

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

.....
**June 26, 2019
Room G-31
Minnesota Judicial Center**
.....

MINUTES

The meeting was called to order by Chair Leppik.

Members present: Flynn, Leppik, Moilanen, Swanson

Members absent: Haugen, Rosen

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

Although Member Rosen planned to attend by telephone, he ultimately was unable to participate in any portion of the meeting. Because notice of a meeting by electronic means had been given and because it could not be ascertained whether any members of the public were participating in the meeting by telephone, roll call votes were taken.

MINUTES (June 5, 2019)

After discussion, the following motion was made:

Member Flynn's motion: To approve the June 5, 2019, 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 14, 2019.

EXECUTIVE DIRECTOR REPORT

Mr. Sigurdson told members that lobbyist reports for the first part of the year were due on June 17, 2019, and that only nine reports remained outstanding. Mr. Sigurdson attributed the high response rate to the outreach done by staff. Mr. Sigurdson then reviewed the proposed budget for fiscal year 2020. Mr. Sigurdson said that the Board would be able to maintain its current complement of nine staff members because the legislature and governor had approved the Board's request for a \$75,000 increase to the base budget. Mr. Sigurdson answered questions from members about other budget

items and said that any funds not spent during fiscal year 2020 would be carried over to the second year of the biennium.

After discussion, the following motion was made:

Member Leppik's motion: To ratify the proposed budget for fiscal year 2020.

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

Mr. Sigurdson next reviewed the workplace violence prevention and response plan. Mr. Sigurdson said that the plan's goal was to make employees aware of the services and reporting mechanisms available to them. Mr. Sigurdson said that the plan needed to be updated periodically by the executive director and that the Board needed to ratify the revised plan.

After discussion, the following motion was made:

Member Leppik's motion: To ratify the revised workplace violence prevention and response plan.

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

Mr. Sigurdson then discussed the Review of 2018 Campaign Expenditures and Contributions. Mr. Sigurdson said that this document provided information about spending and contribution trends at the 2018 election. Mr. Sigurdson stated that in an attempt to make the information more approachable the report relied heavily on graphs and charts. Mr. Sigurdson explained that the Board now has software that makes it easier and faster to create graphs and other visual representations of the information disclosed on campaign finance reports. Mr. Sigurdson asked members for feedback about the way that the information was presented in the Review. Members then discussed their impressions of the Review and their general concerns about graphically conveying information.

PRESENTATION TO THE BOARD BY KIM PETTMAN

Kim Pettman appeared by telephone to address the Board. Ms. Pettman said that she had served as a public official and on several advisory committees and now was a registered citizen lobbyist. Ms. Pettman also stated that she was a person with a disability. Ms. Pettman presented ideas for a two-tiered lobbyist registration system that would create a specific category for citizen lobbyists. Ms. Pettman said that she did not have many lobbying expenses to report and that she often worried about the substantial fees that can accrue for late lobbyist reports. Ms. Pettman said that her proposed two-tier system would allow people to have the benefits of being a registered lobbyist without the worry of the reporting responsibilities. Ms. Pettman also said that the economic interest forms and other public official responsibilities were confusing. Ms. Pettman asked for visual and audio aids to help the Board's regulated parties complete required forms and comply with their responsibilities. Ms. Pettman presented other ideas for increasing the diversity of and accessibility to Board programs, particularly for

citizens who live in greater Minnesota or who may have visual disabilities. Members asked Ms. Pettman several questions and thanked her for presenting her suggestions.

ENFORCEMENT REPORT

A. Discussion items

1. Request to refer matter to the Attorney General's Office – Rep. Carlos Mariani

Mr. Olson told members that this matter no longer needed to be discussed because Representative Mariani had filed his annual statement of economic interest.

2. DLCC Victory Fund (41122) – balance adjustment request

Mr. Olson told members that the DLCC Victory Fund was a political committee that had reported an ending cash balance for 2017 of \$29,379.14. Its bank statements reflected a balance at that time of \$26,296.30, a difference of \$3,082.84. Mr. Olson said that the difference reflected the combination of a downward discrepancy of \$163.63 from 2016 and an upward discrepancy of \$3,246.47 from 2017. In 2018, the committee hired a compliance firm, attempted to reconcile its records with past reports, and amended its reports for both 2016 and 2017. Mr. Olson stated that those amendments resulted in the ending cash balance for 2016 changing from the originally reported amount of \$270.33 to \$17,763.75 and the ending cash balance for 2017 changing from the originally reported amount of \$40,525.40 to \$29,379.14. However, the committee was unable to reconcile a total of \$3,082.84 and stated that its bank statements were not detailed enough to resolve the remaining discrepancy. Mr. Olson said that the treasurer had stated that the committee had adopted additional procedures to verify the accuracy of its beginning and ending cash balances. Mr. Olson said that the committee was asking the Board to adjust its 2017 ending cash balance downward from \$29,379.14 to \$26,296.30.

After discussion, the following motion was made:

Member Swanson's motion:

To approve the balance adjustment requested by the DLCC Victory Fund.

Vote on motion:

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

B. Waiver requests

14. Klabunde (Bryan) for MN House (17853) - \$2,000 in late filing fees, \$1,600 in civil penalties for 2017 and 2018 year-end reports

The Klabunde (Bryan) for MN House committee is the principal campaign committee of candidate Bryan Klabunde. Mr. Klabunde addressed the Board about this waiver request. Mr. Klabunde said that he had been dealing with difficult family and financial issues since the 2016 election. Mr. Klabunde

stated that he had worked with Board staff to amend the 2016 report and to file the 2017 and 2018 reports. Mr. Olson told members that the committee treasurer in 2016 had filed inaccurate reports and then had resigned. When the committee stopped responding to staff's reconciliation requests, the Board referred the matter to the attorney general's office in June 2018. Mr. Olson confirmed that Mr. Klabunde had worked with staff to file accurate reports. Mr. Olson said that those reports showed that the committee had violated the party unit contribution limit in 2016 and that Mr. Klabunde had entered into a conciliation agreement with the Board that essentially would require him personally to pay about \$2,300 to resolve that matter.

After discussion, the following motion was made:

Member Moilanen's motion: To reduce the late filing fees to \$100 and to reduce the civil penalties to \$75.

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

<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>
Kalliope Communications LLC (7283)	\$1,000 LFF \$1,000 CP	2018 principal report	Principal's founder had significant medical issues that prevented him from filing 2018 principal report. He mistakenly thought that all required reports had been filed. Report was filed 6/17/2019.	Member Flynn	To waive the late filing fee and civil penalty	Roll call vote taken. All members voted in the affirmative.
Ayrlahn (Johnson) Volunteer Committee (18415)	\$100 LFFs	24-hour notices due 2/22/2019 & 2/23/2019	Special election candidate installed CFR software on Friday, 2/22/2019, but wasn't able to get it working, register his committee, and file 24-hour notices until following Monday, 2/25/2019. Special primary was held 3/5/2019. Candidate was in contact with Board staff and made staff aware of contributions in question.	Member Flynn	To waive the late filing fees	Roll call vote taken. All members voted in the affirmative.
Brad Sanford for State Senate (17878)	\$25 LFF	2018 year-end report	Treasurer thought he filed no-change statement via CFR software on due date and filed it next day when he realized it had not been received. It appears that he mistakenly filed 2017 year-end report on due date rather than 2018 no-change statement.	Member Flynn	To waive the late filing fee	Roll call vote taken. All members voted in the affirmative.

2nd Judicial District Republican Committee (41053)	\$675 LFF	2018 year-end report	Former treasurer resigned in July 2018. Chair was notified via mail and email that he was required to file committee's reports, and he proceeded to do so, listing himself as treasurer. Chair states he did not receive phone call or email before year-end report was due. Our records indicate he was emailed prior to due date and called on due date. Report was filed 3/12/2019. Committee has reported total of \$120 in contributions over 5-year span, and all those contributions were reportedly received in 2018. Committee could have terminated at end of 2015 or anytime thereafter, and chair has stated that committee now seeks to terminate its registration.	Member Flynn	To reduce the late filing fee to \$80	Roll call vote taken. All members voted in the affirmative.
People for Tom Anzelc (16512)	\$700 LFF	2018 year-end report	Candidate left office in January 2017. Committee treasurer died in April 2018. Candidate filed amended 2017 year-end report and 2018 year-end report on 3/13/2019. Committee registration has been terminated retroactive to 12/31/2018 so committee is not required to file any further reports.	Member Flynn	To reduce the late filing fee to \$85	Roll call vote taken. All members voted in the affirmative.
Committee to Elect Sean White (17958)	\$1,000 CP	2017 year-end report	Committee's only financial activity in 2017 was \$204 to maintain website. Report was filed in March 2019. Candidate has paid \$1,000 late filing fee and is only seeking waiver of civil penalty.	Member Flynn	To waive the civil penalty	Roll call vote taken. All members voted in the affirmative.
Friends of Jeff Martin for Judge (18382)	\$200 LFF	24-hour notice due 7/25/2018	Treasurer does not know why 24-hour notice was not filed until 7/31/2018. Candidate states that committee's funds have been donated to charity and bank account has been closed.	Member Swanson	To waive the late filing fee	Roll call vote taken. All members voted in the affirmative.
Local 28 Political Fund (30064)	\$1,000 LFF	24-hour notice due 8/2/2018	Supporting association didn't realize that 24-hour notice requirement applied to contributions from supporting association. Board typically reduces 24-hour notice late fee for first-time violation to \$250.	Member Leppik	To reduce the late filing fee to \$250	Roll call vote taken. All members voted in the affirmative.

United Food & Commercial Workers Council 6 (30174)	\$2,000 LFFs	24-hour notices due 8/1/2018 & 11/1/2018	Political fund's supporting association hired new administrative assistant in 2018 and she did not fully understand 24-hour notice requirement. Board typically reduces 24-hour notice late fees for first-time violations to \$250 per violation. Political fund did incur \$400 LFF for 24-hour notice in 2016 but no waiver or reduction was granted.	Member Leppik	To reduce the late filing fee to \$250 per notice	Roll call vote taken. All members voted in the affirmative.
Mining Industry Leadership Fund (40914)	\$625 LFF	2018 year-end report	Treasurer had difficulty entering contributions into CFR software. She is a lobbyist and had little time to resolve issue during legislative session, particularly because her assistant accepted a different job during that time. Year-end report filed 3/10/2019 disclosed for first time 3 incoming contributions and 1 outgoing contribution that should have been disclosed on pre-general report.	No motion		
Iron Mining Assn of Minnesota (329)	\$300 LFF	2018 principal report	Lobbyist, who is president of principal, thought that filing of her lobbyist disbursement report covering second part of 2018 on 1/26/2019 satisfied requirement to file 2018 principal report. Principal report was filed 4/2/2019.	No motion		
South East Homes (7353)	\$1,000 LFF \$1,000 CP	2018 principal report	Owner of principal states she did not realize she was responsible for filing principal report despite speaking with Board staff in March 2019. Principal report was filed 6/14/2019.	Member Moilanen	To reduce the civil penalty to \$500	Roll call vote taken. All members voted in the affirmative.
Friends of Kaying (Thao) (17916)	\$2,000 LFFs \$1,600 CPs	2018 & 2017 year-end reports	Former treasurer resigned in mid-2017. First-time candidate thought committee bank account had been closed. Candidate received letters from Board but thought she didn't need to respond because her committee had not had any financial activity. Committee was referred to attorney general's office in June 2018. Candidate states she is not able to afford fees and penalties owed by committee, but is willing to pay amount remaining in committee bank account, which is \$893.42. Committee's only financial activity	Member Leppik	To reduce the late filing fees to \$500 and to reduce the civil penalties to \$393.42	Roll call vote taken. All members voted in the affirmative.

			in 2017 and 2018 was \$0.47 in miscellaneous income for each year. Both reports were filed 4/30/2019.			
Teach for America (6376)	\$75 LFF	2017 principal report	Staff member responsible for report left in March 2018 and this was first report filed under leadership of new executive director. Report was filed 3/20/2018.	No motion		
Red Lake Tribal Council (3797)	\$50 LFF	2018 principal report	Principal terminated relationship with sole lobbyist in late February 2019 and principal states that it did not understand that it needed to file principal report. Report was filed 3/19/2019.	No motion		

C. Informational Items

1. Payment of late filing fee for EIS

Scott Bruns, \$100
 Lucas Clayton, \$100
 Richard Hamer, \$100
 David Strohkirch, \$100

2. Payment of a late filing fee for 2018 pre-primary 24-hour notices

IFAPAC Minn, \$1,000
 Minnesotans for Bold Reform, \$500

3. Payment of late filing fee for 2018 pre-general 24-hour notices

Samantha Vang, \$500

4. Payment of late filing fee for 2018 year-end report of receipts and expenditures

28th Senate District DFL, \$250
 Kevin Burkart, \$225
 Ricky Englund, \$25
 Sara Freeman, \$50
 Shane Mekeland, \$25
 MN Organization of Republican Veterans (MORVets), \$25
 Elena Ostby, \$100
 TCO Political Action Committee, \$50
 Marla Vagts, \$25
 Yele-Mis Yang, \$25

5. Payment of civil penalty for late filing of 2018 year-end report of receipts and expenditures

28th Senate District DFL, \$250

6. Payment of late filing fee for lobbyist disbursement report due 1/15/19

Blake Johnson, \$450
Kelsey Johnson, \$175
Patrick Murray \$25

7. Payment of late filing fee for lobbyist principal report due 3/15/2019

Coca-Cola Refreshments, \$325
Minnesotans for Safe Fireworks, \$50
Restoration Counseling & Community Services, \$275
Lutheran Advocacy-Minnesota (LA-MN) (fka Lutheran Coalition for Public Policy in MN), \$125

8. Payment of civil penalty for excess special source contributions

Melissa Hortman, \$40
Jim Nash, \$250

9. Partial payment of civil penalty for spending limit violation

Doug Wardlow, \$10,000

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 legal report.

OTHER BUSINESS

Members expressed disappointment with the coverage of the Neighbors for Ilhan (Omar) decision, particularly that coverage's focus on tax, immigration, and criminal issues that were outside of the Board's jurisdiction. Members discussed whether changing the format of the Board's decisions would emphasize the campaign finance issues discussed in those documents. Mr. Sigurdson told members that the form for decisions in investigations was not established by statute and could be changed at members' direction. Mr. Sigurdson offered to find examples of other decision formats and members agreed that this would be helpful.

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 chair had nothing to report into regular session.

Page - 9 -
Minutes
June 26, 2019

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

Respectfully submitted,

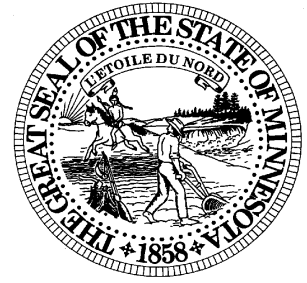
A handwritten signature in black ink, appearing to read "Jeff Sigurdson". The signature is written in a cursive, flowing style.

Jeff Sigurdson
Executive Director

Attachments:
Executive director's report
Legal report

Minnesota

Campaign Finance and Public Disclosure Board



Date: June 14, 2019

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, 2019, through May 31, 2019, is due on June 17, 2019. As of the date of this memo, 1,148 reports of the 2,202 expected reports have been filed (52%). Staff is sending multiple e-mail reminders to lobbyists with outstanding reports, and lobbyists with missing reports on June 17 will receive a reminder phone call from staff.

Ratification of Budget for Fiscal Year 2020

At the start of each state fiscal year the Board ratifies the budget developed by staff using salary projections and other estimated costs provided by SmART. Attached is the proposed budget for fiscal year 2020.

The base budget for fiscal year 2020 is \$1,123,000. The base budget includes the \$75,000 per fiscal year increase requested by the Board. Without that increase it would have been very difficult to balance the yearly budget without a reduction in staff costs.

The attached budget breaks down the Board's expenditures by general category, and estimated costs are rounded up. The budget is a working document, and some changes to the allocation of funds almost certainly will occur during the course of the year. I will report major changes to the Board. Funds left over from fiscal year 2020 carryforward into fiscal year 2021.

Ratification of the Workplace Violence Prevention and Response Policy

All state agencies are required to develop and promote a workplace violence prevention and response policy, and to review and update the policy on an annual basis. Staff developed the attached policy using general guidelines provided by the Department of Administration, and added specific procedures based on the Centennial Office Building and the Board's relationship with clientele.

As executive director, I am responsible for approving the plan, which I have done. However, the Board is also required to be aware of the plan, and ratify its use. The plan is attached for Board reference.

Review of 2018 Campaign Expenditures and Contributions

Attached for Board reference and comment is a review of the campaign expenditures and contributions reported to the Board in 2018. The review is an attempt to provide information on general issues and trends, and to provide comparative information on the races in 2018. The review depends heavily on the use of graphs to convey information. Only about 10 of the 80 pages in the review are used for narrative, the remainder consists of charts and tables.

No Board action is needed on the review. However, I would be interested in feedback on the effectiveness of the graphs in conveying information, and any specific recommendations for improvement. There are ways to start providing graphical representations of data on the website, which may be more approachable for the public than the current line and column approach now available for the review of data.

Attachments

Fiscal Year 2020 Budget

Workplace Violence Prevention and Response Policy

Review of 2018 Campaign Expenditures and Contributions

**CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD
July 2019**

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	8/10/18			Board is working on the matter. Placed on hold.
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			
Katy Humphrey, Kelli Latuska	Duluth DFL	Unfiled 2016 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	3/6/18	8/10/18			Board is working on the matter. Placed on hold. 3/5/19
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			
Dan Schoen		2017 Annual Statement of Economic Interest	\$100 LF \$1,000 CP	1/28/19	3/27/19			Placed on hold by Board.

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
Kaying Thao	Friends of Kaying	2017 Year-End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	7/10/18	8/10/18			Personal Service was effected on April 4. A waiver request was received by the Board. Placed on hold on 6/3/19.

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
Richard Hamer		2017 Annual Statement of Economic Interest	\$100 LF \$1,000 CP	1/28/19	3/27/19			The Board received the 2017 EIS Statement. This matter is closed.