

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
Coastal Hearing Room, 2nd Floor
1001 "I" Street
Sacramento, CA 95814
March 28, 2008

PANEL MEMBERS

Barry Broad
Acting Chair

Greg Campbell
Member

Barton Florence
Member

Scott Gordon
Member

Brian McGowan
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Johnathan St. John
Member

Executive Staff

Brian McMahan
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Acting Chairperson, called the public Panel meeting to order at 9:30 a.m.

II. ROLL CALL

Members Present

Barry Broad
Greg Campbell (arrived at 9:46 a.m.)
Bart Florence
Jennifer Grutzius (for Brian McGowan)
Edward Rendon
Janice Roberts
John St. John

Members Absent

Scott Gordon

Executive Staff Present

Brian McMahan, Executive Director
Maureen Reilly, General Counsel

III. APPROVAL OF AGENDA

ACTION: Ms. Roberts moved and Mr. St. John seconded the Panel approve the Agenda.

Motion carried, 6 – 0.

IV. APPROVAL OF MINUTES

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Panel Minutes of February 22, 2008.

Motion carried, 6 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, said the Governor's Budget appropriation for ETP is basically at the same level as the preceding year. He said, in order to achieve the \$56.5 million figure, the amount of transfer to Department of Social Services (DSS) was reduced from \$45 to \$35 million. He said as staff goes through the Budget Subcommittee process there will be pressure to reinstate some of that DSS funding. He said the first hearing for the Senate Budget Subcommittee is on April 7, and the Assembly Budget Subcommittee will meet on April 8. He said staff has been aggressively meeting with subcommittee members and staff to discuss the ETP program, and emphasize initiatives that ETP is funding statewide.

He said staff has also asked stakeholders and partners to contact legislative leadership and subcommittee members. He thanked all that have participated in this process. Mr. McMahon said there was a joint letter signed by the California Manufacturers Technology Association, California Labor Federation and California Chamber of Commerce. He said it gave a very powerful statement of how important ETP is to all of those groups.

Mr. McMahon said if the Panel approves all of the projects presented, \$37.4 million of the \$39.7 million available this Fiscal Year will be encumbered. He said this results in a balance of approximately \$2.3 million that will enable the Panel, through its incremental funding approach, to approve approximately \$6.8 million in "contract value" for the remainder of this Fiscal Year. He said it is expected that all funds for the year will be encumbered at the April 2008 meeting and there is the strong likelihood that we will not have a May 2008 meeting. The Panel would meet again in June 2008 to approve projects for funding in the next Fiscal Year. He said if no budget is available by July 1, then ETP will do what it has done previously, which is to approve projects conditioned on the appropriation of funds.

Mr. McMahon said the clean-up legislation sponsored by ETP under AB 2570 (Silva) is scheduled for hearing in the Assembly Labor Committee on April 17. It was originally expected the bill would be non-controversial, updating the ETP statute. He said some issues have surfaced, however, around a provision in the bill that would waive the requirement for pre-training employment history for incumbent employees in a retraining project. He said ETP's view is that when a retrainee is hired, the contribution begins to be made into the Employment Training Fund, and continues during training and throughout the 90-day retention period. He said this provision would also allow ETP to provide more assistance for new businesses locating in California, such that all trainees would participate from day one.

He said AB 2570 would also delete a "delegated authority" provision for local workforce investment boards that has never been used and is very impractical from a process standpoint. He said he believes one of the results of that statutory change would be coordination between workforce investment boards and state-level associations to better define how ETP can work with workforce investment boards through the program.

Continuing his review of pending legislation affecting ETP, Mr. McMahon said AB 2622 (Hayashi) is set for hearing in the Assembly Labor and Employment Committee on April 9.

He said the bill essentially increases the allocation of SET funds from 10-20, but mandates that the increase be spent only on carbon-neutral companies. He said AB 3066 (Salas) is a committee bill being heard in the Assembly Veterans Committee. He said the bill would require ETP to give funding priority to projects that serve veterans and members of the California National Guard.

With both bills, he said, staff is informing the committee members that ETP can achieve the goals without legislative amendment. For example, he said, ETP has approved more than 40 clean-technology projects, totaling close to \$13.5 million, and has pursued projects that serve the veteran's population.

Mr. McMahon said staff is also involved in the administration's "Talent Transfer" initiative to retrain laid-off construction workers in the residential industry for jobs in public works and commercial construction projects. He said this process has begun now with issuance by the Employment Development Department of a \$4.5 million Request for Proposal targeted to a broad range of entities such as: non-profits, for profits, WIBs, economic development organizations and labor counsels. He said ETP funding would be in a maximum of \$500,000 per project, for customized training that would either retrain the individual in a similar occupation or completely build new occupational skills.

Mr. McMahon said each year the Panel is required to update its strategic plan and make it available to the Governor and Legislature by July 1, and staff has begun that process.

In connection with strategic planning, Mr. McMahon said staff will conduct a forum with existing retraining multiple employer contract (MEC) holders in mid-April. He said about 30 MEC retraining contract holders are expected to participate: private and public agencies, workforce investment boards, joint apprenticeship training committees and employer consortia. He said the goal is to generate input that will allow ETP to improve the retraining MEC program to the greatest extent possible. He said staff will provide a draft strategic plan that incorporates this input and bring a draft to the Panel at the June 2008 meeting for review and approval.

Request Motion to Delegate in Event of Loss of Quorum

Mr. McMahon asked for a motion to delegate to the Executive Director the authority to approve items noticed for action at this meeting, in consultation with the Panel Chair or Vice Chair, if a quorum does not exist.

ACTION: Ms. Roberts moved and Mr. Florence seconded the Panel delegate to the Executive Director the authority to approve items for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

Motion carried, 7 – 0.

Request Motion to Adopt Consent Calendar Projects/Action

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 through #26.

AAA Business Supplies & Interiors, Inc.	\$38,456
Accratronics Seals Corporation	\$65,520
ArthroCare Corporation	\$182,841
Barton Brands of California, Inc.	\$14,580
Baycorr Packaging Inc. dba Heritage Paper	\$189,504
Budlong and Associates, Inc.	\$16,900
Burbank Steel Treating, Inc.	\$39,780
California Distribution	\$44,330
Cancer Care Associates of Fresno Medical Group, Inc.	\$95,700
Dairy Farmers of America, Inc.	\$91,584
Davis Instruments Corporation	\$95,256
DK Global, Inc.	\$26,400
Ferguson Pape Baldwin Architects Inc.	\$23,760
Greater San Diego Chamber of Commerce dba San Diego Regional Chamber of Commerce	\$69,290
Island Pacific, Inc., dba Retail Pro	\$151,200
MemoryTen, Inc.	\$132,288
Michael J. Stoiber	\$3,960
Microdyne Plastics, Inc.	\$49,686
Monighan & Associates, Inc., dba Monighan Design.....	\$8,112
Nick Sciabica and Sons	\$31,200
Private Eyes, Inc.	\$52,800
Senor Snacks, Inc.	\$61,360
Spectra Laboratories, Inc.	\$157,290
TFI/EPI L.L.C.	\$27,360
The Fulfillment Center, Inc.	\$34,320
The Olivia Companies, L.L.C.	\$132,000

ACTION: Mr. St. John moved and Mr. Rendon seconded approval of Consent Calendar Items #1 through #26.

Motion carried, 7 – 0.

VI. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, deferred to Acting Chair Broad for an update of two administrative appeals by GoTrain, Inc. and the pending Panel action in this regard. Mr. Broad said GoTrain was funded under two MECs, both of which were audited with, overpayment findings. He said that taken together, excluding interest, GoTrain owes ETP approximately \$965,000.

Mr. Broad said GoTrain appealed the first audit now set for hearing before a Panel subcommittee. Under this procedure, Mr. Broad said he will act as a hearing officer and render a proposed decision for final action by the Panel. In the last month, GoTrain appealed

the second audit, and he requested a motion to again create a subcommittee whereby he would act as the hearing officer, with a direction to consolidate the two matters.

ACTION: Ms. Roberts moved and Mr. Florence seconded the motion to grant authority to create a subcommittee and to appoint Acting Chair Barry Broad as the hearing officer for GoTrain with a direction to consolidate the two matters, conduct a hearing, render a proposed decision, and bring it to the Panel for its review of proposed ruling at a future date.

Motion carried, 7 – 0.

VII. THE HONORABLE ANDREA SEASTRAND – PANEL BRIEFING ON WIRED GRANT AND OTHER CALIFORNIA SPACE AUTHORITY ACTIVITIES

Mr. Broad introduced Andrea Seastrand, a former member of Congress and of the State Assembly, who now serves as the Executive Director of the California Space Authority (CSA), a non-profit entity that promotes the development of the commercial space industry. Mr. Broad said the industry has a strong presence in the State of California, and is one that the Panel has long wanted to promote. He said it is a high-technology, high-wage, and high value-added industry for California. She said CSA is very interested in attracting new businesses to the state. She said they also concern themselves with the national defense industry, working with the U.S. Air Force, National Homeland Security and CIVIL. She said there are ten NASA centers nationwide, and three are located in the State of California.

Ms. Seastrand said CSA also coordinates with local workforce entities. She said approximately 33 percent of the nation's aerospace business and 19 percent of the global market, is in California.

She said CSA has a great working relationship with ETP staff and is in full support of ETP funding.

Ms. Seastrand said approximately 2 ½ years ago, they pursued a grant by the Department of Labor through the Workforce Innovation of Regional Economic Development (WIRED). She said the total incentive was for \$15 million, \$5 million for each of three years. She said CSA's proposal was ranked number one out of the 97 proposals submitted. She said they have 60 partners in the WIRED project, including ETP. The result was the creation of, the California Innovation Corridor running across 13 counties from Alameda County in the North to San Diego County in the South, and including portions of the Inland Empire. She said the corridor has three tracks of activity: 1) Innovation Support; 2) Industrial Rejuvenation/Supply Chain Strategy; and 3) Talent Development. She said the major focus is on Talent Development, given the under-realized potential of California entrepreneurship. Ms. Seastrand introduced Judy Turner, Director of Program and Partnerships.

Ms. Turner said CSA developed an "Innovation-Driven Economic Development Model", which is a multi-part guidebook providing a framework for business innovation. She said CSA also

created an “Innovation Toolkit” aligned with the model, which includes an asset mapping inventory (i.e., location of aerospace) R & D labs statewide.

Ms. Turner next discussed the “Smart Supplier Initiative”, noting that ETP has participated in a couple of forums. She said the CSA initiative focus was on improving the supply chain, which is in the process of transforming from vertical to multi-network. She said the federal government is very interested in how to improve multi-networks and supply chains, especially since the primes are driving down capabilities and requiring suppliers to become involved much earlier in the process. Given changing demographics in the workforce, such as pending retirements, and as primes begin depending on suppliers to do more engineering and design work, the technicians will need additional training and ETP will become an even more valuable partner.

Ms. Turner said CSA is developing a common core of “learning outcomes” based on a survey of suppliers across the state, due out this month. Ms. Turner said Ms. Seastrand would take over from this point.

Ms. Seastrand said ETP has set aside \$2 million in support of the WIRED project and has committed approximately \$1,240,000 million to date – for example, in funding training at Space Systems Loral. Ms. Turner also discussed the STEM Collaborative Action Plan which has turned out to be one of CSA’s more important strategies, involving six regional demonstration projects. She said the STEM inventory webpage would be available shortly at www.csewi.org/STEMInventory. She said the webpage will encourage partnering through shared information about mentoring students, providing scholarships, and other workforce development news.

Ms. Seastrand said more information on CSA deliverables, success stories and transformation over the last 2 ½ years is available at www.InnovateCalifornia.net.

Ms. Seastrand said the 109th Congress passed legislation in 2006 to develop a strategy to address workforce challenges facing the aerospace industry and nine federal agencies led by the Department of Labor participated. She said considered how they leverage all assets and resources, so an aerospace roundtable was convened and the final report has just been issued and is available on the Department of Labor website.

Ms. Seastrand discussed the Governor’s Commission for Economic Development. She said it is at the Governor’s pleasure and Lieutenant Governor Garamendi chairs the commission. She said the Lieutenant Governor is working with the Governor to reconstitute the commission and they created four committees to the advisory committees to the commission: 1) Biotech; 2) Logistics; 3) Agriculture; and 4) Aerospace. She said everyone is concerned about the graying of our workforce and how we are going to attract young people to high technical jobs that demand STEM education. She said STEM education will be CSA’s focus in reporting to the commission and how they maintain their global competitiveness. She said they will meet with the Lieutenant Governor at the end of April 2008, give a report to the commission in May 2008 and assist in a final report to be released in 2009.

Ms. Seastrand said CSA will hold its 12th annual California Space Day on May 13, 2008, in Sacramento. She said members and stakeholders will meet to discuss space policy and regulatory issues with state legislators and executive branch officials. She encouraged everyone to review the CSA website. Mr. Broad thanked Ms. Seastrand and Ms. Turner for their presentation. Mr. Broad asked if there were any questions. There were no questions from Panel Members.

VIII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Single Employer Contractors

BMC Software, Inc.

Diana Torres, Manager of the San Diego Field Office, presented a funding proposal for BMC Software, Inc. (BMC) in the amount of \$504,000. She said BMC is a software and information technology (IT) solutions used by businesses for a variety of functions, including data recovery and data storage, business process scheduling and integration, business service management, and database performance management.

Ms. Torres introduced Mike Vescuso, Senior Vice President of HR & Administration.

There were no questions from the Panel.

ACTION: Mr. St. John moved and Ms. Roberts seconded approval of the funding proposal for BMC in the amount of \$504,000.

Motion carried, 7 – 0.

Virgin America, Inc.

Ms. Torres presented a critical proposal for Virgin America, Inc. (Virgin America) in the amount of \$7,038,770. She said Virgin America officially launched as an airline on August 8, 2007. Virgin America reports that it has 17 aircraft on property and will be taking delivery of 12 additional aircraft over the next twelve months. Virgin America plans on flying in and out of up to 10 cities by the end of 2008 and up to 30 cities within five years.

Ms. Torres noted Virgin America's first project was approved by the Panel in December 2005 for \$10,003,632. She said the company expects to earn approximately \$3,000,000 in training funds under its current Agreement. Greater earnings were not achieved because of the 18 month delay in the Department of Transportation approval process. She said the proposed amount of \$7,038,770 provides Virgin America with the opportunity to earn the remainder of the original amount of \$10,003,632. She said it does not represent another \$7,000,000 in funds above the original \$10,000,000 commitment and in no case, will the combined earnings of the two contracts exceed \$10,003,632.

Ms. Torres introduced Todd Pawlowski, Vice President of Airports & Guest Services and Deborah McCuiston, Director of Corporate Learning.

Mr. Broad said the Panel had previously heard extensive testimony in 2005 and approved the project and the use of the out-of-state contractor. He said the training did not move forward as quickly as they had hoped and he recommended moving to approval of the project.

ACTION: Mr. Rendon moved and Mr. St. John seconded approval of the critical proposal for Virgin America in the amount of \$7,038,770.

Motion carried, 7 – 0.

XILINX, Inc.

Ms. Torres presented a funding proposal for XILINX, Inc. (Xilinx), in the amount of \$385,560. She said Xilinx is a manufacturer of field programmable gate arrays and programmable logic devices.

Ms. Torres introduced Kathy Randle, Senior Manager of HR Global Learning.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Ms. Roberts seconded approval of the funding proposal for Xilinx in the amount of \$385,560.

Motion carried, 7 – 0.

Carrington Mortgage Services, L.L.C.

Ms. Torres presented a funding proposal for Carrington Mortgage Services, L.L.C. (Carrington Mortgage), in the amount of \$274,275. She said Carrington Mortgage is a private investment management company focused on acquiring commercial and residential real estate loan servicing rights from lenders who have recently closed their doors or are seeking to sell off their residential loan servicing portfolio.

Ms. Torres introduced Maria Nalywayko, Executive Vice President of Human Resources and Elisa Allen, Vice President of Learning & Development.

Mr. Broad said he had many questions on this proposal. He asked what the company's role is, if the company was recently formed, if they are part of the "picking up the pieces" industry and how much of this the company is servicing. He said the Panel has been hesitant in the past to fund proposals to fund training individuals for collections. He said that traditionally, the Panel has not funded projects to train people how to collect debts.

Ms. Nalywayko said Carrington Mortgage is a subsidiary of Carrington Capital Management. He said they are not a loan originator and was formed in June 2007 as the mortgage meltdown was beginning. He said they are in the business of servicing loans and trying to keep borrowers in their homes so that in the end, investors feel good about the investment they made long before Carrington Mortgage was formed. She said they service 84,000 loans and about 80 percent of the focus is on home retention, not loss preservation, as you hear more frequently in the industry. She said home retention translates to a couple of different functions, the largest of which is focusing on keeping borrowers in their homes through loan modifications. She said the Panel was probably very familiar with loan modifications given the press it has received. She said they have an opportunity to take the higher rate adjustable mortgage and fix it without extending the life of the loan to a fixed rate at a lower rate mortgage that the borrower can afford. She said they modify approximately 1,000 loans per month. She said loan modifications will increase in the next few months and that everyone wins when the borrower stays in their home.

Mr. Broad asked Ms. Torres if ETP funds would go towards training of collections staff. Ms. Torres said that in the original proposal, the company had a very small percentage of their training population that was collection staff, about 22 trainees. She said those trainees have been removed, as well as one sub-topic that they had in collections. ETP staff obtained a full description of the occupation that remains, the loan servicing staff, where there are no collections or adversarial job functions. Mr. Broad said obviously, the company must have collections and foreclosures, but the training for collections and foreclosures should be paid for by the company, not ETP. Ms. Nalywayko agreed. Mr. Broad asked if Carrington Mortgage is part of the collaborative. Ms. Nalywayko said they participate in collaboratives at different levels, and have been an active and early participant in much outreach for borrowers. She said "Hope Now" is a collective of bank servicers, counselors and community groups. She said Hope Now has been very successful and they have also participated in the Governor's Fast Track program. She said everyone wins when borrowers can stay in their homes. Mr. Broad said Carrington Mortgage has done very well from his perspective, that this is a controversial area, and he appreciated the forthright answers to his questions.

Ms. Roberts said the turnover rate is close to the maximum and asked what the turnover rate was from the start of the year to now. Ms. Nalywayko said the year-to-date turnover is 13 percent. She said as a start-up company, they went from 0 to 400 employees virtually overnight and not every hiring decision was a good one. She said the company's goal is to be a great place to work.

ACTION: Ms. Roberts moved and Ms. Grutzius seconded approval of the funding proposal for Carrington Mortgage in the amount of \$274,275.

Motion carried, 6 – 0. (Greg Campbell not present for the remainder of votes)

Ceridian Tax Services, Inc.

Ms. Torres presented a funding proposal for Ceridian Tax Services, Inc. (CTSI), in the amount of \$325,500. She said CTSI is an information services company serving the needs of businesses and employers in the human resource, transportation, and retail markets.

Ms. Torres introduced Cherry Kushner, Training Consultant.

Mr. Broad asked if CTSI handles payroll tax payments for individuals and if the individuals pay CTSI and then CTSI pays the UI tax. Ms. Kushner agreed. Mr. Broad asked about the customer service training and if it handled calls from individuals asking about why the bill has increased or their rate has changed. Ms. Kushner agreed and said it is a very competitive field.

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of the funding proposal for CTSI in the amount of \$325,500.

Motion carried, 6 – 0.

Cumming Construction Management, Inc. dba Cumming Corporation

Ms. Torres presented a funding proposal for Cumming Construction Management, Inc. dba Cumming Corporation (Cumming), in the amount of \$298,080. She said Cumming is a construction contracting and engineering company that provides project management, cost estimating, planning and scheduling, and dispute resolutions services for the construction of commercial building projects across the country.

Ms. Torres introduced Hemanshu Parwani, Chief Financial Officer; Scott Bricker, Director of Training and Education; and Brooke Perez, Manager of Deloitte.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Ms. Grutzius seconded approval of the funding proposal for Cumming in the amount of \$298,080.

Motion carried, 6– 0.

Specialty Minerals, Inc.

Ms. Torres presented a funding proposal for Specialty Minerals, Inc. (SMI), in the amount of \$274,050. She said SMI produces high-performance minerals such as talc, precipitated calcium carbonate, ground calcium carbonate, lime dolomite and barites.

Ms. Torres introduced Douglas Mayger, General Manager and Timothy Murphree, Regional Human Resources Manager.

Mr. Broad asked if lean implementation skills training are done all at once or if different people receive different training systems. Mr. Mayger said it takes a number of years to implement all of the lean implementation skills. He said they began with 5S, elimination of waste, continuous improvement processes and reducing the “time table” between the customers and manufacturing plant. Mr. Broad asked if the skills are complimentary. Mr. Mayger said they are complimentary and build upon each other.

ACTION: Mr. St. John moved and Mr. Rendon seconded approval of the funding proposal for SMI in the amount of \$274,050.

Motion carried, 6 – 0.

Advanced Bionics, L.L.C.

Dolores Kendrick, Manager of the North Hollywood Field Office, presented a funding proposal for Advanced Bionics, L.L.C. (Advanced Bionics), in the amount of \$295,200. She said Advanced Bionics designs, manufactures, and markets medical implant devices (cochlear implants) to treat severely and profoundly deaf children and adults.

Ms. Kendrick introduced Jeffrey Goldberg, Senior Vice President of Regulatory & Legal Affairs and Catherine Stevens, Supervisor of Operations Training.

Mr. Broad asked Ms. Kendrick if ETP has had past proposals with Boston Scientific. Ms. Kendrick agreed and said Boston Scientific was on the agenda last month. Mr. Broad asked if workers received training under Advanced Bionics. Ms. Kendrick said there was a project for Advanced Bionics and the company listed the statistics for those projects on the Boston Scientific project because the company kept the California Employer Account Number. Mr. Broad wanted to ensure the Panel is not training the same people twice, within a short period of time, to do basically the same thing. Ms. Kendrick said this proposal is for different types of training for this training population. Mr. Goldberg agreed some individuals received prior ETP training and said some of those same employees joined them in the new company but the training is not duplicative. Ms. Kendrick said in the Advanced Bionics project that we funded, they did not complete a lot the training that was scheduled due to the change of the company and the division between the two. Mr. Broad asked if the proposed training is the same training they planned to do before. Mr. Goldberg said in part, but there would not be any duplicative training. He said there are many new employees due to growth and many employees require training.

Mr. Broad asked how Advanced Bionics was created and if it is a subsidiary of Boston Scientific. Mr. Goldberg said Advanced Bionics is not a subsidiary of Boston Scientific. Mr. Broad asked if Boston Scientific acquired a company and then spun it off. Mr. Goldberg agreed and said in 2004, Advanced Bionics was acquired by Boston Scientific and in the beginning of 2008 Advanced Bionics was spun off, but only part of the company was spun off and part of it was retained. He said this grant is for the part of the company that was spun off.

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of the funding proposal for Advanced Bionics in the amount of \$295,200.

Motion carried, 6 – 0.

Hi-Shear Corporation dba LISI Aerospace

Ms. Kendrick presented a funding proposal for Hi-Shear Corporation dba LISI Aerospace (LISI Aerospace), in the amount of \$898,560. She said LISI Aerospace designs, manufactures, and markets aeronautical fasteners and assembly components.

Ms. Kendrick introduced Silvia Van Dusen, Vice President of Human Resources.

Mr. Florence asked about the high turnover rate. Ms. Van Dusen said the turnover is high due to the competition they have faced in the last few years. He said the fastener industry demand has grown in the South Bay Area where they are located, and most of the manufacturers of fasteners are located there, so there has been much demand for the same skill labor and some turnover is occurring between companies. Mr. Broad said there is labor market competition. Ms. Van Dusen said the labor market competition is huge.

ACTION: Mr. Florence moved and Ms. Roberts seconded approval of the funding proposal for LISI Aerospace in the amount of \$898,560.

Motion carried, 6 – 0.

International Energy Services Company dba IESCO, Inc.

Ms. Kendrick presented a funding proposal for International Energy Services Company dba IESCO, Inc. (IESCO), in the amount of \$250,035. She said IESCO provides high-level inspection and engineering services for petroleum plants, petrochemical facilities, and nuclear and conventional power plants.

Ms. Kendrick introduced Natalie Butler, Controller.

Ms. Roberts said the turnover rate on the IESCO project is three times lower than the Hi-Shear Project and the company must be doing something very right with their management staff. Ms. Butler thanked Ms. Roberts and said they work very hard at compensation and benefit packages and have the same competition as Hi Shear. She said they are trying their best to retrain their employees and training is part of the retention.

ACTION: Mr. St. John moved and Mr. Rendon seconded approval of the funding proposal for IESCO in the amount of \$250,035.

Motion carried, 6 – 0.

California Retreaders, Inc.

Ruby Cohen, Manager of the Sacramento Field Office, presented a funding proposal for California Retreaders, Inc. (California Retreaders), in the amount of \$182,540. She said California Retreaders provides complete commercial facilities for full-service tire retreading, as well as mobile road service.

Ms. Cohen introduced Paul Neufeld and Matt Schoettler, Owners.

Mr. Broad commended California Retreaders for the fantastic job they are doing and said that in his capacity of representing the Teamsters, many occupations are getting closed out to people that have been in prison. He said it used to be that ex-offenders could become truck drivers but now they conduct criminal background checks and he has seen Teamsters members lose their jobs due to past criminal records. He said if society chooses to “shut out” ex-offenders from blue-collar occupations, there will be no job opportunities for them. He said he appreciates the company’s commitment to their community, considers this money well spent, and hopes the company returns for a future contract.

Mr. Neufeld said they are an extremely clean technology company. He said there are only two Michelin retread facilities in California, their facility is the only one that is privately owned and they really wanted to give back to the community. He said they recap 300 truck tires daily from their facility, which is 300 tires that would usually go to a landfill. He said everything in the tire is recycled, from the rubber grinded off that is used in playgrounds, running tracks and horse trails, and they generate 1,000 pounds of rubber a day to all the metal that is inside of the tire that is recycled, re-used and sold.

Mr. Rendon applauded the company’s efforts, said he is from the Los Angeles area and that this is a very special proposal.

ACTION: Mr. Rendon moved and Ms. Grutzius seconded approval of the funding proposal for California Retreaders in the amount of \$182,540.

Motion carried, 6 – 0.

Comtek Computer Systems, Inc.

Ms. Cohen presented a funding proposal for Comtek Computer Systems, Inc. (Comtek), in the amount of \$381,600. She said Comtek is primarily engaged in product repair and remanufacturing, engineering, information management, and supply chain services for original equipment manufacturers, logistics providers, and maintenance service organizations.

Ms. Cohen introduced Ann Nguyen, President and CEO; Dominick DeRosa, CFO; and Tammy Kenber, Director of Human Resources.

ACTION: Ms. Roberts moved and Mr. Florence seconded approval of the funding proposal for Comtek in the amount of \$381,600.

Motion carried, 6 – 0.

Connecticut General Life Insurance Company

Ms. Cohen presented a funding proposal for Connecticut General Life Insurance Company (CIGNA), in the amount of \$360,450. She said CIGNA provides employers with benefits program and services. This includes a portfolio of medical, dental, pharmacy, and vision benefits; as well as group life, accident, and disability coverage for employees.

Ms. Cohen introduced Anna Grijalva, Lead Trainer of the Visalia Service Center.

Mr. Florence asked about “some trainees are currently under special review” listed under prior projects in the training proposal. Ms. Cohen said this means trainees have completed their training, but there is some issue that is being reviewed by ETP staff to determine if CIGNA will earn the full amount of the cost-per-trainee. Mr. Florence asked if that would make the number of completed training on the prior project go up or down. Ms. Cohen said if the trainees are approved, it would increase.

ACTION: Ms. Grutzius moved and Ms. Roberts seconded approval of the funding proposal for CIGNA in the amount of \$360,450.

Motion carried, 6 – 0.

Del Monte Corporation

Ms. Cohen presented a funding proposal for Del Monte Corporation (Del Monte), in the amount of \$482,670. She said Del Monte is one of the country’s largest manufacturers, distributors, and marketers of premium quality branded food and pet products for the U.S. retail market.

Ms. Cohen introduced Mike Kilpatrick, Human Resources Manager.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Mr. Rendon seconded approval of the funding proposal for Del Monte in the amount of \$482,670.

Motion carried, 6 – 0.

Frito-Lay, Inc.

Ms. Roberts recused herself from review, discussion, and action on the Frito-Lay, Inc. proposal.

Ms. Cohen presented a funding proposal for Frito-Lay, Inc. (Frito-Lay), in the amount of \$1,155,600. She said Frito-Lay manufactures and distributes a wide variety of snack and convenience foods.

Ms. Cohen introduced Nancy Cramer, West Division Manager; Steve Gollhofer, Vice President of Operations; and Ray Ginocchio, Organizational Capability Manager.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Grutzius seconded approval of the funding proposal for Frito-Lay in the amount of \$1,155,600.

Motion carried, 5 – 0. (Jan Roberts recused)

HomEq Servicing

Ms. Cohen presented a funding proposal for HomEq Servicing. (HS), in the amount of \$274,950. She said HS is a loan servicing company specializing in the subprime mortgage market. Its customers are third-party investors that have purchased mortgage loans from the originating lenders. HS owns only the servicing rights and charges its customers industry standard monthly fees.

Ms. Cohen introduced Chad Arnold, Vice President of Human Resources.

Mr. Broad asked if HS was asking the Panel to raise proposed project to \$500,000 plus. Mr. Arnold said yes, at least partially so. Mr. Broad suggested HS focus on why the proposal amount should be increased.

Mr. Arnold said HS is a subprime mortgage servicer that only services loans, they do not originate loans, and have never originated loans. Mr. Broad asked if they service the loans for a wide variety of lenders or a particular lender. Mr. Arnold said they are a servicing organization that gets their loans from securities sold to investors on Wall Street. Mr. Broad asked if one of HS' customers is Bear Stearns. Mr. Arnold said HS may have some Bear Stearns loans. He said the loans are from the large Wall Street companies that are in trouble. Mr. Arnold said they charge a servicing fee each month on the loans to the owner of the loan. He said as long as the loans remain with HS they make money, but when the loan pays off or they go into foreclosure and are no longer a customer of HS, they stop making money on the loan and lose their revenue stream. He said HS' primary role is to keep people in their homes. He said they participate in the community through programs such as "Neighbor Works America" and work with various non-profit organizations such as "Project Hope" that provide counseling to people facing difficulties in affording their mortgage.

Mr. Arnold said the collections group plays a key role in helping borrowers and local communities through the current local mortgage crisis. He said the "collections group", term may be misunderstood and that many of their competitors and other people in the

industry might call the collectors group a “loan counseling” group. He said some politicians have noted that loan servicing companies such as HS are being asked to help mitigate the damage caused by the current mortgage crisis and expand their staff that is qualified to modify loans and other mitigation techniques to stand the tide of foreclosures. He said this is exactly what the collections group does.

Mr. Arnold said the collection group works with attorney generals to assist customers and they participate in numerous community workshops throughout California and the United States. He said they talk to borrowers about options that are available to help avoid foreclosure and remain in their homes. HS programs include government sponsored initiatives as well as additional initiatives to assist their customers. He said the collections group is responsible for reaching out to customers in distress to help them avoid losing their homes and approximately 50 percent of borrowers never talk to their servicers. He said some borrowers stop making payments and they try to contact them, they never call back, and end up in bankruptcy or foreclosure. He said they also help customers who are having trouble affording their mortgage. He said their collections group does not handle bankruptcy foreclosures. He said they are the “stop gap” to avoid foreclosure and enhanced skills for collector groups is critical and they must understand the entire loan life cycle, option alternatives for customers, new tools, programs and credit counseling skills which results in a major need for training.

Ms. Roberts asked if HS had any testimonials from the collections group, since it is typically not a friendly, helpful group. Mr. Arnold agreed there is a stigma because borrowers that are having trouble affording their loans are unhappy and frustrated, but if the borrower would contact HS to discuss and work through with that collector, they could help them with a loan modification. He said if it were not for the collectors group and their work, borrowers could not change the loans they obtained from their lender, would not be able to make their payments, and lose their homes.

Ms. Roberts asked if the customer service reps occupation was duplicative of the collections group. She said the items mentioned appeared more customer service related than collections group related. Mr. Arnold said customer service reps help borrowers understand statements, escrow accounts, and loan pay offs. If the customer service department receives a call that a borrower cannot afford their mortgage, they are transferred to the collections group. Mr. McMahon asked, when the collections group reaches the point where they feel there is no recourse other than to initiate foreclosure proceedings, does that activity transition to a different occupational within the organization. Mr. Arnold said yes, there is a group in North Carolina that handles the foreclosures. Mr. Broad said, so collections, does not do collections, in the sense we understand it, but rather they do customer service.

Mr. Broad asked if 100 percent of HS' loan portfolio is subprime loans. Mr. Arnold disagreed, and said their portfolio includes both Alt A and subprime loans, approximately 20 percent are Alt A loans. He said there is subprime and Alt A; Alt A is better quality, but it is not prime. Mr. Broad asked where the company will be when there are no more subprime loans. He asked if HS would be servicing regular 30-year fixed rate mortgages

that are prime or would they be out of business. Mr. Arnold said they will likely focus on FHA mortgages since the government is assisting with programs to provide government-backed mortgages through the FHA program. Mr. Broad asked if HS currently offers FHA mortgages to borrowers to replace their current loans. Mr. Arnold said no, HS is not a lender. Mr. Broad asked if HS is directing borrowers to lenders. Mr. Arnold said yes, they can direct borrowers to lenders and they do that, but they try to work on modifying the existing loan.

Mr. Broad asked if the collections group tries to keep the borrowers paying their high interest loans before offering another alternative or does the collections group say to the borrower, I know you are in distress and here is the best choice for you and we can lower the cost of your loan. Mr. Arnold said when a borrower is having problems paying, they reach out to the person or the person contacts them. He said they must first understand whether or not the person can afford the mortgage. He said you can modify their loan as much as you want, but if they do not have any income, they have to look at a payment plan or program where they allow the borrower not to make payments for a certain amount of time and then get them current once they obtain a job. Mr. Broad asked if that means, that borrowers are given a certain amount of time to pay the loan and HS will pay what is left with accumulated interest that is increasing month by month. He said of course they are not making payments on their loan, and so therefore, their loan balance is not going down at all. Mr. Broad said the balance would go up. Mr. Arnold said yes, the balance could be going up as they are accumulating interest and not paying on the loan. He said their first priority is to keep people paying their mortgage and they have latitude with their third-parties to offer loan modifications where they see fit. He said there are specific rules under which they can make loan modifications. Mr. Broad asked if the rules are internal or government rules. Mr. Arnold said HS adheres to the recommendations the state and federal government are putting together and there are additional tools available beyond what the state and government provides.

Ms. Grutzius asked what the "collector groups" incentive is, other than the service fee HS collects. She said if HS makes money from the service fee, why not work out every problem that arises. Mr. Arnold said, you mean why don't we modify every one? Ms. Grutzius agreed. Ms. Grutzius asked if there is any incentive for the collections group or if their goal was to maintain the loan. Mr. Arnold said he could try to answer that. Mr. Broad said it is his opinion that all loans are not modified so that investors can maintain the highest profitable loan that you can maintain while keeping the person paying; you do whatever you can do to keep them in the loan. Mr. Broad asked if that was correct. Mr. Arnold said that is correct, if the person can afford the loan, they are not offering modifications. He said as a servicer, they can review loan portfolios to determine if borrowers that are approaching a rate re-set will have trouble affording the rate re-set. Ms. Grutzius asked which occupation determines the rate re-set. Mr. Arnold said the collections group determines re-sets.

Mr. Broad said he would be more likely to approve a funding proposal for an FHA loan program that went into effect in order to move borrowers out of subprime loans. He said he would rather the Panel use taxpayer dollars to train employees in a new program

whose goal was to assist the consumer with the most beneficial loan option for them. He was concerned because ETP is a government entity and in effect, would be training HS on how to defend the profitability of the owners of these securities against what may be the best financial deal for borrowers.

Mr. Broad said he is not comfortable with the collections group occupation or with the turnover because many people in the mortgage industry are unemployed because their companies closed. He said many contractors requesting ETP funds in un-related fields to the mortgage business, are hiring individuals from the mortgage business because they are desperate for jobs. He said if HS' turnover is high in a market where desperate people are trying to get jobs in the financial services have been laid off, then HS should pay the penalty.

Ms. Roberts agreed Mr. Broad and believes the turnover will increase. She said if HS is under the 20 percent turnover, they will earn the full amount. She said if they do not earn it and turnover increases, then HS pays the penalty.

Mr. Broad asked questions about the curriculum and said he is not comfortable with training management how to handle difficult performance conversations with people. He said we should not be paying for HR administration, corrective action performance management and introduction to interviewing. Mr. Arnold said he would remove any curriculum the Panel does not approve of. He said a small percentage of training is focused on the supervisors and managers.

Mr. Broad proposed putting over the HS proposal for a month. He suggested staff review the curriculum for collectors to ensure we are training employees how to counsel people and work towards a beneficial solution for the consumer. Understanding you don't want to reduce the request down to the bottom, we have to be sure the training is based on how to behave differently than the industry has traditionally behaved. Mr. Arnold said that is the focus of their training; retraining the collectors group because of the traditional role of a collector. Mr. Broad said HS should listen to the staff's suggestions and the Panel would hear the proposal again next month and hopefully come to a resolution.

Ms. Roberts recommended breaking down the collectors group occupation with percentages listed for the tasks of the job. Mr. Arnold said they have considered changing the collector group job title to loan counselor. Ms. Grutzius said it is a simple thing, but so much connotation goes into the title of collector. Mr. Broad he would rather get a call from a loan counselor than a collector. He said he didn't know if collectors should be part of this proposal. We want to know if what we are paying for is the warm and fuzzy piece and not the mean and nasty piece. The HS proposal did not pass and Acting Chair Broad suggested that HS work with staff and return to next month's Panel meeting in April. Mr. McMahon said he understood that what he heard from Mr. Broad is that we will do that in a fairly limited type of way. Mr. Broad agreed and said HS is a first time applicant and it is not the time to stretch the limit and push the boundaries on the training for collectors into something it is not, to get another \$25,000 to \$50,000.

No action was taken on the HS funding proposal, as Acting Chair Broad asked the company to address the concerns noted and return to the April Panel Meeting.

The Neil Jones Food Company dba TomaTek, Inc.

Ms. Cohen presented a funding proposal for The Neil Jones Food Company dba TomaTek, Inc. (TomaTek), in the amount of \$944,136. She said TomaTek is a leading producer of industrial tomato products and fruit juice concentrates, private label producer, and distributor of canned and pouch packed food products.

Ms. Cohen introduced Rick Palmer, Plant Manager; Jill Costelow, Assistant Plant Manager; David Medeiros, Senior Quality Manager and Hortencia Gabriel, Human Resources Manager.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for TomaTek in the amount of \$944,136.

Motion carried, 5 – 0. (Jan Roberts absent for the vote)

Multiple Employer Contracts

AeA

Ms. Torres presented a funding proposal for AeA in the amount of \$604,800. Ms. Torres noted the slight change in the requested amount from the amount stated in the training proposal of \$603,100 to \$604,800. She explained it is a very last minute changed staff made in order to accurately reflect the cost of the proposed training. She said AeA is the largest trade association of high-tech companies that provides its members with advocacy at the state, federal, and international levels. It also provides access to capital and business opportunities; and offers select business services, educational, and networking programs.

Ms. Torres introduced Elaine Sanders, Senior Vice President and A.K. Thakore, President of Saisoft, Inc.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Mr. Rendon seconded approval of the funding proposal for AeA in the amount of \$604,800.

Motion carried, 5 – 0. (Jan Roberts not present for the vote)

Q.P.E. Technical Institute

Ms. Torres presented a funding proposal for Q.P.E. Technical Institute (QPE), in the amount of \$419,188. She said QPE is a Private Postsecondary education facility that provides

customized, job-specific technology training in the areas of computer numerical control machining, computer-aided design/computer-aided manufacturing programming, dimensional metrology and advanced production techniques relating to the machining industry.

Ms. Torres introduced Mike Marek, President.

Mr. Broad asked if advanced training in machining skills is an apprenticeable trade. Ms. Torres disagreed and said it is for the journey-level, not entry-level.

There were no questions from the Panel.

ACTION: Mr. St. John moved and Ms. Roberts seconded approval of the funding proposal for QPE in the amount of \$419,188.

Motion carried, 6 – 0.

Riverside County Economic Development Agency

Ms. Torres presented a funding proposal for Riverside County Economic Development Agency (RCEDA), in the amount of \$495,450. She said RCEDA delivers employment and training services to workers through three full-service workforce development centers, satellite offices, and partnering subcontractor facilities. RCEDA promotes economic and community development through programs including: job training; employer services; community development block grants; housing programs; economic development loans; redevelopment project areas; and enterprise zones.

Ms. Torres introduced Vicki Martinez, Healthcare Special Projects Coordinator.

Mr. Broad asked if the Board of Registered Nursing offers the exam online or if they must take the test at a designated facility. Ms. Martinez said the exam is not offered online and they must go to a facility to take it. Mr. Broad asked if the exam is offered on a continual basis, or only every so often. Ms. Martinez said upon completion of training, the school completes paperwork to apply to take the test, it is sent to the Board, and then reviewed by the Nurse Board. The trainee is then notified by letter they have been accepted to take the exam, they are given an exam date, and then must pay a fee to take the exam. Mr. Broad suggested staff call ETP's former Executive Director, Michael Saragosa, at the Department of Consumer Affairs, which oversees the Board of Registered Nursing, to bring this problem to his attention. He asked where they offer the exam closest to Riverside County. Ms. Martinez said the test is given in Los Angeles.

Mr. Broad said it appears RCEDA has done very well on their prior project. Ms. Martinez said by the end of the month, they will have nine trainees that have completed their retention period. Mr. Broad asked if everyone that has taken the exam, has passed the exam. Ms. Martinez said four students have failed the exam, they are allowed to re-take it, but may not take it for 30 days. Ms. Torres said coincidentally, the pass rate was less in the first cycle. She said the longer you wait to take the exam, the harder it is to retain

the information learned. She said the school has instituted additional refresher courses to make the pass rate more successful. Ms. Martinez said they have a review class for the second and the third class, so when trainees are notified that they are eligible to take the exam, they go back to the school to prepare for the exam.

Mr. McMahon asked what typed of health care facilities RCEDA is making most of their placements with. Ms. Martinez said they have 19 participating employers, two of which are acute care hospitals in the Coachella Valley area and 17 are long-term care and skilled nursing facilities.

ACTION: Mr. St. John moved and Ms. Roberts seconded approval of the funding proposal for RCEDA in the amount of \$495,450.

Motion carried. 6 – 0.

Los Angeles Opportunities Industrialization Center

Ms. Kendrick presented a funding proposal for Los Angeles Opportunities Industrialization Center (LAOIC), in the amount of \$198,300. She said LAOIC's mission is to provide quality education, training, employment, healthcare, and housing services to economically disadvantaged residents of Los Angeles.

Ms. Kendrick introduced Chris Floyd, Executive Director.

Mr. Broad said the training appeared to be inexpensive compared to the number of people proposed to be trained. Ms. Carrillo said LAOIC cost for training is based on providing 70 hours of training, the reimbursement rate is consistent with the new-hire rate and they are within the \$200,000 cap for first-time training entities. Mr. Broad said he was concerned about non-profit entities and possible cash flow problems. He said if they under price it, they are really doing the training and using more of their own money because they do not really know the training costs. Ms. Carrillo said their pricing is consistent with other new-hire proposals and includes support costs.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for LAOIC in the amount of \$198,300.

Motion carried, 6 – 0.

Playa Vista Job Opportunities and Business Services

Ms. Kendrick presented a funding proposal for Playa Vista Job Opportunities and Business Services (PVJOBS), in the amount of \$200,294. She said PVJOBS provides career-oriented job opportunities, primarily in the area of construction, for at-risk individuals.

Ms. Kendrick introduced Ernest Roberts, Executive Director and "Sweet" Alice Harris, Founder/CEO of Parents of Watts.

Acting Chair Barry Broad departed the meeting at 12:55 p.m. and passed the gavel to Vice Chair Janice Roberts for the remainder of the meeting.

Ms. Roberts asked staff, when looking at the minimum wage by county, the last contract was \$8.76 and this one is \$11.00. Ms. Kendrick said a waiver was requested on the last contract to the ETP minimum of \$11.96 and because of its ex-offender or at-risk youth focus, ETP allows a waiver of up to 25 percent. PVJOBS did not seek a request.

ACTION: Mr. St. John moved and Ms. Grutzius seconded approval of the funding proposal for PVJOBS in the amount of \$200,294.

Motion carried, 6 – 0.

Riviera, Inc. dba The Enterprise U

Ms. Kendrick presented a funding proposal for Riviera, Inc. dba The Enterprise U (Enterprise U), in the amount of \$248,620. She said Enterprise U helps companies, government, and individuals acquire and sustain a competitive advantage through learning. Enterprise U's customers consist of private companies in manufacturing, entertainment, financial services, technology, utilities, and healthcare.

Ms. Kendrick introduced Winny Ho, Executive Director.

Mr. Florence said the active project states 447 trainees have completed training and 16 have been retained. He asked if that number is expected to increase. Ms. Ho said the completion and retention rate will be over 90 percent.

ACTION: Ms. Grutzius moved and Mr. Florence seconded approval of the funding proposal for The Enterprise U in the amount of \$248,620.

Motion carried, 5 – 0. (Barry was not present for the remainder of votes)

Northern California Teamsters Apprenticeship Training & Education Trust Fund

Ms. Cohen presented a funding proposal for Northern California Teamsters Apprenticeship Training & Education Trust Fund (NCTAT), in the amount of \$144,680. She said NCTAT provides a full range of construction-related training and education for the construction industry in Northern California.

Ms. Cohen introduced Troy Ohlhausen, Executive Director.

Mr. Florence recused himself from the project; therefore a quorum was lost.

Ms. Roberts announced there was not a quorum present and the proposal would be delegated to the Executive Director in conjunction with the Chair and Vice Chair.

IX. PUBLIC COMMENT

There was no public comment.

X. ADJOURNMENT

There being no further business, the meeting was adjourned at 1:07 p.m.