

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

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July 11, 2018
St Croix Room
Centennial Office Building
.....

MINUTES

The meeting was called to order by Chair Flynn.

Members present: Flynn, Haugen, Leppik, Moilanen, Rosen (by telephone), Swanson

Others present: Sigurdson, Engelhardt, Pope, staff; Hartshorn, counsel

MINUTES (June 6, 2018)

After discussion, the following motion was made:

Member Leppik's motion: To approve the June 6, 2018, minutes as drafted.

Vote on motion: A roll call vote was taken. All members voted in the affirmative.

CHAIR'S REPORT

A. Meeting schedule

The next Board meeting is scheduled for 10:30 a.m. on Wednesday, August 1, 2018. Member Haugen said that he had a conflict with the August meeting date. Mr. Sigurdson then told members that he would poll them by email to determine whether there was another date for the August meeting that would work for all members.

EXECUTIVE DIRECTOR REPORT

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Sigurdson first gave members an update on the number of outstanding reports in each program. Mr. Sigurdson then told members about the training that staff had conducted in greater Minnesota and in St. Paul. Mr. Sigurdson said that staff also had been busy sending bulletins about the new disclaimer requirements to all candidates, committees, and party units and information about Advisory Opinion 447 to the constitutional office candidates and lawyers for the party units. Mr. Sigurdson next reviewed the Fiscal Year 2019 budget and the rationale for the recommendation that the Board seek a budget increase for the next biennium. Mr. Sigurdson also stated that the Board could consider asking for funding for an additional IT staff person to facilitate the development of a web-based Campaign Finance Reporter application.

After discussion, the following motion was made:

Member Moilanen's motion: To ratify the proposed Fiscal Year 2019 budget.

Vote on motion: A roll call vote was taken. All members voted in the affirmative.

ENFORCEMENT REPORT

A. Consent items

1. Confirmation of lobbyist termination – Angela Thies

Ms. Pope told members that staff had planned to ask the Board to confirm the administrative termination of lobbyist Angela Thies. Ms. Pope said that this confirmation no longer was necessary because Ms. Thies had filed a termination report on July 3, 2018.

SUPPLEMENTAL ENFORCEMENT REPORT

D. Waiver request – Angela Thies

Ms. Pope told members that Angela Thies had been registered as a lobbyist for the March of Dimes. Her tenure with the principal abruptly had ended on February 28, 2018, due to a restructuring of the organization. Ms. Pope said that because Ms. Thies had left the March of Dimes, Ms. Thies had not received any notice that she needed to file a June 15, 2018, lobbyist disbursement report and did not learn of this obligation until the March of Dimes sought to administratively terminate her lobbyist registration. Ms. Thies then filed a termination statement/lobbyist disbursement report on July 3, 2018. The report showed that Ms. Thies had not made any lobbying disbursements during the reporting period. Ms. Pope said that because the report was late, Ms. Thies had incurred \$300 in late filing fees. Ms. Pope said that this was the first waiver request that Ms. Thies had made.

Ms. Pope also stated that this waiver request was not distributed to members at least seven days before the meeting. Therefore, a majority of members would have to agree to consider the matter before a vote could be taken on the request.

After discussion, the following motions were made:

Member Swanson's motion: To consider the Thies waiver request even though it had not been distributed to members at least seven days before the meeting.

Vote on motion: A roll call vote was taken. All members voted in the affirmative.

Member Swanson's motion: To grant the waiver request.

Vote on motion: A roll call vote was taken. All members voted in the affirmative.

ENFORCEMENT REPORT

A. Consent items

2. Confirmation of six lobbyist terminations – Janet Eaton, Colleen Harris-Pearson, Bruce Peck, Donna Piazza, Ann Schaibley, and Anne Towey

Ms. Pope told members that in May 2018, Enact UCLA had notified Board staff that it no longer was an active organization and that it had not engaged in any lobbying activities in 2018. Enact UCLA had told staff that it had obtained lobbyist termination statements from 11 of its lobbyists but had not been able to obtain termination reports from the other six people listed as its lobbyists because they already had left the organization. Ms. Pope said that the names of those six lobbyists were listed in the title of this consent item. Ms. Pope stated that staff had administratively terminated the registrations of the six lobbyists as of December 31, 2017. Staff was asking the Board to confirm those administrative terminations. Ms. Pope said that no action was necessary regarding the lobbyists' disbursement reports because any disbursements that they made had been included on the reporting lobbyist's 2017 reports.

3. Confirmation of lobbyist termination – Jane Reyer

Ms. Pope told members that the Friends of the Boundary Waters, the principal association of Jane Reyer, had notified Board staff that Ms. Reyer had left her position with the association on April 6, 2018. The principal stated that Ms. Reyer had not lobbied on the principal's behalf since December 31, 2017. Ms. Pope said that staff then administratively terminated Ms. Reyer's lobbyist registration as of December 31, 2017. Staff was asking the Board to confirm this administrative termination. Ms. Pope said that no action was necessary regarding Ms. Reyer's lobbyist disbursement reports because any disbursements that she made had been included on the reporting lobbyist's January 15, 2018, report.

4. Confirmation of lobbyist termination – Chris Hanson

Ms. Pope told members that AFSCME Council 65, the principal association of Chris Hanson, had notified Board staff that Mr. Hanson had left his position with the association in approximately June 2017. The principal stated that Mr. Hanson did not have any lobbyist disbursements during the last reporting period. Ms. Pope said that staff then administratively terminated Mr. Hanson's lobbyist registration as of May 31, 2018. Staff was asking the Board to confirm this administrative termination. Ms. Pope said that no action was necessary regarding Mr. Hanson's lobbyist disbursement reports because any disbursements that he made had been included on the reporting lobbyist's reports.

5. Confirmation of lobbyist termination – Bryan Sanders

Ms. Pope told members that the Friends of American Ski Jumping, the principal association of Bryan Sanders, had notified Board staff that Mr. Sanders had left his position with the association on May 8, 2018. The principal stated that Mr. Sanders did not have any lobbyist disbursements during the last reporting period. Ms. Pope said that staff then administratively terminated the lobbyist registration of Mr. Sanders as of May 8, 2018. Staff was asking the Board to confirm this administrative termination and to not require filing of the lobbyist disbursement report that was due on June 15, 2018.

6. Withdrawal of lobbyist registration – Ashlee Lehner

Ms. Pope told members that Ashlee Lehner had registered as a lobbyist for Minnesota Forest Industries on May 31, 2018. On June 26, 2018, Ms. Lehner had asked to withdraw her lobbyist registration. Ms. Lehner told staff that she had not done any lobbying while she was employed by Minnesota Forest Industries. Ms. Pope said that staff was asking the Board to allow Ms. Lehner to withdraw her lobbyist registration. Ms. Pope stated that approval of the withdrawal request would eliminate the need for Ms. Lehner to file any lobbyist disbursement reports.

After discussion, the following motion was made:

Member Leppick’s motion: To approve items two through six on the consent agenda.

Vote on motion: A roll call vote was taken. All members voted in the affirmative.

B. Discussion item

1. Request for a payment plan – Rep. Ilhan Omar

Ms. Pope told members that annual statements of economic interest for public officials were due on January 29, 2018. Rep. Ilhan Omar had filed her annual statement on June 20, 2018. Ms. Pope said that Rep. Omar therefore had accrued the maximum \$100 in late fees and the maximum \$1,000 in civil penalties for the statement. Ms. Pope said that Rep. Omar was asking the Board to allow her to pay those fees and penalties in three installments that would be due in June, July, and August 2018. Ms. Pope stated that Rep. Omar already had made a June payment in the amount of \$500, which left \$300 to be paid in July and \$300 to be paid in August.

After discussion, the following motion was made:

Member Swanson’s motion: To approve Rep. Ilhan Omar’s request for a payment plan.

Vote on motion: A roll call vote was taken. All members voted in the affirmative.

C. Waiver requests

<u>Name of Candidate or Committee</u>	<u>Late Fee & 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>
Tim Johnson	\$100 LFF, \$1,000 CP	6/14/2016 candidate EIS	Candidate filed for office but never ran active campaign. Candidate’s father died shortly before filing period, which motivated candidate to file. But candidate then was busy dealing with family commitments arising from father’s death and had no time to campaign. Lack of time for campaign also meant that forms such as EIS were not filed on time.	Member Leppick	To waive the late filing fee	A roll call vote was taken. All members voted in the affirmative

International Union of Operating Engineers	\$225 LFF	May 2018 report	Staff person who previously completed reports left organization without providing information about report due date or how to access reporting software. New staff person reconciled accounts and set up new software file. She then filed amendment to 1 st quarter report and May 2018, report.	Member Leppik	To reduce the late filing fee to \$100	A roll call vote was taken. All members voted in the affirmative.
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Informational Items

A. Payment of a late filing fee for 2017 year-end report of receipts and expenditures

25B House District DFL, \$165
 Janice Kittok, \$25

B. Payment of a late filing fee for March 15, 2018, annual report of lobbyist principal

Thomas Garrett, \$175

C. Payment of a late filing fee and civil penalty for annual EIS

Rep. Ilhan Omar, \$500

D. Payment of a civil penalty for false certification

Brandon Peterson, \$280

SECOND RESIDENCE WAIVERS

Ms. Pope presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Ms. Pope told members that under Chapter 10A, upon written request and for good cause shown, the Board could waive the requirement that a public official disclose the address of a second residence on a statement of economic interest. Ms. Pope said that although the Board had procedures for handling second residence waiver requests made by judges or justices, it had no procedures for handling waiver requests made by other public officials. Ms. Pope stated that the Board recently had received waiver requests from two constitutional office candidates. Ms. Pope said that staff therefore had prepared revisions to the existing second residence waiver procedures to add provisions that would be applicable to non-judicial public officials.

After discussion, the following motion was made:

Member Moilanen’s motion:

To defer the discussion of the revised procedures and the decision on the two outstanding second residence waiver requests to the August meeting.

Vote on motion:

A roll call vote was taken. All members voted in the affirmative.

LEGAL COUNSEL'S REPORT

Mr. Hartshorn presented members with a legal report that is attached to and made a part of these minutes. Mr. Hartshorn had nothing to add to 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 recess of the executive session, the regular session of the meeting was called back to order and the chair had nothing to report into regular session.

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

Respectfully submitted,



Jeff Sigurdson
Executive Director

Attachments:

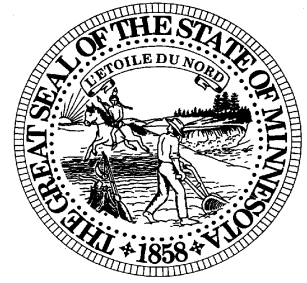
Memorandum regarding executive director report

Memorandum regarding revisions to Board procedures for second residence waivers

Legal report

Minnesota

Campaign Finance and Public Disclosure Board



Date: July 3, 2018

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Executive Director's Report – Board Operations

Program Updates

Lobbying Program

The lobbyist disbursement report covering the period from January 1, 2018, through May 31, 2018, was due on June 15, 2018. Only 19 of the 835 lobbyists (2.2%) who filed disbursement reports were late, and as of the date of this memo, there are no outstanding reports expected.

Campaign Finance Program

The second report of receipts and expenditures for constitutional candidates, appellate court candidates, political committees and funds, political party state central committees, and legislative caucuses was due June 14, 2018. All candidates and party units filed on time. Of the 391 reports filed by political committees and funds, eighteen were late or have not yet filed (4.6%). There are still five political committees who have not filed as of the date of this memo.

Economic Interest Program

Constitutional and house candidates must file an economic interest statement within 14 days after filing an affidavit of candidacy to appear on the ballot. A total of 342 candidate economic interest statements should be filed with the Board. As of the date of this memo there are 10 candidates who have not yet filed (2.9%).

Personnel

The Legal Analyst/Management Analyst position was posted on June 28th, and will close for applicants on July 16th. Ms. Engelhardt will work with HR to identify applicants for interviews.

Ratification of Budget for Fiscal Year 2019

At the start of each state fiscal year the Board ratifies the spending plan developed by staff using salary projections and other estimated costs provided by SmART. Attached is the proposed budget for fiscal year 2019.

The base budget for fiscal year 2019 is \$1,044,000. In addition, agencies are allowed to carryforward unused funds from the first year of the biennium, fiscal year 2018, into fiscal year 2019. For the Board, the carryforward amount is significant primarily because the assistant

director position was vacant for about eight months of the fiscal year, and because the legal analyst position was a part-time position when held by Mr. Goldsmith. The carryforward amount from fiscal year 2018 will be approximately \$140,000.

The majority of the carryforward is allocated in the \$100,000 line item for IT Professional Technical Services. This item may be used for vendor contracts to develop projects related to the Board’s use of technology. Potential projects could include website development, online training, or programing for Board applications.

I will be working with staff to develop a list of technology projects that both could be developed within a year, and which would have a significant impact on the information and services provided to the public and the regulated community. I will bring that specific list of technology proposals to the Board for consideration over the next couple of months. If appropriate projects cannot be identified the funds in that category will be returned to the state general fund at the end of the fiscal year.

Budget Development for the Fiscal Year 2020 – 2021 Biennium

Although the state will have a new governor next year the process of developing the biennial budget for fiscal years 2020 – 2021 has begun. The Department of Management and Budget has provided a calendar for developing the upcoming budget, and has identified October 1st as the deadline for providing information on requested budget change items. A change item is a specific increase in the base budget of the agency.

The Board last asked for, and received, a change to the base budget for the fiscal year 2014 – 2015 biennium. At that time the base budget was increased to \$1,000,000 to allow for a staff of nine. The Governor in subsequent budget years made small increases to all small agency budgets to partially compensate for expected contractual increases to employee salaries. The fiscal year 2019 budget is \$1,044,000. During the six budget years from 2014 to 2019, the percentage of budget tied to salary and benefits has increased significantly, as shown in the chart below. (Note the salary and benefits listed was the budgeted amount. Because of vacancies the actual expenditures were lower in some years.)

	Base Budget	Salary and Benefits	% of Budget
FY 2014	\$ 1,000,000	\$ 635,000	64%
FY 2015	\$ 1,000,000	\$ 778,000	78%
FY 2016	\$ 1,014,000	\$ 771,000	76%
FY 2017	\$ 1,028,000	\$ 834,000	81%
FY 2018	\$ 1,036,000	\$ 846,000	82%
FY 2019	\$ 1,044,000	\$ 915,000	88%

In fiscal year 2019 when the carryforward from fiscal year 2018 is added to the base budget, the percentage of the actual budget used for salary and benefits is reduced to 77%. There will of course be no carryforward to start the next biennium. I am concerned that if 88% percent of the base budget is required for salary and benefits in fiscal years 2020 – 2021 the Board will not have the operational flexibility needed to meet changes in statutory requirements or operational goals. In short, I believe that using 88% of the base budget for salary and benefits will be unsustainable the first time a significant change or unexpected problem occurs.

To address this problem I recommend that the Board seek a change item in the range of \$75,000 per fiscal year to increase the general operating budget. This amount would be for maintaining the current staff complement of nine.

The other question for the Board to consider between now and October is whether it would support a request for any other budgetary change item. Items for consideration include the following:

- An additional IT staff member. The Board currently has two staff members that support the Board's website, databases, servers and network, and the Campaign Finance Reporter software. They are busy. Developing any additional applications, specifically deploying a web-based version of Campaign Finance Reporter, will probably require additional programming resources. Based on current staffing costs, hiring an additional staff member would require a change item of approximately \$110,000 for salary and benefits per fiscal year.
- A specific budget item for a contract to develop a web-based version of Campaign Finance Reporter. This could be the alternative to hiring another IT staff member. In the short term, an increase for a contract would be more expensive than hiring an IT employee, although in the long term this approach is more of a onetime expense. I would roughly estimate \$400,000 for the project. That is a ballpark estimate; it may be optimistic. I will develop a firmer number if the Board is interested in exploring this option.

Attachment

Fiscal Year 2019 Budget

Minnesota

Campaign Finance and Public Disclosure Board



Date: July 3, 2018

To: Board Members

From: Jodi Pope
651-539-1183

Subject: Revisions to Board policy on waiver of the requirement to disclose second residences on statements of economic interest

Public officials are required to disclose on their economic interest statements the location of all non-homesteaded real property owned in Minnesota. Minn. Stat. § 10A.09, subd. 5. Minnesota Statutes section 10A.09, subdivision 9, however, provides:

Upon written request and for good cause shown, the board may waive the requirement that an official disclose the address of real property that constitutes a secondary residence of the official.

In 2015, the Board determined that given the nature of the work performed by the judicial branch, anyone serving as a judge or justice in Minnesota had good cause for not disclosing the address of a second residence on a statement of economic interest. The Board stated that it therefore granted a second residence waiver to any judge or justice who completed the written waiver request on the judicial statement of economic interest form. The Board also adopted a resolution delegating authority to the executive director to grant second residence waivers to judges and justices.

Until recently, only judges and justices had requested second residence waivers. During the recent candidate filing period, however, the Board received second residence waiver requests from two constitutional office candidates. Receipt of these requests revealed that the Board had no procedures regarding how to handle second residence waiver requests from public officials who were not judges or justices.

Because non-judicial public officials perform a variety of tasks, the Board probably cannot establish a general second residence waiver policy for all public officials as it did for judges and justices. Conversely, requiring the Board to act on every non-judicial waiver request arguably unnecessarily delays the waiver decision for the public official and may not be the most efficient use of Board resources. Staff therefore is recommending that the Board revise its second residence waiver policy to add procedures for requests from non-judicial public officials. The procedures recommended by staff are similar to the procedures used for security information requests. Under the revised policy, the executive director would have the authority to grant second residence waivers to non-judicial public officials who show good cause. The executive director would bring any potential denial of a request to the Board for final decision. The policy regarding waivers for judges and justices would not change.

The ratification of the revised policy and the delegation of the waiver authority could be accomplished by the following motion:

RESOLVED, that the revised policy regarding the waiver of the requirement to disclose second residences on statements of economic interest is adopted and that the executive director is delegated the authority to grant waivers exempting non-judicial public officials from the second residence disclosure requirement under the terms of the revised policy. The executive director must submit any waiver request that is not granted to the Board for final decision.

Attachment

Revised policy on second residence waivers

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD
July, 2018

ACTIVE FILES

Candidate/Treasurer/ Lobbyist	Committee/Agency	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Served by Mail	Default Hearing Date	Date Judgment Entered	Case Status
Chilah Brown Michele Berger	Brown (Chilah) for Senate	Unfiled 2016 Year- End Report of Receipts and Expenditures Unpaid late filing fee on 10/31/16 Pre- General Election Report	\$1,000 LF \$1,000 CP \$50 LF	3/6/18				
Roxana Bruins	Roxana Bruins for Senate	Unfiled 2016 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	7/28/17	9/6/17	8/17/18		
Brenden Ellingboe	Ellingboe (Brenden) for House	Unfiled 2015 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	11/29/16	5/26/17			Hold by Board
Katy Humphrey, Kelli Latuska	Duluth DFL	Unfiled 2016 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	3/6/18				
Christopher John Meyer	Meyer for Minnesota	2016 Year-End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	7/28/17	9/6/17			Placed on hold by Board

