

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

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**December 5, 2018
St Croix Room
Centennial Office Building**

.....

MINUTES

The meeting was called to order by Chair Flynn.

Members present: Flynn, Haugen, Leppik, Moilanen, Rosen, Swanson

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

MINUTES (November 7, 2018)

After discussion, the following motion was made:

Member Leppik's motion: To approve the November 7, 2018, minutes as drafted.

Vote on motion: Unanimously passed.

CHAIR'S REPORT

A. Meeting schedule

The next Board meeting is scheduled for 10:30 a.m. on Thursday, January 3, 2019.

B. Report of the nomination committee

Chair Flynn reported that the nomination committee, consisting of herself and Member Rosen, had met. Member Rosen said that the committee recommended that for 2019, Member Leppik be named as chair of the Board and Member Moilanen be named as vice-chair.

After discussion, the following motion was made:

Member Rosen's motion: To approve the nomination committee's recommendation that for 2019, Member Leppik be named as chair of the Board and Member Moilanen be named as vice-chair.

Vote on motion: Unanimously passed.

EXECUTIVE DIRECTOR REPORT

Mr. Sigurdson told members that staff was busy preparing for the reports due in January for all of the Board's programs. Mr. Sigurdson also said that the December public subsidy payments would be made by the 15th of the month. Mr. Sigurdson stated that he and Ms. Engelhardt had met with the Minnesota Governmental Relations Council (MGRC) regarding the proposed legislative changes to the lobbying program. Mr. Sigurdson said that the meeting had been very constructive and that the MGRC had raised some concerns about the proposal. Mr. Sigurdson said that staff wanted to continue the discussion with the MGRC and wanted to be able to incorporate any suggestions arising from that dialogue into the legislative proposal. Staff therefore planned to present the draft statutory language for the lobbying program at the February meeting. Mr. Sigurdson said that the draft legislative language for the other programs still would be presented at the January meeting. Mr. Sigurdson finally stated that the house had changed its committee structure for the upcoming session and had created a subcommittee whose sole topic was elections. Mr. Sigurdson therefore believed that additional attention might be paid to campaign finance issues in the coming session.

ANNUAL BOARD REPORT – FISCAL YEAR 2018

Mr. Sigurdson told members that staff had completed the annual report of Board operations for fiscal year 2018. Mr. Sigurdson said that this report was statutorily required and was provided to the governor and legislative leadership and posted on the Board's website. Mr. Sigurdson said that the report highlighted the statutory changes made to Chapter 10A during the 2018 legislative session. Mr. Sigurdson also stated that the report showed that use of the Board's website continued to increase. Mr. Sigurdson said that the new website had been rolled out at the start of fiscal year 2018.

After discussion, the following motion was made:

| | |
|-------------------------|--|
| Member Leppik's motion: | To authorize the issuance of the annual report of Board operations for fiscal year 2018. |
| Vote on motion: | Unanimously passed. |

ENFORCEMENT REPORT

A. Discussion Items

1. Request to refer officials with outstanding 2017 annual economic interest statements to the attorney general's office – Richard Hamer and Dan Schoen

Mr. Olson told members that public officials must file annual statements of economic interest. Mr. Olson said that Richard Hamer, a Lincoln County Commissioner, and Dan Schoen, a former Minnesota Senator, had not filed their 2017 annual statements and had accrued the maximum \$100 in late fees and \$1,000 in civil penalties for those statements. Mr. Olson stated that the officials had been notified of the requirement to file the statement by both first class and certified mail. Mr. Olson said that staff was asking the Board to refer the officials to the attorney general's office to seek orders compelling the filing of the statements and judgments for the accrued late filing fees and civil penalties.

After discussion, the following motion was made:

Member Rosen's motion:

To refer Richard Hamer and Dan Schoen to the attorney general's office to seek orders compelling the filing of their 2017 annual statements of economic interest and judgments for the accrued late filing fees and civil penalties.

Vote on motion:

Unanimously passed.

2. Balance adjustment request – Independent Community Bankers of Minnesota PAC

Mr. Olson told members that the Independent Community Bankers of Minnesota PAC had terminated the employment of the committee's former treasurer in July 2018. The new treasurer had discovered a discrepancy between the ending cash balance on the committee's 2017 year-end report and the year-end balance in the committee's bank account. Mr. Olson said that the new treasurer had reviewed the committee's year-end bank statements going back to 2012 and had stated that for several years, the bank account balances had differed significantly from the balances stated on reports filed with the Board. Mr. Olson said that the former treasurer had not cooperated with the new treasurer's attempts to find an explanation for the discrepancies.

Mr. Olson also said that in reviewing the balance discrepancies, Board staff had discovered that there was an unexplained increase of \$1,550 from the committee's reported 2014 ending cash balance to the committee's reported 2015 beginning cash balance. Mr. Olson presented members with the chart below that included the unexplained increase and also illustrated how the balance discrepancy had changed in other ways over the past several years. Mr. Olson stated that the new treasurer felt that the PAC had exhausted its efforts to reconcile the balances and would not be able to provide any further explanation for the discrepancies. Mr. Olson said that the new treasurer therefore was asking the Board to adjust the PAC's reported 2017 ending cash balance from \$36,962.39 to \$39,221.04. Mr. Olson stated that if the Board wanted to grant the adjustment request, staff was recommending that it also require the PAC to provide year-end bank statements and a reconciliation of deposits in transit and uncashed checks to support its reported ending cash balance for a period of two years.

| Year-End | Bank Statement Balance | Report Balance | Difference | Report Balance Minus \$1,550 2015 | | Year to Year Change in Total Difference |
|----------|------------------------|----------------|------------|--------------------------------------|------------------|---|
| | | | | Beginning Cash Increase | Total Difference | |
| 2012 | \$45,764.24 | \$46,289.11 | (\$524.87) | - | (\$524.87) | - |
| 2013 | \$63,483.93 | \$64,273.23 | (\$789.30) | - | (\$789.30) | (\$264.43) |
| 2014 | \$60,046.20 | \$58,629.61 | \$1,416.59 | - | \$1,416.59 | \$2,205.89 |
| 2015 | \$45,514.66 | \$44,142.61 | \$1,372.05 | \$42,592.61 | \$2,922.05 | \$1,505.46 |
| 2016 | \$27,719.22 | \$25,845.58 | \$1,873.64 | \$24,295.58 | \$3,423.64 | \$501.59 |
| 2017 | \$39,221.04 | \$36,962.39 | \$2,258.65 | \$35,412.39 | \$3,808.65 | \$385.01 |

After discussion, the following motion was made:

Member Rosen's motion: To approve the requested balance adjustment with the condition that for a period of two years, the Independent Community Bankers of Minnesota PAC be required to provide year-end bank statements and a reconciliation of deposits in transit and uncashed checks to support its reported ending cash balance.

Vote on motion: Unanimously passed.

B. Waiver requests

4. AFSCME Local 2822 Political Action Fund - \$3,250 in late filing fees, \$800 in civil penalties

Alessandra Fuhrman, president of AFSCME Local 2822 Political Action Fund, addressed the Board regarding this waiver request. Ms. Fuhrman told members that she had become president of the local two years ago. The fund's treasurer then had passed away and a series of people had filled that position. Ms. Fuhrman said that when the third treasurer for the year 2018 had left the position in October, Ms. Fuhrman had discovered several unopened letters from the Board regarding the fund's reporting obligations. Ms. Fuhrman then worked with Board staff to get all the necessary reports filed. Ms. Fuhrman told the Board that she was committed to filing future reports on time and that she had created on-boarding procedures that included the fund's reporting obligations to ensure that any future officers would be aware of these obligations.

After discussion, the following motion was made:

Member Rosen's motion: 1) To reduce the late filing fee to \$800 and to reduce the civil penalty to \$200; 2) to stay payment of \$400 of the late filing fee and \$100 of the civil penalty until January 1, 2021, and to then waive these amounts if the AFSCME Local 2822 Political Action Fund has not incurred any other late fees or violations of Chapter 10A during that time; and 3) to require payment of the stayed amounts immediately if the fund incurs any late fees or violations of Chapter 10A before January 1, 2021.

Vote on motion: Unanimously passed.

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 Draft Minutes
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| <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> |
|---------------------------------------|--|------------------------|---|------------------------------|--|-----------------------|
| Pipestone County RPM (20103) | \$50 LFF | 2018 pre-general | Treasurer tried to create report after office hours on due date and had trouble because beginning balance in CFR software was resulting in negative balance. He called following day, staff helped him correct balance, and he then was able to file report. | Member Rosen | To waive the late filing fee | Passed unanimously |
| Michelle Ness | \$100 LFF | 2017 EIS | Official was abruptly placed on administrative leave in 12/17 and remained on leave until departing her position in 3/18. She didn't receive notice of need to file EIS until 11/20/18, at which time she promptly filed. The waiver request of Kris Lohrke, who was on leave due to same underlying matter, was granted by Board in 10/18. | Member Rosen | To waive the late filing fee | Passed unanimously |
| Joe Flanders | \$100 LFF \$1,000 CP | 2017 EIS | Official stopped serving on Middle Fork Crow River WD Board in 4/17 because he moved outside district. He thought he didn't need to file an EIS because he was no longer serving on Board. Letters sent to his former address informing him of need to file were returned as undeliverable. | Member Rosen | To waive the late filing fee and civil penalty | Passed unanimously |

Informational Items

1. Deposit to the General Fund

Ruth Richardson, \$140
 Doug Wardlow, \$75

2. Payment of a late filing fee for July 30, 2018, report of receipts and expenditures

42ND Senate Dist. DFL, \$150
 AGC PAC, \$50
 Building Trades C1 PAC, \$100
 Shaun Hainey, \$50
 Minneapolis Downtown Council PAC, \$50

3. Payment of a civil penalty for lobbyist contribution during 2018 legislative session

Rebecca Gagnon, \$75

4. Payment for late filing fee of a 24-hour large contribution pre-primary 2018

Messerli & Kramer PAC, \$250

5. Payment of a civil penalty for 2018 disclaimer violation

Ami Wazlawik, \$200

6. Payment for a late filing fee for 2018 economic interest statement

Kevin Leininger, \$100
Patrick Martin, \$15

7. Payment of a late filing fee and civil penalty for lobbyist principal report due March 15, 2018

JFC LLC dba GNP Company, \$1,700

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 told members that he had spoken with Bryan Klabunde and that Mr. Klabunde had said that he had received service of the complaint and that a lawyer was helping him.

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,

/s/ Jeff Sigurdson

Jeff Sigurdson
Executive Director

Attachments:
Annual Board Report – Fiscal Year 2018
Legal report