



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, 2nd Floor
Sacramento, CA 95814
April 26, 2013

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Carol Farris
Member

Sonia Fernandez
Member

Michael Hart
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Jill McAloon
Acting Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad called the meeting to order at 9:30 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Bill Davidson (Attended on Behalf of Carol Farris)
Sonia Fernandez
Michael Hart
Edward Rendon
Janice Roberts

Absent

Sam Rodriguez

Executive Staff Present

Jill McAloon, Acting Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Mr. Broad proposed a slight change to the Agenda, and said the Amendment Proposal for Tab #19, Agilent Technologies, Inc., would be considered first today.

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

Motion carried, 6 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Fernandez seconded the motion that the Panel approve the Minutes from the March 22, 2013 meeting.

Motion carried, 6 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said today we have our standard mix of both single and multiple employer contracts. Three of our regional office managers are joining us via teleconference and Rosa Hernandez is present today to present projects. In addition to that, Maureen Reilly, General Counsel, will present a review of the new Delegation Order procedure and proposed revisions to the Retrainee-Job Creation Guidelines.

Ms. McAloon said should the Panel approve all of the projects before it today; it will have approved approximately \$53.8M, resulting in \$17.7M available between now and the end of the Fiscal Year (FY). We have spent approximately \$10M in SET funds and that leaves \$2.5M available in SET until the end of the FY. In alternative funding, we received a \$560,000 allocation from the Labor & Workforce Development Agency of WIA discretionary funds and those are to be used for Critical Proposals developed in conjunction with the Governor's Office of Business and Economic Development for a Healthcare Job Creation Initiative targeting newly hired nurses, allocated healthcare professionals, and other occupations associated with business expansion. They would be employed by non-profit entities that would not normally be eligible to contract with the Panel. We also received \$3 million under the AB 118 program through our partnership with the California Energy Commission.

Regarding legislation, the Legislature is in session, and there are few bills that have potential impact on ETP. They are referenced in the Memo before the Panel.

SB 118 (Lieu) Unemployment Insurance: Education and Workforce Investment Systems.

The bill provides that the California Workforce Investment Board, which is responsible for assisting in the development and improvement of California's workforce, would also be responsible for assisting the Governor in the alignment of the education and workforce investment systems to the needs of the 21st century workforce and the promotion and development of a well-educated and highly skilled 21st century economy and workforce. The bill encourages state and workforce investment boards to collaborate with other public and private institutions including ETP, to better align resources across workforce education and training service delivery systems.

Ms. McAloon said staff is currently reviewing its protocol for the review and approval of a Learning Management Systems (LMS) in our ETP projects. ETP does allow use of electronic training documentation systems to track training, and the LMS is a type of training documentation management system we would allow. Staff currently reviews and approves use of LMS during project development, and they do this to ensure that the system is going to be able to track training and report training data in a manner consistent with our recordkeeping requirements, and also to ensure that the training data can then be uploaded into our online tracking system. All LMS systems are different and can be complicated; therefore, the review and approval of those systems can be time consuming for both contractors and ETP staff, so we are trying to come up with a consistent and efficient protocol for approving those systems. We are currently gathering information, so we want to invite our stakeholders to share any of their experiences, concerns, or issues around LMS use and ETP projects. If you do have information to share, please contact one of our regional office managers, as they will be gathering the data.

Mr. Broad said in terms of the LMS, obviously we have to protect the integrity of our program. On the other hand, we have to move into the digital age and must figure out a way to make that work efficiently for training systems that are not consistent with our very paper heavy system; and we have to figure out how to do that; and it may take a while. We have to be careful we are not approving something that will work perfectly in a particular situation such as where there is a well established system for a pharmaceutical company where they are tracking every little thing they are doing for the FDA, and then we accidentally give license to someone else, who is not so scrupulous, who tries to figure out a way to get around the system. So, we have to be careful, and we need to figure out how to get there. I will save my remarks when we discuss the Delegation Order procedure, but it does have to do with the whole fast- track process, and how it has evolved, and we are being overwhelmed by it from a structural point of view, and we need to change it.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 and #2.

Johns Manville Corporation	\$249,876
Performance Composites, Inc.	\$49,920

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of Consent Calendar Items #1 and #2.

Motion carried, 6 – 0.

VII. DELEGATION ORDERS

Maureen Reilly, General Counsel, said I will speak briefly on the normal Delegation Order process. I think that most of you know that for quite some time now, we have been approving smaller amount proposals, as delegated by the full Panel to the Acting Executive Director in consultation with the Panel Chair, on the premise that this would ensure an even flow of proposals moving forward. The process was implemented so that companies, typically small businesses and sometimes standard sized companies could get their projects approved without having to wait for the monthly Panel meeting, or in the event of unexpected Panel meeting cancellations, such as when a quorum is not met. She referred to Tabs A and B in the back of the Panel Packet binders, summarizing the Delegation Orders that were approved. She said we have been using two separate Delegation Orders for this process, one for proposals that come in for \$50,000 or less, and these are typically the small businesses. In the past month In April, there were nine proposals approved for approximately \$281,000. In the proposals that are \$100,000 or less, in April we approved seven of these proposals for a total of about \$466,000.

VIII. REVIEW AND ACTION ON NEW DELEGATION ORDER PROCEDURE

Ms. Reilly said as Mr. Broad eluded to earlier what has happened is these have become so frequent now, we are preparing two-to-three packets per month. One comes to this full Panel and one or two go to Mr. Broad and Ms. McAloon for review. It has become incredibly time consuming and difficult for staff to do, and sometimes project approval is not much earlier than the Panel meeting itself. So what we are going to do is to go back to the old system where the

smaller dollar amount projects come to the Panel, and they go on a Consent Calendar and the company representatives are not required to appear. It is understood that if there are questions, staff will be available to answer them, with the exception of companies that show poor prior performance. If they have a prior agreement or if there is some other kind of issue that we believe the Panel would want to discuss, a representative would need to attend a meeting in person. So right now, the poor prior performance issue, which I believe Mr. Broad is going to discuss, that would be the exception for the smaller dollar amount packages and why they may not go on to the Consent Calendar. We are going to run one more full cycle of the standard process through the month of May, for the Delegation Order proposals that staff have actually developed as Delegation Orders, and then we will have this new Delegation Order at \$100,000 or less and it will be posted online available to the public for review.

Mr. Broad said a couple of trends have happened, which is that our fast-track concept has predictably become extremely popular. It is an option we have tried, to create a more efficient system, and it is very efficient, but it means that a large aggregate dollar value of projects is being approved by me, which I do not feel comfortable with. It is efficient, but lots of things that are not very democratic are efficient; however, this is a Panel, and it needs to approve things democratically. The only way I can rationalize it, is that these are projects that are not only small, but clean; that is to say, there are not issues related to them. That is why something would be on Consent Calendar and dealt with in a fast-track, because it is almost inconceivable that there are issues. What has happened is, as this has become more popular, and I need to direct this to our consultant community; I think some of the consultants have shifted projects to that fast-track model, and lowered the value of the training to meet the lower dollar amount standard, figuring it would move really quickly and not be subject to the whole Panel process. What has happened is that I am spending more time with Ms. McAloon and Ms. Reilly, going over these projects and fly specking them about what is wrong with them; and in particular, it is problematic for me when there is poor prior performance and there are repeat contractors. When we first began doing this, most of these fast-tracks or almost all of them, were people coming to the Panel that had never been to the Panel before, so they were being introduced to the process, they were small projects, and often times very small employers. That is changing, and what we found increasingly is that, we needed to reject projects as I did not feel comfortable approving them on a fast-track basis, which is saying they need to come before the full Panel for review. If they have prior performance problems, we often times approve them, but we really want to give people a close look and have a conversation about how they plan to do better because we want them to earn the money and want the training to be provided in an efficient way.

Mr. Broad said the staff has now suggested, not only because of the problem I mentioned, but also because these were constantly coming through, and people were expecting them to be dealt with on an expedited basis. If it turns out to be 20-40 projects per month, that is a big complex workload for our staff. So if the Panel approves, we are going to go back to a system where these smaller proposals are on the Consent Calendar. I am going to suggest that those that do not meet a certain benchmark of prior performance, that they simply come before the Panel regardless of the dollar amount. So we may see some that are \$4,000 to \$5,000 or \$20,000, or larger, but it is our duty to deal with this question of performance and ensure people are not just coming to ETP routinely and earning 30% - 40% again and again; something is wrong if that is happening, so that is essentially the basis for this. Ms. Roberts agreed and Ms. Fernandez also agreed and said that with limited resources, we need to use them properly. Mr.

Broad said we do want people to be able to move through on a fast-track basis with these smaller proposals, and we are not trying to deter people from doing that, but we need to protect the integrity of the program.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of adopting a new Delegation Order procedure for projects funded at <\$100,000.

Motion carried 7 – 0.

IX. REVIEW AND ACTION ON RETRAINEE-JOB CREATION GUIDELINES

Ms. Reilly said she handed out the Guidelines on the Retrainee-Job Creation to the Panel, and she said there are also copies at the back of the meeting room. She said they are marked with the suggested revisions and the principle revision on the printed copy is on Page 3. It concerns Trainee Eligibility and to be considered as a job creation trainee, which means there is an incentive, a higher reimbursement rate, and there is a reduced wage requirement. We are going to basically treat them as if they were newly-hired employees, even though these are incumbent workers; and the concept is they have been newly hired because the company is in expansion mode and is typically either buying new equipment, moving into a larger facility, or explaining to us they just increased their market share and they are ramping up production. So to encourage economic development, we have these incentive rates and a reduced wage requirement for the Job Creation Retrainee. For the purposes of Trainee Eligibility, we have always accepted what we call “Temp-to-Permanent”; temporary workers who are on payroll with a temporary agency and in a typical hiring pattern with the company. If the company believes that they meet their skill set requirements, they will be hired into a permanent time-based position with that company. So under a Temp-to-Permanent program, these people can take their training while they are a temp, but at the company’s risk. To earn reimbursement, the company needs to hire them and put them into the retention program and then meet our wage. They don’t earn reimbursement of training costs if they don’t hire them they are training them on their own dollar. If they hire them, they can get reimbursement from us, and the date of retention is the date of hire to a full-time permanent position.

By way of analogy to Seasonal Workers, if a Seasonal Worker is at a seasonal time base and is hired on a full-time permanent position, we will treat that as Job Creation. We would expect to see facilities provide a basis of why, overall, there are new jobs being created at that location. What we want to do is recognize companies that promote from within; so let’s say a company has ten new jobs; rather than say you have to hire from outside, we will count these people as Job Creation trainees. If they want to hire permanent and bring people from a part-time base into a full-time permanent position to fill that new job, we will also recognize that as Job Creation training.

Ms. Reilly said we do clarify that training can begin during the time period that the trainee is not yet in a permanent full time base, although they must be placed in it and complete retention and meet the minimum wage in order to qualify for payment. There are a couple of other minor revisions. We clarify on Page 1 of these guidelines that the Retrainee-Job Creation program only applies to single employer contracts. It is complicated to follow dates of hire, dates of moving into a certain time base, and we didn’t feel it should be extended to Multiple Employer

Contracts (MECs). We are clarifying on Page 2 of these guidelines that agencies and industry employers are eligible, consistent with our guidelines, primarily with moving from a seasonal time base to a permanent one. We are clarifying the maximum hours issue because job creation trainees in many respects are treated as if they were new hire trainees, even though they are actually on payroll as incumbent workers. So we are saying that the cap on hours can exceed 200 because of the new hire trainees' connection; we have up to 260 hours. For a small business that is in the Job Creation program, we are saying that the hours can exceed 60 which is their normal cap. We don't want to see these small businesses over-extend to a point that they cannot succeed with the contract, and there is a minor clarification that even if the seasonal worker statute requires an increase in wages between pre-retention and post-retention periods, our requirement about an increase between pre-retention and post-retention for other workers will not apply, and it is kind of complicated. The retention differential applies when you have a high unemployment area reduction. The high unemployment area reduction is sometimes used when projects are funded under SET and we don't need to apply that in this situation because we are treating them as new hires in all regards, out-of-state competition and SET requirements apply to retraining, and that gets very complicated.

The changes are also summarized on Page 1 of the handout and throughout this entire handout. The Guidelines with the revisions shown in yellow highlight and strikeout-and-underline will be posted on the website.

Ms. Roberts said a risk with this is they may not get reimbursed if they don't hire them full-time. This also could affect their performance, and we may see some not performing up to speed because they didn't hire the seasonal or part-time workers. Just a caution to not over commit when you do not know if you are going to hire those people full time. Ms. Reilly thanked Ms. Roberts and said that is a good idea and said staff can point that out during development. If you are too hopeful as to how many people you are going to be moving onto payroll, it could show at the end of the day; poor performance because you actually don't wind up training them; but that is something we can discuss during development.

Mr. Broad said he was concerned about designating this kind of training as Job Creation. I think we should keep an eye on it to make sure it is actually working, because if it is not working, I don't want to call something Job Creation if it is not creating any jobs or not a lot of jobs. Since we have an economy where people are going from full-time work to part-time work, employers that are having people go from part-time work to full-time work should be encouraged; so I think it is a good thing, and I will make a motion to approve.

ACTION: Mr. Broad moved and Mr. Rendon seconded the review and approval of the proposed Retrainee Job Creation Guidelines.

Motion carried, 7 – 0.

X. REVIEW AND ACTION ON PROPOSALS

Amendments

Agilent Technologies, Inc. (presented out-of-order)

David Guzman, Chief of Audits, Fiscal & Program Operations Division, presented an Amendment Proposal for Agilent Technologies, Inc. (Agilent) in the amount of \$249,480. Agilent

manufactures products that sense, analyze, display, and communicate data for use in the life sciences, chemical analysis, communications and electronics industries. These products include oscilloscopes, chromatographs, spectrometers, signal sources, signal and network analyzers, atomic force microscopes and nuclear magnetic resonance spectrometers amongst other technical specialties.

Mr. Guzman introduced Steve Beitler, Manager, Silicon Valley Government and Public Affairs Corporate Relations.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Amendment Proposal for Agilent in the amount of \$249,480.

Motion carried, 7 – 0.

Non Delegation Proposals

FormFactor, Inc.

Mr. Guzman presented a Non Delegation Proposal for FormFactor, Inc. (FFI), in the amount of \$99,360. FFI designs, develops, and manufactures high-performance, advanced semiconductor wafer probe card products and solutions. Many of FFI products are based on proprietary technologies, including MicroSpring interconnect technology and design tools that enable the company to produce wafer probe cards for applications that require reliability, speed, precision and signal integrity. Probe cards are used by semi-conductor manufacturers to perform tests on semiconductor wafers.

Mr. Guzman said this will be the third ETP training project; in their most recent agreement the company provided at least 80% of the planned training. When the project administrator went on medical leave, another employee destroyed and threw away the original training rosters. Unfortunately, those training hours had not been entered into ETP's class/lab tracking system; therefore, the company did not earn any training funds. In the agreement prior to that, the very first ETP agreement, FormFactor only earned 15% of available training funds. Business had declined drastically in the economic downturn and the company had to reduce their workforce four times during that period. In addition, their outside administrative consultant dropped the company once training had slowed. FormFactor had to find an internal administrator which also affected the administration of the training program.

Here are some of the steps that FormFactor has agreed to in terms of attempting to improve their performance. FormFactor indicates that business and market conditions have stabilized and the company is 100% committed to providing ETP training. The company adopted or agreed to the following measures: Although the initial funding request was in the amount of \$300,000 to \$600,000, staff reduced the funding request to \$99,360 which is consistent with the funds earned in the company's very first ETP training project. The previous training administrator in both projects is no longer with the company. A new internal administrator has been appointed and will be committed to the training project. FormFactor has also retained California Training Administration, an outside training vendor, to assist with the administration, which will ensure that the training hours are entered online.

Mr. Guzman introduced Kurt Filter, Senior Manager of Assembly & Test Operations and Gina Fuller, Corporate Training.

Mr. Broad said it sounds like you are doing all of the things you need to do; this was one of the proposals that basically I kicked back to the Panel for obvious reasons and I don't have any problem voting for this. It would really make us feel good if you earn all that money, and it sounds like you are taking the right steps.

Ms. Roberts said if you are successful in this contract, feel free to come back. We would love to see you on that track for performance. I think you are doing all of the right things, and thank you for being so candid about your past performance.

Ms. Bell said it states in the ETP 130 that in April 2013 you are going to begin some training, have you begun training? Ms. Fuller said yes, they have begun training; though the rosters have not had the hours earned; we have not been tracking any hours. We have the new form, the new roster, and certification checklists that I created; and they will be implemented upon approval, and included in those rosters and the certification tracking tools will be the hours. Ms. Bell asked which training this would include. Ms. Fuller said lab training, productive lab and any classroom type training; and Ms. McAloon mentioned LMS earlier, and that will be our future plan also to have some LMS tracking that they do not currently have today.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Non Delegation Proposal for FFI in the amount of \$99,360.

Motion carried, 7 – 0.

GNB Corporation

Mr. Guzman presented a Non Delegation Proposal for GNB Corporation (GNB), in the amount of \$48,308. GNB is a leading manufacturer of large vacuum chambers and valves. The company also delivers a diverse range of high vacuum, and high temperature products and services including: engineering, custom valves, clean room, testing, multi coolant baffles, liquid nitrogen traps, and throttle plates. GNB ships products throughout the United States for customers in the scientific, industrial, and research vacuum industries.

Mr. Guzman said this is the company's second ETP agreement. GNB's prior performance was attributed to economic conditions which did not allow the company to maintain the number of employees projected to receive training. GNB initially projected training 64 trainees; however, because of layoffs in 2009, the workforce was reduced to 39 employees. With the layoffs, GNB focused on meeting customer demands with a smaller workforce while training intermittently. Since the 2009 layoffs, GNB has maintained the same workforce within the last calendar year. For this proposal, GNB has a more sustainable training plan model; they have also targeted specific occupations of trainees that need training and the type of class format that works best for their employees.

Ms. Hernandez introduced Russ Hedman, Plant Manager and Mel Sattler, Quality Manager.

Ms. Roberts said I could see that during that time, especially for a small company, it does make sense for this performance, and during that time you still earned 50% of the dollars. I give you a lot of credit for that, and at least you made an attempt to get it, so I am very confident there would be no problems with this going forward. Mr. Sattler said we appreciate the Panel and what you do. The people that were trained are still with the company, and we are very thankful for the hours and what they were able to go through, and we are trying to do the next steps.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for GNB in the amount of \$48,308.

Motion carried, 7 – 0.

Innovation Commercial Flooring Inc.

Mr. Guzman presented a Non Delegation Proposal for Innovation Commercial Flooring Inc. (ICF), in the amount of \$3,640. ICF sells, designs, and installs commercial flooring for educational, governmental, medical, and commercial organizations.

Mr. Guzman said the owner provided several reasons contributing to the company's low performance in the prior project. It was their first ETP project and the company misunderstood how to calculate training hours. The error led to the company not being able to claim 90 hours, which was a big set back for this small business. It was difficult for the company to recover the hours in the time remaining because two employees left the company. In addition, OSHA training was canceled at the last minute because of difficulties with the vendor, and the OSHA training was added late in the contract and they did not have enough time to find another vendor for the training.

Ms. Hernandez introduced Vickie Goudreau, Owner.

Mr. Broad said even though this proposal is a very small dollar amount, it had a past performance issue, and I was not comfortable just approving it because it was a small dollar amount. Obviously we are going to give you this money, but I want to hear from you how you plan to earn it, and what you plan to do differently this time.

Ms. Goudreau said her father-in-law fell sick in July and died in September. She said life happens and so as a small business, these are the things that we try to recover from quickly, but that was a big hit and an additional factor in our lack of focus for going after the training. The OSHA training was scheduled for the first of September, and in Fresno, which is a smaller community, there were not enough participants signed up to take the class, so it was just dropped. This is something that now I know could possibly happen. I know that I can look elsewhere, perhaps sending employees for training such as in Sacramento or Bakersfield. Mr. Broad said we are very sorry for your loss; beyond that, I think you should feel that if you have these issues come up with the administration, such as being in Fresno and there are not enough people for the class, you should talk to our staff to see if there is some way they could help you through this. We are the government and are here to help, which is what we are paid to do. Ms. Goudreau said as a small business, we were hoping we could do our training in Fresno because then we are not paying for travel expenses to attend the training, and we are trying to cut our costs. So in this particular proposal, I have requested less than half of the original proposal amount, and I asked for too much funding last year. Since we have a year under our

belt and I am working directly with Sally, I feel like I have great oversight, and I won't be too ambitious in my request and yet be helped with the oversight to follow through with what I want to do. Mr. Broad said I hope you earn the money and return and ask for more next time.

Ms. Roberts said she lived in Fresno for many years and suggested looking at the community colleges. She said they have good training there that they could also help you with, as well as look at other companies that may have internal trainers that could also support you during that time. Look outside at other vendors, others in your community that could support you. Ms. Goudreau thanked her for the suggestion.

ACTION: Mr. Hart moved and Ms. Roberts seconded approval of the Non Delegation Proposal for ICF in the amount of \$3,640.

Motion carried, 7 – 0.

Nexus IS, Inc.

Mr. Guzman presented a Non Delegation Proposal for Nexus IS, Inc. (Nexus) in the amount of \$99,840. Nexus opened its doors as an engineering business that assists phone companies install phone systems. By 1993, IP networks were created, and Nexus transitioned into the networking business. In the early 2000's, three disparate systems (PBX, Mainframe, and Videoconferencing) converged onto the IP network. With experience in each, Nexus became expert at merging these technologies into what has become known as Unified Communications. In the last decade, as all of those applications became virtualized, the company became a systems innovator – looking beyond what's current to what's next and figuring out how to leverage combinations of these technologies for maximum benefit. Today, Nexus provides its customers with expertise in the effective utilization of technology; innovative, cost-effective solutions to business needs; and premium communications technology and support services.

Mr. Guzman said Nexus has had two previous ETP contracts, each for just over \$250,000 in training funds. Those projects resulted in earnings in one case of \$74,260 or 30%, and \$126,401 or 50%. Nexus also has a current active job creation contract in the amount of \$209,000 that will end this month with expected earnings of \$93,423 or about 45%. The Panel Memo has detailed information about the multiple factors that Nexus reports contributed to poor performance in their previous agreements and also details Nexus' actions to be implemented to utilize ETP funds more effectively. In addition, staff has reduced this proposal to an amount less than 50% of previous proposals, an amount proportional to the earnings in their active job creation proposal. There is no substantial contribution (SC) included in this proposal because the total earnings in the prior project are less than the \$250,000 threshold. The earnings in the job creation program are exempt from consideration for SC.

Mr. Guzman introduced Mike Heiman, Vice President of Engineering and Rebecca Sweeney, Director of Human Resources.

Mr. Broad said, so what we are looking at is earnings of 50%, then 30%, then back up to 45%, and now you are in this fourth project. It is a lot easier when someone earns 45% then 85%, so there is something going on here that is fairly consistently not good; how do you describe what the problem has been? Ms. Sweeney said in the current project, there have been a multitude of issues; part of the problem is they have grown so much in the current project, we have had to

address the needs of our customers and the people that we need to put on those projects. We needed to get them out in the field, and the people that had the knowledge to do that, needed to have a foundational knowledge of technology. We could not send an individual who was new to the business, we had to send someone who already had the foundational knowledge to the class, and they would then come back, and bring that back to the workforce and share that with everyone. Mr. Broad said but you told us just now, that you are growing by another 30%, is that correct? Ms. Sweeney said yes, that is correct. Mr. Broad said so you still have that problem, although many companies would think that is not a bad problem to have; it is a pretty good problem to have from a larger bottom-line point of view of the company, but it is sort of a problem for ETP because why are you not going to have that same issue? That is to say you really need to get the people who know what they are doing out in the field and they cannot be training new employees because they need to be out there making money for the company. Ms. Sweeney said I think that still will happen to some degree, but because of the lower amount of funding this time, and because we currently have close to \$90,000 that we are going to receive back. If you look at the other prior projects at \$70,000 and \$120,000, if you look at it not as a percentage, but the amount of funding that we have actually gotten back, and we have lowered that amount to meet that, I think we will be able to meet that amount. But that being said, obviously we want to correct those problems that we have within our organization to ensure that we can utilize that funding to the maximum potential available. That is partnering with management and ensuring that when there is a new solution that is available, that we speak to management so that we can get ahead of the curve to send people to training. Sometimes in the past what happened, is that we had to send them outside of CA, which was not eligible for funding because it was an out-of-state trainer. So now that we are coordinating and strategizing with management more effectively, we will have that information sooner so we can act properly.

Mr. Broad asked if she is the person that is in charge overall of this proposal. Ms. Sweeney said yes she is. Mr. Broad asked if she was also in that position in the previous proposals. Ms. Sweeney answered in the affirmative. Mr. Broad said you have to get it together here this time. Ms. Roberts said yes, it is all proportionate; you said you are still going to train 100 people but maybe half will go out in the field; it doesn't really matter the amount of money you are contracting for, it is the amount of people you are contracting for. So whether you are contracting for, you only got \$90,000 but you maybe had 400 people you were training and 200 were in the field, so proportionately you are looking at the same dollar, it's just the people right? So what are you doing differently? We want to give you the money, but I don't see any changes in your operating model. Ms. Sweeney said we are changing that; one of the things we changed with our training position, the person that administers the program has changed the position to more of a strategic level position, where previously it was more of a training coordinator and they just processed the forms. This person actually collaborates with management to help ensure the overall success of this proposal and the funding of ETP, so it is their responsibility as well, so it does not just get lost in the shuffle so to speak, to ensure that managers utilize it, because we do the training, it is just that some of the training does not qualify for ETP, so it is utilizing that training so we can make sure that it does qualify and by having that training administrator who is a higher level individual who has more complex skills to collaborate with management to ensure that happens. Ms. Roberts said 22 new hires, out of those based on the last contract performance, you said some of them were already experienced, so they just went right out in the field and started making money for you and they did not go through the training. So of those 22 people, are they going to be in the same situation or actually do training? I just

want to break them down by numbers. Ms. Sweeney said of the 22 new hires under the Job Creation Initiative, those are individuals within our workforce on the engineering side; yes, they may be out in the field but we will be able to train those individuals in areas related to cloud solutions, borderless networks, wireless, things we implement with our clients, we will be sending them to that type of training. Ms. Roberts asked, and they are new hires, not retrainees? Ms. Sweeney said yes, they are new hires. Ms. Roberts said yes, they are new hires, so they are going to get trained accordingly. And now these 102 people you have that are retrainees, what are you going to do differently with those? Ms. Sweeney said so those individuals, because they will have similar type of training, only it is new releases; new technologies as it is related to design implementation of data, storage, networking, cloud solutions, Cisco, EMC, a whole list of technical solutions they will be trained on.

Ms. Bell said I am an HR person and we are responsible for many things and I understand that, so how much time are you going to devote to this? I mean do you schedule a time? This is huge, and probably going to become a performance issue for you as well, what is going to be different this time? Ms. Sweeney said there will be a monthly review of the status of the project, of how it is doing, monthly meetings with management to ensure the overall success, where we are at, tracking how we are doing, where we are going, what is on the calendar, who is going to training, what is on the horizon of the new solutions for our clients so we can be prepared. The person that will be doing that is the training administrator, and I will be managing the training. Ms. Bell said, so there will be monthly measuring of what success looks like? Ms. Sweeney said yes, that is correct. Ms. Bell said, they state they have 90 openings and he asked if they are back fills. Ms. Sweeney said there are some back fills of the percentage, I don't know the exact percentage, but our turnover is at 17%. I would say about 10-15 maybe, but the majority of our openings is due to growth. Ms. Bell asked if the 90 positions are worldwide or in CA. Ms. Sweeney said they are not worldwide, about 75 are in CA and 15 are elsewhere outside of CA.

Ms. Fernandez asked if she believes they now have a true commitment from the leadership, you have tried it three times, what is going to be different this time? Ms. Sweeney said I do feel we have commitment from our leadership team and referred to Mike Heiman. Mr. Heiman said there is a focus commitment now from the leadership group and this was an agenda item yesterday in our executive staff meeting. It has representation from all of the respective businesses at Nexus or the business units at Nexus. Each one of them has a business leader there that has made a commitment to supporting the ETP funded proposal as well as the training efforts that we have across our entire business.

Mr. Broad said I appreciate you coming to the Panel, and I think you can all understand why I did not feel comfortable approving this by Delegation Order. Ms. Roberts said if it was up to me, I would reduce the amount by half only because I don't see any performance; I know it has already been reduced by half, but just from an accountability standpoint because I don't see anything different changing in your organization. If you do not perform this, I have been on the Panel for eight years, and have probably approved your previous proposals, and you still did not perform, so at this point if you come back with poor performance I will not approve it; I feel bad I approved what I did without seeing any performance change. Mr. Broad said I think it is incumbent upon you really, if you got \$99,000, you need to actually structure it at the beginning so that you actually know who is going to do the training, who is going to receive the training, and when they are going to do those hours so it is structured. Obviously the enticement of our program is, it is like free money so it is easy to have your eyes bigger than your stomach, that is

the natural temptation, so that is why we have this issue of performance because the money is available and you just have to ask for it; so the temptation is to ask for more than you need, or more you can cope with. So the people that really have it down know how to manage their expectations and you have not done a very good job of managing those expectations. Ms. Bell suggested looking at the companies that have been successful in their ETP proposals, and contacting them to ask them what success looks like to them, and to network with them. Ms. Sweeney said they have three highly technical classes planned within the next month, and that if we are approved, it will be \$46,000 that we can utilize of ETP funds for, and that is constituted of people that we already know exactly who is going to be in that class. Ms. Roberts said yes, but then there is another component to that, just because you send people to class and do the rosters, you must still have the right people to enter the hours into the ETP database and if someone gets sick, and it doesn't happen, and you don't know where the training rosters went. So I won't be happy until I actually see the amount calculated on the ETP website, because you can tell me training is scheduled, but based on your performance I haven't seen anything different change.

ACTION Mr. Broad moved and Mr. Rendon seconded approval of the Non Delegation Proposal for Nexus in the amount of \$99,840.

Motion carried, 7 – 0.

Quad Knopf, Inc.

Mr. Guzman presented a Non Delegation Proposal for Quad Knopf, Inc. (Quad Knopf) in the amount of \$18,200. Quad Knopf is an engineering, planning, and construction management firm that provides civil engineering designs, environmental and biological studies, surveying. Geographic Information Systems mapping and construction management to its clientele. Clients include local municipalities, governmental agencies, and private development firms throughout CA.

Mr. Guzman said this will be the third agreement between Quad Knopf and ETP. Company representatives state that the proposed training is completely different than training conducted in the previous ETP agreements, which consisted of commercial, computer and technical training. This proposal is designed to equip low-to-mid level managers with the ability to lead the company into its next phase of growth and development. In the first agreement Quad Knopf received funding just prior to the economic downturn in construction. Unfortunately the downturn affected their markets directly, which is the majority of their business. During that time period, the company's business diminished from approximately \$45M per year in revenue to about \$12M per year. The company's workforce was also cut from a high of 375 employees in 2006 down to 80 employees in 2009. This impact on Quad Knopf's business plan meant the training plan was not implemented.

In the second agreement, Quad Knopf reacted to an upswing in business. Although the company wanted to be proactive and train staff to be more productive, it ultimately was forced to dedicate staff time to meeting business demand. In addition, Quad Knopf lost their internal contract administrator about four months into the training period. In 2011-2012, the business grew by 15% and 14 employees were added to staff count. Quad Knopf maintains that it has weathered the economic storm and now has a focused training plan and schedule with administrative measures in place, as well as a dedicated training population. In this proposal,

the funding request has been “right-sized” to the amount of payment earned in their second contract, which had about \$18,900 earned. Quad Knopf has hired American Society of Foundation Engineers (ASFE) of Silver Springs, Maryland to deliver all training. According to the company representative Quad Knopf has hired ASFE because they have the most comprehensive Project Management training program specialized for engineering firms that will provide onsite training. ASFE will deliver training at Quad Knopf’s facilities in California. Staff has approved ASFE under out-of-state vendor standards set forth in regulation.

Mr. Guzman introduced Janel Freeman, Chief Financial Officer and Michael Jester, representing Strategic Business Solutions.

Mr. Broad said you are trending in the right direction; but my understanding is our average performance is 60% which isn’t great, but that is average, so that is what I generally set as a benchmark, because I am not going to approve people that are below average for a Consent Calendar arrangement. So it is the same question for you; how are things going to be different this time around and how are you going to earn more. You see that companies earn 100% and it is possible to do so, so there is no reason why you cannot earn 100%. Mr. Broad said it has to do with the way it was structured, that is my point, there are companies that come before us that earn 100% that are small family-owned companies and then there are huge multi-national highly sophisticated corporations that earn 100% and then there is the opposite of both. It has to do with some figure out how to get it together and some people don’t, and for the life of me, it is not clear to me that there is any pattern in that other than the people that do earn 100%, and earn a high amount, that training is integral to their company. They are not just paying lip service to it, it is really important to them and they see a direct connection to their operations, so they take it as seriously as everything else that they do. I think the problem is, as in the discussion of the prior proposal, whenever something comes up, and something will come up in an organization, if that happens and then every time training becomes third or fourth priority, then it just does not get done, that is what I think happens, and it gets shunted back to a lesser priority, that is what has to change.

Ms. Freeman said in their first contract, many things that were out of their control happened; namely the economy. She said as Mr. Guzman stated, our business shrunk from \$45M to \$12M, so we lost more than two-thirds of our staff. We didn’t have the people to train nor did we have the resources and the matching dollars to train them. In the second contract, it was a more focused training, and we had hired an individual that was going to be monitoring and scheduling the training, ensuring the training got completed, and she left the position about half way through the training. I think there was still a lot of training going on at that time, but there was no one there to make sure that the training rosters were filled out and sent in, so that was definitely an issue on our part where we did not take a hold of that when she left the firm. We did at the very tail end of the training, start this concerted training effort that we are in now, which is specifically for lower level management and project managers. We did our first training in this program at the end of last year, and we specifically set up this training, it is four trainings of one-to-two days each for 28 to 30 staff members. We have committed to it, we have hired it, and we have already done the first one. Unfortunately, at the end of March, it was a two-day training for about 35 people, under the anticipation of having the grant already in place. So that is unfortunate that training has already taken place, but we are committed to the other three trainings, I can say with 100% certainty that this contract will be well above the 60% mark and much closer to the 100% mark.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Non Delegation Proposal for Quad Knopf in the amount of \$18,200.

Motion carried, 7 – 0.

SVC Manufacturing, Inc.

Ms. Roberts recused herself from discussion and action on the SVC Manufacturing, Inc. proposal.

Mr. Guzman presented a Non Delegation Proposal for SVC Manufacturing, Inc. (SVC) in the amount of \$67,640. SVC, a subsidiary of PepsiCo, is a manufacturing facility that has processed food and/or beverage products since 1926. The company is the only plant in CA that manufactures Gatorade, employing approximately 135 employees. The company produces over 11 million cases of beverages each year in a wide variety of flavors and sizes. Most of the equipment has been in the plant for over 10 years because products have not changed significantly in over 20 years.

Mr. Guzman said regarding previous performance, all training has ended in its previous agreement and based on the hours tracked to date for trainees who have reached the ETP minimum, SVC expects to earn \$25,344 or 26% of the agreement amount. This agreement was approved by the Panel in March 2011 as a Critical Proposal. Some of the factors that were involved in this proposal are that new machines were installed in April 2011; however, production of new product line did not begin until 2013 because of a five-year contract with a co-packer who tied up \$2M of the Prime Gatorade product that PepsiCo originally planned to produce at the Oakland plant. The co-packer was guaranteed rights to produce the product until PepsiCo bought out the contract in 2012. Now that the machinery is being readied for volume production, the company needs Panel funding to conduct the remaining training originally planned for 2011. There will be no duplication of previous training for an individual trainee.

Mr. Guzman introduced Steve Jones, Plant Director and Sylvia Meza, HR Coordinator.

Mr. Broad said so basically what happened is that the machines were idle. Mr. Jones said that is correct. Mr. Broad said then you started to do training but there was no point in training because you could not run the product line. Mr. Jones said that is correct. Mr. Broad said so you essentially ran into a timing glitch, then the contract ran out, so essentially you are coming back to do the training that you originally contracted for, that is essentially what is happening? Mr. Jones said yes.

Ms. Fernandez asked if the training is in-house, meaning it is taking place in CA. Mr. Jones said yes in Oakland, CA. Ms. Fernandez asked if they hired any workers because of it. Mr. Jones said they have hired 13 new employees. Mr. Broad asked if those 13 are the individuals who will receive the training. Mr. Jones said yes, that is correct. Mr. Broad said this is out of their control and it did not have to do with the way the training was handled. Mr. Jones said the great news is they are running it right now and have 100% of the business.

ACTION: Ms. Fernandez moved and Mr. Hart seconded approval of the Non Delegation Proposal for SVC in the amount of \$67,640.

Motion carried, 5 – 0 - 2. (Jan Roberts recused and exited the room during the discussion of this proposal. Gloria Bell also recused herself from the discussion; neither Ms. Roberts nor Ms. Bell voted in connection with this proposal.)

Single Employer Proposals

Automobile Club of Southern California

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Automobile Club of Southern California (Auto Club) in the amount of \$609,900. Auto Club offers travel, motorist, and insurance services to its members in California and a growing number of other states. The company also provides travel planning, auto pricing, buying and maintenance services, as well as 24-hour roadside assistance. Members can renew vehicle registrations, license plates, and stickers at approximately 79 club district offices throughout CA.

Ms. Hernandez introduced Andrew DeCaminada, Manager of Education, Training and Development and Starlet Blanchette, Instructional Designer.

Ms. Roberts had a question around the amount of funding. She said it was her understanding the contract caps were at \$600,000 with the new job creation. She asked for clarification as to why they were actually eligible for \$860,000. Mr. Guzman said if you notice, there is also a high-earner reduction to reduce that down to \$609,900. Ms. Roberts said I understand that. Mr. Guzman said the caps have been raised once and when staff applied the \$249,000 High Earner Reduction (HER), they reduced it significantly below the cap; we raised the cap twice this year so it was a project that had a prior 100% success rate in each of the two contracts so we believed it was appropriate to go ahead and bring it down. Ms. Roberts said, so what you did was just compensated for the HER getting the \$600,000 cap; I just don't see there are any repercussions to the HER because you just raised the program cost up to an amount that I was not clear about, is that right? Mr. Broad said I get your point which is that we should be starting from the cap and then reducing down from the cap; otherwise, you can beat the cap by coming in and asking for more. I'm not suggesting they did that and they do a great job, but I think we need to stick with the cap. Ms. Roberts said I think you are doing a great job especially earning 100% and you are probably a model for this, but we need to be consistent when we hold a cap. Is it a true cap or are you just making a sort of fluctuating number based on if you are a high earner, we will just raise the cap and then reduce it down, it does not seem to equate to me. Mr. Broad agreed. Mr. Guzman said I think what also happened in this particular proposal is that they separated the job creation initiative from the cap monies in this case and if you feel that that negates, that we have exempted the job creation portion of our program from job creation, from Substantial Contribution (SC) so the HER is simply another type of SC, so my view is that it was applied against the incumbent worker portion of it, not the job creation portion of it. Ms. Roberts said yes, I understand that. Mr. Broad said so the incumbent part is how much funding? Mr. Guzman said in terms of dollar value about \$160,000 is the incumbent worker, \$300 cost per trainee for 475 individuals, between \$150,000 to \$160,000 of the value. Mr. Broad said so the rest of it is new employees? Mr. Guzman said exactly, the rest of it is job creation. Mr. Broad said so the cap is not applied to the new employees. Ms. Roberts said she thought it was \$500,000 for regular retrainee; if we had new employees it was \$600,000, now

you are staying it is \$700,000, but now you are saying it is \$860,000, so I just want to make sure we are consistent. Mr. Guzman said I am trying to explain the application of the HER, and the HER was applied to the incumbent worker portion. Ms. Roberts said yes, I understand that part, the HER. Mr. Guzman asked if there is confusion about the cap. Ms. Roberts said yes; so if the HER started at \$500,000 we reduced it by \$50,000, so we took off \$250,000, so where did the additional \$359,000 come from? Mr. Guzman said I believe the cap is \$700,000, and that cap is viewed as the cap on funding for a proposal single employer contract. In this particular case, the HER was applied against that portion of the contract, not against the job creation; so the two were bundled and it came up at \$609,900. I understand what your point is, you are trying to say that it negates the affect of the HER; to some degree it does; I understand that, and I am trying to explain that if you want this to be recalculated we can; however, what was done in terms of a policy here was that high-earner reduction was only applied against the incumbent worker portion. If that is something that the Panel wants to change we can do that. Ms. Roberts asked for the total program cost. She said I'm not looking at the high-earner, I am looking at the total program cost, you are saying it is \$860,000; I can do the math here, it is \$360,000 for the job creation portion, that is 300 individuals at \$1,200 each, for 360,000, so the program cost for the incumbent worker is about \$250,000 - \$275,000, having been cut in half already. Mr. Hart said on the retrainee portion in Job No. 1, it adds up to about \$502,000. Mr. Guzman said just over \$600,000 it appears to him. Mr. Hart said it adds up to \$502,800. Mr. Guzman said I beg your pardon, there is an error there; it is \$502,800, so I guess we can go back to the drawing board and look at the numbers once again.

Ms. Roberts said I don't have any problem approving it; I just want to make sure we are consistent when we go ahead with these caps. Mr. Guzman said and we will take a look at that in terms of how the caps are listed in terms of the combination of job creation and single employer contracts. Mr. Broad said it is very confusing. Ms. Roberts said I think I get it now, you said \$360,000 is just from Job No. 2, is that right? Mr. Guzman said that is correct. Ms. Roberts said okay, so that is protected; there is no HER. The other one is \$500,000 so that together, would add \$860,000, which makes the number right, correct? Mr. Broad said yes. Ms. Roberts said so if you take the contract separately, you reduce the \$500,000 by \$250,000, which gives you \$610,000. Mr. Guzman said that is correct, that is essentially what occurred here. Mr. Broad said so we capped the incumbent worker part of this. Ms. Roberts said I understand now. Mr. Broad said I believe what Mr. Guzman is suggesting, is that if we want to do it to both, we need to make that decision as a policy matter to apply it to both. Ms. Roberts said no, I don't want to apply it to both, I just wanted to get a clarification on where that number came from so I know at one time you said \$500,000, then the new job creation component is up to \$600,000, and then we added \$700,000 and also now I see \$850,000, I just needed to get that number correct. Mr. Guzman said Mr. Hart was correct that there was a math error, it is correct as he stated at \$502,800.

ACTION: Ms. Fernandez moved and Mr. Hart seconded approval of the Proposal for Auto Club in the amount of \$609,900.

Motion carried, 7 – 0.

Mr. Guzman said just for the record, thank you to Mr. Hart for pointing out the math error, and I would like to go back to the Auto Club proposal. The error is on Page 2 of 5 of the ETP 130, under the average cost-per-trainee under Job No. 1; it is incorrectly posted at \$300 but it should be \$525, so the total contract cost that the Panel acted on was \$609,900 as posted here. Mr.

Broad said so the amount of total ETP funding as posted on Page 1 of 5 then is correct, at \$609,900. Mr. Guzman said that is correct. Ms. Roberts said she is still confused. Mr. Guzman said the high-earner reduction can only be applied against the incumbent workers. Ms. Roberts said I understand that total, but when I break it down; the retraining is \$500,000; the job creation is \$300,000, the cap at \$800,000 total, you can only cap at \$800,000 total for combined, right? Ms. Roberts said so then you take the \$500,000 which is just the retraining, divide that by half which is \$250,000, \$250,000 plus \$300,000 is \$550,000. Mr. Guzman said the incumbent worker is actually \$360,000. Mr. Guzman said the Job No. 1 total is \$249,900 having been \$500,000 originally. Ms. Roberts said then that would be \$580,000; with \$360,000 for new job creation and then \$440,000 for the retraining part, combine \$360,000 and \$440,000, isn't that \$800,000? Mr. Guzman said \$360,000 and \$440,000 is \$800,000, yes. Ms. Roberts said so \$440,000 divided by half is \$220,000, so \$220,000 and \$360,000 is \$580,000; that is how I get my math. Mr. Guzman said I understand your math, and I agree with your math; I understand it was not applied quite that way in this application. Ms. Roberts said you can manipulate the numbers all you want. Mr. Guzman said no, I am not manipulating a single number, two times two is still four, and we will get you an answer to this at a later date. Ms. Roberts said I am just trying to figure it out, you could say they are getting \$1.5M and then start deducting down, but we have a cap; so that is all I am saying, the cap wasn't there.

Mr. Broad said we have to decide how much money we are approving, that really has to be part of this; we can't "not" have a fixed number. So is the fixed number \$609,900 or not? Mr. Guzman said that amount is correct; what we have here in Job No. 1 is 476 participants at \$525 per trainee cost, for a total of \$249,900. That number results from a starting point of \$500,000 reduced by half, which is \$250,000, but this comes out to \$249,900. In Job No. 2 the average cost-per-trainee is \$1,200 each for 300 participants, for a total of \$360,000 and those both total \$609,900. The question really is how we applied the HER. Mr. Guzman said here is the difference in this particular equation; it would have been \$500,000 originally for the incumbent workers, it is \$360,000 and would have been before, for a total of \$860,000; it should have been reduced to \$800,000 and then the HER applied to a lower number, it was not; it would probably make a difference of about \$24,000 net. Mr. Broad said what is important is that we do it the same way every time and there needs to be a rationale as to why we do it one way and not another. We do not need to discuss it now, but perhaps before this comes up again, staff can further discuss this issue so we will not have this problem again. Ms. McAloon said staff will do that.

Fender Musical Instrument Corporation

Ms. Hernandez presented a Proposal for Fender Musical Instrument Corporation (FMIC) in the amount of \$587,520. FMIC manufactures fretted instruments in its manufacturing facility located in Corona, such as acoustic and electric guitars and basses, guitar amplifiers, and percussion products. It also distributes other musical instruments and accessories. FMIC's customers are independent and national music retailers, mass merchants, online and catalog retailers and third-party distributors.

Mr. Guzman introduced Chris Suffolk, Director of Organizational Development and Dina Elias, Human Resources Manager.

Ms. Roberts said this is a large amount of money and I know you have support from a vendor to help you through that, but you have heard about performance issues, and I want to make sure that you understand the difficulties of receiving over \$500,000 for a company that has a lot of sales staff. I worry about sales staff being on the road selling and not necessarily training, because I'm in that business as well, so I understand that. She said it's more of a caution than anything else, I love the model, and it looks great.

Ms. Fernandez asked since training will take place at three different locations, will you both be overseeing all of the training sites to ensure you collect all of the rosters. Mr. Suffolk said he and Ms. Elias and a third person who is a training manager in Scottsdale, Arizona will be in charge. He said we don't have a tracking system as sophisticated as LMS, so we must have more diligence on that, and we have a person that will dedicate a large part of her job to do that. Ms. Elias added that each location will have an additional person too, overseeing the training.

Ms. Bell said I think you have a beautiful product first of all. She asked if their strategic plan is really to produce a higher, more sophisticated and more expensive guitar. Mr. Suffolk said it is in part that, but in the past it was red Stratocasters and now we are going to introduce new items this year. Ms. Bell asked what is the price for the most expensive guitar that you sell. Mr. Suffolk asked how much would you like to pay; it really varies, it could be \$30,000 to \$40,000, or \$100,000. He said they have a custom shop in the Corona manufacturing facility and there is a six-month wait because people have their own guitars made with exactly what they want. Ms. Bell asked for the cost of their least expensive guitar. Mr. Suffolk said their least expensive guitar is \$99.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for FMIC in the amount of \$587,520.

Motion carried, 6 – 0 (Mr. Rendon was absent for the remainder of votes).

RGB Systems, Inc. dba Extron Electronics

Ms. Hernandez presented a Proposal for RGB Systems, Inc. dba Extron Electronics (Extron) in the amount of \$465,810. Extron is a leading manufacturer of professional audio visual (AV) system integration products. The company designs, develops, and manufactures products that are used to integrate video and audio into presentation systems for today's high tech boardrooms, presentation/training centers, university lecture halls, television networks and other applications.

Ms. Hernandez introduced Ivan Perez, Vice President of Information Technologies and Jim Clements, Director of Education and Training.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Extron in the amount of \$465,810.

Motion carried, 6 – 0 (Mr. Rendon was absent for the vote).

Dry Creek Corporation dba E&J Gallo Winery

Tab #12, Dry Creek Corporation dba E&J Gallo Winery, was withdrawn from consideration.

Gerawan Farming Inc.

Ms. Hernandez presented a Proposal for Gerawan Farming Inc. (Gerawan) in the amount of \$254,880. Gerawan is an agricultural company that grows, harvests, packs, cools, and ships stone fruit and table grapes. The company's customers include wholesalers, supermarkets, wineries, and dehydrators that purchase fresh fruit.

Ms. Hernandez said I want to make one correction; there is no productive laboratory training in this proposal. Forklift driver training was provided in a non-productive setting; there was an error in the proposal.

Ms. Hernandez introduced Oscar Garcia, Human Resources Director and Marco Luna, Operations Director.

Mr. Broad asked about the exemption for the seasonal worker retention. Ms. Hernandez said it is going from 90 days within the retention period in the contract term from the typical standard 90 days to 500 hours. Mr. Broad said so they are asking for the seasonal one, they are not changing the seasonal one? Ms. Hernandez said yes, that is correct.

Mr. Broad asked if anyone in this proposal is paid by piece rate and if everyone is now paid by the hour. Mr. Garcia said yes, all employees include in this proposal are paid hourly and no employees are paid by piece rate. Mr. Broad asked if Job No. 3 was in the proposal last month for the frontline supervisors. Mr. Garcia said that is correct. Mr. Broad asked if Job No. 4 is all new. Mr. Garcia answered in the affirmative. Ms. Roberts asked about Job No. 3; 200 hours at \$3,600 per average cost-per-trainee, and asked if all 60 are frontline supervisors. Mr. Garcia said yes, that is correct. Ms. Roberts asked if they will all get 200 hours of training and how they plan to supervise during that time. Mr. Garcia said our season is from May to October so we continue having those supervisors employed during the off-season doing multiple activities including training. Ms. Roberts said so when you are not producing, is that when most of the training will take place after October? Mr. Garcia said 50% of those 200 hours are in literacy training so the other 100 hours are for continuous improvement; manager skills, etc. have been before the season, during the season and after the season.

Ms. Bell asked if the 60 supervisors are seasonal workers. Mr. Garcia said a few are seasonal, but most of them are year-round employees working with us during the off-season too. Ms. Fernandez asked how many of the supervisors are seasonal. Mr. Garcia said about 7% - 8% are seasonal supervisors. Mr. Broad asked if they are doing other things such as agricultural production. Mr. Garcia said not necessarily; within our plants we have special products for example, building new machinery and equipment, maintaining it, etc. Mr. Broad asked if they are essentially preparing for the next season. Mr. Garcia said that is correct. Ms. Bell said Page 2 of 6 of the ETP 130, states that under Job No. 3 there are 60 seasonal workers. Mr. Garcia said those frontline supervisors are the ones that I am mentioning that are working year round with us. Ms. Bell said but it says seasonal. Mr. Garcia said yes, because they are under the classification of seasonal employees but they remain with us the entire year. Ms. Bell said

so they are not subject to layoffs, they are year round employees? Mr. Garcia said they are working with us. Ms. Bell asked if they are benefitted after being employed a year with the company. Mr. Garcia said yes, that is right. Ms. Bell asked if they pay 50% for benefits once they have been there a year. Mr. Garcia said once they are eligible, yes; they can apply for benefits.

Mr. Garcia said Ms. Hernandez had asked him to mention again to the Panel, that their request last time was to have the contract start date of the April Panel. It was advised as you may recall, she just wanted me to mention it again. Ms. Roberts asked if that would be the start date of all four jobs. Mr. Broad asked if that is something we can legally do. Ms. Reilly said yes, there are no legal issues with doing that. Ms. Roberts said I appreciate you returning again to this month's Panel, you have been very polite and gracious as well at the last meeting, and I appreciate you doing all your due diligence. Mr. Garcia said thank you very much and I can guarantee you that this training is a high priority for us that is the reason why Marco Luna, Operations Director, is here because he is a very important part of this entire process. We will invest the time and resources to be successful and we will beat 60%.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Gerawan in the amount of \$254,880.

Motion carried, 6 – 0 (Mr. Rendon was absent for the vote).

Multiple Employer Proposals

California Manufacturing Technology Consulting

Ms. Hernandez presented a Proposal for California Manufacturing Technology Consulting (CMTC) in the amount of \$849,954. CMTC was established in 1992 as a private, non-profit corporation that is affiliated with the U.S. Department of Commerce, and the National Institute of Standards and Technology's Hollings Manufacturing Extension Partnership (MEP) to assist small and medium sized manufacturers in CA improve their operational efficiencies and global competitiveness. Its mission is to create solutions for growth and profitability supporting a thriving manufacturing sector in CA.

Ms. Hernandez introduced James Watson, President and CEO and Cheryl Slobodian, Director of Operations.

Ms. Roberts asked if they have considered veteran training. Ms. Slobodian said they have started some discussion and outreach and Mr. Watson has been involved with some boards. She said, I would not say we have determined how to do that. We do know of several small manufacturers that are committed to hiring veterans and have talked to them about programs at their sites, but because we do not do any new hire training and only do incumbent training with our clients, we are not so engaged in that process for training them for placement but we are certainly speaking with manufacturers that have made it a priority to hire veterans. Ms. Roberts said yes, I would like to see a training company that has the record you do to get some of our veterans trained. Mr. Watson said they have many companies now that are requesting veterans, so we hope to be training them more because they will be in the workforce and we are looking forward to it.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for CMTC in the amount of \$849,954.

Motion carried, 6 – 0 (Mr. Rendon absent for the vote).

Riviera, Inc. dba The Enterprise U

Ms. Hernandez presented a Proposal for Riviera, Inc. dba The Enterprise U (The Enterprise U) in the amount of \$304,070. The Enterprise U was founded to help companies, governments, and individuals acquire and sustain a competitive advantage through learning. The Enterprise U provides training services, consulting, coaching, and software solutions to clients in the industries of manufacturing, entertainment, technology, logistics, and biotechnology.

Ms. Hernandez introduced Winny Ho, Executive Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for The Enterprise U in the amount of \$304,070.

Motion carried, 6 – 0 (Mr. Rendon was absent for the vote).

Studio Arts, Ltd.

Ms. Hernandez presented a Proposal for Studio Arts, Ltd. (Studio Arts) in the amount of \$499,488. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television, and post-production industries. The school serves motion picture and television production, visual effects, game, production design, mobile entertainment and online gaming, set design, prop-making, and model-making companies in Southern CA.

Ms. Hernandez introduced Eric Huelsman, President.

Ms. Roberts asked if most of the people trained in CA stay in CA and pay taxes in CA, or if they leave after they are trained. Mr. Huelsman said ironically enough they are all in CA but there may be some people that leave CA for a production say in Louisiana, but they are still working for CA while they are out of the state.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Studio Arts in the amount of \$499,488.

Motion carried, 6 – 0 (Mr. Rendon was absent for the vote).

Grossmont-Cuyamaca Community College District

Ms. Hernandez presented a Proposal for Grossmont-Cuyamaca Community College District (Grossmont College) in the amount of \$80,000. Grossmont College serves students throughout San Diego County, most of who reside in the East San Diego County area. Grossmont College offers more than 100 degrees and certificate programs and is accredited by the Accrediting

Commission for Community and Junior Colleges of the Western Association of Schools and Colleges.

Ms. Hernandez introduced Mary Leslie, Lead Instructor, Office of Professional Training Program.

Ms. Leslie noted they have improved their performance significantly in the last contract. She said the two main reasons for improvement are that the economy got better and they have hired a full-time job placement specialist who really is 24/7 on task with our graduates getting them into ETP appropriate jobs. Ms. Roberts noted they also took on the welfare-to-work program. Ms. Leslie said yes, we did and ended up fighting the welfare system on that one; our goals were not quite the same. She said there is a way that people can stay on welfare longer if they go to school, and we were trying to train them in one semester and get them out to work, and even the people on our campus were not helping us. Mr. Broad said the attitude of the welfare department in San Diego County seems to be much different than in the rest of the state from what I gather. He said they were particularly hostile to training people from what I understand; they wanted just wanted them to go out in the workforce without training.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Grossmont College in the amount of \$80,000.

Motion carried, 6 – 0 (Mr. Rendon was absent for the vote).

City and County of San Francisco

Ms. Hernandez presented a Proposal for City and County of San Francisco (City of SF) in the amount of \$387,240. City of SF is a joint powers entity governed by the City Mayor and County Board of Supervisors. The City of SF's Office of Economic and Workforce Development (OEWD) operates Workforce Investment Act (WIA) programs in the city and county. OEWD also supports Workforce Investment San Francisco, a Workforce Investment Board (WIB).

Ms. Hernandez introduced Marc Majors, CityBuild Academy Manager and Steve Duscha, Consultant.

Mr. Broad said it seems like the first proposal worked really well. Ms. Roberts agreed and asked how it is coming along with the people that have been trained. Mr. Majors said we have been in this now for about seven years and we are committed to serving at risk individuals, and people with multiple barriers, and over the course of the years we have really worked hard to get them ready to go to work, so it has been great.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for City of SF in the amount of \$387,240.

Motion carried, 6 – 0 (Mr. Rendon was absent for the vote).

AB 118 Proposals

Tesla Motors, Inc.

Mr. Guzman presented an AB 118 Proposal for Tesla Motors, Inc. (Tesla) in the amount of \$648,000. Tesla was founded in 2003 by a group of Silicon Valley engineers (including current

CEO Elon Musk and CTO, J.B. Straubel) who set out to prove that electric vehicles could be affordable and accelerate the world's transition to electric mobility. The company uses proprietary technology, world-class design, and state-of-the-art manufacturing processes, to create a new generation of highway capable electric vehicles. Tesla is currently the only domestic producer of highway capable, long-range electric vehicles (EVs) and EV power trains in the United States.

Mr. Guzman introduced Daniel Witt, Legislative & Policy Associate and Beth Davies, Director of Training & Human Resources.

Ms. Roberts asked if the representatives both drive a Tesla. Mr. Witt said they drove one to the meeting today. Mr. Hart said he recently read in a major automobile publication that they won car of the year and congratulated them. Mr. Witt said yes, thank you it was publicized in Motor Trend. Ms. Roberts said with funding some of these start up companies as you know, we have not had great success with the solar business, so I wanted to see if there was anything on your website that would have set off a trigger for me, but I didn't see anything; you have received great publicity. Ms. Roberts asked about the high cost of the Tesla battery. Mr. Witt said the battery is still the most expensive part of the vehicle and they are trying to get the cost down as quickly as they can. The general business plan of the company was always to get down that cost as quickly as possible, so we are going to do the Model S, Model X and then hopefully a Gen III version which is a bit of a smaller platform, but that will be the mass market vehicle where we are hoping to meet that \$30,000 mark. Ms. Davies said the work that ETP does and the funds that you offer really do make a difference. Everybody knows that we need to train our staff, and every so often we remind ourselves that we do get assistance, which helps to strengthen the commitment, so I really thank you on behalf of Tesla for that.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the AB 118 Proposal for Tesla in the amount of \$648,000.

Motion carried, 6 – 0. (Mr. Rendon was absent for vote)

XI. PUBLIC COMMENTS

There was no public comment.

XII. PUBLIC MEETING ADJOURNS

ACTION: Ms. Roberts moved and Mr. Hart seconded meeting adjournment at 12:11 p.m.

Motion carried, 6 – 0. (Ed Rendon absent for vote)