

Wednesday, February 22, 2017

The Board met at its offices at 5901 Green Valley Circle, Culver City, at 9:04 a.m., with Ms. Ma, Chairwoman, Ms. Harkey, Vice Chair and Mr. Horton present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Sergeant Authurine “Bunny” Clay, Army National Guard and Tax Technician, Field Operations Department, Culver City District Office.

ADMINISTRATIVE SESSION

OTHER ADMINISTRATIVE MATTERS

Executive Director’s Report

Mark Durham, Chief, Research and Statistics Section, Legislative and Research Division, presented staff’s recommendation for the fiscal year 2017-18 excise tax rate setting for motor vehicle fuel and diesel fuel (fuel tax swap) ([Exhibit 2.1](#)).

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers voting yes, Mr. Runner absent, the Board set the excise tax rate for the period of July 1, 2017 through June 30, 2018 on: motor vehicle fuel at \$0.297 per gallon; and, diesel fuel at \$0.16 per gallon, as recommended by staff.

Exhibits to these minutes are incorporated by reference.

Mark Durham, Chief, Research and Statistics Section, Legislative and Research Division, presented staff’s recommendation for setting the fiscal year 2017-18 diesel fuel tax rate for interstate users component b ([Exhibit 2.2](#)).

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers voting yes, Mr. Runner absent, the Board adopted a diesel fuel tax rate for interstate users component b of \$0.21 per gallon for fiscal year 2017-18 as recommended by staff.

Mark Durham, Chief, Research and Statistics Section, Legislative and Research Division, presented staff’s recommendation for the prepayment rate for sales tax on motor vehicle fuel, diesel fuel and jet fuel distributions for the period July 1, 2017 through June 30, 2018 ([Exhibit 2.3](#)).

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers voting yes, Mr. Runner absent, the Board set the prepayment rate of sales tax on motor vehicle fuel, diesel fuel and jet fuel distributions, for the period July 1, 2017 through June 30, 2018 at \$0.05 per gallon, \$0.18 per gallon, and \$0.085 per gallon, respectively, as recommended by staff.

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CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

The Sherwin-Williams Company, 785285
2003, \$308,532.00 Assessment, \$61,706.00 Penalty
2004, \$307,177.00 Assessment, \$61,438.00 Penalty

For Appellant: Michael T. Cummins, Taxpayer
Linda E. Carlisle, Attorney
For Franchise Tax Board: Ian Foster, Tax Counsel
Michael Cornez, Tax Counsel

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

Issues: Whether appellant's use of a special class of stock with a built-in conversion formula to fund an Employee Stock Ownership Plan had economic substance and/or a nontax business purpose.

Whether the Noneconomic Substance Transaction (NEST) penalty was properly imposed.

Appellant's Exhibit: Miscellaneous Exhibits ([Exhibit 2.4](#))

Respondent's Exhibit: Miscellaneous Exhibits ([Exhibit 2.5](#))

Member's Exhibit: Ms. Harkey's Graph of Stock Price History ([Exhibit 2.6](#))

Action: Ms. Harkey moved to reverse the action of the Franchise tax Board. The motion failed for lack of second.

Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers voting yes, Mr. Runner absent, the Board ordered that the hearing be continued to a later date, granting the appellant 30 days to submit supporting documents, the Franchise Tax Board 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

The Board recessed at 11:31 a.m. and reconvened at 11:42 a.m. with Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers present.

David K. Rippey, 922990
2007, \$189,123.00 Assessment

For Appellant: David K. Rippey, Taxpayer
For Franchise Tax Board: David Hunter, Tax Counsel
Adam Susz, Tax Counsel

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

Issue: Whether appellant is entitled to claim a nonbusiness bad debt deduction for 2007.

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers voting yes, Mr. Runner absent, the Board sustained the action of the Franchise Tax Board and directed the Franchise Tax Board to assist the taxpayer with the statute of limitations waiver and with filing an amended return to move the agreed-upon loss to the 2012 year.

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Craig Wheeler and Dani Wheeler, 852861

2005, \$316,416.00 Assessment

For Appellants:

Craig Wheeler, Taxpayer

Cris John Wenthur, Attorney

For Franchise Tax Board:

David Gemmingen, Tax Counsel

Michael Cornez, Tax Counsel

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

Issues: Whether appellants have shown that expenses related to flights in November and December are deductible Schedule C business expenses rather than nondeductible personal expenses.

Whether Sea-Ya's air charter-related activity is a passive activity under Internal Revenue Code (IRC) section 469.

Appellant's Exhibit: Flight Records ([Exhibit 2.7](#))

Respondent's Exhibit: Miscellaneous Documents ([Exhibit 2.8](#))

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

The Board recessed at 1:09 p.m. and reconvened at 1:52 p.m. with Ms. Ma, Ms. Harkey, Mr. Horton and Ms. Stowers present.

Randall S. Kaplan and Madison Kaplan, 937049

2014, \$5,941.59 Claim for Refund

For Appellants:

Randall S. Kaplan, Taxpayer

Howard Avery, Representative

For Franchise Tax Board:

Michael Laisne, Tax Counsel

Marguerite Mosnier, Tax Counsel

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

Issue: Whether appellants have established reasonable cause, and the lack of willful neglect, for failing to timely pay the tax due with their 2014 return.

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

FINAL ACTION ON CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS HELD FEBRUARY 22, 2017

Charles K. Lwanga, 935862

2013, \$205.00 Tax, \$135.00 Late Filing Penalty, \$52.75 Demand Penalty, \$76.00 Filing Enforcement Fee

For Appellant:

Waived Appearance

For Franchise Tax Board:

Andrew Amara, Tax Counsel

Cynthia Kent, Tax Counsel

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

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Issues: Whether appellant has established error in the proposed assessment of additional tax.

Whether appellant has shown reasonable cause for the late filing of his return.
Whether appellant has shown that the filing enforcement fee was improperly imposed.

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board sustained the action of the Franchise Tax Board.¹

Roderick A. Harmon and Diana K. Harmon, 841164
2008, \$2,312.00 Tax, \$462.40 Accuracy-Related Penalty
2010, \$110.00 Tax, \$00.00 Penalty

For Appellants: Waived Appearance
For Franchise Tax Board: Brian Werking, Tax Counsel
Cynthia Kent, Tax Counsel

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

Issue: Whether appellants have established error in the proposed assessments of additional tax for 2008 and/or 2010.

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

Cesar Z. Lugo, 790947
2007, \$9,385.00 Tax, \$1,877.00 Accuracy-Related Penalty

For Appellant: Waived Appearance
For Franchise Tax Board: Andy Amara, Tax Counsel
Marguerite Mosnier, Tax Counsel

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

Issues: Whether appellant has established error in respondent Franchise Tax Board's (respondent or FTB) proposed assessment, which is based on a federal determination.

Whether appellant has demonstrated that the accuracy-related penalty should be abated.

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

Charles K. Lwanga, 935862 (Continued)

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board rescinded its prior vote.

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

¹ The Board rescinded this action later in the day.

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The Board recessed at 3:01 p.m. and reconvened at 3:26 p.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

PUBLIC HEARINGS

Proposed Adoption of Cigarette and Tobacco Products Tax Regulation 4001, *Retail Stock*

Pamela Mash, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the proposed adoption of a new regulation defining the term “retail stock” and explaining the presumption of distribution ([Exhibit 2.9](#)).

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

Action: Upon motion of Mr. Horton, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board adopted the new Regulation 4001, *Retail Stock*, as published.

Property Taxes - State Assesseees’ Presentations on Capitalization Rates and Other Factors Affecting Values

Richard Reisinger, Chief, State-Assessed Properties Division, Property Tax Department, made introductory remarks regarding 1) state assesseees’ presentations on capitalization rates and other factors and procedures affecting fiscal year 2017-18 property values of California public utilities, railroads, and pipelines; and, 2) private railroad car assesseees’ presentations on factors and procedures affecting fiscal year 2017-18 taxable values of private railroad cars.

Speaker: Peter Michaels, Law Office of Peter Michaels

LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matter: *Eat This, Inc.*, 572082.

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

Morgan Tire of Sacramento, Inc., 611761, 732515 (KH)

07/01/08 to 06/30/09, \$8,390.91 Tax

07/01/09 to 06/30/11, \$20,436.53 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

Tonya Nguyen, 612685 (GH)

04/01/08 to 03/31/11, \$83,163.25 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

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Jose Francisco Limon Ramos and Maria Ramos Barajas, 675563 (CH)
04/01/09 to 03/31/12, \$9,995.87 Tax, \$00.00 Penalty
Action: Redetermine as recommended by the Appeals Division.

The Coffee Table, Inc., 780472 (AC)
07/01/10 to 06/30/13, \$00.00 Tax, \$28,100.93 Negligence Penalty
Action: Redetermine as recommended by the Appeals Division.

Eat This, Inc., 572082 (AS)
07/01/07 to 06/30/10, \$29,214.85 Tax, \$2,921.48 Negligence Penalty
Action: The Board took no action.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

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

Nasser Azimi and Darlene Azimi, 932229
2009, \$18,541.00 Tax, \$3,708.20 Accuracy-Related Penalty
Action: Sustain the action of the Franchise Tax Board.

Meenakshi Ahuja and Rajiv Ahuja, 918155
2011, \$32,439.68 Claim for Refund
Action: Sustain the action of the Franchise Tax Board.

Rebecca Castro and Humberto Castro, 919196
2009, \$303.04 Claim for Refund
Action: Sustain the action of the Franchise Tax Board.

Rodolfo R. Garcia, 792059
2009, \$1,501.00 Claim for Refund
2011, \$555.00 Claim for Refund
Action: Sustain the action of the Franchise Tax Board.

Edgar Herrera, 924934
2012, \$836.00 Tax, \$209.00 Late Filing Penalty
Action: Sustain the action of the Franchise Tax Board.

Tamara N. Lev-Alcott, 924961
2010, \$216.00 Tax
Action: Sustain the action of the Franchise Tax Board.

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Guadalupe Lopez, 930790

2012, \$644.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Bradford G. Murray and Lynn M. Jurich, 918638

2014, \$3,592.85 Tax

Action: Sustain the action of the Franchise Tax Board.

Gary L. Sutter and Vera Sutter, 922962

2012, \$322,971.00 Claim for Refund

Joel Axelrod and Judy Yin Shih, 923395

2012, \$271,872.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

LEGAL APPEALS MATTER, ADJUDICATORY

Larry John McCallum, 798989 (FH)

04/01/10 to 03/31/13, \$40,045.28 Tax

Considered by the Board: September 28, 2016

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

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the petition for rehearing be denied.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Andrew Russell and Lorena Russell, 852228

2009, \$1,500.00 Tax

2010, \$1,223.00 Tax

Considered by the Board: September 27, 2016

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

Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the petition for rehearing be denied.

LEGAL APPEALS PROPERTY TAXES MATTERS, ADJUDICATORY

La Paloma Generating Company, LLC (1112), 961716

2016, \$168,800,000.00 Unitary Value

Considered by the Board: December 14, 2016, Summary Decision (Rev. & Tax. Code, § 40)

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

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and duly carried, Ms. Ma, Ms. Harkey and Mr. Runner voting yes, Mr. Horton voting no, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the written summary decision as amended.

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Verizon California, Inc. (201), 962203

2016, \$2,611,300,000.00 Unitary Value

Considered by the Board: December 14, 2016, Summary Decision (Rev. & Tax. Code, § 40)

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

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the written summary decision as presented by staff.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Mr. Horton, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved the Offer in Compromise Recommendations of *Harry Dean Bettcher; MC2 Wines, Inc., Michael Frank Conti; Diplomat Fashions, Inc.; Ellen Step, Inc., June Step, Inc., Young Jin Seo, Hee Seon Seo; Marjorie H. Ezell; Fred Hawara; J.H. Royal Enterprises, Inc., Jalil M. Haddad; Petkus Brothers, Inc., Victor T. Petkus, Deborah Alene Petkus; and, Simply Discount Furniture, Inc.*; as recommended by staff.

ADMINISTRATIVE SESSION

ADMINISTRATIVE MATTERS, CONSENT

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

Action: Adopt the following resolution, extending its sincere and grateful appreciation to the retiree for her dedicated service to the State Board of Equalization and to the State of California, their congratulations on the retiree's well-earned retirement, and best wishes to her and her family for continued success, happiness and good health in the years to come ([Exhibit 2.10](#)).

Raelene J. Mezzanares, Tax Technician III, Field Operations Department, Out-Of-State Sacramento Office

Action: Approve the Board Meeting Minutes of January 24-26, 2017.

Action: Approve proposed revisions to Audit Manual chapters: 2, 4, 5, 9, and 14, and Compliance Policy and Procedures Manual chapters 2, 3, and 7 as recommended by staff ([Exhibit 2.11](#)).

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ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS**Legislative Committee**

Action: The Board deferred the matter to February 23, 2017 Board Meeting.

Customer Service and Administrative Efficiency Committee – 1/25/17

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved the Customer Services and Administrative Efficiency Committee report and the actions therein as reflected by the committee members' votes ([Exhibit 2.12](#)).

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

Todd Gilman, Chief, Taxpayers' Rights and Equal Employment Opportunity Office, presented the annual report highlighting Taxpayers' Rights Advocate Office accomplishments, involvement in projects, current issues, and examples of cases illustrating services provided in 2015-16 ([Exhibit 2.13](#)).

Scott Capulong, Acting Chief Information Officer, Technology Services Department, provided a report regarding the progress on the CROS project to replace BOE's two current legacy technology tax administration systems.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 3:54 p.m. and reconvened immediately in closed session with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

CLOSED SESSION

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

The Board recessed at 4:12 p.m. and reconvened immediately in open session with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

The Board recessed at 4:13 p.m.

The foregoing minutes are adopted by the Board on March 28, 2017.

Note: The following matters were removed from the calendar prior to the meeting: *Richard R. Betchley and Kellie S. Brunk, 874758; Jeffrey Moffatt and Staretta Moffatt, 878764; Craig Fanning, 844552; Ruby P. Baylin, 905708; Bazaar Market, Inc., 595631; and, Yerem Khachatryan, 680999.*

Thursday, February 23, 2017

The Board met at its offices at 5901 Green Valley Circle, Culver City, at 9:02 a.m., with Ms. Ma, Chairwoman, Ms. Harkey, Vice Chair, Mr. Runner and Mr. Horton present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARINGS

Ron Austin, 729239 (EH)

01/01/09 to 06/30/12, \$10,410.26 Tax

For Petitioner:

Ron Austin, Taxpayer

For Business Tax and Fee Department:

Scott Lambert, Hearing Representative

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

Issue: Whether any additional adjustments to the amount of unreported taxable sales are warranted.

Action: Upon motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the hearing be continued to a later date, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

Suri Investments, Inc., 689145 (AA)

01/01/09 to 06/30/11, \$20,423.03 Tax, \$00.00 Penalty

For Petitioner:

Parminder Singh, Taxpayer

Roy McGarrell, Representative

For Business Tax and Fee Department:

Scott Lambert, Hearing Representative

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

Issue: Whether any further adjustments to the amount of unreported taxable sales are warranted.

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division. The Board directed staff to inform the taxpayer of the Offer in Compromise program.

Isaac Peter Gharibeh, 469663 (AS)

10/01/04 to 03/09/08, \$196,575.01 Tax, \$00.00 Penalty

For Petitioner:

George M. Issa, Representative

For Business Tax and Fee Department:

Scott Lambert, Hearing Representative

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

Issue: Whether any additional adjustments to the amount of unreported taxable sales are warranted.

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the hearing be continued to a later date, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

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ADMINISTRATIVE SESSION**ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS****Legislative Committee**

Action: Upon motion of Mr. Runner, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved the Legislative Committee report and the actions therein as reflected by the committee members' votes ([Exhibit 2.14](#)).

Exhibits to these minutes are incorporated by reference.

ORGANIZATION OF THE BOARD

Ms. Ma stated for the record the vote from the 2016 Organization of the Board discussions.

Action: Upon motion of Ms. Ma, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board elected Ms. Harkey as Chair and Mr. Runner as Vice Chair effective immediately.

Board Members made complimentary remarks.

The Board adjourned at 10:42 a.m.

The foregoing minutes are adopted by the Board on March 28, 2017.

Note: The following matters were removed from the calendar prior to the meeting: *Stoney's Sand and Gravel, LLC, 715349; Rashad Sons, Inc., 739287; Yeshitila Wuhib, 728749; East Coast Foods, Inc., 613237, 613238; Corn Maiden Foods, Inc., 734210; and, James Eugene Goldstein, 442332.*