



MULTISTATE TAX COMMISSION

To: Executive Committee  
From: Gregory S. Matson  
Date: May 8, 2017  
Subject: Report of the Executive Director

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This report is a summary of the Commission's organizational and staff activities for the period July 1, 2016, through March 31, 2017 (unless otherwise noted).

### I. Programs & Activities

#### A. Joint Audit Program

The Audit Program has completed three income tax audits and parts of seven other income tax audits for the fiscal year 2017 through March 31, 2017. The Audit Program also has completed seven sales tax audits and parts of seven other sales tax audits for this same period. There are eighteen income and thirty-five sales tax audits in progress.

Through March 31, 2017, the Audit Program has proposed assessments of \$127,740,136 for the completed income tax audits and \$3,520,614 for the completed sales tax audits.

The following chart summarizes hourly data for completed audits through March 31 for fiscal year end June 30, 2017:

|                                | <b>Income &amp; Franchise</b> | <b>Sales &amp; Use</b> | <b>Total</b> |
|--------------------------------|-------------------------------|------------------------|--------------|
| <b>Total Audits</b>            | 3                             | 7                      | 10           |
| <b>Total States Audited</b>    | 58                            | 67                     | 125          |
| <b>Total Hours</b>             | 5,700                         | 10,850                 | 16,550       |
| <b>Average Hours per State</b> | 98                            | 162                    | 132          |

In October we added a new income tax auditor, Ali Pazand. Ali came to us highly recommended from the New Mexico Taxation and Revenue Department. We are very pleased that he has joined our team. During the interview process in hiring Ali, we felt that we had many qualified candidates. In taking advantage of this highly qualified applicant pool, we decided to hire another income tax auditor. Virginia (Kay) Mick joined the income tax audit program in January 2017. Kay comes to us from the state of West Virginia. Again, Kay comes highly recommended. Both Ali and Kay will report to Jeff Silver in the New York office.

The MTC held a Statistical Sampling for Sales and Use Tax Audits, September 19 - 22, 2016, in Wheat Ridge, Colorado. Bob Schauer was the instructor for this class. We also held a Computer Assisted Audit Techniques Using Excel class October 18-19, 2016, in Hoover, Alabama. Harold Jennings and L.D. Ridenour were the instructors for that class. There is a Statistical Sampling Class scheduled for May 16-19, 2017, in Sioux Falls, South Dakota. Bob Schauer will be the instructor for this class with onsite assistance from Samuel Moon. This class registration is full.

## **B. National Nexus Program**

### Multistate Voluntary Disclosure Program (MVDP)

This fiscal year results to date (July 1, 2016, through March 31, 2017) are very encouraging—so far on pace to equal or exceed the outstanding results for FY 2016. The average value of disclosure contracts to date has increased from last fiscal year, as well.

- Nexus states' collections: \$16,746,877 (\$22,317,942 in all FY 2016)
- Nexus states' executed contracts: 357 (488 in all FY 2016)
- Nexus states' average contract value: \$ 46,910 (FY 2016: \$46,747)

In addition, \$25,374 was collected for a non-member state, although voluntary disclosure applications for non-member states are no longer accepted. The above amounts include funds received by the Commission or paid by the taxpayer directly to the states and reported to the Commission. Interest on back tax paid and the value of a new taxpayer are not included.

### Strategic Planning

The Nexus Committee has completed the strategic planning project to improve the information on the Multistate Voluntary Disclosure Program (MVDP) website for clarity and ease of use. The Nexus Committee Work Group made several recommendations, which were approved at the Nexus Committee's July 25, 2016 meeting in Kansas City, Missouri. These included highlighting the visibility of the MVDP on the website with a sliding banner, substantial simplification and revisions to the application and instructions, the description of the National Nexus Program (NNP), and the standard agreement form, as well as elimination of duplicative information. The Work Group also recommended publishing the participating states' lookback periods on the NNP website. That issue was discussed further at the Nexus Committee meeting on December 13, 2016, in Houston, Texas. The Nexus Committee approved for publication on the NNP website the list of participating states' lookback periods at its February 21, 2017 meeting conducted by telephone, and the list was published shortly thereafter.

### Membership

There are currently thirty-eight participating states (including the District of Columbia) in the NNP, with Delaware having joined at the beginning of this fiscal year. Commission staff continues to reach out to non-members.

### Outreach

Richard Cram presented on sales tax basics for non-profits organizations and the MVDP to the Greater Washington Society of CPAs in Washington, D.C., on October 11, 2016. He also presented on income tax nexus developments and the MVDP at the New York State Society of CPAs New York State Taxation Conference in New York City on November 8, 2016. Richard gave presentations on tax nexus law developments and the MVDP on January 12, 2017, to the NYU SALT Group, on February 16, 2017, to the Cornell SALT Study Group in New York City, and on March 22, 2017, at the Prosper Show in Las Vegas, Nevada, where the audience consisted of Amazon FBA (fulfilment by Amazon) sellers. Richard participated on a panel discussing factor presence nexus at the ABA SALT Committee meeting in Orlando, Florida, on January 20, 2017. Richard also participated on a panel discussing 2017 state legislative proposals and litigation challenging *Quill* on March 21, 2017, in New Orleans, Louisiana, at the ABA/IPT Advanced Sales/Use Tax Seminar.

Staff continues to urge states to put a link to the NNP on their voluntary disclosure web pages.

### Nexus Schools

NNP staff co-taught a Nexus School in Montgomery, Alabama on November 30 and December 1, 2016. Please let a member of the Commission staff know if your state would like to host a school.

### Amnesties

The NNP posts on its web page a list of upcoming and current state tax amnesties. Please inform NNP staff if you would like the Commission to post your state's amnesty.

### Staffing

The NNP presently has three full-time staff members and one part-time staff member. The part-time staff member, a college student, works eight-to-sixteen hours per week, assisting with processing voluntary disclosure applications, as well as filing and data entry work.

### C. Legal Division

The legal division staffs two standing committees, uniformity and litigation, and provides support to the State Intercompany Transactions Advisory Service (SITAS) committee. The division also holds regular state tax attorney teleconferences; participates as speakers at conferences, symposiums and institutes; and assists in teaching the Commission's corporate income tax and nexus training courses. The division provides individual state support on request by filing amicus briefs in state and federal courts; consulting in litigation matters; and reviewing draft statutes, regulations, and legal briefs. It also provides legal support for the Commission's audit division, training division, and general administration, including analysis of federal legislation affecting state taxation.

The legal division completed its work on amendments to the Commission's general allocation and apportionment regulations while work continues on the Section 18 regulatory project, which included edits to the MTC's apportionment regulations, as directed by the Executive Committee in response to the hearing officer's report and public comments on the amendments to the general allocation and apportionment regulations. It has also begun work on new projects, as decided during the March 2017 Uniformity Committee meetings. The projects include a revival of the Colorado-type sales and use tax reporting model project; broadening the existing partnership project to consider provisions that would allow for entity-level tax; and a possible revision to the Commission's Model Statute for Collection and Remittance of Lodging Taxes by Accommodations Intermediaries. In addition, the legal division is implementing a new method of staffing uniformity groups, which includes maintaining drafters' notes to provide clarity and assistance to states that adopt the models.

The legal staff also has filed *amicus* briefs in support of member states.

#### Uniformity Work

The legal division has staffed the following uniformity projects:

- Partnership Information Project
- Art. IV, Section 18 Work Group
- Amendments to General Allocation and Apportionment Regulations (resulting from Section 1 and Section 17 Work Groups)
- Model Sales and Use Tax Notice and Reporting Statute (review)
- Model for Collection and Remittance of Lodging Taxes by Accommodations Intermediaries (possible update)

#### Litigation Committee Work

The legal division supported the litigation committee by organizing and making presentations at the in-person meeting in Kansas City, Missouri, in July 2016, and the in-person meeting in San Diego, California, in March of 2017. At those meeting, the division offered state attorney training sessions, which were well attended. At the San Diego meeting, the litigation committee approved a "charter" outlining committee policies and

procedures and created an *amicus* brief working group. The legal division will provide coordination and support to that group. In addition, the legal division organized periodic teleconference update sessions for state tax attorneys.

#### Legal Assistance to States

The legal division consulted with individual states regarding draft legislation, draft regulations, and significant on-going litigation strategy and briefs, including:

- *Amicus* brief in *Renzenberger, Inc. v. New Mexico*, before the New Mexico Court of Appeals, Docket No. A-0001-CA-2015-34999
- *Amicus* brief in *DMA v. Brohl*, before the U.S. Supreme Court on petition for certiorari, Docket No. 16-458
- *Amicus* brief in *Utah State Tax Commission v. See's Candies*, before the Utah Supreme Court, Case No. 20160910-SC

#### Commission Support

The legal division provides support for the commission's general administration by addressing open meetings issues, maintaining confidentiality policies, handling records requests, researching and making recommendations for record retention policies, resolving lease disputes, reviewing contracts, and filing corporate registrations and reports. The division offered extensive analysis on draft federal legislation intended to mitigate the effect of *Quill* on collection of state use taxes. The division also provided legal assistance to the Commission's audit division on a number of challenging audit-related issues. The division supported the Commission's training program by teaching at the November 2016 Nexus training on Montgomery, Alabama. In further efforts to provide quality service, the legal division continues its project to overhaul the MTC's training program, making it more comprehensive and accessible.

#### **D. Policy Research**

The policy research director supports Commission efforts in addressing federal legislation with implications for state and local taxation, monitors state adoption of MTC model statutes, regulations, and guidelines. He is a member of the National Tax Association Advisory Board.

During this period the policy research director participated in the State Intercompany Transactions Advisory Service Committee training and information session in Indianapolis on October 5 and 6, 2016. He attended the Federation of Tax Administrators Revenue Estimating and Research Conference October 15 through 19, 2016, Asbury Park, New Jersey. He consulted with Robert Ebel, former Chief Revenue Estimator, DC OCFO, on use of user charges to finance pay infrastructure debt and with Edith Brashears, U.S. Treasury on use of fulfillment companies to register small U.S. online retailers with OECD revenue agencies and collect VAT for these firms.

The policy research director hosted the Tax Economists breakfast forum at the Hall of the States on September 28, 2016, with John Hicks, Executive Director, NASBO, Fiscal Condition of States.

The policy research director presented a paper with Professor Joann Weiner-Martens and John Alvarino of George Washington University for the National Tax Association Annual Meeting in Baltimore on November 10, 2016, on Comparison of Corporate Income Taxation in the European Union and the U.S. States. Presentation was included in the NTA's Papers and Proceedings of the Annual Meeting (<http://www.mtc.gov/getattachment/50452352-7fc4-43d3-a8e1-c4a28bc34d00/CCTB,-Brexit,-and-Unitary-Taxation.pdf.aspx>). He also wrote an article with intern Trevor Ahouse "Trends in State and Local Government Finance, 1960 to 2015" for *Journal Multistate Taxation and Incentives*. The article appeared in November/December 2016 issue and will be updated for the annual meeting in 2017.

The policy research director began organizing a session at the annual meeting of the National Tax Association on the role of user charges in financing infrastructure spending.

The policy research director participated in the following periodic local or online economic forums and seminars:

- Tax Economist Forum Breakfast: Using IRS data to measure income inequality, Jerry Auten, Treasury Dep't.; at Ernst & Young – August 3<sup>rd</sup>
- Tax Economist Forum Breakfast: OECD Tax Initiatives, Tom Neubig; at Center for American Progress – September 7<sup>th</sup>
- Tax Economists Forum Breakfast: Education Tax Credits, Caroline Hoxby, Stanford University; at Hoover Institution – September 22<sup>nd</sup>
- Hosted Tax Economists Forum Breakfast at Hall of the States: – September 28<sup>th</sup>
- Tax Economists Forum Breakfast: Methods to Mitigate income Shifting, Jane Gravelle, CRS; at American Action Forum – October 26<sup>th</sup>
- American Enterprise Institute/International Monetary Fund: U.S. Corporate Tax Reform and Implications for the International System – November 14<sup>th</sup>
- Tax Economists Forum Breakfast: Federal Tax Reform and Impact on the States, roundtable discussion – December 1<sup>st</sup>
- Regional Economic Modeling Institute: (REMI): Impact of Border Tax Adjustment on the States – December 15<sup>th</sup>
- Tax Economists Forum Breakfast: Lily Batchelder, Behavioral Changes in Business Taxation – the Impact of Expensing – December 20<sup>th</sup>
- Tax Policy Center: State of the States: Budgeting in the Trump Era, Kim Reuben – January 26<sup>th</sup>
- REMI/National Association of Business Economists (NABE): Border adjustments, – February 2<sup>nd</sup>

- Tax Economists Forum Breakfast: Fiscal and Monetary Policy Changes During the Great Recession, Jamie Lenney, et. al., Federal Reserve Bank; at Ernst and Young – February 15<sup>th</sup>
- Tax Economists Forum Breakfast: Business Cash Flow Tax Data, Elena Pater and John McClelland, Treasury Department; at Wells Fargo – March 1<sup>st</sup>
- Tax Economists Forum Breakfast: Government Support for Higher Education Through the Tax System, Mark Robyn, Pew Charitable Trusts; at Hoover Institute

Policy research intern Trevor Ahouse completed his internship in August. Policy research intern Amelia Wang assisted with the paper presented at NTA meeting in November. Ms. Wang began working at the International Monetary Fund, March 1<sup>st</sup>. Henry Wearmouth, Mt. Royal College, Calgary, Alberta, will begin his internship on May 24, 2017.

#### **E. Legislative Division**

The legislative counsel and director:

- Monitors and analyzes federal legislation that affects states in collaboration with the legal division and the director of policy research director;
- Coordinates any Commission response to federal legislation;
- Educates congressional members and staff about the negative effects of preemption generally and with respect to specific bills;
- Answers questions from member states about federal legislation;
- Monitors state legislation, identifies trends, and consults with states when requested;
- Collaborates with other multistate and governmental organizations; and
- Represents the Commission on state and federal legislation to policy makers and the public

During this year the legislative counsel has proactively developed relationships with federal legislators and staff, including the four new members on the House Judiciary Committee, which has jurisdiction over all state-tax legislation. He also has maintained and strengthened relationships with other organizations such as the State Tax Task Force of the National Council of State Legislatures, the National Governor's Association, the Congressional Budget Office, as well as with the Commission's collaborative work with the Federation of Tax Administrators. He has had two meetings with Senate staff and six meetings with House staff about pending legislation and preemption generally and had a brief meeting with a House member who is deeply involved in the remote use tax collection issue. He also assisted in the preparation of a letter to members of the House Judiciary Committee regarding the Mobile Workforce State Income Tax Simplification Act.

The legislative counsel created and maintains a public page on the Commission's website (<http://www.mtc.gov/Resources/Legislation>) to view legislative reports. The

website updates every two hours for federal bills and daily for state legislation and contains reports, summaries, and analyses of federal and state bills. He has been a panelist and attendee at several meetings of outside organizations.

Significant federal bills introduced in the 115<sup>th</sup> Congress include:

- *Mobile Workforce State Income Tax Simplification Act of 2017* (H.R. 1393); approved by House Committee on the Judiciary and available for a House floor vote
- *Mobile Workforce State Income Tax Simplification Act of 2017* (S. 540); referred to Senate Committee on Finance
- *To grant States authority to enforce State and local sales and use tax laws on remote transactions, and for other purposes* [official title] (H.R. 2193); referred to House Committee on the Judiciary
- *A bill to restore States' sovereign rights to enforce State and local sales and use tax laws, and for other purposes* [official title] (S. 976); referred to Senate Committee on Finance
- *Wireless Telecommunications Tax and Fee Collection Fairness Act* (S. 19 sect. 20); approved by House Committee on the Judiciary and now on Senate Legislative Calendar No. 17 (available for Senate floor consideration); sect. 20 is unrelated to the rest of S. 19; it preempts state tax authority over certain mobile wireless communication; we do not know how far the preemption could potentially extend because the definition of preempted activity is unclear; it requires original jurisdiction in federal district courts notwithstanding the Tax Injunction Act
- *End Discriminatory State Taxes for Automobile Renters Act of 2017* (H.R. 2024); referred to Committee on the Judiciary

## **F. Training**

The Training staff supported the following activities since July 1, 2016:

### Statistical Sampling for Sales and Use Tax Audits

September 19-22, 2016, in Wheat Ridge (Denver area), Colorado, for 9 participants from the City of Wheat Ridge, the City of Denver, and the Colorado Department of Revenue.

### Computer Assisted Audit Techniques Using Excel

October 18-19, 2016, in Hoover (Birmingham area), Alabama, for 22 participants from the Alabama Department of Revenue and the South Carolina Department of Revenue.

### Nexus School

November 29-December 1, 2016, in Montgomery, Alabama, for 24 participants from the Alabama Department of Revenue, the Idaho State Tax Commission, the Iowa Department of Revenue, and the Oregon Department of Revenue.

The events and training staff were the principal coordinators of the 49<sup>th</sup> Annual Conference and Committee Meetings in Kansas City, Missouri. Excellent onsite support was provided by Beth Whaley and Laura Lewis with the Missouri Department of Revenue.

Wanda Dorsey-Jenkins returned on a part-time basis, as an events and training coordinator, to assist the events and training manager in handling registration, administrative and logistical support for all MTC meetings and training courses.

The events manager has participated in a number of professional development webinars and local educational meetings/conferences to sustain her Certified Meeting Professional (CMP) designation, which is up for renewal in December; and her Certified Government Meeting Professional (CGMP) designation, which is up for renewal in 2017.

## **II. Administration**

In September Wanda Dorsey-Jenkins returned to a part-time position assisting Sherry Tiggett with planning for committee meetings and training.

Ali Pazand joined the audit staff on October 1 as an income tax auditor. Ali had worked as an auditor with the New Mexico Taxation and Revenue Department since 2013.

Also on October 1, Renee Lee joined the legal department in a paralegal position. Previously Renee had worked in administrative legal positions with the District of Columbia and with Prince George's County, Maryland.

Lila Disque was promoted effective October 1 to the deputy general counsel position within the Legal Department. Lila has worked for the MTC since January 2013. There had not been a deputy general counsel at the Commission for a number of years.

Kathy Owens, senior sales tax auditor, retired on December 31, 2016. Kathy had worked for the Commission since December 1993.

Virginia (Kay) Mick joined the income tax audit program in January 2017. Kay comes to us from the state of West Virginia.

Nick Polimeros was promoted to senior income tax auditor effective March 1, 2017. Nick has worked for the Commission since February 2012.

### III. Outside Presentations & Events

The following are the programs, conferences, and other events of outside organizations at which members of the staff represented the Commission during the reporting period:

#### JULY

- FTA Training for Management, Lean, and Plain Language; Indianapolis, Indiana (Matson)
- NYU Summer Institute in Taxation: Intermediate State & Local Taxation; *A View From the State Tax Administrators* (Matson, panelist); New York, New York
- Institute of Professionals in Taxation Annual Conference; *A Voyage Review of the MTC* (Shimkin, panelist); San Diego, California

#### AUGUST

- Georgetown 39<sup>th</sup> Annual Advanced State and Local Tax Institute; *Taking Advantage of State Audit Programs and Early Resolution Initiatives* (Getschel, panelist); *Protecting Taxpayers' Confidential Information* (Hecht, panelist); Washington, D.C. (Shimkin)
- 2016 MSATA Conference; Des Moines, Iowa (Matson)
- NCSL Executive Committee Task Force on State and Local Taxation meeting; Chicago, Illinois (Shimkin)

#### SEPTEMBER

- NYU Law School's State and Local Tax Career Night; New York, New York (Hecht, panelist)
- IPT 2016 Sales Tax Symposium; *How the Economic Climate Impacts Decisions Made by Legislatures and Department Employees* (Stranburg, panelist); Indianapolis, Indiana
- 2016 WSATA Conference; *Partnership Tax Issues* (Fort, panelist); *Updates from FTA and MTC* (Stranburg, panelist); Scottsdale, Arizona
- 2016 NESTOA Conference; *MTC Joint Audit Program: What It Is, How It Works, and What Difference It Makes* (Matson); *Hottest Topics in State Taxation* (Hecht, moderator); *Sales Tax Potpourri* (Shimkin, panelist); Hershey, Pennsylvania
- National Marine Manufacturers Association; *Current Income Tax Nexus Issues for Small Manufacturers* (Cram, panelist); Washington, D.C.

#### OCTOBER

- Greater Washington Society of CPAs; *Sales Tax Basics for Non-Profit Organizations* (Cram); Washington, D.C.
- Streamlined Sales Tax Governing Board Meeting; *MTC Analysis of the Online Sales Simplification Act* (Cram); Atlanta, Georgia
- Crowell & Moring's Managing Tax Audits & Appeals Seminar 2016; *Multistate Tax Commission's Transfer Pricing Initiative* (Stranburg); Washington, D.C.

- D.C. Bar State and Local Tax Committee Lunch; *National State Tax Legislative Update and Outlook*; Washington, D.C. (Matson, Shimkin)
- COST's 47th Annual Meeting; *Radical Views on the Nation's Most Significant Tax Policy Issues: Debate Forum* (Hecht, panelist); Las Vegas, Nevada
- 23rd Annual Paul J. Hartman State and Local Tax Forum; *This Little Piggy Cried Wee, Wee, Wee All the Way Home* (Hecht, panelist); *Whither Quill/Due Process Clause* (Fort, panelist); *Transfer Pricing – MTC ALAS Project* (Stranburg, panelist); *Nexus: What's New?* (Stranburg, panelist); Nashville, Tennessee (Matson)

#### NOVEMBER

- New York State Society of CPAs State Taxation Conference; *Income Tax Nexus Developments and the Multistate Voluntary Disclosure Program* (Cram); New York, New York
- National Tax Association Annual Meeting; *Comparison of Corporate Income Taxation in the European Union and the U.S. States* (Dubin); Baltimore, Maryland
- New England State and Local Tax Forum (Matson)
- NCSL Executive Committee Task Force on State and Local Taxation meeting; Dana Point, California (Shimkin)

#### DECEMBER

- NYU 35<sup>th</sup> Institute on State and Local Taxation; *Ethical Challenges for State Tax Professionals in an Era of Transparency*, (Matson, Panelist); New York, New York

#### JANUARY

- NYU SALT Group; *Tax Nexus Law Developments and the Multistate Voluntary Disclosure Process* (Cram); New York, New York
- NCSL Executive Committee Task Force on State and Local Taxation meeting; *Uniformity with Reporting Federal Audit Adjustments to States*, (Shimkin, panelist), Scottsdale, Arizona
- FTA Midwinter and New Commissioner Meeting (Matson, Stranburg, Hecht); New Orleans, Louisiana
- Ohio Tax Conference; *Major National Issues in Business Taxation*, (Stranburg, panelist); Columbus, Ohio
- ABA SALT Committee Meeting; *Factor Presence Nexus* (Cram, Panelist); Orlando, Florida

#### FEBRUARY

- Georgetown State and Local Tax Institute Advisory Board Planning Committee Retreat; Washington, D.C. (Matson)
- FTA Compliance and Education Workshop; *Audit Sampling Session* (Jennings, panelist); Atlanta, Georgia (Getschel)
- Cornell SALT Study Group; *Tax Nexus Law Developments and the Multistate Voluntary Disclosure Process* (Cram); New York, New York

### MARCH

- Hartman State and Local Tax Forum Advisory Board Meeting; Palm Beach, Florida (Matson)
- ABA/IPT Advanced Sales and Use Tax Seminar; *Nexus Today – Overturning Quill?* (Cram, panelist); New Orleans, Louisiana
- Prosper Show; *Income and Sales Tax: Compliance Risks for Amazon FBA Sellers* (Cram); Las Vegas, Nevada

### **Technology Addendum**

The Commission continues to work with a vendor to develop a state contact portal. The progress made with the vendor developing this portal has not been without issues. The code used to create the contacts in Exchange 2010 does not function fully. We may need to consider looking elsewhere for a contact portal solution.

The changes that were requested to the Audit History Database have been made and testing has been completed. The programmatic issues that we identified were made by Yoodle (our website hosting company). The Audit Director and Network Administrator have a list of future updates and adjustments that need to be made. A Scope of Work and quote are in the works currently.

The migration of the National Nexus Program (NNP) applications is on-going. The Network Administrator has talked to the author of the VDK application and Online Application at RSI and she has provided some guidance for migrating the server. A test environment is in the works to test the migration and once successful a maintenance window will be identified to do the cut over. The conversations with the application author (RSI) concerning the NNP migration also included talks about upgrading the online portion of the application as well. Before reaching out to the vendors we need to have a solid idea of what it is that we want to achieve with the online application. This will require more conversations between the Network Administrator and the NNP Director.

The VMWare environment has been completely updated to support the Cleo installation. The firmware on the Cybernetics storage is the latest that these older units support, and the VMWare version that is running is the latest that our hardware will support. The Network Administrator has been pricing replacements for both the VMWare servers AND the VMWare storage units.

The network Administrator has focused the majority of his time on the physical and logical foundation for the upcoming Cleo Installation. The install requires 4 servers to provide the file sharing and high speed backup capabilities of the software. These servers are both virtual and physical servers. The expected roll out date for the Cleo install has been pushed back and is currently scheduled for May. Several hurdles need to be overcome in order to ensure that the software was loaded on a robust and reliable environment. The Network Administrator has attended and successfully completed a Cleo Harmony Administration class.

The Network Administrator has been working with the firewall vendor to iron out the remote access issues for the Chicago and New York offices. The challenge of troubleshooting these issues is the interruption of normal day to day connectivity between the D.C. and remote offices. We will know in May if Cleo Unify and Jetsonic will eliminate the need for this access.

The closing of the New York office is occurring in May. The Network Administrator has been making backend preparations to gracefully decommission the domain controllers and backup server in that office, as well as planning for the migration of the data on those servers to a secure file location in the D.C. office and providing secure access to that data to those who require it.

In addition to the new A/C unit in the Data Center, the Commission has purchased a 2 ton spot cooler that will be used in emergency situations when the A/C unit is down for maintenance or repair.

The normal maintenance of server hardware in the various offices occurs on a regular basis through on-site visits by the Network Administrator.