

**GREATER MINNESOTA CORPORATION**

**SPECIAL REVIEW OF EXPENSES INCURRED  
BY THE FORMER GMC PRESIDENT**

**OCTOBER 1, 1987 THROUGH DECEMBER 11, 1989**

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**AUGUST 1990**

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**Financial Audit Division  
Office of the Legislative Auditor  
State of Minnesota**

**90-51**



**GREATER MINNESOTA CORPORATION**  
**SPECIAL REVIEW OF FORMER PRESIDENT'S EXPENSES**  
**OCTOBER 1, 1987 - DECEMBER 11, 1989**

Public Release Date: August 8, 1990

90-51

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**OBJECTIVES:**

Determine whether the expenses incurred by former GMC president Terry P. Montgomery:

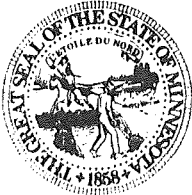
- complied with applicable policies or guidelines;
- served a public purpose relating to the activities of the Greater Minnesota Corporation; and
- included accurate documentation as to purpose and participants.

**CONCLUSIONS:**

- We question a total of \$11,271.69 which GMC paid for Mr. Montgomery's expenses.
- We believe that certain of the expenses were inappropriate or did not serve a public purpose. In addition, Mr. Montgomery submitted erroneous documentation to justify the purpose of several expenses.

Contact the Financial Audit Division for additional information.  
(612) 296-1730





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. William Norris, Chairman  
Greater Minnesota Corporation Board of Directors

Members of the Greater Minnesota Corporation Board of Directors

Dr. Bruce Merrifield, Interim President  
Greater Minnesota Corporation

Mr. Mike Miles, Vice President and General Counsel  
Greater Minnesota Corporation

**Audit Scope**

We have conducted a special review of the expenses incurred by Terry P. Montgomery in his former position as President and Chief Executive Officer of the Greater Minnesota Corporation. The review covered the term of Mr. Montgomery's employment with GMC - October 1, 1987 through December 11, 1989.

We conducted our review in accordance with generally accepted government auditing standards.

The objective of our review was to determine whether the expenses incurred by Mr. Montgomery:

- complied with applicable policies or guidelines;
- served a public purpose relating to the activities of the Greater Minnesota Corporation; and
- included accurate documentation as to purpose and participants.

**Audit Techniques**

We reviewed the supporting documentation for all meals and other travel expenses incurred by Mr. Montgomery. We also contacted numerous individuals identified on the expense claims as participants in the events. Section I further describes our audit methodology.

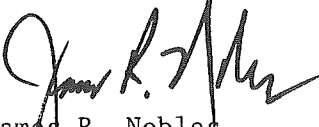
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Members of the Legislative Audit Commission  
Mr. William Norris, Chairman  
Members of the Greater Minnesota Corporation Board of Directors  
Dr. Bruce Merrifield, Interim President  
Mr. Mike Miles, Vice President and General Counsel  
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### Conclusions


In our opinion, certain of the expenses incurred by Mr. Montgomery were inappropriate or did not serve a public purpose. In addition, Mr. Montgomery submitted erroneous documentation to justify the purpose of several expenses. We discuss these issues in Section II of this report.

Pursuant to Minn. Stat. Section 3.975, we have referred this report to the Attorney General. The Attorney General has the responsibility to ensure the recovery of state funds and in fulfilling that role may negotiate the propriety of individual claims. We also have referred this report to the Hennepin County Attorney to institute such criminal proceedings as the evidence may warrant.

This report is intended for the information of the Legislative Audit Commission and management of the Greater Minnesota Corporation. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 8, 1990.



James R. Nobles  
Legislative Auditor



John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: June 29, 1990

REPORT SIGNED ON: August 2, 1990

GREATER MINNESOTA CORPORATION

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# GREATER MINNESOTA CORPORATION

## I: INTRODUCTION

On February 15, 1990, representatives of the Greater Minnesota Corporation (GMC) referred information to our office about travel and other business expenses incurred by Terry P. Montgomery in his former position as President and Chief Executive Officer of the organization. They raised questions regarding the propriety of certain of the expenses he claimed. Before referring the information to our office, GMC representatives met with Mr. Montgomery to discuss the expense claims. After those meetings, Mr. Montgomery repaid GMC a total of \$2,603.79 for certain expenses incurred during his employment with the organization.

As a result of the information we received, we began a special review of all expenses claimed by Mr. Montgomery during his employment at GMC. We coordinated the review with our regularly scheduled audit of GMC financial activities for the period October 1, 1988 through September 30, 1989. We have issued a separate report on the results of that audit dated August 8, 1990.

In this report we focus primarily on Mr. Montgomery's expenses for meals and hotels. Our specific objective was to determine whether the expenses were reasonable and for a public purpose. During the period October 1, 1987 to December 11, 1989, Mr. Montgomery incurred expenses totalling \$18,435.94 for meals and beverages and \$9,562.52 for hotel rooms. Mr. Montgomery often met with individuals for meals or drinks to discuss GMC business. He incurred most of these expenses in the Twin Cities metropolitan area; however, he also made several out of state trips. Normally, Mr. Montgomery would charge the cost of these events on his corporate credit card. In other instances, GMC paid various establishments directly. In most cases, Mr. Montgomery would list the participants and purpose of the meetings on the back of the charge slip for each expense.

We reviewed the documentation submitted for all meal and hotel expenses incurred by Mr. Montgomery. We contacted approximately 100 individuals to verify the accuracy of the documentation. We asked those identified on the expense claims:

- whether they attended the event;
- whether Mr. Montgomery paid for the cost of food or beverages at the meeting;
- what the purpose of the meeting was; and
- whether the listing of persons in attendance at the meeting was correct.

We also took sworn testimony from Mr. Montgomery regarding his justification for the expenses.

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We have raised questions about certain of Mr. Montgomery's expenses in our annual audits of GMC. We discuss general controls over meals and other expenses of the president in our August 1990 audit report. We previously raised questions about meal expenses in our July 25, 1989 audit report.

We also addressed two other expense categories in our reports. We discuss payments for charter airline flights in our 1990 audit. GMC paid \$84,959.49 for charter flights during Mr. Montgomery's presidency; Mr. Montgomery was a passenger on \$70,537.26 of the flights. We questioned Mr. Montgomery's automobile allowance in our 1989 report. During his employment at GMC, Mr. Montgomery's automobile allowance and related expenses totalled \$19,767.62.

Section II discusses our conclusions from this review.

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### II. CONCLUSIONS

Former President Terry Montgomery submitted erroneous and inappropriate expense reimbursement claims. Mr. Montgomery charged GMC for expenses which were personal rather than business related. When documenting the participants in various business meals, he often listed individuals who were not present and did not list others who were. We also believe that some expenses were excessive, both from the standpoint of individual meal costs as well as the number of meetings in a meal setting.

We have identified expenses which we believe to be inappropriate for a publicly funded organization. In some instances we had to use our judgment to determine the public purpose of individual events. As discussed in our regular audit report, GMC did not have adequate policies for or controls over the president's expenses. The GMC board gave the president considerable discretion when incurring expenses. We could not reach a definite conclusion on every expense incurred by Mr. Montgomery. In some instances, participants identified could not specifically remember whether they were present at, or the purpose of, the events. In other cases, documentation was insufficient, or it was not cost effective to verify the expenses.

We question a total of \$11,271.69 which GMC paid for Mr. Montgomery's expenses. In the following sections we discuss our concerns more specifically. Exhibits I - III further detail the individual expenses which we question.

#### Meal reimbursements in Minnesota

We question the propriety of \$6,584.12 of the \$14,236.34 that GMC paid for meal expenses, and related costs, incurred by Mr. Montgomery in Minnesota. We believe Mr. Montgomery charged GMC for various meal expenses which were entirely personal. He often charged GMC for meals with friends and associates who had no business link to the corporation. Mr. Montgomery did not identify the actual participants in these events when submitting the expenses for reimbursement. For some of the events, Mr. Montgomery did not identify his guest on the expense documentation. In other instances, Mr. Montgomery met with individuals who had a business relationship with GMC; however, we believe the primary purpose of many of these events was social.

We also believe that certain of the expenses, although potentially business related, were excessive. In some instances, we believe the cost of individual events was excessive. We also question the need to meet so frequently in a meal setting. For example, Mr. Montgomery often incurred expenses for meetings with the commissioner of State Planning. While he may be able to justify an occasional meal with the commissioner, we question the frequency of meetings in a meal setting at GMC's expense. Also, in other cases, although an event may have been business related, Mr. Montgomery identified more participants than actually were present. This practice would appear intended to reduce the cost per individual.

## GREATER MINNESOTA CORPORATION

Mr. Montgomery contends that all the expenses submitted were appropriate and related to GMC activities. He told us that certain of the events had both a business and a social purpose. He said he used his judgment in determining which expenses to charge to GMC. He admits that some of the participants identified on the claims were not present and other individuals may have been. Mr. Montgomery said that he prepared the expense documentation at the end of each month and may have made some mistakes when identifying participants. He provided no other reason why he would have put erroneous information on the claims.

Exhibit I identifies the various meal and beverage expenses incurred in Minnesota which we are questioning.

### Out of state travel

We question \$3,975.11 of Mr. Montgomery's out of state travel expenses. In some cases documentation was incomplete. In other instances, we believe the costs were excessive, and we question whether they served a public purpose. The GMC board did not place limitations on Mr. Montgomery's expenses. He had complete discretion in determining when and where to travel. During the period reviewed, Mr. Montgomery incurred expenses totalling \$44,245.86 for out of state travel. This amount included airfare, hotel, meal and other expenses associated with the trips. Mr. Montgomery did not provide adequate documentation for some expenses incurred on out of state trips. He did not provide the same level of documentation for out of state travel as he did for in state meals. Most often he would describe the general purpose of the trip or the various people with whom he had meetings. In some cases, if hotels directly billed expenses to GMC, his secretary would document the purpose. It is not clear from the documentation whether the meetings took place in business offices or in a meal setting. Mr. Montgomery's out of state hotel bills and credit card charges often included meals. Again, it is not clear from the documentation whether these meals were only for Mr. Montgomery or included other participants.

We also believe that certain expenses incurred by Mr. Montgomery during his out of state trips were excessive or inappropriate. In particular, we question several occasions when he traveled to New York City and other east coast locations. Mr. Montgomery often extended his stay or adjusted his travel schedule to have dinner and meet with a trade representative from Indonesia. Mr. Montgomery, and the trade representative, contend that these meetings were business related. However, we question the benefit derived by GMC as a result of the frequent meetings with this business person. Other GMC personnel were not aware of any specific projects she was working on for the agency.

We recognize that it may be appropriate in some instances for the GMC president to travel to other locations and review similar programs or meet with potential business clients. However, we believe Mr. Montgomery exceeded the limits of reasonableness with the expenses he incurred.

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In addition, Mr. Montgomery frequently had charges for phone calls on his hotel billings. As we discuss in our regular audit report, he did not provide any documentation of the personal or business purpose of these calls. GMC did not have a policy requiring such documentation or defining when it would reimburse personal phone calls. We identified phone call charges totalling \$1,103.44 during the period under review. This included one hotel bill for two nights with phone charges totalling \$172.66. Mr. Montgomery stated that he made a practice of returning all business phone calls on the day they were received. Therefore, he said he made numerous business calls while in travel status. However, some of the calls charged to GMC were personal. Mr. Montgomery repaid GMC a total of \$18.21 for personal calls. Because GMC did not have adequate policies regarding phone call reimbursements, and because the hotel billings did not always document the specific numbers called, we did not attempt to quantify the total amount of personal phone calls.

Exhibit II identifies the out of state trips which we believe were excessive or not properly documented.

### Hotel rooms in the metropolitan area

We also question \$712.46 in expenditures for Mr. Montgomery's hotel rooms, and related costs, in the metropolitan area. We believe these were unnecessary and inappropriate expenditures for GMC. Normally these costs were incurred when Mr. Montgomery was giving a speech or attending a meeting at the hotel the same evening or the next morning. He also would incur hotel expenses the night before a GMC board or committee meeting took place. Mr. Montgomery said that someone should be available at the hotel the night before board meetings to finalize arrangements and handle problems.

We question the need for GMC staff to incur hotel expenses in the metropolitan area. We believe Mr. Montgomery's need for a hotel room occurred because his residence was in Sauk Rapids. It was Mr. Montgomery's personal decision to retain his Sauk Rapids residence while working for an agency with offices in Minneapolis. Therefore, we do not believe it was necessary for GMC to pay his hotel costs in the metropolitan area.

Exhibit III identifies the specific items questioned.



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EXHIBIT I: QUESTIONABLE MEAL/BEVERAGE EXPENSES IN MINNESOTA

1. 10/5/87 LeeAnn Chin - Minneapolis \$ 19.82

Original documentation identifies this expense as a meeting with Mike Miles, of the Attorney General's staff. Mr. Miles states that he was not present.

2. 10/20/87 Green Mill Too - Minneapolis \$ 10.23

Original documentation identifies this expense as a meeting with Jane Jensen, to discuss plans for a 1989 symposium. Ms. Jensen states that she was not present.

3. 10/24/87 Lincoln Del - St. Louis Park \$ 15.01

Original documentation identifies this expense as a meeting with Jane Jensen regarding community presentations. Again, she states that she was not present.

4. 12/87 LeeAnn Chin - Minneapolis \$ 75.91

Original documentation identifies this expense as a meeting with Dr. Steve Zuckerman, Paragon Venture Capital, Elaine Nissen, Liberty Press, and Linda Emon, Billboard Magazine, to discuss GMC proposed programs. Ms. Nissen stated that Dr. Zuckerman was not present.

5. 12/26/87 Hyatt Regency - Minneapolis \$ 12.71  
Ichiban - Minneapolis \$ 62.71

Original documentation identifies this expense as a meeting with Elaine Nissen to discuss plans for GMC to work with the Medical Alley Association. Ms. Nissen also was present at events #4 and #11. We question the need for continued meetings with individuals who have no direct link with GMC programs.

6. 1/21/88 LeeAnn Chin - Minneapolis \$ 29.34

Original documentation identifies this expense as a meeting with Ron Jerich to discuss legislative plans. Mr. Jerich states that he was not present.

7. 1/25/88 Radisson Plaza Hotel - Minneapolis \$ 9.41

Original documentation identifies this expense as a meeting with Janey Gohl, a lawyer, to discuss GMC program plans. She does not recall attending.

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EXHIBIT I (Continued)

1/25/88                      Radisson Plaza Hotel - Minneapolis                      \$109.76

Original documentation identifies this expense as a meeting with Dan Brutger, of St. Cloud, to discuss a research institute proposal. Mr. Brutger states that he was not present. It is not clear from the documentation available whether this is a hotel room or meal expense.

8. 3/7/88                      Eddie Websters - Bloomington                      \$ 65.03

Original documentation identifies this expense as a meeting with Lani Kawamura, Commissioner of State Planning, to discuss plans for the proposed advanced manufacturing technology center. This dinner occurred the evening Mr. Montgomery and Ms. Kawamura returned from various meetings in Washington D. C. They flew to Washington on the same flight and had been at the same dinner the night before. We question the necessity of another meeting in a meal setting.

9. 3/17/88                      Sheraton Park Place - St. Louis Park                      \$ 40.77

Original documentation identifies this expense as a meeting with Verda Sheppard, Pontiac Division of General Motors, to discuss how GMC relates to communities where Pontiac has dealerships. Ms. Sheppard said that she considered the purpose of the meeting to be personal business. We question the public purpose of this expense.

10. 4/7/88                      Tulips Restaurant - St. Paul                      \$104.53

Original documentation identifies this expense as a meeting with Greg Peterson, Governor Perpich's Communications Director, and Melinda Sanford, Padilla & Speer Public Relations Agency, to discuss lottery funding for GMC. The two participants stated that the purpose was a dinner break from the legislative session. Mr. Peterson and Ms. Sanford also stated that Mr. Montgomery was accompanied by a female acquaintance. We question the public purpose of this expense.

11. 5/5/88                      Eddie Websters - Bloomington                      \$105.02

Original documentation identifies this expense as a meeting with Dr. Stephen Zuckerman and Elaine Nissen to discuss GMC's support for biotechnology research. Ms. Nissen explained that Linda Emon also was present. Ms. Emon had obtained tickets for the four to attend a Michael Jackson concert that evening. We believe the primary purpose of the meal expense was social, relating to attendance at the concert.

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EXHIBIT I (Continued)

12. 5/13/88                      Jennings Red Coach Inn - St. Louis Park                      \$ 51.39

Original documentation identifies this expense as a meeting with Verda Sheppard to discuss GMC technology programs. Ms. Sheppard again stated that the purpose of the meeting was personal business. We question the public purpose of this expense.

13. 6/11/88                      Pirates Cove - Sauk Rapids                      \$ 47.05  
    Desodas - Sauk Rapids                      \$ 12.90

Original documentation identifies this expense as meetings with Gail Treloar of the GMC staff and Travis Kent, a St. Cloud real estate developer, to discuss GMC programs. The Pirates Cove expense actually was for drinks with Ms. Treloar and a group of her friends. We question the public purpose of these expenses. Mr. Montgomery repaid GMC for these expenses on February 16, 1990.

14. 6/14/88                      Perkins in the Pines - Sauk Rapids                      \$ 11.82

Original documentation identifies this expense as a meeting with Senator Jim Pehler to discuss GMC programs. Senator Pehler said that he was not present.

15. 6/23/88                      Alumni Club - Minneapolis                      \$115.78

Original documentation identifies this expense as a meeting with David Speer, Commissioner of Trade and Economic Development, Lani Kawamura, Commissioner of State Planning, and Cindy Sullivan, Staff Assistant, Rural Development Board, to discuss coordination of policy planning. Mr. Speer denies being present and Ms. Kawamura could not confirm or deny her presence. Ms. Sullivan thought this meeting was her job interview. We believe the cost was excessive for a public entity.

16. 7/6/88                      TGI Fridays - St. Louis Park                      \$ 24.30

Original documentation identifies this expense as a meeting with D. J. Leary, Media Services. Mr. Leary could not confirm whether or not he was present. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

17. 7/12/88                      Chi Chi's - Minnetonka                      \$ 24.54

Original documentation identifies this expense as a meeting with Pat Johnson, Special Assistant to the Governor. Ms. Johnson could not confirm whether or not she was present. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

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EXHIBIT I (Continued)

18. 7/15/88                      Radisson Plaza Hotel - Minneapolis                      \$138.70
- Original documentation identifies this expense as a meeting with Mike Miles, Mark McAfee, Emily Galusha, and Cindy Sullivan, all of whom are GMC employees. All four state that they do not remember attending such a meeting. Mr. Montgomery repaid GMC for this expense on February 16, 1990.
19. 7/17/88                      Marriott Hotel - Minneapolis                      \$109.13
- Original documentation identifies this expense as a meeting with Sien Lemke, Tokyo Consulting Group, to discuss Ms. Lemke's meeting with a local businessperson. We discuss Mr. Montgomery's meetings with Ms. Lemke in Exhibit II. Again, we believe this cost is excessive, and question the need for repeated meetings in a meal setting.
20. 7/18/88                      Goodfellows - Minneapolis                      \$239.17
- Original documentation identifies this expense as a meeting with Greg Peterson of the Governor's staff, Don Padilla, GMC Vice President for Public Affairs, Paul Ridgeway, Ridgeway Associates, and John Milne, 3M Public Affairs, to discuss business and community outreach programs. Mr. Padilla denies being present, and Mr. Ridgeway and Mr. Milne do not recall the meeting. Instead, the meeting was with Greg Peterson, Sien Lemke and a Korean businesswoman. Again, we believe this cost is excessive and question the public purpose and erroneous documentation.
21. 7/20/88                      Fitzgers Inn - Duluth                      \$ 12.24
- Original documentation identifies this expense as a meeting with Mike Lalich, Director of the Natural Resources Research Institute. Mr. Lalich does not recall the meeting.
22. 8/4/88                      Vescios Italian - St. Louis Park                      \$ 30.18
- Original documentation identifies this expense as a meeting with Ted Lyman, SRI International, to discuss final SRI program recommendations for GMC. Mr. Lyman does not believe he attended.
23. 8/29/88                      Orion Room - Minneapolis                      \$125.74
- Original documentation identifies this expense as a meeting with Janelle LeBlanc, from St. Cloud State University, to discuss the relationship of GMC programs to those at the university. Ms. LeBlanc stated that she did not consider this a meeting and was not aware that it was paid from corporate funds. We question the public purpose of this expense.

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EXHIBIT I (Continued)

24. 10/2/88                      QMR Co-op - Hill City                      \$ 76.30

Original documentation identifies this expense as a motel room at Quadna Mountain in Hill City following a meeting in Duluth with Tom Vecchi, an architect and chairman of the Duluth Chamber of Commerce. Mr. Montgomery explained that he and Janelle LeBlanc had traveled from St. Cloud to Duluth for a dinner at Mr. Vecchi's home. On the way back to St. Cloud, because of the late hour, they stopped overnight in Hill City. We question the public purpose of this expense. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

25. 10/13/88                      Tejas - Minneapolis                      \$ 46.08

Original documentation identifies this expense as a meeting with Peter Clark, GMC staff member. Mr. Clark states that he was not present. Mr. Montgomery repaid GMC for this expense on March 15, 1990.

26. 11/5/88                      Fiftieth Floor Restaurant - Minneapolis                      \$ 52.80

Original documentation identifies this expense as a meeting with Rick Heydinger, University of Minnesota Vice President, and Sandra Gardebring, Commissioner of Human Services, at the 25th Anniversary of the University Alumni Association. The charge was for drinks for those identified as well as others attending the event. We believe this basically was a social event and question its charge to GMC.

27. 11/23/88                      Sunwood Inn - St. Cloud                      \$ 41.74

Original documentation identifies this expense as a meeting with Dr. Brendan McDonald, President of St. Cloud State University, to discuss the advanced manufacturing technology center proposal from the university. Dr. McDonald does not believe he attended the meeting.

28. 11/29/88                      Radisson Plaza Hotel - Minneapolis                      \$ 74.75

Original documentation identifies this expense as a meeting with Dr. Stanley Sahlstrom, University of Minnesota Board of Regents, to discuss the University's relationship with GMC. We did not confirm this event with Dr. Sahlstrom, who actually was present at a dinner the next day. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

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EXHIBIT I (Continued)

29. 11/30/88                      Marriott Hotel - Minneapolis                      \$205.03

Original documentation identifies this expense as a meeting with Dr. Sahlstrom and Gretchen McKay, President of Milton Hill Associates of Olympia Washington, to discuss the Agricultural Utilization Research Institute (AURI). We believe the cost incurred for this event was excessive for a publicly funded organization.

30. 12/29/88                      LeeAnn Chin - Minneapolis                      \$ 36.62

Original documentation identifies this expense as a meeting with Greg Peterson and Deborah Hoeldtke, Mr. Montgomery's secretary, to discuss GMC programs. Mr. Peterson and Ms. Hoeldtke stated that the purpose of the meeting was for Mr. Montgomery to prepare a letter of recommendation for Mr. Peterson. We question the public purpose of this expense.

31. 1/13/89                      Radisson Plaza Hotel - Minneapolis                      \$ 79.08

Original documentation identifies this expense as a meeting with Bill Kelly of Norwest Bank and Marilyn Moonsie, a friend of Mr. Montgomery's, at the opening of Norwest Center, to discuss GMC investments and the possibility of holding a future GMC board meeting at Norwest. Mr. Kelly denies being present. The dinner was for Mr. Montgomery and Ms. Moonsie. We question the public purpose of this expense. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

32. 1/18/89                      Marriott Hotel - Minneapolis                      \$248.85

Original documentation identifies this expense as a meeting with Ron Gornick, Chairman of the Metropolitan Sports Facilities Commission, Dan Brutger of St. Cloud, and Dr. Stanley Sahlstrom, of the University of Minnesota, to discuss cooperative programs with GMC. Mr. Gornick and Mr. Brutger stated that Dr. Sahlstrom was not present at this meeting. However, they identified Marilyn Moonsie as being present. Ms. Moonsie confirmed her presence. We question whether this expense was all business related and believe it was excessive for a public organization.

33. 2/20/89                      LeeAnn Chin - Minneapolis                      \$ 27.35

Original documentation identifies this expense as a meeting with Ted Lyman of SRI International, and Mike Miles, Emily Galusha, and Bruce Merrified of GMC, to discuss the technology research grant process. Mr. Miles, Ms. Galusha and Dr. Merrifield do not believe they were in attendance. Mr. Lyman states it is possible he attended.

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## EXHIBIT I (Continued)

- |     |                |                                |                 |
|-----|----------------|--------------------------------|-----------------|
| 34. | <u>2/23/89</u> | <u>Sunwood Inn - St. Cloud</u> | <u>\$ 45.25</u> |
|-----|----------------|--------------------------------|-----------------|

Original documentation identifies this expense as a meeting with Joe Opatz, Director of Atwood Center at St. Cloud State University, to discuss the GMC program and the university. Mr. Opatz states that the purpose was to discuss his career opportunities in Minnesota. We question the public purpose of this expense.

- |     |               |                            |                 |
|-----|---------------|----------------------------|-----------------|
| 35. | <u>3/8/89</u> | <u>Tejas - Minneapolis</u> | <u>\$ 62.74</u> |
|-----|---------------|----------------------------|-----------------|

Original documentation identifies this expense as a meeting with Dr. Bruce Merrifield. Dr. Merrifield states that he was not present.

- |     |                |  |                 |
|-----|----------------|--|-----------------|
| 36. | <u>3/11/89</u> | <u>Pronto Ristorante - Minneapolis</u> | <u>\$180.12</u> |
|     |                | <u>Parking</u>                         | <u>\$ 5.00</u>  |

Original documentation identifies this expense as a meeting with George Appleby and David Hoffman, investment bankers, and Chuck Geer, a lawyer, to discuss venture capital and seed capital programs for GMC and technology investments. The participants explained that this expense actually was a dinner for Mr. Montgomery, Marilyn Moonsie, and some of her relatives. Later, Mr. Appleby, Mr. Hoffman, and Mr. Geer joined the group for drinks. We believe the primary purpose of this expense was social, and question its charge to GMC.

- |     |                |  |                 |
|-----|----------------|--|-----------------|
| 37. | <u>3/21/89</u> | <u>Fiftieth Floor Restaurant - Minneapolis</u> | <u>\$ 96.00</u> |
|-----|----------------|--|-----------------|

Original documentation identifies this expense as a meeting with Ted Lyman and Mike Miles. Mr. Lyman says he was in town for a different purpose. Mr. Miles denies being present. Marilyn Moonsie states that the expense was for dinner for her and Mr. Montgomery on his birthday. We question the public purpose of this expense. Mr. Montgomery repaid GMC for this cost on February 16, 1990.

- |     |         |                                      |          |
|-----|---------|--------------------------------------|----------|
| 38. | 3/22/89 | Sheraton Park Place - St. Louis Park | \$ 65.70 |
|-----|---------|--------------------------------------|----------|

Original documentation identifies this expense as a meeting with Ted Lyman to discuss a proposed joint venture. Mr. Lyman states that he was in town and could have attended. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

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EXHIBIT I (Continued)

39. 4/1/89                      Ruperts American Cafe - Golden Valley                      \$108.99

Original documentation identifies this expense as a meeting with Charles Aalid, Custom Woods Inc., and Nancy Aalid, Nutrition World, to discuss technology research grants for a new business venture. Marilyn Moonsie confirmed that she was also present; however, her presence was not identified on the receipt. Ms. Moonsie states that this was a social event. We question the public purpose of this event and question its charge to GMC.

40. 4/5/89                      Radisson South and Plaza - Bloomington                      \$ 71.49

Original documentation identifies this expense as a meeting with D. J. Leary. Mr. Leary cannot remember whether he was in attendance. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

41. 4/12/89                      Sunsets on Wayzata - Wayzata                      \$ 61.58

Original documentation identifies this expense as a meeting with Marilyn Moonsie, Nutrition World, to discuss research programs to expand the nutrition food business in Minnesota. Ms. Moonsie stated that the purpose actually was social. We believe this was an inappropriate charge to GMC. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

42. 4/19/89                      El Torito - Minneapolis                      \$ 31.69

Original documentation identifies this expense as a meeting with Ted Lyman to discuss the business innovation center program and MAMTC. Mr. Lyman states that he was not present. However, Marilyn Moonsie states that this expense was dinner for her and Mr. Montgomery. She states that the purpose was social. We believe this was an inappropriate charge to GMC. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

43. 4/20/89                      Americanna Inn - St. Cloud                      \$ 35.29

Original documentation identifies this expense as a meeting with Lee Hanson, a member of the GMC Research Advisory Board, to discuss technology research grants. Mr. Hanson could not specifically recall this meeting. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

44. 4/21/89                      Khans Mongolian - Minneapolis                      \$ 32.45

Original documentation identifies this expense as a meeting with Mike Miles to discuss legislative matters. Mr. Miles states that he was not present. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

GREATER MINNESOTA CORPORATION

## EXHIBIT I (Continued)

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| 45. | <u>4/25/89</u> | <u>Fiftieth Floor Restaurant - Minneapolis</u> | <u>\$ 88.77</u> |
|-----|----------------|--|-----------------|

Original documentation identifies this expense as a meeting with Ron Gornick, Dan Brutger, and Kim Prince, a GMC staff member, to discuss GMC programs. Mr. Brutger denied being present. However, one or two other GMC secretaries were. This expense apparently was for a luncheon to celebrate secretaries day. We question the erroneous documentation for this expense.

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| 46. | <u>5/10/89</u> | <u>Saji Ya - St. Paul</u> | <u>\$ 60.28</u> |
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Original documentation identifies this expense as a meeting with Lani Kawamura and Mike Miles to discuss legislative funding. Mr. Miles states that he was not present. Ms. Kawamura says that the meeting could have taken place.

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| 47. <u>5/12/89</u> | <u>Nigel's - Minneapolis</u> | <u>\$ 93.31</u> |
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Original documentation identifies this expense as a meeting with Lani Kawamura and Tom Harren from the State Planning Agency, and Mike Miles and Peter Clark from GMC, to discuss legislative strategy. Mr. Harren, Mr. Miles, and Mr. Clark state that they were not present. This dinner was for Mr. Montgomery and Ms. Kawamura. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

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| 48. | <u>5/14/89</u> | <u>WA Frost &amp; Co. - St. Paul</u> | <u>\$ 40.74</u> |
|-----|----------------|--------------------------------------|-----------------|

Original documentation identifies this expense as a meeting with governor's office staff and Mike Miles to discuss GMC legislation. Mr. Miles states that he was not present.

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|-----|---------------|--------------------------------|-------------------|----------|
| 49. | <u>6/9/89</u> | <u>Sunwood Inn - St. Cloud</u> | <u>Room</u>       | \$ 64.38 |
|     |               |                                | <u>Restaurant</u> | \$ 41.48 |

Original documentation identifies this expense as a meeting with officials and retirees at the annual meeting of Burlington Northern in St. Cloud, to discuss GMC and its relationship to transportation in rural areas. Because specific individuals were not identified, we did not attempt to verify participation. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

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| 50. | <u>6/12/89</u> | <u>Szechuan Star - Edina</u> | <u>\$ 23.15</u> |
|-----|----------------|------------------------------|-----------------|

Original documentation identifies this expense as a meeting with Tak Maekawa, President of Tokyo Consulting Group, to discuss possible joint ventures. However, Marilyn Moonsie states that only she and Mr. Montgomery were present. She also described the purpose as social. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

GREATER MINNESOTA CORPORATION

EXHIBIT I (Continued)

51. 6/14/89                      Lyon's Pub - Minneapolis                      \$ 70.05

Original documentation identifies this expense as a meeting with Dr. Bruce Merrifield of GMC and Mark McAfee of AURI to discuss AURI programs. Dr. Merrifield and Mr. McAfee both state that they were not present. Mr. Montgomery explained that this expense actually was for drinks at a going away party after work for two interns. We question the erroneous documentation. We also believe the primary purpose of this expense was social and question its charge to GMC.

52. 6/16/89                      Figlio - Minneapolis                      \$ 52.41

Original documentation identifies this expense as a meeting with Michelle Paver to discuss possible employment with GMC or AURI. Ms. Paver was an intern for GMC, and this was the last day of her employment. This dinner occurred after she and Mr. Montgomery attended a play in which his secretary participated. We believe the primary purpose of this expense was social and question its charge to GMC.

53. 6/24/89                      Rudolph's Bar-B-Q - Minneapolis                      \$ 80.31

Original documentation identifies this expense as a meeting with Jack Fena, a Hibbing lawyer, and George Appleby, a Minneapolis investment banker, to discuss GMC programs. Mr. Appleby states that he was not present. However, Marilyn Moonsie said that she and a guest of Mr. Fena were present. This dinner occurred after a party at a private residence early in the evening. We believe the primary purpose of this expense was social and question its charge to GMC. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

54. 6/29/89                      Vista Marquette - Minneapolis                      \$ 37.68

Original documentation identifies this expense as a meeting with George Appleby to discuss GMC programs. Mr. Appleby confirmed his presence, but could not remember the specific purpose of the meeting. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

55. 7/5/89                      Blue Point Restaurant - Wayzata                      \$121.21

Original documentation identifies this expense as a meeting with Dan Brutger, from St. Cloud, and Mary Sue Davitt, from Abbott Northwestern Hospital, to discuss GMC programs. In addition, Marilyn Moonsie states that she was present. We believe the primary purpose of this expense was social and question its charge to GMC. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

GREATER MINNESOTA CORPORATION

EXHIBIT I (Continued)

56. 7/20/89                      Mandarin Yen - Bloomington                      \$ 46.52

Original documentation identifies this expense as a meeting with Marilyn Moonsie, of Nutrition World, to discuss her interest in the GMC for research relating to new health food products. Ms. Moonsie describes the purpose of the expense as social. We question the public purpose of this expense and question its charge to GMC.

57. 7/28/89                      Braxton Seafood Grill - Minneapolis                      \$153.63

Original documentation identifies this expense as a meeting with Jane Jensen, Director of the 4th Annual International Technology Symposium, Raymond Michael, President of Strategic Solutions International, Paul Ridgeway of Ridgeway Associates, Paula Gottschalk, and Marilyn Moonsie, to discuss the Symposium. Mr. Ridgeway and Ms. Gottschalk denied being present. The other three state that the purpose of the dinner was social. We question the public purpose of this expense and its charge to GMC.

58. 8/1/89                      LeeAnn Chin - Minneapolis                      \$ 19.58

The receipt for this expense was lost. Mr. Montgomery repaid GMC for this item on February 16, 1990.

59. 8/11/89                      Hotel Luxeford - Minneapolis                      \$ 74.06

Original documentation identifies this expense as a meeting with Ron Jerich, Mike Miles, and Representative James Rice. Mr. Jerich and Mr. Miles deny being present. Representative Rice had no specific recollection of the meeting. Deborah Hoeldtke, Mr. Montgomery's secretary, and Marilyn Moonsie admit being present. Ms. Hoeldtke told us that the dinner was to celebrate her birthday. We believe this was a social event and question its charge to GMC. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

60. 8/14/89                      Nicollet Island Inn - Minneapolis                      \$ 54.45

Original documentation identifies this expense as a meeting with Sien Lemke to discuss technology transfer programs between GMC and Japanese firms. We discuss Mr. Montgomery's meetings with Ms. Lemke in Exhibit II, event #5. Again, we question the necessity of repeated meetings in a meal setting.

GREATER MINNESOTA CORPORATION

EXHIBIT I (Continued)

61. 8/15/89                      Marriott - Minneapolis                      \$ 13.70

Original documentation identifies this expense as a meeting with Lani Kawamura and Ted Lyman to discuss the proposed research and technology center. Mr. Lyman does not recall attending. Mr. Montgomery told us this expense was for drinks or coffee in the Marriott bar after a business trip to New Jersey.

62. 9/9/89                      Marriott - Minneapolis                      \$356.56

Original documentation identifies this expense as a meeting with six out of state or foreign individuals to plan the start of the 4th Annual International Technical Innovation and Entrepreneurship Symposium. William Miller of SRI International, Jane Jensen, Project Director of the Symposium, and Paul Ridgeway, of Ridgeway Associates, were also listed as in attendance. There is a question whether this event occurred on September 9th or 10th. Mr. Ridgeway states that he was not present. Ms. Jensen was at the symposium, but denied being a part of Mr. Montgomery's party. Marilyn Moonsie states that she was present; however, she was not listed on the receipt. We question the erroneous documentation.

63. 9/12/89                      Juke Box Saturday Night - Minneapolis                      \$ 15.75

Original documentation identifies this expense as a meeting with five foreign representatives attending the symposium mentioned in event #62. In addition, Marilyn Moonsie admits her attendance. Mr. Montgomery stated that the individuals wanted to see a typical American nightclub. This expense apparently was for drinks for Mr. Montgomery, Ms. Moonsie, and possibly others. We question the erroneous documentation.

64. 9/16/89                      Yvette Inc. - Minneapolis                      \$ 71.80

Original documentation identifies this expense as a meeting with Jane Jensen and Paul Ridgeway to evaluate a symposium. Ms. Jensen and Mr. Ridgeway both state that they were not present. Marilyn Moonsie stated that this dinner was for her and Mr. Montgomery. She stated that the purpose was social. Mr. Montgomery repaid GMC for this expense on December 26, 1989.

GREATER MINNESOTA CORPORATION

EXHIBIT I (Continued)

65. <u>9/26/89</u>	<u>Marriott - Minneapolis</u>	<u>Restaurant</u>	<u>\$350.63</u>
		<u>Parking</u>	<u>\$ 7.00</u>

Original documentation identifies this expense as a meeting with Stanley Liedman and Lynn Franta of General Mills, Natalie Morgan of Arizona Western College, Marilyn Moonsie of the University of Minnesota, Mike Miles of GMC, and Lani Kawamura of the State Planning Agency. Mr. Miles and Ms. Kawamura deny being present. Mr. Montgomery describes Mr. Liedman and Ms. Morgan as old friends. Mr. Liedman and Ms. Moonsie stated that the purpose of the dinner was social. Mr. Montgomery repaid GMC \$350.63 for this expense on December 26, 1989.

66. <u>9/28/89</u>	<u>Village Wok - Golden Valley</u>		<u>\$ 31.08</u>
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Original documentation identifies this expense as a meeting with Sarah Walbert, President of Regent International, to finalize plans for a presentation to the Japan American Society. Ms. Walbert had no record of attending. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

67. <u>9/30/89</u>	<u>American Cafe - Golden Valley</u>		<u>\$ 71.97</u>
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Original documentation identifies this expense as a meeting with Natalie Morgan to discuss Arizona programs in education and technology. Marilyn Moonsie stated that this dinner was actually for her and Mr. Montgomery. She describes the purpose as social. Mr. Montgomery repaid GMC for this expense on December 26, 1989.

68. <u>10/2/89</u>	<u>LeeAnn Chin - Minneapolis</u>		<u>\$ 90.91</u>
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Original documentation identifies this expense as a meeting with Lieutenant Governor Marlene Johnson and Supreme Court Justice A. M. Keith to discuss GMC programs. Both Ms. Johnson and Mr. Keith described the purpose of the meeting as mainly social. We question the public purpose of this expense.

69. <u>10/12/89</u>	<u>CBC Athletic Club Inc. - Minneapolis</u>		<u>\$ 43.53</u>
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Original documentation identifies this expense as a meeting with three Japanese officials to discuss cooperative research with GMC. We did not contact the individuals identified. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

70. <u>10/18/89</u>	<u>Figlio - Minneapolis</u>		<u>\$ 78.04</u>
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Original documentation identifies this expense as a meeting with Jane Jensen to assess and evaluate a symposium. Ms. Jensen confirmed being present, as did Marilyn Moonsie. Both state that the purpose of the meeting was social. We question the public purpose of this expense.

GREATER MINNESOTA CORPORATION

EXHIBIT I (Continued)

71. 10/19/89                      Dakota Bar and Grill - St. Paul                      \$ 9.12

Original documentation identifies this expense as a meeting with School of Physics and Astronomy, University of Minnesota, on the occasion of the Letterman lecture and dinner. Mr. Montgomery explained this expense as drinks with an intern candidate. Mr. Montgomery repaid GMC for this expense on December 26, 1989.

72. 10/20/89                      Vista Marquette - Minneapolis                      \$ 63.88

Original documentation identifies this expense as a meeting with Elin Kaufjeld, a Concordia College student, to discuss plans for a cooperative program between GMC and Norway involving student interns and staff exchanges in research and technology. Marilyn Moonsie stated that this expense was for a dinner for herself and Mr. Montgomery. She described the purpose as social. Mr. Montgomery repaid GMC for this expense on December 26, 1989.

73. 10/24/89                      Radisson University - Minneapolis                      \$145.30

Original documentation identifies this expense as a meeting with Dr. Stanley Sahlstrom and Dr. Tony Potami of the University of Minnesota to discuss cooperation between the University and GMC. Dr. Potami does not believe he was in attendance. Mr. Montgomery agrees that Dr. Potami was not present for dinner but believes he stopped by after. Mr. Montgomery states that Marilyn Moonsie was present for dinner; however, he did not identify her on the receipt. We question the erroneous documentation. We also believe this expenditure is excessive for a publicly funded organization.

74. 11/2/89                      Hosteria Florentina - Minneapolis                      \$ 64.45

Original documentation identifies this expense as a meeting with Kaori Niida, Japan Science and Technology Corporation, to discuss GMC and how joint ventures in research and technology can be established. Ms. Niida denies being present. Marilyn Moonsie stated this expense was for dinner for herself and Mr. Montgomery. She states that the purpose of the meeting was social. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

75. 11/6/89                      D'Amico Cucina - Minneapolis                      \$181.18

Original documentation identifies this expense as a meeting with Jack Ditmore, Director of the Environmental Compact of the States, Kaori Niida, Ted Lyman, and Lani Kawamura, to discuss GMC programs. Mr. Lyman and Ms. Niida deny being present. We believe this expense was excessive for a publicly funded organization.

GREATER MINNESOTA CORPORATION

EXHIBIT I (Continued)

76. 11/7/89                      LeeAnn Chin - Minneapolis                      \$105.31

Original documentation identifies this expense as a meeting with Janey Gohl, a lawyer, and Ted Lyman and Steve Waldhorn, from SRI International, to discuss plans for the GMC-SRI research and technology institute. Neither Mr. Lyman nor Mr. Waldhorn recall the meeting. Marilyn Moonsie stated that she was present for part of the evening. She stated that the meeting was primarily social. Mr. Montgomery repaid GMC for this expense on February 16, 1990.

77. 11/17/89                      Figlio - Minneapolis                      \$ 72.36

Original documentation identifies this expense as a meeting with Reinhard Vocke, a GMC intern, Marilyn Moonsie, and Deborah Hoeldtke, following Ms. Hoeldtke's performance in a play. We believe the primary purpose of this expense was social, and question its charge to GMC.

78. 11/30/89                      The Northstar - Minneapolis                      \$201.00

Original documentation identifies this expense as a meeting with Faruk Redzapagic, from Yugoslavia, Ted Lyman, Dr. Bruce Merrifield, Don Padilla, and Mike Miles. Dr. Merrifield, Mr. Padilla, and Mr. Miles deny being present. Marilyn Moonsie states that she was present, in addition to Mr. Redzapagic and Mr. Lyman. We question the erroneous documentation.

79. 12/05/89                      Registry Hotel - Bloomington                      \$166.41  
    Registry Hotel - Bloomington                      \$ 9.24

Original documentation identifies this expense as a meeting with Alan Engel, President of International Science and Technology Associates of Philadelphia, and William Miller and Ted Lyman of SRI International, to discuss proposed joint ventures. Mr. Lyman denies being present. However, Mr. Montgomery states that Marilyn Moonsie was present. We question the erroneous documentation.

80. 12/13/89                      Lincoln Del - St. Louis Park                      \$ 14.40  
    Lincoln Del - St. Louis Park                      \$ 10.40

Mr. Montgomery incurred these costs after his resignation from GMC. He repaid GMC for the expenses on February 16, 1990.



## GREATER MINNESOTA CORPORATION

## EXHIBIT II: QUESTIONABLE OUT OF STATE TRAVEL EXPENSES

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|--------------------|--|----------|
| 1. <u>11/29/87</u> | <u>Willard Intercontinental Hotel - Washington, D.C.</u> |          |
|                    | Willard Room Dinner                                      | \$123.68 |

The total cost of this trip to Washington, D.C. was \$945.20, which included a luncheon meeting with a new board member at a cost of \$56.06. There was no documentation for a dinner expense of \$123.68.

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|----|----------------|--|-----------------|
| 2. | <u>2/22/88</u> | <u>Marriott Hotel - Harrisburg, Pennsylvania</u> | <u>\$100.43</u> |
|----|----------------|--|-----------------|

Mr. Montgomery and another staff member combined a trip to Washington D. C. with a trip to Harrisburg Pennsylvania. Mr. Montgomery's expenses for the trip totalled \$1,062.73. The Harrisburg portion of the trip included meetings with officials of the Ben Franklin Partnership. There is no specific documentation for a restaurant charge of \$100.43.

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|-----------|--|----------|
| 3. 3/1/88 | Hyatt on Capital Square - Columbus, Ohio | \$240.25 |
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The purpose of this trip was for Mr. Montgomery and a GMC staff member to meet with Ohio officials to discuss the Edison Program. Mr. Montgomery's expenses for the trip totalled \$842.21. There was no specific documentation of participants for a restaurant charge of \$201.40 and a bar charge of \$38.85 included in the total.

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| 4. | <u>3/30/88</u> | <u>Hyatt Regency O'Hare - Chicago, Illinois</u> | <u>\$ 87.12</u> |
|----|----------------|---|-----------------|

Mr. Montgomery's costs for this trip to meet with representatives of other midwest states regarding an advanced manufacturing technology center totalled \$577.38. There was no documentation for a restaurant charge of \$87.12.

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|-------------------|---|----------|
| 5. <u>6/15/88</u> | <u>Grand Hyatt Hotel - New York, New York</u> |          |
|                   | Room  | \$239.83 |
|                   | Restaurant                                    | \$118.38 |
|                   | Phone   | \$ 2.56  |

These expenses are for a one night stopover in New York City on the way to a conference in Princeton, New Jersey. The total cost of the trip was \$1,224.47. Mr. Montgomery left a day early to have dinner in New York with Sien Lemke, an Indonesian trade representative. Ms. Lemke was also present at events #6, #8, #11, and #13. We believe these expenditures are excessive and question the necessity of meeting frequently with an individual who has no direct involvement with GMC programs.

GREATER MINNESOTA CORPORATION

EXHIBIT II (Continued)

6. <u>7/27-28/88</u>	<u>Holiday Inn Crowne Plaza, White Plains, New York</u>	
	<u>Room (2 nights)</u>	<u>\$185.22</u>
	<u>Restaurant (2 dinners/1 breakfast)</u>	<u>\$149.12</u>
	<u>Bus Fare to and from White Plains</u>	<u>\$ 36.00</u>
	<u>Phone</u>	<u>\$ 21.16</u>

Original documentation identifies this expense as meetings in New York and Connecticut to seek information and investment for GMC. The total cost of this trip was \$1,069.50. Mr. Montgomery stayed two nights at a White Plains, New York hotel, rather than in Connecticut where the meetings took place. Ms. Lemke resides in White Plains. We recognize that Mr. Montgomery would have incurred hotel and meal expenses in Connecticut if he had legitimate business meetings there. However, we question whether the meetings in Connecticut were the primary purpose of this trip, and whether it was necessary to stay two nights to accomplish GMC business.

Mr. Montgomery did not identify the participants in the meals on the hotel billing. Apparently, the dinners were with Ms. Lemke. Again, we question the necessity of expenses for repeated meetings with an individual who had no direct business link to GMC.

7. <u>7/29/88</u>	<u>Doublewood Inn - Fargo, ND</u>	<u>Hotel Room</u>	<u>\$ 85.70</u>
	<u>The Treetop - Moorhead, MN</u>	<u>Restaurant</u>	<u>\$ 71.35</u>

Original documentation identifies this expense as a meeting with Valerie Lovdahl of the Department of Public Instruction in North Dakota. Ms. Lovdahl stated that the purpose of the meetings was to discuss her career opportunities and contacts for graduate school. We question the public purpose of these expenses. Mr. Montgomery repaid GMC for these costs on February 16, 1990. There were no other direct costs associated with this trip.

8. <u>8/25-27/88</u>	<u>Grand Hyatt - New York, New York</u>	
	<u>Hotel Room (2 nights)</u>	<u>\$479.66</u>
	<u>Restaurant/Bar</u>	<u>\$ 66.16</u>
	<u>Phone</u>	<u>\$ 80.57</u>
	<u>Fulton Street Cafe - New York</u>	<u>\$ 61.80</u>
	<u>Takesuski - New York</u>	<u>\$ 97.98</u>

The total cost of this trip to New York City was \$1,220.17. Hotel charges were identified as meetings with a representative of the New Jersey Commission on Science and Technology to discuss GMC programs and an Indonesian businessman to discuss technology investment in Minnesota. Other meetings included an Indonesian businesswoman and were identified as relating to the export of medical technology to Indonesia. Sien Lemke was also present at some of the meetings. Again, we believe the costs associated with these repeated meetings were excessive and unnecessary.

GREATER MINNESOTA CORPORATION

EXHIBIT II (Continued)

9. 9/15/88                      Omni Parker House - Boston, MA                      Bar                      \$ 34.41

This expense was associated with a trip to Boston to meet with representatives of two Massachusetts agencies, as well as various Indonesian officials. The total cost of this trip was \$1,314.62. The \$34.41 charge was for a meeting with Greg Peterson, a former employee of the Governor's office. Mr. Peterson stated that the purpose of the meeting was to discuss his studies at Harvard, as well as current GMC activities. We question the public purpose of this expense.

10. 9/28/88                      Hyatt Regency - Washington, D.C.                      \$104.70

This expense was a restaurant charge associated with a trip to Washington, D.C. to meet with members of the Minnesota congressional delegation and staff of the Minnesota Washington office, and to attend a meeting of a National Governor's Association Task Force. These meetings were combined with a trip to New York City to meet with an investment banker. The total cost of the combined trips was \$1,704.10. There is no documentation of the participants in the meal expense in Washington, D.C.

11. 10/24-25/88                      Stouffer Westchester Hotel - White Plains, NY  
    Hotel Room (2 nights)                      \$302.32  
    Restaurant/Bar                      \$124.88  
    Phone                      \$ 87.03  
    Hilton Ryetown, Rye, NY                      \$ 8.67  
    Hertz Car Rental                      \$109.44  
    Bus and Cab Fare                      \$ 64.00

These costs relate to meetings in Hartford Connecticut with officials of a Connecticut development corporation to discuss its programs and how they can be adopted by GMC. The total cost of the trip was \$1,390.34. Rather than traveling directly to Hartford, Mr. Montgomery stayed in White Plains, New York to meet with Ms. Lemke. Again, we believe these costs are excessive for the business purposes identified.

12. 11/15/88                      Holiday Inn - Columbus Ohio  
    Restaurant and Beverages                      \$110.39

In November 1988, Mr. Montgomery and another staff member flew to Columbus Ohio to attend a Midwestern Governors' Task Force meeting. Mr. Montgomery flew from Columbus to San Francisco, California for additional meetings. Mr. Montgomery's expenses for this combined trip totalled \$2,015.56. We are questioning a meal expense in Columbus which was not documented as to participants. If the meal expense is only for Mr. Montgomery and the staff member, we believe the cost is excessive for a public organization.

GREATER MINNESOTA CORPORATION

## EXHIBIT II (Continued)

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|------------------------|--|-----------------|
| 13. <u>12/19-20/88</u> | <u>Holiday Inn Crowne Plaza - White Plains, New York</u> |                 |
|                        | <u>Hotel Room (2 nights)</u>                             | <u>\$233.74</u> |
|                        | <u>Restaurant</u>  | <u>\$ 51.61</u> |
|                        | <u>Phone</u>   | <u>\$ 38.72</u> |

These expenses relate to meetings in Albany and New York City with state and city officials to discuss GMC programs. Once again, Mr. Montgomery stayed in White Plains rather than the meeting locations. There was no documentation of the participants in the meal expense. The charge actually is for dinner with Sien Lemke. The total cost of the trip was \$1,350.89.

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|-----|----------------|--|----------|
| 14. | <u>3/28/89</u> | <u>Washington Court Hotel - Washington, D.C.</u> |          |
|     |                | <u>Restaurant</u>                                | \$ 94.28 |

This expense relates to a trip to Washington, D.C. for meetings with the National Governor's Association, members of Congress, and an official of the Minnesota Washington office. The total cost of the trip was \$1,310.74. Mr. Montgomery did not document the actual participants in a meal costing \$94.28.

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|-----|-------------------|--------------------------------------|-----------------|
| 15. | <u>4/27-28/89</u> | <u>Sheraton Hotel - Bismarck, ND</u> | <u>\$ 41.49</u> |
|-----|-------------------|--------------------------------------|-----------------|

Mr. Montgomery flew to Bismarck for meetings with North Dakota officials. The total cost of the trip was \$364.99. The \$41.49 charge is for a dinner with Valerie Lovdahl, who was identified in event #7. Again, she states that the purpose was to discuss career opportunities in Minneapolis, and graduate school contacts in Boston. We question the public purpose of this expense. Mr. Montgomery reimbursed GMC for this cost on February 16, 1990.

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|--------------------|---|-----------------|
| 16. <u>6/26/89</u> | <u>Hyatt Regency - Washington, D.C.</u> |                 |
|                    | <u>Restaurant</u>                       | <u>\$230.45</u> |
|                    | <u>Liquor</u>                           | <u>\$ 17.39</u> |

These expenses are associated with meetings with various congressional staff regarding funding for AURI. The total cost of the trip was \$1,168.18. It is not clear from the documentation who participated in the meal expenses at the Hyatt Regency.

17. 7/18/89 Hyatt Regency - Washington D. C. Restaurant \$ 74.62

This also is a dinner charge associated with meetings with various congressional staff regarding funding for AURI. The total cost of the trip was \$1,114.20. It is not clear from the documentation who participated in the meal expense.

GREATER MINNESOTA CORPORATION

EXHIBIT III: HOTEL ROOMS IN THE METROPOLITAN AREA

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|----|-----------------|-----------------------------------|-------------------|-----------------|
| 1. | <u>10/26/87</u> | <u>Sheraton Midway - St. Paul</u> | <u>Room</u>       | <u>\$ 83.25</u> |
|    |                 |                                   | <u>Restaurant</u> | <u>\$ 41.12</u> |

Original documentation identifies this expense as a meeting with Ted Lyman, and a speech to the Citizen's League.

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|----|----------------|----------------------------------|--|-----------------|
| 2. | <u>11/2/87</u> | <u>Holiday Inn International</u> |  | <u>\$ 73.26</u> |
|----|----------------|----------------------------------|--|-----------------|

Original documentation identifies this expense as attending the annual meeting of Minnesota Agri-Growth Council.

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|----|-----------------|--------------------------|-------------------|-----------------|
| 3. | <u>11/19/87</u> | <u>Thunderbird Hotel</u> | <u>Room</u>       | <u>\$ 61.05</u> |
|    |                 |                          | <u>Restaurant</u> | <u>\$ 16.61</u> |

Original documentation identifies this expense as a speech to the annual meeting of the Minnesota Motel Association

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|----|---------------|--------------------------|-------------------|-----------------|
| 4. | <u>2/8/88</u> | <u>Thunderbird Hotel</u> | <u>Room</u>       | <u>\$ 61.05</u> |
|    |               |                          | <u>Restaurant</u> | <u>\$ 58.96</u> |

Original documentation identifies this expense as a meeting with Ted Lyman and overnight prior to a GMC information briefing the next day.

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|----|----------------|-----------------------------|-------------|-----------------|
| 5. | <u>8/22/88</u> | <u>Radisson Hotel South</u> | <u>Room</u> | <u>\$ 99.90</u> |
|----|----------------|-----------------------------|-------------|-----------------|

Original documentation identifies this expense as lodging prior to 8/23/88 board meeting.

- |    |                |                                  |             |                 |
|----|----------------|----------------------------------|-------------|-----------------|
| 6. | <u>3/13/89</u> | <u>Radisson Hotel - St. Paul</u> | <u>Room</u> | <u>\$ 58.22</u> |
|----|----------------|----------------------------------|-------------|-----------------|

Original documentation does not explain the purpose of this room. However, the GMC board met there the next day.

- |    |                |                       |  |                 |
|----|----------------|-----------------------|--|-----------------|
| 7. | <u>4/25/89</u> | <u>Embassy Suites</u> |  | <u>\$159.04</u> |
|----|----------------|-----------------------|--|-----------------|

Original documentation identifies this expense as hotel and meal expenses to attend the Minnesota State Entrepreneurship Conference in Minnetonka on April 25-26, 1989.