

Tuesday, May 23, 2017

The Board met at its offices at 450 N Street, Sacramento, at 9:09 a.m., with Ms. Harkey, Chairwoman, Mr. Runner, Vice Chair, Ms. Ma and Ms. Yee present.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Carla Eisner, Business Taxes Specialist, Appeals & Data Analysis Branch, Business Tax and Fee Department, and who was Senior Airman First Class, US Air Force for three years.

Ms. Harkey asked for a moment of silence for the victims in Manchester, England.

The Board recessed at 9:12 a.m. and reconvened at 9:22 a.m. with Ms. Harkey, Mr. Runner, Ms. Ma and Ms. Yee present.

BOARD MEMBER ANNUAL PHOTOGRAPH

The annual Board photograph was taken.

PROPERTY TAX MATTER

STATE ASSESSED PROPERTIES VALUE SETTING

Richard Reisinger, Chief, State-Assessed Properties Division, Property Tax Department, made introductory remarks regarding the valuation of state-assessed properties.

Electric Generation Facilities

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

1100	AES Alamos, LLC	105,600,000
1101	AES Redondo Beach, LLC	85,200,000
1102	AES Huntington Beach, LLC	41,100,000
1105	Dynegy Oakland, LLC	3,430,000
1106	Cabrillo Power I, LLC	60,600,000
1110	El Segundo Power, LLC	12,500,000
1111	Long Beach Generation, LLC	19,400,000
1115	NRG California South LP - Ormond Beach	38,900,000
1116	NRG California South LP – Etiwanda	23,800,000
1117	NRG California South LP – Ellwood	6,480,000
1141	Indigo Generation, LLC	32,400,000
1142	Larkspur Energy, LLC	29,400,000
1145	Harbor Cogeneration Company, LLC	5,620,000
1148	Inland Empire Energy Center, LLC	105,800,000
1149	AltaGas Sonoran Energy Inc.	1,500,000

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1152	Panoche Energy Center, LLC	278,600,000
1153	Midway Peaking, LLC	54,900,000
1154	Bicent (California) Malburg, LLC	71,000,000
1155	Orange Grove Energy, L.P.	51,400,000
1161	Oakley Generating Station	4,910,000
1164	Pio Pico Energy Center, LLC	324,000,000

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

1103	Dynegy Moss Landing, LLC	230,400,000
1107	Cabrillo Power II, LLC	6,180,000
1109	NRG Delta, LLC	33,800,000
1112	La Paloma Generating Company, LLC	62,600,000
1114	NRG California South LP- Mandalay	26,400,000
1122	AltaGas San Joaquin Energy Inc. – Hanford	37,300,000
1123	AltaGas San Joaquin Energy Inc. – Henrietta	39,100,000
1124	AltaGas San Joaquin Energy Inc. – Tracy	217,400,000
1126	Elk Hills Power, LLC	285,900,000
1127	High Desert Power Trust	106,300,000
1128	Delta Energy Center, LLC	169,500,000
1129	Gilroy Energy Center, LLC	36,800,000
1131	Pastoria Energy Facility, LLC	298,800,000
1132	CCFC Sutter Energy, LLC	94,500,000
1133	Metcalf Energy Center, LLC	149,000,000
1134	Otay Mesa Generating Company, LLC	305,600,000
1136	Blythe Energy, Inc.	216,400,000
1137	Sunrise Power Company, LLC	118,300,000
1143	Los Esteros Critical Energy Facility, LLC	251,900,000
1151	Russell City Energy Company, LLC	408,700,000
1157	NRG Marsh Landing, LLC	508,800,000
1158	El Segundo Energy Center, LLC	449,400,000
1159	Mariposa Energy, LLC	132,500,000
1160	CPV Sentinel, LLC	595,100,000
1162	Walnut Creek Energy, LLC	437,900,000
1165	Malaga Power, LLC	10,900,000

Energy Companies

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

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101	Golden State Water Company	772,500,000
103	Anza Electric Cooperative, Inc.	13,000,000
104	Central Valley Gas Storage, LLC	77,900,000
106	PacifiCorp	197,000,000
119	Trans Bay Cable, LLC	485,700,000
121	Gill Ranch Storage, LLC	112,200,000
125	Terra-Gen Dixie Valley, LLC	3,310,000
135	Pacific Gas and Electric Company	30,673,000,000
141	San Diego Gas & Electric Company	8,889,000,000
146	Sierra Pacific Power Company	79,700,000
148	Southern California Edison Company	24,370,300,000
149	Southern California Gas Company	5,297,300,000
152	Southwest Gas Corporation	283,900,000
153	Transwestern Pipeline Company	525,000
156	DATC Path 15, LLC	95,500,000
160	Valley Electric Association, Inc.	204,600
163	Liberty Utilities (Calpeco Electric), LLC	156,300,000
173	Surprise Valley Electrification Corp.	16,400,000
176	Plumas-Sierra Rural Electric Cooperative	67,800,000
180	North Baja Pipeline, LLC	62,100,000
187	Mojave Pipeline Company, LLC	54,600,000
188	Kern River Gas Transmission Company	180,000,000
189	Standard Pacific Gas Line, Inc.	37,300,000
190	Tuscarora Gas Transmission Company	53,500,000
191	Arizona Public Service Company	1,980,000
192	Alpine Natural Gas Operating Company No. One LLC	1,100,000
193	Arizona Electric Power Cooperative, Inc.	712,000
194	West Coast Gas Company, Inc.	726,000
195	Wild Goose Storage, LLC	161,000,000
196	Questar Southern Trails Pipeline Company	5,900,000
197	El Paso Natural Gas Company, LLC	36,300,000
198	Lodi Gas Storage, LLC	123,400,000

Pipeline Companies

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

402	CALNEV Pipe Line, LLC	67,400,000
407	Valero Refining Company – California	678,000
410	Homestake Mining Company of California	32,900
412	Kings County Canal Company	977,000
428	CPN Pipeline Company	29,400,000
429	Chevron USA, Inc.	91,300,000

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435	Natomas Central Mutual Water Company	131,000
461	SFPP, L.P.	475,400,000
462	Tesoro Refining and Marketing Company, LLC	1,030,000
464	Ventura Pipeline System-(Ellwood Pipeline, Inc.)	1,030,000
467	Phillips 66 Company	405,000
468	Shell California Pipeline Company, LLC	4,570,000
469	San Ardo Pipeline Company	10,500,000
475	Searles Valley Minerals Inc.	2,730,000
476	Chevron USA, Inc.	6,290,000
478	California Gas Gathering, Inc.	42,100
480	Phillips 66 Pipeline, LLC	81,700,000
486	Pacific Pipeline System, LLC	22,700,000
488	Plains West Coast Terminals, LLC	9,610,000
491	SMF Pipeline	5,900,000
493	Cardinal Pipeline, LP	8,870,000

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

409	Torrance Valley Pipeline Company	313,400,000
414	Torrance Pipeline Company, LLC	11,000,000
489	California Resources Production Corporation	6,120,000
490	Crimson California Pipeline, L.P.	120,600,000
492	San Pablo Bay Pipeline Company, LLC	79,500,000

Railroad Companies

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

802	Central Oregon Pacific Railroad	4,100,000
804	BNSF Railway Company	1,851,000,000
808	West Isle Line, Inc.	216,000
810	California Northern Railroad	37,000,000
812	Ventura County Railroad	4,320,000
813	Pacific Harbor Lines	27,400,000
815	Mendocino Railway	1,190,000
817	Tulare Valley Railroad	514,000
818	Central California Traction Company	8,770,000
822	Pacific Sun Railroad, L.L.C.	932,000
826	Sacramento Valley Railroad, LLC	1,830,000
827	Northwestern Pacific Railroad Company	2,893,000
831	Santa Cruz & Monterey Bay Railway Company	1,166,000

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834	LRY, LLC	541,000
835	Pacific Imperial Railroad	5,159,000
843	Union Pacific Railroad Company	2,741,400,000
850	Modesto & Empire Traction Company	44,000,000
857	Richmond Pacific Railroad Corporation	1,760,000
861	Quincy Railroad Company	448,800
865	San Diego & Imperial Valley Railroad Co., Inc.	5,610,000
869	Coast Belle Railroad Corporation	1,375,000
878	Stockton Terminal and Eastern Railway	5,490,000
882	Trona Railway Co.	16,300,000
883	McCloud Railway Company	619,300
889	Yreka Western Railroad	422,400
894	Napa Valley Wine Train, Inc.	21,500,000
896	Santa Cruz Big Trees & Pacific Railway Co.	2,960,000
897	San Joaquin Valley Railroad Company	19,000,000
898	Sierra Northern Railway	6,720,000
899	Arizona & California Railroad Company	5,660,000

Interexchange Telephone Companies

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

2014	Sprint Communications Company, L.P.	151,800,000
2099	Smart City Networks LP	10,021,000
2274	MCI Communications Services, Inc.	401,600,000
2310	AT&T Communications	623,100,000
2372	MCI Metro Access Transmission Services, LLC	84,000,000
2376	Working Assets Funding Service, Inc.	252,000
2381	Mitel NetSolutions, Inc.	124,300
2416	NOS Communications, Inc.	784,000
2430	Electric Lightwave, LLC	84,400,000
2437	Dialink Corporation	20,100
2463	CenturyLink Communications, LLC	163,500,000
2470	Cincinnati Bell Any Distance, Inc.	13,400
7503	Verizon Select Services, Inc.	2,040,000
7512	Frontier Communications of America, Inc.	77,000,000
7560	XO Communications Services, L.L.C.	57,600,000
7571	Network Enhanced Technologies, Inc.	7,000
7580	Securus Technologies, Inc.	1,390,000
7581	ABS-CBN Telecom North America, Inc.	13,800
7621	SES Americom, Inc.	2,960,000
7638	Integrated Telemanagement Services, Inc.	46,640
7640	Cox California Telcom, LLC	59,400,000

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7660	U.S. South Communications, Inc.	426,000
7690	CCT Telecommunications, Inc.	123,000
7699	Legacy Long Distance International, Inc.	411,000
7707	Consolidated Communications Enterprise Services, Inc.	97,000,000
7732	NTT America, Inc.	17,600,000
7757	U.S. TelePacific Corp.	101,700,000
7758	BT Americas, Inc.	7,780,000
7761	Level 3 Communications, LLC	606,100,000
7766	KDDI America, Inc.	9,280,000
7778	Zayo Group, LLC	283,400,000
7781	KT America, Inc.	87,200
7791	O1 Communications, Inc.	304,000
7792	Point To Point, Inc.	804,000
7799	Wilshire Connection, LLC	8,030,000
7800	Earthlink Business, LLC	3,890,000
7811	Public Communications Services, Inc.	305,000
7813	Advanced Telecom, Inc.	25,400
7814	PAETEC Communications, Inc.	6,260,000
7824	Audeamus	8,210,000
7832	Astound Broadband, LLC	52,400,000
7845	San Carlos Telecom, Inc.	38,000
7852	Telstra Incorporated	10,500,000
7866	Telmex USA, LLC	10,300,000
7871	Verizon Online, LLC	465,000
7872	Infotech Telecommunications & Network, Inc.	8,700
7880	Quick-Tel, Inc.	2,100
7894	Ponderosa Cablevision	1,880,000
7902	ANPI Business, LLC	25,900
7913	VCOM Solutions, Inc.	134,200
7914	McLeodUSA Telecommunications Services, Inc.	799,000
7916	Peak Communications, Inc.	8,360
7945	ZTG, Inc.	6,710
7948	Satcom Direct Government, Inc.	2,520,000
7953	Openpop.com, Inc.	50,100
7955	Enhanced Communications Network, Inc.	35,400
7956	Telespan Communications, LLC	34,000
7959	Airespring, Inc.	550,000
7960	CallTower, Inc.	465,000
7969	Intelsat Global Service, LLC	8,450,000
7972	Reliance Globalcom Services, Inc.	1,880,000
7982	Crown Castle NG West, LLC	232,400,000
7985	inContact, Inc.	4,090,000
7988	Global Tel*Link Corporation	20,400,000
7990	ComNet(USA), LLC	209,000
7992	NobelTel, LLC	8,700

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7994	Utility Telecom Group, LLC	2,120,000
7996	RuralWest - Western Rural Broadband, Inc.	104,000
7997	Edison Carrier Solutions	66,440,000
7998	Norcast Communications Corporation	1,020,000
7999	Purple Communications, Inc.	6,600,000
8002	Neutral Tandem - California, LLC	5,010,000
8004	Greenfield Communications, Inc.	315,000
8005	Vodafone US, Inc.	4,330,000
8006	Lucky Communications, Inc.	4,620
8010	Advantage Telecom	25,900
8015	China Telecom (Americas) Corporation	21,300,000
8017	Locus Telecommunications, Inc.	101,000
8023	One Phone, Inc.	29,040
8024	TC Telephone, LLC	3,800
8027	Blue Casa Telephone, LLC	28,270
8029	IPC Network Services, Inc.	145,000
8031	Backbone Communications, Inc.	70,950
8032	BCE Nexxia Corporation	8,100
8037	Crown Castle CA-CLEC, LLC	23,700,000
8038	Telecom Carrier Access, LLC	9,300
8041	DMR Communications, Inc.	89,300
8042	Paxio, Inc.	3,982,000
8046	West Telecom Services Holdings, LLC	606,000
8047	Syniverse Technologies, LLC	2,321,000
8048	Bright House Networks Information Services (California), LLC	31,600
8049	Birch Communications, Inc.	2,570,000
8051	Inteltrace, Inc.	264,000
8061	Charter Fiberlink CA-CCO, LLC	21,700,000
8063	Time Warner Cable Information Services (California), LLC	123,600,000
8065	Connectto Communications, Inc.	5,830
8066	Calmtel USA, Inc.	14,000
8067	Sunesys, LLC	153,500,000
8071	Verizon Long Distance, LLC	48,000
8075	TNCI Operating Company, LLC	1,440,000
8076	OPEX Communications, Inc.	52,900
8077	NewPath Networks, LLC	27,300,000
8078	U.S. Telecom Long Distance, Inc.	2,800
8079	Cal-Ore Communications, Inc.	1,520,000
8080	Ymax Communications Corporation	14,500
8081	Sonic Telecom, LLC	24,000,000
8082	WTI Communications, Inc.	54,800
8083	Network Expert Group, Inc.	29,200
8086	ANPI, LLC	554,000
8087	Lighttower Fiber Networks II, LLC	66,000
8089	Conterra Ultra Broadband, LLC	17,900,000

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8090	Telecommunication Systems, Inc.	196,000
8091	Roadway Communications, Inc.	23,700
8093	Extenet Systems (California), LLC	86,100,000
8094	Affiniti, LLC.	446,000
8099	Race Telecommunications, Inc.	17,600,000
8102	Ekit.Com, Inc.	83,600
8104	Transpac Telecom, Inc.	2,200
8106	Raw Bandwidth Telecom, Inc.	173,000
8109	Peerless Network of California, LLC	804,000
8115	&TV Communications, Inc.	385,000
8116	PC Landing Corp.	9,980,000
8118	IntelePeer Cloud Communications, LLC	73,000
8120	TELUS Communications (U.S.), Inc.	857,000
8124	Impact Telecom, Inc.	190,000
8127	Voyant Communications, LLC	10,400
8128	Talton Communications, Inc.	44,700
8133	Bestel USA, Inc.	45,100
8136	Plumas Sierra Telecommunications	12,900,000
8137	SnowCrest Telephone, Inc.	191,000
8139	California Broadband Cooperative, Inc.	22,600,000
8141	CENIC Broadband Initiatives, LLC	109,000
8142	Dsi-Iti, LLC	44,800
8143	GTT Americas, LLC	7,600,000
8144	GC Pivotal, LLC	13,900,000
8148	Digital West Networks, Inc.	4,850,000
8149	Ztelephony	4,000
8151	CVIN, LLC	73,400,000
8152	Broadband Dynamics, LLC	46,200
8153	Advanced Technology Distributors, Inc.	50,100
8154	Network Innovations, Inc.	51,100
8155	Time Warner Cable Business, LLC	47,800,000
8156	Medallion Telecom, Inc.	10,300
8158	RCLEC, Inc.	626,000
8159	X2 Telecom, Inc.	3,410,000
8160	Vodex Communications Corporation	26,070
8161	Public Interest Telecom of California	99,900
8162	GetGo Communications, LLC	161,000
8164	NetFortris Acquisition Co., Inc.	1,500,000
8166	Global Telco Group, Inc.	7,500
8167	Inyo Networks, Inc.	32,340
8169	Freedom Telecommunications, LLC	65,500,000
8170	Jagat International, LLC	3,300
8171	Lit San Leandro, LLC	117,700
8172	Cebridge Telecom CA, LLC	163,000
8173	Masergy Communications, Inc.	655,000

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8174	ACN Communication Services, LLC	5,170
8175	Granite Telecommunications, LLC	841,000
8176	Pay Tel Communications, Inc.	6,270
8178	Onvoy, LLC	593,000
8179	DSCI Corporation	26,700
8180	Karuk Tribe	157,000
8181	Five9, Inc.	8,710,000
8182	Ultimate Internet Access, Inc.	1,232,000
8184	Digital Transportation Corp.	59,800
8185	Webpass Telecommunications, LLC	155,000

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

7516	Cybernet Communications, Inc.	249,700
7538	Tremcom International, Inc.	5,170
7769	Airnex Communications, Inc.	8,140
7876	Total Call International, Inc.	33,100
7907	Telscape Communications, Inc.	305,000
7934	Telecom House, Inc.	114,000
7950	ATMC, Inc.	7,625
7952	Advanced Tel, Inc.	5,000
7978	Legent Communications Corporation	8,360
7980	Teledata Solutions, Inc.	267,500
7993	Clear World Communications Corporation	14,190
8026	Nationwide Telecom, Inc.	54,250
8044	Intermetro Communications, Inc.	342,500
8057	Vertex Telecom, Inc.	1,661,000
8068	North County Communications Corp	153,750
8074	Silv Communication, Inc.	53,130
8101	FastBlue Communications, Inc.	27,720
8107	Convergence Systems	66,750
8112	Mosaic Networx, LLC	21,780
8113	GoDaddy.com	37,900
8119	Express Telecommunications Network, Inc.	4,625
8122	Bandwidth.com CLEC, LLC	841,500
8129	Wide Voice, LLC	266,200
8130	United Telecom, Inc.	49,390
8131	Pacific Lightwave, Inc.	130,900
8138	Act Tele, Inc.	2,860
8145	Internet Business Services, Inc.	15,290
8146	Ssplice Communications, Inc	35,090
8186	Global Calling Corporation	6,700
8187	Network Billings Systems, LLC	285,000

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8188	LightSpeed Networks, Inc.	283,000
8189	OACYS Telecom, Inc	48,800
8190	Sage Communications, Inc.	12,800
8191	Windstream KDL, Inc.	328,000
8192	Tierzero	359,000
8193	Univoip, Inc.	420,000
8194	IT Management Corporation	37,700
8195	Anza Electric Co-operative, Inc.	1,340,000
8196	ATC Outdoor DAS, LLC	3,377,000
8197	Modus Rex, Inc.	70,300
8198	IFN.com, Inc.	342,000
8199	Fireline Network Solutions, Inc.	577,500
8200	Magna5, LLC	42,680

Wireless Telephone Companies

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

2532	Los Angeles SMSA Ltd., Partnership	1,195,200,000
2552	Fresno MSA Limited Partnership	124,900,000
2559	Cellco Partnership	1,582,000,000
2602	Digital Communications Network, Inc.	5,400
2606	AT&T Mobility, LLC	2,996,600,000
2658	Intouch America, Inc.	33,220
2669	California RSA #4 Partnership	20,900,000
2671	California Rural Service Area #1, Inc.	29,200,000
2681	Everything Wireless, LLC	261,000
2720	Sprint Telephony PCS, LLC	1,029,700,000
2748	T-Mobile West, LLC	1,800,500,000
2760	Fisher Wireless Services, Inc.	1,250,000
2772	Globalstar USA, LLC	1,510,000
2775	Nextlink Wireless, LLC	729,000
2780	i-wireless, LLC	4,700
2783	Flat West Wireless, LLC	1,170,000
2784	Greatcall, Inc.	3,120,000
2788	NTT Docomo USA, Inc.	3,200
2790	UVNV, Inc.	1,892,000
2794	PLDT (US) Mobility, LLC	11,300
3002	American Messaging Services, LLC	757,000
3039	Fresno Mobile Radio, Inc.	271,000
3430	Spok, Inc.	1,290,000

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Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

2683	Pay-Less Cellular, Inc.	77,625
2773	Accessible Wireless, LLC	12,900
2787	Mother Lode Internet, LLC	63,580
2793	Bandwidth.com, Inc.	4,400
2799	Total Call Mobile, LLC	14,200
2800	KG Communications, Inc.	2,500
2801	Google North America, Inc.	336,000

Local Exchange Telephone Companies

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

201	Frontier California, Inc.	3,003,100,000
202	CenturyTel of Eastern Oregon, Inc.	21,400
203	Frontier Communications of the Southwest, Inc.	6,270,000
205	The Ponderosa Telephone Company	26,900,000
209	Pinnacles Telephone Co.	1,060,000
210	Calaveras Telephone Company	11,800,000
228	Ducor Telephone Company	3,770,000
235	Foresthill Telephone Co.	16,300,000
239	Hornitos Telephone Company	696,000
240	Happy Valley Telephone Company	1,090,000
246	Kerman Telephone Co.	24,100,000
279	Pacific Bell Telephone Company	5,901,400,000
284	Citizens Telecommunications Company of California, Inc.	83,900,000
286	Sierra Telephone Company, Inc.	51,700,000
301	The Siskiyou Telephone Company	54,400,000
327	Volcano Telephone Company	27,000,000
328	Cal-Ore Telephone Co.	7,843,000
330	Winterhaven Telephone Company	1,070,000

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2017, be as follows:

294	Consolidated Communications of California Company	126,900,000
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TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**PROPERTY TAX MATTERS****Audits****BT Americas, Inc. (7758)**

2016, \$1,000,000.00 Excessive Assessment

2015, \$30,000.00 Escaped Assessment, \$3,000.00 Penalties, \$4,500.00 In-lieu Interest

2014, \$20,000.00 Escaped Assessment, \$2,000.00 Penalties, \$4,800.00 In-lieu Interest

2013, \$460,000.00 Escaped Assessment, \$46,000.00 Penalties, \$151,800.00 In-lieu Interest

Action: Upon motion of Ms. Yee, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board adopted the audit adjustments as recommended by staff.

GTT Americas, LLC (8143)

2016, \$760,000.00 Escaped Assessment, \$45,600.00 In-lieu Interest

Action: Upon motion of Ms. Yee, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board adopted the audit adjustments as recommended by staff.

Unitary Land Escaped Assessments**Los Angeles SMSA Ltd. Partnership (2532)**

2016, \$232,540.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board adopted the unitary land escaped assessment as recommended by staff.

Sprint Telephony PCS, LLC (2720)

2015-2016, \$677,188.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board adopted the unitary land escaped assessment as recommended by staff.

Ms. Yee left the Boardroom and Ms. Stowers entered on behalf of Ms. Yee in accordance with Government Code section 7.9.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARING**Susan Bostwick, 979364**

2014, \$1,087.00 Assessment, \$271.75 Late Filing Penalty

For Appellant:

Susan Bostwick, Taxpayer

Jeffrey T. Smith, Representative

Tuesday, May 23, 2017

For Franchise Tax Board:

Andy Amara, Tax Counsel

Natasha Page, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellant has demonstrated any error in the Franchise Tax Board's proposed assessment of additional tax.

Whether appellant has shown reasonable cause the late filing of her return.

Whether this Board should impose a frivolous appeal penalty.

Action: Upon motion of Ms. Stowers, seconded by Ms. Ma and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board sustained the action of the Franchise Tax Board.

The Board recessed at 9:44 a.m. and reconvened at 9:46 a.m. with Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers present.

SPECIAL PRESENTATIONS

Employee Recognition Award Program 2017

David Gau, Executive Director, presented the awards for the 2015-16 cycle. Robert McPherson, Associate Information Systems Analyst, Project Management Division, Technology Services Department, and Brooke Jones, Staff Services Analyst, Human Resources Division, Administration Department, read the names of the award recipients and their achievements into the record. Each Member of the Board gave complimentary remarks to the awardees.

The Board recessed at 10:11 a.m. and reconvened at 10:24 a.m. with Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers present.

PUBLIC HEARING

Proposed amendments to Sales and Use Tax Regulation 1591, *Medicines and Medical Devices*

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the adoption of amendments to clarify that articles permanently implanted in the human body to "monitor" a medical condition qualify as medicines ([Exhibit 5.1](#)).

Speakers were invited to address the Board, but there were none.

Action: Upon motion of Ms. Ma, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board adopted the amendments to Regulation 1591, *Medicines and Medical Devices* as published.

Exhibits to these minutes are incorporated by reference.

Tuesday, May 23, 2017

LEGAL APPEALS MATTERS, CONSENT

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Mr. Runner, seconded by Ms. Stowers and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Leonard Bent, 797610 (AC)

07/01/10 to 12/31/12, \$5,436.00 Tax

Action: Redetermine as recommended by the Appeals Division.

B.J.L., Inc., 850290 (AP)

04/01/11 to 01/31/14, \$217,216.16 Tax, \$21,721.62 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Derek Fong N. Lai, 605163 (AP)

01/01/05 to 03/31/08, \$374,466.81 Tax, \$103,516.58 Fraud Penalty, \$1,086.11 Failure-to-File Penalty

Action: Redetermine as recommended by the Appeals Division.

Jung Hee Pak and Joam Soon Rhee, 718003 (EH)

05/01/91 to 11/10/92, \$32,802.54 Claim for Refund

Action: Redetermine as recommended by the Appeals Division.

Edward Reed Solomon, 694035 (EA)

07/04/08 to 02/19/09, \$26,117.00 Tax, \$922.00 Late Payment Penalty, \$2,351.70 Failure-to-File Penalty, \$156.00 Late Prepayment Penalty, \$104.00 Failure to Prepay Penalty, \$1,432.10 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

Yaki-Kui Japanese BBQ, Inc., 668886 (SO)

07/01/08 to 09/30/11, \$14,802.80 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

Henri Raymond Traboulsi, 731239 (EA)

02/02/08 to 03/31/09, \$111,069.00 Tax, \$11,106.91 Failure-to-File Penalty, \$11,106.90 Finality Penalty

A Touch of Art, Inc., 734378 (EA)

02/02/08 to 03/31/09, \$111,069.00 Tax, \$11,106.91 Failure-to-File Penalty, \$11,106.90 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

Tuesday, May 23, 2017

Randeep Singh Dhillon, 610473, 610474 (DF)

07/05/11 to 12/31/11, \$54,575.45 Tax, \$5,457.55 Failure-to-File Penalty

01/01/09 to 07/04/11, \$228,976.90 Tax, \$21,585.79 Negligence Penalty, \$1,311.96 Failure-to-File Penalty

Randeep Singh Dhillon and Kamalpreet Sidhu, 610475, 610477 (DF)

07/05/11 to 07/20/11, \$772.96 Tax, \$77.31 Failure-to-File Penalty

01/01/09 to 07/04/11, \$49,715.24 Tax, \$3,774.06 Negligence Penalty, \$1,197.49 Failure-to-File Penalty

Bathinda Enterprises, Inc., 610524 (DF)

01/01/09 to 12/31/11, \$70,746.71 Tax, \$6,467.69 Negligence Penalty, \$607.03 Failure-to-File Penalty

Real Wilson Enterprises, Inc., 610525, 610526 (DF)

05/17/11 to 12/31/11, \$11,936.87 Tax, \$641.99 Negligence Penalty, \$551.73 Failure-to-File Penalty

01/01/09 to 05/16/11, \$36,442.35 Tax, \$3,644.19 Negligence Penalty

Beale Monterey Enterprises, Inc., 610444 (DF)

07/05/11 to 12/31/11, \$35,994.69 Tax, \$3,599.48 Failure-to-File Penalty

Sam Sambee Enterprises, Inc., 610492 (DF)

01/01/09 to 12/31/11, \$455,957.10 Tax, \$41,995.63 Negligence Penalty, \$3,600.09 Failure-to-File Penalty

Auburn Max Enterprises, Inc., 610506, 610507 (DF)

01/01/09 to 05/16/11, \$164,417.49 Tax, \$16,441.74 Negligence Penalty

05/17/11 to 12/31/11, \$24,427.58 Tax, \$641.99 Negligence Penalty, \$551.73 Failure-to-File Penalty

Bathinda Enterprises, Inc., 620686 (STF)

07/01/10 to 09/30/11, \$10,536.00 Tax, \$1,053.61 Failure-to-File Penalty

Action: Redetermine as recommended by the Appeals Division.

John Kruse, 738710 (STF)

04/01/06 to 06/30/08, \$661.00 Tax, \$66.10 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matter: *Southview, LLC, 842764*; and, *Clem H. Abrams and Lydia K. Abrams, 842770*.

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Mr. Runner, seconded by Ms. Ma and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Southview, LLC, 842764

2006, \$11,790.00 Tax

2008, \$11,790.00 Tax

Clem H. Abrams and Lydia K. Abrams, 842770

2006, \$1,166,022.00 Tax

2008, \$649,678.00 Tax

Action: The Board took no action.

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Kevin P. Robinson, 849479

2009, \$8,158.09 Assessment

Action: Sustain the action of the Franchise Tax Board.

Terry R. Reiter and Margaret E. Reiter, 953175

2011, \$45,455.00 Tax

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Alexan Balekian, 852265

2007, \$1,291.00 Tax

2008, \$1,399.00 Tax

2009, \$1,800.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Raymond Bernardo, 932849

2014, \$2,780.12 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Kristopher M. Cronin and Christine W. Cronin, 871850

2010, \$882.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Rolando DeRuso, 932241

2013, \$164.00 Tax, \$135.00 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Arthur Engelen and Teresa Smith-Engelen, 856100

2009, \$1,859.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Eric Epperson, 856415

2012, \$22,622.00 Tax, \$5,655.50 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Angel Gentchev and Stamenka Gentchev, 774436

2009, \$937.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Tamara L. Glover, 792065

2005, \$3,757.60 Tax

2006, \$4,171.85 Tax

2007, \$492.78 Tax

2008, \$1,619.03 Tax

Action: Sustain the action of the Franchise Tax Board.

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Alex K. Hahn and Jae H. Hahn, 847615

2005, \$43,470.00 Tax, \$2,115.75 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Charles H. Hawes, 848829

2012, \$1,517.00 Tax, \$379.25 Failure to Furnish Information Penalty

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Nelen Vernon Jones, 931022

2013, \$1,561.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Jina Kattleson, 812718

2006, \$5,220.00 Tax

2007, \$25,113.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Marysue Kuball and Curt L. Kuball, Sr., 823729

2008, \$4,780.00 Tax

2009, \$4,093.00 Tax

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Katherine Christine Matthews, 864599

2012, \$320.00 Tax, \$135.00 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

William F. Maudru, Jr. and Terri L. Maudru, 909200

2012, \$65,514.75 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Marina Polyanskaya, 867232

2012, \$1,340.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Jose Luis Proo, 931858

2013, \$773.00 Tax

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Mark Remlinger, 924065

2010, \$904.00 Tax

Action: Sustain the action of the Franchise Tax Board.

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Edward Robles, 847556

2012, \$1,365.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Sage Industries, Inc., 930908

2014, \$752.57 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Gary Schlimgen, 926916

2012, \$104.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Matthew Schumacher, 931531

2010, \$636.00 Tax

Action: Sustain the action of the Franchise Tax Board.

David J. Toth, 924296

2012, \$912.25 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Beverly S. Weeks, 939388

2012, \$166.04 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

SALES AND USE TAX MATTERS, GRANT-ONE DAY INTEREST RELIEF, CONSENT

With respect to the Sales and Use Tax Matters, Grant-One Day Interest Relief, Consent Agenda, upon a single motion of Mr. Horton, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Ahd Enterprises, Inc., 1000418 (DF)

11/01/16 to 11/30/16, \$21.64

Action: Approve the one day interest relief as recommended by staff.

Chem-Aqua, Inc., 997712 (OH)

07/01/16 to 09/30/16, \$299.25

Action: Approve the one day interest relief as recommended by staff.

Edges Electrical Group, LLC, 997707 (GH)

08/01/16 to 08/31/16, \$5,014.53

Action: Approve the one day interest relief as recommended by staff.

GCH, Inc., 1000231 (AA)

10/01/16 to 12/31/16, \$296.49

Action: Approve the one day interest relief as recommended by staff.

Tuesday, May 23, 2017

The Pace Gallery, LLC, 997697 (GH)

10/01/16 to 12/31/16, \$22,953.45

Action: Approve the one day interest relief as recommended by staff.

West Coast Turf, 1000419 (EH)

10/01/16 to 12/31/16, \$390.53

Action: Approve the one day interest relief as recommended by staff.

Winmark, Inc., 998759 (BH)

10/01/16 to 12/31/16, \$146.84

Action: Approve the one day interest relief as recommended by staff.

X-Chem, LLC, 997702 (OH)

07/01/16 to 09/30/16, \$113.12

Action: Approve the one day interest relief as recommended by staff.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**OFFER-IN-COMPROMISE RECOMMENDATIONS**

Action: Upon motion of Mr. Horton, seconded by Ms. Ma and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board approved the Offer in Compromise Recommendations of *Isaias Alvarado; Luis Alvarez; Margarita Alvarez; Edgardo Antonio Ardon; Michelina Baio-Reiff; Charles H. Caplener; Jung Ae Choi; G & J Automotive, Inc.; Jonnie Lee Gourd; Ilan Hanu; Jon Hendricks; Barbara Jean Hudson; Larry Alan Hudson; Linda Lee Mcnutt; Modern Living Spaces, LLC; SB Alvarez, Inc.; and, Wilford A. Wright;* as recommended by staff.

CHIEF COUNSEL MATTERS**RULEMAKING****Section 100 Changes****Sales and Use Tax Regulation 1703, *Interest and Penalties***

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to complete Section 100 changes to Regulation 1703 to incorporate the repeal and addition of section 6591.6 to the Revenue and Taxation Code regarding electronic payments made one day late ([Exhibit 5.2](#)).

Action: Upon motion of Mr. Horton, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulation 1703 as recommended by staff.

Tuesday, May 23, 2017

ADMINISTRATIVE SESSION**ADMINISTRATIVE MATTERS, CONSENT**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Mr. Runner, seconded by Ms. Stowers and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Action: Adopt the following resolutions, extending its sincere and grateful appreciation to the retirees for their dedicated service to the State Board of Equalization and to the State of California, their congratulations on each retiree's well-earned retirement, and best wishes to them and their families for continued success, happiness and good health in the years to come ([Exhibit 5.3](#)).

Helen Brockenbrough, Associate Governmental Program Analyst, Litigation Division, Legal Department, Headquarters

Marian P. Dolmseth, Tax Technician II, Field Operations Department, Out-of-State District Sacramento Office

Action: Approve the Board Meeting Minutes of April 17, 2017 and April 25-26, 2017.

Action: Approve proposed revisions to Audit Manual chapters 4, *General Audit Procedures* and 12, *Construction Contractors*, and Compliance Policy and Procedures Manual chapter 7, *Collections* as recommended by staff ([Exhibit 5.4](#)).

Action: Acknowledged receipt of report on time extensions to Los Angeles, Mariposa, and Trinity Counties to complete and submit fiscal year 2017-18 Local Assessment Rolls, pursuant to Revenue and Taxation Code section 155 ([Exhibit 5.5](#)).

OTHER ADMINISTRATIVE MATTERS**Executive Director's Report**

David Gau, Executive Director, provided a report regarding the status of pending and upcoming organizational issues.

Action: Upon motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board ordered staff to report at the August meeting, or sooner if possible, the outcome of the State Treasurer's cannabis banking stakeholders' sixth meeting, and to include its progress, BOE's available options, when and where BOE can start a pilot program, and with what support.

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board directed staff to provide at its July meeting an updated analysis of BOE's projected revenue and projected noncompliance relative to legalized recreational cannabis.

Ms. Harkey directed staff to provide the Board Members with staff's Department of Finance, Office of State Audits & Evaluations, Corrective Action Plan (aka, OSAE CAP--DOF) for their information.

Tuesday, May 23, 2017

Property Tax Deputy Director's Report

Mark Durham, Chief, Research and Statistics Section, Legislative and Research Division, made introductory remarks regarding staff's recommendation for the 4-R Act Equalization Ratio for fiscal year 2017-18 to ensure that rail transportation property is assessed at the same percentage of market value as all other commercial/ industrial property ([Exhibit 5.6](#)).

Action: Upon motion of Mr. Runner, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board set the 4-R Act Equalization Ratio at 64.17 percent for fiscal year 2017-18 as recommended by staff.

Administration Deputy Director's Report

Chris Holtz, Chief, Business Management Division, Administration Department, presented a contract over \$1 million, to exercise an extension of the existing contract for a two year term, with SICPA Product Security, LLC, California's cigarette tax stamp vendor ([Exhibit 5.7](#)).

Action: Upon motion of Mr. Runner, seconded by Ms. Stowers and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board approved the contract as recommended by staff.

Chris Holtz, Chief, Business Management Division, Administration Department, provided an update on BOE vacancies, which included the status of budget change proposals as of the Governor's May Revision, and impacts on BOE right sizing of vacancies.

Technology Deputy Director's Report

Scott Capulong, Acting Chief Technology Officer, provided a report regarding the progress on the CROS project to replace BOE's two current legacy-technology tax administration systems. Jose Gonzalez, Compensation Lead, CROS Project Team, Business Management Division, presented an overview of the CROS compensation model ([Exhibit 5.8](#))

The Board recessed at 12:18 p.m. and reconvened at 1:36 p.m. with Ms. Harkey, Ms. Ma, Mr. Horton and Ms. Yee present.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 1:37 p.m. and reconvened immediately in closed session with Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee present.

CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 11126(e)), settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

The Board recessed at 1:50 p.m. and reconvened immediately in open session with Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee present.

The Board recessed at 1:51 p.m. and reconvened at 2:35 p.m. with Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee present.

Tuesday, May 23, 2017

BOARD MEMBER REQUESTED MATTERS

Action: Mr. Runner moved to take up Ms. Yee's item, Organization of the Board, before the other two Board Member requested matters on the agenda. The motion was seconded by Ms. Ma but no vote was taken.

Board Members discussed the following matters concurrently: *Solutions to Issues Raised by Oversight Hearings and Department of Finance Evaluation* (Ms. Harkey) ([Exhibit 5.9](#)); and, *Organization of the Board* (Ms. Yee) ([Exhibit 5.10](#)).

Ms. Yee made introductory remarks to identify the range of issues to be incorporated into a single document, Board governance policy.

Included in this discussion were the following topics: agency review; staffing models; facilities master plan; comprehensive agency mail, education and outreach budget; Board Member appointments of Executive Team staff; Chief Counsel direct report; investigation authority in Government Code section 15623; ex-parte communication disclosure; Board of Equalization Administrative Manual (BEAM) review; use of Provision 1 staff (revenue generating positions); policies for staff "loaned" to Members and/or interagency loans; hiring freeze and civil service hiring practices; roles of Chair and Vice Chair; and, committees.

Action: Ms. Yee made a motion that Board Members have no reach into rank-and-file staff or to managers and supervises who are in the middle of a pending auditor compliance issue. Ms. Harkey offered an amendment to adopt the May 16, 2016 memo by Former BOE Chief Counsel Randy Ferris as a guideline and direct staff to come back with further clarification, for the Board's review, as to how Board Members might communicate in response to constituent inquiries once a petition has been filed. The motion failed for lack of a second.

Ms. Harkey moved to keep Government Code section 15623 and to clarify its implementation with the May 16, 2016 memo by Former BOE Chief Counsel Randy Ferris, and clarify that investigative duties of Members do not cease because a constituent matter has been petitioned, and that Members should be permitted to ask agency staff at an appropriate level to respond to inquiries anywhere in the process except with respect to settlement. The motion failed for lack of a second.

Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, to the extent that Government Code section 15623 remains law, the Board adopted the May 16, 2016 memo by Former BOE Chief Counsel Randy Ferris to clarify the implementation of that code section; and, directed staff to come back with recommendations on how to handle matters that are presented to Board Members that are in the petitions process.

Ms. Harkey directed staff to come back with an outline or guideline to implement discipline of a Member if the Member fails to meet the Board standards.

The Board directed staff to further develop a governance policy document.

Tuesday, May 23, 2017

Action: Ms. Harkey moved to add the following language to the draft governance policy under X. H. Participation in Operations, Staff Meetings and Activities, “unless a request is made by a Board Member and approved by the Executive Director.” The motion was seconded by Mr. Runner but no vote was taken.

The Board recessed at 5:05 p.m. and reconvened at 5:11 p.m. with Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee present.

Action: Upon motion of Ms. Harkey and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board directed staff to prepare the following Issue Papers: 1) facilities master plan, 2) staffing model for all of BOE, including out-of-state; and, 3) comprehensive Agency Mail, Education and Outreach Budget to coincide with the Education and Outreach Plan previously requested for 2017-18.

Action: The Board postponed the matter of *Operational Issues for Information and Discussion* (Mr. Horton) to May 24, 2017.

Action: Mr. Runner moved to use Ms. Yee’s governance plan as a framework and ask the Executive Director to further develop the plan for adoption, and to include the discussion and motion on the May 16, 2016 memo by Former BOE Chief Counsel Randy Ferris, and to include clarity of the discipline policy as discussed in regards to the governance policy or governance plan. The motion was seconded by Ms. Yee but no vote was taken.

Ms. Harkey requested a standing Board governance committee and directed staff to review the potential for how it would operate; to provide a concept as to how the Board would be able to understand the overall health of the agency; and, to report to Members as appropriate any potential issues with internal audit.

Ms. Harkey directed staff to review all committees at the July meeting.

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Yee voting yes, the Board directed staff to provide at its July meeting a status report, and at its August meeting for potential adoption 1) the governance framework Ms. Yee provided, incorporate the May 16, 2016 memo by Former BOE Chief Counsel Randy Ferris; 2) include a Board Member discipline policy; and, 3) directed the Executive Director to establish an AD-HOC team to provide further information regarding the Governance Plan.

The Board recessed at 5:59 p.m.

The foregoing minutes are adopted by the Board on July 27, 2017.

Wednesday, May 24, 2017

The Board met at its offices at 450 N Street, Sacramento, at 9:01 a.m., with Ms. Harkey, Chairwoman, Mr. Runner, Vice Chair, Ms. Ma and Mr. Horton present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARING

R&G Schatz Farms, Inc., 878730 (KH)
07/01/06 to 06/30/07, \$44,464.19 Claim for Refund

For Claimant: Rodney Schatz, Taxpayer
Gayla Schatz, Taxpayer

For Business Tax and Fee Department: Monica Silva, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether the NOD issued to claimant on July 28, 2010, was timely.

Action: Mr. Runner moved to allow the tank noted as “free-on-board-Fresno” (F.O.B. Fresno) dated April 6, and that the claim for refund otherwise be denied as recommended by the Appeals Division. The motion was seconded by Ms. Harkey but failed to carry, Ms. Harkey and Mr. Runner voting yes, Ms. Ma, Mr. Horton and Ms. Stowers voting no.

Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the claim for refund be denied as recommended by the Appeals Division. The Board ordered the Department to bring back a discussion of bill notes contained in Demand letters to the Customer Services and Administrative Efficiency Committee.

ADMINISTRATIVE SESSION

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS

Customer Services and Administrative Efficiency Committee (April 2017)

Action: Upon motion of Mr. Runner, seconded by Ms. Ma and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board approved the Customer Services and Administrative Efficiency Committee report and the actions therein as reflected by the committee members’ votes ([Exhibit 5.11](#)).

Exhibits to these minutes are incorporated by reference.

Customer Services and Administrative Efficiency Committee (May 2017)

Action: Upon motion of Ms. Stowers, seconded by Mr. Runner and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board approved the Customer Services and Administrative Efficiency Committee report and the actions therein as reflected by the committee members’ votes ([Exhibit 5.12](#)).

Wednesday, May 24, 2017

Legislative Committee (May 2017)

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, the Board approved the Legislative Committee report and the actions therein as reflected by the committee members' votes ([Exhibit 5.13](#)).

BOARD MEMBER REQUESTED MATTERS (CONTINUED FROM 5/23/17)

Operational Issues for Information and Discussion

Mr. Horton made introductory remarks regarding his May 19, 2017 memo to Members, which included these topics: 1) CEAs, Power and Role of ED; 2) Transparency, Full Disclosure of Information to Control Agencies, Legislature; 3) Provision One Clarification; 4) Governance, Ethics Enforcement and Compliance; 5) Section 15623 Interpretation on Role of Members; 6) Ex Parte Communication, Disclosure by Members; 7) Future District Offices, Consolidation Plan; and, 8) Mass Mailing Prohibition ([Exhibit 5.14](#)).

Action: Mr. Horton moved to amend the *Resolution Conferring Powers* on the Executive Director to include annual evaluations of Career Executive Assignment (CEA) level staff except Chief Counsel. The motion failed for lack of a second.

Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Harkey, Mr. Runner, Ms. Ma and Mr. Horton voting yes, Ms. Stowers abstaining, the Board ordered the Executive Director to do annual performance reviews on CEA level staff.

The Board adjourned at 12:13 p.m. in memory of Burton Oliver, Former Executive Director, who retired from BOE in 1995; Susan Broome, Tax Technician III, Audit Determination and Refund Section, Business Tax and Fee Department; and, BOE retiree Erin M. Little, Business Taxes Specialist III, Field Operations Department, El Segundo District Office.

The foregoing minutes are adopted by the Board on July 27, 2017.

Note: The following matters were removed from the calendar prior to the meeting: *Total PCS Solutions, Inc.*, 569684, 859789; *Medimarts, Inc.*, 763614; *Maher Rashid Ataya*, 487673, and, *Houssam Rachid Ataya*, 812248.