

Wednesday, March 27, 2019

The Board met at its offices at 450 N Street, Sacramento, at 10:04 a.m., with Ms. Cohen, Chair, Mr. Vazquez, Vice Chair, Mr. Gaines and Mr. Schaefer 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 Ms. Cohen.

Mr. Schaefer congratulated Gabrielle Magana, Office Administrator, on her promotion to work in the Attorney General's Communications Office.

Ms. Cohen congratulated Iowayna Pena, Assistant to Board Member, on her promotion to work in San Francisco Mayor London Breed's Economic and Workforce Development Office.

PUBLIC COMMENT

Ms. Cohen announced that every member of the public will be allowed two minutes to comment on any matter that is on the agenda and that is not on the agenda, in order to incorporate the public's comments and feedback.

BOARD MEMBER REQUESTED MATTERS

Women's History Month Resolution (Ms. Cohen)

Ms. Cohen made introductory remarks and presented a resolution to women leaders at the Board of Equalization in recognition of Women's History Month ([Exhibit 3.1](#)).

Ms. Cohen provided a history of women who served on the Board as Members and as Acting Members. Members made many complimentary remarks and provided their individual thanks to women leaders of BOE, and in their offices, as well as in their personal lives.

Exhibits to these minutes are incorporated by reference.

CHIEF COUNSEL MATTERS

OTHER CHIEF COUNSEL MATTERS

Regulatory Process and status of current BOE Regulations

Henry D. Nanjo, Chief Counsel, and Richard Moon, Tax Counsel IV, Legal Department, provided a report on the regulatory process and the status of current regulations, including the need for updating both the Property Tax Law Guide and other regulations of BOE. This report included a discussion of the roles and responsibilities of the Board, Board staff, and County Assessors.

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ADMINISTRATIVE SESSION**OTHER ADMINISTRATIVE MATTERS****Chief Counsel's Report**

Henry D. Nanjo, Chief Counsel, discussed staffing needs of BOE Legal Division.

OTHER TAX PROGRAM NONAPPEARANCE MATTERS—NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**PROPERTY TAX MATTERS****Audits**

Mike Harris, Acting Chief, State-Assessed Properties Division, Property Tax Department, provided an overview of the State-Assessed Property Tax Audit Program ([Exhibit 3.2](#)).

DATC Path 15, LLC (0156)

2015 to 2018, \$2,600,000.00 Excessive Assessment, \$240,000.00 Penalties, \$468,000.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

California Gas Gathering, Inc. (0478)

2015 to 2018, \$213,500.00 Escaped Assessment, \$21,350.00 Penalties, \$41,511.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Pacific Pipeline System, LLC (0486)

2017, \$12,200,000.00 Escaped Assessment

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Smart City Networks LP (2099)

2016 to 2018, \$790,000.00 Escaped Assessment, \$108,000.00 Penalties, \$78,300.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

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Edison Carrier Solutions (7997)

2015 to 2018, \$2,100,000.00 Escaped Assessment, \$1,635,000.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Birch Communications, Inc. (8049)

2017 to 2018, \$1,100,000.00 Excessive Assessment, \$6,000.00 Penalties, \$3,600.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Conterra Ultra Broadband LLC (8089)

2017 to 2018, \$1,700,000.00 Excessive Assessment

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Webpass Telecommunications, LLC (8185)

2016 to 2018, \$911,000.00 Escaped Assessment, \$91,100.00 Penalties, \$93,810.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Network Billing Systems, LLC (8187)

2015 to 2018, \$1,050,000.00 Escaped Assessment, \$105,000.00 Penalties, \$284,760.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

LightSpeed Networks, Inc. (8188)

2016 to 2018, \$766,000.00 Escaped Assessment, \$76,600.00 Penalties, \$71,430.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

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Vesta Solutions, Inc. (fka Airbus DS Communications, Inc.) (8201)

2018, \$1,100,000.00 Escaped Assessment, \$110,000.00 Penalties, \$66,000.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Velocity The Greatest Phone Company Ever, Inc. (8204)

2017 to 2018, \$191,000.00 Escaped Assessment, \$19,100.00 Penalties, \$21,450.00 In-lieu Interest

Action: Upon motion of Ms. Cohen, seconded by Mr. Gaines and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines and Mr. Schaefer voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

ADMINISTRATIVE SESSION (CONTINUED)

ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Stowers, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Vazquez, Mr. Gaines, Mr. Schaefer and Ms. Stowers voting yes, the Board made the following orders:

Action: Approve the Board Meeting Minutes of February 26, 2019.

David Yeung, Chief, County-Assessed Properties Division, Property Tax Department, provided a report regarding the time extension for El Dorado, San Luis Obispo, and Trinity Counties to complete and submit the 2019 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155 ([Exhibit 3.3](#)).

OTHER ADMINISTRATIVE MATTERS

Executive Director's Report

Brenda Fleming, Executive Director, provided a report regarding the status of pending and upcoming organizational issues including: the BOE's office relocation; BOE's request to regain human resources delegation; and, request to increase BOE's procurement approval threshold.

The Board recessed at 12:02 p.m. and reconvened at 12:53 p.m. with Ms. Cohen, Mr. Vazquez, Mr. Gaines, Mr. Schaefer and Ms. Stowers present.

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Property Tax Deputy Director's Report

David Yeung, Chief, County-Assessed Properties Division, Property Tax Department, provided a report regarding the Assessors' Handbook, including its history and function, and a discussion of the roles and responsibilities of the Board, Board staff, and County Assessors ([Exhibit 3.4](#)).

David Yeung, Chief, County-Assessed Properties Division, Property Tax Department, provided a report regarding disaster relief available to taxpayers, and a discussion of the roles and responsibilities of the Board, Board staff, and County Assessors ([Exhibit 3.5](#)).

Legislative, Research & Statistics Division Chief's Report

Mark Durham, Chief, Legislative, Research & Statistics Division, provided an update on legislative bills impacting the BOE, both administrative and program related. He also provided an update on ACA 2 and AB 576; Joint Senate Committee's informational hearing; and an overview of the Governor's proposed budget for Fiscal Year 2019-2020.

BOARD MEMBER REQUESTED MATTERS (CONTINUED)**Overview of the former BOE Committee Structure and Proposed Committee Structure (Ms. Cohen)**

Ms. Cohen made introductory remarks and discussed her proposed committee structure.

Action: Ms. Cohen moved to create the following four committees: 1) Legislation Committee; 2) Property Tax Committee; 3) Strategic Planning Committee; and, 4) Customer Service Committee. The motion failed for lack of a second.

Mr. Vazquez moved to schedule a special meeting in May to have a public dialogue to determine whether there is a consensus on any priorities moving forward and to discuss the committee structure as it relates to the Board's priorities. The motion was seconded by Mr. Schaefer. Mr. Schaefer withdrew his second. The motion failed for lack of a second.

The Board discussed the desire to schedule 2-day meetings and to start the second day at 9:00 a.m. or 9:30 a.m.

The Board recessed at 2:57 p.m. and reconvened at 3:11 p.m. with Ms. Cohen, Mr. Vazquez, Mr. Gaines, Mr. Schaefer and Ms. Stowers present.

Action: Ms. Cohen moved to create the following four committees: 1) Legislation Committee; 2) Property Tax Committee; 3) Strategic Planning Committee; and, 4) Customer Service Committee. The motion was seconded by Mr. Schaefer. Ms. Cohen withdrew her motion.

The Board deferred the matter to the April meeting.

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Proposal to modify the Public Agenda Notice Template (Ms. Cohen)

Ms. Cohen made introductory remarks regarding the addition of a section to the Public Agenda Notice Template to allow public comment on items not on the agenda.

Action: Upon motion of Ms. Cohen, seconded by Ms. Stowers and unanimously carried, Ms. Cohen, Mr. Gaines, Mr. Schaefer and Ms. Stowers voting yes, Mr. Vazquez absent, the Board approved the proposed change to the Public Agenda Notice Template as presented by Ms. Cohen.

PUBLIC COMMENT

Mark Sutter, Senior Specialist Property Appraiser, Taxpayer Rights Advocates Office, read into the record written comments from Shawn Karl Mooney ([Exhibit 3.6](#)).

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 3:30 p.m. and reconvened immediately in closed session with Ms. Cohen, Mr. Gaines, Mr. Schaefer and Ms. Stowers present.

CLOSED SESSION

The Board met to discuss personnel matters (Gov. Code § 11126(a)(1)).

ANNOUNCEMENT OF OPEN SESSION

The Board reconvened at 3:33 p.m. in open session with Ms. Cohen, Mr. Gaines, Mr. Schaefer and Ms. Stowers present.

Ms. Cohen announced the Board's approval of the closed session minutes.

The Board adjourned at 3:34 p.m.

The foregoing minutes are adopted by the Board on April 30, 2019.