

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

THURSDAY, MARCH 14, 2019

GERALD GOLDBERG AUDITORIUM

9646 BUTTERFIELD WAY

SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:  
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A P P E A R A N C E S

**BOARD MEMBERS**

BETTY YEE  
State Controller  
(Chairperson of the Board)

MALIA M. COHEN  
Board of Equalization  
Chairperson

JAY CHAMBERLAIN  
Representative for Keely Bosler, Director  
Department of Finance

**ALSO PRESENT**

YVETTE STOWERS  
Representative for BETTY T. YEE  
State Controller

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**STAFF**

SELVI STANISLAUS  
Executive Director

DAWN CASEY  
Board Liaison

JOZEL L. BRUNETT  
Chief Legal Counsel

KEM MUSGROVE  
Chief Information Officer

SHANE HOFELING  
Assistant Chief Counsel

MICHAEL BANUELOS  
Procurement Bureau

SHANNON GUTIERREZ  
Accounts Receivable Management Division

JARED JOHNSON  
Operations Management Bureau

1                   A P P E A R A N C E S   C O N T I N U E D

2                                   **STAFF CONTINUED**

3                                   ROGER LACKEY  
4                                   Processing Services Bureau

5                                   TIM LEWIS  
6                                   Administrative Services Division

7                                   MING MEI  
8                                   Audit Division

9                                   AUDREY ROWE  
10                                  Filing Division

11                                  TIPHANIE WEISS  
12                                  Financial Management Bureau

13                                  ---o0o---

1 SACRAMENTO, CALIFORNIA

2 THURSDAY, MARCH 14, 2019, 1:31 P.M.

3 ---o0o---

4 CHAIRPERSON YEE: Good afternoon. This is the  
5 scheduled time for the meeting of the Franchise Tax  
6 Board.

7 May I ask the board liaison to please call the  
8 roll to determine if a quorum is present.

9 MS. CASEY: Member Cohen.

10 MEMBER COHEN: Present.

11 MS. CASEY: Deputy-Member Chamberlain.

12 MEMBER CHAMBERLAIN: Present.

13 MS. CASEY: Chair-Controller Betty T. Yee.

14 CHAIRPERSON YEE: Here.

15 Thank you very much.

16 At least two members or their designated  
17 representatives being personally present, there is a  
18 quorum, and the Franchise Tax Board is now in session.

19 Please stand and join me in the Pledge of  
20 Allegiance.

21 (The Pledge of Allegiance was recited in unison.)

22 CHAIRPERSON YEE: Thank you, and welcome again.

23 The public has the right to comment on each of  
24 our agenda items today. If there are any members of the  
25 public wishing to speak on an item, please come forward

1 when that item is called, and you will have three  
2 minutes to address the Board.

3 The first item, Members, is Approval of the  
4 Minutes, and we do have the minutes of the  
5 December 10th, 2018, board meeting and the Taxpayer Bill  
6 of Rights Hearing.

7 And is there a motion?

8 MEMBER CHAMBERLAIN: I move. I move to approve  
9 the minutes.

10 CHAIRPERSON YEE: All right. Motion by Member  
11 Chamberlain.

12 I will second that motion.

13 I believe, Member Cohen, you will be abstaining.

14 Okay. Very well.

15 And without objection, that will be the order.

16 Item Number 2 is a PowerPoint Presentation on the  
17 2018 Awards and Accomplishments, presented by Tim Lewis  
18 and Ming Mei. And this is an informational item.

19 Good afternoon.

20 MR. LEWIS: Good afternoon.

21 My name is Timothy Lewis, and I'm a manager  
22 within the Business and Human Resources Bureau of the  
23 Administrative Services Division here at FTB.

24 To my left, I'm joined by Ming Mei of our Audit  
25 Division.

1           First I would like to express my appreciation for  
2 the opportunity to present before you today. It was  
3 five years ago that both Ming and I walked through the  
4 doors of FTB as starry-eyed new employees, and having  
5 worked in our Human Resources Bureau for two and a half  
6 years of that time, I can't think of anything I would  
7 rather do than present to you those employees who shine  
8 the brightest in 2018.

9           As you will see, from the pantheon on the screen,  
10 FTB takes its foundational principles seriously. There  
11 is something that particularly caught my attention when  
12 I joined the FTB family and was introduced to the FTB's  
13 missions and values. Coming from the corporate world, I  
14 was clear on the fact that every successful company,  
15 business, or agency must have a clear mission and a  
16 defined set of values that not only drive but also  
17 sustain their business if they are truly to become a  
18 strong organization.

19           The difference here at FTB was an immediate  
20 recognition of the enterprise-wide knowledge of and  
21 adherence to the mission of FTB and the values that we  
22 hold so dear.

23           Today I will present a brief slideshow to  
24 recognize FTB staff who not only showed an exemplary  
25 commitment to these values, but who also went above and

1 beyond to help us accomplish our mission and achieve our  
2 goals in 2018.

3           During my part of this presentation today, you  
4 will get to meet the recipients of the 2018 Supervisory  
5 Bonus Award. These are supervisors who have  
6 demonstrated outstanding job performance and exemplify  
7 our values and exceed the established standards, one of  
8 which is leading with integrity and inspiration. These  
9 supervisors are an exclusive group and represent the  
10 very best of FTB.

11           In this presentation, you will also get to meet  
12 the recipients of the Large Team Awards. This award  
13 recognizes groups of employees for their hard work,  
14 dedication, and successful contributions as part of  
15 teams, large and small, that contributed significantly  
16 to the Department's goals and mission in 2018.

17           A part of FTB's culture is to empower staff who  
18 think and operate from an innovative, enterprise-wide  
19 perspective. This has resulted in team efforts and  
20 project successes. The Large Team Award recipients are  
21 outstanding examples of how employees at FTB bring our  
22 best.

23           We here at FTB firmly believe in the importance  
24 of appreciating and celebrating what has been  
25 accomplished by our great leaders and dedicated teams.



1 In essence, this is how we continue to ignite the  
2 passion, perseverance, and fortitude to meet whatever  
3 challenge opportunities present themselves, head on,  
4 with dedication and determination.

5 And though I would love to stop and discuss the  
6 unique contributions of each person and team that will  
7 be shown on this slideshow before you today, of course  
8 time will not permit.

9 So without further delay, please join me in  
10 recognizing the recipients of the 2018 Supervisory Bonus  
11 Awards and Large Team Awards.

12 (Slideshow presentation)

13 MR. LEWIS: Thank you for allowing us to present  
14 the slideshow to you today. We appreciate your  
15 continued support in celebrating some of our star  
16 employees from 2018.

17 CHAIRPERSON YEE: Thank you very much, Tim, and  
18 congratulations to all of the award recipients, and I  
19 know many of them are joining us here today.

20 May I ask all of the award recipients who are  
21 present in the auditorium to please stand so we may  
22 acknowledge you.

23 (Applause)

24 CHAIRPERSON YEE: Thank you. Thank you for the  
25 sustained job well done and just really leading the

1 organization, and obviously staying true to our mission  
2 to our taxpayers.

3 Thank you.

4 Members, any comments on this particular item?

5 Yes, please. Member Cohen.

6 MEMBER COHEN: Hi, everyone. Hello? Hi.

7 My name is Malia Cohen, and I'm probably a new  
8 face that you are unfamiliar with. I was just elected  
9 this past election cycle, in November, to sit on the  
10 State Board of Equalization, and I'm the chair, and now  
11 I am here on the Franchise Tax Board, and I'm delighted  
12 to be here.

13 And I'm going to tell you the truth: Since I got  
14 out of the car and walked, first step, in this building,  
15 there is something magical here. It is like Disneyland.

16 (Laughter)

17 MEMBER COHEN: It is incredible. People are  
18 smiling and happy and cheery. I have never seen an  
19 organization like this, and I have worked in -- for  
20 elected -- in elected office for many years.

21 And I was speaking with the Controller, and she  
22 was just talking about the culture of the FTB, and I  
23 just want to take a moment just to acknowledge each and  
24 every one of you that are -- are being recognized today.

25 It is hard to do public service. And if you are

1 able to do it and enjoy what you are doing, I think you  
2 have found your life's calling. And I want to applaud  
3 you for being so outstanding. This is just remarkable.

4 And Ms. Selvi, congratulations to you on being  
5 able to lead such a healthy organization, and I am  
6 delighted to be here and delighted to be your partner in  
7 team work and hopefully will assist you in doing  
8 whatever heavy lifting that needs to be done.

9 Thank you very much.

10 (Applause)

11 CHAIRPERSON YEE: Thank you very much, Member  
12 Cohen, and welcome to the Board.

13 And I think you will find the time here just very  
14 rewarding. And as you have already acknowledged, this  
15 is a very, very special place. Yes. Great.

16 Thank you.

17 Any other comments by members?

18 I have a question. Not to put anyone on the  
19 spot, but I thought I knew this organization. But I  
20 really am curious about Workspace ONE AirWatch Boxer  
21 Team.

22 (Laughter)

23 MR. LEWIS: I can give more information on that  
24 if you need me to.

25 CHAIRPERSON YEE: Is there a member of the team

1 here?

2 EXECUTIVE OFFICER STANISLAUS: Go ahead.

3 MR. JOHNSON: Hi. I'm Jared Johnson. I'm the  
4 director of --

5 MR. MUSGROVE: Jared is going to speak in a  
6 little bit. Why don't you just do that as part of his  
7 presentation at the beginning? Do you want to do it  
8 now?

9 CHAIRPERSON YEE: That's okay. We'll have him do  
10 this.

11 MR. JOHNSON: Hi. My name is Jared Johnson.

12 I'm the Director of the Operations Management  
13 Bureau with the Technology Services Division.

14 So the Workspace ONE AirWatch Project was  
15 actually a way for us to provide a mobile e-mail  
16 solution to some of our executives and stakeholders, so  
17 it brought in a new technology that allowed us to  
18 deliver e-mail to tablets, smartphones, things like  
19 that. So we were able to replace an older legacy  
20 product and brought in this new technology.

21 CHAIRPERSON YEE: That's terrific. Thank you.

22 MR. JOHNSON: You are welcome.

23 CHAIRPERSON YEE: Thank you very much.

24 Okay. You stumped the Controller.

25 (Laughter)

1 CHAIRPERSON YEE: Great. Thank you so much.

2 And congratulations again to the award  
3 recipients.

4 All right. Members, let's move on to ItemNumber  
5 3, which is a PowerPoint presentation on 2019 Filing  
6 Season Readiness. And this is going to be presented by  
7 Jared Johnson and Roger Lackey.

8 Oh, I'm sorry.

9 EXECUTIVE OFFICER STANISLAUS: One more.

10 CHAIRPERSON YEE: Oh, I'm sorry. Yes.

11 MR. LEWIS: All right.

12 CHAIRPERSON YEE: Oh, I'm sorry. Yes, please.

13 MR. LEWIS: All right. Thank you.

14 I was fortunate enough to have served two years  
15 as a member of FTB's Mission and Values Team.

16 So for the second half of our presentation, I  
17 would like to turn things over to Ming Mei, the current  
18 chairperson of FTB's Mission and Values Team, to  
19 highlight some of FTB's greatest accomplishments from  
20 the past year.

21 Ming.

22 MS. MEI: Thank you, Tim.

23 Good afternoon. My name is Ming Mei, and I work  
24 in the Audit Division here at FTB. In addition, I'm  
25 serving as the chair of FTB's Missions and Values Team,

1 something that I'm very passionate about and honored to  
2 be a part of.

3         Back in 2013, we started creating accomplishment  
4 videos for our employees as an effective way to  
5 celebrate our major milestones and success in a  
6 memorable way. The videos last only a few minutes and  
7 are a significant part of wrapping up the year and  
8 turning our eyes to the horizon of what is yet to come.  
9 These videos are also a powerful tool for employment  
10 engagement, recognitions, and creating a powerful moment  
11 that matters.

12         Each accomplishment is highlighted by different  
13 employees in business areas throughout FTB. Even though  
14 this video only provides the barest glimpse into our  
15 greatest accomplishments, I believe you will still get a  
16 sense of how -- just how busy the 2018 year was for us.

17         We also hope you are able to see our values shine  
18 through the interaction on the screen, because in  
19 everything we do, we strive to lead with integrity and  
20 inspirations, bring our best, deliver excellent products  
21 and services, contribute to a caring community, and  
22 become expert at what we do.

23         Now, I invite you to please take a look at our  
24 accomplishments in 2018.

25         (Video presentation)

1 MS. MEI: Thank you for allowing us to share this  
2 video with you today. We hope you enjoyed watching and  
3 feel the spirit of our values.

4 And thank you for being a board who is as  
5 dedicated to FTB success as we are. We greatly  
6 appreciate your continued support. And now, Tim and I  
7 would like -- would be happy to answer any questions you  
8 may have.

9 CHAIRPERSON YEE: Okay. Thank you very much,  
10 Ming, and thank you for the video.

11 Questions and comments, Members?

12 (No response)

13 CHAIRPERSON YEE: Great. Thank you very much,  
14 and we look forward to another successful year together.  
15 Thank you.

16 Okay. We are now on Item Number 3, which is the  
17 PowerPoint presentation on the 2019 Filing Season  
18 Readiness, presented by Jared Johnson and Roger Lackey.  
19 This also is an informational item.

20 Good afternoon, gentlemen.

21 MR. JOHNSON: Good afternoon.

22 MR. LACKEY: Good afternoon.

23 MR. JOHNSON: My name is Jared Johnson, Director  
24 of the Operations Management Bureau of the Technology  
25 Services Division. I'm joined by Roger Lackey, Director

1 of the Processing Services Bureau of the Filing  
2 Division.

3 We are here today to share with you an overview  
4 of the planning efforts necessary to prepare FTB for the  
5 2019 filing season. With approximately 20 million  
6 taxpayers filing annually, our readiness is critical to  
7 our success.

8 MR. LACKEY: Yes, Jared.

9 Planning is key to our success. Today we would  
10 like to share with the Board some of the actions we have  
11 taken in getting ready for the filing season and the  
12 specific challenges we have prepared for, for the 2019  
13 filing season. We will take a quick look at our  
14 planning processes and services starting with the past,  
15 including highlights from the 2018 filing season, and  
16 how modernizing both our processes and services with  
17 technology benefit the State and, most importantly,  
18 taxpayers. We will also discuss how FTB's focus on  
19 modernizing our services has enabled us to be agile in  
20 making decisions, addressing issues, and focusing on  
21 improved customer experience. And last, we will talk  
22 about some of the specific challenges facing the current  
23 2019 filing season.

24 Over the last several years, FTB has endeavored  
25 on modernizing our tax systems to be more operationally



1 efficient and improve services. As Jared mentioned,  
2 with over 20 million taxpayers filing annually, our  
3 success is critical. What creates even more of a demand  
4 is that approximately 80 percent, or 15 million tax  
5 returns, will be received by FTB in a  
6 two-and-a-half-month window with approximately  
7 12 million of those taxpayers expecting a refund.

8 In the past, our planning and processing  
9 decisions and, ultimately, the services we provided were  
10 based on physical logistics of the intake of a  
11 paper-dependent process. Imagine a sea of trucks, as  
12 you can see on this screen, holding millions of returns  
13 waiting for processing. Simply put, in the past, there  
14 wasn't enough space to quickly process the work.

15 That meant that at the time, our decisions were  
16 internally focused, rather than externally focused.  
17 Over the last decade, which shifted most tax returns  
18 being submitted electronically, and the most recent  
19 modernization of our paper processes, through the  
20 Enterprise Data to Revenue project, which we'll refer to  
21 as EDR, our ability to be more agile in processing tax  
22 returns, payments, and correspondence has significantly  
23 increased.

24 Furthermore, with the new technology services  
25 made available through the EDR project, we are able to

1 break down our workloads even further, to continue to  
2 provide better service for taxpayers and the State.

3 For example, it wasn't long ago that a fast  
4 processing time for a refund was considered to be up to  
5 six weeks. Today, most taxpayers receive their refund  
6 within seven to ten days. As this example illustrates,  
7 our operational decisions are focused on the taxpayer  
8 and meeting their needs with timely and accurate  
9 processing and adding transparency in our operations.

10 Now I will turn it back over to Jared to talk  
11 about the present.

12 MR. JOHNSON: Thank you, Roger.

13 With the recent completion of the EDR project, we  
14 introduced a modernized technology platform for return  
15 and payment processing and the online MyFTB service.  
16 Using the MyFTB service, taxpayers and tax professionals  
17 can interact securely with FTB, using a personalized  
18 account with access to return, refund, and payment data  
19 spanning the last five years.

20 We've also introduced a Customer Service  
21 Dashboard that provides a real-time glimpse at return  
22 and refund processing time frames, payment processing  
23 time frames, and contact service wait times.

24 Finally, we have made available a mobile refund  
25 application, providing taxpayers a transparent

1 step-by-step view of their refund processing status.  
2 FTB received a Best of California Award for our Customer  
3 Service Dashboard in 2017, and recently surveyed  
4 taxpayers have rated our online refund application  
5 status 4.7 out of 5 stars.

6           These innovative technology solutions provide  
7 secure, stable, and accurate services that meet our  
8 projected peak processing demands with a lower overall  
9 operating cost.

10           Here are some notable highlights from the 2018  
11 filing season:

12           Our target for digital service availability is  
13 99 percent. In 2018, FTB's critical 24/7 digital  
14 services were available 99.9 percent of the time to  
15 taxpayers and tax professionals.

16           FTB also set a new single day record when we  
17 received over 1.2 million returns in payments on  
18 April 18th, 2018. This was 5 percent higher than the  
19 previous records set in 2017.

20           Finally, we had over 99,000 new MyFTB  
21 registrations and 4.6 million users of our refund status  
22 applications.

23           So how do we continue to adapt to the changing  
24 needs of taxpayers and offer digital services? We rely  
25 on our annual planning process.

1           We refer to our annual planning process as filing  
2 season readiness. It is an enterprise effort and  
3 everyone contributes. Our planning provides an  
4 opportunity to evaluate past filing season successes and  
5 identify future improvements to our services. Taxpayer  
6 expectations, tax law changes, and ever-evolving  
7 technology influence our planning and improvement  
8 efforts.

9           Within our annual process, we track thousands of  
10 tasks that we know need to occur every year. For  
11 example, the tax year displayed on the form needs to be  
12 changed each year. Although this seems like a simple  
13 change, it, in fact, results in many changes to forms,  
14 notices, and our return processing services.

15           We focus on three key aspects: People, process,  
16 and technology.

17           Externally, we seek feedback from taxpayers, tax  
18 professionals, software companies, and partner state  
19 agencies.

20           Internally, we perform an end-to-end review of  
21 system performance, business processes, and the taxpayer  
22 experience. We also identify and prioritize digital  
23 service enhancements ensuring functionality are  
24 optimized. We also have a robust risk management  
25 process that helps us prepare for the unknown and

1 what-if situations and scenarios.

2 More than 20 million income tax returns are filed  
3 annually by California taxpayers and 88 percent are  
4 filed electronically. Manual processing no longer met  
5 the needs of taxpayers, so FTB made a conscious shift to  
6 digital services. We adapted to what we refer to as the  
7 "Amazon effect," customer expectations for secure, fast,  
8 and efficient online services.

9 In the past, taxpayers had three unique ways to  
10 interact with FTB: A phone, correspondence, or a public  
11 counter. FTB began to focus on self-service and  
12 expanding our online and mobile capabilities as well as  
13 improving our return and payment processing services.

14 Today we provide taxpayers multiple self-service  
15 channels and live services, including interactive IVR,  
16 phone, live chat, e-mail, text, and social media.

17 As our process has matured, business and  
18 technology became seamlessly integrated.

19 We also consider security a foundational  
20 principle at FTB. We would not be able to deliver these  
21 services without ensuring they are secure, accurate, and  
22 stable. These innovative solutions provide flexibility  
23 that can adapt to technology trends and, more  
24 importantly, meet the evolving needs of California  
25 taxpayers.

1 I will turn it back to Roger to talk a little bit  
2 more about some of the challenges we prepared for in  
3 2019.

4 MR. LACKEY: Thank you, Jared.

5 In addition to serving millions of taxpayers in a  
6 short window, each year FTB is faced with unique  
7 challenges when it comes to our busiest season of the  
8 year.

9 Here are three key items that we have prepared  
10 for as this year's filing season progresses: Federal  
11 tax reform, the perfect storm, and the expansion of the  
12 California Earned Income Tax Credit.

13 So first, with federal tax reform, like many, we  
14 began tracking the issue and its possible impacts to  
15 California. In July, we convened a team to begin  
16 looking at those specific impacts and developed a plan  
17 to minimize the impacts to taxpayers and to the State.  
18 Our plans included an analysis for both the Franchise  
19 Tax Board and oversight agencies, including the  
20 Legislature and the Governor's Office on the impacts of  
21 federal tax reform; and focused effort on the impacts to  
22 California tax return, including collaborative sessions  
23 with our stakeholder groups for input. This included  
24 the Taxpayer Advocate, the tax professional community,  
25 and the tax software community, which provided outreach

1 and face-to-face meetings with tax professional groups,  
2 sharing the impacts to California, their clients, and  
3 the information on how to prepare the California income  
4 tax return.

5 We also trained over 750 public-facing staff to  
6 answer questions we anticipated they may receive during  
7 this upcoming filing season, and we also have extended  
8 our contact center hours for the peak periods, including  
9 being open on Cesar Chavez holiday as well as Saturday,  
10 April the 13th.

11 And we integrated the form changes and new  
12 business rules into our electronic intake, processing,  
13 and validation systems, including the supporting  
14 training and procedures for our processing staff.

15 In addition, our communication and marketing team  
16 developed a focused filing strategy to support taxpayers  
17 and FTB's readiness, which included the launching of a  
18 webpage covering important news about tax reform; we  
19 created videos, including one about withholding, which  
20 can be found on our YouTube channel and our Facebook  
21 page; and we created a social media info-graphic to  
22 describe changes in the law and tied messaging to the  
23 "GetReady" hashtag.

24 So now I will now turn it back over to Jared to  
25 talk about our preparation for what we call the "perfect

1 storm."

2 MR. JOHNSON: Thanks, Roger.

3 We also identified that 2019 is a perfect storm  
4 year. "Perfect storm" refers to a filing season when  
5 April 15th falls on a Monday. In this scenario, we tend  
6 to see more taxpayers wait until the Monday deadline to  
7 file, rather than the more gradual ramp-up of volumes.

8 The last time this occurred was 2013, and, like  
9 the IRS, it put a significant strain on our digital  
10 services.

11 Since then we have taken the opportunity to  
12 implement many process and technology improvements that  
13 provide a more robust and scalable technology platform  
14 designed to meet our maximum forecasted demands.

15 The planning process started over a year ago. We  
16 established four enterprise teams focused on forecasting  
17 demand for our services and developing strategies and  
18 solutions to mitigate disruptions to our ability to  
19 accept tax returns, make payment deposits, and service  
20 taxpayer calls and chats. We incorporated lessons  
21 learned from 2013 and performed an in-depth analysis of  
22 our modernized enterprise platform to address potential  
23 risks. Finally, we developed marketing and stakeholder  
24 communication to bring about awareness and encourage  
25 early filing.



1 I will hand it back to Roger to discuss our  
2 efforts related to the expansion of the California  
3 Earned Income Tax Credit.

4 MR. LACKEY: Thanks, Jared.

5 The last item we will discuss is the expansion of  
6 the California Earned Income Tax Credit, referred to as  
7 the CalEITC. This year, the Governor and the  
8 Legislature provided 5 million in grants to improve  
9 CalEITC statewide and 4.9 million in grants to support  
10 the Voluntarily Income Tax Assistance Program, also  
11 known as VITA, for their prep sites, which help connect  
12 people with California EITC. Grantees are busy with  
13 outreach efforts as we speak.

14 FTB is also coordinating a CalEITC/VITA e-bus  
15 tour that includes up to 60 stops around the state.  
16 This is up from 25 e-bus tours last season. The bus is  
17 going to many places where people may have limited  
18 access to free tax prep help, including the fire-ravaged  
19 communities of Paradise and Redding.

20 FTB designed, printed, and distributed a total of  
21 1.5 million CalEITC brochures, posters, and postcards  
22 this season. Our partners use these materials at free  
23 tax prep events, send the information home with  
24 elementary school children, the students, and canvass  
25 neighborhoods to get the word out. And for the first

1 time, FTB offered an 11-part VITA video training series  
2 to train more people to become VITA volunteers. That's  
3 providing more chances for the public to connect with  
4 free tax prep, as well as federal, state -- the federal  
5 and state Earned Income Tax Credits.

6 So as you can see, FTB does many things to ensure  
7 we are well prepared for a successful filing season, and  
8 our teams will be here for the June board meeting to  
9 share the results of our planning efforts and how the  
10 2019 filing season concluded.

11 So I would like to thank you for your time today,  
12 and I would be happy to answer any questions that you  
13 may have.

14 CHAIRPERSON YEE: Thank you, Roger. Thank you,  
15 Jared.

16 Questions, Members? Comments?

17 (No response)

18 CHAIRPERSON YEE: I have one. And I don't  
19 recall -- was there any, I guess, delay as a result of  
20 the federal shutdown and Internal Revenue Service  
21 ramping up for filing season?

22 MR. LACKEY: It -- in terms of where we see the  
23 peak volume starting to pick up, we're about even where  
24 we were this same time last year.

25 CHAIRPERSON YEE: Okay.

1 MR. LACKEY: Like, within, 1 percent.

2 CHAIRPERSON YEE: Oh, good. Good. Excellent.  
3 Thank you.

4 All right. Well, thank you very much for the  
5 presentation.

6 All right, Members. We'll move on to ItemNumber  
7 4. This is a PowerPoint presentation on the  
8 Administrative Dissolution Programs, presented by  
9 Shannon Gutierrez and Audrey Rowe.

10 MS. GUTIERREZ: Good afternoon, Board Members.  
11 My name is Shannon Gutierrez. I'm from the Accounts  
12 Receivable Management Division. And I would also like  
13 to introduce my co-presenter today, Audrey Rowe, from  
14 the Filing Division.

15 As the Department often shares, one of FTB's  
16 strategic goals is to provide quality taxpayer-centric  
17 service and lessen the burden on taxpayers through  
18 legislative policy, process, and procedural changes.

19 Specifically, my co-presenter, Audrey, will share  
20 with you the early efforts to implement the  
21 administrative dissolution for nonprofit corporations,  
22 which paved the way for the recent efforts undertaken to  
23 implement the administrative dissolution for the  
24 domestic corporations as well as the domestic limited  
25 liability companies, which I will speak to thereafter.

1           It's important to share that the first goal in  
2 FTB's current strategic plan is to provide  
3 taxpayer-centric services. This simply means that we  
4 are continuously looking for ways to enhance our  
5 services to help taxpayers fulfill their tax  
6 obligations, as well as make it easier for customers to  
7 meet their compliance requirements.

8           The administrative dissolution process was one  
9 area where enhancement was necessary in order to improve  
10 our customers' experience.

11           To share more on the administrative dissolution  
12 of nonprofit corporations, I will now pass it over to  
13 Audrey.

14           MS. ROWE: Thanks, Shannon.

15           Good afternoon, Board Members.

16           Like Shannon mentioned, today I would like to  
17 share with you a bit about the work that we do to  
18 enhance the administrative dissolution for the nonprofit  
19 corporations.

20           The normal path nonprofits take to be in  
21 compliance is a multifaceted one. First, they register  
22 with the Secretary of State and then, in a timely  
23 manner, they request income tax exemption with the  
24 Franchise Tax Board. If nonprofits collect money from  
25 the public, they also must register with the Attorney

1 General's Office Registry of Charitable Trusts. In  
2 order for nonprofits to keep their exempt status, they  
3 need to stay in compliance with all three agencies:  
4 Failure to file with just one agency will result in the  
5 suspension and loss of tax exemption. Should a  
6 nonprofit's board of directors vote to dissolve the  
7 corporation, they need to request clearance from the  
8 Attorney General's Office, and as long as they are  
9 current in all of their filings and have not been  
10 suspended, the final step to dissolve is to file with  
11 the Secretary of State's Office.

12 Like I mentioned earlier, this is the normal  
13 path. However, with nonprofits, things do not always go  
14 as planned.

15 The reality is, the majority of nonprofits are  
16 run by volunteers, who don't always have a clear  
17 understanding of the filing requirements or simply  
18 assume that another person within the organization will  
19 handle the filing; and as a result, things get missed.  
20 We frequently see these nonprofits falling out of  
21 compliance, becoming suspended, and losing their tax  
22 exempt status.

23 Once tax exempt status is lost, they are subject  
24 to tax, including the \$800 minimum tax, like any general  
25 corporation.

1 Under the law prior to 2016, corporations could  
2 not dissolve if they were suspended. Therefore, these  
3 nonprofits would have to first revive by filing  
4 corporate tax returns and paying thousands of dollars in  
5 back taxes before they could dissolve.

6 FTB's staff identified over 140,000 nonprofit  
7 corporations that are suspended and have not filed  
8 returns in over 48 months.

9 Back in 2014, the Nonprofit Policy Committee of  
10 the California State Bar invited Franchise Tax Board  
11 staff as well as staff from the Secretary of state's  
12 Office and the Attorney General's Office to discuss the  
13 concerns.

14 At the meetings, it was discussed that many  
15 nonprofits don't have the resources to pay these hefty  
16 tax burdens, and many more simply did not have surviving  
17 officers or directors that could initiate a legal  
18 dissolution.

19 As a result of these meetings, legislation was  
20 introduced and ultimately passed beginning January 1,  
21 2016, paving an alternate path for dissolving these long  
22 suspended nonprofits and lessening the burdens of the  
23 nonprofit taxpayers who were just trying to do the right  
24 thing.

25 Implementing the new legislation required

1 significant coordination between the Franchise Tax  
2 Board, Secretary of State's Office, and the Attorney  
3 General's Office. Regular meetings were held between  
4 these agencies to figure out what actions we each would  
5 need to take to ensure a smooth process for the  
6 taxpayers, compliance with each agency's legal  
7 requirements, and a secure transmission of data between  
8 the agencies.

9           The new legislation resulted in three new paths  
10 for nonprofits to dissolve and would be implemented in a  
11 phased approach, allowing immediate relief for those  
12 nonprofits that were actively seeking to dissolve.

13           Starting 1/1/16, nonprofits that were in  
14 existence less than 24 months and essentially were  
15 created in error can file to request a short-form  
16 dissolution directly with the Secretary of State's  
17 Office without needing approval from the Attorney  
18 General's Office or to be in filing compliance with the  
19 Franchise Tax Board.

20           Also starting 1/1/16, nonprofits in existence  
21 longer than two years can file to request voluntary  
22 dissolution directly with the Franchise Tax Board.

23           Under the voluntary path, Franchise Tax Board  
24 staff and Attorney General staff work together to review  
25 the requests.

1           Once approved, the nonprofit is then mailed  
2 approval letters from both the FTB and the AG, in a  
3 single envelope, along with detailed instructions on how  
4 to dissolve with the Secretary of State.

5           The final path, the administrative dissolution,  
6 was implemented beginning early 2017. Under  
7 administrative dissolution, nonprofits suspended and not  
8 filing returns longer than 48 months are notified that  
9 they are subject to administrative dissolution and given  
10 60 days to object and avoid being dissolved.

11           Notification is made by mail if FTB has a valid  
12 address and by simultaneously posting on the Secretary  
13 of State's website. Nonprofits that do object are given  
14 instructions on how to revive and reinstate their  
15 tax-exempt status.

16           To get the word out to the nonprofit community,  
17 FTB participated in numerous forms of outreach including  
18 "Tax News" articles, meeting with industry groups, and  
19 presenting directly to the public via nonprofit  
20 seminars.

21           In the three years since this program was  
22 initiated, we have seen some pretty amazing results:  
23 The Secretary of State has successfully dissolved over  
24 2500 nonprofits requesting short-form dissolution. FTB  
25 has received over 1700 requests for voluntary



1 dissolution, with a 90 percent approval rate. Of these,  
2 to date, almost 900 have successfully completed the  
3 dissolution process and are now dissolved. We received  
4 numerous calls and letters of thanks from nonprofits,  
5 especially churches, small social clubs, that  
6 discontinued operating in the '80s and '90s that stated  
7 they have been struggling for years to dissolve their  
8 nonprofit.

9 Our administrative dissolutions are conducted in  
10 batches, beginning with the oldest nonprofits, and have  
11 dissolved over 64,000 to date.

12 More importantly, by contacting these long  
13 suspended nonprofits, we're able to assist 160  
14 nonprofits, many who didn't realize that they were out  
15 of compliance, to get back into good standing.

16 To share the recent efforts of our administrative  
17 dissolution process for both the domestic corporations  
18 and domestic LLCs, I will pass it back to Shannon.

19 MS. GUTIERREZ: Thank you, Audrey.

20 In the December 2015 Taxpayer Bill of Rights  
21 hearing held here at the Franchise Tax Board, public  
22 concerns were brought forward regarding the complexity  
23 of the business entity dissolution and cancellation  
24 process. Specifically, the process for corporations and  
25 limited liability companies to dissolve or cancel if

1 that entity ceased doing business or never conducted  
2 business; similar problems to what Audrey just shared  
3 with the nonprofit corporations.

4 We heard the public concerns, and, as a result,  
5 formed a team in 2016 that included the Franchise Tax  
6 Board, the Secretary of State, as well as the Governor's  
7 Office of Business and Economic Development, also known  
8 as GO-Biz. This team was tasked to conduct an in-depth  
9 analysis of existing law, processes, procedures, forms,  
10 resources and data, with the goal of the FTB to provide  
11 taxpayer-centric services.

12 From these collaborative efforts, the legislative  
13 proposal was drafted by the FTB in 2017, to recommend  
14 giving FTB the authority to administer an administrative  
15 dissolution program for business entities that cease  
16 business or never conducted business.

17 Subsequently, Assembly Bill 2503 was signed into  
18 law and chaptered on September 22nd, 2018.

19 Effective January 1st, 2019, the bill provides  
20 two options for administrative dissolution for qualified  
21 domestic corporations and domestic limited liability  
22 companies that have ceased doing business or never  
23 conducted business and have no assets.

24 The voluntary administrative dissolution program,  
25 which is initiated by the taxpayer, authorizes the FTB

1 to abate, upon written request by a qualified entity,  
2 the unpaid taxes, interest, and penalties for the  
3 taxable years in which the entity certifies it was not  
4 doing business and has no remaining assets in that  
5 business. And if all requirements are met, the FTB will  
6 administratively dissolve or cancel that business.

7         The administrative dissolution program, which is  
8 initiated by the Franchise Tax Board authorizes the  
9 Franchise Tax Board to dissolve or cancel those domestic  
10 corporations or domestic limited liability companies  
11 that have been suspended by the FTB for 60 consecutive  
12 months, have ceased doing business, have no assets, and  
13 have paid all taxes and filed all tax returns as of the  
14 date they cease doing business.

15         Upon the passage of the legislation in September,  
16 the Franchise Tax Board quickly set up project teams to  
17 begin implementation efforts. This included partnering  
18 with the Secretary of State on a transmission of the  
19 data, web content, and related processes. We also work  
20 collaboratively with our advocate and the education and  
21 outreach department to begin outreach efforts to inform  
22 the public of this new law.

23         In order to provide the best services possible to  
24 assist business entity taxpayers, we work diligently to  
25 make sure their request forms, web content, and the

1 public phone number were in place in order to  
2 successfully implement Phase I of our efforts, timely,  
3 which was the voluntary administrative dissolution  
4 program. We did that on January 1st of this year, 2019.

5 To date, we have received nearly 1200 requests  
6 from businesses, requesting the Franchise Tax Board to  
7 administratively dissolve or cancel their business. Of  
8 that total, we have approved 215, and we expect to  
9 receive another 3,000 requests by the end of the fiscal  
10 year.

11 Phase 2 of our efforts will be to implement the  
12 administrative dissolution program. To do this, the FTB  
13 will begin, starting in the latter part of this month,  
14 March, conducting the necessary analysis and case  
15 studies in order to identify the cases that meet the  
16 requirements for the administrative dissolution process.  
17 The objective is to implement on January 1st of 2020.

18 And lastly, Audrey and I would like to simply  
19 thank you for your time and for your continued efforts  
20 to support the FTB's taxpayer-centric efforts.

21 At this time, we would like to know if you have  
22 any questions of us with regards to the administrative  
23 dissolution programs.

24 CHAIRPERSON YEE: Thank you very much for the  
25 presentation.

1 Questions or comments, Members?

2 (No response)

3 CHAIRPERSON YEE: No?

4 Thank you. And really appreciate you being  
5 responsive to the concerns that were raised from a whole  
6 number of vantage points and congratulations on this  
7 really terrific effort.

8 MS. ROWE: Thank you. I appreciate that.

9 CHAIRPERSON YEE: Thank you very much.

10 Let's move on to ItemNumber 5. This is the  
11 administrative matters. We're going to have Tiphannie  
12 Weiss come forward and present the 2019/20 finance  
13 letters; and Michael Banuelos representing contracts --  
14 presenting contracts of a million dollars, as action  
15 items for Board approval.

16 And we'll view the presentation and then we will  
17 see about entertaining a motion.

18 Good afternoon.

19 MS. WEISS: Good afternoon. My name is Tiphannie  
20 Weiss. I'm the director of Financial Management Bureau,  
21 and I will be presenting for your approval two finance  
22 letters for the 2019/20 fiscal year.

23 The first proposal is for FI\$Cal, and it requests  
24 \$1.63 million and 11 permanent positions and three  
25 permanent intermittent positions in the 2019/20 and

1 2020/21 fiscal years. This is to fully implement the  
2 financial information system for California, or FI\$Cal  
3 system, and to comply with statewide accounting policies  
4 within mandated time frames. These resources will be  
5 performing accounting and procurement activities.

6 The next proposal is for postage for estimate  
7 payment notices. This proposal requests \$612,000 in the  
8 2019/20 fiscal year and ongoing, to send an annual  
9 information notice to business entities with a summary  
10 of their estimate payments made for the prior tax year.

11 The notifications are intended to provide a  
12 source document for taxpayers, allowing them to  
13 accurately report their estimate payments on their  
14 return. This will reduce errors on the return, contacts  
15 to FTB contact centers, and allow us for the correct  
16 payment of tax at the time the return is filed. This  
17 request provides the funding necessary for the annual  
18 mailing of these notices.

19 At this time, I would like to ask for your  
20 approval, and I would be happy to answer any questions.

21 CHAIRPERSON YEE: Thank you, Tiphannie.

22 Questions, Members?

23 (No response)

24 CHAIRPERSON YEE: I have one that's related to  
25 the FI\$Cal proposal.

1           In terms of just continuing to implement and,  
2 obviously, comply with statewide accounting procedures,  
3 are there -- I have noticed on some of the -- this  
4 revenue reports are -- as we're tracking particularly  
5 now leading up to April -- I think a lot of departments  
6 are footnoting FI\$Cal in terms of maybe not getting --  
7 or reporting kind of what's actually come in because of  
8 additional time with processing.

9           Is that an experience here as well?

10          MS. WEISS: Yes. It's taking us longer to  
11 process. The change from batch processing to individual  
12 items is --

13          CHAIRPERSON YEE: Right.

14          MS. WEISS: -- taking us longer.

15          CHAIRPERSON YEE: Right.

16          MS. WEISS: Yeah.

17          CHAIRPERSON YEE: And -- so in terms of the  
18 reconciliation of that, what's the period of time where  
19 you believe that you actually can -- I guess what's the  
20 gap? What's the --

21          MS. WEISS: For reconciliation?

22          CHAIRPERSON YEE: Reconciliation.

23          MS. WEISS: That is the last outstanding piece  
24 that we're working to set up. We're just receiving data  
25 now to begin our reconciliations.

1           CHAIRPERSON YEE: Okay. All right. Now this  
2 is -- I just point this out, Members, because this is  
3 really a critical piece of FI\$Cal implementation then.  
4 It is something I hope other departments are also  
5 recognizing as well.

6           So I appreciate you bringing this forward.

7           MS. WEISS: Thank you.

8           CHAIRPERSON YEE: Okay. Let's see.

9           Members, do we want to entertain a motion on  
10 these two budget letters now? Or should we hear from  
11 Mr. Banuelos as well?

12          MR. BANUELOS: Would you like me to go forward  
13 with my presentation?

14          CHAIRPERSON YEE: Yes, please.

15          MR. BANUELOS: Okay. Good afternoon. Good  
16 afternoon, Board Members. It's very nice to see all of  
17 you this afternoon.

18          My name is Michael Banuelos, and I am the  
19 Director of the Franchise Tax Board's Procurement  
20 Bureau.

21          I'm here today to present three proposed  
22 contracts over \$1 million for your approval. With your  
23 permission, I will -- I will present the three contracts  
24 and then I would be happy to answer any questions that  
25 you may have.



1 CHAIRPERSON YEE: Mr. Banuelos, let me pause  
2 here. Perhaps we should bifurcate these.

3 I think, Member Chamberlain, Department of  
4 Finance typically abstains from the finance letters. So  
5 why don't we entertain a motion for the two finance  
6 letters that will be heard first.

7 MEMBER COHEN: So moved.

8 CHAIRPERSON YEE: Okay. We have a motion by  
9 Member Cohen.

10 I will second that motion.

11 Without objection, noting that Member Chamberlain  
12 is abstaining, such will be the order.

13 Thank you.

14 MR. BANUELOS: So based on that, I'm going to  
15 bypass my preamble and just get to the contracts, if  
16 that's okay.

17 Our first request is for the purchase of three  
18 mail machine inserters to process outgoing mail. So as  
19 you heard in Jared's presentation, obviously, the world  
20 is moving towards a more electronic means of  
21 communication, but there still is a heavy reliance on  
22 mail here at FTB, and we need to have that equipment to  
23 do those mailings.

24 So, on average, we're still processing about  
25 20 million pieces of mail annually to communicate with

1 taxpayers, so these inserters, they are mail  
2 inserters -- sometimes they are called mail machines --  
3 but they are critical to our operations here at FTB.

4         Currently, we have three inserters, which we  
5 purchased in 2007 and 2008, which are in need of  
6 replacement. This equipment reached end of life in 2018  
7 and they are currently running software that is no  
8 longer supported by the manufacturer.

9         The estimated total cost for the three new  
10 inserters is \$3 million in total.

11         So that's the first one.

12         The second contract which I am presenting for  
13 your approval is our Microsoft Enterprise Licensing  
14 Agreement, or what we more commonly call our MELA.

15         FTB's existing enterprise agreement for Microsoft  
16 products expires on May 31st, 2019. And we're seeking  
17 approval to enter into to a new three-year agreement.

18         FTB will leverage the California Department of  
19 Technology's contract for the bulk of these products,  
20 but we will also be using a DGS contract to buy some  
21 additional products on our own.

22         In sum, we're looking at three-year agreements  
23 roughly in the neighborhood of \$9.6 million.

24         Microsoft products are critical tools which are  
25 embedded into our computer and server environments here

1 at FTB. The multitude of products range from computer  
2 and server operating systems, word processing, e-mail,  
3 database solutions, and development tools.

4 Without these tools -- these mission-critical  
5 tools, our software will be unsupported, leaving FTB  
6 open to security threats, and vulnerabilities, and,  
7 without these tools, FTB server and computer  
8 environments are at risk of being unusable. So that's  
9 the second request that I have.

10 And our last equally critical request is for the  
11 renewal of our IBM maintenance contract for software  
12 products used in our mainframe computing environment.  
13 Similar to Microsoft, IBM products are critical tools  
14 within our environment.

15 This is a joint contract that FTB has  
16 historically shared with the Department of Technology.  
17 The current three-year contract expires on  
18 September 30th, 2019, so it's coming up pretty soon.  
19 And the total value of the expiring contract is  
20 \$65 million. So it's a split contract. Of that amount,  
21 12 million is generally attributed to FTB, so the  
22 Department of Technology has the bulk of that contract.

23 FTB's mainframe utilizes IBM propriety software  
24 products to provide enterprise operations solutions  
25 ranging from security to vital tax processing systems,

1 including the Taxpayer Information System and the  
2 Business Entities Tax System. A tax system that resides  
3 on FTB's mainframe must use a number of IBM products  
4 maintained via this contract in order to support  
5 mission-critical functions.

6 Without this contract, this mission-critical  
7 software would be unsupported, and this would negatively  
8 impact taxpayers as well as the State of California.

9 As in past years, we would look to collaborate  
10 with the Department of Technology on a joint contract.  
11 Right now we're considering probably a three-to  
12 five-year contract that could be up to \$19 million, but  
13 the final term and price of the contract will depend on  
14 the negotiations. So this one will go through a  
15 negotiated process with IBM.

16 So these are the contracts I'm presenting for  
17 your approval today, and I would be happy to answer any  
18 questions you may have.

19 CHAIRPERSON YEE: Okay. Thank you, Michael.

20 Questions or comments, Members?

21 (No response)

22 CHAIRPERSON YEE: Okay. Hearing none, is there a  
23 motion to approve the contracts?

24 MEMBER COHEN: I will make a motion to approve  
25 the contracts.

1 CHAIRPERSON YEE: Okay. We have a motion by  
2 Member Cohen to approve all three contracts.

3 Is there a second?

4 I will second that motion.

5 Are you abstaining?

6 MEMBER CHAMBERLAIN: I'm -- no. I'm approving --

7 CHAIRPERSON YEE: Okay. Great. Okay.

8 I will go ahead and second the motion.

9 Without objection -- okay. Such will be the  
10 order.

11 Thank you very much.

12 MR. BANUELOS: Thank you for your support.

13 CHAIRPERSON YEE: Now we're on Item Number 6, and  
14 this is Executive Officer's Time.

15 We'll turn it to Selvi Stanislaus.

16 EXECUTIVE OFFICER STANISLAUS: Thank you, Madam  
17 Chair.

18 To begin my time today, I would like to first  
19 welcome the honorable Board Member Malia Cohen. I  
20 welcome your service on this Board and appreciate the  
21 dedication to the more than 10 million Californians and  
22 the BOE's second district. Ms. Cohen, your  
23 distinguished service as president of the San Francisco  
24 Board of Supervisors, as president of the San Francisco  
25 Employee Retirement System, and your service as a

1 fiduciary member of the San Francisco Transportation  
2 Authority will be of great value on this Board. We  
3 sincerely appreciate the unique perspective you bring.

4 As always, we value the perspective and  
5 experiences that our entire board that brings to the  
6 table, especially under the leadership of the  
7 Controller, Honorable Betty Yee, who just began her  
8 second term as the State's Chief Fiscal Officer.

9 I can't think of a better suited group of leaders  
10 who are ready to tackle the work and the opportunities  
11 ahead for the Franchise Tax Board.

12 As we mentioned in our video at the very  
13 beginning of our agenda, our future is bright, and you  
14 each contribute to that sentiment.

15 Thank you.

16 CHAIRPERSON YEE: Thank you very much, Selvi.  
17 Very much. And just for your leadership and always just  
18 having such an open door for us, as members of the  
19 Board. And I think what my colleagues will find is that  
20 the relationship between the Board and this organization  
21 is quite integrated. We've become a part of the  
22 culture. So it's great.

23 Thank you.

24 Item Number 8 is Board Members' Time. And any  
25 comments from board members?

1 (No response)

2 CHAIRPERSON YEE: Okay. If not, let me just  
3 say -- let me add my welcome to Board of Equalization  
4 Chairwoman Malia Cohen, who has been a colleague, has  
5 been a leader in San Francisco. And this is just a  
6 really wonderful time to have you join the Board,  
7 particularly as we're ramping up to our tax filing  
8 deadline, and look forward to your sharing in that time  
9 with the team here. And it's an exciting time, and you  
10 will really capture the spirit of this organization  
11 during this period.

12 I want to, I guess, welcome back home Member  
13 Chamberlain, where he's had a distinguished career,  
14 certainly with this organization, and now with the  
15 Department of Finance. And I would be remiss if I  
16 didn't recognize that -- I don't know if we've had this  
17 before, Selvi? An all-women board?

18 EXECUTIVE OFFICER STANISLAUS: Probably not, no.

19 CHAIRPERSON YEE: I think that deserves a  
20 comment.

21 But I really appreciate Director of Finance Keely  
22 Bosler, who has just had, really, a distinguished  
23 career, very pleased that she is the Director of the  
24 Department of Finance after having served as cabinet  
25 secretary for our prior governor, Jerry Brown. So I

1 look forward to serving together.

2 Thank you. Please, Member Cohen.

3 MEMBER COHEN: I just want to underscore  
4 something that Ms. Stanislaus said when she said our  
5 future is bright. I am very excited to be here.

6 I have many years of public service and I think  
7 it will serve me well. But what's important is that I  
8 consider it a privilege to be sitting here, a privilege  
9 that I don't take for granted, and a privilege that will  
10 just not be taken for granted. We'll leave it there. I  
11 am just overwhelmed and moved by the kindness that I  
12 have experienced since stepping into the building.

13 Thank you.

14 EXECUTIVE OFFICER STANISLAUS: Thank you.

15 CHAIRPERSON YEE: Thank you. Okay.

16 Any other business to come before the Board?

17 (No response)

18 CHAIRPERSON YEE: Okay. Hearing none, I believe  
19 that concludes our agenda. We are adjourned.

20 Thank you very much.

21 (No closed session was held.)

22 (Proceedings concluded at 2:34 p.m.)

23 ---o0o---

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CERTIFICATE OF REPORTER

I, KATHRYN S. SWANK, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing audio and video proceedings were reported in shorthand by me, Kathryn S. Swank, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings nor in any way interested in the outcome of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of March 2019.

/s/ Kathryn S. Swank  
KATHRYN S. SWANK, CSR  
Certified Shorthand Reporter  
License No. 13061