

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Crowne Plaza Union Square Hotel
Union Square Ballroom
480 Sutter Street
San Francisco, California 94108
December 19, 2002

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Joan Dean
Member

Tyrone Freeman
Member

Robert Lennox
Member

Tom Rankin
Member

Executive Staff

Peter McNamee
Executive Director

Pamela Haynes
Assistant Executive Director

Peter G. DeMauro
General Counsel

Ada Carrillo
Chief of Staff

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I. PUBLIC PANEL MEETING CALL TO ORDER

Marsha Kwalwasser, Chairperson, called the public Panel meeting to order at 9:40 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Chairperson
Aram Hodess, Vice Chairperson
Barry Broad (Arrived at 9:55 a.m.)
Joan Dean
Tyrone Freeman
Tom Rankin (Left at 1:10 p.m.)

Member Absent

Robert Lennox

Executive Staff Present

Peter McNamee, Executive Director
Pamela Haynes, Assistant Executive Director
Susan Bobrow, Assistant General Counsel
Ada Carrillo, Chief of Staff

Ms. Kwalwasser extended best wishes to Peter DeMauro, General Counsel, who is recuperating from a recent stroke, and welcomed Susan Bobrow, Assistant General Counsel, who will advise the Panel on legal matters in Mr. DeMauro's absence.

III. APPROVAL OF AGENDA

ACTION: Mr. Rankin moved and Ms. Dean seconded the Panel accept the Agenda.

Motion carried: 5 - 0 (Mr. Broad absent).

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve the minutes of November 21, 2002.

Motion carried: 5 – 0 (Mr. Broad absent).

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

There were no reports.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee announced the reappointment of Aram Hodess to the Panel.

Mr. McNamee reported ETP's Annual Report has been completed and will be sent to the Labor and Workforce Development Agency.

Mr. McNamee reported the State's Budget is still in the process of change. The Governor has reported a deficit of approximately \$35 billion over the next 18 months. Mr. McNamee stated that it is still unclear what the impact will be on ETP. He proposed that staff provide the Panel an outline of possible reductions for reducing ETP expenditures in January.

Mr. Rankin suggested reactivating the Panel's Legislative Committee. Panel members agreed that the Legislative Committee should meet prior to the January Panel meeting.

Small Business Report

Ms. Haynes reported five Small Business Projects would be presented later in the meeting, bringing the total to 19 contracts presented to the Panel since October 2002. The average number of employees for the five small employers representing the December projects average just over 38 full-time employees. The average of the five contracts is \$15,768. One of the five projects was developed through the direct referral and assistance of MANEX, a multi-employer contractor, after it was determined that the training needs for this very small employer of seven employees was too small for MANEX to accommodate.

Barry Broad arrived at 9:55 a.m.

VII. REPORT OF THE GENERAL COUNSEL

Ms. Bobrow had no report. She stated that at the January Panel meeting, staff anticipated it would present for Panel discussion an amendment to ETP's regulation on out-of-state competition and the policy on wage-waiver limits for career ladder projects.

VIII. APPROVAL OF PROJECTS OF LESS THAN \$100,000

ACTION: Mr. Rankin moved and Ms. Dean seconded the Panel adopt those proposals that are less than \$100,000 including the Small Business Pilot Projects (SBPP). The following projects were approved:

| | |
|--|----------|
| Crest Coating, Inc. | \$11,200 |
| Melles Griot, Inc. | \$97,240 |
| Advanced Material Joining Corporation d.b.a. Advanced Technology Company | \$14,400 |
| Beverly Oncology & Imaging | \$44,660 |
| Neutrogena Corporation | \$3,284 |
| Inland Paperboard & Packaging, Inc. | \$83,200 |
| City of Sunnyvale on behalf of the NOVA Workforce Investment Board/EDD Techforce Initiative | -\$28 |
| T Christy Enterprises, Inc. (SBPP) | \$24,960 |
| Z Microsystems, Inc. (SBPP) | \$12,800 |
| Industrial Modification & Repair, Inc. (SBPP) | \$12,480 |
| TLD Distribution Co. (SBPP) | \$24,960 |
| Santa Cruz Millwork (SBPP) | \$3,640 |

Motion carried, 6 – 0.

IX. AGREEMENTS AND AMENDMENTS

Michael Bernick, Director, Employment Development Department, summarized the history of the Career Ladders category. The Career Ladders category was established approximately two years ago with the intent of focusing on multi-employer groups and the low-wage workforce. Mr. Bernick highlighted the Kaiser project, which is a very successful on-going project. He noted there often is a time lapse between training and time when a trainee can be promoted into a higher paying position. He spoke on the merits of the Beach House Inn and Santa Monica College projects to be presented before the Panel later that morning. He requested the Panel consider wage increases within one year and stated the turnover issue is one that EDD would like to further explore.

Mr. Broad stated his concern regarding health care benefits not being provided.

Mr. Freeman commented that a successful career ladder program necessitated that positions had to be available for trainees to advance into. He stated often an employer prefers to hire someone with more experience to fill a position rather than promote an incumbent worker/trainee. Mr. Freeman would like to see more in-service training during the time when a trainee is waiting for a position to open. He stated that in-service training shows that the employer is investing in the worker.

Beach House Inn (presented out of order)

Diana Torres, Manager of ETP's San Diego field office, presented a One-Step Agreement for Beach House Inn in the amount of \$99,320. This proposal will provide 30 current workers in low-wage positions the skills necessary to advance to higher paying positions with the potential for career advancement. Beach House Inn occupations include Cook, Prep Cooks, Hostesses, Bartenders, and Food Servers. Each participating Beach House restaurant has created a Career Ladders process that includes the creation of senior frontline employee positions of Shift Leader or Server Trainer. Beach House Inn also proposes to train 20 Sous Chefs and Department Supervisors for advancement to Restaurant Manager or Chef. Staff questioned Curriculum topics not meeting training required for specific skills. Staff also had concerns with Beach House Inn not being able to guarantee available positions at the end of training.

Ms. Torres introduced Mike Pike, Director of Operations, and Michael Khaled, Consultant. Mr. Rankin questioned the wage rate and wage waiver. The wage waiver was requested for the Food Server, Hostess, Bartender, Prep Cook, and Cook, who make \$7.00 per hour without health benefits. Ms. Torres stated the trainees would receive an increase following the 90-day retention period, within one year of being on the job. Mr. Pike agreed. Mr. Rankin was also concerned with retention. He requested extending the retention beyond 90 days. Mr. Pike agreed to a 105-day retention.

ACTION: Ms. Dean moved and Ms. Kwalwasser seconded the Panel approve the One-Step Agreement with a 105-day retention.

Motion carried, 5 – 1 (Mr. Rankin voted no).

Ms. Kwalwasser suggested that the Panel discuss wage waivers at a future meeting.

Santa Monica College (presented out of order)

Mr. McNamee and Mr. Freeman recused themselves from review, discussion, and action on the Santa Monica College project.

Ms. Torres presented a One-Step Agreement for Santa Monica College in the amount of \$496,644 to upgrade the skills of 254 Certified Nurse Assistants, Nurses Aides, Orderlies, and Home Health Aides. This Career Ladder project represents a joint development effort between EDD and ETP. Santa Monica College withdrew the occupations of Restorative Nursing Assistant and Senior Nursing Assistant from ETP-funded training. SEIU Local 434B supports this training project.

Ms. Torres introduced Marvin Martinez, Associate Vice President of Planning & Development. Mr. Hodess expressed concern about issues regarding Golden State Health Center and requested it be removed from participating employers.

Mr. Martinez stated he recently became aware of issues connected to Golden State. He agreed to remove that participating employer from the list.

Ms. Kwalwasser asked whether employees remain in the industry if they leave an employer. Mr. Martinez stated that employees do move from employer to employer within the industry.

Mr. Rankin and Mr. Broad voiced concern about health benefits not being provided to employees.

ACTION: Mr. Hodess moved and Mr. Rankin moved the Panel approve the project with the withdrawal of Golden State Health Center from participating employers.

Motion carried, 5 – 0 – 1 (Mr. Freeman recused himself).

Mr. Bernick requested the Panel consider reviewing the wage rate of incumbent workers in Career Ladder projects.

Custom Building Products (presented out of order)

Dolores Kendrick, of ETP's North Hollywood field office, presented a One-Step Agreement for Custom Building Products in the amount of \$202,800 to retrain 390 workers in Continuous Improvement in order to become a high performance workplace and to remain competitive.

Ms. Kendrick introduced Rob Henderson, Director of Training, and Alicia Ashley, Consultant. Mr. Broad questioned the Six Sigma philosophy. Mr. Henderson explained that Six Sigma is a management approach that encompasses participation of all levels of employees.

ACTION: Mr. Broad moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

California Manufacturing Technology Center

Ms. Kendrick presented a One-Step Agreement for California Manufacturing Technology Center (CMTC) in the amount of \$2,455,290 to retrain 2,000 current employees of primarily small and medium-size manufacturing companies and other employers who face out-of-state competition. This will be the fifth Agreement between ETP and CMTC. The CMTC is a private, non-profit organization, established to assist manufacturers in California to improve and increase manufacturing competitiveness and the number of high paying jobs in the economy.

Ms. Kendrick introduced Leila Mozaffari, Vice President; Cheryl Slobodian, Director of Training & College Relations; and Matthew McKinnon, Executive Secretary-Treasurer of the California Conference of Machinists and member of CMTC Board. Mr. Hodess questioned the manufacturing skills curriculum that includes pipe welding and fabrication and industrial electrical training, which are part of state-approved apprenticeable programs. Mr. McKinnon agreed to drop the pipe welding and pipe fabrication training but stated that the electrical portion is part of the training for maintenance mechanics. Mr. Hodess requested staff to review with the Division of Apprenticeship Standards to ascertain that no part of the curriculum in the industrial electricity or welding categories is in conflict with ETP regulations that prohibit apprenticeship training.

ACTION: Mr. Broad moved and Mr. Rankin seconded the Panel approve the One-Step Agreement with Mr. Hodess' amendment that the training does not conflict with any state-approved apprenticeable program.

Motion carried, 6 – 0.

Employers Group

Ms. Kendrick presented an Amendment for Employers Group increasing the contract amount by \$760,198. The Contractor's representative stated that Employers Group has experienced an extremely high employer demand for the training encompassed in the original Agreement and proposes to train an additional 1,259 trainees.

Ms. Kendrick introduced Jeffrey Hull, Director.

ACTION: Mr. Rankin moved and Ms. Dean seconded the Panel approve the Amendment.

Motion carried, 6 – 0.

Westech College School of Technology

Ms. Kendrick presented a One-Step Agreement for Westech College School of Technology in the amount of \$973,000 to retrain 700 workers. This is the ninth

Agreement between ETP and Westech College. Due to changes in the technological skills required for continued productive employment, workers are in danger of displacement unless they are retrained.

Ms. Kendrick introduced Barry Maleki, Executive Director. Mr. Hodess questioned whether the amount of the in-kind contribution would be attained given that training is voluntary. Employers will pay \$150 per trainee for books and supplies. Mr. Maleki stated that the employers do pay for part of the training. Mr. Duscha stated each participating employer has completed a certification statement stating how much time and the amount of wages that will be paid for each employee sent to training. Mr. Hodess stated he had some concern regarding ETP funds encumbered for trainees who may or may not attend, based on voluntary attendance. Mr. Hodess requested staff to monitor this project to ensure that the final payment is tied to quantifying the in-kind contribution. Ms. Kwalwasser asked the applicant to submit a report three-quarters of the way through the project to demonstrate that the in-kind contribution was actually at 50 percent of the project amount.

Mr. Rankin questioned training professional people with occupations that require an advanced degree, such as Architects and Engineers.

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve the One-Step Agreement with the condition that staff review the occupations of Architect and Engineer to determine if training these occupations comply with the Panel's advanced degree policy.

Motion carried, 6 – 0.

Community Business School LLC

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for Community Business School in the amount of \$861,750. This is the fourth ETP Agreement with Community Business School. Community Business School is proposing to train 150 new hires for occupations of Medical Front Office Specialist, Computer Technician Specialist, and Technical Accounting Specialist. Trainees will receive over 360 hours of training that will enable them to be hired at an hourly wage of \$8.98 or more. Trainees are from high unemployment areas, with unemployment rates at least 25 higher than the statewide rate.

Mr. Rufo introduced Dan Guerra, Director of Training. Ms. Kwalwasser questioned the criteria for training and placing unemployed individuals. Mr. Guerra stated the employers establish the criteria. Community Business School monitors the trainees' progress, issues progress reports, and after completion of training, Community Business School works with the employers to find the right trainee for the right job. Mr. Guerra stated the school has had a 90 percent placement rate. Mr. Rankin questioned the average cost per unemployed trainee. Ms. Carrillo stated the average cost is \$4,500. She stated the cost per trainee in this proposal is consistent with similar occupations for training the unemployed.

ACTION: Ms. Dean moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

X. IMPLEMENTATION PLAN (PRESENTED OUT OF ORDER)

Ms. Kwalwasser questioned how objectives are determined when certain levels of funding have been deleted or altered. Mr. McNamee stated staff reviews ETP's Strategic Plan goals and objectives and identifies what resources, staff, and achievements are needed to accomplish specific tasks and in what timeframe. Staff brings forward recommendations on implementation priorities.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve Implementation of the 2002-03 Strategic Plan.

Motion carried, 5 – 0 (Ms. Dean absent during vote).

XI. AGREEMENTS AND AMENDMENTS CONTINUED

Mr. Rufo presented a proposed Amendment for Truck Driving Academy in the amount of \$306,400 to train an additional 80 truck drivers. This Amendment was originally presented at the October 2002 Panel meeting but there were insufficient Panel votes to approve. The Panel had expressed concerns regarding assurance of the employer contributions by participating employers. Truck Driving Academy conducted a survey of trucking companies and found that additional, customized training is an industry practice. The estimated in-kind contribution related to employer contributions is approximately \$105,392.

Truck Driving Academy's previous placement records show a significant wage progression for truck drivers. Within two years after completion of training, Truck Driving Academy graduates earn an average of \$13.13 per hour. Over 50 percent of the trainees hired and retained for 90 days earn an hourly wage of at least \$12 per hour.

Mr. Rufo introduced Manuel Sequeira, Co-Owner, and Dianna Ojeda, Vice President.

ACTION: Mr. Broad moved and Mr. Hodess seconded the Panel deny the Amendment for Truck Driving Academy.

In discussion after making the motion, Mr. Broad stated three concerns: 1) there appears to be only a 50 percent retention of employees after 90 days in an industry

with a driver shortage; 2) some employees are not getting wage increases following 90 day retention; and 3) some of the training appears to be legally mandated training. Ms. Ojeda explained the reason for 50 percent retention was that many of the trainees are just now entering into their 90-day retention period. Not all trainees began and completed training at the same time. Ms. Ojeda stated that all trainees receive an increase in wage upon completion of training and retention period. She stated the lowest wage paid is \$10 per hour.

Mr. Rankin suggested the wage be set at a minimum of \$10 per hour with an increase to \$10.50 per hour after 90 days retention, not including the cost of employer paid health benefits. Ms. Ojeda stated that would be difficult for Fresno but agreed to \$10.50 per hour base wage.

Mr. Broad withdrew his motion.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the Amendment with a minimum base wage rate of \$10 per hour to be increased to \$10.50 per hour after 90-day retention period. The base wage rate does not include health benefits.

Motion carried, 6 – 0.

Goodwill Industries of Santa Clara County

Creighton Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for Goodwill Industries of Santa Clara County in the amount of \$143,640 to train 30 unemployment insurance recipients in Business Skills, Computer Skills, Continuous Improvement, and Commercial Skills, which include Pharmacy Technology. Goodwill Industries is absorbing the cost associated with delivering additional hours of instruction to each trainee in each course of study as approved by the Bureau of Private Post Secondary and Vocational Education, for an in-kind contribution totaling \$473,380.

The high cost of \$4,788 per trainee is for 300 hours of ETP-funded training, which is part of a larger approved curriculum (720 hours) which trainees will receive overall. Goodwill Industries' special curriculum requirements meet the needs of a training population that faces challenges that keep them unemployed or underemployed. Goodwill Industries will provide trainees the technical tools and job retention skills they need to be retained by an employer and the life skills training needed by trainees to secure a job interview, adjust to work in a business environment, and cope with others, factors that interfere with obtaining and keeping a job.

Mr. Chan introduced Diane Wesson, Director of Financial Development, and Cathey Eskandari, Vice President, Director, Vocational Services.

ACTION: Mr. Freeman moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

McLane Suneast d.b.a. McLane Southern California

Ms. Kwalwasser recused herself from discussion and action of McLane Suneast d.b.a. McLane Southern California. Mr. Hodess presided as Chair.

Ms. Torres presented a One-Step Agreement for McLane Suneast d.b.a. McLane Southern California in the amount of \$337,752. McLane Suneast's in-kind contribution totals \$594,243. This Agreement was originally presented at the November 21, 2002, Panel meeting. A Panel member requested clarification on the eligibility of Out-of-State Competition classification. McLane Suneast does qualify under Out-of-State Competition but is now requesting funding for its training proposal under Special Employment Training for High Unemployment Areas. McLane proposes to train 378 frontline workers. McLane Suneast is requesting Panel funding for its facility located in San Bernardino, which is defined as a high unemployment area.

Ms. Torres introduced Elizabeth Bayee, Performance Development Leader, and Melanie Hanbery, Vice President of Merchandising.

ACTION: Ms. Dean moved and Mr. Hodess seconded the Panel approve the One-Step Agreement.

Motion failed, 2 – 3 – 1 (Roll Call Vote: Barry Broad – no; Joan Dean – yes; Tyrone Freeman – no; Tom Rankin – no; Aram Hodess – yes; Ms. Kwalwasser recused herself).

Ms. Bobrow requested a reason for denial, which has to be given when notifying the Contractor of the rejection. Mr. Broad stated he was concerned about the request for a SET wage waiver and the Panel concurred.

Ms. Kwalwasser resumed as Chair.

ABC Security Service, Inc.

Mr. Chan stated the ABC Security Service, Inc. had been withdrawn from consideration at this month's Panel meeting.

ICI Dulux Paints

Ms. Kendrick presented this One-Step Agreement for ICI Dulux Paints. ICI manufactures paints, enamels and lacquers. ICI markets under the brand names of Sinclair, Glidden, Devoe, Ralph Lauren and Fuller O'Brien. The Company is faced with increasing competition from out-of-state companies and is requesting \$143,260

to train 201 full-time employees in Continuous Improvement, Business Skills, Manufacturing, Management and Computer Skills. This training project is supported by Teamsters Local 578.

Ms. Kendrick introduced Armando Machado, Operations Director.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 6 - 0.

Pleasant Holidays

Ms. Kendrick presented this One-Step Agreement for Pleasant Holidays in the amount of \$104,000. Pleasant Holidays is a wholesale tour operating company offering full leisure travel packages that include airfare, hotel rooms, car rentals and optional tours to its customers. Pleasant Holidays will train 200 workers from its Bakersfield and Westlake Village offices.

Since the events of September 11, 2001, which significantly deterred and limited travel, there has been an increase in competition from Internet companies operating with little or no overhead. The travel industry's customer base is demanding greater convenience, competitive prices, faster response time, and polished customer service. Pleasant Holidays is refocusing its business strategy by developing new marketing approaches to upgrade and improve the skill sets of its workers. Pleasant Holidays contends that training its workers in customer service and sales skills is critical for the success of the Company.

Pleasant Holidays is requesting a waiver to the ETP turnover rate limitation of 20 percent. The turnover rate for 2001 was 43 percent, which was due to layoffs as a result of the weakened economy in the travel industry following September 11. Without these layoffs, the turnover rate for 2001 was 22 percent. Pleasant Holidays is aware that the Agreement, if approved, will contain a requirement that the company will not earn the final 25 percent reimbursement unless the Company achieves a turnover rate of 20 percent or less during the last 12 months of the Agreement.

Ms. Kendrick introduced Ronald Krueger, Executive Vice President, and Stacey Carpio, Recruiter. Ms. Kwalwasser questioned using commissions in calculation of wages. Ms. Carpio stated that the average base salary is \$13.15 per hour. The lowest base salary is \$9.50 per hour plus commissions, which totals approximately \$13.15 per hour. Mr. Hodess was concerned with the turnover rate, especially in the hospitality industry. Mr. Krueger stated the Company is back to being fully staffed, and income to date for this year is 2 percent higher than last year.

ACTION: Mr. Broad moved and Mr. Freeman seconded the Panel approve the One-Step Agreement.

Motion carried, 6 - 0.

Pelco

Mr. Rufo presented this One-Step Agreement for retraining of 978 employees for \$806,156. Pelco designs, develops and manufacturers video security systems and equipment and sells 2,500 products through a network of 3,500 dealers throughout the United States and 130 countries. This training program will increase efficiency, produce a quality product at a lower cost, and improve the Company's overall competitiveness. Pelco offers a free training program to business owners, managers, and engineers to gain insight into how Pelco products are brought into the market. The ETP training program includes classes offered to Pelco customers such as product overview and digital solutions. This Agreement will affect workers in Fresno County, which has a significantly high unemployment rate. Pelco is requesting a waiver to the existing ETP minimum wage.

Mr. Rufo introduced Kris Xavier, Treasurer, and Denise Stelling, Human Resources Manager; Shamen Dugger, Deloitte & Touche, and Linda Balabanian, Deloitte & Touche.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Panel members had concerns regarding Pelco offering free classes that are similar to proposed ETP-funded training. Ms. Stelling stated Pelco offers free classes to its customers. She stated Pelco does not have a formalized training program for its sales and marketing employees. The curriculum for the employees requires a much more in-depth knowledge of the technology and manufacturing processes. Panel members requested deleting 16 hours of Video Security Institute training, which duplicates training that is normally provided to the employees by Pelco, which includes Product Overview, Product Maintenance, and Product Usage.

Motion failed, 0 - 5 (Mr. Rankin absent).

Mr. Rankin left at 1:10 p.m.

ACTION: Mr. Hodess moved the Panel approve the One-Step Agreement with the exception that 16 hours of Video Security Institute Training, which includes Product Overview, Product Maintenance, and Product Usage, that is normally provided by Pelco, be eliminated from ETP funding. Mr. Broad seconded.

Motion carried, 5 - 0 (Mr. Rankin absent).

Applied Materials, Inc.

Mr. Broad recused himself from discussion and action of Applied Materials, Inc., proposal.

Mr. Chan presented this One-Step Agreement for Applied Materials, Inc., in the amount of \$4,966,400 to retrain 4,800 workers in Manufacturing Skills, Computer Skills, Business Skills, Continuous Improvement, and Management Skills.

Applied Materials' total in-kind contribution will be \$26,261,743. This amount reflects \$8,794,230 in wages paid to employees while in training; \$9,793,520 in additional direct training costs including trainers, training materials, and other training related expenses; and \$7,673,984 in lost production costs while employees attend training.

Mr. Chan introduced Mr. Dariush Rafinejad, Corporate Vice President and General Manager; and Phillip Herrera, Herrera & Company.

Ms. Kwalwasser stated that due to the lack of a quorum, this project would be carried over to the January 2003 Panel meeting.

Paramit Corporation

Mr. Chan presented a One-Step Agreement for Paramit Corporation in the amount of \$409,240 to train 267 employees in Manufacturing Skills, Continuous Improvement Skills, Computer Skills, Business Skills, Management Skills, and Literacy Skills to transition the Company into a high performance workplace. Paramit manufacturers and assembles electronic circuit boards.

Mr. Chan presents Michael Keer, Director of Systems Engineering.

ACTION: Mr. Freeman moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Mr. Rankin absent).

Tyco Thermal Controls

Mr. Chan presented this One-Step Agreement for Tyco Thermal Controls in the amount of \$259,311 to retrain 109 frontline workers, supervisors and managers. Tyco Thermal Controls produces heat tracking products, self-regulating heaters, related software components found in thermal control systems used by the oil and gas, chemical, power generation, manufacturing, pharmaceutical and commercial construction industries. The Company must improve productivity and quality in order to maintain competitiveness and therefore has identified the needs to transition to a high performance workplace.

Mr. Chan presents Michael O'Brien, Chief Operations Officer, and Rita Duncan, Human Resources Director. Mr. Hodess noted that Tyco Thermal Controls is a subsidiary of Tyco, which is experiencing publicized financial problems. Panel members discussed the possibility of Tyco declaring bankruptcy and ETP's options.

ACTION: Mr. Hodess moved and Mr. Freeman seconded the Panel deny this One-Step Agreement.

Ada Carrillo asked if the Panel would consider withholding all progress payments until the end of the contract as a measure of protecting ETP funds. Ms. Bobrow suggested staff research bankruptcy issues that had been noted by the Panel. Mr. Freeman suggested the Panel postpone action on Tyco's proposal until staff reports back to the Panel.

Mr. Hodess and Mr. Freeman rescinded the motion and second.

ACTION: Mr. Broad moved to continue discussion and action on the Tyco Thermal Controls proposal when the Panel receives a report from Legal Counsel regarding issues presented by the Panel. Ms. Dean seconded motion.

Motion carried, 5 – 0 (Mr. Rankin absent).

XII. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, presented to the Panel recent press releases from three local San Francisco Bay Area newspapers highlighting the benefits of ETP-funded training.

XIII. EXECUTIVE SESSION

There was no Executive Session at this month's Panel meeting.

XIV. ADJOURN

There being no further business and no objection, the meeting was adjourned at 3:40 p.m.