

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

.....  
**December 14, 2017  
Nokomis Room  
Centennial Office Building**

.....  
**MINUTES**

The meeting was called to order by Chair Rosen.

Members present: Flynn (arrived during chair's report), Haugen, Leppik, Moilanen, Rosen, Swanson

Others present: Sigurdson, Goldsmith, Pope, staff; Christie Eller, counsel

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

**MINUTES** (November 1, 2017)

After discussion, the following motion was made:

Member Moilanen's motion: To approve the November 1, 2017, minutes as drafted.

Vote on motion: Unanimously passed (Flynn absent).

**CHAIR'S REPORT**

**A. Meeting schedule**

The next Board meeting is scheduled for 10 a.m. on Tuesday, January 9, 2018.

**ADVISORY OPINION REQUEST**

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Sigurdson told members that the requester had agreed to make the matter public and that the request concerned the effect of the gift prohibition on the provision of books and informational materials to legislative and executive branch officials. Mr. Sigurdson told members that the request had not been received in time to prepare a draft opinion for consideration at the December meeting and that the matter therefore needed to be laid over to the January meeting.

After discussion, the following motion was made:

Member Leppik's motion: To lay the advisory opinion request over to the January meeting.

Vote on motion: Unanimously passed.

### **HENNEPIN COUNTY – CHAPTER 383B**

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Sigurdson told members that two representatives from Hennepin County wanted to address the Board to explain a potential legislative proposal that would repeal the provisions in Chapter 383B that allow political committees and funds active in that county to register either with the county or with the Board. Mr. Sigurdson said that the proposed legislation would require these committees and funds to register with and report to the Board.

Ginny Gelms, Hennepin County Elections Manager, and Dan Rogen, Senior Hennepin County Attorney, then addressed the Board. Mr. Rogen said that major city elections in Hennepin County are held in odd-numbered years. Political committees registered with Hennepin County must file reports before the city primary and general elections and in January of the following year. Political committees registered with the Board that are active in those city elections do not have to report their activity, however, until the year-end report when the election is long over. Mr. Rogen said that Hennepin County wanted to end this disclosure discrepancy by requiring all political committees active in that county to register with the Board and to file three reports for the odd-numbered years. Ms. Gelms stated that another advantage of placing these political committees solely under the Board's jurisdiction is that Chapter 10A has provisions governing independent expenditures while Chapter 383B does not.

Mr. Rogen told members that Hennepin County planned to ask the legislature to require all political committees and funds active in the county to register with the Board and to report in odd-numbered years. Mr. Rogen said that the county was addressing the Board to ensure that this proposal was feasible and not opposed by the Board.

Mr. Sigurdson told members that changes would need to be made to Chapter 10A to ensure that only committees active in odd-numbered year elections in Hennepin County would be required to file multiple reports in odd-numbered years. Changes also would need to be made to the Campaign Finance Reporter software. Mr. Sigurdson said, however, that he believed that these changes would not have a large impact on current Board operations. Members then discussed the issue and voiced no objections to Hennepin County's plan to present the issue to the legislature.

### **EXECUTIVE DIRECTOR REPORT**

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. There was no discussion of this matter.

**REPORT ON 2016 RECONCILIATION**

There was no presentation or discussion of this matter.

**ENFORCEMENT REPORT**

There was no presentation or discussion of this matter.

**LEGAL COUNSEL'S REPORT**

Ms. Eller presented members with a legal report that is attached to and made a part of these minutes. There was no discussion of this matter.

**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,



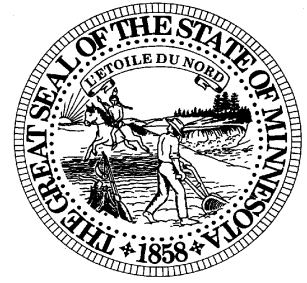
Jeff Sigurdson  
Executive Director

Attachments:

- Memorandum regarding advisory opinion request
- Memorandum regarding Hennepin County Chapter 383B
- Memorandum regarding executive director report
- Memorandum regarding 2016 reconciliation
- Enforcement report
- Legal report

Minnesota

*Campaign Finance and  
Public Disclosure Board*



**Date:** December 7, 2017

**To:** Board members

**CONFIDENTIAL**

**From:** Jeff Sigurdson, Executive Director

**Telephone:** 651-539-1189

**Re:** Advisory opinion 445 – Material for legislative and executive branch officials

The request for this advisory opinion was received on December 6, 2017. The requester did not specify whether the request was public or nonpublic. Therefore, until staff determines the requester's intent, the advisory opinion request is nonpublic under Minnesota Statutes section 10A.02, subdivision 12.

The request concerns the potential application of the gift ban to books and reports on public policy matters given to legislative and executive branch officials.

Because the request was received the day before the Board mailing, there was not enough time to prepare a draft advisory opinion for consideration at the December meeting. The matter will have to be formally laid over to the January meeting because Minnesota Statutes section 10A.02, subdivision 12, requires advisory opinions to be issued within 30 days after receipt unless a majority of the Board agrees to extend this time limit.

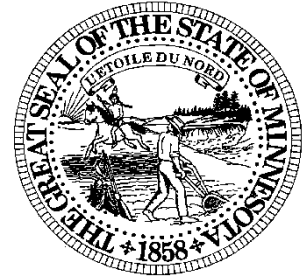
Attachments:

Request letter

Minnesota

# *Campaign Finance and Public Disclosure Board*

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**Date:** December 1, 2017

**To:** Board Members

**From:** Jeff Sigurdson, Executive Director

**Re: Hennepin County – Partial Repeal of Chapter 383B**

Portions of Minnesota Statutes chapter 383B regulate campaign finance registration and reporting for some elections in Hennepin County. As required in chapter 383B, all candidates and committees for county-level offices and ballot questions; municipal-level offices and ballot questions for cities with a population of 75,000 or more, and school district offices and ballot questions for School District No. 1, Minneapolis, register and report with Hennepin County Elections.

Chapter 383B is unique in that all other local election candidates and committees, both in Hennepin County and statewide, report campaign finances under chapter 211A. The Hennepin County Board of Commissioners is considering whether the election provisions of chapter 383B are still viable and in the best interest of the county. The Hennepin County Board may ask the legislature to repeal the election related provisions of chapter 383B, and instead rely on the reporting provisions of 211A for all candidates in the county. If that occurs, the county may also request that certain registration and reporting requirements found in chapter 383B be transferred to the Campaign Finance and Public Disclosure Board.

Ginny Gelms, Elections Manager for Hennepin County, has asked to appear before the Board at the December meeting to explain Hennepin County's concerns with chapter 383B, and answer any questions the Board may have. From discussions with Ms. Gelms, my understanding is that the county views chapter 211A as adequate for campaign finance disclosure by candidates. However, chapter 211A does not provide registration or meaningful reporting by political committees and funds. For example, chapter 211A does not provide for the reporting of independent expenditures.

Hennepin County currently has 24 registered political committees and funds that are active only in that county. One possibility would be to have these political committees and funds register with and report to the Board. To be clear, there is no plan to have local office candidate committees register with or report to the Board.

Moving the registration and reporting of political committees and funds active in Hennepin County to the Board would require modifications to Chapter 10A. The legislature will undoubtedly ask for the Board's reaction to the suggested changes. The following is a discussion of the proposal's possible impacts on the operations of the Board.

**Registration of additional committees and funds.** There are usually about 1,400 committees registered with the Board. Adding another 25 or so registrations would not have a significant impact on staff or Board resources. In modeling how this could work, staff believes it would be best to treat these committees like any other political committee or fund. The committees currently registered in Hennepin County would be able to make contributions to state-level candidates, party units, and other committees as well as Hennepin County candidates and ballot questions. These committees and funds would report like any other committee or fund during a state election year.

**Reporting during odd-numbered years.** Hennepin County elections are held during odd-numbered years. In odd-numbered years committees and funds registered with the Board file only a year-end report. That of course would not be timely disclosure of independent expenditures and donations made to influence Hennepin County elections.

Extending the state election year filing schedule to all committees and funds registered with the Board in odd-numbered years is probably not viable. It would also represent a significant expense in postage and staff time for the Board. To make reporting in odd-numbered years both timely and practical the pre-election reporting could be required only if a committee or fund made expenditures or contributions to influence elections in Hennepin County during that year.

Eventually the campaign finance filing software provided by the Board to all committees and funds could be modified to include a list of registered Hennepin County candidates. With this modification, a treasurer who contributes to a Hennepin County candidate could receive a compliance warning that additional reporting to the Board will be required. The software could also list donations to Hennepin County candidates on a separate schedule so that they are easier to locate in the report.

The Board's IT staff would modify the reporting software; no additional cost should be associated with the change. However, accomplishing the needed changes in time for the 2019 elections may not be possible given other IT projects that staff is working on, and the general work load that occurs during a state election year. Committees and funds that contribute to Hennepin County candidates and ballot questions in 2019 may need to file the required report on paper, or at least report Hennepin County activity on a supplemental paper report.

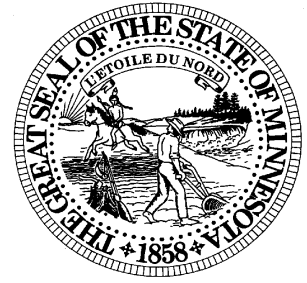
**Enforcement actions before the Board.** I do not anticipate a significant upswing in enforcement actions before the Board if the Hennepin County political committees and funds are brought into Chapter 10A. Many of the common violations resolved by the Board through conciliation agreements do not apply to contributions given to local-level candidates. For example, the penalty for exceeding the contribution limits for chapter 211A candidates is enforced only on the candidate committee, and enforcement is through the county attorney.

**Other impacts on Board resources.** Handbooks and training material would need modification. Staff would make the changes to these materials. Although time consuming, there should not be a budgetary impact to the Board.

These are the issues identified by staff at this time. Other issues might be identified as the details of the county's legislative proposal become clear. I would appreciate hearing the Board's reaction to the Hennepin County proposal.

Minnesota

# *Campaign Finance and Public Disclosure Board*



**Date:** December 1, 2017

**To:** Board Members

**From:** Jeff Sigurdson, Executive Director

**Telephone:** 651-539-1189

**Re:** **Executive Director's Report – Board Operations**

## **Personnel**

Kevin Lochner has accepted the position of Program and Education Analyst. Mr. Lochner will join the Board's staff on December 13, 2017. The position is responsible for the day-to-day management of the Board's economic interest disclosure program. Additionally, the position will produce and maintain the Board's web-based training material and educational videos for all programs. The position will also support the Board's name standardization initiative; including the use of standardized names in web-based applications. Finally, the position will have a significant role in keeping the Board's website accurate and up-to-date.

The position of Assistant Executive Director was posted on November 20, 2017, and will close on December 20, 2017. Applicants apply directly through the state employment website (<https://mn.gov/mmb/careers>).

## **Special Elections**

Staff is preparing for special elections that will be held to fill vacancies in House District 23B and Senate District 54. Public subsidy payments will be available to qualified candidates and special contribution limits, spending limits, and reporting periods will apply.

## **Staff Presentations**

I presented an overview of the Board's new website and reviewed lobbyist registration and reporting issues at the monthly meeting of the Minnesota Governmental Relations Council on November 15<sup>th</sup>.

I was asked by Minnesota Continuing Legal Education to present at an all-day seminar on the legislative process in Minnesota. The seminar will occur on December 12, 2017, and I will be on a panel with Senator Fishbach reviewing the provisions in Chapter 10A that apply to lobbyists and the most common pitfalls that trouble lobbyists.

# Campaign Finance and Public Disclosure Board



190 Centennial Building . 658 Cedar Street . St. Paul, MN 55155-1603

**DATE:** November 22, 2017

**TO:** Board Members

**FROM:** Jeff Sigurdson  
Executive Director

**TELEPHONE:** 651-539-1189

**SUBJECT: 2016 - Yearly Update on Reconciliation of Contributions between Registered Committees**

## Background

In the fall of 2013, the Star Tribune published an article describing problems found in the database of contributions to state candidates, political party units, and political committees and funds provided to the paper by the Campaign Finance and Public Disclosure Board. In particular the Star Tribune found that it could not reconcile over \$20 million dollars in contributions reported between registered committees during the years 2000 to 2012. Staff confirmed that the problems identified in the article existed, and during the remainder of 2013, all of 2014, and the first quarter of 2015, worked to reduce the number of contributions between registered entities that did not reconcile.

At the August 2015 Board meeting staff reported to the Board on the progress made in reconciling contributions, and reported on nine steps implemented by the executive director to minimize unreconciled contributions in future reporting years. The Board directed staff to stop the active reconciliation of contributions made prior to 2014, and to report annually to the Board regarding the reconciliation of contributions for the prior reporting year. This memo provides the status of the reconciliation of contributions between registered entities reported in 2016.

## Reconciliation of 2016

The 2016 year-end reports of receipts and expenditures were due on January 31, 2017. The reports were processed using procedures designed to limit the number of unreconciled contributions caused by data entry errors. These procedures include double checking the data entry of paper reports and requiring treasurers to submit complete amended reports if warranted. In Table 1 the 2016 reconciliation numbers are highlighted in grey, the years 2010 – 2015 are provided for comparison.

**Table 1**

Year	Total Itemized Transfers	Amount Initially Not Reconciled	Percentage Initially Reconciled	Current Amount Not Reconciled	Percentage Currently Reconciled
2010	\$25,459,972	\$4,791,084	81.18%	\$31,968	99.87%
2011	\$4,087,836	\$500,960	87.75%	\$5,870	99.86%
2012	\$32,772,360	\$4,326,600	86.80%	\$19,614	99.94%
2013	\$4,506,703	\$417,657	90.73%	\$8,167	99.82%
2014	\$24,647,813	\$1,955,927	92.06%	\$30,561	99.88%
2015	\$5,125,778	\$530,272	89.65%	\$1,430	99.97%
2016	\$32,920,683	\$5,621,789	83.02%	\$20,858	99.94%
<b>Totals</b>	<b>\$129,521,145</b>	<b>\$18,144,289</b>	<b>85.99%</b>	<b>\$118,468</b>	<b>99.91%</b>



The reconciliation process takes considerable staff time to complete. The initial mailing to committees with a reconciliation issue was in April, with 485 committees contacted for reporting at least one contribution to or from another registered committee that failed to reconcile. In almost all cases, amendments were secured from the donor, the recipient, or both to resolve the discrepancy. Staff is still working with eight committees to resolve contributions made in 2016 that do not reconcile.

# *Campaign Finance and Public Disclosure Board*

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190 Centennial Building . 658 Cedar Street . St. Paul, MN 55155-1603 FAX: 651-539-1196 or 800-357-4114

**DATE:** December 7, 2017

**TO:** Board Members  
Counsel Hartshorn

**FROM:** Jodi Pope, Legal/Management Analyst

**SUBJECT:** Enforcement report for consideration at the December 14, 2017, Board meeting

## **A. Discussion items**

### **1. Balance adjustment request – Joe McDonald for State Rep**

The Joe McDonald for State Rep committee is the principal campaign committee of Rep. Joe McDonald. In 2017, Board staff notified the McDonald committee that there was a discrepancy between the beginning cash balance on its 2016 report and the ending cash balance on its 2015 year-end report. The committee's treasurer explained that the discrepancy arose before she became treasurer at the end of 2014. The treasurer stated that despite the previous treasurer's poor recordkeeping, she had been able to find and correct a large error in 2010 but had not been able to locate the source of the remaining \$587.56 discrepancy. The treasurer told staff that the committee's 2015 and 2016 transactions were all accounted for on the committee's reports. The treasurer then filed an amended 2015 report showing the committee's actual beginning and ending cash balances for that year. The committee is asking the Board to adjust its year-end balance for 2014 from \$6,149.69 to \$6,737.25 to match its actual cash balance at the beginning of 2015. The committee registered with the Board on June 9, 2010, and has not received any other balance adjustments.

### **2. Balance adjustment request – Ryan Winkler Volunteer Committee**

The Ryan Winkler Volunteer Committee is the house campaign committee of former Rep. Ryan Winkler. The committee reported that its 2016 year-end balance was \$963.58. The committee, however, states that its actual bank balance at the end of 2016 was \$190.37, which is a discrepancy of \$773.21. The committee has examined its records and determined that the bulk of the discrepancy occurred before 2007. The committee cannot find the exact source of the discrepancy because bank records for 2006 are no longer available. The committee is asking to adjust its year-end 2016 balance to \$190.37. The committee then plans to file its 2017 report and terminate its registration. The committee registered with the Board on February 17, 2006, and has not been granted any other balance adjustments.

### **3. Reconsideration of waiver request – SEIU Local 26 Political Fund**

SEIU Local 26 is a political fund and therefore not required to file reports for periods with no activity. The fund's only receipts are transfers from its parent association. In June 2017 as part of an effort to correct balance discrepancy issues, the fund filed a 2016 year-end report showing all of the transfers as unitemized contributions. Because the transfers exceeded the itemization threshold, staff told the fund to amend its report to itemize the transfers. The amended report showed that based on the timing of the transactions, the fund should have filed a 24-hour notice

report before the 2016 primary, a 10-day pre-general-election report, and a year-end report. The fund accrued the maximum \$1,000 late filing fee for all three reports. At the November meeting, the Board made no motion on the fund's waiver request. Staff notes that the Board has consistently reduced a 24-hour notice late fee from \$1,000 to \$250.

**4. Request to refer matter to the Attorney General's Office – Brown (Chilah) for Senate**

The Brown (Chilah) for Senate committee is the principal campaign committee of Chilah Brown. Ms. Brown and her treasurer Michelle Berger have failed to file the committee's 2016 year-end report of receipts and expenditures. The committee last reported a cash balance of \$3,556.18 and did not receive any public subsidy funds. The committee has accrued \$1,000 in late fees and \$1,000 in civil penalties for the year-end report. The committee also has an unpaid \$50 late fee for the 2016 pre-general-election report. Staff is asking the Board to refer the matter to the Attorney General's Office to seek an order compelling the filing of the report and a judgment for the accrued late filing fees and civil penalties.

**5. Request to refer matter to the Attorney General's Office – Duluth DFL**

The Duluth DFL is a local party unit that has failed to file its 2016 year-end report. On its pre-general-election report, the party unit reported a cash balance of \$6,957.09. The Duluth DFL has accrued the maximum \$1,000 in late fees and \$1,000 in civil penalties for the year-end report. Staff is asking the Board to refer the matter to the Attorney General's Office to seek an order compelling the filing of the report and a judgment for the accrued late filing fees and civil penalties.

**B. Waiver Requests**

	Committee/ Entity	Late Fee or Civil Penalty	Report Due	Factors	Most Recent Balance	Previous Waivers Granted
1	Kirsten Johnson (candidate)	\$100 LFF, \$1,000 CP	6/14/2016 Candidate EIS	Candidate was required to file economic interest statement because she filed to be on the ballot for state senate. Candidate's employer then decided that running for office would be a conflict of interest. This decision was made after the last day that candidate could withdraw her name from the ballot but before she had spent any money. Candidate then immediately ended campaign activity. Candidate called Board in response to request for report and was told that she did not have to file campaign finance reports if she had not spent any money. Candidate believed that this direction also applied to EIS. Candidate was referred to attorney general's office and submitted EIS after receiving complaint.	NA	No

**Informational Items**

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

Neighbors for Ilhan Omar, \$150

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

Citizens for Jane Montemayor, \$201.25 (Revenue Recapture)

**C. Payment of a late filing fee for the June 15, 2017, lobbyist disbursement report:**

Sarah Janecek, Caribou MSP, \$225  
Eric Reichwald, Down in the Valley, \$375

**D. Payment of a late filing fee for a statement of economic interest**

David Berglund, Cook County SWCD, \$200 (2016 and 2017)

**E. Payment of a late filing fee for March 15, 2016, annual report of lobbyist principal**

Tavern League of Minn, \$25

**F. Payment of a civil penalty for false certification**

Branden Petersen, October, \$280; November, \$280

**G. Payment of a civil penalty for excess special source contributions**

Jim Nash for Minnesota, \$250

**H. Payment of a civil penalty for acceptance of an earmarked contribution:**

Goodhue County RPM, \$1,000

**CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD  
December, 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  8/18/17			Matter settled; currently drafting voluntary dismissal filing
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			
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			Personal service unsuccessful  Hold by Board
Kirsten Johnson		Unfiled Economic Interest Statement due June 14, 2016	\$100 LF \$1,000 CP	1/17/17	5/26/17			Hold by Board

