

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT  
Court File No. C5-58-302795

In the Matter of the Trust Created by  
Article VII of the Last Will and Testament  
of CHARLES K. BLANDIN (aka the  
Residuary Trust),

Deceased.

**PETITION TO DISCHARGE  
SPECIAL MASTER AND APPROVE  
VERIFIED SELF-REPORTING  
PROCESS**

Comes now Wells Fargo Bank, N.A., formerly known as Wells Fargo Bank Minnesota, N.A. (Wells Fargo), and James Hoolihan and respectfully show the Court:

1. Petitioner, Wells Fargo Bank, N.A. is the duly qualified and acting trustee of this trust. The appointment of Petitioner, then known as Northwestern National Bank of St. Paul, was confirmed by Order of this Court dated April 23, 1958. Bruce W. Stender was the duly qualified acting individual co-trustee of this trust through December 31, 2011. Petitioner, James Hoolihan was appointed as the individual co-trustee to succeed Bruce W. Stender by Order of this Court dated November 29, 2011.

2. The Charles K. Blandin Foundation (the "Foundation") Board of Trustees has reviewed and consented to this petition.

3. This Trust is subject to the *in rem* jurisdiction of the Court pursuant to Minn. Stat. § 501B.24. Petitioners submit this Petition pursuant to Minn. Stat. § 501B.16.

4. Article X of the Last Will and Testament of Charles K. Blandin (the "Will") requires that income received by the Foundation "be used for the purposes of [the Foundation] and shall be of a character beneficial to the residents of the Village of Grand Rapids, Minnesota and vicinity."

5. By Order dated October 25, 1990 (the "1990 Order"), the Court determined that Article X of the Will "does not restrict the Foundation to supporting activities and programs solely in the Grand Rapids geographical area, and the Foundation may expend funds received from the [Residuary Trust] in such manner as the Foundation Board of Trustees deems advisable in support of activities and programs within the State of Minnesota."

6. By Order dated December 21, 2000 (the "2000 Order"), the trustees of the Residuary Trust, the Foundation, and the Attorney General stipulated to the following provision:

*In keeping with the intent of Charles K. Blandin, the Blandin Foundation's perpetual and primary responsibility is to distribute its funds to meet the reasonable needs of the Grand Rapids area. The distribution of funds to meet the reasonable needs of the Grand Rapids area is in the discretion of the Trustees. The Court's Order dated October 25, 1990 recognized the changed circumstances of the [Residuary Trust] during the past 50 years, including the increase in the Blandin [Residuary Trust] assets. Subject to its responsibility as described above, the Foundation may distribute funds to meet the needs, in the discretion of the Trustees, of the Minnesota communities outside the Grand Rapids area.*

7. During the 2003 tri-annual petition process, a dispute arose regarding the Foundation's perpetual and primary responsibility to distribute its funds to meet the reasonable needs of the Grand Rapids area. This Court conducted mediation to resolve the dispute, resulting in the Stipulation and Order dated December 17, 2003 (the "2003 Stipulation and Order"), whereby it was agreed that the Foundation would satisfy its perpetual and primary responsibility to distribute its funds to meet the reasonable needs of the Grand Rapids area by meeting the following criteria:

*(a) The Grand Rapids area shall mean the area contained on the attached map and so labeled. The area on the map is Itasca County, Minnesota and Hill City, Remer, Blackduck, and Northome, Minnesota.*

*(b) The Foundation shall distribute an average of at least fifty-five (55) percent of all grants to the benefit the Grand Rapids area during rolling six year periods. The first rolling six year period begins January 1, 2003 and continues until December 31, 2008, the second begins January 1, 2004 and continues until December 31, 2009 and so on.*

*(c) For purposes of the Stipulation and Order, the grants shall be accounted for on a cash basis.*

*(d) Grants mean all distributions to persons and entities for the benefit of the Grand Rapids area, including scholarships to students who have graduated from schools within the Grand Rapids area.*

*(e) Nothing herein shall prohibit the Foundation from making additional distributions or spending additional funds within the Grand Rapids area.*

2003 Stipulation and Order at ¶ III.

8. In the 2003 Stipulation and Order, the Court reserved the right to review whether the Foundation fulfilled its perpetual and primary responsibility to meet the reasonable needs of the Grand Rapids area, if there were significant changes to the Foundation's grant making and charitable distribution practices in the future. *Id.*

9. To monitor compliance with Paragraph III of the 2003 Stipulation and Order and any other resulting Orders, the Attorney General's Office recommended that the Court appoint a special master, pursuant to Minn. R. Civ. P. 53.01. *Id.* at ¶ V.

10. By Order dated January 19, 2004 (the "2004 Order"), this Court appointed Peter Ulmen as Special Master to monitor the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order. The Special Master was charged with inquiring into the Foundation's grant distributions and allocations of those distributions to the Grand Rapids area, taking into consideration the requirement that the Grand Rapids area receive an average of at least fifty-five (55) percent of all grants made over a six year rolling period beginning January 1, 2003. The 2004 Order was subsequently amended by Order dated May 8, 2007 (the "2007 Amended Order"), which renewed the appointment of Peter Ulmen as Special Master to monitor the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order.

11. Since the 2003 Stipulation and Order, the Foundation has met or exceeded the six-year fifty-five percent (55%) rolling average grant requirement of the 2003 Stipulation and Order.

12. The Special Master reports to the Court the Foundation's grant making activities using a template that outlines the requirements of Paragraph III of the 2003 Stipulation and Order. The Foundation has advised the Court that it will continue to use this template as a reporting tool for future reporting periods and file the report with the Court and put it on its website so that there exists transparency in the Foundation's grant making.

13. The Foundation has created a process to identify and review whether a particular grant is local or rural in nature. This process includes various checks and balances, such as the ability of Foundation officials to consult with the Foundation Board of Trustees, the Court, and/or its auditor regarding a particular grant classification.

14. In addition to the Special Master's annual report, the Foundation had also produced its own annual report (the "Foundation's Original Report") to the Court regarding the

charitable activities of the Foundation, which included a detailed list of all grants approved by the Foundation during the year and identified the strategic priorities and the specific ways in which the Foundation supported the local community each year. The template developed by the Special Master and Foundation officials will supplant the Foundation's Original Report.

15. Since the issues raised during the 2003 tri-annual petition process, the Court has emphasized to the Foundation that it is imperative to continue to comply with the 2003 Stipulation and Order as it relates to grants to benefit the Grand Rapids community.

16. The Foundation has proposed that the Foundation become responsible for reporting the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order. The reporting responsibilities of the Foundation would be as follows:

(i) The Foundation is charged with reporting its compliance with Paragraph III of the 2003 Stipulation and Order, taking into consideration the requirement that the Grand Rapids area receive an average of at least fifty-five percent (55%) of all grants made over a six-year rolling period.

(ii) The Foundation shall annually author a report that identifies the following information:

a) The grant amounts paid in the prior year on a cash basis of accounting to the Grand Rapids area;

b) The grant amounts paid in the prior year on a cash basis of accounting outside of the Grand Rapids area;

c) The program expenses paid in the prior year on an accrual basis of accounting;

d) The administrative expenses paid in the prior year on an accrual basis of accounting; and

e) The total expenditures on a cash basis of accounting for the prior year as available upon filing of the Form 990-PF.

f) The Foundation's report shall contain such other information as may be requested pursuant to the Supervision of Charitable Trusts and Trustees Act. Minn. Stat. §§ 501B.31 – 501B.45. The Foundation shall also provide Management Discussion and Analysis information and other points of discussion and updated information

consistent with the provisions herein and the Foundation's audit process.

(iii) The format of the Foundation's report shall be consistent with the reporting format established by Peter Ulmen during his tenure as special master. The Foundation may wish to amend or alter the format of the report from time to time, but any substantive changes may only be made after comment and review by the Court.

(iv) The Foundation's report shall be provided to the Court on or about September 30 of each year, and said report shall be included in the Court's public files. In addition, the Foundation's report shall be prominently posted on the Foundation's website when it is filed with the Court.

(v) The Foundation's report shall be prepared by the management of the Foundation and be included as supplemental information or Management Discussion and Analysis to the Foundation's annual audited financial statements. The report shall be audited in compliance with generally accepted accounting standards and the requirements of Paragraph III of the 2003 Stipulation and Order related to the calculation of the six-year rolling average. The audit plan shall include all appropriate procedures, including document review, personal interviews, and confirmation to ensure the accuracy of the Foundation's financial statements and to ensure the Foundation's financial statements are fairly stated in all material respects. The Foundation's independent auditor shall also (1) determine whether there has been any change in the charitable financial practices of the Foundation; (2) identify any newly issued, newly effective, or proposed accounting standards that impact the Foundation; (3) verify all material amounts and significant inputs, and recalculate all key computations related to numerical presentations presented in the supplemental information or Management Discussion and Analysis; and (4) confirm, on a test basis as part of the overall audit of the Foundation's financial statements, the accuracy of the amount and the local and rural designation of the grants approved, paid and accrued during the year as presented in the supplemental information or Management Discussion and Analysis.

(vi) The Foundation's annual report shall be reviewed by the Foundation's Board of Trustees each year, and after conducting such review, the Board of Trustees shall by resolution: (1) confirm that the Foundation complied with its requirement to distribute an average of at least fifty-five (55) percent of all grants to the benefit the Grand Rapids area during the rolling six-year period, and (2)

identify any significant changes in the charitable financial practices of the Foundation. The Foundation Board of Trustees' resolution for the prior year shall be included as part of the Foundation's annual report and the Board resolution for the current year shall be available upon request. The Foundation's legal counsel shall review each annual report prior to filing with the Court.

(vii) The Foundation's report shall also be reviewed by the trustees of the Residuary Trust each year, and after conducting such review, the trustees shall confirm in writing that the Foundation complied with its requirement to distribute an average of at least fifty-five (55) percent of all grants to the benefit the Grand Rapids area during the rolling six-year period.

(viii) The Foundation shall adopt a policy that will address how to handle questions or concerns raised by any member of the Grand Rapids community regarding the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order or the Foundation's separate annual report. The policy shall provide that such questions or concerns will be directly presented to the Foundation President for review and require the Foundation President to respond within ten (10) business days to the question or concern. The policy shall also provide that such questions or concerns be recorded and maintained for a minimum of two years from the date of receipt.

(ix) The Minnesota Attorney General's Office may from time to time have questions related to the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order, or the Foundation's annual report. Such questions may be addressed to the Foundation President, who shall promptly respond to any inquiry of the Minnesota Attorney General's Office. In the alternative, if the Attorney General's Office determines that it is prudent to address any inquiry directly to the Court, it may do so by way of an informational meeting to be attended by representatives of the Foundation and the co-trustees of the Residuary Trust. Nothing in this proposal waives, alters, or amends any right or authority the Minnesota Attorney General has under Minnesota law to enforce the laws of the State or to investigate charitable trusts.

(x) The Foundation's annual reports and the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order shall be formally reviewed by the Court as part of the tri-annual petition for approval of accounts.

17. The factual assertions made in this Petition will be proved up with sworn testimony during the hearing of this Petition.

WHEREFORE, Your Petitioners pray for an Order of this Court:

- 1) Discharging and relieving Special Master Peter Ulmen from his responsibilities as special master appointed pursuant to Minn. R. Civ. P. 53.01 as of the date of this Order, provided that Peter Ulmen shall retain all immunities and confidences allowable under Minnesota law with regard to any Residuary Trust and Foundation communications or information disclosed to him during his tenure as special master.
- 2) Transferring responsibility of reporting the Foundation's compliance with Paragraph III of the 2003 Stipulation and Order to the Foundation in accordance with the proposal above.
- 3) Granting such other and further relief as the Court may deem proper.

Dated: March 26, 2015.

WELLS FARGO BANK, N.A., Trustee

James W. Rockwell  
James W. Rockwell, Vice President

STATE OF MINNESOTA )  
                                  ) ss.  
COUNTY OF HENNEPIN )

THE UNDERSIGNED, being first duly sworn, deposes and says that he is an officer of WELLS FARGO BANK, N.A., one of the Petitioners in the above-entitled proceedings; that he has read the foregoing Petition and knows the contents thereof; that the same is true of his own knowledge except as to those matters therein stated on information and belief, and as to those matters he believes them to be true.

James W. Rockwell  
James W. Rockwell

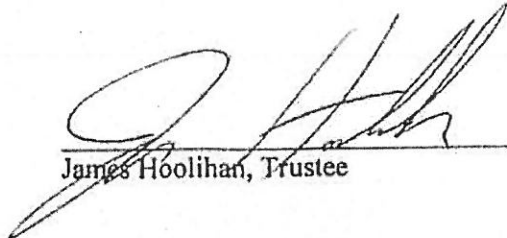
Subscribed and sworn to before me this  
26<sup>th</sup> day of March, 2015.

Theresa J. Plaszczyk  
Notary Public



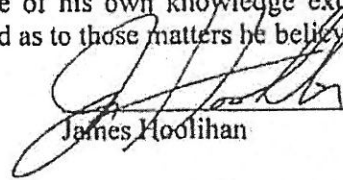


Dated: MARCH 26, 2015.

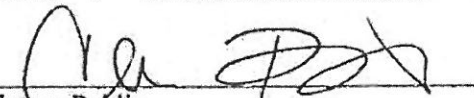
  
James Hoolihan, Trustee

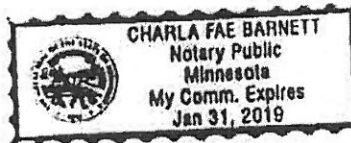
STATE OF MINNESOTA )  
  ) ss.  
COUNTY OF ITABLA )

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James Hoolihan

Subscribed and sworn to before me this  
26 day of March, 2015.

  
Notary Public



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