



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
Coastal Hearing Room, 2nd Floor
1001 "I" Street
Sacramento, CA 95814
September 25, 2009

PANEL MEMBERS

Barry Broad
Acting Chair

Greg Campbell
Member

Barton Florence
Member

Scott Gordon
Member

Eloisa Klementich
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 9:46 a.m.

II. ROLL CALL

Members Present

Barry Broad
Greg Campbell (arrived after initial roll call at 9:49 a.m.)
Barton Florence
Scott Gordon
Karnig Kazarian (arrived after initial roll call at 10:20 a.m.)
Janine Montoya
Edward Rendon
Janice Roberts

Executive Staff Present

Brian McMahon, Executive Director
Maureen Reilly, General Counsel

III. APPROVAL OF AGENDA

ACTION: Ms. Roberts moved and Mr. Rendon seconded the motion that the Panel approves the Agenda.

Motion carried, 6 – 0.

IV. APPROVAL OF MINUTES

ACTION: Ms. Roberts moved and Mr. Florence seconded the motion that the Panel approves the Minutes from the August 11 meeting.

Motion carried, 6 – 0.

V. CLOSED SESSION

Mr. Broad announced that the Panel Members will enter into a Closed Session and asked everyone to clear the meeting room. He said the public portion of the Panel Meeting will resume immediately following the conclusion of the closed session.

The public portion of the Panel meeting resumed at 10:19 a.m.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, said the first item relates to ETP funding of training at the New United Motor Manufacturing Inc. (NUMMI) plant in Fremont, California. He said as a context for the discussion, he wanted to briefly update the Panel with some background relevant to today's discussion. ETP began meeting with officials of California Manufacturers & Technology Association (CMTA), Alameda Economic Development Alliance, and NUMMI, in December of 2008 to define an approach that would allow the Panel to support efforts at NUMMI to avoid layoffs through a large scale cross-training initiative at the Fremont plant. As a result, at the February 27 2009, Panel meeting, the Panel approved an Amendment to the existing CMTA multiple-employer contract for \$3,050,000 million, to train 2,000 employees at NUMMI. He said training was for team members, team leaders, group leaders and engineers.

In seven prior agreements with ETP, NUMMI had contracted directly with ETP through our single-employer contract structure. For the current training however, NUMMI chose to participate in a CMTA multiple-employer contract. This approach allowed for the incorporation of training back to December 17, 2008 when NUMMI was approved by ETP as a participating employer in that multiple-employer agreement. According to NUMMI representatives, it was necessary to begin training in December 2008 due to a slow-down in production that was more severe than anticipated and caused the company to go off line for several days. In the development of the Amendment to the CMTA agreement for NUMMI training, CMTA and NUMMI provided the following reasons for justification of the training: the benefit to NUMMI as a company would be improved efficiency by eliminating unnecessary work processes and non-value added work, improved quality, and improved cost to ensure that the plant remains competitive. The benefit to the employees described in the application materials, would be improved ability to identify and resolve problems which lead to improvements in their jobs, acquisition of skills that will allow them to advance in their careers, and improved communication and teamwork skills.

The topics included in the curriculum were modules such as process improvement; effective communication; implementation of total quality control; vehicle assembly procedures; analyzing jobs for efficiency, cross-training, and manufacturing; and team problem solving. The assembly procedures training included specific topics like plastic molding, painting vehicle preparation, vehicle assembly, stamping component, body welding shell assembly, and quality control. These appear to be skills limited to the auto manufacturing setting, while the continuous improvement skills, such as problem solving and communication, would have more transferability and be more portable skills for the workers. He said staff conducted an

analysis of all the training hours that have been recorded for this project and it shows that of the hours entered into our database, 64% were continuous improvement training with the remaining training being manufacturing based skills.

NUMMI also provided additional information that provided the Panel with further rationale as to the statewide or regional impact of training. By providing training to their employees, they are able to protect jobs and support all of the other jobs that are impacted by NUMMI production. Providing training helps NUMMI to retain its employees and therefore, keep more working in California. Even if team members are no longer working at NUMMI they will be more valuable to any other company in California.

However, as the Panel is aware, on August 27, 2009, Toyota announced the decision to close the plant as of March 31, 2010. With that announcement, CMTA reports that no further training would be recorded for ETP reimbursement purposes and all trainees not in the 90-day retention period would be placed in that status. It is now expected that ETP will be billed approximately \$2 million for the training delivered. In fact, ETP received its first invoice from CMTA on Monday of this week requesting reimbursement of \$767,000.

ETP staff is now seeking direction from the Panel regarding the payment of the current and any future invoices from CMTA to reimburse training costs incurred by NUMMI. To assist the Panel in its consideration of this issue, Jack Stewart, President of the California Manufacturers Technology Association (CMTA) and a representative from NUMMI, Pamela Fong, Assistant General Manager of Human Resources is also present.

Mr. Broad said he would first like to ask questions of staff regarding NUMMI. He informed the Panel that this will not foreclose later asking questions of staff, as they need to get to the bottom of this situation, and will stay at it, as long as needed.

Mr. Broad asked, who was the staff that directly dealt with CMTA and NUMMI, and specifically, who was in the room. Mr. McMahon said there was a meeting at NUMMI that he attended along with David Guzman, Chief of Operations; and Creighton Chan, Manager of the Foster City Regional Office. Other meeting attendees were NUMMI and economic development officials from Alameda County and the City of Fremont, to discuss the larger issues associated with the need to initiate additional training to keep the facility as competitive as possible. Mr. Broad asked about the date of that meeting. Mr. McMahon said the meeting took place in December 2008. Mr. Broad asked, at any time during that meeting, was there any discussion of a potential plant closure? Mr. McMahon said, not that I recall. Mr. Broad said, NUMMI has numerous previous contracts with the Panel, is that correct? Mr. McMahon said NUMMI has had seven contracts with the Panel as a single-employer contractor, totaling approximately \$18.4 million in payout. Mr. Broad asked if that amount was over the lifetime of the partnership. Mr. McMahon said yes, that is correct. Mr. Broad asked if that would place NUMMI in the upper-five single-employers that ETP has supported. Mr. McMahon said it would place NUMMI among companies receiving a high share of ETP funds, but did not know whether it would be in the top five. Mr. Broad asked why there was suddenly the consideration of a multi-employer contract, when they had previously entered single-employer contracts, and if that was a decision that took some time to resolve. Mr.

McMahon said from our perspective, it was a decision that NUMMI made, based on the most appropriate structure to capture the training that was associated with the reduced production. Mr. Broad asked, was it capturing training that had already been given, but before they applied to the Panel? Mr. McMahon said they became a participating employer in the CMTA multiple-employer contract in mid December 2008, which technically allows them to recapture training beginning on that date. The CMTA multiple-employer contract did not have sufficient funds to deliver training at the amount and level that NUMMI was seeking, which was the basis for the Amendment to the agreement, to provide additional funding for NUMMI specific training. Mr. Broad said, so the apparent reason for choosing the multi-employer route was twofold: It would allow them to claim benefits for retroactive training, and it would not place NUMMI in a direct contractual relationship with the Panel; there would be an intermediary. Mr. McMahon said that is the effect of the approach taken. Mr. Broad asked if the effect of the approach taken was discussed with staff at any time. Mr. McMahon said from a staff standpoint, the goal was to keep NUMMI competitive, to keep it operating in the State, and staff wanted to assist the company of meeting the costs of training that were necessary to keep the facility competitive. Mr. Broad asked if there was discussion about doing it as a single-employer contract without retroactive payment vs. as a multi-employer contract with retroactive payment. Mr. McMahon said yes, there was that discussion. Mr. Broad asked who initially raised that issue, the Panel, NUMMI, CMTA? Mr. McMahon said to the best of his recollection, it was just an approach discussed with NUMMI, as staff evaluated different approaches to the structure of the training project. Mr. Broad asked if this is a common occurrence. He asked if employers come forward and say, I'm weighing whether to do a multi-employer contract or a single-employer contract, and what I really want to know is whether I can receive retroactive payment for my training. Mr. McMahon said, I would not say that is a common occurrence.

Mr. Broad asked if at any time after that meeting, if the question of a potential plant closure was discussed with the staff prior to the announcement on August 27 by Toyota, that its affiliated entity NUMMI, was going to shut down. Mr. McMahon said ETP was a participant in the State's Red Team that was specifically designed to keep NUMMI in operation and to avert the potential closure of the facility, so at that stage as a participant in that team, ETP was aware that there was a possibility of closure. Mr. Broad asked, what were the dates that happened? Mr. McMahon said it happened in early summer of 2009. Mr. Broad asked if it was around the June or July period. Mr. McMahon said yes, he would say so. Mr. Broad asked if training was still going on during that time. Mr. McMahon said yes, it was. Mr. Broad asked, if in the discussions of the Red Team, if officials from NUMMI, Toyota or General Motors (GM), were giving any indication that the closure decision had not been made yet. Mr. McMahon said, at least in the Red Team session that he attended that included legislative staffers and a number of other local and state agencies, there was no representative from NUMMI, Toyota or GM present. Mr. Broad said, so this was a one-sided discussion about the plant? Mr. McMahon said it was to discuss what the State might do to assemble a comprehensive approach to keeping NUMMI in operation. Mr. Broad said that he was trying to get a timeline. Was there a prior announcement before August 27 that officially came from NUMMI, Toyota or GM saying they were thinking about closing the plant? Was this rumor? What triggered the Red Team? Mr. McMahon said, at least from ETP's standpoint, staff basically knew what it read in the press accounts of the possibility of closure;

staff had no definite information. Mr. Broad said, so NUMMI did not approach the state government? Basically, the state government was responding to what it was reading in the paper, is that accurate? Mr. McMahon said, there could have been approaches or contact made with other agencies, but it did not occur with ETP. Mr. Broad asked if there was any discussion in that period; that he assumed training was still going on in that period? Mr. McMahon said, yes, that is correct. Mr. Broad asked if there was any discussion with NUMMI about whether it was appropriate to continue training. Mr. McMahon said there was a discussion with CMTA not to invoice ETP because of the possibility of closure, and invoices were held on that basis. Mr. Broad asked, did you ever inquire, or did anyone else on the staff inquire of when Toyota internally made the decision to close the plant? Did it happen on the evening of August 26 or did it happen some time earlier than that? Do we know when they actually reached a decision in Tokyo or Detroit or wherever decisions get made for NUMMI? Mr. McMahon said not at our level, no. Mr. Broad asked if anyone indicated how long the question of plant closure was under discussion internally within the company. Mr. McMahon said, not that ETP was privy to. Mr. Broad said, so we do not know whether they were actively contemplating closing the plant in December of last year or earlier? Mr. McMahon said no, we do not. Mr. Broad said, and that question has not been asked yet of NUMMI? He said, we can ask it today, but nobody on the staff has that information? Mr. McMahon said that is correct.

Mr. Broad asked Panel Members if they had any other questions for ETP staff. There were no further questions.

Mr. Broad moved to having the representatives of NUMMI and CMTA come forward. He said he wanted to begin with NUMMI testimony, if possible.

Jack Stewart, President of CMTA, said he could give more detail on some of the Red Team dates since he was also part of the Red Team.

Tony Fisher, Consultant, representing NUMMI, thanked the Panel for the opportunity to present testimony. He said he wanted to thank both ETP and CMTA for the efforts they made in helping to train NUMMI team members. He introduced Pamela Fong, who is the NUMMI Executive overseeing Human Resources for the company.

Pamela Fong, Assistant General Manager of Human Resources, thanked the Panel for the opportunity to present testimony. She said he wanted to begin, by clarifying that the media has not accurately stated who they are. She said we are NUMMI, which is an independent company making this request, and we have many stakeholders, not the least of which are the approximately 4,500 hourly and salary team members. As a company, we value our people. We have always done our best to help our team members, including providing training for them for their benefit and for the benefit of NUMMI. We really do see it as a partnership between our team members and the company. The skills that they have are not only valuable to us, but they are also valuable to other industries and employers. As our team members have to leave NUMMI, the training will help them transfer their skills into other industries and other jobs going forward. Some of those transferrable skills are the continuous improvement skills such as problem solving, effective communication, and dealing with

conflict. Manufacturing skills such as assembly procedures and job analysis for efficiency and business skills such as report writing, presentation, and project management skills and computer and literacy skills.

Ms. Fong said, as you know, it has been a very tough couple of years for NUMMI, and we really did hope to stay in business. She said they were fighting to remain in business and to continue to have great jobs in Fremont. She said at the end of 2008 and for most of 2009, they had over 500 idle workers that they kept in the plant through training, and used them for other activities aside from production, rather than laying them off. She said this was when much of the ETP sponsored training was conducted. She said they also asked team members to work share; working one day less per week in order to avoid layoffs. She said as a majority of team members voted in favor of work sharing, as they wanted to continue employment, rather than being laid off. She said it was public knowledge that they were struggling as a company. There was no doubt that public agencies like ETP were reaching out to them to help them save jobs and their business, and they are eternally grateful for that.

Ms. Fong said with respect to their knowledge about the eventual loss of jobs at the plant, here is what happened. She said GM really did surprise them in the latter part of June 2009, with the revelation that it would not carry its interest in NUMMI forward to the new GM. She said it was surprising to the leadership team at NUMMI, as well as every single team member. Later, GM dropped its orders from NUMMI, and by that time, most of the ETP sponsored training had already been conducted. From that point forward, Toyota undertook an analysis to determine what it should do.

Ms. Fong said there were troubling signs and indications between July and the end of August that Toyota's decision around NUMMI would not turn out to be favorable. However, Toyota's Board did not make a final decision until the end of August, and that was when they had to inform team members.

Ms. Fong said they are grateful for the decision not to close down immediately, and for the decision to allow NUMMI to receive orders through March 2010. She said this extension was intended to help their team members so that they could transition. She said since NUMMI has a 25-year history as a company, there are many family networks that work for NUMMI such as brothers, sisters, mothers, sons, daughters, brother-in-laws, fathers and uncles. She said there are entire family networks that work at their plant. She said the orders for them to be able to stay in production through March, was intended to help team members prepare for the transition that their families would have to face.

Ms. Fong said team members will be employed through March 2010, which is basically more than a year from when they started the training. Through the end of March, they will be using their skills in order to continue the production at NUMMI and then transfer on to other companies. She said as a leader of NUMMI, as I look at our fate, it does not matter whether you are part of the executive team or whether you are a production team member; our fate is all tied into this together. She said when I look at the situation and when we are down on our luck, it is easy to just lie down and accept this fate and give up the fight. She said as a leadership team, they owe it to their hard working team members, all of them, to do

everything possible, to help them transition. This includes coming to the Panel today, to ask for reimbursement of the \$2 million. Again, thank you for hearing me as a leader of NUMMI and I am hoping, along with Tony Fisher, to answer any questions.

Mr. Broad asked about the corporate structure of NUMMI. Ms. Fong said NUMMI is an independent company that is owned by two companies. Mr. Broad said, so it has a Board of Directors, right? Ms. Fong said, let me finish. 1) is the old GM, which is a corporation which is bankrupt and the other, of course, is Toyota. She said yes, we do have a NUMMI Board of Directors. Mr. Broad asked who sits on the Board of Directors. Ms. Fong said that the old GM (Motors Liquidation Corporation) has appointed directors and Toyota has appointed directors. Mr. Broad asked if NUMMI is a publicly-traded corporation. Ms. Fong said no, NUMMI is not a publicly-traded corporation. Mr. Broad said, so you are a privately held corporation with two shareholders, essentially; the bankrupt entity of GM and Toyota. Ms. Fong said that is correct. Mr. Broad asked, and is it those representatives, those Board Members, who make decisions about NUMMI? Ms. Fong said yes, that is correct. Mr. Broad said, so ultimately the decision to close this plant was not made by the executives of NUMMI; but rather that decision was made by executives at GM and Toyota? Ms. Fong said basically their customers, who happen to be GM and Toyota only, have decided not to order any more products from NUMMI as an entity. She said without anymore customers, they have nothing to produce. Mr. Broad said, so do you suppose your Board of Directors were privy to information about the intentions of the companies that employ them with regard to the NUMMI plant and its future, before the decision was made on August 27 or earlier? Ms. Fong said, what I believe, is that there was every intention for NUMMI to exist as a company until the framework of the marriage between GM and Toyota changed, and that is when GM decided to put NUMMI into their bankrupt company, that changed everything for them. Mr. Broad asked, so it would be your belief that prior to the decision of GM to effectively pull out of the joint venture, there was no discussion of closing that plant at all? Ms. Fong said we were working with our local union, our International Union, to go into the next bargaining contract. Mr. Broad said, so no one from Toyota Corporation or General Motor Corporation was discussing plant closure before June? Ms. Fong said, I cannot tell you what those discussions were, but I can tell you from the information that we had in the executive leadership; that is correct. She said they were very surprised when GM put them into the old GM. She said NUMMI made a very good quality product for GM and executive leadership did not know that GM would put NUMMI into the old GM. Once that decision was made, that put us into a whole different environment of what would be the fate of NUMMI. Mr. Broad asked if they considered at that point, suspending the training when they knew that it was inevitable that the factory would be closed. Ms. Fong said it was not inevitable, at that time. She said they did not know what their other parent company wanted to do, and that Toyota's decision was not made until the end of August, so they were still holding out hope. She said the executive team and team members were still holding out hope, as was the State of California. Mr. Broad asked if that decision was made by the Board of Directors of Toyota. Did they have a meeting in which they made that decision, on a specific day? Ms. Fong said, at the end of August, Toyota had a board meeting and finalized the decision that they would no longer order any more vehicles out of NUMMI. Mr. Broad said, when you say finalized, that meant that that implies that it was under discussion for quite some time, correct? Ms. Fong said, I do not know; all I know is that is when we were notified officially that the decision was

made. Mr. Broad asked who the current CEO of NUMMI is. Ms. Fong said Mr. Ogura is the CEO of NUMMI. Mr. Broad asked if Mr. Ogura has been employed by NUMMI for a long time. Ms. Fong said Mr. Ogura is a NUMMI employee and has been the CEO for approximately three years. Mr. Broad asked, if prior to those three years, if he was employed by Toyota. Ms. Fong said yes, that is correct. Mr. Broad asked if all of the NUMMI CEOs in its history were former Toyota executives who were appointed to run the plant. Ms. Fong said that is correct. Mr. Broad said, so tell me now why the press said something inaccurate. Ms. Fong said, because they are implying that Toyota made the decision for us to close. She said Toyota is our customer, and the decision that they made was to stop ordering from NUMMI. She said they are an independent corporation, so they are making it sound or implying that NUMMI is not an independent corporation. We are an independent corporation with NUMMI executives that make decisions about the day-to-day operations, and we have an independent Board that also makes the higher-level decisions about what happens at NUMMI. Mr. Broad asked, but if you can only sell your product to two customers, that does not make you very independent, does it? Ms. Fong said they have two products because their lines are designed only for those two products. Mr. Broad said that sounds like a distinction without a difference to him, but it seems that it was an asset of those two companies, and it was treated as an asset; it was not treated as an independent corporation. Otherwise, you would have been able to approach other manufacturers such as Subaru, Ford, or Mercedes. Ms. Fong said, but I think the question you have for NUMMI is whether we knew about a decision about our fate and came and asked the Panel to support funding for our training, and we did not. We came here and asked for support through training with the full belief that we were going to continue to exist as a company. Mr. Broad said, I understand that, but the fact of the matter is that significant decisions for your company were made in Tokyo and Detroit; not in Fremont, about its existence or non-existence. He stated, I do not know how other Panel members feel, but in my mind the question is, what was happening at Toyota and GM, and when those discussions were happening, and who was making decisions, and what was being discussed when. Mr. Broad said it is his opinion that it is not appropriate to suggest that because you were a quasi-separate entity, a fully-owned asset with a joint venture in which a Board was composed of people from the two parent companies, that that is not relevant; that a decision might have been made at a much earlier date, or it may have been under active consideration at a much earlier date. Mr. Broad said you were independent, but you were independently managed. He said you had independent operations control, but in all other major aspects you were controlled by these two companies. Ms. Fong said, let me ask you this - when the United States went into a recession, could you say how deep we would go and when we would come out of it? So when you look at what was going on with the auto industry, nobody knew - nobody could understand how long that would take and so all the way through the decision making process, we were hopeful that if we had an economic upturn, a true economic upturn, where the volume of the auto industry would return, we were all very hopeful that we could have a future. But the reality of the auto industry is that the whole market has come down in volume and there is excess capacity. Mr. Broad said for the Panel, as decision makers here, the entire economy is filled with people who are victims of the recession, companies that are struggling in the recession, companies dealing with less economic activity and less sales. To our knowledge, they are not asking us for training money and then closing the factory. Or if they are, they better be telling us that is a likely possibility because to me, I have a very hard

time believing that the taxpayers of this State are going to feel like they were treated fairly and not once again, ripped off by some corporation that simply wants to take the money and run; that is how it looks. It looks like take the money and run; it sort of looks like a kind of cousin of what went on with Wallstreet last year, and I think our State is in pretty rough shape. If we pay you, where is this money going to go? Ms. Fong said, as I had indicated earlier, if you pay us for training reimbursement, what we are trying to do right now, what our whole mission is, is to help transition our team members as fast as possible. We do have to go through effects bargaining with UAW which has not happened yet, but that will be part of what we need to work out with them. Our commitment as a management team is to do everything that we can possible, to help our team members. Mr. Broad asked what will happen to the NUMMI corporate structure after March 2010. Ms. Fong asked, after March? Mr. Broad said yes, the plant is shut down, and then what? Ms. Fong said, as I understand, we are done. Mr. Broad asked, are they are going to wind up the corporation? Ms. Fong said they are going to close the corporation. Mr. Broad said, well I think the terminology is wind up, it is going to cease to exist as a legal entity. So let's say we were to write you a check on March 31, 2010, who gets the money? Ms. Fong said, considering that we have a lot of expenditures to help our team members transition, who gets the money, I'd say the benefit goes to the team members themselves in their transition. Mr. Broad asked, so you are going to pay workers directly with this money? Ms. Fong said, we will have to go through effects bargaining on what packages, and I cannot say what they are; it is a negotiation; it is a bargain. Mr. Broad asked, so it absolutely cannot wind up as executive compensation, it cannot wind up in Tokyo or Detroit, it cannot wind up in the bankruptcy court? This money is going directly to pay employee's salaries; that is what you are telling me? Ms. Fong said, we have to try to exist as a company all the way through March 2010 through our production. As an independent company, we have to be able to financially do that. So can I tell you where every dollar is going to go? I can tell you the expenditures we plan to have, and that transition services for our team members, finding ways to produce all the way through March, which again, takes money just to operate through March. That is where this reimbursement will go.

Mr. Broad asked if all of the training was conducted by NUMMI employees, rather than outside contractors. Ms. Fong said she believed all training was conducted by certified, inside trainers. Mr. Broad asked, and it would be your testimony that all of the training actually occurred? Ms. Fong said, absolutely. Mr. Broad said okay, because I would like to inform you that we have a whistleblower who has indicated that not all the training did occur, and that workers were being asked to sign off on documents without training having occurred. Ms. Fong said, then I would say that would be fraudulent, because to my knowledge, we did conduct all the training and all the training was done.

Mr. Broad said that was all of the questions that he had. He asked if Ms. Fong could remain present at the meeting since the Panel may call on her again to testify, depending on Jack Stewart's testimony.

Ms. Montoya said, on the issue of where the money goes, you've actually already spent the money because you paid your employees as they were being trained; it is a reimbursement for that? Ms. Fong said that is correct. Mr. Broad said, I think it is a reimbursement for the

actual cost of training, so I guess it's paying literally the training costs. Mr. McMahon said that is correct. Ms. Montoya said, they get hourly pay for going through the training? They don't get paid for training? Maureen Reilly, General Counsel, said ETP training funds cannot be used to pay wages; they are only to reimburse for training delivered – the cost of training delivered.

Ms. Roberts said, just a comment, I do appreciate you coming here in front of the Panel. I know it is very painful and emotional for you. I have been through plant shutdowns myself, and I know what an emotional toll it takes. She said, one of the things you mentioned about the cost of the placement services and the transition of your team members. Now won't a lot of that money be absorbed by the Alameda County Workforce, and local workforce boards, to help you with that transition, and that is where a lot of those funds will be coming from? Ms. Fong said, we will try to reach out to any entity that can help us, but we will also need to help our team members just with counseling and again, many of our team members have worked for NUMMI and only for NUMMI, and have never had to put together a resume. She said there is much internal training that I think is needed even before we get there. Ms. Roberts said, and I know that there are monies that have been probably already been sourced and you probably already had that lined up going into this. I've been through shutdowns as well, and I know that I tried to get all of my ducks in a row. Ms. Fong said, we are trying to, but again, it is hard to close a plant the size of us, with this many workers. Ms. Roberts said again, as you source around and I am sure that the State and anyone will try and help you with that. Ms. Fong said, we do appreciate that.

Mr. Broad asked, your CEO, what is his name again? Ms. Fong said the CEO is Mr. Ogura. Mr. Broad asked if he would be available to testify to the Panel if he is needed at a future hearing. Mr. Fisher said we will have to take that question up at NUMMI. Mr. Broad said, I realize that you are the HR person. Ms. Fong said I am an executive at NUMMI. Mr. Broad said right, and I believe that there was a prior HR person who is no longer with the company? Ms. Fong said yes, correct. So how long have you been in your position? Ms. Fong said she has been an executive at NUMMI for over seven years. Mr. Broad said, but you took over the chief job? Ms. Fong said no, I have been in HR for the last two years. Mr. Broad said, so you have been the HR Director all this time? Ms. Fong said that is correct. Mr. Broad asked, so you have never had any personal conversations with the members of your Board of Directors regarding the future of NUMMI? Ms. Fong said no, she has not. Mr. Broad asked, and you have not talked to anyone personally in Toyota management in Tokyo or wherever they are. I don't know how the structure works for GM. Ms. Fong asked, are you saying I never talk to them? No, I do talk to them. Mr. Broad said, but did you talk to them about the potential of closing the factory? Ms. Fong said no, she did not. Mr. Broad asked, would that have been the CEO Mr. Ogura that did that? Would he have had those conversations? Ms. Fong said, I do not know. Mr. Broad said I mean, does he have conversations to your knowledge, with Toyota management in Tokyo or GM management in Detroit over the years? Ms. Fong said, he is on our Board of Directors, yes. Mr. Broad said okay, so if we wanted to know the old question of who knew what and when did they know it? He would have more personal knowledge than you would have or Mr. Fisher about that question because he would have personally had those conversations perhaps, with the CEO of Toyota Corporation or the CEO of GM, correct? Ms. Fong said she is part of the executive team. We meet on a

weekly basis and more informally whenever needed, and our President does share with the executive team to keep us informed of what is going on with our company and so, through everything that has been shared through him and other sources, every time I have gone, and I go very regularly, I go every week, there has been no discussion about that of prior knowledge. Mr. Broad said, I think it would be very helpful to have your CEO come before us and discuss this because it is a very relevant question and I am sure that we would be remiss if we did not try to dig right down to the bottom of what occurred here. I can tell you for one, if I had known that you were going to shut the plant, I would not have funded training for workers in how to build cars when nobody is going to be building cars in California anymore after the plant shuts down. Ms. Fong said, and I would tell you that if we knew that, we would have not spent the money to train the team members instead of laying them off. Mr. Broad said I understand that, but if someone in Tokyo or Detroit knew, and let that go forward, shame on them. And that is not in my view, a defense that they did not tell you. That is only a little transparent wall, but it is not a defense to having failed to tell us a very material fact. So I am not suggesting that anyone at NUMMI did anything untoward or mislead us, but the question remains in my mind, what the parent companies knew and when did they know it, and what were they discussing. Ultimately, any money that we pay is theirs to control. They can say send that \$1 million wherever the Board wants to send it. As far as I am concerned, it could be lavished on a party. There is nothing that guarantees what they do with these funds. But I am sure that the press will want to know where the money goes, so you can see our difficulty here. Ms. Fong said the decision was made by NUMMI executives to apply for the funds. We are an independent company; we make those decisions on our operations. Insofar as if you say you are going to reimburse us for the \$2 million, can GM and Toyota tell us, spend it on... no, they cannot. We make those decisions in NUMMI on how we spend it, and that is for our operations. Mr. Broad said, well if GM and Toyota tell their employees on the Board of Directors this is how we want it spent, I think that they can have it spent that way because they are the Board of Directors, and they run the company, it's their company. Ms. Fong said the money has already been spent and this is reimbursement.

Mr. Broad thanked Ms. Fong for her testimony and called Jack Stewart, President of CMTA to the podium.

Mr. Stewart said we have been through a lot here and from his perspective, from the time that the discussion on the contract started, every comment he has heard has been about the workforce and the team members, and how we keep as many team members on the job and receiving paychecks as possible. As far as the conversation about plant closure and when that was made, he thinks it was June 29 when GM made the decision to pull out and that is when the Red Team was assembled, early in July. We worked through July and August, and we actually submitted a proposal to Toyota and it went to Toyota. So I am assuming what the intention was, was to have Toyota take over and run the plant in Fremont as a Toyota facility, rather than continuing as a NUMMI facility, in as much as the proposal was made to Toyota. I never had that exact discussion but that is my assumption. We presented our proposal to Toyota, sent it to them on August 25, and two days later on August 27, the decision was made to close the plant. So I really believe that Toyota was waiting for that proposal to see what incentives would be offered to keep the plant in California. As you know, California over the last 40 years has closed eight other automobile assembly plants

because of the high cost of doing business in California. That is probably one of the reasons that, when Toyota had an opportunity to look at this as an independent plant, a stand-alone Toyota plant, it was very difficult for them to make the decision that they could competitively run a plant here in California. That is my opinion, nothing from Toyota. That is how I see it. I think when we went into this multiple-employer contract, I think it was partly the efficiency of the approval process that was important, because it could be approved much faster in a single-employer contract, and we have a deteriorating situation in both the U.S. economy and the automobile industry. At that time, we had the Federal Government pumping tens of billions of dollars into the American automotive companies. What we were trying to do was to keep the plant alive and to keep as many of the workers employed for as long as possible through this downturn. At one point someone said the reason we did not do the initial billing was because we were worried about plant closure. That was not the reason we did not do the initial billing. We did not do the initial billing until this week because we did not want to bill for workers who may have been laid off, so we wanted to make sure we were billing for workers that were still employed by NUMMI and that they were eligible for the retention period that was required. We did, at one time, amend this contract in April 2009, to extend the retention period from 90 days to 180 days because of the slow-down in the workforce, and some of the team members were not working full 40 hour weeks. We also amended it again in July 2009 after the decision at Toyota was made to extend the contract, because at one point, when the Cash for Clunkers program kicked in, production went up and the workers were not able to attend the training and were back on the line. He said there were amendments made even after the GM decision to pull out of the plant. He could not recall at any time, anyone asking whether or not putting a condition that the contract is dependent on NUMMI not closing down. That is something that we all feared would happen, but I do not believe any of us knew that would happen, and frankly I was cautiously optimistic through the entire process that there would be some way to pull this out. NUMMI has been a valued member for 25 years, so we have worked on all these cost issues in the Legislature year-after-year.

Mr. Broad asked, when you participated in the Red Team, was this a sort of one-sided conversation? Did Toyota indicate what it would take to keep them here? Mr. Stewart said no. Mr. Broad, so you guys were kind of negotiating with yourselves; you were throwing out numbers. Mr. Stewart said, in a sense, it was almost like we were saying NUMMI as an entity is gone, and what we are going to do now is try to figure out how we can persuade a new company to take over this plant. So it was almost like recruiting a new company in California; this is a distinction. Mr. Broad asked, and what does CMTA have into this separate from NUMMI? Mr. Stewart said we have been doing all the administrative work on it. We have staff that is on site at NUMMI as well as here in Sacramento doing the work. Mr. Broad asked if we were to pay the full amount, the full \$2 million, what would be the amount that CMTA would receive. Mr. Stewart said he believed it would be somewhere in the \$200,000 range.

Ms. Montoya said they are receiving 10% and we thought it was 5%. Mr. Broad said, well that question is whether it was 10% or 5% but that is the least of our problems at the moment. Anyway, as you know, I talked to you and talked to Mr. Fisher and asked NUMMI to withdraw this proposal. Was that given any active consideration to your knowledge? Mr.

Stewart said I believe that the company may have considered it, I mean you talked to them; I am sure they considered it. I cannot speak for NUMMI and what their decision making process was on that, but from my perspective they decided to go ahead and ask us to submit the invoice for payment. Mr. Broad asked if there is any reason why Toyota cannot pay this bill, this \$2 million bill for its company. Why don't they just write them a check? Our funding is very poor; why can't we use the \$2 million to fund other employers that are committed to stay in California? We have many requests for money, including requests that come through CMTA today, that we are cutting. In effect, we do not have a lot of money so we are cutting by 50% what we are giving to other companies, and we are asked to give this company that is leaving California \$2 million when there is at least a question in my mind. I am not suggesting that CMTA...I think you are sort of an innocent victim here. But I think that there was some knowledge or discussion about plant closure going on earlier than a day or two before the decision was made. I would not be surprised if that discussion was going on for quite a while. Mr. Stewart said, I think you are right; at one point GM pulled out of the partnership, and I think that is when the serious discussion started. I know the Governor got personally involved making phone calls and sending letters to Toyota trying to determine what would help influence their decision of whether or not they are going to continue to operate this plant. I do believe, and Toyota said, at the time that GM pulled out, they would have to evaluate the situation. I am talking second hand, I am not talking from first hand. So my belief is what happened was that Toyota spent the next six-to-seven weeks deciding whether or not that this could be a viable entity in the current condition of the global automotive market. Nobody wants to shut down a plant, and I believe in one respect, California was very fortunate to have had NUMMI here for 25 years providing billions of dollars in investment and salaries for workers in California. It had been an idle plant; it was really an experiment to see, my recollection is back in 1984, to create NUMMI to try to transfer some of the Japanese auto making skills to the American automobile workers. Mr. Broad said, which it did. Mr. Stewart said yes, which it did. Praise them for that. They did do a good job on that, and Toyota, and I believe everyone acted honorably in this, but GM was in such a dire condition that they just tumbled down-hill very quickly. When they pulled out, everything fell to Toyota to decide whether or not to operate as an independent plant. Mr. Broad asked, do you think it is really fair to suggest that the manufacturing skills that these employees were working on are in any way transferable to some other employer? Mr. Stewart said you know, I am sorry, you are talking out of my range of knowledge right now, not knowing exactly what skills were taught, but my understanding is that approximately two-thirds of the skills that were taught, are skills that are transferable to other employers. I cannot say that all these workers are going to have an easy time finding jobs; I feel for them. It is a tough world out there. In the industrial sector in California, we have lost the equivalent of eight to ten NUMMIs every year of this decade. This is not something that is unique to Toyota or unique to NUMMI; this is something that is happening all over California again, and again, and again. There were lots of reasons for it, but the fact is, we have lost in this State over the last eight years, over 30% of our industrial workforce. Just under 600,000 industrial workers today, that we have lost since the turn of the century, since January 2001.

Mr. Broad asked the Panel if there were any other questions. There were no other questions from the Panel. Mr. Broad thanked Mr. Stewart for his testimony.

Mr. Broad said, here is what my suggestion is to the Panel. Under the contract between ETP and CMTA, there is a provision that basically gives the Panel the authority to suspend payment if there are further issues to investigate. As I mentioned earlier, we have a whistleblower that has raised questions, and I am not saying that they are true, but a whistleblower has raised questions about whether training was actually delivered. I would certainly like to see the staff try to determine what the parent companies knew and when they knew it, because whether or not we were materially misled is relevant. It is relevant to whether our contract was breached by a third-party here, with NUMMI which having conveniently or coincidentally somewhat insulated itself legally in this situation. There are many open questions that we have asked today, that I do not believe we have received sufficient answers for. The question is whether there was a real breach of trust. This company has been lavishly supported by this Panel and by other governmental entities. It will be even lavishly supported during its period of transition to plant closure, I am sure. It is a question of where the ethical heart of the matter lies, and that is the overriding concern that I have at the moment. Can we in good conscience, authorize this payment? That is a legal issue, that is a policy issue, that is an issue of trust and good faith, all of which we have the right to weigh here. What I would like to do, unless there is objection, is invoke the provision in the contract, I believe it is Section 5 under Performance A to subparagraph C, to suspend payment pending a further investigation by our staff. For them to report back to us at a future meeting, likely in December or after, depending on information they can obtain; and we are certainly not going to be, by suspending this payment, placing NUMMI in any further danger of plant closure than it already is in. The decision has been made; the wages of the employees who have completed the training have already been paid. So we would only be reimbursing NUMMI for wages that they have already paid, that the employees have received. It is an additional amount of money. I believe the situation can wait until we get a report back on some of these issues, perhaps some recommendations to the Panel from staff. Is there any objection? Hearing none, that is the order.

I would also like to direct the staff, with the Panel's concurrence, to extend our regulation that deals with this kind of an issue from single-employer to multiple-employer contracts and to consider having in every contract; specific language regarding plant closure binding employers to remain in business for at least a defined period. I understand that is a requirement in other states that do our type of training, in those contracts it is common, obviously it should be in ours. Obviously, the lesson here is we do not want this to ever happen again.

I'd like to take public testimony on this matter if there is any, if there is any member of the public that wants to talk about the issue in general, vent about the issue in general, raise questions about it, please come forward at this time.

There is no public testimony on this matter. We will bring this matter to a conclusion and move on to our next item. Thank you. For those that are here for this issue, you may leave.

Returned to Executive Director Report (out-of-order)

Mr. McMahon thanked everyone for both their patience shown at the meeting this morning and over the months that it has taken to bring projects to the Panel.

Mr. McMahon said he wished he had better news relevant to ETP's overall funding. He said the budget situation now facing ETP, as Mr. Broad has indicated, is fairly dire. The State Budget Revision Legislation included an appropriation to the ETP program of \$56.1 million for the fiscal year 2009-10 that was based on the 2008 official estimate from the Employment Development Department. When EDD updated the Budget Revision as of September 2009 two weeks ago, that estimate of collections for 2009-10 of \$84.7 had dropped to \$67.1 million, creating a net loss to the program of \$17.6 million. The shortfall is largely the product of the overall economy and the continuing job loss in California that continues to move more employers into a negative unemployment insurance status, which eliminates their need to pay into our fund.

As a result, available funds for new training projects under ETP's regular program will be reduced by that \$17.6 million, leaving only \$6.8 million in funds for new training. That is prior to today's meeting. This will enable the Panel through its incremental funding process, to approve an estimated \$18.4 million in the entire fiscal year. Funding for proposals to be considered at today's meeting however, total \$21.2 million in total contract value, which exceeds the amount of funding available for the entire year. Projects that have already been through the development phase for the October meeting total another \$11 million in total contract value and combined with September, that is almost twice as much in demand as we have available for projects. In a presentation to follow shortly, Mike Rice, Chief of Administration, will present some difficult actions that staff is proposing to the Panel to allow ETP to fund as many projects in the most equitable way possible. Even with the funding restrictions outlined by Mr. Rice, funding from the Employment Training Fund will be fully encumbered after our October meeting, except for a small reserve of \$2.5 million in contract value for small businesses, those below \$75,000, which are being approved under our current Delegation Order, and \$1.4 million in contract value for critical proposals that will come to the Panel through the course of the year. I typically talk about legislation at this point, but considering the hour, I will point out there is a detailed memo on the status of bills that impact ETP directly or indirectly or involve workforce related issues in general.

Mr. McMahon said there is some good news based on new funding sources that we have been successful in bringing to ETP this year. He said while funds from the Employment Training Fund is grim this year, there are additional funding sources available to fund training that promotes the growth of California's green economy and that leads to the development of nursing skills and nonprofit healthcare organizations; a group of employers that ETP was unable to serve previously. The California Energy Commission has also entered into a partnership with ETP that will allow us to administer a Clean Energy Workforce Training Program that provides ETP with \$5 million in federal ARRA funding and through an additional partnership with the Energy Commission, we will also be bringing to the Panel, \$5 million from AB 118, a 2007 bill that allows ETP to participate in projects that lead to the development of alternative and renewable fuels and new vehicle technology. Under this program, ETP will fund training needed to assist the development of green vehicle technology and renewable fuels. This program is in the final stages of development now, and guidelines for this section of money related to the alternative fuels will not be presented to the Panel today. The \$3 million in ARRA augmentation to the State's formula allocation of WIA 15%

funds, will be the capitalization for our nursing program and those dollars will be targeted to non-profit healthcare facilities for nursing occupations only.

At the August 11 meeting of the Panel, Mr. Broad appointed a subcommittee chaired by Janice Roberts, along with Janine Montoya and Edward Rendon. The subcommittee was created to review and approve guidelines for these new programs that will provide to staff and potential applicants, a framework as to what an eligible project would look like, how projects should be structured, where we are adhering to the existing ETP program framework, and where we are introducing new areas of flexibility to those projects.

Mr. McMahon said areas that are the most significant, relative to those new programs will be part of Ms. Robert's comments. He asked Ms. Roberts to give an update on the subcommittee session held September 24, specifically geared toward discussing these guidelines.

Ms. Roberts thanked Mr. Rendon and Ms. Montoya as well as staff and the public that attended the September 24 subcommittee session. The approach we took around alternate funding sources. Just to give you an update on that. The general approach we are going to take is around the guidelines, we are going to adhere to the guidelines of the ETP's general program framework, but we also recognize these are new funding sources that are unrelated to the ETP's funds. Based on the budget act language Section 102146, the Panel has some flexibility in applying and establishing program requirements. Since the specific areas of program structure were also discussed at the August 11 Panel meeting, she will briefly point out some of the key points and guidelines discussed at yesterday's meeting with the Energy Commission, Clean Energy Workforce Training Funds.

One is the productive lab which would include on-the-job training would be allowed, retention requirements; so flexibility in meeting retention requirements particularly in the building trades, new-hire placement, adjustments, recognizing the increasing difficulty in placing unemployed individuals, turnover rate, some recognition of greater instability of the workplace and the needs of workforce goals of the Energy Commission. Those are some key highlights of the funding source around clean energy.

Ms. Roberts asked the Panel to move to approve the guidelines for the clean energy workforce training program.

ACTION: Mr. Broad moved and Ms. Montoya seconded to approve the guidelines for the clean energy workforce training program.

Motion carried, 7 – 0 (Greg Campbell absent for the vote).

Ms. Roberts said the next set of guidelines is for the non-profit nursing skills initiative and these guidelines almost entirely adhere to the ETP's existing medical skills training initiative. There are some minor modifications, however: 1) Limit the projects to \$500,000 per employer, 2) only nursing occupations permitted (LVN and RN) and 3) non-profit employers only.

Ms. Roberts asked for a motion to approve the guidelines of the non-profit nursing program.

ACTION: Mr. Broad moved and Mr. Florence seconded the approval of the non-profit nursing skills guidelines with the minor modifications as discussed.

Motion carried, 7 – 0 (Greg Campbell absent for vote)

Mr. McMahon said with the approval of the guidelines, they will be posted on the ETP website by the end of today under “What’s New”. This will also include instructions and timeline for applying for the funds. The first group of proposals from both the Energy Commission green workforce training funds as well as the nursing program will be expected to be before the Panel at the December 2009 meeting. Based on indications of interest relative to the non-profit nursing program, it is likely we will have a sufficient number of projects to fully encumber those funds by the December Panel meeting. I would certainly encourage any of you that would be considering submitting a proposal for that program to start developing the proposal and enter the application for that process as quickly as possible. I am also free to say today, that we are currently in discussions with the Labor & Workforce Development Agency and the Employment Development Department for the possible use for some additional 15% WIA discretionary funds. Those dollars would most likely be fairly narrow in terms of the focus and most likely not available for general incumbent worker training. As more information develops, we will discuss those funds at the next Panel meeting.

VII. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM/ACTION

ACTION: Ms. Roberts moved and Mr. Florence seconded the delegation of authority to the Executive Director in consultation with the Chair or Vice Chair, for all matters under consideration.

Motion carried, 7 – 0 (Greg absent for vote)

VIII. REQUEST MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

Mr. McMahon pointed out that typically projects below \$200,000, are those listed on Consent Calendar this month since there were such a large number of large projects, we were forced to move up the dollar amount of projects appearing under Consent Calendar, so you will see larger than typical projects on the Consent Calendar before you today.

Ms. Roberts said on approximately one-third of the Consent Calendar items, she had questions regarding the amount of performance. Much of the performance was anywhere from 16% to 38% that had triggered about one-third of the projects to me. I know that we approved a couple of them based on that they were going to actually put people in place to administer these projects and then they came through with another project that still did not succeed very well. Those are the ones I caution on, I don’t want to pull any from Consent Calendar, but I just wanted to make a note that performance was less than desirable in some of the projects. Mr. Broad asked if Ms. Roberts is sure she does not want some of the

projects pulled from Consent Calendar because if you are uncomfortable with that, that is fine. Ms. Roberts said only because I know they are going to be reduced by 50%, otherwise some of them would be less than \$50,000. Mr. Broad asked staff that after we run out of money they will have time on their hands to do work making sure all the proposals are being extra diligently handled by the trainers and companies.

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 through # 23.

AHMC, Inc. dba Alhambra Hospital Medical Center	\$123,372
ATK Space Systems Inc.	\$120,600
Career Development Institute, Inc.	\$90,425
Carlisle Tire & Wheel Company.....	\$75,000
Chicana Service Action Center, Inc.	\$111,210
Dole Fresh Vegetables, Inc.	\$125,190
General Mills Operations, LLC.....	\$117,990
Goodwill Industries of Southern California.....	\$116,172
Hayward Industries, Inc. dba Hayward Manufacturing Co., Inc.	\$79,200
Hi-Temp Insulation, Inc.	\$75,000
K-1 Packaging Group	\$95,069
Kern Community College District Foundation	\$100,167
Limoneira Company	\$136,368
Los Alamitos Medical Center	\$75,000
Micro Dental Laboratories	\$92,610
Monogram Aerospace Fasteners	\$146,880
National Oilwell Varco, L.P.	\$143,716
RBF Consulting	\$121,680
Riviera, Inc. dba The Enterprise U.....	\$125,745
Tait & Associates, Inc.	\$75,000
Techmer PM, LLC	\$93,960
U.S. Foodservice, Inc.	\$110,880
Vista Healthcare, LLC dba Vista Hospital of South Bay	\$122,625

ACTION: Mr. Rendon moved and Ms. Montoya seconded the approval of the Consent Calendar with a 50% reduction in the approved amount of the proposals as reflected above (this is an approximation, because the final adjustment may vary slightly). With the action taken later in the meeting to increase substantial contributions, National Oilwell Varco, L.P. would increase from 15% to 30% and Tait & Associates, Inc. would also increase from 15% to 30%.

Motion carried, 7 – 0 (Greg Campbell absent for vote).

IX. REPORT OF GENERAL COUNSEL

Maureen Reilly, General Counsel, said the first round of Delegation Order proposals, had been reviewed and approved by the Executive Director in consultation with the Chair. She said they are listed in the Panel Packet under the Delegation Order Tab, and the total dollar

amount for the Delegation Order proposals in August and September is reflected in the Revised Fund Status Report. She said the Delegation Order process seems to be working smoothly. The Delegation Orders are posted in advance, through the ETP website, and are also posted as part of the Panel Packet at the next regularly Panel meeting for informational purposes.

X. ADJUSTMENT TO APPROVED AMOUNT OF FUNDING FOR SEPTEMBER 2009/ACTION

Michael Rice, Chief of Administration, referred to the Memo passed out to the Panel before the start of the meeting entitled ETP 2009-10 Budget. As Brian McMahon described in his earlier comments, new projections of Employment Training Fund revenues in the current year show a \$17.6 million shortfall, leaving ETP with only \$6.8 million in available training funds for the remainder of the fiscal year. If the September and October proposals are approved at the requested amount, the ETF would be in deficit by \$4.5 million.

At the same time, a significant backlog of new applications for funding continues to accrue, representing more than 300 applications for an estimated \$80 million in funding beyond the October meeting. Staff has begun taking some administrative actions to address these funding and backlog issues including:

- 1) Stop accepting applications for funding for FY 2009-10, except for applications under the alternate funding sources;
- 2) Suspend online Registration, Orientation and Pre-Application processes effective immediately, except for alternative funding source applications;
- 3) Redirect anticipated savings from marketing contracts to project funding.
- 4) Continue the Delegation Order approval process for Small Business projects, based on existing applications;
- 5) Eliminate the Delegation Order (“fast track”) process for standard projects with funding \leq 75,000;
- 6) Whenever possible, refer Small Business and standard applicants to active Multiple-Employer Contracts already funded by ETP, or training opportunities funded under the federal Workforce Investment Act;
- 7) Review active contracts for poor performance that may warrant early disencumbrance;
- 8) Create a process for priority development in spring 2010 for applicants currently in the “pipeline” (to be funded in FY 2010-11);

- 9) Whenever possible, develop proposals for green technology training to be funded under the American Recovery and Reinvestment Act (ARRA) and AB 118.

Mr. Rice said despite these actions, Panel action is necessary to ensure that funding for projects approved at the September and October meetings does not exceed available ETF funds and that some regular program funds remain available beyond October.

It is recommended that the Panel take the following actions:

- 1) Reduce all projects by 50% (with a floor of \$75,000) as presented today and as will be presented in October.
- 2) Deny requests in September and October projects for exemptions to the project caps on Multiple-Employer and Single-Employer Contracts imposed by the Panel at its August 11 meeting.
- 3) Set aside \$1 million (\$2.5 million contract value) for Small Business proposals for the remainder of FY 2009-10.
- 4) Set aside \$500,000 (\$1.4 million contract value) for Critical Proposals for the remainder of FY 2009-10.
- 5) Apply a substantial contribution to amendments (Phase II funding) as of September 25, 2009.

By taking these actions, it is estimated the Panel will be able to encumber \$3.7 million at the meeting today, and \$1.9 million at the meeting in October. This will leave a reserve in the ETP of at least \$1.5 million (\$3.9 million contract value) for Small Businesses and Critical Proposals for the remainder of FY 2009-10.

In addition to these recommended actions, staff will work closely with stakeholders, including all pre-applicants and applicants in the "pipeline" to ensure as smooth a transition as possible to the adjustment in funding availability. This will include phone calls, emails and website postings.

Mr. Rice noted that actions #1 through #5 in the Budget Memo could be approved by a Panel motion.

Mr. Broad referred to the #5 recommendation and asked, if applying a contribution, can specify a maximum substantial contribution to both projects and amendments. Mr. Rice said yes. Mr. Broad said he would like the #5 recommendation to state: apply a maximum substantial contribution to projects and amendments.

Ms. Roberts asked if support costs for multiple-employer contracts will be reduced. Mr. McMahan said it is not something staff has discussed up to this point. Mr. Broad asked about

the Panel's authority to adjust support costs. Mr. McMahon said the Panel has the ability to adjust the support costs percentage. He said the percentage is there, under the assumption that multiple-employer contractors will incur costs to market, outreach, prepare materials, and identify appropriate participating employers for their agreement. Ms. Reilly said support costs are separately identified on the face of the analysis memoranda, the ETP 130, and each one has a specific dollar amount identified as part of the discussion of that proposal; the exact dollar amount is displayed. Mr. McMahon said that it is an add-on, to the per-trainee figure for total cost, so it is an additional cost to the program. Mr. Broad asked if that is something the Panel could consider on a proposal-by-proposal basis, and if that would require a motion. Ms. Reilly said yes, the Panel can consider support costs on a proposal-by-proposal basis. She said if the Panel would like staff to not include support costs for October, that would have to be a direction to staff, or the Panel could also allow the support costs to be calculated as normal and then look at them case-by-case in both September and October. Mr. McMahon said support costs would be an 8% add-on for MECs addressing incumbent worker training and 12% for those with new-hire training. Mr. Broad asked is this a regulation or is this a policy? Ms. Reilly said there is a regulation that allows the Panel to award the support costs.

Mr. Broad said, a motion would be in order, if the maker of the motion would like to make the support costs a percentage amount that the Panel could review on a case-by-case basis. Why don't we look at these five recommendations and discuss this next. Mr. Broad asked if maximum substantial contributions would go into effect beginning with the September proposals. Mr. Rice said maximum substantial contributions would be applied to both September and October proposals. Mr. Broad asked about applying the maximum substantial contributions beyond October. Mr. McMahon said the effect of doing that would be: proposals that were originally before the Panel at \$1 million were reduced by half to \$500,000 per the August 11 cap, and would again be reduced to \$250,000, based on the 50% reduction today. He said proposing an additional substantial contribution percentage above that which was already applied, would push those projects even below the \$250,000 level. Mr. Broad said, the question is, how dire is our situation and how much do we want to stretch our funds? He said a substantial contribution is substantial contribution. These are by definition, repeat contractors with us, or repeat employers. Mr. McMahon said, based on the numbers that we calculated today, we are at the default, which would be 15 and 30% for the application of a substantial contribution, and the numbers in the funding scenario that Mr. Rice went through, are based on the application of those percentages, the substantial contribution. Mr. Broad said he was inclined to go with the maximum contribution. He said he believes that the Panel should be allowed to spread funds, especially for first time contractors, and that this could allow the Panel to approve more projects than it could approve now. He said it is a matter for the Panel to discuss; and he asked for other Panel members' input.

Mr. Florence asked if Mr. Broad was referring to going back in time in applying a maximum contribution, or only going forward. Mr. Broad said he was referring to September and October projects. Mr. McMahon said the recommendation that Mr. Rice made to the Panel today would be actions that would impact the projects before the Panel today, as well as in October. He said in order to change the substantial contribution percentage; it would require a recalculation of the ultimate dollar amount of those projects. Mr. Broad said he understood.

Ms. Montoya asked, are we already reducing the amount of contracts by 50%? Mr. Broad said yes.

David Guzman, Chief of Operations, said the effect of that action for direct-employer contracts with substantial contributions is that many will get a hit of a 75% reduction.

Mr. Broad said yes, but they are typically repeat contractors, sometimes multiple repeat contractors. He said he understood and is not convinced to abandon that.

Ms. Montoya asked if the maximum substantial contribution would only apply to second or third contracts. Mr. Broad said that the Panel is considering that 30% apply to the first application and the 50% maximum apply to the second and subsequent applications.

Mr. McMahon said there is a range of 15% to 30% on the first application substantial contribution, and 15% to 50% on the second and third application of substantial contribution. He said what Chairman Broad is indicating today is that where we typically require a 30% substantial contribution on second and third contracts, the 30% would move up to 50%, therefore reducing projects by another 20%. Mr. Broad said the net effect would be that those employers will have much invested, and there will be very little tolerance for game playing with the training. He said the companies will really have to want it, and it must be completely necessary; because they are paying a substantial portion of it themselves. Mr. Broad said that is fully appropriate in with the current budget situation. He said it will not improve until the economy improves, because many employers are going into negative reserve in the unemployment system, and there are current discussions about a further extension of unemployment insurance benefits, which would probably keep the same employers in negative reserve, and add more still, the unemployment rate still going up. He said we have not bottomed out yet, we are far from a recovery, and the legislature is going to be back reviewing funds to take from departments whose funds have probably already been taken. He said ETP may be subject to further cuts in next year's budget or in this year's budget, if the Legislature has to come back again this fall. He said you cannot overestimate how bad the situation can get fiscally in California, and that at this point, it is about as dire as it could be. He said he is very concerned, since ETP funding is down to a very minimal amount. He said there are non-ETP funds that are coming in from other sources, but in terms of our regular funding source, it is not very good at the moment, so he is prepared to move forward with upping the substantial contribution.

Ms. Roberts said there are only a couple of proposals this month that are under substantial contribution, so we are not including many people. Mr. Broad said, but there may be others coming in, in the future. Ms. Montoya said by applying the maximum substantial contribution, it would free-up some funding, and the point is to spread the funding. She suggested the possibility of applying a substantial contribution to initial contracts in going forward. Mr. McMahon said after October, there will not be any further standard projects. He said if there are only a hand-full of projects where the augmentation to the substantial contribution occurs, it would likely free up less than \$1 million in total award capability, that from a staff level, he would suggest be used to support small business projects during the course of the year.

Mr. Broad said, let's go back to the question - do you want to pursue the issue? Ms. Roberts said she was just thinking, if everything is being cut we would look at all the costs, and she sees those support costs come through, but they are always the same amount. It always seems to be a percentage amount on every contract. Mr. McMahon said yes, that is correct, staff usually goes to the standard percentage. Mr. Broad asked if they have to prove they actually spent that amount, or do they just receive it? Mr. McMahon said it is built in to the per-trainee reimbursement. Mr. Broad said he was amenable to reducing it by whatever percent you believe is appropriate. Ms. Roberts said she wanted to look at that as well; that since we are looking at all employers, and we are looking at all substantial contributions, and as there are support costs related to MECs, perhaps we can reduce costs there as well. Ms. Roberts asked for the percentages for incumbent and new-hire support costs. Mr. McMahon said 8% for incumbent workers and 12% for new-hire for support costs. Ms. Roberts said, so there is some percentage there, that we can reduce by half. Mr. McMahon said ETP could say to MEC contractors, who would be subject to a possible reduction in support costs, that ETP will be working and contacting you to assist us in working through the pipeline of companies that have applied to ETP that we will not be able to fund this year, and that ETP will be referring projects to you, which theoretically will reduce your outreach and marketing costs. Mr. Broad asked Ms. Roberts if she wished to reduce the support costs now, by 50%. Ms. Roberts said no, she did not wish to reduce it at this time.

Mr. Broad asked for a motion to approve the five recommendations as amended, to include the maximum substantial contribution for projects and amendments.

ACTION: Ms. Roberts moved and Mr. Rendon seconded a motion to approve the five recommendations with the modification to amend the number 5 recommendation, to apply a maximum substantial contribution to projects (30% to first and 50% to second and subsequent) and amendments (Phase II funding) as of September 25, 2009.

Motion carried, 7 – 0 (Greg Campbell absent for vote)

Mr. Rendon asked to make a motion to reconsider the Consent Calendar.

ACTION: Mr. Rendon moved and Ms. Roberts seconded the reconsideration of the Consent Calendar.

Motion carried, 5 – 0 (Mr. Florence, Mr. Campbell, and Mr. Kazarian absent for the vote).

Mr. Broad said the Consent Calendar is being reconsidered, which is allowable in the same meeting. He said the Consent Calendar was approved prior to the Panel's decision to apply five recommendations to this month's projects. He asked for a motion to approve the Consent Calendar with the condition that the five items will be applied to those projects.

ACTION: Ms. Roberts moved and Mr. Gordon seconded approval of the Consent Calendar with the modification to apply the following five items: 1) reduce all projects by 40% (with a floor of \$75,000) as presented today and as will be presented in October; 2) deny requests in September and October projects for exemption to the project caps on Multiple-Employer and Single-Employer Contracts imposed by the Panel at its August 11 meeting; 3) Set-aside \$1 million (\$2.5 million contract value) for Small Business proposals for the remainder of FY 2009-10; 4) set aside \$500,000 (\$1.4 million contract value) for Critical Proposals for the remainder of FY 2009-10; 5) apply a maximum substantial contribution to projects and amendments (Phase II funding) as of September 25, 2009.

Motion carried, 5 – 0.

A maximum substantial contribution will be applied to Consent Calendar items National Oilwell Varco, L.P. from 15% to 30% and Tait & Associates, Inc. from 15% to 30%.

Mr. Broad said a question arose during the break about applying a substantial contribution in multi-employer contracts. He said the question was whether the substantial contribution would be applied to the contractor that is the training entity. He said the answer is no, the substantial contribution would be applied to the underlying contractor in those projects.

Mr. Broad asked if the public had any other questions about the substantial contribution policy. A.K. Thakore, President of Saisoft, asked where if we train from an employer that has a substantial contribution because it received ETP training in the past, then those percentages would apply specifically to those employees coming from those employers? Mr. Broad said that is correct. Ms. Roberts asked if the \$250,000 cap remains. Mr. Broad said correct, we are not changing anything else, just the percentage amount.

XI. REVIEW AND ACTION ON PROPOSALS

Single Employer Contractors

Prime Healthcare Services – San Dimas, LLC dba San Dimas Community Hospital

Mr. Aguilar presented a funding proposal for Prime Healthcare Services – San Dimas, LLC dba San Dimas Community Hospital (SDCH) in the amount of \$429,894. SDCH is a full service hospital with core services that include obstetrics; nursery; general surgery; diagnostic; critical care; emergency; rehabilitation; medical/surgical; respiratory; and nuclear medicine.

Mr. Aguilar introduced JoAnn Schultz, Director of Educational Services and Barry Menzel, Managing Director with Training Funding Source.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for SDCH in the 50% reduced amount of approximately \$214,947.

Motion carried, 5 – 0.

Senior Aerospace SSP, a Division of Senior Operations LLC (presented out-of-order)

Mr. Aguilar presented a funding proposal for Senior Aerospace SSP, a Division of Senior Operations LLC (Senior Aerospace SSP) in the amount of \$324,000. He said Senior Aerospace SSP designs and manufactures ducts and duct assemblies for military, commercial, and private airplane manufacturing companies and airplane component manufacturers.

Mr. Aguilar introduced Jeff Gerow, Human Resources Manager.

Mr. Broad asked how the company arrived at the name of Senior Aerospace. Mr. Gerow said it has evolved and is from a British corporation called Senior PLC.

Ms. Roberts asked about the curriculum – the lean curriculum, your Kaizen process, which usually is a 40-hour class, she stated I'm thinking that if you are going to train 300 employees in the 40-hour class, I do not know where you are going to get the 200 hours from, unless it falls into the process improvement scenario. Mr. Gerow said yes, it does go towards that, as well as the sustainment of the process improvement. Ms. Roberts asked if it was correct that you have 300 employees that are going to take 40 hours of training, that they will be taken off the floor to go through the Kaizen process, and that the rest of the training will all be done in another form. Mr. Gerow answered in the affirmative. Ms. Roberts said you mentioned you were going to cap it at 200 hours, and the amount of money is going to be reduced by 50%, so I am not too worried. There were no other questions.

ACTION: Mr. Gordon moved and Ms. Roberts seconded approval of the funding proposal for Senior Aerospace SSP in the 50% reduced amount of approximately \$162,000.

Motion carried, 5 – 0.

Vitas Healthcare Corporation of California (presented out-of-order)

Mr. Aguilar presented a funding proposal for Vitas Healthcare Corporation of California (Vitas) in the amount of \$499,680. Vitas is a hospice program that coordinates the services of some 9,000 professionals who care for the terminally ill through routine home care; continuous care; inpatient unit care; and respite care.

Mr. Aguilar introduced Belinda Hodge, Patient Care Administrator and Bruce Kessler, of Deloitte Touche.

Mr. Broad asked if they are a non-profit organization. Ms. Hodge said no, they are a for-profit organization. Mr. Aguilar said they began as a volunteer organization and now are a for-profit organization.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Vitas in the 50% reduced amount of approximately \$249,840.

Motion carried, 5 – 0.

Citrix Systems, Inc. (presented out-of-order)

Creighton Chan, Manager of the Foster City Regional Office, presented a funding proposal for Citrix Systems, Inc. (Citrix) in the amount of \$499,464. Citrix designs, develops, markets, and supports software applications in an IT market category called Application Delivery Infrastructure. Citrix specializes in remote access and virtualization software for application delivery over a network and the Internet.

Mr. Chan introduced Cheryl Tassa, West Region Training Manager and Michael Krajcer, of Deloitte Touche.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Citrix in the 50% reduced amount of approximately \$249,732.

Motion carried, 5 – 0.

Affiliated Computer Services, Inc. dba ACS Education Solutions, LLC

David Guzman, Chief of Operations, presented a funding proposal for Affiliated Computer Services, Inc. dba ACS Education Solutions, LLC (ACS) in the amount of \$360,000. He said ACS provides business process outsourcing (BPO) services to commercial and government clients nationwide. The clients are in various industry sectors – communications, healthcare, and transportation.

Mr. Guzman introduced Traci Hildebrand, General Manager and Debra Larkin, Director of Training.

Ms. Roberts asked Mr. Guzman if the prior agreement had passed the five-year trigger point. Mr. Guzman said yes, that is correct. Ms. Roberts said, but I know you wanted to show they had a 92% completion rate.

Ms. Roberts asked about student loans. She said she listens to many student loan issues now, and all appear to be government regulated; and if that is the case, how would that affect your business? Ms. Hildebrand said that is the reason they are growing, because of the Obama stimulus package that has reformatted the student loan industry right now. We are

getting more schools that are entering the direct loan program because the loan industry that is more privatized with guarantees from the government is going away. Ms. Roberts asked if they are government regulated. Ms. Hildebrand said yes they are, and they do all of the inbound and outbound calling, monitor the portfolio for, and service all calls for the direct student loan, so they are 100% federally funded. But we are a contractor that does that for the government. Ms. Roberts said, so your administration costs are not federally funded, but your loans are federally funded, correct? Ms. Hildebrand answered in the affirmative.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for ACS in the 50% reduced amount of approximately \$180,000.

Motion carried, 5 – 0.

AHMC Healthcare, Inc. dba Whittier Hospital Medical Center

Mr. Guzman presented a funding proposal for AHMC Healthcare, Inc. dba Whittier Hospital Medical Center (Whittier Hospital) in the amount of \$498,060. Whittier Hospital is a full service acute care facility with 178 licensed beds. Core services include obstetrics, general surgery, diagnostic services, critical care, cardiology, vascular, medical/surgical, emergency, rehabilitation, and pediatric sub-acute. The hospital also offers programs in bloodless medicine and surgery, diabetes care, senior services, and multicultural awareness.

Mr. Guzman introduced Phyllis Snyder, Chief Nursing Officer.

Ms. Roberts had a question on AHMC Healthcare: how are they affiliated with Whittier Hospital, because there is another contract in the Consent Calendar that also falls under AHMC? Are the funds going directly to AHMC or is it going to the Alhambra Hospital Medical Center or to the Whittier Hospital Medical Center? Ms. Snyder said Alhambra and Whittier are two separate entities, run by two separate corporations that have two separate governing bodies. Ms. Roberts asked who AHMC Healthcare is affiliated with. Ms. Snyder said it is the name that Alhambra started with, and some of the parent people are part of the second corporation, so the name is common, but the entities are entirely separate. Ms. Roberts asked if they have two separate governing bodies. Ms. Snyder said they have two separate governing boards and two separate corporate offices.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for Whittier Hospital in the 50% reduced amount of approximately \$249,030.

Motion carried, 5 – 0.

Avid Technology, Inc.

Mr. Guzman presented a funding proposal for Avid Technology, Inc. (Avid) in the amount of \$310,464. Avid provides audio, video, hardware, and software solutions for the multimedia and entertainment industry.

Mr. Guzman introduced Kathleen Hallam, Vice President of Global Product Operations.

There were no questions from the Panel.

ACTION: Ms. Montoya moved and Ms. Roberts seconded approval of the funding proposal for Avid in the 50% reduced amount of approximately \$155,232.

Motion carried, 5 – 0.

CHA Hollywood Medical Center, LP dba Hollywood Presbyterian Medical Center

Mr. Guzman presented a funding proposal for CHA Hollywood Medical Center, LP dba Hollywood Presbyterian Medical Center (HPMC) in the amount of \$391,127. HPMC offers comprehensive services from emergency care, orthopedic surgery and cancer care, to highly-specialized fetal surgery and cardiac care, and is one of the leading centers in obstetrics and fetal medicine in Southern California.

A maximum substantial contribution will be applied to this proposal and increase from 15% to 30%.

Mr. Guzman introduced Ginny Chaffee, Director of Education Services and Norma Braun, Vice President of Human Resources.

Ms. Roberts asked if they receive alternative funding sources other than ETP. Ms. Chaffee said no, they do not. Ms. Roberts asked if the SEIU Education Fund provides significant training opportunities, or do they provide you funds? Ms. Chaffee said no, they provide the training opportunities to our employees that are members of SEIU and we coordinate and collaborate with them but they do not give us any money.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for HPMC in the 50% reduced amount of approximately \$195,564.

Motion carried, 5 – 0.

FLIR Systems Inc. dba FLIR Commercial Vision Systems

Mr. Guzman presented a funding proposal for FLIR Systems Inc. dba FLIR Commercial Vision Systems (FLIR) in the amount of \$326,808. He said FLIR designs, develops and manufactures a wide array of infrared cameras and camera systems, as well as engaging in custom and standard chip design and development. The company has five primary business segments: security and surveillance; maritime; cores and components (including custom integrated circuits); aviation; and transportation. Customers and product applications include law enforcement; border surveillance; medical imaging; maritime situational awareness; fire fighting; unmanned airborne and ground vehicles; and automotive night vision.

Mr. Guzman introduced Victoria White, Organization & Employee Development of Commercial Vision Systems and Bill Terre, General Manager of Commercial Vision Systems.

Ms. Roberts asked if Ms. White is the organizational development point manager. Ms. White answered in the affirmative. Ms. Roberts asked if they have an LMS system to track information. Ms. White said they have an LMS system, use ABRA currently, and their contract analyst, Naomi Weingart, mentioned that they will be able to download from ABRA and upload to LMS. Ms. Roberts asked if she was familiar with the process. Ms. White said in their last proposal, she used the LMS system.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for FLIR in the 50% reduced amount of approximately \$163,404.

Motion carried, 5 – 0.

MillerCoors LLC

Mr. Guzman presented a funding proposal for MillerCoors LLC (MillerCoors) in the amount of \$499,275. MillerCoors is a producer of packaged beers and operates eight breweries across the U.S.

A maximum substantial contribution will be applied to this proposal and increase from 30% to 50%.

Mr. Guzman introduced Susan Gray, Human Resources Manager.

Mr. Broad said he recently read in the press, that if California raised its alcohol tax, that some brewing companies were threatening to close their factories. Lance Hastings, Government Affairs for MillerCoors, said none of those comments were made by our company. We do work within a legislative environment to protect our business interest which, in this case, is to oppose excise taxes on beer, but we have never made those comments. Mr. Broad said, so you would not mind, can we impose some kind of commitment here that these funds are only payable if you remain in Irwindale, CA for a period of time? Mr. McMahon said there is a provision to that effect typically in our single-employer contracts. Mr. Broad said yes, single-employer. How long do they have to remain here? Mr. McMahon said the provision is vague on the time. Mr. Hastings said they have a legacy of 170 years of existence and look forward to continuing business. Mr. Broad said if there is language in the contract, he is comfortable with it.

Ms. Roberts asked, are the 317 employees different than the employees just trained in the existing contract, or are they the same employees that you will be training in other subject matter. Ms. Gray said there are a mix of employees; some are existing employees that were included in the prior contract; however, the company has a new can line which is state-of-the-art, the filler they are getting is the first one in the United States, and therefore the training will be very different.

ACTION: Mr. Gordon moved and Ms. Roberts seconded approval of the funding proposal for MillerCoors in the 50% reduced amount of approximately \$249,638.

Motion carried, 5 – 0.

Perrin Bernard Supowitz, Inc. dba The Individual Group

Mr. Guzman presented a funding proposal for Perrin Bernard Supowitz, Inc. dba The Individual Group (The Individual Group) in the amount of \$398,670. The Individual Group is a paper, food, and janitorial supplies distributor. The company's large product index includes cups, plates, containers, trays, boxes, condiments, juices, bottled water, aerosols, cleaners, dispensers, and towels.

Mr. Guzman introduced Steve Supowitz, President and Zoyla Rice, Employee Relations and Training Manager.

Ms. Roberts asked if some of their products are made from sugar cane. Ms. Rice said yes, that is correct. Mr. Supowitz said there is a new line of sugar cane products that is coming out. They have a large line of sugar cane and bamboo plates. Ms. Roberts asked if the sugar cane raw material is from Hawaii. Mr. Supowitz said it comes from all over the country; some is made in Baltimore and Chicago and some of it comes from different countries. Ms. Roberts asked who will market your product. Mr. Supowitz said they have a sales department of 22 people. Ms. Roberts asked what brand it will be under. Mr. Supowitz said it will be under the Perrin label, which is their house label, as well as SOLO and other names. The Perrin label is named after his Father and is the house brand. Mr. Broad said, so Perrin Bernard Supowitz is your Father? Mr. Supowitz said that is correct.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for The Individual Group in the 50% reduced amount of approximately \$199,335.

Motion carried, 5 – 0.

Affymetrix, Inc.

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a funding proposal for Affymetrix, Inc. (Affymetrix) in the amount of \$342,054. She said the company offers a portfolio of products and services focused on the relationship of genes and human health. The company's technology has been used to help the scientific community investigate conditions such as infertility, HIV, Parkinson's disease, diabetes, malaria, cancer, and many others.

Ms. Hernandez introduced Annette Summers, Senior Director of Marketing Communications and Tracy Nguyen, Director, Talent Human Resources.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Affymetrix in the 50% reduced amount of approximately \$171,027.

Motion carried, 5 – 0.

Constellation Wines U.S., a Division of Constellation Brands, Inc., dba Mission Bell Winery

Ms. Hernandez presented a funding proposal for Constellation Wines U.S., a Division of Constellation Brands, Inc., dba Mission Bell Winery (Mission Bell) in the amount of \$385,956. Mission Bell produces and bottles Cooks Champagne, St. Regis sparkling, many Paul Masson & Cribari Wines, and a portion of the Night Harvest portfolio. Mission Bell also bottles wines from other Constellation wineries, including a diverse portfolio of wines through its other business units, and bottles premium labels such as Robert Mondavi, Ravenswood, and Simi.

Ms. Hernandez introduced James Gause, Vice President/General Manager of Mission Bell Winery.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Mission Bell in the 50% reduced amount of approximately \$192,978.

Motion carried, 5 – 0.

International Business Machines Corporation

Ms. Hernandez presented a funding proposal for International Business Machines Corporation (IBM) in the amount of \$499,950. IBM has become the world's largest information technology provider of hardware, software, and service products as well as a leader in e-business solutions.

A maximum substantial contribution will be applied to this proposal and increase from 30% to 50%.

Ms. Hernandez introduced Stephen Dodd, Project Executive of IBM Public Partnerships.

Mr. Broad announced that the quorum was lost with Scott Gordon departing the meeting (departed at 1:19 p.m.), and that there should be a quorum present shortly with the return of Karnig Kazarian.

Mr. Broad said due to the lack of a quorum, the Panel cannot vote on the project, but once another Panel member arrives and provides the quorum, proposals that require a vote will be voted on.

Ms. Roberts asked where IBM is located. Mr. Dodd said they are in San Jose. Ms. Roberts asked if that is where the training will take place. Mr. Dodd said training will take place at various locations within the state, and perhaps out-of-state. Some of the training will also be by CBT online training, virtual training.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for IBM in the 50% reduced amount of approximately \$249,975.

Motion carried, 5 – 0. (vote was re-visited with the arrival of Karnig Kazarian, establishing a quorum).

Flextronics International USA Inc.

Mr. Chan presented a funding proposal for Flextronics International USA Inc. (Flextronics) in the amount of \$499,290. The services provided by Flextronics lets customers collaborate, specify, and coordinate the building of custom-ordered products or parts. The company's services include design, engineering, manufacturing, shipping, and field supportive services for clients primarily from computer, automotive, and medical electronic product markets.

A maximum substantial contribution will be applied to this proposal and increase from 15% to 30%.

Mr. Chan introduced Anil Kumar, Senior Director of Quality & Business Excellence and Esther Zepeda, Training Administrator.

There were no questions from the Panel

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Flextronics in the 50% reduced amount of approximately \$249,645.

Motion carried, 5 – 0. (vote was re-visited with the arrival of Karnig Kazarian, establishing a quorum).

Fresh Express Inc.

Mr. Chan presented a funding proposal for Fresh Express Inc. (Fresh Express) in the amount of \$425,376. Fresh Express is a major lettuce buyer in the Salinas Valley. The company brings the lettuce - and a variety of other fresh vegetables and fruits from local farmers - to its plant where it is washed, cut, mixed, bagged, chilled, and shipped.

Mr. Chan introduced Nancy Belton, HR Business Partner and Steve Duscha, Duscha & Associates.

Ms. Roberts asked if the 844 employees are seasonal workers. Ms. Belton said no, they run their plant year round. She said they bring the lettuce to them rather than them going to the lettuce.

Karnig Kazarian arrived at 1:27 p.m. and a quorum was established.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Fresh Express in the 50% reduced amount of approximately \$212,688.

Motion carried, 5 – 0.

Mr. Broad introduced and welcomed the newest Panel member, Karnig Kazarian, who is the representative of the Business, Transportation & Housing Agency.

Mr. Broad asked for a motion to re-visit the two proposals that were not voted on earlier, due to the lack of a quorum. With the arrival of Karnig Kazarian, a quorum is now established, and Mr. Broad asked the Panel to entertain a motion to include both International Business Machines Corporation and Flextronics International USA Inc.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of both funding proposals, International Business Machines Corporation in the 50% reduced funding amount of \$249,975 and Flextronics International USA Inc. in the 50% reduced amount of approximately \$249,645.

Motion carried, 5 – 0.

Headway Technologies, Inc.

Mr. Chan presented a funding proposal for Headway Technologies, Inc. (Headway) in the amount of \$313,200. Headway is a manufacturer of magnetic recording heads for the information storage industry. The company designs, develops, and manufactures advanced magnetic recording heads to read and write information on various industrial and commercial products dependent upon high performance hard disk drive technology.

Mr. Chan introduced David Wagner, V.P. of Operations and Shawn Michael Burkevich, Employee Development Generalist.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Headway in the 50% reduced amount of approximately \$156,600.

Motion carried, 5 – 0.

Hitachi Data Systems Corporation

Mr. Chan presented a funding proposal for Hitachi Data Systems Corporation (HDS) in the amount of \$402,084. HDS designs and distributes high-end Redundant Array Independent Disks (RAID) storage devices and software. The company also sells network-attached storage servers, and its software portfolio encompasses backup and recovery, content archiving, replication, and storage resource management applications.

Mr. Chan noted a correction on Page 2 of 5 of the ETP 130 in the Panel Packet. Under the Training Plan Table, both Health Benefits boxes are marked; yes and no. The yes box should only be marked. This employer will share the cost for healthcare premiums: medical, dental and vision.

Mr. Chan introduced Terri Casady, HDS Academy Director and Jennifer Hecomovich, Project Manager of HDS Academy.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for HDS in the 50% reduced amount of approximately \$201,042.

Motion carried, 5 – 0.

Nuance Communications, Inc.

Mr. Chan presented a funding proposal for Nuance Communications, Inc. (Nuance) in the amount of \$324,000. Nuance is a publicly-held computer software company which develops speech recognition, text, and imaging technology. Nuance products include call directory assistance, make travel reservations, get account information, dictate patient records, tell a navigation system their destination, or digitally reproduce documents that can be shared and searched.

Mr. Chan introduced Beth Cunningham, HR Director of Mobility and Consumer Services and Jason Dunton of Dunton Consulting.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Kazarian seconded approval of the funding proposal for Nuance in the 50% reduced amount of approximately \$162,000.

Motion carried, 5 – 0.

C & D Zodiac, Inc.

Diana Torres, Manager of the San Diego Regional Office, presented a funding proposal for

C & D Zodiac, Inc. (C & D Zodiac) in the amount of \$493,920. C & D Zodiac designs and manufactures aircraft interiors such as seats, overhead bins, cabinets, galleys, lighting, stairways, doors, and other interior cabin components of commercial and private aircraft.

Ms. Torres introduced Rochelle Konyha, Director of Human Resources.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for C & D Zodiac in the 50% reduced amount of approximately \$246,960.

Motion carried, 5 – 0.

HD Supply Facilities Maintenance, Ltd.

Ms. Torres presented a funding proposal for HD Supply Facilities Maintenance, Ltd. (HDSFM) in the amount of \$378,780. HDSFM provides maintenance, repair, and operations (MRO) products to owners and managers of multifamily, hospitality, educational and commercial properties, healthcare providers, and municipal and government facilities.

Ms. Torres introduced Mara Strandlund, Vice President of Human Resources.

Ms. Roberts asked if the company is an online catalog operated business for Home Depot. Ms. Strandlund said no, they began as a family-owned business in 1974 in San Diego, then were acquired by Home Depot, then divested by Home Depot, and are part of a larger set of HD supply businesses. They are a catalog-based distribution business, with an external sales force, which services the apartment industry as well as the hotel and healthcare industries - think of us as the Home Depot for businesses. Ms. Roberts asked if they sell maintenance supplies. Ms. Strandlund said yes, they began with the name of Maintenance Warehouse and serviced primarily the apartment industry. We keep the apartments running, she said.

Mr. Broad asked if the original owners now own the company again. Ms. Strandlund said no, they are owned by three private equity firms.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for HDSFM in the 50% reduced amount of approximately \$189,390.

Motion carried, 5 – 0.

Hines Nurseries LLC

Ms. Torres presented a funding proposal for Hines Nurseries LLC (Hines) in the amount of \$438,750. Hines grows and sells a broad assortment of plant products and materials, from seedlings to fully developed flowers, plants and shrubs utilizing specialized manufacturing

processes including automated plug production, propagation houses, climate controlled greenhouses, specialized plug/liner production, and in-ground production methods.

Ms. Torres introduced Robert Sands, President & CEO.

Mr. Broad asked if they are a wholesale nursery. Mr. Sands said yes, they are.

Ms. Roberts said the company has only been in business less than a year and has hired 325 employees. She asked if those employees came from the existing company. Mr. Sands said yes, they did and that company had been in business for quite some time. Started out with family, sold it to several equity groups, went into bankruptcy approximately 2 years ago, and Black Diamond bought it out of bankruptcy. We are now back in business. Ms. Roberts said, so it is just a matter of moving the employees, you stayed in one location? Mr. Sands said yes, the same people, and most employees have 10 or 20 years invested in the company.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Hines in the 50% reduced amount of approximately \$219,375.

Motion carried, 5 – 0.

Integrated Healthcare Holdings, Inc. of California dba Western Medical Center – Santa Ana

Ms. Torres presented a funding proposal for Integrated Healthcare Holdings, Inc. of California dba Western Medical Center – Santa Ana (Western Medical) in the amount of \$498,960. Western Medical is a neurosurgical receiving center designated to take neurosurgical cases from 17 Orange County hospitals, is a stroke receiving center, and is one of six open heart surgical centers. Other services include a burn center, kidney transplantation, emergency and scheduled neurological care, cardiac surgical services, a paramedic base station and receiving center. Western Medical also maintains Intensive Care Units for adults and pediatrics and a Neonatal Intensive Care Unit.

Ms. Torres introduced Cherie Snyder, Director of Education/Staff Development and William Parker, President/CEO of National Training Systems Inc.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Kazarian seconded approval of the funding proposal for Western Medical in the 50% reduced amount of approximately \$249,480.

Motion carried, 5 – 0.

Jazz Semiconductor, Inc.

Ms. Torres presented a funding proposal for Jazz Semiconductor, Inc. (Jazz Semiconductor) in the amount of \$689,760. Jazz Semiconductor manufactures integrated semiconductor devices used to create chips, the integrated circuits that are present in everyday electronic devices. The company's products are used in power management chips including control for PC products, DVD motor controllers, DVD drivers, driver ICs, gate drivers, battery Class-D amplifiers, and many other applications.

Ms. Torres introduced Don Cerney, Vice President of Worldwide Quality Assurance & Reliability and Marcelo Espinosa Trevino, Environmental & Regulatory Compliance Manager.

Ms. Roberts said, as a critical proposal my question is the viability in California. She asked if there have been rumors to relocate out of California. Mr. Cerney said no, there have not. Ms. Roberts said from a critical proposal standpoint, what is the necessity for this type of business in that area, and what defines that? Mr. Cerney said there is major competition globally. They are being threatened by Asia with costs much lower than ours. Is there a potential for moving out of state? Yes, but I believe with the assistance of ETP funding we will beat the competition; we will find a way to lower costs and meet the competition. Ms. Roberts asked how long has the company been in this location, as the proposal paperwork says that you were acquired by Tower Semi Conductor in 2008 under a different name. Are you the same people working there, at the same location? Mr. Cerney said he has been with the company for 30 years, and the company has been there for more than 40 years.

ACTION: Mr. Rendon moved and Mr. Kazarian seconded approval of the funding proposal for Jazz Semiconductor in the 50% reduced amount of approximately \$344,880.

Motion carried, 5 – 0.

Multiple Employer Contractors

California Manufacturers & Technology Association

Mr. Aguilar presented a funding proposal for California Manufacturers & Technology Association (CMTA) in the amount of \$749,628. CMTA is a trade association representing manufacturers as well as some service businesses in the state. In addition to promoting California businesses, CMTA provides training and other services to member companies.

A maximum substantial contribution will be applied to this proposal and increase from 15% to 30%.

Mr. Aguilar introduced Robert Sanger, Manager of Training Services.

ACTION Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for CMTA in the 50% reduced amount of approximately \$374,814.

Motion carried, 5 – 0.

Los Angeles Pacific College

Mr. Aguilar presented a funding proposal for Los Angeles Pacific College (LAPC) in the amount of \$336,280. LAPC is a private school offering degree programs and vocational training.

Mr. Aguilar presented Mary Yoon, Student Services Coordinator.

There were no questions from the Panel.

ACTION Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for LAPC in the 50% reduced amount of approximately \$168,140.

Motion carried, 5 – 0.

Southern California Roofers & Waterproofers Joint Apprenticeship & Training Committee

Mr. Aguilar presented a funding proposal for Southern California Roofers & Waterproofers Joint Apprenticeship & Training Committee (Roofers JATC) in the amount of \$403,000. Roofers JATC is a joint labor-management committee representing the roofing and waterproofing industry throughout Southern California. Roofers JATC provides training for apprentices and journeymen in the roofing and waterproofing industry.

Mr. Aguilar presented Lupe Corral, Apprentice Coordinator.

Ms. Roberts asked how many employees will be involved the green business operation initiatives. Mr. Corral said presently there are four active employees, and there are 34 contractors interested in green technology. Ms. Roberts said that is something that we are thinking about in alternative funding, and maybe there is a way we can add some money back in, based on the green initiatives. Mr. Corral said that would be great.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Roofers JATC in the 50% reduced amount of approximately \$201,500.

Motion carried, 5 – 0.

Carpenters Training Committee for Northern California

Ms. Hernandez presented a funding proposal for Carpenters Training Committee for Northern California (CTCNC) in the amount of \$689,400. CTCNC is governed by a joint labor and management board, structured as a “collective bargaining based” organization. CTCNC provides pre-apprenticeship, apprenticeship, journey level, and related training services for union carpenters and union contractors in affiliation with 46 Northern California Counties JATC.

Ms. Hernandez presented Paula Resa, Pre-Apprenticeship Program Manager.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Kazarian seconded approval of the funding proposal for CTCNC in the 50% reduced amount of approximately \$344,700.

Motion carried, 5 – 0.

Technology Association of America, Inc. dba TechAmerica

Mr. Chan presented a funding proposal for Technology Association of America, Inc. dba TechAmerica (TechAmerica) in the amount of \$748,790. TechAmerica is a nationwide trade association that represents all segments of the technology industry including small, medium, and large member companies. TechAmerica provides its members with advocacy at the state, federal, and international levels. It also provides access to capital and business opportunities; and offers select business services, educational, and networking programs.

Mr. Chan introduced David Thomas, Senior Vice President and A.K. Thakore, President of Saisoft.

Mr. Broad asked if American Electronics Association (AEA) still operates as the trade association. Mr. Thomas said they operate under a new name, TechAmerica. Mr. Broad asked why AEA is not called AEA anymore. Mr. Thomas said American Electronics Association merged with the Information Technology Association of America and the new combined entity has taken on the name of Technology Association of America, and we go by TechAmerica. He said that combination doubled their membership.

Ms. Roberts asked if TechAmerica uses Citrix materials or if they train Citrix employees. Mr. Thomas said Citrix is a member company of TechAmerica, one of 1,500, and they represent and provide training for Citrix. Ms. Roberts noted that Citrix is receiving a single-employer contract.

Mr. Broad asked if Citrix is receiving training simultaneously. Mr. Thomas said no, Citrix is a potential company which could use TechAmerica training, just like any of their other members. Mr. Broad asked, so Citrix might not receive any training via TechAmerica? Mr. Thomas said they might not, that is correct. He said most of the companies that use TechAmerica training are the smaller technology companies that are venture funded and high growth.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for TechAmerica in the 50% reduced amount of approximately \$374,395.

Motion carried, 5 – 0.

San Francisco Electrical Joint Apprenticeship and Training Committee

Mr. Chan presented a funding proposal for San Francisco Electrical Joint Apprenticeship and Training Committee (SF Electrical JATC) in the amount of \$368,900. SF Electrical JATC provides industry skills training in order to secure high-quality job opportunities for its members and meet employer demand for skilled workers. The SF Electrical JATC is governed by a Board of Trustees comprised of four labor and four management representatives, and is a joint effort of the International Brotherhood of Electrical Workers (IBEW) Local 6 and the National electrical Contractors Association (NECA).

Mr. Chan introduced Stephen Powers, Training Director and Jan Borunda representing the California Labor Federation.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for SF Electrical JATC in the 50% reduced amount of approximately \$184,450.

Motion carried, 5 – 0.

Chaffey Community College District

Ms. Torres presented a funding proposal for Chaffey Community College District (Chaffey) in the amount of \$695,070. Chaffey is a two-year public community college accredited by the Western Association of Schools and Colleges. Chaffey is a member of the American Association of Community Colleges, the Community College League of California, the Service members Opportunity Colleges, and is approved by the Office of Private Post-Secondary Education for Veterans Benefits.

A maximum substantial contribution will be applied to this proposal and increase from 30% to 50%.

Ms. Torres introduced Kathleen Dutton, Director of Economic Development/Community Education.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the funding proposal for Chaffey in the 50% reduced amount of approximately \$347,535.

Motion carried, 5 – 0.

Comprehensive Training Systems, Incorporated

Ms. Torres presented a funding proposal for Comprehensive Training Systems, Incorporated (CTS) in the amount of \$459,156. CTS is a non-profit, community-based organization that

provides comprehensive employment training to unemployed, under-employed, and “hard to serve” populations that include CalWORKS, limited English speakers, ex-offenders, and high school drop-outs.

Ms. Torres introduced Linda Blair-Forth, President.

Ms. Roberts asked if any ex-offenders will be trained under the new proposal. Ms. Blair-Forth said no, they are not. Ms. Roberts asked for information about the existing contract. Ms. Blair-Forth said to date, they have placed 25 and are waiting for the retention, and there are still some pending. Ms. Roberts said this new grant would be for new employees sourced from EDD for manufacturing and commercial skill jobs? Ms. Blair-Forth said correct, and it would also include healthcare jobs. Ms. Roberts asked if they were previously employed and now unemployed due to the economy. Ms. Blair-Forth said correct, some are long-term unemployed. Ms. Roberts asked about ITRAIN, she said we fund ITRAIN as well, and asked what is the ITRAIN scenario with your company. Ms. Blair-Forth said right before BPPVE had been sunsetted, we were visited by this team, and we were accredited through them for years through 2010. When we submitted the application we heard of ITRAIN because there was a lapse, and CTS is in the process of putting the application together and should have it submitted in a week or two to ITRAIN. Mr. McMahon said ITRAIN is a certification process for training agencies.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for CTS in the 50% reduced amount of approximately \$229,578.

Motion carried, 5 – 0.

Greater Santa Ana Business Alliance

Ms. Torres presented a funding proposal for Greater Santa Ana Business Alliance (GSABA) in the amount of \$995,980. GSABA, formerly called the Santa Ana Chamber of Commerce, has worked to bring a high level of economic prosperity to area business owners, workers, and residents through its business programs in Orange County. GSABA works with and relies upon its councils, committees and task forces to implement its strategic initiatives.

Ms. Torres introduced Marty Peterson, Chief Financial Officer and A.K. Thakore, President of Saisoft.

Ms. Roberts noted that the company still has some funding left over from the active project, and asked if they are going to complete 100%. Mr. Peterson said yes, they have some employees in retention, and they are not going to submit the last billing until they complete retention. He said they have trained enough employees to use all of the funds. Ms. Roberts congratulated the company on their 100% completion in their last two contracts.

The quorum was lost, as Ms. Montoya departed the meeting momentarily, and regained by Ms. Montoya’s return.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for GSABA in the 50% reduced amount of approximately \$375,000.

Motion carried, 5 – 0.

Amendments

Mr. Broad said he is going to open the roll on the last three projects, Tab #56, #57 and #58, so that Panel member Janine Montoya can vote before she leaves, and then the Panel will hear the rest of the project presentations and the remainder of Panel members will vote. So do I hear a motion to approve the three projects?

Mr. Broad opened the roll for Janine Montoya and asked her for her vote for the three projects. She voted aye for all three proposals before departing the meeting.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the three remaining funding proposals that require votes, and they were approved.

Motion carried, 5 – 0.

Lockheed Martin Space Systems Company

Mr. Chan presented an Amendment for Lockheed Martin Space Systems Company (Lockheed Martin) in the amount of \$424,705. Lockheed Martin designs and manufactures launch vehicles and systems, spacecraft for telecommunications, remote sensing and space science, as well as missile systems for defensive and strategic missions.

A maximum substantial contribution will be applied to this Amendment and increase from 15% to 30%.

Mr. Chan introduced Bob Ottley, Senior Manager of Technical Workforce Development.

Ms. Roberts asked if Mr. Ottley understands the training needs to be completed within the next 10 months. Mr. Ottley answered in the affirmative.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Amendment for Lockheed Martin in the 50% reduced amount of approximately \$212,353.

Motion carried, 5 – 0.

Regional Technical Training Center

Mr. Chan presented an Amendment for Regional Technical Training Center (RTTC) in the amount of \$232,350. RTTC is a private, post-secondary and vocational school that specializes in developing and providing customized training programs for California employers. RTTC works with industry, education, government, and the community to provide

skills training and job placements in industries including: environmental engineering technician (green jobs), biotechnology, field service technician, allied health (pharmacy techs, medical insurance coder) customer service, law office technology, and hazardous materials.

Mr. Chan introduced Bernard Ashcraft, Chief Executive Officer.

There were no questions from the Panel.

Mr. Broad said the roll call is open now, are there any questions from the Panel? There were no questions from the Panel.

We will take the vote of the members who have not voted yet. All in favor? Opposed? The motion carries which covers the last three projects.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Amendment for RTTC in the 50% reduced amount of approximately \$116,175.

Motion carried, 5 – 0.

XII. PUBLIC COMMENTS

Mary Rose, Senior Accountant of RINA Accountancy Corporation, said she brought a letter she would like to read to the Panel, and then make her statement. She submitted a copy of her letter for the record, and copies of the letter were also passed out to the Panel.

Ms. Rose said RINA was established in Oakland in 1946. She said this small business submitted its full application (#10-13) on July 16, 2009, fully expecting to be included on the August Consent Calendar, for a proposal in the amount of \$49,000. She said she contacted ETP staff last week and was told their application had been put on hold and not processed. She said they were relying in good faith on the website, and the very professional and competent ETP staff, to create a new training program to address the need for increased computer program technology, general business skills, and client management to assist our small business clients. She said some of their clients are the California Emerging Technology Fund, which brings Broadband to all communities in California; and AgriWise, which provides cutting-edge technology to California farmers. She said their company is similar to a doctor for their community, and they help businesses grow and stay healthy. She said they are a foundation for businesses in California. Ms. Rose said California needs its Certified Public Accountants (CPAs), especially in their firm, in order to continue to improve small business health and keep them on the cutting-edge of technology so California can continue its position of commercial leadership.

Ms. Rose said she respectfully requests that their application for funding be removed from the on-hold status in order for it to make the October Consent Calendar deadline. She thanked the Panel and said again, their application number was #10-13.

Mr. McMahon asked for the company's total employee count. Ms. Rose said their company has approximately 60 employees. Mr. McMahon said therefore, you would be considered a small business and could be heard under our delegation process. Ms. Rose said she was unaware of the delegation process; all she knew was the last they had heard on July 16 which was their application had no problems. She said she contacted ETP staff last week to inquire about the next step, and she was told their application was on hold. Mr. McMahon said, as you may have heard today, some funds were reserved for small businesses through the delegation process, and your company would be eligible to be approved through that delegation process. Ms. Rose asked who she should contact for the delegation process. Ms. Reilly asked if they are with a regional office now in the application stage, or if they are at the pre-application stage. Ms. Rose said they submitted a full application, but believe they put the application on hold and were not given any further information. Ms. Reilly said staff will talk to the regional office, and as Mr. McMahon said, the small business projects can continue under the delegation order, but it is not tied into the October Panel meeting date, and we will look into this for you. Ms. Rose said thank you, I will be writing to you. Mr. Broad thanked Ms. Rose for bringing this matter to the Panel's attention and said ETP staff will contact you in order to give you instructions on the delegation process.

XIII. MEETING ADJOURNMENT

The meeting was adjourned at 2:33 p.m.