



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**
California Environmental Protection Agency
1001 I Street
Coastal Hearing Room, 2nd Floor
Sacramento, CA 95814
August 26, 2016

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Will Koch
Ex-Officio Member

Gretchen Newsom
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:32 a.m.

II. ROLL CALL

Present

Barry Broad
Sonia Fernandez
Will Koch
Gretchen Newsom
Edward Rendon
Janice Roberts
Sam Rodriguez

Absent

Gloria Bell

Executive Staff Present

Stewart Knox, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

ACTION: Mr. Rodriguez moved and Ms. Newsom seconded the motion that the Panel approve the Agenda.

Motion carried, 7 - 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Mr. Rendon seconded the motion that the Panel approve the Minutes from the July 22, 2016 meeting.

Motion carried, 7 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said, welcome and good morning Panel members, applicants, and stakeholders. Following the Panel meeting in July, we have a larger Panel meeting today with approximately \$10.6M in projects with another \$954,000 in Delegation Orders for a total of just under \$11.6M.

Today we have a mix of Single Employers and Multiple Employer Projects. Diana Torres, San Diego Regional Office Manager, and Willie Atkinson, Sacramento Regional Office Manager, are here today to present the Proposals.

Regarding the Budget for Alternative Fuels and Vehicle Technology Program, we signed another \$2M Interagency Agreement in partnership with the California Energy Commission going into the next Fiscal Year 2016/17. We currently have \$2M within that allocation for Fiscal Year (FY) 2016/17.

In regards to Core Funds for FY 2016/17, today the Panel will consider \$10.6M in projects with an additional \$954,000 approved by Delegation Order. Should the Panel approve all the projects today, ETP will have approximately \$64M for the remainder of the FY 2016/17.

Under Delegation Order, all project proposals are capped at \$100,000 to be approved by the Executive Director on a continuous flow basis, and as of today, 20 projects were approved totaling over \$954,000.

For FY 2016/17 program funding to date, we have approximately 373 projects submitted, with a value of just over \$55M. If all the projects are approved today, the Panel will have approved close to \$27M in proposals. Financially we are in great shape. We have about \$54M in demand and \$64M remaining in allocations.

Regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$36M; \$28M in allocation. Multiple Employer Contract (MEC) requests are at \$8.4M; \$16M in allocations. Small Business has \$3.6M in demand; \$4.9M in allocations. Critical Proposals are at \$500,000 in demand; \$6.9M in allocations. Apprenticeships are at \$4.8M in demand; \$8.7M in allocations. Overall demand is approximately \$55M.

Regarding the number of projects remaining in the Regional Offices: Single Employers 134, MECs 19, Small Business 117, Critical Proposals 1, and Apprenticeships 19 for a total of 290. AAU by category: Single Employers 38, MECs 13, Small Business 28, Critical Proposals 0, and Apprenticeships 5 for a total of 84.

Regarding legislation, the Panel members have that in their Panel packet. I don't have a whole lot more to review on that, and there's nothing else to report at this time

Mr. Broad said there's one technical item that I would like to bring up. This is regarding AB 1697 Alternative and Renewable Fuel and Vehicle Technology Program. Where it says: *"Senate amendments are finalized and the bill has been sent to the Assembly Subcommittee*

on Enrollment for engrossing and enrolling the bill,” that’s not a committee. That’s what happens to a bill after it has passed, and before it goes to the Governor. The bill goes into this little middle space where they correct the typo, which is “engrossing”; that’s just what it means. It has already passed. Mr. Knox said, okay.

Mr. Knox said, I will give you a quick update on the ETMS. We are still working out some of the critical issues that the system has. We have listened to the stakeholders and are looking at some options. We also want to get the training out as soon as possible, so we are looking to start the training in mid-September. Those trainings will probably start on Tuesday, and we will post the available training dates on our website. So beginning mid or late September, the Panel may view what the system looks like, and we will have training available on-line and in print.

We are looking at a soft launch date in mid-October. We won’t stop the processing of the projects through our old system; current and updated system will still be operational. Any new projects that will come forward will go into the new and old system, and all applications will be entered in the new system.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Knox asked for a motion to adopt Consent Calendar Items #1 through #12.

Ms. Newsom said, I would like to pull Item #9, Pyramid Berkeley Management L.P. dba Double Tree by Hilton, from the Consent Calendar for consideration the following month. I have some questions for the applicant. Mr. Broad said, we’ll push that one over for the next Panel meeting in September. Ms. Newsom said, thank you.

ADT LLC.....	\$169,560
Engeo Incorporated.....	\$168,304
Erickson Framing CA LLC.....	\$173,832
National Veterans Transition Services, Inc.....	\$164,604
Northern California Workshop Ironworkers Local 790 Apprenticeship and Training Trust Fund.....	\$50,720
Northrup Grumman Technical Services, Inc.....	\$144,680
Onestop Internet, Inc.....	\$130,410
PAMC, Ltd. dba Pacific Alliance Medical Center, Inc.....	\$249,344
Rocket EMS, Inc.....	\$143,370
SYSCO Ventura, Inc.....	\$104,824
Total Transportation & Distribution, Inc.....	\$116,996

ACTION: Ms. Roberts moved and Mr. Koch seconded approval of Consent Calendar Items #1 through #8, and Items #10 through #12.

Motion carried, 7 – 0.

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

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director to approve Proposals and other action items on the Agenda in consultation with the Panel Chair or Vice Chair.

ACTION: Ms. Newsom moved and Mr. Rendon seconded the approval to delegate authority to the Executive Director in event of loss of quorum.

Motion carried, 7 – 0.

VIII. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, said, I have nothing to report.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

AHMC San Gabriel Valley Medical Center LP

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for AHMC San Gabriel Valley Medical Center LP (San Gabriel) in the amount of \$188,284. Founded in 1960, San Gabriel is a full-service acute care hospital with 273 licensed beds. This will be San Gabriel's fourth ETP agreement overall in the third within the last five years.

Ms. Torres introduced Victor Voisard, Director of Human Resources.

Ms. Roberts said, we have two proposals for AHMC; you're representing San Gabriel and the other one is for Whittier Hospital Medical Center (Whittier Hospital). I was comparing the hours you're requesting with the other proposal; they have the same program for the new RN graduates, but they are not requesting as much hours. Why are you asking for more and your sister company isn't asking for the same? What are you providing your new graduate RN's and what is Whittier Hospital providing theirs? What's the difference?

Mr. Voisard said, I can only speak for San Gabriel. My colleague can speak for the Whittier Hospital program. Our program for the new graduate nurses would require that number of hours for that type of training; that's the way we had set-up our particular training. I can't answer why Whittier Hospital's program is different than ours since we are two different entities.

Ms. Roberts asked, isn't it the same type of training involved for the RN graduates, or do you have a program that's totally different? Mr. Voisard said, they are similar in nature, but our program entails for the nurses to be independent and perform the duties of an assistant nurse.

Mr. Broad said, maybe we should ask the representative from the other hospital to come up and answer the question. Ms. Roberts said, it just seems that the program is similar; one is asking for a modification and the other one isn't, based on new graduate RN's.

My name is Sarkis Vartanian. I am the Chief Nursing Officer at Whittier Hospital. What you're asking are good questions. The reality is that the average length of a new graduate registered nurse is roughly about 2 to 3 months, and we're probably looking at above the 200 hours. We had put down 200 hours for Whittier Hospital because we have the registered nurses and other disciplines as well. We rounded it down to 200 hours logistically, but I think that they're definitely going to surpass that mark.

Ms. Roberts said, I only see what's in the Panel packet. Whittier Hospital is asking for \$5,000 per trainee, and you're only asking for \$2,900 per trainee. There's a big discrepancy. It's not like it's only a couple of hundred dollars; the difference is thousands of dollars between the new graduate RN programs. I'm much more concerned as to why San Gabriel is asking for so much more than the other proposal.

Mr. Vartanian said, for Whittier Hospital, we have experienced a significant amount of growth over the last year or so; mostly in our emergency, surgery, and labor and delivery department. I think, with more people who have insurance, more people have come to the emergency department in our region, at least in the city of Whittier. That has led us to hiring a lot more people; specifically the RN education hours which is what you're referring to. I can definitely say that the orientation process takes 2 to 3 months for Whittier Hospital, and I think that that's the industry norm. Ms. Roberts said, thank you for coming up and clarifying that. Now I want to get back to Mr. Voisard's project to find out why their program is so much more expensive than yours.

Mr. Voisard said, our orientation process takes three months, and the number of hours we are asking is based on the three-month program. The program is basically entailed for the registered nurses to be equipped with the skills to become independent nurses who can take care of our patients.

Mr. Rodriguez said, it's okay to say "I don't know," if you don't have the answer. What I'm gathering here is that you don't know why there's a cost difference, is that correct? Mr. Voisard said yes. I don't know exactly what the program entails at Whittier Hospital compared to ours.

Mr. Rodriguez asked, can we have Ms. Torres address this matter? Ms. Torres said, I think what the gentleman explained is basically the maximum training hours, which I believe is somewhere in the neighborhood of 400 hours for a new nurse graduate. They have the ability to request up to 260 hours, and the San Gabriel facility is requesting the maximum amount. That doesn't mean that their programs are different. They are just exercising that permissiveness to be able to do that. In six months, Whittier Hospital could come back and say that they're not training as many folks in those other occupations; they still have funds under a Job Number, so they can request to increase the number of hours from 200 to 260. Illustratively, it looks like they are requesting for more hours. The cost is still the same to them; it's what they're requesting for us to reimburse. Ms. Roberts said, that makes sense, because they can move that bucket of money around however they want to. From our visual

perspective, I picked up on it right away. It's different if the proposal was in the aerospace industry and then the other one is a hospital. But if both of them are training RN graduates, I just wanted to know the difference. Thank you for the clarification.

Mr. Broad asked, are we comfortable with this? Ms. Roberts said, I'm okay with this. I wanted to hear Mr. Voisard's point. As Mr. Rodriguez said, it got a little convoluted. I apologize. Mr. Broad said, it just seems like one proposal is requesting for everything they could ask for, and another proposal is asking for slightly less than what they can ask for.

Mr. Broad asked, is the training conducted by the same people with the same training materials? Mr. Voisard said, the training is conducted by different trainers with materials. Mr. Broad asked, are there any similarities between the training? Mr. Voisard said there are some resemblances. Mr. Broad asked, are you using the same training vendors; same textbooks or materials? Mr. Voisard said no.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal for AHMC San Gabriel Valley Medical Center LP in the amount of \$188,284.

Motion carried, 7 – 0.

AHMC Whittier Hospital Medical Center LP

Ms. Torres presented a Proposal for AHMC Whittier Hospital Medical Center LP (Whittier Hospital) in the amount of \$421,524. Founded in 1957, Whittier Hospital is a full service acute care facility with 178 licensed beds. This will be Whittier Hospital's fifth ETP Agreement overall and the fourth within the past five years.

Ms. Torres introduced Sarkis Vartanian, Chief Nursing Officer.

Ms. Roberts said, I understand that you have a 50% substantial contribution. Your previous contracts were a lot smaller than this. This proposal is almost three quarters of a million dollars minus the 50%, which is fine since you have a good performance. We have previously approved \$348,000, and now we're approving \$700,000. I'm just wondering as to what's going on? Are you hiring a bunch of employees? Are you doubling the amount because you have a 50% substantial contribution? We're pretty smart up here, and we can figure out the math. Mr. Vartanian said, what you mentioned is primarily what's going on as far as the growth is concerned, and we brought new hires on board. We are adding an overwhelming number of people to our staff, and that's one of the driving forces behind it. We are also wrapping up our education program that we have in place with the healthcare industry that is changing frequently and constantly. We want to make sure that our staff is up to speed with the regulations, whether it's joint commission, or whatever the case may be. We have a lot of new hires, specifically in the operating room, labor and delivery, emergency department and all across the board.

Ms. Roberts said, you do realize that you have almost everyone at your facility under this training program. Mr. Vartanian said, I think our proposal was to add 45 estimated new hires, in addition to the 500 current employees. From the last grant period to this one, we added a significant number of individuals to get that number up to approximately 500. It's sustained

growth; it's accelerated growth with more people having access to healthcare, which I think is great. The services that we provide in our emergency department has grown in volume overall. Ms. Roberts said, we do appreciate you hiring new employees. That's a big thing, and that's what we really need to see in California, so I appreciate that. It's just that when I look at the numbers, it looks a little fishy. Thank you.

Mr. Rodriguez asked, is your title Chief Nursing Officer? Mr. Vartanian said yes. Mr. Rodriguez asked, is that sort of a new paradigm in terms of occupation? Mr. Vartanian said, no; I don't think so. Chief Nursing Officer, VP of Nursing, Chief Nursing Executive are all similar in title. I'm part of the senior management team along with the CEO, COO, and CFO. Mr. Rodriguez asked, does the HR department report to you? Mr. Vartanian said, the HR at our facility reports to the CEO. The nursing director and quality director report to me. Mr. Rodriguez asked, are you essentially in charge of all the training? Mr. Vartanian said, I'm in charge of the nursing aspect of the training; the HR and director of education oversee the other areas as well. Mr. Rodriguez said, okay; thank you.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the proposal for AHMC Whittier Hospital Medical Center LP in the amount of \$421,524.

Motion carried, 7 – 0.

C.R. England, Inc.

Ms. Torres presented a Proposal for C.R. England, Inc. (CRE) in the amount of \$406,200. CRE is a family-owned trucking company that specializes in temperature-controlled transportation services. This project will utilize the Special Employment Training (SET) funds for the retraining of frontline workers.

Ms. Torres introduced Lisa Callister, Vice President of Human Resources and Tiffany Guthrie, Human Resources Manager.

Ms. Newsom said, I have read a portion of your application. You are asking for the trainees to be subjected to a lower post-retention wage. Wouldn't it be easier to retain and attract more drivers if you pay them more? Ms. Callister said, we are more competitive within the industry with what we're paying them right now, so we look at that very closely. We want to provide a program where they have an opportunity to grow and progress; base-time progression. We also have a lot of drivers that want to transition over to the office. I'm currently working with a driver right now who is applying for a safety manager position; he's a California driver. We offer a lot of opportunities and we have a progression set-up within our training. Our goal is to grow our business; we are in major growth mode. We want to retain those drivers and provide career progression for them. Our regional and national drivers have a dedicated account, and that is sometimes a better opportunity for them. With our program called "career tracks", drivers are able to see what positions they are qualified for and apply, based on their tenure safety miles. There is a progression built-in the track that's visible to them, as well as ongoing training opportunities.

Ms. Newsom asked about the difference in the wage gap for the drivers in Job Number 1, 2, and 3 (Job Number 2 and 3 are Job Creation). Job Number 1 would be starting at \$19 an

hour, and the Job Creation is \$13 an hour. So after the drivers in Job Number 2 and 3 complete the training, how long will it be expected until they achieve the \$19 an hour that the other drivers are receiving for the same training? Ms. Guthrie said, there are two phases; Phase 1 and Phase 2. Phase 1 would require 180 driving hours; it's not a significant period of time if they're willing to get out on the road. In Phase 2, they are paired with a trainer and that can be up to six months of driving. In approximately 6 to 7 months, they would be eligible to earn the higher rate. Does that answer your question? Ms. Newsom said, that answers my question.

Ms. Newsom said, I noticed under the Development Services that Deloitte Tax LLP charged a fee of \$40,000 to help you develop this proposal. I'd like a little bit more explanation, because that seems strikingly high in comparison to the other applications that I've seen. Ms. Guthrie said, I don't have any personal knowledge of how we came to that agreement. This is our first time coming before the Panel requesting for training funds in California, so I can't speak specifically as to how we came to that number.

Ms. Callister said, I appreciate you bringing that up because that's something we'd need to go back and have some conversations about. Ms. Newsom asked, are the representatives from Deloitte here today? Ms. Callister said yes. Ms. Newsom said, I'd like an explanation. It's almost quadruple compared to what I've seen, and I'm new to the Panel, so I haven't been around that long. I haven't seen too many other proposals come around with that kind of number attached to the proposal.

My name is Leslie Miller, and I'm with Deloitte Tax. Our fees include a lot of things other than just the ETP application. We didn't have our fees done by the time the application was submitted, so we provided what was in our statement of work, which is our credit and incentive, and maximum services that we are providing to C.R. England; we provided the maximum amount that was available. When we are done with this, we'll know the exact fees for the application and development, and we would be happy to share that with you. Ms. Newsom said, thank you.

Mr. Broad asked, are your drivers paid by the hour or by the miles? Ms. Guthrie said both; it depends on what type of work they're engaging in. Mr. Broad said, are they paid by the interstate miles? Ms. Guthrie said, by the mile that they are actually driving. There are times when they are on duty, but they are not driving, and that's when they would earn an hourly wage in addition to their mileage. When they're driving to deliver a load, they're earning mileage. But let say, they get there and their shipment is not ready to be received, we're still paying them. Mr. Broad said, so generally speaking, your drivers are paid by the mile. Ms. Guthrie said, the majority of it is by the miles.

Mr. Broad asked, are most of the freight interstate or intra-state? Ms. Guthrie said out of Colton, California, we have two major dedicated accounts; Walmart and Coca-Cola. The majority of that is in the state of California. There are other smaller accounts that travel in and out of California, and there are different drivers with different assignments. So, in California, the majority of it is stays in California.

Mr. Broad said, the laws have changed recently with respect to the payment for what's called "other non-productive time." This means that their wait or training time should never be

covered by the piece rate, which is the driving per mile; I would like our staff to make note of this. Ms. Guthrie said, yes. Mr. Broad said, there was a number of trucking company cases that went to court. The truck companies would pay the minimum wage earned for all the hours that were worked, but the jobs that didn't have anything to do with driving, didn't get separate compensation". We haven't seen too many trucking proposals, but if we do have them, the drivers are paid by the mile. They have to be paid at least the state hourly minimum wage for the time that they are in training, because that is clearly not driving time. That's why I asked those questions to clarify that because it's relatively an issue. I'm glad you guys are complying by the law, because not all trucking companies do. Ms. Callister said, we've gone through a lot of internal process to make sure that we are in compliance. Mr. Broad said, I'm glad to hear that.

Ms. Fernandez asked, do you hire your employees as temporary workers; how long is the waiting period before they qualify for medical benefits? Ms. Guthrie said, within the requirement, which is 60 days of employment; they are eligible for full benefits.

Ms. Roberts said, I'm just going to pair off with what Ms. Newsom said around the development fees for Deloitte; the \$40,000 is just alarming when we look at it. I also noticed that you don't have any administrative services involved in this proposal. Is Deloitte going to counsel you on that? Will that also be a part of their development services to walk you through the process? Ms. Guthrie said, yes ma'am; that will be a part of their service to us.

Ms. Roberts said, I've been involved with ETP for a long time. When you have different job titles, it's difficult to get them funded correctly if you don't have somebody who understands the ETP process. Hopefully, Deloitte will help you through the administrative part of the process. Ms. Guthrie said, we plan to use Deloitte's expertise. Ms. Roberts said, I was in logistics for quite a long time, and truck drivers are very difficult to find, especially with the hours on the road. It was one of the job positions that we had a very difficult time employing and finding the right person without any kind of infractions.

Mr. Rodriguez said, I'm not a trucking expert, but if I'm not mistaken, Ms. Torres, in terms of first time applicants, when they use a consulting firm like Deloitte who are not familiar with our processes, can ETP provide intensive technical assistance to first-timers? Ms. Torres said, yes; of course. Regardless if someone is utilizing a third-party consultant for development or implementation, we still treat the customer the same. Sometimes, the level of service varies from contract to contract. From there, we assess how much assistance will be needed; we do get more phone calls from those that don't utilize third-party firms. Mr. Rodriguez said, Ms. Callister and Ms. Guthrie, I encourage you to be a good consumer and bring in Deloitte into the conversation with ETP, and be as transparent as you can to ensure you're getting the maximum benefits, not only for a consulting perspective, but also from the execution implementations. This is your first time, and this is critical to your success.

Mr. Rodriguez asked, can you briefly share what you're doing in the city of Fontana? Are you expanding or hiring a critical mass of truck drivers? Ms. Guthrie said, as we are working on getting funded, we would like to install our own fuel island. Currently, our trucks are visiting other commercial diesel fueling location. It takes up a lot of time for our drivers to get in and out of the trucks to refuel; this can cause a hold-up and delay. We would like to create a fuel island at our own facility where the truck drivers can fuel up easier. In order to do that, we

would need to hire employees to assist our drivers. Mr. Rodriguez asked, is this a permanent position? Ms. Guthrie said, yes. Mr. Rodriguez said, thank you.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal for C.R. England, Inc. in the amount of \$406,200.

Motion carried, 7 – 0.

Holthouse Carlin & Van Tright LLP

Ms. Torres presented a Proposal for Holthouse Carlin & Van Tright LLP (HCVT) in the amount of \$303,000. Founded in 1991, HCVT is a full-service accounting firm that provides accounting, tax, business advisory, and business management services. This will be HCTV's second ETP Agreement within the past five years.

Ms. Torres introduced Jennifer Matsura, Director of Recruiting and Training.

There were no questions from the Panel

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Holthouse Carlin & Van Tright LLP in the amount of \$303,000.

Motion carried, 7 – 0.

Altman Specialty Plants, Inc.

Ms. Torres presented a Proposal for Altman Specialty Plants, Inc. (Altman) in the amount of \$429,262. Founded in 1975 and headquartered in San Diego, Altman is a wholesale nursery. This is the third ETP proposal for Altman.

Ms. Torres introduced Tex Prows, Vice President, Human Resources, and General Counsel.

Mr. Broad asked, will the employees who are paid minimum wage still get the same pay after they receive the training? Mr. Prows said, yes; they will. Mr. Broad asked, will they get a raise? Mr. Prows said, they will get their annual raises in the normal course practice.

Mr. Broad said, I'm a little troubled with spending the taxpayer's money to train people for minimum wage jobs that will remain at minimum wage. In other words, what are we getting for those workers? What are these California workers getting? I see how it benefits your company, but how does it benefit the worker? What does the worker get out of this? ETP was created for high-wage, high-value added jobs. It wasn't created to fund minimum wage employers who just pay people the minimum wage. What happened with the minimum wage workers from your other proposal; are they now in management? Mr. Prows said, yes; they are advancing in our program and in our company. They are moving to lead supervisors, managerial roles, and they are receiving additional compensation and raises; they will be paid more.

Mr. Broad said, we've done this in the past and I would like you to commit; we just haven't had a lot of these minimum wage proposals. I want to see them get a raise after they complete their training. You don't have to take our money with that condition, but I'd like to see that as a condition that they get a raise, and we can talk about what that amount should be. You might want to think about whether you want to accept that, because that is going to cost you some money. Is that acceptable to you? Mr. Prows said, that's acceptable.

Mr. Broad asked, how much of a raise can we get them; 5%? Mr. Prows said, I would have to look at that; I would assume so. Mr. Broad said, I'm asking you to commit to something; I don't want to force you to do that. Do you want to come back next time, and see if it's acceptable to give them a 5% raise upon completion of the training, or do you want to make that a condition of it now? Mr. Prows said, we can certainly make that a condition of it.

Ms. Fernandez asked, do you have the authority to commit to that? Mr. Prows said, I don't. Ms. Fernandez said, that's a concern for me. Mr. Broad said, that would mean that if he accepts that, and we approve the proposal on that basis, they don't get paid until the completion of the retention period; after this they don't get a 5% increase they're making at that point. Ms. Fernandez said, I'm letting you know right now that I'm not comfortable approving this unless it's set on stone, because I want the workers to get the benefit, because they are going to be your competitive advantage. Unless there is an outcome for the workers, I am not prepared to support this.

Mr. Rodriguez asked, may I make a suggestion? You can stay here; we can table this and go on to the next proposal. In the meantime, you can make a phone call to your boss and come back.

Mr. Broad said, if they're earning \$10 an hour, they are going to get a 5% wage increase from where they are at the end of the retention period after they complete the training. Mr. Prows said, right.

Ms. Roberts said, if you look at the amount of what we just funded you, are those 800 employees still at \$10 an hour, or are they making more money since they've completed the training. Can you provide us with some data? Mr. Prows said, I believe they have, but I don't have that data with me.

Ms. Fernandez asked, in addition to that, are the workers getting a wage increase annually? How does the compensation schedule work? I would like that clarification. Mr. Prows said, we do an annual compensation review.

Mr. Rodriguez said, as I mentioned earlier to one of the presenters, if you don't know the answer, it's okay to say, "I don't know." You're also the general counsel, so I think you need to figure out how you would like to proceed. Mr. Prows said, I would have to evaluate that, and it may be that we'd have to come back. I would like to provide you with all the answers you need, and meet all the requirements that the Panel is proposing.

Ms. Newsom said, it sounds like you'll be coming back. When you come back, I would like to know about the hours that your workers perform in whether or not they qualify for overtime. If they are working beyond the eight hours, are they getting overtime, or are you using the

agricultural exemption that is currently being debated at the Capitol until they have worked 10 hours or more?

Ms. Torres said, I just want to make some clarification. For Job Number 2; the incumbent workers that have the HUA modification, they have to make more than what they start with. It's not stipulated, but is that one of the questions? For Job Number 4, it's Job Creation so it's not required to make more at the retention period. We do have the requirement for Job Number 2.

Mr. Broad said, for Job Number 4, it has a Job Creation and retrainee. Ms. Torres said, that's correct; they are hired, and they are working. Mr. Broad asked, if it's Job Creation, how long have they been employed at which they're getting the training? Ms. Torres said, there is a three-month period. If they pass, then they would fall under Job Number 2. Mr. Broad said, my understanding was that the post-retention wage in Job Number 2 had to meet \$11.70 per hour; not that they have to get an individual raise. Ms. Torres said, no; that's my mistake. Job Number 2 doesn't require that an individual person get a pay increase and Job Number 4 does not require it. Mr. Broad said, I thought Job number 2 doesn't required the pay increase? Ms. Torres said, no; it does. We stipulated what it is. Mr. Broad said, okay.

Mr. Broad said, I would also like to see them get a minimum of 5% wage increase. If they want to pay them more, that would be nice; but that's the minimum for having our training, since they are brand-new employees. We can't really check them after retention, so at that point, they would have completed the training and may have worked six months at the job, right? Ms. Torres said, they could, possibly. We do check the wages at the retention in that quarter.

Mr. Broad said, after the 90 days, they have to get a 5% wage increase; can we do that? It's a little bit longer, but they'll get a raise. Ms. Torres said, maybe that's a question that we can ask our general counsel. Ms. Reilly, can we make that condition after the 90 days in the agreement?

Ms. Reilly said, I'm not clear on whether we're talking about the individuals who are at minimum wage, as far as the 5% increase. As you can see in the chart, some of the trainees in both Job Numbers under discussion are at \$15 an hour right now. That's the full range. The trainees who are at \$10 an hour now, which is the state minimum wage rate, will go up \$.50 in January. Mr. Broad said, I'm not talking about the government giving them a raise by changing the minimum wage law that's different than the employer. Ms. Reilly said, you're going to have people at \$10.50 an hour in January, which is already a condition of the contract. I'm not quite sure how to word it. We do check wages at the end of the retention period. If the company is agreeable, we can certainly put that in the contract. But it would be good to clarify if you're talking about 5% raise for the \$15 per hour, or the minimum wage workers.

Mr. Broad said, in looking at the jobs and wages, the supervisors make less than the production employees; it's all over the place. It's difficult to understand the compensation system because of all the ranges. I can't see how you have a supervisor whose minimum hourly wage is less than the minimum wage of a production staff. I don't know how that works. I would like to put this one over until next time, and let's get some questions

answered. I think you should go back to your employer, without prejudice, we'll deal with this. Go back to your boss and find out whether they are prepared to commit to a 5% raise. I think that would be better than trying to work through all these questions right now, and then we can ask our staff some questions in the intervening period, than try to answer the numerous questions that are complicated. We can also include the overtime question, because I believe some nursery employees are considered agricultural workers. Mr. Prows said, yes; that's correct; some of them are. We pay some of the agricultural overtime rate, and others are paid \$12 to \$13. Mr. Broad said, that could be changing. Ms. Newsom said, I hope that changes by the time they come back here.

Ms. Roberts said, I'm looking at the numbers in this proposal, and it doesn't seem like you have that many employees. If I'm looking at the numbers correctly, you're looking at maybe a handful; maybe 20 out of the 800 employees are making \$10 an hour. Maybe just pull them out of the whole contract, forget about it, and we wouldn't be looking at this \$10 an hour issue. It just seems like we're looking at a very small portion of your staff that is getting \$10 an hour, but you have them in this training program. Maybe just pull those numbers out. That's an option you might want to think about. Mr. Prowse said, thank you.

Mr. Broad said, I'm concerned about someone that's getting \$10.50 an hour. I have to think through , because it's not like \$11 an hour will make you a king. Ms. Roberts said, we are asking for stipulation. If you look at these wages, they're making an average of \$20 an hour. Mr. Broad said, I don't have any issues with those people, but we don't really know. For example, there are 267 production staff whose wage ranges from \$12 to \$22 an hour, and we don't know if they are at \$12 an hour. Then we have the supervisors who are making \$11 an hour, which doesn't make sense; the whole thing is a little bit confusing.

Mr. Rodriguez said, Mr. Chairman, would you like me to make a motion to table this proposal? Mr. Broad said, you can make a motion to put it over until the next time; tabling it would mean we're not going to hear it again, and I don't think we want to do that.

Mr. Rodriguez said, I would like to make a motion to hear this proposal at the next Panel meeting, and we'll consult with staff. Mr. Prows said, great; thank you

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded that the proposal for Altman Specialty Plants, Inc. be heard at the next Panel meeting.

Motion carried, 7 – 0.

ARS National Services Inc.

Ms. Torres presented a Proposal for ARS National Services Inc. (ARS) in the amount of \$100,600. Founded in 1987, ARS is a third-party accounts receivable management agency that provides debt collection services including managing post charge-off receivables for financial institutions.

Ms. Torres introduced Sarai Rogers, Vice President, Talent Resources, Erica Iwaszkiewicz, Vice President, Accounting and Risk Management, and John Watson, President and CEO.

Mr. Broad said, Ms. Newsom, you took this off of Consent Calendar last month. Would you like to ask the first question? Ms. Newsom said, I'm glad that you gave us a snip of that speech from Richard Cordray; I've known of him for a while. Could you describe for me a little bit about the daily on goings of one of your debt collection servicers? What is it like to be on the floor? Are they making shark-like calls and pressure points to the different people that owe monies? Mr. Watson said, great question. Our folks are making outbound calls for the most part, or sending out letters trying to create an engagement point with the customer. They're making manual outbound calls with the phone numbers provided to us by our client; we have a very low contact rate. People don't often update their contact information with their credit company, once their accounts are charged-off. Part of their day is trying to get the right contact information to the customer so that we can engage with them, and try to help them solve their problem. They are not high pressure tactics. All of our compensation plans are viewed by legal counsel for compliance with the Unfair Deceptive Act, Abusive Practices Act, or Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act). No compensation goes into production until it passes the review. There are financial disincentives for a representative to have a negative experience with the customer. Ms. Newsom said, can you please elaborate on that? Mr. Watson said, through our quality or client control processes, each one of our representatives probably has 8 to 10 of their party contacts monitored and scored. Close to 61 different elements of the call have to be in compliance with all various regulations. If there is an element of the call that was found to violate the quality standards that we have, any revenue generated from that call is not credited to that representative; they do not get credit for that at all. For some reason, if a consumer decides that the payment plan and arrangement they've entered into is not affordable to them, at any time, they can call in and pull back payment, or change that payment. If they are unable to do that, or they forget to do that, we process that payment, and if it comes back as insufficient funds, or the account is overdrawn, the account representative does not get credit for that payment toward their incentives. There's up to \$750 penalty in their incentive program if they fail a call. If one of those 61 call elements isn't corrected on the call, they can receive up to \$750 disincentives for bad customer treatment.

Ms. Newsom said, could you elaborate a little bit more? I know you're not using the commission as a basis for ETP wages. What does that commission structure look like? If one of your callers was successful in gaining or earning that \$100, of that \$100 collected in debt, how much does that caller get? Mr. Watson said, all of our clients, which are the biggest banks in the world, is a contingency collection. So whatever we collect, let's say we collect \$100 in debt, ARS will get an average 35% of that. If an account representative is able to reach a resolution, if they get a \$100 payment, \$35 would go toward that account representative. Once they collect anywhere four times their base salary, then they start getting into commission; they get at a percentage of collection over that amount.

Mr. Broad asked, how many of the 250 people are we training to make direct calls to debtors? Ms. Torres said, it's about 186. Mr. Broad said, maybe I'm biased. I received one of these calls recently. As a result of taking a trip to Italy, I allegedly got about 100 parking tickets on the same day at the same time by some municipality in Italy, which never sent me any evidence that I've violated the law. I paid the first ticket. Nonetheless, they hired one of your competitors to collect this debt. I got a call from them, and they told me that they are going to ruin my credit, because of the treaties that the United States government has signed, and once an Italian city sends you a letter saying you owe them money, you owe the debt. I

let them talk, because I knew the law. The debt collector proceeded to tell me that I can go to jail for debt incursion; I then told them that they can go to jail for threatening someone. There is no such thing as debtor's prison in the United States. I'm not inclined to vote for anything that involves calls to debtors, particularly in the healthcare industry, where there's so much bankruptcy of poor people over healthcare debt. I'm happy to fund the other part of it. I understand you may be different than this company that contacted me. I basically told the caller to tell the Italians that I'm happy to litigate this with them. It would be more fun than I could ever imagine for however many hundreds of dollars they think I owe them. I'll see them in court. I doubt if I'll ever hear from them, because it's going to cost them way more than it would to collect the debt. Nonetheless, there are other people who are asking where all these tickets from these Italian municipalities are coming from when they didn't illegally park their cars and there was no officer present; how did this even happen? I looked in the Internet, and these tickets are essentially bogus, as far as I can tell. I don't know what game is going on, but it's not right, and they are perfectly free to try to collect that debt and sell that paper to whoever they want to sell it to. I don't want to train people in this whole general area of how to pressure people to pay a debt that they may, or may not owe. We're not saying they're not guilty of owing the debt, it may be in dispute, or they may be completely flakey people who owe all the money. I just don't feel comfortable with it. I'll vote to fund the other portion of this, but I won't cast a vote in favor of funding debt collection.

Mr. Watson said, I appreciate your feelings. This is one of the biggest challenges of competing in this industry that has such a bad reputation, but that's not every agency in this industry, and I think you're funding us and our people who are doing it the right way. Mr. Broad said, I accept that you say that you're doing it the right way, and probably you are, let's assume, but I don't really know that. I understand there are certain industries that are going to be hard for us to fund here, and that's why I'm trying to cut the baby in half, sort of speak. We went through this in 2008 where we funded people who were trying to collect on rotten mortgages that were given out in foreclosure operations. We bought the argument that there were good and bad apples, and everybody who came to us were good apples. I deeply regret casting those votes. I told myself that I will never do that again. I don't think I've ever had one of these agencies call me before, but it was a really bad experience. It was wrong on all levels. You might be telling the truth, but we would never know that, and that's why I don't feel comfortable; we've always had some difficulty with call centers. This is a particular subset that is problematic for me. I don't speak for the whole Panel; I'm just one vote, but that's where I'm at.

Mr. Watson said, I appreciate those feelings. I've received those calls myself, and that's another reason why I think we're so focused on doing it the right way. We can talk about stuff to prove to you that we're doing it the right way. My point in reading that initial quote was, this industry is going to be around. It provides a critical element of the consumer credit economy, and so what we're hoping to do is to get funds to train our people to do it the right way. We are already doing it the right way, but to reinforce the empathy, and all the complicated things to go into helping someone deal with the bill they didn't pay, because they got divorced, and lost their job all at the same time. We don't serve those clients, we have a client base of 6; they're the biggest bank in the world; granted they have a reputation of their own. If somebody calls us and dispute the debt, we put it on hold for 30 days, send them a validation of the debt; all those procedures are in place. As a data point, something I can maybe offer, the Consumer Financial Protection Bureau (CFPB) complaint database, where

consumers go to file complaints, in a three-year timeframe, ARS has received roughly 6 million customer accounts from our clients to try to connect with and help them resolve their accounts. In trying to connect with them, of those 6 million accounts, we've sent out about 16 million letters, and made about 90 million phone calls. The complaints to the CFPB in a three-year time frame are 78; it's a very low percentage. Most of those complaints were from people who didn't owe the debt, because people moved and transferred their phone numbers and they didn't update their profile. When somebody says it's a bad number, we delete those numbers out of our system, and we never call it again. 78 complaints are too many. I would like it to be zero, but given the volume of activity, if we were engaging in things like that, I think that database would be blowing up. That's public database, and you can go check it with your staff, but I think that's one indication of the way we operate our business. We want to do it the right way; it's just better for everybody.

Ms. Fernandez asked, is it possible to see the 61 call elements in writing so we can get a better understanding and a clearer picture? Mr. Watson said, absolutely.

Ms. Roberts said, you have a CBT in your training program. I understand those penalties if they violate the regulations, which I think is great. If we pull all the call center trainees out, then you've got this core group of people, and they actually have classroom training, right? Will you have someone come in and go through the negotiation and leadership skills? Those are probably your managerial staff, is that correct? Ms. Rogers said, we have supervisors, managers, and other talent at ARS that have regular ongoing training and some of it is what you mentioned. We have a computer-based training, and there is ongoing training that takes place in each department throughout the entire site. We have an organization where we have production, which is primarily what we're talking about today with the three call centers that were mentioned earlier. We have a group that is called "corporate services", which are the functions that are there to support the entire organization, and it's growing and making a great investment in order to continue to support the individuals that are on the phone; and with that, additional training is needed. So we are offering training at all levels, at all sites and departments on a regular basis.

Ms. Roberts asked, are those 61 call elements skills that you mentioned portable skills? Can you go from a debt collection agency and move to another consumer-based company? I've heard those scripted calls, so I know that that's what you guys are asking. To me, that's not a skill. Mr. Watson said, I appreciate that, there's absolutely no skill in the scripted element in the call. With a huge increase in regulatory oversight in the last three years, it's been tremendous for our industry. It has come with a lot more required steps. You have to give it a 1099C disclosure on the call, and you have to say the mini-Miranda verbatim. Those are the kinds of things that we check off on the call. Then you have to connect with the customers, and try to help them solve their problem. In our training, we teach things like empathy, listening, negotiating and communication skills. Those are all things that are harder to breed, and so they may not necessarily be on the 61 call element checklist, but that's what could actually help somebody solve the problems. I believe those skills are important. Ms. Roberts said, those are portable skills, but I'm afraid that the consumer will only hear the first scripted part, and then hang up on you. I don't think you'll get to the empathy and negotiation part, because by that time, they're so upset that they've already hang up on you. That's how I feel about it. I've never been under debt collection at all, and I've gotten some random calls because they have the wrong number and the wrong person and then they keep calling me

back. Mr. Watson said, if we weren't required to do that stuff by the regulatory body, there would be a much more natural flow to a call. Unfortunately, those requirements are in the regulators, and we have to do that.

Ms. Roberts said, the training is not so robust from a CBT standpoint. If Mr. Broad wants to pull out all the call center people, we'll maybe fund the additional people around leadership and some other skills. I think that that's much more portable. You also have a high turnover; 17%. It's not over our number, but it's not a low number either; keep it under 10% if you can, but 17% is a little too high. People aren't raising their hands wanting to go to a debt collection agency. I don't see a lot of people doing that.

Ms. Newsom said, I just share so many of the sentiments that you're talking about, Mr. Chairman. How I feel about this, I'm just not comfortable in funding this kind of program that is connected to the trauma that so many families experience in the financial crisis and debt collection; I'm just not there. I know you're saying that you guys are a good company, but I have also read on Indeed.com about the experience of your workers on the floor, and it does not look good.

Mr. Broad said, I don't know; I'm prepared to vote for funding the non-call center jobs training. I'm willing to make a motion to that effect, and so that will be my motion to fund the non-call center jobs under this proposal. Ms. Roberts said, if we do that, would they have to write a new proposal, or come back under Consent Calendar? Ms. Torres said, in that case, since we've had other proposals that have been modified, we would just go back and carve out all of those occupations that you are not comfortable funding. This would be a reduction; we wouldn't need to bring it back. The only time we need to bring it back is when there is an increase on the funding for public record.

ACTION: Mr. Broad moved and Ms. Fernandez seconded the approval of the proposal for ARS National Services, Inc. for non-call center trainees only, excluding the training for call-center. Funding amount TBD.

(Mr. Broad, aye; Ms. Fernandez, aye; Mr. Koch, aye; Ms. Newsom, nay; Mr. Rendon, aye; Ms. Roberts, aye; Mr. Rodriguez, abstain.)

Motion carried, 5 – 1 – 1.

Optima Tax Relief, LLC

Ms. Torres presented a Proposal for Optima Tax Relief, LLC (Optima) in the amount of \$108,801. Founded in 2011 and located in Santa Ana, Optima is a full service tax preparation and tax resolution company that specialized in resolving and reducing IRS or State tax debt for consumers. At the request of a Panel member, this proposal was removed from the Consent Calendar as noticed for last month's meeting and held over to this month.

Ms. Torres introduced Luis Cuellar, Director of Human Resources.

Mr. Broad asked, do you provide services to people for all forms of taxation; personal income tax, and payroll tax? Mr. Cuellar said yes. Mr. Broad asked, payroll tax to the federal

government? Mr. Cuellar said yes. Mr. Broad, asked federal and state tax to the government? Mr. Cuellar said yes. Mr. Broad said, conceivably we could be training someone on how to negotiate down the amount of employment training tax that goes to fund the training that we're paying for your company. Mr. Cuellar said, not necessarily.

Mr. Broad said, it's the irony of the day in an otherwise pretty ironic day. You can see right there, it sort of like you guys and the last guy were paired together in some alternate universe. The other guy was one-sided and you're the other side of the same question in an odd way, which is to say that if it was personal income tax, that would be one thing, but when we're talking about payroll taxes, were talking about the taxes and penalties assessed for the failure to pay wages.

Mr. Cuellar said, the IRS or state agencies have not been able to find these individuals, and they're not receiving any revenue or whatsoever. So what we're actually doing is bringing these individuals into compliance status. For example, if you have a business here that owes \$100,000 to the federal government, and they are receiving zero dollars in revenue, what we're doing is bringing in maybe \$70,000 to \$80,000. There's a substantial savings to the consumer or to the small business owner. Ultimately the state or the federal government receives some revenue, which is better than no revenue. Mr. Broad said, I understand. I read an email that said, "This was a monster of a revenue officer collection case."

Mr. Broad said, payroll noncompliance and defaulted IA; what is IA? Mr. Koch said, installment agreement. Mr. Broad said, that was \$436,000 and the settlement was for \$10,000, so that's a substantial reduction. I get why people hire you and why you're very successful. More power to you, I guess. But the problem is the reduction on what was owed for payroll taxes. I realize the government may be saying that \$10,000 is better than nothing. I just don't know how we can fund this. It's a conflict of interest. We're literally funding the training on how to negotiate with the franchise tax board, Social Security Administration, or payroll taxes that are due.

Mr. Cuellar said, in your story when you visited Italy, you're under the assumption that that was a valid tax debt. Here, you have an Italian city charging you with 100 parking tickets for something that was not truly owed. You're making an assumption; the same assumption that the federal and state agencies make when they say that a consumer accurately owes \$100,000 or \$1M, and what we're saying is that it's not. We're working within the IRS, state guidelines and tax code. We're able to say, no, this is incorrect, or this is not a valid debt. The agency could say that you owe \$400,000, but in reality, you only owe \$10,000. You received a bad tax advice, because you were talking to an incompetent account who gave you bad information that led to a situation where the IRS incorrectly assumed that you owe "x" amount of dollars, and in reality, you don't.

Mr. Broad asked, is that the case all the time? Mr. Cuellar said, we are working within the guidelines of the state agencies and IRS. We don't come up to you and say we're going to strong-arm the federal and state government into accepting less money. We're going to work with them and clarify why your tax filings were filed incorrectly from the first place. A lot of times, consumers don't file their taxes, and if an individual consumer doesn't file taxes, the IRS basically assume that they're earning "x" amount of money per year; it's an assumption.

It's an incorrect assumption where the IRS can end up believing that you owe "x" amount of money when you really don't. That's a very common issue that we're forced to deal with.

Mr. Broad said, I asked you originally if it was restricted to personal income tax, as opposed to payroll and business tax, because in that case, the IRS has said to you, you owe this money, you have not paid it, and you have a chance to appeal. The Italians never gave me a chance to appeal. I never heard from them before it rose as a debt. But you do hear from the IRS and if you move, or you run a business, you're in communication with the government when you submit these taxes. The failure to file payroll taxes may be indicative that you weren't paying wages. So behind that story of what payroll taxes owed to the government may be a story of unpaid wages to workers, which aren't going to be resolved by this; it's a dead loss to those workers. That's where I see the dividing line in my mind is the personal income tax, where you may have a dispute as an individual about your taxes. Your wages or income that was properly reported and you failed to file your individual tax return and all kinds of things started happening there, and business related taxes which are really a whole different ball of wax.

Mr. Rodriguez said, from my understanding, Optima is one of the fastest-growing tax relief companies; an LLC, is that correct? Mr. Cuellar said, that's correct. Mr. Rodriguez said, you have grown by 150% within the last couple years. You're on TV; I have a satellite radio, and you're pretty dominant on the airwaves. The Federal Trade Commission says on their website, "Be skeptical of advertising promises made by tax relief companies. The IRS offers free help to people who are struggling to understand tax laws." Optima is basically the leader in the industry, so you're not only involved in personal income taxes, but you're also involved in helping businesses consolidate their tax relief with state agencies, like the EDD, for lack of compliance, and also the Franchise Tax Board, so can you share some light why you're here? Ms. Cuellar asked, what do you mean? I don't understand the question.

Mr. Rodriguez said, your company is growing by leaps and bounds, because there's something going on in the industry, and I applaud that. That's innovation and entrepreneurship. You're asking for \$480,000. Mr. Cuellar said, a lot of our positions are based off of servicing our consumer clients; these are entry level positions. Most of them are customer service based, service administrator, and case management types of positions, and we're pulling our workforce in Santa Ana, and 71% of these individuals have never attended college. These are all entry level positions. We have to spend a lot of money to train them up and get them to a point where they could potentially become enrolled agents. Enrolled agents are the tax designation that the IRS requires in order for a revenue officer or IRS to talk to you. They won't talk to you, unless you're a licensed attorney or enrolled agent. So it takes a lot of training for us to actually get them to that point. All we're essentially asking for is some training funds to provide additional training opportunities to the local residents in Santa Ana. Mr. Rodriguez asked, additional funds? Mr. Cuellar said, additional funds. These funds are not going to offset the training that we are already providing.

Ms. Fernandez asked, do you have a copy of the agreement that the client would sign with you? I'm curious to see. When you help someone with a settlement, what fees are paid to you by the person who owes the money? What are those charges? Mr. Cuellar said, our competitors charge a large amount of money up front; we charge \$995. This is part of the investigation process where we research and find out exactly what's going on with your tax

situation. At that point, we come back and figure out what we can realistically offer the consumer, what exactly it is that our representation would get you, and how we can help resolve your individual tax situation, and bring you to compliance with the IRS or state agency. At that point we charge a certain amount, depending on how much work that's going to entail. It can be anywhere from \$1,000 to \$4,000; the average is about \$4,000. As far as the contract goes, the consumer gets a lined item of explanation of what exactly they would get from that representation. Ms. Fernandez asked, so the average is \$4,000 that is owed by the person. What would be the outcome on the \$4,000? Mr. Cuellar said, our fees would be an average \$4,000, and then the average tax for consumer is about \$40,000. Ms. Fernandez said, so if they owe \$40,000, the average that they have to pay is \$4,000? Mr. Cuellar said yes.

Ms. Newsom said, much of my concerns have already been expressed by other Panel members. I have read an article online and I want to see if this was true. Do the base wages go up over time, or is that only dependent on commissions? Mr. Cuellar said, so the base wages that you have there on the documentation that was provided, that is the starting wage. On top of that, we do pay commission, and bonuses. We call some of what we do commissions just out of convention, but truly they are based off of production goals. Every position within our company, from customer service and receptionist to administrative staff are incentivized to various production goals based off of the numbers of calls that they receive, and based off of processing powers of attorney documentation. Everybody has an opportunity to earn more than just the base wages, but they do go up.

Ms. Newsom asked, will the hourly wages ever increase without being connected to commission? Mr. Cuellar said, absolutely. One of the documents that we provided there are the "growth story books" that gives you an idea of how we are really big on promoting individuals from within, and having them move within our department. There isn't a single department within our company where a new hire would be expected to last more than six months without being promoted out into a rotation in another department that's more advanced.

Ms. Roberts said, first of all, thank you for presenting this packet here before the Panel. There is a lot of information here, and some of it is quite comical. What I have a problem with is the training. Since you've been in business in 2011, you have never ask for funding before, and so you've got all this 260 employees that are retrainees. How have you actually trained or ramped them up to understand what's going on? Why now? What is different and how are we going to help these 260 employees get any better? What's going on with that? All I see is a bunch of negotiation with the IRS. Do you hire tax consultants? Are you giving them a degree in accounting? What is going on with your training? Mr. Cuellar said, that's something that we're really looking to bolster. About a year ago, we completely restructured the HR department as part of the ongoing process. We're looking to hire a career development staff, as well as training managers, that can help create a full training program that is structured to be able to keep better track of the training that we provide; and provide more training content, so that we can deliver the training to the employees.

Ms. Fernandez asked, do you find a list of individuals that owe money and solicit to them, or do they come to you based on your commercials? Mr. Cuellar said, that's exactly why we're

all over the airwaves, because all we do is spend a lot of money on marketing, specifically to have people contact us; we don't receive a list of taxpayers.

Mr. Koch said, you mentioned earlier in your testimony that you service roughly 7500 taxpayers per year. I'm just curious, of that 7500, how many of those are you filing offers and compromise with the IRS or FTP? Mr. Cuellar said, offers and compromise are actually very low; it's maybe about 5 to 10%. Mr. Koch asked, do you have your success rate on those? Of the 5 %to 10%, how often are you successful? Mr. Cuellar said, those are 5% to 10% that are actually process as approved offers or OIC's. Mr. Koch said, the question was how many of the 7500, what percentage is submitting the OIC? Mr. Cuellar said, I believe it's in the low 20% mark. Mr. Koch said, thank you.

Ms. Roberts asked, where do you get your new employees? Do they come to you from a tax school? How do they know about the tax rules and regulations; how do you bring them on? Do you just go to an employment agency or Monster.com? Mr. Cuellar said, the majority of our people apply from our job postings that we put on Indeed.com, or Career Builders. The majority, by far, are entry-level positions. A lot of the positions that we advertise are administrative service, customer service, case managers. We are asking local residents that are looking for work in the general administrative fields with administrative assistant type of background. From there, we bring them on board and actively develop and train them in different tax cases; and we have different developmental path within the company. For example, if you start off as a customer service representative, and you want to become a tax preparer, you can essentially work your way up into tax prep support where you handle a lot of the administrative aspect of preparing the tax filings, and work your way up to getting your CTEC license. Just recently, we opened up Optima Tax School, which we received a designation from the IRS to be a continuing education provider. We're able to offer CTEC license education courses to our local community. We offer it at a loss; we charge \$99 per student. Most of the companies, like H and R Block as an example, charge anywhere from \$300 to \$500 for the same training. That is a separate entity from Optima Tax Relief. However, it is something that shows that we are a credible organization with the IRS, and we actually believe in this industry.

Ms. Roberts asked, do you charge your employees the \$100 tuition fee? Mr. Cuellar said, for the employees, it would be tuition free. That's interesting said Ms. Roberts.

Mr. Broad asked, how are you paid if it doesn't work out? If you contact the IRS and they say we're not changing anything; that tax lien stays where it is, that garnishment is where it is, do they still pay, or is it a contingent fee where they pay if you are successful? Mr. Cuellar said, it's not a contingent fee. Basically, it's \$995 for the initial research and investigation phase where we basically look at your case and figure out what we can do for you. Mr. Broad asked, is that \$9.95? Mr. Cuellar said it's \$995. Once we get to that point, we present to you the resolution phase where we say we believe we can do this for you, and we're going to charge you, let's say, \$2,000 for the service. If we go through that process, and it turns out we can't do what we said we could do, and then it's possible that we can just give you a refund. We do have a 15 day no question asked for a refund policy. One of the things about our company is that we try to be very transparent, which is why I've given you a lot of documentation that is only for internal use. If we believe that a customer is not going to be

happy with our services, we're much better off giving you your money back and not have a negative experience with the consumer.

Mr. Broad said, I'm sorry. I'm really stuck on this conflict of interest issue. I just see that headline, "State agency funds organizations that help people not pay taxes to state." I don't know; there's a definite role for what you do in society, and for people who struggle if they can't pay their taxes. I just don't know how we can train people how to effectively lower their tax payments to the government that collects and administers the tax that fund our program. I just can't support that. I can't vote for this; is there a motion?

Ms. Newsom said, I make a motion to deny the proposal for ARS. Mr. Broad said, there is a motion to deny. Ms. Roberts said, I second the motion. Mr. Broad asked, Ms. Roberts, are you're seconding the motion? Ms. Roberts said, yes; I second the motion.

ACTION: Ms. Newsom moved and Ms. Roberts seconded the motion to disapprove the proposal for Optima Tax Relief.

Motion carried, 7 – 0.

Mr. Broad said, we have to submit a rationale for why we do this; one issue is essential conflict role of the state. Thank you. Mr. Cuellar said, thank you.

Temecula Valley Hospital, Inc. dba Temecula Valley Hospital

Ms. Torres presented a Proposal for Temecula Valley Hospital, Inc. dba Temecula Valley Hospital (TVH) in the amount of \$285,000. Founded in 2013, TVH is the first hospital built in the city of Temecula. TVH has 140 private licensed beds, 20 extensive care beds, 4 high-tech surgical suites, a cardiovascular surgical suite, and a catheterization laboratory. This is the second ETP project for this hospital in the last five years.

Ms. Torres introduced Amber Gollogly, Director of Clinical Programs, Education and Training.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Temecula Valley Hospital, Inc. dba Temecula Valley Hospital in the amount of \$285,000.

Motion carried, 7 – 0.

Juniper Networks, Inc.

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for Juniper Networks, Inc. (Juniper) in the amount of \$576,000. Headquartered in Sunnyvale, Juniper develops and markets high-performance networking products including routers, switches, network management and security software. This will be Juniper's first ETP Agreement.

Mr. Atkinson introduced Robyn Chew-Gibbs, Director of Learning, Leadership and Organization Effectiveness, Bethany Veasey, Tax Analyst, ADP and Megan Bagley, Tax Manager, ADP.

Mr. Rodriguez said, Cisco is your major competitor. About 4 or 5 years ago they were in the process of trying to buy you all. I don't want to reveal any secrets, but is that still going on? Ms. Chew-Gibbs said, Juniper is now standing on their own. We incorporated in 1996, and we are down the road from them. There are other companies that are larger than Cisco that attempted to buy us, but so far, we've been standing on our own. Mr. Rodriguez said, okay; thank you.

Ms. Roberts said, I want to commend you on the high wages; these are terrific wages. I also want to thank ADP for a robust training program. That's one of the best I've seen; great application.

Mr. Broad said, \$288 per trainee; high wages and incredibly detailed curricula. We've seen these little mini curricula that cost \$4,000. The wages are great. It's really impressive.

There were no further questions from the Panel.

ACTION: Mr. Rodriguez moved and Ms. Newsom seconded approval of the proposal for Juniper Networks, Inc. in the amount of \$576,000.

Motion carried, 7 – 0.

On-Time Air Conditioning and Heating, Inc. dba Service Champions

Ms. Torres presented a Proposal for On-Time Air Conditioning and Heating, Inc. dba Service Champions (OTA) in the amount of \$413,000. Founded in 2003, and headquartered in Pleasanton, OTA is a residential contractor that installs, services, and maintains a wide variety of air conditioning, heating and indoor air quality products including thermostats, furnaces, heat pumps, duct work and insulation.

Ms. Torres introduced Dan Michie, Vice President of People, Daryn Hicks, President of Hicks Professional Group.

Ms. Fernandez said, I just want to commend you for your veterans hiring program. I'm a Marine Corps veteran myself, and I really appreciate all the business that are coming before us that are taking a look at veterans, because I believe there's a lot of benefits to hiring veterans, and I really want to commend the ETP staff. I give you a challenge to bring more veterans into the business. I just want to continue that, and I hope that other business sitting out here will take a look at possibly creating a veterans hiring program. I'm really excited about what you bring to the table. Thank you.

Mr. Broad said, your current number of employees is 188; are you doubling in size? Mr. Hicks said, we have a bunch of aggressive programs, not only from the standpoint of additional markets that were expanding to. For those of you who live in the Sacramento area, you might've heard our radio and TV sponsors; we're doing more lately. There's a big

shift with a lot of the retrofit, and there are some newer higher technology; 96% efficient apprentices. There are also some state programs or state-supported programs like S and S, Clean Energy; it's been a really good program and a financing tool. As long as homeowners are improving the efficiency of their system, they can get some financing. In addition, we have a good business model which is based on service.

Mr. Broad said, when companies are rapidly expanding, and they haven't done one of our program in the area of service construction, we sometimes notice that when it comes time to the more predictable scheduling demands of training, it can be hard for some companies that are in that kind of situation. They're sending people to go out in the field, and they need to meet the demand of their customers. I would just caution you to not bite off more than you can chew. Because if you come back here next time, and your performance is 25%, that's something we don't want to see. Mr. Hicks said, we're confident that we're conservative. We expect to be back again. Mr. Broad said, all right.

Ms. Roberts said, you are hiring a lot of new employees. I want you to take a look at some of Go-Biz incentives that are available out there. There might be a designated geographical area where you may be able to get some new hire employment tax credit, as well as California Competes Tax Credit. There might be an incentive there for you from a tax standpoint. Mr. Hicks said, we were just awarded the California Competes Tax Credit. Mr. Rodriguez asked, are you a California Competes applicant? Mr. Hicks said, yes; we are.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for On-Time Air Conditioning and Heating, Inc. dba Service Champions in the amount of \$413,000.

Motion carried, 7 – 0.

Palo Alto Networks, Inc.

Mr. Atkinson presented a Proposal for Palo Alto Networks, Inc. (PAN) in the amount of \$738,966. Located in Santa Clara, PAN offers a network security platform that prevents cyber breaches on devices such as mobile phones, ATMs, and gas pumps.

Mr. Atkinson introduced Richard Taylor, Director of Global Talent Development, and Steve Ho, Managing Director, Welsh Advisors.

Ms. Roberts said, I noticed that you are in the technology industry, but I don't see any technology training in the curriculum. I see some soft skill training, but I don't see anything else; is there something I'm missing? Mr. Taylor said, there should be quite a bit in the proposal. Mr. Ho said, there is technical training. Based on compliance issues from the technical folks, it's not contract related. Ms. Roberts said, you're asking for three quarters of \$1M, but I don't see any technical training. All I see is business and management skills. You pay great wages, no doubt about it. Mr. Taylor said, from my point of view, we have a robust technical training program in place. I would use these dollars to ramp up in some other areas, because we have a lot of service workers who are helping to make sure our products

are working for customers out in the field. We're hiring a lot of operational and sales folks, and we're doing a lot of soft skills training, and that's where we'll utilize the dollars. Ms. Robert said, I thought I was missing a page or something. Mr. Taylor said, we can always come back later and ask for more, but we want to complete this training first. We want to be successful, and maybe see you again in the future. Ms. Roberts said, okay.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Palo Alto Networks, Inc. in the amount of \$738,966.

Motion carried, 7 – 0.

Aerojet Rocketdyne, Inc.

Mr. Atkinson presented a Proposal for Aerojet Rocketdyne, Inc. (Aerojet Rocketdyne) in the amount of \$652,110. Aerojet Rocketdyne, a wholly-owned subsidiary of Aerojet Rocketdyne Holdings, Inc., provides propulsion and energetics o the space, missile defense, strategic, tactical missile and armaments to the Aerospace and Defense industry. This is Aerojet Rocketdyne's second ETP Agreement within the last 5 years.

Mr. Atkinson introduced Darin Holcombe, Senior Human Resources Training Grants and Vendor, and Ken Gaal, Director, Human Resources.

Mr. Rodriguez said, are you training the same employees from your 2014 to 2016 contract? Mr. Holcomb said, we have additional employees who will be receiving the training, and we will continue to train our existing employees, but not on the same material. We are providing a new tactical and skill development training, and so forth. Am I addressing your question? Mr. Rodriguez asked, will those 800 trainees get an additional training? Mr. Holcomb said that's correct. Mr. Rodriguez asked, will the training be for a different program? Mr. Holcomb said, yes; it's for a different training. Mr. Rodriguez said okay. Thank you

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Aerojet Rocketdyne, Inc. in the amount of \$652,110.

Motion carried, 7 – 0.

Bay Alarm Company

Mr. Atkinson presented a Proposal for Bay Alarm Company (BAC) in the amount of \$490,000. BAC, a subsidiary of BALCO Holdings, Inc. is the largest independently owned and operated security company in the United States. This will be BAC's third agreement within five years.

Mr. Atkinson introduced Rebecca Volokh, Training and LMS Administrator, Michelle Rychener, Vice President, Consultant, and Mark Terry, Completions Manager.

Ms. Newsom said, I have some concerns about the commission structure for achieving the post-retention wage of \$21.28 for your sales staff; the difference with the minimum wage they receive is \$13.46 and their ability to achieve a higher wage. What if they don't achieve that commission rate? Mr. Terry said, our commission structure is designed to try and promote financial award for the company, as well as the employee. The intent is to give the employee a ramp up period. Generally, it takes 3 to 6 months, sometimes longer, depending on their background and also the territory that they're selling in. There's always a hope that the employee will come off that protection of their salary, and be able to make their living off of the commission structure primarily. We do have some mechanisms in place to ensure that the employee, if they have a bad month, or if they are not able to get up to speed fast enough, will be provided additional training. We do have a program in place where the employee can request a set amount of money based on their prior sales; it's kind of a backdrop in case they have an illness or need to take a significant time off.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Bay Alarm Company in the amount of \$490,000.

Motion carried, 5 – 0.

(Mr. Rendon and Ms. Fernandez departed at 12:15 p.m., and we're not available to vote for the remaining proposals.)

Health Net, Inc.

Mr. Atkinson presented a Proposal for Health Net, Inc. (Health Net) in the amount of \$738,000. Established in 1979 and headquartered in Woodland Hills, Health Net provides and administers health benefits to approximately 7.6 million individuals across the country. This will be Health Net's second ETP Agreement in the last two years.

Mr. Atkinson said, I need to make a clerical correction on Page 4 under the Prior Projects table. There are multiple locations included for ETP 14-0331; it's not just Woodland Hills. Only \$146,000 of the \$776,000 earned was incumbent workers, so that does not subject them to a substantial contribution. Also, under another Agreement, ET 12, within the last five years, the Company earned \$545,000; all of that was for Job Creation.

Mr. Atkinson introduced Lorin Enquist, Director State and Local Tax, and Steve Duscha, Consultant.

Ms. Roberts said, I heard that the deductibles are up to \$7,000 per family. The deductibles kind of offset any lower premiums you have for families who can't afford insurance. I don't know if you can address that. Mr. Enquist said, the deductibles in our HMO market are nowhere near that, but if you opt for a PPO model, which has a larger network, there are plans that have a higher deductible. The deductible for my family is \$5,000; I thought that was the highest. I didn't know that there was a \$7,000 deductible available. Ms. Roberts said, the premiums are going up. Mr. Enquist said, I ran the numbers, and it made sense for me to do the higher deductible, because the premiums were lower. We recognize that it is a

challenge for families that may not have \$5,000 in cash for the year to meet that deductible; that's why we offer programs that have lower deductibles. We provide enough products that would best suit the consumer and their families.

Ms. Roberts said, a lot of monies have been funded to you based on the prior projects, and most of those were new hire employees in the last five years. Your company has almost tripled in size; is that correct? Mr. Enquist said, our company hasn't tripled in size, but we have hired a lot of new people. This particular application is not for new hires. It is expected that we will have new hires, but they may not be in the Health Net Inc.; they may be in Centene Corporation, which is the new parent company that remains to be seen. The focus of this application is for training our existing employees.

Ms. Newsom asked, is this for full-time employees? Mr. Atkinson said, yes; that's correct. Ms. Newsom asked, will the part-time employees receive healthcare benefits? (Mr. Duscha answered Ms. Newsom's question, but it was inaudible on the recording.) Ms. Newsom said, thank you for the clarification. Mr. Lawrence said 97% of our employees are full time.

Mr. Broad said, there are some items that refer to Arizona Commercial Benefits, Arizona Medicaid, etc., under the curriculum. Do you have California employees that are handling claims in Arizona? Mr. Elquist said, yes. We have plans in various states, and so far, we have chosen California to service all of those plans. We do have some smaller service centers in other states, which are required by the state regulations, but it's mainly for overflow, in case of heavy call volumes; we want to limit the wait time. Mr. Broad said, thank you.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Health Net, Inc. in the amount of \$738,000.

Motion carried, 5 - 0.

Sysco Sacramento, Inc.

Mr. Atkinson presented a Proposal for Sysco Sacramento, Inc. (Sysco Sacramento) in the amount of \$363,700. Sysco Sacramento was founded in 2000 and is a subsidiary of Sysco Corporation located in Houston, Texas. This proposal will be Sysco Sacramento's second proposal.

Mr. Atkinson introduced Gloria Tzintzun, Vice President of Human Resources and William Sacks, Consultant.

Mr. Broad said, I have a couple of questions on the proposals that we have funded today, and the proposals that are coming up. Are we funding the same training for those workers at a different location of Sysco? Ms. Tzintzun said, we operate independently. I am not aware of any training programs that the others Sysco are presenting to the Panel, so I couldn't comment on that. Mr. Broad said, when you say you're operating independently, are you an independent company that's wholly owned subsidiary of Sysco? Ms. Tzintzun said, yes. We

have our own president and P&L; we operate individually. If we aren't successful and don't make money, they close us down. We're kind of entrepreneurs in a big corporation.

Mr. Broad said, here's what's a little troubling for us, and I'm sure it's a coincidence that you didn't structure your business to get around our rules. There are six different proposals for Sysco that adds up to \$1.2M in training when one company probably could only get to \$750,000. By structuring yourself this way, you are able to get an amount of money from us that no other company would get. I feel, from an equity point of view, any other company would be paying a substantial contribution, or be limited in some other fashion. I think we should ask that this project should agree to make a substantial contribution of 15% or 20% so that it gets down below to where the other companies are. I don't believe that we can call them different companies within Sysco, since they're all doing the same kind of work. In other words, it's not like one is in the refrigeration business and one is in home furnishings. They're all in the food wholesale and delivery business. It seems like you're all doing the same thing when it's only an organizational coincidence that you organized this way, as opposed to just being one company with different offices. So I was wondering if you would be prepared to accept a substantial contribution. Ms. Tzintzun said, first of all, we didn't structure this to get around the rules. Mr. Broad said, obviously you didn't, and I'm not suggesting you did; and that would be ridiculous. Nobody in their right mind would do that. Ms. Tzintzun said, I know other companies, like Samsung, who had projects that have been funded over the \$1.2M. We do have some extenuating circumstances here in Sacramento that is a little bit unique. With the arena opening up, there are hundred new restaurants coming into town. We really need the funding of the training and the resources to help the economy in downtown Sacramento grow by servicing these restaurants properly so that they're getting what they need to service the community. That would greatly help us if we could get full funding for this project.

Ms. Roberts said, we have other Sysco proposals that are coming to us in September. Mr. Broad said, that's why I asked for some explanation of this because there are multiple Sysco proposals that are coming; we've grappled with this before. Ms. Roberts said, even though they are under a different FEIN, and different locations, we're still on the same bucket. Mr. Broad said, it would be unfair for us not to; considering that we've done this to other companies in similar situations that organize themselves this way.

Mr. Broad said, so the question is how do we handle this? Do we want to start next month, or do we want to fund and start with this one? Mr. Rodriguez asked, would you like to get funded? Ms. Tzintzun said, of course. Being selfish, I would love to say save the substantial contribution for the other Sysco projects, but that's your decision. Mr. Broad said, we can't get mad at her, because they're all unrelated to each other.

Mr. Atkinson said, the Sysco Ventura, Inc. is on the Consent Calendar, and that's already been approved. Mr. Broad said, I realize that.

Ms. Newsom asked, what if we push this off to the next meeting, and then we have all three proposals here, and all three of them can decide amongst themselves what's best for their company? Ms. Tzintzun said, with the projects I have right now, we just implemented a new system; I would love to get this going sooner than later.

Mr. Sacks said, I have all the Sysco proposals, and the ones that are coming up. We're trying to get them going; they're not positive if it's going to happen. We've talked about this, and we'll take the 15% substantial contribution. Mr. Broad said, we'll do the 15% substantial contribution on this one, and we'll take the others, if they come. Thank you; that's very helpful.

Mr. Broad made a motion to approve the proposal with a 15% substantial contribution and Ms. Newsom seconded the approval.

ACTION: Mr. Broad moved and Ms. Newsom seconded approval of the proposal for Sysco Sacramento, Inc. Funding amount TBD.

Motion carried, 5 – 0.

Multiple Employer Proposals

Finishing Trades Institute of District Council 36 Joint Apprenticeship Training Trust Fund

Ms. Torres presented a Proposal for Finishing Trades Institute of District Council 36 Joint Apprenticeship Training Trust Fund (Finishing Trades JATTF) in the amount of \$765,376. Finishing Trades JATTF was established in January 2013 under the auspices of the International Union of Painters and Allied trades. The trust is successor to the former Southern California Painting and Drywall Industries Apprenticeship Trust which held prior ETP training contracts.

Ms. Torres introduced Jesus Fernandez, Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Newsom seconded the approval of the proposal for Finishing Trades Institute of District Council 36 Joint Apprenticeship Training Trust Fund in the amount of \$765,376.

Motion carried, 5 – 0.

Bay Area Video Coalition

Mr. Atkinson presented a proposal for Bay Area Video Coalition (BAVC) in the amount of \$350,795. BAVC is a non-profit organization that provides vocational Advanced Technology media training to digital media professional web and graphic designers, producers, editors, programmers, IT support, communications and office administrators.

Mr. Atkinson introduced Christine Sugrue, Contract Compliance and Organization Effectiveness, Senior Engagement Director and Mindy Aronoff, Senior Engagement Director.

Ms. Newsom asked, what is the holdup in getting the support from SEIU? Is there a conflict? Ms. Aronoff said, no; not at all. They're doing it right now, and that's only for one company.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Bay Area Video Coalition (BAVC) in the amount of \$350,795.

Motion carried, 5 – 0.

San Francisco Electrical Industry Apprenticeship and Training Trust

Mr. Atkinson presented a proposal for San Francisco Electrical Industry Apprenticeship and Training Trust (SF Electrical JATC) in the amount of \$551,960. Established in 1962, the SF Electrical JATC is a cooperative effort between the San Francisco Chapter of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local Union 6. SF Electrical JATC serves approximately 391 Apprentices and 1,200 Journeymen.

Mr. Atkinson introduced Peter Chursin, Training Director.

Ms. Newsom said, I'd like to make a statement. You are actually getting a lot of my members from San Diego traveling up to San Francisco; good job. Mr. Chursin said, you're more than welcome.

ACTION: Ms. Newsom moved and Ms. Roberts seconded approval of the proposal for San Francisco Electrical Industry Apprenticeship and Training Trust in the amount of \$551,960.

Motion carried, 5 – 0.

Amendment

Murietta Chamber of Commerce

Ms. Torres presented an amendment for Murietta Chamber of Commerce (Murrietta Chamber) in the amount of \$188,400. Founded in 1915 and located in Southwest Riverside County, Murietta chamber is a nonprofit membership organization comprised of 850 members within the region.

Ms. Torres introduced Patrick Ellis, President, CEO.

Mr. Rodriguez asked, are you located in Riverside? Mr. Allen said yes.

Ms. Roberts said, this is mostly for Ms. Torres. Do we usually pay for support costs on an amendment? Mr. Ellis said that he's already got employers lined up; I don't know what would entail a support cost on an amendment. Ms. Torres said, it's just like the initial proposal in Phase 1; it has a demand of core group of employers. Likewise, this is a demand for a group of employers for Phase 2, which they will continue to add on to, and work in partnership with those employers. Some of them drop out, and some of them need to be rescheduled and there could be coordination issues. In Phase 2, we treat it just like it was a new Agreement. Ms. Roberts said, I may have overlooked that in the Panel packet.

Ms. Newsom asked, what unions are involved in this application? Ms. Torres said, I don't believe they are identified.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the proposal for Murietta Chamber of Commerce in the amount of \$188,400.

Motion carried, 5 – 0.

XI. PUBLIC COMMENTS

There we no comments from the public.

XII. MEETING ADJOURNMENT

Mr. Broad adjourned the meeting at 12:45 p.m.