



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 "I" Street

Sierra Hearing Room, 2nd Floor

Sacramento, CA 95814

June 22, 2012

PANEL MEMBERS

Barry Broad
Chair

Carol Farris
Member

Sonia Fernandez
Member

Michael Hart
Member

Janine Montoya
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Sam Rodriguez
Member

Executive Staff

Brian McMahon
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

Barry Broad
Carol Farris
Sonia Fernandez
Mike Hart
Janine Montoya
Ed Rendon
Janice Roberts
Sam Rodriguez

Executive Staff Present

Brian McMahon, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Mr. Broad requested to move the ETP 130 Subcommittee Recommendations to be presented after the review and action of projects later in the meeting.

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

Motion carried, 8 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Montoya seconded the motion that the Panel approve the Minutes from the May 24, 2012 meeting.

Motion carried, 8 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, welcomed everyone present and said this was the last Panel meeting in this fiscal year (FY). He thanked all of the Panel members for their diligent attendance at all of the Panel meetings and said there was a full Panel quorum today.

Today's meeting includes the standard mix of single employer agreements, one multiple employer agreement, and an AB 188 project. As Chair Broad mentioned, we will have a report to the Panel on the recommendations from the Subcommittee that reviewed the ETP 130. All of the regional office managers are present, except for Wally Aguilar, who will connect by teleconference.

Mr. McMahon began with a discussion on the current budget year for ETP as we complete the FY. Based on the ongoing reconciliation process of revenues coming into the Employment Training Fund with the Employment Development Department (EDD), it looks as if those reconciliations will take us slightly below the \$45 million revised estimate that was discussed with the Panel. However, we also have some savings in our prior year contract liabilities which puts us close to the original estimate and gives us the ability to fund all of the projects today with a current year allocation. In terms of the 2013 funding, we are running on an estimate, and we gave our recommendations to the Panel at the last meeting based on our best estimate as to revenue coming in for 2012-13. At this point, the Governor's Budget and the Legislature's Budget that have been agreed to contain a full allocation for ETP with no redirections of funding. We are estimating that we will be fairly close to where we were this year in terms of overall funding capacity, which should put us in the range of between \$66 and \$70 million. That estimate will be confirmed when we receive the official projection from EDD in September and it may be slightly adjusted upward or downward. Since we are still going through a reconciliation process on the current year, we will present a final end of the year closeout Fund Status Report for the 2011-12 FY at the August Panel meeting.

The application process was opened for retraining both for single employers and multiple employer contractors on June 1 and so far, we have received 66 proposals. That is pretty close to our standard pattern; in terms of what we did overall during the current FY, we received a total of 633 core program applications. We had 12 proposals under AB 118 and 36 proposals under the WIA Healthcare Job Creation Initiative, which totaled 681 total proposals. On the core program side, staff deactivated about 25% of those. Deactivations occur typically at our eligibility review function for the field office. At eligibility review, we are really looking at whether they are eligible for the program, whether the company can comply with the wage requirements. When we move the deactivation process down to the field office level, it tends to look at whether the company is being responsive, whether they are ready to train, and certainly projects can be reactivated when a company has moved to a point that they are ready to move forward. As we have been estimating, we should have around \$12 million in carry-over projects that were submitted to the Panel in the current year. That mix of projects is larger proposals that often have some eligibility issues or maybe a lower priority and they tend to include many small business proposals. So as I mentioned at the last meeting, one of the things we will be doing during the month of July is working through many of the small business proposals that came in during the 2011-12 budget year. In terms of what the Panel has approved in the current year, there are 310 core projects in about \$65 million in project approval. Of the 310, there were 74

small business proposals. We approved 35 healthcare projects, for a total of \$1.7 million and seven AB 118 projects, for a total of approximately \$1.8 million, which results in a total of 352 approved projects for the year. That is a fairly standard number that the Panel typically approves during most years. He said he believed ETP's high number was 390 projects during a year when our funding level was much greater than today.

Mr. McMahon said he wanted to provide an update of the progress on the Apprentice Program. He said staff is working through amendments for projects that are currently active. These are administratively processed amendments that add an apprentice job group to an existing project, without adding new funds. We received eleven new apprentice proposals that were submitted after June 1, and those will be projects that would require a funding allocation for apprenticeship training. We expect that we will have the first group of those projects ready to come to the Panel at the August meeting.

Mr. McMahon provided an update on the new project for replacing our existing Management Information System (MIS), the Workforce Services Network proposal. We have been subject to a schedule change; principally because our project to some extent follows the work that is being done by the vendor for EDD, and our fiscal activities need to connect into EDD's fiscal work. EDD's phase of that has been extended, which has the effect of pushing our project out a little longer, but some of the added time is also based on an agreement with the vendors around the need to allocate more time and resources to project design, project development, and the testing phase of the project. It is our goal to "go live" with a project that is functioning as best as it possibly can, and the "go live" date is now projected for November 11, 2013. We've divided our project into two tracks. The processes that do not have fiscal implications have been started. We are well into the process of developing the specific business requirements around that, and we start in July with an intensive two-week session working with a team from the vendor to work on our application development and review process. Then we will begin development work on the fiscal side of the project. At this point, I would say that we are very satisfied with the vendor and it is a joint project as we mentioned with EDD.

In terms of the Legislative Memo that is before the Panel today, there is no real significant impact on ETP of any of the bills that are still moving through the Legislature. He said he has been discussing two bills in particular, SB 1401 and SB 1402, that really push ETP into an integrated planning process around better linking education, training and economic development, so ETP will be working in that context going into the future. Later on in today's Agenda, we will be focusing on the report from the Panel Subcommittee in looking at the ETP 130 form.

VI. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

Mr. McMahon asked for a motion to delegate in event of loss of quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects. Mr. Broad asked to dispense with this motion as there was a full Panel quorum present.

VII. DELEGATION ORDERS

Maureen Reilly, General Counsel, said there were two Delegation Orders approved in June. Ms. Reilly referred the Panel to the Delegation Orders at the back of the Panel Packet under Tabs A and B. In June, the Executive Director in consultation with the Chair, approved three

small business proposals totaling about \$239,500 and nine fast-track proposals totaling about \$327,500, for a grand total approximately \$567,000. This process is working smoothly and one of the reasons you are seeing fewer items on the Consent Calendar, is because many of the \$100,000 or less projects are now going through the Delegation Order process. Another Delegation Order meeting is scheduled for next Monday, before the end of this month, and those approved projects will be report at the next Panel meeting.

VIII. REVIEW AND ACTION ON PROPOSALS

Critical Proposals

Meggitt (San Juan Capistrano), Inc.

Diana Torres, Manager of the San Diego Regional Office, presented a Critical Proposal for Meggitt (San Juan Capistrano), Inc. ((Meggitt)), in the amount of \$357,600. Meggitt is a global engineering group specializing in extreme environment components and smart sub-systems for aerospace, defense and energy markets.

Ms. Torres said an important point to mention is that Meggitt plans to return for a second ETP agreement in this FY, and that agreement will only be for training that will be conducted in CA for the CA employees, in both productive lab and classroom training.

Ms. Torres introduced Thomas Tillotson, Vice President of ODHR and Jamie Welther, Director of Human Resources.

Ms. Roberts said it was terrific to hear that they have 100 new employees in CA. She asked how many employees will travel to New Hampshire to receive training. Mr. Tillotson said it would vary, but approximately 70 to 100 employees will receive training in New Hampshire. He said initially an engineering staff went followed by a manufacturing engineering team that has observed and documented the process. This helped to really understand the technology as it is done, how it should be regimented, and he said they work in an environment that is subject to FAA compliance and other certifications so that is very important.

Ms. Roberts asked if they have any existing training grants in New Hampshire right now that is funding any of the training that is occurring there. Mr. Tillotson said no, they do not. Ms. Roberts said there are many dynamics going on right now such as people moving around, and consolidation of buildings. She asked if anyone is administering this contract or if they plan to do it all in-house. Mr. Tillotson said they intend to administer it internally; however, the process of the move is highly structured, and they have eleven different work streams that have been established to monitor the progress. Within them, there are a total of 60 break outs of specialty areas. They report this on a regular and recurring basis, so there is much oversight and governance in what they are doing. He said there is a project management officer, and there are three people assigned to them that are helping with much of the administrative detail. One of the individuals that are assigned to that team will be responsible for appropriately documenting the requisite validation of the skill sets. Ms. Roberts said only because she would love for the company to earn the full dollar amount and any time she sees contracts that have a lot of moving parts in them, that is where she becomes concerned without having the proper infrastructure in place to support it. She said even though you have a project manager that is

going to be onboard and two HR folks in trying to train outside of that agenda, it's going to be hard to administer it. Mr. Tillotson said that is true; there is an infrastructure within their own team too that goes beyond what you see. There are four dedicated individuals to manage this process and they have been in place now for over a year. They made the decision long before that, and they made the notification to the employee population of June of last year. Since then, they have had a number of activities that have gone along with it. They are not naive in terms of the challenge before them; in reality, all of these moving parts and all these activities need to take place in a time frame based on real estate commitments and commitments they have made to the workforce. Ms. Roberts said yes, and if you want to return for the other 50 employees to train in the future, I would caution you to make sure that you have all of your ducks in a row with all of the rest of the training, or otherwise we may not fund a future proposal or staff may look at that more critically. She noted that overall, this is a great contract and the job creation component in CA was very encouraging.

Mr. Rodriguez asked if there is a reduction in their workforce happening in San Juan Capistrano. Mr. Tillotson said no, there are no plans to reduce any of their workforce and as a matter of fact, they are incentivizing some of their people because the move is only 18 miles from their current plant to the other. Many of their employees have been in place for a long time with some living south of the San Juan Capistrano facility and some living in the Inland-Empire area. One of the choices in the building that they obligated themselves to is its proximity to major transportation corridors. It is adjacent to the Tustin Metrolink Station and a three minute walk from one door to another, which is helpful for many of their employees. It is located where the toll roads and the freeway converge, so that is also a good nexus of activity for us to recruit from, which they want to do. But more importantly, they are going to put into place incentives for people that have extraordinary additional commutes that would offset their costs, and they want these people to come to their facility and fully expect that at this point in time that they will be successful. Mr. Rodriguez asked for a sense of the frontline workers versus managers and asked about the ratio of those workers that will train out-of-state. Mr. Tillotson said it will vary; initially, and what they have done so far, is mainly frontline and professional engineers that have gone. They have recently begun to move the operatives, and about 50 to 60 in engineering areas have been trained so far. The remaining 50 or so will now be leads or technicians and highly skilled individuals.

Ms. Fernandez asked if the employees that plan to move to CA from New Hampshire, will bring the expertise to train individuals in the future in CA, and if that is why they are coming. Mr. Tillotson said yes, there is that aspect of that; they will have that knowledge base and that training, but they are in key positions that are going to continue in their new environment. In some cases, this is an opportunity for personal growth and professional development. In other cases, those that run functions of the business from that location, because that location is going away, they will be physically located here. So there are people such as heads of electrical engineering, heads of sales and marketing, heads of customer service, some procurement, and some other individuals that are involved with other aspects of the move. So yes, they will; but the crux of what they are really trying to get across is the need to accumulate that knowledge and understanding of the day-to-day operational core competency of the business.

Mr. Broad asked what prompted the consolidation and if that is why they closed the New Hampshire facility. Mr. Tillotson said there is an effort to consolidate, and currently the SBU that he represents includes 1,500 employees, in nine different facilities, in eight different countries.

Some of them are small and do not really allow them to appropriately leverage the size and scope they would like to do. He said there is also a concentration of other Meggitt facilities in Southern CA, so it is very possible the Panel will see other sister divisions before them at a future time. They are really trying to build the equivalent of a West Coast technology center, and it is also close to other Meggitt resources such as information technology and legal and compliance.

Mr. Broad asked if the bulk of their customers for the products of this facility are military or civilian. Mr. Tillotson said it is a mix and it varies; they have a pretty broad portfolio of largely aerospace and defense, but it would include military as well as civilian. They also make energy products and healthcare related products, so they have a broad portfolio. Right now the dynamics within the world situation is that some of the military applications have begun to shrink and some of the commercial areas have grown, and so they really can play in both of those areas and try to do so appropriately. Mr. Broad asked how they explain the huge increase in demand for their products. Mr. Tillotson said the 25% increase that they refer to is the global impact. Part of that is tempered by the fact that they had a major acquisition in April of last year that added some volume. The energy market is where they see the largest growth opportunity in the future because of their multiple ways of generating power and sustaining power. So that helps again balance the portfolio from which they work. He said the medical market is really an emerging market in some ways.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Meggitt in the amount of \$357,600.

Motion carried, 8 – 0.

Single Employer Proposals

Altman Specialty Plants, Inc.

Ms. Torres presented a Proposal for Altman Specialty Plants, Inc. (Altman), in the amount of \$279,720. Altman is a wholesale nursery that provides a broad assortment of plants, flowers, shrubs, and other botanical products to retail nurseries, home and garden centers, and other stores throughout the southwest and western U.S.

Ms. Torres introduced Tex Prows, General Counsel/V.P. Human Resources.

Ms. Roberts asked how many employees are actually earning \$8.50 or \$8.75 per hour out of their total of 259 employees. Mr. Prows said approximately 15 employees earn that amount per hour. She asked how much their employees typically earn. Mr. Prows said most employees earn about \$10 per hour. She said and you are asking for not only a modification but you also need to meet that \$2.34 per hour for health benefits, so you pay one-third of your wages of health benefits to your employees? Mr. Prows said no, they pay them the wages and then we offer them health benefits, and the equivalent of that is \$2.34. Ms. Roberts said so it does not really matter whether you earn \$8 or \$10 per hour, you will still get \$2.34? Mr. Prows said yes, that is correct.

Mr. Rodriguez asked if they are currently stabilizing their workforce, in a growth mode, or reducing their workforce. Mr. Prows said they are stabilizing their workforce and their plan is to

increase their workforce through training of their frontline workers. This will increase their productivity and efficiencies, and allow them to be more competitive and they believe that will result in increasing their workforce. Mr. Rodriguez asked if he was to access their company website, if they are currently hiring. Mr. Prows said yes, they are hiring several people right now.

ACTION: Ms. Roberts moved and Ms. Farris seconded approval of the Proposal for Altman in the amount of \$279,720.

Motion carried, 8 – 0.

Ingram Micro Inc.

Ms. Torres presented a Proposal for Ingram Micro Inc. (Ingram Micro), in the amount of \$155,040. Ingram Micro is one of the world's largest technology distributors, as well as one of the world's leading technology marketing, sales, and logistics companies.

Ms. Torres introduced Sean Oberholtzer, Sr. Director HR Global Change Enablement.

Ms. Roberts asked if Training Funding Partners (TFP) provided administrative services in the previous proposal for the Elk Grove facility, and she knows that they decided not to fund that because of the downturn in the economy. Mr. Oberholtzer said no, they did not. Ms. Roberts asked if TFP is now onboard in this proposal and are going to help them with this proposal. Mr. Oberholtzer said yes, they are.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Ingram Micro in the amount of \$155,040.

Motion carried, 8 – 0.

Intergro Resources, Inc. dba Intergro Rehab Services

Ms. Torres presented a Proposal for Intergro Resources, Inc. dba Intergro Rehab Services (Intergro), in the amount of \$207,520. Intergro is a services company that provides contracted physical, occupational and speech therapy services to skilled nursing facilities and long-term care facilities; much like a staffing/registry.

Ms. Torres introduced Sherrilyn Tong, CEO and Katie Jeffery, Director of Operations.

Ms. Roberts said you are the main body of the organization and you send out the individuals to the 15 facilities. She said she was having trouble understanding what training is going to take place at these facilities. Ms. Jeffery said they have a rehab department and the training would take place in the classroom. It depends on the skills needed since there is a variety of therapy skills clinically related that they would train the therapist on. They could do it themselves, but they also have outside vendors that come in for example, with special technology that you can use as part of rehabilitation. Ms. Roberts asked why they don't hold the training all at one main facility. She said it seems like they could do it all in one group and have critical mass versus sending people to multiple sites to do the training; it seems very convoluted. Ms. Jeffery said

they try to customize their training because each facility has different types of patients and therefore requires different skills, so they try to customize the training to what the patients need in that facility. Some training could apply to all, but not necessarily, and they do have some off site classrooms. Ms. Roberts asked if the training is one-on-one. Ms. Jeffery said no it is not. Ms. Roberts said she was confused; so if she was a therapist and she goes to a facility and she is there by herself and all of a sudden I would get a vendor that would come to the facility to train me on my specialty? Ms. Jeffery said it could be a group of the therapists, they are all their employees, and technically in each one of their facilities they have a team of therapists that pretty much reside in that facility on an ongoing basis, so there could be ten team members in that one particular facility, but it's our responsibility to see they get trained.

Mr. Rodriguez asked if they act almost like an agency within an agency. Ms. Tong answered yes. Mr. Rodriguez asked if they already have protocols in place since they have been doing this training for over ten years. Ms. Tong said yes, they have protocols in place and have been training over 22 years. Mr. Rodriguez asked if they conduct the training the same exact way or if it has changed over time, and if so how. Ms. Jeffery said the training would change as the technology and the science changes based on the need. Mr. Rodriguez said he was not referring to the content of the training but rather the delivery of the training. Ms. Jeffery said, there is classroom training which has been somewhat consistent and they have added some e-learning recently. Mr. Rodriguez said so it has pretty much stayed the same since you started? Ms. Tong said yes, the format is pretty much the same but the content changes and sometimes the environment does change because they sometimes take staff offsite to train for specific areas, if there is a big roll out that they need to get across to multiple sites. Mr. Rodriguez asked if they revolve their training around the practitioner. Ms. Jeffery said and/or the patient needs also. Ms. Tong added and the changes in technology.

Mr. Broad said so you have these employees there who are part of a larger health delivery team in the skilled nursing facility, and we are talking all nursing homes basically, so they are also interacting with the medical staff, that is actually employed directly by the nursing home. So is it necessary, or is part of the training how they coordinate with the rest of the patient delivery people that are not your employees? Ms. Tong said yes, that is a key part of doing the customer service training and the communication training with their staff, because they are very clinically-oriented and they learn to be a therapist, and sometimes interacting with the larger team is a learned skill. Mr. Broad said so this is part of your training? Ms. Tong said yes, just part of it; not just the clinical skills, but also the interaction of communication and teamwork. Mr. Broad said when you say it varies from facility to facility because of the types of patients; can you give me an example? Ms. Jeffery said for example, they have one facility that tends to get primarily patients with hip and knee replacements, so they are orthopedic focused and shorter term rehab, while they have another facility with dementia patients, which requires completely different clinical skills. Mr. Broad said, so nursing homes themselves are differentiated and specialized in serving a particular group of patients. Ms. Jeffery said yes, many do.

Mr. Hart asked if they take a training model out to each of the facilities and train the people onsite or if it is centralized training at another office. Ms. Tong said it is usually onsite and at times they may send an individual therapist to a training that is put on by a larger group, but much of their training does occur in the facilities.

Mr. Rodriguez asked if the trainees are their employees. Ms. Tong said yes, they are.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for Intergro in the amount of \$207,520.

Motion carried, 8 – 0.

Reflexite Soitec Optical Technology LLC

Ms. Torres presented a Proposal for Reflexite Soitec Optical Technology LLC (RSOT), in the amount of \$228,000. RSOT is a global supplier of microstructured optical components for the solar power, lighting, instrumentation

Ms. Torres introduced Jorge Molina, Operations Manager and Paul Johnson, President of CalTraining, Inc.

Mr. Broad said the ETP 130 states there are nine employees in CA and nine employees worldwide; so are there nine employees at this company? Ms. Torres said yes, and this is going to be a job creation proposal.

Mr. Broad said he was trying to understand the relationship between these two companies, since the 130 states that both companies will strictly operate as separate company entities, although the sole customer of Reflexite is Soitec. Mr. Molina said Soitec, the semi-conductor company, has modified and advanced the electronic component, the photo voltaic cell. He said a key component to that photo voltaic cell is the optical lens, which was optimized by the company Reflexite; two independent companies. What occurred was, there was a co-development of this technology in France and Germany between these two separate companies and as the technology was emerging and the market developing, they found it was cost prohibitive to maintain a separate relationship so they embarked on this joint venture to be able to reduce the cost of supply chain. This being a very bulky and expensive product, they decided to create this independent business unit; in other words, they could not buy their key supplier because of the proprietary nature of Reflexite. So they partnered with them to say they would like to at least own the supplier as best they can and the technology, and keep the expertise and technological advances of each company separate. He said they are a joint venture selling their product only to the Soitec organization.

Mr. Rodriguez asked who holds the patent. Mr. Molina said there are patents on Soitec's side for the actual optic design, but the manufacturing of that optic is owned by Reflexite, and they are very separate. Mr. Rodriguez said so there lays the opportunity to open a facility in San Diego? Mr. Molina said yes, that is correct, and their optical lens being the key component of their device is key to the success of that project. Mr. Rodriguez asked about his work experience background and if it was in finance. Mr. Molina said he is the operations manufacturing person, and he is putting the company together.

Ms. Roberts asked who owns Reflexite. Mr. Molina said Reflexite was recently acquired in August of last year by ORAFOL, a German Company. He said it was an American company for about 35 years and ORAFOL is a market leader in the reflective business arena.

Ms. Fernandez asked how long each company has been in business. Mr. Molina said Reflexite has been in business 30 plus years and Soitec, the division that developed the technology has about eight years. Ms. Fernandez said it is only because a new start-up company makes her uneasy, but knowing the history of both companies makes her feel more secure. Mr. Broad said, but the applicant is actually a joint venture with the two companies so what they have done is they basically created a joint venture of the two companies to sort of manage this relationship in which essentially you have two companies holding complimentary packets; one from a manufacturing process and one from a component part. Mr. Molina said yes, that is correct; as a matter of fact they go to the extent that they will have such high security for proprietary manufacturing facility that Soitec employees will not be allowed in their area even though they share the lunch area together. Mr. Rodriguez asked when people get hired who they belong to. Mr. Molina said they belong to the joint venture that includes Reflexite and Soitec Optical Technology (RSOT). Mr. Rodriguez asked if they are confident that they will be able to draw the talent locally or at least within CA. Mr. Molina said absolutely; the technology is rather new and there has been some technology in the flat panel industry in the past couple of decades, but they have the electronics industry and the biotech medical device industry that they will draw from. Mr. Rodriguez said so we are not going to experience what has been going on in Europe because of high unemployment, folks leaving on temporary work visas to the U.S. because they have advanced degrees and are highly skilled. Mr. Molina said no, as a matter of fact, they expect to retain personnel in San Diego and attract a variety of talent.

Mr. Broad had questions about the temporary agency as it is a sensitive area all around, and well beyond and unrelated to their company. He said some of your employers are direct hires immediately? Mr. Molina said yes. Mr. Broad asked if some are coming in from a temporary agency and asked what kind of employees are direct hire and what kind of employees are temporary employees and in what classifications. Mr. Molina said the direct hires initially will be the senior leadership team that will include engineering staff, HR managers and accounting managers. The temporary personnel, and the reason they are using a staffing agency, is the timeline of this start-up is aggressive and significant. He said they do not have the human resource manpower to be able to address the recruiting effort. He said they will be employing about 114 people, and in the next 90 days, he is going to be employing about 75 of them. To get to those, they will have to screen about 500 to 600 individuals, so they are developing an aggressive screening program with the staffing agency, and that talent will be of diverse backgrounds from manufacturing, materials management, and the ERP system application.

Mr. Broad said, so basically it is to deal with the fact that this is not your permanent model that you will be using in the future. I assume that you just intend to be hiring people normally and directly. Mr. Molina said absolutely; actually, because of the turnover and because of the fact they are going to be a 7/24 operation working technically 365 days per year, there is some potential for turnover so they want to make sure that their training is extensive. They have the ability to recover from the turnover quickly, and then the objective is to bring them on as permanent hires and provide them the full benefits of employment. Mr. Broad asked who is actually going to do this, as he understands it, you are sending some people to Germany and they will return and be kind of the trainers, I think I heard the term pioneer, is that correct? Mr. Molina said yes, the pioneer team is going to Germany because obviously it is unique automation and technology. They will return to CA, and they will then train a subset of what they call the second team of pioneer trainers, and that group will aggressively start cross-training operations. Mr. Broad said, so when you are sending these people to Germany to learn

the technology, are they also developing the skills on how to train people? Because the concern he has as a start-up company that is hiring several people, it is very ambitious. He said we do not want you to fail at this, we want you to earn all of the funds, and sometimes companies that receive ETP funds are unable to manage to administer the training because it is not always as easy as it seems. Mr. Broad said, in your case, we are talking about a very complicated situation in a new company that has a joint venture structure in which people are going overseas, so it gives me some concern about your ability to deliver the actual training and make it work. Mr. Molina said actually he has been responsible for two start-ups in the last three years with a similar international training challenge. He hand-selected the initial managers that are going over to Germany and each of them have specific training experience, have the ability to write sales and operating procedures, and understand multiple and functional areas within a company, so he selected them personally. He said they are also outlining a training program which requires some of the fundamental documentation required in FDA regulated environments that requires that agendas and specific training notes are taken at each level. They also have a program where they will have not only training, but extreme supervision along the way during the training. So unique to what they have done, they also are having a dual training program where they will have two trainers. So basically they cross-train the trainers while they are training, so no function or training area is single-person dependent. They are going to be very active in making sure this works and failure is not an option.

Ms. Fernandez asked about Mr. Molina's reference to their partnering with San Diego Gas & Electric and if they are part of the Sunrise Powerlink project. Mr. Molina said the joint venture is not specifically partnered with San Diego Gas & Electric. He said Soitec has their agreements through other funding partners that work with San Diego Gas & Electric, but obviously the power they will generate, eventually will be going through the Powerlink.

Ms. Roberts asked if they are familiar with the Soitec application, since they also had a pioneer team that was being deployed to Germany and how it is working out for them. Mr. Molina said it is working out very well; but he will be very clear, this is a tremendous challenge. What Soitec and Reflexite are about to embark on, is the largest CPV manufacturing facility in the world. What we are about to put in San Diego will have the greatest capacity in this technology and the greatest manufacturing, and this automation technically has not been introduced to date. So there is some debugging and some challenges, and everyone is putting forth their best effort to make this happen. Ms. Roberts said the 130 mentions they were going to begin training in June, and since June is already almost over, if they have yet deployed anyone to Germany. Mr. Molina said yes, he has deployed them and they just returned. As a matter of fact, they are putting together their screening process with their staffing agency, debriefing the managers who have gone, and organizing and reporting training already. While he certainly appreciates CA and this funding Panel, his task is that with or without support, they are going to make this happen. He said it is important for them, and they certainly appreciate any opportunity they have for support.

Ms. Roberts referred to a statement in the 130 that says it did not make sense to send people from Germany to the U.S. to train versus you sending people to Germany because of the technical aspect of the equipment. Mr. Molina said, it would have been ideal to send people from Germany to the U.S., but unfortunately because of the timeline of the actual automation being built there and debugged, they are coordinating that final integration of that equipment and the training at the same time. Ms. Roberts said the 130 also stated that many do not

possess the visas for U.S. travel which is incorrect, since European nations do not need a visa to enter the U.S., at least for 90 days.

Mr. Rodriguez said since you are not new to this training scenario, I would like to know who you have worked for in the past, and why you were placed in your current position. Mr. Molina said he worked for healthcare divisions of Gillette and actually managed operations in Malaysia and China and relocated them to Germany. He has also worked for healthcare divisions of Tyco where they relocated divisions to Canada and then to Pleasanton, CA. So his roll in his current position is to bring the best practices that they have learned in the pharmaceutical and the bio technology industry to be as aggressive as they can in bringing continuous improvement and high value throughout the manufacturing process so that they can produce a high-quality product. As you know, in creating jobs and maintaining them in Southern CA, you cannot be second best and must strive to be at the top of your game and at the top of your field. Having experience sending jobs overseas, he has a personal mission to ensure that with this power plant, that they provide the jobs here in CA.

Mr. Hart asked for the timeline in transitioning their employees from temporary to permanent. Mr. Molina said they are looking at potentially a 60 to 120 day window from evaluating personnel; then of course the ultimate decision will be made depending on the volatility of the Soitec operation. Obviously, Soitec being their key customer; if their ramp-up has some volatility, that may determine the actual hire schedules. So if they are on schedule, they should be hiring people within the 90 to 120 day window.

Mr. Broad asked about the plant in the Mojave Desert where there are multiple circular reflective panels pointing to a center item, and asked if the technology in this proposal is similar to that. Mr. Molina said no, that is a little different technology, but it does concentrate light as well, to produce energy. Mr. Broad asked if this project uses concentrated light technology. Mr. Molina said yes, their product has 200 lenses that magnify the light 500 times under the photo voltaic cell which was developed for the NASA space industry.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for RSOT in the amount of \$228,000.

Motion carried, 8 – 0.

Ricoh Americas Corporation

Ms. Torres presented a Proposal for Ricoh Americas Corporation (RAC), in the amount of \$189,810. RAC is a leading provider of digital office equipment, including color and black and white multifunctional products consisting of copiers, printers, facsimile systems, scanners, digital duplicators, wide format copiers, digital cameras, projectors and network accessories.

Ms. Torres introduced Michael McGervey, Senior Manager of Technology Services Training.

Ms. Roberts thanked Mr. McGervey for the clarification on their prior project performance and said they now have a third chance to pull it together, they have reduced their funding amount to a conservative number, and have their ducks in a row as far as their commissioned employees.

She asked if Training Funding Partners (TFP) was also involved in the last two contracts. Mr. McGervey said yes, TFP was involved in the last two contracts.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for RAC in the amount of \$189,810.

Motion carried, 8 – 0.

Hi-Temp Insulation, Inc.

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Hi-Temp Insulation, Inc. (Hi-Temp), in the amount of \$287,562. Hi-Temp is a full-service manufacturer of acoustical and thermal insulation products for the aircraft, missile, and space industries since 1964 with local and worldwide sales distribution.

Mr. Chan introduced Susan Shearer, Training Manager.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Hi-Temp in the amount of \$287,562.

Motion carried, 8 – 0.

New Dream Network, LLC dba DreamHost.com

Mr. Chan presented a Proposal for New Dream Network, LLC dba DreamHost.com (DreamHost), in the amount of \$288,200. DreamHost is a web hosting provider and domain name registrar. The company allows both individuals and organizations to make their websites accessible via the World Wide Web. DreamHost provides space on a server owned or leased for use by clients, as well as Internet connectivity through its data centers.

Mr. Chan introduced Emily Popper, Knowledge Manager.

Ms. Roberts said overall this is a great contract that includes high wages and job creation.

Mr. Broad asked about the “abuse desk” mentioned in the 130. Ms. Popper said you may have possibly heard about someone flaming someone else or attacking a website and trying to bring it down. She said the way that happens is they will send in frequent messages to a website so they protect their customers when they suspect that their website is under attack. They have an abuse desk that makes sure they are able to look into it, stop it if it is happening, and protect the customer.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for DreamHost in the amount of \$288,200.

Motion carried, 8 – 0.

PAMC, Ltd. dba Pacific Alliance Medical Center

Mr. Chan presented a Proposal for PAMC, Ltd. dba Pacific Alliance Medical Center (PAMC), in the amount of \$200,020. PAMC is an inner city, fully licensed and accredited acute care facility. It offers 24-hour urgent care and surgical services including bronchoscopy; gastroenterology; general surgery; neurosurgery; obstetrics; gynecology; ophthalmology; orthopedic surgery; otolaryngology; plastic surgery; and urology. Other services include intensive care, wound care, cardiopulmonary laboratory, clinical laboratory, acute rehabilitation, physical therapy, radiology, computed tomography (CT) scan and mammography.

Mr. Chan introduced Linda Lopez, Director of Human Resources.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Broad seconded approval of the Proposal for PAMC in the amount of \$200,020.

Motion carried, 8 – 0.

Tropicana Manufacturing Company, Inc.

Ms. Roberts recused herself from review, discussion, and action on the Tropicana Manufacturing Company, Inc. proposal.

Mr. Chan presented a Proposal for Tropicana Manufacturing Company, Inc. (Tropicana), in the amount of \$136,080. Tropicana manufactures and distributes a line of fresh juices, blended juices and smoothies.

Mr. Chan noted a correction to the ETP 130 on Page 1 of 5 under Funding Detail. The High Earning Reduction dollar amount is incorrect at \$163,080 and the correct dollar amount is \$136,080. He said noteworthy to this proposal, at the May Panel meeting, it was decided that a parent company including a subsidiary of divisions and branches, with ETP earnings of over \$1 million in the past five years would be reduced by 50%. Although this is only the second ETP contract with Tropicana in the last five years, the company's request for funding is being reduced by 50% as they are a division of PepsiCo. Collectively, PepsiCo with the subsidiaries and divisions, have benefitted from ETP funds totaling over \$1 million in the past five years. Also, Tropicana has a current job creation contract which was approved in May 2011 to train approximately 45 newly hired employees.

Mr. Chan introduced Bola Okunade, Operations Manager and Maggie Luna, Human Resources Coordinator.

There were no questions from the Panel.

ACTION: Mr. Hart moved and Ms. Fernandez seconded approval of the Proposal for Tropicana in the amount of \$136,080.

Motion carried, 7 – 0 – 1 (Ms. Roberts recused).

Health Net, Inc.

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Health Net, Inc. (Health Net), in the amount of \$600,000. Health Net is a managed care organization that delivers managed health care services through health plans and government-sponsored managed care plans.

Ms. Hernandez introduced Lorin Engquist, Director of State & Local Tax Corporate Tax and Steve Duscha, representing Duscha Advisories.

Ms. Roberts said that with training 150 hours per employee, and since they have call centers, it is pretty ambitious at \$600,000 for 200 employees. She said when employees are in call centers, it is hard to pull them off the phones and do the training. She said I hope you have a good model, as well as doing the training. Mr. Engquist said absolutely, in fact they are in a simulated environment first and then they are transitioned with experienced people who have done this for years. They are then transitioned to helping real live callers with a person on the line with them to coach them through it if they need assistance then eventually to handling calls on their own. So they want to make sure that when callers call in, they are not put on hold for a long time when they look for answers. It is important to respond to their questions in a simple and direct manner, so that they can get the healthcare that they need. Mr. Duscha said the training all takes place in the beginning. Ms. Roberts said before they even get on the phones? Mr. Duscha said yes, and the total training is 288 hours per person, so we are only attributing a portion.

Mr. Broad said he was quite familiar with the dual eligible issue; it is happening right now and it is indeed a very vulnerable group of people we are talking about. We are talking about elderly people who have become poorer and now require in-home support of services and other things in addition to the medical care they are receiving. They are now being moved to essentially a Medicare fee for service where they select their own physician to a managed care plan. So it will take a lot of sensitivity for the managed care companies that are providing this service, so that these people are not put through a horrible process of managed care in which someone who has been getting care from a physician for 25 years is suddenly going to be thrown into a managed care environment, and expected to see all new doctors when they are happy with how they are being treated now. So the taxpayers of the state are paying you to provide the service, and now we are funding you to train people on how to provide the service in a civilized way, because it is not always the case in managed care that people are treated very well. So I hope you are going to use this money to train people to be really decent to the people that they are dealing with, that they are not just numbers, welfare recipients, and they are real people and vulnerable in our society; and if we are going to pay for the training, I hope you are training your people to treat them humanely and with dignity. Mr. Engquist said he agrees 100% and said one of the reasons they were awarded this contract, is because they already have a contract to administer Medi-Cal programs, and they have proven that they are capable of doing it, and as you said, this population does have special needs and in many cases, long-term healthcare issues that need managing. One of the problems that they have under the current system that leads to government payment, is that right now the major costs to CA and the federal government, is paying practitioners for services that are provided. In providing those services with two different systems, you end up with a lot of overlap and inefficiency and the idea behind

this initiative which came out of the Affordable Care Act, is to reduce the inefficiencies and provide more effective care, and the savings would come from reduced overall administrative costs and over utilization.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Health Net in the amount of \$600,000.

Motion carried, 8 – 0.

R E Rich Family Holding Corporation

Ms. Hernandez presented a Proposal for R E Rich Family Holding Corporation (Rich Foods), in the amount of \$407,610. Rich Foods developed the world's first frozen non-dairy whipped topping. The company found its niche in the non-dairy segment of the frozen food industry and has become a world leader in non-dairy toppings, icings and other emulsions. The company also produces other key products, including cakes/desserts, pizza, bakery products, breads/rolls, shrimp/seafood, appetizers/snacks, meatballs, pasta and gluten-free and all-natural items.

Ms. Hernandez introduced Louis Mata, Regional Human Resources Manager – West.

Mr. Broad asked for some of the brand name products that everyone would recognize that they make. Mr. Mata said most of their products are second tier; in other words, they sell to Costco and Save Mart, they bake their products and they label them. Mr. Broad said so it is actually going to their bakery? Mr. Mata said yes, that is correct. He said they produce donuts in San Francisco and elsewhere in CA, and Jon Donaire Cheesecake, you may recognize that label since it is a label brand.

Ms. Roberts asked if they used to produce a milk product. Mr. Mata said yes, they still produce a milk product, but primarily on the East Coast.

Ms. Roberts asked Ms. Hernandez about her reference to one of the union contracts that was not available because it is still pending. Ms. Hernandez said staff has not yet received it, they have spoken with the contract representative and they have spoken to the union representative, and the letter is forthcoming. Ms. Roberts asked if she anticipates any problem with the union support. Ms. Hernandez said no, they do not. Mr. Mata said he also does not anticipate any problems and that hopefully they will receive the letter within the week.

Ms. Roberts said with moving their business from South San Francisco to Union City, she wanted to ensure that the training will still take place with those employees. Mr. Mata said yes, the training will take place and they are dedicating team members, production performance leaders, and others to the training. Ms. Roberts said it was important to make sure the documentation stays with the localized group versus possibly getting lost in the move.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Rich Foods in the amount of \$407,610.

Motion carried, 8 – 0.

Multiple Employer Contracts

Sacramento Employment and Training Agency

Ms. Hernandez presented a Proposal for Sacramento Employment and Training Agency (SETA), in the amount of \$627,322. SETA is a joint powers agency of the City and County of Sacramento. Sacramento Works, inc., the local Workforce Investment Board, operating in conjunction with SETA, provide the workforce services. Sacramento Works, Inc. is comprised of regional businesses, labor and education organizations, public assistance agencies, community-based organizations and local economic development entities. In a typical year, SETA serves over 45,000 customers through SETA's various government access funded programs to provide employment and training, which include the Sacramento Works Employer Services Department, One-Stop Career Center System, Head Start Program, Youth Programs, Refugee Service Program, and Community Services Block Grant.

Ms. Hernandez introduced William Walker, Workforce Development Manager; Gisela Weissman, SETA Staff Consultant; and Scott King, Tech Skills Campus Director.

Ms. Montoya said these are some of her favorite type of proposals because they are bringing people into the workforce who may not even have an opportunity otherwise. She said she would like the assurance that this is really going to work, and that these individuals are really entering the workforce and have potential for a future. She asked how they intend to handle the documentation and who is overseeing it. Ms. Weissman said the previous contracts were incumbent workers working strictly with employers. She said this time they are focusing on what they have always done best, which is helping the new hires through their career centers. They have eleven within the Sacramento region that will help in the recruitment of these new hires for training for Tech Skills. Tech Skills has been in the business of training a long time and they have worked with them for many years and have had much success in training and working with the employers in the community to make sure that they are gaining jobs. Ms. Montoya asked for the percentage of those trainees that are placed and that maintain their jobs. Mr. King said overall, that their IT programs have an 85% rate and their medical programs have a 79% rate. Ms. Montoya asked if those two areas are the key areas that they train in, and asked if they train in any blue collar jobs. Mr. King said yes, those are the two key areas, and they do not train in blue collar jobs. He said they also train in office administration which has an 80% rate. Mr. Walker said as a workforce investment area, they place about 73% of their folks that they actually train and most of the individuals who will be enrolled in the ETP contract will also be enrolled in WIA, so there will be an obligation to place as far as these individuals are concerned.

Ms. Roberts said that on the prior grant that was unsuccessful, they decided to back out of the ETP grant, and asked if they were being trained under any other funds such as WIA funds. Mr. Walker said he believed that the individuals that were still in training were provided training by WIA funding, and Tech Skills also provides scholarships for individuals that go through training. So they did not just take people out of the program; they are to stop, regroup, and repay any funding that we actually received from ETP, and plan to start over again when they are comfortable with the fact that they could move forward. To answer your question as far as staffing devoted to this contract, Ms. Weissman has been brought on as a consultant with 100% of her time, is paid out of non-ETP funding, and will be devoted to ETP, as well as himself and

other staff will also be devoted to making sure that they get this right. Ms. Roberts said it seemed a bit ambitious, but that he has much conviction in his voice. She said that the average cost-per-trainee is fairly high at over \$5,500, but they pay high wages. Mr. McMahon said what we particularly liked about this from a staff standpoint, is that ETP comes in for the last segment of hours, and we already have a fairly demonstrated commitment to the training on the part of the trainees.

Ms. Farris asked where the training takes place. Mr. Walker said the training takes place at Tech Skills.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for SETA in the amount of \$627,322.

Motion carried, 8 – 0.

AB 118 Proposals

John L. Sullivan Chevrolet, Inc.

Ms. Hernandez presented an AB 118 Proposal for John L. Sullivan Chevrolet, Inc. (John L. Sullivan), in the amount of \$138,708. John L. Sullivan is a new and used vehicle sales and service dealership. According to company representatives, they sell the largest quantity of new Toyota and Chevrolet alternatively powered, fuel efficient, and low-emission vehicles in the greater Sacramento region and throughout Northern CA.

Ms. Hernandez said CEC has indicated approving the proposal contingent upon further review of the sales training. We are bringing this proposal forward with this contingency to be funded under the current fiscal year (FY) because spending authority for further AB 118 funds will not occur for several months.

Ms. Hernandez introduced Heath Carney, Electric Vehicle Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the AB 118 Proposal for John L. Sullivan in the amount of \$138,708, with the contingency of CEC's further review of the sales training.

Motion carried, 8 – 0.

IX. ETP 130 SUBCOMMITTEE RECOMMENDATIONS

Mr. Broad said the last item on the Agenda is the ETP 130 Subcommittee Recommendations. This is the form that the Panel has in our Panel Packets to review the proposals.

Ms. Roberts said the ETP 130 form is what the Panel sees in the Panel Packet. It is a 130 narrative, as well as what the ETP staff also reads from. Some of the Panel members, especially some of the newer members, had some concerns over the content included in the

130 narrative. They were considering whether it was comprehensive enough and if it stated everything needed, so that the Panel does not have a lot of questions and concerns around some of what we read in the 130. The Panel only sees about 3-4 pages, where as the staff sees multiple documents through the course of developing the contracts. At the March 23 Panel meeting, Chair Broad decided to appoint a subcommittee to review the ETP 130, which included Sam Rodriguez, Sonia Fernandez, and herself. We convened on June 6, 2012, and primarily looked at three focus areas of the 130. We reviewed the history in the development of the ETP 130, what currently was being done and reviewed the content, and proposed some recommendations to the ETP 130 form. So along with the subcommittee members, there were a couple of things that came out of the meeting. She referred the Panel to the ETP 130 Recommendations Memo that highlights the areas discussed.

Ms. Roberts said one of the items they considered was the comprehensiveness of the ETP 130. Did it include everything that was needed, and there was some confusion over the entries, so some were consolidated and some were moved around on the page. We reorganized some of the characteristics and also we wanted to know more detailed information around the dollars of each of the employees' wages. Some of the wages provided too large of a gap, for example a wage between \$10 to \$55 per hour, so we plan to further break the wages down to an understandable amount of wages.

The subcommittee discussed the competitive advantage or nature of the companies coming forward and exactly what do they do. She said sometimes trying to determine what a company does in CA is not completely clear, so we want to make that more clear as to what they do and also what kind of competition they have within CA as well as outside of CA. During the meeting, we went through all of these different recommendations and we believe that we came up with a fairly good revision of what was currently in the ETP 130. She thanked her co-Panel members, Sam Rodriguez and Sonia Fernandez, who were very supportive and had many great recommendations. She also thanked Diana Torres who facilitated the meeting mostly from a historical standpoint and Tara Armstrong who did much of the work behind the scenes. Consultants Phil Herrera and Steve Duscha were also present and provided input as to some of the recommendations that could or could not work from some of the companies they deal with. Overall, it was a very productive meeting around some of the recommendations.

Mr. McMahon said in the interest of time, he would not go into too much detail, but will touch on the major modifications. He said the Recommendations Memo tries to put into context most of the changes that we will make. As Ms. Roberts said, the ETP 130 is really intended to be a picture of the project based on information that comes to us through the development phase either from the applicant company or from the consultant, and to put that information into a standardized, recognizable and coherent format that the Panel looks at. Part of the standardization process is recognizing that we have regional offices and multiple staff involved and to add in a level of standardization. The ETP 130 has evolved over time and reflects changes in the policy, program or data collection needs that we are subject to. At this point in time, the document has evolved to be an electronic template, which again provides for ease of development and standardization of formatting.

On the first page of the document in particular, staff uses the drop down list format to fill in much of the areas on that page. As we go through the document, particularly in the introduction and project details, we get much more into the narrative discussion.

Mr. McMahon referred the Panel to the Memo and said the first change that we made was to consolidate some areas. He said we are moving the priority industry question, yes or no, into the same area where we list through a drop down format, the particular industry sector so that the whole analysis is consolidated easily there.

The next change that we are making is to add the number of U.S. employees. We have been calculating CA and worldwide employees, but we have not had a total number of employees on a domestic level, so we have a new box for that.

The third change is in regard to the turnover rate and that is essentially to take the turnover rate box and to make it clear to the Panel members that there is a link to a narrative portion in the ETP 130. So there will be a reference now in this new form, that indicates to you that there is a narrative discussion, if the turnover rate exceeds 20% then there are a number of case-by-case factors that we look at in allowing that to occur. Mr. Broad asked if the turnover rate will still be listed on the front page. Mr. McMahon said yes, it will. He said the turnover rate will also be a link; so those that look at the Panel Packet on our website when posted a week in advance, will see a link to the section in the ETP 130 that encompasses the turnover rate discussion; and also in the former display, we had turnover rate and the percentage of managers and supervisors participating in the project. The two boxes lined up together, which really creates the impression that they were somehow linked and they are really not, so the new alignment is as you see here. We also have a case-by-case evaluation that can occur regarding a situation where we might have more than a 20% turnover and that again will be linked, and there will also be a reference to that discussion that occurs in the text of the ETP 130.

For substantial contribution, we have always included a dollar amount. We are also going to include the percentage; that could be a percentage typically 15% or 30% or at the highest end, 50%, so we are not only going to include the dollar amount, and we will provide the percentage as well. Then we are adding the new box for the high earner reduction, that will be a dollar amount, and it will also be displayed at 50%. On its face, the high earner reduction is a 50% reduction, so that percentage will essentially be the same and you will never see both of those boxes with values entered into them since one is in lieu of the other.

Mr. McMahon said with the in-kind contribution, we want to make it clear to the Panel that the in-kind contribution is 100% for single-employer contracts, relative to the total ETP funding. So there will be a box right below the total ETP funding, and that determination should be easily made at that point.

Also on the second page of the template, this is where we dig into the issue of wage spread. So what we are going to begin doing is to limit the wage range to no more than \$30. If we have an aggregation of occupations that come in through the development process, we will include more detail; such as subcategories of an occupation to make sure that wage range does not exceed \$30. Also, we are going to estimate the number of trainees per occupation in that last column; that is a new addition and something we have not done before.

He said as we dig into the content of the actual narrative portion of the document, there are a few areas in the introduction phase of the ETP 130 that we want to flush out in a little more detail. What does the company do? There have been times where we have brought an

introductory statement to the Panel where it is less than clear about exactly what that company does. We may have had too much industry jargon, and we sometimes rely too much on the company's language relative to giving us a background on the company, so we are going to try to be more concise with that and we will try to explain it in language that we can all understand more clearly in that particular area.

Also, we want to be clearer in terms of what factors are occurring in the business environment, what are the competitive forces that are really driving the need for training, and make that clearer in the discussion area. For repeat contractors, we want them to tell us fairly clearly as to what factors are really influencing the need for a repeat agreement, is it a subsequent phase of training? Are there larger market forces that have brought the company back before the Panel? I would say in most of our 130's at this point, we do attempt to address those issues. I would not say that it has been absolutely consistent project-to-project and standardization and increased detail is something we are really driving for in that area.

In the project detail section, that is where we really start to describe the nature of the project and the types of training. One of the points that was brought up that I believe is a good point in the subcommittee session was, is the company participating in other types of programs that support the training. It could be an Enterprise Zone hiring tax credit; it might be Workforce Investment Act on-the-job training; so we are going to start identifying those other fund sources that jointly participate in the projects. We would never bring a project to the Panel where there are duplicate sources of funding for the same training. This would be complimentary support of the overall training project.

We also want to get a sense in the commitment to training section in the ETP 130, what really is the nature of their commitment to training. Do they have a training start date defined in the reasonable near future? Do they have the administrative support to effectively administer the project? Particularly around the administrative support, that is a newer area. When a company is doing the administration themselves and when they are not using an external contractor, we want to be absolutely clear about the types of resources and their understanding of the process for administering the ETP project, so we will be highlighting and bringing that out in the narrative as well.

Another very significant point was what are the outcomes from training? We do try to have that discussion, but we want to be absolutely clear in the project detail portion if there are credentials or certificates, or some other types of outcomes that result from the training. We want to tell the Panel about that and make that clear in the narrative, that this training is directly linked to that type of impact outcome, and that is going to be a highlighted paragraph that will be easy for you to find when you look at the 130.

Also on the training types, which are the main categories of training such as manufacturing skills, computer skills and business skills, we are going to try to take a look at how we can give the Panel some sense as to how the project is weighted. Is 70% of the training going to center on computer skills? I would say exactly how we structure that and at what location in the 130, that needs a little bit more work to make a clear determination.

So for how we roll this out, the projects coming to the Panel in August, we will clearly have the changes made to the first two pages of the template. We need to work with staff to develop

some clarification processes in terms of the other portions of the narrative. So I would say over the months of August and September, we will see a transition fully into these new requirements, but it may not be completely in place in all aspects of these recommendations for the projects that come in August, but certainly within a month or so after that, they will be.

Mr. Broad asked so have you thought about how to do that such as with a pie chart, a percentage that says this kind of training? Mr. McMahon said one of the balances that we need to work with is we want to give the contractor some degree of flexibility in terms of shifting emphasis on a training category, so we are trying to balance the need of not absolutely locking them firmly in to definite percentages, but also give the Panel some clear indication. Mr. Broad said that would actually be helpful because if we get a company in here that says we are training people for our new hi-tech workforce and 90% of the training has nothing to do with hi-tech, it makes the Panel question it. Mr. McMahon said, I think where we will start is trying to really highlight the principal areas of training emphasis and see how you like that level of detail, and we can certainly tweak it further as we go on.

Mr. Broad asked if we need to take action. Mr. McMahon said it is agendaized as an action item, so it would be adoption of the recommendation. Mr. Broad asked if there were any further comments, changes, or suggestions by the Panel. There were none.

ACTION: Mr. Rendon moved and Ms. Farris seconded that the Panel approve the proposed revisions to the ETP 130.

Motion carried, 8 – 0.

Mr. McMahon said he really wanted to thank the staff for their hard work this fiscal year. He said it is not easy to generate 350 projects and not easy to monitor 550 to 600 projects during a year. Everyone does great work and is committed, and we really appreciate that effort. Relative to the Subcommittee, I want to thank all of the Subcommittee Panel members that gave us very strong input during that process. He also thanked Diana Torres, Tara Armstrong, and the other staff that were involved in putting that Subcommittee meeting together. Mr. Broad agreed and said it seems like you came up with some really good ideas and something we haven't really thought through systematically for a long time, so good work and thank you all.

X. PUBLIC COMMENTS

There were no public comments.

XI. PUBLIC MEETING ADJOURNS

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

Motion carried, 8 – 0.