



TABLE of CONTENTS

| <u>Document</u> | <u>Page(s)</u> |
|--|----------------|
| Notice and Agenda | 2 |
| 2 – Comments from the Chair | 4 |
| 4 – Amendments to bylaws and restated articles of incorporation | 5 |
| 5 – CEO Report | 32 |
| • 5.2 - Performance Metrics – 2 nd Qtr 2015 | 34 |
| • 5.3 – CAMTC Bank Accounts | 38 |
| • 5.4 – 2015 Active Certifications | 39 |
| 9 – Amendments to Procedures for Un-Approval of Schools | 40 |
| 11 – Legislative Request for sunset – authority to obtain out of state criminal background | 46 |
| 12 – Director of Governmental Affairs and Special Projects Report | 48 |
| 15 – Treasurer’s Report | 51 |
| 16 – Director of PSD’s Report | 58 |
| 17- Director of Educational Standards Division Report | 59 |



CALIFORNIA MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 800 | Sacramento, CA 95814
tel 916.669.5336 fax 916.669.5337 www.camtc.org

Sent and Posted: Friday September 4, 2015

NOTICE OF PUBLIC MEETING

Monday, September 14, 2015 - 10:00 a.m.
Sheraton Gateway Hotel LAX
Gateway Ballroom
6101 W. Century Blvd., Los Angeles, CA 90045

AGENDA

1. Call to order and establish quorum
2. Chair's Comments
 - Welcome/Introductions
 - Rules of Debate
3. Approval of minutes from June 11, 2015 Board meeting
4. Amendments to bylaws and restated articles of incorporation
5. Chief Executive Officer's report
 - Operations
 - Finance
 - Outreach
6. Closed session with CAMTC legal counsel pursuant to California Government Code section 11126(e)
7. Massage school presentations
8. Closed Session with CAMTC legal counsel pursuant to California Government Code section 11126(e)
9. Amendments to Procedures for Un-Approval of Schools
10. Public posting of denials
11. Legislative request for sunset - authority to obtain out of state criminal background

12. Director of Governmental Affairs and Special Projects' report
 - Local Government Implementation of AB1147
 - Next Sunset
 - Human Trafficking
 - Database Development Update
13. Closed Session regarding the appointment, employment, evaluation of performance, or dismissal of an employee pursuant to California Government Code Section 11126(a)
 - Director of Governmental Affairs and Special Projects' performance
14. Return to open session and announce action taken in closed session, if any, under item 13
15. Treasurer's report
 - Applications Received
 - Financial Statements
 - Conclusions
16. Director of PSD's report
 - Interaction with law enforcement agencies
 - Training
 - Media
17. Director of ESD's report
 - School numbers
 - Process status
 - Goals for remainder of year
18. Proposed policy regarding public comments for items not on the Agenda
19. Items for future agendas, Board meetings and locations
20. Recognition of outgoing Board members
21. Adjourn

All agenda items are subject to discussion and possible action. To make a request for more information, to submit comments to the Board, or to make a request regarding a disability-related modification or accommodations for the meeting, please contact Sheryl LaFlamme at (916) 669-5336 or One Capitol Mall, Suite 800, Sacramento CA 95814 or via email at camtc@amgroup.us. Requests for disability-related modification or accommodation for the meeting should be made at least 48 hours prior to the meeting time. This notice and agenda is available on the Internet at <http://www.camtc.org>

STATE OF THE CAMTC
September 14, 2015
Comments from the Chair

Imagine creating a functioning, efficient statewide certification organization from nothing in 2008. CAMTC now certifies nearly 52,000 massage professionals. Every inch of CAMTC's progress has been developed through careful insight and planning from its leaders, with valuable input from certificate holders, industry associations, cities and counties, and the Legislature. All the existing policies and procedures focus on accomplishing a simple mission: "Protecting the public" - the primary reason the organization exists.

Professional Standards Division Along with management staff, PSD reviews applications in a timely manner, separating qualified from unqualified candidates by making denial and disciplinary decisions. What started with 2 volunteer board members reviewing 25 people per month is now 18 staffers reviewing and investigating hundreds of applicants and certificate holders per month. Many PSD employees are former law enforcement, and some are massage therapists.

PSD OUTREACH The Division Director has provided training to hundreds of police departments statewide, with more training sessions to come.

Educational Standards Division Created recently, the ESD is now investigating massage schools more efficiently than ever before in California. Pursuant to previous statutes, CAMTC has un-approved over 60 fraudulent schools which were BPPE approved. Now with new authority to approve schools, the ESD is actively conducting field inspections; on track to have visited every school that has applied so far (110) by year-end 2015. Starting July 1, 2016, CAMTC will only accept education from CAMTC-approved schools.

Governmental Affairs Created a secure section of the CAMTC website available only to registered local government officials with specific information. Interacts with city and county staff daily and frequently presents to local government groups. Shares information with law enforcement, city attorneys and county counsels on trends and best practices in municipal and county massage codes. Educates the profession as to the authority of local jurisdictions. Establishes relationships at the Capital with legislators and staff. Participates in taskforces and groups identifying and addressing Human Trafficking as it pertains to massage.

OUTREACH programs for all stakeholders in the massage industry.

Jill S. England, Attorney at Law

P.O. Box 191167, Sacramento, California 95819

Phone: (916) 452-2602 Fax: (916) 313-3278

jillengland@sbcglobal.net

www.creativelegalsolutions.com

CONFIDENTIAL

September 2, 2015

TO: BOARD OF DIRECTORS
CALIFORNIA MASSAGE THERAPY COUNCIL

FROM: JILL S. ENGLAND

RE: REASONS FOR PROPOSED AMENDMENTS TO BYLAWS AND
RESTATED ARTICLES

Pursuant to Board policy, this is to provide the Board with information regarding the reasons for the proposed amendments to the bylaws and the proposed restated articles of incorporation.

The new law which went into effect on January 1, 2015 completely changed the way CAMTC's board of directors is configured and also added and changed language regarding CAMTC's purposes. As such, the bylaws require amending to reflect the new law. In addition, the articles should be restated to be consistent with the bylaws. A few minor clean up changes are also included.

Per the Board motion on changes to policies, the following information is provided regarding the changes to the bylaws:

- The language of the current policy and when the policy was adopted. **Included in the mock-up of the bylaws, attached.**
- A short description of why the policy should be changed. **See above.**
- The language of related statutes that may have an impact on the decision. **B&P Sections 4600 – 4602, attached.**
- The fiscal impact the proposed change may have on CAMTC and certificate holders and applicants. **None.**
- Potential pro's and con's of the new policy is adopted. **N/A – required by statute.**
- The impact on current certificate holders and applicants. **None.**
- A suggested date for the change to be implemented. **9/15/15 at noon**

[END OF MEMO]

BYLAWS
OF
CALIFORNIA MASSAGE THERAPY COUNCIL
(a nonprofit public benefit corporation)

ARTICLE I.

NAME

Section 1. Name. The name of this corporation is CALIFORNIA MASSAGE THERAPY COUNCIL (hereinafter "Council" or "corporation").

ARTICLE II.

LOCATION OF PRINCIPAL OFFICE

Section 1. Principal Office. The principal office for the transaction of the activities and affairs of the corporation shall be located in California. The Board of Directors ("Board") may change the principal office from one location to another so long as the principal office remains in California.

Section 2. Other Offices. The Board may establish branch or subordinate offices at any place or places where the corporation is qualified to conduct its activities.

ARTICLE III.

PURPOSES AND LIMITATIONS

Section 1. General Purposes. This corporation is a California Nonprofit Public Benefit Corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purposes and to carry out the obligations described in California Business and Professions Code Sections 4600 et seq. (hereinafter "the Code").

Section 2. Specific Purposes. ~~The specific purpose of this corporation is to provide certification for massage therapists and to advance public education regarding the massage therapy profession in California as a quasi-public body pursuant to the authority granted in the Code for the benefit of the public.~~ The specific purpose of this corporation is: to enable consumers and local governments to more easily identify certified massage professionals; to provide for consistent statewide certification and oversight of certified massage professionals; to ensure that schools approved by the Council that are teaching massage provide a high

level of training; and to assist local governments and law enforcement in meeting their duty to maintain the highest standards of conduct in massage establishments by vetting and disciplining certificate holders.

Section 3. Limitations. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

The property of this corporation is irrevocably dedicated to public and charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director or officer, or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit foundation, fund or corporation which is organized and operated exclusively for public and charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE IV.

NO MEMBERS

Section 1. Members. This corporation shall have no members. To the extent any person is referred to as a "member" in any corporate materials, it shall be understood that such person is not a statutory member as contemplated by the California Nonprofit Public Benefit law, and has no voting or other rights in the corporation.

ARTICLE V.

BOARD OF DIRECTORS

Section 1. Powers.

(a) General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and the Code, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

(b) Specific Powers. Without prejudice to the general powers set forth in subsection (a) above, but subject to the same limitations, the directors shall have the right to do the following:

(1) Policies. Adopt policies, rules and procedures for the management and operation of the corporation.

(2) Certificates. Issue certificates as described in the Code. The Board may also discipline certificate holders and suspend or rescind certificates as authorized in the Code.

- (3) Fees. Annually establish initial and renewal fees for certificates which are reasonably related to the cost of providing services and carrying out the ongoing responsibilities and duties of the Council.
- (4) Administration. Retain an individual employee or consultant, or a management firm, or contract with another entity, to administer the day-to-day activities of the corporation. An individual retained pursuant to this authority, if any, shall be known as the Chief Executive Officer ("CEO"). The Board may also employ, retain, or authorize the employment of such other employees, independent contractors, agents, accountants, and legal counsel as it from time to time deems necessary or advisable in the interest of the corporation, prescribe their duties and fix their compensation.
- (5) Bonds. The Board may require officers, agents, and employees charged by the corporation with responsibility for the custody of any of its funds or negotiable instruments to give adequate bond.
- (6) Borrowing money. Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, liens, and other evidences of debt and securities.
- (7) Gifts. Receive and accept gifts, devises, bequests, donations, annuities, and endorsements of real and personal property, and use, hold and enjoy the same, both as to principal and income, and to invest and re-invest the same or any part thereof for the furtherance of any objects, interests or purposes of this corporation.
- (8) Contributions. Make such contributions as the Board determines are necessary and advisable in furtherance of the interests and purposes of this corporation.
- (9) Fiscal Year. Establish and change the fiscal year of the corporation.
- (10) Contracts. Enter into contracts and agreements with individuals and with public and private entities for the advancement of the purposes for which the corporation is organized.
- (11) Property. Acquire, construct and possess real, personal, and intellectual property.
- (12) Bank Accounts and Special Funds. Establish one or more bank accounts and/or special funds in order to accomplish and further the purposes of the corporation.
- (13) Committees. Appoint committees as provided in these bylaws.
- ~~(14) Start-up costs. Authorize the re-payment of the start-up costs for this organization to the individual(s) or organizations that provided such funds,~~

~~including but not limited to attorney's and accountant's fees and costs, and filing fees for incorporation and for obtaining federal and state tax exempt status for the corporation.~~

(1~~4~~5) Other. Do and perform all acts and exercise all powers incidental to, or in connection with, or deemed reasonably necessary for the proper implementation of the purposes of the corporation.

Section 2. Number and Qualification of Directors.

(a) Number. The Board shall consist of ~~at least four (4) but not more than twenty (20)~~ thirteen (13) directors, as follows:

- ~~1) Two directors appointed by each professional society, association, or other entity, whose membership is comprised of massage therapists and that chooses to participate in the organization. To qualify, a professional society, association, or other entity shall have a dues-paying membership in California of at least 1,000 individuals for the last three years, and shall have bylaws that require its members to comply with a code of ethics;~~
- ~~2) One director appointed by each statewide association of private postsecondary schools incorporated on or before January 1, 2010, whose member schools have together had at least 1,000 graduates in each of the previous three years from massage therapy programs meeting the approval standards set forth in subdivision (a) of Section 4600, except from those qualifying associations that choose not to exercise this right of appointment.~~
- ~~3) One director appointed by the League of California Cities, unless that entity chooses not to exercise this right of appointment.~~
- ~~4) One director appointed by the California State Association of Counties, unless that entity chooses not to exercise this right of appointment.~~
- ~~5) One director appointed by the Director of Consumer Affairs, unless that entity chooses not to exercise this right of appointment.~~
- ~~6) One director appointed by the California Community College Chancellor's Office, unless that entity chooses not to exercise this right of appointment. The person appointed, if any, shall not be part of any massage therapy certificate or degree program.~~
- ~~7) Other directors appointed by a two-thirds (2/3) vote of the Board.~~

(1) One member shall be a representative of the League of California Cities, unless that entity chooses not to exercise this right to appoint.

(2) One member shall be a representative of the California Police Chiefs Association, unless that entity chooses not to exercise this right to appoint.

(3) One member shall be a representative of the California State Association of Counties, unless that entity chooses not to exercise this right to appoint.

(4) One member shall be a representative of an "anti-human trafficking" organization to be determined by the Council. This organization shall appoint one member, unless the organization chooses not to exercise this right to appoint.

(5) One member shall be appointed by the Office of the Chancellor of the California Community Colleges, unless that office chooses not to exercise this right to appoint.

(6) One member shall be a member of the public appointed by the Director of the Department of Consumer Affairs, unless the director chooses not to exercise this right to appoint.

(7) One member shall be appointed by the California Association of Private Postsecondary Schools, unless that entity chooses not to exercise this right to appoint.

(8) One member shall be appointed by the American Massage Therapy Association, California Chapter, who shall be a California-certified massage therapist or massage practitioner who is a California resident and who has been practicing massage for at least three years, unless that entity chooses not to exercise this right to appoint.

(9) One member shall be a public health official representing a city, county, city and county, or state health department, to be determined by the Council. The city, county, city and county, or state health department chosen, shall appoint one member unless that entity chooses not to exercise this right to appoint.

(10) (A) One member shall be a certified massage therapist or a certified massage practitioner who is a California resident who has practiced massage for at least three years prior to the appointment, selected by a professional society, association, or other entity which membership is comprised of massage therapist professionals, and that chooses to participate in the Council. To qualify, a professional society, association, or other entity shall have a dues-paying membership in California of at least 1,000 individuals, have been established since 2000, and shall have bylaws that require its members to comply with a code of ethics.

(B) If there is more than one professional society, association, or other entity that meets the requirements of subparagraph (A), the appointment shall rotate based on a four-year term between each of the qualifying entities. The qualifying entity shall maintain its appointment authority during the entirety of the four-year term during which it holds the appointment authority. The order in which a qualifying professional society, association, or other entity has the authority to appoint shall be determined by alphabetical order based on the full legal name of the entity as of January 1, 2014.

(11) The members appointed to the Board in accordance with subsections (1) to (10) above shall appoint three additional members at any duly held Board meeting in accordance with the following. One of the appointees shall be an attorney licensed by the State Bar of California, who has been practicing law for at least three years and who at the time of appointment represents a city in the state. One of the appointees shall represent a massage business entity that has been operating in the state for at least three years. One of the appointees shall be an individual who has knowledge of the massage industry or can bring needed expertise to the operation of the Council for purposes of complying with Section 4603 of the Code.

(b) Qualifications. All directors must be individuals who are dedicated to the purposes of this corporation as set forth above.

(c) Restriction on Interested Persons as Directors. No more than 49% of the persons serving on the Board may be "interested persons". An "interested person" is:

(1) any person compensated by the Council for services rendered to it within the previous twelve months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable reimbursement paid to an officer or director; and

(2) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 3. Term of Office; Term limits. The term of office of each director shall be ~~three~~ four (4) years and until a successor has been appointed and qualified. There shall be no limit on the number of terms a director may serve if he or she remains qualified and appointed to the Board. ~~The Board may stagger the terms of the initial directors using any reasonable method.~~

Section 4. Removal of Directors. A director may be removed from the Board at any time, with or without cause, by the entity that appointed the director, or by a two-thirds (2/3) vote of all the other directors on the Board.

Section 5. Vacancies on Board.

(a) Events Causing Vacancy. The vacancy or vacancies on the Board shall exist on the occurrence of the following:

(1) The death or resignation of any director;

(2) The removal of a director by its appointing entity or the Board;

(3) The declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law; or

(4) The increase of the authorized number of directors.

(b) Resignations. Except as provided below, any director may resign by giving written notice to the Chairperson of the Board, the CEO (if any), or the Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly appointed director or directors.

(c) Filling Vacancies. Vacancies on the Board may be filled by the entity entitled to fill the seat, or by the Board, depending on how the seat was filled originally. The individual filling a vacant director position shall serve until the end of the term of the director whose vacancy he or she is filling.

(d) No Vacancy on Reduction of Number of directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 6. Board Meetings.

(a) Annual Meeting. The Board shall hold an annual meeting at a time and location determined by the Board for purposes of organization, election of officers, and transaction of other business. Notice of the annual meeting shall be given in accordance with subsection (d) below.

(b) Special Meetings. Special meetings of the Board for any purpose may be called at any time by the Chairperson, the CEO, if any, or any two directors. Notice of any special meeting shall be given in accordance with subsection (d) below.

(c) Bagley-Keene Open Meeting Act. Board meetings shall be subject to the rules of the Bagley-Keene Open Meeting Act ("Act") (California Government Code Section 11120 et seq.). Specifically, notice of meetings shall comply with subsection (d) below and all meetings shall be open to the public unless specifically noticed as a "closed session" in compliance with the Act.

(d) Notice. Notice of Board meetings, specifying the time and place of the meeting and a specific agenda for the meeting, shall be given to each director (and any other person who has requested, in writing, notice of meetings), at least ten (10) days before the meeting. The notice and agenda must also be posted on the Council's website at least 10 days before the meeting. Any notice/agenda sent on less than 10 days notice must be in accordance with the exceptions provided by the Act.

(e) Place of Meetings. Meetings of the Board shall be held at any place within California that has been designated in the notice of the meeting.

(f) Meetings by Telephone or Video Conference ~~or by Electronic Transmission.~~ Directors may participate in a meeting of the Board through use of conference telephone or, electronic video screen communication, ~~or electronic transmission by and to the corporation~~

~~(Corporation Code Sections 20 and 21) but only if such meetings also comply with the Bagley-Keene Open Meeting Act.~~

Participation in a meeting through use of conference telephone or electronic video screen communication constitutes presence in person at that meeting as long as all directors participating in the meeting are able to hear one another.

~~Participation in a meeting through use of electronic transmission by and to the corporation, other than conference telephone and electronic video screen communication, constitutes presence in person at that meeting if both of the following apply:~~

~~_____ (1) Each director participating in the meeting can communicate with all of the other directors concurrently.~~

~~_____ (2) Each director is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.~~

(g) Quorum/Act of the Board. A majority of the voting directors shall constitute a quorum for the transaction of business, except to adjourn. Except as specifically provided in these bylaws or in the California Nonprofit Public Benefit Corporation Law, every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the Board. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

(h) Voting Power. For all purposes, the voting power of each voting director shall be one vote.

(i) Attendance. Any director who misses three (3) consecutive Board meetings for any reason automatically loses his or her seat on the Council. Staff will immediately notify the director and the appointing entity via email regarding the removal after the third missed Board meeting. Special or emergency meetings held on less than 10 days' notice pursuant to Government Code Sections 11125.4 or 11125.5 do not count for purposes of this attendance rule.

The Board may waive this provision as to a particular director by majority vote. The Board's waiver of the automatic removal provision can be based on an excuse acceptable to the Board or any other justification deemed appropriate by the Board. Any vacancy created by this provision shall be filled in accordance with Article V, Section 5(c) above.

Section 7. Compensation and Reimbursement. Directors shall not receive compensation from the Council for their services on the Board. Directors may receive such reimbursement of expenses as the Board may determine by resolution to be fair and reasonable at the time that the resolution is adopted.

Section 8. Property Rights. No director shall have any property rights in any assets of the corporation.

ARTICLE VI.

OFFICERS

Section 1. Officers of the Corporation. The elected officers of the corporation shall be a Chairperson, Vice-Chairperson, Secretary, and Treasurer. The offices of Secretary and Treasurer may be combined and held by one director in the discretion of the Board. If combined, the office shall be known as the "Secretary/Treasurer". All officers must be directors. The CEO, if any, shall be an officer but not an elected officer.

Section 2. Election of Officers. The elected officers of the corporation shall be elected annually by the Board from among its directors ~~at the annual meeting~~.

Section 3. Terms of Office; Term Limits. Officers shall serve at the pleasure of the Board for one-year terms. There is no limit on the number of terms an officer may serve if he or she is a director and continues to be elected to an officer position by the Board.

k

Section 4. Removal of Officers. Any elected officer may be removed at any time, with or without cause, by a majority vote of the Board at any properly called meeting where a quorum is present.

Section 5. Resignation of Officers. An officer may resign at any time by giving written notice to the Chairperson or the Secretary. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective.

Section 6. Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by a majority vote of the directors present at any annual or special meeting of the Board where a quorum is present. The individual filling a vacant officer position shall serve until the end of the term of the officer whose vacancy he or she is filling.

Section 7. Responsibilities of Officers.

(a) Chairperson. The Chairperson of the Board shall preside at meetings of the Board and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no CEO, the Chairperson of the Board shall also be the Chief Executive Officer and shall have the powers and duties of the CEO of the corporation prescribed by these Bylaws.

(b) Vice-Chairperson. If the Chairperson is absent or disabled, the Vice-Chairperson shall perform all duties of the Chairperson. When so acting, the Vice-Chairperson shall have all powers of and be subject to all restrictions on the Chairperson. The Vice-Chairperson shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(c) Secretary.

(i) Book of Minutes. The Secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and committees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual or special, and, if special, how authorized, the notice given, and the names of those present at the Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and the Bylaws, as amended to date.

(ii) Notices, Seal, and Other Duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board and of its committees required by these Bylaws. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(iii) If the Chairperson and Vice-Chairperson are both absent or unable to serve, the Secretary shall perform all the duties of the Chairperson. When so acting, the Secretary shall have all powers of and be subject to all restrictions on the Chairperson.

(d) Treasurer.

(i) Books of Account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

(ii) Deposit and Disbursement of Money and Valuables. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate, shall disperse the corporation's funds as the Board may order, shall render to the Chairperson, the CEO, if any, and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(e) Chief Executive Officer. The CEO, if any, may be either an independent contractor/consultant or an at-will employee, as appropriate under law. The CEO, if any, shall be the chief executive officer and general manager of the Council and shall manage the corporation's day-to-day activities, affairs, and administration under the supervision of the Board. The CEO shall keep the Board apprised of significant matters relating to the operation of the corporation, its activities, employees, contractors, and financial condition. The CEO shall have such other powers and duties as the Board or the Bylaws may prescribe.

ARTICLE VII.

COMMITTEES

Section 1. Committees of the Board. The Board, by resolution, may create committees of the Board, each consisting of two or more directors *and no persons who are not directors*, to serve at the pleasure of the Board. The Board shall appoint a Chair for each committee of the Board from among the directors. The Chair of each committee shall appoint the members of the committee from among the directors. Any such committee, to the extent provided in the Board resolution, shall have all the authority of the Board, except that no committee, regardless of Board resolution, may:

- (a) Fill vacancies on the Board or on any committee that has the authority of the Board;
- (b) Authorize reimbursement of the directors for serving on the Board or on any committee;
- (c) Amend or repeal Bylaws or adopt new Bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board; or
- (f) Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code.

Section 2. Executive Committee.

The Executive Committee shall be a “standing advisory committee”. The Executive Committee shall be subject to the rules applicable to “advisory committees” described below except that the Executive Committee shall consist of the elected officers of the corporation – Chairperson, Vice-Chairperson, Secretary, and Treasurer – and the Chairperson of the Council shall be the Chair of the Executive Committee.

The Executive Committee may develop policies for Board approval, and may review and recommend to the Board changes to the bylaws and to other operating policies. The Executive Committee shall also have such authority as is delegated to it by the Board.

Section 3. Advisory Committees. The Board may also establish advisory committees composed of at least one director and any number of other interested persons who are not directors. The Board shall appoint a Chair for each advisory committee. The Chair of each advisory committee shall appoint the members of the committee. Advisory committees shall provide advice and recommendations to the Board but shall not have the authority of the Board or any final decision making authority, except as provided above in Section 2 of this Article.

Section 4. Notice Requirements for Committees. Committees shall comply with the Bagley-Keene Open Meeting Act. Written notice and agenda requirements for committee meetings shall be the same as for Board meetings. Committee meetings may be called by the Chairperson of the Council, the Chair of the committee, or by a majority of the members of the committee.

Section 5. Quorum for Committees. A majority of the voting members of any committee shall constitute a quorum, and the acts of a majority of the voting members present at a meeting at which a quorum is present shall constitute the act or recommendation of the committee.

Section 6. Meetings by Telephone or Video Conference ~~or by Electronic Transmission.~~ Any meeting of a committee may be held by telephone or video conference ~~or by electronic transmission~~ in the same manner provided for in Article V of these bylaws.

ARTICLE VIII.

LIABILITY, INDEMNIFICATION, AND INSURANCE

Section 1. Liability. No volunteer director or officer shall be liable to third parties if the volunteer director or officer has met the requirements for good faith performance of his or her duties prescribed by the California Nonprofit Public Benefit Corporation Law and the corporation has met its duties relative to insurance required by the California Nonprofit Public Benefit Corporation Law.

Section 2. Right of Indemnity. To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding", as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this Bylaw, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

Section 3. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 4. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification pursuant to these Bylaws in defending any proceeding covered by such indemnification shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person, that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

Section 5. Insurance. The Board shall authorize the purchase and maintenance of an insurance policy or policies on behalf of its directors, officers, and employees against any liabilities, other than for violating provisions against self-dealing, incurred by the director, officer, or employee in such capacity or arising out of their status as such. Such policy shall meet the requirements set forth in Corporations Code Section 5239.

ARTICLE IX.

RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records. The corporation shall keep:

- (a) Adequate corporate books and records of account;
- (b) Written minutes of the proceeding of its Board and committees of the Board;
and
- (c) A record of each director's name, address, telephone number, facsimile number, and electronic mail address, if any.

Section 2. Maintenance of Articles and Bylaws. The corporation shall keep at its principal office the original or a copy of the Articles of Incorporation and Bylaws, as amended to date.

Section 3. Inspection by Directors. Every director shall have the right to inspect the corporation's books, records, and documents to the extent allowed by the California Nonprofit Public Benefit Corporation Law.

Section 4. Annual Report. The Board shall cause an annual report to be sent to directors within 120 days after the end of the corporation's fiscal year. That report should contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds.
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes.
- (d) The expenses or disbursements of the corporation for both general and restricted purposes.
- (e) Any information required by Section 5 of this article.

The annual report shall be accompanied by any report of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statement were prepared without audit from the corporation's books and records.

This requirement of an annual report shall not apply if the corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all directors who request it in writing.

Section 5. Annual Statement of Certain Transactions and Indemnifications.

If any of the following types of transactions or indemnifications occurred during the previous fiscal year, then as part of the annual report to all directors, or as a separate document if no annual report is issued, the corporation shall prepare and mail or deliver to each director a statement of any such transaction or indemnification within 120 days after the end of the corporation's fiscal year:

- (a) Any transaction:
 - (i) in which the corporation, its parent or its subsidiary was a party,
 - (ii) in which an "interested person" had a direct or indirect material financial interest, and
 - (iii) which involved more than \$50,000, or was one of a number of transactions with the same "interested person" involving, in the aggregate, more than \$50,000.

The statement shall include a brief description of the transaction, the names of "interested persons" involved, their relationship to the corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the "interested person" is a partner, only the interest of the partnership need be stated.

- (b) Any indemnifications or advances aggregating more than \$10,000 which were paid during the fiscal year to any officer or director of the corporation.

ARTICLE X.

MISCELLANEOUS

Section 1. Fiscal Year. Unless changed by the Board, the fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Section 2. Conflicts of Interest. Board members and committee members must actively seek to avoid situations and activities that create an actual or potential conflict between the individual's personal interests and the interests of the corporation. If a Board member or committee member believes that a conflict exists relative to a particular issue being considered by the Board or any committee, he or she shall disclose the conflict to the Board or committee, as appropriate, and abstain from discussion or voting on the issue.

For purposes of this section and these bylaws, a “conflict of interest” means a situation in which a board or committee member is part of a discussion or decision by the board or a committee which has the potential to financially benefit that board or committee member or a member of that board or committee member’s immediate family. “Immediate family” means, spouse or same-sex/domestic partner, children, parents, siblings, parents-in-law, or siblings-in-law.

Both the fact and the appearance of a conflict of interest should be avoided. Board members or committee members who are unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with the Chairperson, who will determine whether disclosure to the Board or the assistance of legal counsel is required.

Section 3. Intellectual Property. All intellectual property prepared or purchased by or on behalf of the corporation, including but not limited to newsletters, educational, promotional, and training materials, contracts, trade names, logos, service marks, and lists of certificate holders, shall be the exclusive property of the corporation and Board members agree to deal with it as such. Board members agree that they will not sell, transfer, publish, modify, distribute, or use for their own purposes, the intellectual property belonging to the corporation without the prior approval of the Board memorialized in a writing signed by the Chairperson.

Section 4. Required Filings and Disclosures. The Board shall ensure that the required filings are made at applicable state and federal agencies, including but not necessarily limited to filings required by the Secretary of State, the Attorney General’s office, the Internal Revenue Service, and the Franchise Tax Board.

The Council shall also comply with the disclosure requirements of federal and state agencies to which it is subject. Requirements which are applicable to the Council include but are not necessarily limited to making the corporation’s annual exempt organization filing (IRS Form 990) available to the public, and registering with the Attorney General’s office in California.

Section 5. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular includes the plural, the plural includes the singular, the masculine includes the feminine and neuter, and the term “person” includes both an individual and an entity.

ARTICLE XI.

AMENDMENTS

Section 1. Amendments. Subject to any limitations in the law, these Bylaws may be initially adopted, and thereafter amended, or repealed and new bylaws adopted, by a majority vote of the Board at any properly called meeting where a quorum is present, so long as the amendments, proposed repeal, or new bylaws are provided to each director at least ten (10) days prior to the meeting at which such amendments, repeal, or new bylaws will be discussed and voted on.

ARTICLE XII.

DISSOLUTION

Section 1. Remaining Assets. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit organization which is organized and operated exclusively for public and charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the CALIFORNIA MASSAGE THERAPY COUNCIL, a California nonprofit public benefit corporation; that the above Bylaws, consisting of ___ typewritten pages including this page, are the Bylaws of this corporation as approved by the Board of Directors on _____, 2015; and that they have not been amended or modified since that date.

Executed on the _____ day of _____, 2015 at
_____, California.

Roberta Rolnick, Secretary

RESTATED ARTICLES OF INCORPORATION

The undersigned certify that:

1. They are the president and the secretary, respectively, of CALIFORNIA MASSAGE THERAPY COUNCIL, a California corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

ARTICLES OF INCORPORATION OF CALIFORNIA MASSAGE THERAPY COUNCIL

Article I

The name of this corporation is CALIFORNIA MASSAGE THERAPY COUNCIL.

Article II

A. This corporation is a nonprofit PUBLIC BENEFIT CORPORATION and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

B. The specific purpose of this corporation is: to enable consumers and local governments to more easily identify certified massage professionals; to provide for consistent statewide certification and oversight of certified massage professionals; to ensure that schools approved by the Council that are teaching massage provide a high level of training; and to assist local governments and law enforcement in meeting their duty to maintain the highest standards of conduct in massage establishments by vetting and disciplining certificate holders.

Article III

A. This corporation is organized and operated exclusively for public and charitable purposes within the meaning of Section 501(c)(3), Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

Article IV

The property of this corporation is irrevocably dedicated to public and charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public and charitable purposes and which has established its tax exempt status under Section 501(c)(3), Internal Revenue Code.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.

4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: _____

Mark Dixon, President

Dated: _____

Roberta Rolnick, Secretary



State of California
Secretary of State

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JAN 29 2009

DEBRA BOWEN
Secretary of State

ARTICLES OF INCORPORATION**ENDORSED - FILED**
In the office of the Secretary of State
of the State of California

I

JAN 21 2009

The name of this corporation is CALIFORNIA MASSAGE THERAPY COUNCIL.

II

A. This corporation is a nonprofit PUBLIC BENEFIT CORPORATION and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

B. The specific purpose of this corporation is to provide certification for massage therapists and advance educational attainment within the massage therapy profession in California as a quasi-public body pursuant to the authority granted in California Business and Professions Code Section 4600 et seq. for the benefit of the public.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Jill S. England
1127 - 40th Street
Sacramento, California 95819

IV

A. This corporation is organized and operated exclusively for public and charitable purposes within the meaning of Section 501(c)(3), Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to public and charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public and charitable purposes and which has established its tax exempt status under Section 501(c)(3), Internal Revenue Code.

Beverly May
Beverly May, Incorporator



**BUSINESS AND PROFESSIONS CODE
SECTION 4600-4602**

4600. This chapter shall be known and may be cited as the Massage Therapy Act. Whenever a reference is made to the Massage Therapy Act by any statute, it shall be construed to refer to this chapter.

4600.5. (a) It is the intent of the Legislature that this act enable consumers and local governments to more easily identify certified massage professionals, provide for consistent statewide certification and oversight of massage professionals, ensure that schools approved by the council that are teaching massage provide a high level of training, assist local governments and law enforcement in meeting their duty to maintain the highest standards of conduct in massage establishments by vetting and disciplining certificate holders, provide for a self-funded nonprofit oversight body to certify massage professionals, and ensure full compliance with, and execution of, the requirements of this act.

(b) It is the intent of the Legislature that broad control over land use in regulating massage establishments be vested in local governments so that they may manage those establishments in the best interests of the individual community, and that the requirements and practice of the profession of massage therapy remain a matter of statewide concern, regulation, and oversight.

(c) It is the intent of the Legislature that local governments impose and enforce only reasonable and necessary fees and regulations, in keeping with the requirements of existing law and being mindful of the need to protect legitimate business owners and massage professionals, particularly sole providers, during the transition period after this act becomes law and thereafter for the sake of developing a healthy and vibrant local economy.

(d) It is the intent of the Legislature that local governments, law enforcement, nonprofit stakeholders, the massage industry, and massage professionals work together going forward to improve communication and share information to further increase the value of statewide certification, to collaborate in the implementation of this act, and to develop a model ordinance reflecting best practices in massage regulation for cities and counties to adopt that will respect local control, patient privacy, and the dignity of the profession of massage therapy.

4601. As used in this chapter, the following terms shall have the following meanings:

(a) "Approved school" or "approved massage school" means a school approved by the council that meets minimum standards for training and curriculum in massage and related subjects, that meets any of the following requirements, and that has not been otherwise unapproved by

the council:

- (1) Is approved by the Bureau for Private Postsecondary Education.
- (2) Is approved by the Department of Consumer Affairs.
- (3) Is an institution accredited by the Accrediting Commission for Senior Colleges and Universities or the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges and that is one of the following:
 - (A) A public institution.
 - (B) An institution incorporated and lawfully operating as a nonprofit public benefit corporation pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, and that is not managed by any entity for profit.
 - (C) A for-profit institution.
 - (D) An institution that does not meet all of the criteria in subparagraph (B) that is incorporated and lawfully operating as a nonprofit public benefit corporation pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, that has been in continuous operation since April 15, 1997, and that is not managed by any entity for profit.
- (4) Is a college or university of the state higher education system, as defined in Section 100850 of the Education Code.
- (5) Is a school requiring equal or greater training than what is required pursuant to this chapter and is recognized by the corresponding agency in another state or accredited by an agency recognized by the United States Department of Education.
- (b) "Certificate" means a valid certificate issued by the council pursuant to this chapter.
- (c) "Compensation" means a payment, loan, advance, donation, contribution, deposit, or gift of money, or anything of value.
- (d) "Council" means the California Massage Therapy Council created pursuant to this chapter, which shall be a nonprofit organization exempt from taxation under Section 501(c)(3) of Title 26 of the United States Code.
- (e) "Massage" means the scientific manipulation of the soft tissues. For purposes of this chapter, the terms "massage" and "bodywork" shall have the same meaning.
- (f) "Massage establishment" or "establishment" means a fixed location where massage is performed for compensation, excluding those locations where massage is only provided on an out-call basis.
- (g) "Massage practitioner" means a person who is certified by the council pursuant to Section 4604.2 and who administers massage for compensation.
- (h) "Massage therapist" means a person who is certified by the council under Section 4604 and who administers massage for compensation.
- (i) "Sole provider" means a massage business where the owner owns 100 percent of the business, is the only person who provides massage services for compensation for that business pursuant to a valid and active certificate issued in accordance with this chapter, and has no other employees or independent contractors.

4602. (a) The California Massage Therapy Council, as defined in subdivision (d) of Section 4601, is hereby established and shall carry out the responsibilities and duties set forth in this chapter.

(b) The council may take any reasonable actions necessary to carry out the responsibilities and duties set forth in this chapter, including, but not limited to, hiring staff, entering into contracts, and developing policies, procedures, rules, and bylaws to implement this chapter.

(c) The council may require background checks for all employees, contractors, volunteers, and board members as a condition of their employment, formation of a contractual relationship, or participation in council activities.

(d) The council shall issue a certificate to an individual applicant who satisfies the requirements of this chapter for that certificate.

(e) The council is authorized to determine whether the information provided to the council in relation to the certification of an applicant is true and correct and meets the requirements of this chapter. If the council has any reason to question whether the information provided is true or correct or meets the requirements of this chapter, the council is authorized to make any investigation it deems necessary to establish that the information received is accurate and satisfies any criteria established by this chapter. The applicant has the burden to prove that he or she is entitled to certification.

(f) Until September 15, 2015, the council shall be governed by a board of directors comprised of two representatives selected by each professional society, association, or other entity, which membership is comprised of massage therapists and that chooses to participate in the council. To qualify, a professional society, association, or other entity shall have a dues-paying membership in California of at least 1,000 individuals for the last three years and shall have bylaws that require its members to comply with a code of ethics. The board of directors shall also include each of the following persons:

(1) One member selected by each statewide association of private postsecondary schools incorporated on or before January 1, 2010, which member schools have together had at least 1,000 graduates in each of the previous three years from massage therapy programs that meet the approval standards set forth in subdivision (a) of Section 4601, unless a qualifying association chooses not to exercise this right of selection.

(2) One member selected by the League of California Cities, unless that entity chooses not to exercise this right of selection.

(3) One member selected by the California State Association of Counties, unless that entity chooses not to exercise this right of selection.

(4) One member selected by the Director of Consumer Affairs, unless that entity chooses not to exercise this right of selection.

(5) One member appointed by the Office of the Chancellor of the California Community Colleges, unless that entity chooses not to exercise this right of selection. The person appointed, if any, shall not be part of any massage therapy certificate or degree program.

(6) The council's bylaws shall establish a process for appointing other professional directors to the council who have knowledge of the massage industry or can bring needed expertise to the operation of the council for purposes of complying with Section 4603.

(g) At 12 p.m. Pacific standard time on September 15, 2015, the term of each member of the board of directors established pursuant to subdivision (f) shall terminate, and the terms of 13 new members of the board of directors who shall be chosen in the following manner, shall begin:

(1) One member shall be a representative of the League of California Cities, unless that entity chooses not to exercise this right to appoint.

(2) One member shall be a representative of the California Police Chiefs Association, unless that entity chooses not to exercise this right to appoint.

(3) One member shall be a representative of the California State Association of Counties, unless that entity chooses not to exercise this right to appoint.

(4) One member shall be a representative of an "anti-human trafficking" organization to be determined by the council. This organization shall appoint one member, unless the organization chooses not to exercise this right to appoint.

(5) One member shall be appointed by the Office of the Chancellor of the California Community Colleges, unless that office chooses not to exercise this right to appoint.

(6) One member shall be a member of the public appointed by the Director of the Department of Consumer Affairs, unless the director chooses not to exercise this right to appoint.

(7) One member shall be appointed by the California Association of Private Postsecondary Schools, unless that entity chooses not to exercise this right to appoint.

(8) One member shall be appointed by the American Massage Therapy Association, California Chapter, who shall be a California-certified massage therapist or massage practitioner who is a California resident and who has been practicing massage for at least three years, unless that entity chooses not to exercise this right to appoint.

(9) One member shall be a public health official representing a city, county, city and county, or state health department, to be determined by the council. The city, county, city and county, or state health department chosen, shall appoint one member unless that entity chooses not to exercise this right to appoint.

(10) (A) One member shall be a certified massage therapist or a certified massage practitioner who is a California resident who has practiced massage for at least three years prior to the appointment, selected by a professional society, association, or other entity which membership is comprised of massage therapist professionals, and that chooses to participate in the council. To qualify, a professional society, association, or other entity shall have a dues-paying membership in California of at least 1,000 individuals, have been established since 2000, and shall have bylaws that require its members to comply with a code of ethics.

(B) If there is more than one professional society, association, or other entity that meets the requirements of subparagraph (A), the appointment shall rotate based on a four-year term between each of the qualifying entities. The qualifying entity shall maintain its appointment authority during the entirety of the four-year term during which it holds the appointment authority. The order in which a qualifying professional society, association, or other entity has

the authority to appoint shall be determined by alphabetical order based on the full legal name of the entity as of January 1, 2014.

(11) The members appointed to the board in accordance with paragraphs (1) to (10), inclusive, shall appoint three additional members, at a duly held board meeting in accordance with the board's bylaws. One of those appointees shall be an attorney licensed by the State Bar of California, who has been practicing law for at least three years and who at the time of appointment represents a city in the state. One of those appointees shall represent a massage business entity that has been operating in the state for at least three years. The council shall establish in its bylaws a process for appointing an additional member, provided that the member has knowledge of the massage industry or can bring needed expertise to the operation of the council for purposes of complying with Section 4603.

(h) Board member terms shall be for four years.

(i) The board of directors shall establish fees reasonably related to the cost of providing services and carrying out its ongoing responsibilities and duties. Initial and renewal fees for certificates shall be in an amount sufficient to support the functions of the council in the administration of this chapter, but in no event shall exceed three hundred dollars (\$300). The renewal fee shall be reassessed biennially by the board.

(j) The meetings of the council shall be subject to the rules of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). The board may adopt additional policies and procedures that provide greater transparency to certificate holders and the public than required by the Bagley-Keene Open Meeting Act.

(k) Prior to holding a meeting to vote upon a proposal to increase the certification fees, the board shall provide at least 90 days' notice of the meeting, including posting a notice on the council's Internet Web site unless at least two-thirds of the board members concur that there is an active threat to public safety and that voting at a meeting without prior notice is necessary. However, the board shall not waive the requirements of subdivision (j).

(l) If the board approves an increase in the certification fees, the council shall update all relevant areas of its Internet Web site and notify all certificate holders and affected applicants by email within 14 days of the board's action.



CALIFORNIA MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 800 | Sacramento, CA 95814
tel 916.669.5336 fax 916.669.5337 www.camtc.org

Date: September 14, 2015
To: Board of Directors
From: Ahmos Netanel, CEO
Subject: CEO Report

Operation

Database security- Staff takes CAMTC's database security very seriously and continues to look for ways to assure that only authorized governmental agencies and personnel have accesses to personal information of applicants and certificate holders. On June 29, 2015 we subscribed and installed additional security software on all workstations and server at a cost of \$17,715 that will boost our ability to protect data from unauthorized access.

CAMTC's development of Certification Management System ("CMS", which also includes a school approval management system)- After researching available certification management systems and talking to a number of vendors and users, CAMTC narrowed the selection to three solution providers. Staff, in conjunction with an independent Project Management consultant, met with representatives from two of these companies and carefully reviewed the functionality of the proposed systems, discussed the solution provider's approach to modifying these systems, talked with current customers and received detailed cost proposals. After a comparison of the base proposed systems, the solution provider's approach to modifying those systems, feedback from existing customers and costs associated with one-time implementation costs as well as on-going annual costs, we selected a Nevada based company called inLumon as the solution provider for CAMTC. Our agreement with inLumon became effective September 1, 2015. The total cost of the system is \$169,100 and the projected completion date is August 31, 2016.

Establishment of Disciplinary Performance Measures- On July 15, 2015 I send to the Board the following recommended preliminary target averages for disciplinary performance measures ("PM's"):

PM 2 Intake (Average cycle time from complaint receipt to the date the complaint was assigned to an investigator) - 9 days

PM 3 Intake and Investigation (Average cycle time from complaint receipt to closure of the investigative process. Does not include cases forwarded for formal discipline) –180 days

PM 4 Formal Discipline (Average number of days to complete the entire enforcement process for cases resulting in formal discipline.) – 480 days

The attached charts reflect actual data from the second quarter of 2015, which may be used as baseline going forward.

Recertification notification and processing- In accordance with CAMTC's recertification notification schedule, effective September 1 2015, all certificate holders expiring before January 1, 2016 were sent recertification notices. The website and the notices alert certificate holders that failing to recertify within six months from expiration will result in having to re-apply from scratch and may necessitate having to go back to school in addition to being required to pass an exam.

Customer service

Customer service staff currently handles more than 5,400 calls per month. Our representatives answer the vast majority of the calls in four rings or less. Prior to staff member picking up the line, an outgoing message informs callers that all calls may be monitored for quality control and training purposes.

Finance

As of July 31, 2015 we exceeded expectations on the balance sheet and the statement of functional activity.

Cash in the bank:

Budgeted- \$3,251,824

Actual - \$3,316,280

Excess revenue over expenses:

Budgeted - \$ 165,010

Actual - \$351,938

Banking – The attached document reflects the allocation of CAMTC funds. It is recommended that the board authorize maintaining the bank accounts specified in the attached document.

September 14, 2015 Board Meeting

PERFORMANCE METRICS –2nd Qtr 2015

PM1 – COMPLAINT VOLUME

Total Number of Complaints Received – ALL (actionable and non-actionable)

SECOND QUARTER 2015: 122 total complaints.

PM1.1 – COMPLAINT VOLUME- CERTIFICATE HOLDERS

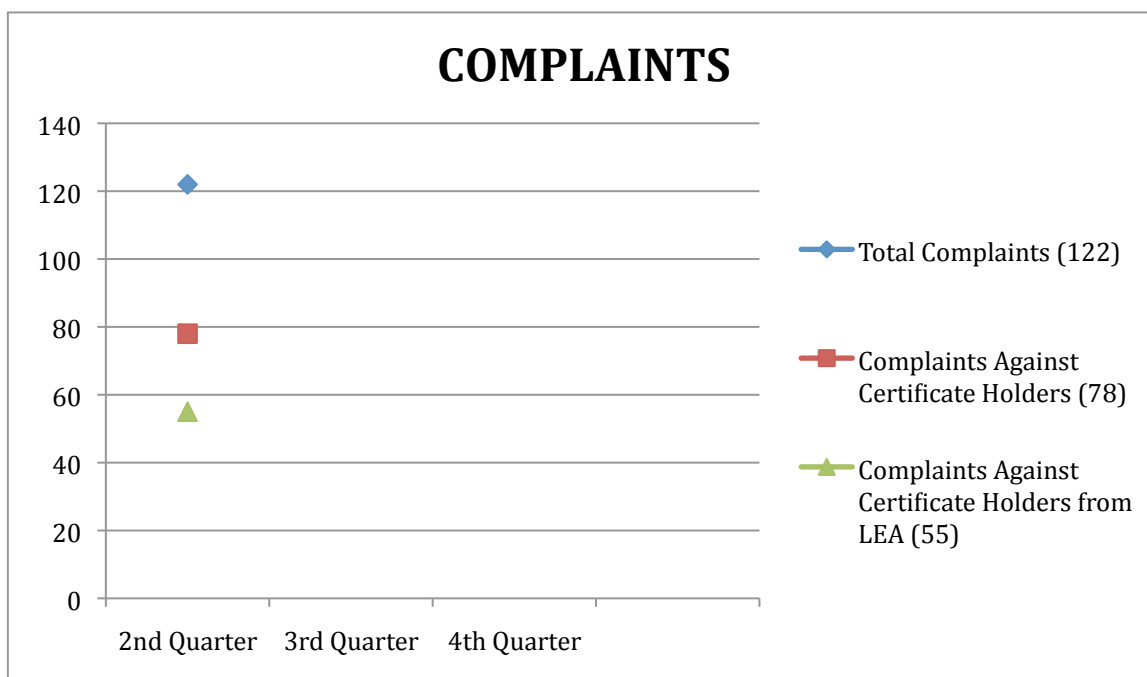
Total Number of Complaints Received Against Certificate Holders

SECOND QUARTER 2015: 78 complaints against Certificate Holders.

PM 1.2 – COMPLAINT VOLUME – CERTIFICATE HOLDERS – COMPLAINTS FROM LAW ENFORCEMENT

Total number of complaints received against Certificate Holders from law enforcement agencies or government agencies with the responsibility to regulate massage. Does not include complaints against those who are not certified.

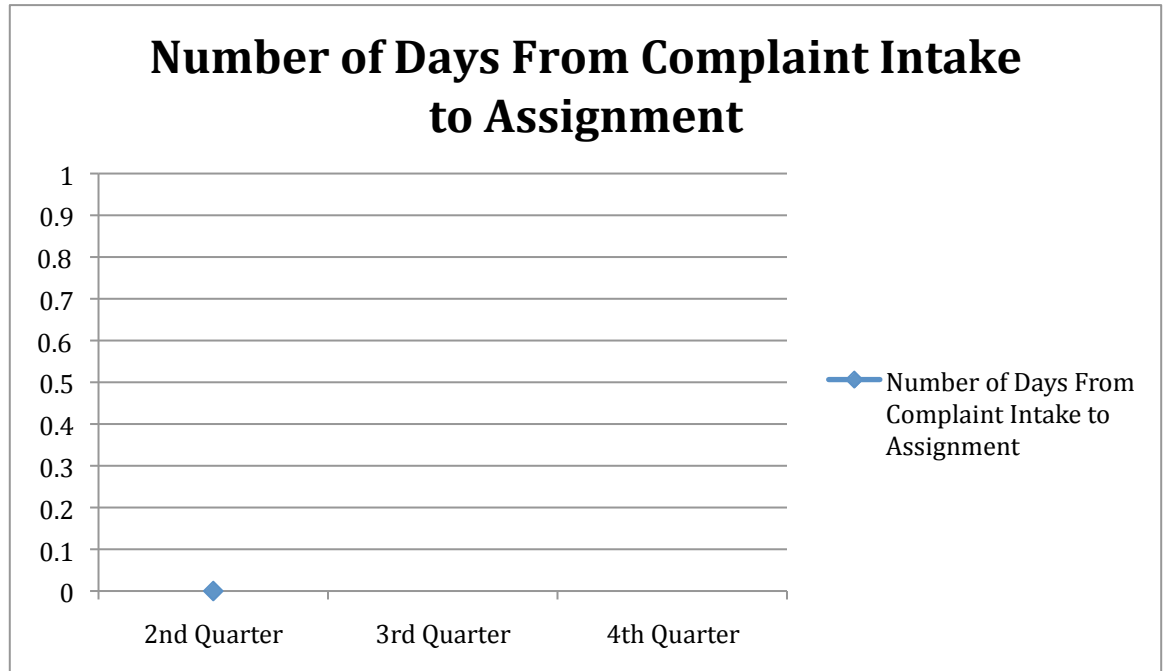
SECOND QUARTER 2015: 55 complaints from LEA.



PM2 – INTAKE – ALL COMPLAINTS

Number of days from when a complaint is received to when it is sent to an investigator. All complaints received are immediately forwarded to an investigator.

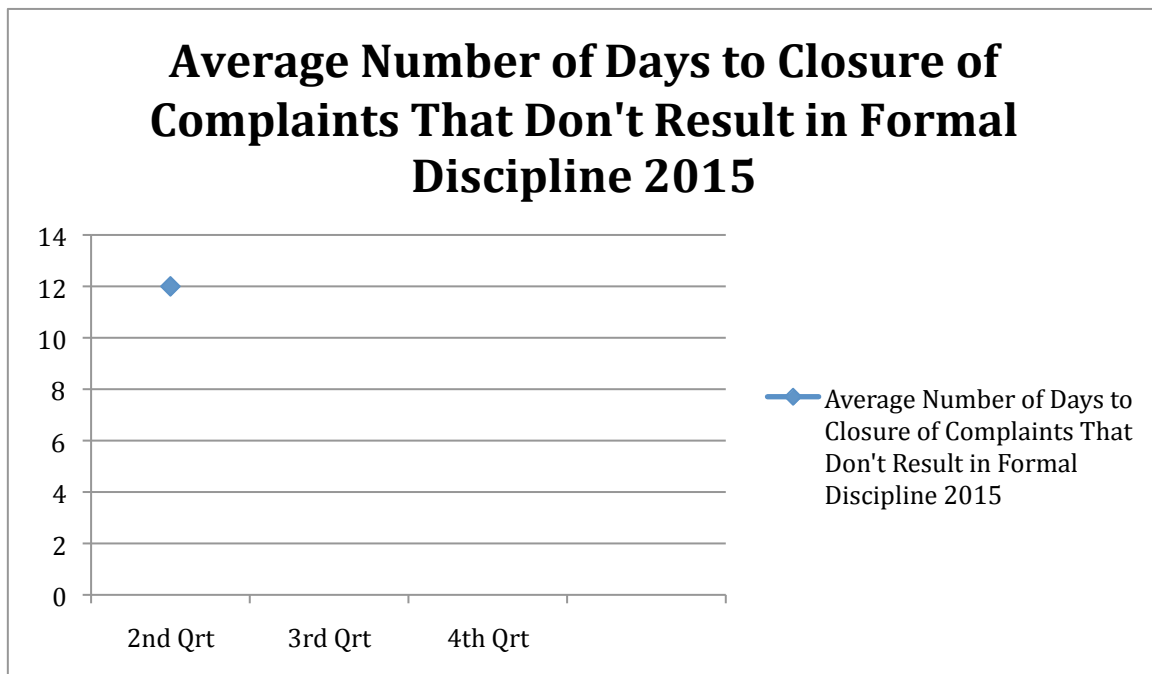
SECOND QUARTER 2015: 0 days to assignment



PM3 – COMPLAINT INTAKE AND INVESTIGATION – INFORMAL RESOLUTION

Average time in days from date complaint was received to date complaint was resolved/closure of the investigation process not resulting in formal discipline. This number includes ALL complaints, not just those against Certificate Holders, which are resolved prior to being referred to Legal for formal discipline. It does NOT include cases against certificate holders sent to Legal for formal discipline (revocation, suspension, or imposition of probationary conditions).

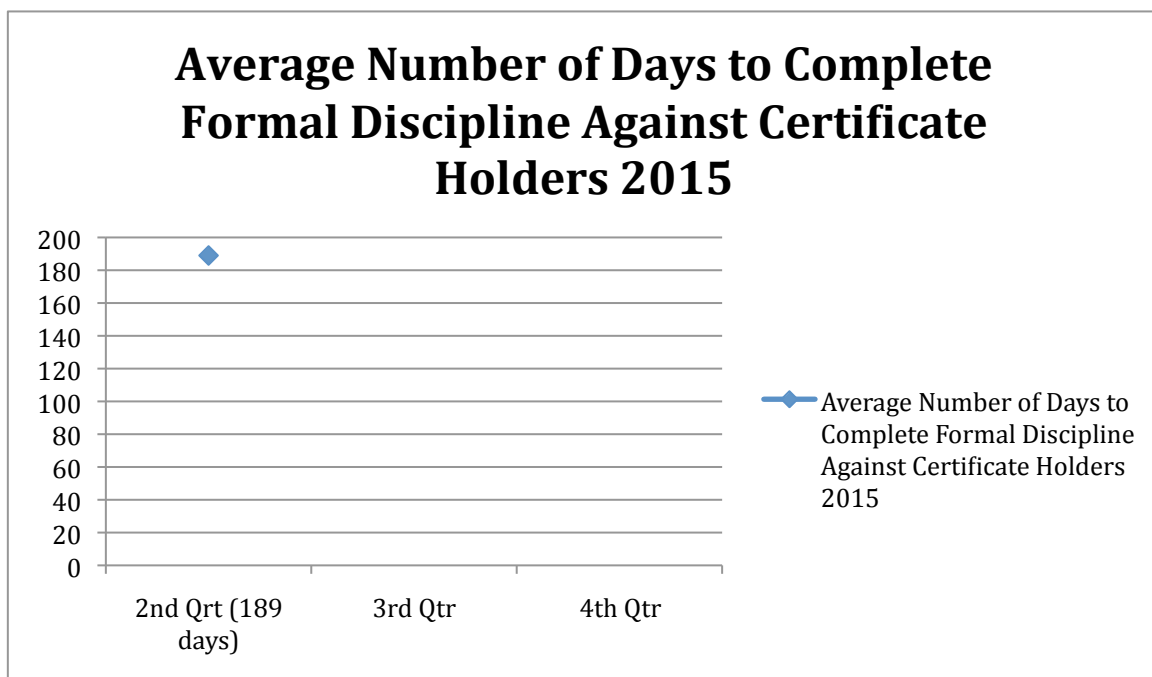
SECOND QUARTER 2015: 12 days is the average number of days to closure.



PM4 – FORMAL DISCIPLINE AGAINST CERTIFICATE HOLDERS

Average number of days to complete the entire disciplinary process against Certificate Holders for cases resulting in formal discipline. Formal discipline includes permanent revocation, revocation, suspension, and imposition of probationary conditions. Average number of days is calculated from date of intake to the final date of disciplinary action.

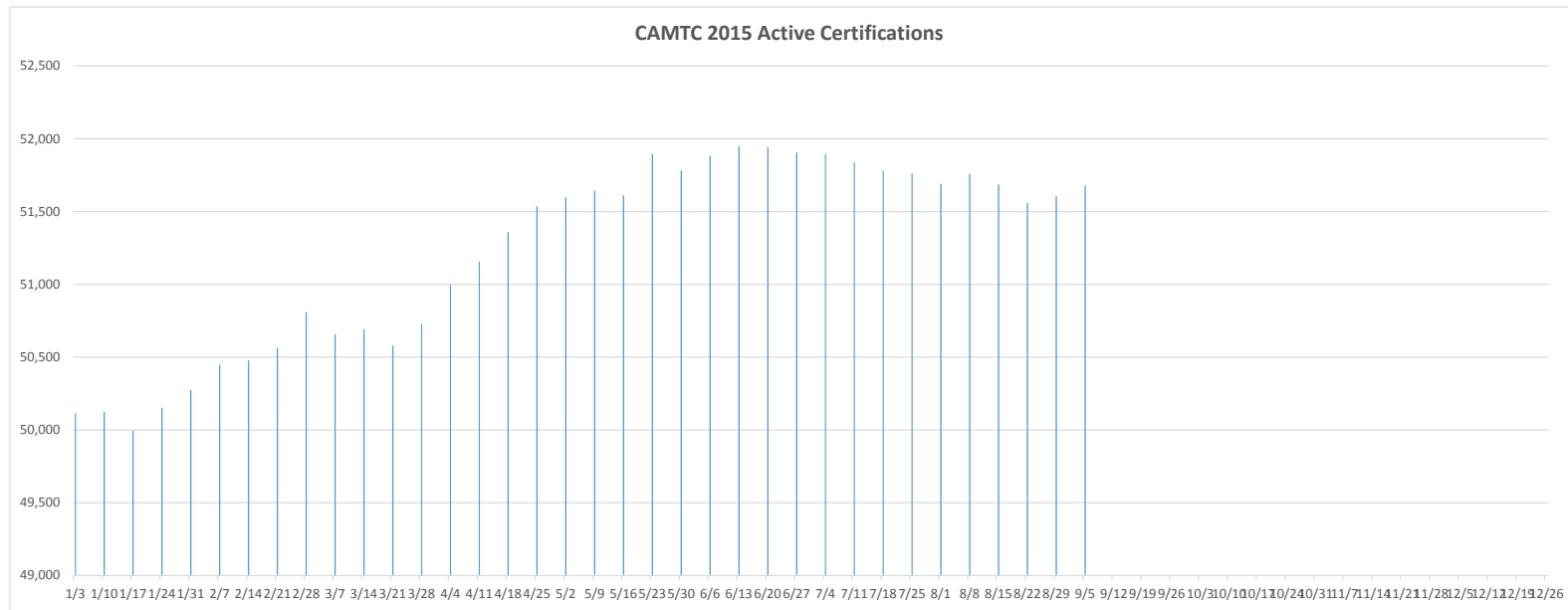
SECOND QUARTER 2015: 189 days is the average number of days from intake to final date of formal discipline.



CAMTC Bank Accounts as of 8/31/15

| Bank Name | Type | Open Date | Term | Maturity Date | Amount | Interest Rate |
|-------------------------------|--------------|------------------|-------------|----------------------|-----------------|----------------------|
| Umpqua | Checking | N/A | N/A | N/A | \$ 335,202.70 | 0 |
| Cal First National Bank | CD | 10/2/2014 | 12 mo | 10/2/2015 | \$ 250,000.00 | 0.99% |
| Synchrony Bank | CD | 11/10/2014 | 12 mo | 11/10/2015 | \$ 252,220.27 | 1.10% |
| EH National Bank | CD | 12/4/2014 | 24 mo | 12/4/2016 | \$ 250,000.00 | 1.05% |
| First Internet Bank | CD | 12/9/2014 | 24 mo | 12/8/2016 | \$ 250,000.00 | 1.25% |
| State Farm Bank | CD | 11/26/2014 | 36 mo | 11/26/2017 | \$ 252,801.62 | 1.50% |
| Giant Bank | CD | 11/26/2014 | 36 mo | 11/26/2017 | \$ 250,000.00 | 1.26% |
| Chartway Federal Credit Union | CD | in process | 12 mo | | \$ 250,000.00 | 1.00% |
| Presidential Bank | CD | in process | 12 mo | | \$ 250,000.00 | 0.95% |
| Silvergate Bank | CD | 9/8/2015 | 12 mo | 9/7/2016 | \$ 235,000.00 | 1.08% |
| KS State Bank | CD | in process | 12 mo | | \$ 250,000.00 | 0.901% |
| Preferred Bank | Money Market | in process | N/A | N/A | \$ 250,000.00 | 0.40% |
| CA Bank & Trust | Money Market | in process | N/A | N/A | \$ 250,000.00 | 0.10% |
| | | | | | \$ 3,325,224.59 | |

| | |
|-------|--------|
| 1/3 | 50,117 |
| 1/10 | 50,125 |
| 1/17 | 49,995 |
| 1/24 | 50,152 |
| 1/31 | 50,274 |
| 2/7 | 50,447 |
| 2/14 | 50,478 |
| 2/21 | 50,563 |
| 2/28 | 50,808 |
| 3/7 | 50,657 |
| 3/14 | 50,692 |
| 3/21 | 50,580 |
| 3/28 | 50,727 |
| 4/4 | 50,997 |
| 4/11 | 51,155 |
| 4/18 | 51,359 |
| 4/25 | 51,536 |
| 5/2 | 51,599 |
| 5/9 | 51,644 |
| 5/16 | 51,611 |
| 5/23 | 51,897 |
| 5/30 | 51,781 |
| 6/6 | 51,885 |
| 6/13 | 51,948 |
| 6/20 | 51,942 |
| 6/27 | 51,905 |
| 7/4 | 51,895 |
| 7/11 | 51,839 |
| 7/18 | 51,779 |
| 7/25 | 51,763 |
| 8/1 | 51,692 |
| 8/8 | 51,758 |
| 8/15 | 51,687 |
| 8/22 | 51,559 |
| 8/29 | 51,604 |
| 9/5 | 51,680 |
| 9/12 | |
| 9/19 | |
| 9/26 | |
| 10/3 | |
| 10/10 | |
| 10/17 | |
| 10/24 | |
| 10/31 | |
| 11/7 | |
| 11/14 | |
| 11/21 | |
| 11/28 | |
| 12/5 | |
| 12/12 | |
| 12/19 | |
| 12/26 | |



Approved by the CAMTC Board December 11, 2014
Proposed Amendments Prepared 9/2/15



PROCEDURES FOR UN-APPROVAL OF SCHOOLS

Pursuant to California Business and Professions Code sections 4600 et. seq., the California Massage Therapy Council ("CAMTC") hereby adopts the following procedures relative to the denial, un-approval, or action against schools and the requirement to provide additional proof of adequate education (beyond merely a transcript):

1. Reasons for denial of CAMTC application for school approval, un-approval, or action against a school.

Schools may be denied CAMTC approval, un-approved, or otherwise acted against for any of the following reasons:

- a. Selling or offering to sell transcripts, or providing or offering to provide transcripts, without requiring attendance, or full attendance, at the school.
- b. Failure to require students to attend all of the classes listed on the transcript.
- c. Failure to require students to attend all of the hours listed on the transcript.
- d. Engaging in fraudulent practices, including but not limited to, the creation of fake documents to aid or abet students seeking CAMTC certification, aiding or abetting students to use false documents and/or to present false testimony in CAMTC hearings, aiding or abetting students in engaging in fraudulent practices with respect to CAMTC hearings, making false claims, or otherwise engaging in fraudulent practices.
- e. Violating or attempting to violate, directly or indirectly, or assisting in or abetting the violation of, or conspiring to violate, any provision or term of law or any rule or bylaw of CAMTC.
- f. Denial, suspension, revocation, or otherwise being acted against by National Certification Board for Therapeutic Massage and Bodywork, including but not limited to, denial, suspension, or revocation of assigned school code.

- g. Failure to create, record, or maintain accurate records, including but not limited to student attendance records and student transcripts.
- h. Failure to identify transfer credit from other institutions (including name of other institution(s), hours transferred, and class requirements met by transfer credit) on transcripts.
- i. A finding by a local law enforcement agency, a state or local agency, or a private certifying, permitting, or accreditation agency related to massage, that a school has engaged in any of the conduct identified in these sections 1. a. - h.
- j. Failure of a school that has requested CAMTC approval to meet or maintain the requirements for approval set forth in CAMTC's Policies and Procedures for Approval of Schools.
- k. Failure to meet the requirements for an approved school as defined in Business and Professions Code section 4601(a).

2. Investigations.

Section 4615 of the Business and Professions Code provides:

(a) The council¹ shall have the responsibility to determine whether the school from which an applicant has obtained the education required by this chapter meets the requirements of this chapter.

(1) If the council has any reason to question whether or not the applicant received the education that is required by this chapter from the school or schools that the applicant is claiming, the council shall investigate the facts to determine that the applicant received the required education prior to issuing a certificate.

(2) For purposes of this section and any other provision of this chapter that authorizes the council to receive factual information as a condition of taking any action, the council may conduct oral interviews of the applicant and others or conduct any investigation deemed necessary to establish that the information received is accurate and satisfies the criteria established by this chapter.

If CAMTC receives information that a school has violated a provision of section 1 of these procedures, it will make a determination (in its sole discretion based on the nature of the information received) whether to investigate that claim or not. If CAMTC decides to investigate the claim and, after investigation, has credible evidence that a violation of a

¹ "Council" as used in the Law means CAMTC.

provision of section 1 of these procedures has occurred, CAMTC will then make a determination whether or not to propose denial of an application to become a CAMTC approved school, un-approval of a school, or propose to otherwise take action against the school. If CAMTC decides to propose denial, un-approval, or action against a school, the procedures listed in section 3 below shall be followed.

Any school about which there is a concern will be evaluated and investigated on a case-by-case basis. CAMTC will consider all of the evidence before it when making a proposed or a final decision.

With respect to investigations and/or actions against schools, including but not limited to final decisions about denial, un-approval, or action against a school, CAMTC may delegate its authority under these procedures to a committee or to staff, in CAMTC's sole discretion.

3. Procedure for Notifying School of Concern and Chance to Respond.

Once the initial investigation is completed and CAMTC has made a decision to propose denial, un-approval, or action against a school, it shall notify the school of its intent to take such action, including placing it on the un-approved list. Additionally, if the school is seeking CAMTC approval or is already a CAMTC approved school, CAMTC shall also notify the school of its proposed decision to deny the school's application for approval or revoke or otherwise act against the school in relation to its status as a CAMTC approved school. It shall also take all of the following steps:

- a. Send the school a letter notifying it of CAMTC's proposed decision to deny the application for approval, un-approve the school, or take action against the school and identifying the reasons for that decision (this letter shall be called a "Proposed Un-Approval Letter" regardless of the action proposed to be taken);
- b. Notify the school that it will be given 30 days from the date of the Proposed Un-approval Letter to respond in writing, including submission of any documents, evidence, and written statements, and/or to request the opportunity to make an oral statement before the CAMTC Board of not more than 20 minutes;
- c. Notify the school that if an oral statement is timely requested, the school will have the opportunity to make that statement to the Board before its matter is considered;
- d. Notify the school of the outcome in writing within 90 days after the Board renders its decision; and
- e. Inform the school that all applications submitted with transcripts from their school that cannot be otherwise certified will be placed on hold until a final decision as to whether to deny, un-approve, or otherwise take action against the school is made.

4. Action Against a School.

If CAMTC makes a final determination that a school has engaged in any of the conduct identified in paragraph 1 of these procedures, it may take any or all of the following actions, in its sole discretion:

- a. For schools that are seeking CAMTC approval or have been approved by CAMTC: Deny the application for approval, un-approve the school, or otherwise take action against the school, including but not limited to revoking its CAMTC approved school code or imposing probationary conditions.
- b. Un-approve the school and list the school as an un-approved school. If the school is listed as un-approved, a 90-day grace period will follow. During this 90-day grace period, the school's students who apply, and all of those whose application was previously held, will be required to provide additional proof of adequate education (beyond merely a transcript from the subject school) in order to prove their education. Students who apply after the 90-day grace period has expired will be told that, unless they have also supplied evidence of completion of required hours of massage education from one or more approved schools, their applications are incomplete and that they have one year to complete their education and provide an acceptable transcript to CAMTC before their applications are purged;hh
- b. List the school as a school for which students will have to provide additional proof of education beyond just a transcript, rather than listing the school as "un-approved";
- c. Place the school on probation, with the specific probationary terms and conditions identified in the final decision letter, including but not limited to further inspection of school premises and documents.

If the school submits no information in response to the Proposed Un-approval Letter, the school will become un-approved and it will be listed on CAMTC's website as an un-approved school after the time for response to the Proposed Un-approval Letter has expired.

5. Rehabilitation.

A. Consideration of Rehabilitative Factors

Consideration of a school's rehabilitation will be evaluated on a case-by-case basis. CAMTC will consider all available information, including the totality, weight, and reliability of the evidence when making a determination.

Factors that will be considered when determining whether a school has been rehabilitated may include, but are not necessarily limited to, the following:

- a. The seriousness of the conduct that resulted in CAMTC action against the school;
- b. The number and nature of complaints CAMTC has received about the school, both before and after CAMTC action against the school;
- c. The length of time between complaints against the school;
- d. The number and nature of disciplinary action by CAMTC or other organizations against the school;
- e. The length of time the school has been operating and approved by one of the organizations listed in 4600(a)(1)-(5);
- f. The effect CAMTC action against the school has had on the school;
- g. Safeguards instituted by the school to prevent recurrence;
- h. Actual knowledge by current school owners of the bad acts engaged in at the time the conduct that led to CAMTC action against the school occurred;
- i. Change in status with other agencies that regulate schools, such as NCBTMB (e.g. restoration of a school's NCBTMB "school code" after suspension or revocation or change from suspension to revocation);
- j. Approval or re-approval of the school by the Bureau for Private Postsecondary Education (BPPE);
- k. Ongoing rehabilitation efforts by the school and how realistic such efforts are; and
- l. All other relevant information related to rehabilitation.

B. Procedures

When a school requests that it be taken off the list of un-approved schools or the list of schools from which students have to provide additional proof of education beyond just a transcript (collectively "the list"), CAMTC will make the decision, in its sole discretion, based on its consideration of rehabilitative factors as described in Section A.

All such requests by schools must be:

1. in writing, and
2. sent to the CAMTC offices at One Capital Mall, Suite 320, Sacramento, CA 95814 OR via email to camtcreview@amgroup.us.

CAMTC will review the information presented by the school and has the authority to investigate the evidence, including but not limited to oral interviews with a school's management, staff, students and graduates and any other relevant witnesses, whether affiliated with the school or with other organizations.

If CAMTC determines that a school should be removed from the un-approved list (or may be eligible to be removed from the list), CAMTC may impose conditions on the school, including but not necessarily limited to the following:

- a. Requiring a school to submit periodic written progress reports identifying steps being taken to correct the unacceptable issues.

- b. Requiring a school to submit to unannounced CAMTC staff visits to the school for inspection, including but not limited to inspection of facilities, personnel, classes, and records, and to monitor the school's activities.

Once a final decision is made by CAMTC, the school will be notified in writing of that decision.

Any school that has been denied CAMTC approval, has been un-approved, or has been placed on the list for selling or offering to sell transcripts, failing to require students to attend all of the classes listed on the transcript, failure to require students to attend the school for all of the hours listed on the transcript, or engaging in fraudulent practices may not request CAMTC approval or removal from the list of un-approved schools for a period of five (5) years from the date the school was denied, un-approved, or added to the list. All other schools may request CAMTC approval or removal from the list after a period of two (2) years from the date the school was denied, un-approved, or added to the list.

The burden of proof is on the school to prove that it has been sufficiently rehabilitated to allow removal from the list or re-application to CAMTC as an approved school. Whether a school that claims rehabilitation and requests removal from the list will be removed from the list is in CAMTC's sole discretion.

Jill S. England, Attorney at Law

P.O. Box 191167, Sacramento, California 95819

Phone: (916) 452-2602 Fax: (916) 313-3278

jillengland@sbcglobal.net

www.creativelegalsolutions.com

September 2, 2015

TO: BOARD OF DIRECTORS
CALIFORNIA MASSAGE THERAPY COUNCIL

FROM: ALISON SIEGEL

RE: REASONS FOR PROPOSED LEGISLATIVE AMENDMENTS TO ALLOW
FOR REPORTING OF OUT OF STATE CONVICTIONS

Pursuant to Board policy, this is to provide the Board with information regarding a suggested request for a legislative change.

CAMTC's current law provides for direct reporting from the California Department of Justice for California criminal convictions and the Federal Bureau of Investigation for federal convictions, it does not provide for the direct reporting of criminal convictions in other states. In order to have more complete background checks, reporting of criminal convictions in other states to CAMTC would be preferable. Currently, CAMTC is only aware of this information if it is self-reported by applicants and certificate holders.

Per the Board motion on changes to policies, the following information is provided:

- The language of the current policy and when the policy was adopted. **Business and Professions Code section 4606, attached.**
- A short description of why the policy should be changed. **See above.**
- The language of related statutes that may have an impact on the decision. **Business and Professions Code section 4606, attached.**
- The fiscal impact the proposed change may have on CAMTC and certificate holders and applicants. **Unknown.**
- Potential pro's and con's of the new policy is adopted. **Pro – more thorough background checks. Con - None**
- The impact on current certificate holders and applicants. **Applicants and certificate holders with related criminal convictions in other states may be acted against.**
- A suggested date for the change to be implemented. **Add to Sunset report for proposed legislative change to be implemented in 2017.**

[END OF MEMO]

4606. (a) Prior to issuing a certificate to an applicant, or designating a custodian of records, the council shall require the applicant or the custodian of records candidate to submit fingerprint images as directed by the council and in a form consistent with the requirements of this section.

(b) The council shall submit the fingerprint images and related information to the Department of Justice for the purpose of obtaining information as to the existence and nature of a record of state and federal level convictions and of state and federal level arrests for which the Department of Justice establishes that the applicant or candidate was released on bail or on his or her own recognizance pending trial.

(c) Requests for federal level criminal offender record information received by the Department of Justice pursuant to this section shall be forwarded to the Federal Bureau of Investigation by the Department of Justice. The Department of Justice shall review the information returned from the Federal Bureau of Investigation, and shall compile and disseminate a fitness determination regarding the applicant or candidate to the council. The Department of Justice shall provide information to the council pursuant to subdivision (p) of Section 11105 of the Penal Code.

(d) The Department of Justice and the council shall charge a fee sufficient to cover the cost of processing the request for state and federal level criminal offender record information.

(e) The council shall request subsequent arrest notification service from the Department of Justice, as provided under Section 11105.2 of the Penal Code, for all applicants for certification or custodian of records candidates for whom fingerprint images and related information are submitted to conduct a search for state and federal level criminal offender record information.

(f) The council is authorized to receive arrest notifications and other background materials about applicants and certificate holders from a city, county, or city and county.



CALIFORNIA
MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 320 | Sacramento, CA 95814
tel 916.669.5336 fax 916.444.7462 www.camtc.org

Report for Board Meeting 9.14.2015

From: Beverly May, Director of Governmental Affairs and Special Projects

I. Local government implementation of AB 1147

Cities and counties that require certification – at this time I am aware of 146 jurisdictions that require everyone practicing massage to be certified. I believe that the only two ordinances that have been amended as of this time in 2015 that do not do so are San Francisco and Sacramento County – the latter only just releasing a draft of their proposed new ordinances regulating massage and applicable land use. I know of another 13 cities in late stages of drafting ordinances to require certification and another 9 that currently require certification by way of no longer issuing local permits. Of note is that Los Angeles County is close to sending us their draft.

Stanislaus County is following the lead of San Mateo County of having a similar ordinance adopted by the county and all cities. In fact, the city attorneys have been working on this for quite some time, with the Modesto city attorney taking the lead, with plans to introduce the ordinance this fall.

Land Use

Moratoria – currently 40 cities have active moratoria on the opening of new massage establishments. Some extend this to expansion of businesses, either via a re-model of the premises or issuing of additional business licenses to add or replace tenants and independent contractors. Three cities have repealed their moratoria once new ordinances became effective, but most extend and leave them in place for the maximum two years. The earliest of those extended to the maximum limit will expire by spring of 2016.

Conditional use permits – it is difficult to assess how many cities and counties now treat massage businesses as a conditional use for all or some districts. While a number of ordinances have been amended to require CUPs, an unknown number have just imposed CUPs that were in zoning codes previously. A few cities have grandfathered existing locations – others give them a certain amount of time, typically 3-5 years, to comply. In

many cases this means that the businesses will need to move. Other land use challenges, particularly for new businesses, range from 1,000 feet distance between massage establishments to mandating that establishments providing massage be limited to ancillary use (some as low as 10% of floor space or revenue) within a non-massage business. One city requires massage establishments to be no less than 2,000 feet, effectively shutting out sole providers and many small group practices.

Trends – from my perspective, I would say that a large number of jurisdictions are attempting to be respectful of the massage profession, although this is not universal. One positive example is Elk Grove, which passed an ordinance requiring certification, but later, to accommodate the few long time therapist in the city who do not qualify for certification, passed an amendment to allow them to continue to practice without certification. The city has reached out to the profession, as well as CAMTC, in the drafting stage.

Relationships with local government

I get quite a few calls from local officials on what is and is not massage. Until such time as the Massage Therapy Act will include a scope of practice, I refer them to their own municipal or county code. Often I am asked to provide a description of some of the approaches they are evaluating. I also field a tremendous number of questions by city officials who are unclear of what authority they have.

Another source of inquiry from local government pertains to applications that are pending, or for the status of CAMTC investigations. Many times the individual is hoping to obtain a city permit or business license while awaiting a final notice from CAMTC. Typically the decision is that their certification has been denied or is being revoked. We share information such as this with local authorities.

Sunset

The next few months I, along with other CAMTC staff, will be prioritizing preparation of the 2016 Sunset Report that is due December 1st. We have received the survey document and confirmed with legislature committee staff what new information is needed.

Data Development and Implementation System

This year I have spent a significant amount of time on preparation for the development and implementation of the new CAMTC database. After researching a number of possible solution providers and their systems, we selected three solution providers to interview. One of them presented twice – once with a newer product. We have engaged a Project Manager who has helped us prepare for the

project. In the end, the lengthy and detailed process helped us to find a solution provider that we have determined best meets our needs.

Since May our Project Manager has helped us define almost 600 requirements for the new system, created high-level functional flow charts and fully explored the system that this solution provider recently implemented for the Nevada Board of Massage. The Project Manager has had weeks of detailed conversations about requirements with Subject Matter Experts from CAMTC, AMG, our legal team and from both the Educational and Professional Standards Divisions. September 3rd and 4th was the initial “kick-off” of the modernization project with the selected solution provider. Having the business, technical and security requirements, as well as the high-level functional flowcharts and screen mock-ups prepared in advance, place us way ahead in the development process. These requirements will be further refined under what is called an “agile” methodology, which adapts the system to quickly meet our requirements throughout the development phase. Besides looking forward to a well-functioning modern data management system, we are building in state-of-the-art standards for security and verification of data. The solution provider will provide a device-independent, web-based system to address certification and application management for CAMTC, both of individuals as well as schools.

The Project Manager is tasked with overseeing the project on CAMTC’s behalf and provides project related Information Technology services to CAMTC during the modernization project. I am functioning as the coordinator for the various parties, including the Subject Matter Experts for CAMTC who will make sure that the specific needs of application, recertification and certificate holder processing, the Educational and Professional Standards Divisions and our legal team will be fully addressed.

Since I spend quite a bit of time interacting with city attorneys, county counsels, and law enforcement, I also look forward to having the information available on the Local Government section of our website revamped to be more useful and easier to navigate than on our current system.

Our target date is a year until the system is implemented and fully in use, with adequate time for thoroughly testing and refining the system.

Human Trafficking – I continue to participate in several county taskforces and advocacy organizations, including Polaris Project, to monitor and assist efforts to identify and address human trafficking as it pertains to the massage profession. San Francisco just released their report on the demographics of verified and possible trafficking victims and venues in which they were identified, using the legal definition of human trafficking in federal law. Unfortunately, they were not able to provide data on massage in this first report. I am pleased that CAMTC is named as one of the organizations that supported and participated in this study.

Treasurer's Report Through July 31, 2015 Board Meeting: September 15, 2015

Applications Received and Re-Certifications Billed

New Applications and Re-Certifications

Through the week of August 8, 2015 CAMTC has received 77,429 Applications since the start of operations on July 27, 2009. However, just 2,536 (or 3.3%) have been obtained through August 8 of this year. (Of those 2536 Applications, 905 were received in the first week. This may have been a result of those trying to beat the start of the new law beginning in 2015 which requires 500 hours of approved education and an exam.)

This low number of Applications continues to warrant some concern, especially when considering the following:

- The weekly average for this year through August 8 is just 79 Applications.
- In contrast, through August 9, 2014, 7,819 Applications were received, an average of 244 per week.
- One of the unknowns is the effect, if any, that the new legal requirement of 500 hours for certification will have on delaying Applications. However, these current figures do not suggest that those who delayed entry at the beginning of the year because of insufficient hours are now starting to apply for Applications.
- The decline in Applications might be less problematic if it were offset by an increase in Re-Certifications. However, as discussed below, that increase did not materialize. Whether that was the result of an unusually high number of Re-Certifications in 2014 or an emerging problem in 2015 is not clear.

The re-certification process began in July, 2011. Re-certifications Billed averaged 595 per week through August 8 down 19% from the average of 734 for the comparable period last year, although well ahead of 2013 and 2012. As with all this changes, one might consider a variety of explanations. Although Re-Certifications were below 2014, they were clearly in line with 2013 and 2012. This is a number which will be closely watched as time goes on.

Through August 8, 2015

| Year | New Applications Received Per Week | Re-Certifications Billed Per Week | Total |
|-------------|---|--|--------------|
| 2015 | 79 | 595 | 674 |
| 2014 | 244 | 734 | 978 |
| 2013 | 219 | 403 | 622 |
| 2012 | 207 | 480 | 687 |
| 2011 | 264 | 87 | 351 |
| 2010 | 259 | 0 | 259 |

Actual figures relative to **budget** are available through July 31, 2015 (in contrast to the data above, which goes through August 8). As of July 31:

- Despite the decline in new Applications, revenues from this source exceeded budget by 6%.
- Renewals Applied was 12% over budget despite the decline from the previous year.

The numbers of Applications and Renewals raise some important issues. While, over the long term, it is anticipated that Renewals would exceed first time Applications, the low level of new Applications and the combined number of New Applications+Recertifications billed are well below last year. Re-Certifications in 2015 seem to be in line with 2013 and 2012, although New Applications are low. As noted, it is unclear whether 2014 was an atypical year for Re-Certifications and why New Applications are so low in 2015.

CAMTC now has a substantial history on the percent of the Renewals billed that are paid. Through 2014 there has been a fairly consistent pattern; a little over three-quarters of those who are billed renew their certification. It was hypothesized that this figure may be a reasonable approximation of the churn in the industry; roughly 20%-25% of therapists are no longer active or no longer practice in California every 24 months. However, a lower share, 54%, of Renewals have been paid through the first seven months of 2015. Probably at least some of this is because of the lag time

between when the Renewals are billed and paid. However, as with the other patterns in 2015, it is a figure that warrants tracking.

| Year | Renewals Billed | Renewals Paid | % Billed That Are Paid |
|--|-----------------|---------------|------------------------|
| 2012 | 15368 | 11687 | 76% |
| 2013 | 12913 | 9871 | 76% |
| 2014 | 23503 | 18559 | 79% |
| 2015** | 19028 | 10253 | 54% |
| **Through August 8. Lower % probably reflects, at least in part, lag time between billing and payment. | | | |

If one assumes that the number of massage therapists in California is growing, then the number of new Applications which might be expected can be estimated as 1) the number of therapists lost in the normal industry churn plus 2) the incremental number of therapists entering the market to account for the growth in its size.

A seasonal profile in Renewals for previous years has been observed. Renewals Paid as a share of Renewals Billed is lower in April through July than during the rest of the year.

Financial Statements

Statement of Functional Activities (Income Statement)

Overview

The revenue allocation procedure recognizes 37% of the \$150 initial application when the application is received, 39% when the certificate is issued and the balance, 24%, over 24 months. Renewals recognize 46% when received, 42% when approved and the balance over 24 months.

Revenues for 2015 through July 31 exceeded the budgeted amount by 5%, while expenses were 3% below budget. The net effect is that revenues exceed expenses by \$186,928. There continues to be a pattern of surplus revenues and lower expenses relative to budget.

While most of the revenue and expense measures look positive relative to the budget, a couple points might be noted:

- Through July 31, 2015 revenues are down and expenses are up from the comparable 2014 period. The fall-off in revenues is primarily because the unusually high level of Renewals in 2014 was not matched in 2015.
- Revenues are almost entirely from Applications and Renewals. Since revenue from those sources' is recognized over time, they not only affect the current financial position, but will impact the financials into the next years.

SUMMARY OF FUNCTIONAL ACTIVITIES

Seven Months Through July 31*

| | July 31, 2015 | 31-Jul-14 | % Change in 2015 |
|----------------|---------------|-----------|------------------|
| | \$ | \$ | |
| Total Revenue | 2,492,549 | 2,834,189 | -12.1% |
| | \$ | \$ | |
| Total Expenses | 2,140,611 | 2,010,879 | 6.5% |
| | \$ | \$ | |
| Net Revenue | 351,938 | 823,310 | -57.3% |

Revenue Overview Relative to Budget

All of the major revenue sources exceeded the budgeted amounts except one – Certificates Issued.

Through July 31, Renewals, Applied and Approved, accounted for 41% of revenues. Applications Received and Issued accounted for 18%, and Current and Prior Year Deferrals accounted for 15%. These figures reinforce the obvious: Renewals will continue to be of growing importance; however, obtaining initial applications will continue to be an important role for CAMTC because of the churn in the category.

| Source | July 31, 2015 | % of 2015 Revenue through July 31 | Actual as a % of Budget |
|--------------------------------|----------------------|--|------------------------------------|
| Applications Received | \$276,612 | 9% | 106% |
| Certificates Issued | \$276,764 | 9% | 82% |
| Renewals - Applied | \$614,583 | 21% | 112% |
| Renewals - Approved | \$596,295 | 20% | 109% |
| Current Year Deferrals | \$48,920 | 2% | 95% |
| Prior Year Deferrals | \$371,909 | 13% | 100% |
| Denied Applications | \$15,876 | 1% | 99% |
| Purged/Revoked Applications | \$47,250 | 2% | 198% |
| New School Applications | \$21,923 | 1% | 89% |
| Hearing Fees | \$15,810 | 1% | 108% |
| Misc. Fees | \$92,917 | 3% | 108% |
| School Background Check | \$14,842 | 1% | |
| Recertification Late Fees | \$98,850 | 3% | 116% |
| Total | \$2,942,549 | 100% | 124% |

Performance Relative to Budget by Major Expense Categories.

Expenses were 3%% below budget. (However, it might be recalled, that actual expenses through July 31 exceeded those in the comparable period of 2014 by 6.5%).

Listed below are the major expense categories, in the order shown on the Statement of Functional Activities, and the variance from the budget for 2015 year-to-date. In every category, except for General Staffing, actual is below budget. One area which has been consistently substantially below budget is Outreach Marketing. Given the low level of new Applications, additional programs to get CAMT's message to new therapists might be considered.

| Comparison of Expenses Through July 31, 2015 | | | | | |
|--|--------------------|--------------------|---|-------------------------|----------------------------|
| Actual and Budget | | | | | |
| Item | Actual | Budgeted | Variance (negative numbers mean actual exceeded budget) | Actual as a % of Budget | Change in Actual from 2014 |
| Board & Committee | \$20,841 | \$23,145 | \$2,304 | 90% | \$3,422 |
| Outreach marketing | \$27,892 | \$54,628 | \$26,736 | 51% | (\$11,127) |
| General Administrative | \$207,031 | \$210,795 | \$3,764 | 98% | \$671 |
| Executive Staff | \$270,754 | \$278,164 | \$7,410 | 97% | \$10,299 |
| Professional Standards | \$830,076 | \$847,716 | \$17,640 | 98% | \$27,485 |
| Educational Standards | \$42,723 | \$48,049 | \$5,326 | 89% | \$42,723 |
| General Staffing | \$87,443 | \$87,443 | \$0 | 100% | \$16,024 |
| Professional Services | \$653,851 | \$653,851 | \$0 | 100% | \$40,234 |
| Other | \$0 | \$0 | \$0 | 0% | \$0 |
| TOTAL | \$2,140,611 | \$2,203,791 | \$63,180 | 97% | \$129,731 |

Statement of Financial Position (Balance Sheet)

Overview

As of July 31, 2015, CMTC is in a very healthy financial position. Total equity was substantially higher from the year-ago period. At \$2,269,710 it was up 34% over July 31, 2014.

The increase in Equity is explained primarily by substantial increase in Assets, with a slight decline in liabilities.

Assets, at \$3,374,065 are up by \$636,087 from \$2,737,978 a year ago. Almost all the assets are in cash. Although assets are up from the comparable date last

year, it was previously noted that revenues are down for this year to date vs. a year ago. This means that it was the strong gains achieved later in 2014, not improved performance so far this year, which account for the stronger asset position.

- Liabilities, at \$1,104,355 are down slightly from the \$1,043,355 on July 31,, 2014. CAMTC liabilities are, for the most part, deferred income.

Thus, while the financial position is clearly stronger than it was last year, it does not appear to be the result of performance this year to date. Rather, it is the carryover from the strong position achieved during the second half of 2014.

Conclusions

Some of these conclusions should be viewed as tentative since they warrant additional investigation:

- The decline in New Applications this year may indicate a problem that could have long term effects since New Applications result in both current and deferred revenue.
- While the Statement of Financial Position is healthy by any standard, it appears that this position is the result of particularly strong activity in 2014 rather than during 2015.
- More important than ever might be the CAMTC goals of building awareness and a favorable image among both potential New Applicants and Renewals, the dollars spent on Outreach Marketing should be viewed as important to the long term success in staying in touch with the market. As of July 31, only 1.3% of the \$2,140,611 in expenses have been devoted to that activity.
- In addition to examining the performance of CAMTC relative to budget, it is helpful to review the figures in the context of actual achievement relative to past periods. .

Respectfully submitted by Michael Marylander,
Treasurer
September 8, 2015



CALIFORNIA
MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 320 | Sacramento, CA 95814

tel 916.669.5336 fax 916.444.7462 www.camtc.org

To: CAMTC Board of Directors
From: Rick McElroy, Director of Professional Standards Division
For: Board Meeting – September 14, 2015

PSD Overview

In 2015 we have seen a marked increase in cooperation from local cities, counties, and law enforcement agencies (“LEA”), which has resulted in more reporting of incidents and an increase in the complexity of our case load. PSD has reviewed over 1,851 cases year to date.

PSD Outreach

PSD’s outreach program, which offers no cost training to local LEA, continues to grow. We have trained 83 agencies and over 263 police officers, code enforcement and city prosecutors so far this year. We have scheduled 7 more training sessions in the next two months and we are on track to easily outpace last year’s numbers. We predict that we will provide training to 125 agencies/300 plus officers this year.

Trending

Although the number of applicants is much lower than in previous years (Due to the more restrictive admission standards set in January of this year) some categories of PSD investigations continue to increase. We have seen a significant increase in the number of complaints received every year. If this trend continues, PSD expects to receive more complaints this year than last year. We believe that this is a positive trend, as the increase in complaints to CAMTC means that both the public and LEA are now aware of CAMTC and more willing to report matters to us.

Complaints related to sexual assaults also continue to increase at a steady pace. We believe that this increase is not due to an increase in incidents, but is instead related to more reporting by victims and LEA to CAMTC as CAMTC becomes more well known. Contacts from police departments have grown 50% since this time last year. This voluntary reporting by local LEA is a direct result of the in-person training PSD provides to departments as well as the personal connection provided by PSD staffers. We expect this trend to continue.



CALIFORNIA
MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 320 | Sacramento, CA 95814

tel 916.669.5336 fax 916.444.7462 www.camtc.org

To: CAMTC Board of Directors
From: Joe Bob Smith, Director of Educational Standards Division
For: Board Meeting – September 14, 2015

School Applications Received as of 8/30/2015

Since the school application was released on April 1st, 111 applications have been received. Schools that applied by May 1st, were guaranteed a site visit by the end of 2015. Seventy-six applications were received by this date. Another 27 arrived in May. The remaining 8 trickled in since, with only 2 of those arriving in August.

While all schools were given adequate and broad notice about the new school approval process, CAMTC staff have nonetheless begun to monitor incoming transcripts for schools still in existence that have not applied. CAMTC staff wants to ensure that any such school fully understands that, as of July 1, 2016, CAMTC will only accept education from schools that have applied for and received CAMTC school approval.

Site Visits Status

As of August 31st, 17 scheduled school inspections had been completed. Another 18 are scheduled for September and 12 for October. Of the remaining schools, 19 are in the process of being scheduled, 14 applications are under initial review, 10 need to supply additional information, 10 have no students at present, 7 lack complete applications and/or payments, 2 await BPPE approval, and 2 have closed.

ESD is on target to visit by year's end all 76 schools that applied by May 1st and remain cooperative with the process. Moreover, ESD should have the resources to visit the remaining schools, assuming their continued compliance.

Goals for Remainder of the Year

In addition to exceeding ESD's primary goal by visiting all qualified massage schools by year's end, ESD has several other objectives including: continue building relations and develop MOU with BPPE; continue working with special needs stakeholders like Thai Chamber and Consulate; and maintain a dialogue with FSMTB regarding related education issues in and out of California.