MONDAY, NOVEMBER 25, 2024

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CHAIRWOMAN SOVELL: We will then go into the next item on the agenda, which is 2024-09, City of Lead Commission. Materials that were circulated to the commissioners as we pull our files forward were the initial complaint, the July 31 acknowledgements, two of those, August 9 letter from the City of Lead, August 26 letter from Gordon Phillips, September 2 letter from the City of Lead Commission, October 21 letter to the parties, notice of hearing, proposed agenda, and our certificates of service. We will go into the complaint on this The complainant, Gordon Phillips, are you here in person? MR. PHILLIPS: Yes, ma'am. CHAIRWOMAN SOVELL: Go ahead and come forward and as with the others, you will be given 15 minutes. A portion of that can be reserved at the end, if you are so inclined. Blair is ready with the time block. MR. BLAIR: Can we verify whether Mr. Johns is on line with the City of Lead? Tim, are you there? Thank you very much. MR. JOHNS: CHAIRWOMAN SOVELL: We were making sure we had all the requisite parties. We will go ahead and we will let you proceed, Mr. Phillips. MR. PHILLIPS: My complaint is rather simple. believe that there is scheming behind the public's knowledge

being conducted by the mayor and certain staff and different

people, and part of that revolves around trying to raise funds for a community center; so that's at the heart of this.

There was notice in the Black Hills Pioneer that certain city staff, under the cloak of a community center foundation, were going to the state legislature to lobby. I did a search to see if they had registered as lobbyists for the state, as stated in the paper for the community center.

Instead I found that they had registered with the state that they were going to be lobbying as authorized by the city, and those documents that you have, I sent an email note to one of the commissioners, Robb Carr.

I asked him specifically when in a meeting did that authorization happen from the city commission and about who was paying. You have the email from Commissioner Carr. He states that his recollection to that was this was falling between meetings and so there was an email poll, and he says in there that he believes that they authorized that, but he stated concerning funds that they wouldn't be able to do that, that there would be no city funds that would be spent, that he wasn't supposed to seek any of that, which is kind of disconcerting about what's all going on.

So from the city, we have a city administrator, John Wainman, he's the one that gives testimony to that, and in that he gave testimony that at no time did he nor the city commission ever authorize those employees to be under the color

of the city and to testify. And yet the minutes from the state, the audio and the Secretary of State's office all reveal that that is exactly how they appeared.

His statement, I believe, in the summary by Tim Johns and your second letter that you got from me, I believe that is a material testimony that, to me, and I'm not an attorney, but that seems to me to have been misleading this Commission and not taking all of it serious, in order to refute the facts, which are in evidence, and to try to turn the conversation into an approval of time off, which doesn't necessitate city commission approval. I will concede that point, I do not believe that it does.

asked him if there was a decision on this, he said it took place in an email question. And the city, to my view, the city has not provided any evidence to the contrary. John Wainman talks about an email, I didn't see it, I don't believe they provided it to you. We have no testimony from the mayor, who signed the authorization to be lobbyists. We have no testimony, you nor I, have any testimony, aside from that email, of whether there was or wasn't any type of email discussion outside of the public which authorized this behavior. I'll reserve my time.

CHAIRWOMAN SOVELL: Thank you. Time remaining will

be?

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MR. BLAIR: 11 minutes.

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CHAIRWOMAN SOVELL: You have 11 minutes for rebuttal. With that, we will go right into the response. You too will be provided 15 minutes. If Mr. Blair is ready, you may go ahead.

MR. JOHNS: Thank you, Madam Chair. Thank you for this opportunity for the City of Lead to appear by internet on the complaint of Mr. Gordon Phillips of May 8 of 2024. The complaint itself raised two alleged violations by the Lead City Commission of South Dakota meetings laws found in SDCL Chapter 1-25.

The first legal issue was whether the proposed agenda of the Lead City Commission for the January 2, 2024, meeting violated the notice requirement of SDCL 1-25-1.1. On that date the community center update was listed on the proposed agenda as one of the items to be heard by the commission. Then after hearing a presentation by the Lead Community Center Foundation on its efforts to raise funds to replace the current building, the commission passed a motion to support those same efforts without any financial commitment by the city at that time.

In its May 30, 2024, report of the Lawrence County
State's Attorney to the Open Meeting Commission, it was found
that there was no violation of the open meeting laws concerning
that January 2, 2024, meeting by the Lead commission. And
therefore, based upon the previous discussion that I heard here
today, I understand that that matter is no longer within the

jurisdiction of the committee, and so I will save any legal arguments pertaining to that and address then the second issue.

The Lawrence County State's Attorneys Office report posed the second legal issue as, quote, was an email poll of the city commissioners a violation of the South Dakota open meeting laws, end quote. Because the State's Attorneys Office's information was based only on the complaint, it did not have all relevant facts, such that it reported it was unable to reach any conclusion whether the Lead City Commission approved expenditure of public funds outside an official public meeting, in violation of SDCL 1-25-1.

The city has denied that the poll itself resulted in any meeting of the commission and has also denied that there was any expenditure of public funds for the trip to Pierre by the two city employees to give testimony before a legislative committee in support of the foundation's bill for funding replacement of the community center.

It is the contention of the city, based on the recitation of all the facts leading up to the attendance of the two city employees at the legislative appropriations hearing to give their testimony, that those facts establish first that the email poll was never answered by any of the commissioners, except the mayor. And since it was the city administrator, under the authority of his office, which allows him to approve any attendance of employees or to allow them to be gone, it

must be concluded that the commission never approved the Lead staff to travel to the legislature and to testify as lobbyists before the legislative committee.

And second, since the employees were only allowed to attend using their personal leave time and were denied any travel expenditures, it must be concluded that no public funds were ever expended by the City of Lead for their trip before that legislative committee.

The email polling question was based on an answer by Lead City Commissioner Carr to an email he received from Mr. Phillips asking the commission whether it had authorized Lead city staff to travel to the legislature to testify as lobbyists on behalf of a bill approving state funding for the community center.

To the email, Commissioner Carr replied in part that it was his recall that the commission had, quote, authorized her, referring to employee Robin Lucero, to go in support of the bill, end of quote, which is then a reference to House Bill 1103. He then went on to state that, quote, because it was dropping between meetings, we couldn't do it at a meeting, but they polled us by email, end of quote.

While the email response of Commissioner Carr appropriately raises a concern that the commissioners did approve the expenditure of public funds for the city employees to travel to Pierre to give testimony, via the poll sent to

them, the facts of this matter do not support any conclusion that there was an actual approval at a meeting held outside of a public meeting.

The email Commissioner Carr is referring to is from the city administrator, John Wainman, he said shortly after the January 2nd meeting. It was after he received a request from city employees Dennis Schumacher and Robin Lucero, who are also members of the community center foundation, wherein they requested that they be permitted to attend the hearing on House Bill 1103, to give testimony and support it. In the email, Mr. Wainman asked if the commissioners had any thoughts about the attendance of the employees to give testimony.

However, as to this request, Mr. Wainman, in his unsworn statement of facts has related, under the penalties of perjury, that he did not receive any replies to this email poll, except one from the mayor. Thus the email poll did not result in any meeting outside of the public authorizing a public expenditure in violation of SDCL 1-25-1.

In addition, since Mr. Wainman did not have an action of the commission in an open public hearing approving the expenditure of public funds for the attendance of those employees to go to Pierre and give testimony on the bill, he did at one point, under his authority as the city administrator, authorize them to take personal leave to go to Pierre to speak on behalf of the foundation. In so doing, he

also advised them that the city would not be paying any of their expenses to go, since all expenses would have to be covered by the foundation. Thus no public funds have been expended for this trip.

As an aside, the poll itself, given its timing, was appropriate because any results that would have been an agenda item requiring action at the next commission meeting, scheduled for January 16 of 2024, could have been the topic or would have been the topic that -- well, it could have been addressed at that time. It was at the January 16 commission meeting that the topic of the new community center proposal was again addressed.

Following Mr. Wainman's email poll, a letter was drafted bearing a date of January 11 of 2024 from Mayor Ron Everett and the commissioners addressed to the South Dakota legislators, the subject of which was the City of Lead's support for the funding request for a new community center in Lead. The letter was set as an agenda item for the Lead City Commission meeting that then was held on January 16, 2024. At that meeting, a motion approving the signature on the letter of support from Mayor Ron Everett and the commissioners then was passed.

Thereafter, on January 18, 2024, South Dakota

Legislative House Bill 1103 requesting \$10 million from the state general funds for the purpose of a grant to the City of

Lead --

CHAIRWOMAN SOVELL: For time purposes of tracking time, you have five minutes, for time tracking.

MR. JOHNS: Thank you. As a pass through, preliminary construction of a new community center was first read in the legislature, at which time a hearing date was set for January 25, 2024. And then on that date, the same day the house bill was first read, Lead Mayor Ron Everett did sign an authorization authorizing Schumacher and Lucero to register with the South Dakota Secretary of State as lobbyists for the City of Lead for the purposes of giving testimony on the bill.

Such authorization was necessary and appropriate, since the bill required that the city would serve as a pass through for any funding that would be appropriated to us, thus necessitating someone appear before the legislative committee on behalf of the city. And it was also considered in keeping with the city's letter dated January 11 in support of that funding request.

In addition and finally, the authorization did not provide for the expenditure of any public funds requesting any agreement for any of the commissioners at a public hearing. In conclusion, because Mr. Wainman never received the required responses to his email poll, it was his decision and it was his decision alone to allow Schumacher and Lucero to attend the January 25th hearing in Pierre on the condition that they would

take personal time for the trip and upon the condition that they would not receive any reimbursement from the City of Lead for that trip.

For these reasons, for all those previously stated, the city then requests that both questions before this

Commission be held to be without merit, as there have been no violations shown of South Dakota open meeting laws. I'll stand by for questions. I do have several members of the city here who could also address those, being the persons I previously mentioned. And I apologize for getting so hoarse and dry.

Thank you.

CHAIRWOMAN SOVELL: Thank you. With that, we will have the time reserved for rebuttal in the oral presentation.

MR. PHILLIPS: I have in my hand, and you can have it, this is an Attorney General Office Opinion Number 88-28. It's under the expenditure of public funds on election issues. And in this official opinion, which is talking about getting into election, I stumbled across this, it gives case law, Stanson v. Mott, 551 P.2d at 9. In this document, it says while public agency lobbying efforts undeniably involve the use of public funds. So we have something here that I believe extends beyond your authority because we deal with the open meeting complaints here.

But you have a mayor of the City of Lead who signed a document that was not authorized by the elected body, saying

that two employees, who have conflict of interest because they are employees of the city and also sit on that foundation board, who needed the color of the flag of the city in order to promote the \$10 million request, but they were not allowed an order to spend money. So how does somebody go to lobby, register as a lobbyist under the color of the city and get paid by a third party person?

Thus we know why all of this is being left out of the eyes of the public in Lead. These and many other questions need to be answered. The public has a right to know what its elected officials are doing, the whys and the hows. John Wainman does not know all the facts, because he framed, he framed the response about time off. I did not ask about time off. My questions that I gave to him are on that email.

I said, one, when did the commission authorize this? Authorize what? Authorize the fact that they registered as a lobbyist for the City of Lead. That's my question, and the answer to my question, he said, was an email poll. We say, well, John says that was only by the mayor, there was nothing else. I haven't seen it. Have you seen it?

And I would say this. That John Wainman is not always left in the loop of what the mayor and others are doing, because he stated, in a material response to you, that there was no authorization by him or the city commission for lobbying to take place under the color of the City of Lead, and that is

materially false. So while he may have open candor, he is being left out of the loop so that he can answer that, and so we don't know. So do we know exactly what was said and whatever else took place? The answer to that is no.

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So I'm going to state this. I believe that you have -- if I understand right, you have three things that you can do. You can say no, you can say yes, and you can say the Lawrence County State's Attorneys Office needs to do further investigation into this matter and to find out exactly what is going on in the City of Lead. I stand for questions.

CHAIRWOMAN SOVELL: Do the commissioners have any questions of the complainant or respondent? Maybe what I will do at this time is close the oral presentation portion, and we will go into deliberation. If questions come up, we will step into them. Because this again is a bifurcated referral over from the State's Attorneys Office, I will open my complaint back up here.

MR. BLAIR: This is Steve Blair. I think it's just the one issue. The first issue they found no merit on.

CHAIRWOMAN SOVELL: So we are dealing solely with the second issue that was presented and whether the email poll of the commissioner was a violation of the South Dakota open meeting laws is how it's coined by the State's Attorneys Office. It's been expounded on by the complainant as well as the city in response.

The state's attorney's legal conclusion on this issue was that they were unable to conclude whether the City of Lead Commission violated by approving the expenditures of public funds outside of an official public meeting, and they went on and had some additional citations there.

This is an interesting issue. I know, based on my work with councils and commissions and other public bodies, we run into these situations where there is this oh, we don't want to have a meeting, we will do a quick separate email inquiry out to see what we should do on this particular issue.

It's difficult to assess whether there is a violation here where we don't have a public meeting per se. So what do you think? In the email polling, we have an indication by the plaintiff that was a direct result of public lobbying in the city's name.

MR. SMITH: I'm certainly not ready to make a motion, but to add to the discussion, I think I appreciate there seems to be, from the complainant's perspective, there is a lot more going on. If we are really just focusing down on the legal issue presented by the state's attorney, was that poll a violation, and I think that what they cite to is the Open Meetings Commission 17-04, which is Canton City Commission, some precedent that this body has created.

Similar facts in the sense that there was an email sent out, but it appears, from my reading of this short blurb

anyway, that there was a response made to utilize taxpayer funds. What's different here is that there is no response. So was it the message being sent the violation or was it the response made by the commissioners in 17-04 and the use of taxpayer funds in an official action and thus the violation? I think that's the crux of it for me. I don't know if I have a good idea where I think this should go, but that's how I'm perceiving this.

MS. HOFFMAN: I agree with your comments. I think the other element at play when looking at that precedent that was provided is whether it bound the city to spend taxpayer funds. And a lot of the investigation that was done by the deputy state's attorney, it left a lot of that to question.

So then we have the response that was provided by the city to try to fill in the holes. There is a number of things on page four in which the deputy state's attorney said I'm referring this because I don't know, I don't have that information, was there an assumed or alleged expenditure of public funds for the lobbying trip.

MR. HOFFMAN: If I'm right here, ultimately the testimony from the city was that there was no public funds used for that trip. Is that what you guys got out of it as well? That's what I'm seeing. I guess looking at this, if it would be a violation of the open meetings law every time the entirety of a public body got an email from one person, we would never

leave this building.

I can count on -- I would need more fingers and toes the number of emails that our commission, with me on it, has gotten from people, either public employees or people in the general public, where they put everybody on an email and send it out. They are usually not -- well, we don't, they are not replied to, for various reasons. But I don't see an issue there. I don't think you can hold a public body accountable for emails sent to them by somebody else, even though everybody is on that.

And I know this is not an issue that we are ultimately looking at, but there was a motion made at an earlier meeting in support of the community center. So that is there. The city did decide to show support for that community center. The city employees asked for time off to go and lobby in favor of getting public funds from the state to be used for the community center. Again, from the testimony we heard, that was time off. That was not paid for by the city, they used their personal time to go and do that. There was no -- the testimony we have is there was no public funds given to them for that trip.

Yes, they did lobby, they did file as lobbyists on behalf of the city, but again, I go back to there was a vote by the city to support the community center; so I think because of that, they probably had the right to lobby on behalf of the

city.

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CHAIRWOMAN SOVELL: I'm a little cautious to even go there. I think that the violation that we are looking at, if there was something that they were authorized to do or not to do, they were city employees, it wasn't the board as a whole. I'm trying to focus and keep it narrow. I know there's a lot of things that are certainly concerning that are being stated by the complainant, but we have to be cautious to address the issue before us.

Do we have a violation of the open meeting laws by the action taken by the city officials? And I'm leaning towards no, even if there are other things that are being said that cause me some pause and should cause the city officials to take a closer look at what's transpiring there, I don't know that all of those things are before us.

MR. SMITH: I agree with what Mr. Hoffman said.

Certainly it's not within their control as to what is sent to them. I think what gives me some amount of pause as to saying there isn't a violation is that -- two things. One is that this was a city administrator who sent a poll rather than just a citizen or someone else that is not within the workings of the governmental agency.

Then also the response from Commissioner Carr, I believe at least in the complaint, is that I believe we have got here a blurb in which Commissioner Carr states, I do

believe we authorized her to go in support of the bill, because it was dropping between meetings, we couldn't do it at a meeting, but they polled us via email.

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The testimony here today is pretty clear there were statements being made under oath that there was no responses or that there were no responses. So I guess the question I am pondering is the respondent's attorney made the statement of because there was no response, it was up to the city administrator's sole decision to make that decision.

I'm not sure I am necessarily convinced by that. Does no response in fact mean no or does no response mean it's up to the city administrator? Maybe that's even also getting a little further away from what we are here to decide today as well. But I think I'm kind of left in a pretty gray area still.

MR. HOFFMAN: Was there one response to that email? Did somebody --

MR. SMITH: I believe just the mayor.

MR. RUSSELL: This is Lance Russell here. In the unsworn statement regarding the facts, it appears that the commission had authorized on January 2nd that they would support the community center. I think that that has to have some bearing on this. Also the fact that there was, at the end of the day, no public funds appropriated. Pursuant to our previous decision and the fact that there were no responses

other than the mayor's himself, I would tend to lean towards the idea that we don't necessarily have a violation of the statute.

MR. SMITH: Mrs. Hoffman, you stated, I believe your point earlier was that I think what distinguishes what's in front of us to what occurred in Canton City Commission are two things. One, there was responses, but two, there was official action in the sense that they spent taxpayer funds, and that does appear to be missing. To your point, the deputy state's attorney, when they sent this in to us to consider, was still kind of left in the dark as to whether or not there had been taxpayer funds expended. And I think from testimony we have received here today, I'm under the impression that there were not.

MS. HOFFMAN: Correct. That's what I was looking at, is that language about binding the city to spend taxpayer funds, and I don't know that that's there. Then all of the evidence that's been provided I believe indicates that the two employees that were sent, no funds were spent towards that. There is nothing in the record to suggest that monies were paid to them, mileage, lodging, the attachment that was provided; so that's why I do believe it's distinguished from the case that was provided.

MR. HOFFMAN: If we are just looking at the email, what it comes down to for me is whether or not that would

constitute a public meeting, an official meeting, official public meeting, which in the statute itself, 1-25-1, in my brief read over of that here, I am not seeing what exactly constitutes a public meeting.

However, I think there has to be some kind of discussion amongst the body members. I don't think a decision needs to be made in order for it to be a public meeting necessarily, but I think there has to be some kind of discussion. There was no real discussion in that email. It was an email sent out, one person replied, they moved on from there.

MR. SMITH: It's in the definitions.

MR. HOFFMAN: Okay, 1-25-12, so it is in there. So an official meeting would be any meeting of a quorum of a public body at which official business or public policy of that public body is discussed or decided by the public body, whether in person or by means of teleconference, teleconference being any exchange of audio, video, or electronic medium, including the Internet.

I think it would be fair to say that an email meets that criteria, but when you go back to official meeting discussion, there was really nothing discussed and nothing was decided specifically by that email. Because of that, I'm going to make a motion there is no violation on issue number two on the complaint that's before us.

1 CHAIRWOMAN SOVELL: We have a motion. Is there any 2 further discussion on that? 3 MR. SMITH: I think that this is the correct way to -this is ultimately resolving it correctly. I think it's 4 5 interesting because if there would have been responses, I think we would have a drastically different opinion about what 6 occurred there. 7 8 So I think certainly a warning as to how the request 9 for the email for that poll -- it certainly is -- the intention 10 behind that email was asking for a violation of the Open 11 Meeting Commission laws found in Chapter 1-25 that we are here 12 today to address. But I think because there were not answers 1.3 received back from those commission members, I agree, I don't 14 think there was an actual violation that occurred. 15 CHAIRWOMAN SOVELL: And that was an official second, 16 correct? 17 I would second that, yes. MR. SMITH: 18 CHAIRWOMAN SOVELL: With that, we have a motion, we 19 have a second. I would call for a vote. All those in favor of 20 the motion pending, signify by saying "aye." 21 (Motion passed unanimously.) 22 CHAIRWOMAN SOVELL: Anyone in opposition, please 23 signify by saying "aye." 24 MR. RUSSELL: Yes. 25 CHAIRWOMAN SOVELL: Mr. Russell, you were in favor of

the motion, correct? MR. RUSSELL: That is correct. CHAIRWOMAN SOVELL: We were getting a little delay; so I wanted to make sure that I was correct. Anyone opposed, signify by saying "aye." Hearing none, unanimous vote to pass the motion. And Mr. Blair will take the necessary steps to draft the findings, and we will move on to the next agenda item, which is -- we have a rolling schedule, correct? MR. BLAIR: Yeah. (Whereupon, the proceedings were concluded.) 2.2

1 2 3 STATE OF SOUTH DAKOTA) ss. 4 COUNTY OF HUGHES 5 I, Carla A. Bachand, RMR, CRR, Freelance Court 6 Reporter for the State of South Dakota, residing in Pierre, 7 South Dakota, do hereby certify: That I was duly authorized to and did report the 8 9 proceedings in the above-entitled cause; 10 I further certify that the foregoing pages of this 11 transcript represents a true and accurate transcription of my 12 stenotype notes. 13 Dated this 5th day of December 2024. 14 15 16 17 /s/ Carla A. Bachand_ Carla A. Bachand, RMR, CRR 18 Notary Public My commission expires: June 10, 2030 19 20 2.1 2.2 23 24 25