

**GOVERNOR'S WORKFORCE BOARD RI
STRATEGIC INVESTMENT COMMITTEE MEETING
OCTOBER 1, 2007**

MEETING MINUTES

Members Present: J. MarcAurele, Chair, Armeather Gibbs, George Nee, Brandon Melton, and Martin Trueb
Members Absent: William McGowan and Lorna Ricci
Staff Present: Michael Koback, Stephen Schaefer, Nancy Olson, David Francis, Maureen Mooney
Others Present: John O'Hare, Administrator, State Workforce Investment Office (SWIO)

With a quorum present, Chairman J. MarcAurele called the meeting to order at 8:20 a.m.

Minutes of 8/16/07

Chairman MarcAurele asked for a review of the meeting minutes of August 16, 2007 of the Governor's Workforce Board RI (GWBRI) Strategic Investment Committee. He then asked for a motion to approve the meeting minutes as presented.

VOTE: Martin Trueb moved to approve. Armeather Gibbs seconded the motion. The vote was unanimous, the motion passed.

Budget Update

M. Koback presented an updated budget report referring to the handout entitled: *HRIC Job Development Fund FY '08 Budget Status* which he stated is based on 9/28/07 data. He also indicated that items on the meeting agenda for approval are not included in the budget update. He reviewed the FY 08 allocations and current obligations indicated on the budget report. He also noted that the \$40,000 of obligation for the Capacity Building category is for the modification to the existing Corporation for a Skilled Workforce (CSW) grant to do additional planning sessions. He concluded that a balance of \$5,704,848 is available in the budget for programs. He restated that anything that is approved today will go against that balance.

A Gibbs inquired about the category entitled New Worker Training and asked how companies learn of these training grants.

M. Koback responded that logistics for this training are currently being determined. He compared the New Worker Training grants to the Workforce Expansion grants that are handled in collaboration with the Economic Development Corporation (EDC). He explained that up to 10 employees must be hired to be eligible for funding for the Workforce Expansion grants. The New Worker Training is for workforce expansion on a smaller scale. M. Koback commented that a review of a marketing plan for all of the training grants is currently underway.

George Nee raised a question about the Youth Strategies funding and the designation of obligated funds. A brief discussion ensued on the concept of obligated funds versus expended funds. John O'Hare clarified that currently the funding has been "obligated" to

the Youth Strategy initiative. On October 15th, the funding will be obligated to each of the two locals who will then prepare the RFP that will be awarding contracts in April of next year. He indicated some of the work would begin prior to July 1 but most of it would be after July 1.

Chair MarcAurele agreed that G. Nee's point about the terminology used in the budget report of allocated versus obligated is valid. He noted that in effect, budgets have been assigned to each of the strategies and that technically they are all obligated under that definition. As an example, he cited the category of business retention and the \$1,000,000 allocation all of which is not obligated. He further noted that at some point we could move the money around in any of the categories.

John O'Hare noted that once the money for Youth Strategies is obligated on October 15th to the two locals, they will begin to incur costs.

G. Nee surmised that some of the youth funds must have been expended after July 1st of this current year from last year's funds. Therefore it follows that we will spend money before July 1st of next year. He indicated the funding stream concept is confusing.

M. Koback explained that the process involves running two budgets and two years of expenditures concurrently, due to carry over.

M. Trueb suggested it may be helpful on the budget report to show the current year planning as well as an update on what is being carried forward from prior budget years.

Chair MarcAurele concluded this discussion by indicating the reports will keep a consistent depiction of the numbers.

Review of Funding Requests

Workforce Expansion Grant

N. Olson provided an overview of Precision Craft Dental Laboratory requesting funding of \$60,000 for a Workforce Expansion grant. She reported that this is a growing company that has participated in an On the Job Training grant (OJT) with the Workforce Partnership of Greater RI. This company applied for other grant funds and was unsuccessful with the proposals due to low scoring by the rating review team. Paul Harden has been working with this company on the proposal for this grant. They have a new facility in Smithfield and are in need of employees. The Workforce Expansion Grant review committee met this past week and voted and approved the \$60,000 grant.

Chair MarcAurele asked if the method of visiting the facility versus reviewing their written proposals made the difference in this company receiving the grant. P. Harden replied that the other proposals submitted by this company were for the retraining of the existing workforce (incumbent worker training). This proposal was submitted for a Workforce Expansion Grant.

A motion was entered to approve the funding for a Workforce Expansion grant to Precision Craft Dental Laboratory in the amount of \$60,000.

VOTE: George Nee moved to approve. Martin Trueb seconded the motion. The vote was unanimous, the motion passed.

Equity National Waiver Request

M. Koback provided an overview of the waiver request stating that this company received a Workforce Expansion grant. With all of the problems associated with the recent mortgage and sub-prime lending situation, they had to lay employees off. However it was noted that 21 employees were trained through this grant, however there are stipulations in the grant that require companies to retain employees for 18 months. Equity received one payment for the period of 7/1/06 – 9/30/06 for the training of 21 employees in the amount of \$30,000. The total grant was \$73,000. Equity sent a letter requesting a waiver of repayment of \$30,000 indicating this repayment would put their company in further jeopardy. They also indicated they do not have the cash reserves for this repayment. M. Koback noted that if this committee decides to grant the waiver, that we would need to check with our legal counsel to determine if there are legal issues in providing this waiver. Both M. Koback and P. Harden provided an overview of the waiver process in the past, answering questions from the committee.

J. MarcAurele suggested getting a legal opinion on the option of continuing the incumbent worker training grant, which has a balance of \$25,000. He also wanted to ensure that the committee is not establishing a precedent in approving this waiver. M. Trueb raised the question if this \$30,000 would put the company in further jeopardy. He indicated he would be voting against it. A. Gibbs agreed and also noted her hesitation in setting a precedent by approving this waiver, noting that business must be prepared for the fluctuations in the economy. Chair MarcAurele indicated he is hearing limited support from the committee on the waiver request. M. Koback clarified the details surrounding the 1st grant for incumbent worker training noting it was utilized for management training for the existing management staff. He also reported that the company requested an extension of this grant through December 2007. N. Olson indicated the company has only invoiced once and that her suggestion would be to terminate that contract as of 9/30/07. She also indicated she will need to see the backup and invoices if the company is due any funds for training. M. Koback reported that our contracts have the out clause that when it is the best interest of the grantor we have the authority to terminate the contract.

There being no further discussion or questions, Chairman MarcAurele called for a vote on the waiver request for Equity National.

VOTE: G. Nee made a motion that we seek restitution in the amount of \$30,000 from Equity National. M. Trueb seconded the motion. The vote was unanimous, the motion passed.

It was agreed upon by the committee that the current \$25,000 incumbent worker grant would be left to the normal process. GWB staff will follow up on the grant activity.

Partnership Grants

M. Koback provided an overview of the Industry Partnership grants. He referred to the executive summaries for each partnership in the committee packet. He explained the year one assessment process for each partnership along with the application process for year two funding. He noted that RIMES had a few difficulties with their start up which involved mostly infrastructure issues. He indicated that after several meetings, it was decided to grant an extension through November 17th on their year one grant.

The remaining three partnerships; HARI: Health Partnership Council (HPC), Quality Partners of RI, and Tech-Collective passed the assessment for year one. Through the application process for year two, each of these partnerships were successful in identifying their goals including their sustainability plan, how they would grow their partnership, how they would implement their skills gap study, and how they would align strategies with education, workforce development and economic development. M. Koback noted that a rating meeting was conducted last week and that the funding request amounts are noted on the agenda.

M. Trueb noted the absence of financial information on the Executive Summary sheets. He indicated that it would be helpful to know the budget information and employment statistics relating to the partnership funding requests. M. Koback mentioned that all 3 of the partnerships accomplished their year one deliverables including creating the partnerships, bringing in new members, creating a council, and providing a skills gap study.

G. Nee asked for details on how the funding for year two would be spent by the partnerships. Chair MarcAurele stated that a summary of budget information should be made available to committee members in the future. M. Trueb asked about expected outcomes? M. Koback explained that the Executive Summaries address the deliverables of the partnership in year two.

S. Schaefer mentioned that the Industry Partners have monthly reporting requirements. He also indicated that the deliverables, timelines and budgets are reviewed and that assistance from GWB staff is offered if needed. He summarized the performance of the partnerships from year one as terrific and indicated there is significant evidence of long term sustainability, which is not always apparent after one year.

Chair MarcAurele requested that a summary of accomplishments be emailed to the committee members for their information and reiterated that more detail for the budgets should be provided in the future.

A motion was entered to approve the funding for the Partnership Grants.

VOTE: G. Nee made a motion to approve. B. Melton seconded the motion. The vote was unanimous, the motion passed.

With no further business, Chair MarcAurele asked for a motion to adjourn

VOTE: M. Trueb made a motion to adjourn. A. Gibbs seconded the motion. The vote was unanimous, the motion passed.

The meeting was adjourned at 8:55 a.m.

Respectfully submitted,

Maureen Mooney