



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 I Street

Sierra Hearing Room, 2nd Floor

Sacramento, CA 95814

January 22, 2016

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Leslie McBride
Ex-Officio 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 9:35 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Janice Roberts
Sonia Fernandez
Leslie McBride
Edward Rendon
Sam Rodriguez

Executive Staff Present

Stewart Knox, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Mr. Knox said, Tab#24 and Tab#28 have been withdrawn. Mr. Broad asked for a motion to approve the Agenda.

ACTION: Ms. Bell moved and Ms. Fernandez seconded the motion that the Panel approve the Agenda.

Motion carried, 7 - 0.

IV. MINUTES

ACTION: Ms. Bell moved and Mr. Rendon seconded the motion that the Panel approve the Minutes from the December 4, 2015 meeting.

Motion carried, 7 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said, good morning Panel members, applicants, and stakeholders. Following the last Panel meeting in December, we have a larger Panel meeting today with approximately \$11.7M in projects with an additional \$1.8M in Delegation Orders for a total of just over \$13M. Two projects were withdrawn from this Panel meeting, so our total will be a little bit less. I will also update you on how we are doing on our funds for the Fiscal Year (FY) 2015/16.

Today we have a mix of single employer and multiple employer projects. Regional Office Managers Diana Torres, Greg Griffin, Creighton Chan, and Willie Atkinson are here today to present those proposals.

Regarding the Budget for Alternative Fuels and Vehicle Technology Program in partnership with the California Energy Commission, we started off this year with \$2.8M. Should the Panel approve all of today's projects, we will have about \$200,000 remaining in this FY. The \$2M of the drought funding has been completely encumbered, and we were not allocated additional funds for FY.

In regards to the CORE funding for the FY 2015/16, to date, the Panel will consider an additional \$11.7M in projects with another \$1.8M approved by Delegation Order. Should the Panel approve all the projects for today, the Employment Training Panel (ETP) will have approximately \$18.2M for the remainder of FY 2015/16, which will take us fairly close to the end of the FY.

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 we, have approved 41 projects totaling over \$1.8M.

For the FY 2015/16 program funding, to date, we have approximately over 625 projects submitted in the first and second round of applications. This is one of the largest we've had in many years with a value of just over \$130M. The Panel has already approved over \$72.5M in proposals. The plan, at this point, is to have our spring meeting. We will definitely have a meeting in May with the Panel Members to discuss how the funds are allocated, and look at the contingency funding. Financially we look very strong, and we are not cutting out the pre-application. As the applications come in, we will look at funding those proposals for the next FY. Most of the applications that are coming in are repeat contracts, and they are getting in line for next year's funding cycle.

In regards to the FY 2015/16 Fund Status Report, the results are about \$4M more in revenue. However, we have allocated to the previous years an additional \$3.5M. The good news is that the contracts are doing much better than they did in the previous years; they are performing at 75-80%. That does push up the liabilities close to \$31M. Again, revenues look good, and we've increased our appropriations by \$10M. Since the appropriations are higher than last year, we will monitor this closely to make sure each year we are not dipping to the funds at a high rate, and when the economy lapses, we still have funding to smoothly ease off, rather than have a drastic cut. I will continue to work with the Labor Workforce and Development Agency (LWDA) in determining next year's funding level, and we will have a

discussion with the Panel members regarding this matter in May. If the money continues to flow at the current level, we will probably ask for an additional \$5M for contingency plan, if not more.

Regarding applications for contracts that are still in the regional offices: Single Employer Contract requests are at \$25M in demand; \$11.4M in allocations. Multiple Employer Contract (MECs) requests are at \$7M in demand; \$79,000 in allocations. Small Business has \$3.5M in demand; \$3.1M in allocations. Critical Proposals are at \$784,000 in demand; \$2.2M in allocations. Apprenticeships are at \$4.7M in demand; \$1.2M in allocations. Overall demand is approximately \$35M. The demands are very high, and most of the projects are out into the regional offices.

Regarding the number of projects remaining in the regional offices today: Single Employers 121, MECs 15, Small Business 74, Critical Proposals 3, Apprenticeships 1; total of 208. AAU by category: Single Employers 51, MECs 9, Small Business 54, Critical Proposals 0, Apprenticeships 22; total of 142. Some of those numbers that we talked about are in the pre-application stage and will not make it to the Panel meeting. We will continue to monitor that and make sure that the projects processed through this FY will get funded. Staff is currently working very quickly to get those projects out of the Applications and Assessment Unit (AAU) and out into the regional offices.

In regards to the legislative update, AB 1598, Budget Act of 2016, and SB 825, Budget Act of 2016, was introduced in the 2015-16 legislative session. In summary, these are the bill placeholders for this year’s budget. The Governor introduced his plan for the budget on January 7, 2016. Our budget is in the act and we are going strong into this FY.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

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

Alliant Techsystems Operations LLC.....	\$212,340
Architects Orange.....	\$212,760
Beach Body.....	\$243,450
Bricklayers & Allied Craftworkers Local #4 California JAC.....	\$99,114
Foster Poultry Farms.....	\$249,840
Galina LLP.....	\$173,190
Lollicup USA Inc.....	\$248,664
NorCal Surveyors JAC.....	\$186,104
PRL Glass Systems, Inc.....	\$55,080
Ready PAC Produce, Inc. dba Ready Pac Foods, Inc.....	\$178,848
Western Electrical Contractors Association, Inc.....	\$73,392
Wonderful Pistachios and Almonds, LLC.....	\$214,200

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of Consent Calendar Items #1 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. Roberts moved and Mr. Rendon seconded the approval to delegate authority to the Executive Director in event of loss of quorum.

Motion carried, 7 – 0.

Mr. Broad said, I would like to make a comment about the state of our funding. We have been in one of the longer economic recoveries in American history, and all good things come to an end. Month after month, we've had growth in the economy, as opposed to a shrinking economy; that's the difference in recession when the economy starts to shrink. Sometime in the near future, we are probably going to enter into recession again. Clearly, our Governor and leaders understand that that's where we're headed. It's a cyclical feature of the economy, and hopefully it won't be a deep recession. When that happens, our funding level is going to drop, and in theory, that's where the surplus money is supposed to come in. When you have a countercyclical funding, you need to show restraint in tapping into that funding. We need to be careful about how and when to tap into that funding; it's tempting, but it's the wrong way to manage state government. We tend to want our money "today" and then when the funding is depleted, we go into a recession and take a much bigger hit. Generally, the government is the last to feel the effects of recession and benefits of a recovery because the nature of taxation follows the economy and lags behind it by a year. If the economy were to go into recession, tax revenues will increase, just as the economy is going in the opposite direction. That's when we have to show the most restraint, because it would feel like it's not affecting us. We will have to look at where we are in terms of tapping into this money. I suggest that you think long and hard about what is responsible in this kind of situation.

VIII. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, had nothing to report.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

Coca-Cola Refreshments USA, Inc.

Gregg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for Coca-Cola Refreshments USA, Inc. (Coca-Cola) in the amount of \$361,530. Founded in 1886, Coca-Cola is a producer and distributor of nonalcoholic beverages. The Company qualifies for standard retraining under the out-of-state competition provisions as a manufacturer and is eligible for priority industry reimbursement. This will be Coca-Cola's fourth ETP Agreement within the past five years.

Gregg Griffin introduced Mario Salomon, Quality Assurance Manager.

Mr. Broad said, in looking at the summary of your last three ETP Agreements, the first project had a 75% performance; the second project was 71% and the latest was 41%. You did not achieve ideal performance. You're heading in the wrong direction. What's going to be different with this proposal, and what changes will you make this time to make sure that you are successful with this project?

Mr. Salomon said, the previous projects included two plants that went through a lot of management turnover; they didn't perform as well as we had expected. This current proposal is designed specifically for the Downey production facility, which shows consistent results. The two other plants will only be considered for future proposals after they have shown improvement to their management teams. Right now we are assisting those plants in training their management and bringing them up to speed like our Downey plant. Mr. Broad said, very well.

Ms. Roberts asked, are you going to hire 45 individuals for your Downey plant? Mr. Salomon said, that's what we are currently doing annually. Ms. Roberts asked, have you completed the Polyethylene Terephthalate (PET) project? Mr. Salomon said, our last major PET project was a blow molding installation. We have a new project in place, which is the century taste testing project, and we are installing new conveyors, a catwalk system for our receiving line, and we have an energy efficient packaging machine.

Ms. Fernandez asked, do you have a plan in place to hire veterans? Mr. Salomon said, it's our company goal to look at veterans and bring them in. Ms. Fernandez said, thank you.

Mr. Rodriguez said, in terms of your previous performance, was it a management problem, or was it a workforce system problem? Mr. Salomon said, it was a management turnover. There wasn't a consistent process in place for the two other plants. The Downey management team was assisting them to bring them up to our standards. Mr. Rodriguez asked, did the other plant fail to participate? Mr. Salomon said, it was a management turnover; there were three plants managers in a period of two years. Mr. Rodriguez asked is there an executive sponsorship with this program? Mr. Solomon said, yes. We have our Senior Manufacturing Executive from the west coast, Darin Croston, who is sponsoring this.

Mr. Griffin said, we limited this proposal to the facility that has done well, so it's only one facility that is part of this project. The ones that didn't do well will not be a part of this project.

Ms. Fernandez asked, will you be in charge of this proposal? Mr. Salomon said yes.

Ms. Roberts said, you have right size this project proposal. You had \$1.2M in the past contract, and you have come down quite a bit.

Ms. Bell said, I am also concerned with your previous performance. We are going to monitor you closely. I'm glad that you have right-sized the amount of the project. Please reach out to our staff if you feel like you're not going to be able to reach your goal. We are here to help you, and we want you to be successful.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Coca-Cola Refreshments USA, Inc. in the amount of \$361,530.

Motion carried, 7 – 0.

DreamWorks Animation SKG, Inc.

Mr. Griffin presented a Proposal for DreamWorks Animation SKG, Inc. (DWA) in the amount of \$394,695. Headquartered in Glendale, DWA specializes in computer-generated animation for film and television, visual effects, television specials and series, live entertainment, commercials, and other types of digital products. This will be DWA's eighth ETP Agreement.

DWA is a repeat contractor with payment earned in excess of \$250,000 within the past five years at the Glendale Facility. Based on these earnings, the Company was assessed a Substantial Contribution (SC) at the 50% level under ET11-0110.

DWA is once again subject to a SC based on earnings in excess of \$250,000 for training in Glendale under ET13-0402. In accordance with governing regulation Section 4410, a second SC within five years must begin at the 30% level. From there, it may be adjusted up or down (from a low of 15% to a high of 50%).

Mr. Griffin introduced Antoinette Salvador, Head of Artistic Training and Development.

Ms. Salvador said, I am here today to ask you to consider a reduction in the SC from 30% to 15%. The overall growth that we have had in our industry, and the changes in the language for job creation made it so that we opted to be cautious, and move into continued education. We see growth in almost every sector of our business. However, with the nature of our business, and the way that films and television shows work through the production line, it's hard for us to look at the final net at the end of the day. There will be plenty of jobs created, and there will be a lot of training along the way. We create custom training and hundreds of classes every single year to support the technical growth and aesthetic of our employees, and to make sure that they are relevant as the technology in the industry shifts around the normal job.

Mr. Broad asked, how many new employees are we considering for this training? Ms. Salvador said, under the new definition, it's hard for me to say. I don't have the numbers in front of me.

Mr. Griffin said, Mr. Chairman, for the record, the SC on the prior project was at 50%. The recommendation for this proposal is lower than the prior SC, and there is no job creation as a part of this project; it's all re-trainees.

Mr. Broad said, I would like to accommodate your request if there was a rationale for doing it, but I can't see the rationale. We do have a SC requirement; you've obviously received a significant amount of funding from us in the last couple of years; three projects. Can you please make a stronger argument?

Ms. Roberts said, I think 30% SC is a right amount, if not 50%, since you've already received funding for three contracts from ETP in the past.

Mr. Broad asked, would you like to move forward if the SC is at 30%, or will you withdraw the proposal if the SC is at 50%? Ms. Salvador said, of course not. We are committed to job growth in California, and doing what is right for our employees.

Mr. Rodriguez asked, can you repeat the rationale for your request? Ms. Salvador said, with the way that jobs come up in the film and television entertainment, as the technology shifts and changes, this creates a challenge for us with the new language in the area of job creation. With all the training that we have completed in trying to move forward with our growth, and with our employees, we made the effort to keep the talent in California. Once the employees are trained under continued education, they can roll off from one project to the next. We are about the bigger picture of what's going on in the entertainment industry, not just about what's going on with our individual business. It's for the greater push. We're hoping that that will play into some of the decision.

Ms. Roberts said, there are other manufacturing sectors that can say the same thing about continued education as they come through, but we do have regulations and rules, and it's at our discretion as well. Knowing that you have returned numerous times tells us that the SC should be at 30%, if not 50%. I think 30% is pretty generous.

Mr. Rodriguez said, your company has been around over the last 15 years, and they have readjusted themselves in terms of recruiting and retaining talent. I'm familiar with the executive decision of your top brass. You're a trendsetter in recruiting and retaining talent for not going to Canada or Korea. I agree with my colleagues; 30% SC is reasonable.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal for DreamWorks Animation SKG, Inc. in the amount of \$394,695.

Motion carried, 7 – 0.

Golden State Foods Corp.

Mr. Griffin presented a Proposal for Golden State Foods Corporation (GSF) in the amount of \$426,352. GSF is a manufacturer and distributor of diversified products in the food service industry.

Founded in 1947, GSF processes and distributes liquid and meat food products, baked goods, and produce to more than 20,000 quick-service eateries from 20 distribution centers across the country. GSF is a repeat contractor with payment earned in excess of \$250,000 within the past year at the manufacturing plant in the City of Industry.

Mr. Griffin introduced Amber Masri, Safety and Training Manager.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Golden State Foods Corp. in the amount of \$426,352.

Motion carried, 7 – 0.

SkillServe, Inc.

Mr. Griffin presented a Proposal for SkillServe, Inc. (SkillServe) in the amount of \$295,488. Founded in 1947, SkillServe is an administrative entity that owns and manages 12 skilled nursing facilities located in and around the Los Angeles area. These facilities provide sub-acute and rehabilitation care for the elderly population including medications, treatments and assistance with daily living activities.

Mr. Griffin introduced Clinton Williams, Human Resources Director.

Ms. Roberts said, you chose good wages for training your nursing staff, that's great.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for SkillServe, Inc. in the amount of \$295,488.

Motion carried, 7 – 0.

Sturgeon Services International, Inc.

Mr. Griffin presented a Proposal for Sturgeon Services International, Inc. (Sturgeon) in the amount of \$404,984. Founded in 1926, Sturgeon is a family-owned oilfield and commercial construction company. Sturgeon is headquartered in Bakersfield, with nine locations statewide.

Mr. Griffin introduced Kirsten Roberts, Human Resources, Assistant Manager.

Mr. Broad asked, is the oil industry having difficulty because of lower prices? Is this going to affect you, your project, and your ability to train employees? Ms. Roberts said, yes and no. We have 40 different service lines, so we're not confined to one oil fieldwork. We also have our public service department that is substantially growing, and we were awarded an \$800,000 contract through the high school district. We are largely growing in our concrete, sandblasting, and more on the public work side of it. Even though the drop in oil price is affecting us on the oilfield side, we still have different service lines that we are building up. Mr. Broad said thank you.

Mr. Rodriguez said, there's been a big boom in terms of some oil revenues in every company. Ms. Robert said, that is correct. We're pretty steady compared to our competitors in the area. We have about 780 employees and we have lost about 200 employees over the last six to seven months. Mr. Rodriguez asked, is that because of lack of forecasting? Ms. Robert said, yes; lack of work and budget cut. The company was spun off, and that cost about 90 employees. Mr. Rodriguez asked, so you sold the company in the last year to a subsidiary? Ms. Roberts said, yes, that is correct. Mr. Rodriguez asked was it sold to Chevron? Ms. Roberts said, it was sold to a private owner who was our CEO. He split off and bought part of that ownership. Mr. Rodriguez asked, are they fast tracking the diversity business lines? Ms. Roberts said, it is now completely separated. Sturgeon is its own entity, and has its own service line. The other company is completely separate. Mr. Rodriguez asked, so Sturgeon is not up for sale next year? Ms. Roberts said, that's correct.

Vice-Chair, Ms. Roberts asked, between Job Number 1, Job Number 2, and Job Number 3, why is Job Number 1 the only one that has a substantial contribution (SC)? I didn't see a job creation, or a difference between the other two job descriptions. Mr. Griffin said, it would be purely on earnings for employees in that population at a specific facility. If there wasn't \$250,000 earned at a particular facility, then they would not incur the SC. For administration purposes, we separated the SC for that one job number so they can bill off of that.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded approval of the proposal for Sturgeon Services International, Inc. in the amount of \$404,984

Motion carried, 7 – 0.

The Anthem Companies, Inc.

Mr. Griffin presented a Proposal for The Anthem Companies, Inc. (Anthem) in the amount of \$495,000. Anthem is an independent licensee of the Blue Cross and Blue Shield Association (BCBSA) with multiple locations in California and in 13 other states.

Mr. Griffin introduced Maurice Marquis, Learning Program Manager.

Ms. Roberts asked, are the employees on this contract under Well Point, Inc.? Mr. Marquis said, the company changed its name about a year ago to Anthem Companies, Inc. from WellPoint, Inc. Most of our businesses across the country and the state that we operate were Anthem, Anthem Blue, and Blue Shield Cross in California. Most people were not familiar with Well Point, Inc., there was a total disconnect. It was a corporate decision to go with Anthem, so everything is aligned and everyone understands who we are, and what we do.

Ms. Roberts said, you mentioned that WellPoint, Inc. came through in the past, and had a good contract. Where you involved in that project? Mr. Marquis said, I was involved in the second contract. My boss appeared before the Panel for the last contract. I performed all the behind-the-scenes work and monitoring. I will be overseeing this current proposal, and my intention is to use 100% of the funding.

Mr. Rodriguez asked, where is the location of your headquarters? Mr. Marquis said, we are located in Thousand Oaks, California. Mr. Rodriguez asked, where will you conduct the training? Mr. Marquis said, we have multiple sites; seven or eight of them. Most of our employees are in Thousand Oaks, Woodland Hills, and Newberry Park. We also have some employees in Rancho Cordova, but a big portion of our headcount is in southern California.

Mr. Rodriguez asked, do you work for Anthem Companies, Inc.? Mr. Marquis said, Anthem Companies, Inc. is the corporate entity based out of Indianapolis. I work for Anthem Companies, Inc. It is one of our subsidiaries; that's where I get paid out of. We have two legal entities in the state of California. Mr. Rodriguez asked, what are those two entities? Mr. Marquis said, Anthem Companies, Inc., and Anthem of California. Mr. Rodriguez asked, which one does Blue Cross own? Mr. Marquis said, it's basically employees under those two entities that support Blue Cross business in California. I don't know how that is set up legally, other than the employees in California fall under two entities that we have listed.

Mr. Griffin said, our understanding is that they are in dependent licensees; that is the structure. Anthem Companies Inc. is a licensee of Blue Cross and Blue Shield. Mr. Marquis said, yes, that is correct.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for The Anthem Companies, Inc. in the amount of \$495,000.

Motion carried, 7 – 0.

Edwards Lifesciences LLC

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for Edwards Lifesciences LLC (Edwards) in the amount of \$472,000. Founded in 1958 and headquartered in Irvine, Edwards develops, manufactures and markets medical devices and technologies used in the treatment of advanced cardiovascular disease and hemodynamic monitoring. This is the fifth proposal between Edwards and ETP within the last five years.

Edwards expects to expand its permanent workforce by 160 employees within the term of the ETP Agreement. All 160 trainees in Job Creation (Job Number 2) will be trained under Panel guidelines for "temporary-to-permanent" employment. Edwards will retain these employees through a temporary agency, with the intention of hiring them into full-time permanent positions after training. These 160 temp-to-perm trainees will all be hired into net new jobs.

Ms. Torres introduced Cynthia Lenahan, Director of Technical Training and Rob Sanger, CMT.

Ms. Roberts asked, did you have any temporary to permanent employees on your last contract, and how many did you hire as permanent employees? Ms. Lenahan said, we did not have any temporary to permanent employees on our last contract. At Edwards, specifically in our nonprofessional career path, we focus on manufacturing and quality. We are regularly on-boarding our temporary employees at six months. We have over 3000 employees on our campus in Irvine, and we are aggressively training our temporary employees to qualify and become permanent employees. We have expanded our training room capacity outside the clean room to get the employees certified by Lean processes. It originally took us nine months to go through the Lean process, breaking down the job operation. We are able to get the work content down to six months, but not everyone is certified and able to meet the criteria in six months. With our training metrics, in 6 to 9 months, there are skills that we have to develop on the campus with our engineers and technicians. Ms. Roberts said, I completely agree with the time period needed, especially in your line of business, it makes perfect sense to me.

Ms. Roberts asked, as far as pay grade, do you pay the temporary employees on probationary pay, or do they get paid equally like the rest of your workers? Ms. Lenahan said, they are paid their minimum wage just like our regular employees. The only thing we can't do is invite them to employee events because of human resources law. The people that I work with, at the floor level and classroom training, they are really treated as part of the culture of meeting the needs of our patients. We start that from day one, regardless if they are temporary or full-time employee, because our aspiration is that they become our permanent employee.

Ms. Bell asked, do you offer any form of medical benefits for your temporary to permanent employees? Ms. Lenahan said, at that point in time, they can choose and select medical benefits that are offered through Ultimate Staffing. Ms. Bell asked, once they are on board, when do they receive the benefits? Ms. Lenahan said, beginning day one. Ms. Bell asked, do you bridge them over with seniority as soon as they are certified? Ms. Lenahan said, I would have to direct that question to our human resources department.

Mr. Broad said, one third of your employees are in California, a thousand in the United States, and another 4000 throughout the world. Does your facility in California basically serve the North American market, and the people employed abroad manufacture materials to the foreign market? Ms. Lenahan said, our Edwards Lifesciences corporate headquarters and center of innovation, R&D, is in Irvine. The products go through our pilot lines in our heart valve manufacturing center. Everything is piloted through our feasibility in human, and then we go to commercialization. We have to get the FDA approval of any product before we can manufacture. Sometimes that may go to the Dominican Republic, as we meet the global market, it may go to Singapore for the Asian market, or it may go to Hor, Europe. 80% of our heart valve therapy product (HVT), trans-catheter heart valve (THV) and mitral valve are manufactured in Irvine because of the innovation and transfer. We cannot operate outside the United States without the new product introduction and validation at the clean room manufacturing level.

Mr. Rodriguez asked, how long have you been employed with Edwards Lifesciences? Ms. Lenahan said, six years, and 30 years in the industry. It's remarkable to see the work that our employees are doing. Mr. Rodriguez said, thank you.

Mr. Sanger asked, on the Panel packet, it says six months to hire, will you consider going nine months? Mr. Rodriguez said, I don't think we would consider that; Mr. Broad said, no, thank you.

Mr. Sanger said, that might impact the performance of the new hire job group. Mr. Rodriguez asked, how would that impact your performance? Ms. Lenahan said, we have a requirement by the FDA. When we are audited, whether it's the FDA, TUV European Regulatory Agency, Canada, or Japan Patent Office, we are required to show the objective evidence that an employee is properly qualified and trained for the job. The first thing that they want to see is a job description of roles statement with competency skills that are required. Then we have to provide them with a quality training record out of our Learning Management System and International Standardization Organization (ISO) 13485, to prove and show compliance. We have to have the traceability of the operation on what that employee is working on. In the event that there is a defect with one of our valve, we have to trace it back to who built it, where it was built, and which line was it built from, and if we have to isolate it immediately. Then there's a whole risk assessment that is done, meaning, do we have to pull the product from the field or hospital it was from. It's a very rigorous process that we go through with our FDA requirements. It's all about the safety and advocacy of our product. We have to prove that our employees are constantly trained and properly qualified to perform their job, even if they hold a 4-year degree, or Master's degree.

Mr. Broad asked, to properly train the employee, are you saying that nine months is enough, but six months isn't? Ms. Lenahan said, it depends on the individual. Some are able to complete the training because we've leaned out the processes, and we've narrowed the work content involved in what they are performing. In some operations, where lower skill acuity is required, we start people there, and then move them to a more complex skilled operational area. On average, our metric shows that not all of the employees can be certified in six months. We cannot move them to the production line and build commercial valves without meeting all the requirements. For those employees who are not certified, we keep them in a training simulated area, which is above the manufacturing line. Once they meet the criteria, they have to be certified three times to meet the quality standard of what is required. Once they do that, then we move them to the production line.

Mr. Rodriguez asked, from a controlled management perspective, and making the case, have you checked with your legal department if there are liability issues? Ms. Lenahan said, yes. Mr. Broad said, let's not get into their conversation with their general counsel, because that's attorney-client privilege, and we can't ask them to waive their privilege. Mr. Rodriguez said, let me clarify myself. I understand both the domestic and international requirements in the extensive bio science product, that's why I asked those questions.

Ms. Roberts said, what you're describing here sounds like advanced technology skills, which would trigger the justification, but I don't see any of that in the Panel packet. Mr. Sanger said, we didn't ask for the higher rate, but it is 200 extensive training hours.

Mr. Broad said, so the issue here is that some employees can be certified in six months. The other possibility is it takes longer than six months, or are we just dealing with the first scenario? Ms. Lenahan said, we know that we've completed enough training and certification that the overall time should be six months with the 200 hours of training. Another thing we

have done is increase our trainer to trainee ratio; we were at 1 to 14. Now we have added more technicians, and we have provided our operators with a stronger pathway. They are now able to move from a senior operator to a line lead trainer role. Because we have a better trainer to trainee ratio, we are able to keep the training down to six months, but there are a few people that need a little more time.

Mr. Broad said, we haven't adopted a specific guideline for temp-to-perm, but we will discuss this later. The recommendation is six months, but we can consider it on a case-by-case basis. Here's my concern, most employees can complete the training in six months, and the others take up to nine months, and still get the job, if we extend the training period, companies could potentially slow down the training process and make it last for nine months before converting the temporary employee to a permanent employee. Our policy goal here is to limit the amount of time that people are temporary employees, so there's a tension there between the companies on a broader scale. Ms. Lenahan said, because of the demand of our market, and our business is very strong; we can't slow the training process down. We are on-boarding them because we need more trainers to meet our forecasting demands in the current manufacturing schedule.

Mr. Broad asked, out of the 160 trainees, can you give me an estimate of how many would not get certified in six months? Ms. Lenahan said, it would be less than 10%; probably less than 5%. Our turnover rate last year was 8%. We know pretty quickly, within six weeks, if an employee can handle the task on hand. In our screening process and selecting candidates, we make sure that they clearly understand the work role and training process. We don't want to invest six months if the employee is not going to succeed, and be able to do the job.

Mr. Broad said, I'm a little bit torn here, to be honest with you. The bottom line is that it's possible for you to earn 90% of the money, instead of 100%, and you will be paying for training the employees that need more time as opposed to us paying for their training, or we'll pay for all the training, instead of you paying for the training. The amount of money is what's at stake. I don't know if we would be creating a perverse incentive for you to let people go who can't complete the training in six months. I would rather you hire these people on the first day as employees of the company rather than this apprenticeship or training. I will leave it up to my fellow Panel members to make a motion, and depending on what they decide, we can discuss further.

Ms. Roberts said, I think 10 to 15 employees is a minimal risk compared to the technology involved in this contract, so I would like to make a motion to approve.

Mr. Rodriguez asked, is this the first time you're bringing up this issue? Mr. Broad said, this is the first time that we've started to really come hard down on this issue; we have this model that we haven't been as harder on the issue. Mr. Rodriguez said, the way I understand this is that you work closely with an agency on-site for training, and once they pass the training, they go into a deeper training for a specific course skill. Ms. Lenahan said, yes. We offer a six month quality certificate program, and depending on the career path that they choose, if it's manufacturing supervisor, then we put them through a manufacturing supervisor certificate program, which is specifically customized for Edwards. Mr. Rodriguez asked, is your average conversion 180 days. Ms. Lenahan said, yes.

Ms. McBride said, I just want to point out that I'm very comfortable with this proposal. ETP is about the employees. Based on what I've heard from you, you're dedicated to training your employees, and making sure they are successful. That extra few months will help them become better employees. The essence of ETP is gaining skilled employees, and allowing those employees opportunities to grow. I'm comfortable with the proposal as it is.

Mr. Broad asked, what is the turnover rate in your company once your employees are certified, including the temporary employees? Ms. Torres said, the formula used for the turnover rate on page 1 only includes permanent employees. Mr. Broad said, so it's 8% of permanent employees. What's the percent of the temporary employees that don't make it through? Ms. Lenahan said, based on what we generally see, it's less than 5%. In Irvine, we have a very dedicated advanced manufacturing center. Mr. Broad said, 95% of those trainees make it. You have a relatively very low turnover rate for temporary employees.

Ms. Robert said, like you mentioned earlier, within six weeks, you would know if the employee can handle the task on hand. You're not going to invest your time and money to train individuals that aren't capable of meeting the certification. Ms. Lenahan said, if we have a candidate who does not want to become certified, we work with our HR business partner, and see if we can place them on a different assignment, because there could be another job within our organization that would fit their talent. Competition for talent in life sciences and what we do is very tough.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Edwards Lifesciences LLC in the amount of \$470,000

Motion carried, 7 – 0.

GreatCall, Inc.

Ms. Torres presented a Proposal for a GreatCall, Inc. (GreatCall) in the amount of \$261,000. GreatCall, founded in 2006, and headquartered in San Diego, develops and provides web-based health-related products, software, and services. This will be GreatCall's second ETP Agreement within the last five years.

Ms. Torres introduced with Renan Quimbao, Director of Training.

Ms. Robert said, congratulations on your good performance. This is a good contract and I think that it's right-sized correctly.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for GreatCall, Inc. in the amount of \$261,000

Motion carried, 7 – 0.

Tenet Healthsystem Medical, Inc.

Ms. Torres presented a Proposal for Tenet Healthsystem Medical, Inc. (Tenet) in the amount of \$590,760. Founded in 1967, Tenet is a diversified healthcare service company, headquartered in Dallas, Texas with more than 112,000 employees nationwide.

Ms. Torres said, I just want to alert the Panel that another affiliated hospital under the Tenet umbrella will be coming before the Panel next month for its own proposal. However, the cumulative between both proposals will fall under the fiscal year with a \$750,000 cap.

Ms. Torres introduced Lani Dickenson, Regional Chief Nursing Executive.

Ms. Roberts said, this is well developed contract.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Tenet Healthsystem Medical, Inc. in the amount of \$590,760.

Motion carried, 7 – 0.

Certified Stainless Service, Inc. dba West-Mark

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for Certified Stainless service, Inc. dba West-Mark (West-Mark) in the amount of \$340,560. Founded in 1967, and headquartered in Ceres, West-Mark manufactures tanks and trucking equipment used during the transport and delivery of liquids. This will be the second ETP Agreement in the last five years for West-Mark.

West-Mark has committed to training four Veterans (Job Number 4). As a Federal contractor, West-Mark has a Veterans Affirmative Action Program in place to hire and recruit Veterans. The Panel has established a higher reimbursement rate and other incentives for training California veterans.

Mr. Atkinson introduced Jeremy Martinez, Human Resources Manager, and Bill Doughty, CFO.

Ms. Robert said, in the last contract you had multiple facilities. Is it the same for this contract as well? Mr. Doughty said, yes, that's correct. Ms. Roberts asked, do you have the right infrastructure that will help you administer the job classification for this proposal? Mr. Doughty said, yes, and Mr. Martinez is coordinating that, and he's doing a wonderful job.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Ms. McBride seconded approval of the proposal for Certified Stainless Service, Inc. dba West-Mark in the amount of \$340,560.

Motion carried, 7 – 0.

Duarte Nursery Inc.

Mr. Atkinson presented a Proposal for Duarte Nursery Inc. (Duarte) in the amount of \$333,000. Founded in 1988, Duarte is a commercial grower located in Hughson. Duarte specializes in growing commercial plants for the farming industry.

Mr. Atkinson introduced Jeff Duarte, Owner.

Ms. Robert said, I want to commend you for taking your staff through the Lean process and Dale Carnegie training. Does your employee base speak English, and do they comprehend all the acronyms involved in the Lean? Mr. Duarte said, our employee base is primarily Hispanic; 80-90%. Half of them are bilingual. It's a blend of first-generation and second-generation. Our training and classes are offered both in English and Spanish.

Ms. Roberts said, since this is your first contract, I want to make sure that you have the right infrastructure and support. Mr. Duarte said, I appreciate your concern. The ETP rosters are picked up by the administration, and we have our three HR staff. Chris Yates, who isn't here today, will be our correspondence lead. Our rosters will be filled out by the supervisor and turned in to Ms. Yates. She will then enter the data, and if not her, we'll cross-train the other staff members.

Ms. Roberts said, we want you to be successful on this contract. Please evaluate this on a quarterly basis and communicate with our staff if you need assistance. Mr. Duarte said, since this is our first project, it's a big deal. Mr. Atkinson, and Karen Smiley, Project Analyst, encouraged us to stay in touch to make sure that we are successful.

Mr. Broad asked, how do you get such a low turnover rate with seasonal employees? Does this mean that 3% of your seasonal employees return every year? Mr. Duarte said, most of them do. We were providing healthcare before, and it was something we have done for 10 years; that was a big piece of it. The playing field is a little bit leveled now. We've always stayed ahead of the wage curve, and this program will help us achieve that. Our basic philosophy, with the tightening labor pool, is bring people in, train them up, pay them well, and retain them. Our biggest challenge in retention is the seasonal portion of it. We like to flatten that out, so that we're covering more of the calendar, and not taking the fall and winter months off. We're looking at other ways to retain the employees year round to lower turnover rate. Crops like citrus trees, which is something we can work with all year, and grape vines, we can only do in the spring. The same goes with almond trees and avocados. We are going to start our research program for growing avocados, which are very frost sensitive, but they'll be grown in a 24 feet tall greenhouse. Mr. Broad said, that is a major investment.

Ms. Robert said, your curriculum seems a bit unclear, but Mr. Atkinson confirmed that there's a lot more involved in what I'm looking at. Mr. Duarte said. I hope to be back and talk about our Excel training, water management in our fields, what we're doing with our drip irrigation, installation and fabrication, and learning how to pulse irrigate, and basically conserve water. A lot of this principle goes out in our farming operations.

Ms. Roberts said, I noticed that you have computer skills in your training plan. Will that be done in-house or will you be hiring an outside agency? Mr. Duarte said, we will be utilizing an outside agency. Ms. Roberts said, make sure you collect all the data.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for Duarte Nursery, Inc. in the amount of \$330,000.

Motion carried, 7 – 0.

E. & J. Gallo Winery, A Wholly-Owned Subsidiary of Dry Creek Corporation

Withdrawn

Multiple Employer Proposals

Westech College

Mr. Griffin presented a Proposal for Westech College (Westech) in the amount of \$948,697. Founded in 1988, Westech is a private vocational institution headquartered in the City of Fontana. Westech provides training programs on the latest computer software utilized in the construction, architectural, manufacturing, and engineering industries. Westech has participated in ETP programs since 1993, and continues to market its programs to employers in surrounding areas.

Mr. Griffin introduced Barry Maleki, Executive Director, and Steve Duscha, Consultant.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Westech College in the amount of \$948,697.

Motion carried, 7 – 0.

Comprehensive Training Systems Incorporated

Ms. Torres presented a Proposal for Comprehensive Training Systems Incorporated (CTS) in the amount of \$250,243. CTS is a non-profit, community-based organization operating training facilities in the Cities of Imperial Beach and San Diego. CTS has provided comprehensive employment training to unemployed, under-employed, and “hard-to-serve” populations including CalWORKs recipients, limited-English speakers, ex-offenders, and high school drop-outs since 1985. This will be the Company’s fourth ETP Agreement in five years.

Ms. Torres introduced Linda Blair Forth, President.

Mr. Rodriguez asked, since you provide training for “hard-to-serve”, do you know the percentage of folks who, in order to continue receive the employment insurance benefit are also part of your training? Ms. Forth said, the majority of them are. Mr. Rodriguez said, thank you.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the proposal for Comprehensive Training Systems Incorporated in the amount of \$250,243.

Motion carried, 7 – 0.

KML Enterprises, Inc. dba New Horizons Computer Learning Centers of Southern California

Ms. Torres presented a Proposal for KML Enterprises, Inc. dba New Horizons Computer Learning Centers of Southern California (New Horizons) in the amount of \$325,860. New Horizons is a private training agency that specializes in Information Technology (IT), offering a wide variety of computer-related courses. New Horizons is a Microsoft IT Academy and a Microsoft Gold Partner and provides Microsoft, Cisco, CompTIA, Corel, Adobe, and Novel courses along with Internet and Security courses.

Ms. Torres introduced Ryan Landry, Vice President and General Manager.

Ms. Roberts said, my company has utilized New Horizons to train some of our employees, and we pay for their services. If I'm an employer, and I come to you for training, will you provide that service to our company with no charge, because you have the grant? Mr. Landry said absolutely, as long as you meet all the requirements.

There were no further questions from the Panel.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded the approval of the proposal for KML Enterprises, Inc. dba New Horizons Computer Learning Centers of Southern California in the amount of \$325,860.

Motion carried, 7 – 0.

South Orange County Regional Chambers of Commerce, Inc.

Withdrawn

Sheet Metal Workers' Local Union No. 104 and Bay Area Industry Apprenticeship and Journeymen Training Fund

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Sheet Metal Workers' Local Union No. 104 and Bay Area Industry Apprenticeship and Journeymen Training Fund (Sheet Metal Trust) in the amount of \$949,932. Sheet Metal Trust is an "umbrella trust" fund created through collective bargaining between Local 104 and the Bay Area Association of Sheet Metal Contractors. The Trust is administered by 10 trustees designated equally by Local 104 and the signatory employers from Bay Area Contractors. These employers are primarily in the construction industry or transportation industries, both of which are Priority Industries for ETP. This will be the fifth ETP Agreement with the Sheet Metal Trust.

In this proposal, Sheet Metal Trust has committed to training 20 Veterans in Job Number 4 at the regular apprenticeship rate, and without additional support costs above the 8 percent. The Trust's training programs are registered with Helmets to Hardhats. They also work with other veteran groups as well.

Mr. Chan introduced Frank Cuneo, Training Coordinator, and Jan Borunda, Cal Labor Federation.

Ms. Fernandez said, I want to commend you for the work that you have done. I'm a veteran myself, and I am excited to see this. I wish you luck and success. If there's anything you need, please utilize the staff. We have a fantastic staff that does a great job and they are here to assist.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the proposal Sheet Metal Workers' Local Union No. 104 and Bay Area Industry Apprenticeship and Journeymen Training Fund in the amount of \$949,932.

Motion carried, 7 – 0.

Sacramento Area Electrical Workers JATC

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for Sacramento Area Electrical Workers JATC (Sac JATC or JATC) in the amount of \$738,155. Sac JATC was created through collective bargaining in 1941. Located in Sacramento, the JATC is dedicated to providing up-to-date industry skills that lead to high quality job opportunities.

Mr. Atkinson introduced Matt Nootenboom, Instructor Sac Electrical, and Kimberly Woolsey, Financial Administrator

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Sacramento Area Electrical Workers JATC in the amount of \$738,155

Motion carried, 7 – 0.

Amendment

James R. Glidewell, Dental Ceramics, Inc.

Ms. Torres presented an amendment for James R. Glidewell, Dental Ceramics, Inc. (Glidewell) in the amount of \$252,000. Headquartered in Newport Beach, Glidewell is a dental ceramics manufacturer. The Company specializes in the design and manufacture of crown and bridges, dental ceramics, removable dentures, dental implants, snore guards, mouth guards and prosthetic components, and full-cast restorations.

This project was approved at the November 2014 Panel meeting, and training commenced on 11/24/14. Glidewell's new products are, in part, the reason for the rapid growth of the Company; which has increased its overall headcount over 300 workers in the last 12 months. Newly hired Dental Technicians are hired with little or no experience, and thus, need several weeks of class and lab training before moving to the manufacturing/production line.

Ms. Torres introduced Adam Powers, Learning & Development Manager, and Rocio Leon, Manager Strategic Partnerships and Training, CMTC.

Mr. Broad asked, is everything going well? Mr. Powers said, everything is going well.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the amendment for James R. Glidewell, Dental Ceramics, Inc. in the amount of \$252,000.

Motion carried, 7 – 0.

X. NEW TEMP-TO-PERM POLICY/ACTION

Mr. Knox said, the policy that we currently have is outlined on the **Temp-to-Perm Program** memo on page 1. There are two key factors for analysis:

1. Time Period for Training,

The time period for all training is limited by the term of contract. Typically, this is two years for a standard-size business and one year for a Small Business. The employment retention imposes another limitation. In general, this is the 90 consecutive days, regardless of business size. Both training and retention must be completed within the term. This leaves two "window periods" to complete training: 21-months for a standard size business and 9 months for a Small Business.

Staff invites the Panel to consider a six-month time period, as a reasonable benchmark for use of ETP funds under the Temp-to-Perm Program. This is because less than three months does not give sufficient time for recruitment and training, and more than 21 months (9 months for Small Business) does not leave time for retention.

Furthermore, based on knowledge and experience in monitoring training projects, staff believes six-months is sufficient time for the employers' recruitment and training prior to deciding whether to convert Temporary Agency staff into full-time permanent status.

2. Measurement of Time Period

Measurement could begin at any of three different checkpoints: 1) Start of Contract, 2) Start of Training, and 3) Date of Hire. However, the first one may be too limiting for employers, given their need to schedule and complete training with adjustment for business needs. And, the second checkpoint would be difficult for staff to monitor on a per-trainee basis.

In comparison, Date of Hire by the contracting employer (or participating employer) directly correlates to the completing of training. As such, it shows the value-added by ETP funds

insofar as the training leads to full-time permanent employment. Moreover, Date of Hire is tied to employment in the ETP database; it can be retrieved by ETP on a per-trainee basis prior to their first payment, and monitored at each point in the “progress payment” cycle.

The ETP Fiscal Unit would measure the first day of training against the Date-of-Hire benchmark, for all trainees enrolled under the Temp-to-Perm Program. This measurement would be made after enrollment and prior to the first payment, per trainee. Only those hours delivered and reported within that time period would be eligible for reimbursement. Invoices for training hours delivered outside that period would be denied payment.

Changes in ETP policy or programs that restrict funding are usually implemented on a prospective basis, in keeping with the need for advance planning in the proposal development cycle. This cycle is ordinarily 90 days (60 days for a Small Business).

Staff recommends adopting a six-month (180-day) time period for the use of ETP funds under the Temp-to-Perm Program. As a guideline or benchmark, that time period would be measured from Date of Hire into a full-time permanent position, looking back to the first day of training per trainee. The same time period and measurement process would apply to one-year and two year contract. Staff recommends that this revision should be implemented as a guideline, allowing for case-by-case analysis based on the facts and circumstances of each individual proposal

Staff recommends a prospective effective date for this revision, such that it would only apply to proposals approved on or after April 1, 2016. The same effective date would apply to approval by Delegation Order, as by the full Panel.

Mr. Broad asked, is there anyone in the public that would like to be heard on this subject?

There were no comments from the public.

Mr. Broad said, six-months is our target. It’s generally what we’re going to apply as a maximum. If somebody makes a compelling argument, then we can go beyond that. The general policy for people to understand is that we don’t want to encourage temp-to-perm. The higher the level of skill that is involved, the more it seems to make sense. From what we’ve heard from Edwards Lifesciences today, we’re talking about getting certified by the FDA, and requiring where there is very high level of regulation over the actual individual worker. That is something of a compelling argument; a little bit less from what we’ve heard a few months ago with Siemens. I understand the principle as the skill level goes down. I find it hard to support if they are in a relatively low skill employment and people are using temporary agencies, because they don’t want to commit to an individual who is making \$10 an hour; train them yourself, that’s my point of view, or employ them.

ACTION: Ms. Fernandez move and Ms. Roberts seconded the approval of the Temp-to-Perm Program, adopting a six-month (180-day) time period for use of ETP funds, and apply to proposals approved on and after April 1, 2016.

Motion carried, 7 – 0.

XI. PUBLIC COMMENTS

Steve Duscha

Steve Duscha said, I disagree with Mr. Broad about the surplus. I just want to state my opinion, and this will play out for a long time. The employment training fund had a \$20M surplus in the last three years. I agree with Mr. Broad's statement that money should, in a perfect world, sit and wait to be appropriated when the economy goes down, and use it to even out the ups and downs of the business cycle and tax collections. However, I have to point out that since 1983 that has never happened. Every single time ETP has had a surplus; it's been ripped off for something else. I think we need to find a good purpose for that \$20M, and put it to work before somebody else takes it for some other purpose. I think there are a lot of things that ETP could do with it; use it for some new and old things, and that ought to be looked at through the budget cycle.

Mr. Broad said, by way of defense, I will say there's one exception to your argument. It didn't happen. In the wake of 2008, the biggest recession in the history of America since the Great Depression, that's when we got the money back. So there is an argument on the other side, that's when they appropriated it back in that period of years. Mr. Duscha said, but it's been appropriated in good times, not bad times. Mr. Broad said, they could've taken half of our money like they did in 2009-10, but they didn't. Mr. Duscha said, true; but we were down to a small level, we didn't have that much left to take. Mr. Broad said, I understand, but that didn't stop them. I would say that I am a bit more optimistic that we have reached the point with the legislature that they understand the value of the training during an economic downturn. Hopefully, we won't see that. Your point is well taken. It's a question of optimism versus pessimism. I'm willing to be a bit more optimistic about our legislature and Governor. I would have agreed with you completely, had I not seen what occurred in the last 7-8 years, in which we actually were not hassled and received more funding, so we may have to agree to disagree. Mr. Duscha said, thank you.

There were no further comments from the public.

XII. MEETING ADJOURNMENT

Mr. Broad adjourned the meeting at 11:28 a.m.