

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

TUESDAY, JULY 1, 2014

GERALD GOLDBERG AUDITORIUM
9646 BUTTERFIELD WAY
SACRAMENTO, CALIFORNIA

REPORTED BY:

ESTHER F. SCHWARTZ
CSR NO. 1564

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ATTENDEES

02

03 BOARD MEMBERS:

04 MARCY JO MANDEL

05 JEROME E. HORTON

06 ERAINA ORTEGA

07 STAFF:

08 SELVI STANISLAUS, EXECUTIVE OFFICER

09 ROGER LACKEY

10 JACKIE HUDSON

11 SCOTT REID

12 ANNE MILLER

13 CATHY CLEEK

14 COLLEEN BERWICK

15 COUNSEL:

16 JOZEL L. BRUNETT

17 BRUCE LANGSTON

18 AUDIENCE PARTICIPANTS:

19 CARLOS RAMOS

20 GEORGE SCHINDLER

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SACRAMENTO, CALIFORNIA

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TUESDAY, JULY 1, 2014, 1:45 P.M.

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MEMBER MANDEL: Good afternoon. This is the scheduled time for the meeting of the Franchise Tax Board. Will the secretary please call the roll to determine a quorum is present.

08

MS. BERWICK: Member Horton.

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MEMBER HORTON: Here.

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MS. BERWICK: Chief Deputy Eraina Ortega for Member Cohen.

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MEMBER ORTEGA: Here.

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MS. BERWICK: Deputy Controller Marcy Jo Mandel for Chair Chiang.

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MEMBER MANDEL: Here. At least two members or their designated representatives being personally present, there is a quorum and the Franchise Tax Board is now in session.

19

The public has a right to comment on each agenda item. If there are any members of the public wishing to speak on an item, please come forward when that item is called, and you will have three minutes to address the Board.

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First item, Members, is approval of minutes.

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We have the minutes of the March 12, 2014 Board

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01 meeting.

02 MEMBER HORTON: Move adoption.

03 MEMBER ORTEGA: Second.

04 MEMBER MANDEL: It's been moved and
05 seconded, and without objection that is the Board's
06 order.

07 Item 2 is the filing season update. And we
08 have Roger Lackey who's our director of processing
09 services in the filing division and also Jackie
10 Hudson who's with the accounts receivable management
11 division of the Southern California field office.
12 They're going to be presenting this to us. And they
13 have a PowerPoint presentation, so we're going to go
14 over to the other table.

15 Roger, take it away.

16 MR. LACKEY: Thank you. Good afternoon,
17 Board Members. Again, I'm Roger Lackey, director of
18 processing services, and with me today is Jackie
19 Hudson. She is our regional manager of our Southern
20 California field offices in the accounts receivable
21 management division.

22 Today we're going to talk to you about the 2014
23 filing season. We're going to cover a few important
24 filing season statistics. We're going to share
25 information about our first full season utilizing

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01 our new scanning and data capture process and update
02 you on our customer service efforts. I will
03 begin the presentation and then hand it over to
04 Jackie who will cover our public counter services,
05 as well as our successful Volunteer Income Tax
06 Assistance Program.

07 So with that, I'm going to jump right into our
08 personal income tax returns. So, first of all,
09 income tax returns. The volume of income tax
10 returns filed is 15.2 million, which is a 4 percent
11 increase compared to the same time last year.
12 Personal income tax E-file returns are ahead of last
13 year at this time by 6 percent, having received 12.9
14 returns this year versus 12.2 million returns at the
15 same time last year. The total returns received for
16 E-file accounts for 85 percent of all returns
17 received. The picture that you see here represents
18 90 percent of all personal income tax returns
19 expected for this season.

20 Next I'll move to business entity tax returns.
21 Business entity volumes are around 900,000 to date,
22 which represents a little over 50 percent of the
23 total expected volume of returns. After eight years
24 of operating E-file for business entities, E-file
25 represents about 59 percent of all filed returns,

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01 with steady growth each year. For example, business
02 entity tax returns filed electronically increased
03 from 472,000 to 539,000 for this year. That
04 represents a 14 percent increase.

05 What we'd also like to share is a new E-file
06 option. Listening to our customer's needs in 2014,
07 again offering a new E-file option for fiduciary
08 returns. It's been a smashing success. Fiduciary
09 returns so far this year accounts for 98,000 returns
10 filed. This represents 25 percent of all fiduciary
11 returns. This exceeded our projections by over 100
12 percent.

13 Next I would like to talk to you about
14 refunds. First, the personal income tax refunds.
15 About 9.8 million personal income tax refunds,
16 amounting to \$8.4 billion have been issued this
17 year. The average year current refund is up \$17 to
18 851 as compared to 834 last year.

19 For business entity refunds. We have issued
20 85,000 business entities for this year, amounting to
21 \$676,000,000. Last year at this time it was 62,000
22 refunds being issued for an amount of \$569,000,000.

23 I'd also like to comment about direct
24 deposits. For this year direct deposits for
25 personal income taxpayers jumped to about 63 percent

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01 for refunds that were direct deposited. However,
02 for business entities only 1 percent of refunds have
03 been received through direct deposit. This is
04 something we need to focus on as a department to
05 help our business entity customers to try to choose
06 that option.

07 I'd like next to speak to you about payments.
08 So total payments received since January are \$22.3
09 billion. The volume of payments are up by about 2
10 percent for personal income tax and 8 percent for
11 business entities. Personal income deposits,
12 however, are down 23 percent compared to last year
13 in terms of dollars. We attribute the reason for
14 this fiscal cliff it was expected in the 2012 tax
15 year, and we look at this year being a normal tax
16 year and the 2012 tax year as being a spike.

17 Business entity deposits are ahead of this
18 time last year, 4.2 billion compared to 4.1 billion
19 last year. And we received 14.2 billion in payments
20 through electronic payments through this last year,
21 which is a 2 percent increase from the previous
22 year.

23 Our two largest bank deposit days this year
24 were 2.42 billion and 1.5 billion. The one thing
25 we'd also like to point out, similar to direct

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01 deposit, is that on the business entity side is that
02 paper checks continue to make up the bulk of
03 payments. Sixty-six percent of taxpayers on the
04 personal income tax side choose to write a check to
05 the Franchise Tax Board, and 90 percent of business
06 entity taxpayers choose to write a check to the
07 Department. Again, this is an area where the
08 Franchise Tax Board needs to focus on helping
09 taxpayers choose an electronic means of remitting
10 their payments.

11 I'd next like to move to moving away from
12 paper. As you know, one of the objectives of EDR is
13 to move away from moving paper around the
14 Department, to process returns, payment and
15 correspondence while also capturing considerably
16 more information.

17 The 2014 filing season was our first filing
18 season using the new imaging process for all of our
19 paper processing. With such a large transition
20 there were numerous plans put in place to ensure
21 that we had a successful filing season. I'm happy
22 to say that all of those plans paid off, and we did
23 have a successful filing season. So, what does
24 that look like?

25 For this filing season, to date we scanned and

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01 imaged over 55,000,000 pages. We captured over
02 5,000,000 checks. The 55,000,00 pages equates to
03 about 3.3 million returns. To give you an idea of
04 the level of effort this takes, during our peak
05 season our scanners were operating 22 hours a day
06 over three shifts, scanning on average of 4,000,000
07 pages per week, while two shifts of approximately
08 400 key data operators perfected the data capture on
09 thousands of different fields of data.

10 Next I would like to talk to you about FTB's
11 website and online services. In preparation for
12 this filing season we performed a thorough health
13 assessment on our website and on our online
14 services. Similar to the planning for our paper
15 process, these efforts paid dividends, and for this
16 season there is a number of things that happened
17 that were a first.

18 One of those was a hundred percent access to
19 our website and online service for this filing
20 season. What does that result in? It resulted in
21 338,000 new FTB account registrations and also 1.1
22 million personal income tax look-ups and 375,000
23 business entity account look-ups.

24 Next I'd like to move to our taxpayer and tax
25 practitioner services contact center. FTB's primary

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01 contact center answered 479,000 calls, representing
02 56 percent of the calls received. The aggregate
03 taxpayer wait time was about eight minutes. The tax
04 practitioner hotline answered 79,000 calls, which
05 represents 84 percent of the calls received. The
06 hotline's average wait time was ten minutes. And
07 Live Chat, still our newest service now in its
08 fourth filing season, continues to be a hit,
09 assisting over 73,000 taxpayers for this season
10 using their personal computer.

11 Some feedback from the different services we
12 provide. Contact center: Great staff. Helpful. I
13 like the way your agents approach the issue, and I
14 appreciate your organization.

15 For Live Chat: Perfect. Mission accomplished
16 with no stress. Thank you. This was so much easier
17 that calling in, and you answered my questions.

18 And CalFile: Came to FTB looking for a form,
19 but CalFile worked out even better. Very easy and
20 fast, too.

21 So with that, I would like to take the time to
22 transition over to Jackie. She'll discuss our
23 public counter services in our field office and
24 Volunteer Income Tax Assistance Program.

25 Jackie.

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01 MS. HUDSON: Thank you, Roger. Good
02 afternoon. I will be talking about the field office
03 assistance program this filing season, as Roger
04 stated.

05 This past filing season our customer service
06 staff helped over 44,000 taxpayers. Not all of
07 those -- we do have visitors during filing season
08 with questions about how to file their tax returns.
09 The majority of the taxpayers that visited our
10 offices during this time are there because they
11 require other assistance. As taxpayers move to
12 E-file, the traffic at the public counter shifts and
13 taxpayers are visiting our field offices to take
14 care of prior year filing or because they received a
15 notice.

16 And we've listed the top reasons that
17 taxpayers are coming in. We seen an increase in
18 personal income tax compliance in billing issues.
19 Business entities are coming in to revive their
20 corporations or have questions regarding prior year
21 filing and filing prior year returns. And we're
22 seeing an increase in partnership and LLC questions,
23 as well.

24 Another change in the field office is the
25 busiest month. In past years April was our busiest

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01 month. However, this filing season our busiest
02 months were February and March. On our busiest day
03 taxpayers will be greeted by one of our team members
04 who provide a kind of triage service that sorts out
05 those with simple issues that can be quickly
06 resolved. Our goal is that we don't want those with
07 simple issues to wait a very long time. We want to
08 get them in and out very quickly.

09 Continuing with our field office: We have the
10 "One and Done" process. Regardless of why they are
11 in our office, we provide a holistic approach to
12 their visit in that we refer to as "One and Done,"
13 where we look at the taxpayer's whole account and
14 help them resolve any outstanding issue and not just
15 the one immediate need or attention. On our "One
16 and Done" approach we want to help our customers get
17 back on the blue path to file on time. We want them
18 to file correctly and pay the correct amount due.

19 And now I am going to move to the Volunteer
20 Income Tax Assistance and Tax Counseling for the
21 Elderly. This is a subject area that I know our
22 Board is very interested in. VITA and TCE programs
23 continue to assist low income, those over the age of
24 60 and our military personnel file their state and
25 federal income tax returns. Assistance begins in

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01 January and continues through April 15th. And this
02 year FTB employees and volunteers completed over
03 700,000 returns at over 900 locations throughout the
04 state. This year's return volumes are well ahead of
05 last year's returns for a very good reason. Our
06 VITA partners, AARP, provided significant outreach
07 on the need to file a return, even if you didn't
08 have a filing requirement. And this effort was to
09 help curb the growth of identity theft.

10 Through the VITA and TCE programs, over 66,000
11 taxpayers were able to claim the earned income tax
12 credit amounting to over \$103,000,000. Compared to
13 last year, this amounts to an additional \$8,000,000
14 or an 8 percent increase in claims, EITC.

15 Franchise Tax Board has 91 volunteers this
16 season; 26 of those were in our field offices in
17 Southern California and 65 from our central office
18 campus. And combined, these individuals staff 100
19 office locations, Mega and road show events.
20 Eighty-one one of these events were held in Southern
21 California and 19 held in Northern California.

22 I would like to acknowledge the wonderful
23 staff at FTB who extended their service in support
24 of the VITA program throughout California. FTB
25 staff looks forward to assisting the citizens of

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01 California file their income tax returns. And many
02 of these employees have volunteered for many years,
03 and there's a large group of them in the audience
04 today in their blue shirts.

05 Finally, I would like to sincerely thank our
06 Board Members for their continuing interest in
07 support of these programs. Thank you to Chairman
08 Chiang and to Member Horton for taking a few minutes
09 out of their busy schedule to say hello to our staff
10 at one of local VITA sites in Southern California
11 and for the opportunity to have a photo op as seen
12 on our screen.

13 Thank you very much.

14 Now Roger and I are available for any
15 questions you may have.

16 MEMBER MANDEL: Could you go back to that
17 picture with Mr. Chiang there for a second?

18 So there's Mr. Chiang, our State Controller
19 with three of our volunteers in Southern California.
20 That's Cecelia Diaz, Natalie Madrigal and Gilbert
21 Vance. 'Cause we just say "that's Gilbert." And
22 unfortunately the day we took this picture we had
23 another volunteer who spent a lot of time with our
24 office; and that's Cynthia Brown. She wasn't
25 present for the picture, so I just wanted to --

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01 these people have been a great help to our office
02 this year. And over the several years that we've
03 been at the Controller's you know that VITA's been
04 very important and near and dear to the Controller's
05 heart and really, really appreciate all the
06 assistance from not only of these individuals but,
07 of course, everybody else in the VITA program. So I
08 just wanted to call them out because you had their
09 picture.

10 Thank you.

11 Any other questions on our filing season?

12 I think I have a couple. Hey, I'm in a
13 wheelchair so I'm feeling sort of informal. Sorry
14 about saying hey. We do have two questions on the
15 filing season. These are for Roger.

16 On CalFile, when you bring up the CalFile
17 program on the website, there is some information
18 that is pre-populated in the return. As you bring
19 it up, that's, I guess, part of what makes it
20 pre-populated makes it a pretty popular program.
21 What types of things are pre-populated, and can you
22 talk a little bit about -- I think the people this
23 year were also able to do a prior year return on
24 CalFile. Can you talk a little bit about the prior
25 year return aspect that's new?

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01 MR. LACKEY: So if a taxpayer chooses to
02 use CalFile, we will ask them first to authenticate,
03 to prove who they are, and go through that process.
04 Once they've authenticated, what CalFile will do is
05 to pre-populate their name and address. It will
06 pre-populate their wage and their withholding
07 information or their employer, including their
08 employer's key.

09 MEMBER MANDEL: That's the name and ID
10 number?

11 MR. LACKEY: Yes. Thank you.

12 MEMBER MANDEL: We just love acronyms at
13 FTB.

14 MR. LACKEY: I thought I did not say too
15 many acronyms.

16 So it will pre-populate those items to prepare
17 the taxpayer to file their returns. There are some
18 others - I don't have that information - some other
19 small items that could be included, depending on the
20 specific situation with the taxpayer, that could be
21 helpful for them in terms of filing their tax
22 return. In terms of -- there's certain knowledge in
23 here, so forgive me. What we call previous year and
24 we call prior year. I won't get into the details.

25 MEMBER MANDEL: I hate the acronyms so

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01 you're giving me a hard time.

02 MR. LACKEY: I thought it was only fair of

03 me.

04 For previous years, what the Franchise Tax
05 Board began offering with CalFile was the ability
06 for taxpayers to file their previous year returns.
07 So in this case a taxpayer will be able to file
08 their 2012 tax year through using CalFile.

09 Why is that a good thing? So if folks are
10 late in terms of filing their tax returns, having
11 the ability to go online and have a free service,
12 that's an opportunity. Another opportunity is one
13 of the big programs that we have, as you guys know,
14 is filing enforcement. Right. So we send out
15 filing enforcement. That's an opportunity for a
16 taxpayer to take care of their late return, is to go
17 ahead and choose CalFile to go ahead and take care
18 of their responsibilities.

19 So this is the first year that you have the
20 ability to file for the previous year. The current
21 plan is to offer two years, the previous and prior
22 year and the current year. That is the starting
23 point. In terms of where it goes from there will be
24 based on the demand of taxpayers.

25 To take a look at where we are so far. To

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01 date there is about 8,000 CalFile returns that have
02 been previous year CalFile returns that have been
03 filed so far. As of -- we should do an email on
04 this to update. So far this year 54,000 E-file
05 returns have been received that are previous year.
06 So CalFile represents 14 percent of all E-file
07 returns for previous year. That's s very promising
08 stack.

09 To give you an idea of what the total universe
10 is for previous and prior year, again, that's
11 getting into meats here, that is 2012, 2011, 2010,
12 is about 300,000 personal income tax returns so far
13 this year. So you see that there is a need. We are
14 offering the service, and the taxpayers are taking
15 advantage of that service.

16 MEMBER MANDEL: Great. Thank you.

17 Any other questions for Roger or Jackie?

18 MEMBER HORTON: Well, just a comment,
19 Chair, if I may. I just wanted to commend all the
20 volunteers from FTB that are participating in the
21 VITA program. You know, someone once said that the
22 greatest exercise of the heart is lifting someone out
23 of poverty. And each one them participate in that
24 process individually as well as collectively.

25 We look at the numbers, \$103,000,000, and we

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01 see numbers. But behind those numbers are people
02 who have had the opportunity to help pay for their
03 college children's college education. In some cases
04 for their medicine and for their healthcare and
05 things of that nature. They're really, really
06 making a huge difference. I refer to them as agents
07 of care, change and compassion because it's a life
08 changing experience for us who participate in the
09 process, as well as those who are benefactors of
10 that. Not only have we captured a hundred some
11 million dollars, not speaking of, the millions and
12 millions of dollars that these individuals have to
13 pay in order to go out and have these tax returns
14 done if it were not for these champions for change.

15 So let's give them a round of applause.

16 MEMBER MANDEL: Thank you.

17 MS. STANISLAUS: As Roger and Jackie leave
18 the table, I would like to ask Anne Miller to join
19 me just a moment. Anne, come on up.

20 Deputy Controller Mandel, it seems fitting
21 that we acknowledge the 2014 tax filing season as
22 the end of an era. We are going to miss Controller
23 Chiang's presence on tax days and all the excitement
24 of the media clamoring for his interview down in the
25 pipeline. He has been for eight consecutive years.

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01 It was important for Anne, and, of course, to
02 all of us, to acknowledge our appreciation in
03 today's meeting following Roger and Jackie's update
04 of the past season. Now I would like to turn it
05 over to Anne to say a few words.

06 Anne.

07 MS. MILLER: Good afternoon, Board Members.
08 I'm Anne Miller, Chief of the Filing Division. As
09 the filing name implies, we're responsible for all
10 things that make our tax season happen, as you heard
11 about this afternoon. That goes from tax forms
12 development through processing services, taxpayer
13 assistance and compliance. We also run taxpayer
14 friendly services, such as the Volunteer Income Tax
15 Assistance Program, as well as pre-E-file programs,
16 like CalFile and Ready Return.

17 And today I just want to take the opportunity
18 to thank State Controller Chiang for the huge --
19 he's been a huge proponent of our free taxpayer
20 services. And he has tirelessly promoted them to
21 the public each and every year over the past eight
22 years.

23 And, to, give you some perspective, looking
24 back over those years, as far as how far we've come:
25 For personal income tax E-file that you heard about

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01 this afternoon, when John started as Chair in 2007,
02 we had about 9,000,000 E-file returns for personal
03 income tax payers. This year we're expecting over
04 14,000,000.

05 For business entity E-file for process year
06 2007 we had about 56,000 E-file returns. It was
07 just the very beginning of business entity E-filing.
08 And this year we're on pace for almost a million
09 business entity E-file returns.

10 CalFile usage in 2007 was just over a hundred
11 thousand. This year we'll be close to 300,000.

12 Ready Return filings in 2007 were around
13 10,000, and this year we are over 75,000.

14 So those are some pretty amazing results that
15 requires steadfast support at the very highest
16 level. And I just want to thank Chair Chiang for
17 everything that he has done to support us. And on
18 behalf of the filing division and the Department I
19 would like to present to Marcy a commemorative
20 plaque that we developed so that he won't forget us.
21 And we have some really cute pictures from filing
22 season visits over the past seven years.

23 (Picture taking opportunity.)

24 MEMBER MANDEL: Now he's going to tell me
25 he wishes he had come. This is fabulous. Thank you

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01 so much. And he has been a huge proponent of E-file
02 even before he was State Controller. You will
03 remember him coming over here. He was Chair of the
04 Board of Equalization for a number of years. And
05 he's always been: Free services. Online. Why
06 can't we do it now? Even the questions I had for
07 Roger were because: How come it's just one year?
08 Why not previous years yet? Very big proponent of
09 it. He loves FTB family, VITA. Stealing Jerome's
10 line, I would say, give yourself a round of
11 applause. Thank you very much, and I know he'll
12 appreciate it very, very much.

13 MS. STANISLAUS: Moving next onto the next
14 agenda item, now I would like to ask some of our FTB
15 heroes, some of you in blue and white, please all of
16 you come on up. These are VITA volunteers.

17 (Picturing take opportunity.)

18 MS. STANISLAUS: VITA is aptly named. Not
19 only is it Volunteer Income Tax Assistance Program,
20 but it really provides a vital service for low
21 income working families, members of our military and
22 senior citizens. It is also a tremendous
23 responsibility. These people you see here, your
24 co-workers, gave up their Saturdays and drove many
25 miles to help their fellow Californians to fulfill

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01 their tax filing obligations.

02 So VITA volunteers endure 40 hours of training
03 before they can share their skills. That's
04 dedication. I'm very, very proud of all VITA
05 volunteers. As you've heard from Jackie, they have
06 prepared over 700,000 returns at over 900 locations
07 and helped Californians claim over 100,000,000 in
08 federal EITC credits. So if they look a little
09 tired, they are. So, time for a photo op.

10 (Picture taking opportunity.)

11 MEMBER MANDEL: We are on Item 3, which is
12 our protest update, and Jozel.

13 Can you guys -- I can't really see. There we
14 go. Move down a space. There you go.

15 Jozel, our Chief Counsel, is going to present
16 this item. This is a report that we asked for, the
17 Controller asked for at the last meeting, status of
18 protests this year.

19 MS. BRUNETT: Yes. Good afternoon, Board
20 Members. Again, I am Jozel Brunett, Chief Counsel
21 of the Franchise Tax Board, and I am here to report
22 on the progress of the legal division staff over the
23 past year in reducing our legal protest backlog.

24 As you know, when the taxpayer receives a
25 notice of proposed assessment from the Franchise Tax

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01 Board, they have the right to file an administrative
02 protest. The legal division typically will handle
03 the protest cases that involve the most complex and
04 the higher dollar income tax assessments. In
05 addition, we handle all protests involving tax
06 shelter cases. The attorney assigned to the protest
07 will act as a hearing officer and will review the
08 audit determination and hold a hearing requested by
09 the taxpayer. The attorney will then either close
10 out the case by either affirming or agreeing with
11 the proposed audit assessment, modifying it or
12 withdrawing it.

13 As of July 1 this time last year the legal
14 division had 600 cases in our inventory. We made
15 reducing this backlog the number one priority. We
16 realized that to tackle this backlog we had to
17 develop both long-term and short-term solutions.

18 As a short-term solution, we initiated the
19 legal protest closing process, which we focused on
20 cases over 36 months or over three years of age as
21 of July 1 of last year. We re-prioritized,
22 our workloads to allow staff to focus their efforts
23 on closing these oldest cases. Of the 600 cases
24 that we had in our total inventory, 283 of those
25 were over three years of age. So we made our

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01 priority to tackle those 283 cases.

02 The legal management team met, and we targeted
03 for closing between 40 to 45 percent of this total
04 inventory. Meaning our goal was to close between
05 114 and 127 of these cases by yesterday. Today I am
06 very, very happy to report that we have not only met
07 but have exceeded our goal. Through hard work and
08 dedication our legal management and staff has closed
09 139 cases, which means that we closed 49 percent of
10 our oldest cases. And to put this in a little bit
11 of perspective, actually this will be 91 percent of
12 the workable cases, meaning those that weren't
13 deferred for litigation, bankruptcy or some other
14 type of matter.

15 In addition to closing 139 of those older
16 cases, we closed 51 of those that were under 36
17 months of age. So our grand total for this fiscal
18 year that we closed was 190 cases. For comparison
19 purposes, typically, during an average year we will
20 close 83 protest cases. So this year, through
21 staff's efforts, we closed more than double what we
22 typically would close in a year.

23 As I mentioned, this is a short-term solution.
24 While it has begun to have the effect of reducing
25 our total protest inventory, our focus on resolving

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01 these older cases has had an impact on other
02 workloads. For example, both the [inaudible]
03 resources on the older cases means we didn't have
04 sufficient time to resolve to working on our newer
05 cases. In addition, new protests continue to arrive
06 at a consistent rate.

07 The combined effect of this means that
08 protests are continuing to arrive and are not being
09 worked as early in the process as we would like.
10 Meaning that over time the docketed protest
11 inventory will continue to increase both in age and
12 volume. In addition, competing workloads, such as
13 BOE appeals and litigation, also demand our
14 attention. As a result of this, again, I mentioned
15 we are working on long-term solutions. We're
16 implementing components of a long-term best
17 practices solution. We are working to educate
18 taxpayers. We are involving our attorneys earlier
19 in the audit process with a goal of minimizing the
20 number or size of the [inaudible] that lead to
21 protest. We are also providing training to auditors
22 throughout the year. We are streamlining the intake
23 and assignment of protests by use of the triage
24 system. And last, but not least, they're working
25 with taxpayers and their representatives to develop

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01 protest plans with the goal of keeping the cases
02 moving through the process.

03 In addition, with your Board's support, we saw
04 additional resources this year. And thank you to
05 your Board, we were able to obtain 14 new attorney
06 positions to work legal protests, appeals and
07 settlement workloads in the Governor's May revise
08 budget. Thank you very much for supporting us in
09 this effort. In the past few weeks we've been busy
10 hiring attorneys. We've also redirected five audit
11 staff to our legal division to assist with the
12 protest workloads.

13 As I close, I again would like to thank your
14 Board for continued support with this, and I would
15 be happy to entertain any questions.

16 MEMBER MANDEL: Thank you, Jozel. I am
17 gratified to hear how much of that workload was
18 handled. It sounds like legal staff was working
19 night and day to get so many cases closed in the
20 year. I think we have legal staff in the room, and
21 they're still awake so that's a good sign.

22 We really appreciate all the hard work. This
23 was, I know, the number one goal or number one
24 project for legal this year, and you did a bang up
25 job closing out protests. So thank you very much.

0028

01 Any others questions?

02 MEMBER HORTON: Thank you, Madame Chair.

03 Just in addition to that, I want to also thank you
04 for focusing on building the problem solving
05 capacity of your team. I think that is very, very
06 important and pleased to see us enhancing that
07 ability. It's good for our team members to have the
08 knowledge and the skills to be able to address the
09 problems as well as resources of being able to
10 engage with the legal department and seeking their
11 advice and the guidance as they go through that
12 process so it becomes a learning experience, not
13 only for our team efforts as well as for the
14 taxpayer.

15 The other part that I'm pleased to hear is
16 that we're reaching out to the taxpayers to begin to
17 educate them about the process. I've often said
18 that education is our greatest enforcement tool, and
19 we can enhance the quality of our service by just
20 helping those who we are reaching out to, who are
21 referred to as our taxpayers, understand how to
22 maneuver through the system, because oftentimes it's
23 not the system's fault. It's not our team member's
24 fault, but the fault lies sometimes in the need for
25 greater education, greater involvement, greater

0029

01 access.

02 So thank you.

03 MEMBER MANDEL: Anything else?

04 Thank you, Jozel, very much.

05 We are on Item 4, administrative matters. And

06 that is not Jeanne Harriman. That's Scott Reid.

07 Jeanne, I get to say that because she's not feeling

08 well. She can't talk. So she can't be a peanut

09 gallery [inaudible]. She is a trooper. She is

10 still here for the Board meeting.

11 So Scott, administrative matters. What do you

12 have for us? Or what do you have for us?

13 MR. REID: Scott Reid here for Jeanne

14 today. Even though the Legislature just passed and

15 the Governor just signed the Fiscal '14-15 budget,

16 that means we start the planning process for the

17 '15-16 Fiscal Year budget.

18 The first item that we have is part of our

19 administrative matters are our budget change

20 proposal concepts for the next year. Currently, FTB

21 is the process of talking to its staff and

22 identifying needs that it may need to continue to

23 function at the highest level and optimize our

24 operations. The information presented to you today

25 are just concepts and as we continue to have

0030

01 discussions and turn them into concrete proposals,
02 we will bring them back to the Board in September
03 for your approval. I just want to generally cover
04 the concepts that we're working on.

05 The first is related to the EDR project. And
06 the proposal will include funding for the EDR
07 payment for '15-16 year as well as some additional
08 resources to support Live Chat that you heard a
09 little bit about today. We want to take the next
10 step and move to actually being able to discuss
11 individual taxpayer's information with those
12 taxpayers over email. And also some resources to
13 deal with identity theft and fraud, which the Board
14 had a presentation on recently.

15 Another concept that we are working on are
16 ongoing work for our ARM division which staffs our
17 Top 500 Program. That work is ongoing and we'll be
18 looking for some resources to make sure that program
19 continues into the future. We also are looking at
20 getting additional reimbursement authority for court
21 ordered debt program. In that case we get
22 reimbursement for costs from those who participated
23 in the program. And we had additional customers
24 come forward who would like to be able to have
25 additional reimbursement authority.

0031

01 The final two concepts that we're looking at
02 are associated with improving the time frames for
03 responding to correspondence that's coming into the
04 Department, as well as upgrading our mainframe
05 system to allow for additional capacity in terms of
06 processing; it's the number of returns that we
07 continue to get to increase.

08 So at this time I'll answer any questions that
09 you might have?

10 MEMBER MANDEL: Okay. Thank you. And
11 these are the ones you've been working on that we'll
12 see in September for a vote with more -- with a full
13 workup. Thanks.

14 MR. REID: The next item is contracts over
15 a million dollars. We currently have a contract for
16 mainframe virtual storage systems. That contract
17 will expire in March of 2015. So we're looking for
18 your approval to move forward with securing a
19 contract for that, for that program.

20 MEMBER MANDEL: Unlike the last item was an
21 information item, this item is an action item.

22 Any questions.

23 Is there a motion?

24 MEMBER HORTON: Move adoption.

25 MEMBER ORTEGA: Second.

0032

01 MEMBER HORTON: I do want to go back to the
02 last item.

03 MEMBER MANDEL: Okay. Take this.

04 We have a motion and a second on the contract.

05 So with without objection, that will be the
06 Board's order.

07 You had a question?

08 MEMBER HORTON: I just wanted to thank
09 Jeanne. Thank you, Jeanne. Appreciate it. In
10 looking over these proposals, the one thing that
11 they have in common, that's exciting to me, is the
12 term "permanent positions." So thank you very much.
13 Appreciate it.

14 MEMBER MANDEL: She's saying you're
15 welcome.

16 MR. REID: We can ask yes or no questions.
17 One is yes and two is no.

18 MEMBER MANDEL: And you have one more item.

19 MR. REID: The last item I have has to deal
20 with facility requests. The first is requesting
21 your permission to seek delegated authority from the
22 Department of General Services for modular
23 furniture. The Department of General Services has
24 some standard configurations for modular furniture.
25 If we use those, it allows us to be more flexible in

0033

01 timely meeting our facility demands. We're looking
02 for your approval to seek that authority.

03 The second item also has to deal with
04 delegated authority from the Department of General
05 Services. In this case it is relating to carpet.
06 Our Oakland field office has carpet that is more
07 than 20 years old, and at this point it is, even
08 though our lawyers suggested that we not mention it,
09 it is a safety hazard.

10 MEMBER HORTON: Where did you get that
11 from?

12 MR. REID: So we are looking to replace the
13 carpet in that facility and need your delegation.

14 And the last item that we have is looking for
15 approval to expand our lease for the Sacramento
16 district office for investigative staff. Currently
17 there is staff located in our central headquarters
18 here as well as in the field office. Some space
19 recently became available adjacent, so we have an
20 opportunity to co-locate them in one facility and
21 hope that that will increase efficiently and really
22 allow them to do their job even better than they are
23 doing today.

24 That concludes the items, and I'm looking for
25 your approval.

0034

01 MEMBER MANDEL: Any questions on the
02 facility items?
03 MEMBER HORTON: Move approval of all items?
04 MEMBER ORTEGA: Second.
05 MEMBER MANDEL: Moved and seconded. And
06 without objection that will be the Board's order.
07 Thank you, Scott, for filling in.
08 Now the executive officer's time. Selvi.
09 MS. STANISLAUS: Let me move down. As I
10 begin my time, I'd like to have Cathy Cleek, our own
11 CIO, Carlos Ramos, the State Chief Information
12 Officer and George Schindler, president of CGI U.S.
13 and Canada operations, to join us. They are all
14 here. Thank you.
15 So after years of planning, months of hard
16 work and the combined efforts of multiple vendors
17 and employees from every corner of FTB, our
18 Enterprise Data to Revenue project achieved a very
19 truly notable milestone. Three years into this
20 massive five-and-a-half-year project and almost ten
21 months ahead of schedule, I am thrilled, very
22 thrilled, to report that EDR collection has reached
23 a milestone. And that is a \$1,000,000,000 mark.
24 And that's billion with a B.
25 And I would like Cathy to share a little bit

0035

01 about how we arrived at this milestone and turn it
02 over to Carlos and George to say a few words.

03 Cathy.

04 MS. CLEEK: Good afternoon. I can still
05 vividly recall sitting up here in June of 2009 when
06 I presented an agenda item called "Leveraging Data
07 For Our Future." A major part of this presentation
08 was an introduction of EDR. And at that time we
09 projected that we would reach the \$1,000,000,000
10 mark in April 2015. But EDR's results have
11 staggered us. In fact, the first year of EDR we
12 predicted \$35,000,000 in revenue and generated
13 75,000,000. The second year was equally as
14 impressive as was the third. To give you an idea,
15 \$1,000,000,000 is enough to pay the annual salaries
16 of about 6,000 firefighters, 7,000 police officers
17 or 11,000 teachers.

18 However this money is spent, the State of
19 California will be a better place for all of us. I
20 think we all deserve to take pride in this
21 incredible accomplishment.

22 And, Carlos, as our State CIO, I think you
23 might agree with that.

24 MR. RAMOS: Thank you, Cathy, and good
25 afternoon, Madame Chair and Members of the Board.

0036

01 As Cathy mentioned and Selvi mentioned, I am CIO for
02 the State of California. I have to tell you that
03 I'm pretty used to being in hearings and board
04 meetings talking about projects, but usually not for
05 this reason. Usually for others reasons. So I am a
06 little uncertain how to behave up here.

07 But I will say this: I'm very appreciative of
08 the hard work of the folks on your team, on the
09 Franchise Tax Board's team, that have managed and
10 run this project. The EDR project is a model I
11 think in many ways for the rest of the state.

12 I think, first of all, between the
13 collaboration that I see between the FTB staff and
14 team members and the team members from our bigger
15 partners, with CGI and the rest of the team. It's
16 just fabulous. Each and every month I meet
17 separately, first with the project team members from
18 the Department that have large projects going on and
19 then I meet with the vendors on those projects.
20 Most of the time they are pretty tough meetings.

21 The ones that I really look forward to are the
22 meetings where FTB comes or the meetings where CGI
23 comes in 'cause they always have those magical
24 phrases for me which is on time, under budget and
25 minimal scope changes.

0037

01 It's easy to see why EDR is a model project.
02 I want to congratulate Selvi for an excellent job
03 that she has done with sponsoring the project, for
04 the engagement of not only of Selvi and Cathy and
05 the management team at FTB, but all throughout the
06 agency. The commitment to change. There's solid
07 understanding and clear focus on the mission of FTB
08 and the value that EDR will have in that.

09 So congratulations. On behalf of Governor
10 Brown, on behalf of Secretary Batjer I want to
11 congratulate both teams, the CGI team and the
12 Franchise Tax Board team. I do have a request to
13 make is when you're done with EDR, if you wouldn't
14 mind helping us with some other projects.

15 Anyway, congratulations and thank you.

16 I believe George has a couple words.

17 MR. SCHINDLER: Thank you, Carlos. We
18 would be happy to help you.

19 Good afternoon, Deputy Controller Mandel and
20 Board Member Horton and Chief Deputy Ortega. Again,
21 I'm George Schindler, and I am pleased to be here to
22 help celebrate this impressive milestone and the
23 partnership that helped gets us here.

24 As Selvi mentioned, I lead CGI's business
25 across North America where we have teams delivering

0038

01 results everyday for thousands of clients. When I
02 meet frequently with those clients, I routinely
03 reference this EDR partnership as an example of how
04 government and industry can use technology to enable
05 best-in-class government operations. That is what
06 we have done here.

07 The importance of any organization working at
08 its best is heightened when you tie it to the
09 mission of government. Collecting \$1,000,000,000
10 through this program is more than a number on a
11 spreadsheet. It enables the ability to retire debt
12 and invest in more or new services to make
13 Californians' lives better. The work we do has a
14 real and personal impact for millions of citizens,
15 and it's this that I think has really been the
16 powerful motivator for guiding the way we have
17 worked together on this large, complex project.

18 It is now central to running and transforming
19 organizations, which means the ability to implement
20 large, complex projects is critical. You have a
21 sophisticated, top-notch IT team here in California,
22 and we are proud to be a partner. In the case of
23 EDR, you said to bring legislation to life through
24 policy, systems implementation and a holistic
25 transformation program. It is an understatement to

0039

01 say that projects like this are hard.

02 Being successful requires a deeper level of
03 constructive, collaborative teamwork and strong
04 sponsorship to take on the big challenges, focus on
05 the most impactful efforts and lead the team to
06 deliver meaningful outcomes. Each project team
07 member played a role in hitting that \$1,000,000,000
08 milestone, the meaningful outcome in this project.
09 An achievement in and of itself. Meeting that
10 milestone almost ten months earlier than originally
11 expected, that is nothing short of grand slam. So I
12 say congratulations to all.

13 I want to take a minute, though, to recognize
14 a few key individuals on the collective team.
15 First, thank you to the Board. Your active support
16 of this ambitious project was and continues to be,
17 can't go away, highly, highly valued.

18 Selvi, thank you for your trust and
19 partnership. Your personnel involvement and
20 transparent, and at times, very direct leadership
21 style has been instrumental and mostly appreciated.

22 We would not be here without the exceptional
23 efforts of your team. Especially Cathy Cleek, one
24 exceptional CIO. Kem Musgrove, Marlene White, all
25 of the project sponsors who provide great support

0040

01 for the project and, of course, all of the dedicated
02 project members who worked tirelessly every single
03 day.

04 Last, and certainly not least, thank you to
05 the members of CGI team. You represent the best of
06 CGI through your commitment, expertise and passion
07 for taking on and delivering, important part
08 delivering, big bold projects. And that is what
09 this project was. I am proud to represent you here
10 today. And I want to particularly thank our
11 leadership team: Dave Delgado, Cheryl Hotaling,
12 Greg Hussey, Lee Bennett and, of course, Gerri
13 Magers.

14 I would like everybody to join me at the
15 center stage, everybody here and the CGI leadership
16 team to join me here on stage to have a little
17 commemoration of this exciting milestone. We have
18 mementos for each of the team members that will be
19 coming and will be distributed by Chair and Selvi.
20 So here is the billion dollars in returns.

21 (Picture taking opportunity.)

22 MEMBER MANDEL: Thank you, I always smile
23 over EDR. I think EDR -- you guys have heard this
24 story before when we did the kickoff and then later
25 Selvi or somebody said that I was wearing a smile

0041

01 bigger than my face 'cause I had been hearing about
02 EDR for so many a years. I think the very first
03 time before 2009 when we heard about it, I think
04 it's been the Controller's entire term as
05 controller. We first started hearing of the concept
06 of how all the data that FTB had was in silos and
07 our little systems couldn't talk to each other.
08 Gee, if we do this we will have so many more
09 taxpayer beneficial items that we can do, like grant
10 FTB accountant. Every time I heard something else
11 about it, it kind of got more and more exciting.

12 I know Carlos has his three things. But we
13 always say on time, within budget and exceeding
14 expectations. It's been a great project and
15 continuing to be a great project. So I'm just
16 always excited about EDR, and it is an acronym that
17 I will use. When the Controller says to me: What
18 does it stand for? I still will say EDR. He knows
19 what it stands for. He's just giving me my own
20 hassling about acronyms.

21 Thank you, Selvi. Anything else on your time?

22 MS. STANISLAUS: No.

23 CHAIR MANDEL: Now we are on Board Members'
24 time, Item 68, Members opportunity to raise other
25 matters of interest. This is not an action item, as

0042

01 you all know. I actually have several things. I
02 need Tom McPherson. Is he in? Come on. Give him a
03 round of applause.

04 Tom is kind of private and maybe a shy guy.
05 So, you know, just like there's an invisible rope,
06 we'll pull him to the spot on the stage. He came up
07 here. You're from down South. He came up here from
08 down South, right? I know he has a lot of staff,
09 probably some staff in the audience and his FTB
10 family down South. I'm sure they're watching the
11 webcast. You might think they're out, but I don't
12 think so.

13 So anyway, if you don't know, you're going to
14 hear about him now. Tom McPherson is Chief of the
15 Criminal Investigations Bureau of the FTB, and he
16 decided to retire. That is why we are doing this
17 little shindig for him. I'm going to read what it
18 says on this lovely plaque so you can learn a little
19 bit about:

20 Mr. Tom McPherson who faithfully served
21 the people of the State of California
22 for the past 29 years, most recently as
23 Chief of the Criminal Investigations
24 Bureau; and
25 Whereas, Mr. McPherson began his

0043

01 career as a Board of Equalization tax
02 auditor where, much like millionaire
03 Bruce Wayne, hid his identity - auditor
04 by day, junior crime-fighter by night;
05 and
06 Whereas, Mr. McPherson upon
07 transferring to FTB leveraged his
08 boyish charm, dry sense of humor and
09 reputation as a man of few words to
10 promote to Chief of Investigations; and
11 Whereas, Mr. McPherson used his fierce
12 loyalty to his staff to institute
13 tactical operational changes elevating
14 the bureau into a top-notch police
15 force recognized for its
16 professionalism and ability to get the
17 job done; and
18 Whereas, San Diego District Attorney
19 Bonnie Dumanis said, "The FTB with
20 Chief McPherson is a valued partner in
21 our joint pursuit of justice. On
22 behalf of the entire team, we
23 congratulate Tom and wish him all the
24 best in retirement;" and
25 Whereas, Orange County District

0044

01 Attorney Tony Rackauckus said, "On
02 behalf of my office I will thank Chief
03 McPherson for his dedication and years
04 of service. I am proud of the cases
05 our offices collaborated on. Although
06 the law enforcement community will miss
07 him, we are also happy for him to enjoy
08 the next phase of his life;" and
09 Whereas, Mr. McPherson's retirement
10 plans involve resting on a Puerto Rican
11 Beach, working on his tan and improving
12 his golf game; (Reading)

13 You are from the south.

14 Now, therefore, let it be resolved,
15 this First Day of July 2014, by the
16 Franchise Tax Board we thank Chief
17 McPherson for his nearly three decades
18 of public service to the Franchise Tax
19 Board, California District Attorneys,
20 and most importantly the people of the
21 State of California, and with tongue
22 tucked firmly in cheek, permit him to
23 assume his singular identity as Tom
24 McPherson, retiree. (Reading)

25 He says thank you very much.

0045

01 And I have just a surfeit of these. I have one
02 for Susan Borgman, Susan Borgman. Where is Susan?
03 As Susan is coming up to her mark, I'm going to say
04 this. Susan has eight friends and family members
05 present in the audience. And you're somewhere here.
06 Where are you all? There they are. They're all
07 over there. What I'm going to do is let -- Susan
08 will probably say a few words now that I've said
09 that. I'm going to let her do any introductions
10 because for me it's always like seven wars. You
11 give me a list of names, I'm bound to forget one.
12 I'm just going to let the person who really knows
13 who's sitting out there either do it or chicken out.
14 You can do the introductions when it's time.

15 So Susan, as you know, is the Director of
16 Procurement and Asset Management Bureau here at FTB.
17 My favorite part of the Board meeting.

18 Her resolution -- I have not taken any pain
19 medication. I don't know why I'm so silly. This
20 is ridiculous.

21 Susan Borgman has faithfully served the
22 people of the State of California for
23 the past 39 years, most recently as
24 Director of Finance and Executive
25 Services Procurement Bureau; and

0046

01 Whereas, Ms. Borgman's career began in
02 1975, the same year we laughed at
03 Archie Bunker's antics in All in the
04 Family, agonized over familiar drama
05 Rich Man, Poor Man, saw Gerald Ford in
06 the White House, and vowed to never
07 ever again enter the water after
08 watching Jaws; and
09 Whereas, Ms. Borgman is known for
10 accomplishing any task, big or small,
11 with the utmost professionalism; and
12 Whereas, Ms. Borgman, during her long
13 career, did I mention it was 39 years,
14 has always been most notably known by
15 her motto of "git'er done;" long before
16 Larry the Cable Guy made it cool; and
17 Whereas, Ms. Borgman got it done through
18 a stellar work ethic that never asked
19 her staff to go the extra mile if she
20 wasn't leading by example; and
21 Whereas, Ms. Borgman was the embodiment
22 of our mission and values, an
23 inspiration to those who had the good
24 fortune to work for her, and a great
25 mentor to her staff who loved having

0047

01 her as a manager; and
02 Whereas, Ms. Borgman now faces the
03 biggest taxing challenge of her career
04 juggling three roles -- grandmother,
05 grandson's babysitter and foodie
06 extraordinaire as she travels America's
07 highways and byways with her husband
08 and new travel trailer in tow;
09 Now, therefore, it's resolved by the
10 Franchise Tax Board, we thank Susan
11 Borgman on the occasion of her
12 retirement, for her professional and
13 personal dedication to the Franchise
14 Tax Board, and most importantly to the
15 State of California. (Reading)

16 Let's hear it for Susan.

17 MS. BORGMAN: This is not my favorite thing
18 to do, but I thought I should say a few words after
19 39 years. Maybe not.

20 This is a department of opportunities. And the
21 Franchise Tax Board certainly gave me the
22 opportunity. Starting at 17 years of age, I was
23 right out of high school. A brave manager in the
24 exam section in the pipeline offered me a job here.
25 I had to work as a timekeeper in the pipeline, and I

0048

01 had no idea, no clue as to what that really meant.
02 I came to work at the Aerojet facility, and I was in
03 a warehouse. This big warehouse with colorful
04 desks, all little, small, iron desks, various
05 colors. This is different. This doesn't look like
06 an office to me. But I was so excited. Got my
07 first electric typewriter. Didn't have correction
08 tape, but I was excited. This is 1975. Nobody had
09 a computer. I don't think personal computers were
10 even invented yet. Maybe the CST people can help me
11 on that.

12 Many years later I thought -- I was really
13 saddled when I was able to share a personal computer
14 with floppy disks with other people in legal. Now
15 nobody can function without a personal computer and
16 iPhone or the Internet, of course. I've sure seen
17 the Department grow over the years. Few thousand
18 people when a started, and now 6,000. We moved from
19 Aerojet to here, one building we thought we'd never
20 outgrow, but we did. Now we have this four building
21 campus. Takes ten minutes to work to a meeting.
22 Also in Los Angeles or San Francisco. But try to
23 make it on time.

24 I was very fortunate to work with many, many
25 great leaders in this Department who had the vision

0049

01 to keep us all together, to see us grow technology
02 and environment. It's a great place to work. I had
03 many mentors who helped me through my career. And I
04 think the message that paid off. I started in '75.
05 I don't even know what the minimum wage was. But I
06 made \$700 a month as an office tech level at that
07 time. And now after progressing through my career
08 through management and now as a CEA, I think I've
09 joined the opportunity with the Franchise Tax Board
10 and made me a little stamp to be my successor.

11 Most of all, I was given the opportunity to
12 work with countless talented people. And it's been
13 my pleasure working with them, especially my staff.
14 They are dedicated staff from legal. And it was my
15 honor to get to know you and work with you, and call
16 you my friends.

17 This is the fun part. I get to introduce my
18 family. My Husband Gary. And I'm also pleased, my
19 mother and father are here, Bob and Marilyn. And my
20 sister, Debbie, who also works here in the
21 technology division. And our children were supposed
22 to here but my daughter just gave birth to our
23 grandson four days ago.

24 MEMBER MANDEL: Thank you, Susan.

25 Lisa Garrison.

0050

01 MS. GARRISON: First time I get to be
02 on this side of the table.

03 MEMBER MANDEL: Sean, you're here. Lisa's
04 son Sean is here today. You know:

05 Lisa, she's faithfully served the
06 people of the State of California for
07 37 years. Most recently she has been
08 Chief of our Finance and Executive
09 Services Division here at the Franchise
10 Tax Board. She began her career right
11 out of college as a tax auditor in
12 1980. The same year Blondie lamented,
13 "Call me," and Han Solo's carbonite
14 body shockingly concluded, "The Empire
15 Strikes Back;" and (Reading)

16 For those of you who haven't seen it yet,
17 sorry for the spoiler.

18 Lisa steadily rose through the ranks,
19 holding a variety of audit positions
20 before moving to management where she
21 held specialist positions in the Audit
22 Division, Legal Settlement Bureau and
23 Financial Management Bureau.

24 Lisa abandoned her technical career
25 path for a management career path to

0051

01 covet prime real estate, an eight and a
02 half foot wide parking space; and
03 Lisa, due to testify before the Revenue
04 and Taxation Committee the next morning
05 on VCI, spent an agonizing evening
06 anxiously awaiting VCI totals, as call
07 after call of "We got another \$50,000"
08 came in. And then she glowing
09 testified, "1,000,000,000 and still
10 counting;" and
11 Whereas, Ms. Garrison's fondest memory
12 of FTB is its people and how, disparate
13 though we are, we come together and
14 achieve great things through heroic
15 efforts, whether it is VCI, overcoming
16 website crashes or struggling to
17 implement new legislation, FTB staff
18 make it work and make it work right
19 every time; and
20 Whereas, Ms. Garrison exchanges her
21 life from Legislative hearings, budget
22 drills and consensus driven meetings to
23 a lady of leisure who trains and shows
24 --
25 If I had to say this part I would cry.

0052

01 I want to go with you.
02 -- trains and shows her beloved Arabian
03 horses in the sprawling hills of New
04 Castle.
05 (Reading)
06 I'm coming. Clearly there is an issue here.
07 Now, therefore, let it be resolved
08 today the Franchise Tax Board
09 recognizes Ms. Lisa Garrison on the
10 occasion of her retirement for her
11 professional and personal dedication to
12 the FTB, and most importantly, to the
13 people of the State of California.
14 (Reading)

15 Thank you, Lisa.

16 MS. GARRISON: Thank you. Well, I told
17 Marcy that anytime I could always make room for her.
18 Someone else to help clean the barn.

19 MEMBER MANDEL: I can still yield a
20 pitchfork at this point.

21 MS. GARRISON: I want to thank all of you.
22 It has been a very long ride. It was interesting
23 when Marcy was talking. I was remembering the first
24 time Sean came to FTB. He was a year old and Gerry
25 Goldberg was holding him. And Sean had in his hand

0053

01 a packet of mustard, and I lived in fear that the
02 packet of mustard was going to break open and cover
03 the tie of the Executive Officer of the Franchise
04 Tax Board.

05 But I told that story because that describes
06 the family. Gerry was the Executive Officer at the
07 Franchise Tax Board who was more concerned about the
08 family and my one-year-old son than any old silk
09 tie. I think that really sort of illustrates.

10 So thank you all to my friends and family who
11 are here. I've spent a great life for 34 years with
12 many of these Members. As I told many of you, it
13 was always easy to go downtown and talk about FTB
14 because there is so much good things to talk about.
15 And you are the source of those good things.

16 Thank you for the ride.

17 CHAIR MANDEL: You don't have anything.

18 MEMBER HORTON: No. I was watching them
19 cry and I got touched a little bit. Just kidding.

20 To all of you retirees. You are the champions
21 of this organization. You exemplify what this
22 organization is all about. A lot of people sort of
23 travel this great state. They see the Franchise Tax
24 Board as an organism that they like or dislike. But
25 we see it as a huge family, where people grow and

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01 learn about each other and develop those
02 relationships, and you make an indelible mark on
03 this organization that will last forever, that is
04 reflected in people that you leave behind, the
05 leaders that you created.

06 They say that it takes a good leader to create
07 good leaders, and each of you have done that. For
08 that, we commend you and so thankful for the work
09 that you've done and changes that you've made of
10 this organization and improvements that you've made
11 and look forward to joining you.

12 MEMBER MANDEL: Thank you.

13 At this time the Board is going into closed
14 session to discuss pending litigation and personnel
15 matters.

16 Ladies and gentlemen, we're going to hold the
17 closed session in this room because of moi.

18 (Board in closed session.)

19 MEMBER MANDEL: The Board met in closed
20 session and discussed pending litigation and
21 personnel matters. We are adjourned.

22 (Public Meeting concluded at 4:00 p.m.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, ESTHER F. SCHWARTZ, certify that I was the official Court Reporter for the proceedings named herein, and that as such reporter, I reported in verbatim shorthand writing those proceedings;

That I thereafter caused my shorthand writing to be reduced to printed format, and the pages numbered 3 through 54 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 7th day of July, 2014.

ESTHER F. SCHWARTZ
CSR NO. 1564