



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency
Sierra Hearing Room, 2nd Floor
1001 "I" Street
Sacramento, CA 95814
March 27, 2009

PANEL MEMBERS

Barry Broad
Acting Chair

Greg Campbell
Member

Barton Florence
Member

Scott Gordon
Member

Brian McGowan
Member

Janine Montoya
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Executive Staff

Brian McMahon
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Chairman, called the public Panel meeting to order at 9:51 a.m.

Mr. Broad said we are going to have to begin as a subcommittee today since we lack a quorum. He said that he expected a quorum later this morning, and that without a quorum, the Panel can hear the Executive Director's Report, but cannot take any action. He said, we can hear projects as a subcommittee and make a recommendation, up to a motion and a second, and then when we establish a quorum, those projects can be taken up as a group. He said hopefully, this will not delay the process since there are many projects to be presented today.

He said he will request a roll call, announce that there is no quorum, and that since a quorum is needed to approve the Agenda and Minutes, we will move directly to the Executive Director's Report. Mr. McMahon, during his report, typically calls for certain motions of the Panel; but we are not going to take those up at this time.

II. ROLL CALL

Members Present

Barry Broad
Greg Campbell (arrived after initial roll call at 10:01 a.m.)
Jennifer Grutzius (arrived after initial roll call at 10:40 a.m.)
Janine Montoya
Edward Rendon
Janice Roberts

Members Absent

Barton Florence
Scott Gordon

Executive Staff Present

Brian McMahon, Executive Director
Maureen Reilly, General Counsel

Only four members were present when the initial roll call was taken; therefore, there was no quorum. (Barry Broad, Janine Montoya , Edward Rendon and Janice Roberts were present at the initial roll call).

III. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, said it wasn't by design that we have the smallest hearing room for the largest agenda, so we apologize for the almost standing room only. He said, as reported at the last meeting, the current 18-month state budget continues to include the higher appropriation initially included in the Governor's budget for 2009-10. This is based on the absence of a transfer from the Employment Training Fund to the Department of Social Services to support the CalWORKS program. He said we now expect collections from the Employment Training Tax to fall significantly below earlier projections, and, coupled with increasing prior year project funding obligations, the forecasted net gain for projects in the program for 2009-10 will be in the \$15 to \$20 million range.

Mr. McMahon said relative to the Legislature's review of the ETP budget, he and Chairman Broad met this week with budget leadership in the Legislature. He said it continues to appear that there is a good possibility that ETP's budget will not be heard in the typical subcommittee review process prior to the release of the May Budget revisions. The May revisions, however, coupled with the outcome of the May 19 Special Election, could drive a budget review process in late May or early June that may re-consider ETP's budget. He said staff will post budget information on our website, as we receive more information.

Mr. McMahon said if the Panel approves all of the projects scheduled at today's meeting and makes a 50 percent reduction in all projects greater than \$100,000, all funds will be completely encumbered for the fiscal year, and we will be left with \$7.8 million in unfunded demand from the projects before the Panel today. He said, to give everyone a recap on the program activity for 2008-09 during the course of the fiscal year, ETP will have approved \$87.8 million in projects and there were 473 projects that came before the Panel. The Panel will have approved \$9 million in amendments to add additional funding to existing projects, increasing the total to \$96.8 awarded, among 493 projects approved by the Panel. These numbers reflect a dramatic increase in the number of projects that came before the Panel in 2008-09. The 473 projects are 100 more than came before the Panel last year, in 2007-08. This increase in projects reflects the good work done by our marketing unit, the contributions of external marketing partners, and the rapidly increasing number of small businesses that come to the Panel. He said has taken superb and dedicated work on the part of our Regional Office staff and Sacramento staff to get these projects developed and to bring them to the Panel; and thanked staff for their great job during the current year.

Mr. McMahon thanked the Panel; and he mentioned that he was going to say that the Panel has given us a quorum at every meeting so far this year; he said he will still say that, optimistically. Mr. Broad said, he just received information that Panel Member Greg Campbell is on his way to the meeting. Mr. McMahon also thanked the Panel for the guidance and wisdom they have provided to ETP staff and contractors throughout the year.

Mr. McMahon said with the end of this fiscal year, we will have a very significant pipeline of pre-applications and applications totaling approximately \$275 million, reflecting another \$75 million in project demand and impacting around 665 thousand workers, and as a result, we have our work ahead of us. Going forward into the next fiscal year, there is a tentative Panel meeting presently scheduled for June, but we will not go forward with that meeting without an agreement between the Governor and Legislature, and a revised 2009-10 budget, that again reflects positive budgeting numbers.

Also, relative to project development during our hiatus period, ETP plans to continue to develop projects during that period, and therefore, all applicants are encouraged to submit pre-applications and final applications as soon as they are ready. He said the exceptionally large number of pre-applications submitted over the year have created a significant backlog in our Application Review unit. We recognize the issue, we are directing more staff to its resolution, and we hope to have that time frame back to a more normal schedule within the next couple of months.

SB 747 (Romero) is currently a spot bill and does not specifically reference ETP, but there is the potential that ETP may be included in the project that is geared toward a dual enrollment structure between high school and community colleges, introducing a curriculum around machining targeted to the aerospace sector.

Mr. McMahon asked for another roll call to establish a Panel quorum, with the arrival of Panel Member Greg Campbell.

Roll call was taken, and there were now five Panel members present, establishing a quorum (Barry Broad, Ed Rendon, Greg Campbell, Janice Roberts, and Janine Montoya are present).

Mr. Broad asked to return to the approval of the Agenda and Minutes, now that a quorum was established.

IV. APPROVAL OF AGENDA (presented out-of-order)

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

Motion carried, 5 – 0.

V. APPROVAL OF MINUTES (presented out-of-order)

ACTION: Mr. Rendon moved and Ms. Roberts seconded the motion that the Panel approve its Minutes for the meeting of February 27, 2009.

Motion carried, 5 – 0.

Mr. McMahon said AB 380 (De La Torre) is a reintroduced measure from last session that directs ETP, along with the Labor and Workforce Development Agency; Department of

Apprenticeship Standards; and the State Workforce Investment Board to participate in clean energy curriculum development and training.

AB 816 (Hagman) amends the Unemployment Insurance (UI) Code. This bill would repeal the provisions in the UI code which authorizes the Legislature to appropriate monies from the Employment Training Fund to the Department of Social Services to support the CalWORKS program.

AB 1567 (Committee on Veterans Affairs) is a bill that would require ETP to include in its Strategic Plan, a statement describing the employment training goals, objectives, and strategies that may be implemented to support target populations in need of employment training, including veterans. Mr. McMahon stated that he believed this is covered in ETP's Legislation and the Strategic Plan, and he questioned if the bill is a necessity.

Mr. McMahon said at the last Panel meeting, staff presented the Panel with a range of ideas around program revisions aimed at enhancing ETP's ability to help re-skill and re-deploy unemployed workers and to increase ETP's effectiveness in supporting job creation and retention in areas of high unemployment, and also in priority industries such as green technology, healthcare, public works, construction, and other key sectors.

Mr. McMahon said that based on the Panel's comments at the last meeting, staff will move ahead with a public strategic planning session in May. Panel members will participate along with stakeholders, and we will review incentive proposals and consider necessary regulatory changes to the program. He said, staff will poll Panel members for their availability for a planning session in May, and he will get back to the Panel with specific dates and the agenda for that event.

Mr. Broad made a motion that the Panel is in favor of the AB 816 (Hagman) measure. He said the bill would remove language from the statute appears to allow the transfer of ETP dollars to the Department of Social Services. He said it has been the Panel's position that that should not happen and suggested that he Panel take a position in support of AB 816.

Mr. Broad asked for a vote on the AB 816 (Hagman) bill.

Roll Call Vote: Barry Broad, aye; Greg Campbell, abstain; Janine Montoya, aye; Edward Rendon, aye; Janice Roberts, aye.

Mr. Broad said the motion failed, as there was not a quorum. He said there were four aye votes and one abstention so the motion failed. He said, if another Panel member arrives at the meeting, he will ask that the motion be reconsidered.

Mr. McMahon said he would now move into the action item part of his report now that a quorum is present. He said staff was faced with difficult decisions as they reviewed projects this month, due to limited funds available. In the interest of equitable treatment for today's projects, staff is recommending a 50 percent reduction across-the-board for all proposals and amendments that exceed \$100,000. He said the choice to reduce by 50 percent was based

on a comprehensive assessment of funds remaining in the program and our total level of our appropriation for this fiscal year. He said the \$100,000 threshold was based on the characteristics of smaller projects and the clustering of projects and amendments this year around that funding amount. He said staff anticipates restoring each proposal and amendment to the amount originally recommended by staff by way of an amendment to each ETP agreement at the beginning of the new fiscal year. These augmentations would be made retroactive to the date of the ETP agreement and be made within the same job numbers as the Panel will be approving today. The effect of that is that contractors will not need to put trainees through retention before they can continue training with the restored funding.

VII. REQUEST MOTION TO REDUCE FUNDING AND DELEGATE AMENDMENT AUTHORITY/ACTION

Mr. McMahon said in order to implement this process he is requesting that the Panel approve two motions. The first is: 1) a motion by which every proposal and amendment that is not on today's Consent Calendar, would be reduced by 50 percent from the amount identified for approval on Page One of the ETP 130, as shown in your Panel Packet. Mr. Broad asked if there was a motion to lower the proposal amount by 50 percent of what is proposed. Ms. Montoya moved and Mr. Broad asked if there is a second.

Ms. Roberts asked if the motion is solely to reduce the proposal amount by 50 percent. She asked if the restoration of the 50 percent reduction, which would take place in about July, based on the budget approval, would be without any consideration of performance. Mr. McMahon said the restoration of the funds would be based on the recommendation of the project analyst to the Executive Director and the Panel Chair, and also focusing on input from the contractor, to ensure that the project is proceeding as originally anticipated and that there continues to be the same demand for project dollars as originally described in the ETP 130. Ms. Roberts asked if the Panel must anticipate that at the beginning of the fiscal year that \$7.8 million will be automatically deducted. Mr. McMahon said yes, that is correct.

Mr. Broad said he believed Ms. Robert's was concerned that there should be some measurement of project success, and that he shared her concern. He said if contractors have not begun the training in June, he did not see a reason to double the funding amount automatically. He said no matter what happens in the May Special Election, minimally, the estimate now is that the State Budget will have an \$8 billion deficit, when the May revision comes out. He said if the Special Election measures fail, there would be additions to the deficit of approximately \$7 or \$8 billion, bringing the deficit up to about \$15 billion. He said, in that situation, although ETP has restored funding, everything positive that has happened could disappear as the Legislature looks for any amount of money that they can use for other programs, and ETP should become a target. He said in that context, he didn't see any reason to encumber money to a company that does not really need the funds. He suggested that staff stagger the proposals based on who really needs the funding. He said if it turns out that during the first part of the funding the company's training doesn't get off the ground, there would be no reason to encumber an additional amount of money. He said he did not believe

the motion required a change, but asked the Executive Director and staff to use their discretion to protect ETP funds.

Mr. McMahon said that Mr. Broad's comments are consistent with the process that staff has developed to restore funds. He said, it would not be an automatic process, and there would be an evaluation as to the status of the project. Ms. Roberts said she did not want the companies to have to return to the Panel in July, and reiterated that any restoration of funds to a project should be based on project performance. She asked, if this would set a precedent for future years when ETP exhausts its funds. She said, she has been on the Panel for five years, and this is the first time she has experienced this scenario. Mr. McMahon said it was staff's goal to fund as many projects as possible, rather than to eliminate projects prior to review by the Panel.

Mr. Broad said we have a motion, do we have a second?

ACTION: Ms. Montoya moved and Mr. Rendon seconded the motion under which every proposal and amendment that is not on included under the Consent Calendar, would be reduced by 50 percent from the amount identified for approval on Page One of the ETP 130 in the Panel Packet.

Motion carried, 5 – 0.

Mr. McMahon asked for a second and related motion to delegate authority to the Executive Director, acting in consultation with the Panel Chair, to restore the 50 percent reduction in funding, without the need for an additional presentation before the Panel on the contractor's part.

Mr. Broad asked to amend the motion to say that the criteria for restoring the additional funding shall be based on an evaluation of project performance.

ACTION: Mr. Broad moved and Ms. Roberts seconded the motion to delegate authority to the Executive Director, acting in consultation with the Panel Chair, to restore the 50 percent reduction in funding without the need for an additional presentation before the Panel on the contractor's part, and that the decision for restoring the additional funding shall be based on an evaluation of project performance.

Motion carried, 5 – 0.

Mr. McMahon said staff can include in the Panel Packet, those projects whose funding has been restored, so the Panel is aware of the original amount and the amount of restoration.

Mr. McMahon said, at this point in the Agenda, he typically makes a standard motion for delegation of authority to the Executive Director in consultation with the Chair or Vice Chair to approve projects should we lose a quorum. He said there is a project today that will require recusal of two Panel Members due to a conflict-of-interest, resulting in a loss of quorum. He

said staff is recommending approval of the project, and that both of the conflicted Panel Members are aware of staff's position.

General Counsel Maureen Reilly spoke next, making a statement to the Panel regarding the conflict-of-interest. She said it concerns Tab #74, the proposal by The Neil Jones Food Company, dba Tomatek Inc. (Tomatek).

By way of background, she said, Unemployment Insurance Code Section 10205(e) requires written support from the signatory to the collective bargaining agreement whenever there is training for represented employees. She said that is not the issue here, because there is written support from the signatory, Teamsters District Council No. 2.

However, she said, Panel Chairman Barry Broad and Panel Member Edward Rendon both have a direct financial interest in the outcome of the Tomatek proposal. She said it is very clear under the Political Reform Act that they must recuse themselves from voting on that proposal, or from otherwise influencing the outcome. It is also very clear that, by so recusing, the Panel will lose its quorum. This raises, in her opinion, a double conflict of interest. If Mr. Broad and Mr. Rendon vote to delegate authority, knowing staff's position in advance, they will influence the outcome. As noted earlier, she said, staff has communicated to Mr. Broad, Mr. Rendon and other concerned stakeholders that the result of delegation will most likely be approval.

With this in mind, Ms. Reilly said, she is advising both Mr. Broad and Mr. Rendon to also recuse themselves from voting on the motion to delegate authority, in regard to Tomatek. The motion to delegate can proceed with that exception.

There is one other factor for consideration, she said, which is that the Tomatek proposal has a time-sensitive nature because training is based on seasonal activity at this food company. In formulating her opinion, Ms. Reilly said, she considered the fact that there may be a timely alternative to achieve a quorum to vote on this proposal, prior to the next regularly scheduled Panel meeting which will not take place until the start of the new fiscal year. She said staff will be researching the alternative in the coming week.

In general, Ms. Reilly said, she based this opinion on the Public Records Act, Fair Political Practices Commission (FPPC) regulations, FPPC advisory letters, FPPC opinions and case law. She explained that she could not discuss the particular basis of her opinion in any more detail due to the attorney/client privilege.

Mr. McMahon said, we'll go ahead and call the question for the delegation motion. Mr. Broad and Mr. Rendon recused themselves from voting on the motion. Ms. Roberts said, at this point we do not have a quorum.

Ms. Reilly said the motion should be rephrased to delegate authority to the Executive Director in consultation with the Chair or Vice Chair for all matters under consideration with the exception of Tab #74, proposal by The Neil Jones Food Company, dba Tomatek, Inc. This

would eliminate the double conflict-of- interest and would allow the Panel to continue to function with regard to the other proposals.

Mr. Broad said we wouldn't have to recuse ourselves from that motion, so is there a motion to that effect?

VII. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM/ACTION WITH THE EXCEPTION OF TAB #74, TOMATEK

ACTION: Mr. Campbell moved and Ms. Montoya seconded the delegation of authority to the Executive Director in consultation with the Chair or Vice Chair, for all matters under consideration with the exception of Tab #74, the proposal of The Neil Jones Food Company, dba Tomatek, Inc.

Motion carried, 5 – 0.

VIII. REQUEST MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 through #54.

ADEM, LLC.....	\$48,672
Advanced Drainage Systems, Inc.	\$74,520
Aero Turbine, Inc.	\$31,850
Aeromech Engineering, Inc. (Amendment).....	\$8,658
Albert White Co., Inc.	\$1,560
Arika Metals, Inc. dba Universal Metals Company	\$26,400
BannerCaswell Productions, Inc.	\$9,360
BMS Medical Management Inc., dba BMS Reimbursement Management	\$46,200
Bob-Leon Plastics, Inc. (Amendment)	\$17,160
Boboli International, Inc.	\$24,700
California State University, Fresno Foundation	\$74,946
Campbell Soup Company.....	\$54,000
Carlton Engineering, Inc.	\$39,000
Chatsworth Data Corporation	\$54,600
Clinica Msr. Oscar A. Romero	\$59,274
CNSSLO, Inc. dba Clever-Ducks Computer Network Services	\$14,040
Computer Tutor Business & Technical Institute.....	\$74,730
Conquip, Inc.	\$74,880
Cytec Engineered Materials Inc.	\$74,736
DENSO Wireless Systems America, Inc.	\$74,736
Dunn-Edwards Corporation	\$74,730
E3 Financial, Inc.	\$16,500
El Dorado Restoration, Inc.	\$12,100
El Monte/South El Monte Chamber of Commerce.....	\$74,448
Fresno County Workforce Investment Board (WIB).....	\$72,116
Georgia-Pacific Gypsum, LLC	\$25,500

Goorin Bros., Inc.	\$74,646
Hydro-Aire, Inc. dba Crane Aerospace & Electronics	\$72,540
Ingram Micro Inc.	\$73,872
J.T. Intimates, Inc.	\$9,360
Label Impressions, Inc.	\$16,224
Los Angeles County Electrical Training Institute.....	\$99,556
Lundberg Family Farms.....	\$93,420
McLane/Suneast, Inc.	\$20,736
New Hampshire Ball Bearings, Inc.	\$74,880
Pacific Steel Casting Company	\$99,360
PCL, LLC dba Precision Components	\$10,920
Profil Institute for Clinical Research, Inc.	\$74,152
Ray Products Company, Inc. dba Ray Plastics	\$43,290
Sacramento Television Stations Inc.	\$52,452
Scaled Composites, LLC (Amendment)	\$46,170
Schools Financial Credit Union.....	\$74,580
Shields Enterprises, Inc. dba D & D Tool & Supply	\$40,500
Siemens Transportation Systems, Inc.	\$74,880
Sierra Aluminum Company.....	\$74,820
Sierra Nevada Corporation.....	\$74,700
Sota Precision Optics, Inc.	\$31,200
Technical Heaters, Inc.	\$20,280
Teledyne RD Instruments, Inc.	\$79,920
Transhumance, Inc., dba Superior Farms	\$73,800
Vescio Threading Company	\$98,020
Visalia Medical Clinic, Inc.	\$74,880
Wiebe and Associates, CPA, LLP	\$46,200
Wingman Media, Inc.	\$17,424

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of Consent Calendar Items #1 through #54.

Motion carried, 5 – 0.

Mr. Broad said, in regard to the Tomatek project, he and Panel Member Edward Rendon will exit the room since they are recusing themselves from the Tomatek project. He said the project proponents and opponents can make a presentation and testify on the record in this matter. He said, if there is not a quorum present, that a vote on the matter would roll over to the next Panel meeting. Mr. McMahon said perhaps staff can establish an alternative basis for voting on the Tomatek project. Ms. Reilly said, the comments made on Tab #74, Tomatek, would become part of the record at this open meeting. She said, Mr. Broad and Mr. Rendon will exit the room, comments will be on the record, and may be considered by the Panel when it next convenes assuming it has a quorum to vote. She said the minutes are included in every Panel Packet from the prior meeting, so the Panel may consider the comments in this form. She said Mr. Broad and Mr. Rendon would still recuse themselves

the next time the Panel meets, and, with an appropriate quorum, the Panel may consider the comments in making their decision.

Mr. Broad said, this year ETP staff has had an increasing volume of proposals that, he believes, has much to do with the recession. He said companies are training in a period when there is down economic activity, hopefully putting themselves in a place to respond quickly when the economy turns around. He said nevertheless, it has placed a significant burden on ETP staff and that on behalf of he and the other Panel members, he thanked staff for their hard work. He said he has been around state government for nearly three decades and ETP is an extremely efficient, hard working agency with a great staff. He said ETP is a well operated department and wished that there were more resources to hire more employees in a time of increased workload. He said if there are delays in processing applications, it is because staff is doing their job of oversight, which is what the taxpayers want them to do, and which is part of statutory mandate.

IX. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, had nothing to report.

Mr. McMahon said David Guzman, ETP's Chief of Operations and Creighton Chan, Manager of the Foster City Regional Office, will be reporting projects for all of the regional offices. He said staff is in the process of appointing two new managers for the Sacramento and North Hollywood Regional Offices. He said the North Hollywood Regional Office Manager position has been filled by Wally Aguilar, a veteran of ETP. He said Wally has many years of experience marketing the program and project monitoring. He said they are currently interviewing for the Sacramento Regional Office Manager position and have a number of very qualified candidates. He said it is anticipated the Sacramento Manager will be appointed relatively soon.

X. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Single Employer Contractors

Astro Pak Corporation

Mr. Chan, Manager of the Foster City Regional Office, presented a funding proposal for Astro Pak Corporation (Astro Pak), in the amount of \$130,560. Mr. Chan said Astro Pak was created to serve the needs of the space program. The company evolved to other areas needing "precision cleaning": The U.S. Navy Diving and Salvage teams needed "clean" mixed gas and compressed air systems to ensure driver safety. Semiconductor and pharmaceutical systems needed piping and components to be free of "rouge" (rust). Astro Pak recently developed a green "passivation" procedure that utilizes the concept of chelation, which is binding the contaminants in suspension to remove them from the system while producing a "passive" layer or film to increase the natural resistance to rust inherent in stainless steel.

Mr. Chan introduced Phil Dollar, Director of Employee Development.

There were no questions from the Panel.

ACTION: Ms. Montoya moved and Ms. Roberts seconded approval of the funding proposal for Astro Pak, reduced by 50 percent of the original amount requested, in the amount of \$65,280.

Motion carried, 5 – 0.

Edwards Lifesciences LLC

Mr. Chan presented a funding proposal by Edwards Lifesciences LLC (Edwards), in the amount of \$978,096. Edwards conducts both research/development and manufacturing activities at its company headquarters. This facility's primary focus is developing and testing new technologies for the treatment of cardiovascular disease including heart valves, heart valve rings, and associated treatment delivery systems for the healthcare industry.

Mr. Chan introduced Adam Porter, Senior Director of Global Training & Leadership Development; Leigh Volkland, National Director of State Government Affairs; and Robert Sanger, Manager of Training Services for California Manufacturers & Technology Association.

Mr. Broad said he recently read a newspaper article that mentioned that very high-end medical devices are being manufactured in people's homes in the Silicon Valley. He said, I assume that is not the case here, and that they are being made in the workplace. Mr. Porter said absolutely, correct. Mr. Broad asked if he was aware if this is an issue in other parts of his industry. Mr. Porter said he is not familiar with this situation, and he would be very leery of any company that is manufacturing heart valves from their homes. He said Edwards has a manufacturing facility that is well established and located in Irvine. Mr. Broad said he found the article astounding and almost unbelievable, but it was printed in a reputable newspaper.

Ms. Roberts asked about Edward's active and prior project performance of approximately 65 percent. She said the projects are both for a large dollar amount and that this would be the type of project she'd review after three months, to determine whether the company really needed the other half of funds. She asked if Rob Sanger from CMTA worked with the company on any other projects. Mr. Porter said this is the second project that CMTA is involved in. He said he began in his position about 18 months ago when this last contract was approximately 50 percent completed. He said 2007 was a very difficult financial year for the company due to a number of external competitive issues. He said 2008 was a very strong year for them, and that the company is confident that its training will be up to standards and will meet the requirements. He said he is not concerned with it being performance-based, since there are procedures in place to ensure they can earn the funds requested. Ms. Roberts said the proposal is for a large amount of money, that past contracts have been over \$1 million, and said since they are only earning about 65 percent, she suggested reducing the proposal amount. Mr. Porter said he was not involved in the other

two proposals, they have created a department for him to work with in the company and asked that the Panel take into consideration that the company is very focused and committed. He said he believes he is conservative in his estimates, in terms of training needs, and he mentioned that the company will be subject to a performance evaluation in more-or-less three months in order to qualify for funding restoration.

ACTION: Mr. Campbell moved and Mr. Rendon seconded approval of the funding proposal for Edwards reduced by 50 percent of the original amount requested, in the amount of \$489,048.

Motion carried, 6 – 0. (Jennifer Grutzius arrived for the vote)

Jennifer Grutzius arrived at 10:40 a.m., and there were now six Panel members present.

Millipore Corporation

Mr. Chan presented a funding proposal by Millipore Corporation (Millipore), in the amount of \$225,000. Mr. Chan said Millipore provides biomedical and biopharmaceutical products and services to clinical, analytical, and research laboratories. Millipore services multinational pharmaceutical and biotechnology companies, as well as regional and national firms, universities, and research institutes.

Mr. Chan introduced Michael Galleno, Director of Manufacturing Sciences.

Ms. Roberts asked why the Panel should fund Millipore \$225,000, in light of the company's current active contract, which is expected to be terminated prior to commencing training. She also observed that the prior project in Temecula did not perform well. She asked what the company is doing now to assure better performance. Mr. Galleno said the Anderson location, which has the active contract, was part of an acquisition and outside of his domain. He said Millipore has two divisions, and that he is responsible for the Temecula operation. Last year was a refocusing year for Millipore, particularly in Southern California. He said they are under a great deal of pressure from companies in China, Europe, Canada, and other parts of the United States. He said they have had to re-skill and re-focus their workforce primarily to the stem cell area and the cell biology businesses. He said they are excited about support in the stimulus package for stem cell research. He said Temecula is Millipore's stem cell center, and it is slated for double digit growth in the next five years.

Mr. Broad said Vice Chair Roberts raises a good point. He noted that the second half of funding is not going to be approved if training is going poorly. He observed that, in relation to the federal stimulus money, that in the future there will be newspaper articles about how the stimulus money was wasted and where it got wasted. He said he does not want ETP to be in these articles. He asked everyone to do their jobs as good citizens to make sure that ETP funds are well spent.

ACTION: Mr. Campbell moved and Ms. Roberts seconded approval of the funding proposal for Millipore, reduced by 50 percent of the original amount requested, in the amount of \$112,500.

Motion carried, 6 – 0.

B & B Manufacturing Co.

Mr. Guzman presented a funding proposal by B & B Manufacturing Co. (B & B), in the amount of \$246,654. B & B is a manufacturer of sheet metal products and machine hardware. The base business of B & B is in machining various metals that produce components or parts that become part of an assembly kit that goes into planes, cars, and machines. Its products are used in aerospace, semi-conductor, military, and automotive racing industries.

Mr. Guzman introduced Jeff Lage, Vice President.

Ms. Roberts said she was very excited to see a new, technical, hands-on company come before the Panel for funding. She said she is in the manufacturing business, and enhanced worker skills are very valuable in this industry. She said that since B & B will be doing its own documentation, it is very important for B & B to maintain all its training paperwork in good order, in order to document the training, and that B & B needs to keep abreast of all the rules so that the company can earn all the funds awarded.

Ms. Montoya complimented the company for taking in students and training them.

ACTION: Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for B & B, reduced by 50 percent of the original amount requested, in the amount of \$123,327.

Motion carried, 6 – 0.

Mr. Broad reminded the Panel members to file their Form 700s by April 1.

Mr. McMahon said staff will make available, on an expedited basis for any interested parties, the earlier comments of Maureen Reilly, General Counsel, regarding the motion of delegation as well as the comments by proponents and opponents of Tab #74, The Neil Jones Food Company dba Tomatek, Inc.

BCI Coca-Cola Bottling Company of Los Angeles, a Division of Coca-Cola Enterprises

Mr. Guzman presented a funding proposal for BCI Coca-Cola Bottling Company of Los Angeles, a Division of Coca-Cola Enterprises (BCI Coca-Cola), in the amount of \$388,800. BCI Coca-Cola is a producer and distributor of nonalcoholic beverages. Its product line extends beyond traditional carbonated soft drink categories to beverages such as still and sparkling waters, juices, isotonic and teas.

Mr. Guzman introduced Kris Reed, Human Resources Manager and Krista Encinas, Customized Training Economic Development/Community Education.

There were no questions from the Panel.

ACTION: Mr. Campbell moved and Ms. Montoya seconded approval of the funding proposal for BCI Coca-Cola, reduced by 50 percent of the original amount requested, in the amount of \$194,400.

Motion carried, 5 – 0 (Ed Rendon absent for the vote)

Mr. Broad said before moving on, he'd like to re-open the roll call on the motion called earlier that failed, on supporting AB 816 (Hagman), in order to allow the Panel Members who were absent at that time, to now vote.

The roll was called, with Panel Member Jennifer Grutzius voting aye; and with the four aye votes cast earlier in the meeting, the AB 816 (Hagman) motion passed.

Roll Call Vote: Barry Broad, aye; Greg Campbell, abstain; Jennifer Grutzius, aye; Janine Montoya, aye; Edward Rendon, aye; Janice Roberts, aye. (5 aye votes, 1 abstention).

Motion carried, 5 – 0.

ConocoPhillips Company

Mr. Guzman presented a funding proposal for ConocoPhillips Company (ConocoPhillips), in the amount of \$684,000. ConocoPhillips is one of the largest integrated energy and refinery companies in the United States since merging with Phillips Petroleum Company in August 2002. The company recently began commercial production of renewable diesel fuel and formed a partnership with Tyson Foods, Inc., to produce next-generation renewable diesel fuel.

Mr. Guzman introduced Patrick Prosser, Human Resources Manager.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for ConocoPhillips, reduced by 50 percent of the original amount requested, in the amount of \$342,000.

Motion carried, 6 – 0.

HealthSouth Corporation dba HealthSouth Bakersfield Rehabilitation Hospital

Mr. Guzman presented a funding proposal for HealthSouth Corporation dba HealthSouth Bakersfield Rehabilitation Hospital (HealthSouth), in the amount of \$214,200. HealthSouth is

a 60-bed acute medical rehabilitation hospital servicing residents of Bakersfield and Kern County. The hospital provides comprehensive inpatient/outpatient rehabilitation services to patients with catastrophic injuries, neurological conditions, orthopedic surgeries, cardiac, and pulmonary issues.

Mr. Guzman introduced Sandra Hegland, CEO.

Ms. Roberts said she read an article about a HealthSouth CEO being under investigation or indictment. Ms. Hegland said that she was familiar with the CEO under investigation. Ms. Roberts asked if that might jeopardize the HealthSouth organization. Ms. Hegland asked if she was referring to the CEO's desire to return to HealthSouth. Ms. Roberts said, yes. Ms. Hegland said, since the incident, HealthSouth has "cleaned house" and appointed all new executive leadership. She said they are a corporation of 100 rehabilitation hospitals. She said they have a new CEO who has an excellent reputation for integrity. She said they have completed all of their requirements under the corporate integrity agreement with the OIG, so the company is very stable and sound. Ms. Roberts apologized for bringing up the article and said she didn't have any problem with the proposal.

ACTION: Mr. Rendon moved and Ms. Montoya seconded approval of the funding proposal for HealthSouth, reduced by 50 percent of the original amount requested, in the amount of \$107,100.

Motion carried, 6 – 0.

NBC Universal, Inc.

Mr. Guzman presented a funding proposal for NBC Universal, Inc. (NBCU), in the amount of \$486,000. He said NBCU is a media and entertainment company engaged in the development, production, and marketing of entertainment, news, and information to a global audience. NBCU owns and operates a portfolio of news and entertainment networks, motion picture company, television production operations, television station groups, and theme parks.

Mr. Guzman introduced Chris Corwin, Vice President of Training & Development.

Ms. Roberts was considered about the administration of the proposal, especially with four different locations and 500 employees. She asked, who is the person who will be responsible for documentation of the training and gathering the data. Ms. Corwin said there is an internal person who will be administrating the training project. She said they have solid processes in place that include training and development and an LMS system for tracking.

ACTION: Ms. Montoya moved and Ms. Grutzius seconded approval of the funding proposal for NBCU, reduced by 50 percent of the original amount requested, in the amount of \$243,000.

Motion carried, 6 – 0.

Olympia Health Care LLC dba Olympia Medical Center

Mr. Guzman presented a funding proposal for Olympia Health Care LLC dba Olympia Medical Center (Olympia), in the amount of \$254,880. Olympia is an acute care hospital that offers comprehensive inpatient and outpatient programs; a 24-hour emergency care center; a complete on-site laboratory; and radiology department. The hospital's specialty programs include Digestive Disease Institute; Geriatric Health; Spine Care & Research; Memory Institute; Sports Medicine Institute; and general surgical services.

Mr. Guzman introduced Daisy Dorotheo, Chief Nursing Officer and William Parker, representing National Training Systems.

There were no questions from the Panel.

ACTION: Mr. Campbell moved and Mr. Rendon seconded approval of the funding proposal for Olympia, reduced by 50 percent of the original amount requested, in the amount of \$127,440.

Motion carried, 6 – 0.

Omni Los Angeles Hotel at California Plaza

Mr. Guzman presented a funding proposal for Omni Los Angeles hotel at California Plaza (Omni), in the amount of \$249,600. He said Omni operates luxury hotels and resorts that provide accommodations and convention/conference resources to corporate business and upscale leisure travelers.

Mr. Guzman introduced David Shahriari, General Manager.

Mr. Broad asked how the proposed training is different than last year's training and if it includes the same or different people. Mr. Shahriari said it is a combination of both, in the sense that some of the same people will receive advanced training, and some of the new employees will begin with basic training before continuing on to advanced training. Mr. Broad asked if this will include the new OPERA Reservation System (ORS). Mr. Shahriari said training will be on the entire computer system for their organization as well as business skills.

ACTION: Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for Omni, reduced by 50 percent of the original amount requested, in the amount of \$124,800.

Motion carried, 6 – 0.

Shaw Diversified Services, Inc.

Mr. Guzman presented a funding proposal for Shaw Diversified Services, Inc. (Shaw), in the amount of \$276,100. Shaw manufactures carpets and rugs for residential and commercial applications and sells directly to builders, commercial contractors, dealers, and distributors.

Mr. Guzman said this is a repeat project and the second agreement for Shaw in the last five years; therefore, staff has assessed a \$49,196 substantial contribution in this agreement. Although this is the second project, approximately 421 of the 502 trainees designated to participate in this proposal received some training previously. Although the curriculum titles are similar, trainees will not repeat the same courses, and 81 workers will be new to ETP training in this proposal. Since this is a repeat contract, staff will assess that substantial contribution. However, based on additional information that was just received recently by Shaw, there is a possibility that the assessment of the substantial contribution may not be required because two facilities were involved in the prior agreement. These facilities were located approximately two miles apart, and staff was not aware that the prior training occurred at distinct facilities when the proposal was drafted. Currently though, the substantial contribution is in the proposal. The issue of the substantial contribution and the location relates to the regulation which states that a substantial contribution may be assessed, if there was a project at one location earning \$250,000 or more in the previous five years. This is something that staff will be reviewing further; however, as written, a substantial contribution is being assessed.

Mr. Broad inquired if Mr. Guzman was saying that staff would re-visit the substantial contribution requirement. Mr. Guzman replied that staff will re-evaluate the issue of the locations to determine whether the regulation does or does not require a substantial contribution in this instance. Mr. Broad indicated his preference to take up the matter right now, to discuss the issue, come to a resolution, and take a vote.

Mr. Guzman said there was another somewhat similar issue in this proposal having to do with the turnover rate. Staff recently received more information from Shaw regarding its turnover rate. He said if staff had received this information earlier, staff may have recommended that the Panel not assess the 25 percent withholding on the final payment. These are two issues which the Shaw representative will discuss. However, they are in the proposal now: there is a substantial contribution, and there is a recommendation to withhold the final 25 percent currently.

Mr. Guzman introduced Jim Cusick, Director of Manufacturing-Tuftex.

Mr. Broad noted the two issues mentioned by Mr. Guzman, and he asked Mr. Cusick if the company was contesting the substantial contribution requirement. Mr. Cusick said that he would like to contest the substantial contribution because there are two sites. He said the company was unaware of the \$250,000 per site rule. Mr. Broad said, the regulation states "facility" means one continuous worksite at the same geographical location, and asked if the Tuftex facilities are located a couple of miles apart. Mr. Cusick said yes. Mr. Broad asked if there is a different function at each facility. Mr. Cusick said yes, they are different. A process called tufting takes place in the first plant, and once they tuft the material, then it is transferred to the next two processes, located in another facility. Ms. Roberts asked if there are two separate organizational structures and if they have two presidents. Mr. Cusick said correct, they are two separate organizational structures with two plant managers; HR functions at both plants; environmental functions at both plants; and there are department

managers at both plants - they are stand-alone sites. Mr. Broad said, but they are interrelated in terms of the products. Mr. Cusick said yes, absolutely. Mr. Broad said so, is it not like, Frito Lay for example, which has a facility in one place that makes potato chips, and another facility five miles away that makes corn chips? After the manufacture, the company sells the potato chips and the corn chips. In the instance where the facilities are a couple of miles apart, and the potatoes are ground up at one place, and then transferred to the other facility a couple of miles away where they are baked, then that seems to be right on the cusp of the definition, which is a contiguous worksite at the same geographical location. Here we are talking about an integrated manufacturing process that is literally right next to each other. He said he was uncomfortable with allowing the company to avoid a substantial contribution based on the separate location concept where it is an integrated manufacturing process, even if the process is located in separate buildings. Mr. Cusick said that if this is a make or break item, he would agree completely. Mr. Broad said let's call it a make or break item.

Mr. Broad said, on the second question in terms of your turnover rate, what is the new information?. Mr. Cusick said that included in the turnover number was a reduction in staff that is not related to the company's normal turnover rate. Mr. Broad asked if they had experienced lay offs. Mr. Cusick said yes, that is correct. Mr. Broad said that in the past, the Panel sometimes gives people a break in lay off situations because it may be a one time occurrence. Mr. Guzman said that the lay off was essentially an anomaly; a one time event. Mr. Broad said, on the assumption that it was a one time anomaly related to the economy, he would support giving the company a waiver on the turnover rate matter and let them get funded in the normal way.

Mr. Broad said we are removing the 15 percent reimbursement reduction and maintaining the substantial contribution; do I hear a motion?

ACTION: Ms. Grutzius moved and Mr. Campbell seconded approval of the funding proposal for Shaw, reduced by 50 percent of the original amount requested, in the amount of \$138,050 with the removal of the 15 percent reimbursement reduction and maintaining the substantial contribution.

Motion carried, 6 – 0.

Temple Hospital Corporation dba Temple Community Hospital

Mr. Guzman presented a funding proposal for Temple Hospital Corporation dba Temple Community Hospital (TCH), in the amount of \$266,040. TCH is a short term acute care hospital whose services include cardiology, orthopedics, neurology, wound care, bariatric, oncology, female alternative surgery, spinal surgery, and skilled nursing.

Mr. Guzman introduced Aldrin Ibay, Director of Patient Care Services and William Parker, representing National Training Systems.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for TCH, reduced by 50 percent of the original amount requested, in the amount of \$133,020.

Motion carried, 6 – 0.

WellPoint, Inc. dba Blue Cross of California

Mr. Broad recused himself from participating in the discussion or voting on this proposal. The gavel was passed to Vice Chair Roberts.

Mr. Guzman presented a funding proposal for WellPoint, Inc. dba Blue Cross of California (WellPoint), in the amount of \$810,000. He said WellPoint is a health benefits company that offers a broad range of medical and specialty products such as life and disability insurance benefits; pharmacy benefit management; dental, vision, and behavioral health benefit services; long-term care insurance; and flexible spending accounts.

Mr. Guzman introduced Hank Hulse, Director of Performance Solutions.

Ms. Roberts asked if Performance Solutions is a training organization. Mr. Hulse said yes, it is in training and development. Ms. Roberts asked if he is the person responsible for coordinating the training of the 500 employees at the five locations. Mr. Hulse said he will support some of the coordination. He said he is on the corporate side, and will support the corporate functions. He said most of the individuals who will be involved in the training are on the operations side; however, he will participate in some of the site visits if needed. Ms. Roberts said, based on the large dollar amount of the contract, and with five locations and 1,500 employees to train, that it may be a monumental task, unless there are point people assigned at each one of those locations, responsible for the training. Otherwise, you are not going to earn your money. Mr. Hulse said that there are training managers at each facility and, in some cases, director level personnel at these locations. He said most of it is in operations, and they are the ones that would be involved in the training and supporting those site visits. He mentioned that most of their operations are in the 101 corridor, between Ventura County and Los Angeles County.

Mr. Guzman said Training Funding Partners is going to perform administrative services; so the company will have this administrative assistance. Ms. Roberts said she saw that in the Panel Packet, but nevertheless, it is a large contract for the first time. She suggested to Mr. Hulse that he return to the sites and tell them how important the administrative aspect is.

Mr. Rendon asked about a press release of a major lawsuit regarding Blue Cross, that concerns members going out of network. Mr. Hulse said he can only speak to what the company has released in the press recently, with respect to the recent settlement. He said offers of coverage have been extended to all, processes have been put into place to reimburse for out-of-pocket medical expenses incurred during the cancellation period, and that the company is revising its forms and processes so that it can avoid approvals of some that truly don't meet the company's guidelines for coverage while making it easier for those

that do. He said that he thinks this reinforces the need for training to ensure that our folks are adequately trained on our contract to make sure we meet our contractual obligations, as well as being proficient in our customer service, and knowing our systems and our processes.

ACTION: Mr. Campbell moved and Ms. Grutzius seconded approval of the funding proposal for WellPoint, reduced by 50 percent of the original amount requested, in the amount of \$405,000.

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

Ammunition Accessories, Inc., dba RCBS

Mr. Chan presented a funding proposal for Ammunition Accessories, Inc., dba RCBS (RCBS), in the amount of \$145,728. RCBS designs, manufactures, and sells high-quality ammunition reloading equipment including a line of presses. RCBS also markets a full line of reloading accessories and their customers include wholesales and distributors. The company also sells directly to consumers who are hobbyists and outdoor sports enthusiasts. The company's products are designed for use in guns used by hobbyists and sportsmen.

Mr. Chan introduced John Dahlgren, Manufacturing Manager and Beverly Johnson, Human Resources Manager.

Mr. Broad asked if the company manufactures equipment so that when someone has fired a weapon, that they can recover the bullet casing, reload it, and reuse it. Mr. Dahlgren said that is correct. He said that would be the brass casing in the case of a bullet or in the case of a shot shell, the plastic case. He said in addition, for shooting enthusiasts at a gun range or something of that nature, we also do a lot of lead recovery and we sell equipment that will remanufacture the bullet load itself, the actual lead component of it. Mr. Broad said he was aware of a story that he heard on National Public Radio, about California's new state policy which eliminates or makes unlawful, the use of lead in bullets for hunting. He said, basically, many hunters are resistant to this. He asked how their company fits into this policy because he doesn't want to do something that is contrary to a state policy or that is encouraging people to do something that has been made illegal. Mr. Dahlgren said he appreciated the question and he is familiar with the story. In California, a number of years ago, the use of a lead shot was outlawed for shot shells, and most of our California-based enthusiasts made the transition to steel shot without any issue whatsoever. That same transition for that same shooter/hobbyist will take place for the bullet side and the rifling side of our house. He noted that California, although a very significant part of the market is part of the total market, as the company has worldwide distribution. He said his company's equipment can adapt to lead shot, lead bullet, steel shot, steel bullet, without any issue whatsoever. He said his company offers equipment that will comply always with any state law or state issue. Mr. Broad said, what you have said makes me comfortable, it is a non-issue; if someone out-of-state wants to reload with lead they can do it, if someone here wishes to comply with our law and do so with steel, then they can do that.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for RCBS, reduced by 50 percent of the original amount requested, in the amount of \$72,864.

Motion carried, 5 – 0 (Greg Campbell departed the meeting and was absent for the remainder of votes).

Intel Corporation

Mr. Chan presented a funding proposal for Intel Corporation (Intel), in the amount of \$453,000. He said Intel was founded to build semiconductor memory products, and Intel introduced the world's first microprocessor in 1971. Microprocessors are also called central processing units (CPUs). They control the central processing of data in personal computers, servers, workstations, and other devices. A significant portion of Intel's manufacturing today is of silicon chips, known as semiconductors, which are etched with interconnected electronic switches.

Mr. Chan introduced Brad Ake, Quality Control Program Manager.

Ms. Roberts referred to Page 4 of 5 in the Panel Packet under Commitment to Training, which states that Intel's annual training budget is approximately \$9,000,000 for its California facilities. She asked if that was the correct amount. Mr. Ake said \$9 million is correct. Ms. Roberts noted that the in-kind contribution is \$975,000. Mr. McMahon said this is for this project. Mr. Ake said that the cost of training within California was \$9 million. He said this takes into account quite a few things, as they train over 10,000 employees.

Ms. Roberts said there has been a large improvement over their last contract, with a 100 percent retention.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Intel, reduced by 50 percent of the original amount requested, in the amount of \$226,500.

Motion carried, 5 – 0.

J.R. Simplot Company

Mr. Chan presented a funding proposal for J.R. Simplot Company (Simplot), in the amount of \$147,420. Simplot is a privately held food and agribusiness corporation. The company manufactures high quality fertilizers for professionals in agriculture, the turf trade, nurseries, and the feed business; as well as lawn and garden applications for consumers.

Mr. Chan introduced Lorrie Padilla, Human Resources Manager and Andrea Brooks, Training Specialist.

Ms. Roberts asked if they produce frozen potato products in addition to the fertilizer. Ms. Padilla said that is correct. She said most of their food processor plants are in Boise or the Midwest. Ms. Roberts said Simplot is the first potato user and Frito Lay is the second. Ms. Roberts asked if they produce potato products for McDonalds. Ms. Padilla said yes, that is correct.

ACTION: Ms. Montoya moved and Mr. Rendon seconded approval of the funding proposal for Simplot, reduced by 50 percent of the original amount requested, in the amount of \$73,710.

Motion carried, 5 – 0.

Kleinfelder West, Inc.

Mr. Chan presented a funding proposal for Kleinfelder West, Inc. (Kleinfelder), in the amount of \$183,600. Kleinfelder is a leading professional services firm specializing in natural and built environments for municipalities, government agencies, multinational companies, and industrial concerns across the nation. The company also provides planning, engineering, scientific, technical, and management solutions.

Mr. Chan introduced Denise Howe, Vice President of Human Resources and Stacy Matthew, Senior Manager of Grant Thornton LLP.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Kleinfelder, reduced by 50 percent of the original amount requested, in the amount of \$91,800.

Motion carried, 5 – 0.

Medtronic Vascular, Inc.

Mr. Chan presented a funding proposal for Medtronic Vascular, Inc. (Medtronic), in the amount of \$757,170. Medtronic manufactures products that treat conditions of the heart and circulatory systems. Products include angioplasty technologies to treat blocked arteries; stent grafts to treat aortic aneurysms; heart valves and repair technology for heart defects; and valve disease products to restore blood flow to the heart and peripheral vasculatures.

Mr. Broad asked if we have had any Medtronic proposals in the past. Mr. Chan said we have had a Medtronic proposal in the Los Angeles area, but it was a completely different part of Medtronics. Mr. Broad asked if it was a different unit. Mr. Chan said they have different CEAN numbers.

Mr. Chan introduced Jeff Ireland, Vice President of Customer Focused Quality & Compliance and Andrew Sweeney, CFQ/Continuous Improvement.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Medtronic, reduced by 50 percent of the original amount requested, in the amount of \$378,585

Motion carried, 5 – 0.

Salesforce.Com

Mr. Guzman presented a funding proposal for Salesforce.Com in the amount of \$738,000. He said Salesforce.Com applications manage customer information for generating sales leads, marketing, maintaining customer information, and tracking customer interactions. The company provides comprehensive Customer Relationship Management (CRM) software, accessible through its software-as-a-service (SaaS) subscription model via devices, including personal computers, cell phones, and personal digital assistants.

Mr. Guzman introduced Nicole Hamilton, Senior Director Partner University Training & Certification and Ann Moreira, Vice President Leadership and Employee Development.

Ms. Roberts asked if this is a sales group: do you sell things or do you just produce and engineer the software to sell things. Ms. Moreira said, if you think of our product and Amazon.com for example; when you go to Amazon you don't need hardware, you don't need to have system upgrades, and you don't need special software. So basically, we house all that; that is why it's called "cloud computing"; it's up in the clouds so to speak. She said they sell licenses to users so they have access into their technology and they don't need to invest in hardware, software or upgrades; the company constantly maintains it. She said they have online applications, sales, marketing, and customer support, which captures their efforts to do a solid customer relation management and that is what they are known for. Ms. Roberts asked, from a sales standpoint, if they have actual people that go out to the workforce or go to companies and sell? Ms. Moreira said yes, they do. Ms. Roberts said the reason she asked, that is because once you start having people coming and going, it is hard to get them back in to complete training. She said half of her business is sales on the road, and when employees are out selling to grocery stores, it is hard to get them into a training facility because they make their money by commission and sales. Ms. Moreira said they have a stringent sales certification program, and they are all expected, any employee of the company, to be able to stand up and pitch their company. This is something their CEO finds important, so they are often close to headquarters, and hosting clients and customers. She said they are a technology company, and the biggest consumers reside in California; so their research and development is heavily based in California; their support organizations are based in California; and they do have a sales arm. She said there is a rigorous training that all employees are required to take. As a new hire, you take two weeks of training to learn your own application, and if you are in sales, you go through a sales boot camp. If you're in professional services, also on the road doing engagements, you also have to go through your own boot camp; so most people come in minimum two weeks training before they even hit

the ground. Ms. Roberts asked if this is new employee orientation, so to speak. Ms. Moreira said there is an element of that, but also it is continuing education because our product gets updated at least three times a year. Therefore, we have to keep up with the product and the emerging technology. We are a leader in this, so our R & D folks are constantly being challenged to stay current with our product. She said her organization creates the technical training, and they have to keep it fresh. She said we have new release training, introduction training, as well as aggressive ongoing training. She said they put a large priority on management training to make sure we treat our people well and keep them since we invest so much in them. Ms. Roberts said it is very hard to get people working off commission to come back in and do training because they don't earn any money for that. Ms. Moreira said we have a strong LMS system that keeps track of who is taking it; if you do not take your courses and get certified, it is a big problem; so we do have good standards that are monitored from the top of our company.

ACTION: Ms. Grutzius moved and Ms. Roberts seconded approval of the funding proposal for Salesforce.Com, reduced by 50 percent of the original amount requested, in the amount of \$369,000.

Motion carried, 5 – 0.

The Neil Jones Food Company dba Tomatek, Inc.

Maureen Reilly, General Counsel, announced that Chairman Barry Broad and Panel Member Edward Rendon have recused themselves from voting, participating in, or influencing the proposal for The Neil Jones Food Company dba Tomatek, Inc. (Tomatek), Tab #74. She said Mr. Broad and Mr. Rendon have exited the room and as a result, we have lost a quorum. The gavel was passed to Ms. Roberts.

Mr. Guzman presented a funding proposal for Tomatek, in the amount of \$850,332. He said Tomatek is a leading producer of industrial tomato products, fruit juice concentrates, private label products, and canned and pouch packed food products.

Mr. Guzman introduced Rick Palmer, Plant Manager of Tomatek; Hortencia Gabriel, Human Resources Manager of Tomatek; David Grabhorn, Vice President of Teamsters District Council No. 2; Maria Escalante, Union Member-Shop Steward, District Council No. 2; and Teresa Ayala, Union Member-Shop Steward, District Council No. 2.

Mr. Guzman said the Panel has received letters of support for this project from District Council No. 2 and a letter from Teamsters Joint Council No. 7, along with Teamsters Local 890, in opposition of the project. He said the Firebaugh location is represented and the exclusive bargaining agent is District Council No. 2, Local 338.

Mr. Palmer said it was important for the Panel to understand that many of the training dollars they received in their first proposal were passed immediately into the hands of their employees. He said that even though they have a union bargaining contract, their wages increased above what they were required to pay from their contract to acknowledge the

training and the skills that these employees received. He said the number of employees receiving benefits increased as a direct result in additional hours worked. In just seven months after being awarded the ETP agreement last year, their benefit and employee base increased by 25 percent due to the additional training hours. He said employees now qualify for medical, prescription drug, dental, vision, life insurance and retirement benefits. He said their wage scale has also increased as part of a new union contract negotiation recently ratified in December 2008.

Ms. Roberts asked if current wages are reflected in the Panel Packet, because wages appeared to be \$13.00 per hour across-the-board. Mr. Palmer said he did not believe the \$13.00 per hour wage was reflected in the Panel Packet, as the new wages just came in. Ms. Roberts said it appeared that all employees were earning \$13.00 per hour. Mr. Palmer said no, that is not correct. Ms. Roberts asked if employees are now earning \$16.00 per hour. Mr. Palmer said employees earn wages that range up to \$26.00 per hour.

Mr. Palmer said the Teamsters Local 380 and District Council No. 2 represented here, which is our union, has been a partner with us in this program since day one. He said they have endorsed the program and acknowledged the positive impact and the benefits their members have received and will continue to receive as we embark upon the additional training program proposed.

Representing us today is two of our union shop stewards, Teresa Ayala and Maria Escalante, who can testify that from the perspective of our joint training committee and our shop stewards, as well as bargaining committee members, that this has been a win-win situation for all. He said they represent over 573 employees who would like to continue training and can speak to the benefits that the employees have received. He said the successful execution of their current ETP agreement has allowed the company to reinvest approximately \$6 million since January 2009, in new equipment and new processes.

Mr. Palmer said the company is growing; they have the ability to provide good paying jobs; to increase the earnings and potential of their employees; to increase the number of their employees who receive benefits; and to provide additional jobs in the Central Valley. He said this is at the very heart of what the ETP program stands for. He asked, based on the merits and their past success, that the Panel base their decision on how they have executed with the monies they have been granted.

Mr. Palmer said in regards to the letter of opposition received, speaking as a chief negotiator for the company and the Collective Bargaining Agreement contract, he was not aware that they had an adversarial relationship with that union. He said their intent has been and always will be to work in good faith to attain a successful labor agreement. He said he is saddened by the letter, but it does not change their intention to move the work forward and get a labor agreement. He said the only thing that has changed in the contract, is that it has been one year since its expiration last year. He said the lack of getting the contract resolved has not had any impact on the company. He said the union has not had time to meet, and the company has taken steps to push this matter forward. He said the first mediation will be in April to get the contract resolved. He said the only thing that they have seen from the

company is increases they have made across-the-board to the union employees of over four percent, which became effective March 1. He said the company has done this on its own, outside of the contract in good faith to keep this moving forward. He said there is not an adversarial relationship and they continue to work forward toward a resolution as soon as possible.

Ms. Roberts said, thank you; is there anyone else that would like to speak? She said she asks, because we have time limits, as there are several persons with travel arrangements who may need to leave.

David Grabhorn said he is the Vice President of Teamsters District Council No. 2 and the collective bargaining representative at Tomatek. He said they are not the collective bargaining representative at a sister corporation in Hollister. He said the Hollister facility is represented by another organization, and it is not his purpose for being present to criticize or pass judgment on what is happening in Hollister in the other Collective Bargaining Agreement that his organization have had nothing to do with, and that Mr. Palmer was alluding to at the end of his remarks. He said he was present only to discuss Tomatek, which is the only location where they are requesting a training grant. He said when they entered negotiations, the problem was with trying to increase the wages, hours and work conditions of employees. He said while there is a need and willingness on the part of the employer to pay increased wages, the company has a need for skilled workers. He said this is a situation that many employers all over the country are experiencing, and the reason why there are government programs such as ETP, to assist in the training of employees so California employers can remain competitive. Mr. Grabhorn said Tomatek fits the bill, because in this situation they negotiated for the first time a joint training awarded in an ETP agreement last year, and our benefit and employee base increased by 25 percent due to the additional training hours. As part of this, wage progressions were added to the contract with higher skill levels specified and automatic pay increases once the employee qualified by being trained. He said this proposed training is anticipated to begin in April or May, before the agriculture season begins in late June or early July.

He said what is really causing them some distress, is because they now have higher paying jobs in the contract; but they do not have people who are qualified for them. He said there are only two ways to get somebody in those positions qualified and getting that higher wage. One way, is to train current employees, which is what they want to do and was their purpose to begin with, to justify the higher pay rate. The other way is, for the employer to try to find skilled people outside the current workforce. He said if this happens, it could lead to a turnover in the workforce, as senior people may be unneeded, because they have now hired, trained, skilled people from the outside.

Ms. Roberts asked if this is the problem that the other union is having issues with. She said, I see two people behind you who wish to comment. She asked if he represents labor in the Collective Bargaining Agreement for Tomatek. Mr. Grabhorn said District Council No. 2 is supporting the request that funds be granted. He said they negotiated the training program and need the funds to keep the current employees in it. He said this has nothing to do with Hollister; the sister corporation 50 miles away. He said whatever the outcome is, it is not

going to affect Hollister. He said they think that it's totally irrelevant to even consider that; having said that, they are not the enemies of people in Hollister. He said it is their position that it shouldn't be part of this proposal. Ms. Roberts said it is not the Panel's position to begin worrying about other union issues as well. She said they are there to make sure they are doing the right thing for the people represented in collective bargaining. Mr. Grabhorn answered, as are we.

Ms. Roberts said she was going to ask the other speakers to comment, who were waiting patiently. She said then we'll figure it out and said she had some comments of her own.

Crescencio Diaz said he is the President of Teamsters Local United in Salinas. He said they represent a company within the area, which is owned by the same company that owns Tomatek. He said there are three reasons why we they are opposing this proposal. Ms. Roberts asked if he works for Tomatek. Mr. Diaz said no, I work for Teamsters Local United in Salinas. Ms. Roberts said, so you do not work for Tomatek or Neil Jones? Mr. Diaz said no, I work for Teamsters Local United and he represents another plant in Hollister called San Benito Foods, which is also a Neil Jones company. Ms. Roberts asked if that is an affiliate of Neil Jones. Mr. Diaz answered in the affirmative. Ms. Montoya said he works for a different union. Ms. Roberts said, a different union that represents employees at another Neil Jones company? Mr. Diaz said yes, that is correct.

Mr. Diaz said the two reasons why they are objecting the funding proposal. He said one reason, is he believes they are masking the truth about the health and welfare to the employees. He said they have over 900 employees, and out of those 900, approximately only 80 employees at the most, receive health and welfare. He said therefore, it is not completely true that they provide health and welfare to these employees. He said they are trying to do the same thing in Hollister with their employees. He said they have been at the Hollister location for over 30 years, where employees have health and welfare, except for the new hires, but eventually they receive it. He said they want to the do the same thing; take away the health and welfare and limit it to only 40 or 50 employees who would receive it.

He said the other reason they oppose the Tomatek funding proposal, is because by doing this, they undermine the whole industry. He said most of the canners in this valley are organized under one single contract called CPI. He said most of the canneries including Del Monte, are under one single contract that provides benefits; health and welfare to all employees. He said, I believe if we are going to talk about fairness, it should be on equal terms, competing. He said that way, there is nobody else coming up with lists, money for employees, or benefits. He said most of these plants are all at the same level of standards. Ms. Roberts asked if the employees that he represents, or their company, have come forward to the Panel to request training funds. Mr. Diaz said no, he is there to oppose the Tomatek training funds. Ms. Roberts asked if there was a reason why his company couldn't apply for ETP funds so everyone is equal, across-the-board. Mr. Diaz said at this point, we are not requesting funds and only present to state their opposition of the Tomatek training funds. Ms. Roberts said okay very good, thank you and asked the next speaker to approach the podium.

Les Spahnn said he was present on behalf of Assembly Member Juan Arambula, from Fresno. He said Assembly Member Arambula represents the community of Firebaugh, and

he asked him to express his strong support for this proposal, and to remind the Panel that there is a serious problem with unemployment, particularly in Fresno County and in the West side of the Valley. He said the West side of the Valley has not only been hit with an economic recession, but also a severe drought, with over 600 thousand acres of land that have been taken out of production. He said the community of Firebaugh has unemployment that exceeds 27 percent; other communities exceed 40 percent, and some of the highest rates of unemployment in the State. He said Mr. Arambula has been extremely supportive of the ETP and he believes in what you do. He said Mr. Arambula has sponsored two or three workshops in his district to bring ETP there to get employers familiar with what you do and have them take advantage of what you have to offer. What you have to offer, particularly through a contract like this, is exactly what Mr. Arambula's district and the people of Firebaugh need. He said they recognize there are external issues, and hope that they are resolved swiftly and amicably. He said that given the severe problems with long-term joblessness in the area, Mr. Arambula urges you to take appropriate action and approve this project as soon as possible. Ms. Roberts said, okay thank you very much.

Mr. Grabhorn said he had an additional comment, not on the merits. He said the problem is, that the Panel cannot make a decision today because there is not a quorum. He said the action, whatever way it goes, cannot be delayed beyond May, or it's already decided. He said simply by not deciding, it's denied, and I just wanted to make that clear. Ms. Roberts said she recalls him mentioning the timeliness of this contract and the Panel understands that. She said ETP staff has made their recommendation of this project, based on the union letters and based on the validity of the performance of the first contract. She said in one year, Tomatek completed almost a million dollars worth of training. She said that is unbelievable for that type of business, which is seasonal.

Ms. Roberts asked why we didn't consider an amendment, versus another contract since there was another whole year remaining. Mr. Palmer said that was considered, but they had used up all the hours for the employees. Ms. Roberts said okay, so a new contract altogether. She noted the minimum wage for Fresno County is \$13.00 per hour and asked why the ETP 130 reflects that all employees earn \$13.00 per hour. Mr. McMahon said that just represents the lowest possible wage that anyone in that category can earn and they could fall somewhere in the middle.

Ms. Roberts said at this point, the Panel cannot vote on the proposal without a quorum, and there is some opposition to the proposal. She said she wished this situation could have been resolved before coming to the meeting as they do not handle union negotiation issues. Mr. Palmer said he also would have liked to resolve it prior, but did not find out about the situation, until a day or two ago. He said there was no notice and apologized, saying we will resolve this one way or another. Ms. Roberts said the Tomatek proposal will be deferred to the ETP staff to make the decision on how to proceed. She said there was another speaker wishing to comment, and asked him to approach the podium.

Fritz Conle, Union Representative of General Teamsters Union Local 890, said general labor employees begin at \$8.00 per hour at the Tomatek facility. Ms. Roberts asked if \$8.00 per hour is the starting wage. Mr. Conle said that is correct, that is what the contract states for general labor. Mr. McMahon said that would be a problem if that is the case, for earnings at

the end of the training project. Mr. Conle said he could provide the actual contract. Ms. Roberts asked if ETP staff had looked at this when considering wage requirements. Mr. Guzman said yes, for the job classifications listed in the ETP 130, but he was unsure about general labor.

Mr. Palmer said the general labor is the entry-level position with very basic skills and those employees are not included in the training. Ms. Roberts said, so the \$8.00 per hour employees are not included in the proposed training of 500 employees? Mr. Palmer said that is correct. Mr. McMahon pointed out that trainees have until completion of the training project, before they are required to reach the wage level identified.

Ms. Roberts said if anyone else wished to comment on the Tomatek proposal and have their comments on record, they could do so during the public comments, toward the end of the meeting. Mr. McMahon commented on the process going forward. He said Ms. Roberts has indicated that staff is recommending approval. He said we will move forward, we are sensitive to the company's time frame and would like to give the full Panel an opportunity to vote on this project. He said he is unsure of what the structure will be at this point, but staff will move as quickly as possible.

Maureen Reilly, General Counsel, said we need a full Panel quorum, absent Mr. Broad and Mr. Rendon. So we will still need to reach a quorum when we next present this matter to the Panel and will move as soon as possible to try and resolve this situation. Ms. Roberts said okay, very good; thanks everyone.

Universal Forest Products Western Division Inc.

Mr. Guzman presented a funding proposal for the Universal Forest Products Western Division Inc. (Universal Forest), in the amount of \$216,000. Universal Forest is a leading manufacturer and single source supplier of wood, wood alternate products, and engineered lumber. The company reaches four primary markets: 1) Do-it-Yourself (DIY) retail; 2) manufacturing housing; 3) site-built construction; and 4) industrial and other products.

Mr. Guzman introduced Chad Broderick, Plant Manager and Amy Flores, Continuous Improvement Facilitator.

Ms. Roberts asked where they are located in California. Mr. Broderick said they are located in Thornton, North of Stockton.

Ms. Grutzius asked if they are looking at any other actions besides this new training program to reduce your turnover rate? Mr. Broderick said yes they are, and including that turnover rate from the previous year, obviously they cater to construction and home building and a lot of those were lay offs. They have secured some new business that will allow them to bring some of those individuals back. Ms. Roberts asked where they get their lumber from, Sierra Pacific? Mr. Broderick said some lumber is from Sierra Pacific, they compete with them in many other areas as well. Ms. Roberts said she worked in the lumber business for 21 years, but she did not remember Universal Forest.

ACTION: Ms. Roberts moved and Ms. Grutzius seconded approval of the funding proposal for Universal Forest, reduced by 50 percent of the original amount requested, in the amount of \$108,000.

Motion carried, 5 – 0.

Wawona Frozen Foods

Mr. Guzman presented a funding proposal for Wawona Frozen Foods (Wawona), in the amount of \$216,000. Wawona manufactures fresh frozen fruit products for food manufacturers, foodservice distributors, restaurants, resorts, supermarkets, and school cafeterias.

Mr. Guzman introduced William Smittcamp and Josefa Price, Human Resources Manager.

Mr. Broad asked if the third waiver for 90 days within 120 days, is because you have seasonal production? Mr. Smittcamp agreed.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Wawona, reduced by 50 percent of the original amount requested, in the amount of \$108,000.

Motion carried, 5 – 0.

American Licorice Company

Mr. Chan presented a funding proposal for American Licorice Company (ALC), in the amount of \$126,324. The company introduced licorice-type theater snacks, the Black Licorice Vines, to the US market in 1914 and over the years added new products such as Red Vines, Sour Punch, Super Ropes, and Snaps. The company's products are sold to wholesalers and distributors which are then purchased directly by consumers at retail food outlets, grocery chains, club and drug stores, and specialty venues throughout the United States. In addition, the company sells its products online.

Mr. Chan introduced Alicia Perez, Human Resource Manager and Mike Yoshioka, Assistant Plant Manager.

There were no questions from the Panel.

ACTION: Ms. Montoya moved and Mr. Rendon seconded approval of the funding proposal for ALC, reduced by 50 percent of the original amount requested, in the amount of \$63,162.

Motion carried, 5 – 0.

Gilead Sciences, Inc.

Mr. Chan presented a funding proposal for Gilead Sciences, Inc. (Gilead), in the amount of \$870,318. He said Gilead is a biopharmaceutical company that discovers, develops, and

manufactures innovative medicines in the areas of antiviral (such as HIV), cardiovascular, and respiratory diseases. In addition, Gilead is in the process of conducting clinical trials for the treatments for resistant hypertension, cystic fibrosis, HIV, and hepatitis.

Mr. Chan introduced Larry Cuzzort, Vice President of Information Technology and Michael Louie, Director of Information Technology.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Gilead, reduced by 50 percent of the original amount requested, in the amount of \$435,159.

Motion carried, 5 – 0.

Intuit, Inc.

Mr. Chan presented a funding proposal for Intuit, Inc. (Intuit), in the amount of \$1,008,000. Intuit is a global provider of business and financial management software and services for small and medium-sized businesses, financial institutions, consumers, and accounting professionals. Its flagship products and services provide business management and payroll processing, personal finance, and tax preparation and filing. The company also provides Internet banking applications that financial institutions provide for their retail customers.

Mr. Chan introduced Cindy Freemyer, Employee Growth Leader; Jennifer Gentry, L & D Operations Planner; and Brooke Perez, representing Deloitte Touche.

Ms. Montoya said she could not live without this product and that Intuit does a great job. She said she was happy to see that half of their employees are based in California. Ms. Freemyer said the company has a very large presence in California.

Ms. Roberts asked, what is your entry-level wage, without benefits? Ms. Freemyer said they have a large wage range, but the average is about \$38.00 per hour because they have the call centers on one end and then the engineers and architects on the other end. Ms. Roberts said okay, because I'm looking at the wages here in the Panel Packet, so I'm coming in, have no skills, you're going to hire me off the street, what am I going to make? Ms. Freemyer said, into the call center, approximately \$13.00 to \$14.00 per hour before benefits. Ms. Roberts said, so before benefits? So you really didn't need to use your health benefits to up the ante to \$13.00 or \$14.00 per hour. Ms. Freemyer said that is her understanding. Ms. Gentry said there were some positions, a very small percentage, of less than half. Ms. Freemyer said and that is primarily in our call centers, but we are upscaling those as well to be able to meet the need with the new product line. So it is kind of a different skill set that they are going to need coming in.

Ms. Roberts asked how many of the 2,000 employees actually work at the call center. Ms. Freemyer said approximately 500. She said they have 4,000 employees in California. Ms. Roberts said, so a quarter of them are going to be on the low end. Ms. Freemyer agreed.

ACTION: Ms. Montoya moved and Mr. Rendon seconded approval of the funding proposal for Intuit, reduced by 50 percent of the original amount requested, in the amount of \$504,000.

Motion carried, 5 – 0.

McCarthy Building Companies, Inc.

Mr. Chan presented a funding proposal for McCarthy Building Companies, Inc. (McCarthy), in the amount of \$217,350. McCarthy has four California locations that are involved in multiple phases of preconstruction and construction services consisting of general contracting, construction management, and design/build services. Building projects include commercial building, industrial structures, schools, and hospitals.

Mr. Chan introduced Nora Te Struth, Division Training Manager and Rob Sanger representing CMTA.

Mr. Broad observed, so what has happened is they are part of a multi-employer training project and a certain number of employees were trained as a part of that project. Then as they were proceeding in the multi-employer project, they applied for a single employer training project. Mr. Chan said as sometimes happens in the food industry, the situation had time sensitive aspects. The company needed to get training completed as soon as possible, so they went through the CMTA contract, and tried to get as much training finished as they could; but because there were some delays, the timing issue became moot by the time they were added to the multi-employer training project. Therefore, they decided to roll the majority of the training into this proposed contract. Some people had started training in the previous contract; but the majority of people will be coming into this training contract rather than the previous contract, as originally planned. Mr. Broad said, so there's no double dipping. Ms. Te Struth said no.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for McCarthy, reduced by 50 percent of the original amount requested, in the amount of \$108,675.

Motion carried, 5 – 0.

Tyco Electronics Corporation

Mr. Chan presented a funding proposal for Tyco Electronics Corporation (Tyco Electronics), in the amount of \$588,132. Tyco Electronics designs, manufactures and markets over 500,000 precision engineered electronic components for customers in industries ranging from automotive, appliance, aerospace and defense to telecommunications and computers.

Mr. Chan introduced Virginia Benton, Director of Global Learning & Development.

Ms. Roberts asked about the CEO of Tyco who was indicted. Ms. Benton said actually he is not the CEO of Tyco Electronics. Tyco Electronics is a separate company that was created two years ago and that other company does still exist, Tyco International, but that is a separate company. Mr. Broad asked if the companies are under separate management and not a subsidiary of one another. Ms. Benton said yes, their CEO is Thomas Lynch and he has been the CEO since they were formed two years ago. Ms. Roberts said, I would change the company name. Ms. Benton said they did a study to find out if they needed to change their name, and their customers said no, and that they respected their brand and they kept the name.

ACTION: Ms. Montoya moved and Mr. Rendon seconded approval of the funding proposal for Tyco Electronics, reduced by 50 percent of the original amount requested, in the amount of 294,066.

Motion carried, 5 – 0.

Ultratech, Inc.

Mr. Chan presented a funding proposal for Ultratech, Inc. (Ultratech), in the amount of \$551,000. Ultratech manufactures photolithography and laser processing equipment that is used in laser processing, advanced packaging, semiconductor, and nanotechnology industries.

Mr. Chan introduced Janet Marchell, Staffing Manager.

Ms. Roberts asked about the training organization and the systems and databases in place. Ms. Marchell said they have a training department; they have 170 employees in San Jose; and they are the last lithography manufacturer in the Country. They have systems in place, and a curriculum, and pretty much all they have to do is turn the project on at this point.

ACTION: Ms. Roberts moved and Ms. Grutzius seconded approval of the funding proposal for Ultratech, reduced by 50 percent of the original amount requested, in the amount of \$275,500.

Motion carried, 5 – 0.

Multiple Employer Contractors

Franklin Career College

Mr. Chan presented a funding proposal for Franklin Career College (Franklin College), in the amount of \$703,770. Franklin College is a public training agency that provides training and placement services. It conducts training programs in four main areas: 1) office machine repair; 2) medical billing and coding; 3) clinical back office assistant; and 4) CNA.

Mr. Chan introduced Bonnie Bonner, Campus Executive Director.

Ms. Roberts said Franklin College has come before the Panel many times in the past, and asked about the two current projects. She asked, about the company's percentage standpoint and said it doesn't look like you are giving the full amount at any one time. Ms. Bonner said the office machine repair/medical billers proposal billed for 65 more participants. She said in their LVN program it was their first time offering the training and they had seven people that are now scheduled to take the state-mandated LVN exam. She said the Board currently only has one person available for testing, and so it has been difficult for LVN trainees to take the exam. She said they have hired a new employee to help development with other employers to help hire students. Ms. Roberts asked if the proposal also included CNA to LVN training. Ms. Bonner said no, the CNA is in a different contract than the LVN. Ms. Roberts asked about the training that will be included in the current proposal requested. Ms. Bonner said it will include training 45 CNAs, office machine repair, medical billers and coders, and medical assistants. Ms. Roberts asked if CNAs will only receive training, but not a license to move up to an LVN. Ms. Bonner said they prepare trainees to take their state board exams and the American Red Cross also tests at their site.

Ms. Montoya asked if students contribute toward the cost of their education. Ms. Bonner said no, they do not, and their program is for individuals that are on unemployment. She said the tuition for the LVN program is \$6,200 and the CNA program is \$2,900; and students do not pay anything. She said they train them, have a staff that works with them on placement, and once they are placed, then we begin their retention and follow-up with them on a regular basis. Ms. Montoya said she liked seeing the numbers of what Franklin College will be producing in society. She asked if they track students to see if they continue working. Ms. Bonner said quite a few students have kept working and some have moved into management. She said it is a pleasure to see them when they return to visit, and it is rewarding to know you have been able to help these students.

Mr. Broad asked, in relation to the students who do not meet the retention period and for whom you don't get paid by ETP, do you try to collect from them? Ms. Bonner said no, they do not. Mr. Broad said he had not really thought about that before, and it makes him a little uncomfortable. Ms. Bonner said they train students an additional 218 hours, to make sure they have all the necessary skills and they do not ask them for any money and work very hard to get them placed.

Ms. Montoya asked if they may consider a monetary commitment from the students in the future. Ms. Bonner said no. Ms. Montoya suggested that the Panel may like to see a contribution by the students. Ms. Reilly said the Panel has an existing regulation, Title 22 California Code of Regulations Section 4412.1, that prohibits trainees from being charged any cost or fees once they are enrolled in an ETP funded program. She said this provision is being made a condition of the contract, and there is already an existing provision about tuition reimbursement in the event that the student has already paid a portion of the tuition prior to being enrolled in an ETP funded project. Ms. Montoya asked, what about the concept if they drop off, does that matter? Ms. Reilly said that is the risk the training agency must bear and should understand and is warned about during development.

Ms. Bonner said they have had really positive placement rates at close to 80 percent in their last contract. She said they work very hard to try to get them placed because if not, they don't get paid. She said they ask students in the beginning, if the training is something they really want to do and if they intend to go back to work. And it is the commitment we have with them and we work with them all through the training to make sure that they do go to work and then we do go out and develop. She said they have many companies that they work with, such as Cannon and Xerox, that hire their students. Ms. Roberts asked if they receive pay funds from any source other than ETP. Ms. Bonner said no, they do not receive any other funds. Ms. Roberts asked if there are volunteers that come in to work. Ms. Bonner said no, our employees get paid by what ETP pays for our students. Ms. Roberts said basically, ETP is funding Franklin College. Ms. Bonner said yes, correct. She said they have some WIA students, but they are under a separate funding source.

Ms. Roberts asked, is this the standard, that ETP would fund an entire college? Mr. Broad asked, you mean that ETP is 100 percent of their revenue? Ms. Roberts said yes. Mr. Broad said he was not aware of that. Ms. Bonner said they receive some WIA funds through a program with students who reside in gang regions, but it is under a separate funding source.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Franklin College, reduced by 50 percent of the original amount requested, in the amount of \$351,885.

Motion carried, 5 – 0.

Apprentice & Journeymen Training Trust Fund of the Southern California Plumbing & Piping Industry

Mr. Guzman presented a funding proposal for Apprentice & Journeymen Training Trust Fund of the Southern California Plumbing & Piping Industry (P&P Trust), in the amount of \$1,070,250. He said P&P Trust is a joint labor-management committee representing the plumbing and pipefitting industry.

Mr. Guzman introduced Michael Hazard, Training Coordinator and Steve Duscha, representing Duscha Advisories.

Mr. Broad asked, if the company returned for a part two of this project, if veterans would be included in the training. Mr. Hazard said yes, it will be ongoing. Mr. Broad asked if it is possible to train more than ten veterans. Mr. Hazard said there is a class of 16 that are stationed on base, and they have two mobile welding trailers and eight booths in each trailer. He said some of the 16 veterans may not remain in California, and 10 veterans plan to remain in California. Mr. Broad asked if it is possible that in the future they may have a larger number of veterans to train. Mr. Hazard said yes, they are trying to do reduce the time of training in half; nine weeks in the trailers and nine weeks in the San Diego training center, so it would be a continuous rotation of people. He said they wanted to start small, to ensure they would have a successful proposal. Mr. Broad said this is a very good project.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for, reduced by 50 percent of the original amount requested, in the amount \$503,625.

Motion carried, 5 – 0.

California Manufacturing Technology Consulting

Mr. Guzman presented a funding proposal for California Manufacturing Technology Consulting (CMTC), in the amount of \$700,662. CMTC was established to assist small and medium-sized manufacturers in California improve their operational efficiencies and global competitiveness. CMTC provides consulting and training services in the following areas: information technology; strategic business; quality management; and manufacturing and engineering.

Mr. Guzman introduced Cheryl Slobodian, Director of Operations Support and Jack Van Buren, Vice President and Chief Financial Officer.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for CMTC, reduced by 50 percent of the original amount requested, in the amount \$350,331.

Motion carried, 5 – 0.

Southern California Painting & Drywall Industries Apprenticeship Trust

Mr. Guzman presented a funding proposal for Southern California Painting & Drywall Industries Apprenticeship Trust (SCP&D), in the amount of \$249,956. SCP&D is administered by a Joint Apprenticeship Training Committee of employer and employee union members.

Mr. Guzman introduced Jesus Fernandez, Training Director; Oscar Meier, Teacher Advisor; and Steve Duscha, representing Duscha Advisories.

Ms. Roberts noted that they earned 100 percent of their last agreement and said that was wonderful.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for CMTC, reduced by 50 percent of the original amount requested, in the amount \$350,331.

Motion carried, 5 – 0.

Amendments

Operating Engineers Local 3 Joint Apprenticeship Training Committee

Mr. Guzman presented an Amendment for Operating Engineers Local 3 Joint Apprenticeship Training Committee (Operating Engineers JATC), in the amount of \$197,250. Operating Engineers JATC is composed of 14 members, seven of whom are designated by the participating employers and seven of whom are designated by Local 3. Training primarily covers the Operating Engineers apprenticeship program. There is also general training such as basic first aid, basic safety, social responsibility, and related topics that do not qualify for funding by ETP.

Mr. Guzman introduced Kris Morgan, Executive Director; Lisa Halsey-Gunther, Substance Abuse Monitor and Jan Borunda, Workforce & Economic Development Program Project Coordinator of the California Labor Federation.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Grutzius seconded approval of the Amendment for Operating Engineers JATC, reduced by 50 percent of the original amount requested, in the amount \$98,625.

Motion carried, 5 – 0.

Refrigerating Engineers and Technicians Association

Mr. Chan presented an Amendment for Refrigerating Engineers and Technicians Association (RETA), in the amount of \$142,800. RETA is an international society of individuals and companies involved in the design, operation, and service of industrial refrigeration systems.

Mr. Chan introduced Cori McCarthy, Executive Director and Beth Ingle, General Manager of BLI Company.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the Amendment for RETA, reduced by 50 percent of the original amount requested, in the amount \$71,400.

Motion carried, 5 – 0.

Goodwill Industries of Santa Cruz, Monterey, & San Luis Obispo, Inc. dba Shoreline Workforce Development Services

Mr. Chan presented an Amendment for Goodwill Industries of Santa Cruz, Monterey, & San Luis Obispo, Inc. dba Shoreline Workforce Development Services (Shoreline Goodwill), in the amount of \$167,670. Shoreline Goodwill provides employment and training services for adults. In addition, Shoreline Goodwill also provides workshops and work experience programs, job placement, vocational counseling and evaluation, and on-the-job training.

Mr. Chan introduced William Moore, Employment Services Manager and Sara Jamison, Employment Services Manager.

Mr. Broad said in the last project, per the ETP 130, the company over-enrolled to allow for trainees that did not meet placement eligibility. He asked about enrolling ex-offenders. Mr. Moore said for the over-enrollment they realized that there was going to be a large dropout rate and because they are a nonprofit company; it meets their mission and they are willing to eat the cost of that; and so they purposely over-enroll so they can meet their project goal.

Ms. Roberts asked if the last project included ex-offenders. Mr. Moore said no, the last project was a multiple-employer contract. Ms. Roberts asked if Santa Cruz County is considered a high unemployment area, due to the agricultural aspect of their business. Mr. Moore said yes, and if you consider the tri-county area, which includes Salinas, the city is currently experiencing a 21.7 percent unemployment rate. He said Watsonville has a 26 percent unemployment rate. He said for the individual counties of Santa Cruz and both Monterey, they are experiencing double digit unemployment. He said their only service area that is not experiencing high unemployment is in San Luis Obispo, at 80 percent.

Ms. Roberts asked if they recruit trainees from Soledad. Mr. Moore said they recruit individuals from all three counties.

ACTION: Mr. Rendon moved and Ms. Montoya seconded approval of the Amendment for Shoreline Goodwill, reduced by 50 percent of the original amount requested, in the amount \$83,835.

Motion carried, 5 – 0.

XI. PUBLIC COMMENT

There was no public comment.

XII. ADJOURNMENT

Mr. Rendon moved and Ms. Roberts seconded adjournment of the meeting at 2:39 p.m.