

**State of Washington
PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908
(360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

MINUTES – Regular Meeting

Evergreen Plaza Building, Room 206
711 Capitol Way
Olympia, Washington

9:30 a.m.
July 28, 2016

COMMISSION MEMBERS PRESENT

Anne Levinson, Chair
John Bridges, Vice Chair
Katrina Asay, Member
Jack Johnson, Member

STAFF PRESENT

Evelyn Fielding Lopez, Executive Director
Penny Allen, Assistant Attorney General
Chad Standifer, Assistant Attorney General
James Gutholm, Chief Information Officer
Lori Anderson, Communication and Training Officer
Jana Greer, Executive Assistant

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Anne Levinson at 9:30 a.m.

Comments/Concerns

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Commission Chair Levinson called the meeting to order and asked for any public or Commissioner comments or concerns.

No comments or concerns were expressed.

Meeting Minutes

June 23, 2016 Regular Commission Meeting

Moved by Commissioner Asay, seconded by Commissioner Johnson that:

The Commission approve the June 23, 2016 regular meeting minutes as presented.

The motion passed.

Motion 16-38

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July 8, 2016 Special Commission Meeting

Moved by Commissioner Asay, seconded by Commissioner Johnson that:

The Commission approve the July 8, 2016 special meeting minutes as presented.

The motion passed.

Motion 16-39

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Staff Reports

Executive Director

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Meeting Minutes

A new feature has been added to the meeting minutes; a link is located next to the item in the meeting minutes that directs the reader to the point in the YouTube video of the meeting.

Budget

The Department of Enterprise Services (DES) is in the process of finalizing the PDC FY16 year-end accounting. DES will pay all of the PDC FY16 obligations and any amount left over will be applied to the outstanding Attorney General (AGO) bill from FY16. The remaining FY16 balance will be added as a PDC supplemental

budget request for FY17.

The upcoming biennium budget request is being worked on and will include a sufficient amount of funds for the AGO costs. We will work with DES and AGO so that there is a matching budget request from the AGO.

Director Lopez has been asked to be recused from the recent 45-day citizen action letter regarding the Port of Tacoma. As a result, Tony Perkins will be reviewing materials and staff will continue to shield Director Lopez from the investigation. Staff will communicate with Jana Greer and Penny Allen for any items or information needed.

Initiative 1464 is undergoing signature verification at the Secretary of State's office. It provides a new method of public financing for campaigns by allowing an allotted amount of democracy credits per voter to contribute to state legislative campaigns that meet the criteria for participation. This is a very robust and detailed initiative and has a significant potential impact for the PDC.

The PDC would be the agency that would run the program. Director Lopez has been working with the Office of Financial Management (OFM) to put together an estimate of initial costs needed to create the agency for the fiscal note in the voters' guide. Our initial estimates are that the initiative would double the size of the agency.

If the Initiative passes it will occupy this agency for the next two years and become the primary focus of our activities. Director Lopez asked that the Commission and staff keep I-1464 considerations in mind when making any rulemaking decisions at this time. If passed, the Initiative would be in place by 2018.

Enforcement

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Enforcement staff continue to keep a good pace processing complaints, investigations, and open cases. Currently there are two 2014 matters, five 2015 matters, and the remaining matters are 2016.

Director Lopez noted that she identified for the Commission cases that have any 2016 election implications.

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Director Lopez and Commissioner Asay presented to the Senate Government Operations Committee on June 29th at the request of Committee Chair Senator Roach. The presentation was on the PDC's complaint backlog, uses of surplus fund accounts after a campaign, and how to differentiate between transfers from one active campaign to another and new contributions to a campaign.

With the current progress staff had made on handling

complaints, she was able to say that the PDC has no backlog at this time. The presentation showed how the cases were worked through in a timely manner, and how the enforcement team has been working very effectively to keep on top of complaints.

Commission Chair Levinson applauded the Enforcement staff for working hard and changing the way PDC prioritizes and works on cases. She requested the staff come back in August to provide a more complete overview on what processes are working; how cases are prepared; and how cases are scheduled. Chair Levinson asked the Commission members to send any other questions or suggested items to discuss to her.

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Penalty collection update

Since Jana Greer has started working with DES and has developed the new collection process, the PDC has had close to 100% payment on the recent penalty violations. The older matters that were identified in the initial audit and clean-up of the penalty/collections have also been processed through the new process and have now been sent to Alliance One (AO) collection.

Commission Chair Levinson asked about the possibility of posting the cases that have not been paid.

Director Lopez noted that this could be a possibility and asked the Commission to come back with a final decision on the matter.

Next Steps/Follow up

Enforcement staff will report to the Commission in August with a more complete overview of the current processes. Commission to discuss and determine if the PDC should post a list of identified individuals that have not paid penalties on the website, and instruct staff on how to proceed.

Chief Technology Officer

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The current progress report is short for this month and is summed up with all of the work that has been done to create and launch the lobbyist application.

The release of the new application has gone well and we have received great feedback. Filers have, and continue to, successfully set up accounts with all of their data. Filers are utilizing the help videos to assist with issues.

Current information/statistics being tracked tells us what kind of devices filers are using and 25% of people are using mobile phones. This is contrary to the initial feedback we received from stakeholders regarding the preference of tool they would use to access and use this application.

The application launch is off to a good initial start and an additional reminder has been sent out to those who still need to set up accounts. The application is going completely live next week and the old application will be shut down at the end of July. A general message has been sent out to all stakeholders and users.

The staff have focused on what was needed to get done on this project, and this has left a lot of work in other areas to still do.

Commission Chair Levinson asked if the PDC was in contact with the lobbyist employers. CIO Gutholm indicated that a targeted notification has not been sent to the employers, but a general message has been sent.

Commissioner Bridges inquired about the life of the ORCA software/program and the possibility of it not being supported in 3 to 5 years.

CIO Gutholm explained that the ORCA software has been around for a long time, and is written in JAVA. It is not used widely anymore for consumer applications. The PDC will reach a point, and it will be in the near future, when the application will not be the best option.

CIO Gutholm would ideally like to use a third party application; it would be beneficial for the PDC to not have to provide the software for the campaign reporting program.

It is also that time of year the PDC is asked to review policies and provide reports on state systems/concerns. This takes a significant amount of work time. CIO Gutholm noted that he will be working on new requirements for agency privacy and open data policies, which are required.

Customer Service

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Customer service has seen an uptick in legislative activity and media inquiries. Public records requests have increased, and some are quite large.

Lori Anderson provided a status update to last months Commission question regarding spending campaign money and using surplus funds for post-election expenses. Tony Perkins compiled topics and Lori Anderson created a survey which has been sent out to stakeholders. The survey will be available for a week. Additional outreach will be made with a second reminder, and will include a deadline for comments.

Work Session

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Executive Session

Enforcement

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PDC Case 14-016 | 35th Legislative District Republican Central Committee/Josiah Rowell/Fiona Klaus

A. 35th Legislative District

Republican Central Committee

violated: (1) RCW 42.17A.435 by concealing a contribution for \$5,000 from Ms. Fiona Klaus to Mr. Josiah Rowell; and (2) RCW 42.17A.270 by failing to appropriately process and report an earmarked contribution.

B. Josiah Rowell violated: (1) RCW 42.17A.240 by failing to report a contribution from Ms. Klaus to Mr. Rowell's campaign; (2) RCW 42.17A.405 by accepting an over-limit contribution of \$5,000 from Ms. Klaus, Mr. Rowell's mother-in-law; and (3) WAC 360-16-308 by failing to identify the actual source of funds from which the contribution was made to the Rowell Campaign.

C. Fiona Klaus violated RCW 42.17A.405 and WAC 390-05-400 by making a contribution earmarked for her son-in-law, Mr. Josiah Rowell, a candidate for State Representative for the 35th Legislative District in the 2014 election, which was above the contribution limits for a candidate for a state legislative office.

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The Commission went into executive session at 12:00 p.m. to discuss matters allowed in executive session pursuant to RCW 42.30.110, including but not limited to discussion of enforcement matters, pending and potential litigation with legal counsel, and review of performance of public employees.

The Commission returned to open session at 1:00 p.m. Chad Standifer, AAG, attorney for PDC staff, reviewed the charges and violations for the Commission.

The Commission was presented with a Stipulation as to Facts and Violation in each matter for consideration.

Jeanne Cushman, attorney for Josiah Rowell, was present at the hearing.

Staff recommended approval of the Stipulations and the penalty amounts as agreed to by the parties.

Moved by Commissioner Johnson seconded by Commissioner Asay that:

- 1. The Commission assesses a civil penalty of \$500.00 to Respondent Fiona Klaus, which is payable within 30 days of the date of the Commission's**

Order.

2. **The Commission assess a civil penalty to Respondent 35th LD RCC of \$5,000.00 of which \$2,500.00 is suspended so long as: a) Respondent 35th LD RCC complies with all current reporting obligations within 30 days from the date of entry of the Commission's Final Order in this matter; b) that Respondent 35th LD RCC pays the non-suspended portion of the penalty (\$2,500.00) within 180 days from the date of entry of the Commission's Final Order in this matter, payable in five monthly installments of \$500, with the first payment due within 30 days of entry of the Commission's Final Order; and c) that Respondent 35th LD RCC commits no further violations of RCW 42.17A or the rules promulgated thereunder, for four years from the entry of the Commission's Final Order.**
3. **The Commission assess a civil penalty to Respondent Josiah Rowell of \$2,000.00, which is payable within 30 days of the date of the entry of the Commission's Order.**

The motion passed.

Next Steps/Follow up A final order will be sent to each respondent.

Work Session (Continued)

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Adjourn

The meeting adjourned at 2:26 p.m.

Approved August 25, 2016