

STATE OF CALIFORNIA

ETP

EMPLOYMENT
TRAINING PANEL

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**
Sacramento City Hall
California Environmental Protection Agency
1001 I Street, Sierra Hearing Room
Sacramento, CA 95814
October 27, 2017

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Will Koch
Ex-Officio Member

Gretchen Newsom
Member

Edward Rendon
Member

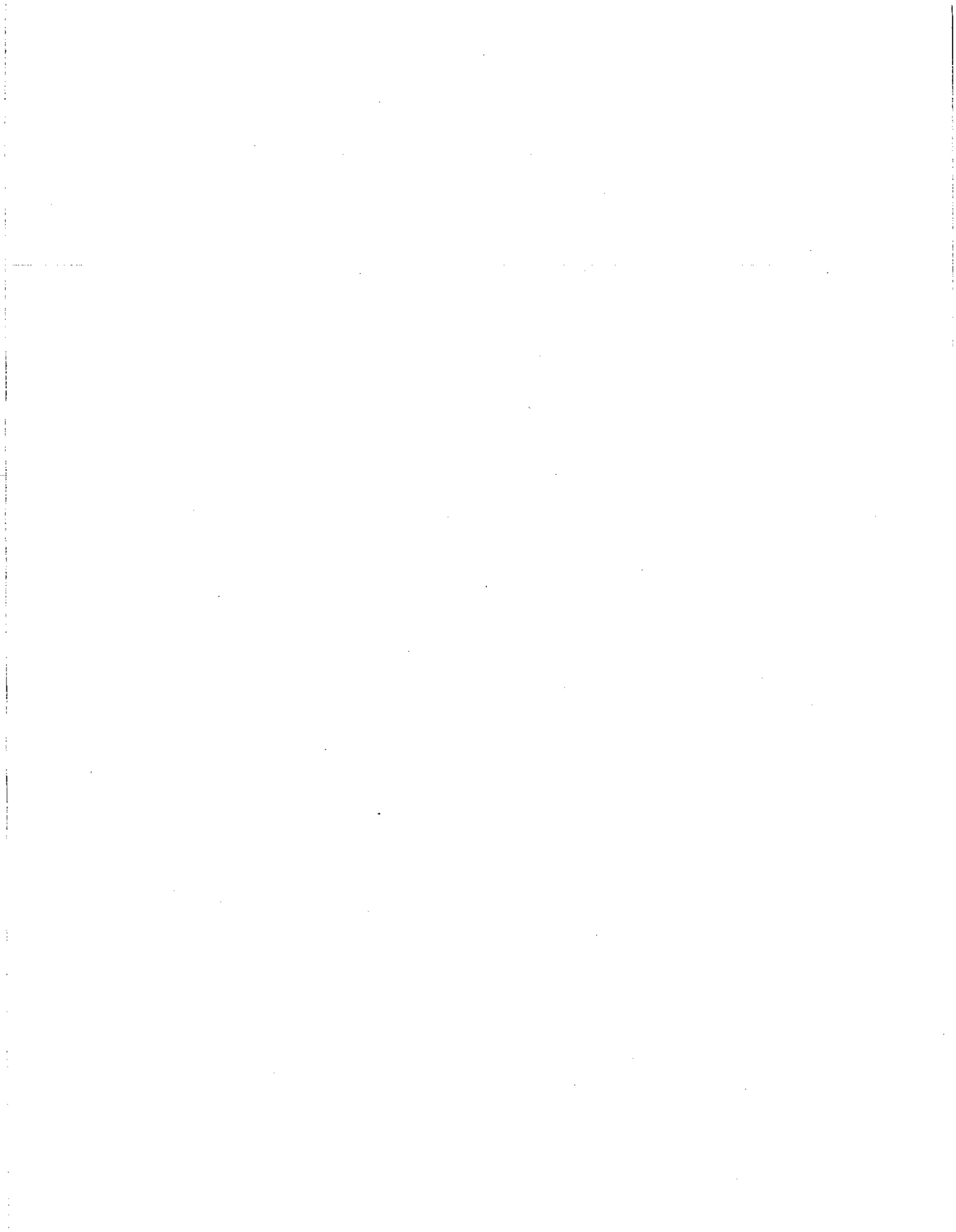
Jeff Robinette
Member

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

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Will Koch
Gretchen Newsom
Janice Roberts
Jefferson Robinette
Edward Rendon
Sam Rodriguez

Executive Staff Present

Stewart Knox, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad said, we are now going to approve the Agenda. I would like to announce one change in the Agenda at the request of a couple of project groups who have planes to catch. We are going to take Agenda Items 30 and 34 first and then move on from there. Do I hear a motion to approve the change to the Agenda?

ACTION: Ms. Bell moved and Mr. Rendon seconded the motion that the Panel approve the Agenda with the requested change of Items 30 and 34.

Motion carried, 8 - 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Newsom seconded the motion that the Panel approve the Minutes from the September 22, 2017 meeting.

Motion carried, 8 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said welcome and good morning Panel members, applicants, and stakeholders. Following the last Panel Meeting in September, we have a smaller Panel Meeting today, totaling approximately \$7.4M with another \$532K in Delegation Orders for a total just over \$8.0M.

Today we have a mix of Single Employer and Multiple Employer Projects. Diana Torres, San Diego Regional Office Manager, Anna Nastari, S.F. Bay Area Regional Office Manager, and Mark Mazzone, Sacramento Regional Office Manager, are here today to present the Proposals.

Regarding the Budget for Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), we are in partnership with the California Energy Commission with \$2M approved through an Interagency Agreement. We have had four proposals in the last few months for over \$900,000, one that was approved over \$620,000 already leaving approximately \$500,000 remaining for this year.

In regard to Core Funds for FY 2017/18, today the Panel will consider and additional \$7.4M in projects and another \$532K approved by Delegation Order. Should the Panel approve all the projects today, ETP will have approximately \$43M the remainder of the Fiscal Year (FY) 2017/18.

Under Delegation Order, all project proposals are capped at \$50,000 to be approved by the Executive Director on a continuous flow basis, which as of today, 16 projects were approved totaling just under \$532K.

For FY 2017/18 program funding to date, we have approximately 367 projects submitted, with a value of just over \$100M. The Panel has already approved just under \$51M with 184 projects to date, if all proposals are funded today.

Regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$31M; \$20M in allocation. Multiple Employer Contract (MEC): Regional Offices/AAU: requests are at \$8M; \$10M in allocations. Small Businesses have \$5.9M in demand; \$3.6M in allocations. Critical Proposals are at \$0.00 in demand; \$4.2M in allocations. Apprenticeship programs are at \$1.5M in demand; \$2.6M in allocations. Overall demand is approximately \$48M.

The number of total projects in FY 2017/18 in the Regional Offices are 277; total number of projects in the Applications and Assessment Unit is 90; overall total of 367.

Again, Staff is working hard to get the projects assigned out to the Regional Offices. About 80% have been assigned to the Regional Offices to date.

Legislative Update

In terms of legislative updates, we have provided copies of a memorandum for the Panel members. There is a lot of information on Workforce Development and Cannabis as well.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Chairman Barry Broad asked for a motion to adopt Consent Calendar Items #1 through #24.

Anchor Healthcare, LLC.....	\$249,964
Andrew Furuseth School of Seamanship.....	\$ 54,593
BEGA North America, Inc.....	\$ 89,658
B-K Lighting, Inc.....	\$129,980
California Faucets, Inc.....	\$108,000
California Sheet Metal Works, Inc.....	\$132,818
Chatsworth Products, Inc.....	\$ 73,710
Dytran Instruments, Inc.....	\$201,852
Emser Tile, LLC.....	\$245,700
Fresno Surgery Center, L.P.....	\$240,256
Giligia College.....	\$ 70,512
Greater San Fernando Valley Chamber of Commerce.....	\$187,176
Gumbiner Savett Inc. Certified Public Accountants & Business Advisors.....	\$ 62,480
KCoe Isom, LLP.....	\$111,675
Koos Manufacturing, Inc.....	\$245,862
Landscape Development, Inc.....	\$167,400
Momentous Insurance Brokerage, Inc.....	\$117,990
Napa Valley College.....	\$ 42,340
No. California Shop Ironworkers Local 790 Apprenticeship & Training.....	\$ 50,720
Pyramid San Francisco Management L.P.....	\$130,800
Sensiba San Filippo, LLP.....	\$108,120
Tiger Lines, LLC.....	\$ 65,065
Treehouse Private Brands, Inc.....	\$174,860
W.E. O'Neil Construction Co. of California.....	\$111,240

ACTION: Mr. Rodriguez moved and Mr. Robinette seconded the motion to approve the consent calendar for Items #1 through #24.

Motion carried, 8 – 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 in the event of loss of quorum to approve Proposals and other action items on the Agenda in consultation with the Panel Chair or Vice Chair.

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

Motion carried, 8 – 0.

Mr. Knox said, we do have a presentation on two items that we will look to for guidance on, to bring back for a confirmation, but wanted to update one more time.

Mr. Broad said, before we begin our report of the General Counsel, I would like to report on the General Counsel. Our General Counsel Maureen Riley is retiring today. I envy her. She has a state bar card that is just slightly more advanced than mine, and is a year less than me. Ms. Riley started in state service before she was a lawyer in 1976. She has been a lawyer since 1983. She started here on the Panel in 2005, right? Ms. Riley said, Yes. Mr. Broad said, she has been General Counsel for quite a while and has done a really wonderful job. I have worked closely with her. She sits to my right at every Panel meeting. We've had to do many hearings together on various subjects over the years. A couple of things I want to say about her from my perspective, she has a kind of a quiet, dignified approach, and a very laconic, cynical sometimes sense of humor which I completely appreciate. She and I played online Scrabble, which I also played with Ms. Roberts. However, Ms. Riley let me win more often than Ms. Roberts, who beat me every single game. I have to say this about Ms. Riley, she is an excellent lawyer, and I say that as a lawyer. I wish I was that good of a lawyer. She has command of the subject matter. Ms. Riley was instrumental during the period when we were without an appointed executive director. She stepped up and kept the ETP program together. We will all miss her. She truly was a tremendous asset to this Agency. We have this Resolution. While I will not read the entire Resolution, I will read the "Resolved" portion since all of the facts are contained therein. Here it is:

"Resolved that we the members of the Panel do hereby extend to Maureen Riley our sincere and grateful appreciation for her dedicated service to the Employment Training Panel and the State of California. Our congratulations on her well-earned retirement and best wishes for her continued success, happiness, and good health in the years to come. We are honored to have worked with you and have you as a member of the ETP family."

Thank you Maureen, thank you very much.

Ms. Riley said, I just have to say a word, thank you too and the ETP family is a very good way to put it. I look around the room and see not just co-workers, not just colleagues, but true friends. My dear friend Jill McAloon, who was the Acting Executive Director. I offered her advice, which is free. It's been a wonderful experience and I will miss a lot of people and the Panel has been great. I wish you all the best too. It's a great program. Keep it going. There will be changes, but it's one of the best programs in California. It has truly been a privilege working here. So thank you.

Mr. Broad said, I would also like to announce another departure, the gentleman on the far right, Ed Rendon, is leaving the ETP Panel. Ed and I are very close personal friends. We have known each other for many years. He was the Political Director, until just a few months ago, of Teamsters in Southern California. I am the Teamsters lobbyist so we have a personal relationship that is well beyond the Panel. We thank him for his 11 years on the Panel. I know Ed very well and while he is a gentleman of a few words on the Panel, he's actually one of the most talkative people I know. He's extremely loquacious, intellectually excited, and an excitable person. On the Panel he has been extraordinarily dignified and quiet. He does not ask questions for the sake of asking questions. He has been here at almost every Panel Meeting, flying in from Southern California. I am sorry to see Ed go, he is such a good person. Thank you Ed for your years of service on the Panel and good luck in your new

endeavor. Your service is very much appreciated. Ed has had a very successful career working in the labor movement. He's going to have a very successful career in his future and we thank him. Ed do you have anything you would like to say?

Mr. Rendon said, yes I do. Thank you Mr. Broad and the Panel. We have been working together for a very long time. What people don't realize is that I don't say a lot up here, I did in the beginning. In 1996-97 in San Diego, I did present on our truck driver training program as a Teamster. I came before the Panel and it was a very long process and it was great. Little did I know that I would be appointed to this Panel and serve 11 years. What people don't realize is that my passion and my work is out in the field marketing. I have sent a lot of people to ETP. It's what I do. I don't need to be on this Panel to continue to do that. I will continue to push this program because I believe in it. I stayed on so long because I believe in what we do here. So thank you everyone. It's been a pleasure to serve here.

VIII. REPORT OF GENERAL COUNSEL

Maureen Reilly, General Counsel, provided the following report:

First off, this is really a reminder Mr. Broad. ETP staff has the idea of setting up a subcommittee. ETP staff has begun assisting in a systematic and comprehensive review of the ETP program with an eye towards improvement and simplification. A lot of revisions have already been completed on valuation of health benefits. For example, we have started on an approach toward streamlining the reimbursement rates that was presented last time. As you know, a new rate table will be presented for action in future meetings. There are program areas still undergoing review, in particular, the issue of the Substantial Contribution requirement. It is a complicated area and we are asking Chairman Broad if you would appoint a subcommittee of the Panel to aid the staff in formulating the reform of the revision. The committee would conduct its business in an open meeting forum allowing input from stakeholders. It would report to the Panel at the next regularly scheduled panel meeting following a subcommittee meeting. The Panel Bylaws authorize the Chair to appoint the committee as needed to further the order of Panel business. The committee must consist of no less than three but no more than four members to be appointed in consultation with the Panel Members present. Again, this would be on the subject of the Substantial Contribution requirement. Thank you Chairman Broad.

Mr. Broad said I'm going to exercise my prerogative as its Chair and I'm going to appoint a panel of three members. If you don't want to serve, just let me know, but I'm going to ask Gretchen Newsom to be the Chair of this subcommittee. I'm going to ask Ms. Roberts, our Vice Chair, to serve on the committee. I will actually appoint myself to serve as the third person. That will be the order of the day.

Ms. Riley said, I have one more thing. This is a little unusual. It concerns a new item that staff has recommended for Lowest Funding Priority under the Strategic Plan that will be presented later to you today for approval. This is a matter of priority as to whether the Panel wants to fund training for top-level executives in a professional services firm that is also a small business. By top-level I mean partners or principals in a firm that provide accounting, money management, tax advisory, engineering or architectural services, and legal services. The Panel has already put into place a prohibition against training lawyers, regardless of the company size. Funding for this type professional services firm, at least as a small business, is a relatively recent development. Funding for partners is just coming up. We have two small business proposals with this occupational title this month. One of them is on the Consent Calendar. Partners earn about \$100 an hour in base salary but with their end-of-the-year bonuses what is already a six-figure income can double or triple. Partners and also Principals in a professional firm run the company regardless of whether they are also the owners. They are expected to recruit, retain clients and determine the company's direction for expansion.

They decide which partners or principals get the highest bonuses and distribute the remaining bonuses to the staff. This is only an issue for small businesses because owners and top level executives do not qualify for ETP funding in a standardized company. There are, however, two exemptions designed to encourage participation by small businesses; a panel regulation that allows training for owners, and a panel policy that allows training for top-level executives. These two exemptions were based on the premise that owners and executives also swept the floor and emptied the trash in a typical mom-and-pop small business. However, that premise does not hold true in the world of professional services where the partners and principals are performing white-collar services that require at least an undergraduate and often a graduate degree or certification such as certified public accountant or certified financial advisor. Let my comments show that the Strategic Plan language to exclude partners in small business professional services should also exclude principals. We recommend that this lowest priority designation be made effective as of January 2018 given that many accounting and advisory small business proposals are now in development under this existing policy.

Mr. Broad said, what I would like to do is to give these firms, should they want to, the opportunity to comment on this. Let's put this on the Agenda as an action item at the next hearing and discuss it then. It wouldn't make sense for the panel to fund a lobbying firm or for us to fund how to do lobbying. It wouldn't make sense in a firm such as ours where there are two principals and one employee. If we get new computer software, which we all have to know and learn in order to make the business function more efficiently, that makes sense. Ms. Riley's point that we are sweeping the floor and we are doing the same work as subordinate employees, that makes sense. But in the larger context it really does not make sense. We are not paying the tax because we are partners, we are not paying the tax on ourselves. We are paying the tax on the employee and to the extent that we are getting trained, we're getting trained on taxes that everybody else's is paying. It needs to be understood that the principals and owners of partnerships or small businesses like this are not among the people who are paying this tax or for whom this tax is being paid. It is not unfair in that respect and it is, in fact, an extension of what we're doing for employees in training and firms. It makes sense in that narrow context in my opinion; however, if someone wants to make a comment about this, I think that they should be availed the opportunity to do so. Let's put that on the Agenda for the next month.

IX. REVIEW AND ACTION ON PROPOSALS

Mr. Broad said, were going to Agenda Item number 30 first. Ms. Torres said, Panel Members if I could just go back from tab 30 to tab 24 there is just something I need to say for the record. Under tab 24 which is Consent, one of the affiliate names was left out and that's Kern Construction. They are in the training plan and have been approved. They are a knowledgeable and participating affiliate employer and I just wanted to put that on the record for Kern Construction. Mr. Broad said, to let the record reflect that thank you.

Multiple Employer Contract

Tab #30 - Finishing Trades Institute of District Council 36 Joint Apprenticeship and Training Trust Fund¹

Ms. Torres presented a proposal for Finishing Trades Institute of District Council 36 Joint Apprenticeship and Training Trust Fund (FTI) in the amount of \$949,595. FTI provides training for workers represented by local unions that make up the Painters and Allied Trades District Council 36, which represents approximately 11,000 members. Prior to 2013, FTI was

¹ Note: This is Agenda Item Tab #30 and heard out of order due to flight schedules.

known as Southern California Painting and Drywall Industries Apprenticeship Training Trust Fund. Bargaining for the signatory employers is conducted by two trade associations: Los Angeles Painting & Finishing Contractors Association, and the Western Wall & Ceiling Contractors Association.

The signatory employers are painting, drywall and glazing contractors. Training is provided at four training centers operated by FTI in Los Angeles (2), Orange, and San Diego Counties. This will be the seventh ETP Agreement with FTI, and the fourth in the last five years.

Ms. Torres introduced Jesus Fernandez, Training Director, Oscar Mayer with the Los Angeles Unified School District Advisor, and Steve Duscha of Steve Duscha and Advisories.

There were no questions from the Panel.

ACTION: Ms. Newsom moved and Mr. Rendon seconded approval of the proposal for Finishing Trades Institute of District Council 36 Joint Apprenticeship and Training Trust Fund in the amount of \$949,595.

Motion carried, 8 - 0.

Mr. Broad said, we are now going to Agenda Item Number 34.

AB118

Tab # 34 - KLA-Tencor Corporation ²

Ms. Nastari presented a Proposal for KLA-Tencor Corporation in the amount of \$432,000. KLA-Tencor supplies process control and yield management solutions for the semiconductor and related nanoelectronics industry. Its products are used in high technology industries, including the light emitting diode (LED) and data storage industries, electric vehicles, as well as general materials research. The company's primary focus is in inspection and metrology products that help integrated circuit (IC or chip) manufacturers yield throughout the entire fabrication process. The company sells directly to semiconductor manufacturers such as Intel, Taiwan Semiconductor, Samsung and Micron Technologies.

Ms. Nastari introduced Efren Lopez, Senior Director Learning and Knowledge Services, Myrna Adame, Enrollment Operations Manager GSS-Learning and Knowledge Services, and Peter Guerrieri, Technical Training Manager Learning and Knowledge Services.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for KLA-Tencor Corporation in the amount of \$432,000.

Motion carried, 8 - 0.

Mr. Broad said, we will now move back to the top of the list.

² Note: This is Agenda Item # 34 and was heard out of order due to flight schedules.

Single Employers

Tab # 25 - EastWestProto, Inc. dba Lifeline Ambulance

Ms. Torres presented a Proposal for EastWestProto, Inc. dba Lifeline Ambulance (Lifeline), in the amount of \$316,000. Lifeline was founded in 2002, and is headquartered in Montebello, CA. The company is a rapidly growing provider of non-emergency inter-facility ambulance services throughout Los Angeles and Orange Counties. Lifeline provides ambulance service 7-days a week, 24-hours per day and is expanding its workforce by up to 200 net new jobs.

Lifeline contracts with major healthcare plans, hospitals and medical groups to provide inter-facility transfer services for patients. Inter-facility transfer is defined as any transfer, after initial assessment and stabilization from and to a healthcare facility. This will be the company's second EPT Agreement, and its second in the last five years.

Ms. Torres introduced Danny Santillan, Director of Operations/Human Resources and Bill Parker of National Training.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for EastWestProto, Inc. dba Lifeline Ambulance, in the amount of \$316,000.

Motion carried, 8 - 0.

Tab # 26 - Lockheed Martin Corporation

Ms. Torres presented a Proposal for Lockheed Martin Corporation (LM Aero), in the amount of \$400,602. LM Aero is engaged in the research, design, development, manufacture, integration, sustainment, support, and upgrade of advanced military aircraft. This includes combat and air mobility aircraft, unmanned air vehicles, and related technologies. Training will take place at the company's Palmdale facility, and at nearby Edwards Air Force Base. LM Aero employs approximately 2,800 employees between both locations.

Ms. Torres introduced Jon Gustafson, Manager of Workforce Partnerships and Incentives.

Mr. Rodriguez said, just one quick question I know you can't talk about the advanced development program on the Lockheed Martin but in terms of its projections, is it only going to be California or will it be the same program is in New Mexico? Mr. Gustafson said, it will train Californians and if they are working on programs that are supporting other platforms in other states, that's a possibility. Mr. Rodriguez said let me rephrase, do you believe that the growth will be in the Palmdale facility versus the New Mexico facility? Mr. Gustafson said, I believe it will be in the Palmdale facility.

Ms. Roberts said, I am confused about your workforce partnerships and incentives. Is there no one here from Lockheed Martin and Marquee Group? I don't know where you fit into the scheme of things.

Mr. Gustafson said, I lead the function enterprise wide for training grounds and partnerships. Marquee Group works for us on our behalf to manage symptoms so I'm here to represent Lockheed Martin.

ACTION: Mr. Rodriguez moved and Ms. Newsom seconded approval of the proposal for Lockheed Martin Corporation. in the amount of \$400,602.

Motion carried, 8 – 0.

Tab # 27 - Omni Hotels Management Corporation dba Omni La Costa Resort and Spa

Ms. Torres presented a Proposal for Omni Hotels Management Corporation dba Omni La Costa Resort and Spa (Omni La Costa) in the amount of \$171,800. Originally built in 1964, Omni La Costa is a historic golf resort and spa located on 400 acres in Carlsbad. It provides luxury accommodations, resort golf courses, and convention/conference resources to corporate businesses and upscale worldwide leisure travelers. Omni La Costa's parent company, TRT Holdings, Inc., also owns four Omni facilities located in the cities of San Diego, San Francisco, Rancho Mirage, and Los Angeles. All five proposed facilities operate under the same California Employer Account Number (CEAN). All facilities specialize in luxury lodgings targeted to business travelers and tourists. In addition to room accommodations, the properties offer business and fitness centers; high-speed and wireless internet access; and gourmet restaurants. The facilities also provide space for weddings, special occasions, and meetings.

Omni meets out-of-state competition requirements as a destination resort and/or conference/convention center competing nationally and internationally for business. (Title 22, California Code of Regulation, Section 4416(g) (1-4).) All five Omni facilities will participate in the proposed training plan, with Omni La Costa as the lead contract holder.

Ms. Torres introduced Anthony Belef, Area Director Human Resources.

Mr. Broad said, I thought that La Costa was a unionized facility, at least in Carlsbad.

Mr. Belef of said, we have a union as well as a non-union in La Costa.

Mr. Broad said, we don't have a letter from the union that means you will need one if your unionized employees are being trained or are all these non-unionized employees being trained?

Mr. Belef said, right now the proposal does not include the union associates but we hope to include them later.

Mr. Broad said, when you do, the union needs to write a letter of support as you can see from some of the other contractors.

Ms. Newsom said, I just want to refer back to what the Chairman was talking about earlier. Omni did reach out to me and they do not have a contract in San Diego County. They are very frustrated. The workers are frustrated. Since 1975 there was a "Union" hotel at the site and when Omni moved in as the new operator, a contract was not extended to them. They are waiting.

Mr. Belef of said, we're in the middle of a negotiations right now. I just received an update from our Chief Human Resources Officer who has been meeting with Bridget. My expectation is that the settlement will be reached or renewed by the end of this month.

Ms. Roberts said, I have a question regarding the rightsizing as well. Looking at your performance for 22% from the last contract and you earned \$92,000. Now you are asking for \$251,000, to me that's not right-sized even though with the Substantial Contribution it's \$171,000. Even going back to the original amount of \$251,000, that doesn't tell me that you right-sized this at all. There is another issue regarding the Human Resource Director (HRD), which I believe is you. It stated that the HRD had been moved around or left the company,

it's not clear as to what exactly occurred. I have a Masters in Human Resources and know if that's the case, then you are not the right person to be ministering this. If this was the case on this contract and the previous contract, you told me that you have some training managers and you're going to centralize it in La Costa, which are all great things. But what I need to know is if there is someone else that will actually minister this contract. To tell you the truth, I'd like to right-size this down even further and then if you can perform, you can come back. But right now just based on your past performance I don't think that you're going to earn a \$171,000.

Mr. Belef said, I arrived at La Costa in February 2016 and I think our contract expired and ended in July. We added San Diego and Rancho to that contract in the last few months. I am interested in making sure that those hotels and resorts fully participate in it. I am open to any suggestions the Panel may have.

Ms. Roberts said, I would recommend to rightsizing even further because I'm not confident that you are going to earn \$171,000. In trades like resorts and with the union coming on, you have a lot of negotiating going on. Things can get lost in the shuffle. I speak from personal experience. Your contractor National Training Company will also have to readjust their flat fee as well. They are now asking for \$15,000. I'm Bill Sacks with National Training and yes, we would adjust the fees.

Mr. Broad said, so Madam Vice Chair do you want to put your proposal in the form of a motion? Ms. Roberts said, yes I would like to put it at \$100,000.

Mr. Broad said, can we amend that motion to allow them to come back and ask for additional monies under this up to what amount?

Ms. Roberts said, yes. They're asking for \$251,000 and they took the Substantial Contribution of \$80,000, they are asking for an additional \$171,000 now. They could come back for another \$100,000 if you think that you can do 70% of the training within one year, you certainly could come back.

Mr. Broad said, so the motion is to approve is for \$100,000, with the understanding if they do 70% of the training within one year they can come back and ask for the remaining \$71,000. Ms. Roberts said, yes.

Ms. Newsom said, I would ask when they do come back if staff can update the profile to make sure the Union letter is in it.

Mr. Broad said, yes, we would have to vote on it. They would have to come back and ask for the additional monies. Even though it might somehow fit within our consent calendar, in situations like this, it would need to come back to the full Panel. That's the motion. Is there any other questions or comments about this?

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Omni Hotels Management Corporation dba Omni La Costa Resort and Spa for the *reduced* amount of \$100,000.

Motion carried, 8 – 0.

Tab # 28 - SchoolsFirst Federal Credit Union

Ms. Torres presented a Proposal for SchoolsFirst Federal Credit Union (SFCU), in the amount of \$333,000. Founded in 1934, SFCU is headquartered in Santa Ana, with three administrative offices and 46 branches located throughout Los Angeles, Orange, Riverside,

San Bernardino and San Diego Counties. SFCU currently serves approximately 731,500 members and manages \$13 billion in assets. Products and services include: savings accounts, checking accounts, auto loans, credit cards, home loans, investment services, insurance services, retirement accounts, financial advice, and electronic banking services. However, the home loan operations/functions are not included in this training proposal.

Ms. Torres introduced Carolyn Reeves, Vice President, Learning and Development.

Ms. Roberts said, just a comment that you pay very good wages this is a great contract first time.

Ms. Reeves said, thank you. We really are committed to our team as an organization and thank you for recognizing that.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded approval of the Proposal for SchoolsFirst Federal Credit Union in the amount of \$333,000.

Motion carried, 8 – 0.

Tab # 29 - Mann Packing Co., Inc.

Ms. Nastari presented a Proposal for Mann Packing Co., Inc. (Mann Packing), in the amount of \$294,400. Founded in 1939, Mann Packing has eight facilities and is headquartered in Salinas. Mann Packing offers fresh-cut and commodity vegetables for retail, wholesale, and foodservice marketplaces. Mann Packing qualifies for ETP Out-Of-State Funding, as it provides vegetables to food services and retail companies throughout North America, including Walmart and Costco.

Ms. Nastari introduced Paul Eads, Director of Human Resources, and Jim Rodger, ASP Safety Supervisor.

Ms. Bell said, how did you find out about the Employment Training Panel?

Mr. Eads said, I worked for another company in my past that participated in ETP's program. Ms. Bell said, thank you for applying. What we find is starting the process is challenging so we ask you to really reach out. We get stretched. You are on a recall right now with your product. How is your recall product going to affect your training program?

Mr. Eads said, it should not have any affect. This is a voluntary recall. We are working closely with the FDA and plan to get past this. We believe in providing safe products to our customers and plan to do a lot of training on food safety. That's how we will use some of these funds.

Ms. Bell said, please reach. If you find you are challenged and can't reach your metric. Please reach out to a representative. They are there to make you successful and I want you to be successful because I also believe in the salad bowl capital of the world.

Mr. Broad said, I would just say that as a first-time project it's very ambitious. You are training a large percentage of your workforce across multiple locations. Our process can be challenging under those kinds of circumstances. Right away, you are going to need to be very focused in on all of the things you need to do to actually earn the money. Logging in the hours etc. It is an ambitious project, a good one, so you cannot let it slide.

Mr. Eads said, we do have a plan in place and Jim put that together. We understand that it is quite a commitment. Our goal is 100%. I hope to come back and do a second one.

Ms. Bell said, can you share your plan with us?

Mr. Rodger said, we have already reached outside with Bill Sacks. He has helped us. We already have the commitment, we have Alchemy Systems as well that we are going to be using, we have already been training our supervisors to roll out these trainings to all of our employees, we know the commitments, the hours that are needed, and feel ready to attack all of this head-on, as soon as you give us the approval. We are very excited and we are ready to grow.

Ms. Bell asked if you are a member of Ag Safe? That's a really good option as well. I wish you luck.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Mann Packing Co., Inc., in the amount of \$294,400.

Motion carried, 8 - 0.

Multiple Employer Contracts

Tab # 31 - Kern Community College District

Ms. Torres presented a Proposal for Kern Community College District (KCCD) in the amount of \$582,000. Founded in 1968 and headquartered in Bakersfield, KCCD strives to provide outstanding educational programs and services responsive to its diverse students and communities. KCCD includes Bakersfield College, Cerro Coso College, and Porterville College.

KCCD serves Kern, Tulare, Inyo, Mono, and San Bernardino Counties, making it one of the largest districts in the United States. In addition to classes held on campus, KCCD offers localized instruction through educational centers in Delano, Bakersfield, Bishop, Mammoth Lakes, Lake Isabella, and Edwards Air Force Base. KCCD is committed to distanced learning through the Internet, satellite programing, and cable television. KCCD is also committed to providing training opportunities to small companies located in rural areas that typically do not have the funding available to provide needed training to their employees.

The District's Workplace Learning Resource Center and the 21st Century Energy Center will administer the ETP program. These centers are part of a California Community Colleges Chancellor's Office initiative to provide a foundation for a long-term, sustained relationship with business and labor across the districts. The centers provide high quality, innovative and affordable education, and in-depth training solutions to meet the needs of business and industry. It conducts outreach to employers in manufacturing, health care, food processing, logistics, construction, energy (solar, turbine, biofuel) and alternative energy construction.

Ms. Torres introduced Dave Teasdale, Director of Economic and Workforce Development Programs.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for Kern Community College District the amount of \$582,000.

Motion carried, 8 - 0.

Tab # 32 - KML Enterprises Career Development, LLC dba New Horizons Learning Group

Ms. Torres presented a Proposal for KML Enterprises Career Development, LLC dba New Horizons Learning Group (New Horizons) in the amount of \$421,300. Founded in 1982 and headquartered in Anaheim, 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.

New Horizons has been providing computer skills training to large and small businesses throughout Southern California since 1982. It provides training on Business Skills and Continuous Improvement Training based on employer demand.

New Horizons has additional training facilities in Burbank, San Diego, Gardena, San Bernardino and Sacramento. New Horizons is eligible for ETP funding as a private training agency. This is the second ETP Agreement with New Horizons, and the second in the last five years.

Ms. Torres introduced Ryan Landry, President and General Manager, Bill Sacks, Vice President of Operations, National Training Company.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal For KML Enterprises Career Development, LLC dba New Horizons Learning Group in the amount of \$421,300.

Motion carried, 8 - 0.

Tab # 33 - Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training Fund of San Diego

Ms. Torres presented a Proposal for Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training fund of San Diego (SMJTF) in the amount of \$304,710. Established in 1941 SMJTF is a joint effort by the Sheet Metal Worker's International Local 206 and the Sheet Metal and Air Conditioning Contractors National Association. Their mission is to provide up-to-date industry skills training and secure high-quality job opportunities for its members as negotiating through collective bargaining.

Located in San Diego, the SMJTF training center has a total of seven classrooms and labs; a computer center with 20 stations; and a welding shop with 16 welding booths. All training under this Agreement will be center based. SMJTF currently serves 111 Apprentices and 450 Journeymen with San Diego and Imperial Counties.

There are 34 signatory employers contributing to the Sheet Metal Trust Fund. These employers perform specialized construction work ranging from the design, layout, fabrication and installation of duct systems to architectural sheet metal fabrication, metal roofing construction, and a variety of other shop or sheet metal work. SMJTF also provides skills upgrade training to Journeymen in the latest sheet metal technologies.

Ms. Torres introduced Chris Caricato, Training Director, Kelly Greer, Strategy, and Jan Borunda of California Labor Federation.

Ms. Roberts said, the fast entry for the veterans, are you the only apprenticeship program doing them or are there other ones that do the fast entry for veterans?

Mr. Caricato said, yes a lot of apprenticeships are starting to do you that and have done that in the past. Mrs. Robert said, that's great. Thank you.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training Fund of San Diego in the amount of \$304,710.

Motion carried, 8 - 0.

Amendments

Tab # 35 - Bay Alarm Company

Mr. Mazzone presented an Amended Proposal for the Bay Alarm Company (Bay Alarm) in the amount of \$199,400. Bay Alarm, a subsidiary of BALCO Holdings, Inc., is the largest independently owned and operated security company in the United States. The company offers a full range of security products to approximately 100,000 residential and commercial customers across California, including burglar and fire alarm systems, access control and video surveillance.

Mr. Mazzone introduced Rebecca Volokh, Training and LMS Administrator, and Chris Mangles from Training Funding Partners.

There were no questions from the Panel.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the proposal of additional monies for Bay Alarm Company in the amount of \$199,400.

Motion carried, 8 - 0.

X. PRESENTATION ON STRATEGIC PLAN FY 2017-2018

Lis Testa provided the following presentation:

Ms. Testa said, before we get started I just want to give a big Thank You to the Planning and Research Unit. They worked very hard on getting the plan finished. They had contributions from our Fiscal Unit, as well as from the Executive Staff. It was huge group effort in getting this done and I want to thank them for all of their hard work.

2017-2018 ETP Strategic Plan:

Contents:

- A.** Vision & Mission Statements
- B.** Introduction/Overview/Accomplishments
- C.** Goals & Objectives
- D.** Administrative Strategies
- E.** Economic Overview

- F. Priority Industries
- G. Workforce Trends
- H. Strategic Initiatives
- I. Strategic Alliances
- J. Appendix: Program Budget

A: Vision & Mission Statements

- **Vision:** The Employment Training Panel (ETP) will support job creation and retention in California through strategic partnerships with business, labor, and government.
- **Mission Statement:** ETP provides financial assistance to California businesses to support customized worker training to:
 - Attract and retain businesses that contribute to a healthy California economy;
 - Provide workers with secure jobs that pay good wages and have opportunities for advancement;
 - Assist employers to successfully compete in the global economy; and,
 - Promote the benefits and ongoing investment in employee training among employers.

B: Introduction/Overview/Accomplishments

- **Introduction: Fulfilling Its Mission**

Gives a brief history of ETP, and describes ways we meet our mission statements.

- **Overview of the Organization**

- Gives a description of where ETP fits in the overall Labor & Workforce Development Agency environment
- Lays out the make-up of Panel

- **Accomplishments**

- Points readers to ETP's yearly Annual Reporter for performance statistics

C: Goals & Objectives

- Outlines six (6) main goals of ETP:

- 1) Enhance the visibility of the program through connections with LWDA, GO-Biz and other public and private agencies and legislators.
- 2) Target California's key industries.
- 3) Continue support for small businesses through outreach and specialized contract formats.
- 4) Support the Governor's initiatives and hard to serve populations including: veterans, businesses in high unemployment areas, workers with barriers to employment, apprenticeships, green technology, and industry recognized credentials.
- 5) Enhance ETP's impact on job creation and retention by utilizing our Retrainee-Job Creation program and through collaboration with GO-Biz.
- 6) Increase efficiency and effectiveness of the ETP program with internal program reviews, coordinating our services with other labor agencies, building a new data management system, and by utilizing our funding caps and allocations.

D: Administrative Strategies – pp. 4-7

(1)

- Introduces six (6) policies and approaches that ETP uses to maximize program efficiencies:
- 1) **Process Improvement & Simplification:** ETP has begun a process of comprehensively reviewing our policies with the goal of improving our processes and simplifying the more complicated areas of our program.
 - Better workflows for staff & streamlined processes for customers
 - Better preparation for the development of a new data management system
 - Bring ETP into increased alignment with other Labor Agencies
- 2) **Maximizing Funds:**
 - Increase in ETT collections in FY 16-17 that will most likely continue in FY 17-18
 - Increase in the amount of prior FY funding liability carried forward to FY 17-18
 - Full appropriation of ETT revenue to ETP in FY 17-18 State Budget Act

(2)

▪ 3) **Funding Caps:**

Contract Type	Project Cap
Single Employer	\$750,000
Single Employer Small Business	\$ 50,000
Critical Proposals	\$900,000
Multiple Employer (MEC)	\$950,000
MEC Apprentice Training: Per Sponsor††	\$450,000
††Projects with multiple sponsors may not exceed the MEC cap.	
*AB118: These caps will be determined on a case-by-case basis.	
*Amendments: Funding for active contracts may be increased, in conformity with these caps, on a case-by-case basis depending on performance.	
*Funding is limited to one contract per fiscal year.	
*Adjustments: The caps may be adjusted upward on a case-by-case basis with appropriate justification. In order to more equitably distribute funds, the Panel allocates funds to different types of contracts.	

(3)

▪ 4) **Funding Allocations:**

Project Type	Allocations
MECs	\$21,000,000
Single Employers	\$46,000,000
Small Business	\$6,000,000
Critical Proposals	\$6,000,000
Apprenticeship/ Non-Traditional	\$16,000,000
Total:	\$95,000,000

(4)

▪ 5) **Lowest Funding Priorities:**

- Commission sales in the retail trade, multi-level marketing, training for employees of training agencies, adult entertainment, gambling, mortgage banking, car dealerships, truck driving schools, and partners in professional firms.

- **6) Other Limitations:**
 - Cannabis Industry Moratorium
 - Support Costs for MECs default to highest percentage (8% retrainee training, 12% new hire training)
 - Employer Demand in MECs (60% with at least 80% prior performance, 80% with less than 80% prior performance)
 - Substantial Contribution defaults to lowest percentage (floor 15%-30%, ceiling 30%-50%).

DISCUSSION:

Mr. Broad said, we did the moratorium more on a temporary basis pending these cannabis companies getting licensed by the State of California. That's going to start in January so while I wouldn't necessarily consider them a Priority Industry, we can discuss where on the priority chain they are. I think the moratorium should not go forward after January 1. Is there any disagreement on the Panel about that? It is a business, it's a lawful business. If there are issues that are raised about it, we can deal with them as proposals come forward. There may very well be a system or merging industry coming from a place where it was completely illegal and it's actually quasi-legal now, only quasi. It remains illegal under federal law so we need to be careful, but at this point since it says these employers will be paying tax, that we should lift the moratorium.

Ms. Roberts said, recently we put in a stipulation that no one vendor will deliver more than 50% of the contract and I didn't know if we wanted to put that in there only because we had some issues there.

Ms. Testa said, would you like the cannabis section taken out of the plan?

Mr. Broad said, yes. Another thing I think we should have in terms of Lowest Funding Priorities would be commercial or light business skill training for partners or principals in professional firms.

Ms. Testa said, we did that in the Lowest Funding Priorities.

Mr. Broad said, okay great. I think we can leave it is a Lowest Funding Priority.

E: Economic Overview - pp. 7-8

- Describes the Statewide and Regional Area economic forecasts, with statistics from EDD's Labor Market Information Division and from UCLA's Anderson Forecast.
- Statewide, 9 of 11 of California's major non-farm industries have gained jobs in the past year, and unemployment has decreased. Payrolls are expected to continue to increase.
- There are still areas of California designated as High Unemployment Areas.

F: Priority Industries – pp. 8-13

- Lists and describes ETP's current Priority Industries, with labor market statistics.
- **ETP's Priority Industries:**
 - Agriculture
 - Allied Healthcare
 - Biotechnology and Life Sciences
 - Construction

- Green/Clean Technology
- Goods Movement and Transportation Logistics
- Information Technology Services
- Manufacturing
- Multimedia/Entertainment
- Technical Services

DISCUSSION:

Mr. Broad said, I would like to make this suggestion. It may be included under the Allied Healthcare, but I think under the current situation, perhaps it should be called out and that would be to include it as a Priority Industry - drug and alcohol rehabilitation. We are in the midst of opioid epidemic and alcoholism is a major social issue in this country. We have not done a lot of funding on this type of industry, but it would give our marketing people a direction to look into. Contact some of these associations that represent these types of employers and suggest they apply for funds. Does anyone have an objection to that? No objections were made.

G: Workforce Trends – pp. 13-15

- Explores six (6) main trends in the larger workforce arena:
 - WIOA and its effect on labor policies in California
 - Retirees re-entering the workplace
 - Veterans
 - Middle-Skilled Workers – those with more than a high school but less than a college education
 - Automation and the Contingent Workforce – increase in job automation and its effect on the economy and labor market
 - Sector Strategies – California Workforce Development Boards (CWDB) are developing statewide career pathways, and ETP is partnering with CWDB, LWDA, GO-Biz, EDD, California Energy Commission (CEC), and the California Community Colleges Chancellor's Office (CCCCO) to aid in this effort.

H: Strategic Initiatives – pp. 15-19

- Outlines seven (7) areas where ETP has created special programs to aid in job creation and retention, helping us to meet our mission. Some of these areas involve the addition of alternative funds, expanding ETP's contracting potential. The seven areas are as follows:
 - Healthcare
 - Addressing Climate Change
 - Alternative & Renewable Fuel & Vehicle Technology Program (ARFVTP) – alternate funding available through an IA with the CEC
 - Career Technical Education
 - Apprenticeship Training Program
 - Support for Veterans Serving Small Businesses

I: Strategic Alliances – pp. 19-21

- Describes six (6) areas where ETP has established or will be pursuing partnerships and collaborations to aid us in accomplishing our goals. These include:
 - Marketing partnerships
 - Apprenticeship Training Program – collaborations with California Labor Federation, the State Building and Construction Trades Council, the Division of Apprenticeship Standards, and LWDA's Apprenticeship Taskforce

- o Governor's Interagency Group Working on Zero-Emission Vehicles – in coordination with GO-Biz
- o Job Creation and Retention – with collaboration with GO-Biz
- o State and Local Workforce Development Boards
- o Rural and High Unemployment Areas – continued incentivizing for these areas

Appendix: Program Budget

- Presents ETP's 2017-18 Core Program Revenue and Expenditures
- Lists ETP's Budget Allocations to Program Categories including:
 - o Program Funds
 - o Marketing and Research
 - o EDD Support
 - o New Data Management System
 - o Program Administration
- Lists sources of Alternative Funding available to ETP

Proposed Action:

- Staff recommends Panel approval of the ETP 2017-18 Strategic Plan, with the direction to staff to incorporate any desired changes, and with the delegation of authority to the Executive Director for final approval, prior to submitting the final Strategic Plan to both the Administration and Legislature.
- Any Questions?
- Thank you for your time!

Mr. Broad said, if there is no further discussion, let's take a vote on a conceptual approval of the Plan with the modifications we have discussed today, to include final approval by the Executive Director.

ACTION: Mr. Broad moved and Ms. Newsom seconded a conceptual approval of the Strategic Plan with modifications as discussed. Final approval by the Executive Director.

Motion carried, 8 - 0.

Mr. Broad said, regarding the cannabis issue, I propose we ask the staff to meet with some of the industry groups that are formed. We should ask the Director of the Bureau of Cannabis Regulation, Lori Ajax, to meet with us to explain how the industry is going to be regulated. Have staff solicit input from them about where they think training might be appropriate. For example, in terms of safety, regulations, tax compliance, ensuring that these drugs don't fall into the hands of minors. Possibly on the medical side of it there might be some training including what you can do and cannot do legally. Discuss what diseases you can cure or not cure health or not health, since this not a FDA approved medication you can easily cross the line. Conduct training in the area of regulatory compliance so that we can justify using our money to train employees and have this industry make the transition to a legal and highly regulated industry success.

Mr. Rodriguez said, I suggest it might be good to have the tax division at EDD share with us their best practice in collecting the UI tax from this industry. Mr. Broad said, that's a good

idea. This is an all cash industry now. There is no legal banking in this industry because of the federal prohibition. This means that state agencies are receiving truckloads of cash to pay their taxes. We must make sure that if we are training these employers, they are actually paying the tax. We will need to coordinate with EDD to make sure the employer is in tax compliance. We will have the staff come back to us with a set of recommendations on what to fund, what not to fund, how to protect the integrity of our program, and ensure that taxpaying employers are getting our money as opposed to those who may not be in tax compliance.

Ms. Riley said, staff does check on employer eligibility during the pre-application stage. We have access to the Employment Development Department wage database where we review the California employer account number to see if it is current. Unless you are subject to payment of the UI tax, you were not eligible for funding and not recognized as an eligible employer.

Mr. Broad said, all right thank you. That concludes our Agenda today. The only thing left would be public testimony is there anyone that wishes to come forward?

XI. PUBLIC COMMENT

Steve Duscha comes forward to speak. Mr. Chairman two issues, first I want to say that I am going to miss Ms. Riley for all the times that she agreed with my position. Ms. Riley has always been willing to listen, and willing to consider other people's other ideas, good ideas. I want to wish her the very best. Second, with regard to the committee that was established today. I hope jurisdiction and the interest of this committee is fairly broad and willing to listen to some of the broader issues that confront ETP, how they interact so that ETP can fulfill the statutory mission of supporting high wage, high skilled jobs for employers who are devoted to training on a long-term and on a large scale.

Phillip R. Herrera of Herrera & Company, came forward to speak. Two things, first, regarding the Strategic Plan, I would like to thank the staff for doing putting it together. Looking at it now there are sections that are new and fresh. Second, I have worked with Ms. Riley when she first came on and I've always appreciated her integrity. Her toughness has kept the program out of trouble. I just want to say thank you and you will be missed.

Eric Hilbersman of Studio Arts came forward to speak. Congratulations Ms. Riley. I wish you well and Mr. Rendon, you as well and thank you again for your service. I am here because there has been some discussion lately about rate change and I wanted to talk to you a little bit about the Priority Industry Advanced Technology rate that I propose. There are a lot changes in the entertainment industry right now. What is happening to the industry as a whole is a change in how entertainment is provided to the consumer. Among those things is change to virtual reality, augmented reality. It's in the beginning stage right now. Although I can't speak for content at this point, there is a great deal of interest in film and broadcast television. Game industries are gearing up for what could be a very elaborate change. We are not prepared with our current rate to buy some of the equipment we should be providing for this type of training. Even with the contribution from a lot of our companies that are participating in our MEC, it is not really adequate for the kinds of technological change that we are going to have to show people. I propose a possible rate change for Priority Industry in entertainment to \$32 an hour.

Mr. Broad said, certainly we can address that in the subcommittee.

Mr. Hilbersman said, is there some way that we can get feedback to the committee that was just formed today, in particular with respect to payroll companies, entertainment industry, and a significant contribution?

Mr. Broad said, I will obviously confer with the members of the subcommittee, but my intention was that this committee would operate in a more informal way so that some of these discussions can be more the neighbor heard of workshop discussions.

Mr. Hilsberman asked, we are invited? Mr. Broad said, yes, of course.

Mr. Hilsberman said, we want to get the word out to the entertainment companies and the producers of these various medias that are emerging about ETP. They are not familiar with the ETP program.

Don Tully, Integrated Solutions, I just want to thank Ms. Riley for all of her help and especially her accessibility and her willingness to listen. Thank you again and congratulations.

Mr. Broad said, Ms. Riley said we didn't vote on the Consent Calendar. Mr. Knox said, I asked for a motion and we did, but we could do it again. Mr. Broad said, let's re-vote on the Consent Calendar. We will call this the Maureen Riley sendoff vote. We will vote twice.

ACTION: Mr. Broad moved and all eight members of the Panel unanimously approved the Consent Calendar.

Motion carried, 8 - 0.

Mr. Broad said, before we adjourn I would like to take a moment of personal privilege to say something to our contractor community. This last week I became aware through a series of emails of one of our contractors getting, I would say, considerably out of line with our staff. I want you all to understand, and I'm not going to call anybody out, but this is not a sinecure. It's not an entitlement program for contractors, it's not a lock on anything, and basic respect for our staff is important and critical, just as basic respect for anyone you deal with is critical. I think our staff may, in the effort to be friendly and to deal with people that they work with all the time, allow themselves to get pushed around a little too much. They are very communicative, very easy to reach. My response to this is if you don't like the decisions of our staff, appeal them to the Panel. But further discussion about it is not appropriate. I would hate for us to go to that place, so I urge everyone in our contractor community to remember who you are. It is basic courtesy and respect, and respect for the difference in the jobs that you have and that other people have. Ms. Riley's job is not to be anybody's pal. She's not anybody's pal out there. Her job is to protect the program legally and she did her job. She did it well. If she didn't make friends with some people because of that, well that's the job. The job of our staff is to weigh these proposals against priorities and all the rules and regulations related to handing out this money. Sometimes they are not going to agree with you and when they don't, you have a choice: you can appeal or not appeal. We are happy to hear these appeals if that's the place we want to go. We will consider everybody's arguments and maybe the staff is right or maybe they're wrong, but whatever the course, the relationship should be one of mutual respect and appropriate distance and not inappropriate sort of familiarity. We all have our jobs to do. So with that I will adjourn the meeting. Thank you.

XII. MEETING ADJOURNMENT

Meeting adjourned at 11:07 a.m.