



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**  
California Environmental Protection Agency  
1001 "I" Street  
Sierra Hearing Room, 2<sup>nd</sup> Floor  
Sacramento, CA 95814  
May 24, 2012

**PANEL MEMBERS**

Barry Broad  
Chair

Carol Farris  
Member

Sonia Fernandez  
Member

Michael Hart  
Member

Janine Montoya  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

Sam Rodriguez  
Member

**Executive Staff**

Brian McMahon  
Executive Director

Maureen Reilly  
General Counsel

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**I. PUBLIC PANEL MEETING CALL TO ORDER**

Chairman Barry Broad called the meeting to order at 9:30 a.m.

**II. ROLL CALL**

Present

Barry Broad  
Sonia Fernandez  
Michael Hart  
Carol Farris  
Edward Rendon (arrived immediately after roll call)  
Janice Roberts  
Sam Rodriguez

Absent

Janine Montoya

Executive Staff Present

Brian McMahon, Executive Director

**III. AGENDA**

ACTION: Ms. Roberts moved and Ms. Farris seconded the motion that the Panel approve the Agenda.

Motion carried, 7 – 0.

**IV. MINUTES**

ACTION: Mr. Hart moved and Ms. Roberts seconded the motion that the Panel approve the Minutes from the April 27, 2012 meeting.

Motion carried, 7 – 0.

**V. REPORT OF THE EXECUTIVE DIRECTOR**

Brian McMahon, Executive Director, welcomed the Panel, the stakeholders and all applicants. He introduced Peter Cooper, ETP's Assistant Director, and said this was the first ETP Panel that Mr. Cooper is attending as an ETP employee.

He said today's projects include a group of ten single employer contracts, one multiple employer contract and a group of healthcare initiative proposals that will be reviewed as the first projects before the Panel. He said that ETP's regional office managers are joining the meeting by teleconference.

Mr. McMahon discussed the budget situation for the current year. He said a high percentage of ETP's revenue comes in during the month of May that is around 48% of all of the funds that are collected by the Employment Training Tax comes in within the first 18 days of the month of May, so it is an intense period in terms of revenue collection. We had a preliminary figure from the Employment Development Department, which collects the tax, and we are close to the target for what was projected earlier may have stabilized. To some extent, the downward trend in collections that we saw earlier. At the last Panel meeting, we adjusted the reduced revenue figure from \$46 million to \$45 million, and it looks like that is going to be close as to where we end in the current year.

In terms of projects approvals, if the Panel approves all the projects before it today, we will have approved projects totaling \$62 million, resulting in approximately \$5.7 million for the period from now until the end of the Fiscal Year (FY). He said that sum would be allocated between core proposals presented at Panel meetings and delegation order projects that he and the Chair will be reviewing. At this point, it looks like we will not have available funds to meet about \$12 million in project demand, and that will carry over into the new FY. He said later in the meeting after project review, he will discuss funding recommendations based on what staff believes we will have in terms of available funding for projects in the 2012-13 budget year and essentially, it will be very close to what we have this year.

Mr. McMahon said that he wanted to make a few comments to more or less set the stage for our healthcare group of proposals that we will be reviewing today. We had 34 projects that actually moved through the development process, and that equated to about \$2.8 million in demand versus \$1.7 million in available funds. So we did go through a process to downsize those projects. I also want to point out that again, 100% of the trainees in those projects will be trainees that were either hired three months prior to contract approval or during the term of the agreement. So these funds will generate about 1,008 trainees under Job Creation which are pretty good ratios relative to other program investments in helping create and support new jobs. Some of the principles we used in approaching the allocation of funds under this initiative, are that we would review and present all of the projects at a single meeting, that we would allocate funds on an equitable pooled basis in a fashion consistent with the guidelines that we had posted, that we would allocate funds on an employer basis with an employer limit, when multiple facilities from the same employer are involved, that we would assign a 25% augmentation for those multiple facility aggregated proposals, that we would also prioritize projects coming from areas that we designate as a HUA, that we would also award a priority augmentation for first-time applicants, and that we would slightly reduce proposals that came from facilities that had participated in both of the previous two WIA funding rounds to ensure as much equitability in the allocation of funds as possible. Before we actually move into this group of projects, David Guzman will give us a little more detail in terms of the allocation methodology that we use, and then we will ask for a vote on the whole slate of projects.

Over the course of the last few meetings, I have been talking about a couple of bills that had some impact on ETP. You have a Legislative Update Memo before you today. I really do not have the rationale yet, but Assembly Bill 1224 that I talked about previously would add language in our statute that would require ETP to specifically identify a strategy for serving veterans and other populations. All the language relative to ETP has been amended out of that bill and it now has a different subject matter. The only other bill that we have been tracking that remains intact, is SB 1401 and it integrates ETP into a statewide strategic planning process led by the state workforce investment board to coordinate and integrate the delivery of education and training services on a statewide basis.

Also at the March meeting, the Panel created a sub-group to look at the ETP 130, which is the project write-up document that we present to the Panel that describes the scope of the project, project details, and lays out the rationale for training delivery. That subcommittee will be meeting on June 6 from 9:00a m to 12:00 pm in ETP's Sequoia conference room. The members of the subcommittee are Janice Roberts as Chair, Sonia Fernandez, and Sam Rodriguez. Certainly, any other Panel members interested in attending the session may join the meeting as well. We will be taking a good look at the form structure and content of the ETP 130, so that it gives the Panel members a comprehensive outline of the impacts and details of the proposals that we are funding.

## **VI. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM**

Mr. McMahon asked for a motion to delegate in event of loss of quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

ACTION: Ms. Roberts moved and Mr. Rendon seconded the motion to delegate in event of loss of quorum.

Motion carried, 7 – 0.

## **VII. DELEGATION ORDERS**

Mr. McMahon said during the month of May under the delegation authority, the Chair and I approved ten fast-track projects; those are proposals below \$100,000 totaling \$808,000 and three small business projects totaling \$96,000. We expect a fairly aggressive stream of small business projects coming via the delegation order process for the month of June. Mr. Broad said I just want to add for the benefit of our two newest Panel members, the projects that are subject to the delegation order for this fast-track approval are posted. If you wish to look at them, any Panel member can pull them out of that process and put them into a process where we review them one at a time. So it is a fast-track process but it is not one that is beyond the Panel's consideration and any single member can change that at any time, including up the point we are here at this meeting.

## **VIII. REVIEW AND ACTION ON HEALTHCARE-JOB CREATION PROPOSALS**

David Guzman, Chief of Operations, said Tabs #1 through #34 are the packet of projects for the 2011-12 Healthcare Job Creation Initiative. This Initiative is funded by the Governor's Workforce Investment Act WIA 15% Discretionary Funds in partnership between ETP, the Labor & Workforce Development Agency and EDD. WIA Discretionary Funds allow ETP to provide

training for nurses and allied healthcare workers at non-profit hospitals and medical centers as a continuation of healthcare training program initiated in the two prior FYs. In this FY, this initiative exclusively targets newly hired nurses and newly hired allied healthcare professionals, similar to the Panel's core retraining job creation initiative. We have some funding considerations in the Initiative this year. In FY 2009-10 the Panel awarded \$5.4 million in combined federal funds for healthcare proposals. In the following FY 2010-11, the Panel awarded \$8.7 million in funds. This FY, only \$1.7 million are available. Given the expected gap between supply and demand, 2011-12 proposals were capped at pre-development; at \$100,000 for healthcare organizations with more than one hospital facility, and at \$75,000 for a hospital with one single hospital or center. Even with those caps, there was a shortfall of more than \$1.1 million in available funds causing the Panel to apply additional funding reductions. The Panel accepted preliminary applications from February 6 to February 29, 2012. During that application period, 36 initial requests were received, 34 proposals were deemed eligible and approved for development. Using a pooled approach to consider all proposals as a group, a base allocation of 85% of the available monies were applied to each project equally. Applications that included multiple hospital facilities were granted an additional 25% above their base allocation. After these initial steps, additional funding increments were added at hospitals located in HUAs, with a 12.5% increase; healthcare organizations that were applying for WIA healthcare funds for the first time, with an additional 10% increment. Further; reductions were applied for healthcare organizations that are receiving ETP healthcare program funds in each of the two previous FYs; that reduction is 10%. Finally, funding allocations after that process range from \$48,000 to \$79,000 for individual healthcare organizations. Some proposals were aggregated to apply funding allocations. Adventist Healthcare sent in 76 individual proposals for 13 facilities; we capped that organization at \$68,160 for all facilities. St. Joseph Health Systems submitted two proposals with four facilities; we capped that organization at \$62,000. Lastly, Dignity Health submitted two separate proposals with four separate health facilities, with a cap of \$69,000.

Mr. Guzman said in moving in to the program standards, under Healthcare Job Creation for 2011-12, to be eligible for reimbursement, trainees must be hired either three months prior to project approval or any time of the term of the contract. As noted earlier, federal funds are not tied to paying the Employment Training Tax, so employers can be non-profit as in the case of these community hospitals and medical centers. There is no out-of-state competition requirement, and because this initiative incorporates job creation, the new-hire minimum wage is being used as a benchmark. Clinical training, both preceptor and didactic, will be reimbursed at a blended rate for nurse upgrade training at \$22 per hour. Following the job creation model, non-clinical classroom training will be reimbursed at the new-hire rate of \$20 per hour, and CBT will be the standard rate of \$8 per hour. Otherwise, these proposals were developed using standards for medical skills training under the core program. The merits of each training program are outlined individually in Tabs #1 through #34.

Staff recommends approval of these proposals in a program slate, which includes Tabs #1 through #34, for the 2011-12 Healthcare Job Creation program. Mr. Broad asked the Panel if there were any questions on any of the proposals in Tabs #1 through #34. There were no questions from the Panel.

- 1) Central California Foundation for Health dba Delano Regional Medical Center ..... \$56,160
- 2) Children's Hospital & Research Center Oakland..... \$60,200

3) Children’s Hospital Los Angeles.....	\$54,000
4) Children’s Hospital of Orange County .....	\$67,000
5) Dameron Hospital Association .....	\$54,600
6) Dignity Health dba Bakersfield Memorial Hospital.....	\$34,500
7) Dignity Health dba Mercy Hospitals of Bakersfield.....	\$34,500
8) Downey Regional Medical Center-Hospital, Inc. ....	\$58,800
9) Eisenhower Medical Center.....	\$73,800
10) Feather River Hospital.....	\$8,520
11) Fresno Community Hospital dba Community Regional Medical Center .....	\$79,200
12) Glendale Adventist Medical Center .....	\$14,200
13) Hospital Committee for the Livermore/Pleasanton Areas dba ValleyCare Health System .....	\$59,040
14) Kaiser Foundation Hospitals, Inc. Southern California Region .....	\$73,600
15) Lodi Memorial Hospital Association, Inc. dba Lodi Memorial Hospital.....	\$54,720
16) Lucile Salter Packard Children’s Hospital at Stanford .....	\$53,500
17) Madera Community Hospital, Inc. ....	\$79,000
18) Marin General Hospital Corporation dba Marin General Hospital.....	\$54,120
19) Memorial Health Services Corporation .....	\$67,320
20) Methodist Hospital of Southern California .....	\$53,580
21) Mission Hospital Regional Medical Center .....	\$42,160
22) Pasadena Hospital Association, Ltd. dba Huntington Memorial Hospital .....	\$59,200
23) Pomona Valley Hospital Medical Center .....	\$60,500
24) Providence Health and Services California Region Fiduciary Entity dba Providence Little Company of Mary Foundation .....	\$68,000
25) Redlands Community Hospital .....	\$58,500
26) Scripps Health .....	\$67,000
27) Sharp Healthcare .....	\$61,500
28) SJCH Foundation dba San Joaquin Community Hospital .....	\$14,200
29) St. Helena Hospital & Health Center .....	\$8,520
30) St. Joseph Health System dba St. Joseph Hospital of Eureka .....	\$19,840
31) Sutter Medical Foundation and Sutter Health Sacramento Sierra Region.....	\$79,000
32) Ukiah Adventist Hospital dba Ukiah Valley Medical Center.....	\$8,520
33) Verdugo Hills Hospital .....	\$48,000
34) White Memorial Medical Center .....	\$14,200

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of Tabs #1 through #34, in the amounts listed above, in all of the Healthcare Job Creation proposals.

Motion carried, 7 – 0.

Mr. McMahon thanked ETP staff and said they did a tremendous job, especially with the logistical aspects of moving all of these projects through review at the same time, preparing the proposals, and having them ready for the Panel. He said it was a real terrific effort, and he thanked everyone involved. Mr. Broad agreed and said yes, they do really good work and he also thanked the staff.

**Single Employers**

**Charter Communications, LLC**

Mr. Guzman presented a Proposal for Charter Communications, LLC (Charter), in the amount of \$599,760. As one of the leading multiple system operators in the nation, Charter provides advanced video, high-speed internet, and telephone services to more than five million customers in 25 states. The company's California market area provides installation, service calls, construction services, and customer lobby service seven days a week to residential and business customers.

Mr. Guzman introduced Gary Dressler, Director of Human Resources.

Ms. Roberts asked if this is their first ETP proposal. Mr. Dresslar said yes it is. Ms. Roberts said this is a large dollar amount, multiple locations, I am wondering if you have the sufficient infrastructure to handle all of these different three job scenarios at the multiple locations. Mr. Dresslar said he has done one of these before with another company, and knows how to administer and track it. Ms. Roberts asked how they track it. Mr. Dresslar said actually have HR generalists located in all of the sites listed and it will all be funneled to one central location for the tracking. Ms. Roberts asked if it would include rosters. Mr. Dresslar said yes.

Mr. Rodriguez asked the representative to share about their integrated systems at Charter. Mr. Dresslar said there are eight people employed in HR that work for him in various locations. They have systems located throughout Southern CA and in the Central area. Generally, what happens is they have a training group that is based in the Urbandale location that works out the different systems that do the training they will conduct, and they will in turn, funnel the rosters from the program down to one central person that will oversee the training program. Ms. Roberts said I do not want to minimize this because you must have 24 hours of training per person, this is a very aggressive proposal with this many locations. Mr. Dresslar said he is a hands-on person that keeps on top of things; it is a large project and they want to succeed.

Ms. Roberts asked about the hazardous materials part of their training because the training curriculum looks pretty minimal compared to the \$600,000 you are going to get. She asked if the hazardous materials are regulatory. Mr. Dresslar said yes, it is regulatory. Ms. Roberts asked if it is mandated by the state. Mr. Dresslar said yes. Ms. Roberts asked, so we are going to fund them for that? Mr. McMahon said yes, we can fund that.

Mr. Rodriguez said every year Charter is involved in launching new products and services to its customers; whether it is Long Beach or Morgan Hill, so what is in the horizon? Mr. Dresslar said what is on the horizon is to move all their systems into all digital which is a large under taking, so the \$18 million budgeted for technology upgrades in the next two-to-three years is a low side estimate, and it will probably balloon up to about a \$60 million investment in the CA economy.

**ACTION:** Mr. Rodriguez moved and Mr. Rendon seconded approval of the Proposal for Charter in the amount of \$599,760.

Motion carried, 7 – 0.

## **Railex, LLC**

Mr. Guzman presented a Proposal for Railex, LLC (Railex), in the amount of \$162,000. Railex is a refrigerated distribution and logistics platform rail system. Railex currently provides the only

nonstop rail unit for perishables and can guarantee its customers a maximum five-day cross-country delivery. Its state-of-the-art refrigerated distribution centers are located in some of the most fertile growing regions in the country and are designed for product consolidation and just-in-time delivery.

Mr. Guzman introduced Gary Pena, General Manager.

Mr. Broad said he was unclear about their business model and asked if they have a rail yard in Delano. Mr. Pena said they have a 250,000 square foot warehouse, and they hire local carriers to travel from California to Arizona to pick up truck loads of product, they bring freight into their facility, they receive it into their WMS system, and take those loads of products on to a rail car. Mr. Broad said so you consolidate truck load shipments, you put them on a rail car, and then it attaches to a train company, but you are not the rail carrier, correct? Mr. Pena said no, they are the transportation service, they have Union Pacific that moves their railroad freight into Illinois and from there it switches hands to CSX Rail which delivers to their facility in New York.

**ACTION:** Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Railex in the amount of \$162,000.

Motion carried, 7 – 0.

### **WhiteWave Foods Company**

Mr. Guzman presented a Proposal for WhiteWave Foods Company (WhiteWave), in the amount of \$117,720. WhiteWave products include dairy, soy and coffee additives. WhiteWave brands are known for producing natural and organic beverages, which include Horizon®, the leading national organic dairy brand; and Silk®, PureAlmond and Silk® PureCoconut. WhiteWave also makes International Delight® and LAND O LAKES® liquid dairy products.

Mr. Guzman introduced David Voorhees, Plant Manager.

Mr. Broad said this is an interesting proposal and he referred the Panel members to Page 2 of 4 of the ETP 130. He asked the Panel to look at the wages, and said the wages are now more specific and transparent, and reflect the actual wage ranges of these occupations. He said if you were to go back and review prior projects for similar jobs, you will notice a variance in wages between employers. So for example, this employer is a high-wage employer. They pay high wages to their workers and although they provide health benefits, they do not need to use those health benefits to meet ETP's minimum wage standard, as many of the other employers do. Just for interest sake, it is somewhat interesting that some employers in similar businesses, in a high unemployment area (HUA) and paying low wages, must use the health benefits to get there. Then another employer is doing very well and paying very good wages; it makes you wonder, and it is important that we all pay attention to this because obviously as a policy matter, we prefer these kind of employers, to put it bluntly, because they are really investing in their workers.

Ms. Roberts said it is a great contract with low turnover; the \$2 million in new company infrastructure is a great number to put back into CA. I'm excited; this is a low amount of money that we are funding you with, and she encouraged them to return to the Panel because we like



this contract and the wages you are paying. Mr. Broad said they are also expanding in Los Angeles County where people say that is impossible, so we are very impressed with this.

Mr. Rodriguez said he recently read relative to consumer products for kids that Horizon was either the #1 or #2 choice of families. Mr. Voorhees said Horizon is the largest national dairy brand in the country because their parent company Dean Foods is Altadena and Heartland Farms and lots of little dairies. Horizon is a national organic brand, so this organic milk is probably the most common organic product you can feed to your children, and it has really grown at a 12% to 14% rate, so it is a really strong brand and a good business. They are on the forefront of organic products, organic farming, so it is a good model all together. Mr. Rodriguez asked, so is it fair to say that CA is probably the number one market for your company. Mr. Voorhees said yes it is; they are based in Colorado so WhiteWave's vision is to be the earth's favorite food company, and they mean that both in sustainability and the quality of product that they choose, and they source 80 trucks of organic milk weekly from CA farms so it is a deep-rooted CA plant. Mr. Voorhees said they have some very talented employees, most of them are licensed by the state and their future is bright.

**ACTION:** Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for WhiteWave in the amount of \$117,720.

Motion carried, 7 – 0.

### **Bloom Energy Corporation**

Mr. Guzman presented a Proposal for Bloom Energy Corporation (Bloom), in the amount of \$132,840. Bloom is a manufacturer of solid oxide fuel cells (SOFC) that are used in on-site power generation systems for companies, government and utility customers. Bloom's unique on-site power generation systems utilize a new fuel cell technology with roots in NASA's Mars program. Bloom's systems are efficient energy generators, providing significantly reduced operating costs and dramatically lower greenhouse gas emissions. By generating power where it is consumed, the customers have increased electrical reliability, improved energy security, and a path to energy independence. Bloom provides service and preventative maintenance on all of its energy servers across the U.S.

Mr. Guzman introduced Norm Melbardis, Senior Director of Service and Installations.

Mr. Broad asked what happened in their prior proposal, and why they earned such a low amount. Mr. Melbardis said going back to the previous contract, when they came to the Panel about three years ago, the company was in a young start-up phase. Subsequently the coordinator of that project went on maternity leave and Bloom Energy was ramping, growing and maturing. Mr. Melbardis introduced his colleague, Jeff Born, Senior Engineer, Product Support. He said Mr. Born works on fuel cells. Now the companies are relatively more mature and stable in their growth and their processes. Mr. Born is now focused on training, training new hires, and putting together a platform and training curriculum, which is why they are before the Panel today.

Ms. Roberts thanked Mr. Melbardis for his candidness and said that she has concerns about the previous contract and the \$600,000 previously awarded was a monumental dollar amount. But I

see that you really reduced the dollar amount, which is great. You limited it to one area and have a coordinator now. Mr. Melbardis said right, and he is the senior service director in charge of field service and installations, and that is why he is there today to talk to the Panel and address any questions. Ms. Roberts said yes, it is a great company because otherwise we wouldn't have funded the original \$600,000 that we did earlier on, so I am excited and hope you pull through with this one.

Mr. Broad asked if the fuel cells fuel generators. Mr. Melbardis said it is called a solid oxide fuel cell and they take natural gas and air through a steam reformation process and create electricity, so it is on site and locally. As long as you have access to natural gas or a fuel source, you are able to take that with air and combine it across this transformation process and create electricity through a chemical process. Mr. Broad said so in other words, for a customer such as Google perhaps, this process is to produce electricity on site, so they are in effect, bypassing the grid; they are on the gas grid but they are not on the electrical grid, that's his understanding.

Mr. Rodriguez asked, is it for their everyday operations or is it for their clean room? Mr. Melbardis said it is for everyday operations. He said they work in parallel with the utility grid and they supplement it. He said they carry approximately 75% to 80% of Wal Mart's base load and all of their electricity needs come from their fuel supply. Mr. Rodriguez asked if they have a business partnership with PG&E. Mr. Melbardis said no, they do not. Mr. Broad said but PG&E is a competitor, correct? Mr. Melbardis said no, they work together. Mr. Rodriguez asked if they reduce the carbon footprint. Mr. Broad asked if there will eventually be a wider use of this technology, in residential perhaps. Mr. Rodriguez asked why they are not selling this technology to local government since it resulted from the NASA project. Mr. Melbardis said they are currently working on that. Mr. Rodriguez said local government is mandated to reduce our carbon footprint. Erin Grizard, Senior Manager of Regulatory Government Affairs, said they have tried working with DGS for a very long time and they continue to do that; installing onsite at state buildings has its own challenges, challenges of many rules.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Bloom in the amount of \$132,840.

Motion carried, 7 – 0.

### **Boehringer Ingelheim Fremont, Inc.**

Mr. Guzman presented a Critical Proposal for Boehringer Ingelheim Fremont, Inc. (BIFI), in the amount of \$442,656. BIFI is a family-owned, global pharmacology corporation. The company researches and produces human and animal pharmaceuticals and employs over 42,000 people worldwide in 15 countries, including the U.S. and Canada. In April 2011, BIFI purchased a manufacturing site in Fremont owned by Amgen and began the conversion from a "captive" pharmaceutical manufacturing business dedicated to a single company, to a contract pharmaceutical manufacturing business supporting multiple clients and multiple products.

Mr. Guzman introduced Steve Torres, Associate Director of Human Resources.

Mr. Broad asked if this is a retraining proposal and if it includes former Amgen employees that are being trained. Mr. Torres said yes, that is correct; however, they also have been hiring new members in Fremont to join them in contract manufacturing. Mr. Broad asked, and they will be getting the training? Mr. Torres answered yes.

Ms. Robert asked if they have a training person involved in this proposal. Mr. Torres said yes, he does. He said there are two groups; his technical, what they call GMP, and they focus on the regulations of the FDA and other regulators around the world, and there is a group that handles the soft skills training for the business aspects; so everything is located in Fremont that he oversees. Ms. Roberts said one location makes it much easier. Mr. Torres said yes, it does.

Mr. Rodriguez asked, in terms of your education and skill requirements you require to be part of this training, you take workers from the outside and train them? Mr. Torres said minimum they look for are biotech certificates especially for entry-level positions. So one of the local schools they have partnered with very closely in the past has been Ohlone College in Fremont; they have a very good program. As they look at bringing in new people for instance in manufacturing, they will target that system for bringing in new-hires. Mr. Rodriguez said, and they essentially get a pipeline to be biotech technicians? Mr. Torres said yes, correct that is where they will start at, on the production floor. Mr. Rodriguez asked for the average salary for an entry-level biotech technician. Mr. Torres said yearly they would earn anywhere from \$55,000 to approximately \$75,000, depending on experience and skills.

**ACTION:** Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for BIFI in the amount of \$442,656.

Motion carried, 7 – 0.

### **CORWIL Technology Corporation**

Mr. Guzman presented a Proposal for CORWIL Technology Corporation (CORWIL), in the amount of \$174,210. CORWIL was founded in 1990 to manufacture integrated circuits (IC) assembly and test services to the semiconductor, OEM, electronics, military and aerospace, and medical industries. CORWIL is a diversified provider of various services including wafer thinning and dicing, optical inspection, and full assembly and testing of IC's and complex modules.

Mr. Guzman introduced Todd Rinella, Vice President & General Manager and King-Lee Phoon, Accounting Manager.

Mr. Broad said that he read a news story that was widely reported about the U.S. Military's findings about much of their sophisticated computer programs and military equipment. He said there were all types of counterfeit chips and other items; is that what you are checking for when you say you do quality control for the Military? Mr. Rinella said one of the ramifications of commercial off-the-shelf purchases, which happens when the Military tries to buy overseas produced parts, has been counterfeiting. He said they manufacture parts to specification, and certified by the Defense Logistics Agency in all of their processes, and they are ITAR Certified for International Trade and Arms Restrictions. Mr. Broad asked, then you are the solutions to

the problem? Mr. Rinella said yes, that is correct. Mr. Broad said this is gratifying to know; it seems to be that someone overseas could manipulate the products potentially.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for CORWIL in the amount of \$174,210.

Motion carried, 7 – 0.

### **Riverbed Technology, Inc.**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Riverbed Technology, Inc. (Riverbed), in the amount of \$351,000. Riverbed is a publicly-held information technology (IT) infrastructure performance company providing hardware and software solutions for optimizing data exchange and accelerating data transfer across an entire enterprise. Riverbed's products, such as its Steelhead® WAN Optimization appliances, speed the performance of computer applications between distributed sites up to 100 times. This allows customers to consolidate their IT services, improve backup, and reduce replication to ensure data integrity.

Ms. Hernandez introduced Robin Niemeyer, Training Director.

Mr. Broad said he was getting a little concerned about the projects that involve the systematic use of temporary employees and who may or may not become permanent employees. He said it is not only in your company, it is across a number of sectors. He asked if they basically do all their new hiring through temporary agencies. Ms. Niemeyer said no, the new hiring that they are discussing here is for full-time employees. Mr. Broad asked, so who are the ones that are temporary-to-permanent? Ms. Niemeyer said those might be some contractors who are working for them on marketing projects. She said as they grow, if they determine that their budget will allow them to take them on as permanent employees they will do so; but they are being very conservative. Mr. Broad said so you currently obtain their services through a temporary services agency? Ms. Niemeyer said yes, external contractors. Mr. Broad said so that is a small number, correct? Ms. Niemeyer answered yes; she said most of the employees we are talking about here are full-time sales engineers or sales people. Mr. Broad said this statement is not for you obviously, but there are certain industries now that he is reading about, such as in the warehouse industry, where all there is, is temporary employment; where people can be perma-temps in which they are temporary employees with a hope that someday they may become full-time employees. He said so you are no longer even hired with the expectation that you have a job. And personally, if I see that come to the Panel, I will not vote for it because I do not believe that is where the taxpayer's money should be going; that is just exploitation pure and simple, and I would never vote for one of those proposals.

Mr. McMahon said we have some level of protection in the program with our temporary and permanent regulation that requires that they be hired after training and the start of the retention period. He said we do not make progress payments to them until that hiring has actually occurred. Mr. Broad said if it is a few people because of special circumstances that is one thing. But if it is the industry, and that is how the industry is structuring itself, they don't need our help; and there are some industries in his opinion that we do not fund as a matter of policy, and that is where he is headed with that kind of thing, because he does not see it helpful to fund a system

that creates permanent insecurity in the workforce, which seems to be the practice of human resources management in certain parts of our economy.

Mr. Rodriguez asked if they currently have 800 employees in CA. Ms. Niemeyer said yes, that is correct. Mr. Rodriguez said, and you propose to double that workforce and add an additional 800 employees before the end of the year? Ms. Niemeyer said no, during this contract period. Mr. Rodriguez said so you plan to double your workforce in two years? Ms. Niemeyer said yes; to put some perspective on this, the last time she was before the Panel in 2008 she believed, they had approximately 600 employees and only her, in the training department. Now three and one-half years later, they are up to 1,750 employees worldwide and there are six people in the training department. She said that is the trajectory of growth they have been experiencing in the company. Mr. Rodriguez said and so this proposal is for 390 trainees in the next two years and you have a staff of six people and 1,750 employees. Are more than half of these trainees' sales people? Ms. Niemeyer said sales engineers and sales people, yes more than half of them, definitely. Mr. Rodriguez said so with a company such as Salesforce.com, do you work together or are they a competitor? Ms. Niemeyer said no they are not a competitor; they are both software companies but they have different customers. They work with all industries to help their Internet and Tri-Nets to work faster, which is a completely different business than Salesforce.com.

Ms. Roberts asked if the 390 employees have already been hired. Ms. Niemeyer said some of them have been hired. Ms. Roberts asked if the employees they are bringing on full-time will be benefit employees. Ms. Niemeyer said yes, the sales and sales engineers are always full-time benefit employees.

**ACTION:** Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Riverbed in the amount of \$351,000.

Motion carried, 7 – 0.

## **SolarCity Corporation**

Ms. Hernandez presented a Proposal for SolarCity Corporation (SolarCity), in the amount of \$202,560. SolarCity designs solar energy photovoltaic systems to client specifications, conducts energy efficiency audits, and provides financing and installation related services to residential and commercial facilities. SolarCity provides solar panels ranging from high efficiency to lower efficiency, with cost-efficient thin-film solar modules. It conducts energy efficiency evaluations, designs the panel construction, manages the permitting and installation, and provides ongoing monitoring and repair services after the installation. It further offers a "SolarLease" option, which can significantly reduce or eliminate the upfront cost of installing solar panels. SolarCity performs its multitude of services without involving third-parties.

Ms. Hernandez introduced Raya Zion, Workforce Development Manager and Juan Aguayo, HR Director.

Ms. Roberts congratulated the company on the ten veterans included in this proposal.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for SolarCity in the amount of \$202,560.

Motion carried, 7 – 0.

### **Betts Spring Company**

Ms. Hernandez presented a Proposal for Betts Spring Company (BSC), in the amount of \$169,560. BSC is an official supplier to the automotive industry, industry parts distributors, vehicle service companies, and the trucking industry (Freightliner, Volvo, Mack, and Kenworth).

Ms. Hernandez introduced Marcus Shiveley, Vice President of Finance & Business Development.

Ms. Roberts asked if their entire workforce will go through the training. Mr. Shiveley said yes, that is correct. Ms. Roberts said, and all 157 employees will receive 24 hours of minimum training? Mr. Shiveley said they have a lean operations manager permanent on their staff that has extensive training experience. He said also because of their quality of systems they are required to have to serve the automotive industry, and they are very accustomed to supporting, tracking, and maintaining training as an elemental part of their business.

Mr. Rodriguez said the ETP 130 states that their annual training budget is \$35,000, is that correct? Mr. Shiveley said yes, that is a base-training number that they use with outsiders generally. He said there is a significant amount of work that they have done historically internally and continue to plan to invest these funds in that regard.

Mr. Hart said the project details mention that you have new hydraulic presses and new truck axle equipment. Are those moving into the new electronic type with the CAD system. Mr. Shiveley said yes, that is correct.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for BSC in the amount of \$169,560.

Motion carried, 7 – 0.

### **Foster Poultry Farms**

Ms. Hernandez presented a Proposal for Foster Poultry Farms (Foster Farms), in the amount of \$495,000. Foster Farms operates all phases of the poultry process from hatcheries through grow out plants and feed mills, to the finished product on the shelf in local grocery chains. Foster Farms facilities grow, process, package, and ship products to grocery stores, restaurants, and food service establishments all over the world. Products include fresh and frozen chicken and turkey, chicken and turkey deli meat, ready-to-heat entrees, appetizers, franks, and corn dogs.

Ms. Hernandez introduced Marty Jakosa, Manager of Organizational Development.

Mr. Broad said although it is not noted here in the ETP 130, because it was more than five years ago, he recalled that we had previously approved proposals for Foster Farms. Ms. Hernandez said yes, the last proposal for Foster Farms was in 1999.

Ms. Roberts asked what the representative does for Foster Farms. Mr. Jakosa said his title is manager of organizational development. He actually does much of the training; he coordinates the training; administers much of the training, they have field HR folks who will help him coordinate that in terms of tracking rosters. They have a focus on a plant they purchased in Compton, CA two years ago; lots of opportunity there and their main product is fresh chicken. They also have corn dogs and are moving into other areas. Ms. Roberts asked if there are six locations and training coordinators at each location. Mr. Jakosa said he usually travels to each location and administers the bulk; he probably does about 80% of the training himself. The training will include communication skills, conflict resolution skills, and general management skills. He said they really like to promote from within, and they really want to try to promote their baseline employees, but it is disastrous to do that without training them first. So that is what they are trying to do with this training. Ms. Roberts said doing 80% of the training for 1,100 trainees; I give you a lot of credit; you must be on the road all of the time.

Ms. Roberts asked if they acquired Zacky Farms. Mr. Jakosa said yes, they acquired Zacky Farms in approximately the year 2000.

Mr. Rodriguez said from an industry perspective, what are you considered? Are you an agri-business? Mr. Jakosa said they are definitely an agri-business. He said they also keep a close eye on Texas because Pilgrim's Pride is one of their two big competitors, Tyson and Pilgrim's Pride, so we keep a close eye on them. Mr. Rodriguez said so in CA you are a top three employer? Mr. Jakosa said they are the largest poultry processor in CA.

ACTION: Ms. Fernandez moved and Mr. Hart seconded approval of the Proposal for Foster Farms in the amount of \$495,000.

Motion carried, 7 – 0.

### **Multiple Employer Contracts**

#### **Computer Institute of Technology dba CIT Nursing College**

Ms. Hernandez presented a Proposal for Computer Institute of Technology dba CIT Nursing College (CIT), in the amount of \$159,600. CIT is a training agency approved by the California Bureau for Private Postsecondary Education to provide the following courses: computer graphics/web design, computer repair A+ certification, and office software. The training agency is also approved the California Department of Health Services to provide courses in nurse assistant and home health aide programs.

Ms. Hernandez introduced Rene Aguero, Director.

Ms. Roberts asked if this is a for-profit organization. Mr. Aguero said yes, that is correct. Ms. Roberts said in training the 50 unemployed workers, she wanted to be assured that they will not be charged a fee for the training. Mr. Aguero said no, they will not be charged. Ms. Roberts

asked how they determine who will be charged and who will not be charged for these classes. Mr. Aguero said there are people who cannot pay their program, they don't have the financial means, so they go through the selection process, take our screening exams, and from there they make a determination. Ms. Roberts said so we are like a scholarship then? Mr. Aguero said it helps some people who may have barriers, and cannot pay for the program. Ms. Roberts said she was curious, I am unemployed and I take a test, say I cannot afford it, and then you say these ETP funds are available, so you are going to get free training and then when you get out you will be paid \$10.00 per hour, is that the case? Mr. Aguero said, well the wages are going up a bit now, a little higher, one of the reasons may be that they are not hiring as many LVNs as they used to, in the middle qualification of nurses, so they are hiring more CNAs and they are paying more than \$10.00 per hour. So that is an estimation now for the nurses. Ms. Roberts said, so how do you make your money being a profit organization; where do you get your funds from, Pell Grants? Mr. Aguero said no, they work with the California Work Investment Board with Work Sources. Ms. Roberts asked if they also fund them. Mr. Aguero said yes, they also fund them. Ms. Roberts said, and they also fund you with WIA funds and federal funds? Mr. Aguero said yes, they have placed their participants. They have received awards from the City, 95%. Ms. Roberts said she does not know how they stay in business. Mr. Broad said so but they receive all the training they need to take that test and get licensed. Mr. Aguero said yes, correct. Mr. Broad asked, and those people that would be trained with our money, they will not have any debt, correct? Mr. Aguero said no, absolutely cost free to them. Mr. Broad said he wants to be sure that ETP staff confirms that this is the case, that it is absolutely free of cost.

Mr. Rodriguez asked if they are getting referrals from their local WIB and EDD. Mr. Aguero said yes, that is correct. Mr. Rodriguez asked which locations they work with. Mr. Aguero said they work with the Hollywood WorkSource Center and other work source agencies in Glendale and elsewhere. Mr. Rodriguez asked if the work sources are making referrals and if they are sending participants with funding or without funding. Mr. Aguero said the work sources have their own funding. Mr. Rodriguez said correct, so when they send someone to get trained in your organization, do they send students with funding attached? Mr. Aguero said yes. Mr. Rodriguez asked, and is that funding given to your organization or is it credited. Mr. Aguero said it is paid to them upon graduation.

Ms. Roberts asked if she was able to afford attending the nursing school on her own, how much it would cost to attend their school. Mr. Aguero said it would cost \$2,205 for the CNA program. Mr. Broad said so if someone comes to your school requesting CNA training or HHA training, they would pay \$2,205? Mr. Aguero said yes, that is correct. Mr. Broad said then why would ETP pay \$3,192 for the same training. Mr. Aguero said because the training is not only for the CNA program and it also includes CNA, Home Health and RNA; the training is combined in those three classifications. Ms. Roberts asked if it would cost her \$3,192 then, rather than \$2,205. Mr. Aguero said yes, it would cost \$3,192 for CNA, Home Health and RNA training. Mr. Broad said he does not mind paying what the public freight is, but he does not want to be paying more than the public freight cost. Mr. Broad said he wants staff to ensure that this information is verified and that the contracts that students sign leave them with no cost obligation whatsoever if they are trained using ETP funds. He wanted to be sure that if a student does not complete the program or they fail the test, that they do not owe any money. Mr. Aguero said the contract includes a specification that says they do not pay for any of the training. Mr. Broad asked if they could provide ETP staff with that contract specification. Mr. Aguero said yes, he would provide



that information to staff. Mr. Rodriguez said it was important for full disclosure and said that in CA and other states, there is an unregulated industry in vocational training that appears to take advantage of public sector institutions, and students in particular, who are left with large amounts of debt. Mr. Aguero understood and said yes, he was aware of that.

Ms. Roberts said they did a great job on their prior proposal there are proper systems in place to make this proposal successful. She said she would like to see an increase in the current wages since they are fairly low.

Mr. Hart asked if they also offer LVN training at their facility. Mr. Aguero said no, they do not.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for CIT in the amount of \$159,600.

Motion carried, 6 – 0 (Mr. Rendon absent for vote).

## **IX. REVIEW AND ACTION OF FUNDING RECOMMENDATIONS FISCAL YEAR 2012-13**

Brian McMahon, Executive Director, said the concept of the funding recommendations is largely being driven by the fact that they continue to remain at a very low level of revenue coming into the program and demand remains high. So they are geared to developing a framework that allows us to allocate the funds in the most equitable and effective way possible. Facing a similar funding situation last year at the June 2011 Panel meeting, the Panel adopted a set of funding recommendations that guided the program's investment in projects this year. This was mainly done by placing project caps on all of our project categories: single employer; multiple employer; small business; fast track; and job creation. All the types of projects that we approved had those caps associated with them. But even with those caps in place, we were forced to close the application cycle for retraining agreements in both single employer and multiple employer categories in January of last year. But we did continue to accept proposals in critical proposals, job creation, small business and fast track. We did not also restrict any of the alternative fund projects under that same capped structure. So at this point, we see a similar situation from a revenue standpoint and have again developed some framework structures that we can apply to projects.

Specifically, in terms of the 2012-13 availability of funds, we do not get a firm projection until September from EDD, but in order to give the Panel a basis to move forward in approving projects prior to that, we develop these recommendations based on our experience in terms of revenue patterns; and in this case it would also be predicated on the state budget being approved with an allocation of revenue appropriated to the program as is currently included in the Budget Act. Because future revenues are assumed, if the projection from EDD in September shows an upward or downward turn, we would make adjustments as necessary at that point. If there was a slight upward adjustment, I would recommend that we keep the caps in place, but ideally that would allow us then to fund retraining agreements further into the year beyond January.

Some of the factors we used in terms of creating the financial projection would be, we expect that the downward trend we saw this year will continue slightly into the next FY and hopefully will bottom out. We also have approximately \$12 million in project demand that will carry over.

We think it is prudent to continue our 35% encumbrance rate as well, and we are assuming again no changes in the Budget Act. So based on those assumptions and our internal calculation, we believe we will have approximately 5% to 10% less available for project funding in the next year and base the project caps around that.

Mr. McMahon referred the Panel to the chart on Page 2 of the Funding Recommendations Memo. He said single employer priority industry agreements capped at \$500,000 this year will be reduced down to \$450,000; single employer non-priority moves from \$400,000 to \$350,000; and single employer job creation remains the same, and that is a reflection of what staff believes is the Panel's preference in prioritizing job creation with investment from the program. We have had some projects in the current year that combine retraining and job creation. When that mix of training types occurs in a project, it would be subject to a \$700,000 combined cap. He said that the cap on critical proposals was scheduled to move from \$750,000 to \$700,000, but he received input from a Panel member that we ought to make the commitment to sustain the same level of funding for critical proposals. He asked if there was any other input from Panel members regarding the cap of critical proposals. There was no input from the Panel. He asked if it would be the Panel's view to continue at the \$750,000 cap for critical proposals; these are economic job creation proposals. Chair Broad said he did not have an objection to that and asked if any other Panel members had any objection. There was no objection from the Panel. Mr. McMahon said with no Panel objection that will be a modification to the recommendations that we will make. Mr. Rodriguez asked if these are temporary modifications until the next FY. Mr. McMahon said we will go through the same process again the next FY, and hopefully we will be in a better position, and these numbers will move upward. Multiple employer contracts will take the percentage reduction that we feel we face relative to overall fund availability, so that drops from \$750,000 to \$700,000; small business remains the same at \$50,000; fast track remains the same at \$100,000. This year we had a cap of about \$1.1 million as an employer limit when an employer comes in during the course of the year with multiple facilities and we are requesting that this cap for an employer be limited to \$1 million in the 2012-13 year. In the apprentice training, we have the \$300,000 cap per apprentice job that is currently indicated in our guidelines for that program. We are also proposing relative to the application process, to open up the standard online process effective June 1 with no specific deadlines or closures at this point. However, at some point in the FY it may be necessary to take an action similar to this year, but as I said, we hope that would happen later in the year. Projects that we are unable to fund in the 2012-13 FY would carry over into 2013-14 FY, much as the case for \$12 million in demand this year.

Relative to substantial contribution, that would follow ETP's existing regulatory procedures. He said the first application of substantial contribution is at 15% with a high of 30%; second and subsequent applications would be at a low of 30% and a high of 50%. Under special circumstances, the Panel could reduce the 30% down to 15%, so we are saying that that would essentially remain the same in terms of process.

Mr. McMahon said there is a new category, prior high level earnings, which are targeted at those employers with many facilities around the state that have the ability to spread ETP allocation among those facilities and not trigger the substantial contribution. What staff is proposing in these guidelines would be if those employers have earned, that is not just have been awarded an amount, but have earned more than \$1 million over the last five years, all projects submitted by that employer during the 2012-13 FY would be reduced across-the-board

by 50%, and that would be in lieu of the standard substantial contribution process. This would apply to both single employer agreements and high-earning participating employers in multiple employer contracts.

A few months ago we considered providing some flexibility to MEC contractors relative to their demonstration of demand, relative to the funding award. We propose to keep that flexibility in place which is basically that if a participating employer can demonstrate an average 80% performance or better, then in the application phase they would only be required to justify 60% in demand with firm employer participation identified. MEC contractors that have not performed at that level would be subject to that continuing 80% demand requirement, and a new MEC applicant would be required to meet the 80% requirement as well. Relative to MEC support costs, we would be continuing the same process of not automatically defaulting to 8% to 12% for support costs, but we would go through an individual justification process.

Relative to alternative source funding, we do not expect that any WIA funds will be available to ETP in the 2012-13 FY largely due to the fact that the Discretionary WIA allocation to states has been reduced from 15% to 5%, and that leaves little money available for the types of projects that ETP funds. If, later in the year there are some carry over funds that might be identified, and that amount is fairly small, we would propose to the Panel that the existing healthcare projects approved today be augmented to bring them closer to the original funding amounts.

With AB 118, the Panel expects to carry over funds and to get an appropriation through the Section 28-5 process of an additional \$2 million. So that puts us in the \$4 million range in terms of funding available for projects. We encumber those dollars at 100%, so that is the amount of availability that we have to allocate to those projects.

Other program priorities as identified in the Strategic Plan would remain in place; both restrictions and moratoriums. This includes continuing the program policy of assigning the lowest priority to for-profits schools. We had the model today, that the clearest case of a low-priority justification would be those situations where there is a published course curriculum expense that greatly exceeds ETP funding and students are entering into a promissory note and blending multiple fund sources and are obligating themselves contractually in order to pay the full cost of training. So we will take a hard look at those projects, and they will continue to remain a low priority for the program.

Mr. McMahon said at this point, he was open to any questions the Panel might have on the funding recommendations.

Mr. Rodriguez, for clarification purposes, he asked if the current year 15% WIA money is already taken into account and if in the new budget year there would be a reduction of 5% to the state. Mr. McMahon said there is a reduction from 15% of the total allocation down to 5%, so that largely leaves just the baseline support to the State Workforce Investment Board at EDD and does not make much available for discretionary funding.

Ms. Roberts said she has no questions on the funding recommendations, but said in preparation of the upcoming June 6 subcommittee meeting on the ETP 130, she asked Panel members for ideas or items they would like changed or comments to include relating to the 130. She asked the Panel to send her an email with potential discussion items at the meeting and she would

include those in the June 6 meeting. Mr. McMahon said we will also be posting the agenda and we have some of senior development analysts developing a recommendation memo that will be sent to the Panel that will provide some additional background information.

Mr. Broad asked for a motion to approve the staff's recommendation for funding priorities.

**ACTION:** Ms. Farris moved and Ms. Roberts seconded approval of the staff's recommendations for funding priorities in FY 2012-13 as outlined, with the amendment to sustain the Critical Proposal cap at \$750,000, in order to keep it at the same level of funding.

Motion carried, 6 – 0 (Mr. Rendon absent for vote).

Mr. Broad said I will just add one small item that he should have said earlier. The State Budget situation is very perilous, the Governor's May Revise came in projecting instead of what everyone thought was an \$8 billion budget deficit to be a \$15 billion budget deficit, which is a lot of money to make up. In that environment, everyone's funds are vulnerable including ETP's. No one has proposed taking away ETP funds, but I could also easily imagine it being taken on June 14, so those of you who are concerned with ETP's budget should watch carefully, because things could happen very quickly in an environment like this. I know most of us in Sacramento are used to these budgets being dragged out; well, that is not happening anymore because of the majority vote budget which is permitted now, and after a certain date the legislators stop getting paid if the budget is late, so it is unlikely that we will see late budgets, which means that that likely increases the likelihood that in a year with a severe budget deficit, that all kinds of mischief get done at the last minute; a reality and a warning.

Mr. Rodriguez said that on occasion, he has communicated to a member of the Legislature the importance of ETP and its programs. So I encourage others to support in the same manner.

Mr. McMahon said there are copies of the Funding Priority Recommendations Memo, so anyone who would like a copy, it is available to you. We will also get the recommendations posted on the website very quickly. At this point, we anticipate not having a July Panel meeting. Because of the June 1 opening for applications, we do not expect to have those ready before August, and the Chair and I will work through the small business projects that are in the pipeline now via the delegation order process and we will probably have multiple delegation order meetings dealing with small business proposals during the month of July. We also have an intensive two-week development process with our database contractors during the month of July.

## **X. PUBLIC COMMENTS**

There were no public comments.

## **XI. PUBLIC MEETING ADJOURNS**

**ACTION:** Ms. Roberts moved and Mr. Hart seconded meeting adjournment at 11:08 a.m.

Motion carried, 6 – 0 (Mr. Rendon absent for vote).