

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

.....
July 6, 2022
Blazing Star Room
Centennial Office Building
.....

MINUTES

The meeting was called to order by Chair Rashid.

Members present: Asp, Flynn (by Webex), Leppik, Rashid (by Webex) Soule, Swanson

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

MINUTES (June 1, 2022 and April 6, 2022)

The following motion was made:

Member Soule's motion: To approve the June 1, 2022, minutes as drafted.

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

The following motion was made:

Member Leppik's motion: To approve the corrected April 6, 2022, minutes as drafted.

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

CHAIR'S REPORT

A. 2022 meeting schedule

The August Board meeting will likely be changed to a different date in August due to scheduling conflicts. After discussion the Board decided that going forward, the Board's regular meeting time will change to 9:30 a.m.

EXECUTIVE DIRECTOR'S REPORT

Mr. Sigurdson presented members with a memorandum that is attached to and made a part of these minutes.

Board Operations - Reporting Periods

Mr. Sigurdson provided an overview of the July 25 pre-primary reporting deadline for campaign finance filers as well as the upcoming 24-hour notice period during which certain large contributions received after July 18 must be reported to the Board within 24 hours. Mr. Sigurdson stated that Board staff continues to hold campaign finance compliance training sessions via Webex, which have been well attended.

Staff Activity

Mr. Sigurdson said that he will attend a conference in Albuquerque, New Mexico on July 15 for government entities that provide public financing to political candidates.

ENFORCEMENT REPORT

A. Consent Items

1. Administrative termination of lobbyist Rebecca Smith (4955)

Mr. Olson stated that Guadalupe Lopez, executive director of Violence Free Minnesota, has requested the administrative termination of Rebecca Smith as a lobbyist for that principal. Mr. Olson said that Ms. Smith ceased being employed by the principal on February 1, 2022 and the principal attempted to contact Ms. Smith to ask her to file a termination statement but she has not done so. Mr. Olson explained that Board staff terminated Ms. Smith's lobbyist registration as of February 1, 2022 and there are no outstanding disbursement reports.

2. Administrative termination of lobbyist Jens Undlin (4500) and withdrawal of lobbyist registration of Dillon Gherna (5009)

Mr. Olson stated that Dillon Gherna, director of public engagement and intergovernmental relations for the Hennepin County Sheriff's Office, has requested the administrative termination of Jens Undlin as a lobbyist for that principal, retroactive to the end of 2021. Mr. Olson said that Mr. Undlin ceased being employed by the principal on May 2, 2022, and did not engage in lobbying in 2022. Mr. Olson explained that Mr. Undlin is currently participating in military basic training and is unable to file a termination statement.

Mr. Olson stated that Mr. Gherna also requested that his own lobbyist registration be terminated retroactively, but Mr. Gherna did not register as a lobbyist until January 4, 2022. Mr. Olson said that because Mr. Gherna stated that neither he nor anyone else engaged in lobbying on behalf of the principal in 2022, Board staff treated this aspect of the request as a request to withdraw Mr. Gherna's lobbyist registration.

Mr. Olson explained that Board staff terminated Mr. Undlin’s lobbyist registration as of December 31, 2021, and tentatively withdrew the lobbyist registration of Mr. Gherna. Mr. Olson that that there are no other lobbyists registered on behalf of the principal and if those requests are approved, there will be no outstanding disbursement reports.

The following motion was made:

Member Soule’s motion: To approve consent items 1 and 2.

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

B. Waiver Requests

Entity	Late Fee/ Civil Penalty	Report Due	Factors and Recommended Action	Board Member’s Motion	Motion	Vote on Motion
1. Barsness (Dennis) for MN Senate 5 (18645)	\$275 LFF	2021 Year- End	Candidate mistakenly filed another copy of the committee’s 2020 year-end report via the CFR software on the due date, 1/31/2022, rather than a 2021 year-end report. The error occurred because the candidate did not initialize the 2021 calendar year within the CFR software because there was no financial activity. Candidate discovered the error in mid-February and immediately filed a 2021 no-change statement on 2/15/2022, listing a cash balance of \$200. Candidate intends to file a termination report after this issue is resolved. RECOMMENDED ACTION: Waive	Soule	Approve the staff recommendation	A roll call vote was taken. All members voted in the affirmative.

C. Informational Items

1. Payment of late filing fee for 2022 1st quarter report of receipts and expenditures

Marti (Michael) for Minnesota, \$200

2. Payment of late filing fee for 2021 year-end report of receipts and expenditures

MN350 Action Fund, \$500
 7B House District RPM, \$75

Larkin Hoffman Political Fund, \$50

3. Payment of late filing fee for 2020 pre-general report of receipts and expenditures

Local S-6 IAFF Political Fund, \$50

4. Payment of late filing fee for 2020 1st quarter report of receipts and expenditures

Local S-6 IAFF Political Fund, \$25

5. Payment of late filing fee for lobbyist disbursement report due 1/18/2022

Dennis Eagan, \$175

6. Payment of late filing fee for lobbyist principal report due 3/15/2022

Revol Greens MN, LLC, \$200

MN Resource Recovery Association, \$25

Service Employees International Union Council 7, \$25

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 the Board's default judgment motion has not yet been granted in the Rhoades matter.

REQUEST FOR BOARD GUIDANCE ON PARTY UNIT REGISTRATIONS

Mr. Sigurdson presented members with a memorandum that is attached to and made a part of these minutes. Mr. Sigurdson explained that in order to consider the request for guidance, the Board would need to vote to add the item to the meeting agenda because it was not included within the agenda provided to Board members a week in advance of the meeting.

The following motion was made:

Member Leppik's motion: To consider the request for guidance.

Member Swanson asked whether the matter is something that other interest groups and members of the public may be interested in. Members and Board staff discussed the advantages and disadvantages to considering the matter now versus delaying consideration of the matter until a future Board meeting.

After discussion the following motion was made:

Member Soule's motion: To consider the request for guidance.

Vote on motion: A roll call vote was taken. Five members voted in the affirmative, Asp abstained.

David Zoll appeared before the Board on behalf of the Minnesota Democratic-Farmer-Labor (DFL) Party. Mr. Zoll stated that the DFL party unit names in question reflect the manner in which those party units are organized, with the approval of the DFL Party. Mr. Zoll said that party units with names reflecting that they represent a portion of a county have been registered by Board staff in the past.

Board members asked questions about the specific DFL party units referenced in Mr. Sigurdson's memorandum and Mr. Zoll answered those questions. Mr. Zoll said he agrees with option three presented in Mr. Sigurdson's memorandum, which would allow registration of the DFL party units in question for the current election cycle and allow the Board or the legislature to fashion a long-term solution in 2023.

Member Swanson asked about the practical and compliance implications of an association being registered as a party unit versus a political committee. Mr. Sigurdson explained that there are three primary differences. First, a party unit may issue political contribution refund receipts, while a political committee may not. Second, candidates are subject to two aggregate contribution limits, with the aggregate special source limit including contributions from lobbyists and political committees and funds, and the party unit aggregate limit including contributions from party units. Mr. Sigurdson said that candidates are typically more likely to reach the aggregate special source limit than the aggregate party unit limit. Third, political committees and funds are subject to the individual contribution limit when making a contribution to a candidate, while party units are not.

Member Soule asked about the prospect of confusion caused by party units with similar names. Mr. Sigurdson stated that having party units with similar names, such as two party units representing portions of the same county, can cause reporting errors leading to confusion as to the true source of particular contributions. Mr. Sigurdson stated that it also may be confusing to members of the public who are seeking information about a political party's activities within a particular county or legislative district.

Member Leppik asked about option three presented in Mr. Sigurdson's memorandum, which would involve the DFL party units in question being registered as requested by the DFL on the condition that the DFL work with Board staff in 2023 to modify the registrations to represent a single political or geographic area. Mr. Sigurdson explained that option three would not reduce confusion on the part of the public during the current election cycle but it would help ensure that the registrations are processed and that reports are received in a timely manner to ensure disclosure to the public.

Member Swanson asked if the Board could choose option three for the reporting period ending in July only. Mr. Zoll stated that it would be difficult for the entities in question to be restructured in the middle of an election year. Mr. Zoll argued that it is reasonable to interpret the word "a" in Minnesota Statutes section 10A.01, subdivision 30, to permit party units to be comprised of the constituent parts of a county, legislative district, etc. Mr. Zoll also said that dictating the manner in which party units must be organized raises freedom of association concerns.

Chair Rashid spoke in favor of option three. Vice Chair Soule also stated his support for option three.

The following motion was made:

Member Soule's motion: To approve option three in Mr. Sigurdson's memorandum.

Member Swanson stated that he could support the motion if the predicate is that the Board is taking action as a matter of necessity and is not taking a position on the interpretation of Minnesota Statutes section 10A.01, subdivision 30. Chair Rashid asked that the minutes of the meeting reflect that the Board is taking action as a matter of necessity and for the current year only.

Vote on motion: A roll call vote was taken. Five members voted in the affirmative, Asp abstained.

EXECUTIVE SESSION

Chair Rashid 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.

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

Respectfully submitted,



Jeff Sigurdson
Executive Director

Attachments:
Executive Director's Report – Board Operations
Legal report
Staff request for Board guidance on DFL party unit registrations



MINNESOTA CAMPAIGN FINANCE BOARD

Date: June 29, 2022

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Executive Director's Report – Board Operations

Board Operations - Reporting Periods

Campaign Finance Program: Notices of the need to file the pre-primary report of receipts and expenditures will be sent to 1,215 constitutional, legislative, and judicial office candidates, political committees, political funds, and political party units. The pre-primary report covers the period from January 1 through July 18, 2022, and is due on July 25, 2022. This is the first report filed for 2022 by legislative candidates and local party units. Staff will be available during the weekend prior to the report due date to help committees with the Campaign Finance Reporter software.

In addition, staff will be reminding candidate committees and political committees and funds of the need to file 24-hour reports of large contributions during the period of July 19 through August 8, 2022. During this period contributions and loans from any one source totaling more than \$500 for legislative candidates, more than \$400 for district court candidates, and more than \$1,000 for political committees and funds must be reported to the Board in person by the end of the next business day after receipt or by electronic means within 24 hours after receipt.

Training: Staff is continuing to conduct campaign finance compliance training for treasurers and candidates with classes offered in June and July. Attendance at the sessions is still strong, so staff will continue to offer training through the summer.

Staff Activity

Conference of Public Campaign Finance Administrators: The city of Albuquerque, New Mexico and the Thornburg Foundation are hosting a conference on July 15 for states, counties, and cities that offer public funding programs to candidates. I will be attending to provide information on Minnesota's public subsidy program, and to gather information on the programs used in other jurisdictions. In particular the public finance program developed in Seattle has generated interest in the legislature, and the Seattle program will be represented at the conference. The conference has identified 27 public finance programs in the country; for your reference a list of the programs is attached.

Attachment: 2022 Public Subsidy Programs

Program	State/Local	Type	Administration Office
Albuquerque	Local	Grant	City Clerk
Santa Fe	Local	Grant	City Clerk
New Mexico	State	Grant	Secretary of State
Arizona	State	Grant	Clean Election Commission
Denver	Local	Matching	City/County Clerk
Maine	State	Grant	Commission on Governmental Ethics
NYC	Local	Matching	NYCCFB
Los Angeles	Local	Matching	City Ethics Commission
Connecticut	State	Matching	Citizens Election Program
DC	Local	Matching	Office of Campaign Finance
Florida	State	Matching	FL Division of Elections
Maryland	State	Matching	State Board of Elections
Montgomery County	Local	Matching	State Board of Elections
Howard County	Local	Matching	State Board of Elections
Massachusetts	State	Matching	Office of Campaign and Political Finance
Minnesota	State	Refunds and Grant	Campaign Finance Board
New Jersey	State	Matching	Election Law Enforcement Commission
Portland	Local	Matching	Office of Small Donor Elections
Seattle	Local	Vouchers	Democracy Voucher Program
Hawaii	State	Matching	Campaign Spending Commission
Vermont	State	Grant	Secretary of State
Boulder	Local	Matching	City Clerk
New Haven	Local	Matching and Grant	Democracy Fund
Tucson	Local	Matching	City Clerk
San Francisco	Local	Matching	Ethics Commission
Oakland	Local	Matching	Ethics Commission
Rhode Island	State	Matching	State Board of Elections

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD
July 2022
ACTIVE FILES

Candidate/Treasurer/ Lobbyist	Committee/Agency	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Personally Served	Default Hearing Date	Date Judgment Entered	Case Status
Ashley Martinez- Perez, Candidate	Ashley Martinez- Perez for MN House	2020 pre-general report of receipts and expenditures due 10/26/20, filed 10/28/20 2020 year end report of receipts and expenditures due 1/31/22, not filed	\$100 LFF \$1,000 LFF	6/13/22				Drafting complaint.
Jenny Rhoades		Candidate Statement of Economic Interest due 6/15/20—filed after lawsuit served.	\$100 LFF \$1,000CP	9/23/20	6/29/21 1/1/22	4/4/22		Default judgment motion pending.
Jae Hyun Shim		Statement of Economic Interest due 1/25/2021	\$100 LFF \$1,000CP	9/7/21	2/9/22			Matter taken off hold. Drafting default judgment motion.



MINNESOTA CAMPAIGN FINANCE BOARD

Date: July 5, 2022

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Staff request for Board guidance on DFL party unit registrations

The legislative redistricting in 2022 requires many political party units based on legislative and congressional district boundaries to either modify their registration, or terminate party units based on old districts and register new party units with the Board. As a part of this process the Board received a handful of DFL party unit registrations that I did not accept for processing because the registration did not, in my view, comply with the definition of party unit provided in Minnesota Statutes section 10A.01, subdivision 30. The statute provides:

Subd. 30. **Political party unit or party unit.** "Political party unit" or "party unit" means the state committee or the party organization within a house of the legislature, congressional district, county, legislative district, municipality, or precinct.

Party units have been registered based on one of the stated political or governmental boundaries; for example, 27th Senate District DFL, or Hubbard County DFL, or St. Paul DFL. This limitation on party unit registration was stated in [Advisory Opinion 344](#), in which the Board declined to register party units based on judicial districts. A political party may recognize other organizations based on other characteristics, for example the DFL Senior Caucus, but that committee is registered as a political committee, not a party unit. I understand that the DFL view of the statute is that it allows for more flexibility in creating party units. The DFL organizations in dispute are based on that portion of a legislative district within a county, or the combination of portions of counties comprising one or more legislative districts.

Staff began working with David Zoll, counsel for the DFL party, in May trying to find a resolution to this problem, without success. The issue has now come to a head because the Board sends to each major and minor political party chair a certification of the party units registered under the name of political party. Chair Martin has declined to sign the certification because the list does not include the party organizations in dispute. An email dated June 30, 2022, from Mr. Zoll explaining the situation is attached to this memo. Additionally, the first campaign finance report filed in 2022 by local party units is the pre-primary report, which is due on July 25, so a prompt resolution of the problem is required.

Mr. Zoll's email identifies the eleven party units that the DFL would like to register. They are:

Olmsted (20/24)
Rice/Scott (58)
Dakota (20/58)
Le Sueur/Scott (22)

Benton/Isanti/Mille Lacs (10)
Carver (17)
Meeker (16-17) / Wright (17)
Stearns (12)
Chisago (11) / Pine (11B)
St. Louis (03)
St. Louis (07)

In his email Mr. Zoll also points out that there are already some DFL party units that are a combination of a county and legislative district. Those party units are:

24B House District DFL (Olmsted 20/24)
Benton Sherburne Wright 15B House District DFL
Pine County DFL (HD 11B)
St Louis County DFL (St Louis-06)
Stearns County DFL (Stearns-12)

I have not had an opportunity to research why these registrations were processed; 24B House District DFL (Olmsted 20/24) was registered in April, and the other four have much older initial registration dates. However, a mistake by staff in processing these registrations does not obligate the Board to accept more registrations that it finds problematic.

I would like Board guidance on how to proceed with this issue. I see three possible alternatives.

- 1) The Board can decline to accept party unit registrations that are not based on one of the political or geographic boundaries listed in statute. This option would, for the sake of consistency, require the five party units already registered to either amend their boundaries and registrations with the Board to remain as party units, or change their registration to a political committee. The negatives to this approach are that both the five registered party units and the eleven proposed party units have already completed the endorsement of candidates based on their hybrid boundaries, may have already made contributions to candidates as party units, and may have issued political contribution refund receipts as a party unit. All of that activity would be affected, and either have to be changed to reflect that the party units are now political committees, or in the case of political contribution refund receipts, disallowed. Further, the rapidly approaching deadline for filing the pre-primary report would be very hard to meet if the party units are required to reorganize prior to registration or reporting.
- 2) The Board could direct staff to accept political party unit registrations based on a combination of geographic and political districts, as proposed by the DFL. The negative is the difficulty in administering party unit registrations that take only a portion of a county or legislative district. For example, if this option is selected there would be four DFL party units representing some portion of St. Louis County. I believe that would be confusing to the public. If this option is selected then Advisory Opinion 344 should be withdrawn.
- 3) The Board could direct staff to accept the proposed party registrations on the condition that in 2023 the DFL party work with staff to modify the registrations as needed so that they represent a single political or geographic area. Mr. Zoll seems to offer this option in his email. I recommend this approach, which admittedly is based almost entirely on administrative need. The registrations in question can be processed and notification of the pre-primary report sent in time to secure timely disclosure. Any other option likely will not lead to timely registration and disclosure of financial activity. The negative is that

this approach is kicking the problem down the road, and the issue will still need to be resolved next year. Deferring resolution to next year would also allow the legislature to amend the wording of the definition if it agrees with the DFL position.

Attachment

Email from David Zoll, dated June 30, 2022.

Sigurdson, Jeff (CFB)

From: Zoll, David J. <djzoll@locklaw.com>
Sent: Thursday, June 30, 2022 1:49 PM
To: Sigurdson, Jeff (CFB)
Cc: Nauen, Charles N.; Potteiger, Heather N.
Subject: DFL Party Unit Registrations

This message may be from an external email source.

Do not select links or open attachments unless verified. Report all suspicious emails to Minnesota IT Services Security Operations Center.

Jeff,

Chair Ken Martin recently received a letter from the Campaign Finance Board requesting certification of the party units affiliated with the Minnesota DFL Party. Specifically, the letter asks Chair Martin to “certify that the attached list of party units affiliated with the Minnesota Democratic Farmer Labor party is accurate to the best of my knowledge.” Chair Martin cannot complete this certification.

As we discussed, several party units are organized in a manner that encompasses portions of multiple counties, include a portion—but not the entirety—of a senate district, or a similar combination of districts or political subdivisions. These party units were established by the DFL Party Central Committee because they reflect the actual operations of the party units. As the party units were completing their registrations with the Board, they were informed, for the first time, that the Board would not allow them to register with names that do not rigidly adhere to the language of Minn. Stat. 10A.01, subd. 30 which defines a party unit as “the state committee or the party organization within a house of the legislature, congressional district, county, legislative district, municipality, or precinct.”

This came as a surprise. Several of the party units have been registered with the Board for many years without any question and there was no advanced notice to either the DFL Party or any of the party units that the Board was changing its position with respect to the naming of party units. By the time the issue was joined, it was too late for DFL Party to modify its structure to conform with the Board’s naming requirements. And simply registering with names that comply with the Board’s requirement but do not reflect the actual structure of the party units is not a viable solution given the requirement that the Party Chair certify that the list of party units registered with the Board are, in fact, affiliated with the party.

The changed naming requirements affect only 11 of the more than 180 party units registered with the Board. We propose that these units be allowed to register with the names identified below and we can revisit the naming requirements early next year when there is sufficient time to identify a long-term approach that works for everyone.

Olmsted (20/24)
Rice/Scott (58)
Dakota (20/58)
Le Sueur/Scott (22)
Benton/Isanti/Mille Lacs (10)
Carver (17)
Meeker (16-17) / Wright (17)
Stearns (12)
Chisago (11) / Pine (11B)
St. Louis (03)
St. Louis (07)

Thank you.

David J. Zoll | Attorney
LOCKRIDGE GRINDAL NAUEN P.L.L.P.
100 Washington Avenue S | Suite 2200 | Minneapolis MN 55401
O: 612-596-4028 | C: 612-719-8123 | www.locklaw.com