

Tylerborders replied 2 days ago (Tue, 5 Jun at 6:45 AM)
to : pdc@pdc.wa.gov, micaiah.ragins@pdc.wa.gov

Mr. Stutzman and Mr. Ragins,

Regarding the allegations submitted by Mr. Lenk against Go Big Tri-Cities, some important technical and structural clarifications must be made regarding the alleged surplus campaign funds disposal, and the viability of the purchase of corporate insurance.

Firstly, it's important to clarify that Go Big Tri-Cities was a nonprofit organization with a broader mission to support the Tri-Cities community through diverse and varied communications of economic development-related projects. While Go Big Tri-Cities' sponsored the 2016 Link proposition 16-8 as a project, Go Big Tri-Cities and The Link are not one in the same entity. This is a critical distinction when it comes to assessing contributions and expenditures. One entity is a nonprofit organization with its own specific articles of incorporation, whereas the Link campaign was a project supported by that organization.

As such, contributions made by donors were to Go Big Tri-Cities, the nonprofit organization, both for the operation of the organization short- and long-term, and its sponsorship of the campaign in 2016. It was known by the governors of the organization and contributors to the organization that the vision of Go Big Tri-Cities didn't end with The Link in 2016; proof positive of this reality is that Go Big Tri-Cities considered supporting the 2017 proposition—ultimately deciding against it—and also considered supporting unrelated community projects like the marketplace development in Richland. Moreover, Go Big Tri-Cities remained an active entity with the state of Washington into 2018, evidence again that the inspiration for the organization was broader and not intended to be contained to the 2016 campaign project alone.

This is relevant context as it applies to the assertion of surplus campaign funds disposal. A surplus of campaign funds applies only on the premise that Go Big Tri-Cities and The Link are one in the same entity and timespan. Again, we do not believe this is the case. As described above, the governors had every intention to remain active into 2017 and 2018 and consider other project options, including but not limited to supporting the next proposition. It remains a logical conclusion to us that the operators of the organization required an apportionment of funding in order to simply remain active; administrative and operating expenses, insurance, supplies, and other costs are a part of normal business operation. It was always the intention of the governors of the organization, therefore, to maintain some operating funds in order to facilitate these realities.

As the Public Disclosure Commission is aware, Go Big Tri-Cities has been transparent with its information and compliant with investigators throughout the case of the previous complaint filed against us. It has always been our intention to abide by the rules, even when the many nuances of those rules aren't known to us. The complexities of RCW finance law are abundant, and as we expressed during the first investigation, Go Big Tri-Cities was a first-time filer in this space doing our best to comply with policies based on the knowledge we possessed. As you know, we are not politicians or political activists, we were a group of citizens with communications expertise with a vision to support projects that we believed were valuable to the Tri-Cities community and economic development.

All of this context brings us to the allegations by Mr. Lenk, that we did not properly dispose of campaign surplus, and that we were not allowed to purchase a corporate insurance policy. Our response is that the matter is ultimately one of technical reporting, apportionment, and itemization. Firstly, it should be noted and corrected that there was not a duplicate purchase of corporate insurance. Nor was there a duplicate amount for legal services in the same month. As to whether the insurance purchase is a "likely violation of RCW" as a "personal use of contribution" as Mr. Lenk states, is predicated on the following factors: 1) That all of the contributions are only campaign intended instead of organizationally intended. 2) That the organization would never utilize the contributions for a similar effort in the future whereby the insurance remains valuable to those similar

efforts, as again, the organization remained active until 2018 and considered supporting the 2017 substantially similar campaign.

In discussions with the PDC, Go Big Tri-Cities explained that it maintained a single-source account as an organization. Meaning, the organization's mission to engage in any project, present or future, would utilize the same source and contributions. As such, our position is again that the issue of surplus funds disposal and the allowability of insurance purchase is actually one of distinction between organization and campaign, and is a matter of technical reporting, assignment, and itemization. It was always our intention and operating principle that contributions received were for the expressed purpose of both operating the organization as well as the present project. As the Local Union 598 can attest, for example, its contribution was to Go Big Tri-Cities the organization for whatever purposes necessary to support the mission of the organization, that included The Link campaign as well as the operation of the organization in order to make running the present campaign possible. In fact, every individual contribution was made to Go Big Tri-Cities, the nonprofit organization. As with contributions to nonprofits worldwide, such donations are not tied specifically to any one guaranteed expenditure, but instead to the organization at large to be used at its discretion for its mission. This is true of contributions to Go Big Tri-Cities, both for operations of the organization at present and in future, for the current project or possible future projects similar or otherwise, and for the broader purpose of the organization.

Here is where we affirm that Go Big Tri-Cities may have in fact over-reported its contributions and expenses to the PDC through early August 2016, showing the entirety of its contributions and expenses on its campaign-based C4 reporting through this timeframe, instead of an apportionment that considers the organizational realities expressed above. Our initial reporting showed the entirety of its total contributions and expenses for the organization during the relevant campaign timeframe, despite not all of either category being campaign specific in our view.

As the claimant alleges that the purchase of insurance is not an allowable corporate expense based on RCW 42.17A.430, the above position negates that view. The claimant should recognize that if Go Big Tri-Cities over-reported the insurance expense as a campaign expense versus an organizational expense, so did it over-report its contributions as campaign-only contributions versus organizational contributions. The very fact that we purchased the insurance in August 2016 through the following year is proof that we had every intention of continuing onward, which we did, not closing the organization's doors because the campaign project had ended. Remaining active requires some amount of operating capable. These funds are therefore not a "surplus" campaign amount, but rather appropriate maintenance of organizational operating funds.

There only exists a surplus of funds if the entirety of the contributions made to Go Big Tri-Cities were "only and entirely campaign related" versus a contribution to the organization for its directed utilization. We are happy to make further adjustments to the campaign reporting as directed by the PDC to account for this and adjust contributions and expenses down accordingly. Again, it's our firm belief that this matter is one of technical reporting, funds assignment, and itemization. While the PDC manages to RCWs specific to campaign surplus, Go Big Tri-Cities additionally manages to state revenue code as a nonprofit organization.

As always, Go Big Tri-Cities and its governors will remain accessible, cooperative, and compliant with the PDC and all of its officers. I hope we have proven our intention, integrity, and goodwill as long as we have worked with the Public Disclosure Commission. We'll await your directive on how to proceed.

Sincerely,

Tyler Borders
Eric Van Winkle
Nick Bumpaous