

Appendix A

**Office of the State Auditor
Letters from Flaherty & Hood, P.A. and Messerli & Kramer**

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March 21, 2003

David R. Kazeck
Office of the State Auditor
525 Park Street
Suite 400
St. Paul, MN 55103-2139

Dear Mr. Kazeck:

I am in receipt of your letter dated March 7, 2003 regarding the Office of the State Auditor's Supplemental Lobbying Cost Information Request [hereinafter "Supplemental Request"]. I am a legal representative and lobbyist for the following organizations: The Coalition of Greater Minnesota Cities, the Coalition of Utility Cities, the Minnesota Environmental Science & Economic Review Board and the Highway 14 Partnership [hereinafter "the associations"]. This correspondence serves as a response by each of the associations to the State Auditor's Supplemental Request¹.

The associations have completed the Supplemental Request regarding the amount paid for lobbying services in 2002 as it applies to the entity they retain, Flaherty & Hood, P.A.². I understand that Kari Thurlow of Flaherty & Hood, P.A. and John Jernberg of the Office of the State Auditor spoke via telephone on March 17, 2003 regarding the Auditor's definition of "lobbying services." Pursuant to that conversation, we understand that the State Auditor has defined "lobbying services" in the Supplemental Request using the instructions found on the form for the Annual Report of Lobbyist Principal, filed with the Minnesota Campaign Finance and Public Disclosure Board. The instructions read in relevant part:

You must report the total amount spent by the principal during calendar year 2002 on lobbying efforts to influence legislative action, administrative action or official action of metropolitan governmental units in Minnesota. Include direct payments to lobbyists and all expenditures for: advertising, mailing, research, analysis, compilation and dissemination of information, public relations campaigns, and all salaries and administrative expenses.

¹ Although the associations have complied with this Supplemental Request, they object to the Request on the basis that it is unduly burdensome and fails to clearly define the information requested and the justification for the request. Nothing in the remainder of this response shall be interpreted as a waiver of these objections.

² Note that the Minnesota Environmental Science & Economic Review Board is also providing information regarding payments it made to John Hall & Associates during the 2002 calendar year. The same principals discussed in this letter govern the report of payments made to John Hall & Associates.

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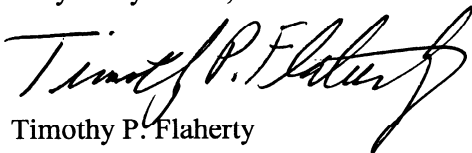
Jeanne Olson, executive director of the Minnesota Campaign Finance and Public Disclosure Board, clarified that expenditures by a lobbyist principal that are not related to lobbying efforts are not reportable in a telephone conference with Kari Thurlow on March 17, 2003. Lobbying efforts are attempts to influence legislative, administrative official actions by municipal governments by directly communicating with, or urging others to communicate with public officials or local officials in those governmental units. Minn. Stat. §10A.01, subd. 21.

We have reported all expenditures related to lobbying services pursuant to this understanding of what is included in lobbying services. We have not included many of the services Flaherty & Hood, P.A. provides the associations that do not fall within the definition of "lobbying services."³ By way of example, the following is a non-exclusive list of non-lobbying services:

- legal services, including legal advice, preparation of legal documents and appearances in a court of law or during proceedings related to an administrative contested case hearing;
- policy or technical research and analysis that is not used in lobbying efforts;
- general communications to the membership;
- monitoring of legislation to the membership regarding legislative activities where the membership is not urged to communicate or influence legislative activities
- recruitment activities; and
- membership activities, including membership meetings and conferences.

Flaherty & Hood, P.A. will continue to handle any requests by the State Auditor regarding lobbying expenditures by the associations. Please direct any questions regarding lobbying expenditures and reporting to the attorneys at Flaherty & Hood, P.A. Please contact Kari Thurlow at 651.225.8840 with any questions you may have.

Very Truly Yours,



Timothy P. Flaherty

³ Note that the non-lobbying services that Flaherty & Hood, P.A. provides to each of the associations are included in the State Auditor's request for "Total Amount (including Lobbying and Non-Lobbying Services) Paid to Individual or Entity During 2002."

MUNICIPAL LEGISLATIVE COMMISSION
NON-LOBBYING SERVICES
PROVIDED BY MESSERLI & KRAMER P.A.

*The supplemental report did not request this information, but we thought it might be helpful.

- Management of association, including database management, planning and staffing all association meetings, production and distribution of association directory, election of officers, supervision of filing of required reports, etc.
- Coordination of strategic planning process
- Regular e-mail updates to city managers on fiscal policy issues of interest
- Coordination of efforts with other local government associations
- Copying costs, postage, telephone costs, box lunches for some meetings, ordinary mileage, and other incidental expenses
- Analysis of all relevant fiscal legislation and its impact on member cities
- Explanation/analysis of all relevant policy legislation
- City-specific analysis of administrative and legislative proposals having a fiscal impact on member cities
- Production of newsletter
- Monitoring of all committee hearings of interest
- Production and distribution of session-end summary of all relevant legislation
- Maintain regular phone and e-mail contact with city finance directors and other city staff to answer questions regarding fiscal impacts of legislation
- Visit member city councils to explain the impacts of relevant legislation

MUNICIPAL LEGISLATIVE COMMISSION

2002 REGISTERED LOBBYISTS

Thomas J. Poul

Bill Schreiber

James T. Clark (registered 9-02)

All can be reached at:

Messerli & Kramer P.A.

145 University Avenue West, Suite 450

St. Paul, MN 55103

651/228-9757