

MINUTES OF PUBLIC HEARING AND REGULAR MEETING  
OF THE ETHICS COMMISSION  
STATE OF OKLAHOMA  
HELD APRIL 10, 2015

Call to Order

Upon notice with agenda being properly posted at the Commission office at least twenty-four (24) hours prior to the commencement of the meeting and notice being filed at least 48 hours in advance with the Office of the Secretary of State, a public hearing and regular meeting of the Ethics Commission of the State of Oklahoma ["Commission"] was called to order on Friday, April 10, 2015, at 10:03 a.m. Chair Karen Long ["Long"] opened the meeting, which was held in Room 432A, State Capitol Building, Oklahoma City, Oklahoma.

Determination of Quorum

Roll was called to determine the existence of a quorum for the transaction of business. Commissioners answering present were: John Hawkins ["Hawkins"], Thomas Walker ["Walker"], Cathy Stocker ["Stocker"], Jo Pettigrew ["Pettigrew"], and Long. A quorum of members was declared.

Staff & Visitors

Commission staff members present at all or part of the meeting were Lee Slater ["Slater"], Ashley Kemp ["Kemp"], Geoffrey Long ["Long"], and Roberta Hale, ["Hale"].

Observing all or part of the meeting: Glenn Coffee, Attorney; Denise Davick, Attorney; Caroline Dennis, Senate staff; Samantha Davidson, Senate staff; Jim Huff, Citizen; Robert Dorrell, Corp. Representative; Mary Carter; Corp. Representative; Rae Rice, Lobbyist; and Barbara Hoberock, Tulsa World.

Introductions and Announcements

No introductions at this time.

Consideration, Discussion and Possible Action on Minutes for Regular Meeting and Executive Session held on March 13, 2015.

Walker moved to approve minutes for the regular meeting and executive session held on March 13, 2015.

Pettigrew seconded. Roll was called and the vote was as follows: Walker - yes, Pettigrew - yes, Hawkins - yes, Stocker - yes, Long - yes. **Motion carried.**

Discussion of Agency Expenditures for the month of March, 2015.

No discussion on agency expenditures.

Executive Director's Report.

Slater said that Senate Bills 347 (revolving fund) and 348 (personnel de-classification) both were approved by the House Appropriations and Budget Committee and have been scheduled on the floor calendar in the House of Representatives.

He said the title was restored to Senate Bill 438 (municipal campaigns and financial disclosure) before it, too, was approved by the House Appropriations and Budget Committee and sent to the full House for consideration.

He said that he and Deputy Director Kemp had presented a continuing education program on state officers and employees before the quarterly meeting of the Oklahoma Public Human Resources Association, that General Counsel Long had addressed agency directors within the Cabinet of Energy and Environment Secretary Michael Teague and that he and Deputy Director Kemp also had met with the Senate Democrat caucus to discuss the new Rules as they apply to legislators.

He said future continuing education sessions are scheduled on April 17, 2015, in Tulsa for the independent school district and career technology center district boards of education, superintendents and clerks, and on April 22, 2015, for state officers and employees, with more than 200 registrants. Slater also pointed out that the class on school district campaign finance and financial disclosure was being offered later on April 10 in Oklahoma City.

Slater reported that 2016 candidate committees, plus political action committees and political party committees, now were able to file their quarterly campaign finance reports on the Guardian system.

As to the new software, the system is available for reporting by candidate committees, political action committees and political party committees. They are in the system filing quarterly report. The new system is not perfect but it is working. We will continue to work on perfecting the system.

Deputy Director Kemp mentioned that OEC staff has been testing functionality within the testing environment.

We are testing contributions from various entities, expenditures to various entities, transfers and loans. It has been very extensive testing. Functionality was available by April 1st so the Committees were able to start entering data.

Personal Financial Disclosure functionality and EDI (electronic data interchange) functionality has been added to the testing environment. EDI functionality will allow some of the larger committees to mass-import contributions and expenditures. Hopefully, both EDI and personal financial disclosure functionality will be added to the live site by the end of April. Once that is completed, we will work towards fine tuning the system. We can continue to make the system more efficient. We need to add the ability to mass communicate with our filers through the system. In addition, we will add some additional administrative functionality to the system.

Walker asked a question regarding Senate Bill 438 and the role of the Ethics Commission if it is approved. Director Slater mentioned that the Ethics Commission would not be involved with municipality campaign reporting if Senate Bill 438 is approved.

General Counsel's Report

General Counsel Long stated he had no updates to report this month.

Report on discussions with elected officials and others concerning financial disclosure rules and Commission and staff discussion of purposes and possible reforms of current financial disclosure rules.

Director Slater mentioned that OEC staff has met with representatives of the Legislature to get comments and reactions to the current financial disclosure rules and to see if they have any ideas for reform of our current rules.

Some of the meetings were held in different informal settings. There was no unanimous feedback. However, there was a general agreement that the current financial disclosure rules were not doing what they are intended to do. OEC staff spoke to one legislator who wants more reporting by more individuals. Another legislator didn't feel that any reporting should be done. The legislator believes that the financial disclosure rules discourage qualified candidates from running for the legislature as well as others in getting involved in public service.

Another legislator thought that only elected officials and

candidates for elected office should be the only people to file financial disclosure forms. Overwhelmingly, most of the people believe that filing by members of boards and agency employees serves no worthwhile purpose and the rules discourage public service.

We discussed that if the rules were repealed, it might result in the State of Oklahoma receiving an F on the report cards that are done at the national level for financial disclosure. Most of the people didn't seem to be concerned.

There was substantial agreement that elected officials and candidates for elective office should file financial disclosure. There was no discussion held as to what the forms should include. But they agreed that candidates should disclose their financial information for constituent purposes. Some people thought that the debt should be disclosed on the form; a few people believe that debtors and creditors should be disclosure. Most of the people thought that both those ideas were bad.

No one found any value in reporting disclosure of securities where the owner of the mutual fund makes no decision as to how the funds are invested.

There was discussion regarding lawyers disclosing clients. Lawyers believe that disclosure of clients is a violation of professional ethics rules. This situation would also apply to the medical professionals that serve in the public sector as to disclosure of their patients.

Slater believes that no matter what the Commission decides to do with the financial disclosure rules, the issue will evolve into a political issue for some people. He doesn't believe that it should deter the Commission from deciding on what to do.

Whatever we do, Slater mentioned that some people will think the Commission took it too far. OEC staff will continue to meet with people who are affected by the rules to get their comments. Staff will encourage people to attend a formal Commission meeting to offer public comment.

Chair Long questioned the Director as to when a public comment portion would be included in the monthly



meeting. Director Slater said that we can schedule it for the next monthly commission meeting.

Walker asked a question regarding if it would be helpful to the staff to have a deadline entered for the Commissioners and staff to propose an outline for discussion. Chair Long recommended that all Commissioners come prepared to speak about financial disclosure at the May commission meeting. Walker asked if they will get to have discussion after public comment that will be given at the May meeting.

Chair Long mentioned that it has been such a long-standing issue. She believes that some of the folks will be prepared for financial disclosure.

Hawkins asked the staff to prepare data as to the other states that receive A's in financial disclosure, including a summary of the information required in their financial disclosure forms. He would like to know what other states are reporting as to financial disclosure.

Pettigrew asked questions as to the comment that was received in regards to agency heads and board members.

Slater mentioned that there is concern that any financial disclosure discourages public service. There will be concern that if the financial disclosure rules require more information, it will absolutely discourage anyone from participating in public service. There was a consensus that there are laws in places that speak to conflicts of interest and there is little to gain with regard to disclosure already covered by those laws.

Walker asked if there is value to classifying public entities by the likelihood of influencing how money is spent. For example, he mentioned that there are governing entities that don't enter into contracts. The Commission on Children and Youth isn't an action agency. On the other hand, the Department of Transportation enters into millions of dollars as to contracts. Do we need to differentiate between the different agencies and the filers?

Slater mentioned that the Commission can look at the different agencies where they don't actually regulate or

license entities as a rule but they do act as to vast amounts of money. The negative side is that it will be hard to draw the line as to the agencies that fall under the category to file. It will be a narrow call.

Chair Long stated there are rules that are already in place that apply to people who are eligible to be appointed to school boards. By the time you get to the financial disclosure rules to see if the person is eligible to serve, there are no conflicts of interest because they met the other school district rules and have been deemed eligible. In the case of members of Boards of Education, once they begin service, it has already been determined that they can't be related to someone who works for the District and they can't do business with the school district.

Director Slater stated that there are rules in place as to conflicts of interest that apply to state elected officials.

Chair Long welcomes the public comment from the people who are required to file.

No further questions or comments.

Consideration, discussion and possible action on request for waiver of Ethics Rule 5, Lobbyist Registration and Reporting.

General Counsel Long reviewed the Waiver Applications:

W-15-11

Request by Ms. Megan Tilly for a waiver of preexisting relationship with Mr. Fred Morgan. Ms. Tilly works for the Attorney General's office and Mr. Morgan is her father.

Pettigrew made the following motion:

Madame Chair, I move the Commission to approve the Waiver Request of Megan Tilley W-15-11. Stocker added the language that the Rules would not be impeded or hindered by the waiver. Stocker seconded.

Roll was called and the vote was as follows: Pettigrew – yes, Stocker – yes, Hawkins – yes, Walker – yes, Long – yes. **Motion carried.**

Consideration, discussion and possible action on increase in the limitations for individual contributions to candidates to \$2,700 for the 2-16 primary, runoff primary and general election campaigns.

Director Slater mentioned the consumer price index increase which was built in the Ethics Rules adopted in 2014. Such rule mirrors federal law. The Commission

has to review the contribution limits every two years prior to July 1<sup>st</sup>. OEC staff came up with a conclusion after reviewing the consumer price index. A few days later, the federal commission changed the federal limit of individual contributions to \$2,700 for the 2016 election cycle. Slater stated that the increase has to be in \$100 increments.

Stocker made the following motion:

Madame Chair, I move the Commission to increase the limitation for individual contribution limits for the 2016 election cycle to \$2,700.00. Hawkins seconded.

Roll was called and the vote was as follows: Stocker – yes, Hawkins – yes, Walker – yes, Pettigrew – yes, Long – yes. **Motion carried.**

Consideration, Discussion and Proposed  
Action on Closed/Executive Session

Statement by Attorney is listed as Agenda Item 10 (a).

Walker moved to go into Closed/Executive session. Stocker seconded. Roll was called and the vote was as follows: Walker – yes, Stocker – yes, Hawkins – yes, Pettigrew – yes, Long – yes.

**Motion carried to go into Executive/Closed session at 10:42 a.m.**

**Executive session was held in the Conference Room located within the Ethics Commission office in the Capitol basement, Rm. B-5.**

Possible Action to Return to Open Session

Stocker moved to reconvene in open session at **11:43 a.m.** Walker seconded. Roll was called and the vote was as follows: Stocker – yes, Walker – yes, Hawkins - yes, Pettigrew – yes, Long – yes.

**Motion carried.**

Hawkins made the following motion: Madam Chair, I move the Commission to dismiss Complaints 15-01 and 15-02.

Pettigrew seconded.

Roll was called and the vote was as follows: Hawkins – yes, Pettigrew – yes, Walker – no, Stocker – yes, Long –

yes.

**Motion carried.** 15-01 and 15-02 are dismissed.

No further action was taken.

New Business

No new business.

Adjournment

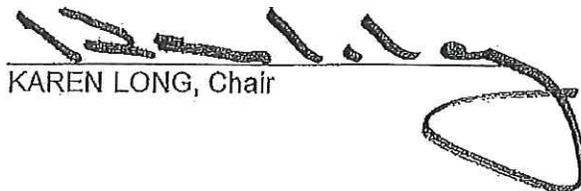
Stocker moved to adjourn. Hawkins seconded. Roll was called and the vote was as follows: Stocker – yes, Hawkins – yes, Walker - yes, Pettigrew – yes, Long – yes. **Motion carried.**

Meeting ended at 11:45 a.m.



LEE SLATER, Executive Director

Approved on Behalf of the Commission:



KAREN LONG, Chair