

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

.....
April 5, 2017
Nokomis Room
Centennial Office Building
.....

MINUTES

The meeting was called to order by Chair Rosen.

Members present: Flynn, Moilanen, Oliver, Rosen

Members absent: Leppik

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

The meeting did not strictly follow the order of business set forth in the agenda.

MINUTES (March 1, 2017)

After discussion, the following motion was made:

Member Flynn's motion: To approve the March 1, 2017, minutes as drafted.

Vote on motion: Unanimously passed.

CHAIR'S REPORT

Meeting schedule

The next Board meeting is scheduled for 10 a.m. on Wednesday, May 3, 2017.

EXECUTIVE DIRECTOR TOPICS

Mr. Sigurdson presented members with a memorandum on Board operations that is attached to and made a part of these minutes. Mr. Sigurdson told members that both the House and Senate were proposing cuts to the Board's budget for the next biennium. Mr. Sigurdson said that because employee expenses made up most of the Board's current budget, the only way to absorb the budget cuts would be to reduce the Board's staff. Mr. Sigurdson said that the proposals in the House budget would require a staff reduction of approximately 5.6 positions. The Senate proposal would require one staff position to be eliminated. Mr. Sigurdson said that the staff reductions would severely limit the Board's ability to fulfill its mission to its regulated parties and the public. Mr. Sigurdson also stated that public subsidy payments were eliminated in both the House and Senate proposals. Mr. Sigurdson said that at

the request of the Governor's office, he had drafted a letter summarizing his testimony about the effects of the proposed budgets on the Board.

Mr. Sigurdson also reported that the House elections committee had sent the confirmations of Members Moilanen and Leppik to the floor without a recommendation. Mr. Sigurdson said he had not received any news from the Governor's office regarding the appointment of new members to replace Member Oliver and former Member Greenman.

ADMINISTRATIVE RULES UPDATE

Mr. Sigurdson and Ms. Pope presented members with a memorandum on this matter that is attached to and made a part of these minutes. Ms. Pope told members that the rule committee had met for the third time on March 16, 2017, and that five members of the public had attended. The committee considered the proposed coordination and disclaimer language. Mr. Sigurdson and Ms. Pope said that although the rulemaking limitations in Senate File 829 could be interpreted to allow the Board to adopt rules if a notice of intent to adopt was published by June 1, 2017, it would be very difficult to meet that deadline. Members discussed specific rule provisions and whether a special meeting should be held regarding the proposed rules. Members suggested that the executive director obtain input from the other rule committee member, Member Leppik, about the need for a special meeting.

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.

ENFORCEMENT REPORT

A. Discussion Items

1. Confirmation of cessation of staff efforts to obtain 2016 lobbyist principal report – SEIU Local 63.

Mr. Fisher told members that at the January 31, 2017, meeting, the Board confirmed the termination of Frank Miskowiec's registration on behalf of SEIU Local 63 as of April 4, 2016. Mr. Fisher said that because the principal organization dissolved on April 4, 2016, the organization's Minnesota chapter informed Board staff that it was unclear who would have knowledge to fill out the principal report at this time. The Minnesota chapter also stated that the organization could not have spent over \$10,000 and therefore would likely report \$0 in spending on its report. Mr. Fisher said that because almost a full year had passed since the organization had dissolved, staff was asking the Board to confirm that staff should cease attempts to retrieve this report and/or collect any late filing fees.

After discussion, the following motion was made:

Member Flynn’s motion: To confirm the cessation of staff efforts to obtain a 2016 lobbyist principal report from SEIU Local 63.

Vote on motion: Unanimously passed.

2. Confirmation of lobbyist termination – Ward Einess.

Mr. Fisher told members that Mr. Einess registered as a lobbyist on behalf of General Electric Co. on May 2, 2011. Mr. Fisher said that GE had informed staff that Mr. Einess was not retained by the organization for 2016 and that GE did not engage in lobbying activities in Minnesota during 2016. Mr. Einess has since amended his reports to terminate as of December 31, 2015. Mr. Fisher said that staff therefore had terminated Mr. Einess as of December 31, 2015, and, because the termination involved the removal of records previously filed by Mr. Einess, was asking the Board to confirm the termination.

After discussion, the following motion was made:

Member Oliver’s motion: To confirm the termination of Ward Einess as lobbyist for General Electric Co. as of December 31, 2015.

Vote on motion: Unanimously passed.

B. 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>
Pipefitters Local 539	\$1,000 LFF	8/3/2016 24-Hr Rep	Individual who was in charge of filing has passed away. New registered treasurer is unsure of circumstances that led to 24-hour report not being timely filed.	Member Rosen	To reduce the late filing fee to \$250.	Passed unanimously.
Joint Council 32 Drive	\$1,000 LFF	11/1/2016 24-Hr Rep	Committee was unaware of the 24-hour reporting requirement and does not recall the software generating a notice regarding the contribution.	Member Rosen	To reduce the late filing fee to \$250.	Passed unanimously.
Bakk (Thomas) for Senate	\$7,000 LFFs (7x \$1,000)	10/27/2016; 11/7/2016 24-Hr Reps	Candidate was busy with caucus activities, was not aware of the amount of the contributions during the 24-hour notice period, and believes contributions created no undue influence on the electoral process.	Member Flynn	To reduce the late filing fee to \$500.	Passed unanimously.
St Paul Regional Labor Fed. AFL-CIO	\$1,000 LFF ¹	8/3/2016 24-Hr Rep	Fund believes it did not receive 24-hour notice from software.	Member Rosen	To reduce the late filing fee to \$250.	Passed unanimously.

¹ Fund has paid late filing fee; waiver would be a reimbursement.

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Minutes
April 5, 2017

IBEW Local 343 Political Edu. Fund	\$1,000 LFF	8/3/2016 24-Hr Rep	Fund states that failing to file report was simply an oversight.	Member Rosen	To reduce the late filing fee to \$250.	Passed unanimously.
Erma Vizenor (MN State Colleges and Universities)	\$50 LFF	1/30/2017 EIS	Official has been dealing with health issues since November.	Member Rosen	To waive the late filing fee.	Passed unanimously.
John Cornell (Lac qui Parle-Yellow Bank WD)	\$100 LFF	1/30/2017 EIS	Official had medical issues around filing deadline.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Rory Mattson (Office of the Attorney General)	\$45 LFF	1/30/2017 EIS	Official was no longer employed with AG's office when filing notice was mailed.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Ann O'Brien (MMB)	\$5 LFF	1/30/2017 EIS	Board staff initially informed official that report was required due to position she returned to on a temporary basis. However, report was actually required due to her ending previous position in Feb. 2016. This confusion led to late filing of report.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Brad Blawat (Middle-Snake-Tamarac Rivers WD)	\$50 LFF	1/30/2017 EIS	Official was confused after filing original statement in December. Nothing had changed since initial filing.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Donald Grundhauser (Capitol Area Architect. and Planning Bd.)	\$20 LFF	2/13/2017 EIS	Official left the state in November and returned March 3rd.	Member Rosen	To waive the late filing fee.	Passed unanimously.
John Finney (Joe River WD)	\$90 LFF	1/30/2017 EIS	Official was on an extended vacation during late fall and winter.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Jay Estling (Roseau SWCD)	\$70 LFF	1/30/2017 EIS	Official sent original filing notice back to Board with "no computer" written on it. Board staff then sent out a paper report to filer.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Jeff Rogers (Okabena-Ocheda WD)	\$40 LFF	1/30/2017 EIS	Official was out of town for two weeks and didn't get to mail immediately upon return.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Ruth Shannon-Yarbrough (Bd on Aging)	\$35 LFF	1/30/2017 EIS	Official was busy with work and had to go to the library to file due to computer issues.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Richard Dreher (Koochiching SWCD NC/Area 8)	\$15 LFF	1/30/2017 EIS	Official states that he did not receive the mailed filing notice. Notice was mailed to address on file for individual.	Member Rosen	To waive the late filing fee.	Passed unanimously.
Richard Viger (Otter Tail, West SWCD)	\$5 LFF	2/13/2017 EIS	Official states his filing notice must have gotten lost in the mail.	Member Rosen	To waive the late filing fee.	Passed unanimously.

Rob Rafferty (Vadnais Lake Area WMO)	\$5 LFF	2/13/2017 EIS	Official states he is a volunteer and missed the deadline by one day.	Member Rosen	To waive the late filing fee.	Passed unanimously
James Nack (Bd of Podiatric Medicine)	\$40 LFF	1/30/2017 EIS	Official believes he mistakenly deleted email notifying him of filing. A letter was also mailed to the official's address on December 30, 2016.	Member Rosen	To waive the late filing fee.	Passed unanimously
Citizens to Elect Kathy Busch	\$550 LFF	1/31/2017 Year-end	Campaign's PayPal account was hacked and money was withdrawn which led to confusion over reporting. Candidate plans to terminate committee.	Member Rosen	To waive the late filing fee.	Passed unanimously
MN Insurance & Financial Services Council	\$25 LFF	3/15/2017 Principal	Filing notice was sent to an outdated address for individual responsible for filing report. Lobbyist updated her address on file with the Board but not the address on file for the principal, as there is no registration for principal organizations.	Member Rosen	To waive the late filing fee.	Passed unanimously
Andy (Aplikowski) for Minnesota	\$300 LFF	1/31/2017 Year-end	Committee was inactive after special election and planned to terminate. Treasurer did not realize a year-end report was required. Committee has terminated its registration with the Board.	Member Rosen	To waive the late filing fee.	Passed unanimously
25B House District DFL	\$625 LFF	1/31/2017 Year-end	Treasure was dealing with medical issue around filing deadline.	Member Rosen	To waive the late filing fee.	Passed unanimously
Fire Marshals Assn of MN	\$50 LFF	3/15/2017 Principal	New treasurer took over in July. Filing notice sent to previous treasurer who called new treasurer regarding filing on March 17. Address has been updated in Board's system.	Member Flynn	To waive the late filing fee.	Passed unanimously
66th Senate District DFL	\$50 LFF	1/31/2017 Year-end	Treasurer accidentally filed an amended pre-general-election report instead of a year-end report prior to the filing deadline.	Member Flynn	To waive the late filing fee.	Passed unanimously
Lois Conroy for Judge	\$700 LFF	1/31/2017 Year-end	Filing notice was sent to candidate because treasurer had only updated address in filing software (which does not amend registration with Board).	Postponed to next meeting (Rosen recused)		
MN Counseling Assn	\$125 LFF	3/15/2017 Principal	Principal was unaware of required report because this is the first year it has had a registered lobbyist.	No motion		
Building a Greater MN	\$250 LFF	1/31/2017 Year-end	Treasurer stated that he filed prior to deadline. However, Board records do not contain any communication from the treasurer. Board staff is concerned that a prior email from October was edited to show filing prior to deadline, as they are both time stamped at 2:31pm. Also, the alleged forwarded message has no subject and no attachments.	No motion		

Informational Items

A. Security information request

In March, the executive director received a request to reclassify as security information the description of a non-homesteaded real property owned by a judge. The judge had personal safety concerns about disclosing the information on a statement of economic interest. The executive director determined that the description of the property was security information and granted the request to reclassify that information.

B. Payment of a late filing fee for 2006 year-end report of receipts and expenditures

Ray Egan for Senate, \$1,163.16 settlement of judgment

C. Payment of a late filing fee for 2016 year-end report of receipts and expenditures

Merrill Anderson Campaign, \$50
Denise Bader for State House, \$25
Tony Cornish for State Representative, \$25
Volunteers for Dorian Eder, \$250
Vote Jefferson Fietek, \$300
Jim Flaherty for 20B, \$50
Sarah Hamlin for House, \$25
Jason Hutchison for Judge, \$25
James Kanne for House 16B, \$175
Lyle Koenen Senate Campaign
Richard Lieberman Campaign, \$25
Warren Limmer for Senate, \$25
Vote Jerry Loud, \$450
Sean Nienow Volunteer Committee, \$250
Todd Podgorski for State Senate, \$25
Friends of Kirk Stensrud, \$25
Volunteers for Dan Surman, \$225
Paul Venhuizen for MN 11B, \$75
Will Waggoner for House, \$300
Friends of Tasha Wells, \$25
Whelan (Abigail) for House, \$25
Fight for Our Future PAC, \$25
IAFF Local 1935 PAC, \$25
Shakopee Mdewakanton Sioux, \$25

D. Payment of a late filing fee for 2016 October 31 report of receipts and expenditures

Grand Portage PAC, \$450

E. Payment of a late filing fee for 2016 September 27 report of receipts and expenditures

MAHU Agents and Insurance Professionals, \$50

F. Payment of a late filing fee for 2016 July 25 report of receipts and expenditures

Kittson County DFL, Lyndon Johnson, treas., \$500.27 revenue recapture

G. Payment of a late filing fee for 24-hour notice of large pre-election contribution

Erin Koegel for Minnesota, \$250
Joyce Peppin Volunteer Committee, \$250
Swedzinski (Chris) for House, \$250
Emily's List – Minn, \$1,000
Local 59 Political Fund, \$1,000
MFC Action Fund, \$250
MN State Bldg & Construction Trades Council Pol Fund, \$250
St. Paul Regional Labor Federation AFL-CIO, \$1,000
womenwinning PAC, \$1,000

H. Late filing fee for public official annual economic interest statement

Tom Anzelc, State representative, \$10
Ward Briggs, Dept of Transportation, \$5
Chuck Flage, Red Lake County Dist 4, \$5
Sandra Hooker, Board of Soil and Water Resources, \$65
Mark McNamara, Wright SWCD, \$10
Dennis Peterson, Sunrise River WMO, \$50
Julian Sjostrom Ottetail W SWCD, \$5
Roger Steinman, Murray SWCD, \$25
Larry Stelmach, Shingle Creek Mississippi WD, \$200
Bernie Thole, Benton SWCD, \$5
Brian Timm, Redwood SWCD, \$5
Anthony Toft, Board of Electricity, \$100

I. Payment of a late filing fee for January 17, 2017, lobbyist disbursement report

David Anderson, All Parks for Change, \$25

J. Payment of a late filing fee for March 15, 2017, annual report of lobbyist principal

Solar Roess Engineering, \$25

K. Payment of a civil penalty for conversion to personal use

Tim Manthey for Senate, \$150, final payment

L. Deposit to the General Fund

Roger Reinert for Duluth, \$6,044.72, carryforward excess
John Lesch for State Representative, \$167.33, return of excess public subsidy
Alma Wetzker for House, \$1,897.69, return of excess public subsidy

LEGAL COUNSEL'S REPORT

Mr. Hartshorn had nothing to add to the legal report that is attached to and made a part of these minutes.

OTHER BUSINESS

There was no other business to report.

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

A handwritten signature in black ink, appearing to read "Jeff Sigurdson". The signature is written in a cursive, flowing style.

Jeff Sigurdson
Executive Director

Attachments:
Memorandum regarding executive director topics
Memorandum regarding administrative rules update
Legal report

Minnesota

Campaign Finance and Public Disclosure Board



Date: March 29, 2017

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Executive Director's Report – Board Operations March 2017

Board Budget

The current Board operating budget is \$1,028,000 for fiscal year 2017. All three proposed state government budgets have been released and are compared in the table below.

Budget Proposal	Fiscal Year 2018	Fiscal Year 2019	Change from Current Base of \$1,028,000
Governor	\$1,041,000	\$1,052,000	+1.8%
Senate	\$976,000	\$976,000	-5%
House	\$689,000	\$689,000	-33%

The Board did not ask for a line item increase in the operating budget. The 1.8% percentage increase in the Governor's proposed budget is provided to all agencies to partially offset the anticipated contracts that will be negotiated for MAPE and AFSCME, and in anticipation of an increase in the cost of providing health insurance benefits. The current Board staff of eight full-time and two part-time positions is maintained under the Governor's budget. The Board's budget is predominately staff costs, with approximately 83% of the budget used for salary and benefits.

The Senate budget reduces the current yearly base by \$52,000. Additionally, the Senate budget eliminates funding for the SmART program, which is operated by the Department of Administration. The SmART program provides support to small agencies in human resources, processing of invoices and receipts through the state accounting system, and general support in complying with state and federal reporting requirements. The SmART program is currently provided at no cost to the Board. The SmART program has notified me that if funding is not provided for operation of the program, then the program will need to bill back to agencies the cost of the services provided. The SmART program is estimating that the cost to the Board for current service levels would be \$50,000 per fiscal year.

The combination of the Senate base budget reduction, the end of free support from the SmART program, and likely increases in wages and insurance costs, can only be balanced in the Board budget through the reduction of one full-time staff position.

The House budget reduces, but does not eliminate, funding for the SmART program. I am not sure what impact this may have on the cost for support provided to the Board by the SmART program. The House budget reduces the Board's base budget by \$339,000 per fiscal year. To

balance the budget under the House proposal, a staff reduction of three full-time positions and one part-time position would be required. An unknown variable is unemployment payments necessitated by the laying off staff. It is certainly possible that the cost of unemployment payments would require the elimination, or at least a reduction, of the other part-time staff position.

I testified before the House State Government Finance Committee on the impact to Board operations that would occur from a 33% cut. The impact of course would be dramatic. The Board's ability to provide support and training to the regulated community and to fulfill its mission of building public confidence in the actions of government officials through disclosure will be compromised if the Board staff is reduced to five positions.

The Governor's office asked me to provide a letter containing the concerns I expressed in my testimony to the House committee. A copy of the letter is attached to this report.

Both the House and Senate budgets eliminate the public subsidy program.

Budget negotiations between the Governor, Senate and House have only just begun. I will keep Board members informed as information becomes available.

Web Site Development

Staff is developing an amendment to the Board's contract with Avallo that will provide for online registration for lobbyists and campaign committees on the new website. Currently all registrations and registration amendments are submitted to the Board on paper. The lobbying community has long requested online registration as lobbyists frequently add and change clients during the course of a year. The available funding for the contract amendment is \$60,000. The funding is derived primarily from salary and benefit savings accrued from leaving the Assistant Director position open for the past six months.

Presentations by Staff

I was the guest presenter at a graduate level course on Ethics in Policy, Politics and Advocacy conducted by Metropolitan State University. Staff is also offering training classes on the use of the Campaign Finance Reporter software and compliance training for candidates and treasurers. Twelve committees signed up for the most recent software training class.

Attachment

March 28, 2017 letter to the Office of the Governor

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD
April, 2017

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
David Berglund	Cook Soil and Water Conservation District	Unfiled Economic Interest Statement due January 25, 2016 Untimely Filing of 2015 Economic Interest Statement Untimely Filing 2011 Economic Interest Statement	\$100 LF \$1,000 CP \$80 LF \$100 LF \$100 CP	7/7/16	12/30/16			
Brenden Ellingboe	Ellingboe (Brenden) for House	Unfiled 2015 Year- end Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	11/29/16				
Kirsten Johnson		Unfiled Economic Interest Statement due June 14, 2016	\$100 LF \$1,000 CP	1/17/17				
Tim Johnson		Unfiled Economic Interest Statement due June 14, 2016	\$100 LF \$1,000 CP	1/17/17				

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
Meg Litts	Meg Litts for House 9A	2016 Pre-General Election Report of Receipt and Expenditures	\$1,000 CP	3/14/17				
		2016 Year-End Report of Receipt and Expenditures	\$1,000 LF \$1,000CP	3/14/17				

CLOSED 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
Jeffrey Hoffman	Yellow Medicine River Water District	Unfiled Economic Interest Statement due January 25, 2016	\$100 LF \$1,000 CP	7/7/16	12/30/16			Closed
Larry Stelmach	West Mississippi Watershed Mgmt Commission	Unfiled Economic Interest Statement due January 25, 2016	\$100 LF \$1,000 CP	7/7/16	12/30/16			Closed
	West Mississippi Watershed Mgmt Commission	Late Filing of Economic Interest Statement due July 19, 2015	\$100 LF \$1,000 CP					Closed
	Shingle Creek Watershed Mgmt Commission	Unfiled Economic Interest Statement due January 25, 2016	\$100 LF \$1,000 CP					Closed
	Shingle Creek Watershed Mgmt Commission	Late Filing of Economic Interest Statement due July 19, 2015	\$100 LF \$1,000 CP					Closed