

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Wilshire Grand Hotel
Golden State Ballroom
930 Wilshire Boulevard
Los Angeles, CA 90017
January 23, 2003

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

Steve Suchil
Assistant Executive Director

Pamela Haynes
Assistant Executive Director

Susan Bobrow
Assistant 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 9:50 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Chairperson
Aram Hodess, Vice Chairperson
Barry Broad
Joan Dean
Robert Lennox
Tom Rankin

Member Absent

Tyrone Freeman

Executive Staff Present

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

III. APPROVAL OF AGENDA

Ms. Kwalwasser requested the following projects be brought forward on the Agenda:
Nor-Cal Beverage Company, Inc., Applied Materials, Inc., and Tyco Thermal
Controls LLC.

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

Motion carried: 6 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the minutes of December 19, 2002.

Motion carried: 6 – 0.

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

Legislative Subcommittee

Mr. Rankin, Chairperson of the Legislative Subcommittee, gave a brief report on the Legislative Subcommittee Meeting that met just prior to the Panel meeting. He stated the Committee met to discuss ETP's budget issues. He stated the reduction in ETP staff is causing delays in the ETP application process. ETP has sent a letter to the Department of Finance, per the Panel's request at the December Panel meeting, regarding ETP's staffing situation.

Mr. Rankin reported that at the Legislative Subcommittee meeting, ETP's Executive Director had recommended a moratorium be placed on the Employment Development Department's (EDD) Career Ladders for the 21st Century projects, which are staff-intensive because of special processing. Mr. Rankin encouraged lobbying legislators with the argument that the Employment Training Fund is independent from the general fund as it is a separate employer tax designated for training employees and enhancing worker skills.

Mr. McNamee recommended terminating the marketing contract with EDD because of the cuts in the budget and the reduction in staff. He stated terminating the contract should result in a saving of approximately \$100,000 for the current fiscal year.

ACTION: Mr. Rankin and Ms. Dean moved to place a moratorium through the end of this fiscal year on the Career Ladders Program for the 21st Century, and terminate the EDD Marketing Contract.

Motion carried, 6 – 0.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee reported on Peter DeMauro's progress. Mr. DeMauro is improving and has tentative plans to return to ETP on a part-time basis in February.

Mr. McNamee introduced Steve Suchil, ETP's Assistant Executive Director, who was recently appointed by the Governor. Mr. Suchil will be handling ETP's legislative and budget efforts.

Mr. McNamee reported the ETP Implementation Plan is on schedule. He stated that because of staff shortages, the discussion on Out-of-State Competition is being moved to March 2003, and the Employment Retention Policy discussion is being moved to June 2003.

Small Business Report

Ms. Haynes reported three Small Business Projects would be presented later in the meeting, bringing the total to 22 contracts presented to the Panel since October 2002. The average number of employees for the three small employers representing the January projects average just over 55 full-time employees. The average of the five contracts is \$9,067. One of the projects was developed through the direct referral and assistance of the Technology, Trade & Commerce Agency, and another was brought to ETP with the assistance of the California Manufacturing and Technology Association. These two projects are located in rural areas. The minimum average hourly wage paid to trainees by all three small employers is \$14.91 with none of the three small employers using their health benefits to meet ETP's minimum wage requirements.

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

ACTION: The Panel unanimously approved adopting those proposals that are less than \$100,000 including the Small Business Pilot Projects (SBPP) with the exception of Borla Performance Industries, which was presented to the Panel separately. The following projects were approved unless indicated as withdrawn:

GNA Industries, Inc.	\$6,720
The Henry Wine Group	\$43,446
Fansteel California Drop Forge	\$15,600
West San Gabriel Valley Consortium d.b.a. Career Partners	Withdrawn
NVISION, Inc. (SBPP)	\$7,400
Payroll People, Inc. (SBPP)	\$5,760
Ortho Engineering, Inc. (SBPP)	\$14,040

VIII. REPORT OF THE GENERAL COUNSEL

Ms. Bobrow reported on the Panel's consideration of training projects with companies that may be in sufficient financial difficulty that filing for bankruptcy protection may be a viable option. She stated the Panel has the discretion to question the financial ability of a potential contractor to maintain its workforce. The Panel is mandated to give funding priority to projects that best meet certain economic development goals, among which is the priority to promote the retention and expansion of the state's manufacturing workforce. Provisions in the Panel's enabling legislation require the Panel to use its judgment in awarding funding to projects resulting in secure jobs.

Ms. Bobrow noted the following five bankruptcy-related issues that the Panel previously had raised in connection with approval of training projects.

1. The Panel cannot require a contract provision contemplating termination because of a filing of a bankruptcy petition by a potential contractor be included in an ETP training Agreement. Such a requirement would be considered discriminatory under bankruptcy law.
2. When an ETP contractor receives an unearned progress payment and then files a bankruptcy petition, the progress payment would most likely become part of the bankruptcy estate, subject to the bankruptcy claim process.
3. When the parent company of a wholly owned subsidiary files a bankruptcy petition, the subsidiary may or may not be included in the bankruptcy proceedings. The determining factor appears to be the degree of involvement by the parent in the subsidiary enterprise. In ETP's history, there have been parent company bankruptcies that have included all subsidiaries, but that situation has not uniformly been the case.
4. It is possible for an ETP contractor that has filed for bankruptcy protection to continue to perform under the terms and conditions of the ETP Agreement. In a Chapter 11 reorganization, the bankruptcy trustee may, (with court approval) elect to either reject or assume an executory contract. (An executory contract in the context of bankruptcy is generally defined as a contract in which significant performance remains due from both parties.) If the trustee elects to assume the contract, the bankrupt party will continue performing the contract.
5. ETP's position as a government agency does not give it any priority as a creditor in bankruptcy proceedings. Priority is given to certain tax claims submitted by governmental units, but ETP is not in a position to claim that priority.

Ms. Bobrow concluded by recommending that in order to avoid a situation where a contract may not be completed because of the financial instability of a particular company, the Panel may predicate payment on full performance. If, during the course of the project, the financial stability of the company is no longer in question, the

company may request approval of an amendment permitting progress payments commencing at the time that the company has completed 50 or 75 percent of the training.

Rulemaking Calendar 2003

Ms. Bobrow presented an outline of existing regulations and policies and identified subject areas that may need a regulation or an amendment to the current regulation. The proposed rulemaking action calendar is due annually to the Office of Administrative Law. Staff will prepare notices to begin the rulemaking processes on subjects that the Panel had previously approved, and to delete regulations that are no longer necessary. Other revisions will be presented to the Panel for consideration at a later date.

Mr. Broad requested a review of the definition of “frontline worker.” He stated the California definition is inconsistent with the federal definition. Ms. Bobrow stated that staff would place the “frontline worker” definition on the rulemaking calendar.

IX. AGREEMENTS AND AMENDMENTS

Nor-Cal Beverage Company, Inc. (presented out of order)

Diana Torres, Manager of ETP’s San Diego field office, presented a One-Step Agreement for Nor-Cal Beverage Company, Inc., in the amount of \$204,464. Nor-Cal Beverage Company is an independent bottler with production facilities in West Sacramento and Anaheim and distribution facilities in six locations throughout California. Products are sold and distributed throughout California, Arizona, New Mexico, and Asia. This proposed training program involves only the Anaheim location. Nor-Cal states that it needs to increase its bottling capacity in order to stay competitive. Nor-Cal proposes to train 189 employees in skills to improve processes, solve problems, and improve decision-making.

The total in-kind contribution for training and training-related costs not covered by ETP funds is \$278,049.

Mr. Torres introduced Todd McFarland, Plant Manager.

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

Motion carried, 6 – 0.

Tyco Thermal Controls LLC (presented out of order)

Creighton Chan, Manager of ETP’s San Mateo field office, presented a One-Step Agreement for Tyco Thermal Controls LLC (TTC) in the amount of \$259,311. This

project was presented at the December 2002 Panel meeting. The Panel delayed action on the project pending clarification regarding the financial situation of TTC's parent company, Tyco International, Ltd., which appeared to be experiencing serious financial difficulties. TTC stated that, in the event its parent company is unable to meet its financial obligations and must file for bankruptcy, TTC has the resources to generate cash to meet its financial needs and continue operations.

TTC is a producer of heat tracing products, self-regulating heaters, related software and components found in thermal control systems used by the oil and gas, chemical, power generation, manufacturing, pharmaceutical, and commercial construction industries. To remain competitive, the Company must improve productivity and quality without significantly increasing production costs. One way of achieving these goals is to implement a high performance workplace that relies on the frontline worker to be directly involved in process improvement efforts. Tyco Thermal Controls is requesting funds to retrain 109 frontline workers, supervisors, and managers in Manufacturing, Business, Continuous Improvement, and Computer Skills.

Mr. Chan introduced Michael O'Brien, Chief Operations Officer, and Rita Duncan, Human Resources Director. Mr. O'Brien stated TTC's new management is aggressively restructuring the Company's financial status. Mr. Hodess questioned the time it will take to train the workforce. Ms. Duncan stated TTC plans to initially train 109 employees of which 90 are frontline workers. She anticipates training will take from 1 year to 18 months. Mr. Hodess suggested TTC complete the training for the 90 frontline workers before proceeding with the balance of the workforce. Ms. Duncan agreed, stating that focusing the training on frontline workers is the Company's first priority.

Mr. Rankin and Mr. Broad had concerns regarding companies that relocate out of the country to avoid paying taxes. Mr. O'Brien stated Tyco Thermal Controls (TTC) is a subsidiary of Tyco International, and TTC pays all state and local taxes. He stated TTC has been located in California for over 33 years and employs 325 people. He said TTC has no plans to move its facility.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement with the condition that Tyco Thermal Controls receive funds only upon completion of the training and retention periods of all frontline workers participating in the project.

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

Applied Materials, Inc. (presented out of order)

Mr. Broad recused himself from discussion and action on the Applied Materials, Inc., project.

Mr. Chan presented a One-Step Agreement for Applied Materials, Inc., in the amount of \$2,966,400 to retrain 4,800 employees in Business Continuous Improvement, Management, Manufacturing, and Computer Skills. This project initially came before the Panel at its December 2002 meeting. The Panel could not vote on Applied Materials Agreement at that time due to the lack of a quorum. There have been not changes to the project since it was proposed in December. This is Applied Materials third training program funded by ETP, and a substantial contribution of \$1,276,800 has been applied.

Mr. Chan introduced John Schmitt, Systems Project Manager.

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

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

Pacific Coast Producers (presented out of order)

Mr. Hodess presided over the meeting in the absence of Ms. Kwalwasser.

Charles Rufo, Manager of ETP's Sacramento field office, presented a One-Step Agreement for Pacific Coast Producers. This Agreement is for the retraining of 65 employees for \$353,600. The program will consist of 450 class/lab hours in Continuous Improvement, Manufacturing Skills, and Computer Skills. The project was brought to the Panel's attention through the efforts of the California Manufacturers Technology Association.

Pacific Coast Producers is eligible for ETP funding as a manufacturer of food products. Pacific Coast is a high-volume, private label producer and distributor of canned and pre-packaged food products.

Pacific Coast Producers is requesting a waiver to ETP's 200-hour training cap by proposing 450 class/lab hours for 60 trainees due to the concentrated delivery of training. All ETP-funded training is scheduled to be complete before the tomato-processing season begins in June 2003. Pacific Coast also plans to follow the ETP-funded training with 15,660 hours of on-the-job training at no cost to ETP.

The Contractor has certified that the electricians and mechanics have received qualification at the Journeyman level and the proposed training will be for advanced level skills in their existing trades. Teamsters, Cannery Workers, and Warehousemen Union Local 857 has reviewed the curriculum and supports the proposal.

Mr. Rufo introduced Mr. Craig Powell, Senior Vice President, Pacific Coast Producers and Earl Baker, Business Agent, Teamsters Local 857.

ACTION: Mr. Broad moved and Ms. Dean seconded this One-Step Agreement be approved as presented.

Motion carried, 5 – 0 (Ms. Kwalwasser absent during discussion and vote).

Advanced Career Technologies Institute

Mr. Rufo presented a One-Step Agreement for Advanced Career Technologies Institute to train 125 new-hires for \$952,560. This would be the fifth ETP Agreement with Advanced Career Technologies Institute (ACTech). ACTech has determined that there is a high demand for trained hardware, software, and local area network support technicians.

The hourly rate per trainee used by ACTech ranges from \$13.80 to \$14.83, which is below the ETP fixed fee rate of \$15 per hour. ACTech has agreed to waive the additional 8 percent in support costs for recruitment and assessment and job placement activities. To support the high cost of training with an average cost of \$7,620, ACTech has increased the required ETP minimum wage by 11 percent and 22 percent respectively to \$10 and \$11 per hour. EDD-Labor Market Information data shows that trainees placed in these occupations will have significant wage progression in future years.

Mr. Rufo introduced Mr. John Klinghardt, Director.

ACTION: Mr. Lennox moved and Mr. Broad seconded this One-Step Agreement be approved as presented.

Motion carried, 5 – 0 (Ms. Kwalwasser absent during discussion and vote).

Mr. Rankin requested staff to include in the information on individual companies that are listed as participating employers in a multiple-employer contract the number of full-time employees that are employed in California for each employer.

California Human Development Corporation

Mr. Rufo presented a One-Step Agreement for California Human Development Corporation (CHDC) in the amount of \$345,957 to train 68 new hires. This will be the ninth Agreement with CHDC. CHDC is a non-profit, community-based organization that provides social services, employment training, and other services directed primarily at low-income people. This proposal will train those who are currently unemployed and target those identified with at least two barriers to employment including limited English proficiency, limited basic education, or a history of substance abuse.

This training proposal includes truck driving and pre-apprenticeship training in welding. Both types of training include a separate component that includes 250 hours of VESL training. The average hours per trainee are 605 and the average cost is \$5,087. The ETP cost per trainee, based on rates less than the ETP fixed fee rate of \$15 per hour, is between \$7.18 and \$12 per hour.

CHDC is requesting a wage waiver for the occupations in the proposal from \$8.98 to \$8.50 per hour for up to 13 of the 68 trainees located in San Joaquin, Stanislaus, Yuba, and Sutter Counties, which are designated as high unemployment areas. Also CHDC requests an additional 4 percent in support costs, totaling \$11,241 to cover the added cost of its new-hire recruitment, assessment and job placement activities for those with multiple barriers to employment.

Staff has confirmed with the Division of Apprenticeship Standards that the proposed welding training does not duplicate any existing welder programs. Also, ETP funds will be earned for trainees completing the welder program contingent on their completion of their retention period either in the welding industry or if the trainee goes into an approved apprenticeship program.

Mr. Rufo introduced Mr. Nathan Acuna, Director. Mr. Broad asked if they were going to train people with past substance abuse problems as truck drivers. Mr. Acuna stated that persons with past substance abuse problems would receive welding training. He noted that the majority of the hard-to-serve training population for this project is comprised of people with English deficiencies who are agricultural workers and have been displaced from industries that have moved out of the area.

Mr. Broad questioned the request for the increase in the overhead costs. Mr. Acuna stated that they have a long history of working with individuals who qualify under the ETP program. Working with people who have multiple barriers to employment has always been very difficult. It requires a substantial amount of administrative work to assure successful completion of training and the 90-day retention period.

Mr. Hodess stated that staff indicated they contacted the Department of Apprenticeship Standards concerning welding training and there is not a welding apprenticeship program in the State of California. Mr. Hodess stated there is an ironworker apprenticeship program that provides welding skills training. Mr. Hodess stated the welding training proposed in CHDC's project does appear to duplicate apprentice ironworker training. Mr. Hodess suggested separating the truck driver training from the welding portion of the Agreement and bringing the welding portion back to the February Panel meeting after reviewing the ironworker apprenticeship program to see if there are opportunities for training into apprenticeable occupations. Mr. Acuna agreed.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel approve the Truck Driver Training portion of the proposal and revisit the Welding Training portion at the February Panel meeting.

Motion carried, 5 – 0 (Ms. Kwalwasser absent from discussion and vote).

Antelope Valley Community College District

Ron Tagami, Manager of ETP's North Hollywood field office, presented a One-Step Agreement for Antelope Valley Community College District in the amount of \$750,044 to retrain 403 employees in Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills, and Literacy Skills. This project was brought to the Panel's attention through the marketing efforts of the California Technology, Trade and Commerce Agency. This is the third project between Antelope Valley Community College District and ETP.

Antelope Valley aerospace employers recognized that workers must possess the requisite advanced technology skills to effectively compete and comply with industry standards. A consortium of local employers involved in the aerospace, computer software, and composite manufacturing industry conducted an assessment to determine employer and worker needs and to develop a training curriculum to maintain the employers' competitive edge and improve frontline worker skills.

Mr. Tagami introduced Stephen Contreras, Director of Corporate and Community Education. Mr. Rankin questioned the performance in the previous ETP contract. Mr. Contreras stated the College now has an action plan in place with skilled personnel to achieve successful performance of the program.

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

Motion carried, 5 – 0 (Ms. Kwalwasser absent during discussion and vote).

Eaton Aerospace Sterer Fluid Controls

Mr. Tagami presented a One-Step Agreement for Eaton Aerospace Sterer Fluid Controls (Sterer) in the amount of \$229,100 to retrain 285 of its own employees and 20 employees of Sterer's suppliers. One of the biggest challenges affecting the continued improvement in customer satisfaction is the performance of Sterer's suppliers. Sterer realizes that its performance can only be as good as the suppliers' ability to deliver well-made, quality parts on time.

Mr. Tagami introduced Glenn Grindstaff, Human Resources Manager, and Michael Coburn, Acting Business Unit Manager. Mr. Broad questioned the status of the previous project and the recent change in business. Ms. Carrillo stated that 128 trainees have completed training and are expected to complete the retention period. Mr. Grindstaff stated since the events of September 11, 2001, there has been a shift in

the aerospace industry from trans-production to defense work. Military contracts have been stepped up to meet demands of anticipated war efforts.

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

Motion carried, 5 – 0 (Ms. Kwalwasser absent during discussion and vote).

Glendale Community College Professional Development Center

Mr. Tagami presented a One-Step Agreement for Glendale Community College Professional Development Center in the amount of \$2,639,306 to retrain 2,114 workers from various companies. Employers will be able to customize their training from a menu curriculum that includes Continuous Improvement, Business Skills, Hazardous Materials, and CAD/CAM. Five local Unions support the training project.

Mr. Tagami introduced Sharleen Wagner, Director.

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

Motion carried, 5 – 0 (Ms. Kwalwasser absent during discussion and vote).

Ms. Kwalwasser returned to the meeting and resumed as Chair.

United Parcel Service, Inc. (Ohio)

Ms. Torres presented a One-Step Agreement for United Parcel Service, Inc. (Ohio), in the amount of \$1,793, 025. UPS funding will come from regular ETP funds for companies facing out-of-state competition and from Special Employment Training (SET) funds for retraining of frontline workers in occupations that pay the state average hourly wage of \$19.96 in businesses difficult to service under the Panel's standard project format. The Contractor proposes to utilize SET funds for new drivers, specialists, technicians, and new drivers' supervisors.

UPS states that the package delivery industry is highly competitive and the technology to deliver 13 million packages each day is complex and constantly changing. UPS experienced a significant drop in business in 2002 due to the downturn in the economy and a loss of customers as a result of labor union contract negotiations. The Teamsters have ratified a new national agreement with UPS. In order for UPS to compete with other widely know package delivery companies, to increase customer satisfaction, reduce costs, keep up with latest technology, and win new customers, UPS proposes to retrain 2,331 employees in Commercial Skills, Business Skills, Management Skills, and Computer Skills. UPS representatives

state the training will help UPS maintain its commitments to its workers by insuring the success and maintenance of UPS career ladders in moving part-time drivers to full-time drivers and in promoting drivers to supervisors. The Contractor states that all the proposed training is supplemental and will not displace training funded through existing budgets and programs currently funded by UPS. ETP-funded driver training will train frontline workers in skills critical to the continuing viability of UPS in California, will foster the job creation of high-wage, high-skills jobs, and will assist UPS in carrying out its commitment to the Teamsters to move part-time drivers to full-time positions.

Ms. Torres introduced Keith Leiter, Regional Controller; William Parker, National Training Systems Incorporated; and Steve Duscha. Mr. Broad and Mr. Lennox stated that the UPS training proposal is in an excellent example of a career ladder project where employees are trained and promoted into higher-paid, higher-skilled jobs.

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

Motion carried, 6 – 0.

Panel members unanimously approved a motion to extend birthday wishes to Dee Dee Victorine, ETP's Executive Secretary.

Mariani Packing Company, Inc.

Mr. Rufo presented a One-Step Agreement for Mariani Packing Company. This Agreement is for the retraining of 177 employees for \$165,720. The program will consist of from 40-80 class/lab hours in Continuous Improvement, Manufacturing Skills, and Literacy Skills.

Mariani Packing is eligible for ETP funding as a manufacturer of dried fruits. They have grown, dried, processed and packaged dried fruits for four generations. This will be the third Agreement between ETP and Mariani Packing.

Recently, in order to increase capacity, the company relocated its main production facility to Vacaville from San Jose. Also Mariani has purchased new equipment for processing and mixing fruit at a cost of approximately \$6 million. To remain competitive and optimize its workforce, Mariani needs to become a high performance workplace. Company management realizes it must control costs and the number of products it produces, improve processes and retrain its employees.

Mariani had a previous ETP process at the San Jose facility. The prior project focused on a company-wide initiative to implement activity-based costing, which concentrates on financial causes and improvement. The proposed training is different, as employees will receive manufacturing and continuous improvement skills

to understand quality improvement processes, minimize production problems and learn information systems.

Mr. Rufo introduced Craig Y. Mackley, Senior Vice President.

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

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

Morgan Advanced Ceramics, Inc.

Mr. Chan presented a One-Step Agreement for Morgan Advanced Ceramics, Inc. Morgan Advanced Ceramics manufactures high-tech ceramic components for chemical, electrical, mechanical and vacuum applications. The Contractor states that because of decreasing profit margins due to higher production costs and competitive pricing from out-of-state contenders the Company must convert to a high performance workplace. The Company is proposing to retrain 203 frontline workers and five managers in skills needed to assist the company's transition to a high performance workplace for a total program cost of \$138,840.

This project is supported by the International Association of Machinists, Aerospace workers, Local 1414, which represents approximately 180 of the trainees.

Mr. Chan introduced Ken Taylor, Operations Manager, and Ally Espinosa, Human Resources Manager. Ms. Kwalwasser questioned the number of manufacturing of facilities. Mr. Taylor stated Morgan Advanced Ceramics has manufacturing facilities throughout the United States. The majority of its workers are employed at the California facility.

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

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

DocuSource, LLC

Ms. Torres presented a One-Step Agreement for DocuSource for a total Agreement amount of \$140,000 with an estimated employer in-kind contribution of \$146,200.

DocuSource has expanded its products and services and now provides document management and electronic document imaging solutions. DocuSource states that due to the technological advances and customers' need to move to a paperless office, it must continue to provide innovative solutions for document management to remain competitive. DocuSource proposes to train 70 workers in 100 hours of

class/lab training in Business Skills, Computer Skills, Continuous Improvement, and Management Skills.

Ms. Torres introduced Birdie Kopp, Chief Financial Officer.

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

Motion carried, 6 - 0.

Dunn-Edwards Corporation (presented out of order)

Mr. Tagami presented a One-Step Agreement for Dunn-Edwards Corporation. This is Dunn-Edwards second ETP Agreement. The company is requesting ETP funds to retrain 751 employees for a program cost of \$494,520. Trainees will receive training in Continuous Improvement, Business Management Computer Skills. The Steel, Paper House and Chemical Drivers, Helpers and General Warehouse Workers, Teamsters Local 578 support this training.

Mr. Tagami introduced Mr. Michael Rose, President; Gary Jones, Director of Training and Development; and Michael Davis, President and Business Representative of Teamsters Local 578.

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

Motion carried, 6 - 0.

Sears Logistics Services, Inc.

Ms. Kwalwasser recused herself from discussion and action on the Sears Logistics Services, Inc., project. Mr. Hodess presided as Chair.

Mr. Tagami presented a One-Step Agreement for Sears Logistics Services, Inc. This is the third ETP Agreement for this facility and the contractor has earned over \$250,000 within the last five years. A 30 percent substantial contribution, which amounts to \$100,464, has been applied to this Agreement.

The contractor proposes to retrain 168 employees in Manufacturing, Computer, and Continuous Improvement Skills. On the last two contracts, the Panel approved a waiver to the Panel regulations that define full-time employment as at least 35 hours a week for a period of 90 consecutive days. The contractor is again requesting a waiver to allow an average of 35 hours a week for a period of 90 consecutive days.

Mr. Tagami introduced Rosa Leyva, Human Resources Manager and Julie Tuazon, Trainer Coordinator for Sears Logistics Services, Inc. Mr. Rankin asked for a

definition of a “trainer.” Ms. Leyva answered that a trainer is a frontline worker who is responsible to train associates in the facility, assuring that all certification and training is completed.

Mr. Hodess questioned the health benefits that are provided by Sears. Ms. Leyva stated that all full-time employees are eligible for benefits. She stated that all staff in this contract are full-time employees and are eligible for health benefits.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 (Ms. Kwalwasser recused herself).

Ms. Kwalwasser resumed as Chair.

Borla Performance Industries (presented out of order)

Mr. Tagami presented a One-Step Agreement for Borla Performance Industries in the amount of \$64,480. Borla designs and manufactures stainless steel exhaust systems for vehicles used either in off-road as racecars or as high-performance street vehicles. The Company is requesting ETP funds to retrain 124 employees. All employees will receive 40 hours of training in Continuous Improvement.

Borla is located in Oxnard, which is a high-unemployment area. The Contractor is requesting a wage waiver for 60 trainees. The lowest wage earned by trainees is \$8.24 per hour, which includes health benefits. The Contractor has agreed to increase the wages of these trainees by at least 7 percent immediately following the 90-day retention period, which will increase the trainees wage to \$8.74 per hour, which includes health benefits.

Mr. Tagami introduce Mr. Stephen Bindus, Production Director. Mr. Broad questioned Borla Performance Industries’ relationship to the auto industry. Mr. Bindus stated that Borla is an after-market provider to all original equipment manufacturers. Automobile manufacturers special order exhaust systems from Borla. Borla does not compete with the automobile manufacturers but with other specialty equipment manufacturers.

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

Motion carried, 6 - 0.

Loews Coronado Bay Resort (presented out of order)

There were no representatives present from Loews Coronado Bay Resort. Panel members agreed to postpone action on Loews Coronado Bay Resort’s request for training funds to a future Panel meeting when a representative will be able to attend.

X. WAGE-WAIVER LIMITS FOR CAREER LADDER PROJECTS

Ms. Kwalwasser stated that the wage waiver limits for Career Ladders projects would be postponed until the Panel approves reinstating Career Ladders projects.

Mr. Broad requested staff to review the Career Ladders projects previously approved by the Panel. Information on the outcome of those projects would be helpful to the Panel when considering the continuance of funding Career Ladders projects.

XI. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, stated that the Alliance does not support the proposed ETP funding cuts. He stated that ETP's main goal should be to see that no training monies are left unspent.

XII. EXECUTIVE SESSION

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

XIII. ADJOURN

There being no further business and no objection, the meeting was adjourned at 1:00 p.m.