

**STATE OF MINNESOTA
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

.....
**December 1, 2015
Nokomis Room
Centennial Office Building**

.....
MINUTES

The meeting was called to order by Chair Beck.

Members present: Beck, Flynn, Leppik, Oliver, Rosen, Sande

Others present: Goldsmith, Sigurdson, Fisher, Pope, staff; Hartshorn, counsel

MINUTES (November 3, 2015)

After discussion, the following motion was made:

Member Leppik's motion: To approve the November 3, 2015, minutes as drafted.

Vote on motion: Unanimously passed.

CHAIR'S REPORT

Board meeting schedule

The next Board meeting is scheduled for Friday, January 15, 2016. Member Leppik has a conflict with the February meeting date. The Executive Director will poll members to determine if the February meeting date can be adjusted so that all members are able to attend. The Executive Director also said that given the late date of the January meeting, it was possible that the February meeting would be canceled.

Report of nominating committee for 2016 officers

Member Flynn reported that the nominating committee, which consisted of Member Flynn and Chair Beck, had met and nominated Member Sande to serve as chair and Member Rosen to serve as vice chair during 2016.

Whereupon the following motion was made:

Member Flynn's motion: That the report of the nominating committee be adopted and that Member Sande be elected to serve as chair and Member Rosen be elected to serve as vice chair during 2016.

Vote on motion: Unanimously passed.

Board accomplishments in 2016

Chair Beck provided members with a list of the Board's accomplishments in 2016 that is attached to and made a part of these minutes. Chair Beck went over the accomplishments on the list and then reviewed the matters where work remained to be done.

EXECUTIVE DIRECTOR TOPICS

Status of office operations

Mr. Goldsmith told members that since the last meeting, staff had reached an agreement with the Minnesota Secretary of State that would allow a backup copy of the Board's electronic information to be stored on that office's server. Mr. Goldsmith said that this agreement fulfilled the off-site data storage requirement in the Board's continuation of operations plan.

Mr. Goldsmith also reported that he had testified in front of the Legislative Advisory Commission regarding the payment of the attorney's fees in the *Seaton v. Wiener* litigation. Mr. Goldsmith said that the Commission had approved the payment, the Governor had signed the order, and the funds would be paid out by the end of the week.

Mr. Goldsmith finally stated that the new compilation of the campaign finance laws was ready and that staff otherwise had been busy with the usual office activities.

Website redevelopment update

Mr. Goldsmith told members that the website redevelopment was taking approximately 75% of his time and that the project was still on track for an April 1st release date. Mr. Goldsmith said that development would continue in January and February and that March would be devoted to testing.

Center for Public Integrity Report

Mr. Goldsmith told members that Minnesota had received a grade of D- in a recent disclosure report issued by the Center for Public Integrity. Mr. Goldsmith noted that only three of the thirteen categories on which states were evaluated were under the Board's jurisdiction. Mr. Goldsmith also pointed out that only three states were given grades higher than a D+ in the report. Mr. Goldsmith stated that although there were things that could be improved in Minnesota, the Board already had made specific and general recommendations for improvements and he was not overly alarmed by the report. Members then discussed the report's view of what states ought to be doing and the advantages and disadvantages of different funding mechanisms for oversight agencies like the Board.

Review of political contribution refund (PCR) program

Mr. Sigurdson presented members with a report on this matter that is attached to and made a part of these minutes. Mr. Sigurdson reviewed the main points in the report and answered members' questions. Chair Beck then made several comments about the benefits of the program, including that it increases the proportional importance of small donors to campaigns, eliminates income as a barrier to citizen participation, and ultimately engages more voters in the political process. Other members also commented on the benefits of the political contribution program.

Year-end balance reconciliation for campaign finance filers

Mr. Goldsmith presented members with a memorandum on this matter that is attached to and made a part of these minutes. Mr. Goldsmith told members that beginning with the 2015 year-end reports, there would be a gentle roll-out of a multi-year program intended to get all committees to regularly reconcile their report balances to their bank balances. Mr. Goldsmith said that this reconciliation would be voluntary and that to persuade committees to comply, he was asking the Board to give him the authority to grant one-time balance adjustments to committees that have cash balance discrepancies of \$200 or less. Mr. Goldsmith said that any requests for balance adjustments of over \$200 would be brought to the Board for decision. Members asked that the outreach for the reconciliation initiative emphasize that balance discrepancies can cause major problems for committees in the long run and that the purpose of the reconciliation effort is to help committees resolve discrepancies before they grow into major problems.

After discussion, the following motion was made:

Member Sande's motion: To adopt the following resolution:

Resolved, that the Executive Director is delegated the authority to approve one-time balance adjustments of up to \$200 to year-end campaign finance reports to make the reported balance equal the corresponding year-end bank balance after reconciling all transactions.

Vote on motion: Unanimously passed.

Year-end economic interest reporting issues

Mr. Goldsmith presented members with a memorandum on this topic that is attached to and made a part of these minutes. Mr. Goldsmith told members that while implementing the new legislation requiring annual filing of statements of economic interest, staff had encountered some issues that could not be conclusively resolved by statute or rule. Mr. Goldsmith said that the memorandum laid out these issues and outlined the approach that the executive director recommended using for each reporting situation.

After discussion, the following motion was made:

Member Leppik's motion: To adopt the following resolution:

Resolved, the Campaign Finance and Public Disclosure Board adopts and approves the Executive Director's proposals for handling specific economic interest reporting situations as outlined in his memorandum to the Board dated November 24, 2015.

Vote on motion: Unanimously passed.

ADVISORY OPINION

Mr. Sigurdson presented members with an advisory opinion request that is attached to and made a part of these minutes. Mr. Sigurdson said that the request initially was non-public but that the requester had signed a release making the matter public. Mr. Sigurdson said the opinion concerned the narrow issue of whether a state agency was a principal and therefore subject to the gift ban. Mr. Sigurdson said that staff would begin work on a draft advisory opinion to present to the Board at the next meeting.

ENFORCEMENT REPORT

A. Consent Agenda

1. Confirmation of administrative termination of lobbyists Jan Mueller and Jim Emery on behalf of the Alzheimer's Association, MN-ND Chapter

Mr. Fisher told members that this principal had asked that the lobbyists be administratively terminated as of October 31, 2015, because the individuals were no longer employed by the association.

After discussion, the following motion was made:

Member Rosen's motion: To confirm the administrative termination of lobbyists Jan Mueller and Jim Emery on behalf of the Alzheimer's Association, MN-ND Chapter.

Vote on motion: Unanimously passed.

B. Discussion Items

1. Request for a one-time balance adjustment – Mark W Uglem Candidate Volunteer Committee

Mr. Fisher told members that this committee had a balance discrepancy of \$101.98 that it was unable to account for primarily due to a change in treasurer. The committee asked the Board to authorize it to make a one-time balance adjustment to change its January 1, 2014, balance from \$10,924.57 to \$10,822.59. Mr. Fisher said that staff had reviewed the committee's financial records and determined that this adjustment would bring the committee's reported cash on hand into balance with its bank statement.

After discussion, the following motion was made:

Member Oliver's motion: To approve the Mark W Uglem Candidate Volunteer Committee's request for a one-time balance adjustment to change its January 1, 2014, balance from \$10,924.57 to \$10,822.59.

Vote on motion: Unanimously passed.

C. Waiver requests

<u>Name of Candidate or Committee</u>	<u>Late Fee Amount</u>	<u>Civil Penalty Amount</u>	<u>Reason for Fine</u>	<u>Factors for waiver</u>	<u>Board Member's Motion</u>	<u>Motion</u>	<u>Vote on Motion</u>
Cindie Reiter	\$10	\$0	8/31/2015 Economic Interest	Written notice was sent to city hall address provided by the organization. Verbal notice given at WMO meetings was not received by this filer due to a medical condition that caused her to miss meetings.	Member Flynn	To waive the \$10 late fee.	Passed unanimously.

Informational Items

A. Payment of late filing fee for 2013 Report of Receipts and Expenditures:

Derrick Lehrke for House, \$125 (revenue recapture)

B. Payment of a civil penalty for a contribution from an unregistered association without disclosure:

Bridget Sullivan for Judge, \$108.59

C. Payment of a civil penalty for misuse of committee funds:

Tim Manthey, \$200 October payment

D. Payment of a civil penalty for exceeding the special source aggregate contribution limit:

Leon Lillie for House, \$250

DISCUSSION OF POSSIBLE LEGISLATIVE RECOMMENDATIONS

Members discussed whether the Board should make any formal legislative recommendations for the 2016 session. Members then discussed whether the Board should make any recommendations regarding the funding of the PCR program. Members asked staff to prepare a version of Mr. Sigurdson's report on the PCR program that could be signed by the Chair and then distributed to all legislators.

After discussion, the following motion was made:

Member Flynn's motion: To adopt the following resolution:

Resolved, that the Campaign Finance and Public Disclosure Board supports the political contribution refund program and recommends that funding for the program be reinstated.

Vote on motion: Motion passed (4 ayes, 2 nays).

LEGAL COUNSEL'S REPORT

Mr. Hartshorn presented members with a written report that is attached to and made a part of these minutes. Mr. Hartshorn reported that a motion for summary judgement was being prepared in the Lehrke matter and that pleadings were being prepared in the other matters listed on the report.

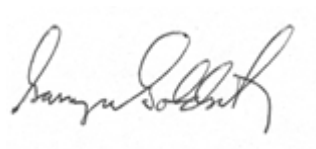
OTHER BUSINESS

There was no other business to report.

EXECUTIVE SESSION

The Chair recessed the regular session of the meeting and called to order the executive session. Upon completion of the executive session, there was nothing to report into regular session.

There being no other business, the meeting was adjourned by the Chair.



Gary Goldsmith
Executive Director

Attachments:

Board accomplishments in 2016

Report on the political contribution refund program

Memorandum regarding year-end balance reconciliation for campaign finance filers

Memorandum on year-end economic interest reporting issues

Request for advisory opinion

Legal counsel report

CFB accomplishments – 2015

Chair George Beck

The Board and the staff have a much to be proud of in the matters accomplished this year:

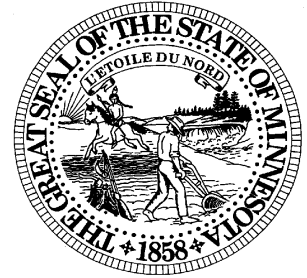
1. The Board's budget bill was passed by the legislature as was the Board's technical bill which made a needed revision to the prima facie step in an investigation.
2. The reconciliation update project that reconciled filed reports of contributions and spending was completed.
3. Substantial progress has been made on an extensive redesign of the Board's website with an April 1st deadline in sight.
4. The Board continued its support for legislation that would require full disclosure of all campaign contributions.
5. A detailed and clear report of the campaign spending during 2014 was prepared and made available to the public.
6. The staff continued to research the approach of other states on disclosure of contributions.
7. The staff has begun to research the approach of other states to defining what constitutes prohibited cooperation between a candidate and an independent expenditure committee with a view to a possible rulemaking.
8. Creation of a grid of pending cases for Board review each month.
9. Disposition of significant cases of violations of campaign finance law.

Of course, much is still left to be done, such as:

1. Continued support for disclosure leading to passage of legislation.
2. Review of Minnesota's public official disclosure requirements which are lax compared to other states with consideration given to more than one set of requirements depending on the office.
3. Support for funding of Minnesota's campaign contribution refund program.
4. Addressing the understaffing of the Board in order to support more comprehensive activity.
5. Greater public exposure for the work and function of the Board.
6. Preparation of reports on matters of interest to the public under the jurisdiction of the Board.

Minnesota

Campaign Finance and Public Disclosure Board



Date: November 25, 2015

To: Board Members

From: Jeff Sigurdson, Assistant Director

Telephone: 651-539-1189

Re: Information on the use of the political contribution refund program.

At the request of Board Members staff has compiled this review on the use of the political contribution refund (PCR) program by candidates and political parties. This memo a brief background on the PCR program and then presents some comparisons on the payment of PCR refunds to donors of candidates and political parties during the years 2002 through 2014.

Administration of PCR Program

The PCR program is administered by the Department of Revenue as provided in Minnesota Statutes Section 290.06. The program provides that an eligible Minnesota voter who contributes to a candidate who has signed the public subsidy agreement, or to a major or minor political party unit, may apply for a refund from the Department of Revenue. The maximum amount that will be refunded is \$50 per person (\$100 per married couple) per year. To apply for a refund the donor must submit a PCR receipt issued by a candidate or party unit, and a Department of Revenue application on which the donor must provide a social security number. The Department of Revenue tracks refund requests by social security number so that no individual receives more than a \$50 refund in a calendar year.

The Board's role in the issuing of PCR refunds is to provide a computer file that lists all candidate committees that have a current public subsidy agreement on file and all political party units registered with the Board. The Department of Revenue uses that information to verify that the donor gave to an eligible candidate or party unit. The Board also provides paper PCR receipts to eligible candidates and party units and has developed the Campaign Finance Reporter software so that the software can also be used to generate a PCR receipt.

In August of each year the Department of Revenue sends a file to the Board that provides the number of PCR refunds, and the total amount of the refunds, issued to donors in the prior calendar year. The file provides the refund totals by candidate committee and by political party unit. The Board converts the file contents into reports which are posted on the Board's website at www.cfboard.state.mn.us/campfin/pcrprog.html. On the website there are separate reports for candidates and party units for the years 1996 through 2014.

The Board also compares the PCR refunds issued for candidates and political party units to the contributions disclosed on the Reports of Receipts and Expenditures filed with the Board. The comparison is used to verify that the refunds issued for a committee do not exceed the contributions reported as received by a committee.

History and Status of the PCR Program

The PCR program was initiated in 1990. The program is funded through the general fund of the state. It is not funded through the political party check-off on state income tax and property tax form.

The PCR program was not funded in the State of Minnesota budget for the FY 2016 – 2017 biennium. Any donation received by an eligible candidate or party unit after June 30, 2015, will not be eligible for a PCR refund. The statutory language in Chapter 290 authorizing the program remains in place.

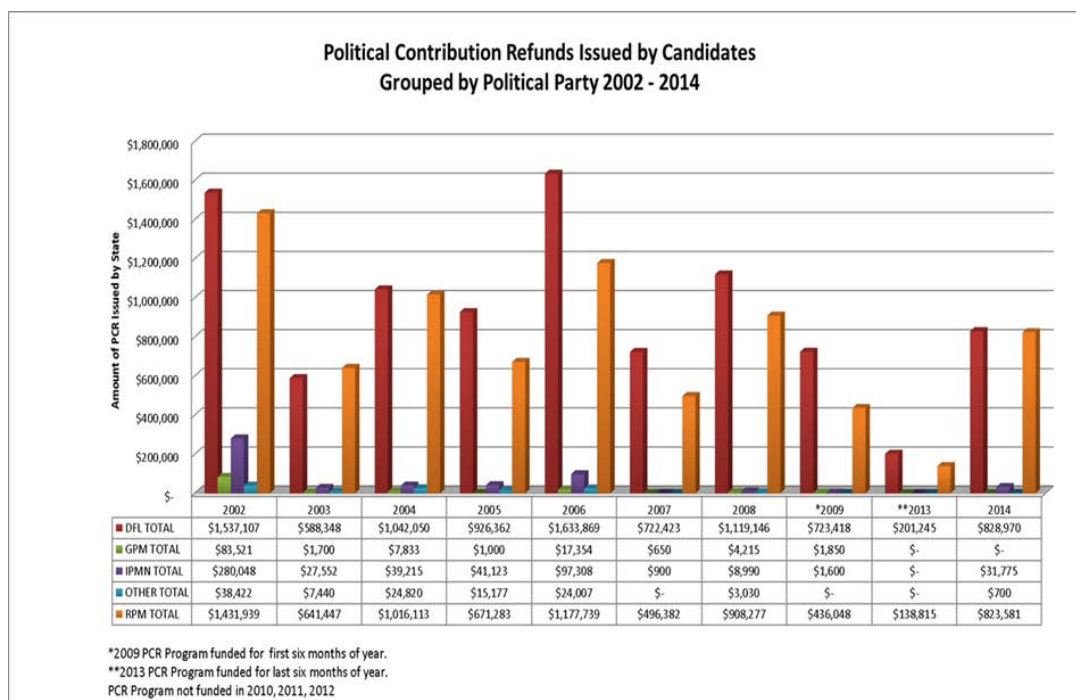
This is not the first time the PCR program has been unfunded. In 2009 then Governor Pawlenty used an unallotment of funds to balance a budget deficit. Among the programs that lost funding was the PCR program. Contributions received after June 30, 2009, were not eligible for payment. The program remained in statute but unfunded during the following FY 2012 – 2013 biennium. The program was funded for the FY 2014 – 2015 biennium.

In total, the PCR program was not funded for contributions received in the last six months of 2009, all of calendar years 2010, 2011, and 2012, and the first six months of 2013.

PCR Refunds Issued by Candidates

During the years 2002 through 2014 the Department of Revenue paid \$17,824,788 as PCR refunds to candidate donors. Figure 1 graphs the amount paid to candidates by party by year. The spikes in refunds paid that occur in 2002 and 2006 correspond to when the office of governor is on the ballot. For reasons that are unclear from this data, a similar spike did not occur during the 2014 gubernatorial election.

Figure 1

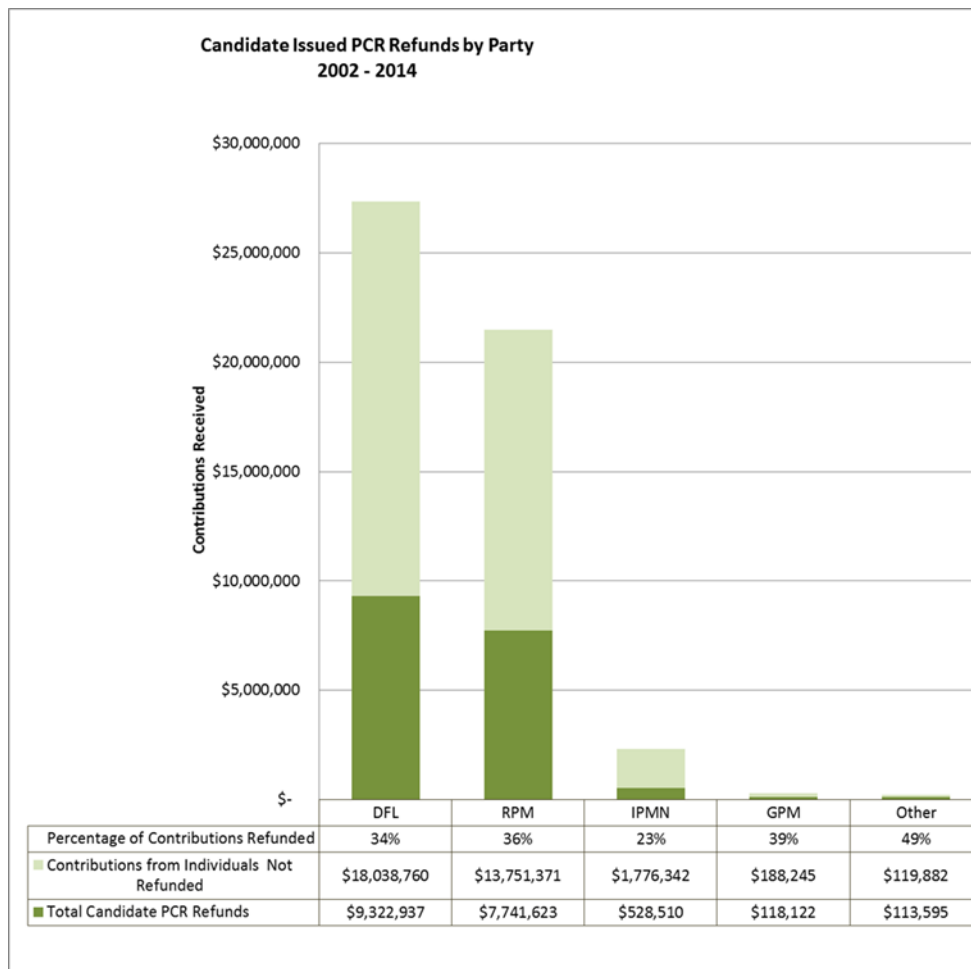


As you would expect the vast majority of refunds were issued for contributions made to Democrat Farmer Labor (DFL) and Republican Party of Minnesota (RPM) candidates. In all years but 2003 the total issued for donations to DFL candidates was higher than the amount issued for donations to RPM candidates. Although in 2014 the difference was only about \$5,000.

While the total amount issued to donors of DFL candidates was typically higher than the amounts issued to other party candidates, the percentage of contributions refunded for candidates through the PCR program shows a different result. In Figure 2 the total contributions from individuals to candidates are grouped by party and compared to the amount refunded to donors by the PCR program.

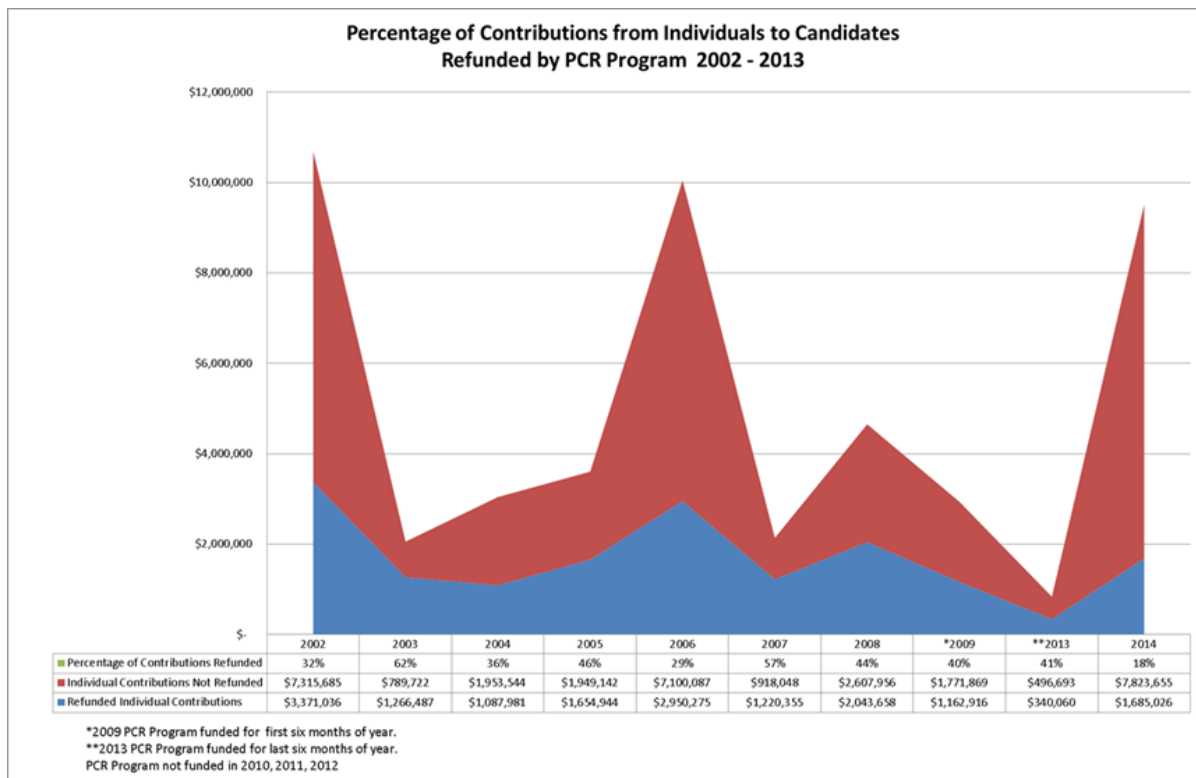
The donors to RPM candidates were refunded 36% of the total amount contributed through the PCR program. This is a slightly higher rate than DFL donors, who were refunded 34% of the total contributed to candidates. The Green Party of Minnesota (GPM) candidate donors were refunded at the highest rate for a single party at 39%, with the Independence Party of Minnesota (IPMN) candidate donors refunded at the lowest percentage of 23%. The category column for "Other" is a combination of the Libertarian and Grass Root Party candidates.

Figure 2



The percentage of donations to candidates that are refunded through the PCR program also varies by year. In Figure 3 the amount donated by individuals to candidates is compared to the total refunded by the PCR program. The spikes in the graph correspond to election years when the amount raised by candidates increases dramatically. Of note is that the percentage of contributions refunded through the PCR program increases significantly in non-election years. For example 32% of contributions were refunded in election year 2002, with 62% refunded in 2003. A similar pattern is seen in election year 2004, 36% refunded, followed by 46% refunded in 2005. And again in election year 2006, 29% refunded, followed by 57% refunded in 2007. The pattern probably reflects that until 2013 the contribution limit in a nonelection year was significantly lower than the contribution limit in an election year.

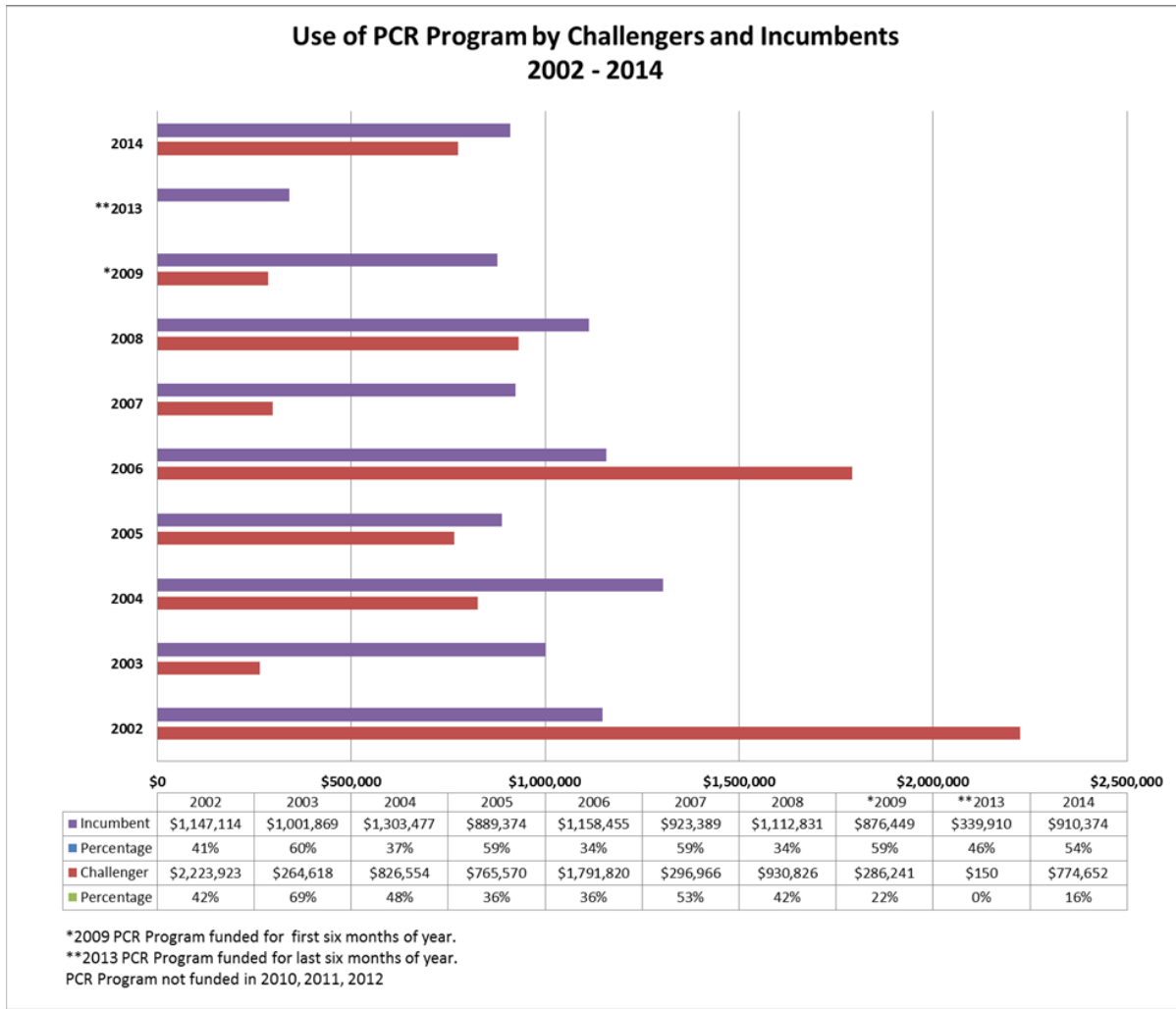
Figure 3



The PCR program issues more refunds for donations made to candidates who are incumbent office holders than for donations made to candidates who are challengers. In Figure 4 the refunds for donations made to challengers is compared to refunds for donations made to incumbents by year. The percentage for challengers and incumbents shown in Figure 4 represents the percentage of total contributions received from individuals that was refunded through the PCR program.

The only years in which donors to challengers received a higher amount of refunds than donors to incumbents are 2002 and 2006. In both years the explanation is found in the gubernatorial race. In 2002 the incumbent governor did not run for reelection, which made all donations to gubernatorial candidates for challengers. In 2006 then Governor Pawlenty did not sign the public subsidy agreement so his committee could not issue PCR receipts during his reelection campaign; so again all PCR refunds for gubernatorial candidates were for challengers.

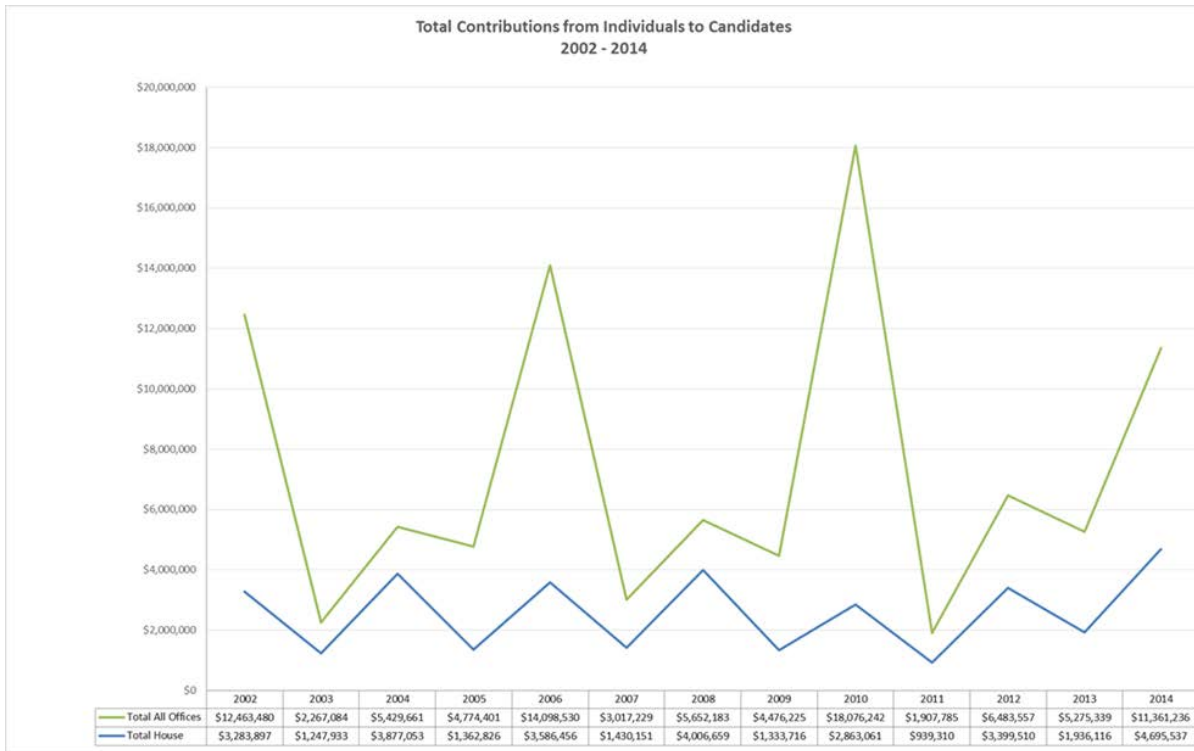
Figure 4



The impact on the ability of candidates to raise contributions from individuals when the PCR program is not funded is not clear. In Figure 5 the total contributions from individuals received by all candidates (excluding judicial candidates who cannot issue PCR receipts) is represented by the green line, the contributions received from individuals received by House candidates only is shown by the blue line. As mentioned earlier there are peaks associated with the years on which the governor is on the ballot, which makes a trend hard to isolate on the green line. But the House is on the ballot every election, so in theory the peaks and valleys on the blue line should be relatively uniform.

However, in 2009 through 2011 the amount received by House candidates decreases. Whether this is because the PCR program is not funded for part of 2009 and all of 2010 and 2011, or, because the economy was poor during that time and individuals felt less able to contribute to candidates cannot be shown with this information. Of note, in 2012 the PCR program was not funded, but contributions to candidates were at a level similar to years when the program was funded.

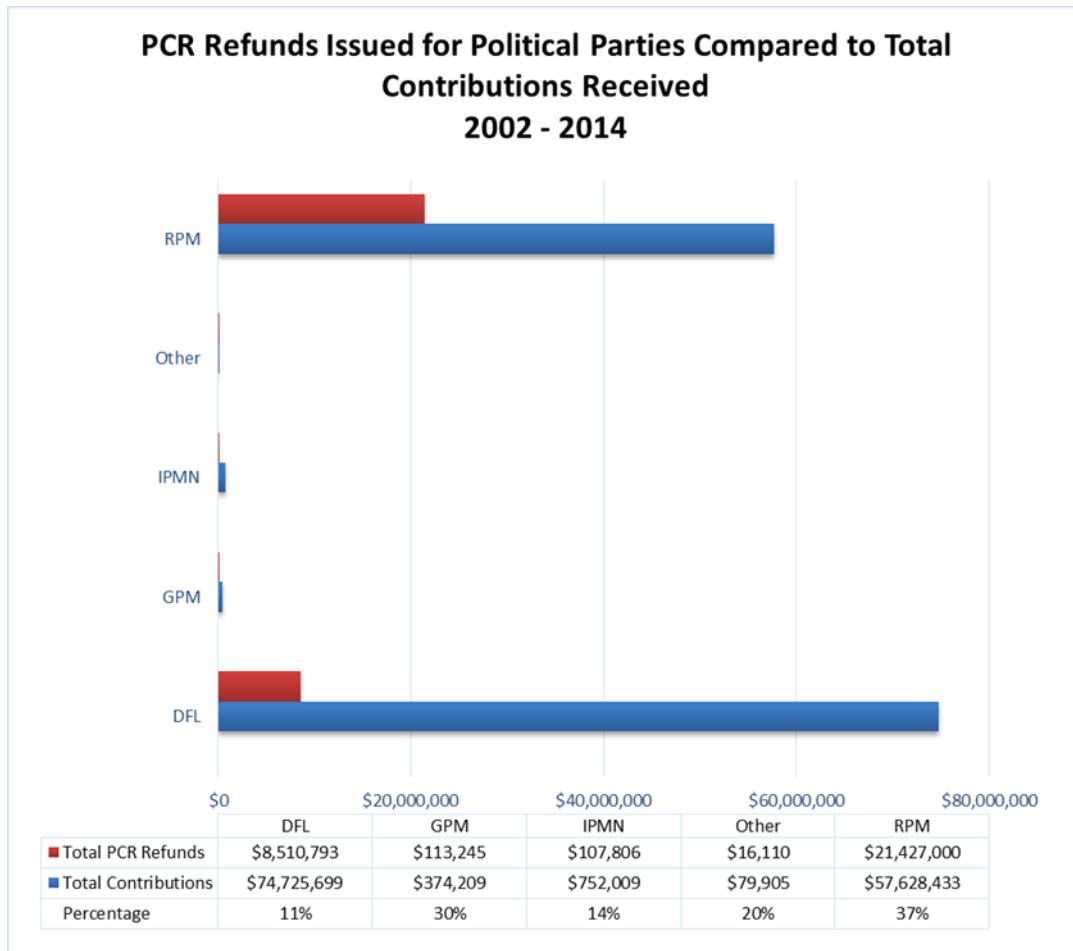
Figure 5



PCR Refunds Issued by Political Parties

Donors to political parties received a significantly higher amount PCR refunds than donors to candidates during the years 2002 through 2014. Total PCR refunds to political party donors came to \$30,174,954 compared to the \$17,824,788 issued to candidate donors. Similar to candidates, the majority of the refunds were to donors of the DFL and RPM parties. Figure 6 shows the total refunds issued to political parties compared to the total contributions received by political parties.

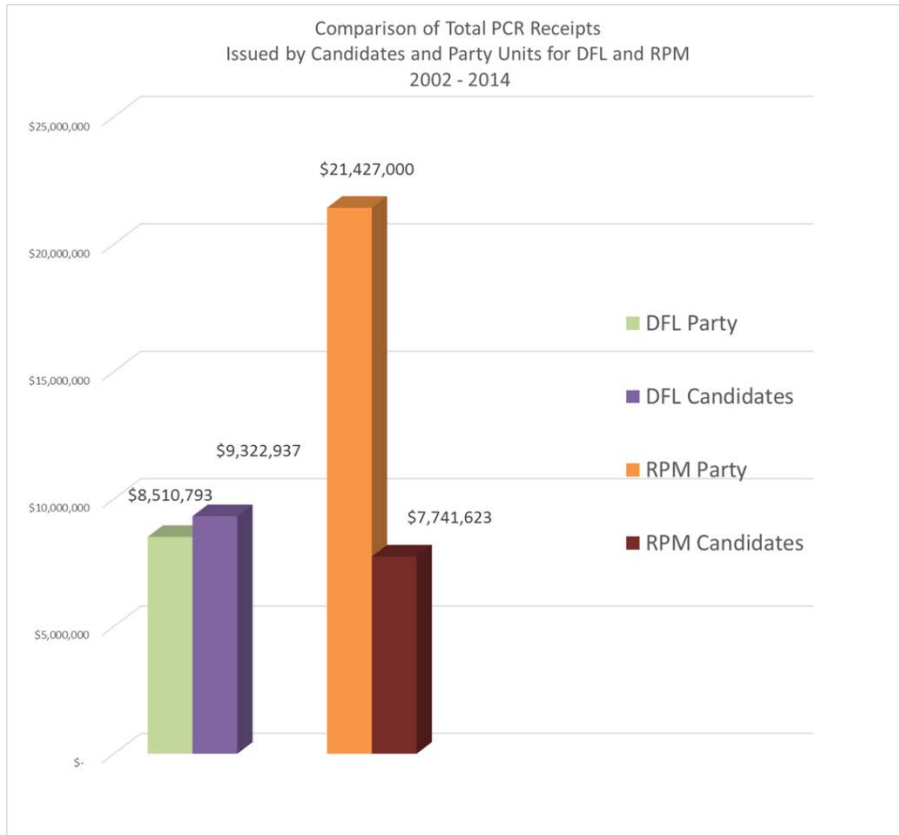
Figure 6



The donors to the RPM party received the highest amount of refunds at \$21,427,000 followed by \$8,510,793 to donors of the DFL party. The percentage of total contributions refunded through the PCR program was also highest for the RPM. Donors to the RPM received 37% of the amount given back through the PCR program, compared to 11% for DFL donors.

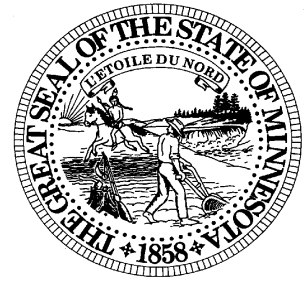
In total, donors to RPM party units and RPM candidates were refunded \$29,168,623 through the PCR program, compared to \$17,833,730 refunded to donors of DFL party units and DFL candidates. In Figure 7 the refunds to RPM and DFL candidate donors is compared to the refunds to RPM and DFL political party donors. In general the chart shows that the donors to DFL candidates and party units have received roughly similar amounts during 2002 – 2014; while the donors to RPM party units have received significantly more than the donors to RPM candidates.

Figure 7



Minnesota

*Campaign Finance and
Public Disclosure Board*



Date: November 24, 2015

To: Board Members

From: Gary Goldsmith, Executive Director

Telephone: 651-539-1190

Re: Reconciliation of reports to bank statements

This year we will begin a gentle roll-out of a multi-year program aimed at getting all campaign finance committees and funds to a point where their reported year-end cash balance reconciles to their year-end bank statement. When reporting notices are mailed out in December, we will include a bulletin on this subject. For this first effort, participation will be strictly voluntary.

In addition to the bulletin itself, we will include a simple form and simple instructions that filers can use to determine if their year-end report balance reconciles to the year-end bank balance. If the balances reconcile, the filer can provide us with a copy of the form and the bank statement and we will record the fact that the report reconciles to the bank. Our records retention schedule is being updated to permit us to securely destroy these bank statements once we verify them.

We anticipate that many committees will not be able to reconcile the two balances and that for some, the difference may be substantial. It is also likely that there will be many committees whose balances differ by smaller amounts. We anticipate that some committees that have been in existence for a long time will have larger discrepancies that are a result of small accumulating errors.

Staff believes that to make this process work it would be appropriate for the Board to delegate to the Executive Director the authority to authorize one-time balance adjustments within parameters set by the Board. Staff suggests that the Executive Director be authorized to approve one-time adjustments of up to \$200 to bring committee's reports into balance with bank records. For discrepancies of more than \$200, staff will work with committees to clarify the extent and likely causes of the problem. Based on preliminary staff inquiries, any of the following further actions could occur:

1. Staff will present matters to the Board on the consent agenda in regular session in cases where there is a strong staff recommendation that an adjustment be authorized.
2. Staff will present adjustment requests to the Board as discussion items in regular session.
3. Staff will present matters to the Board in executive session for the authorization or an audit/investigation.

A resolution along the lines of the following would provide the necessary delegation:

Resolved, that the Executive Director is delegated the authority to approve one-time balance adjustments of up to \$200 to year-end campaign finance reports to make the reported balance equal the corresponding year-end bank balance after reconciling all transactions.

Minnesota

Campaign Finance and Public Disclosure Board



Date: November 30, 2015

To: Board Members

From: Gary Goldsmith

Subject: Approaches to EIS issues raised by the new annual recertification requirement

In 2015, the legislature required all public officials to annually review and recertify their statements of economic interest even if nothing on those statements had changed. In the past, recertification was required only if something on the statement had changed during the reporting period. While preparing to implement the annual recertification requirement, staff has encountered several issues that cannot be conclusively resolved by the EIS statutes and rules. This memo describes the approaches that the executive director proposes to use to resolve these matters.

1. Annual EIS requirement for late fall appointees

When a new public official is appointed, that official must file a statement of economic interest that covers the 30 days prior to the person's appointment. Officials who require confirmation from the Minnesota Senate have 14 days to file the statement. Other officials have 60 days.

Minnesota Statutes section 10A.09, subdivision 6, now provides that the annual statement is due on the last Monday in January and "must cover the period through December 31 of the year prior to the year when the statement is due."

For officials appointed in the late fall of a calendar year, the timeline for filing the original statement of economic interest will not work well with the timeline for the annual statement. For example, an official appointed on December 1, 2015, would have until January 30, 2016, to file the original statement covering November 1st through December 1st but would be required to file the annual statement covering the rest of the year by January 25, 2016. An official appointed on November 15, 2015, would have until January 14, 2016, to file the original statement and then be required to file an annual covering the six weeks after the official's appointment by January 25, 2016. In short, officials appointed near the end of the calendar year technically would be required to file two statements within a very short period of time. The repetitive filing requirements could be burdensome to comply with and may not provide any additional meaningful disclosure.

Consequently, the executive director proposes to effectively combine the original and annual requirements into one filing by permitting anyone appointed on or after November 1st of a year to file a statement that covers the 30 days prior to appointment through the date the statement was filed.

2. Termination statements for officials leaving office

The prior version of Minnesota Statutes section 10A.09, subdivision 6, required an official to file an annual statement of economic interest only if something on the previous statement had changed. Minnesota Rules 4505.0900, subpart 4, conforms to this version of the statute and requires an official leaving a public official position to file a termination statement only if something on the most recent statement has changed.

However, the revised Minnesota Statutes section 10A.09, subdivision 6, now requires a public official to file an annual statement of economic interest for each year that the individual was in office even if nothing on the previous statement has changed. These statements are due on the last Monday in January and cover the previous calendar year.

Because an individual who left a public official position during a calendar year was in office during that year, that official must file an annual statement under the new statute. The deadline for filing this statement is the last Monday in January of the year following the year when the official left office. The executive director proposes to treat the annual statement as the official's termination statement. If the official files a termination statement prior to the due date for the annual statement, the executive director will not require a separate annual statement.

3. Annual EIS requirement for January terminations

As discussed above, when a public official leaves office, the official must file an annual statement covering any time served in office during the calendar year. Because terms of elective office begin and end near January 1st, many public officials leave office in early January.

The timeline for the annual statement will not work well for these officials. For example, an official leaving office on January 2, 2016, will be required to file an annual statement covering calendar year 2015 by January 26, 2016. Because the official served two days in 2016, the official also technically would be required to file an annual statement covering those two days that would be due on the last Monday in January 2017.

To avoid requiring public officials to file statements over a year after leaving office but to still comply with the disclosure requirements, the executive director proposes to permit anyone leaving office before the last Monday in January of a year to file an annual statement that covers the previous calendar year through the official's date of termination.

4. Approach to reporting mid-year changes to financial interests

For purposes of an annual EIS, a public official must report financial interests held at any time during the previous year. See Minn. Stat. § 10A.09, subs. 5 (business and professional activity categories), 6 (honoraria); Minn. R. 4505.0100, subpt. 1 (sources of compensation); 4505.0700 (real property); 4505.0900, subpt. 7 (securities).

Because the annual EIS must disclose financial interests held at any time during the previous year, an official cannot remove an interest from an EIS immediately after its sale or termination. Instead, the interest must remain on the EIS until the year after the year of its sale or termination. Because officials cannot remove interests that they no longer hold for over a year

after their disposition, the executive director proposes to modify the reporting forms to allow officials to indicate that the interest has been sold or the source of income has ended.

In addition, if an official acquires a new asset or income source during the year, the official must report that new financial interest on the annual recertification, which is due on the last Monday in January. Some officials, however, prefer to disclose the new asset or income source immediately. The executive director proposes to allow officials to report new financial interests during the middle of a year with the understanding that the official still will be required to file the annual recertification for that year by the last Monday in January.

These proposals, if approved by the Board, will be implemented through the use of custom letters and forms designed to achieve the reporting outcome for each of these unique situations.

If the Board approves of these approaches, a motion would be in order consistent with the following:

Resolved, the Campaign Finance and Public Disclosure Board adopts and approves the Executive Director's proposals for handling specific economic interest reporting situations as outlined in his memorandum to the Board dated November 24, 2015.



Gary Goldsmith
Executive Director
Campaign Finance & Public Disclosure Board
190 Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155-1603

Dear Mr. Goldsmith:

The Minnesota Zoological Garden (the Zoo) is seeking an advisory opinion from the Campaign Finance & Public Disclosure Board as to whether the Zoo is a lobbyist principal under Minnesota Statutes Chapter 10A and subject to the prohibition on gifts from lobbyists and principals to legislators set out in Minnesota Statutes section 10A.071.

The facts are as follows:

1. The Minnesota Zoological Garden is established in Minnesota Statutes Chapter 85A. The Zoo is a state agency operated by the Minnesota Zoological Board (the Zoo board). The Zoo board consists of up to 30 members, 15 appointed by the Governor and 15 appointed by the board. The Zoo's board members are public officials. The Zoo board appoints a director to oversee the Zoo's operations. The Zoo's director, officers, and employees are state employees.

All receipts from parking, admission, concessions, memberships, and donations are deposited into the state treasury and statutorily appropriated back to the Zoo board for the Zoo's operations. Standard admission to the Zoo for one adult for the day is \$18.00. Parking is an additional \$7.00.

2. The Minnesota Zoo Foundation (the Foundation) is a Minnesota nonprofit corporation and a public charity under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation is to benefit, support and carry out the purposes of the Zoo and, more specifically, to raise funds, host special events and advocate on behalf of the Zoo.

The Foundation is governed by an independent board of trustees. The Zoo's director is *ex officio* the president of the Foundation and sits on the Foundation board but does not have voting rights.

In consideration of fundraising and other services provided by the Foundation, the Zoo provides furnished office space and technical support to the Foundation. The Zoo and the Foundation also share a website at www.mnzoo.org.

3. The Foundation pays a lobbyist more than \$500 a year to represent the interests of the Zoo at the state legislature. The lobbyist works at the direction of the president of the Foundation, who is also the director of the Zoo, and in coordination with the Zoo's public affairs director, who is an employee of the Zoo. The Foundation does not direct the lobbyist's work. The lobbyist is registered with the Board and lists the Foundation as the organization represented on his registration form and lobbyist disbursement reports. These reports list the president of the Foundation (the director of the Zoo), as the contact for the principal.

4. For the past several years, the Zoo has held a Legislators' Day at the Zoo. The Zoo provides free admission to the Zoo, parking, lunch, and private tours by Zoo staff to legislators who attend this event. All legislators have been invited to the event in past years.

The Zoo would like to continue hosting a Legislators' Day at the Zoo and similar events for state legislators in the future.

Question?

Does the prohibition on gifts from lobbyists and principals to legislators in Minnesota Statutes section 10A.071 prohibit the Minnesota Zoological Garden from providing free admission, parking, food and beverages, and zoo tours to legislators as part of a Legislators' Day at the Zoo or similar events?

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Willis". The signature is fluid and cursive, with the first name "Kevin" written in a larger, more prominent script than the last name "Willis".

Kevin Willis
Director/President
Minnesota Zoo

**CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD
December, 2015**

ACTIVE FILES

Candidate/Treasurer/ Lobbyist	Committee	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Served by Mail	Default Hearing Date	Date Judgment Entered	Case Status
Derrick Lehrke	Derrick Lehrke for House	Principal Campaign Committee Amended 2014 Year-End Report of Receipts and Expenditures Late Filing Fee for late filing of the Principal Campaign Committee 2013 Year-End Report	\$1,000 \$125	8/3/2015	9/ 21/2015 10/6/2015			Summons & Complaint mailed to Sheriff for Service 10/29/15 Request retrieved Hold
	Cedar Towing & Auction	2014 Lobbyist Principal Report-Late filing 2014Amended Principal Report	\$1,000/\$1,000	10/13/2015				
	North East Social	2013 Lobbyist Principal Report 2014 Lobbyist Principal Report-Late filing	\$1,000/\$1,000 \$475/\$100	10/13/2015				
Evan Rapp	Evan Rapp Volunteer Committee	Fund reimbursement	\$928.50/\$928.50	10/13/2015				

CLOSED FILES

Candidate/Treasurer/ Lobbyist	Committee	Report Missing/ Violation	Late Fee/ Penalty	Referred to AGO	Date S&C Served by Mail	Default Hearing Date	Date Judgment Entered	Case Status
Branden Petersen	Branden (Petersen) for Senate	Principal Campaign Committee 2014 Year-End Report of Receipts and Expenditures	\$1,000/\$1,000	8/3/2015				Closed