

# Materials Relating to the Investigation of the Conduct of Senator Jeff Hayden

Minnesota Senate Subcommittee on Ethical Conduct, 2014-2015

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[Minnpost: Angry groundswell rips MPS board: 'Stop making excuses,' 'We want an audit' \(10/15/14\)](#)

[Sen. Hann's letter to MPS Superintendent Dr. Bernadeia Johnson \(10/29/14\)](#)

[Sen. Hann's letter to MPS Superintendent Dr. Bernadeia Johnson \(10/29/14\)](#)

[Sen. Hann's letter to Sen. Pappas \(November 3, 2014\)](#)

[Minutes of Rules and Administration Subcommittee on Ethical Conduct \(11/5/2014\)](#)

[Affidavit of Dr. Vincent Peter Hayden \(10/31/14\)](#)

[Letter from Office of the District General Counsel of MPS to Sen. Hann \(11/4/14\)](#)

[Letter to Sen. Pappas from Sens. Hann, Thompson and Benson including Complaint \(4/13/15\)](#)

[Minutes of Rules and Administration Subcommittee on Ethical Conduct \(4/27/15\)](#)

[Letter from Sen. Hann to Sen. Pappas \(6/27/2015\)](#)

[Letter from the Office of the Legislative Auditor to Commerce Commissioner Mike Rothman \(7/30/2015\)](#)

[Letter from Sen. Hann to Sen. Pappas \(10/19/2015\)](#)

[Letter from Sen. Hann to Sen. Pappas including news clippings \(11/2/15\)](#)



**COMPLAINT  
TO THE  
SUBCOMMITTEE ON ETHICAL CONDUCT  
REGARDING THE ACTIONS  
OF  
SENATOR JEFF HAYDEN**

Senators David Hann, Michelle Benson, David Thompson, Eric Pratt, Roger Chamberlain and Dan Hall, each being first duly sworn, state and allege under oath the following based upon information and belief:

**Complaint 1: Sen. Hayden used his influence as a State Senator and Deputy Majority Leader to unduly influence the Minneapolis School Board to approve a \$375,000 contract to an organization that financially benefited his friends and family members.**

1. On March 11, 2013, Sen. Jeff Hayden authored SF 1214, a bill appropriating \$350,000 for a grant to the Minneapolis School District for a community engagement and empowerment project with Community Standards Initiative (CSI) to reduce the achievement gap.
2. According to a StarTribune article dated September 12, 2014 (*North Side school effort called failure*), Sen. Hayden and Sen. Bobby Jo Champion "threatened to withhold state aid if Minneapolis school officials did not approve the contract."
3. According to the StarTribune, the Minneapolis School District agreed to contract with CSI on their own, without the legislature earmarking specific funds for this purpose.
4. The Minneapolis School Board subsequently entered into a \$375,000 contract with CSI in May of 2014 without a competitive bid process. The District made the first payment to CSI in May for \$46,875.
5. Sen. Hayden's father, Peter Hayden is known to be associated with and possibly employed by Community Standards Initiative (CSI). A StarTribune article dated August 19, 2014 (*Mpls. cops fall short on diversity*) quoted Peter Hayden as "part of the Community Standards Initiative, a group seeking more diversity."
6. Sen. Hayden has not denied his role in pressuring the Minneapolis School District to award a contract to a group his father is involved with and possibly receiving money from, saying only that the idea he and Champion bullied or threatened the school district is "inappropriate language to use."
7. The Minneapolis School Board recently announced CSI has yet to meet its goals and is not on track to meet its obligations. CSI will not receive additional funds if they are unable to fulfill the terms of the contract.

8. Senate Rule 56 provides that members shall adhere to the highest standard of ethical conduct as embodied in the Minnesota Constitution, state law and these rules.
9. Senate Rule 56.3 provides that improper conduct includes conduct that violates a rule of the Senate, violates accepted norms of Senate behavior, that betrays the public trust, or that tends to bring the Senate into dishonor or disrepute.
10. Senate Rule 56.4 provides that "members of the Senate shall disclose potential conflicts of interest in the discharge of senatorial duties as provided in Minnesota Statutes, section 10A.07."
11. Minnesota Statutes 10A.07 provides that a public official who in the discharge of official duties would be required to take an action or make a decision that would substantially affect the official's financial interests or those of an associated business, unless the effect on the official is no greater than on other members of the official's business classification, profession, or occupation, must disclose that action or decision and the nature of the potential conflict of interest to the presiding officer of their respective body.
12. Sen. Hayden's Statement of Economic Interest filed with the Minnesota Campaign Finance and Public Disclosure Board lists "Non-Profit Administrator" as his profession.
13. Sen. Hayden misused his influence as a State Senator and Deputy Majority Leader to unduly influence the Minneapolis School Board to approve a \$375,000 contract to an organization that financially benefited his friends and family members, and possibly himself.
14. There is no evidence Sen. Hayden disclosed his conflict of interest in CSI to the President of the Senate or the public.
15. Sen. Hayden's conduct violates accepted norms of Senate behavior, betrays the public trust and brings the Senate into dishonor or disrepute.
16. It is your complainants' belief that based on the above information Sen. Jeff Hayden violated Senate Permanent Rule 56.

**Complaint 2: Sen. Hayden participated in the misuse of federal, state and local funding by accepting trips and other perks such as per diem as a member of the Board of Community Action Minneapolis.**

1. Sen. Hayden serves as a board member for Community Action Minneapolis. Sen. Hayden appointed his wife, Terri Hayden, to serve on the board in his place.
2. An August 7, 2014 audit of Community Action Minneapolis by the Minnesota Department of Human Services found that board members provided inadequate oversight of operations and that board members and their spouses received undocumented or unallowable reimbursements for lodging, food, spa treatments and golf.
3. The audit by Human Services also found that board members received per diem payments, which are not established as authorized or allowable payments in the board by-laws, except for reimbursement of expenses for low-income board and committee members.
4. Sen. Barb Goodwin (DFL-Columbia Heights) told the StarTribune on September 23, 2014 (*Leaders intensify criticism of Community Action of Minneapolis*) Sen. Hayden "had a fiduciary responsibility and he wasn't watching the money. That's a bad thing."
5. Senate Rule 56 provides that members shall adhere to the highest standard of ethical conduct.
6. Senate Rule 56.3 provides that "improper conduct includes conduct that violates a rule of the Senate, violates accepted norms of Senate behavior, that betrays the public trust, or that tends to bring the Senate into dishonor or disrepute."
7. Sen. Hayden's acceptance of perks and per diem as a member of the Community Action Minneapolis Board violates accepted norms of Senate behavior, betrays the public trust and brings the Senate into dishonor or disrepute.
8. It is your complainants' belief that based on the above information Sen. Jeff Hayden violated Senate Permanent Rule 56.

Your complainants ask that the Subcommittee on Ethical Conduct investigate the details of this matter. Specifically, the Subcommittee should investigate the financial relationship between Sen. Hayden, his family and CSI. The Subcommittee should also investigate the specific benefits such as per diem, lodging, golf and spa treatments Sen. Hayden and his wife received from Community Action Minneapolis.

Your complainants respectfully request that all hearings on this matter be open to the public.

Your complainants ask that the Subcommittee on Ethical Conduct find that Sen. Jeff Hayden violated Senate Permanent Rule 56 and Minnesota Statutes 10A.07 and that it recommends such disciplinary action as the Subcommittee finds appropriate.

Date: September 24, 2014

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Senator David Hann

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Senator David Thompson

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Senator Eric Pratt

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Senator Dan Hall

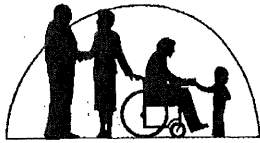
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Senator Michelle Benson

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Senator Roger Chamberlain

Subscribed to, and sworn before me, a notary public, on September \_\_, 2014



Minnesota Department of **Human Services**

Legal Management Office

September 25, 2014

Commissioner of Administration, c/o IPAD  
Minnesota Department of Administration  
201 Administration Building  
50 Sherburne Avenue  
St. Paul, MN 55155

**RE: Request for Advisory Opinion**

Dear Commissioner:

This letter requests an advisory opinion from the Commissioner of Administration, regarding the classification of certain data.

The Internal Audits Office of the Department of Human Services conducted a financial internal audit of a grantee. See, Minn. Stat. § 13.392. The grantee in this situation is a private non-profit organization, Community Action of Minneapolis. The final report of the internal audit has been published. During the process of conducting the audit, the Internal Audits Office collected supporting documentation for the reimbursement requests made by the grantee.

This supporting documentation is in a variety of formats, includes data not relevant to documenting the reimbursement requests, and references data subjects that are neither employees of the grantee nor board members. In addition, after the internal audit report was published, the grantee sent a lengthy communication to Internal Audits Office in response to the internal audit report.

The Department requests an advisory opinion on the classification of this supporting documentation; and the communication sent by the grantee in response to the internal audit report.

The Department has determined that some of the data in the supporting documents, such as credit card numbers would be private under Minnesota Statutes, section 13.37 as security data. Social Security numbers would also be classified as private under Minnesota Statutes, section 13.355.

The Department has not been able to find a statute that classifies the data received from a grantee in the course of conducting a financial internal audit, or the communication sent in response to the internal audit report. It would appear that absent a statute classifying the data otherwise, the data would be presumptively public under Minnesota Statutes, section 13.03, subdivision 1.

The Department asks whether you agree that these data, the supporting documentation and the communication sent in response to the audit report, are presumptively public. The Department also requests that the advisory opinion address whether or not any data should be redacted from the

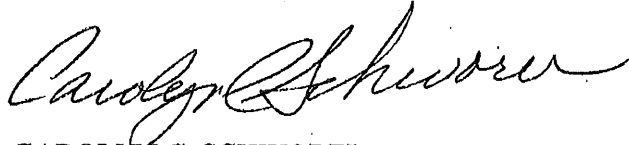
September 25, 2014

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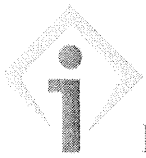
documents such as the names or identifying information of data subjects who are not employees of the grantee or members of the board of the grantee.

Please let me know if you would like more detail on the documents, or additional clarification.

Sincerely,

A handwritten signature in cursive script, reading "Carolyn C. Schworer".

CAROLYN C. SCHWORER  
Chief Privacy Official  
Department of Human Services  
(651) 431-4930  
[Carolyn.schworer@state.mn.us](mailto:Carolyn.schworer@state.mn.us)



Information Policy  
Analysis Division

201 Administration  
Building  
50 Sherburne Avenue  
St. Paul, MN 55155

Vox: 651.296.6733  
800.657.3721  
Fax: 651.205.4219

October 3, 2014

*By email*

Carolyn Schworer  
Chief Privacy Official  
Minnesota Department of Human Services

*Re: Your request for a Commissioner of Administration advisory opinion*

Dear Ms. Schworer:

IPAD received your advisory opinion request on September 26, 2014. I am writing to inform you that the Commissioner will not be moving forward with your request at this time. Before determining if we will proceed, we require additional information/clarification.

Please contact me by phone or email at 651.201.2505 or [janet.hey@state.mn.us](mailto:janet.hey@state.mn.us).

Sincerely,

LAURIE BEYER-KROPUENSKE  
DIRECTOR, COMMUNITY SERVICES DIVISIONS



By: Janet Hey  
Senior Policy Analyst



Minnesota Department of **Human Services**

Legal Management Office

October 17, 2014

Commissioner of Administration, c/o IPAD  
Minnesota Department of Administration  
201 Administration Building  
50 Sherburne Avenue  
St. Paul, MN 55155

**RE: Request for Advisory Opinion**

Dear Commissioner:

My letter of September 25, 2014, requested an advisory opinion from the Commissioner of Administration, regarding the classification of certain data. On October 3, the Information Policy and Analysis Division requested additional information and clarification. This letter provides the additional information requested. The representative samples of the supporting documentation and a copy of the lengthy communication to Internal Audits Office in response to the internal audit report, as requested, will be forwarded to Janet Hey under separate cover.

The Internal Audits Office of the Department of Human Services conducted a financial internal audit of a grantee. *See* Minn. Stat. § 13.392. The grantee in this situation is a private non-profit organization, Community Action of Minneapolis. The final report of the internal audit has been published.

In the September 25<sup>th</sup> request, the Department opined that it appeared that absent a statute classifying the data otherwise, the data would be presumptively public under Minnesota Statutes, section 13.03, subdivision 1. However, it has been determined that the grantee, Community Action of Minneapolis, is a community action agency under Minnesota Statutes, sections 256E.30 to 256E.32, and Minnesota Rules, Chapter 9571. As such, it is considered a political subdivision subject to the Minnesota Government Data Practices Act, to the extent it collects, stores, disseminates, and uses data on individuals because of a contractual relationship with a government entity. *See* Minn. Stat. § 13.02, subd. 11, and Minn. R. 1205.0100, subp. 4.

During the process of conducting the audit, the Internal Audits Office collected supporting documentation for the reimbursement requests made by the grantee. This supporting documentation is in a variety of formats, intertwines data for which reimbursement under the grant was not requested, and references data subjects that are neither employees of the grantee nor board members. In addition, after the internal audit report was published, the grantee sent a lengthy communication to Internal Audits Office in response to the internal audit report.



October 17, 2014

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The Department requests an advisory opinion on the classification of this supporting documentation and the communication sent by the grantee in response to the internal audit report.

The Department has determined that some of the data in the supporting documents, such as credit card numbers would be private under Minnesota Statutes, section 13.37, as security data. Social Security numbers would also be classified as private under Minnesota Statutes, section 13.355.

The Department is unclear as to how the supporting documentation data received from a grantee in the course of conducting a financial internal audit, or the communication sent in response to the internal audit report, is properly classified. It appears that because the grantee is a community action agency, Chapter 13 would apply to the data.

The Department requests your opinion on the classification of the supporting documentation and the communication sent in response to the audit report. The Department also requests that the advisory opinion address whether any data should be redacted from the documents, such as the names or identifying information of various data subjects and data that appears in the supporting documentation for which the grantee did not request reimbursement under the grant.

In addition, the Department has paper copies of the grantee's audit reports dating back to June 30, 2007, which were prepared by the grantee's outside auditor. The Department also has electronic copies of some of the board minutes, but not agendas or documents distributed at board meetings, dating back to September 2010. The Department requests that the advisory opinion address how these board minutes and the grantee's audit reports, prepared by its outside auditor, are classified in the hands of the Department.

Please let me know if you would like more detail on the documents or additional clarification.

Sincerely,



CAROLYN C. SCHWORER  
Chief Privacy Official  
Department of Human Services  
(651) 431-4930  
[Carolyn.schworer@state.mn.us](mailto:Carolyn.schworer@state.mn.us)



Minnesota Department of **Human Services**

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November 3, 2014

*Via Electronic Mail*

Sandra L. Pappas  
President, Minnesota Senate  
Chair, Senate Subcommittee on Ethical Conduct  
323 State Capitol  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155-1606

Dear Senator Sandra L. Pappas:

This letter is in response to your letter dated October 30, 2014 that the Department of Human Services ("Department") received concerning an ethics complaint filed by Senator Hann and other members regarding Senator Jeff Hayden's conduct. Please note the following:

1. Amy Kaldor Akbay, Chief General Counsel, and Charles E. Johnson, Deputy Commissioner, will be available to testify at the Senate Subcommittee on Ethical Conduct hearing on November 5, 2014. Ms. Akbay can testify to the legal proceedings and privacy concerns and Mr. Johnson can testify to the Department's overall obligation and responsibility to provide oversight and monitoring of grant funds.
2. Attached are copies of the Community Action of Minneapolis, Inc. ("CAM") receivership pleadings.
3. Attached is correspondence between the Department and Admin/IPAD seeking an advisory opinion regarding disclosure of supporting documentation that the Department's Internal Audits Office reviewed to prepare the audit report.

The Department's public audit report speaks to the nature and scope of the CAM investigation. Due to data practices questions, the Department has requested an advisory opinion from IPAD. Until we receive this opinion, we are unable to provide supporting documentation obtained during the course of the investigation.

Sincerely,

Lucinda E. Jesson  
Commissioner

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**MEMORANDUM OF LAW IN SUPPORT  
OF PETITION TO APPOINT RECEIVER**

**INTRODUCTION**

During a recent audit, Petitioner Minnesota Department of Human Services (“DHS”) discovered that Community Action of Minneapolis, Inc. (“CAM”) had misspent federal and state grant money administered by DHS for non-grant purposes. Petitioner Minnesota Department of Commerce (“DOC”) also found problems with CAM’s improper use of grant funds administered by DOC and is in the process of auditing all of CAM’s expenditures related to DOC grants. DHS and DOC both terminated their grant contracts with CAM. DHS also terminated CAM’s recognition as a community action agency under state law. DHS and DOC now seek a receivership to preserve whatever assets remain so that they can attempt to recoup misspent funds.

**FACTS**

**A. Grants Administered by DHS**

Both the federal government and the State of Minnesota provide financial assistance to communities to assist in the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families to become self-sufficient. 42 U.S.C. § 9901(1); Minn. Stat. §§ 256E.30–.32. The financial assistance is provided in the form of a grant to

community action agencies, which use the money to operate programs in furtherance of these goals. 42 U.S.C. § 9904; Minn. Stat. § 256E.30.

Before an entity can become a community action agency, the political subdivision with jurisdiction over the area to be served must (1) notify DHS of its intent to designate an entity as a community action agency; (2) state how the designee is an “eligible entity” under federal law; (3) submit documents showing designee’s incorporation if applicable, tax exempt status if applicable, assurance of compliance with the law, a description of the area to be served, and a proposed mission statement; (4) hold a public hearing regarding the designee’s qualifications, expertise, and experience in providing community action program services to low-income people, as well as its mission, proposed services, and goals; (5) pass an official resolution designating the designee as a community action agency provided that certain criteria was met throughout the process; and (6) submit the record to DHS to review. Minn. R. 9571.0030.

DHS provisionally recognizes a political subdivision’s designation if it establishes compliance with applicable state and federal law. Minn. R. 9571.0040, subp. 1. DHS then requests recognition by the governor. *Id.*, subp. 2.

Community Action of Minneapolis (“CAM”) is a non-profit organization formed in 1994 by the city of Minneapolis to utilize community action grants. (Johnson Aff., Ex. A at 6.) CAM was designated by the City of Minneapolis and recognized by DHS as the community action agency to serve low-income people who live in Minneapolis. (Hoeft Aff. ¶ 5.)

CAM, until recently, had two grant contracts with DHS: (1) Supplemental Nutrition Assistance Program (SNAP) Outreach; and (2) a combined Minnesota Community Action Grant and federal Community Services Block Grant. (*Id.* ¶ 6.) The SNAP Outreach contract allowed CAM to get reimbursed for up to \$27,841.21 to provide SNAP “food support application

assistance and outreach, [and] to improve SNAP participation among the elderly and working poor in our service area,” which is defined as a 65-ZIP code area of Minneapolis. (*Id.* ¶ 7.)

The combined Community Action Grant and Community Services Block Grant initially allowed for up \$1,759,532 to CAM to:

- Strengthen community capabilities for planning and coordinating the use of a broad range of resources related to the elimination of poverty;
- Organize a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community, helping families and individuals to achieve self-sufficiency;
- Make use of innovative and effective community-based approaches to attacking the causes and effects of poverty and community breakdown;
- Maximize participation of residents of low-income communities and members of the groups served by programs to empower such residents and members to respond to the unique problems and needs within their communities; and,
- Broaden the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for private, religious, charitable, and neighborhood-based organizations as well as individual citizens and business, labor and professional groups who are able to influence the quantity and quality of opportunities and services for the poor.

(Hoeft Aff., Ex. B at 1–2.)

The parties amended the contract to allow for an additional \$1,074,966 to further serve the people using the services of CAM. (*Id.* ¶ 10, Ex. C.) DHS distributed funds to CAM on a reimbursement basis. (*Id.* ¶ 12.) This means that DHS provided funds to CAM as the entity incurred costs and sought reimbursement for those costs from DHS. (*Id.*)

DHS had fiscal and programmatic oversight over the grant funding that CAM received under contract. (*Id.* ¶ 13.) DHS is required by law to perform on-site monitoring to ensure that community action agencies like CAM are meeting performance goals, administrative standards, financial management requirements, and to determine whether agencies are in compliance with federal and state law. 42 U.S.C. § 9914; Minn. R. 9571.0180. DHS is also required to establish

fiscal control and fund accounting procedures necessary to assure the proper disbursement of and accounting for grant funds, including procedures for monitoring the funds, and audit the expenditures of community action agencies. 42 U.S.C. § 9916; *see also generally* Minn. R. 9571.0140.

In 2013, DHS initiated an audit of CAM. (Johnson Aff. ¶ 5.) DHS was aware of a prior report by the Office of Legislative Auditor that showed problems with CAM's administration of grant money under the Low-Income Home Energy Assistance Program (LIHEAP). (*Id.*) DHS was also concerned about an unusual increase in administrative costs at CAM. (*Id.*) In addition, DHS had learned that a key employee at CAM unexpectedly left. (*Id.*)

The purpose of the audit was to determine if grant funds were being spent in accordance with the terms of the contract between DHS and CAM and if program outcomes were reasonable and properly documented. (*Id.* ¶ 6.) Auditors reviewed CAM's internal financial and planning documents and the work papers of its CPA firm. (*Id.* at ¶ 7.) The auditors also interviewed CAM's financial staff. (*Id.*)

DHS communicated with staff from CAM in May, June, and July of 2014, including a formal exit conference, to share the preliminary findings of the audit with CAM and obtain supporting documentation that CAM had failed to provide DHS. (*Id.* ¶ 8.) CAM failed to produce the supporting documentation sought by DHS. (*Id.*)

On August 12, 2014, DHS issued its final audit report. (*Id.* ¶ 9.) The audit found that CAM (1) diverted program funds for clients to pay for excessive administrative costs resulting in a reduction of services, (2) inappropriately allocated over \$600,000 in costs associated with non-DHS programs to DHS grants, and (3) charged at least \$200,000 in unallowable costs. (*Id.*, Ex. A at 10–16.) CAM's improper use of public funds included, airfare and cell phone roaming

charges for a trip to the Bahamas by the Chief Executive Officer (“CEO”), airfare to the Bahamas for a personal friend (i.e. not an employee) of the CEO, airfare for the spouse of a board member to New York, golf-related expenses in Florida, food and lodging expenses including entertainment services for board members and their spouses during an internal training convention, Celebrity Cruise, car washes, a Costco membership, a personal loan to the CEO to purchase a car, and excessive bonuses to staff. (*Id.* at 14–15.)

DHS requested that CAM submit a corrective action plan by September 1, 2014. (*Id.* ¶ 13.) On September 5, 2014, CAM sent DHS an untimely proposed corrective action plan that did not address the deficiencies in the audit report. (*Id.* ¶ 14.)

Based on the audit report’s findings, and the lack of appropriate response from CAM, DHS terminated its contract with CAM, as well as its recognition as a community action agency. *See* Minn. R. 9571.0060, subp. 1, 3. DHS also immediately suspended grant funding to CAM. (Johnson Aff. ¶ 15, Ex. C.) DHS referred approximately 3,000 CAM clients to other social services agencies. (Hoeft Aff. ¶ 16.)

Public reports indicate that all four of CAM’s elected-public-official board members have resigned. *See, e.g.,* <http://www.myfoxtwincities.com/story/26637549/state-terminates-contracts-with-community-action-of-minneapolis>. Community action agencies must have at least 15 board members. *See* Minn. Stat. § 256E.31, subd. 3 (regulating board composition of community action agencies). At least one-third of the board members must be elected public officials currently holding office, at least one-third of the board members must be persons elected to represent the “poor in the area served,” and the remainder must be officials or members of business, industry, labor, etc. *See id.* It is unknown how many CAM board members remain. Indeed, even CAM’s purported attorney does not know how many current board members CAM

has or whether the board has a quorum sufficient to conduct business pursuant to its bylaws. (Akabay Aff. ¶ 3.)

### **B. Grants Administered by DOC**

DOC also provided CAM with grant funding to provide services to low-income households in Minneapolis. DOC administers and monitors funds appropriated to the Low-Income Home Energy Assistance Program (LIHEAP) through the U.S. Department of Health and Human Services. (Harvanko Aff. ¶¶ 2, 10; *see also* 10 C.F.R. 600 *et seq.*) DOC also is responsible for administering and monitoring state and federal funding through the U.S. Department of Energy's Weatherization Assistance Program ("WAP"), which is aimed at installing conservation measures in low-income homes thereby reducing the amount spent on utility bills and making the homes healthier and safer. (Streff Aff. ¶¶ 2, 7, 10; *see also* 10 C.F.R. 440 *et seq.*)

DOC recently had a LIHEAP contract and a WAP Contract with CAM. (Harvanko Aff. ¶ 6, Exs. A and B.) In 2014, the LIHEAP contract allocated \$1,852,083 to CAM to deliver energy assistance services to low-income individuals residing in the City of Minneapolis. (Harvanko Aff. ¶¶ 7–8, 11–12.) The WAP Contract allocated \$1,328,037 to CAM for weatherization assistance. (Streff Aff. ¶ 7.)

Under both contracts, DOC distributed funds to CAM on a reimbursement basis. (Harvanko Aff. ¶ 9; Streff Aff. ¶ 9.) This means that DOC provided funds to CAM as the entity incurred costs and sought reimbursement for those costs from DOC. (*Id.*) DOC recently distributed \$30,000 to CAM for LIHEAP expenditures and \$84,500 for WAP expenditures. (Harvanko Aff. ¶ 11; Streff Aff. ¶ 11.)



By law, DOC had fiscal and programmatic oversight over the grant funding that Community Action of Minneapolis received under the contracts. (Harvanko Aff. ¶¶ 2, 10; Streff Aff. ¶¶ 2, 10; 42 U.S.C. § 8624(b)(10); *see also* 10 C.F.R. 600 *et seq*; 10 C.F.R. 440 *et seq*.) DOC's monitoring activities included two annual on-site visits to audit program activities and evaluate CAM's use of public resources. (Harvanko Aff. ¶ 10.)

Like DHS, DOC discovered while compiling its most recent field monitoring report that CAM spent over \$20,000 in grant funds on unallowable costs. (Streff Aff. ¶ 12.) DOC terminated its contracts with CAM and initiated an audit of all its expenditures relating to the LIHEAP and WAP grants. (Harvanko Aff. ¶¶ 14–15, Ex. C) DOC will not know the full extent of unallowable costs charged by CAM to DOC grants until the final audit is completed and the termination is closed out. (Streff Aff. ¶ 12.) CAM is also in possession of a Chevrolet Tahoe that it purchased with approximately \$32,000 of U.S. Department of Energy funds. (*Id.*) The truck or the proceeds from the sale of the truck must be returned to DOC. (*Id.*)

Since DOC sent the termination notice, DOC has worked with a successor agency to ensure weatherization services to low-income clients in Minneapolis are not delayed or dropped. (*Id.* ¶ 17.) DOC also transferred over 12,000 of CAM's LIHEAP clients and 3,000 applicants to Community Action Partnership of Suburban Hennepin ("CAPSH") and contracted with CAPSH to provide LIHEAP services in the area previously served by CAM. (Harvanko Aff. ¶ 17.)

DHS and DOC bring this petition to appoint a receiver to (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were improper; and (3) reimburse DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants.

## ARGUMENT

Under Minnesota law, the Court may appoint a receiver in certain situations, including (1) “before judgment to protect any party to an action who demonstrates an apparent right to property that is the subject of the action and is in the possession of an adverse party, and that the property or its rents and profits are in danger of loss or material impairment”; (2) when an entity is insolvent or in imminent danger of insolvency; and (3) “in other cases as are provided by law, or in accord with existing practice.” Minn. Stat. § 576.25, subds. 2, 4, and 6. “A receiver may be appointed under [Chapter 576] whether or not the motion for appointment of a receiver is combined with, or is ancillary to, an action seeking a money judgment.” Minn. Stat. § 576.25, subd. 1. The purpose of a receivership “is to accomplish, as far as practicable, complete justice for the parties before it. Its object is to secure and hold all property so that it may be available for the application of the final judgment.” *Asleson v. Allison*, 188 Minn. 496, 499–500, 247 N.W. 579, 580 (1933). “Appointment of a receiver is within the discretion of the trial court.” *Minn. Hotel Co. v. ROSA Dev. Co.*, 495 N.W.2d 888, 891 (Minn. Ct. App. 1993).

**I. THE APPOINTMENT OF A RECEIVER IS APPROPRIATE BECAUSE CAM IS OBLIGATED TO REIMBURSE DHS AND DOC FOR THE COSTS IMPROPERLY CHARGED TO DHS AND DOC GRANTS, AND A RECEIVER IS NECESSARY TO ENSURE THAT REMAINING ASSETS ARE PRESERVED FOR THAT PURPOSE.**

“[A] limited receiver<sup>1</sup> may be appointed before judgment to protect any party to an action who demonstrates an apparent right to property that is the subject of the action and is in the

---

<sup>1</sup> “‘General receivership’ means a receivership over all or substantially all of the nonexempt property of a respondent for the purpose of liquidation and distribution to creditors and other parties in interest.” Minn. Stat. § 576.21(h). “‘Limited receivership’ means a receivership other than a general receivership.” Minn. Stat. § 576.21(k).

possession of an adverse party, and that the property or its rents and profits are in danger of loss or material impairment.” Minn. Stat. § 576.25, subd. 2.

DHS and DOC provided CAM with federal and state grant funds to provide services to low-income families and individuals. (Hoeft Aff., Ex. B at 2; Streff Aff. ¶ 7; Harvanko Aff. ¶ 7.) Pursuant to the grant contracts with DHS and DOC, CAM must reimburse DHS for any amounts paid by the State for which CAM spent on ineligible costs or for which its books, records or other documents are not sufficient to clearly substantiate that those amounts were used by CAM to perform grant services. (Hoeft Aff., Ex. B at 4; *see also* 42 U.S.C. §§ 9915(a), 9916(a); Harvanko Aff., Ex. A at §§ 4.3 and 20.4, Ex. B at §§ 4.3 and 20.4.)

During its audit, DHS discovered that CAM spent grant funds on excessive administrative costs, costs not associated with DHS grant services, and unallowable costs. (Johnson Aff., Ex. A at 10–16.) For example, CAM used grant funds for airfare and cell phone roaming charges for a trip to the Bahamas by the CEO, airfare to the Bahamas for a personal friend (i.e. not an employee) of the CEO, airfare for the spouse of a board member to New York, golf-related expenses in Florida, food and lodging expenses including entertainment services for board members and their spouses during an internal training convention, Celebrity Cruise, car washes, a Costco membership, a personal loan to the CEO to purchase a car, and excessive bonuses to staff. (*Id.* at 14–15.)

DOC likewise discovered that CAM spent over \$20,000 of DOC grant funds on unallowable costs. (Streff Aff. ¶ 12.) In addition, CAM is in possession of a truck purchased with U.S. Department of Energy funds that must be returned to DOC. (*Id.*) DOC also recently provided CAM with over \$100,000 for expenditures. (Harvanko Aff. ¶ 11; Streff Aff. ¶ 11.) It is unknown if any of that money is still in CAM’s possession.

DHS and DOC are obligated to attempt to recoup State property and the misallocated and/or misspent funds from CAM. Given the problems identified in the DHS audit, the problems identified by DOC, the termination of funding and recognition by DHS, the termination of funding by DOC, and the uncertain status of the board (*e.g.*, its noncompliance with the board composition requirements of Minnesota law pertaining to community action agencies and whether it has a sufficient number of members to transact business), there is currently no assurance that any remaining assets will be preserved by CAM for recoupment. (Sutton Aff. ¶ 7.) Therefore, the assets in CAM's possession are in danger of loss or material impairment, and the appointment of a receiver is appropriate under Minn. Stat. § 576.25, subd. 2.

**II. THE APPOINTMENT OF A RECEIVER IS ALSO APPROPRIATE BECAUSE CAM IS LIKELY INSOLVENT OR, AT A MINIMUM, IN IMMINENT DANGER OF INSOLVENCY.**

“[A] limited or general receiver may be appointed when a corporation or other entity is . . . insolvent, [or] in imminent danger of insolvency.” Minn. Stat. § 576.25, subd. 4. DHS and DOC either have terminated or are in the process of terminating all of their grant contracts with CAM. (Johnson Aff., Ex. C; Harvanko Aff., Ex. C.) The funds from these grant contracts provided the vast majority of CAM's revenue. (Johnson Aff. ¶ 16.) According to financial statements from 2013, approximately 70% of CAM's revenue came from DOC grants. (Streff Aff. ¶ 6.) With the terminated DHS grants, the percentage of lost revenue is even higher. (Hoeft Aff. ¶ 8.) The loss of these funds, at a minimum, puts CAM in imminent danger of insolvency (if it is not already insolvent). DHS and DOC have also referred CAM clients to other organizations. (Hoeft Aff. ¶ 16; Streff Aff. ¶ 17; Harvanko Aff. ¶ 17.) Furthermore, DHS terminated CAM's recognition as a community action agency, making CAM ineligible to receive community action grants. (Johnson Aff., Ex. C; *see also* Minn. R. 9571.0060.) In light of the

foregoing, CAM is likely insolvent or, at a minimum, in imminent danger of insolvency. Therefore, the appointment of a receiver is appropriate under Minn. Stat. § 576.25, subd. 4.

### **III. THE APPOINTMENT OF A RECEIVER IS ALSO APPROPRIATE UNDER THE COURT'S EQUITY POWERS.**

“The statutory provisions for appointment of receivers are not exclusive.” *Minn. Hotel*, 495 N.W.2d at 892. The Court may also appoint a receiver under its equity powers. *Id.* (citing *Asleson v. Allison*, 188 Minn. 496, 247 N.W. 579 (1933)). Equity warrants a receivership to protect taxpayer funds in light of the problems identified in the DHS audit, the problems identified by DOC, the substantial amount of public money misspent, the termination of funding by DHS and DOC, the termination of CAM's recognition as a community action agency, the transfer of clients to other community action agencies, and the resignation of numerous board members. *Cf. Green v. Nat'l Adver. & Amusement Co.*, 137 Minn. 65, 69–70, 162 N.W. 1056, 1058 (1917) (“[W]here by reason of the misconduct of those controlling the corporation substantial injury will result to the stockholders, a court of equity may, without statutory authority and in the absence of corporate insolvency, intervene by way of receivership, require an accounting from the delinquent officers, order a sale of the corporate assets, and adjudge a dissolution of the corporation.”).

Minnesota courts have appointed receivers in similar situations. In *Bliss v. Griswold*, the supreme court upheld the appointment of a receiver to operate a partnership when evidence of specific instances of fraud, deceit, and misappropriation of partnership assets established that the plaintiff, one of the partners, was in imminent danger of serious loss and injury. 222 Minn. 494, 502–03, 25 N.W.2d 302, 307–08 (1946); *see also Schmid v. Ballard*, 175 Minn. 138, 142–43, 220 N.W. 423, 424–25 (1928) (affirming appointment of receiver upon application by minority shareholders who presented evidence that corporate officers had committed fraud). Similarly,

here, CAM misallocated and/or misspent federal and state grant funds provided by DHS and DOC. A receivership is necessary to protect these taxpayer funds from loss.

### **CONCLUSION**

For the above reasons, DHS and DOC respectfully requests that a receiver of CAM's assets be appointed to perform the following duties: (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were improper under the DHS and DOC grants; and (3) repay DHS for any expenditures charged to the DHS and DOC grants by CAM that are determined to be improper. Once a receiver is appointed, CAM should immediately deliver to the receiver all assets in its possession, custody, or control, including, but not limited to, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles or other evidence of ownership, financial statements, and all other papers and documents related to the receivership property. Minn. Stat. § 576.31.

Dated: October 14, 2014

OFFICE OF THE ATTORNEY GENERAL  
State of Minnesota

/s/ Jacob Campion  
JACOB CAMPION  
Assistant Attorney General  
Atty. Reg. No. 0391274

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St. Paul, Minnesota 55101-2128  
(651) 757- 1459 (Voice)  
(651) 282-5832 (Fax)  
jacob.campion@ag.state.mn.us

ATTORNEY FOR PETITIONERS

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**NOTICE AND PETITION TO APPOINT  
RECEIVER BY THE MINNESOTA  
DEPARTMENT OF HUMAN SERVICES  
AND THE MINNESOTA DEPARTMENT  
OF COMMERCE**

TO: Defendant Community Action of Minneapolis, Inc. and its attorneys,

PLEASE TAKE NOTICE that at a date and time to be determined by the Court, before a Judge of Ramsey County District Court, at the Ramsey County Courthouse, 15 West Kellogg Boulevard, St. Paul, Minnesota, counsel for Petitioners Minnesota Department of Human Services ("DHS") and Minnesota Department of Commerce ("DOC") will move for an order appointing a receiver pursuant to Minnesota Statutes Chapter 576 and Minn. Gen. R. Pract. 137 over Community Action of Minneapolis, Inc. ("CAM") to preserve its assets while DHS and DOC attempt to recoup grant funds that were improperly spent by CAM.

**PETITION TO APPOINT RECEIVER**

Defendant CAM is a non-profit organization formed in 1994 by the city of Minneapolis to utilize community action grants, which are provided by DHS to assist in the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families to become self-sufficient. CAM also provided weatherization and energy-assistance services to low-income families with grant funding provided by DOC.

CAM entered into two grant contracts with DHS and two grant contracts with DOC, in which DHS and DOC provided funds to CAM for services to low-income families and individuals in the Minneapolis community. The grant contracts provide that CAM must reimburse DHS and DOC for any amounts paid by the State for which CAM spent on ineligible costs or for which its books, records or other documents are not sufficient to clearly substantiate that those amounts were used by CAM to perform grant services.

On August 12, 2014, the internal audits office of DHS issued an audit report regarding CAM's use of grant funds. The audit found that CAM (1) diverted program funds for clients to pay for excessive administrative costs resulting in a reduction of services, (2) inappropriately allocated over \$600,000 in costs associated with non-DHS programs to DHS grants, and (3) charged over \$200,000 in unallowable costs. DOC also has found problems with CAM's improper use of grant funds administered by DOC. DHS and DOC either have terminated or are in the process of terminating their contracts with CAM, which provide the vast majority of CAM's revenue. CAM has not reimbursed DHS or DOC for the amounts that it misspent and/or misallocated and has therefore breached its grant contracts.

**THEREFORE**, DHS and DOC hereby petition the Court for an Order as follows:

Granting Petitioner's motion to appoint a receiver over CAM's property to: (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were improper expenditures under the DHS and DOC grants; (3) reimburse DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants. Under Minn. Stat. § 576.31, the Court should order CAM to immediately deliver to the receiver all assets in its possession, custody, or control, including, but not limited to, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles



or other evidence of ownership, financial statements, and all other papers and documents related to the receivership property.

This motion is based on Minnesota Statutes Chapter 576, Minn. Gen. R. Pract. 137, on all of the files and records of the proceeding herein, as well as the memorandum of law and supporting affidavits submitted with this motion.

Pursuant to Minn. Stat. § 576.25, subd. 7, DHS and DOC request that the Court set an expedited hearing as soon as practicable. Petitioners are in the process of identifying individuals that could potentially serve as a receiver over CAM and will provide that information shortly.

Dated: October 14, 2014

OFFICE OF THE ATTORNEY GENERAL  
State of Minnesota

/s/ Jacob Campion  
Jacob Campion  
Assistant Attorney General  
Atty. Reg. No. 0391274

445 Minnesota Street, Suite 1100  
St. Paul, Minnesota 55101-2128  
(651) 757-1459 (Voice)  
(651) 282-5832 (Fax)  
jacob.campion@ag.state.mn.us

ATTORNEY FOR PETITIONERS

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**(Proposed) ORDER APPOINTING  
RECEIVER**

The above-entitled matter came on for hearing on \_\_\_\_\_, 2014, before the undersigned pursuant to a Motion to Appoint Receiver brought by the Petitioner Minnesota Department of Human Services. Nathan Brennaman, Deputy Attorney General, appeared on behalf of Petitioners. \_\_\_\_\_, appeared on behalf of Community Action of Minneapolis, Inc.

Based upon the files, records and proceedings herein, including the arguments of counsel,

**IT IS HEREBY ORDERED THAT:**

1. The Minnesota Department of Human Services and the Minnesota Department of Commerce's petition to appoint receiver is **GRANTED**.
2. **IT IS FURTHER ORDERED** that \_\_\_\_\_ is appointed as a receiver of CAM's assets to perform the following duties, as well as other duties ordered by the Court in subsequent Orders: (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were

improper under the DHS and DOC grants; (3) reimburse DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants.

3. CAM shall immediately deliver to the receiver all assets in its possession, custody, or control, including, but not limited to, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles or other evidence of ownership, financial statements, and all other papers and documents related to the receivership property.
4. The receiver shall have the following powers in addition to those specifically conferred by chapter 576 or otherwise by statute, rule, or order of the court: (1) the power to collect, control, manage, conserve, and protect receivership property; (2) the power to incur and pay expenses incidental to the receiver's exercise of the powers or otherwise in the performance of the receiver's duties; (3) the power to assert rights, claims, causes of action, or defenses that relate to receivership property; and (4) the power to seek and obtain instruction from the court with respect to any matter relating to the receivership property, the exercise of the receiver's powers, or the performance of the receiver's duties.

BY THE COURT:

Dated: \_\_\_\_\_

\_\_\_\_\_  
The Honorable  
Judge, Ramsey County District Court

DISTRICT COURT

## SECOND JUDICIAL DISTRICT

**Case Type: Receivership**

Court File No. \_\_\_\_\_

**In re the Matter of Community Action of  
Minneapolis, Inc.**

**AFFIDAVIT OF AMY KALDOR AKBAY**

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF RAMSEY )

I, Amy Kaldor Akbay, being first duly sworn, depose and state as follows:

1. I am the General Counsel of the Minnesota Department of Human Services ("DHS"), and I have personal knowledge of the events recounted in this affidavit.

2. On October 14, 2014, Deputy Attorney General Nathan Brennaman and I placed a call to attorney Mr. Jon Hopeman, who had indicated to me earlier this month and during today's call that he represents Community Action of Minneapolis.

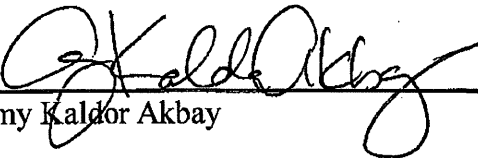
3. During today's telephone call, when asked about the identity of current members of the Community Action of Minneapolis' board of directors, Mr. Hopeman could not identify how many members are currently on the board. He also did not identify which members remain on the board.

4. Although Mr. Hopeman indicated that there had been a board meeting on October 13, 2014, he stated that he did not attend that meeting and did not know which,

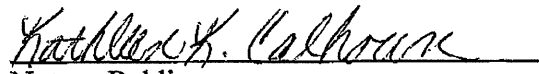
or how many, board members were present. He also could not confirm whether the board of directors had a quorum sufficient to conduct business pursuant to the entity's bylaws.

**FURTHER YOUR AFFIANT SAYETH NOT.**

Dated: October 14, 2014

  
Amy Kaldor Akbay

Subscribed and sworn to before me on  
this 14<sup>th</sup> day of October, 2014.

  
Notary Public  
My Commission Expires 1/31/15



**EXHIBIT A TO  
AFFIDAVIT OF JANET STREFF**

## WEATHERIZATION PROGRAM YEAR 2014

## Notice of Funds Available

NOTE: Award contract period starts on 01/15/15 and ends on 06/30/15. Contract is fully executed and NFA is released.

Contract Period: July 1, 2014 - June 30, 2015

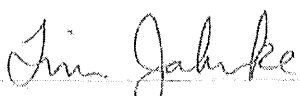
NFA PY14 # 62

SWIFT Agreement No. 79675

Minnesota Department of Commerce  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198

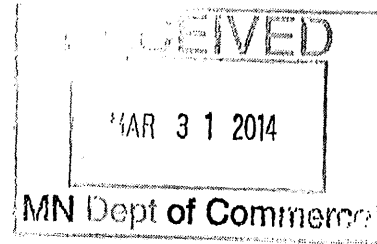
GRANTEE: Community Action of Minneapolis  
505 East Grant Street, Suite 100  
Minneapolis, MN 55404-9906

Vendor ID: 0000210572

Funding Source	Funding End Date	Prior Level	Change	New Level
EAPWX A2104	01/15/2015*			CFDA # 93,598
(eHEAT = EAPWXC02)				
Program		\$452,342	(\$56,819)	\$395,523
Administration		\$42,437	(\$8,842)	\$33,595
Total:		\$494,779	(\$65,661)	\$429,118
EAPWX A2105***	9/30/2015**			CFDA # 93,568
(eHEAT = EAPWXC0)				
Program		\$0	\$0	\$0
Administration		\$0	\$0	\$0
Total:		\$0	\$0	\$0
WAP DOE A2500	6/30/2015			CFDA # 81,042
Program		\$704,042	\$0	\$704,042
T/TA		\$31,137	\$0	\$31,137
Administration		\$61,697	\$0	\$61,697
Total:		\$796,876	\$0	\$796,876
PROPANE A2501	6/30/2015			Slate Funds
Program		\$0	\$0	\$0
Administration		\$0	\$0	\$0
Total:		\$0	\$0	\$0
STATE WAP A2001	6/30/2015			Slate Funds
Program		\$0	\$0	\$0
T/TA		\$8,780	(\$129)	\$8,651
Administration		\$0	\$0	\$0
Total:		\$8,780	(\$129)	\$8,651
Renewable Energy Equipment Grant Program	6/30/2015	\$27,602	\$16,600	Slate Funds \$44,202
(eHEAT = WAP OEL)				
Total Contract - All Sources:		\$1,328,037	(\$49,190)	\$1,278,847
NOTES & SIGNATURE				
Notes:				
* EAPWX A2104: Award ends 01/15/15. Funds have to be completely spent by this due date.				
** EAPWX A2105: Program contract ends 6/30/15. No more than 25% of total allocation will be allowed as carry forward, with a fully executed PY15 contract.				
*** EAPWX A2105: Funds will not be released until A2104 funds have been spent down by at least 80%.				
Approved by			Date	9/15/14
If you have any questions concerning this NFA, please contact: weatherization.commerce@state.mn.us				

**EXHIBIT B TO  
AFFIDAVIT OF JANET STREFF**





**Community Action of  
Minneapolis, Inc.**

Minneapolis, Minnesota

Financial Statements and Supplementary Information

Year Ended June 30, 2013

# Community Action of Minneapolis, Inc.

## Financial Statements and Supplementary Information

Year Ended June 30, 2013

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## **Independent Auditor's Report**

Board of Directors  
Community Action of Minneapolis, Inc.  
Minneapolis, Minnesota

### **Report on Financial Statements**

We have audited the accompanying financial statements of Community Action of Minneapolis, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Minneapolis, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.


## Other Matters

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and Other Financial Assistance which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of Community Action of Minneapolis, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action of Minneapolis, Inc.'s internal control over financial reporting and compliance.

  
Wipfli LLP

March 11, 2014  
Madison, Wisconsin

# Community Action of Minneapolis, Inc.

## Statement of Financial Position June 30, 2013

<i>Assets</i>	
Current assets:	
Cash	\$ 1,236,726
Restricted cash	21,486
Grants receivable	212,465
Accounts receivable	191,122
Other assets	862
Total current assets	1,662,661
Notes receivable, employees	30,254
Property and equipment, net	93,664
<b>TOTAL ASSETS</b>	<b>\$ 1,786,579</b>
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable/program liabilities	\$ 99,630
Accrued payroll and related expenses	146,917
Due to CAMIS	21,486
Total current liabilities	268,033
Long-term liabilities:	
Deferred compensation	264,358
Total liabilities	532,391
Net assets:	
Unrestricted - Invested in grant-funded equipment	89,100
Unrestricted	1,082,945
Total unrestricted net assets	1,172,045
Temporarily restricted - Reach Out for Warmth	31,830
Temporarily restricted - Weatherization	50,313
Total temporarily restricted net assets	82,143
Total net assets	1,254,188
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,786,579</b>

See accompanying notes to financial statements.

# Community Action of Minneapolis, Inc.

## Statement of Activities Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
<b>Revenue:</b>			
Grant revenue	\$ 4,908,687	\$ 0	\$ 4,908,687
Contract revenue	1,872,204	0	1,872,204
Other income	32,928	0	32,928
Net assets released from restriction through satisfaction of program restrictions	46,839	( 46,839)	0
<b>Total revenue</b>	<b>6,860,658</b>	<b>( 46,839)</b>	<b>6,813,819</b>
<b>Expenses:</b>			
Program activities:			
Salaries and wages	2,231,861	0	2,231,861
Fringe benefits	512,521	0	512,521
Contracted services	133,484	0	133,484
Staff development and training	28,319	0	28,319
Space costs	332,586	0	332,586
Equipment rentals and minor purchases	19,666	0	19,666
Supplies	52,414	0	52,414
Depreciation	17,576	0	17,576
Community program costs	3,397,519	0	3,397,519
Other costs	135,461	0	135,461
<b>Total program activities</b>	<b>6,861,407</b>	<b>0</b>	<b>6,861,407</b>
Management and general	421,683	0	421,683
Fund-raising	6,262	0	6,262
<b>Total expenses</b>	<b>7,289,352</b>	<b>0</b>	<b>7,289,352</b>
<b>Change in net assets</b>	<b>( 428,694)</b>	<b>( 46,839)</b>	<b>( 475,533)</b>
<b>Net assets at beginning of the year</b>	<b>1,600,739</b>	<b>128,982</b>	<b>1,729,721</b>
<b>Net assets at end of the year</b>	<b>\$ 1,172,045</b>	<b>\$ 82,143</b>	<b>\$ 1,254,188</b>

See accompanying notes to financial statements.

# Community Action of Minneapolis, Inc.

## Statement of Cash Flows Year Ended June 30, 2013

### Increase (decrease) in cash:

#### Cash flows from operating activities:

Change in net assets	(\$ 475,533)
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#### Adjustments to reconcile change in net assets to net cash used in operating activities:

Depreciation	17,576
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#### Changes in operating assets and liabilities:

Restricted cash	9,698
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Grants receivable	279,728
-------------------	---------

Accounts receivable	201,395
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Other assets	229
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Accounts payable	( 445,919)
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Accrued payroll and related expenses	( 32,098)
--------------------------------------	-----------

Due to CAMIS	( 9,698)
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Net cash used in operating activities	( 454,622)
---------------------------------------	------------

#### Cash flows from investing activities:

Issuance of notes receivable	( 15,018)
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Collections on notes receivable	11,786
---------------------------------	--------

Net cash used in investing activities	( 3,232)
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Change in cash	( 457,854)
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Cash - Beginning of year	1,694,580
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Cash - End of year	\$ 1,236,726
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# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies**

#### **Nature of Activities**

Community Action of Minneapolis, Inc. (the "Organization") develops and provides resources for assisting low-income individuals in Minneapolis, Minnesota, through a variety of programs, including:

##### **Energy Programs:**

- Energy assistance for heating bills
- Weatherization to improve energy efficiency
- Home electric savings program for conservation education

##### **Children and Families Development Programs:**

- Advocacy regarding housing and self-sufficiency
- Family assets for independence - building program
- Self-sufficiency support for women and families
- Youth development job readiness and training

The Organization is primarily supported through federal and state government grants. The Organization received approximately 19% of its total revenue for the year ended June 30, 2013, from the U.S. Department of Energy for the weatherization program and approximately 30% from the U.S. Department of Health and Human Services for the energy assistance program.

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States.

#### **Classification of Net Assets**

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations or where donor imposed stipulations are met in the year of the contribution.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Classification of Net Assets (Continued)**

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Organization does not have permanently restricted net assets.

#### **Use of Estimates**

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

#### **Accounts Receivable**

Accounts receivable consist primarily of performance contract reimbursements. Management has determined that no allowance for uncollectible receivables is required based on history and experience with these organizations.

#### **Property and Equipment**

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Property and equipment are items with a cost of \$5,000 or more and a useful life of over one year. The net book value of property and equipment purchased with grant funds as of June 30, 2013 was \$89,100.

Property and equipment acquired with grant funds are owned by the Organization while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

#### **Restricted Cash/Due to CAMIS**

The Organization acts as the fiscal agent for the Community Action Management Information System (CAMIS). Restricted cash and due to CAMIS are funds held by the Organization for the other nonprofit organizations.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition**

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as contributions released from restrictions. If the restriction is met on a contribution in the year the contribution is received, the contribution is reported as unrestricted revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

#### **A.      Grant Awards that are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition is incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

#### **B.      Grant Awards that are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

#### **Income Taxes**

The Organization is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code. The organization is also exempt from state income taxes on the related income.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal years ended June 30, 2010, and beyond remain subject to examination by the Internal Revenue Service.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Cost Allocation

Direct costs are charged directly to the programs they benefit. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective. Joint costs are allocated to benefiting programs, primarily the Community Services Block Grant (CSBG) and Energy programs, using various allocation methods depending on the type of joint cost being allocated.

#### Subsequent Events

Subsequent events have been evaluated through March 11, 2014, which is the date the financial statements were available to be issued.

### Note 2 Concentration of Credit Risk

The Organization maintains cash balances at several banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Cash balances in excess of \$ 115,000 at one bank are swept daily into repurchase agreements. The repurchase agreement is invested in U.S. Government obligations. At June 30, 2013, the amount in the repurchase agreement was \$1,125,905. During the year, bank balances may exceed FDIC coverage. Management believes these financial institutions have a strong credit rating and credit risks related to these deposits are minimal.

### Note 3 Notes Receivable, Employees

The Organization has notes receivable agreements as follows:

Loan with a key employee. The agreement provides for the repayment of the loan in monthly payments of \$850 at 0.91% interest until the loan is repaid, on or before January 2015.	\$ 17,710
Loan with an employee. The agreement provides for the repayment of the loan in biweekly payments of \$212 at 3.75% interest until the loan is repaid, on or before December 2015.	12,544
Total notes receivable	\$ 30,254

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

### Note 4 Property and Equipment

Property and equipment consisted of the following at June 30, 2013:

Building and building improvements	\$ 302,000
Vehicles	111,979
Furniture and office equipment	617,495
Total property and equipment	1,031,474
Accumulated depreciation	( 937,810)
Property and equipment, net	\$ 93,664

### Note 5 Retirement Plans

The Organization has a membership in Public Employees Retirement Association (PERA). PERA is available to all the Organization's employees upon inception of employment with the Organization. PERA determines the amount of employer and employee contributions. During the current year, the contribution rate was 7.25%. Retirement benefits are fully vested after three years of employment; however, total years of employment and employee age at retirement determine whether benefits will be full or reduced. The Organization's contributions for the year ended June 30, 2013, were \$140,517.

In addition to PERA, the Organization has a nonqualified deferred contribution plan, which is available to eligible employees. The pension plan was created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their current earnings and allows the employer to contribute an amount on behalf of eligible employees. The plan assets are held in trust for the exclusive benefit of participating employees and are not available to creditors. The pension plan assets are the property of the covered employees and; therefore, are not included in these financial statements. The Organization did not contribute to the plan in the year ended June 30, 2013.

### Note 6 Deferred Compensation

The Organization has an employment agreement with a key employee. The agreement provides for payment upon employment separation of one month salary per year of tenure, up to eighteen months maximum. The deferred compensation at June 30, 2013, was \$264,358. The compensation expense for the year ended June 30, 2013, was \$0.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

### Note 7 Operating Leases

The Organization has entered into various operating lease agreements for facilities with unrelated parties. Rental expense totaled \$167,019 for the year ended June 30, 2013. The future minimum lease obligations under these leases are as follows:

2014	\$	137,492
2015		60,481
2016		23,025
2017		7,675
Total	\$	228,673

### Note 8 Functional Classification of Expenses

The following program and supporting services are reflected in the statement of activities for the year ended June 30, 2013:

Federal and state programs:

Energy programs	\$	5,654,488
Children and families development programs		1,206,919
Total program activities		6,861,407

Management and general		421,683
Fund-raising		6,262

Total expenses	\$	7,289,352
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### Note 9 Grant Awards

At June 30, 2013, the Organization had commitments under various grants of approximately \$541,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

### Note 10 Program Operations

The Organization has a grant with the State of Minnesota, Department of Commerce for outreach, intake, eligibility, and certification of LIHEAP-eligible participants. Client benefits for LIHEAP-eligible participants are subsequently paid directly by the State of Minnesota. Client benefits in the amount of \$5,930,085 paid by the state to clients, certified eligible by the Organization, are not included in the statement of activities as they were not part of the grant award.

# **Supplementary Information**

# Community Action of Minneapolis, Inc.

## Schedule A-1

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2013

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Current Expenses		
						Grant	Other	Total
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE								
U.S. Department of Agriculture								
10.551	GRK%54525	SNAP 2013	Minnesota Department of Human Services	10/01/12-09/30/13	\$ 29,129	\$ 11,801	\$ 0	\$ 11,801
U.S. Department of Energy								
81.042	28510/1553	DOE/WX	Minnesota Department of Commerce	07/01/12-06/30/13	769,379	389,394	264	389,658
81.042-ARRA	B29121/1653	ARRA DOE	Minnesota Department of Commerce	07/01/09-09/15/13	16,790,830	874,438	66,498	940,936
Subtotal 81.042 & 81.042-ARRA						1,263,832	66,762	1,330,594
U.S. Department of Health and Human Services								
93.568	N/A	Energy Assistance - Participant Payments	Minnesota Department of Commerce	07/01/12-06/30/13	N/A	5,930,085	0	5,930,085
93.568	30624/1563	Energy Assistance	Minnesota Department of Commerce	10/01/11-09/30/12	2,007,107	129,479	31,901	161,380
93.568	52297/1563	Energy Assistance	Minnesota Department of Commerce	10/01/12-09/30/13	1,759,281	1,415,957	2,550	1,418,507
93.568	28510/1564	EAP/WX Carryover FFY 11	Minnesota Department of Commerce	07/01/12-12/23/12	361,017	220,490	0	220,490
93.568	28510/1564	EAP/WX Carryover FFY 12	Minnesota Department of Commerce	07/01/12-06/30/13	1,254,719	244,065	0	244,065
Subtotal 93.568						7,940,076	34,451	7,974,527
93.569	31927	Community Services Block Grant 2012	Minnesota Department of Human Services	10/01/11-09/30/13	1,011,412	781,472	0	781,472
93.569	31927	Community Services Block Grant 2013	Minnesota Department of Human Services	10/01/12-06/30/14	449,992	342,872	0	342,872
Subtotal 93.569						1,124,344	0	1,124,344
Total Federal Programs						10,340,053	101,213	10,441,266

See Independent Auditor's Report.

# Community Action of Minneapolis, Inc.

## Schedule A-2

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2013

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Current Expenses		
						Grant	Other	Total
STATE AND LOCAL PROGRAMS								
N/A	31927	Community Action	Minnesota Department of Human Services	07/01/12-06/30/13	498,719	498,719	0	498,719
N/A	N/A	Reach Out for Warmth Private	Donations	Ongoing	N/A	0	38,360	38,360
Total State and Local Programs						498,719	38,360	537,079
Total Federal and Other Financial Assistance						10,838,772	139,573	10,978,345
DISCRETIONARY ACTIVITIES								
N/A	N/A	Low-Income Weatherization Services Agreement	Center Point Energy/Minneagasco	01/01/12-12/31/13	N/A	0	1,023,383	1,023,383
N/A	N/A	Low-Income Weatherization Services Agreement	Minnesota Energy Resources Corporation	01/01/11-12/31/13	N/A	0	221,686	221,686
N/A	N/A	XCEL - HESP	Xcel Energy	01/01/10-12/31/13	N/A	0	826,008	826,008
N/A	N/A	CAM Corp. Activities	Interest and Miscellaneous	07/01/12-06/30/13	N/A	0	170,015	170,015
Total Discretionary Activities						0	2,241,092	2,241,092
TOTAL AMOUNT						\$ 10,838,772	\$ 2,380,665	\$ 13,219,437

#### Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance

##### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and other financial assistance (the "Schedule") includes the federal grant activity of Community Action of Minneapolis, Inc. under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Community Action of Minneapolis, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action of Minneapolis, Inc.

##### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

##### Note 3 - Program Operations

Included in CFDA #93.568 are client benefits paid by the State of Minnesota of \$5,930,085. These expenditures are not included in the statement of activities.

See Independent Auditor's Report.





## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Community Action of Minneapolis, Inc.  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Community Action of Minneapolis, Inc. which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action of Minneapolis, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Minneapolis, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action of Minneapolis, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

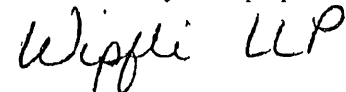
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Action of Minneapolis, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Wipfli LLP

March 11, 2014  
Madison, Wisconsin



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

Board of Directors  
Community Action of Minneapolis, Inc.  
Minneapolis, Minnesota

### **Report on Compliance for Each Major Federal Program**

We have audited Community Action of Minneapolis, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Community Action of Minneapolis, Inc.'s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management of Community Action of Minneapolis, Inc. is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Action of Minneapolis, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action of Minneapolis, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of Community Action of Minneapolis, Inc.'s compliance.

## Opinion on Each Major Federal Program

In our opinion, Community Action of Minneapolis, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

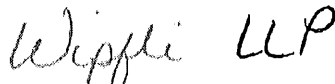
## Report on Internal Control Over Compliance

Management of Community Action of Minneapolis, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action of Minneapolis, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action of Minneapolis, Inc.'s internal control over compliance.

A deficiency in internal control exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Wipfli LLP

March 11, 2014  
Madison, Wisconsin

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

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### A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Community Action of Minneapolis, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. No instances of noncompliance material to the financial statements of Community Action of Minneapolis, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for Community Action of Minneapolis, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Community Action of Minneapolis, Inc.
7. The programs tested as major programs were:
  - U.S. Department of Energy
    - Weatherization, CFDA #81.042 and #81.042-ARRA
  - U.S. Department of Health and Human Services
    - Low-Income Home Energy Assistance, CFDA #93.568
8. The threshold for distinguishing Types A and B programs was \$310,202
9. Community Action of Minneapolis, Inc. was determined to be a low-risk auditee.

### B. Findings – Financial Statements Audit

None

### C. Findings and Questioned Costs – Major Federal Award Programs Audit

Findings: None

Questioned Cost: None

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

### D. Status of Prior Year Findings

**Questioned Cost:** None

**Finding:**

#### **ELIGIBILITY AND LEVEL OF ASSISTANCE DETERMINATION ERRORS (063012-01)**

<u>Grant</u>	<u>Funding Source</u>	<u>Grant Period</u>
CFDA #93.568 Energy Assistance - Participant Payments	Minnesota Department of Commerce	07/01/11-06/30/12
Energy Assistance #B46865/1563	Minnesota Department of Commerce	10/01/10-09/30/11
Energy Assistance #30624/1563	Minnesota Department of Commerce	10/01/11-09/30/12
EAP/WX Carryover FFY 11 #28510/1564	Minnesota Department of Commerce	07/22/11-06/30/12
EAP/WX Disaster #28510	Minnesota Department of Commerce	07/22/11-06/30/12

#### **Condition**

Under LIHEAP regulations (42 USC 8624), Grantees may provide assistance to: (a) households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans benefits; or (b) households with incomes which do not exceed the greater of 150 percent of the State's established poverty level, or 60 percent of the State median income. Grantees may give priority to those households with the highest home energy costs or needs in relation to income.

During our audit, we noted that some files were missing eligibility worksheets and some eligibility worksheets were missing proper signatures. In addition, the State of MN, monitored Community Action of Minneapolis, Inc. during the fiscal year and the State noted errors in income calculations that affected the level of benefits provided to clients, clerical errors on eHeat entries, and crisis emergency benefits were provided to households that were either ineligible to receive crisis funds or received more crisis funding than they were eligible for.

Community Action of Minneapolis, Inc. is working with the State to clear all monitoring issues.

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

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### D. Prior Year Findings (Continued)

#### Criteria

Procedures should be in place to assure compliance with LIHEAP requirements.

#### Effect

Because of the missing or incomplete eligibility worksheets noted in our audit and the State monitoring issues of incorrect benefit calculations and crisis emergency benefits to ineligible participants and the over payment of crisis funding to eligible participants, Community Action of Minneapolis, Inc. is not in compliance with LIHEAP regulations. However, we do not consider this to be a material non-compliance as Community Action of Minneapolis, Inc. is working with the State to correct the issues identified during the monitoring of the program.

#### Recommendation

We recommend Community Action of Minneapolis, Inc. establish procedures to assure compliance with LIHEAP requirements and to continue to work with the State on issues brought up during their monitoring visit.

#### Management Response

Community Action of Minneapolis' (CA MPLS) management recognizes the importance of internal controls and improving our internal controls in order to provide efficient services. One important internal control that has been re-established is the segregation of duties for the assurance of compliance with LIHEAP requirements.

A Corrective Action Response was developed and submitted to the DOC-EAP office in response to the monitoring report. This corrective action response is currently being implemented by CA MPLS. In July of 2012, key CA MPLS met with key DOC-EAP staff to brainstorm alternative ways of providing LIHEAP services that would comply with regulations. As a result of this meeting, the entire application process was redesigned to arrange for segregation of duties. An additional compliance review procedure has been integrated in to the process.

We have also established additional supervisor reviews for applications being processed to ensure all information is accurate and complete with no significant omissions as well as to monitor appropriate and correct benefits are being applied to customers' accounts. This also includes an additional review of 10% of all files that have been selected to be paid. This helps us to understand where weaknesses are in our processes and take corrective measures quickly.

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

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### **C. Prior Year Findings (Continued)**

#### **Management Response (Continued)**

A team of CA MPLS staff continues to meet with DOC-EAP staff on a regular basis to monitor the implementation of the corrective action plan as well as to brainstorm strategies to meet all necessary requirements. CA MPLS also provides DOC-EAP staff with a monthly report that charts progress on the corrective action plan.

Name of Contact Person Responsible  
for Corrective Action:

William J. Davis

Anticipated Completion Date:

May 15, 2013

#### **Resolution of Prior Year Finding**

During our current audit, we noted the additional reviews implemented by CA MPLS. In addition, during our review of files in the current year audit, the files tested contained an eligibility worksheet and the appropriate signatures.



STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Civil Other

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**AFFIDAVIT OF ERIN SULLIVAN  
SUTTON IN SUPPORT OF THE  
PETITION TO APPOINT RECEIVER BY  
THE MINNESOTA DEPARTMENT OF  
HUMAN SERVICES**

STATE OF MINNESOTA    )  
                                      ) ss  
COUNTY OF RAMSEY    )

I, Erin Sullivan Sutton, being first duly sworn, deposes and says as follows:

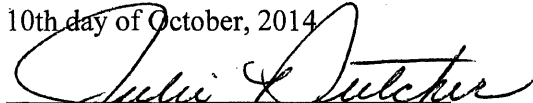
1. I submit this affidavit in support of the Petition to Appoint Receiver by the Minnesota Department of Human Services.
2. I am the assistant commissioner who oversees the Children and Family Services administration at the Minnesota Department of Human Services ("Department"). My administration contains the Office of Economic Opportunity, which administers and monitors state and federal funding aimed at eliminating the causes and effects of poverty, including federal and state community action funding.
3. I am aware of and have read the audit report issued by the Department's internal audits office on August 12, 2014, which analyzed Community Action of Minneapolis' activities and expenditures and found numerous deficiencies and problems. (Exhibit A of Gary L. Johnson Affidavit).
4. Based on the audit report's findings, and the lack of appropriate response from Community Action of Minneapolis, I am aware that the Department gave Community Action of Minneapolis formal written notice of termination of cause on September 26, 2014. (Exhibit C of Gary L. Johnson Affidavit). The Department has terminated funding to Community Action of Minneapolis.
5. I know that the Minnesota Department of Commerce, which also had a grant contract with Community Action of Minneapolis, terminated its funding to Community Action of Minneapolis.

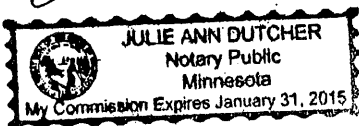
6. I learned through local media reports that several board members of Community Action of Minneapolis have resigned after the internal audit garnered significant public attention.
7. I believe that placing Community Action of Minneapolis into receivership is a proper course of action to protect assets possessed by the entity, based on the numerous and troubling findings in the internal audit report about the entity's finances and activities, the loss of funding from the Department and the Minnesota Department of Commerce, and the various media reports detailing Community Action of Minneapolis lack of leadership.
8. The Department is researching names of people who are knowledgeable about the operations of a community action agency and could potentially serve as the receiver for Community Action of Minneapolis. The Department will provide this information to the court when the court requests the information.

Further your affiant sayeth not.

  
ERIN SULLIVAN SUTTON

Subscribed and sworn to before me this  
10th day of October, 2014

  
NOTARY PUBLIC



STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Civil Other

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**AFFIDAVIT OF JANET STREFF IN  
SUPPORT OF THE PETITION TO  
APPOINT RECEIVER BY THE  
MINNESOTA DEPARTMENT OF  
HUMAN SERVICES AND THE  
MINNESOTA DEPARTMENT OF  
COMMERCE**

STATE OF MINNESOTA    )  
                                  ) ss  
COUNTY OF RAMSEY    )

I, Janet Streff, being first duly sworn, depose and say as follows:

1. I submit this affidavit in support of the Petition to Appoint Receiver by the Minnesota Department of Human Services and the Minnesota Department of Commerce.
2. My job title is Manager of the State Energy Office with the Division of Energy Resources at the Minnesota Department of Commerce ("Department"). The Division of Energy Resources is responsible for administering and monitoring state and federal funding aimed at installing conservation measures in low-income homes through the U.S. Department of Energy's Weatherization Assistance Program.
3. In the course of my work, I became aware of the various community action agencies in Minnesota that serve low-income people through a variety of programs funded by money received under grant contracts with the Department.
4. One of these agencies, Community Action of Minneapolis, is a non-profit corporation that had a long-standing relationship with the Department because it received grant funding for many years to deliver services to low-income people who live in Minneapolis.
5. To receive grant funding, Community Action of Minneapolis provided a budget and production schedule that is incorporated into a state contract with the Department and then is required to provide both programmatic and financial ongoing reporting.

6. Community Action of Minneapolis recently had two grant contracts with the Department: (1) Low Income Home Energy Assistance Program Grant Contract ("LIHEAP Contract"); and (2) Weatherization Assistance Program Grant Contract ("WAP Contract"). (See John Harvanko Affidavit Exhibits A and B.) Based on numbers from Community Action of Minneapolis' audit report ending June 30, 2013 (state fiscal year 2013) and based on Financial Status Reports that were submitted in e-Heat during that time period, WAP and EAP programs provided about 70% of Community Action of Minneapolis' overall revenue. (Exhibit B to Janet Streff Affidavit.)
7. The WAP Contract gave Community Action of Minneapolis \$1,328,037 to provide weatherization assistance by installing conservation measures in low-income homes, thereby reducing the amount spent on utility bills and making the homes healthier and safer. The WAP Contract started on July 1, 2014 and was set to end on June 30, 2015.
8. The WAP Contract gave Community Action of Minneapolis a total of \$1,328,037 through a Notice of Funds Available. An NFA must be in place before any work can be done or cash requested. The 9/15/14 NFA reduced the funds available to \$1,278,847 once the previous fiscal year had closed out and carryover figures were finalized. The Department has paid \$305,000 to Community Action of Minneapolis from July 1, 2014 through September 26, 2014. (Exhibit A to Janet Streff Affidavit.)
9. The Department distributed funds to Community Action of Minneapolis on a reimbursement basis. This means that the Department provided funds to Community Action of Minneapolis as the entity incurred costs and sought reimbursement for those costs from the Department.
10. The Department had fiscal and programmatic oversight over the grant funding that Community Action of Minneapolis received under contract. The entity provided information to the Department on a variety of schedules: Financial Status Reports, Cash Requests, Training Reports, Budgets and Production Schedules, including eHEAT budgets, and the upload of Weatherization Assistant Data.
11. Because the funds are distributed on a reimbursement basis, most of the allocation resides at the U.S. Department of Energy until cash is requested. Community Action of Minneapolis last requested cash in three cash requests on September 19, 2014: \$40,000 for WAP DOE, \$40,000 for EAPWX Carryover, and \$4,500 for WAP State. Whether CAM is still in possession of any of this money is unknown.
12. Community Action of Minneapolis purchased a Chevy Tahoe truck in 2005 for \$32,211 with U.S. Department of Energy funds. The truck or the proceeds from the sale of the truck must be returned to the Department. If the truck is sold, permission must be provided by the Department. Community Action of Minneapolis also has disallowed \$21,607.49 related to installation of weatherization measures from Program Year 2012 through its most recent field monitoring report. Examples of disallowed costs include the use of funds for work that did not follow U.S. Department of Energy protocols and rules, overpaying contractors for attic insulation and incorrect modeling resulting in installing

measures that were not cost effective, and therefore not approved by the U.S. Department of Energy. The Department will not know the full extent of disallowed costs until the final audit is completed and the termination is closed out.

13. I am aware of the audit report issued by the Department of Human Services' internal audits office on August 12, 2014, which analyzed Community Action of Minneapolis' activities and expenditures and found numerous deficiencies and problems. (Exhibit A of Gary L. Johnson Affidavit).
14. I am also familiar with the Department's formal written notice of termination for cause, dated September 26, 2014. (Exhibit C of John Harvanko Affidavit).
15. The Department notified Community Action of Minneapolis of its intent to perform an audit of Community Action of Minneapolis' use of funds in the notice of termination dated September 26, 2014. (Exhibit C of John Harvanko Affidavit).
16. On September 26, 2014, the Department collected documents and client files to assist in client transition to new service providers and to assist in the forthcoming audit.
17. Since the Department sent the termination notice, the Department has worked with a successor agency to ensure weatherization services to low-income clients in Minneapolis are not delayed or dropped.

Further your affiant sayeth not.

*Janet Streff*  
JANET STREFF

Subscribed and sworn to before me this  
14th day of October, 2014

*Emily K.*  
NOTARY PUBLIC



STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**AFFIDAVIT OF GARY JOHNSON**

STATE OF MINNESOTA )

) ss

COUNTY OF RAMSEY )

I, Gary L. Johnson, being first duly sworn, deposes and says as follows:

1. I submit this affidavit in support of the Petition to Appoint Receiver by the Minnesota Department of Human Services.
2. I am the Director of Internal Audits at the Minnesota Department of Human Services ("Department"). I am responsible for the oversight and management of Department's internal audits office, computer forensics lab, and program eligibility review team.
3. The internal audits office provides independent review of the financial activity of grantees that receive funding from the Department. The office is responsible for reporting to DHS about the grantees' compliance with state and federal regulations.
4. One grantee that received Department funding is Community Action of Minneapolis. The entity recently had two grant contracts with the Department: (1) Supplemental Nutrition Assistance Program (SNAP) Outreach; and (2) Community Action Grant, which encompasses the Minnesota Community Action Grant and the federal Community Services Block Grant.
5. In 2013, the internal audits office initiated an audit of Community Action of Minneapolis based on several factors. The Department was aware of a report by the Office of Legislative Auditor that showed problems with Community Action of Minneapolis' administration of grant money under the Low-Income Home Energy Assistance Program (LIHEAP). And the Department was concerned about an unusual rise in administrative costs at Community Action of Minneapolis. The Department had also learned that a critical employee at Community Action of Minneapolis unexpectedly left employment.

6. There were two goals of the audits. First, to see if funds were spent according to the terms of Community Action of Minneapolis' grant contracts. And, second, to determine if the outcomes of the programs administered by Community Action of Minneapolis were reasonable and properly documented. The audit did not include a review of the SNAP Outreach contract.
7. Auditors from the internal audits office reviewed Community Action of Minneapolis' internal financial and planning documents and the work papers of its CPA firm. The auditors also interviewed Community Action of Minneapolis' financial staff.
8. The Department communicated with staff from Community Action of Minneapolis in May, June, and July of 2014, including a formal exit conference, to share preliminary findings of the audit and seek proper supporting documentation that Community Action of Minneapolis had failed to give to the Department. The entity failed to provide the supporting documentation that the Department sought.
9. On August 12, 2014, the internal audits office issued its final audit report of Community Action of Minneapolis. (Exhibit A of Gary L. Johnson Affidavit).
10. The audit report contained numerous findings, including five that were particularly significant. First, Community Action of Minneapolis' board of directors was not providing appropriate governance and oversight of the entity. Second, Community Action of Minneapolis was not properly allocating costs between the programs it administered. Third, there was a large drop in the number of low-income people served through Community Action of Minneapolis' programs. Fourth, Community Action of Minneapolis was reimbursed for a variety of unallowable costs, including travel, food, and leisure activities. Fifth, and finally, Community Action of Minneapolis administrative costs were excessive.
11. The audit report contains two financial errors that I am aware of. First, in finding number 2 of the audit report, the Department inadvertently included costs in the allocation that had been subsequently disallowed in finding number 4. The correct number for finding number 2 is \$66,521, not \$93,426 reported. (Exhibit B of Gary L. Johnson Affidavit).
12. The second error in the audit report is in finding number 4. The Department did not offset the \$10,000 in approved out-state travel in Community Action of Minneapolis' budget and removed \$375 in board costs that were inadvertently included twice. The correct number is \$216,304, not \$226,679 reported.
13. The Department requested that Community Action of Minneapolis submit a corrective action plan by September 1, 2014.
14. On September 5, 2014, Community Action of Minneapolis sent the Department an untimely proposed corrective action plan that did not address the deficiencies in the audit report.

15. Based on the audit report's findings, and the lack of appropriate response from Community Action of Minneapolis, the Department gave Community Action of Minneapolis formal written notice of termination of cause on September 26, 2014. (Exhibit C of Gary L. Johnson Affidavit).
16. I am aware that the Department has terminated funding to Community Action of Minneapolis, and the Minnesota Department of Commerce has also terminated its funding to the entity. The funds from these grant contracts provided the vast majority of Community Action of Minneapolis' revenue.
17. Based on my knowledge of the internal audit report's troubling findings, and the significant loss of state funding, I believe that placing Community Action of Minneapolis into receivership is a proper course of action to protect assets possessed by the entity.

Further your affiant sayeth not.

  
GARY L. JOHNSON

Subscribed and sworn to before me  
this 14 day of October, 2014.

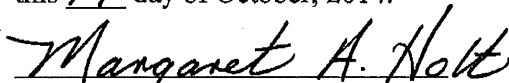
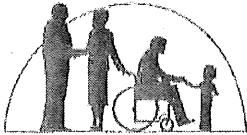
  
Notary Public





EXHIBIT A TO  
AFFIDAVIT OF GARY L. JOHNSON



## Minnesota Department of Human Services

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August 12, 2014

D. Michael Anderson, Chairman of the Board  
Community Action of Minneapolis  
505 East Grant Street  
Minneapolis, MN 55404

RE: Review of Community Services Block Grant and Minnesota Community Action Grant

Dear Mr. Anderson,

Attached is the final report detailing the results of a grant audit conducted by the Department of Human Services (DHS) Internal Audit Office. The purpose of this report is solely to describe the results of our audit and evaluation of revenues, expenditures, and program outcomes related to the Community Action Grant and the Community Services Block Grant. Accordingly, this report is not suitable for any other purpose.

Our review found several deficiencies in the internal control environment, ranging from inadequate board oversight of operations to inadequate allocation of costs and unacceptable levels of documented outcomes. We have met with your staff to review additional documentation to support your position on certain findings that were disputed at the exit conference held on June 3, 2014. At this time, we do not have a basis to remove or further modify our findings. Internal Audit will continue to work with Community Action of Minneapolis and the DHS program staff responsible for the administration of the funding to resolve the findings and implement the recommendations as stated in the report.

The Department of Human Services recognizes the important role in fighting poverty that Community Action of Minneapolis serves in the city of Minneapolis, and is committed to working with Community Action of Minneapolis to help correct the deficiencies identified in this report, and to help continue the fight against poverty.

The Department of Human Services Internal Audits Office requests that you **submit a corrective action plan by September 1, 2014**, directly to Connie Greer, Manager of the Department of Human Services Children and Family Services Office of Economic Opportunity. The corrective action plan should include the steps you plan to take to address the noted deficiency, the personnel responsible for implementing these steps, and the expected date of completion.

If you have any questions regarding this report or the result of our audit, please contact Gary L. Johnson, Director of the Department of Human Services Internal Audit Office at 651-431-3623.

Sincerely,

A handwritten signature in dark ink, appearing to be "G. Johnson", with a horizontal line extending to the right.

Gary L. Johnson, Director  
Internal Audits Office

cc: Lucinda Jesson, Commissioner, Minnesota Department of Human Services  
Erin Sullivan Sutton, Assistant Commissioner, Minnesota Department of Human Services  
Bill Davis, Executive Director, Community Action of Minneapolis  
Tony Spears, Chief Financial Officer, Community Action of Minneapolis  
Connie Greer, Director, DHS Office of Economic Opportunity  
Joelle Hoeft, Community Action Prog Admin, DHS Office of Economic Opportunity

**Community Action of Minneapolis  
Review of Community Services  
Block Grant and  
Minnesota Community Action Grant**

This information is available in alternative formats to individuals with disabilities by calling (651) 431-3623. TTY users can call through Minnesota Relay at (800) 627-3529. For Speech-to-Speech, call (877) 627-3848. For additional assistance with legal rights and protections for equal access to human services programs, contact your agency's ADA coordinator.

## **Department of Human Services**

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### **Audit Participation**

The following persons were interviewed during the preparation of this report:

#### **Community Action of Minneapolis**

Mr. William Davis	Chief Executive Officer, Community Action of Minneapolis
Mr. Anthony Spears	Chief Financial Officer, Community Action of Minneapolis

#### **Department of Human Services**

Ms. Connie Greer,	Manager, DHS Economic Opportunity
Joelle Hoeft	DHS Economic Opportunity

The following members of the DHS Internal Audits Office prepared this report:

Mr. Gary L. Johnson	Director, Internal Audits Office
Mr. Ken Vandermeer, CPA, CFE	Deputy Director, Internal Audits Office
Mr. Glenn Smith	Internal Auditor
Mr. Harvey Sandahl	Internal Auditor

August 12, 2014

## **Introduction**

Community Action of Minneapolis is a non-profit organization formed in 1994 by the city of Minneapolis to utilize community action grants formed in statute by the federal government. Community Action of Minneapolis has two grant contracts with the Department of Human Services (department), Community Action Grant and Community Services Block Grant that provide activities to:

- Strengthen community capabilities for planning and coordinating the use of a broad range of resources related to the elimination of poverty;
- Organize a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community, helping families and individuals to achieve self-sufficiency;
- Make use of innovative and effective community-based approaches to attacking the causes and effects of poverty and community breakdown;
- Maximize participation of residents of low-income communities and members of the groups served by programs to empower such residents and members to respond to the unique problems and needs within their communities; and,
- Broaden the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for private, religious, charitable, and neighborhood-based organizations as well as individual citizens and business, labor and professional groups who are able to influence the quantity and quality of opportunities and services for the poor.

In addition to these two grant contracts, Community Action of Minneapolis also is a grantee through the Department of Commerce for two federal programs assisting low income families: Low Income Home Energy Assistance Program (LIHEAP), and a Weatherization Program for residential homes.

## **Background**

The Department of Human Services issues over 1750 grants annually to address its mission of helping people meet their basic needs so they can live in dignity and achieve their highest potential. The department's obligation and related responsibilities to provide oversight and monitoring of grant funds is the responsibility of the program area that issues the grant funds. The Internal Audits Office is responsible for assessing and evaluating the department's internal controls and related control environment around its grant programs, and conducts both financial and program audits or evaluations of how these grant funds are being spent.

State regulations governing Community Action Agencies are established in Minnesota Statutes Section 256E.31, Subd. 3, and are administered under the authority of the department. The department's Children and Family Services' Office of Economic Opportunity program staff provide program guidance and monitoring over the Community Action grants, and assist grantees with the application and payment process. The departments' Internal Audit Office provides independent reviews of the financial activity of grantees, and is responsible for

reporting to the department regarding the compliance of grantees with state and federal regulations.

Using a risk based approach to identify organizations and grantees who should be considered for a potential audit, the Internal Audits Office chose Community Action of Minneapolis because of the size of the grant, and the problems and issues uncovered in a report by the Office of the Legislative Auditor <sup>1</sup>. The report concluded that the Department of Commerce did not adequately monitor the Community Action of Minneapolis when the agency inappropriately provided \$1.35 million to households who did not meet the eligibility requirements for the crisis emergency benefits they received from the Low-Income Home Energy Assistance Program. Community Action of Minneapolis, the agency responsible for determining eligibility of recipient payments, recovered funds from the utility companies that received the benefits paid on behalf of recipients inappropriately by the Community Action of Minneapolis, and a fine of \$100,000 was assessed against Community Action of Minneapolis by the federal government. In addition, Children and Family Services' Office of Economic Opportunity program staff also identified growing concerns over the level of administrative costs being charged to CAM's Community Action Grant (CAG) and CAM's Community Services Block Grant (CSBG) (See Finding2), and the reduction in measureable outcomes resulting from the grant program expenditures (See Finding 5).

## **Scope**

This audit was conducted in accordance with governmental auditing standards generally accepted in the United States of America, except the scope of this audit was limited to a review of the work papers of Community Action of Minneapolis's CPA firm Wipfli LLP, Community Action of Minneapolis's general ledger, payroll records, selected invoices, grant contracts, journal entries, reimbursement requests, board of directors' meetings minutes, and policy/procedure manuals for the period of July 1, 2011, through June 30, 2013. Consequently, this review should not be considered as meeting auditing requirements for a certified audit and opinion.

## **Objective and Methodology**

The dual objectives of our audit work were to determine if grant funds were being spent in accordance with the terms of the contract and if program outcomes appear reasonable and properly documented. To accomplish this, we interviewed Community Action of Minneapolis's financial staff and reviewed its CPA firm's work papers in order to gain an understanding of the entity's control environment over financial activities. As a result of this review and our own observations, we were able to assess audit risks to address the limited scope of this audit. Our field work included reviewing the meeting minutes for the Board of Directors and verifying that the board is in compliance with their own by-laws and with applicable state laws. Additionally, we also reviewed Community Action of Minneapolis's general ledger detail, original invoices for selected charges to pertinent accounts, and Community Action of Minneapolis's payroll

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<sup>1</sup> Office of the Legislative Auditor Financial Audit Division Report 12-06



records to verify which business segment an employees' time was charged for the allocation of administrative costs.

## **Conclusions**

Our review found several deficiencies in the internal control environment, ranging from inadequate board oversight of operations to inadequate allocation of costs and unacceptable levels of documented outcomes. During the meetings on May 30, 2014 and June 3, 2014, we provided Community Action of Minneapolis with additional opportunities to present the requested documentation to address the findings in the report or any verbal issues stated during the meetings. We also met again on July 29, 2014, to discuss documentation compiled to date to address comments disputed in the report. At this time, we do not have a basis to remove or further modify our findings. Internal Audit will continue to work with Community Action of Minneapolis and the DHS program staff responsible for the administration of the funding to resolve the findings and implement the recommendations as stated in the report.

## Findings and Recommendations

### 1. Board management does not provide independent and objective oversight of senior management or program operations.

According to the Minnesota Nonprofit Corporations Act,<sup>2</sup> all corporations in Minnesota are required to “... be managed or under the direction of a board of directors.”<sup>3</sup> Mn. Stat. Section 256E.31, Subd. 3 requires Community Action Agencies to establish a governance board with a minimum of 15 members and a maximum of 51 members. Non-profit agencies rely on board members to provide oversight of senior management and set strategic direction on the entities short and long term operations. Some funding sources, such as the Community Action Grants or Community Services Block Grants, require non-profit agencies to establish a board to provide independent oversight prior to receiving funding for its operations. The department established procedures to recognize and fund community action programs in Mn. Rule 9571.

In order to meet Community Action Grant or Community Services Block Grant funding requirements, and to comply with the Minnesota Nonprofit Corporations Act, Community Action of Minneapolis created a board with the minimum 15 positions. Community Action of Minneapolis also established by-laws to provide authority for board operations and to clarify board policy. According to its by-laws, each board position is limited to a maximum of two consecutive three year terms on the board. After a year absence from the board a member may reapply for a new term as a board member. We found no evidence the board has ever been fully staffed at the minimum level of 15 board members. Currently, the board has four positions that are vacant, and has had at least two vacant positions every year since 2000. In addition, the board chair and three other board members have all served consecutive terms ranging from 11-13 years on the board, thereby violating the by-laws which limit each position to a maximum of two consecutive three year terms. The consecutive terms served by the board chair and three other board members also exceeds the ten year limit as allowed in statute.<sup>4</sup> Annual monitoring reports by DIHS identified the vacant board positions, as high as six in 2002, as a continuous issue not addressed by Community Action of Minneapolis for over 15 consecutive years.

Board independence and objective oversight on program operations is critical to the governance structure required by state statutes. The function of the board is to review proposed budgets and program outcomes, and to align the proposals with state and federal guidelines. Board members are expected to review packets of monthly financial activity, and to approve or deny payments based on program guidelines. We believe poor oversight by the board contributed to a culture of excessive spending on administrative costs, including unallowable personal benefits to board members, senior management and Community Action of Minneapolis staff for two weekend retreats at Arrowwood Resort Hotel and Conference Center in Alexandria, Minnesota (Finding 4 – Board Allowances). In addition, program budgets and actual expenses were not sufficiently scrutinized by the board, and projected outcomes were not monitored and compared frequently to actual reports of the diminished number of clients served (Finding 5).

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<sup>2</sup> Mn. Stat. Section 317A.001 - Citation

<sup>3</sup> Mn. Stat. Section 317A.201 - Board

<sup>4</sup> Mn. Stat. Section 317A.207 - Terms

Without full board membership and proper review of financial activities, it is difficult for the board to achieve its mission of providing oversight and strategic direction on operations. The lack of proper oversight by the board allowed senior management to create a culture tolerant of administrative costs that are excessively high in comparison to program costs as further discussed in Finding 2. In addition, the lack of proper oversight of senior management by the current board also contributed to inaccurate allocations (Finding 3), unallowable costs (Finding 4) and a direct reduction of community services to needy recipients (Finding 5).

**Recommendations:**

- Community Action of Minneapolis should submit documentation to the Office of Economic Opportunity with each grant application to provide evidence of compliance with Mn. Stat. Section 256E.31, Subd. 3 pertaining to the minimum number of required board positions. If Community Action of Minneapolis can not provide documentation showing that they have been in compliance with this state law at least once during the last grant period, the Office of Economic Opportunity should withhold funding, in lieu of termination, until Community Action of Minneapolis fills a minimum of 15 board positions as required by Minnesota Administrative Rules.<sup>5</sup>
- The Board of Directors of Community Action of Minneapolis should remove board members meeting the maximum number of terms served, including the current board chair position. If these board members are not removed, the Office of Economic Opportunity should withhold funding, in lieu of termination, until Community Action of Minneapolis removes board members meeting the maximum number of terms served, including the current board chair position, as required by Minnesota Administrative Rules.<sup>6</sup>
- Community Action of Minneapolis should seek assistance from the Minnesota Council of Nonprofits, the National Center for Nonprofit Boards, and/or the Office of Economic Opportunity to provide training to the board, senior management, and other staff periodically to ensure proper oversight and control exists over program operations.

**2. Administrative costs charged to the state Community Action Grant are excessive.**

The Community Action Grant supplements the federal funded Community Services Block Grant, where administrative costs are limited to 15%.<sup>7</sup> Recent reductions in federal funding resulted in many of the 26 Community Action Program agencies in Minnesota allocating additional state funds toward administrative costs each year. The allocation of state administrative cost funding, although not limited by a percentage, must be submitted by agencies each biennium to the department for review and approval.

Community Action of Minneapolis, which is one of the 26 community action agencies in Minnesota, has increased its administrative cost allocation to the state funding to a level that is excessive in comparison to other agencies. Table 1 indicates a trend of increasing percentages

<sup>5</sup> Mn. Rule 9571.0090, Subpart 1 (D) – Withholding of Cash Disbursements

<sup>6</sup> Mn. Rule 9571.0090, Subpart 1 (D) – Withholding of Cash Disbursements

<sup>7</sup> Community Services Block Grant Information Memorandum (IM) No. 37, Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations

for administrative costs in comparison to several other agencies. Although other agencies have maintained a fairly constant percentage of administrative costs annually in relationship to other program costs, Community Action of Minneapolis continues to increase its administrative cost allocations to an unacceptable level. The excessive allocation of administrative costs is evidence that supports the lack of oversight of Community Action of Minneapolis's senior management and program operations by the board as discussed previously in Finding 1.

A second and more concerning example of a lack of oversight occurred when Community Action of Minneapolis submitted its 2012-2013 allocation to the Office of Economic Opportunity. Community Action of Minneapolis proposed to eliminate the second year of program outcomes in the 2012-2013 allocation in its entirety and allocate 100% of funds to administrative costs. The proposal was designed to increase administrative costs (i.e. travel and training) available for Community Action of Minneapolis staff expenses and eliminate program funds that would provide services to clients. The 2012-2013 proposal was submitted by senior management and approved by the board, but was not approved by the Office of Economic Opportunity. This example serves to demonstrate how insufficient oversight of senior management by the board can lead to a culture of accepting an excessive level of administrative cost allocations by Community Action of Minneapolis.

The 2014-2015 application was also submitted by senior management and approved by the board, but not initially approved by the Office of Economic Opportunity due to similar concerns with excessive administrative cost allocations. Community Action of Minneapolis submitted the 2014 – 2015 application in July 2013, and the Office of Economic Opportunity worked with Community Action of Minneapolis to revise the proposal to meet the funding compliance requirements. In January of 2014, Office of Economic Opportunity sent a letter to Community Action of Minneapolis stating: "...Upon review of all materials that have been provided, it is clear that Community Action of Minneapolis does not have a fair and reasonable cost allocation plan that delineates costs to all programs in an equitable manner consistent with OMB."<sup>8</sup>

The 2014-2015 budget proposed by Community Action of Minneapolis indicates that 68% of the total allocated funds will be charged to administrative costs, exceeding the allowable limit of 15% for federal funds. The proposed budget of 68% administrative costs also exceeds a reasonable limit for state funds in comparison to other agencies. According to Minnesota Administrative Rules,<sup>9</sup> the department's denial of an application is cause for termination of available funds when the application is late, incomplete or noncomplying. After Community Action of Minneapolis submitted additional revisions, the Office of Economic Opportunity eventually approved the 2014 – 2015 funding application on March 1, 2014, but the revisions were not submitted timely and were not reviewed by Internal Audit as a part of this audit.

We believe the pattern of excessive administrative spending, thereby diverting program funds for clients to administrative funds for the organization, directly resulted in a reduction of the services provided to clients as discussed further in Finding 5.

#### **Recommendations:**

<sup>8</sup> Office of Management and Budget

<sup>9</sup> Mn. Rule 9571.0060 – Termination for Cause

- Community Action of Minneapolis should ensure its administrative cost proposals are aligned with ratios of program versus administrative costs that are within the maximum limit of 15% for federal programs. If Community Action of Minneapolis fails to submit a funding application in compliance with state guidelines, the department should consider terminating available funds as allowed in Minnesota Administrative Rules.<sup>10</sup>
- Community Action of Minneapolis should compare its budgeted versus actual administrative cost expenditures on a regular basis. The Office of Economic Opportunity should increase the frequency of monitoring visits,<sup>11</sup> and withhold cash disbursements, in lieu of termination, when monitoring visits identify non-compliance as required by Minnesota Administrative Rules.<sup>12</sup>

### 3. Administrative costs charged to the state and federal programs are not accurate.

Community Action of Minneapolis did not charge administrative costs according to the cost allocation plan and budget approved by the department. State and federal guidelines<sup>13</sup> require community action agencies to charge costs related to only one program directly to that program. Administrative costs that provide benefit to multiple programs should be allocated to programs according to state and federal guidelines and the plan approved by the department.

Our review identified the following costs that provided benefit to only one program but were incorrectly charged to some other program:

**Furniture Costs:** Expenses directly associated with the Weatherization grant were charged to the Community Action Grant for furniture/station tear-down and replacement for Community Action of Minneapolis staff. This resulted in a \$5,290 overcharge to the Community Action Grant.

**Travel/Conference Costs:** Travel and conference expenses for employees who do not perform work for the Community Action Grant and Community Services Block Grants were charged to those grants, totaling over \$7,083 in overcharges, instead of to the LIHEAP grant where the employees are assigned.

Our review also identified the following costs that provided benefit to multiple programs, but the costs charged by Community Action of Minneapolis did not follow the approved allocation plan and approved budget:

**Overhead Costs:** Community Action of Minneapolis charged various overhead type costs (i.e. non-labor costs) that provide a benefit to the entire organization directly to Community Action Grant and Community Services Block Grants, when according to the allocation plan, these costs should be allocated to all programs. Of the \$100,127 charged, only \$16,701 should be allocated to the Community Action Grant and Community Services Block Grants, resulting in an overcharge of \$93,426. See Table 2.

**Labor Costs:** The department's Internal Audit staff identified employees designated as administrative staff, whose labor charges should be allocated to all programs, being charged almost exclusively to the Community Action Grant and Community Services Block Grants. Employees' time should be charged based on an allocation when their time is not directly identifiable to a specific grant. The allocations should be supported by

<sup>10</sup> Mn. Rule 9571.0060 – Termination for Cause

<sup>11</sup> Mn. Rule 9571.0180 - Monitoring

<sup>12</sup> Mn. Rule 9571.0090 – Withholding of Cash Disbursements and Mn. Rule 9571.0180 - Monitoring

<sup>13</sup> Community Services Block Grant Information Memorandum (IM) No. 37, Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations

time studies, which are required by federal regulations, of how much time the employee spends on average on each program area. Community Action of Minneapolis has not completed time studies to support an allocation of labor costs since its inception as a non-profit in 1994. Without the support of time studies, one alternative allocation method is to allocate administrative dollars spent on the percentage basis each grant is of the grand total for all grant revenues. For fiscal year ending June 30, 2012, using the alternative allocation basis of the percentage each grant is of the total, we estimate the Community Action Grant and Community Services Block Grants were over-charged \$538,675.

Another example of inaccurate charges for labor costs pertains to \$17,586 of labor costs for Community Action of Minneapolis's Director of Children and Family Development that should be charged to LIHEAP. The director worked on Community Action of Minneapolis's Corrective Action Plan that responded to the Office of Legislative Auditor's finding of Community Action of Minneapolis's over-allowance of heating credits under the LIHEAP program. Community Action of Minneapolis charged 100% of the director's labor costs to the Community Action Grant and Community Services Block Grants instead of to LIHEAP where her time was actually spent.

We believe the lack of independent and objective oversight of senior management by the board contributed to the inaccurate allocation of program costs identified above. Board members and senior management should have sufficient knowledge of program operations to identify program costs directly related to one specific program. Board members and senior management should also perform reviews of charges allocated to multiple programs for reasonableness and compliance with the approved allocation plan. If the board and senior management can not demonstrate adequate fiscal management capabilities as required by Minnesota Administrative Rules,<sup>14</sup> funding may be denied by the department. In addition, without proper oversight of senior management by the board, overcharges resulting from improper cost allocations may continue to occur. Noncompliance with the administrative allocation plan approved by the department results in a direct reduction of resources to fund community program services to low income families and individuals.

#### **Recommendations:**

- Community Action of Minneapolis should work with the Office of Economic Opportunity to repay costs totaling approximately \$644,475 that are related to other federal grant programs, detailed as follows:
  - Furniture Costs – Reimburse the Community Action Grant and Community Services Block Grants \$ 5,290
  - Travel/Conference Costs – Reimburse the Community Action Grant and Community Services Block Grants \$ 7,084
  - Overhead Costs – Reimburse the Community Action Grant and Community Services Block Grants \$ 93,426
  - Labor Costs – Reimburse the Community Action Grant and Community Services Block Grants \$538,675
- Community Action of Minneapolis should periodically conduct and document personnel activity reports in compliance with OMB Circular A-122 to properly determine and document the appropriate allocation of salary costs for employees conducting work that benefits more than one cost center or program. The Office of Economic Opportunity should verify that Community Action of Minneapolis utilizes time studies, or some other

<sup>14</sup> Mn. Rule 9571.0150, Subpart 5 – Denial of Application

acceptable allocation method, to properly allocate salary costs for those positions that benefit more than one cost center or program.

**4. Certain costs charged by Community Action of Minneapolis are not allowable per state and federal guidelines.**

Community Action of Minneapolis charged in excess of \$ 226,679 in unallowable costs to CAG and CSBG. These costs are summarized in Table 2 and discussed further as follows:

**No Business Purpose:** Expenses were charged to the grants which do not meet the criteria of a reasonable cost under state and federal guidelines (OMB Circular A-122) because they did not have a valid business purpose. These costs include: airfare and cell phone roaming charges for a trip to the Bahamas by the Chief Executive Officer, airfare to the Bahamas for a personal friend (i.e. not an employee) of the Chief Executive Officer, airfare for the spouse of a board member to New York, golf-related expenses in Florida; food and lodging expenses including entertainment services<sup>15</sup> for board members and their spouses during an internal training convention; Celebrity Cruise; Car washes and a Costco membership. These expenses, which totaled over \$1,768 excluding the board expenses totaled separately below, are not considered ordinary and necessary for the operation of the organization.

**Undocumented costs:** Community Action of Minneapolis charged hotel costs for a trip by a board member that was cancelled due to adverse weather to the Community Services Block Grant with no evidence that this item was reversed in the general ledger. Expenses incurred at Target were not supported with receipts or other supporting documentation. These expenses, which totaled approximately \$1,574 are not allowable without proper supporting documentation that indicates a valid business purpose.

**Catering and Meals:** Community Action of Minneapolis charged catering for training conventions, meals for employees, and employee morale events that were not allowable under state policy without Special Expense approval and documentation. Community Action of Minneapolis also reimbursed expenses for alcohol, which is not allowable under state guidelines, on several employee expense reimbursements. These expenses totaled over \$ 20,827.

**Outstate Travel:** Community Action of Minneapolis charged travel costs totaling over \$40,353 for outstate travel to the Community Services Block Grant, and over \$12,202 to the Community Action Grant. A budget request was submitted and received preapproval for \$10,000 of outstate travel. However, the preapproved amount was exceeded by \$42,555, and a budget amendment request was not submitted for approval to the Office of Economic Opportunity. Outstate travel, according to policy, must be preapproved by the state. In addition, Community Action of Minneapolis coded out of state travel costs to other cost categories that could not easily be identified such as board allowances, administrative training and conferences. The outstate travel costs also include some charges that are not allowed per state policies, such as meals in excess of established per diem limits and liquor charges, that were not quantified by the auditors.

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<sup>15</sup> Entertainment services included charges for spa expenses and golf.

**Board Allowances:** Community Action of Minneapolis charged over \$30,640 to the Community Services Block Grant and \$4,252 to the Community Action Grant for undocumented or unallowable activities reimbursed to board members and senior management. These activities, which included food, lodging, and other entertainment services do not appear to serve a business purpose, and are considered waste and abuse as defined in state policy.<sup>16</sup> The majority of the costs charged to board allowances were for two training weekends for staff, senior management and board members (including spouses). Community Action of Minneapolis paid approximately \$9,000 for lodging, \$3,200 for food, \$900 for spa and \$171 for golf for the two training weekends. Community Action of Minneapolis did not provide us with a training agenda or other materials to establish the business purpose for the training sessions, and expenses related to spouses would not be allowable. Other expenses charged to the board allowance account appear to be per diem payments to board members, which are not established as authorized or allowable payments in the board by-laws except for reimbursement of expenses for low-income board and committee members.<sup>17</sup>

**Personal Loan:** On September 11, 2011, Community Action of Minneapolis's Board of Directors approved a personal loan in the amount of \$36,430 to the Chief Executive Officer of Community Action of Minneapolis to be used to purchase a previously leased personal vehicle. Per the Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations, personal loans from grant funds are not allowed.

**Bonus Pay:** The Merit Based Incentive Plan does not specify the amount or criteria for receiving such pay in the plan as required by federal policy.<sup>18</sup> In FY12, a total of approximately \$78,633 was received by 41 employees. It appears that all or nearly all employees of Community Action of Minneapolis received merit pay. Community Action of Minneapolis performs annual evaluations on its employees, but did not document the criteria identifying how employees are eligible to earn merit pay in the incentive plan, thereby violating both state and federal policies.<sup>19</sup> In addition, the Chief Executive Officer received a bonus of approximately \$17,624 which is \$12,624 in excess of the \$5,000 maximum limit established in the plan.

**Labor Costs:** Community Action of Minneapolis regularly charged labor costs to the Community Action Grant and the Community Services Block Grants in a manner inconsistent with the Community Services Block Grant Information Memorandum (IM) No. 37, Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations, and Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations. Personnel activity reports indicating Time sheets recording the actual time spent on work functions are prepared each pay period. Personnel activity reports, however, are prepared from default time allocation percentages coded in the system that have not been compared to time studies since the start of Community Action of Minneapolis as a non-profit entity in 1994. See Finding 3 for discussion of the inaccurate labor costs, estimated at over \$538,675.

<sup>16</sup> Office of Grants Management Operating Policy Number 08-05 - Grant Fraud

<sup>17</sup> By-Laws of Community Action of Minneapolis, Inc., Article VIII, Section 1: Reimbursement of Expenses of Low-Income Board and Committee Members

<sup>18</sup> Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations

<sup>19</sup> Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations



**Recommendation:**

- Community Action of Minneapolis should work with the Office of Economic Opportunity to repay unallowable costs totaling approximately \$226,679 as summarized in Table 2.

**5. Community Action of Minneapolis did not achieve sufficient program outcomes, and did not provide evidence to properly support the clients served.**

Federal and state programs require grant recipients to report program outcomes. Goals are established annually in work plans approved by the state, and measured according to criteria established in state and federal guidelines. Community Action of Minneapolis is required to report annually on National Performance Indicators that are used to measure the outcomes of Community Action Agencies. However, achievement data reported by Community Action of Minneapolis indicates a significant decline in positive outcomes. In addition, Office of Economic Opportunity monitoring reports also identified the need for Community Action of Minneapolis to demonstrate documented outcomes, and changes in people's lives and within the community, to meet minimum program funding requirements.

During the audit period, we reviewed the outcomes documented and reported on the annual report sent to the Office of Economic Opportunities. The results reported by Community Action of Minneapolis indicate an 85% - 96% drop in the number and percentage of low income participants that obtain a job as a result of Community Action Assistance.<sup>20</sup> Community Action of Minneapolis reported similar declines in the number of clients served and positive outcomes achieved for almost all of the national performance indicators. Community Action of Minneapolis worked directly with new families one on one in previous years, but changed their model to work only with the remaining families in the program. A workshop format was also offered, but the results of the model changes were not productive.

We also identified concerns with missing documentation to support the workshops by the Community Action of Minneapolis. For example, Community Action of Minneapolis held 78 workshops, although attendance sheets were available for only 19 of the classes to support the reportable outcomes as required by policy. The attendance sheets from the 19 workshops reflect an average workshop attendance of six participants.

In January of 2014, the Office of Economic Opportunity sent a letter to Community Action of Minneapolis stating that the funding "... applications submitted do not demonstrate sufficient outcomes for the funding provided," and "... there are incongruities between the programs described in the narrative and the results predicated in the outcome based work plan." Community Action of Minneapolis has demonstrated reduced outcomes and services to low income people over the past three years, including the recent proposal that indicates the lowest outcomes delivered by Community Action of Minneapolis in recent history. As discussed in the letter, "... The outcomes do not demonstrate comprehensive and integrated services, and are duplicative when analyzed ..." and compared to other reportable outcomes.

<sup>20</sup> Based on National Performance Indicator 1.1 for fiscal years 2011-2012

The achievement of program outcomes, and the proper documentation to support achievement of the outcome, is essential to the continued funding of community action services. Additional monitoring by the state agency, as well as improved oversight by the board, as discussed in Findings 1-4 is required to meet both the mission of the agency and to provide the desired outcomes to targeted low income families and individuals.

**Recommendation:**

- Community Action of Minneapolis should develop a new service delivery model in their work plan designed to achieve and document positive program outcomes that meet the mission of state and federal programs in a timely manner. The Office of Economic Opportunity should consider terminating available funds as allowed in Minnesota Administrative Rules,<sup>21</sup> if Community Action of Minneapolis fails to submit a funding application in compliance with state guidelines in a timely manner.

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<sup>21</sup> Mn. Rule 9571.0060 - Termination

Table 1 - CAP Agency  
Administrative Cost Comparison  
Source: Agency Allocation Plans

AGENCY	CAG ADMIN BUDGET	CSBG ADMIN BUDGET	TOTAL ADMIN	GRANT TOTAL	ADMIN %
AEOA	\$ 71,932	\$ 57,453	\$ 129,385	\$ 439,042	29%
CAPSH	\$ 7,690	\$ 49,082	\$ 56,772	\$ 1,223,794	5%
TRICAP	\$ 48,865	\$ 43,269	\$ 92,134	\$ 802,952	11%
CAM*	\$ 586,012	\$ 744,790	\$ 1,330,802	\$ 2,484,031	54%

CAM Administrative Costs

Salaries	\$ 397,012	\$ 555,790
Audit	\$ 12,500	\$ 12,500
Training/Retreats	\$ 10,000	\$ 10,000
Legal/Computer Consulting	\$ 15,000	\$ 15,000
In State Travel	\$ 24,000	\$ 24,000
Out of State Travel	\$ 5,000	\$ 5,000
Office Rental	\$ 62,500	\$ 62,500
Board Meetings	\$ 10,000	\$ 10,000
Office Supplies	\$ 20,000	\$ 20,000
CAP Dues	\$ 10,000	\$ 10,000
Insurance	\$ 20,000	\$ 20,000
	<u>\$ 586,012</u>	<u>\$ 744,790</u>

AEOA = ARROWHEAD ECONOMIC OPPORTUNITY  
CAPSH = COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
TRICAP = TRI-COUNTY ACTION PROGRAMS  
CAM = COMMUNITY ACTION OF MINNEAPOLIS  
\* = REFLECTS AMENDED GRANT CONTRACT TOTALS

Table 2 - Overhead Costs  
Summary of Claimed vs Allowable Costs

Description of Expenses	Claimed Amount	Disallowed Amount	Allowed Amount (1)
MN Council Membership Acct	\$875	\$824	\$51
Managers Training	\$1,620	\$1,526	\$94
Succession Plan	\$3,000	\$2,825	\$175
Palm Beach Trip for Bill Davis	\$2,000	\$1,883	\$116
Wash. D.C. Trip for Bill Davis	\$2,702	\$2,545	\$157
CA Trip for Bill Davis	\$1,727	\$1,626	\$101
Seven Desktop Computers	\$5,517	\$5,196	\$321
Seven Computer Monitors	\$1,507	\$1,419	\$88
Citrix Contract	\$660	\$622	\$38
Postage Meter Charges	\$649	\$611	\$38
Society for HR Management	\$180	\$170	\$10
Cell Phone Charges	\$605	\$570	\$35
Liability Insurance	\$9,286	\$8,205	\$1,081
Directors/Officers Liability	\$2,713	\$2,397	\$316
Admin Office Supplies	\$1,199	\$1,129	\$70
Microwave for Grant St	\$160	\$151	\$9
Gas Charges for Bill Davis	\$452	\$426	\$26
Managers Training	\$4,622	\$4,353	\$269
Virginia Beach Trip	\$1,952	\$1,838	\$114
San Diego/N. Orleans Trip	\$4,847	\$4,565	\$282
San Diego/Baltimore Trips	\$4,184	\$3,941	\$244
Arrowwood Resort Meeting	\$5,496	\$5,118	\$378
Cell Phone Charges	\$473	\$445	\$28
Telephone Software	\$9,215	\$8,679	\$536
Gas Charges for Bill Davis	\$379	\$357	\$22
Admin Office Supplies	\$730	\$688	\$43
Acctg. Software Contract	\$2,540	\$2,392	\$148
Breakfast at Holiday Inn	\$973	\$916	\$57
Ft. Lauderdale - B. Davis	\$2,600	\$2,449	\$151
NFBPA Conf. for Bill Davis	\$1,050	\$989	\$61
Software Modification	\$1,140	\$1,074	\$66
Chamber of Commerce Dues	\$475	\$447	\$28
Phone Equipment	\$2,491	\$2,346	\$145
Commercial Umbrella Insurance	\$2,495	\$2,350	\$145
Crime Insurance Policy	\$5,425	\$5,109	\$316
Computer Recovery Equipment	\$3,021	\$2,670	\$352
Four Keyboard Trays	\$1,004	\$946	\$58
Caplaw Conf. for HR Director	\$2,401	\$2,262	\$140
Arrowwood Resort Meeting	\$6,761	\$6,368	\$394
Total Costs	\$100,127	\$93,426	\$6,701

(1) = Allowed amount was calculated on the basis that each individual grant revenue program amount is a percentage of the total grant revenue received by Community Action of Minneapolis. Certain other allocation methods would also be acceptable if a relationship exists such as that demonstrated by the percent individual program amounts are in comparison to the total grant revenues.

Table 3 - CAM Expenses  
Summary of Unallowable Costs

Category	Amount
No Business Purpose	\$ 1,768
Undocumented	\$ 1,574
Catering/Meals	\$ 20,827
Outstate Travel	\$ 52,555
Board Allowances	\$ 34,892
Personal Loan	\$ 36,430
Bonus Pay	\$ 78,633
Total Unallowable Costs	<u>\$ 226,679</u>

EXHIBIT B TO  
AFFIDAVIT OF GARY L. JOHNSON

# COST SUMMARY

ITEM	REPORT FINDING #	REPORT PAGE #	ISSUE	AMOUNT DISALLOWED	
#1	3	7	FURNITURE COSTS	\$ 5,290	
#2	3	7	TRAVEL & CONFERENCE COSTS	\$ 7,083	
#3	3	7	OVERHEAD COSTS - ALLOCATED BY REVENUE	\$ 66,521	
#4	3	8	LABOR COSTS - ALLOCATED BY REVENUE	\$ 538,675	
#5	3	8	DIRECTOR OF CHILDREN & FAMILY DEVELOPMENT	\$ 17,586	
#6	4	9	NO BUSINESS PURPOSE	\$ 1,768	
#7	4	9	UNDOCUMENTED COSTS	\$ 1,574	
#8	4	9	CATERING & MEALS	\$ 20,827	
#9	4	9	OUTSTATE TRAVEL - ACCOUNT 6500	\$ 42,555	* \$10,000 decrease from original spreadsheet for allowed budgeted travel
#10	4	10	BOARD ALLOWANCES	\$ 34,893	
			LESS COSTS INCLUDED IN ITEM #6	\$ (375)	
#11	4	10	CAR LOAN	\$ 36,430	
#12	4	10	BONUS PAY	\$ 78,633	
			TOTAL COSTS	\$ 851,460	
			TOTAL EXPENSES	\$ 216,566	
			TOTAL SALARIES	\$ 634,894	
				\$ 851,460	
			ALLOCATED PLUS DIRECT COSTS TO COMMERCE	\$ 635,155	* Includes direct costs related to Commerce grants in addition to allocated costs
			DISALLOWED COSTS	\$ 216,305	
				\$ 851,460	

REPORT TOTALS		
ALLOCATED PLUS DIRECT COSTS TO COMMERCE	\$ 644,475	
REVISED OVERHEAD ALLOCATION (ITEM #3)	\$ (26,905)	* Total of seven items included in Outstate Travel and Board Allowance accounts
DIRECTOR OF CHILDREN & FAMILY DEVELOPMENT (ITEM #5)	\$ 17,586	* 100% assigned to Commerce grants
	\$ 635,156	
DISALLOWED COSTS	\$ 226,679	
BUDGETED OUT OF STATE TRAVEL (ITEM #9)	\$ (10,000)	* Pre-approved Outstate Travel allowed per budget
BOARD ALLOWANCE IN ITEM #6	\$ (375)	
	\$ 216,304	

= Jacob's numbers from report  
= Revised totals

EXHIBIT C TO  
AFFIDAVIT OF GARY L. JOHNSON





## Minnesota Department of Human Services

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September 26, 2014

D. Michael Anderson, Board Chair  
Community Action of Minneapolis  
1305 East 52<sup>nd</sup> Street  
Minneapolis, MN 55417

Mr. William Davis, President/CEO  
Community Action of Minneapolis  
505 East Grant Street, Suite 100  
Minneapolis, MN 55404

Re: Notice of Termination for Cause

Dear Mr. Anderson and Mr. Davis and members of the Community Action of Minneapolis Board of Directors Executive Committee:

This letter serves as the Department of Human Services' (Department) formal notice of termination for cause. The Department will immediately initiate steps to terminate Community Action of Minneapolis' (CAM) recognition and designation as a Community Action Agency (CAA) and to terminate all related state and federal grant contracts.

### **Notice of Termination for Cause**

As you are aware, the Department of Human Services conducted a grant audit of CAM and found in its August 7, 2014, audit report that CAM did not comply with the terms of its agreement with the Department and did not meet appropriate standards, goals, and other established requirements. This audit report represents a determination of performance deficiency under federal law.<sup>1</sup>

On August 12, 2014, we sent a letter to CAM detailing the results of the grant audit informing CAM of its performance deficiency and requiring CAM to submit a corrective action plan to us by September 1, 2014. We have received and reviewed CAM's untimely September 5<sup>th</sup> proposed corrective action plan and find the proposal insufficient in addressing the deficiencies noted within the audit report.

For the reasons noted below, we cannot approve the proposed plan and cause exists to terminate CAM's recognition and designation as a CAA and all related grant contracts – SNAP Outreach Grant, Community Services Block Grant, and Minnesota Community Action Grant.

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<sup>1</sup> See 42 U.S.C. §§ 9914 and 9915.

### **Reasons for Termination**

We are terminating CAM's recognition and designation as a CAA and related state and federal grant contracts. We are also immediately suspending all grant funding. We are taking these actions because CAM, based on the August 7<sup>th</sup> audit report's findings outlined below, has not complied with the terms of its agreement with the Department and did not meet appropriate standards, goals, and other established requirements. Additionally, CAM has proposed a corrective action plan that is insufficient to address the deficiencies.

1. Board management does not provide independent and objective oversight of senior management or program operations.
2. Administrative costs charged to the state Community Action Grant are excessive.
3. Administrative costs charged to the state and federal programs are not accurate.
4. Certain costs charged by Community Action of Minneapolis are not allowable per state and federal guidelines.
5. Community Action of Minneapolis did not achieve sufficient program outcomes, and did not provide evidence to properly support the clients served.

### **Previous Monitoring and Technical Assistance:**

The Department has conducted regularly scheduled monitoring visits of CAM at least once every three years as required by federal law. These monitoring visits took place in 2008, 2010, and 2013.

We also conducted additional review of CAM's program outcomes, administration, and fiscal structure as a part of standard review of the agency's proposed biennial funding applications. Over the 2012 – 2013 and 2014-2015 biennia, we raised substantial questions and concerns, and provided ongoing technical assistance to CAM staff about administration, governance, and program outcomes.

During our review of the 2014-2015 application, we provided technical assistance to CAM by phone and email to bring the proposed work plan into compliance with state and federal requirements. We also met with CAM on November 12, 2013, to provide technical assistance. CAM submitted revised application documents on January 9, 2014, which still did not meet requirements as specified at the November 2013 meeting. On February 4, 2014, we sent a letter to CAM further detailing areas that needed to be addressed before an application could be approved. The 2014-2015 Community Action Plan was approved on February 26, 2014, after initial submission on August 13, 2013.

Using a risk-based approach, we identified CAM as a grantee that should be considered for a grant audit. Risks considered in this determination were: the size of the grant received, problems identified in a previous report by the Office of the Legislative Auditor regarding emergency benefits paid through CAM's Low-Income Home Energy Assistance Program, our concerns over administrative costs being charged to the grant, and a reduction in measurable program outcomes.

Given this history, and CAM's insufficient proposed plan of action, we do not believe that providing additional training or technical assistance to CAM would sufficiently assist CAM in addressing performance deficiencies.

### **Notice and Opportunity for Hearing and Appeal Rights**

#### **1. State Notice and Opportunity for Hearing<sup>2</sup>**

If, after receipt of the notice of termination, a grantee is aggrieved, the grantee may request a contested case hearing from the department within 30 calendar days of the receipt of the notice. If the grantee's request for a contested case hearing is not received by the department during the 30-day period the grantee loses its right of appeal under this subpart. The hearing will be initiated and conducted according to parts 1400.8505 to 1400.8612 unless the grantee objects within ten business days. If the grantee objects, the hearing will be conducted according to parts 1400.5010 to 1400.8401. The request for a contested case hearing before an administrative law judge must be in writing. As provided for in part 1400.6200 or 1400.8570, the department will have the right to intervene as a party in a contested case hearing on termination of designation by a governing body.

#### **2. Federal appeal rights<sup>3</sup>**

Federal appeal rights may also exist for an aggrieved grantee under the Community Services Block Grant Act.

### **Production and Preservation of Documents**

Effective immediately, we will facilitate the transition of services under the grant contracts to a successor agency. We will also take steps to recoup misspent funds.

We will notify clients of the termination and retrieve client information and files in accordance with the attached subpoena. In addition to providing us with immediate access to the information in the subpoena, we ask that CAM preserve all documents and correspondence related to the grant contracts identified herein, until further notified.

Of foremost importance, is a seamless transition to ensure low-income families and individuals in Minneapolis receive the services they need. We would appreciate CAM's full cooperation during this time of transition.

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<sup>2</sup> See Minn. R. 9571.0060, subp. 3.

<sup>3</sup> See 42 U.S.C. § 9915(b).

Sincerely,

A handwritten signature in black ink, appearing to read 'C. E. Johnson', with a long horizontal flourish extending to the right.

Charles E. Johnson  
**Deputy Commissioner**

cc: Seth Hassett, Director of the Division of State Assistance, Office of Community Services,  
Administration for Children and Families

**EXHIBIT A TO  
AFFIDAVIT OF JOELLE HOEFT**



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STATE OF MINNESOTA  
**REIMBURSEMENT AGREEMENT**  
**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM OUTREACH (SNAP-OUTREACH)**

THIS GRANT, and amendments and supplements thereto, is between State of Minnesota, acting through its Department of Human Services, Office of Economic Opportunity (hereinafter STATE) and **Community Action of Minneapolis**, an independent grantee, not an employee of the State of Minnesota address, **505 East Grant Street Suite 100 Minneapolis MN 55404** (hereinafter GRANTEE), witnesseth that:

<b>Total Contract Amount:</b>	<b><u>\$27,841.21</u></b>
<b>Grant Contract Number:</b>	<b><u>GRK%71090</u></b>
<b>CFDA Number:</b>	<b><u>10.561</u></b>
<b>Contract Start Date:</b>	<b><u>October 1, 2013</u></b>
<b>Contract End Date:</b>	<b><u>September 30, 2014</u></b>

WHEREAS STATE, is responsible for acting as fiscal intermediary and monitoring a Food Support program that will be administered by the GRANTEE; and

WHEREAS, the STATE, pursuant to Public Law 108-265 and Minnesota Statutes Section 256.01 Subd 2(a)(6) is empowered to enter into agreements for the following services: activities aimed at increasing food stamp participation in Minnesota, and

WHEREAS STATE is in need of the following services: activities aimed at increasing food stamp participation in Minnesota, and

WHEREAS STATE is permitted to share information with the GRANTEE in accordance with Minnesota Statute, section 13.46, and

WHEREAS, GRANTEE represents that it is duly qualified and willing to perform the services set forth herein,

NOW, THEREFORE, it is agreed:

**I. GRANTEE'S DUTIES.**

- A. The GRANTEE shall perform the specific duties as described in Attachment A, Work Plan, which is incorporated by reference and made a part of this agreement.
- B. The GRANTEE shall comply with any operating procedures, guidelines, and policies issued by the STATE relating to the performance of this Agreement.
- C. The GRANTEE agrees to cooperate in the STATE's monitoring activities and will implement and comply with such remedial action as is proposed by the STATE.



D. The GRANTEE shall have a management information system which shall be capable of producing auditable reports.

E. The GRANTEE shall comply with program activity reporting requirements.

## II. CONSIDERATION AND TERMS OF PAYMENT.

A. Consideration for all services performed and goods or materials supplied by GRANTEE pursuant to this grant shall be paid by the STATE as follows:

1. Compensation shall be consistent with the Program Line Item Budget, which is incorporated into and made a part of the Agreement as Attachment B: Budget.
2. The total obligation of the STATE for all reimbursements to GRANTEE shall not exceed Twenty seven thousand eight hundred forty one dollars and twenty one cents (\$27,841.21).
3. Reimbursement for travel and subsistence expenses actually and necessarily incurred by GRANTEE'S performance of this grant contract shall be no greater amount than provided in the current Commissioner's Plan (which is incorporated by reference) promulgated by the Commissioner of Minnesota Management and Budget. GRANTEE shall not be reimbursed for travel and subsistence expense incurred outside the State of Minnesota unless it has received prior written approval for such out of state travel from the STATE.
4. The GRANTEE shall be responsible for establishing and maintaining records identifying interest and/or investment income earned on program funds. Income so earned shall be added to the existing funding of this Agreement and may be used for any allowable grant expenditure.
5. (If applicable.) For compensation payable under this agreement, which is subject to withholding under state or federal law, appropriate amounts will be deducted and withheld by the State as required.

### B. Terms of Payment

1. Payment is based on the U.S. Department of Agriculture's (U.S.D.A) ability to reimburse the STATE and the agreement may be cancelled according to VI Cancellation if the STATE does not receive funding from the U.S.D.A.
2. Reimbursable Food Support Outreach activities are described in Attachment A.
3. Unallowable Food Support Outreach activities are as follows:
  - Intervening with local Food Support offices to advocate on behalf of applicants;
  - Acting as an authorized representative for applying, receiving benefits or food purchasing;
  - Recruiting individuals to participate in the program. Recruitment activities are those that are designed to persuade an individual who has made an informed choice not to apply.

4. Payments shall be made by the STATE promptly after GRANTEE'S presentation of invoices for services performed and acceptance of such services by the STATE'S authorized agent pursuant to Clause VII. Invoices shall be submitted in a form prescribed by the STATE and according to the following schedule: each month the GRANTEE shall submit a combined Food Support Outreach match invoice to the STATE to request reimbursement and report expenditures.
5. Grantee shall have a system that ensures the timing and amount of cash received is as close as administratively feasible to the actual disbursement of program costs.
6. (Where applicable. If blank this section does not apply.) Payments are to be made from federal funds obtained by the STATE through Public law 108-265, and amendments thereto, Catalog of Federal Domestic Assistance (CFDA) No. 10.561. If at any time such funds become unavailable, this grant shall be terminated immediately upon written notice of such fact by the STATE to the GRANTEE. In the event of such termination, GRANTEE shall be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
7. The GRANTEE shall maintain an accurate Authorized Signature Form for cash requests on file with the Office of Economic Opportunity, with signatures of the individuals authorized to draw cash. A duplicate will be kept on file by the GRANTEE.
8. The GRANTEE shall complete and forward the Authorization to Draw Cash form to the STATE, with signatures of the individuals authorized to draw cash. A duplicate will be kept on file by the GRANTEE.
9. For contracts in force during more than one State Fiscal Year, the GRANTEE agrees to submit a Expenditure Report within 30 days after the end of a state fiscal year for expenses incurred during that state fiscal year. The State Fiscal Year runs July 1 through June 30.
10. The GRANTEE agrees to submit a final Financial Status Report (FSR) and a payment for the balance of any unspent and unobligated grant funds to the STATE within 30 days of the termination of this Agreement. Failure to submit a final FSR within this period may result in disallowance of payment for any expenditure not previously submitted.

III. **CONDITIONS OF PAYMENT.** All services provided by GRANTEE pursuant to this agreement shall be performed to the satisfaction of the STATE, as determined at the sole discretion of its authorized representative, and in accord with all applicable federal, state, and local laws, ordinances, rules and regulations including business registration requirements of the Office of the Secretary of State. GRANTEE shall not receive payment for work found by the STATE to be unsatisfactory, or performed in violation of federal, state or local law, ordinance, rule or regulation.

IV. **PAYMENT RECOUPMENT.** The GRANTEE must reimburse the STATE upon

demand or the STATE may deduct from future payments under this grant any amounts paid by the STATE, under this or any previous grant, for which invoices and progress reports have not been received, or for which the GRANTEE'S books, records or other documents are not sufficient to clearly substantiate that those amounts were used by the GRANTEE to perform grant services.

- V. **TERMS OF AGREEMENT.** This agreement shall be effective on **October 1, 2013**, or upon the date that the final required signature is obtained by the STATE, pursuant to Minnesota Statutes, Section 16C.05, Subd 2, whichever occurs later, and shall remain in effect through **September 30, 2014**, or until all obligations set forth in this agreement have been satisfactorily fulfilled, whichever occurs first. GRANTEE understands that NO work should begin under this agreement until ALL required signatures have been obtained, and GRANTEE is notified to begin work by the STATE's Authorized Representative. The GRANTEE shall have a continuing obligation, after said grant period, to comply with the following provisions of grant clauses: X. Indemnification; XI. State Audits; XII. Information Privacy and Security; XIII. Intellectual Property Rights; XIV. Publicity; and XXI. Jurisdiction and Venue.

VI. **CANCELLATION.**

**A. For Cause or Convenience.** This agreement may be canceled by the STATE or GRANTEE at any time, with or without cause, upon thirty (30) days written notice to the other party. In the event of such a cancellation, GRANTEE shall be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed. The STATE has the right to suspend or terminate this agreement immediately when the STATE deems the health or welfare of the service recipients is endangered, when the STATE has reasonable cause to believe that the GRANTEE has breached a material term of the agreement, or when GRANTEE'S non-compliance with the terms of the agreement may jeopardize federal financial participation.

**B. Insufficient Funds.** The STATE may immediately terminate this agreement if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination will be by written or fax notice to the GRANTEE. The STATE is not obligated to pay for any services that are provided after notice and effective date of termination. However, the GRANTEE will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The STATE will not be assessed any penalty if the agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The STATE must provide the GRANTEE notice of the lack of funding within a reasonable time of the STATE's receiving that notice.

**C. Breach.** Notwithstanding clause VI.A., upon STATE's knowledge of a curable material breach of the agreement by GRANTEE, STATE shall provide GRANTEE written notice of the breach and ten (10) days to cure the breach. If GRANTEE does not cure the breach within the time allowed, GRANTEE will be in default of this agreement and STATE may cancel the agreement immediately thereafter. If GRANTEE has breached a material term of this agreement and cure is not possible, STATE may immediately terminate this agreement.

VII. **AUTHORIZED REPRESENTATIVES AND RESPONSIBLE AUTHORITY.**

A. **State.** The STATE'S authorized representative for the purposes of administration of this agreement is Connie Greer or his/her successor. Such representative shall have final authority for acceptance of GRANTEE'S services and if such services are accepted as satisfactory, shall so certify on each invoice submitted pursuant to Clause II, paragraph B.

B. **Grantee.** The GRANTEE's Authorized Representative is William J. Davis or his/her successor. If the GRANTEE's Authorized Representative changes at any time during this agreement, the GRANTEE must immediately notify the STATE.

C. **Information Privacy and Security.** (If applicable) GRANTEE's responsible authority for the purposes of complying with data privacy and security for this agreement is William J. Davis or his/her successor.

VIII. **ASSIGNMENT.** GRANTEE shall neither assign nor transfer any rights or obligations under this agreement without the prior written consent of the STATE.

IX. **AMENDMENTS.** Any amendments to this agreement shall be in writing, and shall be executed by the same parties who executed the original agreement, or their successors in office.

X. **LIABILITY.** To the extent provided for in Minnesota Statutes, section 466.01 to 466.15, the GRANTEE agrees to be responsible for any and all claims or causes of action arising from the performance of this grant by GRANTEE or GRANTEE'S agents or employees. This clause shall not be construed to bar any legal remedies GRANTEE may have for the STATE'S failure to fulfill its obligations pursuant to this grant.

XI. **STATE AUDITS.** Under Minn. Stat. §16C.05, subd. 5, the books, records, documents, and accounting procedures and practices of the GRANTEE and its employees, agents, or subcontractors relevant to this agreement shall be made available and subject to examination by the STATE, including the contracting Agency/Division, Legislative Auditor, and State Auditor for a minimum of six years from the end of this agreement.

Grantee is responsible for payment of any federal disallowance resulting from a federal audit of grantee's food support outreach activities

## **XII. INFORMATION PRIVACY AND SECURITY**

For purposes of executing its responsibilities and to the extent set forth in this contract, the GRANTEE will be considered part of the "welfare system," as defined in Minnesota Statutes, section 13.46, subdivision 1.

**1. Information Covered by this Provision.** In carrying out its duties, GRANTEE shall be handling one or more types of private information, collectively referred to as "protected information," concerning individual clients of STATE programs or services. "Protected information," for purposes of this agreement, includes any or all of the following:

(a) Private data (as defined in Minn. Stat. §13.02, subd. 12), confidential data (as defined in Minn. Stat. §13.02, subd. 3), welfare data (as governed by Minn. Stat. §13.46), medical

data (as governed by Minn. Stat. §13.384), and other non-public data governed elsewhere in the Minnesota Government Data Practices Act (MGDPA), Minn. Stats. Chapter 13;

(b) Health records (as governed by the Minnesota Health Records Act [Minn. Stat. §§144.291-144.298]);

(c) Chemical health records (as governed by 42 U.S.C. § 290dd-2 and 42 CFR § 2.1 to § 2.67);

(d) Protected health information ("PHI") (as defined in and governed by the Health Insurance Portability Accountability Act ["HIPAA"], 45 CFR § 160.103); and

(e) Federal tax information ("FTI") (as protected by 26 U.S.C. 6103), and

(f) Other data subject to applicable state and federal statutes, rules, and regulations affecting the collection, storage, use, or dissemination of private or confidential information.

**1. General Oversight Responsibilities.** GRANTEE shall be responsible for ensuring proper handling and safeguarding by its employees, subcontractors, and authorized agents of protected information collected, created, used, maintained, or disclosed on behalf of STATE. This responsibility includes:

(a) **Training:** Ensuring that employees and agents comply with and are properly trained regarding, as applicable, the laws listed in XII.1, and

(b) **Minimum necessary access to information.** GRANTEE shall comply with the "minimum necessary" access and disclosure rule set forth in the HIPAA and the MGDPA. The collection, creation, use, maintenance, and disclosure by GRANTEE shall be limited to "that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." *See, respectively*, 45 C.F.R. §§ 164.502(b) and 164.514(d), and Minn. Stat § 13.05 subd. 3.

(c) **Information Requests.** Unless provided for otherwise in this grant contract, if GRANTEE receives a request to release protected information, GRANTEE must immediately notify STATE. STATE shall provide GRANTEE instructions or direction concerning the release of the data to the requesting party before the data is released. See paragraph XII.3(e) below regarding requests from individuals for their own data.

**2. Additional Duties to Ensure Proper Handling of Protected Information.** The GRANTEE shall:

(a) Not use or disclose protected health information other than as permitted or required by this grant contract or as required by law;

(b) Use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information, to prevent use or disclosure of protected health information other than as provided for by this grant contract;

(c) As required at 45 C.F.R. §164.410, report to STATE any use or disclosure of protected health information that is not provided for by the grant contract of which GRANTEE becomes aware, including any breach of unsecured protected health information or any other "privacy" or "security incident" as described below. Upon direction from STATE, GRANTEE must also attempt to mitigate harmful effects resulting from the disclosure.

(i) For purposes of this contract, "Security incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. Security incident shall not include pings and other broadcast attacks on GRANTEE's firewall, port scans, unsuccessful log-on attempts, denials of service, and any combination of the above; so long as such incidents do not result in unauthorized access, use or disclosure of STATE's information. "Privacy incident" means violation of the MGDPA and/or the HIPAA Privacy Rule (45 CFR Part 164, Subpart E), including, but not limited to, improper and/or unauthorized use or disclosure of protected information, and incidents in which the confidentiality of the information maintained by it has been breached.

(ii) The report to the STATE must be in writing and must be sent to STATE not more than seven (7) days after learning of such non-permitted use or disclosure. The report must, at a minimum: 1) Identify the nature of the non-permitted use or disclosure; 2) Identify the PHI used or disclosed; 3) Identify who made the non-permitted use or disclosure, and who received the non-permitted or violating disclosure, if known; 4) Identify what corrective action was taken or will be taken to prevent further non-permitted uses or disclosures; 5) Identify what was done or will be done to mitigate any deleterious effect of the non-permitted use or disclosure; and 6) Provide such other information, including any written documentation, as STATE may reasonably request.

(iii) GRANTEE will provide notice required by 45 C.F.R. §§ 164.404 through 164.408 to affected individuals, news media, and/or the Office of Civil Rights, Department of Health and Human Services, only upon direction from and in coordination with the STATE.

(d) In accordance with 45 C.F.R. §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of the business associate agree in writing to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information;

(e) Within ten (10) business days of a request from an individual or their designee, make available protected health information in a designated record set, consistent with Minn. Stat. § 13.04, subd. 3, and 45 C.F.R. § 164.524;

(f) Within ten (10) business days, forward any request to make any amendment(s) to protected health information in a designated record set to STATE in order for the STATE to satisfy STATE's obligations under Minn. Stat. § 13.04, subd. 3 and 45 C.F.R. §164.526;

(g) Maintain and make available no later than fifteen (15) days after receipt of request from the STATE, the information required to provide an accounting of disclosures to the STATE as necessary to satisfy the STATE's obligations under 45 C.F.R. §164.528, or upon request from STATE respond directly to individual's request for an accounting of disclosures;

(h) To the extent the business associate is to carry out one or more of the STATE's obligation(s) under Subpart E of 45 C.F.R. Part 164, comply with the requirements of Subpart E that apply to the STATE in the performance of such obligation(s); and

(i) Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

(j) Business associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by STATE.

**3. STATE's Duties.** STATE shall:

(a) Only release information which it is authorized by law or regulation to share with GRANTEE.

(b) Obtain any required consents, authorizations or other permissions that may be necessary for it to share information with GRANTEE.

(c) Notify GRANTEE of limitation(s), restrictions, changes, or revocation of permission by an individual to use or disclose protected information, to the extent that such limitation(s), restrictions, changes or revocation may affect GRANTEE'S use or permitted disclosure of protected information.

(d) Not request GRANTEE to use or disclose protected information in any manner that would not be permitted under law if done by STATE.

**4. Disposition and/or Retention of Protected Information/Data upon Completion, Expiration, or Contract Termination.** Upon completion, expiration, or termination of this grant contract, GRANTEE shall return to STATE or destroy all protected information received or created on behalf of STATE for purposes associated with this grant contract. GRANTEE shall return the protected information to the STATE's Authorized Representative or provide the state with written certification of destruction of the protected information. GRANTEE shall retain no copies of such

protected information, provided that if both parties agree that such return or destruction is not feasible, or if GRANTEE is required by the applicable regulation, rule or statutory retention schedule to retain beyond the life of this grant contract, GRANTEE shall extend the protections of this grant contract to the protected information and refrain from further use or disclosure of such information, except for those purposes that make return or destruction infeasible, for as long as GRANTEE maintains the information.

5. **Sanctions.** In addition to acknowledging and accepting the general terms set forth in this grant contract relating to indemnification, the parties acknowledge that violation of the laws and protections described above could result in limitations being placed on future access to protected information, in investigation and imposition of sanctions (including but limited to civil and criminal penalties) by, among other agencies, the U.S. Department of Health and Human Services, Office for Civil Rights; the federal Internal Revenue Service (IRS); the Centers for Medicare & Medicaid Services (CMS); and the Office of the Attorney General for the State Minnesota.

7. **Miscellaneous**

(a) DHS Information Security Policy. Additional information regarding the handling and, as appropriate, destruction (upon expiration or termination of a contract or agreement) of protected information obtained from DHS is available at <https://edocs.dhs.state.mn.us/lfs/Server/Public/DHS-4683-ENG>.

(b) Effect of statutory amendments or rule changes. The Parties agree to take such action as is necessary to amend this grant contract from time to time as is necessary for compliance with the requirements of the laws listed in paragraph XII.1 of this clause or in any other applicable law. However, any requirement in this grant contract or in the DHS Information Security Policy that is based upon HIPAA Rules or upon other federal or state information privacy or security laws means the requirement as it is *currently* in effect, including any applicable amendment(s), regardless of whether the grant contract has been amended to reflect the amendments(s).

(c) Interpretation. Any ambiguity in this grant contract shall be interpreted to permit compliance with the laws listed in paragraph XII.1 of this clause or in any other applicable law.

(d) Survival. The obligations of GRANTEE under this clause shall survive the termination of this grant contract.

XIII. **Intellectual Property Rights.**



**Definitions.** *Works* means all inventions, improvements, discoveries (whether or not patentable or copyrightable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the GRANTEE, its employees, agents, and subcontractors, either individually or jointly with others in the performance of the contract. *Works* includes "*Documents*." *Documents* are the originals of any data bases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the GRANTEE, its employees, agents, or subcontractors, in the performance of this contract.

**Ownership.** The STATE owns all rights, title, and interest in all of the intellectual property, including copyrights, patents, trade secrets, trademarks, and service marks in the *Works* and *Documents created and paid for under this contract*. The *Works* and *Documents* will be the exclusive property of the STATE and all such *Works* and *Documents* must be immediately returned to the STATE by the GRANTEE upon completion or cancellation of this contract. To the extent possible, those *Works* eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." If using STATE data, GRANTEE must cite the data, or make clear by referencing that STATE is the source.

**Responsibilities.**

**Notification.** Whenever any *Works* or *Documents* (whether or not patentable) are made or conceived for the first time or actually or constructively reduced to practice by the GRANTEE, including its employees and subcontractors, and are created and paid for under this contract, the GRANTEE will immediately give the STATE'S Authorized Representative written notice thereof, and must promptly furnish the Authorized Representative with complete information and/or disclosure thereon. The GRANTEE will assign all right, title, and interest it may have in the *Works* and the *Documents* to the STATE.

**Filing and recording of ownership interests.** The GRANTEE must, at the request of the STATE, execute all papers and perform all other acts necessary to transfer or record the STATE'S ownership interest in the *Works* and *Documents* created and paid for under this contract. The GRANTEE must perform all acts, and take all steps necessary to ensure that all intellectual property rights in these *Works* and *Documents* are the sole property of the STATE, and that neither GRANTEE nor its employees, agents, or subcontractors retain any interest in and to these *Works* and *Documents*.

**Duty not to Infringe on intellectual property rights of others.** The GRANTEE represents and warrants that the *Works* and *Documents* created and paid for under this contract do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the GRANTEE will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the STATE, at the GRANTEE'S expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of these *Works* or *Documents* infringe upon the intellectual property rights of others. The GRANTEE will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the GRANTEE'S or the STATE'S opinion is likely to arise, the GRANTEE must, at the STATE'S discretion,

either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of the STATE will be in addition to and not exclusive of other remedies provided by law.

**XIV. PUBLICITY.** Any publicity given to the program, publications, or services provided resulting from this agreement, including but not limited to, notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the GRANTEE or its employees individually or jointly with others or any subcontractors, shall identify the STATE as the sponsoring agency and shall not be released, unless such release is a specific part of an approved work plan included in this agreement prior to its approval by the State's Authorized Representative.

**XV. AFFIRMATIVE ACTION and NON-DISCRIMINATION**

**Affirmative Action requirements for Grantees with more than 40 full-time employees and an agreement in excess of \$100,000.** If GRANTEE has had more than 40 full-time employees within the State of Minnesota on a single working day during the previous twelve months preceding the date GRANTEE submitted its response to the STATE, it must have an affirmative action plan, approved by the Commissioner of Human Rights of the State of Minnesota, for the employment of qualified minority persons, women and persons with disabilities. See Minnesota Statutes section 363A.36 (2003). If GRANTEE has had more than 40 full-time employees on a single working day during the previous twelve months in the state in which it has its primary place of business, then GRANTEE must **either:** 1) have a current Minnesota certificate of compliance issued by the Minnesota Commissioner of Human Rights; or 2) certify that it is in compliance with federal Affirmative Action requirements.

**Affirmative Action and Non-Discrimination requirements for all Grantees:**

- A. The GRANTEE agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified. Minnesota Statutes section 363A.02 GRANTEE agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.
- B. The GRANTEE must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The GRANTEE agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Minn. Rule 5000.3550
- C. GRANTEE agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

**Notification to employees and other affected parties.** The GRANTEE agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Such notices will state the rights of applicants and employees, and GRANTEE's obligation under the law to take affirmative action to employ and advance in employment qualified minority persons, women, and persons with disabilities.

The GRANTEE will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the GRANTEE is bound by the terms of Minnesota Statutes, section 363A.36 of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment minority persons, women, and persons with physical and mental disabilities.

**Compliance with Department of Human Rights Statutes.** In the event of GRANTEE's noncompliance with the provisions of this clause, actions for noncompliance may be taken in accordance with Minnesota Statutes 363A.36, and the rules and relevant orders issued pursuant to the Minnesota Human Rights Act.

**XVI. WORKERS' COMPENSATION.** The GRANTEE certifies that it is in compliance with Minnesota Statute section 176.181, subdivision 2, pertaining to workers' compensation insurance coverage. The GRANTEE'S employees and agents will not be considered employees of the STATE. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees or agents and any claims made by any third party as a consequence of any act or omission on the part of these employees or agents are in no way the STATE'S obligation or responsibility.

**XVII. VOTER REGISTRATION REQUIREMENT.** GRANTEE certifies that it will comply with Minnesota Statutes, Section 201.162 by providing voter registration services for its employees and for the public served by the GRANTEE.

**XVIII. OWNERSHIP OF EQUIPMENT.** The STATE shall have the right to require transfer of all equipment purchased with grant funds (including title) to the STATE or to an eligible non-STATE party named by the STATE. This right will normally be exercised by the STATE only if the project or program for which the equipment was acquired is transferred from one grantee to another.

**XIX. FEDERAL AUDIT REQUIREMENTS.**

A. GRANTEE certifies it will comply with the Single Audit Act, and OMB Circular A-133, as applicable. All sub-recipients receiving \$500,000 or more of federal assistance in a fiscal year will obtain a financial and compliance audit made in accordance with the Single Audit Act, or OMB Circular A-133, as applicable. Failure to comply with these requirements could result in forfeiture of federal funds.

B. If the GRANTEE has an independent audit, a copy of the audit shall be submitted to the STATE. If the GRANTEE is not required to have a single or program-specific audit conducted according to OMB Circular A-133 and it expends \$25,000 or more in federal or state funds, it will have an annual financial statement audit per generally

accepted auditing standards. The GRANTEE will submit a copy of the fiscal year audit to the STATE.

- C. GRANTEE must submit comments on the findings and recommendations in the single audit report and management letter, including a plan for corrective action taken or planned, and comments on the status of corrective action taken on prior findings.

**XX. GRANTEE DEBARMENT INFORMATION.**

**DEBARMENT BY STATE, ITS DEPARTMENTS, COMMISSIONS, AGENCIES OR POLITICAL SUBDIVISIONS**

GRANTEE certifies that neither it nor its principles is presently debarred or suspended by the STATE, or any of its departments, commissions, agencies, or political subdivisions. GRANTEE'S certification is a material representation upon which the grant contract award was based. GRANTEE shall provide immediate written notice to the STATE'S authorized representative if at any time it learns that this certification was erroneous when submitted or becomes erroneous by reason of changed circumstances.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNATRY EXCLUSION**

Federal money will be used or may potentially be used to pay for all or part of the work under the grant contract, therefore the GRANTEE must certify the following, as required by the regulations implementing Executive Order 12549. GRANTEE'S certification is a material representation upon which the grant contract award was based.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION- LOWER TEIR COVERED TRANSATIONS**

Instructions for Certification

1. By signing and submitting this grant contract, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this grant contract is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meaning set out in the Definitions and Coverages sections of rules implementing Executive Order 12549. You may contact the person to which this grant contract is submitted for assistance in obtaining a copy of those

regulations.

5. The prospective lower tier participant agrees by submitting this response that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this grant contract that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 C.F.R. 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION,  
INELIGIBILITY AND VOLUNTARY EXCLUSION- LOWER TIER  
COVERED TRANSACTIONS**

1. The prospective lower tier participant certifies, by submission of this grant contract, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the

statements in this certification, such prospective participant shall attach an explanation to this grant contract.

**XXI. JURISDICTION AND VENUE.** This agreement, and amendments and supplements thereto, shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this agreement, or breach thereof, shall be in the state or federal court with competent jurisdiction in Ramsey County, Minnesota.

**XXII. WAIVER.** If the State fails to enforce any provision of this agreement, that failure does not waive the provision or the STATE's right to enforce it.

**XXIII. CONTRACT COMPLETE.** This agreement contains all negotiations and agreements between the STATE and the GRANTEE. No other understanding regarding this agreement, whether written or oral may be used to bind either party.

**XXIV. OTHER PROVISIONS.**

1. GRANTEE agrees that it will at all times during the term of the Agreement keep in force a general liability insurance policy with the following minimum amounts: \$500,000 for bodily injury or property damage to any one person; and \$1,500,000 for total injuries and/or damages arising from any one incident.
2. The GRANTEE agrees to keep in force a blanket employee theft/employee dishonesty policy in at least the total amount of the first year's grant award or \$100,000, whichever is less.
3. The GRANTEE shall comply with the Americans with Disabilities Act of 1990 (42 USC 1201) and Section 504 of the Rehabilitation Act of 1973 (29 USC 794), as amended.
4. GRANTEE agrees that no religious based counseling shall take place under the auspices of this grant.
5. The GRANTEE shall comply with minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act.
6. The GRANTEE shall comply with the provisions of Minnesota Statutes with regard to plain language in written materials.
7. The GRANTEE shall comply with the provisions of Chapter 15, Title 5 of the United States Code with regard to political activity.
8. The GRANTEE shall comply with the Drug-Free Workplace Act of 1988 and will provide a drug-free workplace. This includes taking specific actions as described in 7 CFR Sections 3021.200 through 3021.230.
9. The GRANTEE shall establish safeguards to prohibit employees from using their positions for a purpose that is, or gives the appearance of, being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
10. The GRANTEE shall comply with Section 1352, Title 31, U.S.C. which generally prohibits recipients of federal contracts, grants and loans from using appropriated funds

for lobbying the Executive or Legislative Branches of the Federal Government in connection with a specific contract, grant or loan. If applicable, the GRANTEE is required to certify as to its lobbying activity.

11. **Payment to Subcontractors**

(If applicable) As required by Minn. Stat. §16A.1245, the prime GRANTEE must pay all subcontractors, less any retainage, within 10 calendar days of the prime GRANTEE's receipt of payment from the State for undisputed services provided by the subcontractor(s) and must pay interest at the rate of one and one-half percent per month or any part of a month to the subcontractor(s) on any undisputed amount not paid on time to the subcontractor(s).

12. When a grantee subgrants to another organization (a subgrantee), all of the DHS/OEO grant requirements shall be included in the grant agreements with the subgrantee and with all additional tiers of subgrantees.
  13. GRANTEE must monitor subgrantees, including for-profit subgrantees through a pre-award survey or a post-award review.
  14. Grantees (and all tiers of subgrantees) must use the federal OMB Circulars A-87, A-110, A-122, A-133, OMB "Common Rule" and others as applicable (including modifications) in the administration of all DHS federal and/or state funded grants.
  15. GRANTEE agrees to comply with 41 CFR 1-15.2 (FAR Part 31) and any USDA Regulations implementing OMB circulars, such as 7 CFR 3015, 3016, 3017, 3018, and 3019, 3021, as amended.
16. If the GRANTEE has an independent audit, a copy of the audit shall be submitted to the STATE.

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed intending to be bound thereby.

APPROVED:

**1. STATE ENCUMBRANCE  
VERIFICATION**

*Individual certifies that funds have been  
encumbered as required by Minn. Stat. 16A and  
16C.15*

By	<i>A. Biabeau</i>
Date	<i>11-6-13</i>
Grant No:	<i>71090</i>

**2. GRANTEE**

*Signatory is authorized by applicable articles,  
by-laws, resolutions, or ordinances to sign on  
behalf of the Grantee.*

By	<i>[Signature]</i>
Title	<i>Pres/CEO</i>
Date	<i>Dec 4, 2013</i>

*I certify that the signatories for the Grantee have  
lawful authority, by virtue of the corporate by-  
laws or a corporate resolution, to bind the  
Grantee to the terms of this grant contract.*

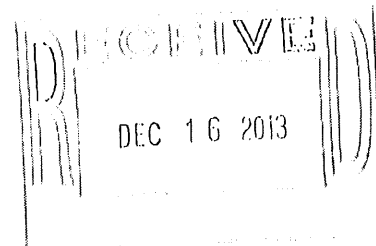
By	<i>[Signature]</i>
Title	<i>CEO</i>
Date	<i>12/11/13</i>

**3. STATE AGENCY**

By (with delegated authority)	<i>[Signature]</i>
Title	<i>CEO, Agency</i>
Date	<i>11/15/13</i>

Distribution:

Agency - Original (fully executed)  
Contract  
State Authorized Representative  
Grantee







Community Action of Minneapolis

**BYLAWS**  
**OF**  
**COMMUNITY ACTION OF MINNEAPOLIS, INC.**

**ARTICLE I**

**Location**

The principal office of the corporation shall be 2104 Park Avenue South, Minneapolis, Minnesota. The business of the corporation shall be transacted from the principal office, and the records of the corporation shall be kept there.

**ARTICLE II**

**Members**

This corporation shall have no members.

**ARTICLE III**

**Board of Directors**

**Section 1. Authority.** The Board of Directors of the corporation shall determine policy and shall direct the general management and control of the corporation's affairs. In addition to these general powers, the Board shall have the following specific powers:

- a. To hire, discharge, and review the performance of the President/Chief Executive Officer;
- b. To determine major personnel, organization, fiscal, and program policies;
- c. To determine overall program plans and priorities, including provisions for evaluating progress and outcomes;
- d. To make final approval of all program proposals and budgets;
- e. To enforce compliance with all conditions of grants;
- f. To review the participation of low-income participants in the programs;
- g. To determine rules and procedures for the Board;
- h. To select the officers and the executive committees, if any, of the Board.

2. Each private sector representative must be from one of the following categories: labor organizations, financial institutions, private social service agencies, business organizations, industrial organizations, private foundations, educational institutions, religious institutions and welfare organizations. No more than one (1) representative can be appointed from any one of the categories identified above. Private sector representatives shall be appointed from both for-profit and nonprofit organizations.
3. At its November Board meeting, the Board shall vote on nominations to fill seats of those representatives whose terms shall expire the following January. To fill a seat, which has become vacant for a reason other than the expiration of a member's term of office, the Board shall vote at the meeting at which nominations are presented to it by the nominating committee.
4. The private sector representatives or their alternates should confirm in writing that they accept the appointments.

C. Public Sector Representatives

Five (5) elected public officials, one-third (1/3) of the Board, shall be chosen in the following manner:

1. Nominations shall be submitted to the nominating committee in the fall to fill seats of those public officials whose terms will expire the following January. Nominations shall also be submitted on such terms and conditions as are set forth from time to time in a notice from the nominating committee advertising vacancies on the Board, due to death of a Board member, resignation or other causes.
2. Each public sector representative must be a public official or a representative who is selected by a public official and approved by the Board.
3. At its November meeting, the Board shall vote on nominations to fill seats of those representatives whose terms shall expire the following January. To fill a seat, which has become vacant for a reason other than the expiration of a member's term of office, the Board shall vote at the meeting at which nominations are presented to it by the nominating committee.
4. The public sector representatives or their alternates should confirm in writing that they accept the appointments.

committees and members of committees designated, and any other business as prescribed by the newly organized Board will be conducted.

**Section 4. Quorum.** The quorum of all Board meetings will be 50% of filled seats or as stated in Section 10 of this Article. If there is no quorum, no business can be transacted. In the absence of a quorum, the only actions that may be taken are measures to obtain a quorum, fix the time at which to adjourn or to recess.

**Section 5. Chairpersons.** The chair or vice chairperson of the Board shall preside over the Board meetings. If both the chair and vice chairperson are absent and the chairperson has not designated a temporary chairperson, those members present shall elect a temporary chairperson to conduct that specific meeting.

**Section 6. Voting.** All motions will pass if there is a quorum present and a majority of those present vote for the motion unless otherwise specified in Roberts Rules of Order, Newly Revised.

**Section 7. Roberts Rules of Order.** Roberts Rules of Order, Newly Revised, will be the rules of order to be used in all cases at Board and committee meetings of the corporation. The rules should not be used when they are inconsistent with the governing resolution or the current Community Action of Minneapolis Bylaws.

**Section 8. Special Board Meetings.** Special Board meetings may be called by the chairperson or by six (6) members of the Board who have requested a special meeting in writing. At least five (5) working days notice must be given to all members. The notice must include the agenda, time, and place of the special meeting. Special Board meetings shall be conducted in the same manner as regular Board meetings. In case of an emergency, the chairperson may call a special board meeting with a 24-hour notice. The reason for the emergency meeting must be stated with the notice and the public media must receive the notice.

**Section 9. Action in Writing.** Any action that may be taken at a meeting of the Board of Directors may be taken without a meeting when authorized by a written instrument signed by all of the directors.

**Section 10. Teleconferencing, Telephonic, or Other Communicative Technology.** Members of the Board of Directors of the corporation, or any committee designated by the Board of Directors, may participate in a meeting of the board or committee by means of conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting. Participants, utilizing any communicative equipment, shall also be counted as part of the quorum for such meeting.

**Section 6. Vacancies.** Any vacancy on the Board of Directors occurring as a result of an officer's or officer(s) resignation, death, removal, or other cause(s) shall be filled by the Board of Directors at its next regular or special meeting.

Vacancies shall be filled by any board member in good standing and by a vote of the majority of directors present at such meeting where a quorum is present.

## **ARTICLE VI**

### **Committees**

**Section 1. Executive Committee.** Each of the three (3) sectors shall be represented on the Executive Committee. The Committee shall include the Board chairperson, Board vice chairperson, the chairpersons of the standing committees, and one (1) additional board member, if necessary, selected by the Board to provide balance in sector representation. The Committee shall be able to transact routine business between the Board's regular meetings; however, the Committee cannot modify any action taken by the Board. All of the Committee's activities shall be reported at the next regular Board meeting. The chairperson of the Board shall call and preside over the Committee. Four (4) members of the Committee shall be present for a quorum. The agenda, time, and place of the Committee meeting must be in a written notice which is received by the members at least five (5) days before the meeting.

**Emergency Situation -** In case of an emergency, the chairperson may call a special board meeting with a 24-hour notice. The reason for the emergency meeting must be stated with the notice and the public media must receive the notice.

**Section 2. Special or Standing Committees.** The Board may establish any special or standing committees as it determines. Committees shall include but not be limited to the following: executive, planning and evaluation, energy/weatherization, budget/finance, program operation, and human resources. All committees shall be appointed for a specific time and a special committee shall be appointed for a specific purpose. The chairperson of each committee shall be a member of the Board and all committee members shall be appointed by the Board. The chairperson of the Board shall be a member of all committees. All committee membership shall have representation from each of the three (3) sectors. Representation of at least two (2) sectors of the Board shall be present for a quorum. Only Board members shall count towards a quorum. The frequency of committee meetings will be set by each committee.

**Section 3. Advisory Members.** The Board may appoint advisory members to each of the special or standing committees. Advisory members must be notified of all regular and special Board meetings and they may be compensated.

**Section 4. Conflict of Interest.** Before the Board of Directors takes an action or makes a decision which could substantially affect a Board member's financial interest or the interests of an organization in which the board member is associated, the Board member shall:

1. Prepare a written statement describing the item of business requiring action or decision and nature of the potential conflict of interest, and;
2. Submit the statement to the Board, at which time the conflict of interest will be disclosed to the Board and entered into the minutes of the Board meeting, and;
3. Not vote on the action or decision requiring the written conflict of interest unless the Board determines that there is no conflict.

**Section 5. Annual Report.** An annual report shall be written by the President/Chief Executive Officer and presented annually giving an account of the Board's activities in the coming year, and evaluating last year's programs. The annual report shall be submitted to the Board.

**Section 6. Revocation of Prior Bylaws.** These restated Bylaws shall, upon adoption thereof by two-thirds (2/3) of the Directors at a duly held and constituted meeting of said Directors, supersede and take the place of theretofore existing Bylaws of the corporation and amendments thereto.

Approved November 14, 1994

Amended and Approved January 9, 1995

Amended and Approved October 12, 2009

Amended and Approved March 14, 2011

  
\_\_\_\_\_  
Chair, Board of Directors  
D. Michael Anderson

  
\_\_\_\_\_  
Secretary Board of Directors  
Evelyn LaRue

**Attachment A: Work Plan**

**Community Action of Minneapolis**  
**SNAP (Supplemental Nutrition Assistance Program) Outreach Plan**

**1. Cover Page and Contact Information**

**Annual Plan for Outreach**

Community Action of Minneapolis

Minnesota Department of Human Services

Federal Fiscal Years 2014-2015; October 1, 2013-September 30, 2015

**Primary Contacts:**

<b>Name</b>	<b>Title</b>	<b>Phone</b>	<b>Email</b>
William J. Davis	President/CEO	612-348-8858	wdavis@campls.org
Anthony Spears	CFO	612-348-8858	aspears@campls.org
TBD	SNAP Coordinator		

**Proposal Information**

Community Action of Minneapolis proposes to continue providing Supplemental Nutrition Assistance Program (SNAP) food support application assistance and outreach, to improve SNAP participation among the elderly and working poor in our service area as a permanent program. Pre-screening and application assistance will be offered to eligible households by in-person interviews, phone, and limited case management services. Outreach will consist of targeted distribution of information regarding SNAP utilizing our internal database of over 25,000 households, presentations to community and faith based organizations, partner sites, mailings, phone contact, community events, and via the internet on our social media site (Facebook )

[www.facebook.com/pages/community-action-of-minneapolis/143662932322481](http://www.facebook.com/pages/community-action-of-minneapolis/143662932322481) and organization website, [www.campls.org](http://www.campls.org).

**Population Served:** Low-income households in the city of Minneapolis which includes people with limited English proficiency, seniors, working poor, children, chronically unemployed, veterans and military families.

**Geographic Area Served:** *City of Minneapolis- 65 zip codes-55401-55431; 55435-55460; 55467-55468; 55470; 55472-55474; 55478-55480; and 55483-55488.*

**Budget:**

	<b>FFY 2014</b>	<b>FFY 2015</b>	<b>Total: FFYs 2014-15</b>
<b>Federal Dollar Amount Requested</b>	\$27,841.21	\$27,841.21	\$55,682.42
<b>Total SNAP Outreach Project Budget</b>	\$55,682.42	\$55,682.42	\$111,364.84
<b>Total Organization Budget*-Projected*</b>	11,799,500	11,799,500	23,599,000.00

## **2. Statement of Need**

The unfavorable trends in unemployment, poverty, food insecurity, and the Supplemental Nutrition Assistance Program (SNAP) participation at the state and county levels indicate the need for expanded and strengthened efforts to increase participation in Minnesota's Supplemental Nutrition Assistance Program (SNAP).

The city of Minneapolis is located within Hennepin County, the largest county in the state of Minnesota home to 23% (1,229, 878) of the State's 5,347,299. According to the U. S. Census Bureau an estimated 12% of Hennepin County residents are at or below Federal Poverty Guidelines (FPG), which fall significantly below SNAP's support eligibility of 165% of FPG for most households.<sup>1</sup> According to Minnesota's Department of Human Services, Hennepin County has the highest percentage of Minnesota's SNAP food support cases, 28.6% as of December 2010.<sup>2</sup>

Minnesota's poverty rate may be low nationally, however that means very little to people living in Minneapolis. According to the Poverty/World Development @suite 101 most of the critical poverty rates (50% or more above the state average) in Minnesota occurs in major cities in Minnesota. In the city of Minneapolis, that rate is listed at 16.9% in 2008.<sup>3</sup>

### **Minneapolis at a Glance<sup>4</sup>**

<b>Total population</b>	<b>387,873</b>	<b>Vacant units</b>	<b>8%</b>
<b>Residents under age 18</b>	<b>21%</b>	<b>Households</b>	<b>163,048</b>
<b>Residents age 18-64</b>	<b>72%</b>	<b>Families with children &lt; 18</b>	<b>41,288</b>
<b>Residents 65 or older</b>	<b>7%</b>	<b>Median household income</b>	<b>\$45,538</b>
<b>Foreign-born</b>	<b>15%</b>	<b>Residents in poverty</b>	<b>23%</b>
<b>Born in the U.S.</b>	<b>85%</b>	<b>Median home value</b>	<b>\$220,900</b>
<b>Housing units</b>	<b>178,287</b>	<b>Adults 25+ with associate's degree or higher</b>	<b>49%</b>

The nation's ongoing economic crisis has deeply affected the lives of millions of Americans. Skyrocketing foreclosures and job layoffs have pulled the rug out from under many families, particularly those living in low-income communities. Deepening poverty is indistinguishably linked with rising levels of homelessness and food insecurity/hunger for many Americans and children are particularly affected by these conditions.

Feeding America published Map the Meal Gap<sup>5</sup>, a study completed to learn more about the face of hunger at the local level in early 2011. Their 2009-2010 data reflected the following for the state of Minnesota:

**Food Insecurity Rate -11.2%**

**50% below SNAP threshold of 165% of poverty**

**5% between 165%-185% of poverty**

**46% above the threshold of 185% of poverty**

**Food Insecurity Rate -11.5%**

**42% below SNAP threshold of 165% of poverty**

**2% between 165%-185% of poverty**

**57% above the threshold of 185% of poverty**

**Other highlights of note from the Map the Meal Gap Study<sup>5</sup>:**

- More than 583,000 Minnesotans are food insecure. This means they do not always know where they will find their next meal.
- Minnesota families who are food-insecure need an additional \$13.74 per person, per week, to meet their food needs.
- Minnesota's Fifth Congressional District (covering eastern Hennepin County and parts of Ramsey and Anoka Counties) and Eight Congressional District (covering northeastern Minnesota, including Duluth) have the highest rates of food insecurity, with both districts containing approximately 96,000 Minnesotans who are food-insecure.

Approximately 11% of Minnesota's population is food insecure and while participation in Minnesota's food support program continues to increase, nineteen percent, between April 2010 and April 2011,<sup>6</sup> the program is under-utilized. More than 35% of eligible Minnesotans were not enrolled in SNAP in 2010, even though they were qualified.<sup>7</sup> The populations heavily impacted by this lack of awareness are seniors, Limited English Proficiency and foreign born. Identified explanations given for low rates of participation are unawareness of qualifications, the application process discourages people to apply, and stigma attached to receiving government benefits.

Many low-income families in Minneapolis are food-insecure, and higher food prices are exacerbating the situation. Enrollment in SNAP would greatly increase the overall wellbeing of eligible families who are not currently receiving these benefits. Our 2009 and 2012 Community Needs Assessment results included nutrition as being one of the top three concerns for our customers.

Our 2012 Community Needs Assessment included a Summary of Service Providers for various services needed cited in the assessment feedback data. Under the category of food, there were over 80 organizations (including DHS-County offices) that provided food shelf/pantry, meals on wheels/meals delivered, etc. Out of the 80 providers, thirty-nine (39) were identified as providing food shelf/pantry services.<sup>8</sup>

Community Action of Minneapolis seeks to reach 5,000-10,000 residents via outreach efforts to increase awareness of SNAP qualifications, simplify the application process by providing prescreening services, application assistance and decrease the stigma attached to receiving government benefits by educating eligible recipients on how including this resource in their income scenario can improve their lives with this funding opportunity. We will focus on improving partnerships with the resources identified from the 2012 Community Needs Assessment to enhance outreach efforts as well as to lessen duplication of services. As a result of the outreach efforts, we will assist a minimum of 800 customers. We anticipate specifically targeting low-income seniors, disabled



individuals, single parent families, working-poor families with children, and customers with Limited English Proficiency (Somali and Hmong).

<sup>1</sup> Hennepin County QuickFacts from the U.S. Census Bureau, May 2013.

<sup>2</sup> Department of Health and Human Services, Characteristics of December 2010 Minnesota Food Support Programs, May 2011.

<sup>3</sup> Boston. David. "Poverty in Minnesota." *World/Poverty-Suite 1010.com*, n.p. July 2008. May 23<sup>rd</sup>, 2012. <<http://davidboston.suite101.com/poverty-in-minnesota-a61109>.

<sup>4</sup> Wilder Foundation's OneMinneapolis Report, Oct. 2011)<sup>4</sup>

<sup>5</sup> "Map the Meal Gap." *FeedingAmerica.org*. August 2011. May 23<sup>rd</sup>, 2012. < <http://feedingamerica.org/hunger-in-america/hunger-studies/map-the-meal-gap.aspx>.

<sup>6,7</sup> FoodShare Minnesota Fact Sheet, January 2012.

<sup>8</sup> Community Action of Minneapolis, 2012 Community Needs Assessment, January 2013.

### **3. Organizational Information**

*Community Action of Minneapolis has a thirty-six year history in Minneapolis. It was incorporated as the Minneapolis Community Action Agency in 1976. The agency was reorganized in 1982 under a tri-sectored community action board consisting of representatives from the low-income community, the private sector, and the public sector. On January 1st, 1994, the agency separated from the city of Minneapolis and became an independent, nonprofit with 501 (c)(3) Internal Revenue status with the name, Community Action of Minneapolis.*

*Community Action of Minneapolis serves low-income residents of Minneapolis with professional staff, the latest technology and the ability to respond rapidly to changing community needs. Providing the best customer service and assisting our customers in achieving self-sufficiency is our primary goal. Our mission is to help people improve their lives.*

*Community Action of Minneapolis has over twenty- three years of administering federal and state-wide contracts for services that improve the lives of people. Over the twenty-three years, our Children & Family Development Division has operated the following programs; youth employment & training, family self-sufficiency- case management, housing, advocacy, financial literacy and asset building, after-school tutoring, and community empowerment. The agency also provides energy assistance, weatherization, outreach services. Results Oriented Management and Accountability (ROMA) standards identify goals and performance indicators which are utilized to track and monitor the progress and outcomes of the services we provide.*

*FY2011-2012, Community Action of Minneapolis served 59,798 low-income individuals with over 7200 being identified as seniors, ages 55+, 6,085 being identified as disabled, and 25,245 being identified as under the age of eighteen.*

#### 4. Outreach Project Details

Project Table: October 2013-September 2015

<b>Eligibility Pre-Screening/Assistance Activity #1</b>	Utilize paper and/or electronic tools to inform potential applicants that they may be eligible and potentially; how much SNAP benefits they can receive. Customers who are eligible will be assisted with completing the application.																						
<b>Description of Activity</b>	<p>A query list will be requested of customers who have completed the EAP application every 5-6 weeks from the state DOE-EAP office via Mike Lieser, IT manager. This list will include name, address, &amp; telephone numbers for customers who do not list SNAP as an income source on the application.</p> <p>The customers will be contacted via telephone or mail to complete an initial pre-screening process. If they are eligible, they will be assisted with filling out the application forms (electronically on ApplyMN or via paper) to ensure that it is completed correctly and the needed verification documentation is included. Assistance obtaining application verification documents will be provided as needed.</p> <p>We will provide days and times where customers can walk-in and be screened. We will offer as needed, flexible hours, including Saturdays and evenings in order to reach some customers who are not currently being assisted.</p> <p>We also provide home visits to seniors and customers who are disabled who find it difficult to come into our office for services.</p>																						
<b>Goal</b>	<p><i>Identify goal(s) for the activity. The goal(s) should be measurable (i.e. numeric) and focus on increasing SNAP participation.</i></p> <table><tr><td>SNAP Screenings</td><td>2000</td></tr><tr><td>CAFs Completed</td><td>250</td></tr><tr><td>CAFs Given Out (those not assisted):</td><td>300</td></tr><tr><td>Recertifications</td><td>30</td></tr><tr><td>Approved for SNAP Benefits (to the best of your knowledge)</td><td>100</td></tr><tr><td>Presentations Given</td><td>N/A</td></tr><tr><td>Number of People Attending Presentations</td><td>N/A</td></tr><tr><td>Clients Receiving FS Information (through mailings, brochures, etc.)</td><td>5,000</td></tr><tr><td>People Reached Through Promotion (Use Comments to identify which form of media in comments: radio, TV, newspaper, etc.)</td><td>N/A</td></tr><tr><td>EBT Card Assistance (videos shown, etc.)</td><td>N/A</td></tr></table>			SNAP Screenings	2000	CAFs Completed	250	CAFs Given Out (those not assisted):	300	Recertifications	30	Approved for SNAP Benefits (to the best of your knowledge)	100	Presentations Given	N/A	Number of People Attending Presentations	N/A	Clients Receiving FS Information (through mailings, brochures, etc.)	5,000	People Reached Through Promotion (Use Comments to identify which form of media in comments: radio, TV, newspaper, etc.)	N/A	EBT Card Assistance (videos shown, etc.)	N/A
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EBT Card Assistance (videos shown, etc.)	N/A																						
<b>Geographic Area</b>	<b>Hennepin/City of Minneapolis</b>	<b>Audience</b>	Energy Assistance Program Applicants – est. 12,200 applications																				

<b>Timeline</b>	<table border="1"> <tr> <td><b>Start</b></td> <td>October 1, 2013</td> </tr> <tr> <td><b>End</b></td> <td>September 30, 2014</td> </tr> </table>	<b>Start</b>	October 1, 2013	<b>End</b>	September 30, 2014
<b>Start</b>	October 1, 2013				
<b>End</b>	September 30, 2014				
<b>Staff</b>	See Attachment A				
<b>Role of Staff</b>	<ul style="list-style-type: none"> <li>• Provide customers with an initial assessment to determine eligibility,</li> <li>• Assist customers with application and assembling the documentation required for completing application for the required Food Support interview with the County,</li> <li>• Assist customer with making the appointment with the County as necessary.</li> <li>• Provide limited case management services to customers within 10 days of appointment with Community Action of Minneapolis staff to determine if customer has submitted application. Complete case notes to document services provided.</li> <li>• Additional follow up with customers 30 days after initial contact to determine if client submitted application and was approved for SNAP food support. If customer did not complete application determine and document reason. If customer is approved for benefits, agency will request a copy of the letter for documentation.</li> <li>• In order to ensure that full benefits are received, Community Action of Minneapolis will assist to mediate problems that arise during the application process with the County.</li> <li>• Communicate with Hennepin County staff on behalf of customers served to verify enrollment, and provide assistance as necessary.</li> <li>• Enter data and activities in Visions database.</li> </ul>				
<b>How is each Staff funded?</b>	Community Action Grant or United Way funding.				
<b>Volunteers</b>	<p>Are volunteers involved in this activity:    Yes X    No <input type="checkbox"/></p> <p><b>If Yes, in what capacity?</b>  Given Minnesota's low SNAP participation rate, Community Action of Minneapolis' new SNAP Outreach Program is helping more low-income Minneapolis residents sign up for SNAP. We will recruit volunteers to help pre-screen customers for SNAP. Volunteers will provide a brief explanation about the SNAP program to customers, discuss eligibility requirements, and dispel common myths about SNAP.</p>				
<b>Evaluation</b>	<p>Visions, a database developed for use by Minnesota community action agencies will be utilized to track all activities and outcomes. All customers who receive application assistance for the SNAP program will be entered into Visions. The system has the ability to track defined milestones as In Progress and Complete. We will track a milestone for customers who are contacted with outreach materials, prescreened, and who apply for SNAP benefits, whether they are approved or not. We will also track amount of the benefit for the families if approved.</p> <p>Customers enrolled into other Community Action of Minneapolis' programs can be entered into the SNAP outreach component in Visions without having to complete additional duplicate demographic paperwork.</p>				

	We will utilize a SNAP program outcomes tracking form for each customer receiving application assistance.																
<b>Outcome of Activity</b>	Increase in the number of families who apply for and receive SNAP benefits.																
<b>SNAP Promotion Activity #2</b>	To promote SNAP to improve awareness and inform eligible individuals of the benefits of SNAP participation.																
<b>Description of Activity</b>	<p>As a part of our efforts to connect Minneapolis residents to SNAP benefits, Community Action of Minneapolis will reach out to the community through events and through media campaigns. This outreach encourages potentially eligible Minneapolis residents to apply for SNAP and fosters a positive perception of the program.</p> <p>The goal of the SNAP promotion is to increase the awareness of the program as well as to identify potentially eligible customers. We will distribute information at locations where low-income people gather, participate in community events, and conduct outreach workshops with community organizations at their locations. Staff will coordinate outreach activities with other providers in order to minimize overlap in service delivery.</p> <p>We will target senior housing complexes and providers of senior services as well as the 7 farmers' markets in the Minneapolis area.</p> <p>The three (3) main goals of this activity are:</p> <ol style="list-style-type: none"> <li>1. To educate or inform the target population, increasing their knowledge and/or skills regarding SNAP.</li> <li>2. To educate or inform people who interact with the target population.</li> <li>3. To establish beneficial connections between people and/or organizations.</li> </ol>																
<b>Goal</b>	<p><i>Identify goal(s) for the activity. The goal(s) should be measurable (i.e. numeric) and focus on increasing SNAP participation.</i></p> <table> <tr> <td>SNAP Screenings</td><td>N/A</td></tr> <tr> <td>CAFs Completed</td><td>N/A</td></tr> <tr> <td>CAFs Given Out (those not assisted):</td><td>N/A</td></tr> <tr> <td>Recertifications</td><td>N/A</td></tr> <tr> <td>Approved for SNAP Benefits (to the best of your knowledge)</td><td>N/A</td></tr> <tr> <td>Presentations Given</td><td>25</td></tr> <tr> <td>Number of People Attending Presentations</td><td>600</td></tr> <tr> <td>Clients Receiving SNAP Information (through mailings, brochures, etc.)</td><td>20,000</td></tr> </table>	SNAP Screenings	N/A	CAFs Completed	N/A	CAFs Given Out (those not assisted):	N/A	Recertifications	N/A	Approved for SNAP Benefits (to the best of your knowledge)	N/A	Presentations Given	25	Number of People Attending Presentations	600	Clients Receiving SNAP Information (through mailings, brochures, etc.)	20,000
SNAP Screenings	N/A																
CAFs Completed	N/A																
CAFs Given Out (those not assisted):	N/A																
Recertifications	N/A																
Approved for SNAP Benefits (to the best of your knowledge)	N/A																
Presentations Given	25																
Number of People Attending Presentations	600																
Clients Receiving SNAP Information (through mailings, brochures, etc.)	20,000																

	People Reached Through Promotion (Use Comments to identify which form of media in comments: radio, TV, newspaper, etc.)		N/A
	EBT Card Assistance (videos shown, etc.)		N/A
Geographic Area		Audience	Seniors, Non-English Speaking organizations/populations (Hmong, Somali, Spanish)
Timeline	Start	October 1, 2013	
	End	September 30, 2014	
Staff	See Attachment A		
Role of Staff	<p><b>Program Coordinator:</b></p> <ul style="list-style-type: none"><li>• Conduct and coordinate outreach activity for community groups well known to agency to inform them of new pilot project.</li><li>• Provide In-service or referral information for other programs within Community Action of Minneapolis.</li><li>• Conduct and coordinate presentations for other human service agencies in our service area that already has outreach workers, but is unfamiliar with program, to determine how we can work together to get the SNAP information disseminated.</li><li>• Assist with website/social media updates.</li><li>• Develop culturally specific brochure and informational materials.</li></ul> <p><b>Family Services Coordinators:</b></p> <ul style="list-style-type: none"><li>• Provide Savvy Senior and Senior Financial Literacy classes to senior groups.</li><li>• Provide information on SNAP and how it can be utilized and reflect the possibly savings in the budget example.</li><li>• Provide assistance with applications as requested at the end of each class session.</li></ul> <p><b>Other Community Action of Minneapolis Staff:</b></p> <ul style="list-style-type: none"><li>• Participate in joint outreach activities with other organizations as well as established community events and include SNAP information and referrals with materials provided.</li></ul> <p><b>All staff will:</b></p> <ul style="list-style-type: none"><li>• Collect contact information of persons attending who would like follow-up and assistance with the application.</li><li>• All staff will document contacts (type), event participation (estimated # present), # of materials distributed at each event</li><li>• Document information in Visions.</li></ul>		
How is each Staff funded?	Community Action Grant or United Way funding.		

<b>Volunteers</b>	Are volunteers involved in this activity:    Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> X  If Yes, in what capacity?
<b>Evaluation</b>	<ul style="list-style-type: none"> <li>Each staff will complete an Events/Outreach Log form for each community event attended which includes # of people at the event/# of people staff provided information &amp; referrals, and the # of materials distributed. This information is also tracked in Visions.</li> <li>Events with a specific SNAP outreach will be color coded to track those specific efforts.</li> <li>Information calls regarding SNAP will be recorded in the encounter log of Visions and is utilized by each reception at our two (2) locations.</li> <li>Participatory evaluation questionnaires will be provided to partnering agencies for feedback regarding efforts/collaborations with their organizations to gain insight on which activities were most useful.</li> </ul>
<b>Outcome of Activity</b>	<i># of community partnerships developed where SNAP information is consistently distributed.</i> <i># of people who increase their knowledge of SNAP as a result of the presentations.</i>

#### Outreach Project Goals Summary

Activity Goal	Total Goal	Comments
SNAP Screenings	2,000	
CAFs Completed	250	
CAFs Given Out (those not assisted):	300	
Recertifications	30	
Approved for SNAP Benefits (to the best of your knowledge)	100	
Presentations Given	25	
Number of People Attending Presentations	600	
Clients Receiving FS Information (through mailings, brochures, etc.)	25,000	– Clear Channel Radio Stations – Target Kool 108 FM during November & August to highlight Hunger and Older Americans Month and discuss SNAP benefits.
People Reached Through Promotion (Use Comments to identify which form of media in comments: radio, TV, newspaper, etc.)	N/A	
EBT Card Assistance (videos shown, etc.)	N/A	

## 5. Assurances

Check to Indicate You Have Read and Understand the Assurance Statement	Assurance Statement
X	The State SNAP agency is accountable for the content of the State outreach plan and will provide oversight of any sub-grantees.
X	The State SNAP agency is fiscally responsible for outreach activities funded under the plan and is liable for repayment of unallowable costs.
X	Outreach activities are targeted to those potentially eligible for benefits.
X	Cash or in-kind donations from other non-Federal sources have not been claimed or used as a match or reimbursement under any other Federal program.
X	If in-kind goods and services are part of the budget, only public in-kind services are included. No private in-kind goods or services are claimed.
X	Documentation of State agency costs, payments, and donations for approved outreach activities are maintained by the State agency and available for USDA review and audit.
X	Program activities are conducted in compliance with all applicable Federal laws, rules, and regulations including Civil Rights and OMB regulations governing cost issues.
X	Program activities do not supplant existing outreach programs, and where operating in conjunction with existing programs, enhance and supplement them.
X	Program activities are reasonable and necessary to accomplish outreach goals and objectives.

## 6. Budget Narrative FFYs 2014-2015

### 2014 Budget Narrative

Expense Category	Narrative and Calculation (itemize all expenses)	Item Amount	2014 Total Amount (amount must match budget summary)
OTHER DIRECT EXPENSES			
Copying / Printing / Materials	Senior brochures/literature @ \$0.30 each.	800	\$240.00
	Culturally specific/language materials @ \$0.30 each.	1000	\$300.00
	English materials @ \$0.30 each.	3000	\$900.00
Postage	Mailings to potential customers of program x \$0.85 (avg. of up to 3oz)	1800	\$1530.00
Telephone		0	\$0
Supplies	Office supplies (copy paper, pens, paper clips, file folders, labels, printer cartridges)		\$1127.00
Equipment/ Technology			
Space/ Lease	Space cost as determined by space calculator		\$2410.19
Other	State SNAP Meetings (planning/conference, etc.) for 1 staff person.		\$500
TRAVEL EXPENSES			
Activity I	N/A		\$0
Activity II	15 miles (average) roundtrip @\$0.555 per mile	125	\$1040.63
Activity III			
Activity IV			
Activity V			
Activity VI			
FRINGE EXPLANATION- if fringe rate is higher than 20%			
Benefit		Percentage of Salary	
Health Care		19.09%	
Unemployment		2.26%	
Worker's Compensation Insurance		1.00%	
Federal Taxes		7.65%	
State Taxes			
Other (please describe)			
Total Percentage of Salary		30%	
(as reflected on Staff & Salary Breakdown)			



## 2015 Budget Narrative

Expense Category	Narrative and Calculation (itemize all expenses)	Item Amount	2015 Total Amount (amount must match budget summary)
<b>OTHER DIRECT EXPENSES</b>			
<b>Copying / Printing / Materials</b>	Senior brochures/literature @ \$0.30 each.	800	\$240.00
	Culturally specific/language materials @ \$0.30 each.	1000	\$300.00
	English materials @ \$0.30 each.	3000	\$900.00
<b>Postage</b>	Mailings to potential customers of program x \$0.85 (avg. of up to 3oz)	1800	\$1530.00
<b>Telephone Supplies</b>		0	\$0
	Office supplies (copy paper, pens, paper clips, file folders, labels, printer cartridges)		\$1127.00
<b>Equipment/ Technology</b>			
<b>Space/ Lease</b>	Space cost as determined by space calculator		\$2410.19
<b>Other</b>	State SNAP Meetings (planning/conference, etc.) for 1 staff person.		\$500
<b>TRAVEL EXPENSES</b>			
<b>Activity I</b>	N/A		\$0
<b>Activity II</b>	15 miles (average) roundtrip @\$0.555 per mile	125	\$1040.63
<b>Activity III</b>			
<b>Activity IV</b>			
<b>Activity V</b>			
<b>Activity VI</b>			
<b>FRINGE EXPLANATION- if fringe rate is higher than 20%</b>			
<b>Benefit</b>		<b>Percentage of Salary</b>	
	Health Care	19.09%	
	Unemployment	2.26%	
	Worker's Compensation Insurance	1.00%	
	Federal Taxes	7.65%	
	State Taxes		
	Other (please describe)		
	<b>Total Percentage of Salary</b>	30%	
	<i>(as reflected on Staff &amp; Salary Breakdown)</i>		

# SNAP Outreach Project Budget Summary: Attachment B: Budget

Community Action of Minneapolis

Terms of Contract: October 1, 2013 - September 30, 2014

<i>Only fill in yellow sections.</i>		FFY 2014
<b>Personnel Expenses</b>		
Activity 1	\$	23,816.00
Activity 2	\$	23,818.60
Activity 3	\$	-
Activity 4	\$	-
Activity 5	\$	-
<i>Personnel Total</i>	\$	47,634.60
<b>Other Direct Expenses (from budget narrative)</b>		
Copying/ Printing/ Materials	\$	1,440.00
Postage	\$	1,530.00
Telephone	\$	-
Supplies	\$	1,127.00
Equipment/Technology	\$	-
Space/Lease	\$	2,410.19
Other <sup>1</sup>	\$	500.00
<i>Direct Costs Total</i>	\$	7,007.19
<b>Travel Expenses <sup>2</sup></b>		
Activity I	\$	-
Activity II	\$	1,040.63
Activity III		
Activity IV		
Activity V		
<i>Travel Total</i>	\$	1,040.63
<b>Total Expenses</b>	\$	55,682.42
<b>Federal Share</b>	\$	27,841.21
<b>Non-Federal Share</b>	\$	27,841.21

<sup>1</sup> Please provide explanation of Other expenses in budget narrative.

<sup>2</sup> Explanation of travel expenses should be identified in the budget narrative or the activity section of the plan.

Staff and Salary Breakdown FFY2014

Only fill in yellow sections

Totals by Activity	1290	\$22,818.00	1240	\$23,818.69	0	\$0.00	0	\$0.00	0	\$0.00
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<b>Total by Activity</b>	<b>1250</b>	<b>\$22,045.00</b>	<b>1250</b>	<b>\$22,045.00</b>	<b>2</b>	<b>\$0.00</b>	<b>0</b>	<b>\$0.00</b>	<b>0</b>	<b>\$0.00</b>
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# Agency Name

## Minnesota SNAP Outreach - Space Calculations FFY2014

Space Name	Annual Rents/Mortgage paid by Agency	X	Square Feet Used *	/	Total sq. ft. for Agency	X	Hours used for a year *	/	Total Space open hours for a year	=	Space Value
John Doe's Office	\$ 12,000.00		100		1000		300		2450	**	\$ 146.94
Program Mgr.	\$ 127,200.00		\$ 150.00		\$ 9,600.00		\$ 2,080.00		\$ 2,080.00		\$ 1,987.50
Family Svc Coor	\$ 127,200.00		\$ 150.00		\$ 9,600.00	##	\$ 100.00		\$ 1,920.00		\$ 103.52
Receptionist	\$ 127,200.00		\$ 125.00		\$ 9,600.00		\$ 250.00		\$ 1,920.00		\$ 215.66
Mgr. Civic Eng.	\$127,200		\$ 150.00		\$ 9,600.00		\$ 100.00		\$ 1,920.00		\$ 103.52
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
Total Space Value											\$ 2,410.19

\* = portion used only for SNAP Outreach.

\*\* = assuming the space is open 245 days and 10 hours / day.

# Agency Name

## Minnesota SNAP Outreach - Space Calculations FFY2014

Space Name	Annual Rents/Mortgage paid by Agency	X	Square Feet Used *	/	Total sq. ft. for Agency	X	Hours used for a year *	/	Total Space open hours for a year	=	Space Value
John Doe's Office	\$ 12,000.00		100		1000		300		2450	**	\$ 146.94
Program Mgr.	\$ 127,200.00		\$ 150.00		\$ 9,600.00		\$ 2,080.00		\$ 2,080.00		\$ 1,987.50
Family Svc Coord	\$ 127,200.00		\$ 150.00		\$ 9,600.00	#	\$ 100.00		\$ 1,920.00		\$ 103.52
Receptionist	\$ 127,200.00		\$ 125.00		\$ 9,600.00		\$ 250.00		\$ 1,920.00		\$ 215.66
Mgr. Civic Eng.	\$127,200		\$ 150.00		\$ 9,600.00		\$ 100.00		\$ 1,920.00		\$ 103.52
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
Total Space Value											\$ 2,410.19

\* = portion used only for SNAP Outreach.

\*\* = assuming the space is open 245 days and 10 hours / day.

**EXHIBIT B (part 1 of 2) TO  
AFFIDAVIT OF JOELLE HOEFT**





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**STATE OF MINNESOTA  
GRANT CONTRACT  
MINNESOTA COMMUNITY ACTION GRANT (MCAG)  
COMMUNITY SERVICES BLOCK GRANT (CSBG)**

THIS GRANT, and amendments and supplements thereto, is between State of Minnesota, acting through its Department of Human Services Community Partnership Division Office of Economic Opportunity (hereinafter STATE) and Community Action of Minneapolis, an independent grantee, not an employee of the State of Minnesota, address, 505 East Grant Street Suite 100 Minneapolis, MN 55404 (hereinafter GRANTEE), witnesseth that:

<b>Total Contract Amount:</b>	<b><u>\$1,759,532.00</u></b>
<b>Grant Contract Number:</b>	<b><u>GRK%64928</u></b>
<b>CFDA Number:</b>	<b><u>93,569</u></b>

<b>MCAG Contract Start Date:</b>	<b><u>July 1, 2013</u></b>
<b>MCAG Amount for SFY 2014:</b>	<b><u>\$475,743.00</u></b>
<b>MCAG Amount for SFY 2015:</b>	<b><u>\$475,743.00</u></b>
<b>MCAG Contract End Date:</b>	<b><u>June 30, 2015</u></b>

<b>CSBG Contract Start Date:</b>	<b><u>October 1, 2013</u></b>
<b>CSBG Amount for SFY 2014:</b>	<b><u>\$404,023.00</u></b>
<b>CSBG Amount for SFY2015:</b>	<b><u>\$404,023.00</u></b>
<b>CSBG Contract End Date:</b>	<b><u>June 30, 2016</u></b>

WHEREAS, the STATE, pursuant to Community Services Block Grant Act (42 U.S.C. 9901 et. Seq.), as amended by the Coats Human Services Reauthorization Act of 1998, and Minnesota Statutes Section 256.01 Subd 2 (a)(6) and 256E.30-256E.32 is empowered to enter into contracts for the following services: assistance for low-income households, and

WHEREAS STATE is in need of the following services: assistance for low-income households, and

WHEREAS STATE is permitted to share information with the GRANTEE in accordance with Minnesota Statute, section 13.46, and

WHEREAS STATE recognizes the agency as the designated CSBG eligible entity and Community Action Agency for the counties outlined in the work plan.

WHEREAS, GRANTEE represents that it is duly qualified and willing to perform the services set forth herein,

NOW, THEREFORE, it is agreed:

**I. GRANTEE'S DUTIES:**

- A. The GRANTEE shall perform the specific duties as described in Attachment A, Work Plan, which is incorporated by reference and made a part of this agreement.

- B. The GRANTEE shall comply with any operating procedures, guidelines, and policies issued by the STATE relating to the performance of this Agreement.
- C. The GRANTEE agrees to cooperate in the STATE's monitoring activities and will implement and comply with such remedial action as is proposed by the STATE.
- D. The GRANTEE shall have a management information system which shall be capable of producing auditable reports.
- E. The GRANTEE shall comply with program and fiscal activity reporting requirements.
- F. Services provided by GRANTEE shall include the following as set forth and within the limits of Attachment A: activities that
  - 1) Strengthen community capabilities for planning and coordinating the use of a broad range of resources related to the elimination of poverty;
  - 2) Organize a range of services related to the needs of low-income families and individuals, ~~so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals achieve self-sufficiency;~~
  - 3) Make use of innovative and effective community-based approaches to attacking the causes and effects of poverty and community breakdown;
  - 4) Maximize participation of residents of low-income communities and members of the groups served by programs to empower such residents and members to respond to the unique problems and needs within their communities; and,
  - 5) Broaden the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for private, religious, charitable, and neighborhood-based organizations as well as individual citizens and business, labor and professional groups who are able to influence the quantity and quality of opportunities and services for the poor.

## II. CONSIDERATION AND TERMS OF PAYMENT.

- A. Consideration for all services performed and goods or materials supplied by GRANTEE pursuant to this grant shall be paid by the STATE as follows:
  - 1. Compensation shall be consistent with the Program Line Item Budget, which is incorporated into and made a part of the contract as Attachment B: Budget
  - 2. Reimbursement for travel and subsistence expenses actually and necessarily incurred by GRANTEE'S performance of this grant contract shall be no greater amount than provided in the current Commissioner's Plan (which is incorporated by reference) promulgated by the Commissioner of Minnesota Management and Budget. GRANTEE shall not be reimbursed for travel and subsistence expense incurred outside the State of Minnesota unless it has received prior written approval for such out of state travel from the STATE.
  - 3. The total obligation of the STATE for all compensation and reimbursements to GRANTEE shall not exceed One million seven hundred fifty nine thousand five hundred thirty two dollars (\$1,759,532.00).
  - 4. The GRANTEE shall be responsible for establishing and maintaining records identifying interest and/or investment income earned on program funds. Income

so earned shall be added to the existing funding of this Agreement and may be used for any allowable grant expenditure.

5. (If applicable.) For compensation payable under this grant contract, which is subject to withholding under state or federal law, appropriate amounts will be deducted and withheld by the State as required.
6. The STATE shall notify the GRANTEE of funding availability through a Notice of Funds Available (NFA). The GRANTEE shall execute the NFA and the NFA shall be incorporated by reference into this grant agreement.
7. Monies obligated under this grant agreement for Minnesota Community Action Grant funding must be expended by June 30, 2015, or returned to the STATE. Monies obligated under this grant agreement for 2012 Community Services Block Grant funding must be expended by September 30, 2015, or returned to the STATE. Monies obligated under this grant agreement for 2013 Community Services Block Grant funding must be expended by June 30, 2016, or returned to the STATE.

#### B. Terms of Payment

1. Payments shall be made by the STATE promptly after GRANTEE'S presentation of invoices for services performed and acceptance of such services by the STATE'S authorized agent pursuant to Clause VII. Invoices shall be submitted in a form prescribed by the STATE and according to the following schedule; each month the GRANTEE shall submit Expenditures to the Enterprise Grant Management System (EGMS) to request reimbursement and report expenditures.
2. Grantee shall have a system that ensures the timing and amount of cash received is as close as administratively feasible to the actual disbursement of program costs.
3. Payments are to be made from federal funds obtained by the STATE through the Coats Human Services Reauthorization Act of 1998 (Public law 106-113 and amendments thereto), Catalog of Federal Domestic Assistance (CFDA) No. 93.569. If at any time such funds become unavailable, this grant shall be terminated immediately upon written notice of such fact by the STATE to the GRANTEE. In the event of such termination, GRANTEE shall be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
4. The GRANTEE shall complete and forward the Authorization to Draw Cash form to the STATE, with signatures of the individuals authorized to draw cash. A duplicate will be kept on file by the GRANTEE.
5. For contracts in force during more than one State Fiscal Year, the GRANTEE agrees to submit a Expenditure Report within 30 days after the end of a state fiscal year for expenses incurred during that state fiscal year. The State Fiscal Year runs July 1 through June 30.

### III. CONDITIONS OF PAYMENT. All services provided by GRANTEE pursuant to this grant contract shall be performed to the satisfaction of the STATE, as determined at the

sole discretion of its authorized representative, and in accord with all applicable federal, state, and local laws, ordinances, rules and regulations including business registration requirements of the Office of the Secretary of State. GRANTEE shall not receive payment for work found by the STATE to be unsatisfactory, or performed in violation of federal, state or local law, ordinance, rule or regulation.

- IV. **PAYMENT RECOUPMENT.** The GRANTEE must reimburse the STATE upon demand or the STATE may deduct from future payments under this grant any amounts paid by the STATE, under this or any previous grant, for which invoices and progress reports have not been received, or for which the GRANTEE'S books, records or other documents are not sufficient to clearly substantiate that those amounts were used by the GRANTEE to perform grant services. Grantees must repay DHS-disallowed costs in cash from non-DHS sources.
- V. **TERMS OF CONTRACT.** This grant shall be effective on July 1, 2013, or upon the date that the final required signature is obtained by the STATE, pursuant to Minnesota Statutes, Section 16C.05, Subd. 2, whichever occurs later, and shall remain in effect through June 30, 2016, or until all obligations set forth in this grant contract have been satisfactorily fulfilled, whichever occurs first. GRANTEE understands that NO work should begin under this grant contract until ALL required signatures have been obtained, and GRANTEE is notified to begin work by the STATE's Authorized Representative. The GRANTEE shall have a continuing obligation, after said grant period, to comply with the following provisions of grant clauses: X. Liability; XI. State Audits; XII. Information Privacy and Security; XIII. Intellectual Property Rights; XIV. Publicity; and XXI. Jurisdiction and Venue.
- VI. **CANCELLATION.**
- A. **For Cause or Convenience.** This grant contract may be canceled by the STATE or GRANTEE at any time, with or without cause, upon thirty (30) days written notice to the other party. In the event of such a cancellation, GRANTEE shall be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed. The STATE has the right to suspend or terminate this grant contract immediately when the STATE deems the health or welfare of the service recipients is endangered, when the STATE has reasonable cause to believe that the GRANTEE has breached a material term of the grant contract, or when GRANTEE'S non-compliance with the terms of the grant contract may jeopardize federal financial participation.
- B. **Insufficient Funds.** The STATE may immediately terminate this grant contract if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination will be by written or electronic notice to the GRANTEE. The STATE is not obligated to pay for any services that are provided after notice and effective date of termination. However, the GRANTEE will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The STATE will not be assessed any penalty if the grant contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The STATE must provide the GRANTEE notice of the lack of funding within a reasonable time of the STATE's receiving that notice.

**C. Breach.** Notwithstanding clause VI.A., upon STATE's knowledge of a curable material breach of the contract by GRANTEE, STATE shall provide GRANTEE written notice of the breach and ten (10) days to cure the breach. If GRANTEE does not cure the breach within the time allowed, GRANTEE will be in default of this contract and STATE may cancel the contract immediately thereafter. If GRANTEE has breached a material term of this contract and cure is not possible, STATE may immediately terminate this contract.

**VII. AUTHORIZED REPRESENTATIVES AND RESPONSIBLE AUTHORITY.**

**A. State.** The STATE'S authorized representative for the purposes of administration of this grant contract is Connie Greer or his/her successor. Such representative shall have final authority for acceptance of GRANTEE'S services and if such services are accepted as satisfactory, shall so certify on each invoice submitted pursuant to Clause II, paragraph B.

**B. Grantee.** The GRANTEE's Authorized Representative is William J. Davis or his/her successor. If the GRANTEE's Authorized Representative changes at any time during this contract, the GRANTEE must immediately notify the STATE.

**C. Information Privacy and Security.** (If applicable) GRANTEE's responsible authority for the purposes of complying with data privacy and security for this contract is William J. Davis or his/her successor.

**VIII. ASSIGNMENT.** GRANTEE shall neither assign nor transfer any rights or obligations under this grant contract without the prior written consent of the STATE.

**IX. AMENDMENTS.** Any amendments to this grant contract shall be in writing, and shall be executed by the same parties who executed the original grant contract, or their successors in office.

**X. LIABILITY.** To the extent provided for in Minnesota Statutes, section 466.01 to 466.15, the GRANTEE agrees to be responsible for any and all claims or causes of action arising from the performance of this grant by GRANTEE or GRANTEE'S agents or employees. This clause shall not be construed to bar any legal remedies GRANTEE may have for the STATE'S failure to fulfill its obligations pursuant to this grant.

**XI. STATE AUDITS.** Under Minn. Stat. §16C.05, subd. 5, the books, records, documents, and accounting procedures and practices of the GRANTEE and its employees, agents, or subcontractors relevant to this grant contract shall be made available and subject to examination by the STATE, including the contracting Agency/Division, Legislative Auditor, and State Auditor for a minimum of six years from the end of this grant contract.

**XII. INFORMATION PRIVACY AND SECURITY**

For purposes of executing its responsibilities and to the extent set forth in this contract, the GRANTEE will be considered part of the "welfare system," as defined in Minnesota Statutes, section 13.46, subdivision 1.

**1. Information Covered by this Provision.** In carrying out its duties, GRANTEE will be handling one or more types of private information, collectively referred to as "protected

information," concerning individual STATE clients. "Protected information," for purposes of this agreement, includes any or all of the following:

(a) Private data (as defined in Minn. Stat. §13.02, subd. 12), confidential data (as defined in Minn. Stat. §13.02, subd. 3), welfare data (as governed by Minn. Stat. §13.46), medical data (as governed by Minn. Stat. §13.384), and other non-public data governed elsewhere in the Minnesota Government Data Practices Act (MGDPA), Minn. Stats. Chapter 13;

(b) Health records (as governed by the Minnesota Health Records Act [Minn. Stat. §§144.291-144.298]);

(c) Chemical health records (as governed by 42 U.S.C. § 290dd-2 and 42 CFR § 2.1 to § 2.67);

(d) Protected health information ("PHI") (as defined in and governed by the Health Insurance Portability Accountability Act ["HIPAA"], 45 CFR § 160.103); and

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(e) Electronic Health Records (as governed by Health Information Technology for Economic and Clinical Health Act (HITECH), 42 USC 201 note, 42 USC 17921(5)); and

(f) Other data subject to applicable state and federal statutes, rules, and regulations affecting the collection, storage, use, or dissemination of private or confidential information.

## **2. Duties Relating to Protection of Information.**

(a) **Duty to ensure proper handling of information.** GRANTEE shall be responsible for ensuring proper handling and safeguarding by its employees, subcontractors, and authorized agents of protected information collected, created, used, maintained, or disclosed on behalf of STATE. This responsibility includes ensuring that employees and agents comply with and are properly trained regarding, as applicable, the laws listed above in paragraph XII.1.

(b) **Minimum necessary access to information.** GRANTEE shall comply with the "minimum necessary" access and disclosure rule set forth in the HIPAA and the MGDPA. The collection, creation, use, maintenance, and disclosure by GRANTEE shall be limited to "that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." See, respectively, 45 CFR §§ 164.502(b) and 164.514(d), and Minn. Stat. § 13.05 subd. 3.

(c) **Information Requests.** Unless provided for otherwise in this Agreement, if GRANTEE receives a request to release the information referred to in this Clause, GRANTEE must immediately notify STATE. STATE will give GRANTEE instructions concerning the release of the data to the requesting party before the data is released.

## **3. GRANTEE's Use of Information.** GRANTEE shall:

(a) Not use or further disclose protected information created, collected, received, stored, used, maintained or disseminated in the course or performance of this Agreement other

than as permitted or required by this Agreement or as required by law, either during the period of this agreement or hereafter.

(b) Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of the protected information by its employees, subcontractors and agents other than as provided for by this Agreement. This includes, but is not limited to, having implemented administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any electronic protected health information that it creates, receives, maintains, or transmits on behalf of STATE.

(c) Report to STATE any privacy or security incident regarding the information of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR 164.410. For purposes of this Agreement, "Security incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. "Privacy incident" means violation of the Minnesota Government Data Practices Act (MGDPA) and/or the HIPAA Privacy Rule (45 C.F.R. Part 164, Subpart E), including, but not limited to, improper and/or unauthorized use or disclosure of protected information, and incidents in which the confidentiality of the information maintained by it has been breached. This report must be in writing and sent to STATE not more than 7 days after learning of such non-permitted use or disclosure. Such a report will at least: (1) Identify the nature of the non-permitted use or disclosure; (2) Identify the PHI used or disclosed; (3) Identify who made the non-permitted use or disclosure and who received the non-permitted or violating disclosure; (4) Identify what corrective action was taken or will be taken to prevent further non-permitted uses or disclosures; (5) Identify what was done or will be done to mitigate any deleterious effect of the non-permitted use or disclosure; and (6) Provide such other information, including any written documentation, as STATE may reasonably request.

(d) Consistent with this Agreement, and in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), ensure that any agents (including contractors and subcontractors), analysts, and others that create, receive, maintain, or transmit protected health information on behalf of the business associate, enter into a business associate agreement with any subcontractors to agree in writing to be bound by the same restrictions, conditions, and requirements that apply to it with respect to such information.

(e) Document such disclosures of PHI and information related to such disclosures as would be required for STATE to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528

(f) Mitigate, to the extent practicable, any harmful effects known to it of a use, disclosure, or breach of security with respect to protected information by it in violation of this Agreement.

(g) In accordance with HIPAA, upon obtaining knowledge of a breach or violation by a subcontractor, take appropriate steps to cure the breach or end the violation, and if such steps are unsuccessful, terminate the agreement.

(h) Not use or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by DHS.



**4. State's Duties. STATE shall:**

- (a) Only release information which it is authorized by law or regulation to share with GRANTEE.
- (b) Obtain any required consents, authorizations or other permissions that may be necessary for it to share information with GRANTEE.
- (c) Notify GRANTEE of limitation(s), restrictions, changes, or revocation of permission by an individual to use or disclose protected information, to the extent that such limitation(s), restrictions, changes or revocation may affect GRANTEE's use or disclosure of protected information.
- (d) Not request GRANTEE to use or disclose protected information in any manner that would not be permitted under law if done by STATE.

**5. Disposition of Data upon Completion, Expiration, or Agreement Termination.**

Upon completion, expiration, or termination of this Agreement, GRANTEE will return to STATE or destroy all protected information received or created on behalf of STATE for purposes associated with this Agreement. A written certification of destruction or return to Authorized Representative listed in VII.A is required. GRANTEE will retain no copies of such protected information, provided that if both parties agree that such return or destruction is not feasible, or if GRANTEE is required by the applicable regulation, rule or statutory retention schedule to retain beyond the life of this Agreement, GRANTEE will extend the protections of this Agreement to the protected information and refrain from further use or disclosure of such information, except for those purposes that make return or destruction infeasible, for as long as GRANTEE maintains the information. Additional information for destruction and handling is available in the DHS Information Security Policy, Policy numbers 3.7, and 2.19, found at <http://edocs.dhs.state.mn.us/lfservlet/Public/DHS-4683-ENG>.

**6. Sanctions.** In addition to acknowledging and accepting the terms set forth in X Liability of this Agreement relating to liability, the parties acknowledge that violation of the laws and protections described above could result in limitations being placed on future access to protected information, in investigation and imposition of sanctions by the U.S. Department of Health and Human Services, Office for Civil Rights, and/or in civil and criminal penalties.

**XIII. Intellectual Property Rights.**

**Definitions.** *Works* means all inventions, improvements, discoveries (whether or not patentable or copyrightable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the GRANTEE, its employees, agents, and subcontractors, either individually or jointly with others in the performance of the contract. *Works* includes "Documents." *Documents* are the originals of any data bases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the GRANTEE, its employees, agents, or subcontractors, in the performance of this contract.

**Ownership.** The STATE owns all rights, title, and interest in all of the intellectual property, including copyrights, patents, trade secrets, trademarks, and service marks in the *Works and Documents created and paid for under this contract*. The Works and Documents will be the exclusive property of the STATE and all such Works and Documents must be immediately returned to the STATE by the GRANTEE upon completion or cancellation of this contract. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire."

**Responsibilities.**

**Notification.** Whenever any Works or Documents (whether or not patentable) are made or conceived for the first time or actually or constructively reduced to practice by the GRANTEE, including its employees and subcontractors, and are created and paid for under this contract, the GRANTEE will immediately give the STATE'S Authorized Representative written notice thereof, and must promptly furnish the Authorized Representative with complete information and/or disclosure thereon. The GRANTEE will assign all right, title, and interest it may have in the Works and the Documents to the STATE.

**Filing and recording of ownership interests.** The GRANTEE must, at the request of the STATE, execute all papers and perform all other acts necessary to transfer or record the STATE'S ownership interest in the Works and Documents created and paid for under this contract. The GRANTEE must perform all acts, and take all steps necessary to ensure that all intellectual property rights in these Works and Documents are the sole property of the STATE, and that neither GRANTEE nor its employees, agents, or subcontractors retain any interest in and to these Works and Documents.

**Duty not to Infringe on intellectual property rights of others.** The GRANTEE represents and warrants that the Works and Documents created and paid for under this contract do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the GRANTEE will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the STATE, at the GRANTEE'S expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of these Works or Documents infringe upon the intellectual property rights of others. The GRANTEE will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the GRANTEE'S or the STATE'S opinion is likely to arise, the GRANTEE must, at the STATE'S discretion, either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of the STATE will be in addition to and not exclusive of other remedies provided by law.

- XIV. **PUBLICITY.** Any publicity given to the program, publications, or services provided resulting from this grant contract, including but not limited to, notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the GRANTEE or its employees individually or jointly with others or any subcontractors, shall identify the STATE as the sponsoring agency and shall not be released, unless such release is a specific part of an approved work plan included in this grant contract prior to its approval by the State's Authorized Representative.

## **XV. AFFIRMATIVE ACTION and NON-DISCRIMINATION**

**Affirmative Action requirements for Grantees with more than 40 full-time employees and a contract in excess of \$100,000.** If GRANTEE has had more than 40 full-time employees within the State of Minnesota on a single working day during the previous twelve months preceding the date GRANTEE submitted its response to the STATE, it must have an affirmative action plan, approved by the Commissioner of Human Rights of the State of Minnesota, for the employment of qualified minority persons, women and persons with disabilities. See Minnesota Statutes section 363A.36 (2003). If GRANTEE has had more than 40 full-time employees on a single working day during the previous twelve months in the state in which it has its primary place of business, then GRANTEE must either: 1) have a current Minnesota certificate of compliance issued by the Minnesota Commissioner of Human Rights; or 2) certify that it is in compliance with federal Affirmative Action requirements.

### **Affirmative Action and Non-Discrimination requirements for all Grantees:**

- A. The GRANTEE agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified. Minnesota Statutes section 363A.02 GRANTEE agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.
- B. The GRANTEE must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The GRANTEE agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Minn. Rule 5000.3550
- C. GRANTEE agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

Notification to employees and other affected parties. The GRANTEE agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Such notices will state the rights of applicants and employees, and GRANTEE's obligation under the law to take affirmative action to employ and advance in employment qualified minority persons, women, and persons with disabilities.

The GRANTEE will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the GRANTEE is bound by the terms of Minnesota Statutes, section 363A.36 of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment minority persons, women, and persons with physical and mental disabilities.

**Compliance with Department of Human Rights Statutes.** In the event of GRANTEE's noncompliance with the provisions of this clause, actions for noncompliance may be taken in accordance with Minnesota Statutes 363A.36, and the rules and relevant orders issued pursuant to the Minnesota Human Rights Act.

**XVI. WORKERS' COMPENSATION.** The GRANTEE certifies that it is in compliance with Minnesota Statute section 176.181, subdivision 2, pertaining to workers' compensation insurance coverage. The GRANTEE'S employees and agents will not be considered employees of the STATE. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees or agents and any claims made by any third party as a consequence of any act or omission on the part of these employees or agents are in no way the STATE'S obligation or responsibility.

**XVII. VOTER REGISTRATION REQUIREMENT.** GRANTEE certifies that it will comply with Minnesota Statutes, Section 201.162 by providing voter registration services for its employees and for the public served by the GRANTEE.

**XVIII. OWNERSHIP OF EQUIPMENT.** Disposition of all equipment purchased under this grant shall be in accordance with title 45, code of federal regulations, part 92. For all equipment having a current per unit fair market value of \$5,000 or more, the STATE shall have the right to require transfer of the equipment (including title) to the Federal Government or to an eligible non-Federal party named by the STATE. This right will normally be exercised by the STATE only if the project or program for which the equipment was acquired is transferred from one grantee to another.

**XIX. FEDERAL AUDIT REQUIREMENTS.**

- A. GRANTEE certifies it will comply with the Single Audit Act, and OMB Circular A-133, as applicable. All sub-recipients receiving \$500,000 or more of federal assistance in a fiscal year will obtain a financial and compliance audit made in accordance with the Single Audit Act, or OMB Circular A-133, as applicable. Failure to comply with these requirements could result in forfeiture of federal funds.
- B. If the GRANTEE has an independent audit, a copy of the audit shall be submitted to the STATE. If the GRANTEE is not required to have a single or program-specific audit conducted according to OMB Circular A-133 and it expends \$25,000 or more in federal or state funds, it will have an annual financial statement audit per generally accepted auditing standards. The GRANTEE will submit a copy of the fiscal year audit to the STATE.
- C. Grantees must submit comments on the findings and recommendations in the single audit report and management letter, including a plan for corrective action taken or planned, and comments on the status of corrective action taken on prior findings.

**XX. GRANTEE DEBARMENT INFORMATION.**  
**DEBARMENT BY STATE, ITS DEPARTMENTS, COMMISSIONS, AGENCIES OR POLITICAL SUBDIVISIONS**

GRANTEE certifies that neither it nor its principles is presently debarred or suspended by the STATE, or any of its departments, commissions, agencies, or political subdivisions. GRANTEE'S certification is a material representation upon which the grant contract award was based. GRANTEE shall provide immediate written notice to the STATE'S

authorized representative if at any time it learns that this certification was erroneous when submitted or becomes erroneous by reason of changed circumstances.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION**

Federal money will be used or may potentially be used to pay for all or part of the work under the grant contract, therefore the GRANTEE must certify the following, as required by the regulations implementing Executive Order 12549. GRANTEE'S certification is a material representation upon which the grant contract award was based.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION- LOWER TIER COVERED TRANSACTIONS**

**Instructions for Certification**

1. By signing and submitting this grant contract, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this grant contract is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meaning set out in the Definitions and Coverages sections of rules implementing Executive Order 12549. You may contact the person to which this grant contract is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this response that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this grant contract that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 C.F.R. 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION,  
INELIGIBILITY AND VOLUNTARY EXCLUSION- LOWER TIER  
COVERED TRANSACTIONS**

1. The prospective lower tier participant certifies, by submission of this grant contract, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this grant contract.

XXI. **JURISDICTION AND VENUE.** This grant contract, and amendments and supplements thereto, shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this grant contract, or breach thereof, shall be in the state or federal court with competent jurisdiction in Ramsey County, Minnesota.

XXII. **WAIVER.** If the State fails to enforce any provision of this contract, that failure does not waive the provision or the STATE's right to enforce it.

XXIII. **CONTRACT COMPLETE.** This contract contains all negotiations and agreements between the STATE and the GRANTEE. No other understanding regarding this contract, whether written or oral may be used to bind either party.

XXIV. **OTHER PROVISIONS.**

- A. GRANTEE agrees that it will at all times during the term of the Agreement keep in force a general liability insurance policy with the following minimum amounts: \$500,000 for bodily injury or property damage to any one person; and \$1,500,000 for total injuries and/or damages arising from any one incident.
- B. The GRANTEE agrees to keep in force a blanket employee theft/employee dishonesty policy in at least the total amount of the first year's grant award or \$100,000, whichever is less.
- C. GRANTEE agrees that no religious based counseling shall take place under the auspices of this grant.
- D. The GRANTEE shall comply with the Americans with Disabilities Act of 1990 (42 USC 1201) and Section 504 of the Rehabilitation Act of 1973 (29 USC 794), as amended.
- E. ~~The GRANTEE shall comply with minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act.~~
- F. The GRANTEE shall comply with the provisions of Minnesota Statutes with regard to plain language in written materials.
- G. The GRANTEE shall comply with the provisions of Chapter 15, Title 5 of the United States Code with regard to political activity.
- H. The GRANTEE shall comply with the Drug-Free Workplace Act of 1988 and will provide a drug-free workplace.
- I. The GRANTEE shall establish safeguards to prohibit employees from using their positions for a purpose that is, or gives the appearance of, being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
- J. The GRANTEE shall comply with Section 1352, Title 31, U.S.C. which generally prohibits recipients of federal contracts, grants and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with a specific contract, grant or loan. If applicable, the GRANTEE is required to certify as to its lobbying activity.
- K. Payment to Subcontractors  
(If applicable) As required by Minn. Stat. §16A.1245, the prime GRANTEE must pay all subcontractors, less any retainage, within 10 calendar days of the prime GRANTEE's receipt of payment from the State for undisputed services provided by the subcontractor(s) and must pay interest at the rate of one and one-half percent per month or any part of a month to the subcontractor(s) on any undisputed amount not paid on time to the subcontractor(s).
- L. When a grantee subgrants to another organization (a subgrantee), all of the DHS/OEO grant requirements shall be included in the grant agreements with the subgrantee and with all additional tiers of subgrantees.

- M. GRANTEE must monitor subgrantees, including for-profit subgrantees through a pre-award survey or a post-award review.
- N. Grantees (and all tiers of subgrantees) must use the federal OMB Circulars A-87, A-110, A-122, A-133, OMB "Common Rule" and others as applicable (including modifications) in the administration of all DHS federal and/or state funded grants.
- O. The GRANTEE shall comply with the Department of Treasury 31 CFR Part 205 (Block Grants), Minnesota Statutes Section 256B.30-256E.32, and the following from Title 45 of the Code of Federal Regulations of Health and Human Services 45 CFR.
- Part 16- Procedures of the Departmental Grant Appeals Board;
  - Part 30- Claims Collection;
  - Part 76- Debarment and Suspension from Eligibility for Financial Assistance (Noprocurement);
  - Part 80- Nondiscrimination Under Programs Receiving Federal Assistance through the Department of Health and Human Services, Effectuation of Title VI of the Civil Rights Act of 1964;
  - Part 81- Practice and Procedure for Hearings Under Part 80 of this Title;
  - Part 84- Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving Federal Financial Assistance;
  - Part 86- Nondiscrimination on the Basis of Sex in Education Programs and Activities Receiving or Benefiting from Federal Financial Assistance;
  - Part 87- Equal Treatment for Faith-Based Organizations
  - Part 91- Nondiscrimination on the Basis of Age in HHS Programs or Activities Receiving Federal Financial Assistance;
  - Part 93- New Restrictions on Lobbying
  - Part 96 - Block Grants;
  - Part 97- Consolidation of Grants to the Insular Areas;
  - Part 100- Intergovernmental Review of Department of Health and Human Services Program and Activities.
- P. The GRANTEE shall comply (when applicable) with the registration and reporting requirements of Minnesota's Charities Laws, primarily Minnesota Statutes, Chapter 309, the Minnesota Charitable Solicitation Act.
- Q. The GRANTEE will not use federal funds available under this Agreement to engage in any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activities.
- R. The GRANTEE will not use federal funds available under this Agreement for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.
- S. Grantee shall comply with the Sarbanes-Oxley Act which provides protection for whistle-blowers and addresses destruction of litigation-related document.
- T. Grantee shall comply with Minnesota Shelter Survey.



IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED:

**1. STATE ENCUMBRANCE  
VERIFICATION**

*Individual certifies that funds have been  
encumbered as required by Minn. Stat. 16A and  
16C.15*

By	<i>A. Big Bear</i>
Date	<i>7-2-13</i>
Grant No:	<i>64928</i>

**3. STATE AGENCY**

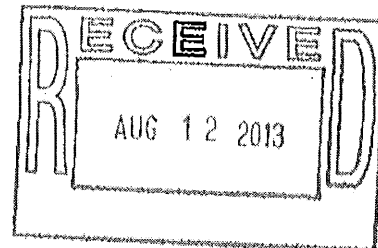
By (with delegated authority)	<i>[Signature]</i>
Title	<i>Co. Director</i>
Date	<i>7/26/13</i>

**2. GRANTEE**

*Signatory is authorized by applicable articles,  
by-laws, resolutions, or ordinances to sign on  
behalf of the Grantee.*

By	<i>[Signature]</i>
Title	<i>Pres/CEO</i>
Date	<i>July 24, 2013</i>

By	<i>[Signature]</i>
Title	<i>Chair</i>
Date	<i>7/24/13</i>

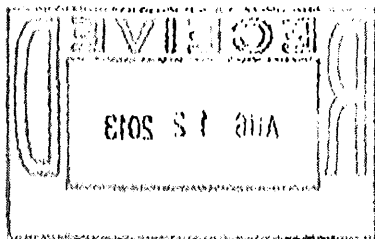


**Distribution:**

Agency - Original (fully executed)  
contract  
Grantee  
State Authorized Representative

11/11/11

*Handwritten:* 8/10/67



# **Attachment A**

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**Minnesota Department of Human Services/Office of Economic Opportunity**

# COMMUNITY ACTION PLAN

**FY 2014 - 2015**

**Legal Name:** Community Action of Minneapolis

**Address:** 505 East Grant Street, Suite #100

**City:** Minneapolis

**Zip Code+4:**  
55404-1411

**Telephone:** 612-348-8858

**Fax:** 612-348-9384

**Grantee Web Site URL:** www.campls.org

**Congressional District(s):** 5

**Counties/Area Served:** Hennepin/Minneapolis

**State Legislative District(s):** 58A, 58B, 59A, 59B, 60A, 60B, 61A, 61B, 62A, 62B, 63A

**Federal ID Number:** 41-1739467

**State Tax ID:** 1386913

**DUNS Number:** 178861287

**CCR registration current:** X YES ☐ NO

## Contacts

**Executive Director's Name:** William J. Davis

**Telephone:** 612-348-8858

**E-mail:** wdavis@campls.org

**Board Chair's Name:** D. Michael Anderson

**Telephone:** 612-296-6842

**E-mail:** N/A

**Fiscal Director's Name:** Anthony Spears

**Telephone:** 612-348-8858

**E-mail:** aspears@campls.org

**Human Resource Director's Name:** Susan Bloom

**Telephone:** 612-348-8858

**E-mail:** sbloom@campls.org

**ROMA Coordinator's Name:** Christina McCoy

**Telephone:** 612-334-3672

**E-mail:** cmccoy@campls.org

## Board Approval

**Date application approved by grantee's governing board:** April 8<sup>th</sup>, 2013

Attach copy of approval action by Board (minutes of meeting, resolution, etc).

## Financial Capacity and Review Form

### Applicant Information

How long has your organization been doing business?      Year Founded 1/1/ 1994

Number of Employees: FT 37 PT 0 (Note: use agency's definition for FT vs. PT)

Date of organization's 501(c)3 status with the IRS: June 4, 1993

Organization's total revenue in the most recent 12-month accounting period:     

Fiscal year (start/end): July 1-June 30

How many different funding sources does the total revenue come from?     

- Report all individual donors as one (1) funding source.
- Count each foundation, government and corporate grant separately.

Does the organization have clearly stated and current administrative, fiscal and programmatic policies and operating procedures in accordance with state and federal statutes?	Yes <u>X</u> No <u>    </u>
Does the organization have Directors and Officers Insurance that covers the Board and applicable senior managers?	Yes <u>X</u> No <u>    </u>

### Accounting System

Which of the following best describes your organization's accounting system?  
Manual      Automated X Combination     

If the organization has multiple grants funding a program or activity, does the accounting system tie expenditures to individual grant line items?	Yes <u>X</u> No <u>    </u>
Are time activity records kept for all employees who receive funding from multiple sources including the Executive Director?	Yes <u>X</u> No <u>    </u>
Are these time activity records signed by the employee's supervisor?	Yes <u>X</u> No <u>    </u>
Does the accounting system have a way to identify over-spending of grant funds?	Yes <u>X</u> No <u>    </u>

### Financial Statements

When was the last audit of the organizations financial statements completed? Date:     

Name of Accounting Firm: Wipfli, LLP

How frequently does the agency board review financial statements?: Monthly

### Does the organization have existing debt?

Has any debt been incurred in the last 12 months? No

What was the reason for the new debt? N/A

What is the funding source for paying back the new debt? N/A

Total Current Debt: \$0

Total Current Assets:                     

Total Current Cash & Cash Equivalent: \$                      Total Current Non-Cash:                     

**Unrestricted Funds**

Current amount of unrestricted funds:                     

**Legal Issues**

Are there any current or pending lawsuits against the organization? Yes        No X

Has the organization lost any funding due to accountability issues, misuse, or fraud in the last 5 years?  
Yes        No X

Describe:

**Agency and Board Information**

Date of annual meeting, if applicable: **January Meeting**

Board Meeting Day & Time: **Board Meetings are held 2<sup>nd</sup> Monday of each month from 5pm-6pm (with the exception of July, August & December).**

Attach a list of board members as an appendix. Provide sector represented, preferred mailing addresses – including a home address and email address for the board chair -- and telephone numbers.

List all program site locations (attach additional pages if necessary):

Address	Telephone
505 East Grant Street, # 100, Minneapolis (04)	612-348-8858
2104 Park Avenue S., Minneapolis (04)	612-334-3672
2801 21 <sup>st</sup> Avenue S., Minneapolis (07)	612-335-5911

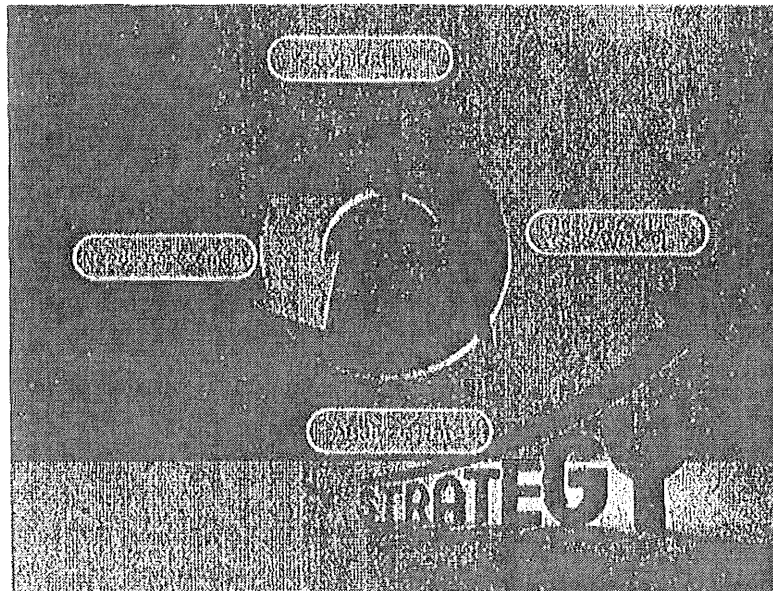
## Results Oriented Management & Accountability (ROMA) Cycle

### 1) Assessment

- a) Grantee's mission and/or vision statement(s): Mission: **"Community Action of Minneapolis Is dedicated to Improving people's lives."**
- b) Community Assessment: Briefly describe the grantee's Community Assessment process:

The community needs assessment is a process and a method. As a process, it has assisted Community Action of Minneapolis with building leadership, group cohesion, and a sense of local involvement in the community. The surveys and focus groups provide participants a vehicle for expressing their opinions on community issues.

The community needs assessment is completed every 3 years and involves the following process:



As a method, the needs assessment is a tool that helps us plan for and implement strategies in areas that need to be addressed and where there may be gaps in services.

- i) In this Community Assessment process, how does the agency ensure the input of the community and low-income community members in particular: There is always input from current customers by randomly selecting survey participants from the database. We also work with a mail house to randomly select participants who meet the income guidelines and geographical criteria who may not have utilized our services to get a broader perspective. We work collaboratively with other non-profits who also serve/target low-income residents to assist with either data collection or focus group efforts.

ii) **Date of most recent agency-wide community assessment:** November 2012

iii) **Top 3-5 priority areas identified by Community Assessment:**

Numbers 1-3 represent what respondents identified as the top 3 unmet needs. Numbers 4-5 represent additional needs:

- (1) Utilities
- (2) Food
- (3) Medical Health Care
- (4) Dental Health Care
- (5) Clothing

*Submit an electronic copy of the Executive Summary of the agency's most recent Community Assessment*

---

*A copy was submitted electronically on March 1, 2013.*

## **2) Planning**

Summarize how CSBG and Minnesota Community Action grant funds will be used (2-3 paragraphs). Providing a comprehensive but concise overview of programs funded, populations served and anticipated impacts and outcomes with these Community Action state and federal funds:

A)

Community Action of Minneapolis (CA MPLS) will use CSBG/CAG funds to plan and implement programs and services that focus on self-sufficiency, family stabilization, employability, life and essential skill development, advocacy, wealth-building and financial services, and service and resource coordination, delivered via wrap-around, holistic and highly customized services necessary to move families out of poverty. The agency will offer a wide array of essential services and actively contribute to local initiatives that are critical to building our community's capacity for positive change. Over the past several years, CA MPLS has increasingly recognized that families seeking assistance often face multiple, complex needs that require the services of more than one program. Therefore, we will work to incorporate customers from the Energy Services Programs and partnerships and collaborations into these services in order to provide a comprehensive approach to serving the organization's customers. CA MPLS will also continue to implement capacity building as a focus to explore and establish new programs and/or services (e.g. VITA Tax Site & Legal Clinics). Understanding the continuing challenges of these fiscal realities, partnerships/collaborations will remain on the forefront of CA MPLS' agenda to meet the needs of the low-income community.

Self-sufficiency services not only address the emergency needs of low-income individuals, but rather engage them in meaningful ways to build the necessary skills to become or maintain their self-sufficiency and improve the overall quality of their life and that of their family. Customized Coaching Services utilize the GROW model (or process), a technique for problem solving or goal setting, employing a one-on-one case management process to assist clients in both identifying and with achieving their goals. Community Action of Minneapolis' diverse range of services are designed to address emergency needs such as rent or mortgage, health care, utilities (not covered by LIHEAP funding), food (SNAP), assistance with obtaining a valid identification, transportation, and financial management/budget counseling (ages 14-60+) to solve problems that may threaten a household's progress toward permanent self-sufficiency. The internal target will be 30% of CA MPLS' database (17,000 households) or 5100 households for the self-sufficiency services. We will also work with our community partnerships via collaborating to reach additional 500-750 customers each year.

B)

**Implementation and expiration dates of most recent agencywide strategic plan? September 2010-2015**



- c) Describe your agency's strategic planning process, including who led the process, who was involved and what were the major strategies or goals adopted. Please include the role of the Board and low-income individuals in this process.

At annual planning sessions in June the Board and Management of the organization completed SWOT analysis and discussion of strategic directions. An internal staff member (Wanda N. Walker) was utilized to facilitate the meetings and develop the plan. The 2010-2015 Strategic Plan establishes goals, objectives, and strategies for the Agency. Each objective and strategy is linked with a responsible party, indicators, a timeframe for completion, and the desired outcome. Objectives and strategies were developed around six major goals. Each of these goals falls into one of six ROMA Goals: Agency specific, Customer specific, and those that relate to the Community.

The seven goals set forth in Community Action of Minneapolis' 2010-2015 Strategic Plan are:

1. To increase the Agency's communication/marketing tools to increase the community's awareness of the agency and our customer's needs.
2. To promote effective, qualified leadership.
3. To offer exemplary programs.
4. Expand current programs and services to meet community needs.
5. To increase the utilization of current technology by all staff.
6. To relocate to new facility.
7. To improve reporting capacity for all programs through a central system.

*The plan was approved in September 2010.*

### **3) Implementation**

- a) Describe how the CSBG and Minnesota Community Action Funds will be used (as described in Section 2.A.) to address needs identified in the Community Assessment (Section 1.b):

The services provided will address the top 2 needs directly. By providing additional assistance for utility payments after LIHEAP funds have been exhausted and continuing to provide SNAP application assistance and emergency food referrals and direct assistance, we are meeting the identified needs in the last community needs assessment. By working with families and assessing their total needs, we are able to also connect/link them with other needed resources for medical health care, dental health care, and clothing. Embedded in families customized services will be screening and application assistance for MNsure.

### **4) Achievement of Results**

- a) What system (i.e. electronically, manual tracking, etc.) does the agency use to track the achievement results of services/programs for the three service targets:

- (1) Individual/Family: VISIONS and minimal manual tracking
- (2) Agency: VISIONS
- (3) Community: VISIONS

- b) How does the agency achieve the requirement of the unduplicated count of individuals and family served? VISIONS

## 5) Evaluation

- a) Briefly describe grantee's annual evaluation and/or self-assessment process and how it includes staff, the Board, and program participants:

Every 2 years, the board of directors conducts a board self-evaluation and the results are discussed and the board incorporates any improvements in to meetings and or future trainings.

- i) The agency also utilizes the monitoring reports from funding sources as annual evaluation tools.
- ii) Staff members are provided with an opportunity to provide feedback during the evaluation period.

- b) How is this process used to improve, change, and/or enhance the agency service delivery and/or effectiveness? If any improvements need to be made, a plan is developed and implemented to achieve the necessary changes.

Community Action of Minneapolis engages clients in identifying emerging community needs, trends, resources and areas for growth and improvement. Through both formal avenues (surveys, workshop and coaching evaluations) and informal feedback from service recipients, staff are able to keep their finger on the pulse of the immense need in the Minneapolis Communities the agency serves. An example of this is a new series of self-care classes the agency will launch in early 2014. Feedback had been received that customers would like training and support in the areas of self-care, relationships, self-esteem and healthy living. Responding to this, the agency created a highly-interactive series of new offerings, ready to deliver to a diverse range of learners over the course of the program year.

## 6) CSBG Requirements from Federal Act

*Will the grantee use the funds:*

- |  |                                   |
|--|-----------------------------------|
| A. To support activities designed to assist low-income families and individuals receiving assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families? | X YES <input type="checkbox"/> NO |
| B. To provide activities designed to assist these families and individuals?  | X YES <input type="checkbox"/> NO |
| C. To remove obstacles and solve problems that block the achievement of self-sufficiency (Including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act)?                               | X YES <input type="checkbox"/> NO |
| D. To secure and retain meaningful employment?   | X YES <input type="checkbox"/> NO |
| E. To attain an adequate education with attention toward improving low-income families' literacy skills, which may include carrying out family literacy initiatives?   | X YES <input type="checkbox"/> NO |
| F. To make better use of available income?   | X YES <input type="checkbox"/> NO |
| G. To obtain and maintain adequate housing and a suitable living environment?  | X YES <input type="checkbox"/> NO |
| H. To obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs?  | X YES <input type="checkbox"/> NO |
| I. To achieve greater participation in the affairs of the community, including public and private grassroots partnerships with local law enforcement agencies, local housing   | X YES <input type="checkbox"/> NO |

authorities, private foundations, and other public and private partners to:

- a. document best practices based on successful grassroots intervention in urban areas; and,
- b. strengthen relationships with local law enforcement agencies, including participation in activities such as neighborhood or community policing efforts?

J. To address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increase community collaboration, such as programs for the establishment of violence-free zones and after-school child care programs? X YES ☐ NO

K. To make more effective use of, and to coordinate with, other programs related to the purposes of CSBG (including welfare reform efforts)? X YES ☐ NO

***In conjunction with the use of these funds, the grantee will:***

- A. Assure that, in the case of a community action agency the board will be constituted so as to assure that (A) one third of the members of the board are elected public officials, currently holding office, or their representatives; (B) at least one-third of the members are persons chosen in accordance with demographic selection procedures adequate to assure that they are representative of the poor in the area served; and, (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interested in the community? X YES ☐ NO ☐ N/A
- B. Prohibit any political activities in violation of federal law? X YES ☐ NO
- C. Prohibit any activities that provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity, with the federal grant funds? X YES ☐ NO
- D. Inform custodial parents in single-parent families that participate in CSBG programs about the availability of child support services? X YES ☐ NO
- E. Refer eligible parents to the child support offices of State and local governments? X YES ☐ NO
- F. Do all CSBG/Community Action Grant funded programs have eligibility criteria as put forth by the Community Services Block Grant Act as reauthorized in 1998? X YES ☐ NO
- G. Does the grantee have procedures under which a low income individual, a community, religious organization, or a representative of low income individuals can petition for adequate representation on the agency board? X YES ☐ NO
- H. Results Oriented Management and Accountability (ROMA):  
Since October 1, 2001, all states have been required to implement ROMA and to utilize ROMA concepts in the reporting of community action outcomes.

The six national ROMA goals are:

- Goal 1:** Low-income people become more self-sufficient. (Family)
- Goal 2:** The conditions in which low-income people live are improved. (Community)
- Goal 3:** Low-income people own a stake in their community. (Community)
- Goal 4:** Partnerships among supporters and providers of services to low-income people are achieved. (Agency)
- Goal 5:** Agencies increase their capacity to achieve results. (Agency)
- Goal 6:** Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems. (Family)

- a. Is the grantee complying with federal requirements to implement ROMA? X YES ☐ NO
- b. Does the Grantee's Board receive annual training on ROMA? X YES ☐ NO  
If yes, describe briefly: Every year at the annual meeting ROMA is reviewed.
- c. Does the Grantee's staff receive annual training on ROMA? X YES ☐ NO  
If yes, describe briefly: Introduction to ROMA is an integrated part of the new employee orientation program. Programs utilizing funding have additional reviews throughout the year.
- I. Does the Grantee and its board complete regular assessments of the grantee's overall mission, desired impact(s) and program structure? X YES ☐ NO
- J. If yes, do these assessments take into account the:  
a. needs of the community and its residents? X YES ☐ NO

b. relationship, or context, of the activities supported by the agency to other anti-poverty, community development services in the community? X YES ☐ NO

## 7) Other State & Federal Requirements

<b>Will the Grantee use the funds in accordance with:</b>	
A. Federal civil rights legislation such that no person will be discriminated against on the basis of race, color, national origin, sex, religion, handicaps or age?	X YES <input type="checkbox"/> NO
B. The State of Minnesota Human Rights Act, such that no person will be discriminated against on the basis of sexual orientation, or status with regard to public assistance?	X YES <input type="checkbox"/> NO
C. The Americans with Disabilities Act (ADA) of 1990 and all applicable regulations?	X YES <input type="checkbox"/> NO
D. The Hatch Act (USC Title 5, Chapter 15), which limits the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds?	X YES <input type="checkbox"/> NO
E. The MN Government Data Practices Act, which requires the grantee to inform program applicants that the grantee may share applicant data with other agencies as allowed by law?	X YES <input type="checkbox"/> NO
F. MN Statutes regarding plain language in written materials?	X YES <input type="checkbox"/> NO
G. MN Statutes regarding provision of non-partisan voter registration services to employees, program participants and the public services?	X YES <input type="checkbox"/> NO
H. The Single Audit Act of 1984 as amended and OMB circular A-133?	X YES <input type="checkbox"/> NO
I. Minnesota Statute 16C.06 subd. 5 which provides that the books, records, documents, and accounting procedures and practices of the vendor or other party, that are relevant to the contract or transaction, are subject to examination by the contracting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years?	X YES <input type="checkbox"/> NO
<b>Does the Grantee:</b>	
A. Certify that it has received a certificate of compliance from the Commissioner of Human Rights in accordance with Minnesota Law (Affirmative Action)?	X YES <input type="checkbox"/> NO
B. Comply with minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act?	X YES <input type="checkbox"/> NO
C. Ensure that an agency-wide reporting system is implemented throughout the agency as applicable.	X YES <input type="checkbox"/> NO

## 8) Coordination & Linkages

Does the Grantee have collaborative/cooperative relationships with:

Name of Entity/Program	YES	NO	N/A (grantee administers)
Adult Basic Education (ABE)	X	<input type="checkbox"/>	<input type="checkbox"/>
Benefits Enrollment (e.g. Bridge to Benefits)	X	<input type="checkbox"/>	X
Child Care Providers	X	<input type="checkbox"/>	<input type="checkbox"/>
Child Care Resource and Referral	X	<input type="checkbox"/>	<input type="checkbox"/>
Child Support <sup>A</sup>	X	<input type="checkbox"/>	<input type="checkbox"/>
Continuum of Care	X	<input type="checkbox"/>	<input type="checkbox"/>
Displaced Homemaker Program	X	X	<input type="checkbox"/>
Early Education Programs (non-child care, non-Head Start)	X	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Food Programs (food shelf, etc.)	X	<input type="checkbox"/>	<input type="checkbox"/>
Energy Assistance/Weatherization	X	<input type="checkbox"/>	X
English as a Second Language (ESL/ELL)	X	<input type="checkbox"/>	<input type="checkbox"/>
FAIM or other IDA programs	X	<input type="checkbox"/>	<input type="checkbox"/>
Family Service Collaboratives	X	<input type="checkbox"/>	<input type="checkbox"/>
Financial Education	X	<input type="checkbox"/>	X
Head Start/Early Head Start	X	<input type="checkbox"/>	<input type="checkbox"/>
Health Services Institutions	X	<input type="checkbox"/>	<input type="checkbox"/>
Housing Redevelopment Authority (HRA)	X	<input type="checkbox"/>	<input type="checkbox"/>
Human Service Agencies	X	<input type="checkbox"/>	<input type="checkbox"/>
Law Enforcement/Neighborhood Policing	X	<input type="checkbox"/>	<input type="checkbox"/>
Migrant Seasonal Farmworker Services	X	<input type="checkbox"/>	<input type="checkbox"/>
Nutrition Education	X	<input type="checkbox"/>	<input type="checkbox"/>
Runaway & Homeless Youth Services	X	<input type="checkbox"/>	<input type="checkbox"/>
SNAP Education, Outreach & Enrollment	<input type="checkbox"/>	<input type="checkbox"/>	X
Surplus Commodity Distribution Programs (TEFAP)	<input type="checkbox"/>	X	<input type="checkbox"/>
Tax Assistance	X	<input type="checkbox"/>	<input type="checkbox"/>
Transitional Housing/Homeless Programs	X	<input type="checkbox"/>	<input type="checkbox"/>
Transportation Services	X	<input type="checkbox"/>	<input type="checkbox"/>
Vocational Rehabilitation Programs	X	<input type="checkbox"/>	<input type="checkbox"/>
WorkForce Development Services	X	<input type="checkbox"/>	<input type="checkbox"/>

- A. Please describe in detail what the agency is doing as it pertains to Child Support, including efforts to inform and refer custodial parents in single-parent families that participate in CSBG programs to child support services? Each family presenting for self-sufficiency services are assessed for their involvement with child support (custodial and non-custodial). We provide information about the importance of child support in the lives of children and families. This is done by providing life skills workshops on such topics as "Where Does Your Child Support Go?" "The Secondary Benefits of Paying Child Support" and "Help Your Child Support Professional Help You". We work with custodial parents to seek child support if necessary and by assisting non-custodial parents with following through with any orders.

## 9) Migrant and Seasonal Workers (All grantees must address this area.)

### A. Describe the mechanism for input from the migrant populations to be served.

- i. During the community assessment organizations that provide direct services are engaged to gather data from migrant populations. We also have board representation to provide input on an ongoing basis.

### B. Describe the services to be provided by the agency to migrant and seasonal workers:

- i. All services are offered/open to migrant populations.

## 10) Administration Expense Information

To calculate these amounts, the grantee must use the CSBG definition of *direct* program and *administrative* costs as outlined in the Community Services Block Grant Program Information Memorandum Transmittal No. 37. See: <http://www.acf.hhs.gov/programs/ocs/csbg/guidance/im37.html>

A. Amount of CSBG funds going towards <i>administrative</i> costs:	\$151,000	B. Percentage of total CSBG funds going towards <i>administrative</i> costs :	15%
C. Amount of Community Action Grant going towards <i>administrative</i> costs:	\$74,800	D. Percentage of total Community Action Grant funds going towards <i>administrative</i> costs :	15%
E. Total Agency <i>administrative</i> costs:	\$226,800	F. Percentage of total agency budget that is spent on <i>administration</i> :	03%

- Calculate boxes A. and B. using federal fiscal year.
- Calculate boxes C. and D. using state fiscal year.
- Calculate boxes E. and F. using agency's current fiscal year.

\*If the percentage of CSBG or CAG funds going to administrative costs is over 15%, please provide justification:

## 11) Budget Summaries

The budget summary and budget support information must be reported on the forms provided.

- Sufficient detail must be provided within each cost category to explain the basis for the proposed expenditure.
- Number all forms in sequence.
- Note that the "indirect cost" line item applies only if the agency has a federally approved indirect cost rate. If you enter anything on this line, attach a copy of that approval notice from the federal cognizant agency, if applicable.
- Also attach an electronic copy of the total agency budget (current year) using own format.
- Also attach an electronic copy of the agency's cost allocation plan (if applicable) using own format.

## **12) Program Funding Summary Forms**

List all agency programs and projects on the forms provided.

- Include the program name.
- State both the total amount of projected funding necessary to support each program as well as amounts budgeted from all funding sources in the appropriate columns.
- Funding should be projected for the entire 30-month contract period.

## **13) Delegated Activity**

Describe any delegated activity. Attach a copy of the grantee's standard subgrantee contract. (Note: Grantees are required to extend all terms and conditions of the Community Services Block Grant and the Minnesota Community Action Grant to subgrantees, including the requirement for an outcome-based work plan.)

N/A

## **14) ROMA Community Action Outcome-Based Work Plan**

All grantees are required to submit a 2-year ROMA Outcome-Based Work Plan. The work plan constitutes the grantee's planned outcomes for the grant period, reported as Year 1 (YR 1) and Year 2 (YR 2), and will be used as the basis for annual reporting completed through the Community Services Block Grant Information System (CSBG-IS) Survey. Instructions for the work plan are located on tab 3 "Instructions" in the attached Excel workbook.

### **How will this information be used?**

All agencies are required to report annually on progress toward planned outcomes contained in the Outcome-Based Work Plan. This work plan is used for monitoring, in publishing the statewide Community Action Report, and to meet CSBG and MN Community Action Grant reporting requirements.

## **15) Grantee Reporting Requirements**

Annual reports will be required each year using a form prescribed by the Department of Human Services. This report will include at least the federal CSBG-IS required information as well reporting on the results achieved on the ROMA Outcome-Based Work Plan.



## **16) Application Submission**

### **✓ Pre-Review – Via Email - DUE May 1, 2013**

Via email, send a file containing

- The grantee's completed Community Action Plan including required attachments:
  - Summary of the most recent Community Assessment
  - Board Member listing – indicating the sector that each member represents
  - Application approval action by Board of Directors
  - Most recent Agency 990 form as submitted to the IRS
- 2014-2015 Annual Outcome-Based Work Plan
- Budget Forms:
  - Budget Summary
  - Budget Support Part I
  - Budget Support Part II
  - Copy of Current Year Total Grantee Budget (own format)
  - Copy of federally approved Indirect Rate (if applicable)
  - Copy of agency's cost allocation plan (if applicable)
- Program Funding Summary Form
- Standard subgrant contract language (if applicable)

[barb.alt@state.mn.us](mailto:barb.alt@state.mn.us)

### **✓ Final Submission – Via Mail**

At the culmination of the pre-review process, OEO will notify grantees of approval of application materials. Subsequent to that, and following final legislative actions, contract documents will be provided by DHS to the grantee, including instructions for signatures, processing, and submission.

**Community Action of Minneapolis  
Budget Summary  
Fiscal Year 2014**

	Economic Opportunity Grant		Energy Services		Energy Conservation		Park Avenue & Unrestricted		Total Budget	
	Budget	Year-to-Date	Budget	Year-to-Date	Budget	Year-to-Date	Budget	Year-to-Date	Budget	Year-to-Date Percentage
<b>Revenues:</b>										
Grants	910,000	-	7,500,000	-	1,800,000	-	19,500	-	10,229,500	- 0%
Reach Out for Warmth	-	-	-	-	-	-	2,000	-	2,000	- 0%
Interest & Donations	-	-	-	-	-	-	2,000	-	2,000	- 0%
Gain on Sale of Equipment	-	-	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	80,000	-	80,000	- 0%
WX Services/Reserves	-	-	-	-	-	-	116,500	-	116,500	- 0%
Low Income Weatherization (LIW)	-	-	-	-	1,800,000	-	-	-	1,800,000	- 0%
<b>Total Revenue</b>	<b>910,000</b>	<b>-</b>	<b>7,500,000</b>	<b>-</b>	<b>3,790,000</b>	<b>-</b>	<b>220,000</b>	<b>-</b>	<b>2,100,500</b>	<b>- 0%</b>
<b>Operating Support Costs:</b>										
Salaries & Fringe	607,000	-	880,000	-	700,000	-	100,000	-	2,287,000	- 0%
Consultants & Professional Services	20,000	-	10,000	-	50,000	-	3,000	-	83,000	- 0%
Training	15,000	-	5,000	-	30,000	-	10,000	-	60,000	- 0%
Space Costs and Rentals	125,000	-	120,000	-	100,000	-	75,000	-	420,000	- 0%
Consumable Supplies	71,250	-	20,000	-	10,000	-	7,000	-	108,250	- 0%
Lease and Purchase of Equipment	15,500	-	5,000	-	5,000	-	-	-	25,500	- 0%
Indirect Costs	-	-	50,000	-	30,000	-	5,000	-	85,000	- 0%
Other (Direct Program)	55,250	-	6,400,000	-	2,750,000	-	30,000	-	8,126,250	- 0%
<b>Total Operating Cost</b>	<b>\$10,000</b>	<b>-</b>	<b>7,500,000</b>	<b>-</b>	<b>3,675,000</b>	<b>-</b>	<b>220,000</b>	<b>-</b>	<b>12,305,000</b>	<b>- 0%</b>
<b>Excess Revenues over Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>-</b>

**Community Action of Minneapolis**

*Filling in the agency name here will automatically populate the agency name throughout the document.*

**MN ROMA / National Performance Indicator (NPI)  
Outcome - Based Work Plan  
2014-2015**

ROMA Contact: William J. Davis or his designee

Phone: 612-348-8858

Email: wdavis@campis.org



EXHIBIT B (part 2 of 2) TO  
AFFIDAVIT OF JOELLE HOEFT

### Instructions

1. The 2014-2015 Community Action Outcome-Based Work Plan must be comprehensive and agency-wide the attached document for both Year 1 and Year 2. (NOTE: The agency will be able to report any changes later date if necessary.)

2. The following Outcomes areas are required for all agencies:

- 2.3.B. Number of volunteer hours donated to the agency.
- 3.1.A. Total number of volunteer hours donated by low income individuals to Community Action
- 3.3.A. Individuals who were educated or whose knowledge was increased about MN voter registration
- 4.1 Expanding Opportunities through community-wide partnerships.
- 5.1.E. Number of staff attending trainings and number of hour.
- 5.1.F. Number of board members attending trainings and number of hours.

3. If there are items in the Work Plan that do not apply, leave them blank. If there are activities that your Performance Measure, add additional measures in the spaces provided.

4. The results achieved by each agency will be reported against planned results annually on the CSBG-IS. be advised that the reporting form used will generally ask that indicators/measures be reported as:

- Participants enrolled;
- Participants expected to achieve the result; and,
- Participants actually achieving the planned result.

S. Special notes in filling out the Catalogue:

- Be sure to fill-in the first page of the workbook. This excel document is designed for one goal per work (different worksheet). Fill in the agency name on the first worksheet and it will automatically fill in the
- If you have any descriptive notes for any of the goals, please put them on the corresponding notes worksheet.
- Goal 1 refers to the work of the agency with clients that are able and looking for work. Each part of Goal 1 is including helping people find jobs, but is also for removing the barriers to employment (e.g. housing, transportation, etc.).
- Goal 6 refers to the work of the agency with clients that are unable to work (e.g. disabled, seniors, car as those that are employable do receive emergency assistance from time to time).

le. Complete the columns for each measure of  
to Year 2 Planned Indicators/Measures at a

n and participation.

r agency measures that are not listed as a

To conform with federal reporting requirements

sheet (each tab at the bottom of the file is a  
agency name throughout.

worksheets – each goal grouping has one

Goal 1 refers to removing barriers to employment.  
(using, food support, transportation, child care).  
providers). In 6.2, however, there can be overlap

Community Action of Minneapolis

**Goal 1. Family Goals: Low-income people become more self-sufficient.**

1.1 <u>Employment</u> Individuals in the community that obtained employment or higher paying jobs.		Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Number of participants Expected to Achieve the Outcome in Reporting Period (Target)
		Year 1	Year 2
<ul style="list-style-type: none"> <li>• Individuals receiving employment or related case management services.</li> <li>• Employment programs:</li> <li>• Individuals receive job search assistance.</li> <li>• Individuals receive job training.</li> <li>• Individuals receive job support services.</li> <li>• Individuals receive employment counseling or related case management services.</li> <li>• Families receive employment services through Head Start family and community partnership activities.</li> </ul>	Performance Measure:		
	A. Individuals who <b>were</b> unemployed and obtained a job.	100	125
	B. Individuals who <b>were</b> employed and maintained a job for at least 90 days.	60	75
	C. Individuals that obtain an increase in employment income and/or benefits.	45	65
	D. Individuals who achieved "living wage" employment and/or benefits.	35	65
	E. Individuals who receive employability services	850	950



**Goal 1. Family Goals: Low-income people become more self-sufficient.**

<b>1.2 Employment Supports</b> Barriers to employment faced by low-income individuals that are reduced or eliminated through Community Action. (Head Start families and others).		<b>Number of participants Expected to Achieve the Outcome in Reporting Period (Target) Year 1</b>	<b>Number of participants Expected to Achieve the Outcome in Reporting Period (Target) Year 2</b>
<b>Activities</b>	<b>Performance Measure:</b>		
<ul style="list-style-type: none"> <li>• Individuals receive employment counseling or related case management services.</li> <li>• Individuals given information and referral related to education or literacy</li> <li>• Individuals who improve the employment and academic skills</li> <li>• Individuals will receive ESL/ABE/GED services</li> <li>• Operate or support child/other dependant care program or before/after school programs</li> <li>• Operate or support access to reliable transportation</li> <li>• Operate or support health care services.</li> <li>• Operate or support safe affordable housing services.</li> <li>• Operate or support food assistance programs.</li> <li>• Operate or support non-emergency energy assistance programs.</li> <li>• Operate or support programs for families who have children with disabilities.</li> <li>• Operate or support programs that assist individuals to enroll in MinnesotaCare or other health insurance programs.</li> </ul>	A. Individuals that have obtained pre-employment skills/competencies required for employment and received certificate or diploma.	750	900
	B. Individuals who completed ABE/GED and received certificate or diploma.	50	75
	C. Individuals who completed post-secondary education program and obtained certificate or diploma.	0	0
	D. Enrolled children in "before" or "after" school programs, in order to acquire or maintain employment.	0	0
	E. Families who obtained care for child or other dependent in order to acquire or maintain employment.	30	45
	F. Individuals who obtained access to reliable transportation and/or driver's license in order to acquire or maintain employment.	75	100
	G. Individuals who obtained health care services for themselves or a family member in order to acquire or maintain employment.	0	0
	H. Parents or other individuals who obtained safe and affordable housing in support of family stability needed to gain or retain employment.	50	75
	I. Parents and other individuals who obtained food assistance in support of family stability needed to gain or retain employment.	600	750
	J. Obtained non-emergency LIHEAP energy assistance	13,000	13,000
	K. Obtained non-emergency WX energy assistance	200	200
	L. Obtained other non-emergency energy assistance (State-local-private energy programs. DO NOT include LIHEAP or WX)	30	30
	M. Individuals who receive individualized services for children with disabilities.	0	0
	N. Individuals who enrolled in MinnesotaCare or other health insurance programs.	100	150

Community Action of Minneapolis

**Goal 1. Family Goals: Low-income people become more self-sufficient.**

1.3 Economic Asset Enhancement and Utilization		Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Aggregated Dollar Amounts (Payments, Credits or Savings)	Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Aggregated Dollar Amounts (Payments, Credits or Savings)
Individuals that achieve an increase in non-employment financial assets and resource utilization skills, and the aggregated amount of those assets and resources for participants achieving the outcome.					
Activities:	Performance Measure:	Year 1	Year 1	Year 2	Year 2
<ul style="list-style-type: none"><li>- Tax assistance provided to individuals.</li><li>- Families entitled to earned income tax credit referred to tax preparation assistance program.</li><li>- Individuals referred and assisted to apply for child support payments.</li><li>- Individuals are referred and assisted to apply for telephone lifeline and/or energy discounts.</li><li>- Individuals receive budget counseling services.</li><li>- Individuals receive an opportunity to build assets by accessing a 3:1 savings match for high return investment.</li><li>- (* Receive 12 hours of financial education, 10 hours of asset specific education, and on-going financial coaching.)</li><li>- Individuals develop and implement a credit repair plan</li></ul>	A. Individuals in tax preparation programs who obtained any type of Federal or State tax credit.	200		225	
	AT. Of the individuals in tax preparation programs, those who obtained Federal Earned Income Tax Credit (EITC).	150		175	
	B. Individuals who obtained court-ordered child support payments.	0		0	
	D. Individuals who demonstrate ability to complete a budget. For over 90 days.	400		450	
	E. Individuals that opened an Individual Development Account (IDA) or other savings account.	0		0	
	F. Individuals that increased their savings through an Individual Development Account (IDA) or other savings account.	0		0	
	G. Of the individuals who opened an Individual Development Account (IDA), the number that:				
	a. capitalized a small business	0		0	
	b. pursued post-secondary education	0		0	
	c. purchased a home	0		0	
	d. other assets	0		0	
	H. Individuals who demonstrate good or restored credit.	350		400	
I. Individuals that attend workshop training on resume writing and interview skills	300		350		

Community Action of Minneapolis

**Agency Notes and Clarifications on Goal 1:**

**Low-income people become more self-sufficient.**

[see instructions, pages 50-51]

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not see

Goal 1, Measure E: This goal area refers to individuals who receive employability services through outreach programming and partnership activities. For example, Community Action of Minneapolis has established a partnership with an organization called 180 Degrees, that serves high-risk youth and adults who are transitioning back into the community after incarceration. Based on feedback from 180 Degrees administrators and participants, it was determined that employability services were a central need for the Minneapolis residents they serve. We anticipate that some of these individuals will enroll in self-sufficiency services at Community Action of Minneapolis.

Goal 1, Measure A: This goal area refers to the number of individuals who have obtained pre-employment skills/competencies required for employment and received a certificate or diploma. This area refers to the more intensive, wrap-around work readiness programs and services, resulting in them receiving a work readiness credential/certificate or completing the industry-recognized Work Keys work readiness program.

Community Action of Minneapolis

**Goal 2. Community Goals: The Conditions in Which Low-Income People Live Are Improved .**

2.1 Community Improvement & Revitalization		Number of Projects or Initiatives (Number of programs)	Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)	Number of Projects or Initiatives (Number of programs)	Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)
There is an increase in or safeguarding of threatened community opportunities and resources of services for low-income people as a result of community action projects and initiatives, or advocacy with other public and private agencies.					
Activities:	Performance Measure:	Year 1	Year 1	Year 2	Year 2
<ul style="list-style-type: none"> <li>• Development or support of "living wage" jobs.</li> <li>• Development of safe and affordable housing units.</li> <li>• Construction, weatherization or rehabilitation which preserved or improved safe and affordable housing units.</li> <li>• Accessible and affordable health care services/facilities for LIP created or maintained.</li> <li>• Safe and affordable childcare or child development placement opportunities for low-income families created or maintained.</li> <li>• Before school and after school program placement opportunities for low-income families created or maintained.</li> <li>• New, preserved, or expanded transportation resources available to LIP, including public or private transportation.</li> <li>• Preserved or increased educational and training placement opportunities for LIP in the community, including vocation, literacy, life skill training, ABE/GED, post secondary education.</li> </ul>	A. Jobs created, or saved, from reduction of elimination in the community.				
	B. Accessible "living wage" jobs created or retained in the community				
	C. Safe and affordable housing units created in the community				
	D. Safe and affordable housing units preserved or improved through construction, Weatherization or rehabilitation. *includes loans, rehab work and/or advocacy.	5	350	5	250
	E. Accessible and affordable health care services/facilities for limited low-income people (LIP) created or maintained.				
	F. Accessible safe and affordable childcare or child development placement opportunities for low-income (LI) families created or maintained.				
	G. Accessible "before" school program, "after" school program placement opportunities for low-income families created or maintained.				
	H. Accessible new or expanded transportation resources, or preserved transportation resources available to low-income families, including public or private transportation.				
	I. Accessible new or increased educational, and training placement opportunities or preserved opportunities for low-income persons in the community, including vocation, literacy, life skill training, ABE/GED, post secondary education.				

**Goal 2. Community Goals: The Conditions In Which Low-Income People Live Are Improved .**

<b>2.2 Community Quality of Life and Assets</b> The quality of life and assets in low-income neighborhoods are improved by community action initiatives or advocacy.		<b>Number of Projects or Initiatives (Number of programs)</b>	<b>Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)</b>	<b>Number of Projects or Initiatives (Number of programs)</b>	<b>Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)</b>
<b>Activities:</b>	<b>Performance Measure:</b>	<b>Year 1</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 2</b>
CAP engages in activities that:		0	0	0	0
• Develop or support programs that increase availability or preserve community facilities, e.g. schools, community ed or tech centers, libraries, youth or community centers	A. Projects or services that increases community assets as a result of a change in law, regulation or policy, which results in improvements in quality of life and assets.	0	0	0	0
• Develop or support programs that increase the availability or preserve community services to improve public health and safety, e.g. street lights, telephone systems, enhanced policing, neighborhood watch, installation of sidewalks, waste or pest removal	B. Projects or services that increase availability or preserve community facilities, e.g.-schools, community education or tech centers, libraries, youth or community centers.	0	0	0	0
• Develop or support programs that increase the availability or preserve commercial services within low-income neighborhoods, e.g. stores, financial institutions, restaurants, other businesses	C. Projects or services that increase the availability or preserve community services to improve public health and safety, e.g.-street lights, telephone systems, enhanced policing, neighborhood watch, installation of sidewalks, waste or pest removal.	0	0	0	0
• Develop or support programs that increase or preserve neighborhood quality-of-life resources, e.g. public spaces for arts, recreation, waste removal projects.	D. Projects or services that increase the availability or preserve commercial services within low-income neighborhoods, e.g.-stores, financial institutions, restaurants, other businesses.	0	0	0	0
	E. Projects or services that increase or preserve neighborhood quality of life resources, e.g.-public spaces for arts, recreation, waste removal projects.	3	3	4	4

Community Action of Minneapolis

**Goal 2: Community Goals: The Conditions In Which Low-Income People Live Are Improved .**

2.3 Community Engagement The number of community members working with Community Action to improve conditions in the community.		Total contribution by community. Year 1	Total contribution by community. Year 2
Activities	Performance Measure:		
Recruit, train and supervise volunteers to work at CAP	A. Number of community members mobilized by Community Action that participate in community revitalization and anti-poverty initiatives.	150	175
	B. Number of volunteer hours donated to the agency (this will be ALL volunteer hours)	400	600

### Agency Notes and Clarifications on Goal 2:

**The conditions in which low-income people live are improved.**

[See Instructions, pages 50-51]

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

Red Hill MN ROMA Outcome Calendar (Updated 2/25/2014)

Community Action of Minneapolis

**Goal 3. Community Goals: Low-income People Own a Stake in Their Community .**

3.1 Civic Investment through maximum feasible participation The number of volunteer hours donated to Community Action.		Total contribution by community. Year 1	Total contribution by community. Year 2
Activities:	Performance Measure:		
75	A total number of volunteer hours donated by low income individuals to Community Action. (This is ONLY the number of volunteer hours from individuals who are low income)	65	65



Community Action of Minneapolis

Goal 3. Community Goals: Low-income People Own a Stake in Their Community .

3.2 Community Enhancement through Maximum Feasible Participation		that support	Number of low-income people Year 1	Number of low-income people Year 2
The number of low-income people mobilized as a direct result of Community Action initiative to engage in activities and promote their own well-being and that of their community as measure by one or more of the following:				
Activities:	Performance Measure:			
<ul style="list-style-type: none"><li>• Active recruitment of community members, low-income people, low-income parents to serve on agency advisory council(s) or HS Policy Council.</li><li>• Households receive counseling &amp; assistance with business planning and start up.</li><li>• Community members receive training on participation, procedures and other topics relevant to agency, advisory councils.</li><li>• Community members, parents, low-income people solicited to participate in community boards or committees.</li><li>• Individuals/parents solicited to engage in non-partisan advocacy activities.</li><li>• Provide advocacy training to low-income people, parents, other groups within community.</li><li>• Households attend first time home buyers education, receive</li></ul>	A. Low income individuals participating in formal community organizations, government, boards or councils that provide input to decision making and policy setting through community action efforts. <i>(Low income sector board members should be counted here.)</i>	50	75	
	B. Low income individuals acquiring businesses in their community as a result of community action assistance.	0	0	
	C. Low income individuals that purchase their own homes in their community as a result of community action assistance.	20	25	
	D. Low income individuals engaged in non-governance community activities or groups created or supported by community action.	75	100	
	E. Low income individuals that successfully complete first time homebuyer workshop.	25	30	
	F. Low Income individuals are invited to attend monthly asset development training.	350	400	
	G. Low Income individuals receive parenting education and life skills training	500	550	
	H. Low Income individuals that receive training on housing location assistance.	75	100	
	I. Low Income individuals participate in energy conservation workshops.	350	400	

Community Action of Minneapolis

**Goal 3. Community Goals: Low-income People Own a Stake in Their Community .**

*Required by the State of Minnesota and your Community Action Grant Contract.*

<b>3.3 Voter Education &amp; Registration</b>		<b>Number of participants Expected to Achieve the Outcome in Reporting Period (Target)</b>	<b>Number of participants Expected to Achieve the Outcome in Reporting Period (Target)</b>
<b>Activities:</b>		<b>Year 1</b>	<b>Year 2</b>
<ul style="list-style-type: none"> <li>• Low-income people participate in the political process by exercising their rights to vote.</li> <li>• Low-income people are informed of the political issues affecting them and their communities and have the means to address their concerns.</li> </ul>			
<b>Performance Measure:</b>			
<ul style="list-style-type: none"> <li>• unregistered voters offered voter registration information.</li> <li>• voter education and registration activities conducted in community(ies).</li> </ul>		1000	1200
A: individuals who were educated or whose knowledge was increase about MN Voter registration and participation			

Community Action of Minneapolis -

**Agency Notes and Clarifications on Goal 3:**

**Low-income people own stake in their community.**

[See instructions, pages 50-51]

**The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.**

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or printed text on the page.

Community Action of Minneapolis

**Goal 4. Agency Goals: Partnerships Among Supporters and Providers of Services to Low-Income People are Achieved.**

4.1 Expanding Opportunities through Community-Wide Partnerships.		Number of organizations Year 1	Number of partnerships Year 1	Number of organizations Year 2	Number of partnerships Year 2
The <b>number</b> of organizations, both public and private, that Community Action actively works with to expand resources and opportunities in order to achieve family and community outcomes.					
Activities:	Performance Measure:				
<ul style="list-style-type: none"> <li>Establish or maintain the following with partners in the community:               <ul style="list-style-type: none"> <li>Formal agreements to coordinate referral and exchange of program participants</li> <li>Financial agreements between CAA and business entities or financial institutions to promote individual or community economic development, infrastructure investment</li> <li>Informal working relationships that expand services for LIPs including routine service referrals and follow-up contacts</li> <li>Alliances between CAA and organizations that advocate for expanded services or opportunities for LIPs</li> <li>Participate in collaborative efforts with providers to engage in community assessment, planning, etc.</li> </ul> </li> </ul>	A. Nonprofit	15	50	15	50
	B. Faith-Based				3
	C. Local Government				2
	D. State Government				3
	E. Federal Government				
	F. For-Profit Business or Corporation	5	5	5	
	G. Consortia/Partnerships/Collaborations	2	2	2	2
	H. Housing Consortia/Partnerships/Collaborations		2		2
	I. School Districts				
	J. Institutions of post-secondary education/training				5
	K. Financial/Banking Institutions				
	L. Health Service Institutions				
	M. Statewide associations or collaborations				
	N. The total number of organizations and total number of partnerships CAAs work with to promote family and community outcomes (automatically calculates).	83	87	83	87

Community Action of Minneapolis

### Agency Notes and Clarifications on Goal 4:

**Partnerships among supporters and providers of services to low-income people are achieved.**

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

Part II: MN ROMA Outcome Catalog (Updated 2/25/2014)

Community Action of Minneapolis

**Goal 5. Agency Goals: Agencies Increase Their Capacity to Achieve Results.**

5.1 Agency Development		Total Number	Total Number of training hours	Total Number	Total Number of training hours
The number of human capital resources available to Community Action that increase agency capacity to achieve family and community outcomes, as measured by one or more of the following:					
Activities:	Performance Measure:	Year 1	Year 1	Year 2	Year 2
<ul style="list-style-type: none"> <li>Agencies provide opportunities for staff to participate in credentialing programs</li> <li>Agencies provide appropriate training &amp; development for staff according to performance evaluations and staff development plans.</li> <li>Staff trained on regulations and monitored to ensure compliance.</li> <li>Agencies provide appropriate training &amp; development for Board members.</li> <li>Regular training and development activities offered to staff.</li> <li>Regular training and development activities offered to Board and Policy Council members.</li> </ul>	A. Number of Nationally Certified Community Action Professionals (C-CAPs)*	0		0	
	B. Number of Nationally Certified ROMA Trainers**	0		0	
	C. Number of Family Development Trainers	0		0	
	D. Number of Child Development Trainers	0		0	
	E. Number of staff attending trainings				
	F. Number of board members attending trainings				

\*A.) As certified by the National Community Action Partnership

\*\*B.) As certified by the National ROMA Peer-to-Peer Training Program, Center for Applied Management Practices

Community Action of Minneapolis

### Agency Notes and Clarifications on Goal 5:

**Agencies increase their capacity to achieve results.**

[See Instructions, pages 50-51]

**The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment**

Part II: MN PQMA Outcome Catalog (Updated 2/25/2014)

Community Action of Minneapolis

**Goal 6. Family Goals: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other**

6.1 Independent Living		Total Number	Total Number
The number of vulnerable individuals receiving services from Community Action who maintain an independent living situation as a result of those services:			
<i>(seniors can be counted twice, one under senior and again if they are disable under Individuals with Disabilities ages 55 - over)</i>			
Activities:	Performance Measure:	Year 1	Year 2
Programs and activities to help seniors adults maintain independent living	A. Senior Citizens	6500	6500
	B Individuals with Disabilities		
	Ages 0 - 17	300	400
	Ages 18 - 54	1000	1100
	Ages 55 - over	1000	1100
	Age Unknown	700	900
	TOTAL Individuals with disabilities	3000	3500



Community Action of Minneapolis

Goal 6. Family Goals: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems.

6.2 Emergency Assistance		Number of Individuals Expected to Receive Assistance	Number of Individuals Expected to Receive Assistance
Individuals receive emergency assistance to resolve crisis and are able to become and remain stable within their communities.		Year 1	Year 2
Activities:	Performance Measure:		
<ul style="list-style-type: none"> <li>• Individuals provided short-term assistance to enable them to maintain housing or employment by offering:</li> <li>• Food</li> <li>• Emergency Payments to vendors</li> <li>• Temporary Shelter</li> <li>• Emergency Medical Care</li> <li>• Protection from Violence</li> <li>• Legal Assistance</li> <li>• Transportation</li> <li>• Disaster Relief</li> <li>• Transitional Housing</li> <li>• Foreclosure prevention activities</li> <li>• Reverse mortgage assistance</li> </ul>	A. Individuals that receive food or vouchers (Emergency Food).	15	15
	B. Individuals that receive emergency payments to vendors, for fuel and energy bills (including LIHEAP or other public and private funding sources).	4,000	4,000
	C. Emergency rent or mortgage assistance.	75	100
	D. Emergency Car or Home Repair (i.e. structural appliance, heating system, etc.)	150	200
	E. Individuals that receives temporary shelter	50	50
	F. Individuals that receive assistance for emergency medical care.	25	25
	G. Individuals that receive protection from violence.	25	25
	H. Individuals that receive legal assistance.	150	200
	I. Individuals that receive assistance for transportation including bus passes, car repair assistance, gas vouchers.	75	100
	J. Individuals that receive assistance for disaster relief.	0	0
	K. Individuals that receive clothing	500	650
	L. Individuals placed in Transitional Housing.	10	15
	M. Individuals who avert foreclosure and maintain home.	5	10
	N. Seniors who obtain reverse mortgage and retained housing.	0	0
	O. Individuals that obtain a valid identification	50	65
	P. Individuals that obtain health care under MNSure	75	60

Community Action of Minneapolis

Goal 6. Family Goals: Low-income people, especially vulnerable populations, achieve their potential by

6.3 Child and Family Development			Number of Participants Expected to Achieve the Outcome in Reporting Period (Target)	Number of Participants Expected to Achieve the Outcome in Reporting Period (Target)
• Children and youth from low-income families participate in developmental or enrichment programs and achieve program goals.			Year 1	Year 2
• Infants and children receive the services they need for growth and success in childhood.				
Activities:	Performance Measure:			
Infants & Children	Pre-school child development programs and child childcare programs that offer: • age appropriate immunization, • medical and dental care, • nutrition programs, • preschool activities to develop school readiness. • Programs that help to develop pre-literacy and pre-numeracy skills	A. Infants & children who obtain age appropriate immunization, medical and dental care. (Best possible unduplicated count)	0	0
		B. Infants and children whose health and physical development are improved as a result of adequate nutrition.	0	0
		C. Children who participate in preschool activities to develop school readiness.	0	0
		D. Children from low-income families who are ready for school (Kindergarten or 1st Grade) having developed pre-literacy and pre-numeracy skills as measured by assessment.	0	0
Youth	Mentoring and other programming for at-risk youth; • Assistance with medical and dental care, • Teen pregnancy and STD prevention programs; • Food and nutrition assistance and instructional programs; • Youth counseling and peer support group activities; • Family counseling; • Substance abuse prevention programs; • Educational skill enhancement programs; and • Anger management and conflict resolution instruction.	E. Youth who improve physical health and development.	0	0
		F. Youth who improve social/emotional development.	350	400
		G. Youth who avoid risk-taking behavior for a defined period of time.	0	0
		H. Youth who have reduced involvement with the criminal justice system.	0	0
		I. Youth who increase academic, athletic or social skills for school success by participating in before or after school programs.	0	0
Adults	• Parenting skill enhancement programs; • Family functioning skill enhancement programs, including those that focus on communications, conflict resolution, supportive relationship building, responsibility sharing, promotion of healthy marriages; • Family counseling; • Mental health and substance abuse treatment; and • Family domestic violence prevention, intervention, and remediation programs.	J. Parents and other adults who learn and exhibit improved parenting skills.	300	350
		K. Parents and other adults who learn and exhibit improved family functioning skills.	450	500

Community Action of Minneapolis

**Goal 6. Family Goals: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems.**

6.4 Family Support (seniors, disabled and caregivers)		Number of Individuals Expected to Receive Outcome Year 1	Number of Individuals Expected to Receive Outcome Year 2
Low-income people who are unable to work, especially seniors, adults with disabilities, and caregivers, for whom barriers to family stability are reduced or eliminated, as measured by one or more of the following:			
Activities:	Performance Measure:		
Activities to help seniors, disabled and other adults maintain independent living include but are not limited to: • Before and after school programs • Child or other dependent care • Transportation programs • Programs that assist with health care • Safe affordable housing programs • Food assistance programs • Non-emergency energy assistance	A. Enrolled children in before or after school programs.	0	0
	B. Obtained care for child or other dependent.	0	0
	C. Obtained access to reliable transportation and / or driver's license.	0	0
	D. Obtained health care services for themselves or family member	0	0
	E. Obtained safe and affordable housing	0	0
	F. Obtained food assistance	250	250
	G. Obtained non-emergency LIHEAP energy assistance	0	0
	H. Obtained non-emergency WX energy assistance	20	20
	I. Obtained other non-emergency energy assistance (State / local / private energy programs. DO NOT include LIHEAP or WX)	0	0

Community Action of Minneapolis

Goal 6. Family Goals: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems .

6.5 Service Counts		Number of Services	Number of Services
The number of services provided to low-income individuals and/or families.			
Activities:	Performance Measure:	Year 1	Year 2
Services provided to low-income households by Community Action	A. Food Boxes	0	0
	B. Pounds of Food	0	0
	C. Units of Clothing	200	225
	D. Rides Provided	0	0
	E. Information and Referral Calls	17,000	17,000

**Community Action of Minneapolis**

### Agency Notes and Clarifications on Goal 6:

**Low-income people, especially vulnerable populations, achieve their potential by strengthening family**

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

[See Instructions, pages 50-51]

Part II: MN ROMA Outcome Catalog (Updated 2/25/2014)

**2014-15 Economic Opportunity Grant Application**

**PROGRAM FUNDING SUMMARY**

(July 1, 2013 to December 31, 2015)

Program or Project Title	Program Contact	Community Action Grant Funding	Community Services Block Grant Funding	Other funding – specify amount(s) & source(s)	Total Budget
Energy Conservation	William J. Davis Jack Bethke David Johnson			Department of Energy/Department of Human Services/Utility Vendors	\$7,000,000.00
Energy Assistance	Feleshia Warner Fenton Hyacinthe			Department of Human Services	\$17,000,000.00
Staff & Board Development	William J. Davis	15,000	10,000	Department of Energy/Department of Human Services 10,000	35,000
Community Building/Family Asset Development	Christina McCoy	260,000	355,000	Department of Agricultural 56,000/United Way 28,000	699,000
Agency Capacity Fiscal Support, Information Technology, Human Resource, Board and Strategic Planning and Other Administrative Support	William J. Davis	163,779	100,151		263,930

Name of Applicant: Community Action of Minneapolis

Page: 1 of 1

**2014-15 Economic Opportunity Grant Application**

**PROGRAM FUNDING SUMMARY**

(July 1, 2013 to December 31, 2015)

Program or Project Title	Program Contact	Community Action Grant Funding	Community Services Block Grant Funding	Other funding – specify amount(s) & source(s)	Total Budget

Name of Applicant: Community Action of Minneapolis

Page: \_\_\_\_ of \_\_\_\_

**2014-15 Economic Opportunity Grant Application**

**PROGRAM FUNDING SUMMARY**

(July 1, 2013 to December 31, 2015)

Program or Project Title	Program Contact	Community Action Grant Funding	Community Services Block Grant Funding	Other funding – specify amount(s) & source(s)	Total Budget
Information & Referral/Partnerships	William J. Davis	226,051	214,701	Department of Human Services EAP 46,000	486,752
Program Delivery  - City of Minneapolis STEP UP Program Youth Work Experience & Training Program (2014, 2015)  - Youth Day at the Capitol (2014)  - Career Compass Employment and Training Program & Work Keys Certification (2014, 2015)  - Jump Jam; Summer Double Dutch Initiative for Youth (2014)	Christina McCoy/William J Davis	143,216	271,634		414,850



<ul style="list-style-type: none"> <li>- Summer Meals Program (2014, 2015)</li> <li>- Community Garden &amp; Community Crop Sharing Project (2014, 2015)</li> <li>- Minneapolis Public Schools; School Assemblies; Financial Literacy; Nutrition Education. (2014)</li> <li>- Reading Empowerment Program (2014, 2015)</li> <li>- Parent POWER Program (2014, 2015)</li> <li>- GROW Life Coaching Program (2014, 2015)</li> <li>- Culturally-specific programming and outreach (Nutrition, health &amp; wellness) (2014, 2015)</li> <li>- Health Fair (2)</li> <li>- Father's Program (2014, 2015)</li> <li>- Legal Clinics &amp; Advocacy (2014, 2015)</li> </ul>					
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<ul style="list-style-type: none"> <li>- Family Night (24) (2014, 2015)</li> <li>- Senior Computer Literacy (2014, 2015)</li> <li>- Adult Computer Literacy (2014, 2015)</li> <li>- Four Cornerstones of Financial Literacy</li> <li>- Summer Opportunity Fair (2) (2014, 2015)</li> <li>- Ready for K! (2014)</li> <li>- Health &amp; Wellness Initiatives (4) (2014, 2015)</li> <li>- Community Action Day (2014, 2015)</li> <li>- Community-based partnerships (on-going) i.e. Water-On and Heats-On with Plumbers Union/ Healthy Home Grant partnership City of Minneapolis</li> <li>- STD Prevention and Sexual Health (2014, 2015)</li> </ul>						
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Name of Applicant: Community Action of Minneapolis\_

Page: \_\_\_\_ of \_\_\_\_

# **Attachment B**

# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Summary (July 1, 2013 to December 31, 2015)

(July 1, 2013 to December 31, 2015)

Cost Cat. No.	Cost Category	2014 Community Action Grant \$	2015 Community Action Grant \$	2014 Community Services Block Grant \$	2015 Community Services Block Grant \$	Total \$
1.1	Salaries & Wages	233,443.00	233,443.00	203,873.00	203,873.00	874,632.00
1.2	Fringe Benefits	63,300.00	63,300.00	71,050.00	71,050.00	308,700.00
1.3	Consultants & Professional	10,000.00	10,000.00	10,000.00	10,000.00	40,000.00
2.1	Travel	5,000.00	5,000.00	2,500.00	2,500.00	15,000.00
2.2	Space Costs and Rentals	62,500.00	62,500.00	55,000.00	55,000.00	235,000.00
2.3	Consumable Supplies	37,125.00	37,125.00	34,125.00	34,125.00	142,500.00
2.4	Lease and Purchase of Equipment	10,000.00	10,000.00	5,600.00	5,600.00	31,200.00
2.5	Indirect Costs	-	-	-	-	-
3	Other	34,375.00	34,375.00	21,875.00	21,875.00	112,500.00
<b>TOTALs</b>		<b>475,743.00</b>	<b>475,743.00</b>	<b>404,023.00</b>	<b>404,023.00</b>	<b>1,759,532.00</b>

Name of Applicant: \_\_\_\_\_

Page: \_\_\_\_ of \_\_\_\_

Community Action of Minneapolis  
14-15 CSBG/CAG | GRK%64928  
Encumbrance # 3000020736

**2014-15 COMMUNITY ACTION FUNDING APPLICATION**  
**Budget Support Part I**

**(Salaries and Wages)**  
(July 1, 2013 to December 31, 2015)

Number of Employees: Full Time 41		Part Time 0			
Title or Position (Paid Personnel)	2014 Community Action Grant \$	2015 Community Action Grant \$	2014 Community Services Block Grant \$	2015 Community Services Block Grant \$	Total \$
President/CEO	28,283.00	28,283.00	23,856.00	23,856.00	104,278.00
CFO	10,386.00	10,386.00	10,387.00	10,386.00	41,545.00
Director of Children Family & Development	30,730.00	30,730.00	29,270.00	29,270.00	120,000.00
Human Resource Manager	9,490.00	14,490.00	8,960.00	8,960.00	41,900.00
Manager of Information Technology	25,004.00	25,004.00	6,950.00	6,950.00	63,908.00
Manager Community Services	5,000.00	5,000.00	6,000.00	6,000.00	22,000.00
Fiscal Coordinator	20,164.00	20,164.00	18,164.00	18,164.00	76,656.00
Manager of Fiscal Services	8,680.00	8,680.00	5,320.00	5,320.00	28,000.00
Subtotal (this page) (use continuation sheets)	137,737.00	142,737.00	108,907.00	108,906.00	498,287.00

Name of Applicant: \_\_\_\_\_

Page: \_\_\_\_ of \_\_\_\_

# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Support Part I (continued)

(Salaries and Wages)

(July 1, 2013 to December 31, 2015)

Number of Employees: Full Time		Part Time			
Title or Position (Paid Personnel)	2014 Community Action Grant \$	2015 Community Action Grant \$	2015 Community Services Block Grant \$	2015 Community Services Block Grant \$	Total \$
Accounts Payable Coordinator	16,230.00	16,230.00	8,120.00	8,120.00	48,700.00
Social Workers (2)	27,519.00	24,628.00	34,767.00	35,499.00	122,413.00
Contract Compliance Coordinator	8,680.00	8,680.00	5,320.00	5,320.00	28,000.00
Program Assistants	10,500.00	17,500.00	13,300.00	13,300.00	54,600.00
Administrative Assistants (2)	15,491.00	14,455.00	14,633.00	13,901.00	58,480.00
Executive Assistant	16,038.00	16,038.00	16,038.00	16,038.00	64,152.00
					-
					-
Subtotal (this page) (use continuation sheets)	94,458.00	97,531.00	92,178.00	92,178.00	376,345.00
Total	232,195.00	240,268.00	201,085.00	201,084.00	874,632.00

Name of Applicant: \_\_\_\_\_

Page: \_\_\_\_ of \_\_\_\_

## 2014-15 COMMUNITY ACTION FUNDING APPLICATION

### Budget Support Data - Part II

(July 1, 2013 to December 31, 2015)

Cost Cat. No.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION	AMOUNT OR VALUE OF ITEM
<b>1.1</b>	<b>Salaries &amp; Wages</b>	<b>874,632.00</b>
<b>1.2</b>	<b>Fringe Benefits</b>	<b>308,700.00</b>
<b>1.3</b>	<b>Consultants &amp; Professional</b>	<b>40,000.00</b>
	Audit	20,000.00
	Training Cost/Staff Retreats/Board Retreats/Staff Developments	10,000.00
	Other Expert & Consulting/Legal Computer Maintenance/Other Professional Fees	10,000.00
	Sub-Total	40,000.00
<b>2.1</b>	<b>Travel</b>	<b>15,000.00</b>
	Travel Expense in State includes transportation, lodging, and per diem	15,000.00
	Travel Expense Out of State includes Transportation, lodging and per diem Travel cost includes Staff & Board travel to National Conventions.	
	Sub-Total	15,000.00
Sub-Total (This Page)		1,238,332.00

Name of Applicant: \_\_\_\_\_

Page: \_\_\_\_ of \_\_\_\_



**2014-15 COMMUNITY ACTION FUNDING APPLICATION**  
**Budget Support Data - Part II**  
 (July 1, 2013 to December 31, 2015)

Cost Cat. No.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION	AMOUNT OR VALUE OF ITEM
2.2	<b>Space &amp; Rental</b>	235,000.00
	Office Rental/Program Facilities	235,000.00
2.3	<b>Consumable Supplies</b>	142,500.00
	Board Meetings (Cost associated with Board/Committee, stipends paid to low-income Board Members)	10,000.00
	Community Meetings	72,500.00
	Office Supplies	40,000.00
	Other Consumable Supplies	20,000.00
	Sub-Total	142,500.00
Sub-Total (This Page)		377,500.00

Name of Applicant: \_\_\_\_\_

Page \_\_\_\_ of \_\_\_\_

# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Support Data - Part II

(July 1, 2013 to December 31, 2015)

Cost Cat. No.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION	AMOUNT OR VALUE OF ITEM
<b>2.4</b>	<b>Lease &amp; Purchase of Equipment</b>	<b>31200</b>
	Computer & Office Equipment	15600
	Computer Software	15600
	Sub-Total	31200
<b>3.0</b>	<b>Other</b>	<b>112500</b>
	Postage	10000
	Printing	15000
	CAP Dues/Membership	20000
	Book&Reference Materials	5000
	Insurance	60000
	Advertising Employment	2500
	Sub-Total	112500
	Sub-Total (This Page)	143700
	<b>Grand Total</b>	<b>1,759,532.00</b>

MINNEAPOLIS COMMUNITY ACTION COUNCIL, INC  
(MCAC, Inc.)  
BOARD MEETING

December 14, 1992

MINUTES

Present: Len Biernat, Robin Brookes, Noelle Follen,  
Patricia Lanapkin, Pat Miller, Ron Otterson,  
Karen Meyer, Chair

Staff Present: Darlynn Benjamin, Ellen Dossdall, Linda  
McFarland Barb Myers, William J. Davis

Guest Present: Ellen McVeigh

Karen Meyer, acting Chair, called the meeting to order to convene the Minneapolis Community Action Council, Inc. (MCAC) Board at 6:00 p.m.

Ellen McVeigh, legal consultant during Margaret Shulman's absence, explained the current makeup of the MCAC Board. The Board is in place by virtue of the action of the incorporator, Karen L. Meyer. The Board now needs to determine the day to day management, i.e., interim executive director and/or officers. Bill asked whether temporary officers needed to be appointed at this first meeting of MCAC? Ellen McVeigh explained that it could be done, however, it was not essential.

MOTION by Len Biernat to accept resolutions two and three of the MCAC, Resolutions for Adoption at Organization Meetings. SECONDED by Ron Otterson. Carried.

MOTION made by Len Biernat that current officers of MCAA act as the initial executive Board for MCAC. SECONDED by Patty Lanapkin.

Discussion for possible adoption of MCAC's bylaws was on the table. Len Biernat moved that the bylaws be accepted with the exception of Article III section 2(c) and Article VIII section 4. Article III deals with public sector representation and Article VIII deals with conflict of interest.

Len Biernat's MOTION to approve the Bylaws was withdrawn.

Chair Meyer stated that the ad hoc committee would convene and revise the Bylaws and have something to present at the next Board meeting. Ellen McVeigh stated that when the resolution for Adoption was drafted the notion was that there would not be an election of officers, since temporary officers were elected Resolution #2 should be amended to state:

William J. Davis be authorized to execute contracts and instruments in his capacity as executive director as directed by Board chair. Resolution #2 was further amended by deletion of the statement *requiring an officer's signature.*

Lengthy discussion followed on the guidelines that would allow or not allow MCAA to setup a financial accounts system. Karen Meyer said the question to be addressed is whether MCAC would be going ahead without council approval if the organization was to accept receipts? She stated that Ellen Dosdall should inform Bob Dwyer that MCAC is a shell organization. Len Biernat stated that Dwyer should be informed that the MCAC Board is not directed to put any funds into this organization but that it is being administratively established for City Council approval.

Chair Meyer asked if there were any other items for discussion?

OTHER BUSINESS

None.

Motion to adjourn by Ron Otterson. SECONDED by Patty Lanapkin.

MCAC meeting adjourned.

Meeting was reconvened as MCAA and MOTION made to adjourn. SECONDED.

Adjourned.

November 30, 1994

**PROPOSED AMENDMENT TO BYLAWS  
of  
COMMUNITY ACTION OF MINNEAPOLIS**

**This amendment changes the title of Executive Director to President/Chief Executive Officer.**

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**ARTICLE VII:**

**Administration and Management**

The overall administration and management of the corporation shall be the responsibility of a salaried staff head, titled the **President/Chief Executive Officer**, who shall be employed and appointed by and directly responsible to the Board of Directors.

The **President/Chief Executive Officer** shall be the chief executive and operating officer of the corporation, with responsibility for the management and direction of all operations, programs, activities, and affairs of the Corporation; including employment and termination of employment and the determination of compensation of members of the staff and supporting personnel, functioning within the framework of policy aims and programs as generally determined by the Board of Directors. The **President/Chief Executive Officer** shall execute all contracts or instruments requiring an officer's signature unless the Board directs otherwise. The **President/Chief Executive Officer** shall have such other duties as may be prescribed by the Board.



## Authorization To Draw Cash

(see instructions on next page)

NAME OF GRANT RECIPIENT Community Action of Minneapolis			WARRANT MAILING ADDRESS (if different from grant recipient)		
STREET ADDRESS 505 East Grant Street Suite 100			STREET ADDRESS		
CITY Minneapolis	STATE MN	ZIP CODE 55404	CITY	STATE	ZIP CODE

### Person 1

NAME William J. Davis	TITLE President/CEO
EMAIL wdavis@campls.org	SIGNATURE 

### Person 2

NAME Anthony Spears	TITLE Chief Financial Officer
EMAIL aspears@campls.org	SIGNATURE 

### Person 3

NAME Lyssa Westling	TITLE Manager Fiscal Services
EMAIL lwestling@campls.org	SIGNATURE 

I certify that the signatures above are of the individuals authorized to draw cash for all Minnesota Department of Human Services (DHS) Office of Economic Opportunity (OEO) funding or as listed in remarks.

NAME William J. Davis	TITLE President/CEO
AUTHORIZED SIGNATURE 	DATE 07/23/2013

### Approved

SIGNATURE OF DHS CERTIFYING OFFICER	TYPED NAME	DATE
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### Remarks:

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**EXHIBIT C TO  
AFFIDAVIT OF JOELLE HOEFT**

**COMMUNITY SERVICES BLOCK GRANT (CSBG)  
2014-2015 GRANT AMENDMENT  
AMENDMENT NO. 1 GRANT NO GRK%64928**

Contract Start Date: July 1, 2013  
Original Contract Expiration Date: June 30, 2016  
Current Contract Expiration Date: June 30, 2016  
Requested Contract Expiration Date: June 30, 2016

Total Contract Amount: \$2,834,498.00  
Original Contract Amount: \$1,759,532.00  
Previous Amendment(s) Total: NA  
FY14 CSBG Increase Amount: \$537,483.00  
FY15 CSBG Increase Amount: \$537,483.00

This amendment is by and between the State of Minnesota, through its Commissioner of the Department of Human Services, Community Partnership-Office of Economic Opportunity ("STATE") and, Community Action of Minneapolis 505 East Grant Street Suite 100 Minneapolis MN 55404 ("GRANTEE"), identified as Grant No. GRK%64928 to provide assistance for low-income households; and

WHEREAS, the amount of federal 2014-2015 Community Services Block Grant (CSBG) funding is higher than anticipated; and

WHEREAS, the State and the Grantee have agreed that additional funds are necessary for the satisfactory completion of the grant; and

Therefore, the parties agree that:

Therefore, the parties agree that:

**REVISION 1.** Clauses I.A. and I.F in GRANTEE's DUTIES are amended as follows:

A. The GRANTEE shall perform the specific duties as described in Attachment ~~A~~ A-1, Work Plan, which is incorporated by reference and made a part of this agreement.

~~F. Services provided by GRANTEE shall include the following, as set forth and within the limits of Attachment A~~ A-1:

**REVISION 2.** Clauses II.A.1, II A.2 and A3 "Consideration and Terms of Payment" are amended as follows and clause II.B.7 "Consideration and Terms of Payment" is added as follows:

A. 1. Compensation shall be consistent with the Program Line Item Budget, which is incorporated into and made a part of the Agreement as Attachment ~~B~~ B-1: Budget

A. 2. The total obligation of the State for all compensation and reimbursements to the Grantee shall not exceed ~~One million seven hundred fifty nine thousand five hundred thirty two (\$1,759,532.00). Two million eight hundred thirty four thousand four hundred ninety eight dollars (\$2,834,498.00).~~



B. 7. GRANTEE's Data Universal Numbering System (DUNS) number is \_\_\_\_\_. The Data Universal Numbering System (DUNS) number is the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities.

**REVISION 3.** Clause XII. "INFORMATION PRIVACY AND SECURITY" is amended as follows:

For purposes of executing its responsibilities and to the extent set forth in this contract, the GRANTEE will be considered part of the "welfare system," as defined in Minnesota Statutes, section 13.46, subdivision 1:

**1. Information Covered by this Provision.** ~~In carrying out its duties, GRANTEE will be handling one or more types of private information, collectively referred to as "protected information," concerning individual STATE clients. "Protected information," for purposes of this agreement, includes any or all of the following:~~

~~(a) Private data (as defined in Minn. Stat. §13.02, subd. 12), confidential data (as defined in Minn. Stat. §13.02, subd. 3), welfare data (as governed by Minn. Stat. §13.46), medical data (as governed by Minn. Stat. §13.384), and other non-public data governed elsewhere in the Minnesota Government Data Practices Act (MGDPA), Minn. Stats. Chapter 13;~~

~~(b) Health records (as governed by the Minnesota Health Records Act [Minn. Stat. §§144.291-144.298]);~~

~~(c) Chemical health records (as governed by 42 U.S.C. § 290dd 2 and 42 CFR § 2.1 to § 2.67);~~

~~(d) Protected health information ("PHI") (as defined in and governed by the Health Insurance Portability Accountability Act ["HIPAA"], 45 CFR § 160.103); and~~

~~(e) Electronic Health Records (as governed by Health Information Technology for Economic and Clinical Health Act (HITECH), 42 U.S.C. §§ 17921(S) and 17931; and~~

~~(f) Other data subject to applicable state and federal statutes, rules, and regulations affecting the collection, storage, use, or dissemination of private or confidential information.~~

**2. Duties Relating to Protection of Information.**

~~(a) Duty to ensure proper handling of information. GRANTEE shall be responsible for ensuring proper handling and safeguarding by its employees, subGRANTEEs, and authorized agents of protected information collected, created, used, maintained, or disclosed on behalf of STATE. This responsibility includes ensuring that employees and agents comply with and are properly trained regarding, as applicable, the laws listed above in paragraph XV.1.~~

~~(b) Minimum necessary access to information. GRANTEE shall comply with the "minimum necessary" access and disclosure rule set forth in the HIPAA and the MGDPA. The collection, creation, use, maintenance, and disclosure by GRANTEE shall be limited to "that necessary for the administration and management of programs specifically authorized by the~~

legislature or local governing body or mandated by the federal government." See, respectively, 45 CFR §§ 164.502(b) and 164.514(d), and Minn. Stat. § 13.05 subd. 3.

**(e) Information Requests.** ~~Unless provided for otherwise in this Agreement, if GRANTEE receives a request to release the information referred to in this Clause, GRANTEE must immediately notify STATE. STATE will give GRANTEE instructions concerning the release of the data to the requesting party before the data is released.~~

**3. GRANTEE's Use of Information.** GRANTEE shall:

~~(a) Not use or further disclose protected information created, collected, received, stored, used, maintained or disseminated in the course or performance of this Agreement other than as permitted or required by this Agreement or as required by law, either during the period of this agreement or hereafter.~~

~~(b) Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of the protected information by its employees, subGRANTEEs and agents other than as provided for by this Agreement. This includes, but is not limited to, having implemented administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any electronic protected health information that it creates, receives, maintains, or transmits on behalf of STATE.~~

~~(c) Report to STATE any privacy or security incident regarding the information of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR 164.410. For purposes of this Agreement, "Security incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. "Privacy incident" means violation of the Minnesota Government Data Practices Act (MGDPA) and/or the HIPAA Privacy Rule (45 C.F.R. Part 164, Subpart E), including, but not limited to, improper and/or unauthorized use or disclosure of protected information, and incidents in which the confidentiality of the information maintained by it has been breached. This report must be in writing and sent to STATE not more than 7 days after learning of such non-permitted use or disclosure. Such a report will at least: (1) Identify the nature of the non-permitted use or disclosure; (2) Identify the PHI used or disclosed; (3) Identify who made the non-permitted use or disclosure and who received the non-permitted or violating disclosure; (4) Identify what corrective action was taken or will be taken to prevent further non-permitted uses or disclosures; (5) Identify what was done or will be done to mitigate any deleterious effect of the non-permitted use or disclosure; and (6) Provide such other information, including any written documentation, as STATE may reasonably request.~~

~~(d) Consistent with this Agreement, and in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), ensure that any agents (including GRANTEEs and subGRANTEEs), analysts, and others that create, receive, maintain, or transmit protected health information on behalf of the business associate, enter into a business associate agreement with any subGRANTEEs to agree in writing to be bound by the same restrictions, conditions, and requirements that apply to it with respect to such information.~~

(e) Document such disclosures of PHI and information related to such disclosures as would be required for STATE to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528

(f) Mitigate, to the extent practicable, any harmful effects known to it of a use, disclosure, or breach of security with respect to protected information by it in violation of this Agreement.

#### **4. State's Duties. STATE shall:**

(a) ~~Only release information which it is authorized by law or regulation to share with GRANTEE.~~

(b) ~~Obtain any required consents, authorizations or other permissions that may be necessary for it to share information with GRANTEE.~~

(c) ~~Notify GRANTEE of limitation(s), restrictions, changes, or revocation of permission by an individual to use or disclose protected information, to the extent that such limitation(s), restrictions, changes or revocation may affect GRANTEE's use or disclosure of protected information.~~

(d) ~~Not request GRANTEE to use or disclose protected information in any manner that would not be permitted under law if done by STATE.~~

**5. Disposition of Data upon Completion, Expiration, or Agreement Termination.** Upon completion, expiration, or termination of this Agreement, GRANTEE will return to STATE or destroy all protected information received or created on behalf of STATE for purposes associated with this Agreement. A written certification of destruction or return to Authorized Representative listed in VIII.A is required. GRANTEE will retain no copies of such protected information, provided that if both parties agree that such return or destruction is not feasible, or if GRANTEE is required by the applicable regulation, rule or statutory retention schedule to retain beyond the life of this Agreement, GRANTEE will extend the protections of this Agreement to the protected information and refrain from further use or disclosure of such information, except for those purposes that make return or destruction infeasible, for as long as GRANTEE maintains the information. Additional information for destruction and handling is available in the DHS Information Security Policy, Policy numbers 3.7, and 2.19, found at <http://edocs.dhs.state.mn.us/Ifserver/Public/DHS-4683-ENG>.

**6. Sanctions.** In addition to acknowledging and accepting the terms set forth in XIV. Indemnification of this Agreement relating to indemnification, the parties acknowledge that violation of the laws and protections described above could result in limitations being placed on future access to protected information, in investigation and imposition of sanctions by the U.S. Department of Health and Human Services, Office for Civil Rights, and/or in civil and criminal penalties.

The GRANTEE and STATE must comply with the Minnesota Government Data Practices Act, Minn. Stat., ch. 13, and the Health Insurance Portability Accountability Act ["HIPAA"], 45 C.F.R. § 164.103, et seq., as it applies to all data provided by the STATE under this grant.

contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the GRANTEE under this grant contract. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data governed by the Minnesota Government Practices Act, Minn. Stat. ch. 13, by either the GRANTEE or the STATE. Additionally, the remedies of HIPAA apply to the release of data governed by that Act.

If the GRANTEE receives a request to release the data referred to in this clause, the GRANTEE must immediately notify and consult with the STATE's Authorized Representative as to how the GRANTEE should respond to the request. The GRANTEE's response to the request shall comply with applicable law.

1. Information Covered by this Provision. In carrying out its duties, GRANTEE shall be handling one or more types of private information, collectively referred to as "protected information," concerning individual clients of STATE programs or services. "Protected information," for purposes of this Contract, includes any or all of the following:

- (a) Private data (as defined in Minn. Stat. §13.02, subd. 12), confidential data (as defined in Minn. Stat. §13.02, subd. 3), welfare data (as governed by Minn. Stat. §13.46), medical data (as governed by Minn. Stat. §13.384), and other non-public data governed elsewhere in the Minnesota Government Data Practices Act (MGDPA), Minn. Stats, Chapter 13;
- (b) Health records (as governed by the Minnesota Health Records Act [Minn. Stat. §144.291 - 144.298]);
- (c) Chemical health records (as governed by 42 U.S.C. § 290dd-2 and 42 C.F.R. § 2.1 to §2.67);
- (d) Protected health information ("PHI") (as defined in and governed by the Health Insurance Portability Accountability Act ["HIPAA"], 45 C.F.R. § 160.103);
- (e) Federal tax information ("FTI") (as protected by 26 U.S.C. 6103), and

(f) Other data subject to applicable state and federal statutes, rules, and regulations affecting the collection, storage, use, or dissemination of private or confidential information.

2. General Oversight Responsibilities. GRANTEE shall be responsible for ensuring proper handling and safeguarding by its employees, subGRANTEES, and authorized agents of protected information collected, created, used, maintained, or disclosed on behalf of STATE. This responsibility includes:

(a) Training: Ensuring that employees and agents comply with and are properly trained regarding, as applicable, the laws listed above, and

(b) Minimum necessary access to information. GRANTEE shall comply with the "minimum necessary" access and disclosure rule set forth in the HIPAA and the MGDPA. The collection, creation, use, maintenance, and disclosure by GRANTEE shall be limited

to "that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." *See, respectively*, 45 C.F.R. §§ 164.502(b) and 164.514(d), and Minn. Stat § 13.05 subd. 3.

(c) **Information Requests.** Unless provided for otherwise in this Contract, if GRANTEE receives a request to release protected information, GRANTEE must immediately notify STATE. STATE shall provide GRANTEE instructions or direction concerning the release of the data to the requesting party before the data is released. See paragraph 3(e) below regarding requests from individuals for their own data.

**3. Additional Duties to Ensure Proper Handling of Protected Information. The GRANTEE shall:**

(a) Not use or disclose protected health information other than as permitted or required by **this Contract or as required by law;**

(b) **Use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information, to prevent use or disclosure of protected health information other than as provided for by this Contract;**

(c) As required at 45 C.F.R. §164.410, report to STATE any use or disclosure of protected health information that is not provided for by the Contract of which GRANTEE becomes aware, including any breach of unsecured protected health information or any other "privacy" or "security incident" as described below. Upon direction from STATE, GRANTEE must also attempt to mitigate harmful effects resulting from the disclosure.

(i) For purposes of this contract, "Security incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. Security incident shall not include pings and other broadcast attacks on GRANTEE's firewall, port scans, unsuccessful log-on attempts, denials of service, and any combination of the above; so long as such incidents do not result in unauthorized access, use or disclosure of STATE's information. "Privacy incident" means violation of the MGDPA and/or the HIPAA Privacy Rule (45 CFR Part 164, Subpart E), including, but not limited to, improper and/or unauthorized use or disclosure of protected information, and incidents in which the confidentiality of the information maintained by it has been breached.

(ii) The report to the STATE must be in writing and must be sent to STATE's Authorized Representative not more than seven (7) days after learning of such non-permitted use or disclosure. The report must, at a minimum: 1) Identify the nature of the non-permitted use or disclosure; 2) Identify the PHI used or disclosed; 3) Identify who made the non-permitted use or disclosure, and who received the non-permitted or violating disclosure, if known; 4) Identify what corrective action was taken or will be taken to prevent further non-permitted uses or disclosures; 5) Identify what was done or will be done to mitigate any deleterious effect of the non-permitted use or disclosure; and 6) Provide such other information, including any written documentation, as STATE may reasonably request.

(iii) GRANTEE will provide notice required by 45 C.F.R. §§ 164.404 through 164.408 to affected individuals, news media, and/or the Office of Civil Rights, Department of Health and Human Services, only upon direction from and in coordination with the STATE.  
(d) In accordance with 45 C.F.R. §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subGRANTEES that create, receive, maintain, or transmit protected health information on behalf of the business associate agree in writing to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information;

(e) Within ten (10) business days of a request from an individual or their designee, make available protected health information in a designated record set, consistent with Minn. Stat. § 13.04, subd. 3, and 45 C.F.R. § 164.524;

(f) Within ten (10) business days, forward any request to make any amendment(s) to protected health information in a designated record set to STATE in order for the STATE to satisfy STATE's obligations under Minn. Stat. § 13.04, subd. 3 and 45 C.F.R. § 164.526;

(g) Maintain and make available no later than fifteen (15) days after receipt of request from the STATE, the information required to provide an accounting of disclosures to the STATE as necessary to satisfy the STATE's obligations under 45 C.F.R. § 164.528, or upon request from STATE respond directly to individual's request for an accounting of disclosures;

(h) To the extent the business associate is to carry out one or more of the STATE's obligation(s) under Subpart E of 45 C.F.R. Part 164, comply with the requirements of Subpart E that apply to the STATE in the performance of such obligation(s); and

(i) Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

(j) Business associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by STATE.

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**4. STATE's Duties. STATE shall:**

- (a) Only release information which it is authorized by law or regulation to share with GRANTEE.
- (b) Obtain any required consents, authorizations or other permissions that may be necessary for it to share information with GRANTEE.
- (c) Notify GRANTEE of limitation(s), restrictions, changes, or revocation of permission by an individual to use or disclose protected information, to the extent that such limitation(s), restrictions, changes or revocation may affect GRANTEE'S use or permitted disclosure of protected information.

(d) Not request GRANTEE to use or disclose protected information in any manner that would not be permitted under law if done by STATE.

5. Disposition and/or Retention of Protected Information/Data upon Completion, Expiration, or Contract Termination. Upon completion, expiration, or termination of this Contract, GRANTEE shall return to STATE or destroy all protected information received or created on behalf of STATE for purposes associated with this Contract. GRANTEE shall return the protected information to the STATE's Authorized Representative (the signatory of this agreement on behalf of STATE who is listed at the end of this document) or provide the state with written certification of destruction of the protected information. GRANTEE shall retain no copies of such protected information, provided that if both parties agree that such return or destruction is not feasible, or if GRANTEE is required by the applicable regulation, rule or statutory retention schedule to retain beyond the life of this Contract, GRANTEE shall extend the protections of this Contract to the protected information and refrain from further use or disclosure of such information, except for those purposes that make return or destruction infeasible, for as long as GRANTEE maintains the information.

6. Sanctions. In addition to acknowledging and accepting the general terms set forth in this Contract relating to liability, the parties acknowledge that violation of the laws and protections described above could result in limitations being placed on future access to protected information, in investigation and imposition of sanctions (including but limited to civil and criminal penalties) by, among other agencies, the U.S. Department of Health and Human Services, Office for Civil Rights; the federal Internal Revenue Service (IRS); the Centers for Medicare & Medicaid Services (CMS); and the Office of the Attorney General for the State Minnesota.

## 7. Miscellaneous

(a) DHS Information Security Policy. Additional information regarding the handling and, as appropriate, destruction (upon expiration or termination of a contract or agreement) of protected information obtained from DHS is available at <https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-4683-ENG>.

(b) Effect of statutory amendments or rule changes. The Parties agree to take such action as is necessary to amend this Contract from time to time as is necessary for compliance with the requirements of the laws listed in paragraph 1 of this section or in any other applicable law. However, any requirement in this Contract or in the DHS Information Security Policy that is based upon HIPAA Rules or upon other federal or state information privacy or security laws means the requirement as it is *currently* in effect, including any applicable amendment(s), regardless of whether the Contract has been amended to reflect the amendments(s).

(c) Interpretation. Any ambiguity in this Contract shall be interpreted to permit compliance with the laws listed in paragraph 1 of this section or in any other applicable law.

EXCEPT AS AMENDED HEREIN, THE TERMS AND CONDITIONS OF THE  
ORIGINAL GRANT CONTRACT AND ALL PREVIOUS AMENDMENTS REMAIN IN  
FULL FORCE AND EFFECT.



IN WITNESS WHEREOF, the parties have caused this grant contract to be duly executed intending to be bound thereby.

APPROVED:

**1. STATE ENCUMBRANCE VERIFICATION:**

*Individual certifies that funds have been encumbered as required by Minn. State. 16A.15 and 16C.03*

By (authorized signature)	<i>[Signature]</i>
Date	4-15-14

**3. STATE AGENCY:**

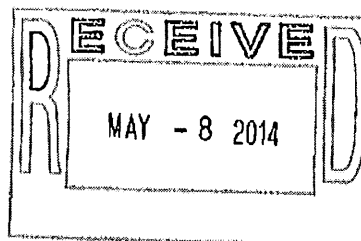
*Individual certifies the applicable provisions of Minn. Stat. §16B.97, subdivision 1 and Minn. Stat. §16B.98 are reaffirmed.*

By (authorized signature)	<i>[Signature]</i>
Title	<i>[Signature]</i>
Date	6/25/14

**2. GRANTEE:**

*GRANTEE certifies that the appropriate person(s) have executed the contract on behalf of the GRANTEE as required by applicable articles, by-laws, resolutions, or ordinances.*

By	<i>[Signature]</i>
Title	CM
Date	4/15/14



**2. GRANTEE:**

*GRANTEE certifies that the appropriate person(s) have executed the contract on behalf of the GRANTEE as required by applicable articles, by-laws, resolutions, or ordinances.*

By	<i>[Signature]</i>
Title	Pres/CEO
Date	April 24, 2014

[illegible]

This image is a large, faint, high-contrast scan of a document page. It appears to be a technical drawing or a map, featuring a grid-like structure with various markings, lines, and text. The image is heavily degraded, with significant noise and artifacts, making it difficult to discern specific details. The overall layout suggests a complex, multi-part document, possibly a technical manual or a scientific report.

MINNEAPOLIS COMMUNITY ACTION COUNCIL, INC  
(MCAC, Inc.)  
BOARD MEETING

December 14, 1992

MINUTES

Present: Len Biernat, Robin Brookes, Noelle Follen,  
Patricia Lanapkin, Pat Miller, Ron Otterson,  
Karen Meyer, Chair

Staff Present: Darlynn Benjamin, Ellen Dosdall, Linda  
McFarland Barb Myers, William J. Davis

Guest Present: Ellen McVeigh

Karen Meyer, acting Chair, called the meeting to order to convene the Minneapolis Community Action Council, Inc. (MCAC) Board at 6:00 p.m.

Ellen McVeigh, legal consultant during Margaret Shulman's absence, explained the current makeup of the MCAC Board. The Board is in place by virtue of the action of the incorporator, Karen L. Meyer. The Board now needs to determine the day to day management, i.e., interim executive director and/or officers. Bill asked whether temporary officers needed to be appointed at this first meeting of MCAC? Ellen McVeigh explained that it could be done, however, it was not essential.

MOTION by Len Biernat to accept resolutions two and three of the MCAC, Resolutions for Adoption at Organization Meetings. SECONDED by Ron Otterson. Carried.

MOTION made by Len Biernat that current officers of MCAA act as the initial executive Board for MCAC. SECONDED by Patty Lanapkin.

Discussion for possible adoption of MCAC's bylaws was on the table. Len Biernat moved that the bylaws be accepted with the exception of Article III section 2(c) and Article VIII section 4. Article III deals with public sector representation and Article VIII deals with conflict of interest.

Len Biernat's MOTION to approve the Bylaws was withdrawn.

Meyer stated that the ad hoc committee would convene and review the Bylaws and have something to present at the next meeting. Ellen McVeigh stated that when the resolution for election was drafted the notion was that there would not be an election of officers, since temporary officers were elected. Resolution #2 should be amended to state:

William J. Davis be authorized to execute contracts and instruments in his capacity as executive director as directed by Board chair. Resolution #2 was further amended by deletion of the statement requiring an officer's signature.

Lengthy discussion followed on the guidelines that would allow or not allow MCAA to setup a financial accounts system. Karen Meyer said the question to be addressed is whether MCAC would be going ahead without council approval if the organization was to accept receipts? She stated that Ellen Dosdall should inform Bob Dwyer that MCAC is a shell organization. Len Biernat stated that Dwyer should be informed that the MCAC Board is not directed to put any funds into this organization but that it is being administratively established for City Council approval.

Chair Meyer asked if there were any other items for discussion?

#### OTHER BUSINESS

None.

Motion to adjourn by Ron Otterson. SECONDED by Patty Lanapkin.

MCAC meeting adjourned.

Meeting was reconvened as MCAA and MOTION made to adjourn. SECONDED.

Adjourned.

November 30, 1994

PROPOSED AMENDMENT TO BYLAWS  
of  
COMMUNITY ACTION OF MINNEAPOLIS

This amendment changes the title of Executive Director to President/Chief Executive Officer.

ARTICLE VII:

Administration and Management

The overall administration and management of the corporation shall be the responsibility of a salaried staff head, titled the **President/Chief Executive Officer**, who shall be employed and appointed by and directly responsible to the Board of Directors.

The President/Chief Executive Officer shall be the chief executive and operating officer of the corporation, with responsibility for the management and direction of all operations, programs, activities, and affairs of the Corporation, including employment and termination of employment and the determination of compensation of members of the staff and supporting personnel, functioning within the framework of policy aims and programs as generally determined by the Board of Directors. The President/Chief Executive Officer shall execute all contracts or instruments requiring an officer's signature unless the Board directs otherwise. The President/Chief Executive Officer shall have such other duties as may be prescribed by the Board.

**Minnesota Department of Human Services/Office of Economic Opportunity**

# COMMUNITY ACTION PLAN

## FY 2014-15 CSBG Amendment #1

<b>Legal Name:</b> Community Action of Minneapolis		
<b>Address:</b> 505 East Grant Street, Suite #100	<b>City:</b> Minneapolis	<b>Zip Code+4:</b> 55404 - 1411
<b>Telephone:</b> (612) 348 - 8858	<b>Fax:</b> (612) 348 - 9384	
<b>Grantee Web Site URL:</b> www.campls.org	<b>Congressional District(s):</b> 5	
<b>Counties/Area Served:</b> Hennepin/Minneapolis	<b>State Legislative District(s):</b> 58A, 58B, 59A, 59B, 60A, 60B, 61A, 61B, 62A, 62B, 63A	
<b>Federal ID Number:</b> 41-1739467	<b>State Tax ID:</b> 1386913	
<b>DUNS Number:</b> 178861287	<b>SAM registration current:</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	

### 1) Plan

Summarize how these additional 2014 and 2015 Community Services Block Grant (CSBG) funds will be used (2-3 paragraphs). Providing a comprehensive but concise overview of programs funded, populations served and anticipated impacts and outcomes with these Community Action state and federal funds:

Additional Community Services Block Grant (CSBG) funding will be used to support the significant increase in the total number of customers served by Community Action of Minneapolis. In addition to increases across nearly all indicators, the agency will add Family Assets for Independence in Minnesota (FAIM) as one of its core, self-sufficiency and wealth-building strategies to help low-income customers transition out of poverty.

In addition to the overall increase in numbers served, the agency will expand and enhance several of its current offerings, including: Health and wellness programming for families and seniors, expanded youth development services including a summer youth program for 15 – 19 year olds, employment and training services offering time-tested credentialing components, community navigation services to help advocate for and connect customers with needed community resources and expanded financial literacy services for participants of all ages.

### 2) Budget Summaries

The budget summary and budget support information must be reported on the forms provided.

- Sufficient detail must be provided within each cost category to explain the basis for the proposed expenditure.
- Number all forms in sequence.

- Note that the "indirect cost" line item applies only if the agency has a federally approved indirect cost rate. If you enter anything on this line, attach a copy of that approval notice from the federal cognizant agency, if applicable.

### **3) ROMA Community Action Outcome-Based Work Plan**

As part of the original application all grantees submitted a 2-year ROMA Outcome-Based Work Plan for the 2014-2015 biennium. The work plan constitutes the grantee's planned outcomes for the grant period. If the use of these funds will impact the programmatic outcomes of the agency, you are required to complete a supplemental ROMA Outcome-Based Work Plan for these funds for the time period of April 1, 2014 through June 30, 2016.

## Community Action of Minneapolis

*Putting in the agency name here will automatically populate the agency name throughout the document.*

### **MN ROMA / National Performance Indicator (NPI) Outcome - Based Work Plan UPDATED 2014-2015**

ROMA Contact:	Christina J. McCoy
Phone:	(612) 767-1730
Email:	cmccoy@campls.org



<b>Goal 1 – More Self-Sufficient</b>		<b>Goal 2 – Improving Communities</b>		<b>Goal 3 – People Own a Stake</b>		<b>Goal 4 – Partnerships</b>		<b>Goal 5 – Agency Capacity</b>		<b>Goal 6 – Strengthening family and supports</b>	
1.1A	Obtained a job	2.2A	Increased employment	3.1A	Low-income volunteer hours	4.1A	Nonprofit partnerships	5.1A	C-CAPS	6.1A	Senior citizens
1.1B	Maintained a job	2.2B	Increased employment	3.2A	Participation in community organizations	4.1B	For-profit partnerships	5.1B	ROMA trainers	6.1B	Individuals with disabilities
1.1C	Increased income / benefits	2.2C	Increased employment	3.2B	Acquire a business	4.1C	Government partnerships	5.1C	Family Development Trainers	6.1C	Food pantries
1.1D	Living wage job / benefits	2.2D	Increased employment	3.2C	Purchase a home	4.1D	State government partnerships	5.1D	Child Development Trainers	6.1D	Emergency LIHEAP energy assistance
1.2A	Pre-employment skills	2.2E	Increased employment	3.2D	Non-governance activities	4.1E	Local government partnerships	5.1E	Staff trainings	6.1E	Emergency Wx energy assistance
1.2B	ABE/GED	2.2F	Increased employment	3.2E	First-time home buyer workshop	4.1F	County government partnerships	5.1F	Board trainings	6.1F	Food pantry assistance
1.2C	Post-secondary education	2.2G	Increased employment	3.3A	Participation in voter education / registration activities	4.1G	Nonprofit partnerships			6.2A	CalFresh payments
1.2D	Before and after school programs	2.2H	Increased employment			4.1H	For-profit partnerships			6.2B	CalFresh payments
1.2E	Obtained child care	2.2I	Increased employment			4.1I	Government partnerships			6.2C	CalFresh payments
1.2F	Reliable transportation	2.2J	Increased employment			4.1J	State government partnerships			6.2D	CalFresh payments
1.2G	Health care services	2.2K	Increased employment			4.1K	Local government partnerships			6.2E	CalFresh payments
1.2H	Safe/affordable housing	2.2L	Increased employment			4.1L	County government partnerships			6.2F	CalFresh payments
1.2I	Food assistance to support employment	2.2M	Increased employment			4.1M	Nonprofit partnerships			6.2G	CalFresh payments
1.2J	Non emergency LIHEAP energy assistance	2.2N	Increased employment			4.1N	For-profit partnerships			6.2H	CalFresh payments
1.2K	Non emergency Wx energy assistance	2.2O	Increased employment			4.1O	Government partnerships			6.2I	CalFresh payments
1.2L	Other non emergency energy assistance	2.2P	Increased employment			4.1P	State government partnerships			6.2J	CalFresh payments
1.2M	Services for disabled children	2.2Q	Increased employment			4.1Q	Local government partnerships			6.2K	CalFresh payments
1.2N	MN Care	2.2R	Increased employment			4.1R	County government partnerships			6.2L	CalFresh payments
1.3A	Any tax credit	2.2S	Increased employment			4.1S	Nonprofit partnerships			6.2M	CalFresh payments
1.3A.1	EITC tax credit from free tax preparation	2.2T	Increased employment			4.1T	For-profit partnerships			6.2N	CalFresh payments
1.3B	Court ordered child support	2.2U	Increased employment			4.1U	Government partnerships			6.2O	CalFresh payments
1.3C	Telephone LifeLine / Energy Discounts	2.2V	Increased employment			4.1V	State government partnerships			6.2P	CalFresh payments
1.3D	Complete a budget for over 90 days	2.2W	Increased employment			4.1W	Local government partnerships			6.2Q	CalFresh payments
1.3E	Open an IDA	2.2X	Increased employment			4.1X	County government partnerships			6.2R	CalFresh payments
1.3F	Increased savings through IDA	2.2Y	Increased employment			4.1Y	Nonprofit partnerships			6.2S	CalFresh payments
1.3G.A	Small businesses started	2.2Z	Increased employment			4.1Z	For-profit partnerships			6.2T	CalFresh payments
1.3G.B	Education / training	2.2AA	Increased employment			4.1AA	Government partnerships			6.2U	CalFresh payments
1.3G.C	Purchased a home	2.2AB	Increased employment			4.1AB	State government partnerships			6.2V	CalFresh payments
1.3G.D	Other asset purchase through IDA	2.2AC	Increased employment			4.1AC	Local government partnerships			6.2W	CalFresh payments
1.3H	Good or restored credit	2.2AD	Increased employment			4.1AD	County government partnerships			6.2X	CalFresh payments
		2.2AE	Increased employment			4.1AE	Nonprofit partnerships			6.2Y	CalFresh payments
		2.2AF	Increased employment			4.1AF	For-profit partnerships			6.2Z	CalFresh payments
		2.2AG	Increased employment			4.1AG	Government partnerships			6.2AA	CalFresh payments
		2.2AH	Increased employment			4.1AH	State government partnerships			6.2AB	CalFresh payments
		2.2AI	Increased employment			4.1AI	Local government partnerships			6.2AC	CalFresh payments
		2.2AJ	Increased employment			4.1AJ	County government partnerships			6.2AD	CalFresh payments
		2.2AK	Increased employment			4.1AK	Nonprofit partnerships			6.2AE	CalFresh payments
		2.2AL	Increased employment			4.1AL	For-profit partnerships			6.2AF	CalFresh payments
		2.2AM	Increased employment			4.1AM	Government partnerships			6.2AG	CalFresh payments
		2.2AN	Increased employment			4.1AN	State government partnerships			6.2AH	CalFresh payments
		2.2AO	Increased employment			4.1AO	Local government partnerships			6.2AI	CalFresh payments
		2.2AP	Increased employment			4.1AP	County government partnerships			6.2AJ	CalFresh payments
		2.2AQ	Increased employment			4.1AQ	Nonprofit partnerships			6.2AK	CalFresh payments
		2.2AR	Increased employment			4.1AR	For-profit partnerships			6.2AL	CalFresh payments
		2.2AS	Increased employment			4.1AS	Government partnerships			6.2AM	CalFresh payments
		2.2AT	Increased employment			4.1AT	State government partnerships			6.2AN	CalFresh payments
		2.2AU	Increased employment			4.1AU	Local government partnerships			6.2AO	CalFresh payments
		2.2AV	Increased employment			4.1AV	County government partnerships			6.2AP	CalFresh payments
		2.2AW	Increased employment			4.1AW	Nonprofit partnerships			6.2AQ	CalFresh payments
		2.2AX	Increased employment			4.1AX	For-profit partnerships			6.2AR	CalFresh payments
		2.2AY	Increased employment			4.1AY	Government partnerships			6.2AS	CalFresh payments
		2.2AZ	Increased employment			4.1AZ	State government partnerships			6.2AT	CalFresh payments
		2.2BA	Increased employment			4.1BA	Local government partnerships			6.2AU	CalFresh payments
		2.2BB	Increased employment			4.1BB	County government partnerships			6.2AV	CalFresh payments
		2.2BC	Increased employment			4.1BC	Nonprofit partnerships			6.2AW	CalFresh payments
		2.2BD	Increased employment			4.1BD	For-profit partnerships			6.2AX	CalFresh payments
		2.2BE	Increased employment			4.1BE	Government partnerships			6.2AY	CalFresh payments
		2.2BF	Increased employment			4.1BF	State government partnerships			6.2AZ	CalFresh payments
		2.2BG	Increased employment			4.1BG	Local government partnerships			6.2BA	CalFresh payments
		2.2BH	Increased employment			4.1BH	County government partnerships			6.2BB	CalFresh payments
		2.2BI	Increased employment			4.1BI	Nonprofit partnerships			6.2BC	CalFresh payments
		2.2BJ	Increased employment			4.1BJ	For-profit partnerships			6.2BD	CalFresh payments
		2.2BK	Increased employment			4.1BK	Government partnerships			6.2BE	CalFresh payments
		2.2BL	Increased employment			4.1BL	State government partnerships			6.2BF	CalFresh payments
		2.2BM	Increased employment			4.1BM	Local government partnerships			6.2BG	CalFresh payments
		2.2BN	Increased employment			4.1BN	County government partnerships			6.2BH	CalFresh payments
		2.2BO	Increased employment			4.1BO	Nonprofit partnerships			6.2BI	CalFresh payments
		2.2BP	Increased employment			4.1BP	For-profit partnerships			6.2BJ	CalFresh payments
		2.2BQ	Increased employment			4.1BQ	Government partnerships			6.2BK	CalFresh payments
		2.2BR	Increased employment			4.1BR	State government partnerships			6.2BL	CalFresh payments
		2.2BS	Increased employment			4.1BS	Local government partnerships			6.2BM	CalFresh payments
		2.2BT	Increased employment			4.1BT	County government partnerships			6.2BN	CalFresh payments
		2.2BU	Increased employment			4.1BU	Nonprofit partnerships			6.2BO	CalFresh payments
		2.2BV	Increased employment			4.1BV	For-profit partnerships			6.2BP	CalFresh payments
		2.2BW	Increased employment			4.1BW	Government partnerships			6.2BQ	CalFresh payments
		2.2BX	Increased employment			4.1BX	State government partnerships			6.2BR	CalFresh payments
		2.2BY	Increased employment			4.1BY	Local government partnerships			6.2BS	CalFresh payments
		2.2BZ	Increased employment			4.1BZ	County government partnerships			6.2BT	CalFresh payments
		2.2CA	Increased employment			4.1CA	Nonprofit partnerships			6.2BU	CalFresh payments
		2.2CB	Increased employment			4.1CB	For-profit partnerships			6.2BV	CalFresh payments
		2.2CC	Increased employment			4.1CC	Government partnerships			6.2BW	CalFresh payments
		2.2CD	Increased employment			4.1CD	State government partnerships			6.2BX	CalFresh payments
		2.2CE	Increased employment			4.1CE	Local government partnerships			6.2BY	CalFresh payments
		2.2CF	Increased employment			4.1CF	County government partnerships			6.2BZ	CalFresh payments
		2.2CG	Increased employment			4.1CG	Nonprofit partnerships			6.2CA	CalFresh payments
		2.2CH	Increased employment			4.1CH	For-profit partnerships			6.2CB	CalFresh payments
		2.2CI	Increased employment			4.1CI	Government partnerships			6.2CC	CalFresh payments
		2.2CJ	Increased employment			4.1CJ	State government partnerships			6.2CD	CalFresh payments
		2.2CK	Increased employment			4.1CK	Local government partnerships			6.2CE	CalFresh payments
		2.2CL	Increased employment			4.1CL	County government partnerships			6.2CF	CalFresh payments
		2.2CM	Increased employment			4.1CM	Nonprofit partnerships			6.2CG	CalFresh payments
		2.2CN	Increased employment			4.1CN	For-profit partnerships			6.2CH	CalFresh payments
		2.2CO	Increased employment			4.1CO	Government partnerships			6.2CI	CalFresh payments
		2.2CP	Increased employment			4.1CP	State government partnerships			6.2CJ	CalFresh payments
		2.2CQ	Increased employment			4.1CQ	Local government partnerships			6.2CK	CalFresh payments
		2.2CR	Increased employment			4.1CR	County government partnerships			6.2CL	CalFresh payments
		2.2CS	Increased employment			4.1CS	Nonprofit partnerships			6.2CM	CalFresh payments
		2.2CT	Increased employment			4.1CT	For-profit partnerships			6.2CN	CalFresh payments
		2.2CU	Increased employment			4.1CU	Government partnerships			6.2CO	CalFresh payments
		2.2CV	Increased employment			4.1CV	State government partnerships			6.2CP	CalFresh payments
		2.2CW	Increased employment			4.1CW	Local government partnerships			6.2CQ	CalFresh payments
		2.2CX	Increased employment			4.1CX	County government partnerships			6.2CR	CalFresh payments
		2.2CY	Increased employment			4.1CY	Nonprofit partnerships			6.2CS	CalFresh payments
		2.2CZ	Increased employment			4.1CZ	For-profit partnerships			6.2CT	CalFresh payments
		2.2DA	Increased employment			4.1DA	Government partnerships			6.2CU	CalFresh payments
		2.2DB	Increased employment			4.1DB	State government partnerships			6.2CV	CalFresh payments
		2.2DC	Increased employment			4.1DC	Local government partnerships			6.2CW	CalFresh payments
		2.2DD	Increased employment			4.1DD	County government partnerships			6.2CX	CalFresh payments
		2.2DE	Increased employment			4.1DE	Nonprofit partnerships			6.2CY	CalFresh payments
		2.2DF	Increased employment			4.1DF	For-profit partnerships			6.2CZ	CalFresh payments
		2.2DG	Increased employment			4.1DG	Government partnerships			6.2DA	CalFresh payments
		2.2DH	Increased employment			4.1DH	State government partnerships			6.2DB	CalFresh payments
		2.2DI	Increased employment			4.1DI	Local government partnerships			6.2DC	CalFresh payments
		2.2DJ	Increased employment			4.1DJ	County government partnerships			6.2DD	CalFresh payments
		2.2DK	Increased employment			4.1DK	Nonprofit partnerships			6.2DE	CalFresh payments
		2.2DL	Increased employment			4.1DL	For-profit partnerships			6.2DF	CalFresh payments
		2.2DM	Increased employment			4.1DM	Government partnerships			6.2DG	CalFresh payments
		2.2DN	Increased employment			4.1DN	State government partnerships			6.2DH	CalFresh payments
		2.2DO	Increased employment			4.1DO	Local government partnerships			6.2DI	CalFresh payments
		2.2DP	Increased employment			4.1DP	County government partnerships			6.2DJ	CalFresh payments
		2.2DQ	Increased employment			4.1DQ	Nonprofit partnerships			6.2DK	CalFresh payments
		2.2DR	Increased employment			4.1DR	For-profit partnerships			6.2DL	CalFresh payments
		2.2DS	Increased employment			4.1DS	Government partnerships			6.2DM	CalFresh payments
		2.2DT	Increased employment			4.1DT	State government partnerships			6.2DN	CalFresh payments
		2.2DU	Increased employment			4.1DU	Local government partnerships			6.2DO	CalFresh payments
		2.2DV	Increased employment			4.1DV	County government partnerships			6.2DP	CalFresh payments
		2.2DW	Increased employment			4.1DW	Nonprofit partnerships			6.2DQ	CalFresh payments
		2.2DX	Increased employment			4.1DX	For-profit partnerships			6.2DR	CalFresh payments
		2.2DY	Increased employment			4.1DY	Government partnerships			6.2DS	CalFresh payments
		2.2DZ	Increased employment			4.1DZ	State government partnerships			6.2DT	CalFresh payments
		2.2EA	Increased employment			4.1EA	Local government partnerships			6.2DU	CalFresh payments
		2.2EB	Increased employment			4.1EB	County government partnerships			6.2DV	CalFresh payments
		2.2EC	Increased employment			4.1EC	Nonprofit partnerships			6.2DW	CalFresh payments
		2.2ED	Increased employment			4.1ED	For-profit partnerships			6.2DX	CalFresh payments
		2.2EE	Increased employment			4.1EE	Government partnerships			6.2DY	CalFresh payments
		2.2EF	Increased employment			4.1EF	State government partnerships			6.2DZ	CalFresh payments
		2.2EG	Increased employment			4.1EG	Local government partnerships			6.2EA	CalFresh payments
		2.2EH	Increased employment			4.1EH	County government partnerships			6.2EB	CalFresh payments
		2.2EI	Increased employment			4.1EI	Nonprofit partnerships			6.2EC	CalFresh payments
		2.2EJ	Increased employment			4.1EJ	For-profit partnerships			6.2ED	CalFresh payments
		2.2EK	Increased employment			4.1EK	Government partnerships			6.2EE	CalFresh payments
		2.2EL	Increased employment			4.1EL	State government partnerships			6.2EF	CalFresh payments
		2.2EM	Increased employment			4.1EM	Local government partnerships			6.2EG	CalFresh payments
		2.2EN	Increased employment			4.1EN	County government partnerships			6.2EH	CalFresh payments
		2.2EO	Increased employment			4.1EO	Nonprofit partnerships			6.2EI	CalFresh payments
		2.2EP	Increased employment			4.1EP	For-profit partnerships			6.2EJ	CalFresh payments

### Instructions

1. The 2014-2015 Community Action Outcome-Based Work Plan must be comprehensive and agency-wide. attached document for both Year 1 and Year 2. (NOTE: The agency will be able to report any changes to Year necessary.)

2. The following Outcomes areas are required for all agencies:

- 2.3.B. Number of volunteer hours donated to the agency.
- 3.1.A. Total number of volunteer hours donated by low income individuals to Community Action
- 3.3.A. Individuals who were educated or whose knowledge was increased about MN voter registration ar
- 4.1 Expanding Opportunities through community-wide partnerships.
- 5.1.E. Number of staff attending trainings and number of hour.
- 5.1.F. Number of board members attending trainings and number of hours.

3. If there are items in the Work Plan that do not apply, leave them blank. If there are activities that your ag Performance Measure, add additional measures in the spaces provided.

4. The results achieved by each agency will be reported against planned results annually on the CSBG-IS. To i advised that the reporting form used will generally ask that indicators/measures be reported as:

- Participants enrolled;
- Participants expected to achieve the result; and,
- Participants actually achieving the planned result.

5. Special notes in filling out the Catalogue:

- Be sure to fill-in the first page of the workbook. This excel document is designed for one goal per worksh different worksheet). Fill in the agency name on the first worksheet and it will automatically fill in the age
- If you have any descriptive notes for any of the goals, please put them on the corresponding notes works notes page.
- Goal 1 refers to the work of the agency with clients that are able and looking for work. Each part of Goal ; is including helping people find jobs, but is also for removing the barriers to employment (e.g. housing, fc
- Goal 6 refers to the work of the agency with clients that are unable to work (e.g. disabled, seniors, caregr those that are employable do receive emergency assistance from time to time.

Complete the columns for each measure of the  
r 2 Planned Indicators/Measures at a later date if

nd participation.

gency measures that are not listed as a

conform with federal reporting requirements be

heet (each tab at the bottom of the file is a  
agency name throughout.  
sheet – each goal grouping has one corresponding

1 refers to removing barriers to employment. This  
od support, transportation, child care).  
vers). In 6.2, however, there can be overlap as

**Goal 1. Family Goals: Low-income people become more self-sufficient .****1.1 Employment**

Individuals in the community that obtained employment or higher paying jobs.

1.1 Employment		Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Number of participants Expected to Achieve the Outcome in Reporting Period (Target)
Individuals in the community that obtained employment or higher paying jobs.			
		Year 1	Year 2
		Performance Measure:	
<ul style="list-style-type: none"><li>• Individuals receiving employment or related case management services.</li><li>• Employment programs:</li><li>• Individuals receive job search assistance.</li><li>• Individuals receive job training.</li><li>• Individuals receive job support services.</li><li>• Individuals receive employment counseling or related case management services.</li><li>• Families receive employment services through Head Start family and community partnership activities.</li></ul>	A. Individuals who were unemployed and obtained a job.	150	175
	B. Individuals who were employed and maintained a job for at least 90 days.	75	100
	C. Individuals that obtain an increase in employment income and/or benefits.	75	125
	D. Individuals who achieved "living wage" employment and/or benefits.	55	85
	E. Individuals who receive employability services	1250	1500

**Goal 1. Family Goals: Low-income people become more self-sufficient.**

1.2 Employment Supports Barriers to employment faced by low-income individuals that are reduced or eliminated through Community Action. (Head Start families and others).		Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Number of participants Expected to Achieve the Outcome in Reporting Period (Target)
Activities	Performance Measure:	Year 1	Year 2
<ul style="list-style-type: none"> <li>Individuals receive employment counseling or related case management services.</li> <li>Individuals given information and referral related to education or literacy</li> <li>Individuals who improve the employment and academic skills</li> <li>Individuals will receive ESL/ABE/GED services</li> <li>Operate or support child/other dependant care program or before/after school programs</li> <li>Operate or support access to reliable transportation</li> <li>Operate or support health care services.</li> <li>Operate or support safe affordable housing services.</li> <li>Operate or support food assistance programs.</li> <li>Operate or support non-emergency energy assistance programs.</li> <li>Operate or support programs for families who have children with disabilities.</li> <li>Operate or support programs that assist Individuals to enroll in MinnesotaCare or other health insurance programs.</li> </ul>	A. Individuals that have obtained pre-employment skills/competencies required for employment and received certificate or diploma.	600	1100
	B. Individuals who completed ABE/GED and received certificate or diploma.	65	85
	C. Individuals who completed post-secondary education program and obtained certificate or diploma.	0	0
	D. Enrolled children in "before" or "after" school programs, in order to acquire or maintain employment.		
	E. Families who obtained care for child or other dependent in order to acquire or maintain employment.	45	55
	F. Individuals who obtained access to reliable transportation and/or driver's license in order to acquire or maintain employment.	100	125
	G. Individuals who obtained health care services for themselves or a family member in order to acquire or maintain employment.	0	0
	H. Parents or other individuals who obtained safe and affordable housing in support of family stability needed to gain or retain employment.	75	100
	I. Parents and other individuals who obtained food assistance in support of family stability needed to gain or retain employment.	600	750
	J. Obtained non-emergency LIHEAP energy assistance	13,000	13,000
	K. Obtained non-emergency WX energy assistance	200	200
	L. Obtained other non-emergency energy assistance (State-local-private energy programs. DO NOT include LIHEAP or WX)	30	30
	M. Individuals who receive individualized services for children with disabilities.		
	N. Individuals who enrolled in MinnesotaCare or other health insurance programs.	200	250

Community Action of Minneapolis

Goal 1. Family Goals: Low-income people become more self-sufficient.

1.3 Economic Asset Enhancement and Utilization		Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Aggregated Dollar Amounts (Payments, Credits or Savings)	Number of participants Expected to Achieve the Outcome in Reporting Period (Target)	Aggregated Dollar Amounts (Payments, Credits or Savings)
Individuals that achieve an increase in non-employment financial assets and resource utilization skills, and the aggregated amount of those assets and resources for participants achieving the outcome.					
Activities:	Performance Measure:	Year 1	Year 1	Year 2	Year 2
<ul style="list-style-type: none"><li>• Tax assistance provided to individuals.</li><li>• Families entitled to earned income tax credit referred to tax preparation assistance program.</li><li>• Individuals referred and assisted to apply for child support payments.</li><li>• Individuals are referred and assisted to apply for telephone lifeline and/or energy discounts.</li><li>• Individuals receive budget counseling services.</li><li>• Individuals receive an opportunity to build assets by accessing a 3:1 savings match for high return investment.</li><li>• Receive 12 hours of financial education, 10 hours of asset specific education, and on-going financial coaching.)</li><li>• Individuals develop and implement a credit repair plan</li></ul>	A. Individuals in tax preparation programs who obtained any type of Federal or State tax credit.	250		275	
	A1. Of the individuals in tax preparation programs, those who obtained Federal Earned Income Tax Credit (EITC).	175		200	
	B. Individuals who obtained court-ordered child support payments.				
	C. Individuals that enrolled in telephone lifeline and/or energy discounts.	50		50	
	D. Individuals who demonstrate ability to complete a budget. For over 90 days.	500		550	
	E. Individuals that opened an individual Development Account (IDA) or other savings account.	70		75	
	F. Individuals that increased their savings through an individual Development Account (IDA) or other savings account.	50		60	
	G. Of the individuals who opened an individual Development Account (IDA), the number that:	5		7	
	a. capitalized a small business	15		20	
	b. pursued post-secondary education	10		15	
	c. purchased a home	10		15	
	d. other assets				
H. Individuals who demonstrate good or restored credit.	350		400		
I. Individuals that attend workshop training on resume writing and interview skills	500		525		

**Agency Notes and Clarifications on Goal 1:**

**Low-income people become more self-sufficient.**

[see *Instructions*, pages 50-51]

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment

Goal 1, Measure E: This goal area refers to individuals who receive employability services through outreach programming and partnership activities. For example, Community Action of Minneapolis has established a partnership with an organization called 180 Degrees, that serves high-risk youth and adults who are transitioning back into the community after incarceration. Based on feedback from 180 Degrees administrators and participants, it was determined that employability services were a central need for the Minneapolis residents they serve. We anticipate that some of these individuals will enroll in self-sufficiency services at Community Action of Minneapolis.

Goal 1, Measure A: This goal area refers to the number of individuals who have obtained pre-employment skills/competencies required for employment and received a certificate or diploma. This area refers to the more intensive, wrap-around work readiness programs and services, resulting in them receiving a work readiness credential/certificate or completing the Industry-recognized Work Keys work readiness program.

**Goal 2. Community Goals: The Conditions In Which Low-Income People Live Are Improved .****2.1 Community Improvement & Revitalization**

There is an increase in or safeguarding of threatened community opportunities and resources of services for low-income people as a result of community action projects and initiatives, or advocacy with other public and private agencies.

		Number of Projects or Initiatives (Number of programs)	Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)	Number of Projects or Initiatives (Number of programs)	Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)
Activities:		Year 1	Year 1	Year 2	Year 2
<ul style="list-style-type: none"> <li>• Development or support of "living wage" jobs.</li> <li>• Development of safe and affordable housing units.</li> <li>• Construction, weatherization or rehabilitation which preserved or improved safe and affordable housing units.</li> <li>• Accessible and affordable health care services/facilities for LIP created or maintained.</li> <li>• Safe and affordable childcare or child development placement opportunities for low-income families created or maintained.</li> <li>• Before school and after school program placement opportunities for low-income families created or maintained.</li> <li>• New, preserved, or expanded transportation resources available to LIP, including public or private transportation.</li> <li>• Preserved or increased educational and training placement opportunities for LIP in the community, including vocation, literacy, life skill training, ABE/GED, post secondary education.</li> </ul>	A. Jobs created, or saved, from reduction of elimination in the community.				
	B. Accessible "living wage" jobs created or retained in the community				
	C. Safe and affordable housing units created in the community.				
	D. Safe and affordable housing units preserved or improved through construction, weatherization or rehabilitation. "Includes loans, rehab work and/or advocacy.	5	350	5	250
	E. Accessible and affordable health care services/facilities for limited low-income people (LIP) created or maintained.				
	F. Accessible safe and affordable childcare or child development placement opportunities for low-income (LI) families created or maintained.				
	G. Accessible "before" school program, "after" school program placement opportunities for low-income families created or maintained.				
	H. Accessible new or expanded transportation resources, or preserved transportation resources available to low-income families, including public or private transportation.				
	I. Accessible new or increased educational and training placement opportunities or preserved opportunities for low-income persons in the community, including vocation, literacy, life skill training, ABE/GED, post secondary education.				



Community Action of Minneapolis

Goal 2. Community Goals: The Conditions In Which Low-Income People Live Are Improved .

2.2 Community Quality of Life and Assets		Number of Projects or Initiatives (Number of programs)	Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)	Number of Projects or Initiatives (Number of programs)	Number of Opportunities and/or Community Resources Preserved or Increased (Opportunities = units, individuals/families/users)
The quality of life and assets in low-income neighborhoods are improved by community action initiatives or advocacy.					
Activities:	Performance Measure:	Year 1	Year 1	Year 2	Year 2
CAP engages in activities that  • Develop or support programs that increase availability or preserve community facilities, e.g. schools, community ed or tech centers, libraries, youth or community centers • Develop or support programs that increase the availability or preserve community services to improve public health and safety, e.g. street lights, telephone systems, enhanced policing, neighborhood watch, installation of sidewalks, waste or pest removal • Develop or support programs that increase the availability or preserve commercial services within low-income neighborhoods, e.g. stores, financial institutions, restaurants, other businesses • Develop or support programs that increase or preserve neighborhood quality-of-life resources, e.g. public spaces for arts, recreation, waste removal projects	A. Projects or services that increases community assets as a result of a change in law, regulation or policy, which results in improvements in quality of life and assets.				
	B. Projects or services that increase availability or preserve community facilities, e.g.-schools, community education or tech centers, libraries, youth or community centers.				
	C. Projects or services that increase the availability or preserve community services to improve public health and safety, e.g.-street lights, telephone systems, enhanced policing, neighborhood watch, installation of sidewalks, waste or pest removal.				
	D. Projects or services that increase the availability or preserve commercial services within low-income neighborhoods, e.g.-stores, financial institutions, restaurants, other businesses.				
	E. Projects or services that increase or preserve neighborhood quality of life resources, e.g.-public spaces for arts, recreation, waste removal projects.	5	5	6	6

Community Action of Minneapolis

**Goal 2. Community Goals: The Conditions In Which Low-Income People Live Are Improved .**

2.3 Community Engagement		Total contribution by community. Year 1	Total contribution by community. Year 2
The number of community members working with Community Action to improve conditions in the community.			
Activities	Performance Measure:		
Recruit, train and supervise volunteers to work at CAP	A. Number of community members mobilized by Community Action that participate in community revitalization and anti-poverty initiatives.	225	250
	B. Number of volunteer hours donated to the agency (this will be ALL volunteer hours)	500	500

Community Action of Minneapolis

### Agency Notes and Clarifications on Goal 2:

**The conditions in which low-income people live are improved.**

[See instructions, pages 50–51]

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

[illegible]

Community Action of Minneapolis

**Goal 3. Community Goals: Low-income People Own a Stake in Their Community .**

3.1 Civic Investment through maximum feasible participation The number of volunteer hours donated to Community Action.		Total contribution by community.	Total contribution by community.
Activities:	Performance Measure:	Year 1	Year 2
Recruit, train and supervise low-income volunteers to work at CAP	A. Total number of volunteer hours donated by low income individuals to Community Action (This is ONLY the number of volunteer hours from individuals who are low income)	80	90

Community Action of Minneapolis

Goal 3. Community Goals: Low-income People Own a Stake in Their Community .

3.2 Community Enhancement through Maximum Feasible Participation		Number of low-income people	Number of low-income people
The number of low-income people mobilized as a direct result of Community Action initiative to engage in activities that support and promote their own well-being and that of their community as measure by one or more of the following:		Year 1	Year 2
Activities:	Performance Measure:		
<ul style="list-style-type: none"> <li>• Active recruitment of community members, low-income people, low-income parents to serve on agency advisory council(s) or HS Policy Council.</li> <li>• Households receive counseling &amp; assistance with business planning and start up.</li> <li>• Community members receive training on participation, procedures and other topics relevant to agency, advisory councils.</li> <li>• Community members, parents, low-income people solicited to participate in community boards or committees.</li> <li>• Individuals/parents solicited to engage in non-partisan advocacy activities.</li> <li>• Provide advocacy training to low-income people, parents, other groups within community.</li> <li>• Households attend first time home buyers education, receive counseling and/or assistance with home purchase.</li> </ul>	A. Low income individuals participating in formal community organizations, government, boards or councils that provide input to decision making and policy setting through community action efforts. (Low income sector board members should be <b>counted here.</b> )	85	85
	B. Low income individuals acquiring businesses in their community as a result of community action assistance.		
	C. Low income individuals that purchase their own homes in their community as a result of community action assistance.	30	45
	D. Low income individuals engaged in non-governance community activities or groups created or supported by community action.	80	110
	E. Low income individuals that successfully complete first time homebuyer workshop.	50	75
	F. Low income individuals are invited to attend monthly asset development training	500	650
	G. Low income individuals receive parenting education and life skills training	600	700
	H. Low income individuals that receive training on housing location assistance.	150	200
	I. Low income individuals participate in energy conservation workshops	400	450

Community Action of Minneapolis

Goal 3. Community Goals: Low-income People Own a Stake in Their Community .

*Required by the State of Minnesota and your Community Action Grant Contract.*

3.3 Voter Education & Registration		Number of participants Expected to Achieve the Outcome in Reporting Period (Target) Year 1	Number of participants Expected to Achieve the Outcome in Reporting Period (Target) Year 2
• Low-income people participate in the political process by exercising their rights to vote. • Low-income people are informed of the political issues affecting them and their communities and have the means to address their concerns.			
Activities:	Performance Measure:		
• unregistered voters offered voter registration information. • voter education and registration activities conducted in community (ies).	A. Individuals who were educated or whose knowledge was increase about MN Voter registration and participation.	1200	1350

Community Action of Minneapolis

### Agency Notes and Clarifications on Goal 3:

**Low-income people own stake in their community.**

[See Instructions, pages 50-51]

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

[illegible]

Community Action of Minneapolis

**Goal 4. Agency Goals: Partnerships Among Supporters and Providers of Services to Low-Income People are Achieved.**

4.1 Expanding Opportunities through Community-Wide Partnerships		Number of organizations	Number of partnerships	Number of organizations	Number of partnerships
The number of organizations, both public and private, that Community Action actively works with to expand resources and opportunities in order to achieve family and community outcomes.		Year 1	Year 1	Year 2	Year 2
Activities:	Performance Measure:				
<ul style="list-style-type: none"> <li>- Establish or maintain the following with partners in the community:</li> <li>• Formal agreements to coordinate referral and exchange of program participants</li> <li>• Financial agreements between CAA and business entities or financial institutions to promote individual or community economic development, infrastructure investment</li> <li>• Informal working relationships that expand services for LIPs including routine service referrals and follow-up contacts</li> <li>• Alliances between CAA and organizations that advocate for expanded services or opportunities for LIPs</li> <li>• Participate in collaborative efforts with providers to engage in community assessment, planning, etc.</li> </ul>	A. Nonprofit	45	50	45	50
	B. Faith Based	3	4	3	4
	C. Local Government	2	1	2	1
	D. State Government	3	3	3	3
	E. Federal Government	3	3	3	3
	F. For-Profit Business or Corporation	5	10	5	10
	G. Consortia/ Collaborations	2	2	2	2
	H. Housing Consortia/ Collaborations	2	2	2	2
	I. School Districts				
	J. Institutions of post secondary education/ training	3	5	3	5
	K. Financial/ Banking Institutions	3	3	3	3
	L. Health Service Institutions	3	3	3	3
	M. State-wide associations or collaborations				
	N. The total number of organizations and total number of partnerships CAAs work with to promote family and community outcomes (automatically calculates).	83	87	83	87



Community Action of Minneapolis

### Agency Notes and Clarifications on Goal 4:

**Partnerships among supporters and providers of services to low-income people are achieved.**

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

[illegible]

Community Action of Minneapolis

**Goal 5. Agency Goals: Agencies Increase Their Capacity to Achieve Results.**

<b>5.1 Agency Development</b> The number of human capital resources available to Community Action that increase agency capacity to achieve family and community outcomes, as measured by one or more of the following:		Total Number	Total Number of training hours	Total Number	Total Number of training hours
Activities:		Year 1	Year 1	Year 2	Year 2
<b>Performance Measure:</b> • Agencies provide opportunities for staff to participate in credentialing programs • Agencies provide appropriate training & development for staff according to performance evaluations and staff development plans. • Staff trained on regulations and monitored to ensure compliance. • Agencies provide appropriate training & development for Board members. • Regular training and development activities offered to staff. • Regular training and development activities offered to Board and Policy Council members.	A. Number of Nationally Certified Community Action Professionals (C-CAPS)				
	B. Number of Nationally Certified ROMA Trainers**				
	C. Number of Family Development Trainers				
	D. Number of Child Development Trainers				
	E. Number of Family Development Trainers				
	F. Number of Board members attending trainings				
	G. Number of Board members attending trainings				

\*A.) As certified by the National Community Action Partnership

\*\*B.) As certified by the National ROMA Peer-to-Peer Training Program, Center for Applied Management Practices

### Agency Notes and Clarifications on Goal 5:

[See instructions, pages 50-51]

The number of Seniors, Disabled, caregivers and others that participate in programs to live independently who can not seek employment.

[illegible]

Community Action of Minneapolis

**Goal 6. Family Goals: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other**

<b>6.1 Independent Living</b>		Total Number	Total Number
The number of vulnerable individuals receiving services from Community Action who maintain an independent living situation as a result of those services:			
<i>(seniors can be counted twice, one under senior and again if they are disabled under Individuals with Disabilities ages 55 - over)</i>			
Activities:	Performance Measure:	Year 1	Year 2
Programs and activities to help seniors adults maintain independent living	A. Senior Citizens	5500	6500
	B Individuals with Disabilities		
	Ages 0 - 17	300	400
	Ages 18 - 54	1000	1100
	Ages 55 - over	1000	1100
	Age Unknown	700	900
	TOTAL Individuals with disabilities	3000	3500

6.3 Child and Family Development		Number of Participants Expected to Achieve the Outcome in Reporting Period (Target)	Number of Participants Expected to Achieve the Outcome in Reporting Period (Target)
Children and youth from low-income families participate in developmental or enrichment programs and achieve program goals.			
Infants and children receive the services they need for growth and success in childhood.		Year 1	Year 2
Activities:	Performance Measure:		
Infants and children	A. Infants & children who obtain age appropriate immunization, medical and dental care. (Best possible unduplicated count)		
	B. Infants and children whose health and physical development are improved as a result of adequate nutrition.		
	C. Children who participate in preschool activities to develop school readiness.		
	D. Children from low-income families who are ready for school (Kindergarten or 1st Grade) having developed pre-literacy and pre-numeracy skills as measured by assessment.		
Youth	E. Youth who improve physical health and development.		
	F. Youth who improve social/emotional development.	375	400
	G. Youth who avoid risk-taking behavior for a defined period of time.		
	H. Youth who have reduced involvement with the criminal justice system.		
Adults	I. Youth who increase academic, athletic or social skills for school success by participating in before or after school programs.		
	J. Parents and other adults who learn and exhibit improved parenting skills.	400	450
	K. Parents and other adults who learn and exhibit improved family functioning skills.	500	550

Part II: MN ROMA Outcome Catalog (Updated:6/19/2014)

Community Action of Minneapolis

**Goal 6. Family Goals:** Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems .

6.4 Family Support (seniors, disabled and caregivers)		Number of Individuals Expected to Receive Outcome Year 1	Number of Individuals Expected to Receive Outcome Year 2
Low-income people who are unable to work, especially seniors, adults with disabilities, and caregivers, for whom barriers to family stability are reduced or eliminated, as measured by one or more of the following:			
Activities:	Performance Measure:		
Activities to help seniors, disabled and other adults maintain independent living include but are not limited to: • Before and after school programs • Child or other dependent care • Transportation programs • Programs that assist with health care • Safe affordable housing programs • Food assistance programs • Non-emergency energy assistance	A. Enrolled children in before or after school programs.		
	B. Obtained care for child or other dependent.		
	C. Obtained access to reliable transportation and / or driver's license.		
	D. Obtained health care services for themselves or family member		
	E. Obtained safe and affordable housing		
	F. Obtained food assistance	300	350
	G. Obtained non-emergency LIHEAP energy assistance		
	H. Obtained non-emergency WX energy assistance	20	20
	I. Obtained other non-emergency energy assistance (State / local / private energy programs. DO NOT include LIHEAP or WX)		

# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Summary

(July 1, 2013 to December 31, 2015)

(July 1, 2013 to December 31, 2015)

Cost Cat. No.	Cost Category	2014 Community Action Grant \$	2015 Community Action Grant \$	2014 Community Services Block Grant \$	2015 Community Services Block Grant \$	Total \$
1.1	Salaries & Wages	232,195.00	240,268.00	561,073.00	561,072.00	1,594,608.00
1.2	Fringe Benefits	83,300.00	83,300.00	98,000.00	98,000.00	362,600.00
1.3	Consultants & Professional	10,000.00	10,000.00	30,000.00	30,000.00	80,000.00
2.1	Travel	5,000.00	5,000.00	30,000.00	30,000.00	70,000.00
2.2	Space Costs and Rentals	60,348.00	62,500.00	60,500.00	60,500.00	243,848.00
2.3	Consumable Supplies	27,125.00	20,000.00	20,000.00	19,125.00	86,250.00
2.4	Lease and Purchase of Equipment	10,000.00	10,000.00	10,000.00	10,000.00	40,000.00
2.5	Indirect Costs	-	-	-	-	-
3	Other	47,775.00	44,675.00	131,933.00	132,809.00	357,192.00
TOTALs		475,743.00	475,743.00	941,506.00	941,506.00	2,834,498.00

Community Action of Minneapolis  
CSBG Amendment No. 1  
7/1/13-6/30/16 GRK% 64928 | 3000020736

Name of Applicant: \_\_\_\_\_

Page: \_\_\_\_ of \_\_\_\_

**2014-15 COMMUNITY ACTION FUNDING APPLICATION  
Budget Support Part I**

**(Salaries and Wages)**  
(July 1, 2013 to December 31, 2015)

Number of Employees: Full Time 41		Part Time 0			
Title or Position (Paid Personnel)	2014 Community Action Grant \$	2015 Community Action Grant \$	2014 Community Services Block Grant \$	2015 Community Services Block Grant \$	Total \$
President/CEO	28,283.00	28,283.00	66,217.00	66,217.00	189,000.00
CFO	10,386.00	10,386.00	59,000.00	59,000.00	138,772.00
Director of Children Family & Developm	30,730.00	30,730.00	29,270.00	29,270.00	120,000.00
Human Resource Manager	9,490.00	14,490.00	8,960.00	8,960.00	41,900.00
Manager of Information Technology	25,004.00	25,004.00	10,950.00	10,950.00	71,908.00
Manager Community Services	5,000.00	5,000.00	6,000.00	6,000.00	22,000.00
Fiscal Coordinator	20,164.00	20,164.00	20,164.00	20,164.00	80,656.00
Manager of Fiscal Services	8,680.00	8,680.00	25,320.00	25,320.00	68,000.00
Subtotal (this page) (use continuation sheets)	137,737.00	142,737.00	225,881.00	225,881.00	732,236.00

Name of Applicant: Community Action of Minneapolis

Page: 1 of 2



# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Support Data - Part II

(July 1, 2013 to December 31, 2015)

Cost Cat. No	DESCRIPTION OF ITEM AND BASIS FOR VALUATION	AMOUNT OR VALUE OF ITEM
1.1	Salaries & Wages	1,594,608.00
1.2	Fringe Benefits	362,600.00
1.3	Consultants & Professional	80,000.00
	Audit	30,000.00
	Training Cost/Staff Retreats/Board Retreats/Staff Developments	30,000.00
	Other Expert & Consulting/Legal Computer Maintenance/Other Professional Fees	20,000.00
	Sub-Total	80,000.00
2.1	Travel	70,000.00
	Travel Expense in State includes transportation, lodging, and per diem	20,000.00
	Travel Expense Out of State includes Transportation, lodging and per diem. Travel cost includes Staff & Board travel to National Conventions.	50,000.00
	Sub-Total	70,000.00
Sub-Total (This Page)		2,107,208.00

Name of Applicant: Community Action of Minneapolis

Page: 1 of 3

# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Support Data - Part II

(July 1, 2013 to December 31, 2015)

Cost Cat. No	DESCRIPTION OF ITEM AND BASIS FOR VALUATION	AMOUNT OR VALUE OF ITEM
<b>2.2</b>	<b>Space &amp; Rental</b>	<b>243,848.00</b>
	Office Rental/Program Facilities	243,848.00
<b>2.3</b>	<b>Consumable Supplies</b>	<b>136,250.00</b>
	Board Meetings (Cost associated with Board/Committee, stipends paid to low-income Board Members)	10,000.00
	Community Forums( Light Refreshments)	22,500.00
	Office Supplies/Toner, Paper, mail supplies, writing utensiles, small office equipment and maintenar	40,000.00
	Other Consumable Supplies	13,750.00
	Sub-Total	86,250.00
	Sub-Total (This Page)	330,098.00

# 2014-15 COMMUNITY ACTION FUNDING APPLICATION

## Budget Support Data - Part II

(July 1, 2013 to December 31, 2015)

Cost Cat. No.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION	UNT OR VALUE OF ITEM
<b>2.4</b>	<b>Lease &amp; Purchase of Equipment</b>	<b>40000</b>
	Computer & Office Equipment	25000
	Computer Software Fees	15000
	Sub-Total	40000
<b>3.0</b>	<b>Other</b>	<b>273492</b>
	Postage	25000
	Printing	40000
	CAP Dues/MembershipVisionsDues	70000
	Book&Reference Materials	5000
	Insurance	60000
	Advertising Employment	2500
	Community Programs ie Community Action Day, Urban Gardening, Legal Assist	154692
	Health Fair, Youth Involment Programs	
	Sub-Total	357192
	Sub-Total (This Page)	397192
<b>Grand Total</b>		<b>2,834,498.00</b>

Name of Applicant: Community Action of Minneapolis

Pages: 3 of 3

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**AFFIDAVIT OF JOELLE HOEFT**

STATE OF MINNESOTA )

) ss

COUNTY OF RAMSEY )

I, Joelle Hoeft, being first duly sworn, deposes and says as follows:

1. I submit this affidavit in support of the Petition to Appoint Receiver by the Minnesota Department of Human Services.
2. My job title is Grants, Policy, and Program Manager in the Office of Economic Opportunity ("OEO") at the Minnesota Department of Human Services ("Department"). The OEO is responsible for administering and monitoring state and federal funding aimed at eliminating the causes and effects of poverty, including federal and state community action funding.
3. In the course of my work, I became aware of the various community action agencies in Minnesota that serve low-income people through a variety of programs funded by money received under grant contracts with the Department.
4. One of these agencies, Community Action of Minneapolis, is a non-profit corporation that had a long-standing relationship with the Department because it received grant funding for many years to deliver services to low-income people who live in Minneapolis.
5. To receive grant funding, Community Action of Minneapolis was designated by the City of Minneapolis and recognized by the Department as the community action agency to serve low-income people who live in Minneapolis.
6. Community Action of Minneapolis recently had two grant contracts with the Department: (1) Supplemental Nutrition Assistance Program (SNAP) Outreach; and (2) Community Action Grant, which encompasses the Minnesota Community Action Grant and the federal Community Services Block Grant.
7. The SNAP Outreach contract allowed Community Action of Minneapolis to get

reimbursed for up to \$27,841.21 to provide SNAP "food support application assistance and outreach, [and] to improve SNAP participation among the elderly and working poor in our service area," which is defined as a 65-ZIP code area of Minneapolis. The SNAP Outreach contract started on October 1, 2013, and was written to end September 30, 2014. (Exhibit A to Joelle Hoeft Affidavit).

8. The Community Action contract allowed Community Action of Minneapolis to get reimbursed for up to \$2,834,498 for contract services provided. (Exhibits B and C to Joelle Hoeft Affidavit).
9. The initial Community Action contract allowed for up to \$1,759,532 "to plan and implement programs and services that focus on self-sufficiency, family stabilization, employability, life and essential skill development, advocacy, wealth-building and financial services, and service and resource coordination ... to move families out of poverty." (Exhibit B).
10. The amendment to the initial Community Action contract allowed Community Action of Minneapolis to get reimbursed for up to \$1,074,966 to further carry out the purposes of the initial contract. (Exhibit C).
11. The Community Action contract started on July 1, 2013, and was written to end June 30, 2016. (Exhibits B and C).
12. The Department distributed funds to Community Action of Minneapolis on a reimbursement basis. This means that the Department provided funds to Community Action of Minneapolis as the entity incurred costs and sought reimbursement for those costs from the Department.
13. The Department had fiscal and programmatic oversight over the grant funding that Community Action of Minneapolis received under contract. The entity provided information to the Department on a variety of schedules: monthly financial reports under the SNAP Outreach and Community Action contracts; annual program reports under the Community Action contract; and quarterly reports under the SNAP Outreach contract.
14. I am aware of the audit report issued by the Department's internal audits office on August 12, 2014, which analyzed Community Action of Minneapolis' activities and expenditures and found numerous deficiencies and problems. (Exhibit A of Gary L. Johnson Affidavit).
15. I am also familiar with the Department's formal written notice of termination for cause, dated September 26, 2014. (Exhibit B of Gary L. Johnson Affidavit).
16. Since the Department sent the termination notice, the Department sent approximately 3,000 client notices to people who received services from Community Action of

Minneapolis that were funded by state and federal grant contracts with the Department.  
The Department referred those clients to other social service agencies to seek services.

Further your affiant sayeth not.

  
\_\_\_\_\_  
JOELLE HOEFT

Subscribed and sworn to before me  
this 14 day of October, 2014.

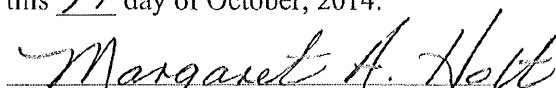
  
\_\_\_\_\_  
Notary Public



EXHIBIT A TO  
AFFIDAVIT OF JOHN HARVANKO

**STATE OF MINNESOTA  
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM  
Federal Fiscal Year (FFY) 2014 GRANT CONTRACT**

This grant contract is between the State of Minnesota, acting through its **Department of Commerce ("State")** and **Community Action of Minneapolis, Inc. ("Grantee")** 505 East Grant Street, Suite 100 Minneapolis MN 55404.

**Recitals**

1. The State has been granted funds by the United States Department of Health and Human Services (USDHHS) Administration for Children and Families, CEFA #93.568. Funds must be expended in accordance with the Low-Income Home Energy Assistance Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended), the *Energy Assistance Program (EAP) State Plan, FFY2014 EAP Policy Manual* and the *EAP Local Plan*.
2. Under Minnesota Statutes section 216C.02, the State is empowered to enter into this grant contract.
3. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract to the satisfaction of the State. Pursuant to Minnesota Statutes §16B.98 Subdivision 1, the Grantee agrees to minimize administrative costs as a condition of this grant.

**Grant Contract**

**1. Term of Grant Contract**

- 1.1 *Effective date:* 10/01/2013, or the date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2, whichever is later.  
The Grantee must not begin work under this grant contract until this contract is fully executed and the State has issued and the Grantee has received a Notice of Funds Available (NFA) to the Grantee. Each NFA issued by the State will specify the time period during which the Grantee may perform work and incur eligible costs under this contract. Such time period specified in an NFA may begin on or after the effective date of this contract and may end on or before the expiration date of this contract.
- 1.2 *Expiration date:* 09/30/2014, or until all obligations have been satisfactorily fulfilled, whichever occurs first. The Grantee must complete all program and fiscal activity for this federal fiscal year no later than December 15, 2014. After December 15, 2014, fiscal activity for this Grant Contract is stopped.
- 1.3 *Survival of Terms.* The following clauses survive the expiration or cancellation of this grant contract: 4.3 Repayment; 8. Liability; 9. Reporting; 12. Audits; 13. Government Data Practices and Intellectual Property; 14.2 State Property; 17. Publicity and Endorsement; 19. Governing Law, Jurisdiction, and Venue; 20. Termination, Repayment and Cooperation; and 21. Disclosure of Grantee Tax identification Numbers.

**2. Grantee's Duties**

The Grantee will perform duties and expend funds in accordance with the terms and conditions set forth in the Minnesota Energy Assistance Program (EAP) State Plan for Federal Fiscal Year (FFY) 2014, the *FFY2014 Energy Assistance Program Policy Manual* and the Service Provider's *EAP Local Plan*, which are incorporated into this grant contract.

The Grantee will maintain access to and utilize the State's Electronic Household Energy Automated Technology™ (eHEAT) system through the Grantee's connection(s) to the Internet.

**3. Time**

The Grantee must comply with all the time requirements described in this grant contract. In the performance of this grant contract, time is of the essence.

**4. Consideration, Payment, Federal Funds, Repayment and Program Income**

- 4.1 *Consideration.* The State will pay for all services performed by the Grantee under this grant contract as follows:  
The Grantee will be paid for eligible costs actually and necessarily incurred in the performance of its duties. As funds become available to the State for the purposes of this grant contract, the State will issue to the Grantee NFAs specifying the amount of funding available to the Grantee under this contract. The NFA is incorporated



into this contract. The Grantee will expend funds only within the cost categories and amounts specified in NFA(s) and in eHEAT.

#### 4.2. **Payment**

4.2.1 **Invoices.** The State will promptly pay the Grantee after the Grantee presents an itemized cash request (invoice) in a form prescribed by the State and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted as frequently as necessary to effectively manage cash to ensure that the timing and amount of cash received is as close as is administratively feasible to the actual disbursement of program costs. The amount of money on hand must not exceed the amount needed for 3 days' business activity, which complies with Section 5 of the Cash Management Improvement Act of 1990 and OMB Common Rule A122 Payment (b) **Basic Standard**.

4.2.2 **Federal funds.** Payments under this grant contract will be made, in whole or in part, from federal funds obtained by the State through the USDHHS under the **Low-Income Home Energy Assistance Act** of 1981, as amended, 42 USC 8621 to 8629, CEBA Number 93.568 (Acts). The Grantee is responsible for compliance with all federal laws, rules and requirements imposed on these funds and accept full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal laws, rules or requirements. In addition to the Acts, applicable federal laws, rules, and requirements may include, but are not limited to:

4.2.2.1 OMB Circulars Numbers A-21 (2 CFR 220), A-87 (2 CFR 225), A-110 (2 CFR 215), A-122 (2 CFR 230) and A-133;

4.2.2.2 OMB Common Rule as codified at 29 CFR 97;

4.2.2.3 ASMB C-10 (Implementation Guide for OMB Circular A-87);

4.2.2.4 Non-discrimination requirements under the Civil Rights Act of 1964 (42 USC 2000d) as amended by the Equal Employment Opportunity Act of 1972, the Rehabilitation Act of 1973 (29 USC 794), the Age Discrimination Act of 1975 (42 USC 794), and the Americans with Disabilities Act of 1990 (42 USC 12101);

4.2.2.5 President's Executive Order 12549 and the implementation regulation Non-procurement, Debarment and Suspension, Notice and Final Rule and Interim Final Rule found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions";

4.2.2.6 New Restrictions on Lobbying, 45 FR 93, Subpart A, Revised 10/1/1999;

4.2.2.7 Political Activity provisions of Title 5 of the United States Code;

4.2.2.8 Drug-Free Workplace Act of 1988; and

4.2.2.9 Fair Labor Standards Act.

4.3 **Repayment.** The Grantee will repay the State any funds paid to the Grantee by the State for costs which:

4.3.1 The State determines are not eligible under this contract;

4.3.2 The Grantee has been or will be compensated by another entity;

4.3.3 The Grantee's records do not clearly substantiate as eligible under this contract; or

4.3.4 Are identified as a financial audit exception;

4.3.5 The State assesses administrative fines for late reports as specified in the *FFY2014 Energy Assistance Program Policy Manual*.

4.4 **Program Income.** All interest or other income earned by the Grantee on funds advanced to the Grantee by the State will be considered program income and must be reported to the State. Program income may only be expended for activities and costs that are eligible under this grant contract.

#### 5. **Conditions of Payment**

All services provided by the Grantee under this grant contract must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

#### 6. **Authorized Representative**

The State's Authorized Representative is **John M. Harvanko**, Director, Office of Energy Assistance Programs, 651-539-1805, [john.harvanko@state.mn.us](mailto:john.harvanko@state.mn.us), or his successor, and has the responsibility to monitor the Grantee's

performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment. The Grantee's Authorized Representative is William Davis, President and CEO, 505 First Grant Street, Suite 100, Minneapolis, MN 55404 612-348-8858 Ext 302, [wldavis@ccampfl.org](mailto:wldavis@ccampfl.org) or their successor. If the Grantee's Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

**7. Assignment, Amendments, Waiver, and Grant Contract Complete**

- 7.1 *Assignment.* The Grantee may neither assign nor transfer any rights or obligations under this grant contract without the prior consent of the State and a fully executed **Assignment Agreement**, executed and approved by the same parties who executed and approved this grant contract, or their successors in office.
- 7.2 *Amendments.* Any amendment to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.
- 7.3 *Waiver.* If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or its right to enforce it.
- 7.4 *Grant Contract Complete.* This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

**8. Liability**

The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.

**9. Reporting**

The Grantee will provide all reports as may be required by the State from time to time, including but not limited to:

- 9.1 A detailed Local Plan
- 9.2 Monthly Financial Status Report (FSR), in a form prescribed by the State, as prescribed in the *FFY2014 Energy Assistance Program Policy Manual*,
- 9.3 Final Financial Status Report and other closeout documents, in a form prescribed by the State, no later than 30 days following the expiration of this grant contract, including a listing of un-liquidated obligations of grant funds, if any.
- 9.4 Leveraging Report specified in the *FFY2014 Energy Assistance Program Policy Manual*,
- 9.5 A copy of the Service Provider's fiscal audit.
- 9.6 Incident reports specified in the *FFY2014 Energy Assistance Program Policy Manual*,
- 9.7 Program audit disclosure letter specified in the *FFY 2014 Energy Assistance Policy Manual*
- 9.8 Requested responses to monitoring findings.

**10. Monitoring and Corrective Action**

- 10.1 *Monitoring.* The Grantee will allow the State access to its business site(s) and will secure written permission from its sub-grantees to allow the State access to sub-grantees' sites and records for the purpose of monitoring Grantee performance, compliance with contract requirements. The Grantee will cooperate with the State in the performance of such monitoring activities.
- 10.2 *Corrective Action.* If the State finds that the Grantee's performance is deficient or has not complied with contract requirements, the Grantee will implement any corrective action determined by the State. Failure to implement corrective action may void this contract.

**11. Financial Records**

The Grantee will use such fiscal, audit and accounting procedures as may be necessary to assure and promote sound financial management, including effective internal controls, and will maintain business records in conformance with generally accepted accounting and auditing principles, to fully evidence its costs and expenses.

**12. Audits**

- 12.1 State Audits.** Under Minn. Stat. § 16C.05, Subd.5, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.
- 12.2 Federal Audits.** The Grantee's books, financial records, programmatic records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the OSDHHS and the Comptroller General of the United States, or their designated representatives, for the greater of a period three years after the expiration date of this contract or on completion of a federal audit if one is commenced within three years after the expiration date.
- 12.3 Single Audit.** The Grantee must comply with the financial and compliance audits requirements of the Single Audit Act Amendments of 1996 and OMB circular No. A-133, "Audit of States, Local Governments and Non-Profit Organizations."
- 12.4 Program Specific Audit.** In addition to Clause 12.3, the Grantee must, upon request from the State, conduct a program specific audit of the Grantee's **Low-Income Home Energy Assistance Program** using the guidelines set forth in CFDA 93.568 and OMB Circular A-133 Compliance Supplement, "Audit of States, Local Governments and Non-Profit Organizations."

### **13. Government Data Practices and Intellectual Property**

- 13.1.1. Minnesota Government Data Practices Act.** The Grantee and State must comply with the Minnesota Government Data Practices Act ("MGDPA"), Minn. Stat. Ch. 13, as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of Minn. Stat. §13.08 apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law. The Grantee shall notify its program applicants and sub-grantees that it will provide applicant and sub-grantee data to the State, and that the State may share applicant and sub-grantee data with other agencies for the purpose of eligibility and program evaluation.
- 13.1.2. Private Data on Individuals.** Under Minn. Stat. §216C.266, data on individuals collected, maintained or created because the individual applies for benefits or services provided by the energy assistance or weatherization programs is private data on individuals. In accordance with the MGDPA, the Grantee must not disseminate or use private data on individuals for purposes other than those stated to the individual at the time of collection unless the individual subject or subjects of the data have given their informed consent. This prohibition of dissemination of private data includes but is not limited to the disclosure or use of information regarding an applicant's eligibility for benefits under the energy assistance or weatherization programs to identify individuals who may be eligible for other benefits or programs unless the individuals are informed of that use at the time the information is collected or unless they subsequently give their informed consent.
- 13.2. Intellectual Property Rights**
- 13.2.1. Intellectual Property Rights.** The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents created and paid for under this contract. Works means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and sub-grantees, either individually or jointly with others in the performance of this contract. Works includes "Documents." Documents are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents, or sub-grantees, in the performance of this contract. The Documents will be the exclusive property of the State and all such Documents must be immediately returned to the

State by the Grantee upon completion or cancellation of this contract. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for him." The Grantee assigns all right, title, and interest it may have in the Works and the Documents to the State. The Grantee must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State's ownership interest in the Works and Documents.

**13.2.2. Obligations**

**13.2.2.1. Notification.** Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the Grantee, including its employees and sub-grantees, in the performance of this contract, the Grantee will immediately give the State's Authorized Representative written notice thereof and must promptly furnish the Authorized Representative with complete information and/or disclosure thereon.

**13.2.2.2. Representation.** The Grantee must perform all acts and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of the State and that neither Grantee nor its employees' agents, or sub-grantees retain any interest in and to the Works and Documents. The Grantee represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 8, the Grantee will indemnify, defend, to the extent permitted by the Attorney General, and hold harmless the State, at the Grantee's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee's or the State's opinion is likely to arise, the Grantee must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

**14. Personal Property, State Property and Exception**

**14.1 Personal Property.** Any purchase of non-expendable personal property that has a useful life greater than one year and a per unit cost of Five Thousand dollars (\$5,000.00) or greater must have prior written approval of the State.

**14.2 State Property.** Non-expendable personal property that has a useful life greater than one year that is purchased with funds provided under this grant contract shall be the property of the State. Such property in the possession of the Grantee may be subject to an annual inventory audit. The Grantee will deliver such property to the State within thirty days after the expiration or termination of this contract, if requested in writing by the State.

**15. Workers' Compensation**

The Grantee certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

**16. Affirmative Action**

If applicable, the Grantee certifies that it has received a Certificate of Compliance from the Commissioner of Human Rights pursuant to Minn. Stat. §363A.36.

**17. Publicity and Endorsement**

**17.1 Publicity.** Any publicity regarding the subject matter of this grant contract must identify the State and USDHHS as the sponsoring agencies and must not be released without prior written approval from the State's Authorized

Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract.

**17.2 Endorsement.** The Grantee must not claim that the State or USDHHS endorses its products or services.

**18. Plain Language**

All written materials developed or used by the Grantee to communicate with sub-grantees or sub-grant applicants must be understandable to a person of average intelligence and education.

**19. Governing Law, Jurisdiction, and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

**20. Termination, Repayment, and Cooperation**

**20.1 Termination by the State.** The State may terminate this grant contract at any time, with or without cause, upon written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed, except as limited by this clause.

**20.2 Termination for Insufficient Funding.** The State may immediately terminate this contract if funding is withdrawn by the USDHHS; the Minnesota Legislature, or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

**20.3 Termination by the Grantee.** The Grantee may terminate this grant contract at any time, with or without cause, upon sixty days written notice to the State. Such written notice must include proposed terms for the discontinuation of the Grantee's services and an estimated final invoice for the Grantee's services performed. No later than sixty days after termination, the Grantee must submit a final invoice to the State. The State may accept or reject in whole or in part the Grantee's proposed terms, estimated final invoice or final invoice, and shall notify the Grantee of its decision within five business days of its receipt of the Grantee's termination notice, and within fifteen business days of its receipt of the Grantee's final invoice. Upon termination and submission of a final invoice, and upon acceptance of the final invoice by the State, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

**20.4 Repayment for Ineligible costs.** If the State or the Grantee terminates this contract, the State may withhold payment for outstanding invoiced costs pending its determination of the eligibility of all costs for which the Grantee has been paid by the State. If the State determines that total payments to the Grantee under this contract exceed eligible costs actually incurred by the Grantee, the Grantee will repay to the State all funds received in excess of eligible costs. This clause shall not be construed to bar any other legal remedies the State may have to recover funds expended by the Grantee for ineligible costs.

**20.5 Cooperation.** In the event of termination under this clause, the Grantee will fully cooperate with the State in the transfer of program information, records and equipment to the State and/or any other entity designated in writing by the State to receive such information, records and equipment.

**21. Disclosure of Grantee Tax Identification Numbers**

Under Minn. Stat. § 270C.65, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

**22. Minn. Stat. §181.59**

The vendor will comply with the provisions of Minn. Stat. §181.59 which require:

Every contract for or on behalf of the state of Minnesota, or any county, city, town, township, school, school district, or any other district in the state, for materials, supplies, or construction shall contain provisions by which the contractor agrees: (1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, by reason of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; (2) That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color; (3) That a violation of this section is a misdemeanor; and (4) That this contract may be canceled or terminated by the state, county, city, town, school board, or any other person authorized to grant the contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

**23. Equal Treatment for Faith-Based Organizations**

All agencies must comply with the USDHHS rules regarding nondiscrimination of faith-based organizations as found within 45 CFR Parts 74, 87, 92, and 96.

**1. STATE ENCUMBRANCE VERIFICATION**

*Individual certifies that funds have been encumbered as required by Minn. Stat. § 16A.15 and 16C.03*

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

CFMS Grant contract No. \_\_\_\_\_

**3. MINNESOTA DEPT OF COMMERCE**

By: \_\_\_\_\_

(with delegated authority)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**2. Community Action of Minneapolis, Inc.**

The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: \_\_\_\_\_

Title: \_\_\_\_\_

### ***Accepting Business Courtesies***

Most business courtesies offered to us in the course of our employment are offered because of our positions at Community Action of Minneapolis. We should not feel any entitlement to accept and keep a business courtesy. Although we may not use our position at Community Action of Minneapolis to obtain business courtesies, and we must never ask for them, we may accept unsolicited business courtesies that promote successful working relationships and good will with the firms that Community Action of Minneapolis maintains or may establish a business relationship with.

Employees who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business or who participate in negotiation of contracts must be particularly careful to avoid actions that create the appearance of favoritism or that may adversely affect the company's reputation for impartiality and fair dealing. The prudent course is to refuse a courtesy from a supplier when Community Action of Minneapolis is involved in choosing or reconfirming a supplier or under circumstances that would create an impression that offering courtesies is the way to obtain Community Action of Minneapolis business.

### ***Meals, Refreshments and Entertainment***

We may accept occasional meals, refreshments, entertainment and similar business courtesies that are shared with the person who has offered to pay for the meal or entertainment, provided that:

- They are not inappropriately lavish or excessive.
- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier whose contract is expiring in the near future.
- The employee accepting the business courtesy would not feel uncomfortable discussing the courtesy with his or her manager or co-worker or having the courtesies known by the public.

### ***Gifts***

Employees may accept unsolicited gifts, other than money, that conform to the reasonable ethical practices of the marketplace, including:

- Flowers, fruit baskets and other modest presents that commemorate a special occasion.
- Gifts of nominal value, such as calendars, pens, mugs, caps and t-shirts (or other novelty, advertising or promotional items).

Generally, employees may not accept compensation, honoraria or money of any amount from entities with whom Community Action of Minneapolis does or may do business. Tangible gifts (including tickets to a sporting or entertainment event) that have a market value greater than \$75 may not be accepted unless approval is obtained from management.

Employees with questions about accepting business courtesies should talk to their managers or the Human Resources.

## State Of Minnesota – Affirmative Action Certification

If your response to this solicitation is or could be in excess of \$100,000, complete the information requested below to determine whether you are subject to the Minnesota Human Rights Act (Minnesota Statutes 363A.36) certification requirement, and to provide documentation of compliance if necessary. It is your sole responsibility to provide this information and—if required—to apply for Human Rights certification prior to the due date of the bid or proposal and to obtain Human Rights certification prior to the execution of the contract. The State of Minnesota is under no obligation to delay proceeding with a contract until a company receives Human Rights certification. **BOX A** – For companies which have employed more than 40 full-time employees within Minnesota on any single working day during the previous 12 months. All other companies proceed to **BOX B**.

Your response will be rejected unless your business:

has a current Certificate of Compliance issued by the Minnesota Department of Human Rights (MDHR)

—OR—

has submitted an affirmative action plan to the MDHR, which the Department received prior to the date the responses are due.

Check one of the following statements if you have employed more than 40 full-time employees in Minnesota on any single working day during the previous 12 months:

- ☒ We have a current Certificate of Compliance issued by the MDHR. Proceed to **BOX C**. Include a copy of your certificate with your response.
- ☐ We do not have a current Certificate of Compliance. However, we submitted an Affirmative Action Plan to the MDHR for approval, which the Department received on \_\_\_\_\_ (date). Proceed to **BOX C**.
- ☐ We do not have a Certificate of Compliance, nor has the MDHR received an Affirmative Action Plan from our company. We acknowledge that our response will be rejected. Proceed to **BOX C**. Contact the Minnesota Department of Human Rights for assistance. (See below for contact information.)

**Please note:** Certificates of Compliance must be issued by the Minnesota Department of Human Rights. Affirmative Action Plans approved by the Federal government, a county, or a municipality must still be received, reviewed, and approved by the Minnesota Department of Human Rights before a certificate can be issued.

### **BOX B – For those companies not described in BOX A**

Check below.

- ☐ We have not employed more than 40 full-time employees on any single working day in Minnesota within the previous 12 months. Proceed to **BOX C**.

### **BOX C – For all companies**

By signing this statement, you certify that the information provided is accurate and that you are authorized to sign on behalf of the responder. You also certify that you are in compliance with federal affirmative action requirements that may apply to your company. (These requirements are generally triggered only by participating as a prime or subcontractor on federal projects or contracts. Contractors are alerted to these requirements by the federal government.)

Name of Company: City of Minneapolis

Date: 7-3-13

Authorized Signature: [Signature]

Telephone number: (612) 348-8888

Printed Name: William J. Parks

Title: President/CEO

**For assistance with this form, contact: Minnesota Department of Human Rights, Compliance & Community Relations**

Mail: The Freeman Building 625 Robert Street North, Saint Paul, MN 55155 TC Metro: (651) 296-5663 Toll Free: 800-657-3704

Web: [www.humanrights.state.mn.us](http://www.humanrights.state.mn.us)

Fax: (651) 296-9042 TTY: (651) 296-1283

Email: [compliance.mdhr@state.mn.us](mailto:compliance.mdhr@state.mn.us)





**Community Action  
of Minneapolis**

## **CONFLICTS OF INTEREST**

We must avoid any relationship or activity that might impair, or even appear to impair, our ability to make objective and fair decisions when performing our jobs. At times, we may be faced with situations where the business actions we take on behalf of Community Action of Minneapolis may conflict with our own personal or family interests because of the course of action that is best for us personally may not also be the best course of action for Community Action of Minneapolis. We owe a duty to Community Action of Minneapolis to advance its legitimate interests when the opportunity to do so arises. We must never use Community Action of Minneapolis property or information for personal gain or personally take for ourselves any opportunity that is discovered through our position with Community Action of Minneapolis.

### **Here are some other ways in which conflicts of interest could arise:**

1. Being employed (you or a close family member) by, or acting as a consultant to, a competitor or potential competitor, supplier or contractor, regardless of the nature of the employment, while you are employed with Community Action of Minneapolis.
2. Hiring or supervising family members or closely related persons.
3. Serving as a board member for an outside commercial company or organization.
4. Owning or having a substantial interest in a competitor, supplier or contractor.
5. Having a personal interest, financial interest or potential gain in any Community Action of Minneapolis transaction.
6. Placing company business with a firm owned or controlled by a Community Action of Minneapolis employee or his or her family.
7. Accepting gifts, discounts, favors or services from a customer/potential customer, competitor or supplier, unless equally available to all Community Action of Minneapolis employees.

Determining whether a conflict of interest exists is not always easy to do. Employees with a conflict of interest question should seek advice from management. Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review from their managers or Human Resources.

### **Gifts, Gratuities and Business Courtesies**

Community Action of Minneapolis is committed to competing solely on a merit of our services. We should avoid any actions that create a perception that favorable treatment of outside entities by Community Action of Minneapolis was sought, received or given in exchange for personal business courtesies. Business courtesies include gifts, gratuities, meals, refreshments, entertainment or other benefits from persons or companies with whom Community Action of Minneapolis does or may do business. We will neither give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation or policies of Community Action of Minneapolis or customers, or would cause embarrassment or reflect negatively on Community Action of Minneapolis's reputation.

## CERTIFICATIONS REGARDING LOBBYING; DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG-FREE WORKPLACE REQUIREMENTS

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Applicants should also review the instructions for certification included in the regulations before completing this form. Signature of this form provides for compliance with certification requirements under 34 CFR Part 32, "New Restrictions on Lobbying," and 34 CFR Part 85, "Government-wide Debarment and Suspension (Nonprocurement) and Government-wide Requirements for Drug-Free Workplace (Grants)." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Health and Human Services determines to award the covered transaction, grant, or cooperative agreement.

### 1. LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-712, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- (3) The undersigned shall require that the language of this certification be included in the award documents for all subgrants at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### 2. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

- (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction under a public transaction; violation of Federal or State anti-trust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

- (2) Notify the employer in writing of his or her conviction

- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

- (2) When the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

### 3. DRUG-FREE WORKPLACE

This certification is required by the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D) and is implemented through additions to the Debarment and Suspension regulations, published in the *Federal Register* on January 31, 1989, and May 23, 1990.

#### ALTERNATE I

#### (GRANTEES OTHER THAN INDIVIDUALS)

- (1) The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

- (b) Establishing an ongoing drug-free awareness program to inform employees about:

- (1) The dangers of drug abuse in the workplace;

- (2) The grantee's policy of maintaining a drug-free workplace;

- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and

- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

- (d) Notifying the employee, in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:

- (1) Abide by the terms of the statement; and

for a violation of a criminal drug statute occurring in the workplace not later than five calendar days after

such conviction.

- (e) Notifying the agency, in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to EAP grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:
- (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).
- (2) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance:

(Street address, city, county, state, zip code)

505 East Grant St, Ste 100, Minneapolis, MN 55404  
Hennepin, MN 55404

2104 Park Ave So., Minneapolis, Hennepin, MN 55404

Check if there are workplaces  
on file that are not identified here.

#### 4. Lobbying Disclosure Act of 1995, Simpson-Craig Amendment

Applicant organizations which are described in section 501(c)(4) of the Internal Revenue Code of 1986 and engage in lobbying activities after December 31, 1995, shall not be eligible for the receipt of Federal funds constituting an award, grant, or loan. Section 501(c)(4) of the Internal Revenue Code of 1986 covers:

*Clubs, leagues, or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.*

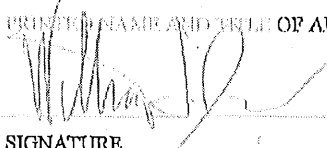
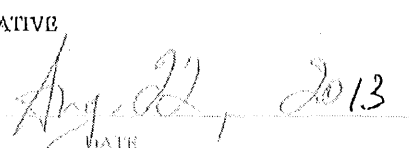
As set forth in the Lobbying Disclosure Act of 1995 (Public Law 104-65, December 19, 1995), as amended ("Simpson-Craig Amendment," see Section 129 of The Balanced Budget Down Payment Act, 1 (Public Law 104-99, January 26, 1996)), lobbying activities is defined broadly. (See section 3 of the Act.)

The undersigned certifies, to the best of his or her knowledge and belief, that it IS NOT an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; OR that it IS an organization described in section 501(c)(4) of the Internal Revenue Code of 1986, which, after December 31, 1995, HAS NOT engaged in any lobbying activities as defined in the Lobbying Disclosure Act of 1995, as amended.

#### ALTERNATE II (GRANTEES WHO ARE INDIVIDUALS)

- (1) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant.
- (2) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above certifications.

NAME OF APPLICANT	PROJECT AWARD NUMBER AND/OR PROJECT NAME
Community Action of Minneapolis, Inc.	FFY2014 Low Income Home Energy Assistance Program
PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE	
	
SIGNATURE	DATE

FA-CERTS (10/10)

MINNEAPOLIS COMMUNITY ACTION COUNCIL, INC  
(MCAC, Inc.)  
BOARD MEETING

December 14, 1992

MINUTES

Present: Len Biernat, Robin Brookes, Noelle Follen,  
Patricia Lanapkin, Pat Miller, Ron Otterson,  
Karen Meyer, Chair

Staff Present: Darlynn Benjamin, Ellen Dosdall, Linda  
McFarland Barb Myers, William J. Davis

Guest Present: Ellen McVeigh

Karen Meyer, acting Chair, called the meeting to order to convene the Minneapolis Community Action Council, Inc. (MCAC) Board at 6:00 p.m.

Ellen McVeigh, legal consultant during Margaret Shulman's absence, explained the current makeup of the MCAC Board. The Board is in place by virtue of the action of the incorporator, Karen L. Meyer. The Board now needs to determine the day to day management, i.e., interim executive director and/or officers. Bill asked whether temporary officers needed to be appointed at this first meeting of MCAC? Ellen McVeigh explained that it could be done, however, it was not essential.

MOTION by Len Biernat to accept resolutions two and three of the MCAC, Resolutions for Adoption at Organization Meetings. SECONDED by Ron Otterson. Carried.

MOTION made by Len Biernat that current officers of MCAA act as the initial executive Board for MCAC. SECONDED by Patty Lanapkin.

Discussion for possible adoption of MCAC's bylaws was on the table. Len Biernat moved that the bylaws be accepted with the exception of Article III section 2(c) and Article VIII section 4. Article III deals with public sector representation and Article VIII deals with conflict of interest.

Len Biernat's MOTION to approve the Bylaws was withdrawn.

Chair Meyer stated that the ad hoc committee would convene and revise the Bylaws and have something to present at the next Board meeting. Ellen McVeigh stated that when the resolution for Adoption was drafted the notion was, that there would not be an election of officers, since temporary officers were elected. Resolution #2 should be amended to state:

William J. Davis be authorized to execute contracts and instruments in his capacity as executive director as directed by Board chair. Resolution #2 was further amended by deletion of the statement requiring an officer's signature.

Lengthy discussion followed on the guidelines that would allow or not allow MCAA to setup a financial accounts system. Karen Meyer said the question to be addressed is whether MCAC would be going ahead without council approval if the organization was to accept receipts? She stated that Ellen Dosdall should inform Bob Dwyer that MCAC is a shell organization. Len Biernat stated that Dwyer should be informed that the MCAC Board is not directed to put any funds into this organization but that it is being administratively established for City Council approval.

Chair Meyer asked if there were any other items for discussion?

#### OTHER BUSINESS

None.

Motion to adjourn by Ron Otterson. SECONDED by Patty Lanapkin.

MCAC meeting adjourned.

Meeting was reconvened as MCAA and MOTION made to adjourn. SECONDED.

Adjourned.

**COMMUNITY ACTION OF MINNEAPOLIS**

**BOARD MEETING**  
January 9, 1995  
5:00 P.M.

**M I N U T E S**

Members Present: Pat Kelly, Chair; Robin Brookes, Patty Lanapkin, Brett McNeal, Bill Wells, Louis Moore, John Williams, Bob Brooks

Staff Present: William J. Davis, President/CEO, John McCauley, Libby Kurth, Bea McFadden

Members Absent: Len Biernat, Bill Harper, Verlina Rhodes

Guests Present: Sue Mart, Glenda Shaffer, Hattie Johnson

The meeting was called to order at 5:00 p.m. by Board Chair, Pat Kelly.

Regrets from Verlina Rhodes who is still recovering from surgery.

**MOTION** was made by Patty Lanapkin and **SECONDED** by Robin Brookes to approve the January agenda. **MOTION CARRIED.**

**MOTION** was made by Bill Wells and **SECONDED** by Patty Lanapkin to approve the December 12 board minutes. **MOTION CARRIED.**

Because there was no quorum at the December 12, 1994 meeting, the November 14, 1994 board minutes could not be approved.

**MOTION** was to approve the November 14, 1994 board minutes. **MOTION CARRIED.**

Due to lack of a quorum at the December 12 board meeting, the executive committee convened to authorize the allocation of \$28,000 to "Better My Skills Make Me Handy". The decision was based on the program committee's recommendation.

**MOTION** was made to approve the executive committee's action to allocate \$28,000 to "Better My Skills Make Me Handy". **MOTION CARRIED.**

Pat Kelly introduced Sue Mart, Glenda Shaffer and Hattie Johnson from the Empowerment Group who gave a presentation on welfare reform and the effects it would have on the poor. The group is sponsoring a welfare reform forum Saturday, January 14, 2:30 - 6:00 p.m. at Plymouth Congregational Church, 1900 Nicollet Avenue.

Bill Davis commented that the Empowerment Group is now reaching the Phillips neighborhood and the near North Side. Members from the Empowerment Group plan to attend the National People's Action Conference in Washington, which is geared toward activism among low-income people.

### **PRESIDENT'S REPORT**

Bill Davis submitted the 1994 year end report. According to Bill, 1994 was a very challenging and productive year transferring programs and operations from the city to a private non-profit. Progress has been made in the energy assistance program by changing the weatherization format which now provides pre and post audits. The agency continues to develop programs such as the Empowerment Group. The outreach capacity has expanded. The agency also provides brochures in Spanish, Hmong, Lao and Cambodian and a special brochure on energy assistance for senior citizens in Minneapolis.

Bill Davis talked about the Beacon and explained that the Beacon is basically provided as an internal form of communication, however, copies can be mailed to board members.

Bill Davis submitted 1993 annual reports. The 1994 annual report should be complete by the end of the first quarter or early part of the second quarter.

Sabathani Community Center is proposing to increase rent by 70% from \$1,057 per month to \$1750 per month.

Bill discussed the new Congress and its impact on community action agencies and specifically on Community Action of Mpls. There is concern regarding the balanced budget proposal. There is also concern about community action agency funds being merged into one large block grant (merging 20 programs into one block grant).

Bill Davis mentioned his recent appointment as President of the Minneapolis Branch NAACP (National Association for the Advancement of Colored People). The NAACP National Convention will be held in Minneapolis in July 1995. Bill assured the board that his first priority is to the agency.

### **CHAIR'S REPORT**

Pat Kelly requested from board members the form indicating their interest in serving as officers and on various committees.

Pat Kelly reminded the board of the orientation on Saturday, January 14 at the Minneapolis Hilton, from 8:30 a.m. to 1:30 p.m. A continental breakfast and lunch will be provided. Louis Moore informed members that Congressman Sabo hopes to be able to stop by.

Pat also reminded the board that there are still two low-income positions vacant, and one private sector position is also vacant. Elections for officers will be held in February.

### **ENERGY COMMITTEE**

No report. John McCauley did report that a new discount approved by the Public Utilities Commission (PUC) and introduced by NSP will affect all agency clients and approximately 70,000 others throughout NSP's service area. Minnegasco is currently communicating with the PUC about introducing a comparable pilot program that will not be as widespread. The average client will save approximately \$120 a year on electric costs. Essentially, NSP will administer the program, but people have to come through the energy assistance program and be certified in order to be eligible.

### **BUDGET/FINANCE COMMITTEE**

No report

### **NOMINATING COMMITTEE**

No report

**PLANNING/EVALUATION/PROGRAM OPERATIONS COMMITTEE**

No report

**OTHER BUSINESS**

Bill Davis requested approval of the proposed amendment to the bylaws which changes the title of Executive Director to President/Chief Executive Officer.

**MOTION** was made by Patty Lanapkin and **SECONDED** by Brett McNeal. **MOTION CARRIED.**

Pat Kelly referred to the board meeting dates for 1995 (included in the board packets). December board meetings were discussed and it was decided that December meetings would be held as needed.

**MOTION** was made by Patty Lanapkin and **SECONDED** by Louis Moore to approve the 1995 meeting dates. **MOTION CARRIED.**

John McCauley reported that since the board authorized staff to explore the purchase of 2104 Park Avenue, that staff have, in cooperation with Welsh Companies, a commercial real estate firm which also represented us on leasing the space, begun to consider the advantages and disadvantages of owning this facility vs. continuing to lease space. John submitted an 11 year income & expense projection report for board to review. Discussion followed.

**MOTION** was made by Robin Brookes and **SECONDED** by John Williams authorizing staff in association with the Welsh Companies to prepare and present a contingent offer to purchase the property at 2104 Park Avenue for a price not to exceed \$250,000. The offer is contingent on reviewing satisfactory reports on foundation and construction, roof and heating/cooling plant, ADA, asbestos issues and other relevant clearances in title. Any purchase of said property must be ratified by a quorum of the Community Action of Minneapolis Board. **MOTION CARRIED.**

Bill Davis reported that the council has taken action to bring the QWC (Quality Weatherization Construction) to closure. A closeout report will be available at the February meeting.

Bill Davis informed the board that Wilma Lawrence, energy assistance staff, lost her home during the New Year's weekend. Everyone, however, escaped unharmed.

**ADJOURNMENT**

**MOTION** made by John Williams and **SECONDED** by Patty Lanapkin to adjourn. Meeting adjourned at 6:45 p.m. **MOTION CARRIED.**



November 30, 1994

PROPOSED AMENDMENT TO BYLAWS  
of  
COMMUNITY ACTION OF MINNEAPOLIS

This amendment changes the title of Executive Director to President/Chief Executive Officer.

ARTICLE VII:

Administration and Management

The overall administration and management of the corporation shall be the responsibility of a salaried staff head, titled the **President/Chief Executive Officer**, who shall be employed and appointed by and directly responsible to the Board of Directors.

The **President/Chief Executive Officer** shall be the chief executive and operating officer of the corporation, with responsibility for the management and direction of all operations, programs, activities, and affairs of the Corporation, including employment and termination of employment and the determination of compensation of members of the staff and supporting personnel, functioning within the framework of policy aims and programs as generally determined by the Board of Directors. The **President/Chief Executive Officer** shall execute all contracts or instruments requiring an officer's signature unless the Board directs otherwise. The **President/Chief Executive Officer** shall have such other duties as may be prescribed by the Board.

EXHIBIT B TO  
AFFIDAVIT OF JOHN HARVANKO

**STATE OF MINNESOTA  
WEATHERIZATION ASSISTANCE PROGRAM  
GRANT CONTRACT**

This grant contract is between the State of Minnesota, acting through its **Department of Commerce** ("State") and **Community Action of Minneapolis** ("Grantee").

**Recitals**

1. The State has been granted funds by the United States Department of Energy (USDOE) and the United States Department of Health and Human Services (USDHHS) for the purposes set forth in the Energy Conservation and Renewable-Resource Assistance for Existing Buildings Act, as amended, 42 U.S.C.A. 6861 to 6873, and the Low-Income Home Energy Assistance Act, as amended, 42 U.S.C.A. 8621 to 8629.
2. The Minnesota Legislature has appropriated funds for the purposes set forth in Minnesota Statutes 1993 Supplement, section 239.785, subdivision 6, as well as MN Session Laws 2013, chapter 85, article 1, section 13, subdivision 7.
3. Under Minnesota Statutes §216C.02, the State is empowered to enter into this grant contract.
4. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract to the satisfaction of the State.

**Grant Contract**

**1 Term of Grant Contract**

- 1.1 **Effective date:** July 1, 2014, or the date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2, whichever is later.

The Grantee must not begin work under this grant contract until this contract is fully executed and the State has issued and the Grantee has received a Notice of Funds Available (NFA) to the Grantee. Each NFA issued by the State will specify the time period during which the Grantee may perform work and incur eligible costs under this contract. Such time period specified in an NFA may begin on or after the effective date of this contract and may end on or before the expiration date of this contract.

- 1.2 **Expiration date:** June 30, 2015, or until all obligations have been satisfactorily fulfilled, whichever occurs first.
- 1.3 **Survival of Terms.** The following clauses survive the expiration or cancellation of this grant contract: 4.3 Repayment; 8. Liability; 9. Reporting; 12. Audits; 13. Government Data Practices and Intellectual Property; 14.2 State Property; 17. Publicity and Endorsement; 19. Governing Law, Jurisdiction, and Venue; 20. Termination, Repayment and Cooperation; and 21. Data Disclosure.

**2 Grantee's Duties**

The Grantee will perform the duties specified in the Work Plan and Budget as found in the online Electronic Household Energy Automated Technology (eHEAT) application.

The Grantee will maintain access to and utilize the State's Electronic Household Energy Automated Technology™ (eHEAT) system through the Grantee's connection(s) to the Internet and Weatherization Assistant (WA) software.

The Grantee will perform work and expend funds in accordance with the Minnesota Weatherization Assistance Program (MnWAP) State Plan; the MnWAP Policy Manual; DOE Weatherization Program Notices, including but not limited to 11-6, 12-5, and 14-4; the Minnesota State Work Specifications (SWS) (starting April 1, 2015); the Minnesota Low Income Home Energy Assistance State Plans (LIHEAP) for Federal Fiscal Years (FFY) 2013, 2014, 2015; as well as the Liquefied Petroleum Gas Account (section 239.785, subdivision 6) and Residential Oil Heating Plant (chapter 272.02) statutes as appropriate.

During PY2014, Minnesota will incorporate technical guidance from the existing Minnesota Field Guide, the Minnesota Weatherization Policy Manual, the National Renewable Energy Lab's (NREL) Standard Work Specifications (SWS), and the New Mexico-based Deck of Cards (a minimum of 250 specific SWS requirements incorporated into the new Minnesota SWS). The new Minnesota SWS will cover Single Family, Mobile Home, and Multifamily dwellings. For FY 2014, Minnesota will expect subgrantees to transition to the Minnesota SWS in accordance with WPN 14-4. By April 1, 2015 all units reported to DOE as completed will be inspected to ensure compliance with the specifications outlined in the Minnesota SWS. Starting July 1, 2015, Minnesota will require all subgrantees to adhere to the Minnesota SWS. All final inspections must be conducted and signed off by a certified Qualified Control Inspector.

The Grantee acknowledges understanding through the acceptance and authorized signing of this contract that all weatherization work in Minnesota must be performed in accordance with the above documents and within the above timeframes.

### **3 Time**

The Grantee must comply with all time requirements described in this grant contract.

### **4 Consideration, Payment, Federal Funds, Repayment and Program Income**

**4.1 Consideration.** The State will pay for all services performed by the Grantee under this grant contract as follows:

The Grantee will be paid for eligible costs actually and necessarily incurred in the performance of its duties. As funds become available to the State for the purposes of this grant contract, the State will issue to the Grantee a Notice of Financial Assistance ("NFA") specifying the amount of funding available to the Grantee under this contract. The NFA is incorporated into this contract. The Grantee will expend funds only within the cost categories and amounts specified in NFA(s) and in eHEAT.

#### **4.2. Payment**

**4.2.1 Invoices.** The State will promptly pay the Grantee after the Grantee presents an Itemized cash request (invoice), in a form prescribed by the State, and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule: The Grantee may submit invoices as needed for eligible costs actually and necessarily incurred in the performance of the Grantee's duties, and for eligible costs anticipated to be incurred in the performance of the Grantee's duties for a period of thirty days following the date of the invoice, less unexpended advance balances, if any.

**4.2.2. Federal funds.** Payments under this grant contract will be made, in whole or in part, from federal funds obtained by the State through the USDOE under the Energy Conservation and Renewable-Resource Assistance for Existing Buildings, as amended, 42 U.S.C.A. 6861 to 6873, CFDA Number 81.042; and the USDHHS under the Low-Income Home Energy Assistance Act of 1981, as amended, 42 USC 8621 to 8629, CFDA Number 93.568 (Acts). The Grantee is responsible for compliance with all federal laws, rules and requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal laws, rules or requirements. In addition to the Acts, applicable federal laws, rules, and requirements may include, but are not limited to:

4.2.2.1 Weatherization Assistance for Low Income Persons Rule (10 CFR part 440);

4.2.2.2 USDOE Financial Assistance Rules (10 CFR part 600);

4.2.2.3 OMB Circulars Number A-133 and 2 CFR part 215;

4.2.2.4 OMB Common Rule as codified at 29 CFR 97;

4.2.2.5 ASMB C-10;

4.2.2.6 Non-discrimination requirements under the Civil Rights Act of 1964 (42 USC 2000d) as amended by the Equal Employment Opportunity Act of 1972, the Rehabilitation Act of 1973 (29 USC 794), the Age Discrimination Act of 1975 (42 USC 794), and the Americans with Disabilities Act of 1990 (42 USC 12101);

4.2.2.7 President's Executive Order 12549 and the implementation regulation Nonprocurement Debarment and Suspension, Notice and Final Rule and Interim Final Rule found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions";

4.2.2.8 Interim Final Rule, New Restrictions on Lobbying, 53 FR 38, February 26, 1990, and any permanent rule adopted in place of the Interim Final Rule;

4.2.2.9 Political Activity provisions of Title 5 of the United States Code;

4.2.2.10 Drug-Free Workplace Act of 1988; and

4.2.2.11 Fair Labor Standards Act.

**4.3 Repayment.** The Grantee will repay the State any funds paid to the Grantee by the State for costs which:

4.3.1 the State determines are not eligible under this contract;

4.3.2 the Grantee has been or will be compensated by another entity;

4.3.3 the Grantee's records do not clearly substantiate as eligible under this contract; or

4.3.4 are identified as a financial audit exception.

4.4 **Program Income.** All interest or other income earned by the Grantee on funds advanced to the Grantee by the State will be considered program income, and must be reported to the State. Program income may only be expended for activities and costs that are eligible under this grant contract.

## 5 Conditions of Payment

All services provided by the Grantee under this grant contract must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

## 6 Authorized Representative

The State's Authorized Representative is **Michelle Gransee**, Weatherization Program Supervisor, or her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative **William Davis, President/CEO**, or their successor. If the Grantee's Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

## 7 Assignment, Amendments, Waiver, and Grant Contract Complete

- 7.1 **Assignment.** The Grantee may neither assign nor transfer any rights or obligations under this grant contract without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this grant contract, or their successors in office.
- 7.2 **Amendments.** Any amendment to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.
- 7.3 **Waiver.** If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or its right to enforce it.
- 7.4 **Grant Contract Complete.** This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

## 8 Liability

The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.

## 9 Reporting

The Grantee will provide all reports as may be required by the State from time to time, including but not limited to:

- 9.1 Monthly Financial Status Report (FSR), in a form prescribed by the State, no later than 10 calendar days following the end of each month;
- 9.2 Monthly Weatherization Report, in a form prescribed by the State, no later than 10 calendar days following the end of each month;
- 9.3 Final Financial Status Report, in a form prescribed by the State, no later than 30 days calendar following the expiration of this grant contract, including a listing of unliquidated obligations of grant funds, if any.

## 10 Monitoring and Corrective Action

- 10.1 **Monitoring.** The Grantee will allow the State access to its business site(s) and will secure written permission from its clients to allow the State access to client's sites for the purpose of monitoring Grantee performance and compliance with contract requirements. The Grantee will cooperate with the State in the performance of such monitoring activities.
- 10.2 **Corrective Action.** If the State finds that the Grantee's performance is deficient or has not complied with contract requirements, the Grantee will implement any corrective action determined by the State.

## **11 Financial Records**

The Grantee will use such fiscal, audit and accounting procedures as may be necessary to assure and promote sound financial management, including effective internal controls, and will maintain business records in conformance with generally accepted accounting and auditing principles, to fully evidence its costs and expenses.

## **12 Audits**

- 12.1 **State Audits.** Under Minn. Stat. §16C.05, subd. 5, the Grantee's books, records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant contract.
- 12.2 **Federal Audits.** The Grantee's books, financial records, programmatic records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the USDHHS, the USDOE and the Comptroller General of the United States, or their designated representatives, for the greater of a period three years after the expiration date of this contract or on completion of a federal audit if one is commenced within three years after the expiration date.
- 12.3 **Single Audit.** The Grantee must comply with the financial and compliance audits requirements of the Single Audit Act Amendments of 1996 and OMB circular No. A-133, "Audit of States, Local Governments and Non-Profit Organizations."
- 12.4 **Program Specific Audit.** In addition to Clause 12.3, the Grantee must, upon request from the State, conduct a program specific audit of the Grantee's Weatherization Assistance Program using the guidelines set forth in CFDA 81.042 and OMB circular No. A-133, "Audit of States, Local Governments and Non-Profit Organizations."

## **13 Government Data Practices and Intellectual Property**

- 13.1. **Government Data Practices.** The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State.

If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

- 13.2. **Intellectual Property Rights.** The Grantee shall own all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the works and documents. The "works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this grant contract. "Works" includes documents. The "documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents, or subcontractors, in the performance of this grant contract.
- 13.3 **License to the State.** Subject to the terms and conditions of this grant contract, the Grantee hereby grants to the State a perpetual, irrevocable, no-fee right and license to make, have made, reproduce, modify distribute, perform and otherwise use the works and documents for any and all purposes, in all forms and manners that the State, in its sole discretion, deems appropriate. The Grantee shall upon the request of the State, execute all papers and perform all other acts necessary, to document and secure said right and license to the works and documents by the State. At the request of the State, the Grantee shall permit the State to inspect the original documents and provide a copy of any of the document to the State, without cost, for use by the State in any manner the State, in its sole discretion, deems appropriate.
- 13.4 **Obligations.** Grantee represents and warrants that materials produced or used under this grant contract do not and will not infringe upon any intellectual property rights of other persons or entities including but not limited to patents, copyrights, trade secrets, trade names, and service marks and names. Grantee shall indemnify and defend the State, at Grantee's expense, from any action or claim brought against the State to the extent that it is

based on a claim that all or part of the materials infringe upon the intellectual property rights of another. Grantee shall be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages including, but not limited to reasonable attorneys' fees arising out of this grant contract, amendments and supplements thereto, which are attributable to such claims or actions.

If such a claim or action arises, or in Grantee's or the State's opinion is likely to arise, Grantee shall, at the State's discretion, either procure for the State the right or license to continue using the materials at issue or replace or modify the allegedly infringing materials. This remedy shall be in addition to and shall not be exclusive to other remedies provided by law.

#### **14 Personal Property, State Property and Exception**

14.1 *Personal Property.* Any purchase of non-expendable personal property that has a useful life greater than one year and a per unit cost of Five Thousand dollars (\$5,000.00) or greater must have prior written approval of the State.

14.2 *State Property.* Non-expendable personal property that has a useful life greater than one year that is purchased with funds provided under this grant contract shall be the property of the State. Such property in the possession of the Grantee will be subject to an annual inventory audit. The Grantee will deliver such property to the State within thirty days after the expiration or termination of this contract, unless instructed otherwise in writing by the State.

14.3 *Exception.* The requirements of this clause do not apply to weatherization materials and equipment granted to program subgrantees.

#### **15 Workers' Compensation**

The Grantee certifies that it is in compliance with Minn. Stat. §176.181, subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

#### **16 Affirmative Action**

The Grantee certifies that it has received a Certificate of Compliance from the Commissioner of Human Rights pursuant to Minn. Stat. §363A.36.

#### **17 Publicity and Endorsement**

17.1 *Publicity.* Any publicity regarding the subject matter of this grant contract must identify the State and USDOE as the sponsoring agencies and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract.

17.2 *Endorsement.* The Grantee must not claim that the State or USDOE endorses its products or services.

#### **18 Plain Language**

All written materials developed or used by the Grantee to communicate with subgrantees or subgrant applicants must be understandable to a person of average intelligence and education.

#### **19 Governing Law, Jurisdiction, and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

#### **20 Termination, Repayment, and Cooperation**

20.1 *Termination by the State.* The State may immediately terminate this grant contract with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

- 20.2 ***Termination for Insufficient Funding.*** The State may immediately terminate this contract if funding is withdrawn by the US Department of Energy; the Minnesota Legislature, or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.
- 20.3 ***Termination by the Grantee.*** The Grantee may terminate this grant contract at any time, with or without cause, upon thirty days written notice to the State. Such written notice must include proposed terms for the discontinuation of the Grantee's services and an estimated final invoice for the Grantee's services performed. No later than thirty days after termination, the Grantee must submit a final invoice to the State. The State may accept or reject in whole or in part the Grantee's proposed terms, estimated final invoice or final invoice, and shall notify the Grantee of its decision within five business days of its receipt of the Grantee's termination notice, and within fifteen business days of its receipt of the Grantee's final invoice. Upon termination and submission of a final invoice, and upon acceptance of the final invoice by the State, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- 20.4 ***Repayment for Ineligible costs.*** If the State or the Grantee terminates this contract, the State may withhold payment for outstanding invoiced costs pending its determination of the eligibility of all costs for which the Grantee has been paid by the State. If the State determines that total payments to the Grantee under this contract exceed eligible costs actually incurred by the Grantee, the Grantee will repay to the State all funds received in excess of eligible costs. This clause shall not be construed to bar any other legal remedies the State may have to recover funds expended by the Grantee for ineligible costs.
- 20.5 ***Cooperation.*** In the event of termination under this clause, the Grantee will fully cooperate with the State in the transfer of program information, records and equipment to the State and/or any other entity designated in writing by the State to receive such information, records and equipment.
- 21 **Data Disclosure**  
Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.
- 22 **Minn. Stat. §181.59**  
The vendor will comply with the provisions of Minn. Stat. §181.59 which requires:  
Every contract for or on behalf of the state of Minnesota, or any county, city, town, township, school, school district, or any other district in the state, for materials, supplies, or construction shall contain provisions by which the contractor agrees: (1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, by reason of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; (2) That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color; (3) That a violation of this section is a misdemeanor; and (4) That this contract may be canceled or terminated by the state, county, city, town, school board, or any other person authorized to grant the contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

(Continued on next page)



**23 Criminal Background Checks**

The Grantee will conduct a criminal background check according to its own internal written policy, on all employees, crew and contractors hired on or after July 1, 2009. The Grantee shall use the Minnesota Bureau of Criminal Apprehension's Computerized Criminal History system.

**1. STATE ENCUMBRANCE VERIFICATION**

Individual certifies that funds have been encumbered as required by Minn. Stat. § 16A.15 and 16C.05.

Signed: Dona Leland

Date: 6-23-14

CFMS Grant Contract No. 9575/2396

**2. Community Action of Minneapolis**

The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable statute, bylaws, resolutions, or ordinances.

By: AK

Title: Chair

Date: 6/23/14

By: William J. Jones

Title: Pres/CEO

Date: June 23, 2014

**3. MINNESOTA DEPARTMENT OF COMMERCE**

By: [Signature]

(with delegated authority)

Title: Deputy Commissioner

Date: 6-25-14

**Distribution:**

Min. Dept. of Commerce, Accounting Dept.  
Community Action of Minneapolis  
State's Authorized Representative (copy)

EXHIBIT C TO  
AFFIDAVIT OF JOHN HARVANKO



85 7TH PLACE EAST, SUITE 500  
SAINT PAUL, MN 55101-2198  
MN.GOV/COMMERCE/  
651.539.1500 FAX 651.539.1547  
AN EQUAL OPPORTUNITY EMPLOYER

September 26, 2014

Mr. D. Michael Anderson, Board Chair  
Mr. William Davis, CEO  
Community Action of Minneapolis, Inc.  
505 East Grant Street, Suite 100  
Minneapolis, MN 55404

VIA U.S. Mail

Dear Mr. Davis and Mr. Anderson:

This letter serves as written notice that due to serious concerns about Community Action of Minneapolis' (CAM's) stewardship of resources and declining ability to service low-income individuals in Minneapolis, the Minnesota Department of Commerce is immediately terminating its contracts with CAM. Commerce is taking the necessary steps to terminate the Low-Income Energy Assistance Program Grant Contract for fiscal year 2014 ("LIHEAP Grant Contract") and the Weatherization Assistance Program Grant Contract ("WAP Grant Contract") for fiscal year 2015 with Community Action Minneapolis.

**Pursuant to Section 20.1 of the LIHEAP Grant Contract, consider this written notice that Commerce is immediately terminating the contract. Pursuant to Section 20.1 of the WAP Grant Contract, consider this written notice that Commerce is terminating this contract in 30 days.**

CAM remains under a continuing obligation to fulfill its obligations under both the LIHEAP Grant Contract and the WAP Grant Contract, which includes the immediate return of State property as defined in the contracts and the obligation to transfer client files to any successor service provider(s). Further, CAM should incur no new obligations for either of these programs and all outstanding obligations should be cancelled as soon as possible. Under the Weatherization Assistance Program, termination costs may be allowable, pursuant to 10 CFR § 600.25. With respect to the funding for the Weatherization Assistance Program, CAM has the right to be heard regarding why it should continue to receive funding for the program, pursuant to 10 CFR § 440.15(e).

The Commerce Department reserves all of its rights and remedies available under both the WAP Grant Contract and the LIHEAP Grant Contract, including its right to audit under Section 12.1 and its right to reclaim State Property under Section 14.2.

Sincerely,

William B. Grant  
Deputy Commissioner  
Minnesota Department of Commerce, Division of Energy Resources

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Civil Other

Court File No. \_\_\_\_\_

In re the Matter of Community Action of  
Minneapolis, Inc.

**AFFIDAVIT OF JOHN M. HARVANKO  
IN SUPPORT OF THE PETITION TO  
APPOINT RECEIVER BY THE  
MINNESOTA DEPARTMENT OF  
HUMAN SERVICES**

STATE OF MINNESOTA    )  
                                  ) ss  
COUNTY OF RAMSEY    )

I, John M. Harvanko, being first duly sworn, depose and say as follows:

1. I submit this affidavit in support of the Petition to Appoint Receiver by the Minnesota Department of Human Services and the Minnesota Department of Commerce.
2. My job title is State Director, Office of Energy Assistance Programs, with the Division of Energy Resources at the Minnesota Department of Commerce ("Department"). The Department administers funds appropriated to the Low-Income Home Energy Assistance Program (LIHEAP) through the U.S. Department of Health and Human Services. The block grant legislation (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended) gives States broad latitude to develop programs to assist low income households meet their immediate home energy needs. The Department, through the Division of Energy Resources, is responsible for administering and monitoring these state and federal LIHEAP funds aimed at providing energy assistance program services to low-income households in Minnesota.
3. In the course of my work, I became aware of the various local service providers in Minnesota that serve low-income people through a variety of programs funded by money received under grant contracts with the Department.
4. One of these local service providers, Community Action of Minneapolis, is a non-profit corporation that had a long-standing relationship with the Department because it received grant funding for many years to deliver energy assistance services to income eligible low-income people who reside in the City of Minneapolis.

5. To receive grant funding, Community Action of Minneapolis submits an Energy Assistance Program Local Plan to the Department that is incorporated into a state grant contract with the Department.
6. Community Action of Minneapolis recently had two grant contracts with the Department: (1) Low Income Home Energy Assistance Program Grant Contract ("LIHEAP Contract"); and (2) Weatherization Assistance Program Grant Contract ("WAP Contract"). Attached as Exhibit A is a copy of the LIHEAP Contract; Attached as Exhibit B is a copy of the WAP Contract. Based on numbers from Community Action of Minneapolis' audit report ending June 30, 2013 (state fiscal year 2013) and based on Financial Status Reports that were submitted in e-Heat during that time period, WAP and EAP programs provided about 70% of Community Action of Minneapolis' overall revenue. (Exhibit B to Janet Streff Affidavit.)
7. The Federal Fiscal Year (FFY) 2014 LIHEAP contract gave Community Action of Minneapolis \$1,852,083 to "perform duties and expend funds in accordance with the terms and conditions set forth in the Minnesota Energy Assistance Program (EAP) State Plan for FFY 2014, the *FFY 2014 Energy Assistance Program Policy Manual* and the Service Provider's *EAP Local Plan*, which are incorporated into this contract." The LIHEAP Contract started on October 1, 2014 and ended on September 26, 2014. (See Exhibit A to John Harvanko Affidavit). Attached as Exhibit C is a copy of a letter dated September 26, 2014 terminating the LIHEAP Contract.
8. The LIHEAP contract allocated Community Action of Minneapolis a total of up to \$1,852,083. CAM's reported expenditures for fiscal year 2014 were \$1,607,942.
9. The Department distributed funds to Community Action of Minneapolis on a reimbursement basis. This means that the Department provided funds to Community Action of Minneapolis as the entity incurred costs and sought reimbursement for those costs from the Department.
10. The Department had fiscal and programmatic oversight over the grant funding that Community Action of Minneapolis received under contract. The entity provided information to the Department on a variety of schedules and activities. Commerce conducts oversight to identify, assess, and reduce risks to households and program. The results of the program audits are to issue program findings and recommendations. These may result in corrective actions, penalties and/or offering training & technical assistance.
11. The following is a summary of the funds allocated for fiscal year 2014 to CAM and the reported expenditures by CAM for fiscal year 2014.

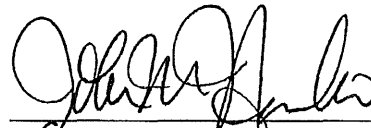
FFY14 Funds allocation

Category	Total	FSR Reported
	Allocation	expenditures Thru Aug
ERR	402,100	\$ 365,523
Admin	786,994	\$786,994
Assurance 16	518,209	\$310,645
Suppl. Admin	<u>144,780</u>	<u>\$144,780</u>
<b>Total</b>	<b>\$1,852,083</b>	<b>\$1,607,942</b>

12. As noted above, the Department distributed funds to CAM on a reimbursement basis. For fiscal year 14,  
Cash requests fulfilled  
\$ 1,589,000.00  
Difference between Reported Expenditures and Cash received  
-\$18,942  
Last Cash Request fulfilled  
9/22/2014 \$ 30,000.00
13. I am aware of the audit report issued by the Department of Human Services' internal audits office on August 12, 2014, which analyzed Community Action of Minneapolis' activities and expenditures and found numerous deficiencies and problems. (Exhibit A of Gary L. Johnson Affidavit).
14. I am also familiar with the Department's formal written notice of termination, dated September 26, 2014. (Exhibit C of John M. Harvanko Affidavit).
15. The Department notified CAM of its intent to perform an audit of CAM's use of funds in the notice of termination dated September 26, 2014. (Exhibit C of John M. Harvanko Affidavit)
16. On September 26, 2014, the Department collected documents and client files to assist in client transition to new service providers and to assist in the forthcoming audit.
17. Since the Department serviced the termination notice to Community of Action of Minneapolis, the Department sent notices to people who received services from Community Action of Minneapolis that were funded with the Department's funds. The Department referred those clients to other another local service provider to seek services. The Department contracted with Community Action Partnership of Suburban Hennepin (CAPSH) to serve residents of the City of Minneapolis low income households starting October 1, 2014. Upon contracting with CAPSH, the Department transferred approximately 3,000 applications that were seized from Community Action of Minneapolis on September 26, 2014 to CAPSH. On October 3, 2014 the Department mailed letters to 12,699 Minneapolis EAP households to notify these households of the

change in their local service provider. The letter included contact information for CAPSH. CAPSH has begun to establish communication, procedures and infrastructure to serve Minneapolis households. This includes 3-4 sites in Minneapolis to receive applications and address households in crisis. The process of directing Minneapolis households to CAPSH will be ongoing throughout the federal fiscal program year.

Further your affiant sayeth not.

  
JOHN M. HARVANKO

Subscribed and sworn to before me this  
13th day of October, 2014

  
NOTARY PUBLIC



STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Civil Other

Court File No. 62-CV-14-6991In re the Matter of Community Action of  
Minneapolis, Inc.**AFFIDAVIT OF MICHAEL KNIGHT IN  
SUPPORT OF THE PETITION TO  
APPOINT RECEIVER BY THE  
MINNESOTA DEPARTMENT OF  
HUMAN SERVICES AND THE  
MINNESOTA DEPARTMENT OF  
COMMERCE**STATE OF MINNESOTA   )  
  ) ss  
COUNTY OF HENNEPIN   )

Michael Knight, being first duly sworn, deposes and states, as follows:

1. I am the President and founder of BGA Management, LLC, a Delaware limited liability company that operates under the business name "Alliance Management" ("Alliance"), and I make this Affidavit of my own personal knowledge in support of the Petition for the Appointment of a Receiver filed in conjunction with this Affidavit. Attached as Exhibit A is a true and correct copy of my biography. I have over twenty-five years of experience serving as a court-appointed receiver.

2. Alliance is a business consulting firm specializing in providing receivership, interim management, turnaround work, management consulting and financial advisory to companies throughout the United States. Alliance has been in business since 1997.

3. Alliance has been providing receivership services and similar interim management services (such as Chief Restructuring Officer, Interim General Manager and Interim



CEO roles) since the firm was founded. Alliance is also experienced in serving as the custodian of distressed businesses and assets, including personal and real property. Alliance's support staff has been trained to provide receivership record keeping and monthly receiver's reports in a prompt and thorough manner.

4. Alliance is capable of managing both operating businesses and has worked with not-for-profit enterprises.

5. Alliance has advised or managed over 300 distressed companies and has, over the last five years, advised or managed an average of 35 businesses per year in venues throughout the United States. Further, Alliance currently has, or recently completed, projects as a receiver, trustee, or interim manager in Minnesota, Colorado, Wisconsin, Indiana, Arkansas, Illinois, California and South Carolina.

6. Alliance has specialized in being a highly-qualified yet cost effective advisor to small and middle-market companies.

7. Alliance has filed written reports and accountings with courts on a regular monthly basis and has prepared final accountings for court review and approval.

8. Alliance is staffed with qualified financial and business management professionals and possesses the experience to perform all of the functions of a receiver required in this case. All of the professionals who will serve on this case have worked on receivership matters in the past.

9. Alliance is committed to managing the project in a cost-effective fashion. Alliance seeks to be paid for the services of its professionals at the following discounted rates:


Associate	Brock Kline, Stephanie Bramer and Justin Pugh	Standard Rate \$295/hour	Discounted Rate \$250/hour
-----------	--	-----------------------------	-------------------------------

Senior Consultant	Dave Burke, Chris Tomas, Alex Smith and Diane Rogers	\$390/hour	\$335/hour
Principal	Michael Knight	\$495/hour	\$335/hour

10. I will be responsible to oversee the receivership work if Alliance is appointed receiver in this case.

Based upon the facts set forth herein, Michael Knight respectfully requests the Court to appoint Alliance Management as the receiver of Community Action of Minneapolis.

Further, your affiant sayeth naught.

  
Michael Knight

STATE OF MINNESOTA    )  
                                  ) ss.  
COUNTY OF HENNEPIN    )

Signed and sworn to before me this  
21<sup>st</sup> day of October, 2014.



  
Notary Public

## EXHIBIT A

Michael Knight

*Business Biography*

*Founder & President, Alliance Management*

Michael Knight took on his first receivership and turnaround engagement in 1987, and has over twenty-five years of experience in working with distressed and underperforming enterprises.

Mr. Knight has served as a court-appointed receiver, business consultant, interim manager and CEO of troubled and emerging companies. He has extensive experience in organizational restructuring, developing and implementing comprehensive cost control and efficiency efforts, strategic business planning and complex business transactions.

Mr. Knight is a hands-on manager with experience in non-profits, service businesses, manufacturing, technology, retail, real estate, construction and wholesale distribution. Michael has completed dozens of complex business transactions including business sales, refinancings, acquisitions and liquidations. Michael has received both regional and national awards from the Turnaround Management Association and M&A Advisor magazine for his work in completing complex distressed transactions. A well-known and highly-regarded leader in the turnaround profession, Michael is a frequent speaker CLE speaker on crisis management, distressed M&A and turnaround issues. Mr. Knight has also been a continuing education speaker on interim management and restructuring issues.

Mr. Knight is a graduate of Augustana College (B.A.) and Hamline University School of Law (J.D.) and is a member or past member of the following: Founder and Past-President, Upper Midwest Chapter of the Turnaround Management Association; International Board Member and Executive Committee Member, Turnaround Management Association (a 9,000 member international trade association of professionals who are dedicated to improving the profitability and performance of troubled companies); American Bankruptcy Institute; Bankruptcy and International Business Law Sections, Minnesota State Bar Association; and, the U.S. Court of International Trade.

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Civil Other

Court File No. 62-CV-14-6991

In re the Matter of Community Action of  
Minneapolis, Inc.**SUPPLEMENTAL AFFIDAVIT OF JULIA  
DAYTON KLEIN IN SUPPORT OF THE  
PETITION TO APPOINT RECEIVER BY  
THE MINNESOTA DEPARTMENT OF  
HUMAN SERVICES AND THE  
MINNESOTA DEPARTMENT OF  
COMMERCE**STATE OF MINNESOTA     )  
  ) ss  
COUNTY OF RAMSEY     )

I, Julia Dayton Klein, being first duly sworn, depose and say as follows:

1. I submit this supplemental affidavit in support of the Petition to Appoint Receiver by the Minnesota Department of Human Services and the Minnesota Department of Commerce.
2. I am the General Counsel of the Minnesota Department of Commerce ("Department").
3. I have discussed with an attorney from the Minnesota Department of Human Services potential receivers and the eligibility requirements of Minn. Stat. § 576.26. The Department and the Minnesota Department of Human Services agree to propose the receiver identified in this affidavit for the court to consider for appointment as receiver over Community Action of Minneapolis.
4. The Department and the Minnesota Department of Human Services believe that the proposed receiver identified in this affidavit meets the requirements of Minn. Stat. § 576.26 because it is (1) qualified to serve as a receiver and as an officer of the court, and (2) independent as to the parties and the underlying dispute.
5. The proposed receiver included in this affidavit has agreed to serve as receiver over Community Action of Minneapolis, if the court makes such an appointment.
6. The Department and the Minnesota Department of Human Services jointly propose BGA Management, LLC, d/b/a Alliance Management ("Alliance") for the court to consider appointing as receiver. Alliance's principal, Michael Knight, would be responsible for overseeing the receivership.

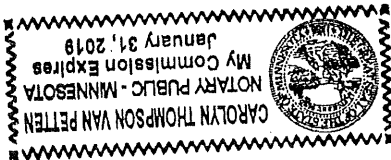
7. Alliance is a business consulting firm specializing in providing receivership, interim management, turnaround work, management consulting and financial advisory to companies throughout the United States. (See Affidavit of Michael Knight).
8. Alliance is staffed with qualified financial and business management professionals and possesses the experience to perform all of the functions of a receiver. Further, Alliance indicated that all of its professionals who would serve on this case have worked on receivership matters in the past. Alliance agreed that it would charge no more than the discounted rates of \$335 per hour for senior consultant and principal work or \$250 per hour for associate work for its receivership services. (See Affidavit of Michael Knight).

Further your affiant sayeth not.

  
JULIA DAYTON KLEIN

Subscribed and sworn to before me this  
21<sup>st</sup> day of October, 2014

  
NOTARY PUBLIC



**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
75 REV. DR. MARTIN LUTHER KING JR. BLVD.  
ST. PAUL, MN 55155-1606  
(651) 296-4791  
FAX (651) 296-7747  
THOMAS S. BOTTERN  
DIRECTOR

# Senate

State of Minnesota

TO: Senator Sandra Pappas

FROM: Thomas S. Bottern, Senate Counsel (651/296-3810) *TB*

DATE: September 26, 2014

RE: Procedures Applicable to a Probable Cause Hearing Held by the Subcommittee on Ethical Conduct

Senators Hann, Hall, Benson, Thompson, Pratt, and Chamberlain have filed a complaint with the Subcommittee on Ethical Conduct under Senate Rule 55.3. The complaint was received by your office on September 24. You have requested a brief description of the procedures applicable to the hearing required under Senate Rule 55.4.

Under Senate Rule 55.4, the Subcommittee on Ethical Conduct is charged with holding a hearing within 30 days after receiving a complaint, and either:

- (1) making a finding of no probable cause;
- (2) voting to defer action until a certain time; or
- (3) proceeding with its investigation.

The purpose for a probable cause hearing is to determine whether, if the facts presented in the complaint are presumed to be true, the conduct described in the complaint is subject to discipline under Senate Rules. The subcommittee should also consider the probable value of evidence that will be provided to support or deny the complaint. If the subcommittee determines that there is no probable cause, the complaint must be dismissed. If the subcommittee makes a finding of probable cause, the subcommittee may determine how to proceed further regarding the complaint.

Each of the parties appearing at the proceeding has the right to appear with counsel. The Senators who have filed the complaint must first present it. Senator Hayden must then be given an opportunity to respond to the complaint. The probable cause hearing is not a judicial proceeding, and the subcommittee is not bound by the rules of evidence applicable to judicial proceedings.



At the hearing, each individual providing testimony to the committee should be sworn in so that all testimony is provided under oath. After the subcommittee has begun its work to determine whether there is probable cause, any member of the subcommittee may at any time move to conduct the preliminary inquiry in executive session, which may be ordered by a vote of three of the members of the subcommittee. The executive session is not subject to the open meeting requirements of Rules 12.1 to 12.3. The executive session must be limited to the discussion of matters relating to probable cause. After a finding of probable cause, all further proceedings by the subcommittee must be open to the public.

Each Senator who has filed the complaint must be provided an opportunity to present the complaint and then may in turn be questioned by members of the subcommittee and, following that, Senator Hayden.

After the Senators who have filed the complaint have finished their presentation and questions have been answered, Senator Hayden should be given the opportunity to present his response. After his response is complete, questions from the subcommittee, and subsequently the Senators who have filed the complaint, are appropriate.

The subcommittee's discussion and the presentations should provide the subcommittee with assistance in determining the nature of the conduct that is at issue, whether that conduct would violate Senate Rules, and the evidence that will be provided to support the allegations.

After the Senators who have filed the complaint and Senator Hayden have finished their presentations and the subcommittee has deliberated, the subcommittee must take one of the three steps previously described. Again, the subcommittee may:

- (1) make a determination regarding probable cause;
- (2) vote to defer action until time; or
- (3) proceed with its investigation.

The Senate Rules provide additional guidance for further proceedings of the Subcommittee on Ethical Conduct and applicable standards of conduct. I have attached a copy of Senate Rules 55 to 58 for your reference.

TBS/rdr  
Enclosure

25.8

## 55. SUBCOMMITTEE ON ETHICAL CONDUCT

25.9

55.1 The Committee on Rules and Administration shall appoint a Subcommittee on Ethical Conduct of the Committee on Rules and Administration consisting of four members, two from the majority group and two from the minority group.

25.12

55.2 The subcommittee shall serve in an advisory capacity to a member or employee upon written request and shall issue recommendations to the member or employee. A member may request the subcommittee to provide its advice on a potential conflict of interest to the member in private. If so requested, the subcommittee shall conduct its proceedings on the advisory opinion in private. The request, proceedings on the request, and any advice given by the subcommittee in response to the request must remain private. The member may not use an advisory opinion from the subcommittee as a defense to a complaint under this rule unless the opinion has been adopted by the subcommittee at a public meeting.

25.20

55.3 The subcommittee shall investigate a complaint made in writing by a member of the Senate under oath. The complaint must be received before adjournment sine die in the last year of a senate term or during a special session held after that time regarding improper conduct by a member or employee of the Senate. The subcommittee has the powers of a standing committee to issue subpoenas under Minnesota Statutes, section 3.153.

25.25

55.4 Within 30 calendar days after receiving a complaint, the subcommittee must meet and either make a finding of no probable cause, vote to defer action until a certain time, or proceed with its investigation.

25.28

55.5 In order to determine whether there is probable cause to believe that improper conduct has occurred, the subcommittee may, by a vote of three of its members, conduct a preliminary inquiry in executive session to which the open meeting requirements of Rules 12.1 to 12.3 do not apply. The executive session may be ordered by a vote of three of its members whenever the subcommittee determines that matters relating to probable cause are likely to be discussed. The executive session must be limited to matters relating to probable cause. Upon a finding of probable cause, further proceedings on the complaint are open to the public.



26.1           55.6 The subcommittee may appoint special counsel to provide expert advice on how  
26.2 to conduct its proceedings. The subcommittee may appoint a suitable person to conduct the  
26.3 investigation and report findings of fact and recommendations for action to the subcommittee.

26.4           55.7 If, after investigation, the subcommittee finds the complaint substantiated by the  
26.5 evidence, it shall recommend to the Committee on Rules and Administration appropriate  
26.6 disciplinary action.

26.7           55.8 To minimize disruption of its public proceedings, the subcommittee may require that  
26.8 television coverage be pooled or be provided by Senate media services.

26.9           55.9 If criminal proceedings relating to the same conduct have begun, the subcommittee  
26.10 may defer its proceedings until the criminal proceedings have been completed.

26.11          55.10 The Senate intends that proceedings of the Subcommittee on Ethical Conduct not be  
26.12 admissible in any criminal proceeding.

26.13                           **56. STANDARDS OF ETHICAL CONDUCT**

26.14          56.1 Members shall adhere to the highest standard of ethical conduct as embodied in the  
26.15 Minnesota Constitution, state law, and these rules.

26.16          56.2 A member shall not publish or distribute written material if the member knows or  
26.17 has reason to know that the material includes any statement that is false or clearly misleading,  
26.18 concerning a public policy issue or concerning the member's or another member's voting record  
26.19 or position on a public policy issue.

26.20          56.3 Improper conduct includes conduct that violates a rule or administrative policy of the  
26.21 Senate, that violates accepted norms of Senate behavior, that betrays the public trust, or that tends  
26.22 to bring the Senate into dishonor or disrepute.

26.23          56.4 Members of the Senate shall disclose potential conflicts of interest in the discharge of  
26.24 senatorial duties as provided in Minnesota Statutes, section 10A.07.

26.25                           **57. LOBBYISTS**

26.26          57.1 A lobbyist shall not appear before a Senate committee pursuant to the lobbyist's  
26.27 employment unless the lobbyist is in compliance with the law requiring lobbyist registration,  
26.28 Minnesota Statutes, sections 10A.03 to 10A.06. A lobbyist, when appearing before a committee,  
26.29 shall disclose to the committee on whose behalf the lobbyist speaks and the purpose of the  
26.30 lobbyist's appearance.

26.31          57.2 A lobbyist shall not knowingly, either directly or through a third party, furnish false  
26.32 or misleading information or make a false or misleading statement that is relevant and material

27.1 to a matter before the Senate or any of its committees, subcommittees, or divisions when the  
27.2 lobbyist knows or should know it will influence the judgment or action of the Senate or any of  
27.3 its committees, subcommittees, or divisions.

27.4       57.3 The Subcommittee on Ethical Conduct shall investigate a complaint by a member of  
27.5 the Senate in writing under oath received before adjournment sine die in the last year of a Senate  
27.6 term or during a special session held after that time that a lobbyist has violated Rule 57.1 or 57.2.  
27.7 The investigatory procedures of Rule 55 apply, except as provided in this rule. The complaint  
27.8 and proceedings on the complaint are private until the subcommittee has found probable cause to  
27.9 believe that a violation of Rule 57.1 or 57.2 has occurred, unless they are made public by the  
27.10 lobbyist whose conduct is the subject of the complaint or by the vote of at least three members  
27.11 of the subcommittee.

27.12                               **58. AMENDMENTS TO RULES**

27.13       Every proposition to amend a rule of the Senate must be referred to the Committee on Rules  
27.14 and Administration. The proposition may not be acted upon until the report of the committee  
27.15 is received by the Senate.

**David W. Hann**  
Senate Republican Leader  
147 State Office Building  
St. Paul, Minnesota 55155  
Office Phone: 651-296-1749



## Senate

State of Minnesota

October 17, 2014

The Honorable Senator Sandra L. Pappas  
Chair, Senate Rules Subcommittee on Ethical Conduct  
120 State Capitol Building  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN. 55155

Dear Madam Chair,

Thank you for your prompt attention to the ethics complaints filed against Sen. Hayden and Sen. Champion.

As you know, the purpose of the hearings is for the Subcommittee to determine whether there is probable cause to believe any improper conduct has occurred. In order to assist the Subcommittee in that determination, I respectfully request you take the following actions:

1. Formally request that Minneapolis School Board members and government relations staff attend the hearing and be ready to testify. One count of our complaint against Sen. Hayden charges he improperly used his influence as a senator to force the school board to approve the grant to CSI. Sen. Hayden has publicly denied this in newspaper accounts. In order to find the truth, the Subcommittee needs to hear from the Minneapolis School Board. If necessary, the Subcommittee has the power to issue subpoenas under Minnesota Statutes, section 3.153.
2. Request the board minutes and financial records from Community Action Minneapolis (CAM). In light of the fact that the Minnesota Department of Human Services and the Minnesota Department of Commerce recently shut down CAM, this request might have to be fulfilled by these agencies. Sen. Hayden claimed he did not receive any benefits from his membership on the board of CAM. Specifically, the Subcommittee needs to know which board meetings and events Sen. Hayden and/or his wife attended, any per diem payments received, and when Sen. Hayden reimbursed CAM for travel expenses as he claimed.



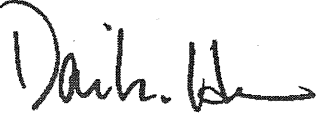
Recycled Paper  
100% Post  
Consumer Fiber

Committee: Rules and Administration  
E-Mail: sen.david.hann@senate.mn

Serving Eden Prairie and Minnetonka

In order to make a determination of probable cause, the Subcommittee on Ethical Conduct will need to have the complete set of facts and testimony available. Thank you for your attention to this request.

Sincerely,

A handwritten signature in dark ink, appearing to read "David W. Hann", with a stylized flourish at the end.

Senator David W. Hann  
Senate Republican Leader

Cc: Senator Tony Lorey  
Senator Bill Ingebrigtsen  
Senator Michelle Fischbach

**Community Action of Minneapolis  
Review of Community Services  
Block Grant and  
Minnesota Community Action Grant**



**OFFICE OF THE LEGISLATIVE AUDITOR**  
STATE OF MINNESOTA

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**Financial Audit Division Report**

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**State Grant Agreements with  
Community Action Agencies**

**Internal Controls and  
Compliance Audit**

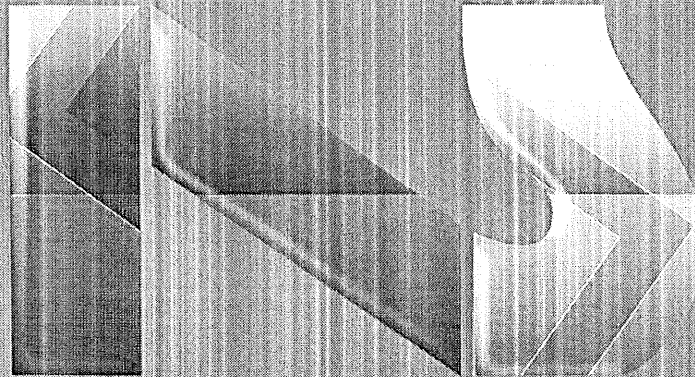
**July 2012 through February 2015**

**December 18, 2015**

**Report 15-16**

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FINANCIAL AUDIT DIVISION  
Centennial Building – Suite 140  
658 Cedar Street – Saint Paul, MN 55155  
Telephone: 651-296-4708 • Fax: 651-296-4712  
E-mail: [legislative.auditor@state.mn.us](mailto:legislative.auditor@state.mn.us)  
Website: <http://www.auditor.leg.state.mn.us>  
Through Minnesota Relay: 1-800-627-3529 or 7-1-1



THE INS COMPANIES

**Minnesota Department of Commerce**

**Community Action of Minneapolis  
Compliance Audit**

**June 2015**

**INS Regulatory Insurance Services, Inc.  
419 South 2<sup>nd</sup> Street  
New Market, Suite 206  
Philadelphia, PA 19147**

**SANDRA L. PAPPAS**

President of the Senate  
State Senator District 65

323 State Capitol  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155-1606  
Phone: (651) 296-1802  
[www.senate.mn/senatorpappas](http://www.senate.mn/senatorpappas)



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State of Minnesota

October 21, 2014

Senator David Hann,  
Minority Leader  
147 State Office Building

Dear Senator Hann,

I have received your letter dated October 17, 2014, and I am responding to the requests made in that letter.

First, for purposes of clarification, I will state that as I understand your letter, you are making certain requests for action with regard to the October 22 hearing regarding Senator Hayden. Although the letter references both of the complaints you have filed against Senators Hann and Champion, in each of the numbered requests contained in your letter, you describe only requests and potential witnesses related to Senator Hayden's conduct.

With respect to your requests, I do not intend to request the attendance of any witnesses or the production of any records at the first meeting of the Subcommittee on Ethical Conduct on October 22. As you will recall, Senate Rule 55.4 provides the duties for the Subcommittee in responding to a complaint, providing that "Within 30 calendar days after receiving a complaint, the subcommittee must meet and either make a finding of no probable cause, vote to defer action until a certain time, or proceed with its investigation."

Accordingly, the Subcommittee must first understand the nature of the complaints against Senator Hayden and determine whether probable cause exists before proceeding to use its investigative powers, including the use of subpoenas that you reference in your letter. If the



Subcommittee wishes to proceed with an investigation, that decision will require a vote of the subcommittee.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sandra L. Pappas".

Sandra L. Pappas  
President, Minnesota Senate

Cc: Senator Jeff Hayden  
Senator Tony Lourey  
Senator Michelle Fischbach  
Senator Bill Ingebrigtsen  
Senator Dave Thompson  
Senator Dan Hall  
Senator Eric Pratt  
Senator Michelle Benson  
Senator Roger Chamberlain

**Rules and Administration Subcommittee on Ethical Conduct****Wednesday, October 22, 2014****2:00 PM, Room 112, Capitol****Minutes**

---

Present: Senator Sandra L. Pappas - Chair, Senator Michelle L. Fischbach, Senator Bill Ingebrigtsen, Senator Tony Lourey

Absent: No Members Absent

---

Senator Sandra L. Pappas called the meeting to order at 2:01 pm

**Probable Cause Hearing regarding complaint filed by Senator Hann and others regarding Senator Jeff Hayden.**

**If you have questions please contact Catherine Ryan at [catherine.ryan@senate.mn](mailto:catherine.ryan@senate.mn) or 651-297-5393.**

**Senate Subcommittee on Ethical Conduct****Senator Sandra L. Pappas****Wednesday, October 22, 2014****2:00 PM****Room 112 Capitol**

1. Call to Order

1. Meeting began at 2:01 pm on Wednesday, October 22 2014
2. Senator Pappas had members of the Subcommittee and others introduce themselves.
  1. Mr. David Zoll – Attorney from Lockridge Grindal Nauen
  2. Mr. Charlie Nauen – Attorney from Lockridge Grindal Nauen
  3. Senator David Hann
  4. Senator Jeff Hayden
3. Senator Pappas stated that she had received the complaint and the subcommittee is meeting within 30 days of the receipt of complaint.

2. Discussion of procedure for probable cause hearing

1. Senator Pappas called for those planning on testifying to stand before the committee and Senator Pappas swore in the testifiers.

3. Presentation of complaint #1 by Senator Hann and others

1. Senator Hann had additional documents for reference passed out for the review of the Subcommittee.
2. Senator Hann presented the complaint asking for an investigation of the complaint.
3. Mr. Nauen asked questions of Sen.Hann in response to the complaint.

4. Response to complaint #1 from Senator Hayden

1. Mr. Nauen provided the response to the complaint asking for the complaint to be dismissed due to lack of probable cause
2. Mr. Nauen provided documents for the subcommittee.
3. Senator Hayden provided a statement to the Subcommittee.
4. Senator Ingebrigtsen asked questions of Mr. Nauen regarding the complaint.
5. Senator Lourey defined the purpose for the probable cause hearing.
6. Senator Hann asked for an investigation.
7. Mr. Nauen asked that the Subcommittee determine no probable cause for the complaint.

5. Subcommittee deliberation and consideration of complaint #1 under Senate Rule 55.4

1. Senator Lourey moved that on complaint #1 regarding Senator Jeff Hayden the subcommittee find no probable cause. Senator Pappas took a voice vote on the motion and motion did not prevail.
2. Senator Pappas moved for a brief recess at 3:51 pm.
3. Senator Pappas reconvened the subcommittee at 4:02 pm.
4. Senator Pappas laid the motion of Senator Lourey on complaint #1 on the table.
5. Senator Pappas stated that Senator Hann would ask the Minneapolis School Board to clarify their actions with regard to complaint #1.
6. Senator Ingebrigtsen moved to defer action on complaint #1 and complaint #2 until Wednesday November 5 at noon. Motion prevailed on a voice vote.

6. Presentation of complaint #2 by Senator Hann and others

1. Senator Hann presented complaint #2.

2. No questions for Senator Hann.
7. Response to complaint #2 from Senator Hayden
  1. Mr. Nauen presented the response to Senator Hann.
  2. Senator Hayden provided a statement to the Subcommittee.
  3. Senator Pappas asked for Counsel to provide background on Data Practices Act and how that is applicable to this situation. Counsel provided information.
8. Subcommittee deliberation and consideration of complaint #2 under Senate Rule 55.4
  1. Senator Lourey moved that the subcommittee find no probable cause on complaint #2 against Senator Hayden. Senator Pappas took the motion on a voice vote and the motion did not prevail.
  2. Senator Pappas stated that she would request Department of Commerce and Department of Human Services appear before the Subcommittee regarding complaint #2.
  3. Senator Ingebrigtsen moved to defer action on complaint #1 and complaint #2 until Wednesday November 5 at noon. Motion prevailed on a voice vote.
9. Adjournment
  1. Senator Pappas adjourned the meeting at 5:17 pm.

---

The meeting was adjourned at 5:17 pm

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Senator Sandra L. Pappas, Chair

---

Katie Gasper, Legislative Assistant

Minnesota Senate

Subcommittee on Ethical Conduct

---

**Probable Cause Hearing**

**Regarding Senator Jeffrey Hayden**

October 22, 2014

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**Senator Hayden's Exhibits**

# Community Standards Initiative

- **No Personal Gain**
  - *No Family or Business Connection*
  - *Dr. Hayden*
- **No “Threats” “Bullying” or “Extortion”**
- **Legislative Process and Negotiations**
- **Cannot Rely on Newspaper Article for Ethics Complaint**

# Community Action Minneapolis

- **No Personal Gain**
  - *No Per Diem or Cash Payments*
  - *No Facts Regarding Senator Hayden in the Audit or Articles*
- **Volunteer Time**
- **Reimbursed for Some But Not All Expenses**
  - *Paid All Personal Expenses*
- **Board Designee Pursuant to Federal Law**
- **Not on Executive or Finance Committees**
- **Wipfli Audits**

# Public Officials on Community Action Boards

The members of the board referred to in paragraph (1) shall be selected by the entity and the board shall be composed so as to assure that - (A) 1/3 of the members of the board are elected public officials, holding office on the date of selection, *or their representatives*, except that if the number of such elected officials reasonably available and willing to serve on the board is less than 1/3 of the membership of the board, membership on the board of appointive public officials *or their representatives* may be counted in meeting such 1/3 requirement....

42 U.S.C. § 9910, subd. (a)(2) (emphasis added).



# Probable Cause

The purpose of a probable cause hearing is to determine whether there are sufficient facts in the record to believe a violation of law has occurred as alleged in the complaint. *The test of probable cause is whether the evidence worthy of consideration brings the charge within “reasonable probability.”*

Koppen v. Maplewood Firefighters Ass’s, OAH No. 7-6361-16947-CV (Nov. 10, 2005) (citing Gerstein v. Pugh, 420 U.S. 103 (1975)) (emphasis added).

# Draft Amendment

04/16/13 08:25 AM

COUNSEL

EN/RDR

SCS0453A-9

1.1 Senator ..... moves to amend the Division Report (SS0453DIV) on S.F.  
1.2 No. 453 as follows:

1.3 Page 71, after line 28, insert:

1.4 "Sec. 16. ACHIEVEMENT AND INTEGRATION REVENUE USE,  
1.5 MINNEAPOLIS.

1.6 Notwithstanding Minnesota Statutes, section 124D.862, subdivision 5. Special  
1.7 School District No. 1, Minneapolis, must reserve up to \$500,000 in fiscal years 2014 and  
1.8 2015 only of its achievement and integrated revenue, under Minnesota Statutes, section  
1.9 124D.862, to improve and close the achievement gap. These funds must be allocated to  
1.10 community organizations within the district that are working to close the achievement  
1.11 gap within the district. Community organizations are eligible for funding after they  
1.12 have submitted a proposal to the district that includes measurable plans to reduce the  
1.13 achievement gap within the district. The district must consider plans submitted by the  
1.14 Minneapolis Urban League and the Minneapolis Community Standards Initiative. The  
1.15 district must include revenue reserved under this section in its long-term comprehensive  
1.16 plan, under Minnesota Statutes, section 124D.861, subdivision 2."

1.17 Renumber the sections in sequence and correct the internal references

1.18 Amend the title accordingly

# Dr. Hayden Letter to Star Tribune

Dear Star Tribune,

The Star Tribune did not accurately report my relationship with Community Standards Initiative ("CSI") in its articles dated August 19 and September 24, 2014.

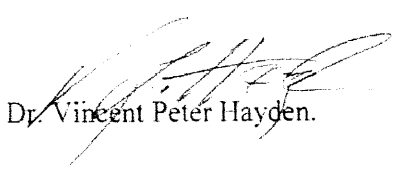
Like many others, I am troubled by the violence in our community and am committed to creating positive change in North Minneapolis. For that reason, I was happy to join community activists and representatives of the Minneapolis Police Department, when CSI began an initiative late this summer to identify and implement programs to reduce violence. My involvement with CSI is no different from my collaboration with a number of other organizations working to improve lives in North Minneapolis including the Hennepin County Sheriff's Department, Protect MN, Shiloh Temple and MPD Public Safety Department.

To be clear, I am not, and never have been, an employee or board member of CSI. I have never had a contractual relationship with CSI and have never received any compensation from CSI. My role is simply an engaged citizen working with this and other organizations to affect change in our community.

I am disappointed that my attempts to clarify my role with CSI have been ignored.

Thank you.

Sincerely,

  
Dr. Vincent Peter Hayden.

*See above -  
No date  
dated  
10/8-10/9*

EXHIBIT F

# MPS Interview

[www.insightnews.com/extra/mps\\_transcript.pdf](http://www.insightnews.com/extra/mps_transcript.pdf)

*Notes  
School Board  
who is responsible  
for School Board*

## CSI Interview questions (9/16/14)

In 2011, CSI asked for a \$200,000 contract and only a \$15,000 contract was awarded. Why didn't you award the \$200,000 contract then?

- The proposal lacked direct alignment with the core of our work – teaching and learning.
- The program was unsustainable and the scope of the overall initiative was too broad.
- There was not enough specific supporting data or best practices from other municipalities that engaged in similar campaigns or initiatives.

According to your legal department, there are no scope of work documents for that 2011 contract. Do you know what work the group did then, if any? Why is there no documentation?

- The plan was to launch the initiative by promoting it to the community and then beginning the engagement work.
- We do not have details or documentation of the work. Staff turnover factors into the lack of knowledge about the 2011 work.

Did you take bids from other organizations to do the work that CSI was intending to do in 2011 and 2013?

- No, we did not have a bidding process for CSI. This work was not deemed one of the superintendent's priorities so we did not reach out to find vendor.

Did you have any reservations in awarding the latest \$400,000 contract? Why did you give the group seed money to come up with a concrete working plan? Why not just look for a different organization to do this type of work that already had a concrete plan in place?

- Throughout the process, we expressed concerns about the large scope of work and the need for expertise and support from other governmental bodies and organizations.
- MPS has always been committed to working with community members and groups that have strong connections with MPS schools and families.
- We realized the goals of CSI are ambitious, but we were hoping that people and groups who are deeply connected to our communities could help us lead change and improvements.

Was the asking bid \$400,000 or did they want more?

- The initial request was for significantly more than \$400,000. I don't recall exactly how much they asked for initially.

Why was CSI given \$400,000 when the Office of Black Male Student Achievement received \$200,000?

- CSI did not receive \$400,000. If they work that we agreed to was completed, then contract payments would total that amount. The OBMSA is an internal priority in our work to close the achievement gap. We are not contracting this work. We are staffing and investing central office time and resources into the work of the OBMSA.

Despite giving CSI double the funding of OBMSA, why have we not heard about CSI's efforts from your office?

- As I stated, we have not given CSI \$400,000.

What schools was CSI supposed to work with? Contract details work but does not specifically mention which schools.

- Lucy Laney, Bryn Mawr and Henry

Why did you hire Hightower's church to perform duties like provide mental health referrals when there is little proof of expertise in that area?

- The idea was to work with individuals and organizations that are integrally a part of the north Minneapolis community. It was our hope that this organization could make strong connections to students and the community in a more effective way than the school district can.

Why did you award the contract despite no proof of work performed in 2011 by the same group?

- CSI was introduced as a legislation item in the spring of 2013. We agreed in June to work with Mr. Hightower on possible pilot sites, a specific timeline for implementation and execution, metrics to determine how the program was progressing and ways to implement the initiative in additional schools in the future.

What role did Flowers play in the most recent contract? What role did Hightower play?

- MPS has not contracted with Mr. Flowers. Mr. Hightower is the program/project manager and oversees the finances.

Did you know the registered agent with the SOS for the group is a woman named Gloria Hudson? What were your interactions with her?

- I have no knowledge of Ms. Hudson. We have not interacted with her.

What role did Hayden and Champion play in attaining and executing this contract in 2011 and 2014?

- We cannot recall them having a role in 2011. In 2014, both lobbied for us to contract with CSI.

Why did Hayden and Champion push to get this contract?

- I think you saw it clearly when I stated that a community organization needed to be a partner with the school district in the implementation and help provide more mental health services to students.

Would you have awarded the contract without the political influence of Hayden and Champion?

- 

- 

- I will not speculate on information that we have yet to receive. We can only hope that the terms of the contract are fulfilled in a timely fashion.

# Wipfli

## Get the Facts About Wipfli

### An Overview of Who We Are and What We Do

A multi-discipline professional services firm

148 partners  
1200+ associates  
22 US offices  
2 India offices  
6 industry focuses  
**ONE firm**

With more than 1,200 associates and 24 offices in the United States and India, Wipfli LLP (Wipfli) ranks among the top 25 accounting and business consulting firms in the nation. Wipfli is also a member of PKF North America, which is a member of PKF International the tenth largest global accounting network in the world.

We enjoy a solid reputation as industry experts and as a trusted business advisor to more than 30,000 clients including: manufacturing companies, construction companies, contractors and developers, real estate companies, health care organizations, financial institutions, insurance companies, nonprofit organizations, units of government, dealerships, and individuals.

The firm serves businesses of various sizes, from large public and private companies, to closely held family-owned businesses. Whether we're helping clients streamline processes, improve performance, leverage the right technology, or increase financial success, we offer innovative, effective, and personalized services to help clients overcome their business challenges today and plan for tomorrow.

#### Our areas of focus

Our services focus on improving the key components of every successful organization:

Process and performance management  
Human resources  
Operations and organization structure  
Systems and information technology  
Marketing, sales, and customer service  
Capital and financial strength

#### Our team approach

You can rely on a consistent, cohesive, and dedicated team of service professionals and industry-focused experts who draw from a wide range of collective knowledge and experience. With Wipfli's particular focus on specific industries, members of many of Wipfli's industry-focused teams meet regularly to discuss best practices, industry issues, and updates. These meetings ensure that our associates continue to provide clients with exceptional expertise and service. Clients tell us our associates are a pleasure to work with, and they appreciate the time associates take to understand their individual circumstances. Our partners also commit significant efforts to engagements, further ensuring customer satisfaction.

Team members arrive at Wipfli with considerable experience and knowledge, and they continue to develop their skills through at least 40 hours of continuing professional education each year.

Recognizing the critical importance of engaged and satisfied associates, we regularly monitor and work to improve the engagement level of all associates.

# Strategic Planning Session



Community Action of Minneapolis

## Board of Directors Strategic Planning Session PRELIMINARY AGENDA

June 3-5, 2011  
Arrowwood Resort & Conference Center

### Friday, June 3, 2011

4:30 pm	Check-in	Arrowwood Front Desk
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### Saturday, June 4, 2011

7:00 am	8:45 am	BREAKFAST	Lake Café
9:00 am	10:15 am	Meeting	Boardroom 2
10:15 am	10:30 am	BREAK	
10:30 am	12:00 am	Meeting	Boardroom 2
12:00 pm	1:30 pm	BOARD MEETING LUNCHEON	Lake Café
1:45 pm	3:30 pm	Meeting	Boardroom 2
3:30 pm	3:45 pm	BREAK	
3:45 pm	5:30 pm	Meeting	Boardroom 2
6:00 pm	8:00 pm	DINNER (at your leisure)	Lake Café

### Sunday, June 5, 2011

7:30 am	9:00 am	BREAKFAST	Lake Café
9:00 am	10:15 am	Meeting	Boardroom 2
10:15 am	10:30 am	BREAK	
10:30 am	12:00 pm	Meeting	Boardroom 2
12:00 pm		Adjournment	



*from Sen Harris  
at Probable cause hearing  
10/22/14*

## **Superintendent Statement on CSI**

October 14, 2014 1:30 p.m.

I wanted to take a minute to address several issues around the Community Standards Initiative contract, and provide you with information on why a contract was awarded.

Given the academic challenges of our district, we know we cannot tackle the achievement gap alone. We rely on community partners to support our students and families in their success through programs and initiatives that supplement our daily work.

I remain committed to working with community groups and organizations that have the capacity to do the job and demonstrate results for our students—many of our partners succeed in this every day.

In considering the contract with CSI, my staff and I had many reservations about moving forward with it. I was cautious because it was apparent that they would need significant support and assistance from the district to fulfill the contract. MPS did more than our due diligence to help CSI succeed, even linking them up with our research and evaluation team, to develop a specific timeline for implementation and execution, as well as metrics to determine how the program was progressing. But I was also optimistic about the potential for students to benefit from the services that CSI said they could provide.

It was my hope that CSI could have reached the targeted students who needed access to resources in and out of school. Namely, utilizing the services of an experienced local clinical psychologist like Dr. Bravada Garrett-Akinsanya to support youth was a definite draw.

It is important to me that stakeholders feel they can publicly voice their opinions about the decisions we make on behalf of Minneapolis students. Several board members, elected officials and community members expressed support of this contract, which further influenced moving forward with the contract.

The full contract for CSI in 2013 was for \$385,000 over two years, plus the \$30,000 for the project manager. If the agreed upon work was completed, then the contract payments would have totaled that amount in the end. However, CSI did not meet the goals and metrics in the agreement and I was contacted by Clarence Hightower, who acknowledged that CSI did not have the capacity to meet the goals and objectives documented in the contract. That is when I decided to terminate the contract effective October 17.

As we move forward, I think it is important that we continue to leverage community partnerships that propel us forward. We have many successful community partnerships helping us meet critical needs and achieve great results for our students, and yet we need to make sure those groups represent our diverse population of students.



# SENATOR JEFF HAYDEN

*Proudly Serving Minnesota Senate District 62*

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## BIOGRAPHY



Jeff Hayden currently serves as the Senator for Senate District 62 and was appointed the Deputy Majority Leader in 2012. He serves on the Capitol Investment, Elections, Health and Human Services (both policy and finance), and State and Local Government Committees. In addition he also serves on the Pensions Commission and the MNsure Oversight Commission. An effective voice and principled progressive, Senator Hayden has been at the center of important legislation throughout his time in the legislature. In the 2013-2014 biennium he authored a bill to ensure all children have access to school lunch, regardless of ability to pay; the HOME (Housing Opportunities Made Equitable) bill; and the first increase to the minimum wage in nine years. In 2014 he also co-founded the Select Committee on Disparities and Opportunities to find practical solutions to Minnesota's racial disparities.

Hayden was first elected as State Senator to Senate District 61 in an October 2011 special election. Prior to his election to the State Senate, Senator Hayden had served as State Representative to House District 61B since 2008. During his time in the House, he was elected by the DFL Caucus as an Assistant Minority Leader. Senator Hayden served on several committees in the Minnesota House of Representatives, including Health Care and Human Services Finance, State Government Finance and Government Operations and Elections. In the Legislature, Senator Hayden has advocated for the progressive political change that he has

## MULTIMEDIA CENTER



Photo/Video Credit: Senate Media Services

fought for in his community for decades, including issues on economic justice, and enacting a single payer health care system to cover every Minnesotan with quality affordable health care.

Before his election to the Legislature, Senator Hayden managed Hearth Connection, a non-profit organization in Minneapolis. He attended both Metro State University as well as Bethel University, and his past professional experience includes serving as the manager for the Housing Choice Voucher program of mental health resources, housing coordinator of the Minnesota Supportive Housing Consortium, aide to Minneapolis City Councilmember Gary Schiff, and Community Outreach Coordinator with Hennepin County Powderhorn Partners.

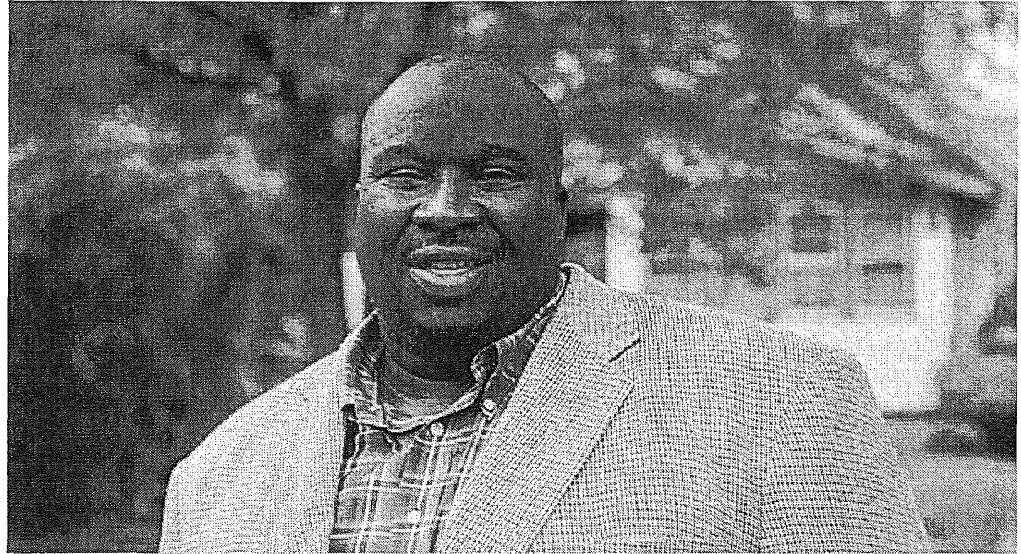
Senator Hayden has been active in his community, serving as Coordinator of the 38<sup>th</sup> Street Business Association and as a Board Member of the Community Action Agency. He has also served as Board Chair of the Powderhorn Park Neighborhood Association and Board Member of the Bryant Neighborhood Association. Additionally, Senator Hayden is on the Board of the Amateur Sports Commission, the Council on Black Minnesotans and the Midwestern Legislative Conference Innovations Selections Committee.

He resides in the Bryant neighborhood with his wife Terri and their two children: Tomas and Sophia.

Politics in Minnesota

# CapitolReport

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Sen. Jeff Hayden, DFL-Minneapolis, denies any wrong doing and says he looks "forward to resolving this matter before the Subcommittee on Ethical Conduct as soon as possible." (File photo)

## GOP seeks probe of Hayden, nonprofits

By: Mike Mosedale September 26, 2014 0

After six Senate Republicans on Wednesday called for an ethics investigation of Deputy Majority Leader Jeff Hayden, DFL-Minneapolis, and his relationship with two embattled nonprofit organizations, one thing has been established with certainty: The Senate Subcommittee on Ethical Conduct will be forced to take up the politically delicate matter before election day.

Under the chamber's permanent rules, the four-member panel — which consists of two DFLers and two Republicans — must meet within 30 days of receiving the complaint. At that point, according to Senate counsel Tom Bottern, the committee can then vote to dismiss the complaint for lack of probable cause, proceed with an investigation or defer action to a later date.

"I don't know if the committee will find probable cause, but I do believe the evidence deserves to be investigated," said Senate Minority Leader David Hann, R-Eden Prairie, at a press conference.

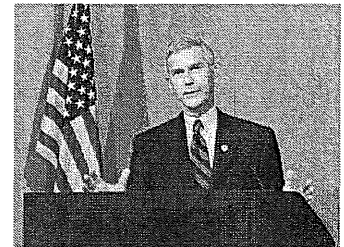
Hann denied that politics played any role in the timing of the filing of the complaint, saying that he and fellow Republicans are acting now because they only recently became aware of the burgeoning controversies involving the two nonprofits.

"We shouldn't be trying to hide this or sweep it under the rug," Hann said. "We have to make it clear to the public that this is not normal, not acceptable and we shouldn't tolerate it," said Hann.

Hann did take a few partisan jabs, however, charging that the lavish spending and poor results at the two nonprofit groups are a consequence of 40 years of one-party rule in Minneapolis.

Hayden's actions, Hann added, "make the rest of the Senate look bad."

In a prepared statement, Hayden denied any wrong doing and said he looks "forward to resolving this matter before the Subcommittee on Ethical Conduct as soon as possible."



On Wednesday, Senate Minority Leader David Hann, R-Eden, and five fellow Republican senators called for an ethics probe of Senate Deputy Majority Leader Jeff Hayden, DFL-Minneapolis, in connection with alleged financial abuses at the nonprofit organization Community Action of Minneapolis. (Staff photo: Mike Mosedale)

The subcommittee has not met since 2012 when Senate Democrats accused Geoff Michel — a since-retired senator from Edina — of lying about details of an affair between former Senate President Amy Koch and staffer Michael Brodkorb. The panel deadlocked along party lines and ultimately took no action.

According to a report from the Legislative Reference Library, the Senate ethics subcommittee has examined 17 cases involving senators dating back to 1994. The majority of cases resulted in an outright dismissal, sometimes with a requirement that the senator issue a public apology as a condition.

In two of the instances, senators were forced to resign from leadership posts or committee assignments. In the two most serious cases, the subjects of the inquiries — former Sens. Skip Finn and Joe Bertram — faced criminal charges and resigned before the panel could impose any sanctions.

"We don't get a lot of real hearings on this stuff, but generally one of two things happens. If it's really clear that the person has done something wrong, they resign or at least you get a unanimous decision. If the complaints are more partisan in nature — surprise! — the investigations usually don't go very well, and you get a deadlock," said David Schultz, a political scientist at Hamline University.

"Legislators are not very good at policing their own. There probably ought to be some sort of outside body — an independent ethics commission might be a model — but legislators are loath to turn that authority over," Schultz added.

Attorney Fritz Knaak, a former senator who has also represented senators before the ethics panel, takes a different view.

"I think, generally speaking, it has served the Senate very well over the years," said Knaak. "It can be used for political reasons, but I think the basic framework is a good one and, for the most part, works well."

He said political balance on the panel serves as an important safeguard, since it ensures a measure of bipartisan consensus before any sanctions can be imposed. Although the subcommittee can recommend expulsion, Knaak said he is unaware of any case in which that has occurred in Minnesota.

Knaak said he doubts the panel will dismiss the Hayden complaint outright: "There's enough notoriety in this case, I think the pressure is on to follow through and have investigation and a hearing, and give Sen. Hayden an opportunity to explain what happened."

The four-page complaint against Hayden — which was signed by Hann and five fellow Republican senators — comprises two distinct issues.

The first part, based principally on a report in the Star Tribune, alleges that Hayden failed to disclose a conflict of interest and "misused his influence" when he lobbied on behalf of Community Standards Initiative, a nonprofit group that aims to close the achievement gap between white and minority students in north Minneapolis.

Specifically, the complaint states that Hayden and Sen. Bobby Jo Champion, DFL-Minneapolis threatened to withhold state aid from the Minneapolis School District if the board didn't approve a \$375,000 contract with CSI. Previously, Hayden and Champion had helped secure state grants for CSI, which has come under intense criticism for failing to meet the basic benchmarks established in its contracts with the school district.

The second complaint centers on Hayden's former role as a board member of Community Action of Minneapolis, an anti-poverty group that offers assistance on such services as home weatherization.

A withering audit from the Department of Health and Human Services found that the CAM's executive director, Bill Davis, misspent approximately \$800,000 in public money on perks that included airfare to the Bahamas and Florida golf outings and charged that the organization grossly exceeded the permissible spending on administrative costs.

The audit also expressly criticized CAM's board of directors for failing in their oversight duties.

In the wake of those disclosures, Hayden resigned from the board, following the suit of Congressman Keith Ellison, who was also a board member. Hayden and Ellison have said they were unaware of the alleged financial improprieties because they had assigned alternates to serve on their behalf.

Schultz, who called the CAM "a textbook example of how not to run a nonprofit," said that defense might not matter.

"As a board member, you have a duty of loyalty, care and obedience. You're acting as a fiduciary in the best interest of the organization and you have a real legal duty to do your homework. State law says that," said Schultz.

"Was Hayden derelict in that he didn't take his role seriously as a board member? Yeah, I think so. So was Keith

Ellison, so was the entire board. They were all terribly derelict," Schultz said. "Should he have known better? I think so. But I'm not sure you can say this is a singular breach of ethics on the part of Hayden."

Regardless of the outcome of the ethics case, Schultz said, Hayden and the fellow members of the board could be subject to civil litigation in the event that the state tries to recoup the allegedly misappropriated grant monies.

He said the apparent abuses at CAM also point to a much larger problem: the lax oversight of publicly funded nonprofits. "If we're going to be dispensing billions of dollars to nonprofits every biennium, we need better audits and controls," he said. "As it is, we have horrible oversight."

Tagged with: [DAVID HANN](#) [JEFF HAYDEN](#)



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**317A.251 STANDARD OF CONDUCT.**

Subdivision 1. **Standard; liability.** A director shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable by reason of being or having been a director of the corporation.

Subd. 2. **Reliance.** (a) A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(2) counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence; or

(3) a committee of the board upon which the director does not serve, duly established under section 317A.241, as to matters within its designated authority, if the director reasonably believes the committee to merit confidence.

(b) Paragraph (a) does not apply to a director who has actual knowledge concerning the matter in question that makes the reliance otherwise permitted by paragraph (a) unwarranted.

Subd. 3. **Presumption of assent; dissent.** A director who is present at a meeting of the board when an action is approved by the board is presumed to have assented to the action approved, unless the director:

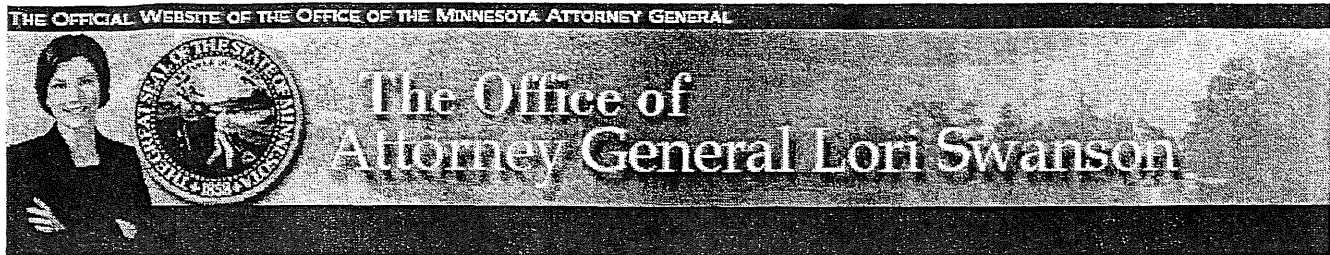
(1) objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting, in which case the director is not considered to be present at the meeting for purposes of this chapter;

(2) votes against the action at the meeting; or

(3) is prohibited from voting on the action by the articles or bylaws or as a result of a decision to approve, ratify, or authorize a transaction pursuant to section 317A.255 or a conflict of interest policy adopted by the board.

Subd. 4. **Not considered trustee.** A director, regardless of how identified, is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

**History:** 1989 c 304 s 44; 1990 c 488 s 20; 1992 c 503 s 5



#### A Guide for Board Members From the Office of Minnesota Attorney General

This Guide is provided by the Minnesota Attorney General's Office to assist board members with the important responsibilities assumed when they volunteer their time. It is only a guide and is not meant to prescribe exactly how board members must act in all situations. Each organization possesses a distinct composition and experiences different circumstances and outcomes. This guide is merely provided as a reference tool and outline to assist directors in performing their duties. It does not contain all of the provisions, exceptions, limitations and requirements of the law. For the exact requirements of the law, please refer to the source of the law itself. Many of the guidelines in this guide are taken from the Minnesota Nonprofit Corporation Act, located in Minnesota Statutes Chapter 317A. For more assistance, there are a number of resources in Minnesota that provide, at little or no cost, information, direct assistance and materials for charities, their officers and directors. A list of these resources can be obtained from the Minnesota Attorney General's Office, 1200 Bremer Tower, 445 Minnesota Street, St. Paul, MN 55101, telephone: (651) 296-3353 or 1-800-657-3787. TTY: (651) 297-7206 or 1-800-366-4812. Website: [www.ag.state.mn.us](http://www.ag.state.mn.us)

Upon request this material can be made available in alternative formats.

The Attorney General's Office has prepared this *Guide for Board Members* to help directors understand their responsibilities as stewards of their organizations. Under Minnesota law, directors of a Minnesota nonprofit corporation are responsible for the management of the business and affairs of the corporation. This does not mean that directors are required to manage the day to day activities of a corporation or to act in the role of an Executive Director. It does mean that directors must appoint officers and assign responsibilities to them so that the officers can effectively carry out the daily tasks of running the corporation. It also means that directors must supervise and direct the officers and govern the charity's efforts in carrying out its mission. In carrying out their responsibilities, the law imposes on directors the fiduciary duties of care, loyalty and obedience to the law. Minnesota courts have held that the law imposes the highest standard of integrity on the bearers of these duties.

Directors of Minnesota nonprofit corporations must discharge their duties in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

#### To Exercise the Proper Duty of Care:

- 1. Active Participation.** A director must actively participate in the management of the organization including attending meetings of the board, evaluating reports, reading minutes, reviewing the performance and compensation of the Executive Director and so on. Persons who do not have the time to participate as required should not agree to be on the board.
- 2. Committees.** Directors may establish committees having the authority of the board and may rely on information, opinions or reports of these committees. Committees operate subject to the direction and control of the board. As a result, directors are still responsible for the committees and should periodically scrutinize their work.
- 3. Board Actions.** A director who is present at a meeting when an action is approved by the entire board is presumed to have agreed to the action unless the director objects to the meeting because it was not lawfully called or convened and doesn't participate in the meeting, or unless the director votes against the action or the director is prohibited from voting on the action because of a conflict of interest.
- 4. Minutes of Meetings.** Written minutes should be taken at every board meeting. The minutes should accurately reflect board discussions as well as actions taken at meetings.
- 5. Books and Records.** A director should have general knowledge of the books and records of the organization as well as its general operation. The organization's articles, bylaws, accounting records, voting agreements and minutes must be made available to members and directors who wish to inspect them for a proper purpose.



**6. Accurate Record Keeping.** A director should not only be familiar with the content of the books and records, but should also assure that the organization's records and accounts are accurate. This may mean the director must take steps to require regular audits by an independent certified public accountant. At the very least, the director should be aware of what the financial records disclose and take appropriate action to make sure there are proper internal controls.

**7. Trust Property.** A director has the duty to protect, preserve, invest and manage the corporation's property and to do so consistent with donor restrictions and legal requirements. Instituting proper internal controls will aid in the protection of assets.

**8. Resources.** A director must assist the organization in obtaining adequate resources to enable it to further its charitable mission.

**9. Charitable Trusts.** A trustee of a charitable trust has a higher standard of care than a director of a nonprofit corporation. A trustee has the duty to exercise the care an ordinary person would employ in dealing with that person's own property. A trustee with a greater level of skill must use that higher skill in carrying out the trustee's duties.

**10. Investigations.** A director has a duty to investigate warnings or reports of officer or employee theft or mismanagement. In some situations a director may have to report misconduct to the appropriate authorities, such as the police or the Attorney General. Where appropriate, a director should consult an attorney or other professional for assistance.

Traditionally, directors have an absolute duty of complete, undivided loyalty to the organization. This means that directors should avoid using their position or the organization's assets in a way which would result in pecuniary or monetary gain for them or for any member of their family. A director should put the good of the organization first and avoid engaging in transactions with the organization from which the director will benefit.

### To Exercise the Duty of Loyalty:

**1. Conflicts of Interest.** Under certain circumstances, a contract or transaction between a nonprofit corporation and its director or an organization in which the director has a material financial interest is acceptable. However, if the transaction is challenged, the director will have the burden of establishing that the contract or transaction was fair and reasonable, that there was full disclosure of the conflict and that the contract or transaction was approved by members or other directors in good faith.

**2. Written Policy.** Boards should establish a written policy on avoiding conflicts of interest.

**3. Loans.** A nonprofit corporation may not lend money to a director or the director's family members unless the loan or guarantee may reasonably be expected, in the judgment of the entire board, to benefit the corporation.

**4. Charitable Trust.** In charitable trusts, transactions which otherwise might constitute a conflict of interest are permissible if the conflict was clearly contemplated and allowed by the original settlor of the trust.

**5. Corporate Opportunity.** Directors of business organizations are under a fiduciary obligation not to divert a corporate business opportunity for their personal gain. A director of a nonprofit corporation is also subject to this duty. This duty means that a director may not engage in or benefit from a business opportunity that is available to and suitable for the corporation unless the corporation decides not to engage in the business opportunity and conflicts of interest procedures are followed.

**6. Internal Revenue Code.** Other prohibitions relating to the duty of loyalty are specified in the rules of the Internal Revenue Code regarding self-dealing. These rules apply to private foundations.

Directors have a duty to follow the organization's governing documents (articles of incorporation and bylaws), to carry out the organization's mission and to assure that funds are used for lawful purposes. Also, directors must comply with state and federal laws that relate to the organization and the way in which it conducts its business.

### To Exercise The Duty of Obedience:

**1. State and Federal Statutes.** Directors should be familiar with state and federal statutes and laws relating to nonprofit corporations, charitable solicitations, sales and use taxes, FICA and income tax withholding, and unemployment and workers' compensation obligations. They should also be familiar with the requirements of the Internal Revenue Service. Directors should see to it that their

organization's status with state and federal agencies is protected.

**2. Filing Requirements.** Directors must comply with deadlines for tax and financial reporting, for registering with the Attorney General, for making social security payments, for income tax withholding, and so on. Additionally, if an organization is incorporated under the Minnesota Nonprofit Corporation Act, its directors have a duty to maintain its corporate status by submitting timely filings to the Secretary of State's Office.

**3. Governing Documents.** Directors should be familiar with their organization's governing documents and should follow the provisions of those documents. Directors should be sure proper notice is given for meetings, that regular meetings are held, that directors are properly appointed and that the organization's mission is being accomplished.

**4. Outside Help.** Where appropriate, directors should obtain opinions of legal counsel or accountants.

MPLS.

## State Sen. Jeff Hayden releases statement on Community Action of Minneapolis



By: ALEJANDRA MATOS  
September 23, 2014 - 3:20 PM

" If these findings are shown to be true, Mr. Davis should resign and allow Community Action to move forward under new leadership."



Senator Jeff Hayden (DFL-Minneapolis) released the following statement concerning the recent audit of Community Action Minneapolis:

The Department of Human Services' audit of Community Action Minneapolis details alarming spending irregularities and an inexcusable misuse of public funds by the CEO, Bill Davis. If these findings are shown to be true, Mr. Davis should resign and allow Community Action to move forward under new leadership.

As an elected official with a seat on a 15 member board, I shared in the responsibility for providing oversight of Community Action Minneapolis on behalf of the public. My wife, Terri Hayden, accepted an appointment to serve on the board as my designee. Terri's professional background working with people struggling with mental illness and chemical dependency brought an important perspective to the mission of the board. She took her responsibilities on the board very seriously and was not aware of any of the questionable spending detailed in the audit.

Terri did attend the annual strategic planning retreats at Arrowwood Resort with the rest of the board, and while family members could come along, it was strictly at their own expense. As my designee on the board, the only costs that were covered by Community Action were for Terri, and I paid my own way. To be clear, neither Terri nor I accepted compensation for any cruises, spas, vacations to the Bahamas, or any other inappropriate, non-board activities.

Again, I am extremely disappointed in the audit findings. I will support the Department of Human Services as they reach decisions regarding the next steps for Community Action and plan to resign from the board.

October 8, 2014

**FOR IMMEDIATE RELEASE:**

**OPEN LETTER REGARDING THE BREAKDOWN OF EDUCATION LEADERSHIP  
IN MINNEAPOLIS**

To: Minnesota Senate Leadership; Brenda Cassilius, Minnesota Department of Education, MPS Superintendent Bernadeia Johnson, MPS Board of Education, Concerned Citizens of Minnesota

We are writing to express our concern with disturbing allegations about our elected, appointed, and self-appointed leadership in Minneapolis. A recent Star Tribune article ["Minneapolis schools seek to end contract with achievement gap group," September 11, 2014] raises troubling questions about the types of practices that go on behind closed doors when it comes to allocating resources and awarding contracts meant to benefit children in our community. According to the Star Tribune article referenced above, "School officials awarded the contract in May, without competitive bid, to CSI, a nonprofit organization run by community activists Al Flowers and Clarence Hightower. They got the contract after strong lobbying by DFL state Sens. Bobby Jo Champion and Jeff Hayden, who serves as deputy majority leader in the Senate. One source said Hayden and Champion threatened to withhold state aid if Minneapolis school officials did not approve the contract." These are matters that relate to ethical breaches of leadership across the board, and as concerned taxpayers, we have a right to know the truth.

Sadly, although concerns regarding the questionable contract between Minneapolis Public Schools and CSI were brought to light initially on 07/30/14 (<http://www.minnpost.com/learning-curve/2014/07/school-boards-approval-375000-contract-al-flowers-related-group-drawing-quest>), the community has still not received satisfactory answers regarding why such a large contract was approved without a public bidding process. We also want to know how CSI became qualified to perform the work, which members of the Minneapolis Public School Board supported the contract (The Star Tribune article only referenced school board member Rebecca Gagnon as a key supporter of CSI), and how many other similar contracts have been approved over the last several years behind closed doors and without a transparent process. It is also unclear how such a large contract could be approved by Minneapolis Superintendent Bernadeia Johnson without the support of her leadership team, which made a recommendation that the contract not be approved by the District. In spite of her team's warning, "[ ] Johnson did not end the chance for a contract. Instead, the district in February spent \$30,000 to hire a program manager to help CSI create a concrete plan, something that district officials say is extremely rare." The District then went on to pay CSI \$46,000, despite concerns about its lack of satisfactory performance.

It is unconscionable for a District that is barely graduating half of its students to engage in processes that lack transparency and accountability and further erode public trust, all to the detriment of the children who look to Minneapolis Public Schools for an education.

Consider these alarming facts:

- In 2013 only 21% of African American males who qualify for free and reduced price lunch were proficient in math; only 19% were proficient in math; and only 16% in science. Overall, academic results for black males in Minneapolis Public Schools are worse than in other districts and the State of Minnesota;
- Fewer than 35% of black students are “on track for success” as defined by the Minnesota Department of Education;
- In some schools located in North Minneapolis, reading and math proficiency rates for black male students is in the single digits;
- Black boys are disciplined in schools at alarming rates and are routinely criminalized and referred to school resource officers for what are too often minor infractions; and
- African American male students are significantly over-represented amongst those who are placed in special education, labeled as EBD, and isolated in “secure learning environments” within the district.

Results like these demand leadership that is competent, focused, and honest. It is a crying shame that while adults play political games for self-enrichment and to increase their personal influence, Minneapolis students are suffering and their potential is being stifled.

The CSI contract matter clearly warrants a full, independent, third party investigation and an evaluation of the circumstances by which other contracts have been awarded by MPS in previous months and years. The public should also be made aware of the role that each school board member played in lobbying for the CSI contract and approving said contract. Finally, we would like to see a robust evaluation of District policies in awarding contracts and greater levels of transparency and accountability inserted into the process. Thus, we are calling on the Minnesota Department of Education and the Minneapolis Public School Board to take immediate action and to expend the necessary resources for a credible third party to critically examine the concerns that are being addressed and to issue a report to the public of the findings of said investigation.

We also demand a full Senate investigation into the conduct of Senators Bobby Jo Champion and Jeff Hayden, Superintendent Bernadeia Johnson and the Minneapolis Board of Education. We need to know if elected leaders threatened the withholding of funding from the public schools, and if the superintendent gave away nearly \$400,000 to a non-existent program that her staff warned against funding.

As Minnesota taxpayers, we are deeply concerned about the clandestine practices and policies within our public institutions and legislative system that have led to such a travesty of justice. We urge our elected and appointed officials to action and address these concerns in an impartial and just manner for the sake of the students and families who put trust in our institutions to meet their needs.

Sincerely,

Black Advocates for Education

Nekima Levy-Pounds, Esq., Professor of Law, University of St. Thomas

Chris Stewart, Education Advocate

Kenneth Eban, University of Minnesota student, SFER Member

James Trice, Founder and CEO, Public Policy Project LLC

D.A. Bullock, Founder, Bullock Creative Shop

Latasha Gandy, Executive Director, Students for Education Reform, Minnesota Chapter

Mark Robinson, Managing Partner, Black Launch Consulting, LLC

Kenya McKnight, Founder, K'MA Consulting Group



## Contrary to report, Minneapolis school officials weren't bullied to back program

Article by: Jeff hayden and bobby joe champion

September 18, 2014 - 11:22 PM

We were troubled by claims from Minneapolis public schools (MPS) officials last week that they were strong-armed into partnering with Northside community-based organizations — under duress from ourselves (“North Side school effort called failure,” Sept. 12).

We were even more taken aback by a claim from an unnamed official that we went so far as to threaten to withhold state aid in order to get our way.

Untrue. We were not involved with anything of the sort.

What we were involved with is an ongoing struggle to address the single most critical issue for the future of our community and state: closing the underlying opportunity gap that leaves a staggering number of black youths without a diploma and the skills they need.

The case in question revolves around two community-based organizations — the Minneapolis Urban League 13th Grade Initiative and the Community Standards Initiative (CSI) — that came before the Legislature with two separate funding requests during last biennium's budget debate. We were proud sponsors of both.

Both bills moved through the customary, transparent committee process in the Minnesota House and Senate, each being endorsed for inclusion in the larger education budget bill. Ultimately, the 13th Grade Initiative, which focuses on identifying and assisting young adults who are unemployed and not on a path to college or a career, was appropriated only \$600,000 of its \$1 million request.

The second funding request, for CSI, a community group designed to engage at-risk students during and after school, was moving in a similar direction until MPS officials offered an alternative. Rather than administer funds for community-based programs at the state level, MPS officials argued they would be a better arbiter for establishing and financing these partnerships.

After the usual discussions and negotiations among all the stakeholders, we landed on a compromise. In their next budget, MPS agreed to create a \$500,000 funding stream devoted to community-based organizations aimed at closing the achievement gap, provided they had accountability measures and success metrics in place. Because both the 13th Grade Initiative and CSI had already won broad legislative support, they would both be considered for — not guaranteed — funding through this grant.

With the process now out of the Legislature's hands, we played no role as MPS negotiated a \$375,000 contract with CSI over the course of a year, which the school board approved unanimously on its consent agenda last May. We were similarly not involved in MPS's recent decision to end its contract with CSI.

Nonetheless, we are disappointed by this latest news and are deeply concerned over what we fear is a signal that MPS is unwilling to pursue good faith partnerships with community-based organizations in support of their underperforming schools.

Year after year, we lament the status quo, as far too many of our children continue to fall through the same cracks and gaps, beginning adult life without a diploma and unable to get a job or support themselves. The contributing factors are well



SW Parra • Fresno Bee/MCT,

known: low reading proficiency, high absenteeism, low parental involvement, behavior problems and excessive suspensions.

As a result, Minneapolis public schools graduated only 43.6 percent of black students last year.

When you think about how many children of color over the course of the last 10 years have been failed by our current approach, you can see how the impact of this academic achievement gap extends beyond a few Minneapolis neighborhoods. When you stop and reflect on the changing demographics in our state and our nation, you begin to understand how it will impact everyone's future prosperity.

Considering all of this, as we wrestle with policy remedies for the chronic disparity in academic achievement among students of color in Minneapolis, we are confronted with what experience has taught us — meaningful, lasting change requires collaboration and buy-in from all the stakeholders in the community.

By funding the Northside Achievement Zone, for example, we have seen the strides a neighborhood can make when a community-based organization takes a holistic approach, assisting families through their immediate poverty while putting their children on pathways to college and careers.

No less important, we won bonding dollars to support Minneapolis Swims' effort to renovate the Phillips pool so they can advance their mission to give swimming lessons to the neighborhood's African-American kids (who are up to 10 times more likely to drown in a swimming pool than are white kids).

We were also eager to support the aptly named Everybody Wins MN program, which is reinforcing our underperforming schools by partnering employees from area businesses and organizations with more than 1,000 students for regular, one-on-one reading sessions.

Of course there are no simple solutions to the achievement gap, but these success stories demonstrate how everybody working together in a super-local, community-building initiative can improve outcomes for young people. Based on this model, we believe groups like CSI and the 13th Grade Initiative have the right idea. Working in collaboration with students, teachers, parents and administrators is essential to achieving better family engagement, higher attendance, and more rapid intervention before it's too late.

We always expect scrutiny of our effort to build partnerships with community groups and we welcome any extra attention paid to the stark racial disparities in Minneapolis schools. But we challenge critics to look at the model and the priorities of these community-based organizations — not the personalities — as they offer constructive solutions to resolving the achievement gap.

*Jeff Hayden and Bobby Joe Champion, both DFLers, represent Minneapolis in the Minnesota Senate.*

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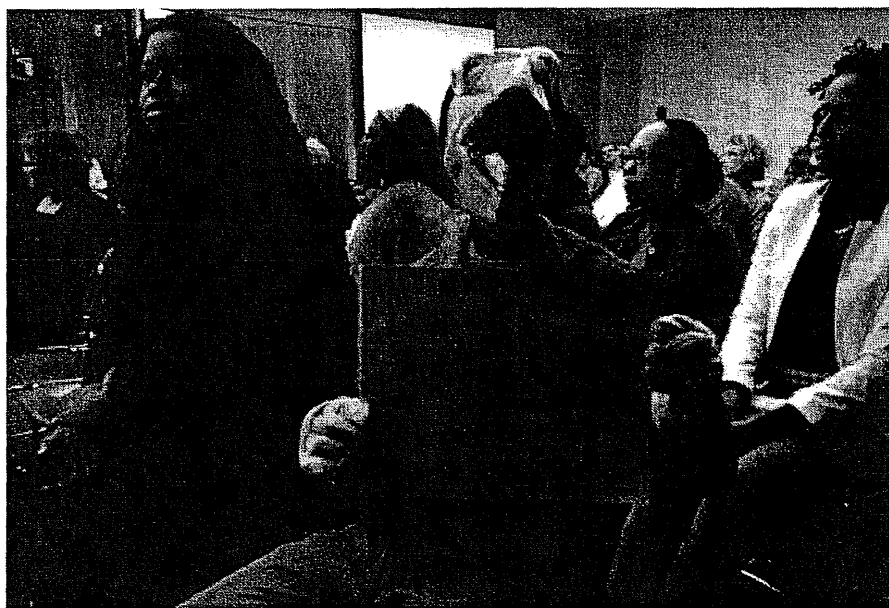


# MINNPOST

*This content is supported by a grant from the Bush Foundation.*

## Angry groundswell rips MPS board: 'Stop making excuses,' 'We want an audit'

By Beth Hawkins | 10/15/14



Nekima Levy-Pounds, left, was last on the speaking roster. Kermit the Frog's only statement was on his sign. MinnPost photo by Beth Hawkins

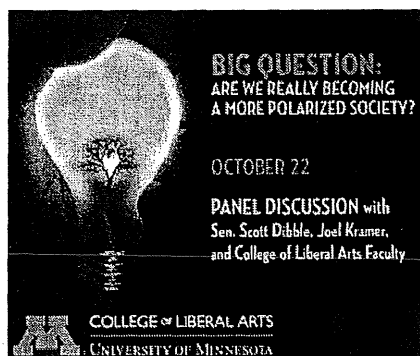
When Nekima Levy-Pounds rose Tuesday night to address the Minneapolis School Board there was a brief and pregnant pause. The University of St. Thomas law professor was part of a group that the night before had aimed a barrage of sharp tweets using the hashtag #jimcrowjr at Superintendent Bernadeia Johnson and other district leaders.

Now members of a new group she helped found, the Black Education Advocates, were at the meeting to demand answers about a \$375,000 no-bid contract being referred to in the community as "hush money."

Levy-Pounds was last on the roster. In the hour before her turn came, a long line of community members stepped to the podium to air a diverse and mind-boggling set of complaints.

There were the North High School football players who showed up to ask for sports facilities equity. Or at a minimum indoor restrooms with running water.

There was the woman who called out the district for letting employees into sporting events for free while charging even the poorest students.



There was the 20-plus-year early childhood education aide who broke down describing the bureaucratic snafu that cost her and a number of her colleagues their jobs last spring, and the bureaucracy's disinterest in hearing them out.

And then there was Kermit the Frog, who showed up in a purple stocking cap and an orange jumpsuit emblazoned with the words "State Penitentiary," a symbol of the school-to-prison pipeline.

The frog, who was about the size of a human teen, did not speak but carried a hand-lettered sign: "Minneapolis Public Schools awarded a \$375,000 contract to an organization with no website, no phone number, #butthat'snoneofmybusiness."

When Levy-Pounds finally spoke, her words summarized the evening's angry groundswell. "You all constantly claim you want community engagement," she said. "But when we step up

our voices are silenced."

### 'Stop making excuses'

There was applause as she continued: "We are sick and tired of being sick and tired. Stop making excuses, hold yourself accountable and educate our babies."

While she spoke, Black Education Advocates co-founder Chris Stewart, a former MPS board member, created a devastating Storify, "Jim Crow Jr., Minneapolis Style," featuring the tweets coming out of district headquarters as well as memes starring Kermit sipping a cup of tea under provocative questions about the CSI contract.

Last week, the Black Education Advocates sent an open letter to district leaders calling for an outside investigation into a controversial contract that had been tucked into the board's May consent agenda, the list of routine business requiring board approval but not meriting discussion.

The contract in question awarded \$375,000 to the Community Standard Initiative (CSI), a group that had no legal structure and could not articulate a plan beyond a desire to work in schools and neighborhoods to promote positive behavior. District leaders had recommended against inking the deal, especially after a \$30,000 investment in trying to help CSI develop programming yielded little.

CSI did, however, have some powerful promoters. Minneapolis DFL Sens. Jeff Hayden and Bobby Joe Champion either urged the district to enter into the agreement or threatened to turn off a crucial funding stream, depending on which version of the story is being told.

## **A longtime district critic**

CSI's creator, Al Flowers, is a longtime district critic. He also has a long history of showing up in controversial headlines — most recently after an encounter with police that is still under investigation. Champion is his attorney.

CSI was paid \$47,000 before news stories in this publication and others drew attention to the no-bid contract. The organization's fiscal agent, Clarence Hightower, recently said it lacked the capacity to deliver the contracted services.

Minneapolis Public Schools leaders, meanwhile, were mum on how the item made its way onto the consent agenda and which version of the story about lawmakers' intercession was true.

Board member Rebecca Gagnon last year testified in favor of the funding at the Capitol and her colleague Kim Ellison once worked for Hightower. District insiders have said at least four board members were in favor of the contract. Gagnon told the Star Tribune she is disappointed CSI could not deliver.

A week ago, the Black Education Advocates — other members include leaders of Students for Education Reform — sent an open letter to district leaders calling for an outside investigation. A MinnPost request for comment on the letter went unfulfilled, although an article a day later in the Star Tribune elaborated on the district's decision to end the arrangement.

## **Board chair replies to letter**

On Monday, board Chair Richard Mammen replied to the letter [.png], saying that placing the contract on the consent agenda was legal and that he was confident all board members were aware of it. "The board will participate fully in any investigation ordered by an appropriate authority pertaining to this contract or any other matter concerning alleged 'breaches of leadership,'" he wrote.

Over the weekend, supporters of the lawmakers and CSI called out the Black Education Advocates in radio broadcasts, calling Levy-Pounds a bourgeoisie black elite. (It's unclear whether either senator knew of or had a hand in the broadcasts.)

Separately, members of another new group, Not on Our Watch, staged protests on the city's north side. At Tuesday night's board meeting, Natonia Johnson identified herself as a member of the second new group.

"We want an independent audit of how the \$47,000 given to CSI was spent," she told the board. "We will get it. That's not a threat, that's a promise. You have not seen the last of my face."

After Levy-Pounds spoke, most of the angry community members filed out into the foyer, where the din threatened to drown out Johnson as she made her first public remarks [PDF] on the controversy.

## **'Had many reservations'**

"In considering the contract with CSI, my staff and I had many reservations about moving forward with it," Johnson said. "I was cautious because it was apparent that they would need significant support and assistance from the district to fulfill the contract. MPS did more than our due diligence to help CSI succeed, even linking them up with our research and evaluation team, to develop a specific timeline for implementation and execution, as well as metrics to determine how the program was progressing. But I was also optimistic about the potential for students to benefit from the services that CSI said they could provide."

Johnson addressed the question of outside pressure only obliquely: "Several board members, elected officials and community members expressed support of this contract, which further influenced moving forward with the contract."

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LEARNING CURVE

#### School board's approval of \$375,000 contract for Al Flowers-related group drawing questions

BY BETH HAWKINS | 07/30/14

The founder of the Community Standards Initiative is community activist Al Flowers, an MPS critic whose name is in the headlines this week.

### Related Tags:

### ABOUT THE AUTHOR:



#### Beth Hawkins

Beth Hawkins writes Learning Curve, a blog about education, for MinnPost and also covers a variety of other public policy topics.

### COMMENTS (11)

#### "bourgeoisie black elite"

SUBMITTED BY THOMAS SWIFT ON OCTOBER 15, 2014 - 10:31AM

"bourgeoisie black elite" Wow.

Does "Uncle Tom" by another name smell as racist?

There's cash in them thar schools, and plenty of it. It's clear the status quo won't go down without a fight, and Flowers et. al. have a long, successful history of comebacks by such black "leaders" as Al Sharpton, Jesse Jackson and Marion Barry to boost their morale.

Personally, I'm popping popcorn.

#### Far more cash in the

SUBMITTED BY LOGAN FOREMAN ON OCTOBER 15, 2014 - 4:44PM

For profit colleges that Kline milks. Personally don't care that you are popping popcorn.

#### Are those for-profit colleges

SUBMITTED BY THOMAS SWIFT ON OCTOBER 16, 2014 - 7:50AM

Are those for-profit colleges sending thousands of minority kids out to the streets each year functionally illiterate? I'd be interested to know more about that.

#### While your party carves

SUBMITTED BY ROBERT GAUTHIER ON OCTOBER 15, 2014 - 6:23PM

Up the schools for more vouchers? The whole education "reform" movement is just an excuse for the private sector to harvest tax dollars for profit. And take out the teachers union to silence opposition.

#### Nothing in the world wrong

SUBMITTED BY THOMAS SWIFT ON OCTOBER 16, 2014 - 7:54AM

Nothing in the world wrong with profit, as long as the customer is getting good value for his dollar. That is clearly not the case with Metro area

government schools. Personally, I think it's long past time the teachers unions are silenced, and the number of people that agree with me grows every day; but you may feel differently.

#### running water

SUBMITTED BY ROBERT OWEN ON OCTOBER 15, 2014 - 11:51AM

"Or at a minimum indoor restrooms with running water."

They really don't have indoor plumbing at North High School?

#### That odor

SUBMITTED BY RAY SCHOCH ON OCTOBER 15, 2014 - 1:09PM

...wafting from the MSP board's meeting room is beginning to take on the characteristics of a genuine stench. Saying you "will participate fully in any investigation ordered by an appropriate authority pertaining to this contract..." is not an explanation, it's part excuse, part delaying tactic.

As for "...bourgeoisie black elite," you know \*something\* has hit the fan when your own people are calling you names that are less-than-complimentary.

I expect there will be further developments in this story...

#### However

SUBMITTED BY BILL KAHN ON OCTOBER 15, 2014 - 1:29PM

However this situation surrounding the CSI contract turns out, community and family engagement in MPS efforts contracted for remain unmet.

Seems as though many Neighborhood Revitalization Program projects fell flat, perhaps for the same sorts of reasons, leaving objectives to reach the broader goals in NRP plans left unmet. Maybe this was because they were not thought out well enough, but in most cases ongoing approvals and auditing got the truth out without all this kerfuffle over CSI.

NRP was a haphazard way of approaching problems, but it engaged and educated folks to act in their own interests in ways that improved life even beyond neighborhood and city borders.

Why Minneapolis dropped NRP in favor of a pale shadow that excludes most of the folks probably had much to do with the same motivations of those screaming for heads to roll over this CSI mess.

Minneapolis Public Schools can learn a great deal from the CSI experience and recall the past successes of the NRP with which MPS participated and take up where the City of Minneapolis dropped the ball. Until they do something more effective than contract for services with those unlikely to deliver, they are going to be sitting ducks for talented organizers like Levy-Pounds and Stewart who, in turn, seem to be sweating the small s#\*t.

#### bourgeoisie black elite?

SUBMITTED BY NEAL GENDLER ON OCTOBER 15, 2014 - 2:13PM

Does that mean some people think it wrong for an African-American woman to become a successful professional?

#### Hope not

SUBMITTED BY BILL KAHN ON OCTOBER 15, 2014 - 7:21PM

Hope not, because there are many out there although I think some might think Supt. Johnson is not one of them.

#### I cannot wait ...

SUBMITTED BY JOE MUSICH ON OCTOBER 15, 2014 - 11:12PM

for this education discussion to hit bottom and enter a 12 step program. There seems to be no good guys except the classroom teachers.

David W. Hann  
Senate Republican Leader  
147 State Office Building  
St. Paul, Minnesota 55155  
Office Phone: 651-296-1749



## Senate

State of Minnesota

October 29, 2014

Dr. Bernadeia Johnson  
Superintendent  
Minneapolis Public Schools  
1250 West Broadway Avenue  
Minneapolis, MN 55411

Dear Dr. Johnson,

As you may know, my colleagues and I recently filed ethics complaints against Sen. Jeff Hayden and Sen. Bobby Joe Champion for their role in the Minneapolis School Board's contract with Community Standards Initiative (CSI). Specifically, we allege that Senators Hayden and Champion misused their power as legislators to unduly influence the \$375,000 contract to CSI.

The basis for our complaint is a StarTribune article dated September 12, 2014 (*North Side school effort called failure*), claiming Sen. Hayden and Sen. Champion "threatened to withhold state aid if Minneapolis school officials did not approve the contract." This quote was attributed to an unnamed source at the Minneapolis School Board.

In voting to defer our ethics complaints to a November 5, 2014 meeting, the Subcommittee on Ethical Conduct tasked me with seeking additional information about these allegations. Although the Subcommittee does have the power to issue subpoenas, they would prefer your voluntary cooperation at this time.

These senators have been charged publicly with a serious abuse of power, and it is important to them and the entire Minnesota State Senate that we find the truth.

In the spirit of cooperation and in the interest of holding these senators accountable or clearing their good names, I am asking for your help by answering the questions attached to this letter.

I, and the Ethics Subcommittee, appreciate your candid answers to these questions. We need your response before the next Subcommittee hearing on November 5, 2014.



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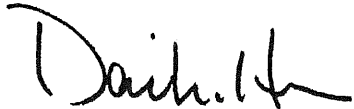
Committee: Rules and Administration  
E-Mail: [sen.david.hann@senate.mn](mailto:sen.david.hann@senate.mn)

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I recognize the short time frame imposed by our Senate ethics subcommittee schedule. If you would prefer to meet in person or talk over the phone, please call my office at (651) 296-1749 so we can set up a meeting.

Thank you in advance for your cooperation. I look forward to getting this matter behind us so we can return to improving the lives of the people of Minnesota and the Minneapolis School District.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Hann". The signature is fluid and cursive, with a large initial "D" and a stylized "H" at the end.

Senator David W. Hann  
Senate Republican Leader

Subcommittee on Ethical Conduct  
Minnesota State Senate  
Questions for Minneapolis School Board Members and Staff  
October 28, 2014

At any point in the process leading to the awarding of a grant to Community Standards Initiative (CSI):

1. Did you have or participate in any conversations about CSI with Sen. Hayden and/or Sen. Champion?
2. If so, how many times? Where and when did the conversations take place? What were the names of other individuals who participated in and/or heard the conversation(s)?
3. What was specifically said or implied in those conversations by Sen. Hayden and/or Sen. Champion?

4. Specifically, did either one or both of them explicitly or implicitly "threaten to withhold state aid if Minneapolis school officials did not approve the contract?" As best you can recall, what were the specific statements made? Who was present during these conversations?

5. Was any suggestion made by either senator that their active support of Minneapolis Public Schools funding was contingent in any way on the CSI grant being awarded? As best you can recall, what were the specific statements made? Who was present during these conversations?

6. Did you have or participate in any conversations about approving the CSI grant without Senators Hayden and Champion present?



7. If so, how many times? Where and when did the conversations take place? What were the names of other individuals who participated in and/or heard the conversation(s)?

8. Did you have any conversations with the media about the CSI contract? If so, with who and what was said?

9. Is there anything else you would like to add concerning this incident?

---

Bernadeia Johnson  
Superintendent

Subscribed to, and sworn before me, a notary public, on \_\_\_\_\_

Date Produced: October 29, 2014

The following is delivery confirmation for letters received by the Minneapolis Public Schools.

Letters addressed to:

Dr. Bernadeia Johnson

Mr. Michael Goar

Mr. Michael Thomas

Mr. Robert Doty

Mr. Steve Liss

Mr. Stan Alleyne

Ms. Adrienne Jordan

Mr. James Grathwol

Mr. Eric Moore

Mr. Richard Mammen

Ms. Jenny Arneson

Ms. Kim Ellison

Ms. Rebecca Gagnon

Mr. Alberto Monserrate

Ms. Tracine Asberry

Ms. Carla Bates

Mr. Josh Reimnitz

Mr. Mohamud Noor

Signature of Recipient: \_\_\_\_\_

Date/Time: \_\_\_\_\_

Address of Recipient: 1250 West Broadway Avenue  
Minneapolis, MN 55411

David W. Hann  
Senate Republican Leader  
147 State Office Building  
St. Paul, Minnesota 55155  
Office Phone: 651-296-1749



## Senate

State of Minnesota

November 3, 2014

The Honorable Senator Sandra L. Pappas  
Chair, Senate Rules Subcommittee on Ethical Conduct  
120 State Capitol Building  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

Dear Madam Chair:

You may be aware of a recent news article published on October 30, 2014 in the Star Tribune titled, "Sen. Hayden faces new scrutiny for taxpayer-funded trip to New York." The article references a receipt for Sen. Hayden's round-trip airfare on Sun Country airline to John F. Kennedy International Airport in August of 2012. According to the article, the airfare was paid for by Community Action of Minneapolis.

In light of this information, I respectfully request that you ask the Department of Human Services to provide copies of the receipt described in the article, any other receipts relating to Sen. Hayden's travel, and any additional paperwork that may be relevant. These items should be distributed to the members of the subcommittee for their consideration at Wednesday's hearing. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Hann", with a stylized flourish at the end.

Senator David W. Hann  
Senate Republican Leader

Cc: Senator Tony Lourey  
Senator Bill Ingebrigtsen  
Senator Michelle Fischbach



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Committee: Rules and Administration  
E-Mail: sen.david.hann@senate.mn

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## NYC trip is trouble for DFL senator

Records show fares paid for by state-funded nonprofit.

By ALEJANDRA MATOS  
alejandra.matos@startribune.com

Scrutiny of Sen. Jeff Hayden, DFL-Minneapolis, intensified Thursday after new revelations that he took a trip to New York in 2012 using money from a state-funded organization that serves the city's low-income residents.

Community Action of Minneapolis paid \$749 for airfare to New York for Hayden and his wife, Terri, according to records obtained by the Star Tribune.

The revelation appears to contradict Hayden's earlier statements that he paid for all of his own expenses relating to the group. Hayden has a seat on the board, but appointed his wife to serve on his behalf.

Hayden declined to comment Thursday, referring to previous statements.

Hayden is now at the center of a state Senate ethics complaint that alleges he benefited

See **HAYDEN** on A7 ►



**SEN. JEFF HAYDEN**

The DFL legislator is the subject of scrutiny by an ethics panel.

★

A8 • STAR TRIBUNE • FRIDAY, OCTOBER 31, 2014

# NYC fares for DFL senator, wife paid for by state-funded group

◀ **HAYDEN** from A1  
financially from the organization and failed to oversee the group's finances, after a state audit concluded leaders mis-spent \$800,000 in taxpayer money on trips, alcohol and celebrity cruises.

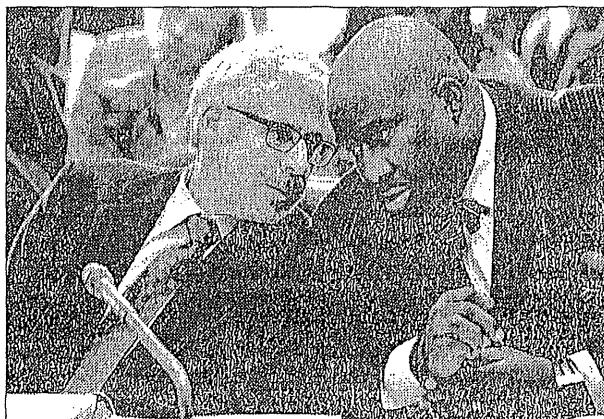
"If there are documents that show that the organization paid for him and he didn't reimburse them, then it contradicts what he said in the hearing and what he said publicly," said Senate Minority Leader David Hann, R-Eden Prairie.

The audit first raised questions about a New York trip earlier this summer, noting that a board member and their spouse attended. Auditors did not name Hayden and his wife by name.

The Star Tribune obtained a copy of a receipt showing that Community Action of Minneapolis paid for the Haydens' round-trip Sun Country flight to John F. Kennedy International Airport. Hayden and his wife left Minneapolis on Aug. 19, 2012, and returned five days later.

According to Facebook posts by Patricia Banks, fiancée of Community Action's chief executive Bill Davis, the couples went to see the Broadway musical "Wicked" on Aug. 22.

An Internet search reveals



RENEE JONES SCHNEIDER • reneejones@startribune.com

**LEGAL ADVICE:** Sen. Jeff Hayden, right, has relied on attorney Charlie Nauen amid recent ethics allegations.

there was a Community Action Partnership conference in New York in 2012 from Aug. 19 through Aug. 22. It is unclear whether either couple attended the conference and how many other board members were in attendance.

It is also unclear whether Community Action paid for any of Hayden's other expenses on the trip. Auditors noted Hayden's flight among a long list of spending by the group that "did not have a valid business purpose."

Hann and other Republicans are pressing for detailed financial information from state auditors to see whether Hayden has

financially benefited from his role with the agency, a charge Hayden denies. They want the information before the next ethics hearing on Nov. 5.

Community Action provided heating assistance, weatherization and career counseling until the state abruptly cut off funding after the release of the audit. The board suspended Davis indefinitely earlier in October, and the state is trying to appoint a receiver to oversee the organization's finances.

At the recent ethics hearing and in previous statements, Hayden provided conflicting accounts regarding his role with the organization and how much

money Community Action spent on him.

Hayden has said he attended the organization's annual retreat at the Arrowwood Resort in Alexandria, Minn.

"Terri did attend the annual strategic planning retreats at Arrowwood Resort with the rest of the board, and while family members could come along, it was strictly at their own expense," Hayden said in an earlier statement. "As my designee on the board, the only costs that were covered by Community Action were for Terri, and I paid my own way."

At a previous hearing, Hann testified that he spoke to an auditor at the Department of Human Services (DHS) who said Hayden had traveled to New York with his wife. The auditor said "there was a trip to New York that [Hayden] and his wife were a part of that was being questioned by the auditors in terms of its propriety and in terms of the expense," Hann told the committee.

But at the time there were no records to back Hann's claim.

Hann also testified that a DHS auditor told him the organization had no reimbursements from Hayden to the organization. Hayden said that's because he paid his own expenses.



**Rules and Administration Subcommittee on Ethical Conduct****Wednesday, November 5, 2014****12 Noon, Room 112, Capitol****Minutes**

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Present: Senator Sandra L. Pappas - Chair, Senator Michelle L. Fischbach, Senator Bill Ingebrigtsen, Senator Tony Lourey

Absent: No Members Absent

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Senator Sandra L. Pappas called the meeting to order at 12:13 pm

**Continuation of Probable Cause Hearing regarding complaint filed by  
Senator Hann and others regarding Senator Jeff Hayden.**

**Senate Subcommittee on Ethical Conduct****Senator Sandra L. Pappas****Wednesday, November 5 2014****12:00 PM****Room 112 Capitol**

1. Call to Order

1. Chair Pappas called the meeting to order at 12:13 pm on Wednesday, November 5 2014
2. Chair Pappas recessed at 12:21 pm in order to rearrange the agenda. Senator Fischbach, Senator Lourey and Senator Hann were in favor of recessing for rearranging the agenda.
3. Chair Pappas reconvened the subcommittee from recess at 12:40 pm.
4. Senator Pappas called for those planning on testifying to stand before the committee and Senator Pappas swore in the testifiers.

2. Continuation of Probable Cause Hearing re: Complaint #1 (CSI) filed against Senator Hayden

1. Senator Hann presented the continuation of Complaint #1.
2. Mr. Charlie Nauen, Attorney from Lockridge Grindal Nauen, presented the response to the complaint by Senator Hann.

3. Mr. Nauen presented documents to add to his response. Senator Pappas reminded Mr. Nauen that the subcommittee had indicated any materials be sent to the Chair on Tuesday, November 4 but did accept the documents.
  4. Questions from the Subcommittee
  5. Questions from other parties
  6. Senator Lourey moved for finding no probable cause with complaint #1 (CSI) filed against Senator Hayden. Chair Pappas took a voice vote on the motion and the motion failed.
  7. Senator Fischbach moved to proceed with further investigation to instruct the Chair to request Minneapolis School Board to respond to questions provided by Senator Hann. Chair Pappas took a voice vote on the motion and the motion failed.
  8. Senator Pappas laid over complaint #1.
  9. Senator Pappas announced a brief recess at 1:54 pm.
  10. Senator Pappas reconvened the subcommittee at 2:00 pm.
- 
3. Continuation of Probable Cause Hearing re: Complaint #2 (CAM) filed against Senator Hayden
    1. Testimony from Department of Human Services and the Department of Commerce.
      1. On behalf of the Department of Human Services:
        1. Chuck Johnson, DHS Deputy Commissioner
        2. Amy Akbay, DHS State Program Manager
      2. On behalf of the Department of Commerce:
        1. Peter Brickwedde, Dept. of Commerce Government Affairs
        2. Bill Grant, Dept. of Commerce Deputy Commissioner
    2. Questions from the Subcommittee
    3. Questions from other parties
    4. Senator Ingebrigtsen moved to proceed with investigation by first contacting IPAD and inquiring when an IPAD opinion on the classification of data related to the DHS audit of Community Action Minneapolis would be available. Chair Pappas took a voice vote on the motion and the motion failed.
    5. Senator Fischbach moved to defer action until the investigation by the Department of Commerce is complete and to reconvene within 30 days after the date of the investigation is complete. Chair Pappas took a voice vote and the motion prevailed.

6. Chair Pappas moved for a brief recess at 4:17 pm.
7. Chair Pappas reconvened the subcommittee at 4:30 pm.

**Probable Cause Hearing regarding complaint filed by Senators Hann and Chamberlain regarding Senator Bobby Joe Champion.**

**If you have questions please contact Catherine Ryan at [catherine.ryan@senate.mn](mailto:catherine.ryan@senate.mn) or 651-297-5393.**

1. Probable Cause Hearing re: Complaint filed against Senator Champion

1. Presentation of complaint against Senator Champion
2. Senator Pappas called for those planning on testifying to stand before the committee and Senator Pappas swore in the testifiers.
3. Senator Hann presented the complaint against Senator Champion.
4. Ms. Karlowba Adams Powell and Mr. F. Clayton Tyler presented the response to the complaint. Senator Champion also presented a response to the complaint.
5. Senator Lourey made a motion to find no probable cause. Chair Pappas took a voice vote and the motion failed.
6. Senator Fischbach moved to proceed with further investigation to instruct the Chair to request Minneapolis School Board to respond to questions provided by Senator Hann. Chair Pappas took a voice vote on the motion and the motion failed.
7. Chair Pappas laid the complaint on the table.

2. Adjournment

1. Senator Pappas adjourned the meeting at 5:38 pm.

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The meeting was adjourned at 5:38 pm.

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Senator Sandra L. Pappas, Chair

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Katie Gasper, Legislative Assistant

# Senate Subcommittee on Ethical Conduct

Senator Sandra L. Pappas

*Wednesday, November 5, 2014*

*12:00 PM*

*Room 112, Capitol*

- I. Call to Order
- II. Continuation of Probable Cause hearing re: Complaint #1 (CSI) filed against Sen. Hayden
  - Questions from the Subcommittee
  - Questions from other parties
- III. Continuation of Probable Cause hearing re: Complaint #2 (CAM) filed against Sen. Hayden
  - Testimony from Department of Human Service and the Department of Commerce
  - Questions from the Subcommittee
  - Questions from other parties
- IV. Probable Cause hearing re: Complaint filed against Sen. Champion
  - Presentation of complaint against Sen. Champion



- Discussion regarding complaint (Minneapolis School Board) filed  
against Senator Champion

**AFFIDAVIT OF DR. VINCENT PETER HAYDEN**

*Submitted to  
Subcommittee by  
Sen. Hayden 11/5/14*

DR. VINCENT PETER HAYDEN, being first duly sworn on oath, deposes and states as follows:

1. In articles dated August 19, 2014 and September 24, 2014, the Star Tribune erroneously reported that I am associated with, and potentially employed by, Community Standards Initiative. I have contacted the Star Tribune regarding these errors, including sending a letter in early October clarifying my role with CSI. To date, the Star Tribune has not published the letter or issue a correction.

2. Like many others, I am troubled by the violence in our community and am committed to creating positive change in North Minneapolis.

3. Because of that concern, I was happy to join community activists and representatives of the Minneapolis police department when CSI organized a meeting late in the summer of 2014 to identify and implement programs to reduce violence. Attending this meeting was the first time I had any involvement with CSI. My participation in this meeting was no different than the work I do with a number of organizations working to improve lives in North Minneapolis including the Hennepin County Sheriff's Department, Protect MN, Shiloh Temple, and the Minneapolis Police Department Public Safety Department.

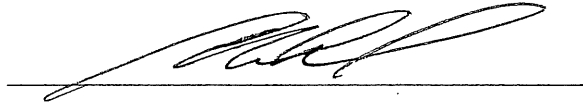
4. As a result of this meeting organized by CSI, a "Public Safety Committee" was formed to continue the efforts to identify opportunities to reduce the violence in our community. I lead the Public Safety Committee which is not part of, nor is it associated with, CSI.

5. I am not, and never have been, an employee or board member of CSI. I have never had a contractual relationship with CSI and have never received any compensation from CSI. My role is simply an engaged citizen working with this and other organizations to affect change in our community.

FURTHER YOUR AFFIANT SAYETH NOT.

  
Dr. Vincent Peter Hayden

Subscribed and sworn to before me, a  
Notary Public, this 31<sup>st</sup> day of October, 2014.







MINNEAPOLIS  
PUBLIC SCHOOLS

Urban Education. Global Citizens.

**Office of the District General Counsel**

1250 West Broadway Avenue

Minneapolis, Minnesota 55411-2533

Phone: 612.668.0480

Fax: 612.668.0485

November 4, 2014

Senator David W. Hann  
Senate Republican Leader  
147 State Office Building  
St. Paul, Minnesota 55155

Dear Senator Hann:

I am General Counsel for the Minneapolis School District. I have received the letters you sent to nine school board members and nine District staff requesting affidavits from each in relation to your ethics charge against Senators Hayden and Champion.

In the interest of responding before the hearing, the district is submitting three affidavits from Bernadeia Johnson, Superintendent; James Grathwol, District Lobbyist; and Richard Mammen. Ms. Johnson was responsible for moving the CSI contract forward. Mr. Grathwol was most directly involved in the legislative efforts to fund CSI. Mr. Mammen, is Chair, spokesman for the Board. The affidavits describe the Senators' interaction with the District concerning CSI. The affidavits do not directly answer all of your questions. For example, we are not responding to questions about district officials' contact with the media, as they do not seem relevant to your inquiry. The District responded to your request in the interest of cooperation fully with any ethics investigation; however, going forward, we will respond only to requests directly from the Committee itself.

Please direct any further requests to my office.

Thank you.

Sincerely,

Steve Liss

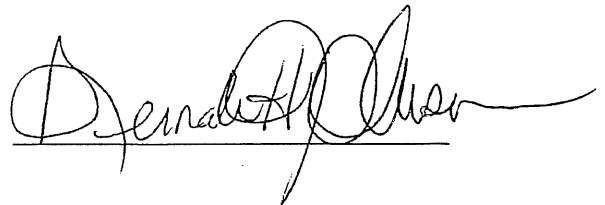
District General Counsel

## **Statement of Bernadeia Johnson**

### **Community Standards Initiative**

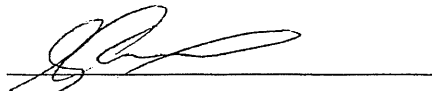
1. I was introduced to the Community Standards Initiative (CSI) project in 2012. This was a community-based program to address behavior in the schools, which was supported by political, community and district leaders. The first proposals were vague and overly-ambitious. After review by staff, I could not support the program as originally drafted because there were concerns about scope, capacity, and results.
2. In the Spring of 2013, I received a call from Jim Grathwol, District Lobbyist, who explained a situation at the Capital regarding CSI. He explained that Senators Champion and Hayden were planning to introduce an amendment in Finance Committee to reserve \$1 million of MPS's Integration Revenue for the biennium to fund CSI.
3. After talking to Mr. Grathwol, I was very concerned that our integration revenue could be in jeopardy. First, any statutory reserve of integration revenue would reduce integration funding for the current biennium, and possibly future biennia. In its restoration of integration revenue, the Legislature had already reduced MPS's allocation by \$3 million, so there was a concern about the loss of another \$500,000 annually.
4. More significantly, I feared that the amendment would place at risk the district's entire \$15+ million in Integration Revenue at risk. The 2011 Legislature had repealed Integration Revenue; in 2013, the Legislature was in the process of restoring that funding. The political compromise – even with a \$3 million cut to MPS - to restore the funding was on shaky ground. I trusted Mr. Grathwol's assessment that the amendment could re-open the entire compromise.
5. Mr. Grathwol negotiated with the Senators on my behalf to reach a compromise on CSI without the need for an amendment in the Finance Committee. We agreed that the District would use approximately \$250,000 per year for the biennium to fund a community-based initiative to support MPS students. The district always seeks ways improve our partnerships with community organizations.
6. I believed that funding this project through a contract would be preferable that a direct appropriation to an organization. A contract would allow greater district involvement in setting the project goals and in assuring accountability.
7. Following this agreement, district staff spent months working with CSI representatives to shape a contract that was meaningful and accountable. They worked on a delivery model that could be effective and demonstrable.

8. During this period, Senators Champion and Hayden remained strong advocates for the program, as were some members of the Board. I met and spoke with the Senators about the contract on a number of occasions. I always believed that they were advocating for the program because they believed the district should partner with the community to improve the results for our children.
9. During these months, my staff and I continued to be concerned that the organization had the capacity to achieve the results they were envisioning. I was somewhat reassured by the leadership of Reverend Hightower and the involvement of Dr. Bravada, a well-respected psychologist. However, because of continued concerns, in the Fall of 2013, I considered moving to an RFP process. 2014?
10. On January 6, 2013, I met with with Senators Hayden and Champion, and Reverend Hightower, along with my staff. They expressed frustration that the CSI contract had not been finalized. Following the meeting, I decided to give CSI a final opportunity to demonstrate capacity to deliver results.
11. My staff worked with CSI staff through the winter to develop the contract, which assured accountability for results. Although I continued to be concerned about the organizational capacity of CSI, I felt it was worth the risk to empower our community organizations. I believed that, if the organization did not succeed, we had a contract that would limit the financial commitment of the district.

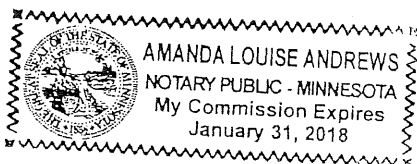


Subscribed and sworn to before me this

4 day of November 2014



Notary Public



## Statement of Richard Mammen

### Regarding the Community Standards Initiative Contract

1. I write as a member of the Minneapolis Board of Education for the past 3+ years and Chair of the Board in 2014. My statement is intended to clarify my personal experiences and perspectives of fact in regards to the development and ultimate contract with New Bethel Missionary Baptist Church for professional services broadly defined as the "Community Standards Initiative" (CSI).
2. I first became aware of the Community Standards Initiative (CSI) when it was broadly proposed by community member Al Flowers in public delegations at a Board meeting during the 2011-12 school year. As I recall, a shooting incident in North Minneapolis had created a great deal of student unrest and concern at Edison High School at that time. Mr. Flowers proposed that he, along with his colleague Lissa Jones (former director of African American Family Services) and other community members could be helpful in enhancing safety in the school and community through student assemblies and direct contact with students and families. He further proposed that CSI would create a community-driven response to improved school/community climate and student achievement through a collaborative partnership with the school district (MPS), City of Minneapolis, Minneapolis Park and Recreation Board (MPRB) and Hennepin County. MPS and MPRB did provide short term funding. Mr. Flowers and Ms. Jones met with Edison staff and offered services (student assemblies, meetings and community outreach), which I believe were provided over a period of a few months.
3. Early in 2012, Mr. Flowers and other community members had multiple conversations with me, other board members and MPS staff. He appeared at a number of board meetings advocating that the CSI initiative should be expanded district-wide. A number of community members, including many leaders from community organizations, parents, students and teachers joined him in expressing support for the development of CSI as a community engagement program. At that time, I expressed concerns with Mr. Flowers and others that the concept lacked detail, was too large and had no apparent organizational capacity for the district to support the initiative. Those concerns were addressed with further programmatic definition, the addition of professional mental health services, a narrowing of scope to primarily North Minneapolis school communities and a credible fiscal agent. Clarence Hightower, Minister/Director of New Bethel Missionary Baptist Church (and current executive director of Community Action Partnership of Ramsey & Washington Counties and former President/CEO of the Minneapolis Urban League) stepped up to lead the effort to develop CSI. In mid-2012 I recall that a proposal for CSI services was delivered to Superintendent Johnson by New Bethel.
4. In August 2012, Dr. Johnson publically acknowledged Mr. Hightower and the CSI proposal and expressed agreement with the CSI concept. She also articulated concerns about the

"sustainability of the overall initiative" and that "other community partners – government and non-profit organizations – must be at the table coordinating and collaborating. MPS is more than willing to be part of such an effort." I, along with other board members, encouraged Dr. Johnson to stay at the table.

5. During the 2013 legislative session, I became aware of State Senator Jeff Hayden's interest in CSI and also learned of his and Senator Bobby Jo Champion's advocacy for a bill that would support CSI directly with state funding. I recall having 3-4 direct personal conversations with Senator Hayden during those months on a number of topics involving community issues including CSI. I don't recall any direct conversation with Senator Champion at the time other than sharing greetings at events that we both attended. At no time in any of those conversations with me did Senator Hayden or Senator Champion threaten to withhold state aid to Minneapolis Public Schools if the District did not approve the CSI contract. They also never indicated to me that their active support of Minneapolis Public Schools funding was contingent on the CSI grant. Further, no other MPS board member report to me any threat or intimidation.
6. It is my understanding that MPS staff stayed at the table throughout 2013, working to develop a performance-based contract for CSI services with New Bethel. I, as well as a number of other school board members, encouraged Dr. Johnson and staff to negotiate a robust and accountable community engagement that resulted in stronger academic outcomes and improved school climates. We expected that any contract would be clear and cancellable if outputs and outcomes were not achieved in a timely fashion.
7. In April 2014 I was informed by Dr. Johnson that she was prepared to recommend a performance based contract for CSI services. Many community members, including Senator Hayden, spoke directly to me of their support and offered to attend the meeting where it was to be acted upon by the board. On May 8, I recall inquiring of staff as to the support of affected school principals and of the district counsel as to the appropriateness of adding the professional services contract to the consent agenda for the May 13, 2014 meeting. Between May 8 and 13, I had direct conversations with most, if not all, board members and alerted them to the presence of the recommended contract. No one suggested that the item be removed from the consent agenda or moved to do so. I decided to keep the contract on the consent agenda because we had a number of other agenda items to discuss that evening. A public display of support for CSI did not appear necessary nor helpful to the board's deliberation. The New Bethel/CSI contract was approved unanimously by the 8 board members in attendance at the May 13, 2014 meeting.

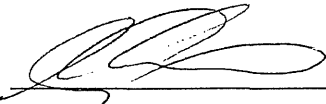


8. In conclusion, please recognize that this Minneapolis School Board has repeatedly asked our staff to nurture and promote greater community engagement in finding solutions for our low performing schools and advancing the academic performance of all students. The contract with New Bethel Church was consistent with that mandate. We expect – and welcome – feedback and advocacy from all segments of our community.

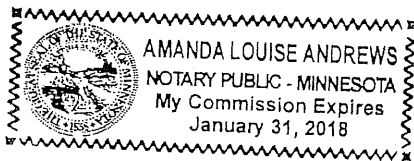
  
\_\_\_\_\_

Subscribed and sworn to before me this

4 day of November 2014

  
\_\_\_\_\_

Notary Public



Affidavit of James F. Grathwol  
To  
Minnesota State Senate  
Subcommittee on Ethical Conduct

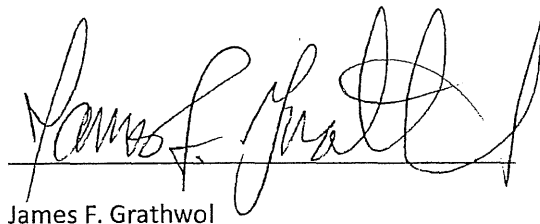
1. I first became aware of the Community Standards initiative at a public meeting attended by many MPS senior level staff in 2012. I am aware that the proponents of the initiative sought a grant from MPS through the office of Community Engagement.
2. I have routine and regular contact with Senator's Champion and Hayden. In general, I speak with them about advancing the Minneapolis Public Schools legislative agenda and listening to their concerns, advice and observations. In general, I meet with them in their offices by appointment or on a "catch as catch can" basis.
3. Senator Hayden authored legislation regarding CSI (SF1214) that appropriated \$350,000 in FY 14 to MDE for a grant to MPS to work with CSI. Representative Mullery authored the House companion, HF1401. Both bills received public hearings. Senate E-12 Finance Committee heard the Sen. Hayden bill, SF1214, on March 20, 2013. The House committee on Early Childhood and Youth Development heard the House companion authored by Rep. Mullery on, HF1401, on April 9, 2014.
4. Since the CSI proposal was not part of Minneapolis Public Schools legislative agenda, I did not testify in either the House or the Senate committee. I do not recall any specific conversation with Senator Hayden or Representative Mullery regarding SF1214 or HF1401. Though I was present at both public hearings, I was not asked by either author to testify in favor of the bill on behalf of MPS, nor did I speak in opposition to the bills.
5. When the House and Senate assembled their omnibus E-12 education finance bills, neither House nor Senate bill included any appropriation to MDE for a grant to MPS for CSI.
6. The Senate Finance Committee heard the Senate E-12 Omnibus bill Tuesday April 16<sup>th</sup>, 2013. During the hearing, Senators Champion and Hayden approached me with an amendment to the Senate E-12 finance bill that Senator Champion wanted to offer as Vice-Chairperson of the Senate Finance Committee during the mark-up of the Senate E-12 Finance omnibus bill. The amendment proposed reserving a \$1 million of MPS' integration revenue for a grant to CSI of \$500,000 in each year of the biennium.
7. Restoration of integration revenue, aid and levy, after its repeal by the 2011 legislature, effective in FY14, was a key component of MPS' 2013 legislative agenda. During the 2013 Session, I had worked successfully to ensure restoration of a reformed integration revenue formula was included in both the House K-12 Finance bill and the Senate E-12 Finance bill.

8. Though restoration of the new achievement and integration revenue formula was included in both House and Senate bills, I did not want Senator Champion to offer an amendment in the Senate Finance committee to reserve a portion of MPS integration revenue for the purposes of a CSI contract. I viewed such an amendment as posing a risk to MPS fiscal interests and to the larger goal of an uneventful reinstatement of the integration revenue and reforms. The school district did not want to see integration revenue available for district integration purposes reduced by \$1 million. Finally, I prefer not to have public disagreements between the Minneapolis Public Schools and members of the Minneapolis delegation.
9. I informed the Senators that MPS would oppose the amendment if offered, pulling the Superintendent down to the Capitol if necessary. After a number of phone consultations with the Superintendent we resolved upon the following agreement among and between the Senators and Superintendent Johnson.
10. Superintendent Johnson appreciated the risk the proposed amendment posed to reinstatement of integration funding and revenue available to MPS. The Superintendent agreed to reserve a portion of MPS' Achievement and Integration revenue (\$250,000 per year; \$500,000 for the 2014-15 biennium) to grant out to Community Based Organizations, inviting CBO's to support our work closing the achievement gap. The Superintendent made this commitment because MPS has a long history of contracting with community based partners to support the success of our students. CSI could actively participate in this process. She also thought the project could be better aligned with school district priorities and more accountable if it were performed under a contract.
11. In exchange for this commitment on the part of Superintendent, Senator Champion and Senator Hayden dropped the amendment. The Senate E-12 Finance Omnibus bill passed out of Senate Finance Committee uneventfully, passed the Senate floor, was sent to an omnibus supplemental budget conference committee where the new integration formula and reforms were adopted, enacted by each body in a conference committee report, signed by the Governor and enacted into law.
12. Senators Champion and Hayden remained very interested after the 2013 Legislative Session to see that the process resulted in a contract for the CSI initiative.
13. During the summer and fall of 2013, and the winter and spring of 2014, meetings were held between various configurations of the Superintendent and her staff and Senators Champion and Hayden and proponents of CSI.
14. On January 6<sup>th</sup>, 2014, I participated in a meeting that was held in the Superintendents' office. The meeting was attended by the Senators, their staff, MPS Supt. Johnson, CEO Michael Goar,

Adrienne Jordan, Assistant to the Superintendent, Eric Moore, Director of Research Evaluation and Assessment and Clarence Hightower, representing CSI.

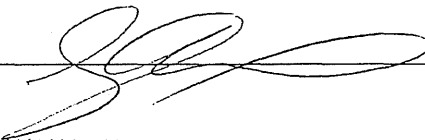
15. The Senators were concerned that no contract had been issued to CSI. The Superintendent presented her staff's concerns that the CSI, initiative, while well-intended, did not adequately define the work to be performed, outcomes to be achieved nor did CSI demonstrate a capacity to deliver the intended results.
16. The meeting ended with the Superintendent affirming her commitment to providing CSI support and technical assistance in the process. She also set certain requirements for CSI to meet in order to move the project the project forward.
17. Senator's Champion and Hayden remained actively engaged in advocacy for the award of a contract to CSI believing a community-based approach could serve the students of Minneapolis. Over the course of the spring, meetings occurred where MPS committed resources to help CSI develop a proposal, a logic model defining deliverables and a pay for performance structure to address the school district's concerns about capacity.
18. Senators Champion and Senator Hayden have both authored components of MPS Legislative agenda. In 2013, Senator Champion chief authored SF1416, a conditional appropriation to Metro Transit to allow for increased subsidy to the bus passes used by Minneapolis Public Schools students. The same year, Senator Hayden was a key advocate of the DHS appropriation for school linked mental health grants that have allowed MPS to expand the delivery of mental health services in our schools.
19. In closing, I make every effort to secure legislative support for the Minneapolis Public Schools legislative agenda. Legislators, from Minneapolis and beyond, seek to interest MPS in their efforts or causes. Some of which we can support, some of which we must oppose. Over the years, I have had many occasions to oppose legislative proposals sponsored by members of the Minneapolis delegation. I do so respectfully and effectively.
20. In this case, MPS did not oppose the legislative proposal to appropriate funds to MDE for a grant to MPS to work on the CSI proposal. We did oppose a legislative amendment that would have made a statutory set-aside of MPS' achievement and integration revenue for this specific grant purpose.
21. I recommended and the Superintendent chose to redirect the Senator's advocacy in favor of CSI away from the Senate Finance committee and towards a Superintendent's commitment to manage a contract process for Community Based Organizations.

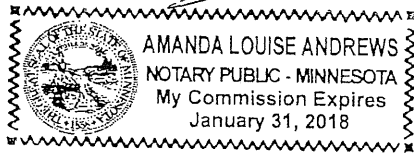
22. Continued advocacy on the part of the Senators, MPS board members, community members, and the Superintendent's genuine desire to partner with community organizations, resulted in an MPS investment of time, resources and technical expertise to develop a proposal from CSI.
23. The final proposal included specific outcomes and metrics, with delivery timelines to ensure accountability for results. CSI's failure to produce the specified results and benchmarks resulted in termination of the contract.



James F. Grathwol  
Lobbyist, Minneapolis Public Schools

Subscribed to, and sworn before me, a notary public, on November 4, 2014

Notary Public 



April 13, 2014 5

Senator Sandra L. Pappas, Chair  
Senate Rules Subcommittee on Ethical Conduct  
120 State Capitol Building  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN. 55155

Dear Madam Chair,

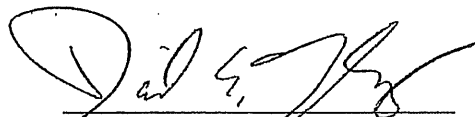
Attached to this letter please find a new complaint regarding the conduct of Senator Jeff Hayden. The complaint is prepared pursuant to the provisions of Senate Permanent Rule 55. By the delivery of this letter and the attached complaint, it is hereby filed pursuant to Rule 55. We ask for the Subcommittee on Ethical Conduct to investigate this matter and take action in accordance with this Rule.

We look forward to the Subcommittee acting on this complaint.

Sincerely,



Senator David Hann



Senator Dave Thompson



Senator Michelle Benson

## COMPLAINT TO THE SUBCOMMITTEE ON ETHICAL CONDUCT REGARDING THE ACTIONS OF SENATOR JEFF HAYDEN

Senators David Hann, Michelle Benson and David Thompson, each being first duly sworn, state and allege under oath the following:

1. Sen. Jeff Hayden served as a board member for Community Action Minneapolis (hereinafter, "CAM"). According to Minnesota Public Radio (hereinafter, "MPR"), his involvement with CAM began in 2008 (*Sen. Hayden in the loop on Community Action's woes*, December 30, 2014). Sen. Hayden later appointed his wife, Terri Hayden, to be his representative to the board.
2. The Minnesota Department of Human Services (hereinafter, "DHS") performed an audit of CAM and released findings on August 7, 2014, that board members and their spouses received undocumented or unallowable reimbursements for lodging, food, spa treatments, and golf. [See Exhibit A.]
3. Auditors included a 2012 trip to New York City in a paragraph titled "No business purpose." They specifically questioned the expenditure for "airfare for the spouse of a board member to New York," because it did not meet the criteria under state and federal guidelines, did not have "a valid business purpose," and further, was not considered ordinary, necessary, or reasonable by those same standards. Expenses related to spouses would not be allowable. [See Exhibit A.]
4. Sen. Hayden's written statement to the press on September 23, 2014, declared, "To be clear, neither Terri nor I accepted compensation for any cruises, spas, vacations to the Bahamas, or **any other inappropriate, non-board activities.**" [Emphasis added, see Exhibit B.]
5. Sen. Hayden testified under oath to the Subcommittee on Ethical Conduct on October 23, 2014,  
  
*"I wasn't aware of a lot of those things. I certainly wasn't aware of personal travel - if that's true, most certainly wasn't aware. You know, the organization has the annual Board meeting and retreat, but what I wasn't aware of - and still anxious to find out [was] how those things were paid for, what the costs were. So I wasn't aware of any improprieties as now starting to come out, as they start to go through this report and do a very thorough audit of the organization."*
6. Exhibit B of Sen. Hayden's documents presented to the Subcommittee on Ethical Conduct on October 23, 2014, states: "No personal gain. No per diem or cash payments. Volunteer time." [See Exhibit C.]

7. Documents that DHS used in the audit show that Sen. Hayden accompanied his wife and others on an improper trip to New York City. The cost of airfare for Sen. Hayden was \$374.60 and was paid by CAM. [See Exhibit D.]
8. There is no record that Sen. Hayden paid his own way for the trip to New York City. Sen. Hayden specifically stated in his testimony before the Subcommittee on Ethical Conduct on October 23, 2014, that he paid his own way, he didn't reimburse the organization or make "reparations" to CAM, and there is no record of any reimbursements from him to CAM.
9. The Star Tribune reported (*NYC trip is trouble for DFL senator: NYC fares for DFL senator, wife paid for by state-funded group*, October 31, 2014) that this "revelation appears to contradict Hayden's earlier statements that he paid for all of his own expenses relating to the group."
10. The audit by DHS also showed that board members received per diem payments, which were never established as authorized or allowable payments in the board by-laws. The only allowable per diem should have been for reimbursement of expenses for low-income board and committee members. [See Exhibit A.]
11. Per statement 6 above, Sen. Hayden made written statements and provided documents to the Subcommittee on Ethical Conduct on October 23, 2014, that he had "no personal gain," and he and his attorney further testified to that effect to the Subcommittee on Ethical Conduct on October 23, 2014.
12. According to records obtained from DHS, per diem payments were made to all board members, including Terri Hayden, in 2012 and 2013. CAM made per diem payments of \$152.85 for each board member on May 16, 2012, and \$155.61 for each board member on May 16, 2013. These documented payments to Mrs. Hayden appear to be "personal gain," as Mrs. Hayden is a member of Sen. Hayden's household. [See Exhibit E.]
13. In their audit findings released on August 7, 2014, DHS also found that board members provided inadequate oversight of CAM operations. [See Exhibit A.]
14. Sen. Hayden testified under oath to the Subcommittee on Ethical Conduct on October 23, 2014,

*"I was not involved in the financial management of the organization – it was handled by the executive committee and the finance committee. We were provided with monthly financial reports and budgets, annual audits by the Wipfli firm, and there was no reason that I suspected there were financial mismanagement of the organization. That is something that I'm extremely concerned about. My sense would be that the organization, and when I was serving with the organization, and I think my wife would say the same, is that things were going well, people were being served appropriately, and that these allegations were new and foreign to us. I don't want to go with my gut,*



*because everything that I knew at the time was that things were going well with the organization and that people were being served. What I want to know now as these review and forensic audits and others are happening is what actually happened to those dollars, were they appropriately disbursed, was the job of weatherizing being done, were the programs being adequately...services given. I'm deeply concerned."*

15. In fact, Sen. Hayden had, at a minimum, constructive knowledge of the financial and management troubles of CAM while he was under oath on October 23, 2014.
16. MPR reported (*Sen. Hayden in the loop on Community Action's woes*, December 30, 2014) that, as a member of the board of CAM, Sen. Hayden was well positioned to know about the financial and management problems the agency was having months before the issue became public.
17. Additionally, in his capacity as a state senator, Sen. Hayden was copied on correspondence between CAM and the Minnesota Department of Commerce regarding compliance issues with state and federal grants, including energy assistance and weatherization spending at CAM, as far back as May 2013. [See Exhibit F.]
18. Sen. Hayden participated in meetings as early as January 2014 regarding Department of Commerce concerns about spending irregularities at CAM. MPR reported (*Sen. Hayden in the loop on Community Action's woes December 30, 2014*) that Sen. Hayden was present at a January 2014 meeting with CAM officials and the DHS auditors to discuss the preliminary findings of their audit. Sen. Hayden participated by "trying to get Bill Davis to engage with the auditors." Bill Davis is reported as confirming Sen. Hayden's attendance, and further stating, "He realized that we were starting to talk about I guess, some of those issues that he felt it would be a potential conflict so he left." This, at a minimum, points to constructive knowledge of the issues, if not actual knowledge.
19. Sen. Barb Goodwin (DFL-Columbia Heights) told the Star Tribune (*Leaders intensify criticism of Community Action of Minneapolis*, September 23, 2014) that Sen. Hayden "had a fiduciary responsibility and he wasn't watching the money. That's a bad thing." Sen. Goodwin stated her concerns go back as far as 1997, and she "noted that [DHS] audit looked at just two recent grants, 'but if somebody took the time to go back further, they'd see millions of dollars that were misspent.'"
20. MPR reported (*Sen. Hayden in the loop on Community Action's woes*, December 30, 2014) that former long-time employee Feleshia Warner said, "The board didn't ask the right questions and quit when controversy surfaced." Further, she stated, "We felt that they were our saving grace. We thought the board – we had these strong political DFLers on our board and they would speak...They could have brought in new management, new board members and the organization could have continued to serve the public."

21. Robert Benes, Chairman of the Minnesota Community Action Partnership, and Arnie Anderson, the Executive Director of the Minnesota Community Action Partnership, stated, "We believe that one result of the DHS audit is such **widespread public belief** that your collective judgment has **betrayed the public trust...**" [Emphasis added, see Exhibit G.]
22. The Ramsey County District Court appointed Michael Knight of Alliance Management as limited receiver over the assets of CAM to, among other things, review expenditures for their appropriateness under the parameters of the DHS and Department of Commerce grants.
23. Mr. Knight recently informed the court there are ten allegations he deems worthy of additional investigation based upon statements of one or more CAM employees. One of the ten allegations is "excessive gift-giving to board members," including from vendors. [See Exhibit H.]
24. Mr. Knight also reported to the court that the Federal Bureau of Investigation and the Internal Revenue Service are currently investigating CAM.
25. Senate Rule 56.1 states that members shall adhere to the highest standard of ethical conduct.
26. Senate Rule 56.2 forbids a member from publishing or distributing written material if the member knows or has reason to know that the material includes any statement that is false or clearly misleading," concerning a public policy issue.
27. It is your complainants' argument that Sen. Hayden's written material referenced in statements 4 and 6 above included statements that were misleading to the public and the Subcommittee on Ethical Conduct in violation of Senate Rule 56.2.
28. Senate Rule 56.3 further provides, "Improper conduct includes conduct that violates a rule of the Senate, violates accepted norms of Senate behavior, that betrays the public trust, or that tends to bring the Senate into dishonor or disrepute."
29. It is your complainants' argument that Sen. Hayden's acceptance of perks, as a board member of CAM himself or through his spouse whom he sent to represent him, violates accepted norms of Senate behavior, betrays the public trust, and brings the Senate into dishonor or disrepute in violation of Senate Rule 56.3.
30. It is your complainants' argument that Sen. Hayden's verbal testimony to the Subcommittee on Ethical Conduct on October 23, 2014, pertaining to his knowledge of problems at CAM was evasive and intentionally misleading and violated accepted norms

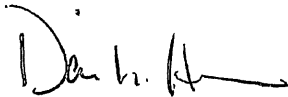
of Senate behavior, betrayed the public trust, and brought the Senate into dishonor or disrepute.

31. It is your complainants' argument that Sen. Hayden lied in his verbal testimony to the Subcommittee on Ethical Conduct on October 23, 2014, pertaining to his personal trip to New York City, which violated accepted norms of Senate behavior, betrayed the public trust, and brought the Senate into dishonor or disrepute.

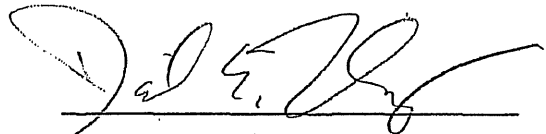
It is your complainants' belief that, based on the above information, Sen. Jeff Hayden violated Senate Rules 56.1, 56.2, and 56.3. Senate Rule 55.3 states that the subcommittee "shall investigate" a complaint, and Senate Rule 55.6 allows the Subcommittee on Ethical Conduct to "appoint a suitable person to conduct the investigation and report findings of fact and recommendations for action to the subcommittee." Additionally, Senate Rule 55.3 and Minnesota Statute 3.153 allow the Subcommittee to issue subpoenas as necessary, including subpoenas duces tecum, requiring the appearance of persons, production of relevant records, and the giving of relevant testimony.

Your complainants respectfully ask that the Subcommittee investigates these allegations further, conducts a public hearing, finds that Sen. Jeff Hayden violated these Rules, and recommends appropriate disciplinary action to the Committee on Rules and Administration.

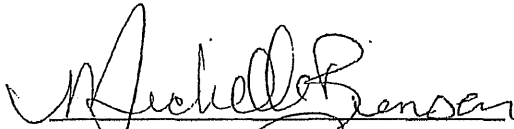
Date: April 13, 2015



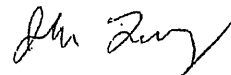
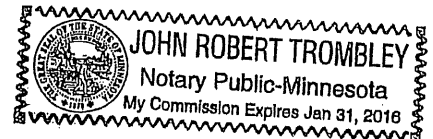
Senator David Hann



Senator Dave Thompson



Senator Michelle Benson



Subscribed to, and sworn before me, a notary public, on April 13, 2015.

Selected Testimony from the Subcommittee on Ethical Conduct  
October 23, 2014

**Charles Nauen, Attorney for Sen. Jeff Hayden**

Lets' start with the facts. This is different actually than the CSI [complaint]. There is no anonymous source. There is just simply nothing. There is pure speculation in this complaint as to what Senator Hayden did or his wife did regarding Community Action of Minneapolis. It is entirely speculative and is based on the complainant, Senator Hann's reading of the audit. There is not any mention in the audit, ever, about anything specifically regarding Senator Hayden or Mrs. Hayden. So we got no facts, nothing specific, not even an anonymous source – there's just nothing. Here we have another ethics complaint, a second ethics complaint that is made before there is any investigation. Now I just heard for the first time from Senator Hann that there was a request made for documents that was addressed last night. But that is the thing that you do before you make an ethics charge against your one of your colleagues in the Senate. You don't throw it out there based on newspaper articles and no mention of all of Senator Hayden and then try to investigate it later and see if there's any support for those claims.

2:00:15

So let me break down the complaint into two parts. The first part is an unsupported allegation that Senator Hayden accepted perks and per diem. And the second part is that as a board member, he didn't conduct himself properly.

Regarding personal gain – never was there any per diem taken by Senator Hayden. Never was there any per diem or cash payments made to or accepted by Senator Hayden and he is here under oath and he will testify to that. There are no facts regarding Senator Hayden in the audit or in the articles, no specific – of course he's mentioned because he resigned his position, but it doesn't address that.

2:01:52

Yes, they were reimbursed for some expenses. For example for the Arrowwood Resort, which was a board meeting and you can see at Exhibit I an example of the agenda for the 2011 board meeting at Arrowwood, there are meetings all day. And for the Board member, there was reimbursement for expense – and in fact that was for Mrs. Hayden, Mrs. Terry Hayden, who has special expertise in this area because of her work at Hazelden. There was no reimbursement for expenses for Arrowwood for Senator Hayden.

He went, I think one time, maybe twice, paid his own way, and if the kids were there they also paid for their own activities. That's what the facts show. There's nothing untoward about that, again, I suspect that all of you, including Senator Hann, at one time or another have gone to conferences and perhaps you bring your spouse or children along, that's separate from whatever's reimbursed for the conference.

2:07:30

There is absolutely nothing specific, not even an unnamed source, not even someone anonymous who said Senator Hayden knew the facts, knew the finances and didn't do anything about it. Or anything like that. That's not the case here. That's not what we're talking about with Community Action. This is something that came, that everybody – many people were surprised with and there's been a lot of coverage and a lot of investigations – no question about that. But that does not translate into an ethics violation.

#### **Senator Hayden testimony**

2:08:30

I just want to reemphasize what Mr. Nauen has said I've never received any personal gain from Community Action Minneapolis. My wife and I volunteered our time to support the organization and its goals. Like other nonprofits, Community Action Board paid for some, but not all of our expenses serving on the board. I was not involved in the financial management of the organization – it was handled by the executive committee and the finance committee. We were provided with monthly financial reports and budgets, annual audits by the Wipli firm and there was no reason that I suspected there were financial mismanagement of the organization.

2:12:00

That is something that I'm extremely concerned about....My sense would be that the organization, and when I was serving with the organization, and I think my wife would say the same, is that things were going well, people were being served appropriately and that these allegations were new and foreign to us. I don't want to go with my gut, because everything that I knew at the time was that things were going well with the organization and that people were being served. What I want to know now as these review and forensic audits and others are happening is what actually happened to those dollars, were they appropriately disbursed, was the job of weatherizing being done, were the programs being adequately, services given, I'm deeply concerned.

2:15:00

I wasn't aware of a lot of those things, I certainly wasn't aware of personal travel, if that's true, most certainly wasn't aware. You know, the organization has the annual Board meeting and retreat...but what I wasn't aware of and still anxious to find out how those things were paid for, what the costs were, so I wasn't aware of any improprieties as now starting to come out as they start to go through this report and do a very thorough audit of the organization.

# Exhibit A

**Community Action of Minneapolis  
Review of Community Services  
Block Grant and  
Minnesota Community Action Grant**

This information is available in alternative formats to individuals with disabilities by calling (651) 431-3623. TTY users can call through Minnesota Relay at (800) 627-3529. For Speech-to-Speech, call (877) 627-3848. For additional assistance with legal rights and protections for equal access to human services programs, contact your agency's ADA coordinator.



## Department of Human Services

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### Audit Participation

The following persons were interviewed during the preparation of this report:

#### Community Action of Minneapolis

Mr. William Davis	Chief Executive Officer, Community Action of Minneapolis
Mr. Anthony Spears	Chief Financial Officer, Community Action of Minneapolis

#### Department of Human Services

Ms. Connie Greer,	Manager, DHS Economic Opportunity
Joelle Hoeft	DHS Economic Opportunity

The following members of the DHS Internal Audits Office prepared this report:

Mr. Gary L. Johnson	Director, Internal Audits Office
Mr. Ken Vandermeer, CPA, CFE	Deputy Director, Internal Audits Office
Mr. Glenn Smith	Internal Auditor
Mr. Harvey Sandahl	Internal Auditor

August 7, 2014

## **Introduction**

Community Action of Minneapolis is a non-profit organization formed in 1994 by the city of Minneapolis to utilize community action grants formed in statute by the federal government. Community Action of Minneapolis has two grant contracts with the Department of Human Services (department), Community Action Grant and Community Services Block Grant that provide activities to:

- Strengthen community capabilities for planning and coordinating the use of a broad range of resources related to the elimination of poverty;
- Organize a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community, helping families and individuals to achieve self-sufficiency;
- Make use of innovative and effective community-based approaches to attacking the causes and effects of poverty and community breakdown;
- Maximize participation of residents of low-income communities and members of the groups served by programs to empower such residents and members to respond to the unique problems and needs within their communities; and,
- Broaden the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for private, religious, charitable, and neighborhood-based organizations as well as individual citizens and business, labor and professional groups who are able to influence the quantity and quality of opportunities and services for the poor.

In addition to these two grant contracts, Community Action of Minneapolis also is a grantee through the Department of Commerce for two federal programs assisting low income families: Low Income Home Energy Assistance Program (LIHEAP), and a Weatherization Program for residential homes.

## **Background**

The Department of Human Services issues over 1750 grants annually to address its mission of helping people meet their basic needs so they can live in dignity and achieve their highest potential. The department's obligation and related responsibilities to provide oversight and monitoring of grant funds is the responsibility of the program area that issues the grant funds. The Internal Audits Office is responsible for assessing and evaluating the department's internal controls and related control environment around its grant programs, and conducts both financial and program audits or evaluations of how these grant funds are being spent.

State regulations governing Community Action Agencies are established in Minnesota Statutes Section 256E.31, Subd. 3, and are administered under the authority of the department. The department's Children and Family Services' Office of Economic Opportunity program staff provide program guidance and monitoring over the Community Action grants, and assist grantees with the application and payment process. The departments' Internal Audit Office provides independent reviews of the financial activity of grantees, and is responsible for

reporting to the department regarding the compliance of grantees with state and federal regulations.

Using a risk based approach to identify organizations and grantees who should be considered for a potential audit, the Internal Audits Office chose Community Action of Minneapolis because of the size of the grant, and the problems and issues uncovered in a report by the Office of the Legislative Auditor<sup>1</sup>. The report concluded that the Department of Commerce did not adequately monitor the Community Action of Minneapolis when the agency inappropriately provided \$1.35 million to households who did not meet the eligibility requirements for the crisis emergency benefits they received from the Low-Income Home Energy Assistance Program. Community Action of Minneapolis, the agency responsible for determining eligibility of recipient payments, recovered funds from the utility companies that received the benefits paid on behalf of recipients inappropriately by the Community Action of Minneapolis, and a fine of \$100,000 was assessed against Community Action of Minneapolis by the federal government. In addition, Children and Family Services' Office of Economic Opportunity program staff also identified growing concerns over the level of administrative costs being charged to CAM's Community Action Grant (CAG) and CAM's Community Services Block Grant (CSBG) (See Finding2), and the reduction in measureable outcomes resulting from the grant program expenditures (See Finding 5).

## Scope

This audit was conducted in accordance with governmental auditing standards generally accepted in the United States of America, except the scope of this audit was limited to a review of the work papers of Community Action of Minneapolis's CPA firm Wipfli LLP, Community Action of Minneapolis's general ledger, payroll records, selected invoices, grant contracts, journal entries, reimbursement requests, board of directors' meetings minutes, and policy/procedure manuals for the period of July 1, 2011, through June 30, 2013. Consequently, this review should not be considered as meeting auditing requirements for a certified audit and opinion.

## Objective and Methodology

The dual objectives of our audit work were to determine if grant funds were being spent in accordance with the terms of the contract and if program outcomes appear reasonable and properly documented. To accomplish this, we interviewed Community Action of Minneapolis's financial staff and reviewed its CPA firm's work papers in order to gain an understanding of the entity's control environment over financial activities. As a result of this review and our own observations, we were able to assess audit risks to address the limited scope of this audit. Our field work included reviewing the meeting minutes for the Board of Directors and verifying that the board is in compliance with their own by-laws and with applicable state laws. Additionally, we also reviewed Community Action of Minneapolis's general ledger detail, original invoices for selected charges to pertinent accounts, and Community Action of Minneapolis's payroll

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<sup>1</sup> Office of the Legislative Auditor Financial Audit Division Report 12-06

records to verify which business segment an employees' time was charged for the allocation of administrative costs.

## **Conclusions**

Our review found several deficiencies in the internal control environment, ranging from inadequate board oversight of operations to inadequate allocation of costs and unacceptable levels of documented outcomes. During the meetings on May 30, 2014 and June 3, 2014, we provided Community Action of Minneapolis with additional opportunities to present the requested documentation to address the findings in the report or any verbal issues stated during the meetings. We also met again on July 29, 2014, to discuss documentation compiled to date to address comments disputed in the report. At this time, we do not have a basis to remove or further modify our findings. Internal Audit will continue to work with Community Action of Minneapolis and the DHS program staff responsible for the administration of the funding to resolve the findings and implement the recommendations as stated in the report.

## Findings and Recommendations

### 1. Board management does not provide independent and objective oversight of senior management or program operations.

According to the Minnesota Nonprofit Corporations Act,<sup>2</sup> all corporations in Minnesota are required to "... be managed or under the direction of a board of directors."<sup>3</sup> Mn. Stat. Section 256E.31, Subd. 3 requires Community Action Agencies to establish a governance board with a minimum of 15 members and a maximum of 51 members. Non-profit agencies rely on board members to provide oversight of senior management and set strategic direction on the entities short and long term operations. Some funding sources, such as the Community Action Grants or Community Services Block Grants, require non-profit agencies to establish a board to provide independent oversight prior to receiving funding for its operations. The department established procedures to recognize and fund community action programs in Mn. Rule 9571.

In order to meet Community Action Grant or Community Services Block Grant funding requirements, and to comply with the Minnesota Nonprofit Corporations Act, Community Action of Minneapolis created a board with the minimum 15 positions. Community Action of Minneapolis also established by-laws to provide authority for board operations and to clarify board policy. According to its by-laws, each board position is limited to a maximum of two consecutive three year terms on the board. After a year absence from the board a member may reapply for a new term as a board member. We found no evidence the board has ever been fully staffed at the minimum level of 15 board members. Currently, the board has four positions that are vacant, and has had at least two vacant positions every year since 2000. In addition, the board chair and three other board members have all served consecutive terms ranging from 11-13 years on the board, thereby violating the by-laws which limit each position to a maximum of two consecutive three year terms. The consecutive terms served by the board chair and three other board members also exceeds the ten year limit as allowed in statute.<sup>4</sup> Annual monitoring reports by DHS identified the vacant board positions, as high as six in 2002, as a continuous issue not addressed by Community Action of Minneapolis for over 15 consecutive years.

Board independence and objective oversight on program operations is critical to the governance structure required by state statutes. The function of the board is to review proposed budgets and program outcomes, and to align the proposals with state and federal guidelines. Board members are expected to review packets of monthly financial activity, and to approve or deny payments based on program guidelines. We believe poor oversight by the board contributed to a culture of excessive spending on administrative costs, including unallowable personal benefits to board members; senior management and Community Action of Minneapolis staff for two weekend retreats at Arrowwood Resort Hotel and Conference Center in Alexandria, Minnesota (Finding 4 – Board Allowances). In addition, program budgets and actual expenses were not sufficiently scrutinized by the board, and projected outcomes were not monitored and compared frequently to actual reports of the diminished number of clients served (Finding 5).

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<sup>2</sup> Mn. Stat. Section 317A.001 - Citation

<sup>3</sup> Mn. Stat. Section 317A.201 - Board

<sup>4</sup> Mn. Stat. Section 317A.207 - Terms

Without full board membership and proper review of financial activities, it is difficult for the board to achieve its mission of providing oversight and strategic direction on operations. The lack of proper oversight by the board allowed senior management to create a culture tolerant of administrative costs that are excessively high in comparison to program costs as further discussed in Finding 2. In addition, the lack of proper oversight of senior management by the current board also contributed to inaccurate allocations (Finding 3), unallowable costs (Finding 4) and a direct reduction of community services to needy recipients (Finding 5).

**Recommendations:**

- Community Action of Minneapolis should submit documentation to the Office of Economic Opportunity with each grant application to provide evidence of compliance with Mn. Stat. Section 256E.31, Subd. 3 pertaining to the minimum number of required board positions. If Community Action of Minneapolis can not provide documentation showing that they have been in compliance with this state law at least once during the last grant period, the Office of Economic Opportunity should withhold funding, in lieu of termination, until Community Action of Minneapolis fills a minimum of 15 board positions as required by Minnesota Administrative Rules.<sup>5</sup>
- The Board of Directors of Community Action of Minneapolis should remove board members meeting the maximum number of terms served, including the current board chair position. If these board members are not removed, the Office of Economic Opportunity should withhold funding, in lieu of termination, until Community Action of Minneapolis removes board members meeting the maximum number of terms served, including the current board chair position, as required by Minnesota Administrative Rules.<sup>6</sup>
- Community Action of Minneapolis should seek assistance from the Minnesota Council of Nonprofits, the National Center for Nonprofit Boards, and/or the Office of Economic Opportunity to provide training to the board, senior management, and other staff periodically to ensure proper oversight and control exists over program operations.

**2. Administrative costs charged to the state Community Action Grant are excessive.**

The Community Action Grant supplements the federal funded Community Services Block Grant, where administrative costs are limited to 15%.<sup>7</sup> Recent reductions in federal funding resulted in many of the 26 Community Action Program agencies in Minnesota allocating additional state funds toward administrative costs each year. The allocation of state administrative cost funding, although not limited by a percentage, must be submitted by agencies each biennium to the department for review and approval.

Community Action of Minneapolis, which is one of the 26 community action agencies in Minnesota, has increased its administrative cost allocation to the state funding to a level that is excessive in comparison to other agencies. Table 1 indicates a trend of increasing percentages

<sup>5</sup> Mn. Rule 9571.0090, Subpart 1 (D) – Withholding of Cash Disbursements

<sup>6</sup> Mn. Rule 9571.0090, Subpart 1 (D) – Withholding of Cash Disbursements

<sup>7</sup> Community Services Block Grant Information Memorandum (IM) No. 37, Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations

for administrative costs in comparison to several other agencies. Although other agencies have maintained a fairly constant percentage of administrative costs annually in relationship to other program costs, Community Action of Minneapolis continues to increase its administrative cost allocations to an unacceptable level. The excessive allocation of administrative costs is evidence that supports the lack of oversight of Community Action of Minneapolis's senior management and program operations by the board as discussed previously in Finding 1.

A second and more concerning example of a lack of oversight occurred when Community Action of Minneapolis submitted its 2012-2013 allocation to the Office of Economic Opportunity. Community Action of Minneapolis proposed to eliminate the second year of program outcomes in the 2012-2013 allocation in its entirety and allocate 100% of funds to administrative costs. The proposal was designed to increase administrative costs (i.e. travel and training) available for Community Action of Minneapolis staff expenses and eliminate program funds that would provide services to clients. The 2012-2013 proposal was submitted by senior management and approved by the board, but was not approved by the Office of Economic Opportunity.. This example serves to demonstrate how insufficient oversight of senior management by the board can lead to a culture of accepting an excessive level of administrative cost allocations by Community Action of Minneapolis.

The 2014-2015 application was also submitted by senior management and approved by the board, but not initially approved by the Office of Economic Opportunity due to similar concerns with excessive administrative cost allocations. Community Action of Minneapolis submitted the 2014 – 2015 application in July 2013, and the Office of Economic Opportunity worked with Community Action of Minneapolis to revise the proposal to meet the funding compliance requirements. In January of 2014, Office of Economic Opportunity sent a letter to Community Action of Minneapolis stating: "...Upon review of all materials that have been provided, it is clear that Community Action of Minneapolis does not have a fair and reasonable cost allocation plan that delineates costs to all programs in an equitable manner consistent with OMB." <sup>8</sup>

The 2014-2015 budget proposed by Community Action of Minneapolis indicates that 68% of the total allocated funds will be charged to administrative costs, exceeding the allowable limit of 15% for federal funds. The proposed budget of 68% administrative costs also exceeds a reasonable limit for state funds in comparison to other agencies. According to Minnesota Administrative Rules, <sup>9</sup> the department's denial of an application is cause for termination of available funds when the application is late, incomplete or noncomplying. After Community Action of Minneapolis submitted additional revisions, the Office of Economic Opportunity eventually approved the 2014 – 2015 funding application on March 1, 2014, but the revisions were not submitted timely and were not reviewed by Internal Audit as a part of this audit.

We believe the pattern of excessive administrative spending, thereby diverting program funds for clients to administrative funds for the organization, directly resulted in a reduction of the services provided to clients as discussed further in Finding 5.

#### **Recommendations:**

<sup>8</sup> Office of Management and Budget

<sup>9</sup> Mn. Rule 9571.0060 – Termination for Cause

- Community Action of Minneapolis should ensure its administrative cost proposals are aligned with ratios of program versus administrative costs that are within the maximum limit of 15% for federal programs. If Community Action of Minneapolis fails to submit a funding application in compliance with state guidelines, the department should consider terminating available funds as allowed in Minnesota Administrative Rules.<sup>10</sup>
- Community Action of Minneapolis should compare its budgeted versus actual administrative cost expenditures on a regular basis. The Office of Economic Opportunity should increase the frequency of monitoring visits,<sup>11</sup> and withhold cash disbursements, in lieu of termination, when monitoring visits identify non-compliance as required by Minnesota Administrative Rules.<sup>12</sup>

### 3. Administrative costs charged to the state and federal programs are not accurate.

Community Action of Minneapolis did not charge administrative costs according to the cost allocation plan and budget approved by the department. State and federal guidelines<sup>13</sup> require community action agencies to charge costs related to only one program directly to that program. Administrative costs that provide benefit to multiple programs should be allocated to programs according to state and federal guidelines and the plan approved by the department.

Our review identified the following costs that provided benefit to only one program but were incorrectly charged to some other program:

**Furniture Costs:** Expenses directly associated with the Weatherization grant were charged to the Community Action Grant for furniture/station tear-down and replacement for Community Action of Minneapolis staff. This resulted in a \$5,290 overcharge to the Community Action Grant.

**Travel/Conference Costs:** Travel and conference expenses for employees who do not perform work for the Community Action Grant and Community Services Block Grants were charged to those grants, totaling over \$7,083 in overcharges, instead of to the LIHEAP grant where the employees are assigned.

Our review also identified the following costs that provided benefit to multiple programs, but the costs charged by Community Action of Minneapolis did not follow the approved allocation plan and approved budget:

**Overhead Costs:** Community Action of Minneapolis charged various overhead type costs (i.e. non-labor costs) that provide a benefit to the entire organization directly to Community Action Grant and Community Services Block Grants, when according to the allocation plan, these costs should be allocated to all programs. Of the \$100,127 charged, only \$16,701 should be allocated to the Community Action Grant and Community Services Block Grants, resulting in an overcharge of \$93,426. See Table 2.

**Labor Costs:** The department's Internal Audit staff identified employees designated as administrative staff, whose labor charges should be allocated to all programs, being charged almost exclusively to the Community Action Grant and Community Services Block Grants. Employees' time should be charged based on an allocation when their time is not directly identifiable to a specific grant. The allocations should be supported by

<sup>10</sup> Mn. Rule 9571.0060 – Termination for Cause

<sup>11</sup> Mn. Rule 9571.0180 - Monitoring

<sup>12</sup> Mn. Rule 9571.0090 – Withholding of Cash Disbursements and Mn. Rule 9571.0180 - Monitoring

<sup>13</sup> Community Services Block Grant Information Memorandum (IM) No. 37, Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations



time studies, which are required by federal regulations, of how much time the employee spends on average on each program area. Community Action of Minneapolis has not completed time studies to support an allocation of labor costs since its inception as a non-profit in 1994. Without the support of time studies, one alternative allocation method is to allocate administrative dollars spent on the percentage basis each grant is of the grand total for all grant revenues. For fiscal year ending June 30, 2012, using the alternative allocation basis of the percentage each grant is of the total, we estimate the Community Action Grant and Community Services Block Grants were over-charged \$538,675.

Another example of inaccurate charges for labor costs pertains to \$17,586 of labor costs for Community Action of Minneapolis's Director of Children and Family Development that should be charged to LIHEAP. The director worked on Community Action of Minneapolis's Corrective Action Plan that responded to the Office of Legislative Auditor's finding of Community Action of Minneapolis's over-allowance of heating credits under the LIHEAP program. Community Action of Minneapolis charged 100% of the director's labor costs to the Community Action Grant and Community Services Block Grants instead of to LIHEAP where her time was actually spent.

We believe the lack of independent and objective oversight of senior management by the board contributed to the inaccurate allocation of program costs identified above. Board members and senior management should have sufficient knowledge of program operations to identify program costs directly related to one specific program. Board members and senior management should also perform reviews of charges allocated to multiple programs for reasonableness and compliance with the approved allocation plan. If the board and senior management can not demonstrate adequate fiscal management capabilities as required by Minnesota Administrative Rules,<sup>14</sup> funding may be denied by the department. In addition, without proper oversight of senior management by the board, overcharges resulting from improper cost allocations may continue to occur. Noncompliance with the administrative allocation plan approved by the department results in a direct reduction of resources to fund community program services to low income families and individuals.

#### **Recommendations:**

- Community Action of Minneapolis should work with the Office of Economic Opportunity to repay costs totaling approximately \$644,475 that are related to other federal grant programs, detailed as follows:
  - Furniture Costs – Reimburse the Community Action Grant and Community Services Block Grants \$ 5,290
  - Travel/Conference Costs – Reimburse the Community Action Grant and Community Services Block Grants \$ 7,084
  - Overhead Costs – Reimburse the Community Action Grant and Community Services Block Grants \$ 93,426
  - Labor Costs – Reimburse the Community Action Grant and Community Services Block Grants \$538,675
- Community Action of Minneapolis should periodically conduct and document personnel activity reports in compliance with OMB Circular A-122 to properly determine and document the appropriate allocation of salary costs for employees conducting work that benefits more than one cost center or program. The Office of Economic Opportunity should verify that Community Action of Minneapolis utilizes time studies, or some other

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<sup>14</sup> Mn. Rule 9571.0150, Subpart 5 – Denial of Application

acceptable allocation method, to properly allocate salary costs for those positions that benefit more than one cost center or program.

**4. Certain costs charged by Community Action of Minneapolis are not allowable per state and federal guidelines.**

Community Action of Minneapolis charged in excess of \$ 226,679 in unallowable costs to CAG and CSBG. These costs are summarized in Table 2 and discussed further as follows:

**No Business Purpose:** Expenses were charged to the grants which do not meet the criteria of a reasonable cost under state and federal guidelines (OMB Circular A-122) because they did not have a valid business purpose. These costs include: airfare and cell phone roaming charges for a trip to the Bahamas by the Chief Executive Officer, airfare to the Bahamas for a personal friend (i.e. not an employee) of the Chief Executive Officer, airfare for the spouse of a board member to New York, golf-related expenses in Florida; food and lodging expenses including entertainment services<sup>15</sup> for board members and their spouses during an internal training convention; Celebrity Cruise; Car washes and a Costco membership. These expenses, which totaled over \$1,768 excluding the board expenses totaled separately below, are not considered ordinary and necessary for the operation of the organization.

**Undocumented costs:** Community Action of Minneapolis charged hotel costs for a trip by a board member that was cancelled due to adverse weather to the Community Services Block Grant with no evidence that this item was reversed in the general ledger. Expenses incurred at Target were not supported with receipts or other supporting documentation. These expenses, which totaled approximately \$1,574 are not allowable without proper supporting documentation that indicates a valid business purpose.

**Catering and Meals:** Community Action of Minneapolis charged catering for training conventions, meals for employees, and employee morale events that were not allowable under state policy without Special Expense approval and documentation. Community Action of Minneapolis also reimbursed expenses for alcohol, which is not allowable under state guidelines, on several employee expense reimbursements. These expenses totaled over \$ 20,827.

**Outstate Travel:** Community Action of Minneapolis charged travel costs totaling over \$40,353 for outstate travel to the Community Services Block Grant, and over \$12,202 to the Community Action Grant. A budget request was submitted and received preapproval for \$10,000 of outstate travel. However, the preapproved amount was exceeded by \$42,555, and a budget amendment request was not submitted for approval to the Office of Economic Opportunity. Outstate travel, according to policy, must be preapproved by the state. In addition, Community Action of Minneapolis coded out of state travel costs to other cost categories that could not easily be identified such as board allowances, administrative training and conferences. The outstate travel costs also include some charges that are not allowed per state policies, such as meals in excess of established per diem limits and liquor charges, that were not quantified by the auditors.

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<sup>15</sup> Entertainment services included charges for spa expenses and golf.

**Board Allowances:** Community Action of Minneapolis charged over \$30,640 to the Community Services Block Grant and \$4,252 to the Community Action Grant for undocumented or unallowable activities reimbursed to board members and senior management. These activities, which included food, lodging, and other entertainment services do not appear to serve a business purpose, and are considered waste and abuse as defined in state policy.<sup>16</sup> The majority of the costs charged to board allowances were for two training weekends for staff, senior management and board members (including spouses). Community Action of Minneapolis paid approximately \$9,000 for lodging, \$3,200 for food, \$900 for spa and \$171 for golf for the two training weekends. Community Action of Minneapolis did not provide us with a training agenda or other materials to establish the business purpose for the training sessions, and expenses related to spouses would not be allowable. Other expenses charged to the board allowance account appear to be per diem payments to board members, which are not established as authorized or allowable payments in the board by-laws except for reimbursement of expenses for low-income board and committee members.<sup>17</sup>

**Personal Loan:** On September 11, 2011, Community Action of Minneapolis's Board of Directors approved a personal loan in the amount of \$36,430 to the Chief Executive Officer of Community Action of Minneapolis to be used to purchase a previously leased personal vehicle. Per the Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations, personal loans from grant funds are not allowed.

**Bonus Pay:** The Merit Based Incentive Plan does not specify the amount or criteria for receiving such pay in the plan as required by federal policy.<sup>18</sup> In FY12, a total of approximately \$78,633 was received by 41 employees. It appears that all or nearly all employees of Community Action of Minneapolis received merit pay. Community Action of Minneapolis performs annual evaluations on its employees, but did not document the criteria identifying how employees are eligible to earn merit pay in the incentive plan, thereby violating both state and federal policies.<sup>19</sup> In addition, the Chief Executive Officer received a bonus of approximately \$17,624 which is \$12,624 in excess of the \$5,000 maximum limit established in the plan.

**Labor Costs:** Community Action of Minneapolis regularly charged labor costs to the Community Action Grant and the Community Services Block Grants in a manner inconsistent with the Community Services Block Grant Information Memorandum (IM) No. 37, Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations, and Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations. Personnel activity reports indicating Time sheets recording the actual time spent on work functions are prepared each pay period. Personnel activity reports, however, are prepared from default time allocation percentages coded in the system that have not been compared to time studies since the start of Community Action of Minneapolis as a non-profit entity in 1994. See Finding 3 for discussion of the inaccurate labor costs, estimated at over \$538,675.

<sup>16</sup> Office of Grants Management Operating Policy Number 08-05 - Grant Fraud

<sup>17</sup> By-Laws of Community Action of Minneapolis, Inc., Article VIII, Section 1: Reimbursement of Expenses of Low-Income Board and Committee Members

<sup>18</sup> Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations

<sup>19</sup> Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Non-Profit Organizations

**Recommendation:**

- Community Action of Minneapolis should work with the Office of Economic Opportunity to repay unallowable costs totaling approximately \$226,679 as summarized in Table 2.

**5. Community Action of Minneapolis did not achieve sufficient program outcomes, and did not provide evidence to properly support the clients served.**

Federal and state programs require grant recipients to report program outcomes. Goals are established annually in work plans approved by the state, and measured according to criteria established in state and federal guidelines. Community Action of Minneapolis is required to report annually on National Performance Indicators that are used to measure the outcomes of Community Action Agencies. However, achievement data reported by Community Action of Minneapolis indicates a significant decline in positive outcomes. In addition, Office of Economic Opportunity monitoring reports also identified the need for Community Action of Minneapolis to demonstrate documented outcomes, and changes in people's lives and within the community, to meet minimum program funding requirements.

During the audit period, we reviewed the outcomes documented and reported on the annual report sent to the Office of Economic Opportunities. The results reported by Community Action of Minneapolis indicate an 85% - 96% drop in the number and percentage of low income participants that obtain a job as a result of Community Action Assistance.<sup>20</sup> Community Action of Minneapolis reported similar declines in the number of clients served and positive outcomes achieved for almost all of the national performance indicators. Community Action of Minneapolis worked directly with new families one on one in previous years, but changed their model to work only with the remaining families in the program. A workshop format was also offered, but the results of the model changes were not productive.

We also identified concerns with missing documentation to support the workshops by the Community Action of Minneapolis. For example, Community Action of Minneapolis held 78 workshops, although attendance sheets were available for only 19 of the classes to support the reportable outcomes as required by policy. The attendance sheets from the 19 workshops reflect an average workshop attendance of six participants.

In January of 2014, the Office of Economic Opportunity sent a letter to Community Action of Minneapolis stating that the funding "... applications submitted do not demonstrate sufficient outcomes for the funding provided," and "... there are incongruities between the programs described in the narrative and the results predicated in the outcome based work plan." Community Action of Minneapolis has demonstrated reduced outcomes and services to low income people over the past three years, including the recent proposal that indicates the lowest outcomes delivered by Community Action of Minneapolis in recent history. As discussed in the letter, "... The outcomes do not demonstrate comprehensive and integrated services, and are duplicative when analyzed ..." and compared to other reportable outcomes.

<sup>20</sup> Based on National Performance Indicator 1.1 for fiscal years 2011-2012

The achievement of program outcomes, and the proper documentation to support achievement of the outcome, is essential to the continued funding of community action services. Additional monitoring by the state agency, as well as improved oversight by the board, as discussed in Findings 1-4 is required to meet both the mission of the agency and to provide the desired outcomes to targeted low income families and individuals.

**Recommendation:**

- Community Action of Minneapolis should develop a new service delivery model in their work plan designed to achieve and document positive program outcomes that meet the mission of state and federal programs in a timely manner. The Office of Economic Opportunity should consider terminating available funds as allowed in Minnesota Administrative Rules,<sup>21</sup> if Community Action of Minneapolis fails to submit a funding application in compliance with state guidelines in a timely manner.

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<sup>21</sup> Mn. Rule 9571.0060 - Termination

Table 1 - CAP Agency  
Administrative Cost Comparison  
Source: Agency Allocation Plans

AGENCY	CAG ADMIN BUDGET	CSBG ADMIN BUDGET	TOTAL ADMIN	GRANT TOTAL	ADMIN %
AEOA	\$ 71,932	\$ 57,453	\$ 129,385	\$ 439,042	29%
CAPSH	\$ 7,690	\$ 49,082	\$ 56,772	\$ 1,223,794	5%
TRICAP	\$ 48,865	\$ 43,269	\$ 92,134	\$ 802,952	11%
CAM*	\$ 586,012	\$ 744,790	\$ 1,330,802	\$ 2,484,031	54%

CAM Administrative Costs

Salaries	\$ 397,012	\$ 555,790
Audit	\$ 12,500	\$ 12,500
Training/Retreats	\$ 10,000	\$ 10,000
Legal/Computer Consulting	\$ 15,000	\$ 15,000
In State Travel	\$ 24,000	\$ 24,000
Out of State Travel	\$ 5,000	\$ 5,000
Office Rental	\$ 62,500	\$ 62,500
Board Meetings	\$ 10,000	\$ 10,000
Office Supplies	\$ 20,000	\$ 20,000
CAP Dues	\$ 10,000	\$ 10,000
Insurance	\$ 20,000	\$ 20,000
	<u>\$ 586,012</u>	<u>\$ 744,790</u>

AEOA = ARROWHEAD ECONOMIC OPPORTUNITY  
CAPSH = COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
TRICAP = TRI-COUNTY ACTION PROGRAMS  
CAM = COMMUNITY ACTION OF MINNEAPOLIS  
\* = REFLECTS AMENDED GRANT CONTRACT TOTALS

Table 2 - Overhead Costs  
Summary of Claimed vs Allowable Costs

Description of Expenses	Claimed Amount	Disallowed Amount	Allowed Amount (1)
MN Council Membership Acct	\$875	\$824	\$51
Managers Training	\$1,620	\$1,526	\$94
Succession Plan	\$3,000	\$2,825	\$175
Palm Beach Trip for Bill Davis	\$2,000	\$1,883	\$116
Wash. D.C. Trip for Bill Davis	\$2,702	\$2,545	\$157
CA Trip for Bill Davis	\$1,727	\$1,626	\$101
Seven Desktop Computers	\$5,517	\$5,196	\$321
Seven Computer Monitors	\$1,507	\$1,419	\$88
Citrix Contract	\$660	\$622	\$38
Postage Meter Charges	\$649	\$611	\$38
Society for HR Management	\$180	\$170	\$10
Cell Phone Charges	\$605	\$570	\$35
Liability Insurance	\$9,286	\$8,205	\$1,081
Directors/Officers Liability	\$2,713	\$2,397	\$316
Admin Office Supplies	\$1,199	\$1,129	\$70
Microwave for Grant St	\$160	\$151	\$9
Gas Charges for Bill Davis	\$452	\$426	\$26
Managers Training	\$4,622	\$4,353	\$269
Virginia Beach Trip	\$1,952	\$1,838	\$114
San Diego/N. Orleans Trip	\$4,847	\$4,565	\$282
San Diego/Baltimore Trips	\$4,184	\$3,941	\$244
Arrowwood Resort Meeting	\$6,496	\$6,118	\$378
Cell Phone Charges	\$473	\$445	\$28
Telephone Software	\$9,215	\$8,679	\$536
Gas Charges for Bill Davis	\$379	\$357	\$22
Admin Office Supplies	\$730	\$688	\$43
Acctg. Software Contract	\$2,540	\$2,392	\$148
Breakfast at Holiday Inn	\$973	\$916	\$57
Ft. Lauderdale - B. Davis	\$2,600	\$2,449	\$151
NFBPA Conf. for Bill Davis	\$1,050	\$989	\$61
Software Modification	\$1,140	\$1,074	\$66
Chamber of Commerce Dues	\$475	\$447	\$28
Phone Equipment	\$2,491	\$2,346	\$145
Commercial Umbrella Insurance	\$2,495	\$2,350	\$145
Crime Insurance Policy	\$5,425	\$5,109	\$316
Computer Recovery Equipment	\$3,021	\$2,670	\$352
Four Keyboard Trays	\$1,004	\$946	\$58
Caplaw Conf. for HR Director	\$2,401	\$2,262	\$140
Arrowwood Resort Meeting	\$6,761	\$6,368	\$394
Total Costs	\$100,127	\$93,426	\$6,701

(1) = Allowed amount was calculated on the the basis that each individual grant revenue program amount is a percentage of the total grant revenue received by Community Action of Minneapolis. Certain other allocation methods would also be acceptable if a relationship exists such as that demonstrated by the percent individual program amounts are in comparison to the total grant revenues.

Table 3 - CAM Expenses  
Summary of Unallowable Costs

Category	Amount
No Business Purpose	\$ 1,768
Undocumented	\$ 1,574
Catering/Meals	\$ 20,827
Outstate Travel	\$ 52,555
Board Allowances	\$ 34,892
Personal Loan	\$ 36,430
Bonus Pay	\$ 78,633
Total Unallowable Costs	<u>\$ 226,679</u>





## Exhibit B

MPLS.

## State Sen. Jeff Hayden releases statement on Community Action of Minneapolis



By: ALEJANDRA MATOS  
September 23, 2014 - 3:20 PM

" If these findings are shown to be true, Mr. Davis should resign and allow Community Action to move forward under new leadership."



Senator Jeff Hayden (DFL-Minneapolis) released the following statement concerning the recent audit of Community Action Minneapolis:

The Department of Human Services' audit of Community Action Minneapolis details alarming spending irregularities and an inexcusable misuse of public funds by the CEO, Bill Davis. If these findings are shown to be true, Mr. Davis should resign and allow Community Action to move forward under new leadership.

As an elected official with a seat on a 15 member board, I shared in the responsibility for providing oversight of Community Action Minneapolis on behalf of the public. My wife, Terri Hayden, accepted an appointment to serve on the board as my designee. Terri's professional background working with people struggling with mental illness and chemical dependency brought an important perspective to the mission of the board. She took her responsibilities on the board very seriously and was not aware of any of the questionable spending detailed in the audit.

Terri did attend the annual strategic planning retreats at Arrowwood Resort with the rest of the board, and while family members could come along, it was strictly at their own expense. As my designee on the board, the only costs that were covered by Community Action were for Terri, and I paid my own way. To be clear, neither Terri nor I accepted compensation for any cruises, spas, vacations to the Bahamas, or any other inappropriate, non-board activities.

Again, I am extremely disappointed in the audit findings. I will support the Department of Human Services as they reach decisions regarding the next steps for Community Action and plan to resign from the board.

# Exhibit C

Minnesota Senate  
Subcommittee on Ethical Conduct

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**Probable Cause Hearing**  
**Regarding Senator Jeffrey Hayden**  
October 22, 2014

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**Senator Hayden's Exhibits**

# Community Action Minneapolis

- **No Personal Gain**
  - *No Per Diem or Cash Payments*
  - *No Facts Regarding Senator Hayden in the Audit or Articles*
- **Volunteer Time**
- **Reimbursed for Some But Not All Expenses**
  - *Paid All Personal Expenses*
- **Board Designee Pursuant to Federal Law**
- **Not on Executive or Finance Committees**
- **Wipfli Audits**



# Exhibit D



## Anthony Spears

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**From:** reservations@suncountry.com  
**Sent:** Tuesday, July 17, 2012 8:40 AM  
**To:** Anthony Spears; Anthony Spears  
**Subject:** Sun Country Airlines Itinerary [CBYUVW-2624063]



## Thank You For Choosing Sun Country Airlines!

You have been electronically ticketed and your transaction is completed! You will not be receiving a paper ticket in the mail. Please retain a copy of this email for your records. If you purchased travel insurance, information and documentation on your policy will be sent in a separate email.

---

Ufly Rewards points will be posted to your account within 3-5 days after your travel has been completed.

Confirmation: CBYUVW-2624063

### AIRFARE: Minneapolis/St. Paul, MN (Terminal 2 - Humphrey) (MSP) to New York, NY (JFK)

**Flight Date:** Sun Aug 19, 2012

**Flight#:** SY 245

**Flying:** Coach Class

**Departure:** Minneapolis/St. Paul, MN (Terminal 2 - Humphrey) at 4:30 PM (Non-Stop)

**Arrival:** New York, NY (JFK) at 8:07 PM

Traveler Name	Seat Assignment	Pre-Paid Bags
JEFFREY HAYDEN	Seat 16C	0
TERESA HAYDEN	Seat 16B	0

**Terminal:** MSP - Terminal 2, Humphrey, Sun Country Ticket Counter / Ticket counter closes 45 minutes prior to flight departure

### AIRFARE: New York, NY (JFK) (JFK) to Minneapolis/St. Paul, MN (Terminal 2 - Humphrey) (MSP)

**Flight Date:** Fri Aug 24, 2012

**Flight#:** SY 242

**Flying:** Coach Class

**Departure:** New York, NY (JFK) at 11:00 AM (Non-Stop)

**Arrival:** Minneapolis/St. Paul, MN (Terminal 2 - Humphrey) at 1:00 PM

Traveler Name	Seat Assignment	Pre-Paid Bags
JEFFREY HAYDEN	Seat 7D	0

TERESA HAYDEN

Seat 7E

0

Terminal: JFK - Terminal 4, Sun Country Ticket Counter / Ticket counter closes 45 minutes prior to flight departure

Passengers (2 Seats)

**REMINDER: Peak Summer Travel Season**

Sun Country wishes to remind customers to always allow extra time at all airports during the peak summer travel season.

To make changes to your reservation please call Sun Country Reservations toll-free at 1-800-359-6786 or 651-905-2737 for Minneapolis/St. Paul local calls (Mon-Sun, 5:00am-Midnight Central Time). To update your secure flight information or add your DHS Redress Number to your itinerary, please [click here](#).

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**PRICING DETAILS:**

Description	Price
Airfare, MSP to JFK	\$719.20
(Includes Air Travel Taxes and Fees of \$90.36*)	
Seat Selection	\$30.00
	-----
<b>Total</b>	<b>\$749.20</b>

Note: Prices on confirmation emails/pages are totals and not per person.

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As determined by the Transportation Security Administration, the current threat level is orange. For current security requirements, [click here](#) to visit the TSA website.

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Available Credit	\$3,750

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Send Payments To:  
PAYMENT REMITTANCE CENTER PO BOX 8415 CAROL STREAM, IL 60197-6415

Account Summary	
Previous Balance	\$580.00
- Credits	\$0.00
- Payments	\$580.00
+ Purchases & Other Charges	\$749.20
+ Cash Advances	\$0.00
+ FINANCE CHARGE	\$0.00
= New Balance	\$749.20

Payment Information	
New Balance	\$749.20
Current Payment Due	\$500.00
Current Payment Due Date	08/20/12

For your records:

Amount Paid:

\$

Check Number:

Date Paid:

### Rate Information

IF YOU WISH TO PAYOFF YOUR BALANCE IN FULL;  
THE BALANCE NOTED ON YOUR STATEMENT IS NOT THE PAY OFF AMOUNT. PLEASE CALL 800-231-5511 FOR PAYOFF INFORMATION.

Type of Balance	ANNUAL INTEREST RATE	DAILY FINANCE CHARGE RATE	AVERAGE DAILY BALANCE	PERIODIC FINANCE CHARGES	TRANSACTION FINANCE CHARGES	TOTAL FINANCE CHARGES
PURCHASES	19.800%	.05424%	\$0.00	\$0.00	\$0.00	\$0.00
CASH ADVANCES	19.800%	.05424%	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL				\$0.00	\$0.00	\$0.00
Days In Billing Cycle 30						

### Transactions

Trans	Post	Reference Number	Description	Credits	Charges
07/15	07/15	8558939JN24XQJ4XS	PAYMENT THANK YOU	188.86	
07/15	07/15	8558939JN24XQJ4XS	PAYMENT THANK YOU	411.34	
07/17	07/17	5541734JRGY0YEL1F	SUNCOUNT 33708120884025 800-3588788 MN HAYDEN/J MINNEAPOLIS NEW YORK NEW YORK MINNEAPOLIS		749.20
		08/19/12 1			
		08/24/12 2			

848-60 28-6812# 749.20

APPROVED JUL 31 2012

See reverse side for Important Information.

848-60 28-6812# 749.20

# Exhibit E

# General Ledger System

COMMUNITY ACTION OF MPLS

For User: tspears

Transaction listing with balance forward

Fund: CSBG 2012

From 7/2011 through 6/2013

Page: Page 4 of 8

Date: 9/27/2013

Time: 4:35:43 PM

Account	Trans. date	Trans. type	Doc. num.	Vendor/Customer	Journal description	Trans. amount
April, 2013	4/4/2013	Voucher	1003656	LEEANN CHIN (V)	Board Meeting	\$476.07
Period Total:						\$476.07
Cummulative Total						\$2,566.31
848- -70-28-6812	BOARD ALLOWANCE					Balance from previous month: \$0.00
May, 2012	5/16/2012	Voucher	999742	JONES CHERYL (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999749	TOWANNA WILLIAMS (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999748	MOLLY THOULOUS (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999747	SPEARS ANTHONY (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999746	RUBIO MANUEL (V)	BRG MTG	\$152.85
	5/16/2012	Voucher	999745	LAUREN MAKER (V)	BRD MTGE	\$152.85
	5/16/2012	Voucher	999744	LARUE EVELYN A. (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999738	NIMCO AHMED (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999741	TERRI HAYDEN (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999740	CHERYL BERGMAN (V)	BRD MTG	\$152.85
	5/16/2012	Voucher	999739	ANDERSON MICHAEL D. (V)	BRD MTG	\$152.85
	5/21/2012	Voucher	999804	WUOLLET BAKERY (V)		\$178.75
Period Total:						\$1,860.10
Cummulative Total						\$1,860.10
June, 2012	6/13/2012	Voucher	1000128	WELLS FARGO (V)	acct [REDACTED] walker	\$79.82
	6/13/2012	Voucher	1000109	NIMCO AHMED (V)	BRD REIM	\$161.49
Period Total:						\$241.31
Cummulative Total						\$2,101.41
July, 2012	7/30/2012	Voucher	1000562	CREATIVE CORPORATE (V)	[REDACTED]	\$90.35
Period Total:						\$90.35
Cummulative Total						\$2,191.76
August, 2012	8/14/2012	Voucher	1000812 ✓	HILTON NEW YORK (V)	T HAYDEN [REDACTED]	\$833.26 ✓
	8/14/2012	Check	1000811	HILTON NEW YORK (V)	Void AP check	\$578.50
	8/14/2012	Voucher	1000811	HILTON NEW YORK (V)	T HAYDEN [REDACTED]	\$578.50
	8/14/2012	Voucher	1000853	TERRI HAYDEN (V)	TRVL EXP	\$790.50
	8/14/2012	Voucher	1000794	HILTON GARDEN INN TIME SQUARE	System transaction for AP voucher void	\$578.50
	8/14/2012	Voucher	1000794	HILTON GARDEN INN TIME SQUARE	T HAYDEN [REDACTED]	\$578.50
	8/14/2012	Voucher	1000853	TERRI HAYDEN (V)	Voucher changed: TRVL EXP	\$790.50

## General Ledger System

COMMUNITY ACTION OF MPLS

For User: tspears

Transaction listing with balance forward

Fund: CGBG 2013

From 7/2011 through 6/2013

Page: Page 7 of 8

Date: 9/27/2013

Time: 4:35:44 PM

Account	Trans. date	Trans. type	Doc. num.	Vendor/Customer	Journal description	Trans. amount
850- -70-28-6812		BOARD ALLOWANCE			Balance from previous month:	\$0.00
June, 2013	6/28/2013	Voucher	1004476	WELLS FARGO (V)	BROWN	\$400.00
	6/30/2013	Voucher	1004701	WELLS FARGO (V)	WALKER	\$24.00
					Period Total:	\$424.00
					Cummulative Total	\$424.00
850- -71-28-6812		BOARD ALLOWANCE			Balance from previous month:	\$0.00
June, 2013	6/25/2013	Voucher	1004432	ARROWWOOD-RADISSON RESORT		<del>\$6,761.23</del> ✓
					Period Total:	\$6,761.23
					Cummulative Total	\$6,761.23
850- -80-20-6812		BOARD ALLOWANCE			Balance from previous month:	\$0.00
May, 2013	5/29/2013	Voucher	1004157	CREATIVE CORPORATE (V)		\$365.39
					Period Total:	\$365.39
					Cummulative Total	\$365.39
850- -80-28-6812		BOARD ALLOWANCE			Balance from previous month:	\$0.00
May, 2013	5/16/2013	Voucher	1004126	JONES CHERYL (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004121	NIMCO AHMED (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004122	ANDERSON MICHAEL D. (V)	BRD MT	\$155.61
	5/16/2013	Voucher	1004123	CHERYL BERGMAN (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004125	TERRI HAYDEN (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004127	Olivia Kurth (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004128	LARUE EVELYN A. (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004129	RUBIO MANUEL (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004131	MOLLY THOULOUIS (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004132	TOWANNA WILLIAMS (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004133	SANDRA PRESLEY PATTERSON (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004134	BRIANA MACPHEE (V)	BRD MTG	\$155.61
	5/16/2013	Voucher	1004124	FAY HARRISON (V)	BRD MTG	\$155.61
					Period Total:	\$2,022.93
					Cummulative Total	\$2,022.93
June, 2013	6/25/2013	Check	1004124	FAY HARRISON (V)	Void AP check	\$155.61 -
	6/25/2013	Check	1004121	NIMCO AHMED (V)	Void AP check	\$155.61 -



# Exhibit G





## Minnesota Community Action Partnership

100 Empire Drive, Suite 202 • Saint Paul, MN 55103 • 651-645-7425 • Fax 651-645-7399

September 24, 2014

Mr. D. Michael Anderson, Chair  
Mr. William J. Davis, President and CEO  
Community Action of Minneapolis  
505 East Grant Street  
Minneapolis, MN 5404

Dear Sirs,

The Minnesota Community Action Partnership, Minnesota's statewide association of Community Action Agencies, is writing to strongly urge that both the board and the leadership of Community Action of Minneapolis resign immediately.

We believe that our Community Action mission cannot be achieved in this chaos.

We believe that one result of the DHS audit is such widespread public belief that your collective judgment has betrayed the public trust, and worse, that no good purpose can be served by continuing to serve in your positions.

We are the first to recognize the difficulty of your work as a Community Action Agency. Because this work is so difficult, we believe it is not possible for you or your staff to focus on serving the needs of low income individuals. We have no doubt that the correct thing is for you to resign, and to resign immediately, to clear the way for new leadership.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Robert Benes".

Robert Benes, Chair

A handwritten signature in black ink, appearing to read "Arnie Anderson".

Arnie Anderson, Executive Director

Cc: Governor Mark Dayton  
Senate Majority Leader Tom Bakk  
Senate Minority Leader David Hann  
Speaker of the House Paul Thissen  
House Minority Leader Kurt Daudt

# Exhibit H

**First Proposed Distribution Plan**  
  
**for**  
  
**Community Action of Minneapolis**

**March 3, 2015**

**Prepared by:**

**ALLIANCE**  
M A N A G E M E N T

Carlson Towers, Suite 110  
601 Carlson Parkway  
Minneapolis, MN 55305  
Tel: 952-475-2225  
[www.alliancemgmt.com](http://www.alliancemgmt.com)

## **I. Introduction and Key Facts Summary**

### **A. Receiver's Role**

On November 18, 2014, Michael Knight of Alliance Management (the "Receiver") was appointed by the Ramsey County District Court (the "Court") as limited receiver over the assets of Community Action of Minneapolis ("CAM") to perform, among other things, the following duties:

- (1) provide an accounting of CAM's assets and liabilities;
- (2) review expenditures made by CAM and determine which expenditures were improper under the Minnesota Department of Human Services ("DHS") and Minnesota Department of Commerce ("DOC") grants; and
- (3) recommend a distribution plan to the court to pay legitimate creditors, including reimbursing DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants.

In furtherance of these objectives, as well as to maximize the value of the Receivership Estate, the Receiver sought and obtained pursuant to this Court's December 23, 2014 *Order on Receiver's First and Second Request For Instructions* (the "Amended Receiver Order"), specific powers from the Court including the authority to terminate employees, sell CAM's assets, terminate leases, and pursue claims on behalf of CAM, among other things.

### **B. Tasks Completed**

While some of this work is ongoing (as described below), the Receiver believes it has sufficient information at this time to provide the following:

1. a current accounting of CAM's assets and liabilities;
2. a discussion and comments regarding the viability of CAM;
3. a status report regarding the Receiver's review and assessment of possible improper expenditures under certain DHS and DOC grants as alleged in the August 7, 2014 DHS audit report (the "DHS Audit");<sup>1</sup>
4. a report concerning additional allegations of improper financial transactions; and
5. Receiver's proposed initial distribution plan.

The Receiver's remaining work includes completing the review of the expenditures made under certain grants administered by the DHS and the DOC (and the claims associated therewith), reviewing and attempting to resolve the claim of CAM's former CEO William Davis ("Mr. Davis") against CAM, and completing its review of other claims of the estate for possible reimbursement or other recoveries based upon improper expenditures.

### **C. Proposed Partial Distribution**

The Receiver believes that it is in the best interest of the creditors of the receivership estate to implement a partial distribution at this time. A key element in implementing a payment to the creditors is the consent of the DHS and DOC to subordinate their claims for reimbursement to

<sup>1</sup>At the time of this report, the DOC had not completed its audit or investigation. Although the Receiver is familiar with the DOC grants, it was deemed more efficient and financially prudent to wait for the completion of the DOC's work before commenting on any allegedly improper expenditures of DOC grant money.

the general unsecured creditors of the receivership estate, as described more specifically below. Based upon its preliminary review, and *subject to any additional, substantial contested/unresolved claims that arise through the final, Court-approved claims reconciliation process that is underway*, the Receiver believes that (a) the only potentially significant remaining unresolved claims are the anticipated claims of the DHS, the DOC and Mr. Davis, (b) based upon the State of Minnesota's agreement to subordinate, the estate has sufficient funds to pay all of the other general unsecured creditors as set forth herein as well as the receivership estate's ongoing administrative expenses, and (c) a decision *not* to pay the rest of the creditors at this time would pose an unnecessary and undue hardship on third parties who provided services, labor, material and other things of value in good faith and should, at this time, be paid.

## **II. General Background**

CAM is a 501(c)(3) non-profit organization formed in 1994 by the City of Minneapolis. CAM was expected to utilize community action grants to assist in the reduction of poverty, to revitalize low-income communities, and to empower low-income families to become self-sufficient.

### **A. Programs**

In recent years, CAM's primary programs included the following:

1. Energy Assistance Program – provides financial assistance to low-income families to help with the cost of home heating in the winter.
2. Home Electric Savings Program – provides home energy conservation education and energy-saving light bulbs as well as new Energy Star certified appliances to low-income families.
3. Weatherization Program – provides weatherization services to low-income residents.
4. Civic Engagement and Community Leadership Program – provides community members with opportunities and resources to become actively engaged in their communities.
5. Children & Family Development Division – including the GROW program, provides free life-coaching sessions, SNAP Outreach and Application assistance to provide food to lower income families, and Power Workshops on a variety of subjects.

### **B. Sources of Funding**

CAM's principal sources of funding included state and federal grants (approximately 70%) and, until recently, contracts with utility companies (approximately 30%) such as CenterPoint and Xcel Energy.

Certain federal and state grants are managed by the DOC. These include the Low-Income Energy Assistance Program Grant ("LIHEAP Grant Contract") and the Weatherization Assistance Program Grant Contract ("WAP Grant Contract").

The DHS manages other federal and state grants including the Community Services Block Grant ("CSBG") and the Community Action Grant ("CAG").

**C. Allegations Prompting the Appointment of the Receiver**

One of the precipitating causes of this receivership was the August, 2014 DHS audit. The DHS had been prompted to audit CAM based upon discussion between DHS staff members and employees of CAM. The DHS audit report contends that CAM had engaged in a variety of financial irregularities, improper allocations of excessive overhead, and violations of the rules governing the use of State grant money. Although CAM contested many of the findings of the DHS audit, it admitted others. From the perspective of the DHS (and the DOC, which has similar regulatory standards governing the use of grant money), the concerns raised in the DHS audit warranted a termination of CAM's working relationship with DHS and demand for return of certain grant funds awarded in 2012 and 2013.

**D. DHS Decertification Proceedings**

On September 26, 2014, CAM was decertified by the DHS as a Community Action Agency and its funding was terminated for cause pursuant to Minn. Stat. 9571.0060. This, in turn, impacted various state grants, including the SNAP Outreach Grant, the CSBG, and the CAG. CAM appealed the decertification in the Office of Administrative Hearings for the Department of Human Services, as case number OAH 84-1800-31983. Chief Administrative Judge Tammy L. Pust presiding.

On December 16, 2014, CAM, represented by Lee Hutton, III of Zelle Hofmann Voelbel & Mason LLP, moved for a stay of the administrative proceedings, which the DHS opposed. In addition, on January 15, 2015, the DHS moved to dismiss CAM's appeal of the DHS decertification of CAM as community action agency under Minnesota law.

On February 19, 2015, Judge Pust entered an order that denied the DHS's motion to dismiss CAM's appeal. CAM's motion to stay the proceedings was held under advisement pending supplementation of the record to indicate whether the Receiver would provide CAM's representatives access to CAM's books and records, and a further prehearing conference is scheduled for March 5, 2015.

The Receiver, by and through its counsel, sent a letter Judge Pust on February 27, 2015 in response to a letter submitted by CAM's counsel to the Judge regarding the Court's request for supplementation of the record. The Receiver confirmed that it had received no request to review records from CAM or its counsel and that the Receiver would make the records in its possession available to CAM. Aside from this accommodation, the Receiver is not otherwise involved in the appeal process.

**E. DOC Grant Termination**

On September 26, 2014, the DOC terminated its contracts with CAM, specifically the LIHEAP Grant Contract and the WAP Grant Contract. As a result of these terminations, the DOC contends that CAM is required to turn over State property and client files to the DOC.

**F. Activities at CAM Following Decertification and Prior to Appointment of Receiver**

After CAM was decertified by the DHS and the DOC grants were terminated, CAM laid off or terminated approximately 37 employees, leaving a staff of 10. During this time, CAM's contracts with utility companies were also terminated, and CAM began to wind-down the work it had contracted to do prior to November. As a result of these actions, CAM had no ongoing source of operating funds, nor any work to perform.

**G. The Receiver's Investigation**

The findings of the DHS audit provided both a starting point for the Receiver's assessment work and a framework for an investigation of the specific issues that the Receiver has been charged with resolving. From the beginning, it was apparent that there are limited resources with which to conduct an investigation, and that spending more than is necessary would only impair the creditors of the receivership estate. Therefore, the Receiver, in exercising its best good-faith judgment, began by investigating the issues raised by the DHS audit and other matters disclosed or revealed to the Receiver through its investigation and interviews of CAM's former employees. The Receiver also expects to review and assess the results of the upcoming DOC audit upon its completion.

The Receiver's work has included the following: (1) review of allegedly improper expenditures; (2) review of allegations of non-compliance with grant rules and regulations; (3) review of the CAM's general ledger, financial records, credit card statements, accounts receivable and accounts payable of CAM; (4) validating the amounts due and owing to creditors; (5) attempting to collect all outstanding monies owed to CAM; (6) review of the auditor's work papers and files of CAM, DHS and Wipfli (CAM's CPA); (7) consideration of alternative cost allocation methodologies; (8) consideration of whether any creditors have direct claims to certain proceeds; (9) consideration of whether claims may be brought against former employees, board members or third parties for return of improper benefits or distributions; and, (10) interviews with former employees and board members, which are on-going. In addition, the Receiver has had meetings and telephone discussions with employees of the DHS audit team, the DOC, the DOC's investigative staff, Wipfli, the FBI and the IRS. However, the Receiver has not conducted a forensic audit of all of CAM's financial records, nor did the investigation include a review of all records and files held by CAM, which are voluminous.

As of the date of this *First Proposed Distribution Plan*, the Receiver's investigation is ongoing. The Receiver has been attempting to schedule additional interviews with former employees and board members, but this process is taking longer than originally anticipated due to the scheduling issues with certain board members, their counsel, or both. Any delays in these efforts should not, however, postpone implementation of this Distribution Plan. To the extent that the planned interviews of CAM's board members reveal financial irregularities or other issues of concern which could potentially yield a recovery to the receivership estate, the Receiver will advise the parties and the Court and make a recommendation to the Court regarding further investigation.

### III. Viability

Early in this case at the December 19, 2015 at the hearing on the *Receiver's First Request for Instructions*, the Receiver requested the opportunity to evaluate the viability of CAM and the potential of maximizing value through continuing operations. The Receiver has assessed CAM's predicament and does not believe that the organization is currently viable (nor has it been since the appointment of the Receiver).

A number of serious issues impair CAM's ability to continue in business, including the following:

1. The City of Minneapolis, a key sponsor needed in order to make an effective restart of the business, has assigned CAM's work to others.
2. The DHS and the DOC are not supportive of CAM continuing in business.
3. Restarting CAM would be a long process, and upon satisfaction of CAM's debts and the State's demand for repayment of grant money, there may be no cash on hand to fund operations.
4. The organization may be insolvent and would likely have challenges raising additional capital, and it is not within Receiver's scope to seek new sources of financing for CAM.
5. The organization would, in our opinion, need to completely reconstitute the board and find new management – especially in the wake of the allegations made against the current governing regime at CAM. Properly executed, this effort would take a substantial period of time.
6. Prior to the Receiver's appointment, the majority of CAM's employees had been terminated due to the agency's lack of revenue. With no revenue and a depleting cash base to satisfy creditor claims, the Receiver terminated the remaining 9 employees in December, 2014 and January, 2015. Although there may be a desire by the board to continue operations, any effort to reconstitute is likely to take many months (if it's possible at all), and with the tenured staff gone, CAM would need to rehire and train capable employees.
7. There are ongoing investigations by the FBI, the IRS and the DOC that are draining time and resources from what's left of CAM. While these investigations may or may not result in findings that are serious impediments to CAM's continued operations, the stigma associated with some of the revelations in the DHS audit and associated press coverage will, in the Receiver's opinion, make it extremely challenging to reconstitute CAM in the near future.
8. Other critical issues that would need to be addressed in an effort to reconstitute (and which the Receiver is not in a position to answer) include:
  - a. The DHS and DOC will not waive their claims for reimbursement. How will these (likely deficiency claims) be paid?
  - b. Can the sponsors of this initiative demonstrate, based upon a new financial and operations plan, that it has a likelihood of success?

For these reasons, the Receiver does not believe that CAM is viable or that reconstituting CAM is a viable option at this time. Based upon its best business judgment, and in order to fulfill its obligation to the Court, the Receiver is proposing the wind-down of CAM and the sale of CAM's remaining assets to satisfy its debts.



**IV. Assets of CAM**

The assets of CAM are currently valued as follows:

Asset Description	Value
Cash (2/28/15)*	\$1,206,905
Accounts Receivable (2/28/15)	\$262,135
Real Estate**	\$400,000
Personal Property***	\$2,500
Claims for Recovery	Unknown
<b>Total:</b>	<b>\$1,871,540</b>

\*Cash includes the actual cash balances as of 2/28/15 in CAM's bank accounts, as well as \$200.00 in petty cash onsite at CAM.

\*\*The estimated value of the building at 2104 Park Avenue is net of transactional expenses and is based upon a recent market analysis by a broker with local submarket experience.

\*\*\*Personal property includes remaining furniture, computers, miscellaneous office supplies, etc.

**A. Cash**

The Receivership estate began with cash on hand of \$659,007.62. As reflected in the Receiver's monthly reports to the Court, cash has been *reduced* through the payment of Administrative Expenses of the receivership estate, including employee wages and benefits, severance, utilities, other operating expenses, legal fees and the Receiver's fees. Cash has been *increased* through the sale of office furniture and four vehicles, and the collection of accounts receivable. As a result of all of these activities, cash has increased during the receivership to \$1,147,917 as of February 17, 2015 (the last day of the most recent reporting period).

**B. Accounts Receivable**

Since the Receiver's appointment, the Receiver has collected over \$700,000 in outstanding accounts receivable, the greatest portion of which was from CenterPoint Energy and Xcel Energy. Prior to anticipated demands for reimbursement of grant money, the DOC owes CAM (according to CAM's books and records) approximately \$237,000, the largest remaining receivable. The Receiver has requested payment of these funds.

The accounts receivable also include a claims against Mr. Davis and another former employee for repayment of personal auto loans. The Receiver has made a demand for repayment of amounts due and will continue to pursue recovery efforts.

There may be other claims for reimbursement as a result of the Receiver's continuing investigation.

**C. Real Estate**

The Receiver is proposing to sell the property owned at 2104 Park Avenue in order to satisfy the claims of the receivership estate. The Receiver has contacted four commercial real estate brokers in connection with selling the Park Avenue building, which is owned is free and clear by CAM. The Receiver met with three of these brokers and obtained marketing plans and sale proposals from each. Contingent upon court approval and final negotiations over the commission and other terms of the engagement, the Receiver would enter into a listing

agreement as soon as practicable. The Receiver anticipates that a sale will take between 6 and 12 months.

**D. Personal Property: Sale of Office Furniture, Automobiles and IT Equipment**

Approximately 30 companies and individuals were approached to bid on CAM's office furniture, Information Technology ("IT", including printers, copiers, computers, and tablets), and the four vehicles titled in CAM's name. Most parties either declined or proposed to charge CAM to remove the furniture. However, the Receiver was able to obtain \$2,000 for the office furniture located at 505 East Grant Street and avoid additional fees and costs which would have been incurred by the receivership estate if the office furniture had been abandoned. The Receiver also obtained an offer of an additional \$1,000 for certain office furniture located in the Park Avenue building from the same buyer. These represented the highest and best offers for these assets. The Receiver has decided to retain the Park Avenue furniture for the time being based upon the possibility that the furnishings may make the building a more attractive purchase.

The Receiver also solicited bids on the four vehicles owned by CAM from a variety of used-car dealerships and concluded a sale to the high bidder. Because there are federal and/or state agencies that may assert a claim with respect to at least one of these vehicles, the Receiver is retaining the proceeds of sale from these assets until any attendant claims are resolved.

Although the Receiver received bids on CAM's IT, it has not sold any computer hard drives as they may contain information requested by federal and state investigators. These items may be stored or turned over to the custody of an investigative agency such as the Department of Justice or the FBI upon termination of the Receivership. The remaining personal property is believed to be of minimal value.

**E. Additional Receivership Assets**

The Receiver, in consultation with its attorney, is evaluating potential claims for recovery that can be brought against Mr. Davis, former and current board members, and others (referred to as "Recovery Actions").

The Receiver did not conduct an exhaustive financial probe into every aspect of CAM's operations; however, a variety of allegations of improper use of CAM's funds have been provided to the Receiver since his appointment. All of the matters set forth below are allegations. These issues are deemed worthy of additional investigation as they were based upon statements made by one or more CAM employees to the Receiver. Except where the claim is admitted, further substantiation is needed on almost all of the items listed here.

These claims may include improper expenditures such as:

1. Senior management using CAM funds to pay for the medical bills and personal expenses of friends who were non-CAM employees;
2. Employees purchasing CAM vehicles for less than market value;
3. Approving travel expense of senior management without receipts or demonstration of a business purpose;
4. Use of both a CAM gas card and mileage reimbursement;

5. Employees using both per diem payments and expense reimbursements for the same business purpose;
6. Close friends of senior management being paid as contractors without substantiating their work;
7. Excessive gift-giving to board members, and from vendors;
8. Senior management using CAM staff to perform work for outside interests and/or businesses of senior managers;
9. Diversion of CAM money in the form of "wages" to family members and close friends of senior management who performed no/minimal work or services for the money received; and
10. Paying the personal credit card bills of friends of senior management.

The Receiver is continuing to investigate these claims, and their estimated value is unknown. The purpose or objective of any such investigation would be to (a) determine if DOC or DHS grant funds were used improperly and/or (b) determine if any funds should be returned to CAM. As with any wind down, claims for damages or the return of funds would be considered assets of the receivership estate, recoverable for the payment of creditor claims.

**V. Liabilities of CAM**

The liabilities of CAM are currently valued as follows:

Description of Liabilities	Value
First Priority Claims: Administrative Expenses*	\$265,433
Second Priority Claims: General Unsecured Creditors	
• Contractor Claims	\$477,828
• Community Action Agency Claims	\$109,593
• Lease Termination Claim	\$80,000
• Other Unsecured Creditor Claims	\$70,177
<i>Total:</i>	\$737,598
Third Priority Claim of the DHS **	\$871,153+
Third Priority Claim of the DOC**	TBD
Fourth Priority Claim of William Davis**	\$370,346
<i>Total:</i>	\$2,244,530

\*These administrative claims are managed and paid per the operating cash flow and budget, which is updated periodically by Receiver. Date of estimate is 3/1/15 and includes a reserve for future Administrative Expenses.

\*\*Contingent upon settlement or adjudication. DOC claim has not yet been submitted.

**A. Claims Process**

To ascertain the claims against CAM, the Receiver reviewed CAM's books and records, including the underlying invoices, to substantiate the amounts owed. After the Receiver completed his background investigation, letters were sent to all individuals and companies who appeared to have a claim against CAM, as well as to individuals or companies who had been paid money by CAM in the last 12 months, but did not show a current balance owing by CAM. This letter requested that the claimant fill out a proof of claim form and submit supporting documentation if the amount listed in the letter was incorrect. The Receiver completed this preliminary claims analysis by then reviewing all proof of claim forms that were submitted to verify the claimed amount due and the basis of each such claim.

In addition to the informal claims process outlined above, the Receiver sought and received Court approval for a formal claims process, which has been initiated and is currently underway. The interim distribution proposed in this report is subject to the completion of this process.

**B. Summary of Claims Against CAM**

The Receiver determined that the claims fall broadly into three categories: administrative, general unsecured creditors, and disputed or contested claims. The proposed distribution plan recognizes the same distinction in prioritizing payment, as set forth below:

**1. First Priority Claims: Administrative Expenses**

Administrative claims against CAM include employee expenses, general overhead, fees of the receiver and legal fees incurred through the pendency of the receivership. These claims are first priority expenses and, per the Order Appointing Receiver, Minnesota law and the Amended Receiver Order, the First Priority Claims shall be paid first.

2. ***Second Priority Claims: General Unsecured Creditors***

This include claims verified by the Receiver and approved by the Court.

- **Contractor Claims.** A significant portion of CAM's business involved the utilization of contractors to perform weatherization services. These contractors billed CAM for services upon completion of work.
- **Community Action Agency Claims.** CAM contracted with various other Community Action Agencies (collectively, the "CAAs") within the state to handle invoicing on their behalf. The CAAs claims include funds due to these CAAs that were invoiced by CAM on behalf of the CAAs and paid to CAM.
- **Lease Termination Claim.** CAM's lease for the 505 East Grant Street property was terminated on December 30, 2014 as a result of an eviction proceeding brought by the landlord for non-payment of rent. The court in that action determined that CAM was obligated for rental payments through October 31, 2015, and the landlord recently received a judgment against CAM for over \$120,000. The Receiver settled this claim for \$80,000 to be paid contemporaneously with the other Second Priority Claims.
- **Other Unsecured Claims.** Other unsecured claims include claims for pre-receivership obligations of CAM which do not fall into another category, such as charges for terminated services and catering costs.

3. ***Third Priority Claims: Contested Claims***

- ***DHS and DOC Claims.*** These claims include the requests for reimbursement as set forth in the DHS Audit, as well as any potential claim that may be raised by the DOC.

4. ***Fourth Priority Claims: Other Disputed or Unresolved Claims.***

There is currently one other disputed claim known at this time – a claim for deferred compensation (and possibly other consideration) by Mr. Davis. The Receiver is proposing that this claim be paid last, as Mr. Davis is an insider.

**C. Review of CAM's Compliance with the DHS and DOC Grants**

As noted, the Court directed the Receiver to "review expenditures made by CAM and determine which expenditures were improper under the DHS and DOC grants." As of the date of this Distribution Plan, the claims of the DHS and the DOC remain unresolved.

After reviewing both the DHS audit and CAM's detailed response, the Receiver prepared an analysis of issues raised by the DHS. The Receiver agreed with some, but not all of the findings of the DHS. The Receiver has subsequently held meetings and discussions with the DHS audit team, shared the Receiver's analysis and sought to reconcile the various positions as well as the interpretations of applicable regulations. The DHS is currently considering the feedback provided by the Receiver. Once the DHS response is received, the Receiver will consider how best to bring the DHS grant reimbursement claims to closure. In the interest of economy and efficiency, the Receiver is proposing to resolve the DHS claim in the same fashion that a receiver often manages disputed claims against a receivership estate – through negotiation. However, to the extent these claims cannot be resolved by the parties, the Receiver would propose that both

the DHS and the Receiver present the evidence and testimony to the Court at a hearing for final disposition.

The DOC claims, if any, are unknown at this time. Although the DOC has initiated an investigation, it has yet to begin its audit. Upon information and belief, the DOC is currently in the process of selecting an independent auditor to review CAM financial activities and compliance with DOC rules and regulations. Until this work is complete – which could take several months – the Receiver believes it would be premature to attempt to resolve the State's claims.

The Receiver is therefore proposing that upon completion of the DOC's audit, the Receiver shall review and render his own findings regarding any claims made by the DOC. Thereafter, the Receiver proposes that the DOC claim be resolved in the same manner as the DHS claim – that is, through negotiation or a hearing before this Court.

The DHS and the DOC have requested extensions of time from the Receiver to complete their additional analysis and audit work before submitting final claims, and the Receiver has agreed to allow these two claimants additional time beyond the deadlines imposed by the approved claims process.

**D. Resolution of the Claim of William Davis**

Although the Receiver has yet to receive a written proof of claim from Mr. Davis, the Receiver is aware that he is alleging a claim for deferred compensation and possibly other consideration including salary and vacation pay. The Receiver does not expect to recommend the payment of said claim. The Receiver questions whether Mr. Davis has an enforceable employment agreement. Further, the Receiver is aware of a variety of potential claims against Mr. Davis that could, if proven true, be considered either good faith set-offs or breaches of Mr. Davis's fiduciary duty such that a court may set aside his claim. Mr. Davis may contest this position. Therefore, if it is not otherwise settled, the Receiver is proposing to resolve the claim of Mr. Davis through an adjudication by the receivership Court. In the meantime, Mr. Davis's claim is listed in an amount calculated by the Receiver based upon a review of the purported agreement and the books and records of CAM.

**VI. Implementation of Receiver's First Proposed Distribution Plan**

The Receiver's First Proposed Distribution Plan is designed to provide immediate relief to contractors who worked at the request of CAM (and, in some instances, at the request of the DHS and the DOC), other CAAs, and other unsecured creditors, while the Receiver pursues resolution of the remaining claims for and against CAM.

The Receiver is seeking the Court's approval to proceed as follows:

**A. Conduct At Least Two Distributions**

There will be at least two distribution dates under the Receiver's proposed distribution plan. The first distribution shall be to creditors and parties holding First and Second Priority Claims, and it is anticipated that these claims will be satisfied through the use of the estate's current cash on hand. After setting aside a reserve for the payment of Second Priority Claims and \$190,000 for future administrative expenses, the Receiver believes that there may not be sufficient cash available to pay all of the outstanding Third Priority claims. The second distribution would be to the Third Priority (and possibly Fourth Priority) Claims after the sale of CAM's remaining physical assets and the resolution of any claims that result in cash being paid into the receivership estate (such as claims against officers for improper expenditures).

**B. Issue Payment on First and Second Priority Claims**

As of March 1, 2015, the estate had approximately \$1,154,383 in cash on hand. Upon Court approval of the Receiver's distribution plan and after ensuring the payment of First Priority Claims/Administrative Expenses, the Receiver intends to promptly remit payments to the persons and entities holding Second Priority Claims as identified on the books and records of CAM and specified on a payment distribution schedule approved by the Court. In return, the Receiver will require full releases and, where appropriate, lien waivers. The Receiver proposes to make these payments as soon as the Court-approved claims process is completed.

**C. Subordinate the DOC and DHS Claims**

Currently, the DHS maintains that its claim alone is over \$870,000. As stated, the DOC may be asserting a claim as well. To the extent the DHS asserted a right to be paid on a pro rata basis with the other allowed claims, there would likely be insufficient funds to pay the contractors and general unsecured creditors in full. Consequently, the Receiver requested that both the DHS and the DOC consent to subordinate the payment of any claims they may assert to the payment of First and Second Priority Claims. These consents have been obtained.

**D. Resolve the Claim of William Davis**

The Receiver is proposing to manage the various potential outcomes of Mr. Davis's claim as follows:

1. Mr. Davis was provided with notice of the claims process established by the Court. The claims process order will govern how the amount of Mr. Davis's claim will be determined.
2. If Mr. Davis's claim is allowed in part or in full by the Court, then the Receiver proposes that Mr. Davis shall be paid as a Fourth Priority Claim, after the other creditors of the estate. The Receiver believes that this position is warranted by virtue of the fact that Mr. Davis is an insider. This belief is based upon the Court's power to fashion equitable remedies and the likelihood that a bankruptcy

court (in an analogous situation) would hold that the creditors of the estate are entitled to receive a recovery prior to an insider.

3. If Mr. Davis's claim is denied in full, then no claim will be allowed or paid by the Receiver.
4. The Receiver is proposing that the DHS and DOC should be paid after the creditors and other recognized claims of CAM, and prior to the claim of Mr. Davis.

**E. Sell the Real Estate to Help Satisfy CAM's Remaining Obligations**

Although the Third Priority claims have not yet been resolved, the Receiver believes that there may be insufficient cash on hand in the receivership estate to satisfy all the claims that should be paid. This opinion is based in part on the fact that the Receiver believes that the DHS claim is at least partially valid as alleged, and a refund of grant money will likely be owed to the DHS. Believing that the estate may currently lack the cash sufficient to pay all the anticipated claims, the Receiver is hereby seeking the Court's permission to begin marketing the CAM-owned real estate for sale subject to Court approval of any proposed transaction. The sale of the 2014 Park Avenue building, its furnishings (mostly office furniture) and the IT (copiers, printers and computers not otherwise preserved for the FBI or other state or federal agencies) would complete the disposition of CAM's physical assets. The claims of the DHS, the DOC (if any) and Mr. Davis (if proven) would be paid, to the extent possible, from the proceeds received on the sale of these remaining assets, in the order of priority set forth above.

**F. Evaluate Bringing Claims to Augment the Recovery**

To the best of the Receiver's knowledge, the only assets remaining after the sale of the real estate and equipment may be potential causes of action against third parties, including possible Recovery Actions. The Receiver may pursue such Recovery Actions to the extent his investigation suggests that such an effort is in the best interest of the receivership estate. For example, if (a) further investigation suggests there are meritorious claims which could generate additional funds to help satisfy the CAM's repayment obligation to the DHS and DOC, and (b) the Receiver believes the cost of such Recovery Actions appears to be justified by the potential recovery, then such Recovery Actions may be pursued. Such Recovery Actions may be satisfied in part through a recovery against CAM's D&O insurance. In the meantime, the Receiver's investigation and review of these claims is ongoing.

**G. Final Satisfaction of Third Priority Claims**

Potential final outcomes of the Receiver's proposed distribution plan include the following:

1. It is unclear this point whether the Third and Fourth Priority Claims can be satisfied through the available cash and sale of assets. For example, if the claims of the DHS, DOC and Mr. Davis are settled and resolved for a relatively modest sum, then there may be cash remaining after all known claims are paid.
2. In the event that all claims are paid in full and excess proceeds remain, the Receiver will seek the Court's guidance as to how to distribute any excess funds held by the Receivership Estate. Possible options include (a) returning of grant money to appropriate state and federal agencies, (b) making a State-supervised donation to other community action agencies, or (c) allowing a properly approved sponsor to attempt to reconstitute CAM. Given the Receiver's assessment and investigation to date, however, this outcome is considered unlikely and the Receiver believes that there is likely to be a deficiency.



3. If the DHS and the DOC suffer a deficiency, the Receiver proposes an assignment of the proceeds, if any, arising from the Recovery Actions (including D&O insurance proceeds, if any) to the DHS and DOC.
4. To the extent that the proceeds from all assets and Recovery Actions are insufficient to cover both the DHS and DOC claims, the Receiver proposes that these two state agencies distribute the proceeds on a pro rata basis in proportion to their claims.

#### **H. Timing of Subsequent Distributions**

The Receiver proposes that the second distribution to the Third Priority Claims occur approximately 30 days following the sale of the Park Avenue Building, which the Receiver anticipates will occur in the next 6 – 12 months, provided the Court approves a real estate sale transaction. To the extent Recovery Actions are initiated and are successful, an additional distribution may be required.

#### **I. Interim Claims Management Work of Receiver After First Distribution**

While the Park Avenue building is being marketed for sale, and prior to the second distribution, the Receiver anticipates that the following activities will be completed:

1. The DOC will complete its audit and possibly submit a claim for reimbursement, which the Receiver will review and attempt to resolve.
2. Mr. Davis's claim will be settled or adjudicated as part of the claims process ordered by the Court.
3. The Receiver may pursue Recovery Actions to the extent such actions are in the best interest of the receivership estate in that they are reasonably expected to generate additional funds to satisfy the CAM's obligations to its creditors.

#### **J. Final Distribution and Receivership Termination**

At the conclusion of the claims management process (including the resolution of any Recovery Actions), the Receiver shall submit a final accounting of his work to the Court for review and approval. Upon the final distribution, the Receiver expects to request that he be discharged and that the receivership terminated. Unless otherwise ordered by the Court, the Receiver would leave any issues relative to the dissolution of CAM to its current board and legal counsel.

**Rules and Administration Subcommittee on Ethical Conduct****Monday, April 27, 2015****Immediately Following Senate Session, Room 112, Capitol****Minutes**

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Present: Senator Sandra L. Pappas - Chair, Senator Bill Ingebrigtsen, Senator Mary Kiffmeyer, Senator Tony Lourey

Absent: No Members Absent

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Senator Sandra L. Pappas called the meeting to order at 6:24 PM

**Consideration of procedural issues related to Ethics Complaint submitted on April 13, 2015 regarding Senator Hayden.**

1. Call to Order

1. Meeting began at 6:24 pm on Monday, April 27 2015

2. Discussion of procedural issues related to Ethics complaint submitted 4/13/2015 regarding Senator Hayden

1. Senator Pappas reviewed the materials within the packet provided to members.
2. Senate Counsel Tom Bottern reviewed the history of the complaints from October 22 and November 5 2014.

3. Comments on procedural issues by Senator Hann

1. Senator Hann and Senator Thompson reviewed the previous hearings of the Subcommittee on Ethical Conduct.
2. Senator Hann and Senator Thompson presented their complaint dated April 13 2015.

4. Comments on procedural issues by Senator Hayden

1. Senator Jeff Hayden's Attorney Charlie Nauen requested that the Subcommittee on Ethical Conduct dismiss the complaint from Senator Hann and Senator Thompson.

5. Subcommittee deliberation regarding 4/13/2015 complaint

1. Senator Ingebrigtsen moved that the complaint dated April 13 2015 to be treated as an amendment to the first complaint from the hearings October 22 2014 and November 5 2014.
  1. Senator Pappas asked for response from Senator Hann, Senator Thompson, Senator Hayden and Attorney Charlie Nauen to the motion.
  2. Senator Pappas asked for a voice vote on the motion by Senator Ingebrigtsen and it failed on a voice vote.
2. Senator Lourey moved that the complaint dated April 13 2015 be dismissed.
  1. Senator Pappas asked for response from Senator Hann, Senator Thompson, Senator Hayden and Attorney Charlie Nauen to the motion.
  2. Senator Pappas asked for a voice vote on the motion by Senator Lourey and it failed on a voice vote.

3. Senator Pappas indicated she would be in touch with the committee on further scheduling of another committee hearing.

6. Adjournment

1. Meeting was adjourned at 7:22 pm.

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The meeting was adjourned at 7:22 PM

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Senator Sandra L. Pappas, Chair

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Katie Gasper, Legislative Assistant

David W. Hann  
Senate Republican Leader  
147 State Office Building  
St. Paul, Minnesota 55155  
Office Phone: 651-296-1749



## Senate

State of Minnesota

June 27, 2015

Senator Sandra L. Pappas, Chair  
Senate Rules Subcommittee on Ethical Conduct  
3205 Minnesota Senate Bldg.  
St. Paul, MN 55155

Dear Sen. Pappas:

I am writing today to once again call on you to reconvene the Subcommittee on Ethical Conduct in order to resume consideration of our complaint against Sen. Jeffrey Hayden. The subcommittee passed a motion on November 5, 2014 to reconvene within thirty days of the Department of Commerce (DOC) completing their investigation of Community Action of Minneapolis (CAM). Even though the DOC completed and made public their investigation on June 29, 2015, Commissioner Rothman wrote to you in November 2015 that his investigation "remains open pending the conclusion of the receivership and the criminal cases relating to this matter." (See attached letter from Commissioner Rothman)

Since then, an extensive federal investigation into Community Action of Minneapolis has resulted in former CEO Bill Davis pleading guilty to 16 counts of fraud and theft, which could result in over 100 years of prison time. The court appointed receiver has completed its work, closed down CAM, sold their building, destroyed their files and paid back the DOC and the Department of Human Services.

There is nothing left for Commissioner Rothman or the DOC to investigate regarding CAM. Any attempt to continue down this path can only be viewed as stalling to protect a DFL political ally. Remember, Commissioner Rothman was already accused of protecting Mr. Davis and CAM when he told his staff "the political ramifications" of voiding CAM's contracts were "greater than staff would understand." (See attached article from MPR dated December 11, 2014)

Since we last requested the Subcommittee to reconvene, Sen. Hayden all but admitted guilt when he reimbursed CAM \$3,486 for what the court appointed receiver called



Committee: Rules and Administration  
E-Mail: sen.david.hann@senate.mn

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"improper expenditures." (See attached article from the Star Tribune dated December

11, 2015)

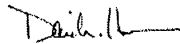
When the subcommittee does reconvene, we will address our supplemental complaint against Sen. Hayden first communicated on April 13, 2015 that you rejected in a May 6, 2015 letter. In your letter you stated your decision would "allow the subcommittee, in the event it determines that discipline should be recommended to the Senate, to further determine whether the Senator defending claims of ethical misconduct was sufficiently candid with the subcommittee in any dealings related to the complaint." Our supplemental complaint alleges Sen. Hayden lied under oath about his ethical misconduct, and since he has now reimbursed CAM for the improper expenditures, we look forward to the opportunity to bring this matter before the subcommittee. (See attached supplemental complaint dated April 13, 2015)

Our original complaint against Sen. Hayden was submitted to the subcommittee on September 24, 2014. There has been a cloud of suspicion hanging over Sen. Hayden and the Minnesota Senate for almost two years. That cloud of suspicion now also hangs over Commissioner Rothman and the DOC. Moreover, as voters head to the polls this November, Sen. Hayden's constituents deserve to know if he was involved in unethical, and potentially illegal, activity as a board member of Community Action of Minneapolis.

It is time to reconvene the subcommittee, determine probable cause under our rules, and decide on the appropriate punishment for Sen. Hayden.

Please let me know when the hearing will be called.

Sincerely,



Senator David Hann  
Senate Republican Leader



**OFFICE OF THE LEGISLATIVE AUDITOR**  
STATE OF MINNESOTA • James Nobles, Legislative Auditor

July 30, 2015

Mike Rothman, Commissioner  
Department of Commerce  
Golden Rule Building – Suite 500  
85 East 7<sup>th</sup> Place  
Saint Paul, Minnesota 55101-2198

Dear Commissioner Rothman:

The Office of the Legislative Auditor (OLA) has completed a preliminary assessment of concerns about the Department of Commerce's oversight of grant monies provided to the Community Action of Minneapolis. These concerns arose after an audit by the Department of Human Services reported serious issues about how the organization had used certain grant money.<sup>1</sup> The August 2014 report cited unallowable costs and excessive administrative costs. On September 26, 2014, the departments of Human Services and Commerce terminated the grant contracts that provided state and federal funding to Community Action of Minneapolis.

In December 2014, Minnesota Public Radio published a news story about the Department of Commerce's oversight of its grants to Community Action of Minneapolis.<sup>2</sup> It alleged that during the years prior to the critical audit report by the Department of Human Services, you had inappropriately influenced continued funding of Community Action of Minneapolis, despite significant issues your staff identified through its monitoring of Community Action of Minneapolis's compliance with federal requirements. The story reported that staff were told the contracts were not terminated because of "political ramifications." The story questioned whether the continued funding was politically motivated since both you and Mr. Bill Davis, Chief Executive Officer of Community Action of Minneapolis, were actively involved in the Democratic Farmer Labor (DFL) party. Following the Minnesota Public Radio story, you requested OLA to review the department's oversight of grants made to Community Action of Minneapolis through the Low-Income Home Energy Assistance and Weatherization Assistance programs.

### **Conclusion**

We conclude that from 2012 through 2014, Department of Commerce staff raised appropriate concerns and effectively monitored corrective actions placed on Community Action of

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<sup>1</sup> Minnesota Department of Human Services, Internal Audit Report 14-006-N, *Community Action of Minneapolis Review of Community Services Block Grant and Minnesota Community Action Grant*, dated August 7, 2014.

<sup>2</sup> Minnesota Public Radio, *Despite warnings, state kept cash flowing to controversial nonprofit*, published December 11, 2014.

Minneapolis. We were unable to substantiate allegations that you inappropriately influenced decisions to allow continued funding to Community Action of Minneapolis despite problems the department had encountered when monitoring the organization.

### **Objectives and Methodology**

The focus of our preliminary assessment was to answer the following questions:

- During the period from 2012 through 2014, were Department of Commerce decisions to continue grant funding to Community Action of Minneapolis appropriate in light of staff concerns about Community Action of Minneapolis's compliance with grant requirements?
- Is there evidence that supports the allegation that Commissioner Rothman inappropriately continued grant funding to Community Action of Minneapolis for political purposes?

To answer these questions, we examined records documenting the Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP) monitoring site visits of Community Action of Minneapolis conducted by Department of Commerce staff from 2012 through 2014. We reviewed correspondence and e-mail communications of key Department of Commerce managers and staff related to Community Action of Minneapolis. We interviewed Department of Commerce management and staff, including Commissioner Michael Rothman; Deputy Commissioner of Energy and Telecommunications, Bill Grant; and LIHEAP and WAP program managers and monitoring staff.

### **Discussion**

**During the period from 2012 through 2014, were Department of Commerce decisions to continue grant funding to Community Action of Minneapolis appropriate in light of staff concerns about Community Action of Minneapolis's compliance with grant requirements?**

Department of Commerce management appropriately responded to concerns raised by staff in their monitoring of Community Action of Minneapolis's compliance with LIHEAP and WAP grant requirements. From 2012 through 2014, staff had several different concerns that resulted in reports to Community Action of Minneapolis requiring it to take corrective action steps. In 2012, when staff detected excessive benefits totaling \$1.3 million paid to homeowners, department management levied a \$100,000 fine against Community Action of Minneapolis. In addition, the department increased the frequency and depth of its monitoring procedures to ensure the organization resolved the deficiencies. Subsequent monitoring visits in 2013 encountered concerns with timeliness of service delivery for 60 percent of the households served by Community Action of Minneapolis.

Department of Commerce management and staff told us that they considered terminating grant agreements with Community Action of Minneapolis and using an alternative service provider for

the Minneapolis area. Department management told us they weighed the significance of noncompliance by Community Action of Minneapolis against the disruption in the delivery of energy assistance to Minneapolis homeowners that could result from a change in service providers. Monitoring reports during this period showed improvement that was sufficient to avoid termination of the grant agreement with Community Action of Minneapolis. In addition to information in the monitoring reports, we were told by monitoring staff and program managers that they believed Community Action of Minneapolis was making adequate progress toward resolving compliance issues.

While department staff continued vigilant oversight of Community Action of Minneapolis, they experienced resistance from the organization. Department correspondence and e-mails showed that Mr. Davis, Chief Executive Officer of Community Action of Minneapolis, was resistant and argumentative about the monitoring results. Commerce staff were concerned that the leadership style of Mr. Davis could have an adverse impact on the organization's corrective actions. When Mr. Davis alleged that department staff's monitoring efforts were harassment, department management appropriately investigated the matter by hiring an outside investigator who could not substantiate the validity of those claims.

Upon reviewing the Department of Human Services' audit report, department management told us they started planning for a transition of energy assistance and weatherization services from Community Action of Minneapolis to a neighboring service provider (Community Action Partnership of Suburban Hennepin). To minimize program disruption, department management did not broadly discuss the plan with staff; as a result, monitoring staff were not fully informed about how the department would respond to the concerns raised in the report. Management told us that in September 2014 they initiated a renewal of all service provider LIHEAP grant agreements, but they did not intend to fully execute the contract with Community Action of Minneapolis. They told us they did not want to alert the organization of their intention to terminate the grant until they had put in place the arrangements necessary to continue to provide services without interruption. The department never authorized the grant agreement, and it did not become effective.

**Was there evidence to support the allegation that Commissioner Rothman inappropriately continued grant funding to Community Action of Minneapolis for political purposes?**

Our interviews of Department of Commerce management and staff, and reviews of e-mail and other correspondence, showed no indication that the department was lenient toward Community Action of Minneapolis for political purposes. On the contrary, the evidence shows that the department increased its oversight and monitoring to ensure the organization corrected deficiencies. Department employees told us they were not pressured by Commissioner Rothman to be more tolerant of noncompliance issues they encountered with Community Action of Minneapolis. In addition, Commissioner Rothman said that he had little direct or indirect interaction with Mr. Davis since being appointed as commissioner, and any political relationships preceded his appointment as Commerce commissioner.

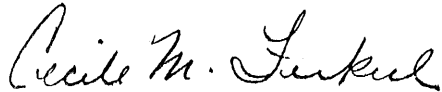


Mr. Mike Rothman, Commissioner  
July 30, 2015  
Page 4

Monitoring staff and Deputy Commissioner Grant confirmed that Mr. Grant had told staff there could be “political ramifications” if the department terminated its grant agreement with Community Action of Minneapolis. Mr. Grant told us that this was a poor choice of words on his part and that staff misinterpreted his meaning. He said what he had meant was that the discontinuation of services through an established organization with which homeowners were familiar would cause homeowner apprehension. Beyond Mr. Grant’s isolated use of the term “political ramifications,” no management or staff could cite other evidence, and we found no other documents or e-mails to substantiate this concern.

This review was conducted by Brad White, CPA, CISA, CFE, Audit Director, and Jordan Bjonfald, CPA, Senior Auditor. We thank the Department of Commerce’s management and staff for fully cooperating with OLA during this review.

Sincerely,

A handwritten signature in cursive script that reads "Cecile M. Ferkul".

Cecile M. Ferkul, CPA, CISA  
Deputy Legislative Auditor

Cc: Anne O'Connor, Deputy Commissioner and Chief of Staff  
Bill Grant, Deputy Commissioner of Energy and Telecommunications

**David W. Hann**  
Senate Republican Leader  
147 State Office Building  
St. Paul, Minnesota 55155  
Office Phone: 651-296-1749



## Senate

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### State of Minnesota

October 19, 2015

Senator Sandra L. Pappas, Chair  
Senate Rules Subcommittee on Ethical Conduct  
616 UBS Building  
444 Cedar Avenue  
St. Paul, MN 55101

Dear Senator Pappas:

I am writing today to call on you to reconvene the Subcommittee on Ethical Conduct in order to resume consideration of our complaint against Senator Jeffrey Hayden. The subcommittee passed a motion on November 5, 2014, to reconvene within thirty days of the Department of Commerce (DOC) completing their investigation of Community Action of Minneapolis (CAM). The DOC completed and made public their investigation on June 29, 2015. We are now well beyond the thirty day window to comply with the subcommittee's motion.

Subsequent to the DOC releasing their report, the court appointed receiver of CAM released a regular monthly report to the court on October 7, 2015, that provides more facts about Senator Hayden's conduct in regard to CAM. Specifically, the receiver made a demand to recover \$3,486 in "improper expenditures" from Senator Hayden and his wife. The receiver also noted that Senator Hayden's actions do not match his public statements and his "lack of oversight" of CAM "arguably give rise to a claim for breach of fiduciary duty."

The report by the court appointed receiver provides new facts to support the original charges we filed against Senator Hayden in our September 24, 2014, complaint. During the November 5, 2014, hearing of the Subcommittee on Ethical Conduct Senator Lourey, and Senator Hayden (through his attorney), and you repeatedly argued it was too early to determine probable cause because you didn't have all the facts. With the completion of the DOC investigation and the recent report of the receiver these additional facts can now be presented to the subcommittee.

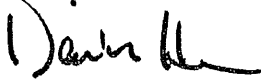
Committee: Rules and Administration  
E-Mail: [sen.david.hann@senate.mn](mailto:sen.david.hann@senate.mn)

When the subcommittee does reconvene we will address our supplemental complaint against Senator Hayden first communicated on April 13, 2015, that you rejected in a May 6, 2015, letter. In your letter you stated your decision would "allow the subcommittee, in the event it determines that discipline should be recommended to the Senate, to further determine whether the Senator defending claims of ethical misconduct was sufficiently candid with the subcommittee in any dealings related to the complaint." Our supplemental complaint alleges Senator Hayden lied under oath about his ethical misconduct. We look forward to the opportunity to bring this matter before the subcommittee.

Our original complaint against Senator Hayden was submitted to the subcommittee on September 24, 2014. There has been a cloud of suspicion hanging over Senator Hayden and the Minnesota Senate for more than one year. It is time to reconvene the subcommittee, determine probable cause under our rules, and decide on the appropriate punishment for Senator Hayden.

Please let me know when the hearing will be called.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Hann", with a stylized flourish at the end.

David W. Hann  
Senate Minority Leader

## Elizabeth Lincoln

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**From:** Tom Bottern <Tom.Bottern@senate.mn>  
**Sent:** Tuesday, November 03, 2015 3:50 PM  
**To:** Elizabeth Lincoln  
**Subject:** FW: Ethics Letter

FYI

**From:** Sen.David Hann  
**Sent:** Monday, November 02, 2015 2:30 PM  
**To:** Sen.Sandra Pappas <sandrap@senate.mn>; Sen.Tony Lourey <Sen.Tony.Lourey@senate.mn>; Sen.Michelle Fischbach <Sen.Michelle.Fischbach@senate.mn>; Sen.Mary Kiffmeyer <Sen.Mary.Kiffmeyer@senate.mn>; Sen.Jeff Hayden <jeffh@senate.mn>; Sen.Bill Ingebrigtsen <Sen.Bill.Ingebrigtsen@senate.mn>  
**Cc:** Catherine Ryan <Catherine.Ryan@senate.mn>; Mike Harris <Mike.Harris@senate.mn>; Adam Hanson <adam.hanson@senate.mn>; Dallas Fischer <Dallas.Fischer@senate.mn>; Patricia Rooney <Patricia.Rooney@senate.mn>; Liz Young <Liz.Young@senate.mn>; Tom Bottern <Tom.Bottern@senate.mn>; Jacquelyn Clinton <jacquelyn.clinton@senate.mn>  
**Subject:** Ethics Letter

Sen. Pappas:

Thank you for copying me on your letter to Commissioner Rothman at the Department of Commerce. I look forward to his response but in the meantime wanted to make sure you saw their compliance audit dated June 29, 2015. The report provides specific details about misuse of state funds by Community Action Minneapolis (CAM) and the lack of oversight by the CAM board. It concludes that CAM should repay the Department of Commerce \$347,718.60. The court appointed receiver is winding down the process of selling CAM's assets and paying back creditors including the Department of Commerce and the Department of Human Services.

Again, I await Commissioner Rothman's response, but in the interest of justice for Sen. Hayden and the reputation of the Minnesota Senate, urge you to reconvene the Subcommittee on Ethical Conduct and bring this matter to conclusion.

The Commerce Department compliance audit can be found here:

<http://blogs.mprnews.org/capitol-view/2015/07/commerce-department-seeks-245000-from-non-profit/>

Thank you,

Sen. David Hann



# Calls grow for nonprofit director to resign

VRD from Al id his own way. To be clear, neither Terri nor I accepted compensation for any cruises, spas, vacations to the Bahamas, or any inappropriate, non-board activities," Hayden said.

Republicans say they were surprised by the pattern of financial abuse outlined in the audit, first reported in the Star Tribune.

"I have looked at the report and it's pretty shocking. It's a blatant example of complete lack of oversight by the board," said Senate Minority Leader David Hann, R-Eden Prairie. "We have determined at this point that this is an issue that needs to be brought before our ethics committee."

In addition to the Senate ethics complaint, Minneapolis public schools officials say Hayden and Sen. Bobby Joe Champion, a Democrat, threatened to withhold state aid if the district did not award a contract to a North Side community organiza-

tion, Community Standards Initiative.

Minneapolis City Council President Barbara Johnson said the city is going to hire an outside auditor to review the contracts that the city gave Community Action to determine if money was spent correctly.

She said the city is also working to ensure that Minneapolis residents who need heating assistance and career counseling from Community Action continue to be served regardless of who is at the helm of the organization.

Davis has not returned numerous phone calls seeking comment and did not supply the Star Tribune with the 112 page response he said his organization sent Department of Human Services auditors.

Hayden is the second high-profile politician to leave the organization in as many days. Democratic U.S. Rep. Keith Ellison stepped down from the board Monday after reviewing

the audit.

The board held an emergency meeting Tuesday. Only six of the 11 board members were present at the meeting, including Fay Harrison, Ellison's alternate, and Natalie Johnson Lee, Council Member Blong Yang's alternate. The Star Tribune was not allowed to attend the meeting.

Neither Terri nor Jeff Hayden were present. The outcome of the meeting was not immediately known.

Before the meeting, Community Action released a statement on its Facebook page saying news reports show only "one perspective and contain inaccuracies."

The group said it is in the process of working to clarify items that have been questioned, and making adjustments where needed to strengthen the organization and move forward.

"We remain confident in our ability to provide high-quality services to our low-income customers, and stay commit-



GLEN STUBBE • @startribune.com  
State Sen. Jeff Hayden, DFL-Minneapolis, is the second high-profile politician to quit.

ted to our important work of empowering low-income Minneapolis residents and creating change in our community," the statement said.

Though much scrutiny has been aimed at Davis in recent days, the DHS audit placed much of its blame on the board. It repeatedly points to the board's lack of oversight, which DHS said contribut-

ing to "a culture of excessive spending."

By federal law, community action boards across the country are required to be equally made up of private-sector members, low-income people and local elected officials.

Ellison, Hayden, Johnson and City Council Member Robert Lilligren were on the board during the time covered by the audit. All have said they appointed alternates and did not regularly attend meetings.

Jon Pratt, the executive director of the Minnesota Council of Nonprofits, said it's hard to know who on the board should be held responsible when it's unclear who exactly was on the board.

For example, for its 2012 tax filings, the organization listed Ellison's alternate Fay Harrison as a board member. But in 2011, Ellison's name appears.

"It's hard to tell from looking at the list it's going to be hard to tell for the actual people on the board who is respon-

sible," Pratt said. "They need to get clear who is actually on the board. Those board members have a fiduciary responsibility over the organization's finances."

The alleged misspending at Community Action of Minneapolis has put the spotlight on the other 25 community action programs across the state.

The head of Minnesota Community Action Partnership, an organization comprised of all community action groups, called what has happened in Minneapolis a "tragic scandal" for a "unique and isolated organization."

"[The community action agencies] are very proud of their results for low-income Minnesotans," said Arnie Anderson, executive director, Minnesota Community Action Partnership. "They are very proud of their hard-earned reputations for being trusted stewards of public funds."

Alejandra Matos • 612-673-4028

## New Treasury rules unlikely to stop deal

• MEDTRONIC from Al deals has stirred a political clash, with President Obama calling companies that pursue them unpatriotic.

The Obama administration has urged Congress to pass a tax-reform bill to outlaw the deals. Defenders of the maneuver argue that inversions are rational and legal responses to the United States' high corporate tax rate and its unusual policy of taxing some business that takes place in other countries.

With little progress seen on several pending anti-inversion bills, Treasury Secretary Jacob Lew announced five new rules Monday night that would remove some of the economic incentives the deals offer.

Medtronic officials are still studying the changes. "We will release our perspective on any potential impact on our pending acquisition of Covidien following our complete review," spokesman Fernando Vivanco wrote in an e-mail.

Analysts said the new rules didn't go as far as they could have, although they still complicate matters for inversion-bound companies. The new rules apply to deals that close after Monday, even if they were announced previously, but they don't apply retroactively to deals that already closed.

Among other provisions, Treasury is taking aim at a central feature of the Medtronic-Covidien tie-up, which is the ability to loan billions of dollars between foreign subsidiaries same company without ally bringing the money into the United States and triggering a 35 percent "repatriation" tax on the money.

Medtronic executives had been planning to transfer \$14 billion in overseas cash to a new foreign subsidiary through one of these "hopscotch" loans to cover nearly all of the cash required in the deal. The remainder of the

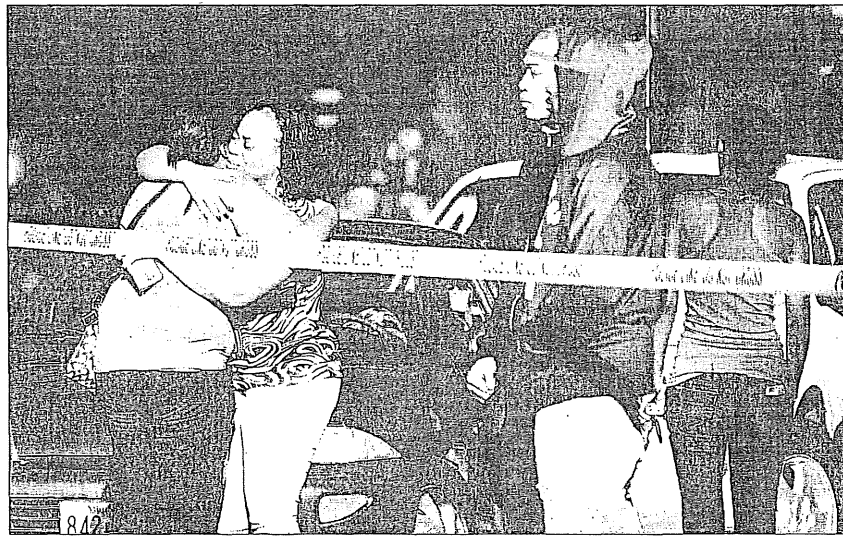
result in Medtronic PLC being treated as a U.S. corporation which, as we understand it, is the only condition in the merger agreement that permits the 'no fault' abrogation of the deal," corporate tax adviser Robert Willens wrote in a note to clients Monday night. "These rules do not strike anything like a mortal blow."

Another potential option available to Medtronic would be to file a lawsuit to challenge Treasury's legal authority to issue the rules. But the deliberate pace of the legal system means the final outcome of such a challenge would remain uncertain long after the deal's expected closing date. And it's not clear such a case stands a good chance of prevailing in court anyway.

"Although there likely will be challenges to this guidance, it is always difficult for taxpayers to overturn Treasury guidance that has gone through appropriate notice and comment," said J. Richard Harvey Jr., a professor with the Villanova School of Law in Pennsylvania, in an e-mail. "Thus, as long as Treasury follows the proper procedures, they should have the upper hand in any litigation."

Lew did raise the prospect of a second round of rules from Treasury that would attack another inversion tactic called "earnings stripping," in which deductions on interest from intracompany loans are used to offset the taxes due on U.S. earnings. But a note to investors from Morgan Stanley Research late Monday said Medtronic is not as exposed to that risk, so future rules on that front would not pose a significant challenge to the deal.

Inversions remain politically unpopular — a Star Tribune Minnesota Poll this month found that two-thirds of voters think inversions should be illegal. Several bills to crack



SEPT. 16: Relatives of a teenager shot to death in the 2300 block of Fremont Avenue N. grieved at the scene.

## In wake of more deadly shootings, activists demand to talk to mayor

• SHOOTINGS from Al letter he sent three months ago seeking a meeting.

"You can't even get the person who's supposed to be out there as the community ambassador to respond," Haydensaid, adding, "How do you deal with a community who's reaching out to the chief and she's not receptive to that?"

Several other community leaders attended Tuesday's meeting, including Al Flowers, a longtime activist who heads CSI. Flowers also expressed frustration at what he characterized as the lack of support from law enforcement officials.

Minneapolis Police Department spokesman Scott Seroka, however, said the chief has reached out to Hayden and wants to set up a meeting with his group.



RICHARD TSONG-TAATARI • rtsong@startribune.com  
SUNDAY: Police officers combed a fatal shooting scene just two blocks from Edison High School.

an oversight body that serves as an intermediary between police and the community.

The chief also has faced mounting criticism from

the latest shootings. Most of them occurred on the North Side, where gang violence has rippled through several neighborhoods in recent months,

chez, 36, of Minneapolis, was gunned down about 6:25 a.m. Sunday at the corner of 22nd Avenue NE and 7th Street as he walked home from the bus stop. No one has been arrested in the case.

• Earl Lee Malone, 18, of Edina, was fatally shot and left in front of a house on the 2600 block of Knox Avenue about 11 p.m. Saturday. Police later arrested a 21-year-old man in connection with the shooting, but it's unclear when charges will be brought.

• Jemario Langston, 17, of Minneapolis, was shot and killed Sept. 16 by assailants who chased him to his aunt's house. After hearing gunshots, the aunt opened her back door to find his sprawled body. No one has been arrested.

The Bogus Boys have been locked in a long-simmering

## GET BACK TO GARDEN

Must-do chores before winter strikes **VARIETY**



## TWINS LEAVE A MESS

Top 4 areas the team needs to improve **SPORTS**

wednesday  
SEPTEMBER 24, 2014

# StarTribune

WINNER OF TWO ★ 2013 PULITZER PRIZES

70°/58°  
Midweek showers  
Cloudy with storms. B8

copy to B8 &

100 114.325

### TOP NEWS



### CHARTING PATH OF AN EPIDEMIC

Ebola outbreak could explode to 1.4 million deaths by end by January, experts say. A10

**Obama urges climate action**  
One-day U.N. summit laid groundwork for global treaty in 2015. A3

**Kidnapping acts killed**  
A storm West Bank hideout, kill 2 suspected in teens' murders. A10

**Prison count down slightly**  
Holder hails first drop in federal prison population in decades. A2

**More nonstop flights to Asia?**  
Delta CEO says new planes will unlock long-distance markets. D1

### LOCAL NEWS

**St. Paul bridge needs repairs**  
Traffic limits begin next week on Kellogg Blvd.-3rd Street bridge. B1

**Body ID'd as NDSU student**  
News unleashes flood of sorrow from Sartell man's friends, family. B1

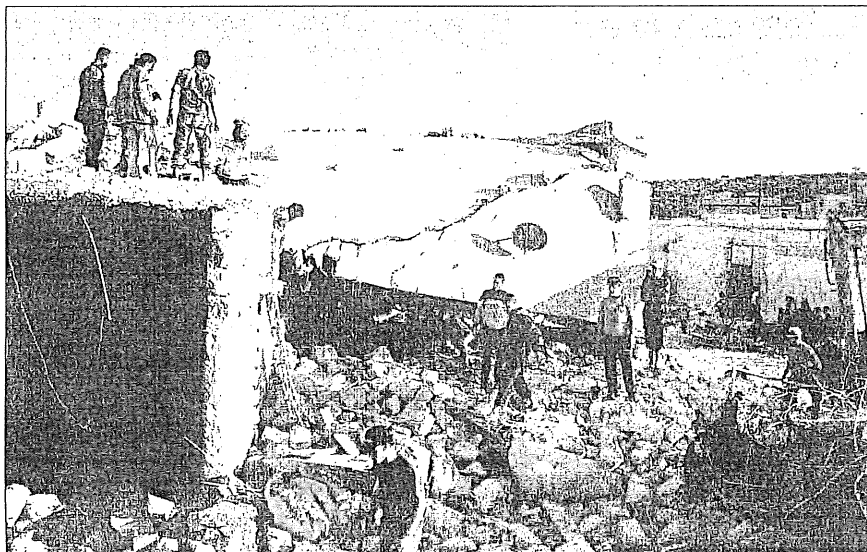
**Make way for polar bears**  
Como Zoo doubles population with arrival of 2-year-old twins. B3

### SPORTS

**ie's drive yder Cup**  
Spieth is one of 3 rookies who hope to claim the golf cup for the U.S. C9

**Wild's Dumba fights for spot**  
Defensman faces fierce competition for NHL return. C2

## Fight against ISIL 'will take time,' Obama says



**WAR FOOTING:** A house damaged by U.S. airstrikes, top, in Kfar Derian, Syria; above, left, President Obama at the White House; above right, U.S. Navy fighters prepared to launch from the flight deck of the aircraft carrier USS George H.W. Bush on Tuesday.

Associated Press, Tribune News Service

## Airstrikes also target Khorasan, an Al-Qaida affiliate in Syria

By MARK LANDLER, BEN HUBBARD and HELENE COOPER • New York Times

WASHINGTON - President Obama on Tuesday hailed the U.S.-led coalition that conducted airstrikes against the Islamic State in Iraq and the Levant (ISIL) in Syria on Tuesday, declaring, "We're going to do what is necessary to take the fight to this terrorist group."

Speaking on the South Lawn of the White House, Obama said U.S. planes had also struck targets of another militant group, Khorasan, and declared that there would be "no safe haven" for the group, which officials say is linked to Al-Qaida

and has been plotting attacks against Americans.

The United States already has bombed ISIL targets in Iraq at that country's request. But it did not seek permission to bomb the group in neighboring Syria.

The president emphasized that Saudi Arabia, Jordan, the United Arab Emirates, Qatar and Bahrain had taken part in the air operation.

"America is proud to stand shoulder to shoulder with these nations on behalf of our common security," he said. "The strength of this coalition makes clear to the world that this is not just America's fight alone." The fight, he said, "will

See ISIL on A5 ▶

### TERROR ALERT

- The Homeland Security Department warned law enforcement agencies to be on heightened alert.
- Warning mentioned lone-wolf terrorism attacks.

**THREAT:** Airstrikes on Khorasan showed new concerns about Al-Qaida. A4

**REACTION:** Congress, the world respond. A5

## Senator resigns besieged agency

Sen. Hayden, facing GOP ethics complaint, blasts Community Action CEO.

By ALEJANDRA MATOS 9/24/14  
alejandra.matos@startribune.com

State Sen. Jeff Hayden abruptly quit the Community Action of Minneapolis board Tuesday, demanding that the embattled nonprofit's longtime leader also resign.

It was another day of growing turmoil for an organization that has been under fire after a state audit concluded that Bill Davis, who has been chief executive of the group that serves low-income Minneapolis for more than two decades, mis-spent more than \$800,000 in taxpayer dollars.

Hayden, DFL-Minneapolis, called the audit's findings an "inexcusable misuse of public funds" by Davis. "If these findings are shown to be true, Mr. Davis should resign."

Hayden and other Community Action board members are facing intense questions themselves for failing to oversee the spending of the organization. Some of them may also have benefited from the hundreds of thousands of dollars the audit said was spent on numerous trips, a celebrity cruise, spas, golf and other expenses.

Republicans have called a Wednesday news conference to announce an ethics complaint against Hayden for "using his elected office for personal gain," but he denied any improprieties.

Hayden said he and his wife, who served as his alternate on the board, attended the organization's retreat at Arrowwood Resort in Alexandria, but that

See BOARD on A6 ▶



RENEE JONES SCHNEIDER • Star Tribune  
Bill Davis, CEO of Community Action of Minneapolis, is under fire after a state audit.

30.209 30.337 30.347  
**Anger simmers over shootings**

39.165 33.155  
**New regulations unlikely to stop Modtron deal**



# Twin cities+region

STARTRIBUNE.COM/LOCAL SECTION B • THURSDAY, SEPTEMBER 25,

**Embattled nonprofit left its clients out in the cold**

Community Action of Minneapolis has a precious tagline in what appears to be a mission statement on its website.

"The philosophy of eliminating 'the paradox of poverty in the midst of plenty' remains the key concept that motivates CAAs today," the website said.

Sounds like the agency should have started eliminating that paradox inside its own offices first.

According to an audit by the state Department of Human Services, leaders of the nonprofit used taxpayer money to pay for a celebrity cruise and trips to Palm Beach and the Bahamas, and spent public money on bonuses, golf, spa treatments, furniture, alcohol and a personal car loan.

The personal car loan was for the CEO, Bill Davis, who also got paid a \$273,000 salary (one of the highest in the local nonprofit world, while he oversees a relatively small agency). I note that the agency offers "financial literacy courses" to help people learn to do a budget. A guy who makes nearly \$300 grand and still needs a car loan from his nonprofit might want to sit in on the course.

Leaders and former board members might also want to take advantage of the "free legal advice" offered

See TEVLIN on B5 ▶

## State sues firm over car warranties

Eagan woman said it took nearly a year to get her refund after she canceled her contract.

By JENNIFER BJORKHUS • jenniferbjorkhus@startribune.com

Minnesota Attorney General Lori Swanson is suing a Texas auto warranty company for deceptive tactics, saying it's violating its promise of a full refund within 30 days.

The lawsuit is part of a broader investigation into extended auto warranties, Swanson said.

The state is seeking unspecified civil penalties and restitution for affected customers of Enterprise Financial Group Inc. of Irving, Texas. The company has sold more than 3,700 extended auto warranties to Minnesota customers since 2009, according to the state's lawsuit filed Wednesday in Hennepin County District Court. The warranties, also called service contracts, typically

## GOP seeks probe of senator

They say Sen. Jeff Hayden "should have known better" in dealings with Mpls. nonprofit.

By ALEJANDRA MATOS • alejandramatos@startribune.com

Minnesota GOP state senators are filing an ethics complaint against a Democratic legislator involved in an embattled Minneapolis nonprofit.

Republicans on Wednesday called for a Senate probe of whether Sen. Jeff Hayden and his wife financially benefited from their ties to Community Action of Minneapolis.

"Bottom line is [Hayden] should have known better," said Senate Minority Leader David Hann, R-Eden Prairie. "He should have known better [than] to accept perks from a taxpayer funded organization."

Hayden, DFL-Minneapolis, released a statement saying he already responded to the concerns outlined in the complaint.

"I look forward to resolving this matter before the Subcommittee on Ethical Conduct as soon as possible," Hayden said. "A thorough review of the facts will demonstrate clearly

that my conduct was lawful and ethical and in no way violated the rules or norms of the Senate."

Community Action of Minneapolis has faced withering criticism the last few days after a state audit concluded that its longtime chief executive, Bill Davis, mispent \$800,000 in taxpayer dollars on travel, celebrity cruises, a personal car loan and trips for board members.

On Wednesday, the Minnesota Community Action Partnership, the statewide association of Community Action agencies, called for the resignation of Hayden.

See HAYDEN on B2 ▶



GLEN STUBBE • gstubbe@startribune.com  
Sens. David Hann, left, and Dan Hall filed a complaint against their colleague, alleging a betrayal of trust.

## Police chief defends her decisions

Chief Janeé Harteau explained her decision to bow out of a potentially testy meeting to address community violence.



KYNDELL HARKNESS • kyndell.harkness@startribune.com

Police Chief Janeé Harteau: "I want to hear from many people, and not just a few," she said, addressing her response to community violence.

By LIBOR JANY • libor.jany@startribune.com

Minneapolis Police Chief Janeé Harteau on Wednesday defended her decision to pull out of a recent community meeting and vowed to be deeply engaged with residents and critics.

"We need to provide platforms and opportunities for people to speak," Harteau said at a north Minneapolis news conference. "We will continue to do that."

Harteau spoke amid lingering criticism for not meeting with concerned residents and then for abruptly canceling her appearance at a potentially testy gathering last week. It also

came after a string of shootings left at least three people dead and 16 wounded across the city, including a triple shooting early Tuesday at a south Minneapolis gas station.

Minneapolis police released a two-page handout showing the steps they have taken to reach out to the community and quell violence around the city.

Police have convened safety summits, paid overtime to beef up patrols in areas where crime has spiked, improved youth outreach and taken steps to get police out into the communities more. The department is also scrambling to hire new officers after a large wave of

retirements depleted its ranks.

Harteau said her decision to bow out of a Sept. 18 community meeting on police accountability came after several tips on social media that the event could devolve into a nasty, even physical confrontation with police.

The chief said she worried that the possibility of a few passionate activists would have drowned out residents with their own concerns and questions.

She wanted to avoid a situation where "people who want to be heard don't get heard because the same people dominate the conversation."

See HARTEAU on B5 ▶

## Twelve indicted in multistate meth trafficking ring

In addition, the state will receive \$737,000 in federal funding for the expansion, modernization, and improvement of four of Minnesota's five veterans' homes. Both grants come from the U.S. Department of Veterans Affairs.

The \$35 million grant will be used to complete the renovation and expansion of the Minneapolis home, including the construction of a 100-bed skilled nursing facility. The project also will include a tunnel connecting all of the skilled nursing buildings on the vet home campus. Dayton and the Legislature provided \$18.9 million of state matching funds for the project during the 2013 session.

Construction on the third Mark Brunswick 612-673-4434

## With floods gone, so goes extra lane on 169

By TIM HARLOW  
tim.harlow@startribune.com

Back in June, the Minnesota Department of Transportation gave Hwy. 169 commuters an extra lane to help traffic flow and increase capacity on the Bloomington Ferry Bridge when floodwaters put crossings at Hwy. 41 and 101 under water.

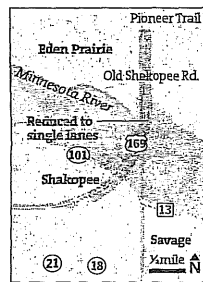
Now the extra lanes are going away.

This weekend, MnDOT will re-stripe both directions of Hwy. 169 between Hwy. 101 and Old Shakopee Road and return the highway to its original configuration.

Starting at 4 p.m. Friday, northbound Hwy. 169 will be reduced to a single lane from County Road 18 in Shakopee to Pioneer Trail. Southbound from Pioneer Trail to County Road 18 will go down to a single lane at 7 p.m.

Northbound drivers will go in single file until 5 a.m. Monday.

Southbound motorists get a slight reprieve. MnDOT will open all lanes at 7 a.m. Saturday to ease traffic heading to the final weekend of the Renaissance Festival. On Sunday evening, the southbound



Source: MnDOT Technologies  
RAY GRUMNEY • Star Tribune

stretch will go back to a single lane until 5 a.m. Monday to allow crews to finish stripping the shoulder.

Commuters from the southwest metro may wonder why MnDOT doesn't just leave the extra lane, which has greatly helped traffic in the past three months. "The extra lane reduces the shoulder and lane width, which isn't an issue during the summer. However, it does cause problems for the winter," said spokeswoman Kirsten Klein. "It leaves little room for snow storage and is a safety compromise."

Tim Harlow • 612-673-7768

"Yeah," she told me, returning to what she told Anderson: "OK, well, I can, like, flat-iron your hair or something."

Using a dramatic, breathy tone of voice to mimic Anderson, Black-Johnson said the ESPNer said, 'NO! I need a color.' The salon owner said she told the sports reporter, 'Girl, I've not doing that today. Then she went, 'Well, I'm just going to be honest with you. I'm from ESPN. My name is such-and-such-and I'm going on TV at 8 a.m. in the morning. I'm reporting on the Adrian Peterson story. So I was like, 'Awwww. Come on in,' " laughed Black-Johnson. "We ended up having a blast. She was calling the governor, calling the Vikings, calling everybody trying to get a statement, while I'm doing her hair. We ate a little at Moose & Sadie's, around the corner. Had us a good time and then the big limo came

reporter and I did research and I read your whole website. I'm like, 'Wow! I created and designed my own website, because I'm also a Web developer.'"

Three matters regarding my startribune.com/video of Anderson: 1) Black-Johnson was not expecting me when I turned up at her salon, with my camera, to confirm this tip, so her hair is not the way she likes it to be seen. 2) Listen to the music the Vikings are exercising to here. It's not my kind of music, but I recognize that it was hip (and even included some naughty words—which you will not hear on my



IN NEED OF  
HAIR STYLIST  
ESPN's Josina  
Anderson had a  
hair emergency  
last week.

purcaser's lifestyle, which involves six children, according to info his mom gave the Houston Chronicle.

"Anyone know if the [B]ible says anything about having kids with multiple women out of wedlock? #NFL," wrote Smith, apparently also taking a jab at the frequency with which Peterson has been quoted scripture.

Then Smith softened it up by tweeting: "I don't believe Adrian is a bad person—we all can have thinking distorted by our upbringing. I hope he and his family find help and healing."

We all do. And I hope Peterson, who may have forgotten his own strength, returns to the Vikings once his legal matters are resolved.

C.J. can be reached at cj@startribune.com and seen on FOX 9's "Buzz." E-mailers, please state a subject; "Hello" does not count. Attachments are not opened.

## Libertarian scoffs at Twin Cities planning

Cato Institute fellow takes on U of M law professor.

By JOHN REINAN  
john.reinan@startribune.com

Planners are "the Ebola of urban living." The Twin Cities should strive to be more like Houston. And we'd be better off financially if we bought a Tesla automobile for each new southwest metro rail commuter, instead of building a light-rail system to serve them.

That was just the opening salvo fired by Randal O'Toole, an author and senior fellow at the libertarian Cato Institute in Washington, D.C. O'Toole was in the Twin Cities on Wednesday as one-half of a debate on land use with Myron Orfield, a University of Minnesota law professor and senior fellow at the Brookings Institution, another D.C. think tank that bills itself as offering "innovative policy solutions."

The dueling fellows faced off at a meeting of the Sensible Land Use Coalition, a Twin Cities group that includes both professional planners and land developers. Their

debate may not have changed many minds, but it forcefully highlighted the differing viewpoints between those who believe government should plan for growth, and those who believe the market should decide.

After O'Toole's vigorous opening, Orfield fired back, referring to loosely regulated areas—many of them in the rural northern metro—as

doing so well."

Making land-use decisions on a sensible, orderly basis, Orfield argued, is the kind of planning "that is the practice of every efficient corporation."

O'Toole said that today's leading trend in urban planning, often called "new urbanism," is "dedicated to turning cities across the country into Greenwich Village."

ning.

"You should go to Houston and look around Houston," Orfield retorted. "It's not everybody's cup of tea to have low density without the urban amenities."

As the debate ended, a questioner from the audience asked O'Toole, "Is there anything the two of you agree on?" He paused... and paused... and the room broke out in

"The Metropolitan Council was not created to spread pointy-headed socialism. It was created to keep our water clean."

Myron Orfield, U of M law professor

"the Randall O'Toole Belt."

"The Metropolitan Council was not created to spread pointy-headed socialism," Orfield said. "It was created to keep our water clean. The people living in the Randall O'Toole Belt aren't doing so well. Their lakes aren't

"I don't mind building Greenwich Village if people want to live in Greenwich Village," he said, but "I don't like subsidies or zoning mandates. That is what most urban planners are doing these days." O'Toole cited Houston and Indianapolis as cities that are thriving with little or no plan-

laughter.

"I doubt if I changed any minds," O'Toole said afterward, "but I hope I gave the people who agree with me some ammunition."

John Reinan • 612-673-7402

## GOP seeking ethics probe of DFL senator

• HAYDEN from Bl nation of Davis and the entire board.

In the ethics complaint, six GOP senators said Hayden was part of an effort to misuse state and federal dollars cited by the Department Human Services audit. They also say Hayden used his position as deputy majority leader to influence the Minneapolis school board to award a \$375,000 contract to Community Standards Initiative, which proposed an outreach program to address the district's vast academic achievement gap.

The two allegations, the GOP says, "betray the public trust and brings the Senate into dishonor or disrepute."

Once the complaint is filed, the ethics committee will have 30 days to respond. If it decides to investigate the complaint, it can do so immediately or wait until a later time, Hann said. The committee in question has two Democrats and two Republicans.

Davis said in an earlier

interview he can refute the audit's most damaging findings. He said that he submitted more than 100 pages of evidence to counter the audit's conclusions but that state leaders did not include them in the final report.

Davis has declined to make public the 100 pages the organization sent to auditors.

The audit also found that board members did little to ensure that tax dollars were being wisely used.

Hayden served on the Community Action of Minneapolis board, but designated his wife, Terri, as his alternate from 2011-2013, the time frame covered in the audit.

Board members say they saw Hayden and his wife in attendance at board retreats at Alexandria's Arrowwood Resort. Hayden said he paid for his own expenses while on the trip.

Hann said having his wife serve on the board does not excuse Hayden of his responsibilities as a public board

member.

"Why did he allow others to accept those things? As a board member, why would you allow the wrong expenditure of money to continue?" Hann asked.

Hayden resigned from the board Tuesday, and joined others in calling for Davis to resign from a post that he has held for 24 years.

Leaders for Minnesota Community Action Partnership, the statewide association of Community Action agencies, said Wednesday that the organization's mission cannot be "achieved with this chaos."

"We believe that one result of the DHS audit is such widespread belief that your collective judgment has betrayed public trust, and worse, that no good purpose can be served by continuing to serve in your positions," MinnCAP Chairman Robert Benes and Executive Director Arnie Anderson said in a letter to the board and Davis. "We have no doubt that the correct thing is for you to

resign, and to resign immediately, to clear the way for new leadership," the letter said.

Davis, who did not return repeated messages Wednesday, appears to be gearing for a fight.

At an emergency board meeting Tuesday night, his job status never came up, board members said.

Council Member Blong Yang, who is now on the board, said his alternate, Natalie Johnson Lee, told him the board is "digging in and prepared to fight this."

A second complaint

The complaint also called into question Hayden's involvement with Community Standards Initiative, a group led by Clarence Hightower and Al Flowers.

In March 2013, Hayden authored a bill appropriating \$350,000 to CSL to reduce the achievement gap in Minneapolis. The organization failed to meet its goals as of early September and district officials



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Senate Minority Leader David Hann: "Hayden misused his influence as a state senator."

were planning to stop payments on the contract.

According to a Star Tribune source, Hayden and Sen. Bobby Jo Champion threatened to withhold state aid if Minneapolis school officials did not approve the contract.

Hayden and Champion denied the allegation and said they were "disappointed... and are deeply concerned over what we fear is a signal that MPS is unwilling to pursue good faith partnerships with community-based organizations in support of their underperforming schools."

The Senate ethics com-

plaint also alleges Hayden failed to disclose a conflict of interest with CSI. Hayden's father, Peter, is a member of CSI's public safety subcommittee. It is not clear whether that is a paid position.

"Hayden misused his influence as a state senator... to unduly influence the Minneapolis school board to approve a [contract] to an organization that financially benefited his friends and family members, and possibly himself," the complaint said.

Alejandra Matos • 612-673-4028  
Twitter: @amatos12





## Republican legislators press Hayden during ethics inquiry

Article by: Alejandra Matos  
Star Tribune  
October 23, 2014 - 11:00 AM

Republican legislators are demanding more information about whether DFL Sen. Jeff Hayden abused his power and aided the misspending of taxpayer money.

During an ethics hearing Wednesday, lawmakers asked Minneapolis school board officials to submit affidavits detailing whether Hayden and Sen. Bobby Joe Champion, DFL-Minneapolis, threatened to withhold state funding if the district did not award a \$375,000 contract to Community Standards Initiative (CSI), a group whose mission was to close the achievement gap.

Lawmakers also are asking the state Commerce and Human Services departments to provide any documents that detail what role Hayden played in Community Action of Minneapolis' alleged misspending.

DFLers and Republicans provided vastly different accounts of the outcome of Wednesday's hearing.

"We are pleased the Ethics Subcommittee granted a de facto probable cause ruling regarding our complaint against [Hayden]," Senate Minority Leader David Hann, R-Eden Prairie, said after the hearing. "The subcommittee wants more information and facts before they make their final decision in this important matter."

The hearing was the first time Hayden has spoken publicly about the allegations. In a statement, he said that the evidence presented at hearing was "nothing more than speculation and misinformation."

"A thorough consideration of the facts by a bipartisan subcommittee failed to demonstrate that my conduct was in any way unethical or in violation of the rules of the Senate," he said.

The ethics subcommittee will continue its proceedings on Nov. 5, the same day it will hear a similar complaint against Champion, also filed by Senate Republicans.

The ethics inquiry stems from the Star Tribune's reporting on Hayden's connections with CSI and Community Action. Hayden appointed his wife to serve on his behalf on the board of Community Action, which was at the center of a state audit that alleges misspending of more than \$800,000, including trips for board members.

The subcommittee tried to determine whether there was probable cause to act against Hayden. For nearly two hours, it deliberated the validity of the allegations that Hayden threatened to withhold funding to the district.

State Sen. Tony Lourey, DFL-Kerrick, criticized Hann's reliance on news media accounts without doing his own investigation.

"We are public officials. People can, and do, say all kinds of things about us," Lourey said. He said Hann's complaint relied on an unnamed source quoted in the Star Tribune saying Hayden and Champion threatened to withhold funding if it did not award the contract to CSI.

But Hann pushed back, saying he believed it was the ethics committee's role to do the investigation. He argued his role was simply to present public facts.

"I did not call the school board, because no one would say that on the record without a subpoena," Hann said. "I think they will have to be compelled to come and say if that happened."

Hayden and his attorney, Charles Nauen, strongly denied the allegations.

"I want to be clear, I never threatened or bullied the Minneapolis public schools to enter into a contract with CSI," Hayden said. "I'm offended by this attack on my integrity. I never realized any personal gain from CSI."

Several members of CSI, including founder Al Flowers, were present at the hearing. Hayden's father, Peter, and wife, Terri, also were present. Champion also was in attendance.

Although the two Democratic senators failed to pass a motion to dismiss the allegations, arguing the facts were not strong enough, they voted to allow Hann to press the district for more information.

As for his involvement in Community Action, Hayden said he did not benefit in any way from the organization's alleged misspending. He also said he did not even know there was any mismanagement going on. "Everything I knew at the time was that things were going well," Hayden said. "What I want to know now is what actually happened with those dollars."

Lourey wanted to dismiss the complaint because he believed that the state was already conducting several investigations into the organization that would determine whether Hayden participated in any wrongdoing.



Sen. Jeff Hayden is sworn in standing between his lawyers during a Minnesota Senate committee hearing, Wednesday, Oct. 22, 2014 at the State Capitol in St. Paul, Minn. A state Senate ethics committee deliberated for more than two hours Wednesday without coming to a consensus on how to proceed on a GOP ethics complaint against DFL Sen. Jeff Hayden of Minneapolis.

Renee Jones Schneider, Star Tribune



Sen. Jeff Hayden during a Minnesota Senate committee Probable Cause Hearing at the State Capitol on Wednesday.

RENEE JONES SCHNEIDER • reneejones@startribune.com

Hann, however, argued those investigations would be too broadly focused. "That's an investigation of Community Action of Minneapolis as an organization, this is an ethics complaint," Hann said. "There is some level of concern that we should all have. Do the directors referenced in [the audit] include Senator Hayden or not?"

Alejandra Matos • 612-673-4028

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Sen. Jeff Hayden, flanked by his lawyers, was sworn in during a Senate subcommittee hearing regarding a complaint filed against him.

## Sen. Hayden pressed in ethics hearing

Wednesday's hearing was the first time the DFLer has spoken about the allegations.

By ALEJANDRA MATOS  
alejandra.matos@startribune.com

Republican legislators are demanding more information about whether DFL Sen. Jeff Hayden abused his power and aided the misspending of taxpayer money.

During an ethics hearing Wednes-

day, lawmakers asked Minneapolis school board officials to submit affidavits detailing whether Hayden and Sen. Bobby Joe Champion, DFL-Minneapolis, threatened to withhold state funding if the district did not award a \$375,000 contract to Community Standards Initiative (CSI), a group whose mission was to close the achievement gap.

Lawmakers also are asking the state Commerce and Human Services departments to provide any

documents that detail what role Hayden played in Community Action of Minneapolis' alleged mispending.

DFLers and Republicans provided vastly different accounts of the outcome of Wednesday's hearing.

"We are pleased the Ethics Subcommittee granted a de facto probable cause ruling regarding our complaint against [Hayden]," Senate Minority Leader David Hann, R-Eden Prairie, said after the hear-

ing. "The subcommittee wants more information and facts before they make their final decision in this important matter."

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"A thorough consideration of the facts by a bipartisan subcommittee

See **HAYDEN** on B5 ▶

# Sen. Hayden is pressed in hearing

◀ **HAYDEN** from B1 failed to demonstrate that my conduct was in any way unethical or in violation of the rules of the Senate," he said.

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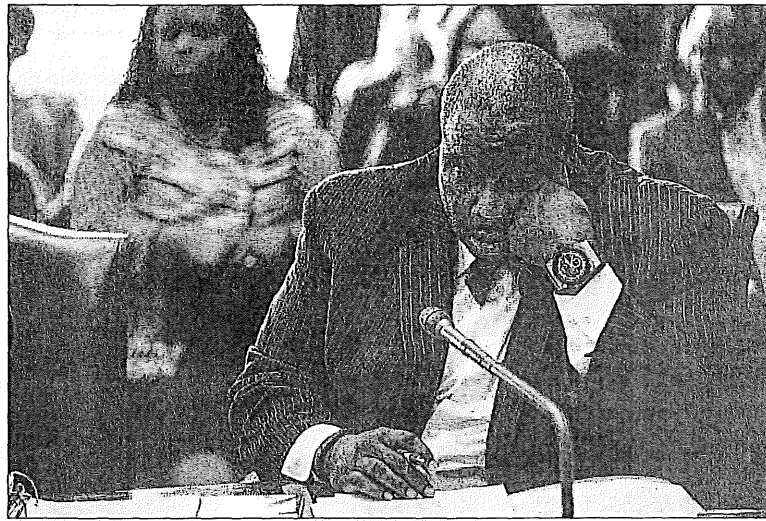
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Photos by RENEE JONES SCHNEIDER • reneejones@startribune.com

DFL Sen. Jeff Hayden studied the paperwork before him during an ethics subcommittee hearing Wednesday at the State Capitol.

But Hann pushed back, saying he believed it was the ethics committee's role to do the investigation. He argued his role was simply to present public facts.

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"I want to be clear, I never threatened or bullied the Minneapolis public schools to



DFL Sen. Tony Lourey argued there was no basis to the allegations against Hayden, and criticized the use of media and unnamed sources.

enter into a contract with CSI," Hayden said. "I'm offended by this attack on my integrity. I never realized any personal gain from CSI."

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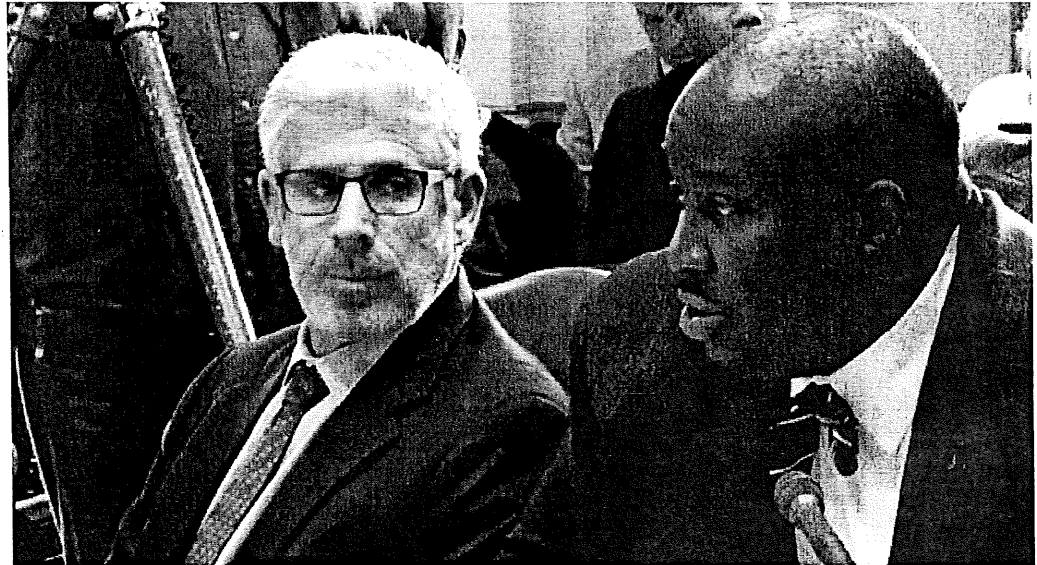
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Politics in Minnesota  
**CapitolReport**



Sen. Jeff Hayden, DFL-Minneapolis, right, testifies Wednesday before the Senate Subcommittee on Ethical Conduct. Seated with Hayden is Charlie Nauen, the attorney representing him at the hearing. (Staff photo: Mike Mosedale)

## Ethics panel deadlocks on Hayden complaint

By: Mike Mosedale    October 24, 2014    0

After more than three hours of testimony, plenty of high-minded utterances about the honor of the institution, and more insinuations than hard evidence, the long-dormant Senate Subcommittee on Ethical Conduct deadlocked on whether to formally investigate two ethics complaints brought against Deputy Majority Leader Jeff Hayden, DFL-Minneapolis, by his across-the-aisle colleagues.

As was the case when the subcommittee last met more than two years ago — to hear a DFL complaint against a Republican, former Sen. Geoff Michel of Edina — the four members were divided along party lines.

And barring major new revelations, the Hayden probe seems likely to end much like that one — in a partisan deadlock with no verdict and lingering resentments.

Nonetheless, the subcommittee agreed to take at least one more whack at achieving consensus over Hayden's relationship with two troubled nonprofit organizations at the heart of the complaints, the Community Standards Initiative and the now-shuttered Community Action of Minneapolis.

That compromise came after the two GOP members — Sen. Bill Ingebrigtsen, R-Alexandria, and Sen. Michelle Fischbach, R-Paynesville — rejected calls from Sen. Tony Lourey, DFL-Kerrick, to dismiss the two complaints for lack of specifics.

Following the hearing, Senate Minority Leader David Hann, R-Eden Prairie, who argued on behalf of the five other GOP Senators who signed the complaint, declared the decision a "de facto" finding of probable cause.

Under the permanent rules of the Senate, the subcommittee had three options: dismiss the case for lack of probable cause, make a finding of probable cause (thereby triggering a formal investigation), or defer action to a future date. The panel settled on the third option, scheduling a second hearing for Nov. 5.

But while Hann's "de facto" claim was a stretch, the additional two weeks will allow Republicans extra time to beef up a case that DFLers criticized as woefully short on specifics.

Following the hearing, Hayden declined a request for an interview. In a prepared statement, he said "the hearing



The two GOP members of the Senate Subcommittee on Ethical Conduct — Sen. Michelle Fischbach, R-Paynesville, left, and Sen. Bill Ingebrigtsen, R-Alexandria, right — rejected calls from Sen. Tony Lourey, DFL-Kerrick, to dismiss the two complaints for lack of specifics. (Staff photo: Mike Mosedale)

showed that the complaints against me are based on nothing more than speculation and misinformation” and expressed confidence he would be cleared.

As he entered the packed Capitol hearing room on Wednesday, Hayden showed no outward indication of concern about the outcome. One of the Senate’s more gregarious members, he warmly greeted the throng of supporters in attendance, several reporters and even the six members of the Senate GOP caucus who accused him of bringing disrepute upon the chamber.

Testifying under oath, Hayden flatly denied that he “bullied” the Minneapolis Public Schools Board of Education into awarding a \$375,000, no-bid contract to Community Standards Initiative — a nonprofit group focused on closing the educational achievement gap in north Minneapolis — by threatening to withhold state aid. He also rejected the allegation that either he or his family members received any compensation from CSI.

“I’ve never realized any personal gains from CSI, and there’s no connection between CSI and my father,” said Hayden. Hayden’s father, Peter Hayden, was present at the hearing but did not testify.

Calling the charge “a baseless attack on my integrity,” Hayden said he was offended that the Republicans on the panel wouldn’t place more value on his sworn testimony over a single anonymous source.

The complaint was based principally on a newspaper article about the CSI’s failure to meet the performance benchmarks in its work to close the achievement gap. It quoted an unidentified “official” who accused Hayden of threatening the school board with loss of state aid.

Lourey argued that an allegation by a single anonymous source is not sufficient grounds to order a further investigation and warned that such a precedent could trigger a flood of future inquiries.

“We’re going down a very slippery slope,” said Lourey.

Hann argued the subcommittee should invoke its subpoena power to force Minneapolis school board members before the committee. He said he did not make his own inquiries to board members before filing the complaint because he did not expect anyone on the board would voluntarily provide testimony.

As with the CSI complaint, Hayden categorically denied the allegations in the second complaint, which alleged that he “participated in the misuse of federal, state and local funding by accepting trips and other perks such as a member of the board of Community Action Minneapolis.”

That group, which provided weatherization assistance and other services to the poor, was shuttered last month after a scathing audit from the Department of Human Resources found widespread financial improprieties. The audit blamed the board for failing in their oversight duties.

Hayden, who was first appointed to the CAM board in 2008 and later appointed his wife, Terri, to serve as his alternate, said he was unaware of the irregularities until the audit was made public. He called the findings “deeply disturbing.”

Charlie Nauen, a top DFL attorney who represented Hayden at the hearing, said the CAM complaint was weaker than the CSI complaint. While the audit asserts that “board directors” improperly received perks and benefits, Nauen noted, it makes no specific mention of Hayden.

“Ethics charges are not guilt by association,” he said. “There’s nothing in the materials that points the finger directly at Senator Hayden.”

Hann said he wanted to track down details but was rebuffed in his efforts to inspect CAM files seized by the Department of Commerce and the Department of Human Services. He again pressed the subcommittee to invoke subpoena powers. Senate President Sandra Pappas, DFL-St. Paul, said she was unaware of any prior instance in which the panel subpoenaed witnesses.

Nauen characterized the effort as little more than “a fishing expedition” and faulted Hann for not obtaining more specifics before bringing “a damaging complaint against a colleague.”

He also pushed back forcefully against the claim that Hayden was derelict in his oversight duties as a member of the board, noting that Hayden never served on CAM’s executive or financial committees.

And while Hayden and, later, his wife reviewed CAM’s financial statements, Nauen said, they relied on the veracity of the statements provided as well as annual audits conducted by the accounting firm, Wipfli.

According to Nauen, Minnesota law provides specific protections for directors in such circumstances.

That provision — 317A.251 — states that a director is entitled to rely on information, opinions, reports, or

statements, including financial statements and other financial data presented by "one or more officers or employees of the corporation whom the director reasonably believes to be reliable," as well as counsel and public accountants.

While the Democrats on the panel successfully resisted entreaties to invoke its subpoena power, they agreed to bring in representatives from the Department of Human Services and Department of Commerce on Nov. 5 to discuss the availability of additional documents about CAM.

The panel will also seek "clarification" from the Minneapolis school board about Hayden's role in advocating for CSI.

The same day, it will also take up a complaint filed against Sen. Bobby Joe Champion, DFL-Minneapolis, whom Republicans accuse of joining Hayden in the alleged bullying of the school board.

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SENATE SUBCOMMITTEE ON ETHICAL CONDUCT



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## Hayden faces new scrutiny for taxpayer-funded trip to New York

Article by: Alejandra Matos  
Star Tribune  
October 31, 2014 - 10:38 AM

Scrutiny of Sen. Jeff Hayden, DFL-Minneapolis, intensified Thursday after new revelations that he took a trip to New York in 2012 using money from a state-funded organization that serves the city's low-income residents.

Community Action of Minneapolis paid \$749 for airfare to New York for Hayden and his wife, Terri, according to records obtained by the Star Tribune.

The revelation appears to contradict Hayden's earlier statements that he paid for all of his own expenses relating to the group. Hayden has a seat on the board but appointed his wife to serve on his behalf.

Hayden declined to comment Thursday, referring to previous statements.

Hayden is now at the center of a state Senate ethics complaint that alleges he benefited financially from the organization and failed to oversee the group's finances, after a state audit concluded leaders misspent \$800,000 in taxpayer money on trips, alcohol, celebrity cruises and other unallowable costs.

"If there are documents that show that the organization paid for him and he didn't reimburse them, then it contradicts what he said in the hearing and what he said publicly," said Senate Minority Leader David Hann, R-Eden Prairie.

The audit first raised questions about a New York trip earlier this summer, noting that a board member and their spouse attended. Auditors did not name Hayden and his wife by name.

The Star Tribune obtained a copy of a receipt showing that Community Action of Minneapolis paid for the Haydens' round-trip Sun Country flight to John F. Kennedy International Airport. Hayden and his wife left Minneapolis on Aug. 19, 2012, and returned five days later.

According to Facebook posts by Patricia Banks, fiancée of Community Action's chief executive Bill Davis, the couples went to see the Broadway musical "Wicked" on Aug. 22.

An Internet search reveals there was a Community Action Partnership conference in New York in 2012 from Aug. 19 through Aug. 22. It is unclear whether either couple attended the conference and how many other board members were in attendance.

It is also unclear whether Community Action paid for any of Hayden's other expenses on the trip. Auditors noted Hayden's flight among a long list of spending by the group that "did not have a valid business purpose."

Hann and other Republicans are pressing for detailed financial information from state auditors to see whether Hayden has financially benefited from his role with the agency, a charge Hayden denies. They want the information before the next ethics hearing on Nov. 5.

Community Action provided heating assistance, weatherization and career counseling until the state abruptly cut off funding after the release of the audit. The board suspended Davis indefinitely earlier in October, and the state is trying to appoint a receiver to oversee the organization's finances.

At the recent ethics hearing and in previous statements, Hayden provided conflicting accounts regarding his role with the organization and how much money Community Action spent on him.

Hayden has said he attended the organization's annual retreat at the Arrowwood Resort in Alexandria, Minn.

"Terri did attend the annual strategic planning retreats at Arrowwood Resort with the rest of the board, and while family members could come along, it was strictly at their own expense," Hayden said in an earlier statement. "As my designee on the board, the only costs that were covered by Community Action were for Terri, and I paid my own way."

At a previous hearing, Hann testified that he spoke to an auditor at the Department of Human Services (DHS) who said Hayden had traveled to New York with his wife. The auditor said "there was a trip to New York that [Hayden] and his wife were a part of that was being questioned by the auditors in terms of its propriety and in terms of the expense," Hann told the committee.

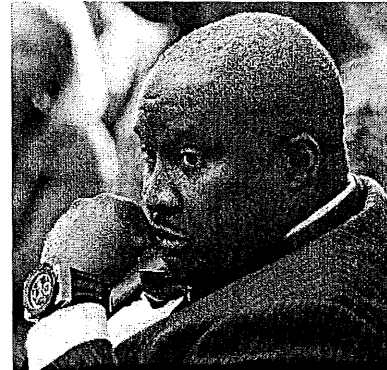
But at the time there were no records to back Hann's claim.

Hann also testified that a DHS auditor told him the organization had no reimbursements from Hayden to the organization. Hayden said that's because he paid his own expenses.



Sen. Jeff Hayden, right, has relied on attorney Charlie Nauen amid recent ethics allegations.

RENEE JONES SCHNEIDER

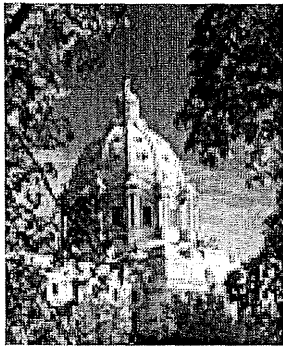


Sen. Jeff Hayden: The DFL legislator is the subject of scrutiny by an ethics panel.

Feed Loader,



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## News Release

### **State Senator Bobby Joe Champion**

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[sen.bobby.champion@senate.mn](mailto:sen.bobby.champion@senate.mn)

**Date:** November 5, 2014  
**For Immediate Release**

## **Champion & Hayden challenge unfounded allegations by GOP**

The Senate Subcommittee on Ethical Conduct met for several hours today to review complaints filed against Sen. Jeff Hayden (DFL-Minneapolis) and Sen. Bobby Joe Champion (DFL-Minneapolis) by GOP senators. The Subcommittee adjourned and concluded its review of the CSI matter indefinitely. Sens. Hayden and Champion released the following joint statement:

“The outcome of today’s hearing is consistent with what we have said from the beginning: contrary to claims credited to an unnamed source in the Star Tribune, we never made any threat to withhold state aid in advocating for a partnership between Community Standards Initiative and Minneapolis Public Schools. Sworn statements from Minneapolis Public Schools officials—including from the superintendent, the school board president, and their chief lobbyist—all confirm our conduct was completely ethical and entirely within the norms of issue advocacy at the State Legislature.

While we are deeply disappointed that this matter was brought before the Subcommittee, we are pleased that a complete review of the facts has failed to demonstrate any misconduct on our part. Rather, these complaints have been shown to be based on inaccurate information and hearsay.”

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# MINNPOST

*MinnPost's education reporting is made possible by a grant from the Bush Foundation.*

## MPS leaders' affidavits shed light on chronology of no-bid CSI contract

By Beth Hawkins | 10:22 am Nov. 6, 2014

Amid a flurry of parliamentary kickboxing at the Capitol Wednesday afternoon, a credible, logical version of events concerning Minneapolis Public Schools' (MPS) granting of a huge no-bid contract to a longtime district critic finally emerged.

If affidavits supplied by district leaders are to be believed, the chronology of events surrounding the awarding of a \$375,000 contract to the ill-defined Community Standards Initiative (CSI) still reeks. But at least it makes some sense.



In the story revealed during a standing-room-only Senate hearing, MPS leaders had reason to fear the disappearance of a vital \$15 million integration revenue stream from the state and tried to engineer a CSI contract that contained safeguards to protect the district.

The details of the deal were likely known to all board members as well as numerous senior staffers. Lawmakers from Minneapolis and elsewhere have long felt free to approach MPS with their "efforts or causes," and community

groups have long sought a seat at the table in terms of providing services in schools.

### Advocacy and pushback described

The version of events put forth in the affidavits places Minneapolis DFLers Bobby Joe Champion and Jeff Hayden in numerous meetings with MPS leaders in which the lawmakers' concerns that no contract had been cut were countered by staff concerns that CSI could not deliver.

Champion and Hayden have vehemently denied claims they threatened MPS officials or sought to enrich friends and family members. Whether the Senate will shed light on these questions remains to be seen; at least as much partisan posturing as fact-finding has been on display.

The documents also cite a number of noncontroversial, important MPS programs lawmakers found funding for, potentially explaining why district leaders have been slow to answer questions about the back and forth.

With the DFL in charge of both legislative chambers numerous pockets of tension on education policy and funding have threatened to pit urban and rural interests against one another. This is potentially one more reason the city's school officials and its statehouse delegation might, as the documents state, prefer to disagree in private.

## No website, no legal structure

In July, MinnPost revealed the existence of the contract, given to an organization with no website, telephone number or legal structure founded by community activist and longtime district critic Al Flowers. Beyond the promotion of positive behavior in city schools and neighborhoods, the Community Standards Initiative never articulated a plan.

After the Star Tribune raised further questions six weeks later, district leaders ended the contract. Despite a groundswell of public anger, to date there has been no full accounting of what happened.

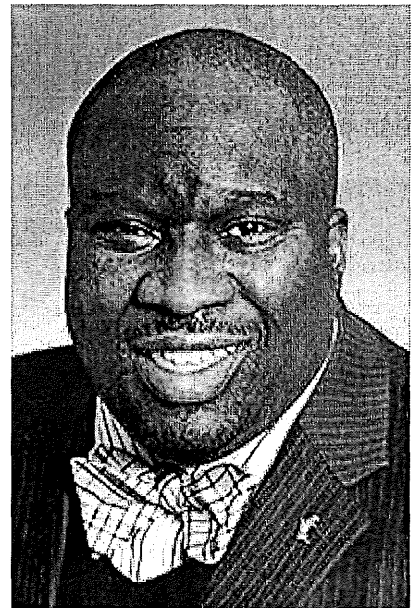
The first cogent account of the saga was revealed during a state Senate ethics hearing called last month by GOP lawmakers seeking to determine whether Hayden and Champion misused their influence.

After a hearing two weeks ago, lawmakers sent a questionnaire [PDF] to 18 MPS leaders, including all nine board members and Johnson's executive team. The details sought are far more specific than anything MPS leaders have put on the record to date.

## Illuminating accounts

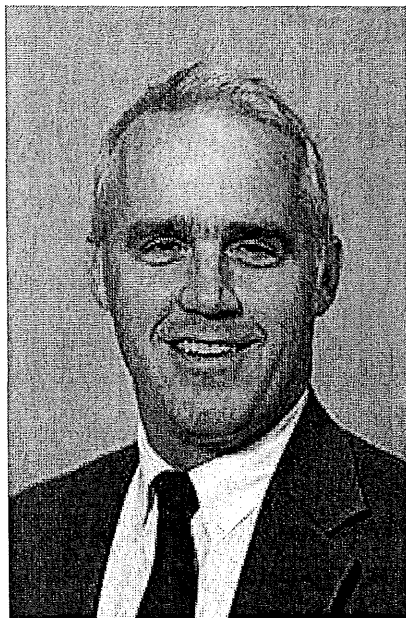


Sen. Bobby Joe Champion



Sen. Jeff Hayden

Tuesday MPS General Counsel Steve Liss replied with three affidavits from Johnson, board Chair Richard Mammen and, potentially most illuminating, district lobbyist Jim Grathwol [PDF]. The accounts depict a superintendent and legislative liaison pushing back — albeit gently — against political pressure and ultimately taking steps to protect district resources.



James Grathwol

Grathwol's account sheds the most light. During the 2013-2014 legislative session he was tracking a measure introduced by Hayden to award a grant to the state Department of Education for the district to work with CSI. The House version of the bill was heard in April 2013.

The proposal was not part of the district's legislative agenda and was not included in the omnibus E-12 education finance bill — the umbrella bill containing everything that will go into the overall budget — that was heard in the Senate.

"During the hearing, senators Champion and Hayden approached me with an amendment to the Senate E-12 finance bill that Sen. Champion wanted to offer," Grathwol's affidavit explains. "The amendment proposed reserving \$1 million of MPS' integration revenue for a grant to CSI of \$500,000 in

each year of the biennium."

## Concerns about integration revenue

At the time, the state's integration revenue — money used to offset segregation and to close the achievement gap — was among the most politically endangered items on the legislative agenda. DFL control of both chambers notwithstanding, it was unclear they could hold back an effort to end the funding.

If MPS agreed to Hayden's and Champion's deal, both Grathwol's and Johnson's affidavits made clear, the district would lose not only the \$1 million at question but any control over whether CSI used it appropriately. They were also concerned the entire funding stream was at risk.

"Superintendent Johnson appreciated the risk the proposed amendment posed to reinstatement of integration funding and revenue available to MPS," Grathwol continued. "The superintendent agreed to reserve a portion ... to grant out to

community based organizations, inviting CBO's to support our work closing the achievement gap. ... CSI could actively participate in this process.

"In exchange for this commitment on the part of the superintendent," he added, "Sen. Champion and Sen. Hayden dropped the amendment."

## Interest persisted after the session

They remained "very interested after the 2013 legislative session to see that the process resulted in a contract for the CSI initiative." Over the next year, Grathwol said, there were numerous meetings of district staff and the lawmakers.

Both Grathwol's and Johnson's affidavits characterize the district's posture in those meetings as pushing back by insisting that any contract had to be "meaningful and accountable."



Bernadeia Johnson

"I believed that funding this project through a contract would be preferable that [sic] a direct appropriation to an organization," Johnson's affidavit asserts. "A contract would allow greater district involvement in setting the project goals and in assuring accountability."

Or, as Grathwol put it: "I recommended and the superintendent chose to redirect the senators' advocacy in favor of CSI away from the Senate Finance Committee and toward a superintendent's commitment to manage a contract process for community based organizations."

## Members told of consent agenda item

According to his affidavit, board Chair Mammen had conversations "with most, if not all, board members and alerted them to the presence of the recommended contract. No one suggested that the item be removed from the consent agenda or moved to do so.

"I decided to keep the contract on the consent agenda because we had a number of other agenda items to discuss that evening," Mammen continued. "A public display of support for CSI did not appear necessary nor helpful to the board's deliberation."

The term public display is ironic, albeit unintentionally: Eight years ago a differently configured board endured months in which CSI founder Flowers brought one meeting after another to a halt with angry catcalls from the back of the room.

While doubtless carefully phrased, the accounts detailed in the affidavits jibe with the chronology circulating among district insiders.

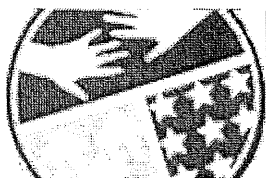


Richard Mammen

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#### School board's approval of \$375,000 contract for Al Flowers-related group drawing questions

BY BETH HAWKINS | 07/30/14

The founder of the Community Standards Initiative is community activist Al Flowers, an MPS critic whose name is in the headlines this week.



LEARNING CURVE

#### Black leaders' letter calls for outside probe of MPS' Al Flowers contract

BY BETH HAWKINS | 10/09/14

The letter calls on MPS leaders to explain why the contract was placed on the school board's consent agenda, which by law is supposed to contain routine business matters.



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**ABOUT THE AUTHOR:**



**Beth Hawkins**

Beth Hawkins writes Learning Curve, a blog about education, for MinnPost and also covers a variety of other public policy topics.

**COMMENTS (1)**

**Where's Freeman?**

SUBMITTED BY THOMAS BECKFELD ON NOVEMBER 6, 2014 - 10:51AM.

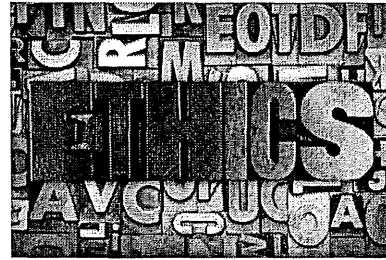
It should also be noted that Champion is Flowers lawyer. You have to wonder why County attorney Freeman is not investigating this matter. Was Champion also CSI's lawyer or paid by CSI?

MinnPost | 900 6th Avenue SE | Minneapolis, MN 55414 | 612.455.6950



## Minnesota Senate's ethics procedures are broken

Article by: Tina Burnside  
November 10, 2014 - 5:24 PM



iStockphoto.com,

The second act of the "elephant and donkey" show played out at the State Capitol last week. A hearing on ethics complaints filed against DFL Sens. Jeff Hayden and Bobby Joe Champion of Minneapolis failed to seriously examine the issues, instead exposing the unwillingness of legislators to address allegations of misconduct within their ranks and to govern the ethical behavior of members.

The hearing of the Senate Subcommittee on Ethical Conduct on Nov. 5 again resulted in a deadlocked vote similar to the action taken by the committee last month at its first hearing on the matter involving ethics allegations against Hayden. The bipartisan committee — composed of two DFLers, Sen. Sandra Pappas of St. Paul and Tony Lourey of Kerrick, and two Republicans, Sen. Michelle Fischbach of Paynesville and Sen. Bill Ingebrigtsen of Alexandria — voted along party lines. The DFL senators did not want to investigate the complaints. The Republican senators did.

After hours of debate, the subcommittee ducked its obligation to investigate and postponed future hearings until the State Department of Commerce and other agencies complete their investigations.

This is unacceptable. After two hearings, the public is no more informed about the truth of the allegations. What is apparent is that the process of allowing the Legislature to govern itself regarding allegations of unethical conduct is flawed.

Pappas, who is the chair of the subcommittee, was quoted in the Star Tribune as saying: "We are not an investigatory body. I don't have a level of comfort to do an investigation." This contradicts the Senate Rules. Pursuant to Senate Rule 55.3, the Subcommittee on Ethical Conduct "shall investigate a complaint made in writing by a member of the Senate under oath." The subcommittee also has the power to issue subpoenas. Thus, Pappas' claim that the subcommittee is not an "investigatory body" is simply not accurate. The committee can conduct an investigation, but is unwilling to do so.

Moreover, Senate Rule 55.6 states that the "subcommittee may appoint special counsel to provide expert advice on how to conduct its proceedings. The subcommittee may appoint a suitable person to conduct the investigation and report findings of fact and recommendations for action to the subcommittee." Thus, if the subcommittee is "uncomfortable" doing its job to investigate the ethics complaints, it should refer the matter to a neutral, independent investigator.

Written requests to the subcommittee for an independent investigation have been made twice by the advocacy group Not On Our Watch. On Oct. 21, Not On Our Watch requested an independent investigation. Pappas responded by simply informing the group that the subcommittee would conduct a hearing and that the meeting would be open to the public. Not On Our Watch sent a second letter to the committee dated Oct. 23, renewing its request for an independent investigation. Pappas responded that "the Senate Rules do not provide the Subcommittee with the necessary authority" and that "[t]he charge of the Subcommittee on Ethical Conduct is to act on complaints issued by Senate members themselves, rather than the public."

While the public may not be able to initiate an independent ethics investigation, any member of the Senate, including those on the subcommittee, can do so.

An independent investigation is necessary for the following reasons:

- 1) To avoid the impasse that has resulted from the composition of the subcommittee — two Democrats and two Republicans. An independent investigation would allow for the process to be carried out without votes along party lines.
- 2) Witnesses must be subpoenaed to testify and be questioned under oath. They should not be allowed to make self-serving statements without examination of such statements by an impartial and neutral fact-finder.
- 3) Documents must be subpoenaed from the Minneapolis public schools, Community Standards Initiative (CSI), Community Action of Minneapolis, and Sens. Hayden and Champion.

While it is important to give Hayden and Champion due process, it is also important to give taxpayers answers to these serious allegations about the misuse of public money. The public funding allocated to CSI was supposed to help close the achievement gap between black and white children. The public funding allocated to Community Action was supposed to help low-income residents with various services, including weatherization, energy assistance and job training. The Legislature also owes these people due process in discovering the truth about these allegations.

*Tina Burnside is an attorney and writer who lives in Minneapolis.*

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### Sources: Sen. Hayden in the loop on Community Action's woes

Tom Scheck · Dec 30, 2014

Politics



Sen. Jeff Hayden is sworn in standing between his lawyers during a Minnesota Senate committee hearing, Oct. 22, 2014. *Renee Jones Schneider / The Star Tribune via AP*

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Jeff Hayden served on the Community Action of Minneapolis board in 2008 as a proxy for his aunt. After his election to the Legislature in 2009, he appointed his wife, Terri, as his proxy.

But as the nonprofit came tumbling down in the fall after a state audit concluded (<http://www.mprnews.org/story/2014/09/26/community-action>) CEO Bill Davis misspent hundreds of thousands of dollars of public money on travel, golf, spas and other perks, Hayden quit the board and said he knew nothing of any problems inside Community Action.

"When I was serving with the organization, and I think my wife would say the same, things were going well, people were being served appropriately and these allegations were new information to us," Hayden, a Minneapolis DFL state senator, told the Senate ethics committee in October. "Everything I knew at the time was that things were going well with the organization."

Hayden, however, was well positioned to know about problems within Community Action months before the questionable spending became public, according to documents and interviews with people who were struggling to understand the nonprofit's finances.

**· Dec. 11: Despite warnings, state kept cash flowing to Community Action**  
(<http://www.mprnews.org/story/2014/12/11/community-action-minneapolis>)

In January, Hayden attended a meeting where Department of Human Services officials briefed Community Action executives and board members about their preliminary findings of Davis' spending — which included \$749 in airfare for Hayden and his wife to travel to New York in 2012.

Hayden, Davis, Community Action Board Chair Michael Anderson and Chief Financial Officer Anthony Spears attended the meeting, although Hayden stayed for only about 15 minutes and left before auditors discussed their findings, said Deputy Human Services Commissioner Chuck Johnson.

While he was there, Hayden seemed to be trying to get Bill Davis to engage with the auditors, Johnson said. "I think most of the time (Hayden) was in that meeting, DHS was listening to Mr. Davis explain why the audit was inappropriate," he added.



Bill Davis Leila Navidi / The Star Tribune via AP

Davis also confirmed to MPR News that Hayden attended the start of the meeting. "He was there very briefly," Davis said of Hayden. "He realized that we were starting to talk about I guess, some of those issues that he felt it would be a potential conflict so he left."

Davis said DHS officials informed him that they would be meeting with them in January but they didn't offer specifics. Davis said he notified Hayden and members of the board at Community Action.

The DHS audit, released seven months later, found the organization had overcharged state and federal grant programs for more than \$600,000 of administrative costs and \$226,679 in "unallowable" expenses for travel, food, alcohol, spas, golf and pay bonuses for employees and executives.

Davis says he did nothing wrong (<http://www.mprnews.org/story/2014/12/19/cam-bill-davis-comeback>) and believes he'll be vindicated. He blamed his finance department for improper accounting that led to a misinterpretation by the auditors at DHS. Officials with DHS say they don't believe they misinterpreted anything.

While Hayden didn't stay long enough at the January DHS meeting to hear the agency's audit results, Deputy Commerce Commissioner Bill Grant said Commerce also notified Hayden about problems with Community Action.

Hayden was copied on letters (<https://www.documentcloud.org/documents/1372256-davis-response-to-commerce.html>) between Grant and Davis in 2013 that detailed a backlog of energy assistance applications and improper work by contractors. Commerce oversees the energy assistance program. Grant said his department contacted Hayden and state Sen. Bobby Jo Champion, DFL-Minneapolis, to ask them to help resolve the problems with Davis.

"There was an effort to reach out to both Sen. Hayden and Sen. Champion to see if we can arrange for community dialogue for the situation in CAM Minneapolis," Grant said. "We extended that offer and they didn't respond."

Citing an ongoing ethics complaint against him, Hayden told MPR News he wanted to check with his lawyer before commenting. A spokeswoman for the Minnesota Senate called back later and said Hayden wouldn't talk because the Commerce Department is investigating Community Action.

Hayden is a deputy majority leader in the Senate and serves on its Health and Human Services Committee, which makes budget decisions about DHS.

An ethics complaint (<http://blogs.mprnews.org/capitol-view/2014/09/hayden-responds-to-audit-allegations/>) filed by Capitol Republicans accuses Hayden of personally benefiting from his board role and for failing to oversee public funds as a board member. At the ethics committee hearing in October, Hayden denied accepting any payments and said he didn't know of any problems within Community Action.

Hayden, DFL U.S. Rep. Keith Ellison and several Minneapolis City Council members served on the Community Action board and quit after the Minneapolis Star Tribune wrote about the audit in September.

Like Hayden, Ellison and others had appointed proxies to serve in their place on the board. But appointing a proxy shouldn't excuse board members from overseeing the nonprofit, said Senate Minority Leader David Hann, R-Eden Prairie.

"It is troubling when you hear Sen. Hayden say that he knew nothing, he's not responsible, he had nothing to do with the board, he didn't know of anything that was going on that was not kosher," Hann said. "That just doesn't seem to square with what we know."

Hann's ethics complaint against Hayden has been bottled up by the two Democrats on the four-member Ethics Committee.





Feleshia Warner *Tom Scheck / MPR News*

Feleshia Warner, who worked at the nonprofit for 20 years until the state shut it down last fall, said she and other employees wrote to the board in October urging them to fire Davis.

Warner said 41 people are out of work because the board didn't ask the right questions and quit when controversy surfaced.

"It's very frustrating," Warner said. "We felt that they were our saving grace. We thought the board — we had these strong political DFLers on our board and they would speak. And if they needed to get rid of Bill Davis, they would have gotten rid of Bill Davis. They could have brought in new management, new board members and the organization could have continued to serve the public."

A court-appointed receiver (<http://www.mprnews.org/story/2014/11/17/receiver-appointed-to-close-community-action-of-minneapolis>) is now examining Community Action of Minneapolis' books to determine if the state can recover any money.

Anderson, who chaired Community Action's board for more than a decade, didn't respond to interview requests. Another board member, Manny Rubio, said he and other board members never detected any problems. Rubio said he, Anderson and two others continue to serve on a board, although their role is unclear.

"Maybe we didn't have people on the board who took the initiative to really explore things," Rubio said. "Maybe we were too passive and not inquisitive enough. I don't know."



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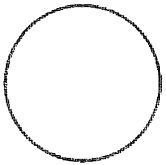
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6:25 AM · Dec 30, 2014

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Tom Scheck covers politics and government for MPR News.

# Senate revives ethics complaint against Hayden

In addition to misuse of funds, GOP critics say he lied to ethics panel.

By PATRICK CONDON  
patrick.condon@startribune.com

4-11-2015

Senate Republicans said Friday that they are renewing an ethics complaint against Sen. Jeff Hayden, DFL-Minneapolis, and leveling new charges that he lied to the Senate Subcommittee on Ethics about the nature of his ties to the beleaguered Community Action of Minneapolis.

Last fall, the ethics panel indefinitely postponed action on GOP complaints against Hayden and Sen. Bobby Joe Champion, another Minneapolis DFLer. The initial complaint claimed that Hayden, the Senate's deputy DFL leader, misused federal money as a board member of Community Action of Minneapolis.

Senate Minority Leader David Hann, R-Eden Prairie, said Friday that ensuing media reports and additional information turned up by state investigators provide more proof for allegations against Hayden. Hann said DFL members of the ethics panel insisted last November that there was insufficient proof against Hayden before postponing action on the complaint.

"There should be an investigation," Hann said. "There should be public hearings. We should issue subpoenas."

Hayden did not grant interviews, but he released a statement calling Hann's actions "politically motivated and



Sen. Jeff Hayden, DFL-Minneapolis, addressed the ethics subcommittee in October.

unsubstantiated." He noted that investigations into the matter are continuing and expressed confidence they would show that Hayden and his wife, who has also been implicated, did nothing wrong.

The FBI and IRS are now looking into allegations of misspending at Community Action of Minneapolis. Hayden had appointed his wife, Terri Hayden, to serve as his proxy on the group's board of directors, and receipts obtained by the Star Tribune showed the two had traveled to New York at the organization's expense.

"While I am disappointed that Senator Hann decided to continue his unfounded personal attacks, I will not allow it to distract me from my duty to represent my constituents and to help build a better and stronger Minnesota," Hayden said.

By filing the new complaint, Senate Republicans are forcing at least one more meeting of the Subcommittee on Ethics. It must reconvene within 30 days to discuss whether further action on the matter is appropriate.



At the Capitol

# Senator facing fresh complaint

## He's questioned over nonprofit role

4-11-15  
By Kyle Potter *Pioneer  
Associated Press Press*



Sen. Jeff Hayden, DFL-Minneapolis, has denied any wrongdoing.

State Senate Republicans lodged a second ethics complaint Friday against a powerful Democrat with ties to an embattled nonprofit, after obtaining documents they say show the Minneapolis lawmaker benefited financially from the organization.

A previous ethics complaint against Sen. Jeff Hayden stalled last year for a lack of proof that Hayden was among the beneficiaries of the mounting misspending at Community Action Minneapolis. A state audit revealed that organization redirected more than \$800,000 in taxpayer dollars meant to help low-income Minnesota residents with heating costs to personal expenses and trips.

In a complaint expected to be formally filed Monday, Senate Republicans will present documents obtained through a Data Practices Act request showing the nonprofit paid for a personal trip in 2012 to New York City for Hayden and his wife, Terri, who served on the group's board as his designee.

The complaint also alleges Hayden lied under oath to the Senate Subcommittee on Ethical Conduct last year about his knowledge of any misspending at Community Action. MPR News reported Hayden had attended meetings about the group's financial problems well before the scathing audit was publicized in September.

"Today we stand here with the facts," Republican Senate Minority Leader David Hann said. "This deserves an investigation. Not stonewalling, not shutting it down."

Hayden declined to be interviewed by the Associated Press, but he issued a statement Friday afternoon saying the new allegations mischaracterize facts and are politically motivated. He maintained his innocence.

"While I am disappointed that Sen. Hann decided to continue his unfounded personal attacks, I will not allow it to distract me from my duty to represent my constituents and to help build a better and stronger Minnesota," Hayden said.

Once the complaint is formally filed, the ethics subcommittee — composed of two Democrats and two Republicans — has 30 days to decide whether to proceed with an investigation or determine it has no probable cause. The committee could also choose to push any action back to a future date.

It's just the latest chapter in the fallout since a state audit revealed years of misspending taxpayer dollars on luxuries ranging from a cruise to a personal car loan for the nonprofit's chief executive. Hayden and other politicians promptly resigned from the board and the group is being investigated by both the Internal Revenue Service and the FBI.

But Hann said it's up to the Senate to keep its members in check to determine if there was any wrongdoing. He rejected any suggestion that the complaint was politically motivated.

"We have to do that. It's a duty that we have," he said.





## Actions of state Sens. Hayden, Champion raise conflict-of-interest questions

Article by: Editorial Board

Star Tribune

April 17, 2015 - 12:15 AM

State Sens. Jeff Hayden and Bobby Joe Champion have been in the news lately — and not for good reasons. One or both of the Minneapolis DFLers have been linked with various situations that raise conflict of interest and ethics questions. In recent years:



State Sens. Jeff Hayden and Bobby Joe Champion.

GLEN STUBBE • Star Tribune; Minnesota Legislature,

- They pushed (too vigorously, some alleged) for funding for Community Standards Initiatives (CSI), a group that said it could help more low-income African-American students graduate. The Minneapolis School District paid CSI a portion of a possible \$375,000 before terminating the contract when the group failed to deliver.
- Hayden, who is deputy majority leader of the Senate, served on the board of Community Action, a 25-year-old nonprofit that served low-income families. It is now under scrutiny for questionable spending.
- More recently, reports surfaced that the pair urged funding for two Minneapolis Urban League education programs that failed to fulfill their purpose.

Investigations of each of these matters are underway. The Senate is conducting an ethics probe into whether Hayden and his wife improperly accepted trips from Community Action while serving on its board. The senator's father, longtime community activist and nonprofit director, Peter Hayden, was also on the boards of two of the scrutinized groups.

This week, the state's legislative auditor agreed to investigate whether the nonprofit Urban League double-billed the state and the Minneapolis School District for education programs that received more than \$1 million in public funds since 2013.

The cumulative effect of these messy situations casts a cloud over Hayden's and Champion's judgment.

The senators are not the first — nor likely to be the last — elected officials to be entangled in such issues. Several lawmakers over the years seem to have lost their way where their associates and interests were personally involved in public policy and taxpayer funding decisions. This Editorial Board has taken others to task, on both sides of the aisle, for pushing ethical boundaries. Several have believed, for example, that it is somehow all right to work as lobbyists seeking public dollars while holding public office.

The argument often is "well, it's perfectly legal." But lawmakers must always be vigilant about avoiding even the appearance of impropriety. They must be keenly aware of how it is perceived when relatives, business associates, close friends or their employers can benefit financially from policy decisions they influence.

The senators declined to speak with an editorial writer this week, but their spokeswoman sent several background documents about how the program funding requests moved through the Legislature and school district.

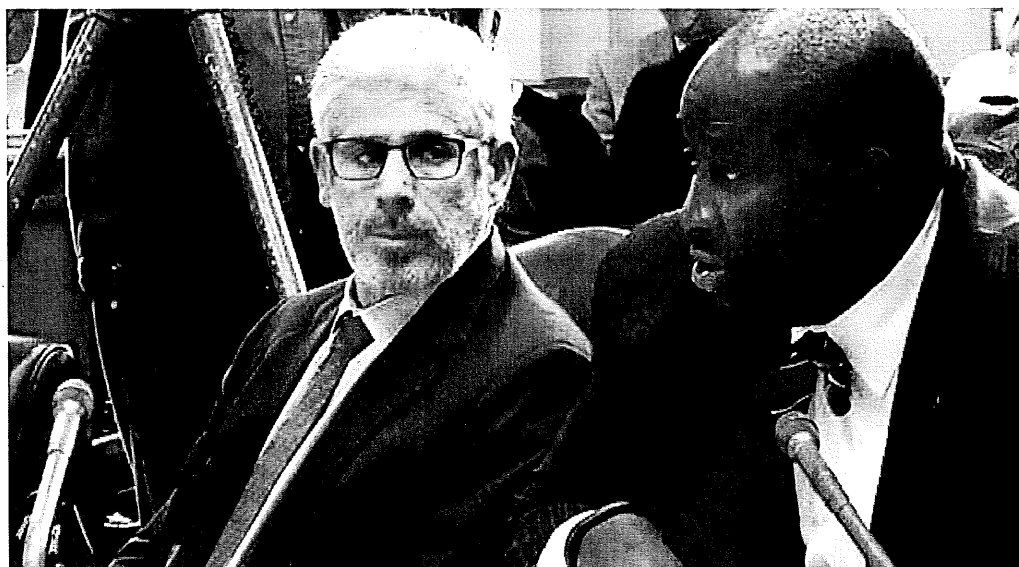
In a counterpoint published on our pages in September, they wrote that they believe the programs whose funding they've supported have "the right idea" about how to remedy "the chronic disparity in academic achievement among students of color in Minneapolis ..."

We're not prejudging the results of the pending investigations. And concerns about the senators' judgment in these situations don't negate other good work they've done for their communities and constituents over the years. Still, the public expects those who decide how taxpayer dollars are spent to steer clear of potential conflicts of interest.



Politics in Minnesota

# CapitolReport



Sen. Jeff Hayden, DFL-Minneapolis, right, testified in October before the Senate Subcommittee on Ethical Conduct. Seated with Hayden is Charlie Nauen, the attorney representing him at the hearing. (File photo: Mike Mosedale)

## Hayden called before ethics panel again

By: Mike Mullen April 24, 2015 0

For the second time in six months, Sen. Jeff Hayden, DFL-Minneapolis, is being called before the Senate Subcommittee on Ethical Conduct over allegations of undue benefits from a troubled, now-defunct Minneapolis nonprofit. And, for the second time, Hayden says the accusation is partisan and personal, and insists he has done nothing wrong.

Hayden is scheduled to appear before the subcommittee on Monday, presenting a second round of testimony and debate, after the same panel reached an impasse over Hayden's case in a late October hearing. Senate Minority Leader David Hann's new complaint, filed earlier this month, argues that Hayden not only got off too easily that time, but also lied under oath in his testimony.

Republicans think they have better evidence to retry their case against Hayden, who avoided any official censure when the allegations first surfaced last fall. At issue is his role as a board member with Community Action Minneapolis (CAM), a group that drew scrutiny from state auditors, who documented a series of improper reimbursements for travel, food and other expenses by staff and board members.

CAM later shut down operations, but its troubles are far from over, as the group is now under investigation by the state Department of Commerce, the FBI and the IRS.

At the time of the first hearing, Hayden testified that he "wasn't aware of any improprieties ... now starting to come out," and that he had little knowledge of the nonprofit's financial mismanagement. The complaint, which references later news stories that appeared in the Star Tribune and on Minnesota Public Radio, argues Hayden was reimbursed by CAM for more than \$300 for a flight to New York City, and had "constructive knowledge" of CAM's internal operations.

The complaint comes as a direct challenge to Sen. Tony Lourey, DFL-Kerrick, who was one of two subcommittee Democrats who blocked the investigation from going forward. In a statement accompanying the filing of the complaint, Hann said complainants had "met the challenge of the Subcommittee ... to find more concrete evidence that Sen. Hayden had received travel perks and failed in his duties as a board member for CAM."

Should the subcommittee substantiate Hann's complaint, it could opt to appoint a special investigator to look into Hayden's dealings with CAM, or issue subpoenas requesting further testimony or records.

Hayden issued a statement saying the complaint was "unfounded personal attacks," while DFL Party chair Ken



Martin accused Hann of "trying to score political points" during a crucial time in the legislative session. Reached on Thursday, Hayden declined to comment for this story, citing Republicans' well-documented proclivity for using statements or press accounts as evidence against him, but reiterated that he was looking forward to the chance to defend himself. (Hann has been out ill for several days, and was not available to comment.)

The case is just the most recent incident in a pattern of filings, allegations and hearings the GOP has initiated against the Senate caucus. In March, the Republican Party of Minnesota filed a campaign finance complaint against Sen. Susan Kent, DFL-Woodbury, over a \$35,000 debt that had gone "missing" from a campaign finance report.

Kent subsequently filed amended reports, and blamed the debt's disappearance on a filing error, but the Campaign Finance and Public Disclosure Board has said it would open an investigation into the matter.

Earlier this session, the Senate GOP's target was Sen. David Tomassoni, DFL-Chisholm, who was then embroiled in controversy over his accepting a job with the Range Association of Municipalities and Schools (RAMS), an organization that lobbies the Legislature. At the time, Hann said Tomassoni should seek an opinion from the ethics subcommittee, but the Democrat effectively quashed the issue by resigning from his RAMS job.

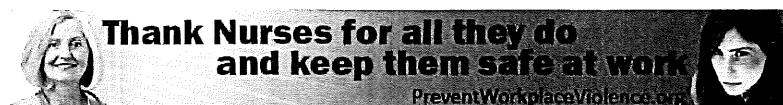
Blogger and former GOP Senate staffer Michael Brodkorb said Republicans have been on the alert for possible ethics violations since 2012, when a dozen Democratic candidates, including Kent, were found to have illegally coordinated with the Senate DFL caucus on campaign literature. The campaign finance board's ruling against the caucus resulted in a \$100,000 fine, the largest in state history.

"Republicans have tried to make the argument that Democrats stole the election in 2012," he said.

With Senate Republicans in the minority, and likely left out of any negotiations not related to a bonding bill, the caucus' agenda is geared toward weakening their DFL opponents in the run-up to the 2016 election. There, the construction of a new Senate office building will play a central role in campaign literature, though Brodkorb said Democrats would be wise to avoid continued ethical mishaps.

"If Democrats can be self-aware of these things, it's going to be difficult for [Republicans] to have a continual drumbeat of issues," Brodkorb said. "But on the flip side, [Democrats] have had a lot of them so far, and internally, they should be looking at ways they can minimize that."

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## Capitol View

MPR News Reporting on state  
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# Sen. Hayden to face ethics panel over nonprofit's demise



**Tom Scheck** October 19, 2015, 4:14 PM



Sen. Jeff Hayden during a Minnesota Senate ethics committee hearing, Oct. 22, 2014. *Renee Jones Schneider | Star Tribune file photo, via AP.*

The chair of the Senate Ethics Committee says she intends to hold a hearing within the next month on a complaint against state Sen. Jeff Hayden, DFL-Minneapolis. Republicans have filed several complaints against the

Minneapolis senator, alleging he lied under oath about his knowledge of the problems at Community Action of Minneapolis and how he personally benefited.

The chair of the Senate Ethics Committee, Sen. Sandy Pappas, DFL-St. Paul, said she'll check with the other members to figure out the best date to hold a hearing.

"The ethics committee will meet," she said. "We made the commitment once all of the other investigations were completed."

Pappas made her comments after Senate Minority Leader David Hann, R-Eden Prairie, wrote her a letter demanding the committee act.

• **Report: Nonprofit board members benefited from improper spending**

He said an investigation by the Minnesota Department of Commerce has concluded and that a recent report by a court-appointed receiver tasked with winding down the nonprofit found CAM executives paid for Hayden and his wife to take trips and received other perks.

"You have these documents out there essentially confirming the complaint that we've made," Hann said. "We think it's time for the Ethics Committee to sort of deal with this and remove the cloud that's hanging over the Senate and Sen. Hayden."

Hayden has repeatedly denied any wrongdoing.

He served on the CAM board in 2008 as a proxy for his aunt. After his election to the Legislature in 2009, he appointed his wife, Terri, as his proxy. He quit the board in September 2014 after state officials concluded CAM CEO Bill Davis misspent hundreds of thousands of dollars in agency money.

A federal grand jury indicted Davis and his son, Jordan Davis, on charges of theft and fraud. Both men pleaded not guilty and are awaiting trial.

### About the blogger



#### **Tom Scheck**

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Tom Scheck has covered politics and state government for more than ten years for MPR News. He's covered several gubernatorial campaigns, two statewide recounts, the presidential bids of Tim Pawlenty and Michele Bachmann, U.S. Senate races, close Congressional contests and the Minnesota Legislature. He lives in Falcon Heights with his wife, son and dog. He can sometimes be found chasing a white ball on a golf course. It isn't a straight walk. Tips are welcome at [tscheck@mpr.org](mailto:tscheck@mpr.org)

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MINNEAPOLIS

## State Sen. Jeff Hayden, wife to pay \$2,750 to settle Community Action of Mpls. claims

Couple will pay \$2,750; they deny personally benefiting.

By Alejandra Matos (<http://www.startribune.com/alejandra-matos/169409976/>) Star Tribune

DECEMBER 11, 2015 — 8:26PM

Sen. Jeff Hayden and his wife, Theresa, will pay \$2,750 to settle claims alleging the couple personally benefited from the defunct nonprofit Community Action of Minneapolis.

Earlier this year, a receiver overseeing the organization's finances claimed the couple received \$3,500 in trips, spa treatments and other perks.

The couple has denied personally benefiting from the organization.

Community Action of Minneapolis was a taxpayer-funded organization tasked with providing heating assistance and weatherization to low-income residents. A Department of Human Services (DHS) audit last year found that the nonprofit misspent at least \$800,000 between 2011 and 2013 for everything from a car loan for the chief executive, Bill Davis, to travel, golf and other unauthorized expenses.

Davis is facing federal criminal charges for alleged theft and fraud.

Hayden served on the organization's board, and his wife was his proxy. Hayden resigned from the board when the DHS audit was released.

Charles Nauen, Hayden's attorney, said the Haydens did not personally profit from the organization. Their trips and other expenses were incurred while on business with the organization.

"Jeff and Terri are putting this matter behind them," Nauen said.

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State Sen. Jeff Hayden