



**State of Washington
PUBLIC DISCLOSURE COMMISSION**

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MINUTES –REGULAR MEETING

Evergreen Plaza Bldg. Room 206
711 Capitol Way South
Olympia, Washington

9:30 a.m.
July 24, 2014

COMMISSION MEMBERS PRESENT

Grant Degginger, Chair
Amit Ranade, Member
Kathy Turner, Member

STAFF PRESENT

Andrea McNamara Doyle, Executive Director
Linda Dalton, Sr. Assistant Attorney General
Lori Anderson, Communications & Training Officer
Chip Beatty, Filer Specialist
Phil Stutzman, Director of Compliance
Tony Perkins, Lead Political Finance Specialist
James Gutholm, Chief Information Officer
Jana Greer, Acting Executive Assistant

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Grant Degginger at 9:32 a.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

Opening Comments

Commissioner Degginger called the meeting to order.

Citizens Comments/Concerns

No comments or concerns were expressed.

Commissioner Comments/Concerns

No comments or concerns were expressed.

Minutes

Motion 14-125

Commissioner Turner recused herself from voting on the June 26, 2014 regular meeting minutes because she was not in attendance at that meeting.

Moved by Commissioner Ranade, seconded by Commissioner Degginger that:

The Commission adopt the minutes as amended of June 26, 2014 regular meeting.

The motion passed unanimously.

Motion 14-126

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission adopt the minutes of July 8, 2014 special meeting.

The motion passed unanimously.

Rule Making

Continued Discussion

Lobbying Expenditures Related to Entertainment/Disclosure of Legislative Receptions

Lori Anderson provided a summary of past discussions in which the Commission identified factors that make legislative receptions different from other types of entertainment such that they should be reported differently by lobbyists than other expenditures.

Ms. Anderson posed Staff's questions for the Commission to address before taking next steps.

She also noted participants that attended a related stakeholder meeting were present in the audience and available to comment.

Chair Degginger invited participants from the audience to comment and/or share their perspectives.

Steve Gano, Gano & Associates, and Patrick Connor, lobbyist representing National Federation of Independent Business, addressed the Commission and gave examples of how the term "reception" could be clarified.

Commissioner Turner commented that simplifying the reporting is essential to promote transparency and compliance. She also stated her view that events held in private homes should not qualify as receptions.

Commissioner Ranade supports the goal of encouraging compliance by making the rules more clear and better informing the public about what lobbying activity is occurring. He stated his view that in addition to the factors identified by the Legislative Ethics Board of a social event attended by a diverse group without a sit-down meal at least one chamber of the legislature should be invited for an event to qualify as a reception.

Chair Degginger suggested a "bright-line" of a minimum of 20 legislators in attendance be used in defining the bodies of attendees at receptions.

Andrea Doyle offered examples from other states' approaches to determining and defining the category of attendees.

Commissioner Ranade suggested a change to the current L-2 form, (section 15), which would capture the needed information.

Commissioner Turner encouraged the Commission and staff to make sure to coordinate as much as possible with the Legislative Ethics Board where the reporting issues overlap.

Chair Degginger thanked all for the input. Commissioner Turner asked attendees to email any additional thoughts to Staff that they wish the Commission to further consider.

July – December 2014 Rules Update

Lori Anderson updated the Commission on the status of the semi-annual rule making list which staff is preparing to file with the Code Reviser's Office. This is a list that the agency expects to accomplish between the months of July and December 2014.

Ms. Anderson reviewed the three projects that are underway: converting the long-standing Interpretative statements to rules; the review of the personal financial statement form (F-1); and the update of forms.

New projects for rule making include lobbying disclosure changes which are now underway; housekeeping changes to an annual inflationary adjustments; and resource dependent items.

Reporting Modifications – New

Chip Beatty presented several reporting modification requests to the Commission for consideration and possible approval.

Participants via telephone were Gretchen Adams, Raymond Lawton, and Judith Hightower.

No other requestors participated in person or by telephone.

- *Gretchen Adams*, Trustee, Tacoma Community College

Gretchen Adams requested a reporting modification that would exempt her from disclosing the business customers that paid \$10,000 or more to Systems Consulting, LLC during the previous 12 months from when she was appointed as well as calendar year 2013.

Ms. Adams is the president of Systems Consulting, LLC with an ownership interest of 51%. Her spouse, Everette W. Adams III, has a 49% ownership interest.

Staff recommended approval.

Motion 14-127

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

- *Raymond Lawton*, Member Washington State Student Achievement Council

Raymond Lawton requested a reporting modification that would exempt him from disclosing the business customers that paid \$10,000 or more to Rumpeltes & Lawton, LLC during the previous 12 months from when he was appointed, as well as calendar years 2012 to 2013.

Mr. Lawton is a partner of Rumpeltes & Lawton, LLC with an ownership interest of 50%.

Staff recommended approval.

Motion 14-128

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

- *Judith Hightower*, Municipal Court Judge, City of Seattle

Judge Hightower requested a reporting modification that would exempt her from disclosing the financial information of her spouse, Lamar Mills, Jr., on her F-1 report for 2013. She is also requesting a modification that would exempt her from disclosing her personal address information on her F-1 report for calendar years 1997 to 2013.

Judge Hightower and her husband have separate banking accounts, retirement funds, loans and businesses and she has no knowledge of her spouse's financial holdings. Her spouse has refused to disclose the required information to her upon her request.

Staff recommended approval of request.

Motion 14-129

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification that would exempt her from disclosing her personal address information on her F-1 report for the calendar years 1997-2013, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Motion 14-130

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission deny the partial reporting modification request to exempt her from disclosing the financial information of her spouse, Lamar Mills, Jr., on her F-1 report for 2013, finding that literal application would not cause a manifestly unreasonable hardship on the applicant and that a limited modification would frustrate the purposes of the act.

The motion passed unanimously.

- *Ray Lutes*, District Court Judge, Asotin County.

Mr. Beatty presented Judge Ray Lutes' request for reporting modification that would exempt him from disclosing his personal residential address information on his F-1 report for 2013.

Mr. Beatty stated that Judge Lutes also requested a modification that would retroactively exempt him from disclosing real estate, including street address, parcel number, or legal description, for property previously listed on F-1 and F-1A reports for calendar years 2003 to 2012.

Staff recommended approval of request.

Motion 14-131

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

- *W. Allen White*, Commissioner, Grant County.

Mr. Beatty presented Wm. Allen White's request for reporting modification that would exempt him from disclosing the business customers that paid \$10,000 or more to Western Polymer Corporation during the previous 12 months, when he was appointed, as well as calendar years 2010 to 2013.

Mr. White's spouse, Lynn Townsend-White serves as CEO of Western Polymer Corp. with an ownership interest of over 50%.

Staff recommended approval of request.

Motion 14-132

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

- *John Hein*, Director, Cle Elum/Roselyn School District.

Mr. Beatty presented John Hein's request for reporting modification that would exempt him from disclosing the business customers that paid \$10,000 or more to Shoemaker Manufacturing during the previous 12 months, when he was a candidate, as well as calendar year 2013.

Mr. Hein serves as president with an ownership interest of 1.5%.

Staff recommended approval of request.

Motion 14-133

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

**Reporting Modifications – Renewal
with No Change**

- *Steven O’Ban*, Senator, 28th
Legislative District.

Mr. Beatty presented Senator O’Ban’s request for renewal, with no change, of his reporting modification.

Staff recommended approval of request.

Motion 14-134

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission grant the partial reporting modification as requested, finding that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Advisory Matters

Consideration of New PDC
Interpretation 14-01, Campaign Loans

Lori Anderson presented draft Interpretation 14-01, Campaign Loans to the Commission for consideration. Ms. Anderson explained that the draft summarized the relevant statutes and rules, and advises campaigns that reports mistakenly identifying loans as contributions for which no payment is expected may be corrected only until the applicable deadline for that report.

The Commission discussed whether a deadline is needed for allowing corrections of misreported loans, and agreed that so long as the original loan was properly documented in writing, a deadline was not needed for correcting reporting errors. Staff will investigate when and how to revise the current form to include a check-box that would identify if a loan was established.

Staff will prepare a new draft of the Interpretations and bring to the Commission for review at a later meeting.

Legislative/Budget Update

Andrea Doyle discussed the current budget development exercise the agency has been directed to participate in. Staff is preparing scenarios that would re-base the PDC budget at 15% lower than it currently is at this biennium. Also the agency is required to identify and re-prioritize possible buy backs or reinvestments of the 15%.

Ms. Doyle identified for the Commission major

policy implications of this exercise. She noted that continued discussions will be a significant major part of the Commission retreat in August 2014 because the agency's annual budget decision packages are due in September.

Ms. Doyle reminded the Commission that there are upcoming decisions that need to be made on agency-request legislation identified in the meeting materials. She noted that one or more of the budget proposals may require legislation in order to pursue some of the budget reduction and reinvestment options. These decisions will need to be made at the August 2014 retreat.

Executive Session/Working Lunch

The Commission went into executive session at 12:05 p.m. to discuss pending and potential litigation with legal counsel.

The Commission returned to public session at 1:05 p.m.

Enforcement

(45-day Citizen Action Complaint)
District and Municipal Court Judges Association (DMCJA); Sam Meyer; Brett Buckley; and Thurston County, PDC Tracking No. T14-107 involving alleged violations of RCW 42.17A.600, .615, and .630 by failing to register and report as lobbyists, and failing to report as a lobbyist employer.

Phil Stutzman and Tony Perkins presented the executive summary and staff analysis to the Commission.

Mr. Perkins presented the Staff's findings, conclusion, and recommendations.

Staff recommended that the Commission dismiss the allegations in the complaint against DMCJA, Judge Sam Meyer; Judge Brett Buckley; and Thurston County, and recommend that the Commission recommend to the Attorney General and prosecuting attorney that no further action be taken upon this matter.

Motion 14-135

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission dismiss the allegations identified in PDC Complaint Tracking No. T14-107, and that the Commission recommend that the Attorney General and the Prosecuting attorney take no further action in this matter.

The motion passed unanimously.

Personal Financial Affairs Statements (F-1) Review

- Consideration of Possible Agency Request Legislation
- Professional Staff

Lori Anderson provided an update to the Commission on the progress made on the review of the Personal Financial Affairs Statement (F-1). She discussed the Z-draft of possible agency-request legislation provided in the meeting materials and noted a proposed change regarding disclosure of the highest value of an investment during the reporting period. A suggestion was made to change this to a year-end value instead, and staff is still developing language to accomplish that in a way that works for investments that are acquired or divested at different times during the different reporting periods.

Ms. Anderson noted that there have been no additional comments made regarding the proposals since the last work session.

The Commission will decide and vote on this matter at the upcoming August 2014 retreat.

Rule Making

Discussion and possible approval of draft language to amend F-1 dollar code values where they appear in other PDC forms:

- Amend WAC 390-20-110 Forms for lobbyist employers (L-3).
- WAC 390-16-071 Amend report of major contributors and people making independent expenditures (C-7).

Lori Anderson presented a revision to draft language approved at the June 26, 2014 Commission meeting to amend F-1 dollar code values where they appear in other PDC forms.

Ms. Anderson stated that those dollar amounts for codes (A) through (E), and the \$2,000 compensation threshold are used by lobbyist employers and annual major contributors when filing annual reports at the end of each year. The proposed language incorporates the inflationary adjustments that were approved in the draft language for the PDC forms L-3 and C-7.

She presented the new draft language that would amend WAC 390-20-110 and WAC 390-16-071.

Moved by Commissioner Ranade, seconded by Commissioner Turner that:

The Commission approve draft language amending WAC 390-20-110 and WAC 390-16-071 as proposed.

The motion passed unanimously.

Motion 14-136

Staff Reports

Executive Director

Andrea Doyle, in addition to her written report, discussed potential topics and plans for the upcoming annual Commission retreat scheduled for August 21st.

Chief Information Officer

James Gutholm reported on the recent completion of a report from Executive Time Slice, consultants performing an IT assessment for the agency. Mr. Gutholm will present the final report and recommendations at the upcoming Commission retreat.

Mr. Gutholm reported that the agency's IT systems inventory is now complete and uploaded to the State CIO's office.

The IT team has recently taken some training in on-line management tools and will utilize this for future project management. Staff is also actively working on an IT security management plan at this time.

He recognized Bill King and Bruce Wendler for the hard work and commitment that both showed to the agency this month during a system failure and recovery efforts.

Director of Compliance

Phil Stutzman updated the Commission on current compliance and enforcement efforts for the agency. He reviewed a report of new complaints, formal complaints and the status of investigations and group enforcement.

Communications and Training Officer

Lori Anderson noted that this is the season where campaigns are at the outset and some are peaking as we near the primary. There is a lot of questions that the filer specialists are fielding during this time.

Along with the filer specialists, compliance division staff is also fielding complex advice questions from filers.

Jana Greer has been doing dual duties as she is acting Executive Assistant and still assists with outreach and communications.

Jennifer Hansen, Filer Specialist, along with her assigned duties is also assisting with the agency records request at this time.

The meeting adjourned at 1:46 p.m.

Adjournment

Approved by the Commission on August 21, 2014.