to reduce the gray area so there is not a question of whether someone is violating a code of ethics or stretching it for the protection of the Commissioners and for the constituents. She said that it needs to be defined and it needs to be concrete. Commissioner Lahmann said that he thought the Commissioners should also review the resolution. Kyle Heaton replied Port staff would bring back a draft for the Commissioners to review. Commissioner Markstrom said the update would be in draft form for the Commissioners to consider and review.

The motion carried.

c) **Commissioner Reports:** Commissioner Shaffley stated that she had reviewed the 2022 Financial Statements and congratulated Kyle Heaton for his due diligence and for being financially conservative. She said that the Port is in amazing shape and very few Ports can say that they are doing as well as the Port of Centralia is. She thanked Kyle Heaton and Port staff for doing such a great job for the community.

Commissioner Lahmann said that he had a statement pertaining to his recent unpleasantness. He said the Port of Centralia has spent $10,237.00 of taxpayer money, plus unaccounted for staff time and expense, to try to shut him up and they failed. He said the law firm they hired ruled that count one was not true and that counts one through six had no evidence. He said there was no evidence because he was right and they were wrong on each and every count, which is six-to-zero in his favor. He said that Kyle Heaton and the other two Port Commissioners owe the taxpayers the $10,237.00 that they just wasted. He said it was outrageous that they say it would be unethical for him to disagree with them and it is his job to disagree. He said that when they are wrong, they are wrong six-to-zero, and everyone can see that they are wrong. He said that he will continue to do his job as the only independent Port Commissioner and the City of Centralia would be better off if the other Port Commissioners were also independent.

Commissioner Lahmann said that he was called by The Chronicle to comment when it first went to press and he told the reporter he was unable to talk to them because it had been discussed in executive session. He said it was never brought into open session that there was going to be an investigation into him so someone spoke out of executive session. When the final report came out, it was also discussed in executive session and nothing in open session, yet it was in the paper again that he was exonerated. He said that someone in the room did not follow the recent discussion about what executive session meant and what the Commissioners are supposed to do. Commissioner Markstrom said that all of the documents pertaining to the investigation were public record and were acquired through public records requests. Kyle Heaton said that Commissioner Lahmann was specifically told by Port staff and Port counsel that the documents would be made public.

Commissioner Lahmanna asked why it was not brought into open public meeting and put publicly what had happened. Kyle Heaton replied that there was nothing to vote on and Commissioner Lahmann had had the chance to bring it up in open session and had not done so. Commissioner Lahmann asked who came up with the idea in the first place. Kyle Heaton replied that the Port's Auditor found inconsistencies in Commissioner Lahmann's behavior. She did what she is required to do and reported it to the Executive Director, who then reported it to the other two Commissioners and to Port counsel. On Port counsel's advice, he referred it to Port counsel for investigation, which is all within Port regulations. Commissioner Shaffley said that Kyle Heaton did what he was supposed to do. Kyle Heaton said that Commissioner Lahmann was informed every step of the way and finds the confusion interesting.

Commissioner Markstrom said that if the same allegations were brought against himself or Commissioner Shaffley that he would expect them to be handled in the same manner that they were in this case. He said that he has the upmost confidence in Port staff, Port counsel, and in the process used in the investigation. While Commissioner Lahmann can grandstand and say that there was no legal evidence, the results of the investigation did not say that there was evidence that the counts were irrefutable. Commissioner Shaffley reiterated that the state has a low bar when it comes to ethics and said that the Port can do better. She said the gray area is too big and it can be compromised and used to advantage and disadvantage.

Commissioner Markstrom reported on the recent .09 Committee meeting. He said that he would be attending the stakeholders meeting for the North Lewis County Industrial Access and there is a Washington Public Ports Association commissioner conference coming up in July that he may attend if scheduling allowed. He thanked Port staff for preparing the financial statements and said that it has been a pleasure being a Port Commissioner and watching the organization continue to bring so much financial benefit to the community.

7) **Adjourn:** Commissioner Shaffley made a motion to adjourn the meeting at 3:24 p.m. Commissioner Lahmann seconded the motion. The motion carried.

COMMISSIONER **COMMISSIONER**