

MINUTES OF REGULAR MEETING
OF THE ETHICS COMMISSION
STATE OF OKLAHOMA
HELD SEPTEMBER 12, 2014

- 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 regular meeting of the Ethics Commission of the State of Oklahoma ["Commission"] was called to order on Friday, September 12, 2014, at 10:00 a.m. Chair Cathy Stocker ["Stocker"] 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: Stocker, Karen Long ["Long"], Thomas Walker ["Walker"] and M. Robert McKinney ["McKinney"]. A quorum of members was declared.
- Staff & Visitors Commission staff members present were Lee Slater ["Slater"], Ashley Kemp ["Kemp"], Geoffrey Long ["Long"], Roberta Hale ["Hale"] and Stephanie Black ["Black"].
- Observing all or part of the meeting: Glenn Coffee, Attorney; Denise Davick, Attorney; Caroline Dennis, Senate staff; M. Scott Carter, Oklahoma Watch, Glenn Hightower, retired state employee, Barbara Hoberock, Tulsa World; Shawn Ashley, E Capitol News, Marie Price, Legislative Reporter, Anne Roberts, Thessali Teague, Journal Record, Jim Huff, Darci McKee, Campaign Technologies; Mary Francis, League of Women Voters Oklahoma, and Elrey Carr, Steve McNear, Quest Information Systems; Chris Horne, Quest Information Systems.
- Introductions and
Announcements Executive Director Slater introduced Steve McNear, Chief Executive Officer, and Chris Horne, Project Manager, Quest Information Systems.
- Remarks by
Steve McNear and Chris
Horne, Quest Information
Systems. Steve McNear:
Quest was founded in 1989. Company has developed elections software since 1996. They have business in 8 states: Alabama, Colorado, Indiana, Maine, Oklahoma, City of Albuquerque, New Mexico, Virginia and Rhode Island. Company has software solutions branded under the name of First Tuesday for voter registration and campaign finance. He is proud of the expertise of people working for the company. Customers attribute some portion of their success to the people employed at Quest Information Systems.

Chris Horne:

Project team has been here in Oklahoma working with the employees of the Ethics Commission. Very effective meeting. He discussed the sequence of the software development in phases. First phase is registration functionality and administrative functions. Quest will implement the project in phases and roll-out the development to be tested by the clients. Lobbyists are scheduled to register in the system on December 1st. QA will begin in October. In January, PACs, special committees, and candidates will start registering in the new system. Second phase is entering financial transactions and the third phase is filing the various campaign reports. In addition, various other functionalities come on board to allow analysis of data.

Commissioner Questions:

Question regarding where the data is hosted. Data is hosted in a server center outside of Dallas, Texas. The data will be maintained by Quest. Data is only accessed through Quest.

Quest is a C-corp. The entity that contracts with Quest to host the data on the servers is also a C-corp.

Consideration,
Discussion and Possible
Action on Minutes for
Regular Meeting and
Executive Session held
on August 15, 2014.

Walker moved to approve minutes of the August 15, 2014, regular meeting and executive session. Long seconded. Roll was called and the vote was as follows: Walker – yes, Long – yes, McKinney – yes, Stocker –yes. **Motion carried.**

Consideration,
Discussion and Possible
Action on Ratification of
Agency Expenditures for
the month of August,
2014.

Walker moved for ratification of the agency expenditures. McKinney seconded. Roll was called on the motion and the vote was as follows: Walker – yes, McKinney – yes, Long – yes, Stocker –yes. **Motion carried.**

Executive Director's
Report.

Slater said the entire Commission staff had worked the preceding Wednesday with Chris Horne, project manager, and other representatives of Quest Information Systems to continue development of the new reporting software. He said a user group including campaign consultants, lobbyists and others attended a Thursday morning session with Quest. Slater said the results were positive from both sessions.

Slater said he had been advised by Preston Doerflinger, Secretary of Finance, Administration and Information Technology and Director of the Office of Management and Enterprise Services, that the contract with Oklahoma Interactive, the vendor provided the Commission's campaign finance and lobbyist reporting software, would not be renewed. He said the transition to a new vendor would take 13 months.

Slater said that drafts of Guides for Political Action Committees, Candidates and Political Parties and for Financial Disclosure had been finished and that work was underway on a Guide for Lobbyists and Lobbyist Principals. He said these written Guides would provide the framework for in-person training programs beginning later in the year.

Slater said the number of non-filers of Statements of Financial Interests had dropped below 100; that the number of lobbyists not filing their July reports was five; that the number of delinquent campaign reports for the pre-Primary Election report was seven candidate committees and nine non-candidate committees and the number of delinquent campaign reports for the pre-Runoff Primary Election report was 39 candidate committees and 22 non-candidate committees.

Slater asked Long to report on auditing training that he and Suzi Bryan, the Commission auditor, had taken, as well as a briefing on workers' compensation insurance coverage for the agency.

Slater reminded Commissioners that the Council on Governmental Ethics Laws (COGEL) annual conference was scheduled for December 7-10 in Pittsburgh, PA, and urged Commissioners interested in attending to make their interests known as soon as possible.

General Counsel's
Report

General Counsel Long briefly discussed changes in Workers' Compensation laws that will impact how state agencies can purchase Workers' Compensation insurance. He explained agencies can go into the open market with an RFP to purchase insurance, or they can purchase insurance directly through a new program at the Risk Management Division that will likely yield better rates. This program is still in development.

General Counsel Long then commented on the conclusion of the Bob McDonnell criminal trial and the resulting convictions.

Finally, General Counsel Long stated the FEC Act has been relocated from Title 2 of the U.S. Code to a new Title 52.

Consideration and
Discussion of informal
hearings concerning
Commission Policy with
respect to On-line
Availability of Financial
Disclosure Statements.

Director Slater is contemplating informal hearings in Claremore, Stillwater and Norman probably at the Higher Education facilities located in each of those cities. Commissioners should advise Director Slater as to their availability as to the next few months to accommodate the scheduling of the hearings.

The Commission should expand the informal hearings to a broader spectrum. Director Slater will need to make arrangements to accommodate those hearings.

Commissioner Long would request that the hearings be broadened to allow the public to inquire as to the new ethics rules, county PSEA, and dark money organizations. Will the Commission take on the strong task of going as far as federal and state law will allow the commission to force disclosure of organizations that would rather avoid disclosure? Possible discussion of the impact of Citizens United case on the Commission. Notice should be provided in the newspaper. Notice should also be made to organizations that have strong interest in the Ethics Commission such as Boards, cities, counties and school districts. Informal meetings should be open to any topic that the public wants to address. Informed comment with plenty of notice and a license for people to bring up a wide range of topics.

Director Slater will send out email to get the available dates and areas from each Commissioner.

Presentation and explanation of proposed amendment to Ethics Rules to authorize the assessment of user fees and registration and reporting requirements and for training.

Director Slater asking that the amendment proposed at the August hearing be withdrawn and that today's proposed amendment replace the amendment discussed previously.

The purpose of the first section of the rule amendment is to authorize the Executive Director to establish and collect registration fees to recover the cost of the training program. The major request from the user community is training. Director Slater is hopeful that the legislature will provide funding for greater training capability for the upcoming year. Cost of developing training programs relate to space rental and purchase of equipment to be used in training programs.

The second section is similar to the withdrawn amendment that was referenced earlier. This amendment will provide each year for the commission to publish on the website the registration fees, if any, for all parties that file with the Ethics Commission. This amendment will enable the Commission to partially recover the costs involved with the registration process and maintainance.

If the commission finds this to be a good rule, then the Commission should entertain the idea of establishing a maximum registration cost .

The new part of the section will authorize the Executive Director to issue compliance orders with regard to late filing fees in order to recover part of the costs. The maximum would not exceed \$1,000.00. This also provides for a show cause hearing to be held in front of an administrative law judge. It does not provide for an appeal to the Commission. The appeal would go from the administrative law judge to District Court, where there is likely to be an appeal.

A draft of the proposed amendment has been sent to Neal Leader at the

Attorney General's office for his review.

Commissioner Walker asked General Counsel Long if the Constitution permits the Commission to delegate the hearing responsibility to an entity outside the organization. Director Slater mentioned that this issue is one of the items Mr. Leader will review. The administrative law judge will be paid for services. Director Slater mentioned that the Commission should request those services from the Attorney General's office. The administrative law judge will have a lot of discretion.

This proposed rule will be on the agenda at the October hearing. Mr. Leader will respond to Mr. Long with his review.

Consideration,
Discussion and
Proposed Action on
Closed/Executive
Session

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

Motion carried to go into Executive/Closed session at 10:48 a.m. Executive session was held in the Conference Room located within the Ethics Commission office in the Capitol basement.

Possible Action to Return
to Open Session

McKinney moved to reconvene in open session at **12:31 p.m.** Walker seconded. Roll was called and the vote was as follows: McKinney – yes, Walker – yes, Long – yes, Stocker – yes.
Motion carried.

14-008

Commissioner Long made a motion that the Commission accept the acknowledgement in Information 14-008 and dismiss the information.

Walker seconded. Roll was called and the vote was as follows: Long – yes, Walker – yes, McKinney - yes, Stocker – yes.

Motion carried.

13-133 and 13-134

Commissioner Walker made the following motion: Madam Chair, I move the Commission find that the subjects in Case 13-133 and 13-134 are in complete compliance with Commission rules and those be dismissed.

McKinney seconded. Roll was called and the vote was as follows: Walker – yes, McKinney – yes, Long – yes, Stocker – yes.

Motion carried.

14-013

Commissioner Walker made the following motion: Madam Chair, I move the Commission determine that the information it has received in support

of 14-013, provides an adequate basis for the belief that a violation of Commission rules may have occurred and that an investigation of the suspected violation is warranted and therefore we authorize an investigation to be conducted by the staff and the staff be granted the power to issue subpoenas.

Long seconded. Roll was called and the vote was as follows: Walker – yes, Long – yes, McKinney - yes, Stocker – yes.

Motion carried.

New Business

No new business. Reminder: Next Commission meeting is scheduled for October 10, 2014.

Adjournment

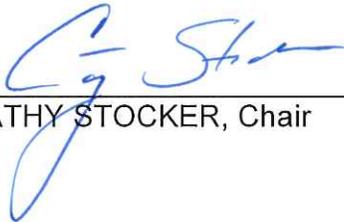
Walker moved to adjourn. Long seconded. Roll was called and the vote was as follows: Walker – yes, Long – yes, McKinney – yes, Stocker – yes. **Motion carried.**

Meeting ended at **12:38 p.m.**



LEE SLATER, Executive Director

Approved on Behalf of the Commission:



CATHY STOCKER, Chair