

MINUTES OF MEETING
OF THE INDUSTRIAL COMMISSION OF ARIZONA
Held at 800 West Washington Street
Phoenix, Arizona 85007
Thursday, June 11, 2026 – 1:00 p.m.

Present: Dennis P. Kavanaugh Chairman
Joseph M. Hennelly, Jr. Vice Chair
D. Alan Everett Commissioner
Orion J. Godfrey Commissioner

Gaetano J. Testini Director
Afshan Peimani Chief Legal Counsel
Lisa Padgett Deputy Director (Telephonic)
Brandt Smith Deputy Director (Telephonic)
Charles Carpenter Legislative Affairs Chief/Public Information Officer
Charles Conner COOP Program Manager
Melissa Spurgeon Labor Director
Ernesto Espino Labor Investigator
Julia Romo Labor Investigator
Christina Lasater Labor Supervisor
Brian Hudson ADOSH Director
Phil Murphy ADOSH Deputy Director
Cecilia Herrera ADOSH Deputy Director
Catherine Santini ADOSH Administrative Assistant II
Jonathon Wright ADOSH Safety Compliance
Bethany Votta ADOSH Admin
Kara Dimas Safety Program Manager
Daniel Brooks MIS Administrator
Yvonne Borunds Legal
Anniemarie Tisi Commission Secretary

Chairman Kavanaugh convened the meeting at 1:00 p.m. In attendance, confirmed by roll call were Regina Cobian (Snell and Wilmer); and Lindsey Wheeler (Premier Risk Management); Lisa Bednar (Arizona Food Marketing Alliance); Sarah Thornton, and Elsie Darcy (US Department of Labor - Wage and Hour Division)

Public Hearing to accept comments and other information regarding the assessment under A.R.S. § 23-1065(F). During this hearing, the Commission may also discuss the assessment and information relevant to the levying of the assessment.

Ms. Simpson presented for the Assessment Hearing. Under Arizona Revised Statute 23-1065(F), the Commission is authorized to assess a one-half percent assessment if the total annual reserved liabilities of the Special Fund for apportionment under ARS 23-1065 (B) and (C) exceed six million dollars. The apportionment rate has not been assessed since 2015 because the Special Fund has maintained an actuarial surplus. As of the most recent actuarial study dated June 30, 2025, the Special Fund liability for apportionment totaled \$78.7 million at a confidence level of 80%. This liability greatly exceeds the \$6 million minimum that is statutorily required to assess the one-half percent assessment. As such, there is justification and authority to assess the one-half percent assessment under ARS 23-1065(F) for calendar year 2027. The decision to set the apportionment

assessment rate will be discussed at a future Commission meeting and will be based on the current and projected financial condition and operating needs of the Special Fund. As of the most recent financial audit, June 30, 2025, the fund was operating with more than a \$220 million surplus.

There was no public comment for this item.

Chairman Kavanaugh concluded the public hearing and comment period for this matter.

Approval of Minutes of June 4, 2026, Regular Meeting Minutes.

Commissioner Everett moved to approve the Minutes of June 4, 2026, regular session meeting and Commissioner Godfrey seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, and Commissioner Godfrey voted in favor of the motion. The motion passed.

Consent Agenda:

All items following under this agenda item are consent matters and will be considered by a single motion with no discussion unless a Commissioner asks to remove an item on the consent agenda to be discussed and voted on separately. The Commission may move into Executive Session under A.R.S. § 38-431.03(A)(2) to discuss records exempt by law from public inspection. Legal action involving a final vote or decision shall not be taken in Executive Session. If such action is required, then it will be taken in General Session.

Chairman Kavanaugh pulled Item 4B. 1. Desert Rose of Mesa, Inc. dba Culver's - YL-2526-0036 from today's Consent Agenda for further discussion.

- a. Approval of Arizona Division of Occupational Safety and Health Proposed Citations and Penalties Less Than \$15,000.
 1. Arizona Product Destruction, Inc. - CP-2026-JW184-0222
 2. Novae LLC - PP-2026-VM508-0082

- b. Approval of Proposed Youth Employment Penalty.
 1. Desert Rose of Mesa, Inc dba Culver's – YL-2526-0036

Vice Chair Hennelly moved to approve the two items Arizona Product Destruction, Inc. - CP-2026-JW184-0222 and Novae LLC - PP-2026-VM508-0082 on the Consent Agenda. Commissioner Godfrey seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, and Commissioner Godfrey voted in favor of the motion. The motion passed.

Discussion and Action of Youth Employment Penalty.

1. Desert Rose of Mesa, Inc. dba Culver's - YL-2526-0036

The Commission considered the Labor Department's recommendation to assess a \$700 civil penalty against Desert Rose of Mesa, Inc. dba Culver's for violations of Arizona youth labor laws. The Labor Department reported that a youth labor investigation was initiated following an injury referral involving a 15-year-old employee. The investigation found no violations involving prohibited occupations or equipment and determined that the reported injury was unrelated to any youth labor law

violation. However, the Department identified 236 incidents involving permissible-hours violations affecting 20 employees under the age of 16, including exceeding allowable daily and weekly work-hour limits and working beyond permitted evening hours. Based on the violations of A.R.S. § 23-233(A)(2)-(4) and (E), the Department recommended a \$700 civil penalty.

During discussion, Chairman Kavanaugh noted that, despite the number of violations identified, the applicable statute permits only a single civil penalty with a maximum penalty of \$1,000. He commented that the case demonstrated the importance of the work being conducted by the Youth Labor Task Force. Chairman Kavanaugh stated that the Task Force includes representatives from the U.S. Department of Labor and other stakeholders and is reviewing youth labor laws and enforcement practices to improve clarity and consistency for employers and employees. He further noted that the current statutory penalty structure may not serve as a sufficient deterrent given the number of violations that can occur under a single civil penalty.

Vice Chair Hennelly moved to approve the Labor Department's recommendation. Commissioner Everett seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, and Commissioner Godfrey voted in favor of the motion. The motion passed.

Discussion and Action regarding Proposed Retaliation Penalty.

1. T & A LLC dba Tom's Family Car Wash TA - RT-2526-0177

Ms. Spurgeon summarized the Labor Department's investigation into the Earned Paid Sick Time (EPST) Retaliation claim. Ms. Spurgeon recommended that the Commission approve issuance of a Penalty in the amount of \$12,450.00 for violation of A.R.S. § 23-364, and addition a \$250.00 civil penalty pursuant to A.R.S. § 23-364(F).

Chairman Kavanaugh asked if the Commissioners had any questions.

Commissioner Godfrey moved to approve issuance of a Penalty for Retaliation in the amount of \$12,450.00 to T & A LLC dba Tom's Family Car Wash TA, Commissioner Everett seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, and Commissioner Godfrey voted in favor of the motion. The motion passed.

Discussion and Action of Arizona Division of Occupational Safety and Health Proposed Citations and Penalties.

Chairman Kavanaugh discussed the purpose of and process for the Commission's consideration of ADOSH citations and proposed penalties.

Gowan Milling Company, L.L.C.	Fatality/Catastrophe	
12300 East County 8th Street	Years in Business:	32
<u>Yuma, AZ 85365</u>	Empl. Covered by Inspection:	4
Site Location:	12300 East County 8th Street	
	Yuma, AZ 85365	
Inspection No:	FC-2026-JW 184-0203	
Inspection Date:	January 12, 2026	

Mr. Carpenter provided a legislative update, reporting that Senate Bill 1254 had been signed by the Governor and will become effective 90 days after signing. He advised that Senate Bills 1135 and 1136, relating to burial benefits and the removal of the remarriage provision for first responders, had been transmitted to the Governor's Office and were expected to be signed. He further reported that Senate Bill 1215 was scheduled for consideration on the Senate floor and discussed additional legislation being monitored by the agency.

Mr. Carpenter confirmed that approximately \$6.7 million from the Industrial Commission's Special Fund Administration Fund is included in the proposed state budget sweep. Discussion followed regarding the impact of the proposed sweep on the agency's budget.

No action was taken.

Public Comment.

There was no public comment.

The meeting was adjourned at 2:10 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By



Lisa Padgett, Deputy Director

ATTEST:



Anniemarie Tisi, Commission Secretary