5251

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May 1, 2002

BY FAX (202) 219-3923 AND MAIL
Jeff Jordan
Federal Election Commission
Supervisory Attorney
Central Enforcement Docket
999 E Street, NW
Washington, D.C. 20463

RE: MUR 5251

Dear Mr. Jordan:

I write in response to the allegations in a complaint filed by Steven Durham against Colorado Lieutenant Governor Joe Rogers.[1] The complaint alleges that Lt. Gov. Rogers used state funds in a manner that constitutes a "contribution" under the Federal Election Campaign Act ("FECA"). For the reasons stated in this response, no action should be taken against the State of Colorado.

BACKGROUND

The Lieutenant Governor is a statewide elected official. Colo. Const. art. IV, § 1. Candidates for governor do not choose candidates for lieutenant governor. Candidates for lieutenant governor of each party are chosen at the respective party conventions and at primary elections. Candidates for lieutenant governor have separate candidate committees and separate contribution limits. See §§ 1-45-105.3 and –105.5, C.R.S. (2001). Once the candidates for governor and lieutenant governor of each party are nominated, the voters cast a single vote for both offices at the general election. Upon election, the Office of Lieutenant Governor is a part of the Governor's Office for purposes of appropriations and expenditures. (See attachment 1, 2001 appropriations bill.)

The Governor's office has established procedures and internal controls for processing requests for reimbursements from the Office of the Lieutenant Governor. (See attachment 2, Accounting Procedures and Internal Controls For The Governor's Office, p.9.) The Office of the Lieutenant Governor submits documentation. The payment request must identify the

[1] The attorney general is authorized to represent the State of Colorado. § 24-31-101(1)(a), C.R.S. (2001).

appropriation to be charged and must be signed by an authorized person in the Lieutenant Governor's Office. The request is returned if it is not properly approved or if the documentation is incomplete. By submitting the request, the Office of the Lieutenant Governor affirms that the reimbursement is correct and appropriate. (See attachment 2, p.9.)

The FECA defines "contribution" as including "any gift, subscription, loan, advance or deposit of money or anything of value made by any person *for the purpose of* influencing any election for federal office." (Emphasis added.) 2 U.S.C. 431.7(A)(10); 11 C.F.R. 100.7(a)(1); *Federal Election Com'n v. Akins*, 524 U.S. 11, 15 (1998). "Purpose" is defined as "an objective, goal or end." *Black's Law Dictionary*, 7th ed. (1999) 1250. Thus, in order to fall within the definition of "contribution", Durham must show that the State of Colorado made the payments with the goal of influencing Lt. Gov. Rogers' campaign for a federal office.

ANALYSIS

It is not clear from the complaint that Durham has alleged any violations by the State of Colorado. He states that "Rogers acknowledged that he violated the law when he allowed taxpayers to pay for a videotape of his potential opponent for U.S. Congress and for a phone for political calls." Complaint, p.2. He also alleges "that Rogers' office spent $55,000 on 'unconventional items,' including—among other things—campaign items." *Id.* Durham concludes that "Rogers acknowledged that he inappropriately spent state taxpayer dollars to pay for campaign related expenses." He asks only that the FEC investigate Rogers and the Rogers Committee. *Id.*

The allegations focus on Lt. Governor Rogers. Durham does not mention the State of Colorado. Durham never states, either implicitly or explicitly, that the State of Colorado intended to give money or anything of value to Lt. Gov. Rogers or his Committee. He does not seek an investigation of the State of Colorado. Rather, Durham appears to argue that Lt. Gov. Rogers obtained the funds under false pretenses. Given the language of the complaint, Durham does not assert that the State of Colorado is implicated in a violation of FECA.

Assuming that Durham alleges a violation, the FEC must conclude that no action against the State of Colorado is warranted. The complaint makes two allegations regarding taxpayer funds: (1) Lt. Gov. Rogers used funds contributed by businesses to the Lieutenant Governor's Conference on Youth Education ("Conference"), and (2) Lt. Gov. Rogers used taxpayer funds from other sources for his federal campaign.

The allegations regarding the Conference assume that the Conference is a public entity. The assumption is incorrect. The Conference is a private, nonprofit Colorado corporation. (See attachment 3, articles of incorporation). The Conference was created to "provide for establishment of a statewide conference on youth education" and to review education issues "through the eyes to the students". (See attachment 3, articles of incorporation, p.2.) As noted in the March 3, 2002 *Denver Post* article, private individuals and businesses donated money to the University of Denver and the Conference. (See attachment 4.) There is no evidence showing that any money was given to, or disbursed by, the State of Colorado for this conference. No public money was used; therefore, the State of Colorado did not provide any contributions to Lt. Gov. Rogers or his Committee.

The next allegation is that Lt. Gov. Rogers "allowed taxpayers to pay for a videotape of his potential opponent for U.S. Congress and for a phone for political calls." Durham also states that "Roger's office spent $55,000 on 'unconventional items,' including—among other things—campaign items." In order to prove that the State of Colorado made a contribution, Durham must show that the State of Colorado intended to provide money with the goal of assisting the Lt. Governor's campaign for federal office. Pursuant to the internal procedures for processing requests for reimbursement, the Lt. Governor, or his aides, submitted receipts to the Governor's Office. By submitting the receipts for reimbursement, the Lieutenant Governor, or his aides, certify the correctness or appropriateness of the requests for reimbursement.

The State of Colorado did not intend to assist in any political campaign. There is nothing on the face of the receipts that would indicate that the reimbursement requests were for anything other than reimbursement of expenditures related to the function of the Office of Lieutenant Governor. Nor did the State have any information from other sources indicating that the requests were for anything other than expenditures related to appropriate office expenses. Therefore, the State, in compliance with its obligation to reimburse a public official and his staff for costs related to the duties and responsibilities of the state office, reimbursed the Lieutenant Governor upon submission of the required documentation, i.e. receipts documenting expenditures. Due to the volume, copies of all pertinent receipts are attached to the letter forwarded by mail.

For the reasons stated in this letter, the FEC must conclude that the State of Colorado did not constitute a contribution and did not violate the FECA in any manner.[2] If you need any additional information, please contact me.

Sincerely,

FOR THE ATTORNEY GENERAL

Maurice Knaizer

MAURICE G. KNAIZER
Deputy Attorney General
Public Officials
State Services Section

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[2] The State of Colorado reserves the right to argue that it is not a "person" under the FECA.

(303) 866-5380
(303) 866-5671 (FAX)

Enclosure

AG File: DOCUMENT2

..., Colorado Resource Center -- The Department is requested to review its method of compensating the Denver Public Library for administration of the Colorado Resource Center and to provide to the Joint Budget Committee, on or before November 1, 2001, a report concerning such review. Such report should include, but not be limited to, the following: (a) An analysis of the services that the Denver Public Library is required to provide pursuant to the Colorado Resource Center contract and whether such services contribute to meet the State Librarian's statutory obligation to contract for the furnishing of library resources to ensure equal access to information for all Coloradans; (b) an evaluation of the current method used by Denver Public Library to estimate the costs incurred in providing such services; (c) an evaluation of the adequacy of the current appropriation in covering the costs incurred by the Denver Public Library in administering the Colorado Resource Center; and, (d) any recommendations for changes to the method used to compensate the Denver Public Library for administration of the Colorado Resource Center.

25 Department of Education, School for the Deaf and the Blind, School Operations -- This appropriation is based on an estimated enrollment of 232 students at the Colorado School for the Deaf and Blind. It is the intent of the General Assembly that enrollment at the school not significantly exceed 232 students. The Department is requested to report annually to the Joint Budget Committee on any variance from this enrollment count.

PART IV
GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

(1) OFFICE OF THE GOVERNOR[26]					
(A) Governor's Office					
Administration of Governor's Office and Residence[27]	2,341,218	2,269,448 (39.0 FTE)		71,770(T)[a]	
Discretionary Fund	20,000	20,000			
Mansion Activity Fund	110,000		90,000[b]	20,000[c]	
	2,471,218				

[a] This amount shall be from indirect cost recoveries.
[b] This amount shall be from rental fees.
[c] This amount shall be from rental fees received from exempt sources.

(B) Special Purpose					
Health, Life, and Dental	254,454	210,929		39,685(T)[a]	3,840
Short-term Disability	3,636	3,636			
Salary Survey	344,569	275,365		64,138(T)[a]	5,066
Anniversary Increases	154,864	125,628		26,981(T)[a]	2,255
Workers' Compensation	1,785	1,785			
Legal Services for 1,391 hours	81,276	81,276			
Purchase of Services from Computer Center	5,000	5,000			
Payment to Risk Management and Property Funds	29,074	29,074			
Capitol Complex Leased Space	191,719	191;719			
	1,066,377				

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2001 CoCo Session Law

	ITEM & SUBTOTAL	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	APPROPRI…	
	$	$	$	$	$	$	

oe from indirect cost recoveries.

(C)… ams and Grants[27]							
Progra… …istration	21,000,000						21,0…
Legal Servi…es for 230 hours	13,439						13,4…
	21,013,439						

[a] This amount includes federal grants estimated to be received by the Governor's Office for the Office of Energy Conservation, the School-to-Career program, the Headstart Program, the Workforce Coordinating Council, and other initiatives, and is included for informational purposes only.
[b] This amount shall be for legal services for the Office of Energy Conservation, and is included for informational purposes only.

		24,551,034					
(2) OFFICE OF THE LIEUTENANT GOVERNOR							
Administration	194,767		194,767 (3.0 FTE)				
Discretionary Fund	5,000		5,000				
Commission of Indian Affairs	79,321		77,821 (2.5 FTE)			1,500[a]	
		279,088					

[a] This amount shall be from private donations.

3) OFFICE OF STATE PLANNING AND BUDGETING[26, 28, 29, 30]							
…ersonal Services	1,196,877					1,196,877(T)[a] (19.5 FTE)	
…perating Expenses	61,314					61,314(T)[a]	
…conomic Forecasting …ubscriptions	22,939					22,939(T)[a]	
		1,281,130					

[a] These amounts shall be from indirect cost recoveries collected from the State Highway Fund by the Department of Transportation pursuant to Section 43-1-113(8)(a), …R.S.

…) ECONOMIC DEVELOPMENT PROGRAMS							
…dministration	362,675		347,886 (6.0 FTE)			14,789(T)[a]	
…ehicle Lease Payments	11,655		11,655				
…eased Space	231,540		231,540				
…usiness Development	865,305		850,305 (10.2 FTE)		15,000[b]		
…rand Junction Satellite …ffice	63,252		63,252 (1.0 FTE)				

ACCOUNTING PROCEDURES AND INTERNAL CONTROLS
FOR
THE GOVERNOR'S OFFICE

Prepared by
Nancy Doty, Chief Financial Officer

This guide was last updated
(for State Fiscal Year 2002)

ATT-2

GOVERNOR'S OFFICE

ACCOUNTING PROCEDURES AND INTERNAL CONTROLS

INTRODUCTION

The following are procedures and internal controls for the Governor's Office accounting and budgetary functions. Four accounting processes are addressed:

- budgetary and financial reporting
- expenditures and accounts payable
- personnel and payroll
- revenue and cash receipts

The accounting and budgetary processes that have been established within the Office are designed to:

- Identify and record all valid accounting transactions;
- Provide sufficient and timely transaction detail to facilitate and support management decision making processes;
- Properly classify transactions for financial reporting purposes;
- Ensure the accurate monetary value of all accounting transactions;
- Properly present and disclose accounting transactions in reports.

Consideration was given to the following when establishing the controls inherent to each accounting process:

- Approval of transactions by management;
- Proper classification of transactions to facilitate the preparation of financial statements in conformity with generally accepted accounting standards;
- Periodic review of accounting records and reports for accuracy and management evaluation;
- Limited access to state assets, restricted only to individuals authorized by management;
- Assurance that fiscal events are accurately converted to accounting transactions and processed timely;

Other general considerations:

- Adequate segregation of duties: Accounting and financial responsibilities are divided among staff in such a way as to ensure adequate segregation of duties. This is essential to maintain the accuracy and integrity of fiscal processes and the safeguarding of assets.

- Restricted access to processing areas, records and forms: Three employees comprise the Office accounting section: the Chief Financial Officer (CFO), a senior accountant, and a payroll and benefits specialist. The location for these employees is away from traffic areas, and the larger area (press and advocacy) is locked when unoccupied. In addition, warrants awaiting distribution, petty cash and other valuable items are kept locked in a filing cabinet. Personnel files containing confidential information or sensitive forms are kept in a filing cabinet in the CFO's office that is locked during non-office hours.

  COFRS security: The CFO has been delegated security administration for the agency by the State Controller. Delegated security administration gives the CFO the responsibility to perform the following security profile functions: inquiry to security profiles; add, modify, and/or delete security profiles, add individuals to receive reports via INFOPAC and Document Direct. The CFO has the responsibility to assign security to process all transactions and access all tables defined as accessible to agencies in the COFRS' Security Administrator Guide. The CFO ensures that there is a proper segregation of duties and that access to state assets in permitted only to authorized persons in the performance of their assigned duties.

- Existing systems in place: the Office incorporates many laws, policies and procedures in the day-to-day operations of the accounting/budget section. Included are: Federal and State laws, State Fiscal Rules, Fiscal Procedures Manual, Division of Accounts and Control/COFRS alerts (and other requirements and advisories from the State Controller's Office), COFRS operations manuals, EMPL/CPPS operations manuals, Governor's Office Personnel Policies, the Office of State Planning and Budgeting annual budget request manual, and federal laws and regulations specific to the cooperative agreements for grants administered within the office. The Governor and his Deputy are exempt from the requirements set forth in the Fiscal Rules and the Procurement Code for actions and commitments they personally approve.

- Chart of Accounts: The chart of accounts incorporated in the Fiscal's Procedures Manual (March 2001) is used for recording all transactions. Appropriation codes and organization codes are established by the CFO to separate funds and create meaningful budgetary categories.

BUDGETARY AND FINANCIAL REPORTING PROCESSES

Budgetary Procedures:

Budgetary planning for a fiscal year begins one year ahead with the preparation of the annual legislative budget request, which is prepared according to direction from the Office of State Planning and Budgeting in conjunction with the Joint Budget Committee of the State Legislature. The Strategic Plan and Department Overview are written with input from program managers and are ultimately reviewed and approved by the Chief of Staff. The chief financial officer prepares detailed base-level budget request schedules. The schedules contain historical expenditure information for two previous fiscal years, an estimate for the current fiscal year and a request for the following fiscal year. Budget requests are submitted as part of the Governor's Office Budget Request to the Joint Budget Committee by November 1, each year.

Once the legislature appropriates funding for a new fiscal year, accounts are set up and appropriations are booked within COFRS using the appropriation (AP) transaction. The CFO prepares these transactions and provides an agency level (Level 3) approval. The State Controller's Office field controller then reviews each transaction for final (Level 5) approval. The field accounting specialist reviews and approves spending authority for all funds, whether appropriated by the legislature or obtained from other sources.

The chief financial officer prepares an annual internal budget with assistance from program managers. It is approved by the Chief of Staff. Organizational units are used to establish specific tracking categories within the Long Bill line items. Quarterly reviews are done by the CFO and reports submitted to the Chief of Staff.

The chief financial officer monitors all accounts to ensure that appropriate expenditures and revenues are recorded for each appropriation. If an incorrect entry is noted, she provides documentation to the senior accountant who then prepares a correcting entry (JV).

Monthly general ledger reports (GNL10 and GNL16) are provided to department managers. Reports serve two purposes: they provide a second review for posting errors or incorrect expenditures, and they assist managers with tracking YTD expenditures for their programs. If a question arises, the manager discusses the issue with the CFO. The CFO reconciles the year to date expenditures to the appropriate appropriation on a monthly basis. The CFO investigates any concerns and keeps management advised.

The chief financial officer follows the Fiscal Procedures Manual regarding quarterly reviews. All incorrect items are investigated and corrected at that time.

Financial Reporting:

Reports are developed, as necessary, throughout the year as requested by the legislature, Management, the State Controller, the State Personnel Department, etc. Annual financial reports are prepared by the CFO or the senior accountant in accordance with directives by the State Controllers Office.

EXPENDITURES AND ACCOUNTS PAYABLE ACCOUNTING CYCLE

The accounts payable process covers all non-payroll expenditures. Examples are payments of invoices for purchases, contract payments, operating expenses, and staff reimbursements.

Accounts payable transactions originate with department managers. Agency program areas include: Administration, Computer purchases, Boards and Commissions, Mansion/Residency, Mansion Events, Legal, Legislative, Policy and Initiatives, and Press.

All non-routine purchases and intended travel are to be approved by the department manager, deputy chief of staff, chief of staff, or chief financial officer prior to the actual cost being incurred. All out of state travel is to be approved by the chief of staff in advance of the trip. All expenditures over $3,000 are to be approved by the chief of staff before payment is processed.

If it is necessary to encumber an anticipated expense, the accounting staff enters the appropriate encumbering document and the chief financial officer approves it. Encumbrances are cleared, or modified through reference when PV transactions are processed.

Once purchases have been received, invoices are initialed by the appropriate staff person as evidence of receipt of goods/services, and/or approved by the appropriate department manager and submitted to the accounting office for payment. Payment processing involves the following:

- The senior accountant checks invoices for accuracy, attaches relevant backup to verify the items and quantities received, checks to ensure that the fiscal rules have been followed, and checks for the approval of the appropriate supervisor (or designee).

- The senior accountant determines the correct accounting codes to be used and enters the data into COFRS on a PV transaction. References to appropriate encumbrance transactions in COFRS are added, if appropriate, which credit the encumbrance and debit the appropriate expense account.

- Payments are generally processed within one week (or less) after being received by the accounting department.

- A screen-print is made of each payment voucher. Backup is attached to the vouchers, and the PV is presented to the CFO for final review and approval. Upon approval, the CFO signs the payment vouchers and adds on-line approval within COFRS. After approval, vouchers are kept on file, in chronological order with backup attached. The senior accountant checks the suspense file table (SUSF) in COFRS each day to make certain that all documents scheduled to process did so. Warrants are kept in a secure file until they are distributed to staff or mailed to vendors. Policies and procedures are followed as set forth by the SCO.

- Occasionally, a warrant must be canceled. A cancellation request memorandum, which contains accounting information about the warrant, and the reason the cancellation is necessary, is submitted to the SCO for cancellation.

- Payments from grant monies require a formal agreement – either contract, notice of award, an interagency agreement, or a memorandum of understanding (for other state entities). Agreements are reviewed by the legal department before being forwarded to the Chief of Staff for signature. Specific agreement requirements set forth payment requirements that are followed when making payments.

- For services provided, and goods purchased through central agencies (i.e., central services postage and printing charges, state aircraft, central stores, etc.), billings are automatic, based upon coding we have provided these agencies. When advice billings are received, they are checked for accuracy (i.e., printing orders match accounting codes billed) and kept on file.

Petty Cash

A petty cash fund is maintained by the accounting for the Office. Regular payment procedures are followed for petty cash reimbursements. The senior accountant keeps records for the petty cash fund. Staff request petty cash by submitting a receipt. The fund is reconciled and replenished with a PV, as necessary. Total petty cash (unrecorded receipt/expenditures and cash on hand) is maintained at $200. At year-end all unrecorded expenditures are recorded prior to closing.

Fixed Assets Inventory Procedures

State Fiscal Rules are followed when determining if fixed assets (>$5,000) must be recorded on the Office balance sheet. Assets that do not require capitalization (<$5,000) are recorded on an internal list. The controller prepares any necessary year-end accounting entries necessary to record fixed assets.

PERSONNEL AND PAYROLL PROCESSING

The State's personnel and payroll systems (EMPL and CPPS) are used to process monthly and bi-monthly payroll. In addition, the payroll specialist attends Personnel and Payroll Users Group (PPUG) meetings to keep up-to-date on payroll and personnel issues. The following processes have been established:

- Office positions are not part of the classified state personnel system. The Office utilizes the personnel policies and procedures of the Office of Governor Owens in the Employment Manual for the Office. All new employees are required to receive and read the document at the start of employment.

- All permanent employees are salaried, and paid once per month on the last working day of the month. At times, the Office employs part-time, hourly, employees. These employees are paid twice monthly. Their pay is based upon the actual number of hours reflected on an approved time sheet.

- References and credentials for new potential employees are checked and additional background checks are requested, as appropriate.

- The Chief of Staff makes all final decisions about positions to be filled, and makes all decisions concerning salary increases for employees.

- Personnel files are maintained for each employee, which contain copies of various required forms, salary history information, etc.

- When an employee leaves state employment, a copy of the resignation letter is placed in his/her file. The employee is taken off direct paycheck deposit. The payroll specialist advises each terminating employee of their COBRA rights, and other close-out requirements (such as the surrender of office keys, cell phones, credit cards, etc.) Any other equipment being used outside of the office for any purpose must be returned, and any outstanding travel advances must be cleared before the last paycheck is given to a terminating employee.

- The payroll specialist receives all change of the information and enters new data into the state payroll system (EMPL/CPPS). After the payroll changes have been made, the payroll specialist verifies the accuracy of the data input and forwards to the CFO who double checks the data output. The payroll specialist distributes the payroll advices on the last working day of the month.

- Leave records are kept for each employee in order to track annual and sick leave accrued and taken. The payroll specialist maintains the leave records and calculates leave balances. A calendar of annual and sick time taken is provided to each employee on a quarterly basis. Each employee agrees by signing the recorded time schedule or contacts the Office to discuss discrepancies. The CFO periodically thought out the year, double checks each record at year-end for accuracy. After leave balances have been checked, the CFO is responsible for preparing closing entries for accrued leave liabilities at fiscal year-end. This is done in accordance with the SCO Fiscal Procedures Manual.

REVENUE AND CASH RECEIPTS

The Office occasionally receives checks that must be deposited into the State Treasury. Examples include: donations, reimbursements from staff for personal long-distance telephone calls, sale of Christmas ornaments and flags, etc. In addition, direct and subrecipient federal drawdowns are tracked and deposited. Revenue is earned as it is spent.

Cash Receipts

For deposits of checks received, the senior accountant receives the mail and immediately endorses the check. Checks are recorded by the senior accountant on a log identifying the fund, org, appropriation code, and object code to be used along with a description and amount. Timely deposits are made in accordance with state fiscal rules. When the senior accountant prepares a deposit, checks are totaled and a cash receipts (CR) transaction is entered into COFRS. Each check/cash is identified on the CR.

The CR is given to the CFO, who checks the deposit and approves (Level 3) the CR transaction. The deposit is then hand-carried to the Treasury. The Treasury places final (Level 5) approval on the CR document. A photocopy of the CR transaction is presented to the Treasury for certification as a receipt, which is kept on file.

Direct federal drawdowns occur in accordance with the award. The draw down is requested by the CFO, a CR transaction is prepared by the senior accountant, and then approved by the CFO prior to being sent to the Treasury. A copy of the electronic deposit is attached. This ensures that the deposit is appropriately recorded on the COFRS, once the payment is received.

The CFO and the State Controller's Office monitors revenue accruals on a quarterly basis to ensure they are in line with expenditures.

Processing Payments for the Lt. Governor's Office (LTG)

The Governor's Office processes the payment of expenditures for the Lt. Governor's Office. The procedure is as follows:

- Documentation (invoice, memo, travel report with attached receipts, etc.) from LTG Office is received by the senior accountant.
- The payment request identifies the appropriation to be charged and is signed by a person in the LTG Office authorizing payment.
- The request is returned to the LTG Office if it is not properly approved or missing receipts.
- The senior accountant assembles the information and enters the data into COFRS on a PV transaction.
- A screen print is made of each payment voucher. Backup is attached to the vouchers and the PV is presented to the CFO for processing approval.
- The CFO signs the payment voucher and adds on-line approval within COFRS.
- Paid vouchers are kept on file with backup attached.

This accounting office provides Monthly General Ledger Reports (GNL10 and GNL16) to the LTG. The CFO also provides a summary of expenditures compared to budget on a monthly basis to the LTG. The LTG's Office is responsible for reviewing reports and/or classification of expenditures for correctness or appropriateness.

UPDATING THIS DOCUMENT

This guide serves as an organizational plan that specifies basic procedures and internal controls for The Office. It is reviewed at least once each fiscal year in July. It may be modified, however, as circumstances warrant.

FILED
DONETTA DAVIDSON
COLORADO SECRETARY OF STATE

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$ 65.00
SECRETARY OF STATE
10-07-1999 15:09:36

NONPROFIT

ARTICLES OF INCORPORATION
FOR LT. GOVERNOR'S CONFERENCE ON YOUTH EDUCATION
A Colorado Nonprofit Corporation

FIRST: I, John A. Reid, whose address is 1700 Lincoln Street, Suite 3910, Denver, Colorado 80203, being at least eighteen (18) years of age, am hereby forming a nonprofit corporation under and by virtue of the Colorado Revised Non-Profit Corporation Act, C.R.S. 7-121-101 et. seq.

SECOND: The name of the Corporation (which is hereafter called the "Corporation") is the **Lt. Governor's Conference on Youth Education.**

THIRD: The purposes for which the Corporation is formed are:

(a) The Corporation is organized exclusively for educational and charitable purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), and, more specifically, to receive and administer funds for such charitable and educational purposes as described in part (c) below, all for the public welfare, and for no other purposes; and to that end to take and hold, by bequest, devise, gift, purchase, or lease, either absolutely or in trust for such objects and purposes or any of them, any property, real, personal or mixed, without limitation as to amount of value, except such limitations, if any, as may be imposed by law; to sell, convey, and dispose of any such property and to invest and reinvest the principal thereof, and to deal with and expend the income therefrom for any of the before-mentioned purposes, without limitation, except such limitations, if any, as may be contained in the instrument under which such property is received; to receive any property, real, personal or mixed, in trust, under the terms of any will, deed of trust, or other trust instrument for the foregoing purposes or any of them, and in administering the same to carry out the directions, and exercise the powers contained in the trust instrument under which the property is received, including the expenditure of the principal as well as the income, for one or more of such purposes, if authorized or directed in the trust instrument under which it is received, but no gift, bequest or devise of any such property shall be received and accepted if it be conditioned or limited in such manner as shall require the disposition of the income or its principal to any person or organization other than a "charitable organization" or for other than "charitable purposes" within the meaning of such terms as defined in Article TWELFTH of these Articles of Incorporation, or as shall in the opinion of the Board of Directors, jeopardize the federal income tax exemption of the Corporation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as now in force or afterwards amended; to receive, take title to, hold, and use the proceeds and income of stocks, bonds, obligations, or other securities of any corporation or corporations, domestic or foreign, but only for the foregoing purposes, or some of them; and, in general, to exercise any, all and every power for which a nonprofit corporation organized under the applicable provisions of the Colorado law for educational and charitable purposes, all for the public welfare,

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can be authorized to exercise, but only to the extent the exercise of such powers is in furtherance of exempt purposes.

(b) No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Articles of Incorporation. **No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.** Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

(c) Included among the educational and charitable purposes for which the Corporation is organized, as qualified and limited by subparagraphs (a) and (b) of this Article *THIRD* are the following:

Provide for establishment of a statewide conference on youth education. This conference will bring together high school juniors and seniors representing every high school (public, private, and home school) throughout the State of Colorado. This cross section of student representatives shall exemplify every ethnic and cultural group, and every socio-economic group for the purpose of seeking inquiry from these youth. The conference hopes to ascertain from children solutions for improving the quality of education they receive in statewide schools. Pertinent issues such as solutions to school discipline problems, truancy and dropout. In addition, addressing the concern of how teachers can better serve students on an academic level. The conference's primary focus will be looking at these issues through the eyes of students. The result of this unprecedented event will be a report to the Lt. Governor and Governor, and ultimately to all of Colorado, on the state of Colorado Youth.

The conference will provide new attention on the problems facing our youth. Whether it is the high dropout rate among high school students, the inability to read at grade level, drug or alcohol problems, gang related problems or something as simple as a child just not fitting in with his or here classmates, the conference will seek out new answers. Specific objections of the conference are:

1. Give greater importance to the voice of students.
2. Commit ourselves to provide for the next generations.

3. Bring together a cross-section of student representatives for every high school statewide.
4. Create solutions for the future.
5. Affect current educational processes through conference.

FOURTH: The principal office of the Corporation in this State is 1700 Lincoln, Suite 3910, Denver, Colorado 80203. The name and address of the Registered Agent of the Corporation in this State is John A. Reid, 1700 Lincoln, Suite 3910, Denver, Colorado 80203.

The undersigned consents to the appointment as the initial Registered Agent of the Lt. Governor's Conference on Youth Education.

By: John A. Reid
John A. Reid

FIFTH: The Corporation is not organized for profit; it shall have no capital stock and shall not be authorized to issue capital stock.

The Corporation initially shall have no members. In the future, the Corporation shall have additional classes of members (voting or nonvoting) as may from time to time be prescribed by its bylaws. The designation of each class and their manner of election or appointment, qualifications, tenure, terms of membership, rights, powers, privileges and immunities shall be as from time to time stated in the bylaws. Members shall have voting powers as stated in the bylaws. The Corporation shall have no capital stock. However, the Corporation may issue certificates evidencing membership therein. Provided that the bylaws are amended to so provide, membership certificates may be assignable.

SIXTH: Initially, the number of Directors of the Corporation shall be two, which number may be increased pursuant to the Bylaws of the Corporation, but shall never be less than two (2). The names of the Directors, who shall act until the first annual meeting or until their successors are duly chosen and qualified, are: Joe Rogers and Rita Traylor.

SEVENTH: (1) No director shall be personally liable to the nonprofit corporation or to its members for monetary damages for breach of fiduciary duty as a director; except that any such provision shall not eliminate or limit the liability of a director to the nonprofit corporation or to its members for monetary damages for any breach of the director's duty of loyalty to the nonprofit corporation or to its members, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, acts specified in Section 7-128-402, or any transaction from which the director directly or indirectly derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director to the nonprofit corporation or to its members for monetary damages for any act or omission occurring before the date when such provision becomes effective. If the Colorado Revised Nonprofit Corporation Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be further eliminated or limited to the fullest extent permitted by the amended Colorado Revised Nonprofit Corporation Act. Any repeal or modification of this Article SEVENTH shall be prospective only and shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification

(2) No director or officer shall be personally liable for any injury to person or property arising out of a tort committed by an employee unless such director or officer was personally involved in the situation giving rise to the litigation or unless such director or officer committed a criminal offense in connection with such situation. The protection afforded in this subsection (2) shall not restrict other common law protections and rights that a director or officer may have.

EIGHTH: Except for personal liability of a director pursuant to Article SEVENTH above, or the Bylaws of the Corporation, the Directors shall be indemnified by the Corporation for any loss, damage, cost or expense incurred in the performance of their duties to the Corporation, including attorneys fees and costs, to the maximum extent permitted by law as it now exists or is hereafter amended.

NINTH: Upon the dissolution of the Corporation's affairs, or upon the abandonment of the Corporation's activities due to its impracticable or inexpedient nature, the assets of the Corporation then remaining in the hands of the Corporation shall be distributed, transferred, conveyed, delivered and paid over to any other charitable organization (as hereinafter defined) of this or any other State, having a similar or analogous character or purpose, in some way associated with or connected with the corporation to which the property previously belonged. Any such assets not so disposed of shall be disposed of by the District Court of Denver, Colorado, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

TENTH: The Corporation may by its Bylaws make any other provisions or requirements for the arrangement or conduct of the business of the Corporation, provided the same be not inconsistent with these Articles of Incorporation nor contrary to the laws of the State of Colorado or of the United States.

ELEVENTH: In these Articles of Incorporation,

(a) References to "charitable organizations" or "charitable organization" mean corporations, trusts, funds, foundations, or community chests created or organized in the United States or in any of its possessions, whether under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States, organized and operated exclusively for charitable purposes, no part of the net earnings of which inures or is payable to or for the benefit of any private shareholder, or individual, and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation and which do not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidates for public office. It is intended that the organization described in this Article ELEVENTH shall be entitled to exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now in force or afterwards amended.

(b) The term "charitable purposes" shall be limited to and shall include only religious, charitable, scientific testing for public safety, literary, or educational purposes within the meaning of the terms used in Section 501(c)(3) of the Internal Revenue Code of 1986 but only such purposes as also constitute public charitable purposes under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States.

TWELFTH: (a) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(b) The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(c) The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(d) The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(e) The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

THIRTEENTH: The period of duration of the Corporation shall be perpetual.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation this 1st day of October, 1999, and I acknowledge same to be my act.

John A. Reid

John A. Reid, Incorporator

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing Articles of Incorporation were signed and sworn to before me by John A. Reid, as Incorporator, on this 6th day of October, 1999.

My Commission Expires: Oct. 13, 2000

Witness My Hand and Seal:

Notary Public

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Lieutenant governor's spending under fire again

Lt. Gov. Joe Rogers spent nearly $12,000 donated to a youth conference on dinners, photo equipment and trips, The Denver Post reported Sunday.

Rogers, a Republican candidate for the new 7th Congressional District, also hasn't accounted for more than $26,000 left over from the event, according to documents the newspaper reviewed.

Rogers declined to comment Sunday, saying he had not seen the Post report.

This is the second time in less than two months that Rogers' spending has come under scrutiny. In January, state auditors began looking into his finances when records showed he spent more than $55,000 on unconventional items, including $96 for a news videotape about a rival politician and nearly $5,000 for a service to provide television news clips of his own appearances.

The earlier records were obtained by The Associated Press under Colorado's Freedom of Information Act.

Rogers' spokesman Ted Sell said the $12,000 was reimbursement for legitimate expenses from the 2000 Lieutenant Gov.'s Conference on Youth Education.

Sell said he didn't know what happened to the $26,000 in leftover money.

Rogers declined to be interviewed, but said in a written statement that: "I am pleased that I was able to be reimbursed for the money I spent out of my own pocket to make this conference so successful."

Sell said Rogers is spending the donated money so he can fulfill one of the conference's main goals: sending an 18-page report of its conclusions to every student, parent, educator and administrator in the state.

Receipts showed that part of the $11,742 was spent for dinners months after the conference, photo equipment and trips to Chicago and Nevada, according to documents obtained by The Post. Rogers collected nearly $65,000 in cash from various businesses to pay for part of the youth conference, called "Uncensored."

The Post said Rogers provided about $5,900 worth of receipts to

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justify checks he wrote on the account of the nonprofit organization he formed to run the conference.

Another $100,000 from two groups went directly to the University of Denver to run the conference.

Businesses that contributed to the event said they intended the money to be used to improve youth education.

"We would expect the money we donated to be used for the conference," said Christie Drumm, spokeswoman for Norwest, Wells-Fargo, which gave $10,000 to the nonprofit organization.

In 1999 and 2000, businesses contributed as much as $250,000 in money and goods to the conference, which brought together about 1,000 Colorado youths to discuss improvements to education.

Information from: The Denver Post

March 3, 2002