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CALIFORNIA
PRISON INDUSTRY AUTHORITY
BOARD MEETING

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REPORTER'S TRANSCRIPT OF THE
PRISON INDUSTRY BOARD MEETING

THURSDAY, JUNE 25, 2020

10:00 A.M.

ZOOM/TELECONFERENCE MEETING

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Reported by: ANN R. LEITZ, CSR NO. 9149

1 APPEARANCES

2
3 Ralph Diaz, Board Chair

4 Darshan Singh, Vice-Chair

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6 BOARD MEMBERS:

7 Dr. Armond Aghakhanian

8 Dawn Davison

9 Brent Jamison

10 Mack Jenkins

11 Bob Jennings

12 Curtis Kelly

13 Felipe Martin

14 Kathleen Webb

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16 EXECUTIVE OFFICER:

17 Scott Walker

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19 BOARD SECRETARY:

20 Jessica Murray

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22 CHIEF OF EXTERNAL AFFAIRS:

23 Michele Kane

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APPEARANCES CONTINUED:

GENERAL COUNSEL:

Randall Porter, Staff Attorney
(appearing on behalf of Jeff Sly, Chief Counsel)

ALSO PRESENT:

- William Davidson
- Randy Fisher
- Suzie Changus

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1 PROCEEDINGS

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3 BOARD SECRETARY MURRAY: Let me call roll here.
4 Chair Diaz?

5 BOARD CHAIR DIAZ: Present.

6 BOARD SECRETARY MURRAY: Vice-Chair Singh?
7 Vice-Chair Singh? Just give us one moment. Mr. Singh, I
8 think you might be on mute. If you can unmute yourself or
9 if you could hold on the space bar, that will unmute you
10 also. Mr. Singh?

11 VICE-CHAIR SINGH: Yes, here.

12 BOARD SECRETARY MURRAY: Perfect. Thank you.

13 Member Aghakhanian? Member Davison? Member
14 Davison?

15 BOARD MEMBER AGHAKHANIAN: This is Dr. Aghakhanian.
16 I just joined the meeting.

17 BOARD SECRETARY MURRAY: Thank you, Dr.
18 Aghakhanian. I've got you down

19 Member Jamison, are you on mute? Member Jamison?

20 BOARD MEMBER JAMISON: Here.

21 BOARD SECRETARY MURRAY: Member Jenkins?

22 BOARD MEMBER JENKINS: Here.

23 BOARD SECRETARY MURRAY: Member Jennings? Member
24 Kelly? Member Martin?

25 BOARD MEMBER MARTIN: Can you hear me?

1 BOARD SECRETARY MURRAY: There you go. I've got you
2 down.

3 Member Webb?

4 BOARD SECRETARY MURRAY: So, as of right now, I have
5 a quorum of six members.

6 BOARD CHAIR DIAZ: Thank you so much, Jessica.
7 Welcome board members and attendees. Thank you for being
8 here present via Zoom for the PIA Board Meeting.

9 I would like to note that due to Covid concerns, we
10 will and we are practicing social distancing as ordered by
11 the Governor. If any member of the public who are on the
12 line right now and would like to comment, you will have a
13 chance to comment after each item is present to the board
14 and also at the end of our meeting after the presentation of
15 agenda items. We will give further instructions on how to
16 raise your hand and let the organizer know how you can speak
17 and you can present.

18 I would also like to request that everyone announce
19 their full name and affiliation before speaking so there's
20 no confusion and the transcriber can pick it up.

21 We'll begin by asking the board secretary -- you've
22 already called the roll, but I would like to open up the
23 floor for any opening remarks from the board members?

24 If you don't mind, I would like to say some opening
25 remarks. The term "unprecedented times" I think is

1 overused. I think that the term in corrections in the PIA,
2 it's -- I like to consider myself a bit of historian of
3 CDCR, CDC, Board of Prisons and everything in between since
4 we started the business of housing individuals for periods
5 of time to rehabilitate them. And these last -- these last
6 several months, starting the beginning of March, I have to
7 say that everybody has risen to the occasion and has worked
8 hand in hand, especially PIA and anybody associated with
9 PIA, in the effort of combating Covid and at the same time
10 providing necessary and critical training because the
11 training that's being received on making masks and making
12 chemicals to cleaning and everything in between, is -- I
13 can't even imagine how much that's prevented the spread in
14 our prisons, and, sadly, it is growing. I think it would
15 have been much worse if it were not for the efforts of PIA,
16 the leadership of Scott Walker and the team at PIA.

17 So I'm proud to be a board member. I'm proud to be
18 the chairperson of this board at this time. I think we all
19 need to be proud of the work we're doing. We're nowhere
20 near from being done combating Covid, but I feel much better
21 that PIA is part of the fight.

22 BOARD MEMBER JENKINS: Mr. Secretary, this is Mack.
23 Can I just join in and echo with those sentiments?

24 BOARD CHAIR DIAZ: Definitely.

25 BOARD MEMBER JENKINS: I'm very pleased, very

1 privileged to be on this board. I salute Scott and all of
2 the CALPIA staff for, one, the daily communication that we
3 were getting and just the effort to join in with the making
4 the hand sanitizer, making the masks and jumping right in
5 right away. I couldn't be more proud.

6 I had a conversation with Scott the other day, and
7 just want to make sure that myself, as one board member,
8 want to make sure that I contribute and do whatever I can to
9 support both him directly as executive director but the
10 staff across the board. This is taking on a whole lot. So
11 I appreciate your comments and I just wanted to throw mine
12 in as well.

13 BOARD CHAIR DIAZ: Thank you, Board Member Jenkins.
14 At this time, I would like to turn it over to -- if there's
15 any General Manager's comments?

16 EXECUTIVE OFFICER WALKER: Good morning, Board
17 Member Chair. Thank you for those kind words.

18 I will tell you that this organization has stepped
19 up. I've never been as proud of it. I've been with PIA for
20 about 34 years now, will be 34 years here in a couple of
21 weeks, and I've never been prouder of this organization.

22 Sometimes people attribute things to me, and I will
23 tell you that the people that have done the heavy lifting,
24 the people that have stepped up are the people that are in
25 this organization. I've asked them to do some things and

1 there's no hesitation, there's no pushback, they just do
2 what they have to do. And they asked for pretty high -- at
3 the beginning of this -- we were talking to the staff about
4 working seven days a week, 12 hours a day, and every one of
5 them stepped up. Not just the staff but the offenders. But
6 I think we sent some letters out, some examples of some of
7 the offenders and their perspective on their ability to help
8 in some way during this crisis. It really touched a lot of
9 them. I went out and met with one of them. Their gratitude
10 to be able to do something in their life that was bigger
11 than them that helped potentially and quite possibly saved
12 other lives, really resonated with a lot, and so that's got
13 the offenders of this organization, second to none. I am
14 very, very proud of what they have done.

15 Also, I want to thank the board members. You guys
16 have been very supportive on good information, folks for me
17 to bounce stuff off of. I hope you continue that, the
18 support that you've shown. The comments that we shared with
19 staff about the support have resonated well with them, the
20 feedback. So I do appreciate all of you and your support in
21 PIA.

22 These are, as Mr. Diaz said, unprecedented times.
23 I've never seen anything like this, and it's just miraculous
24 how well PIA staff have responded to the challenge. I told,
25 I think, both of you that I would have thought by late June,

1 early July, we would have been at the other end of this, and
2 I'm not even sure we're halfway through it. There's a lot
3 of choppy waters ahead of us, and the organization, again,
4 being -- the people being flexible, willing to shift gears,
5 change directions, move enterprises.

6 Right now, we've got three of our laundry operations
7 shut down, and that has been pretty seamless for our
8 customers, the ability for them to have a plan in place and
9 to activate that plan and redirect those resources and
10 redirect that set laundry load has been almost seamless on
11 the outside. Inside, obviously, there's a lot of moving
12 parts, but the folks in PIA, the folks running operations
13 and operations have done a hell of a job meeting that need,
14 and that's going to be something that's going to continue.

15 CDCR partners, wardens out there, DAI, have done a
16 tremendous job of supporting PIA very proactively. And
17 sometimes I get concerned that some of the asks I make,
18 given everything else they got going, they would be met with
19 some -- "pushback" may be not the best term, but they have
20 bent over backwards to do what we've needed them to do. So
21 my hat's off to Connie Gibson and the folks at DAI. They
22 have done a tremendous job of supporting PIA throughout this
23 crisis and pretty much been partners with us and helped us
24 move the needle where we need to move it.

25 The other one, CGGS, they have done a great job on

1 the medical side, providing me insight, providing me
2 knowledge, helping me understand how to best navigate the
3 waters that are in front of us to ultimately keep staff and
4 the offenders as safe as we possibly can in the process. So
5 we had a lot of partner in success over the last few months
6 to get us where we are, and so, I just want to make sure
7 that everybody understands that.

8 The other one I will tell you is California
9 Department of Public Health; they have been a great partner
10 to us. Having walked through this thing not -- with the
11 information, but with our hand sanitizer, which we mentioned
12 earlier, we were able to establish a hand sanitizer line
13 down in Lancaster, and that -- there's folks that understand
14 regulatory requirements. California Department of Public
15 Health, their food and drug branch is basically the same
16 version of the Federal Drug Administration, and so, we
17 needed to be licensed and certified by them prior to being
18 able to sell hand sanitizer. So this is a normally a year
19 or better process that you have to go through and jump
20 through hoops and all this stuff, but with their help, we
21 were able to get certified within two weeks of the ask of
22 it. So they did, and they said from the onset they would do
23 whatever they have to do to help us get through.

24 And I'll also tell you that I'm very proud of the
25 folks that operationalized that -- Dennette Summers, Paul

1 Howell, the folks down at Lancaster. When they came in, the
2 outside auditor audited -- and I totally well expected them
3 to have some findings, some things that we didn't do well or
4 as well as we should have, and there was none. They had
5 never seen an operation that clean, that efficient, that
6 well run, that well- documented in the time that they have
7 been doing inspections. So it's just, again, another
8 testament to the CALPIA staff and their commitment to the
9 job and their professionalism.

10 And so, as far as COVID-19, I looked at some
11 numbers, ran some models back in early April, and it was a
12 daunting number. It was a hell of a hill that we had to
13 climb and make it through this. If you looked at the
14 numbers in April, early April, the model showed us losing
15 about 7.3 million dollars this year, the shutting down of
16 non-essential factories, coupled with the ongoing costs that
17 are still there, the fixed costs that we couldn't get away
18 from, we were going to lose -- in that model, if we didn't
19 pivot and do a lot of things -- about 7.3 million dollars.

20 The timing is never good, but one of the things that
21 we had been focusing on internally was kind of tightening up
22 our budgeting process and tightening up our budget
23 oversight, and we were well into that effort when this hit.
24 Fortunately, we were, because people had gotten the message
25 about managing their budgets, managing effectively, they put

1 tools in place which really helped us narrow the gap via
2 spending and only purchase those essential things. So with
3 that staff engagement and effective leadership and with the
4 advent of three new products, one being hand sanitizer, one
5 being the face masks, barrier mask, and the other one being
6 an emergency box lunch, we were able to generate an
7 additional 5.7 million dollars in revenue. The current
8 fiscal year on those new products which reduced that gap,
9 the revenue gap from about seven million, where we're
10 anticipating being to about 1.5 million dollars.

11 And so, that seven million dollars I talked about
12 earlier is really going to be produced greatly by the end of
13 this fiscal year. I'll tell you, I don't have a final
14 number where we're going to end up at this year. Right now
15 it looks like about \$800,000 in the hole, which is a great
16 improvement over the seven million dollars a couple of years
17 ago. And that number may even get better when we get to
18 the end of this. I won't know until we get through all the
19 inventory which we're doing this week and we get all the
20 final numbers in. But it goes without saying that these
21 folks have done a hell of a job when we've gone from maybe a
22 terrific or hard situation to one that we're going to be
23 able to manage through one way or another.

24 BOARD SECRETARY MURRAY: Can I just interrupt real
25 quick? I want to let the record show that we have Member

1 Davison and Member Webb on the line. Thank you.

2 EXECUTIVE OFFICER WALKER: So with that, PIA had
3 produced over 1.4 million of the barrier masks and provided
4 those to our customers, over 30,000 gallons of hand
5 sanitizer. The other thing that's not on the radar is
6 CALPIA is also tasked with creating a stockpile of box
7 lunches of 5.25 million box lunches to hold in reserve in
8 the event that some of the institutions needed to go to an
9 alternate feeding schedule so they had a supply of food
10 ready for the offenders. CALPIA, in partnership with
11 Harvest Farms, was also able to create that stockpile and be
12 ready. And we've have a couple of cases already where we
13 had appointed a stockpile to change the feeding protocol to
14 the institution.

15 So I say all that again just to reinforce the fact
16 that this organization pivoted well. I couldn't have asked
17 more from people. I couldn't have asked to be in front of a
18 better organization. I've talked to a few of you and
19 jokingly said I didn't sign up for this shit when I came
20 back, where we are, what we are dealing with today, but I'm
21 glad I did. I couldn't be prouder of the folks. We're
22 going to come out the other side of this better, as we
23 always do.

24 So, with that, we're going to go through the binder
25 today and go through the things. Most of it is innocuous.

1 The Annual Plan is going to be pretty similar to all
2 of you. We usually target about a one percent net profit,
3 so that's about 2.8 million. That's not going to change in
4 here. We're still targeted to that same gross -- or net
5 profit.

6 There are some reduction in the GFMR program that we
7 talked about before had been taken down now. The timing of
8 that was never a fortunate thing to do to go through that
9 process, but we did and we're on the other side. I'll give
10 a kudos to our HR and OPS folks on that as well. They were
11 able to partner with the staff that were going to be
12 affected and work with them to get them into a job in PIA or
13 return rights somewhere else, and the bulk of them -- I
14 think there were a couple that chose not to participate,
15 that were ultimately -- did not land in a job, but the vast
16 majority of those folks were able to continue their
17 employment in the State of California.

18 So I really challenged them to do that and they
19 stepped up in a way -- because a lot of times -- I don't
20 know -- get a little bit historic here. I remember going
21 through layoffs back in the late -- I don't know --
22 nineties, early two-thousands, and there wasn't a lot of
23 support for people that were being impacted. Basically,
24 you're on your own, go find a job. That's always stuck with
25 me. And so, it's really important to me that the

1 organization work with those folks who are going to be
2 impacted to try to find a spot to land that would have the
3 least amount of impact on that and HR, and the OPS folks
4 stepped up and did that with very good outcome from that.

5 So, with that, I'll close my comments and get to the
6 meat and potatoes. Anybody got any questions of me before
7 you go? Nope?

8 BOARD CHAIR DIAZ: I don't hear any. So,
9 Mr. Walker. We'll move on to the items, so we have Action
10 Item A.

11 EXECUTIVE OFFICER WALKER: Good deal. I would like
12 to call Mr. Davidson up here to present Action Item A.

13 CHIEF FINANCIAL OFFICER DAVIDSON: Good morning
14 everyone. I'm appreciative of the opportunity I have to
15 present the Annual Plan in our meeting this morning.

16 Just to frame up a couple of things, there are still
17 a number of moving parts to our finances that really depend
18 on the Governor's budget. So we have built this Annual Plan
19 based on the best information that we have had at the time,
20 but we know there have been a couple of changes and some
21 additional things that will likely happen over the next
22 couple of months that may somewhat impact this. I think any
23 impact will be to the favorable for PIA, but I just put that
24 out there just to note that we anticipate doing a midyear
25 revise that will capture any additional changes that come

1 between now and over the next couple of months. By those,
2 I'm talking about things like agreements with SEIU, and
3 we're waiting for the agreement with the operating
4 engineers.

5 We're watching what ultimately happens with Optical
6 that was taken out of the Governor's, may be revised, but
7 the legislature put it back in, so we're kind of watching to
8 see what will ultimately happen with that. There will
9 likely be triggers in there that may or may not allow us to
10 see the full restoration of the adult Medi-Cal benefits.

11 So those are things that are still in play, but we
12 built this budget from a conservative approach, again,
13 knowing that there may be some additional things coming in
14 the near future.

15 Just to summarize where we are with the Annual Plan,
16 we have revenues projected of about \$253.6 million. We have
17 Cost of Goods sold at \$194.7 million. Our selling and
18 administrative costs we projected \$54.3 million. And then
19 we put in some retirement payout and non-operating
20 expenditures and revenue of about \$1.8 million. So, bottom
21 line, as Mr. Walker mentioned, we project at end of fiscal
22 year about \$2.8 million net profit, which is about
23 one percent of our revenue, which is, again, what we
24 generally target.

25 To get into just a couple of specifics on this, on

1 the revenue piece, we know that COVID-19 economic impact is
2 going to affect revenue in several of our enterprises. And
3 when we looked at this -- you know, we have a little bit of
4 the benefit of knowing about 10, 11 years ago, when we had
5 the recession a few years ago, we were able to see what the
6 impact on some of these, particularly manufacturing,
7 enterprises was and anticipate that it would be similar in
8 this coming year.

9 So some of that enterprises that we are projecting a
10 decrease in revenue include License Plates. We project
11 about a \$6 million decrease in license plate revenue.
12 That's just simply a fact that we anticipate fewer cars
13 being sold and the need for fewer license plates. About a
14 \$4.8 million decrease in Fabric Products, four-and-a-half
15 million in General Fabrication, about \$3.6 million decrease
16 in Furniture, and then sliding -- or decreases as well in
17 Optical and Medical Products.

18 On the plus side, several enterprises we do
19 anticipate there being an increase in revenue in Healthcare
20 Facilities Maintenance, we're projecting \$4.8 million
21 increase in revenue. In Cleaning Products, and largely due
22 to the hand sanitizer line now, we project about \$3.8
23 million increase there. Bindery, this is going to be the
24 placard year for disabled person placards through DMV, so we
25 project a \$1.1 million increase there and slight increases

1 again in Laundry, Poultry, Food and Beverage Packaging and
2 Pay Production. So, overall, we're looking at about an
3 \$8.9 million decrease in revenue compared to the current
4 fiscal year.

5 On the Cost of Goods Sold side, we're projecting
6 about an 8.9 million decrease overall in cost of goods sold,
7 and that's largely due to about a \$6 million decrease in
8 variable costs that are associated with that reduced revenue
9 we just talked about. We also expect a net increase of
10 about \$2.4 million due to the takedown of GFMR; again,
11 that's a net reduction.

12 Again, we're monitoring the Optical right now. We
13 did start to see an increase in revenue in February, March
14 of this year as the adult benefits started to ramp up.
15 Obviously, COVID-19 killed that. We were not projecting or
16 filling into this budget that continuation, so we're going
17 to see a slight decrease in Optical revenue -- I'm sorry, in
18 Cost of Goods Sold.

19 Moving on to Pro Rata, which, as we know, Pro Rata
20 is a statewide central service cost funding things like the
21 legislature, Department of Finance, other things. We're
22 going to have about a million-and-a-half dollar increase in
23 Pro Rata in the coming fiscal year, going from 9.6 million
24 to 11.1 million. Those are costs that are assigned to us.
25 We can't control or have any say in those costs. We're

1 going to see a million-and-a-half dollar decrease there.
2 We'll also have the second year of our payment, repayment of
3 the SB 84 loan, which is a statewide loan a couple of years
4 ago of about \$6 billion from the surplus money investment
5 fund. So in 19-20 we made our first repayment of that loan
6 of about \$900,000, and in 2021, we'll pay about \$1.2 million
7 on that.

8 Just a couple of other quick notes. You'll see
9 toward the bottom of page one of the Financial Plan, there's
10 a small little line in there that says Retirement and
11 Vacation Payouts. That's something that we have not
12 displayed in the budget before, and what that is, when an
13 employee retires or separates from state service, they will
14 be paid out for the whatever remaining leave credits that
15 they have on the books. In the past, that cost has just
16 kind of hit the cost center where that employee worked and
17 we didn't necessarily budget or plan, if you will, for that
18 impact. It's now a little over a million dollars a year
19 that we have on that, and so this year we're putting that in
20 as a separate line item that will kind of hit the CALPIA
21 wide level and not impact the individual cost centers, which
22 we think is a more appropriate way to account for that.

23 Finally, notice on out-of-state travel, we've
24 greatly reduced out-of-state travel for the coming fiscal
25 year. We've about cut it in half from what we had approved

1 at the mid-year revise, so we have about \$133,000 we have
2 built in for out-of-state travel.

3 That's kind of an overview of the Annual Plan and,
4 again, just ask your approval on the plan.

5 EXECUTIVE OFFICER WALKER: I want to add a little
6 bit more texture to the Optical conversation. So as Bill
7 mentioned, the Governor's budget removed that benefit, the
8 Medi-Cal -- how that benefit started, or restarted back in
9 January. And the Legislature's burden of the budget -- it
10 was kept in, and in the final version, it looks like it's
11 going to be in there as well. As Bill mentioned, a lot of
12 this is going to be contingent upon the federal funding
13 that's received via the for-stimulus package.

14 So what the plan is right now -- because I don't
15 have a crystal ball -- we've got CCWF out there that we
16 still have not began construction on because we don't have
17 -- I don't have a crystal ball. And so, the plan is to work
18 both of the other labs and increase the revenue of those we
19 outfitted and upgraded, as you recall, to meet that demand
20 until there's some clarity there. And then, once there's
21 some clarity, if that benefit is going to be maintained past
22 September, as soon as we know that, we can pull the trigger
23 and start moving forward in the CCWF, and so we will have
24 that conversation that Bill said, again, at midyear.

25 But there's just not a lot of clarity there, and I

1 don't want to -- I'm not comfortable with going out and
2 spending seven, eight, nine million dollars on that lab if
3 that benefit is going to go away and maybe go away for a
4 couple of years, at least. So there's also moving parts
5 there. As that is starting to firm up, we'll have more
6 conversation about the plan we have to do that.

7 If you look at the numbers right now, we're about
8 half of what we were at the height when those jobs started
9 to come back. And so, they're still coming back slowly. I
10 think we're doing about 12,000 a week. We were down to a
11 little over 2,000 a week during the height of the crisis.
12 So I don't know how that is going to mature. That is on our
13 radar screen and there will be more conversation about that
14 and that notion of funding, ongoing funding for that
15 purpose.

16 BOARD CHAIR DIAZ: Thank you, Scott. Is there
17 anything else?

18 CHIEF FINANCIAL OFFICER DAVIDSON: No, sir.

19 BOARD CHAIR DIAZ: Thank you, Bill. Thank you
20 Scott.

21 So if there are any members of the public that would
22 like to make a comment regarding this item, please dial Star
23 Six. Our meeting organizer will place you on the order and
24 we'll put out the last four digits of your phone number when
25 it's your turn to speak. Please state your name and

1 affiliation so we can make note of the record.

2 Before that, any questions from the board?

3 BOARD SECRETARY MURRAY: Real quick, I want to
4 announce that Mr. Jennings is on the line, also, so we have
5 a quorum of nine members.

6 BOARD CHAIR DIAZ: Very good. Are there any
7 questions on Bill's presentation on the Annual Plan?

8 BOARD MEMBER JAMISON: I have one question, Chair
9 Diaz, if you don't mind?

10 BOARD CHAIR DIAZ: Yes.

11 BOARD MEMBER JAMISON: Even though this is probably
12 my fourth or fifth board meeting, I feel like every board
13 meeting I'm still learning. This is just such an incredibly
14 broad and diverse organization.

15 My question has to do with Crops. I'm looking on
16 page two of the Annual Plan, and for the most part, it seems
17 like our revenue and our profit and losses are rather well
18 dialed in. But then I focus on Crops, and it looks like
19 we're unrecovered by almost 30 percent. And I'm just
20 wondering if that's just kind of a historical loss leader
21 for us or if there's something different about 20-21 where
22 we would be taking such a loss on that product?

23 EXECUTIVE OFFICER WALKER: So I wouldn't call it a
24 loss. That market is certainly volatile. A lot of it
25 depends on the costs of almonds. One of the things that's

1 hidden in that Crop -- and I'm not going to try to convince
2 anybody that this thing is some sort of money maker, because
3 it's not. There is some value to it in the programming
4 side. We used to sell the almond directly from the crop
5 farm. We don't do that anymore. And so, what happens there
6 is those almonds are transferred to Food Packaging and Food
7 Packaging arguably receives the revenue from that. They are
8 reimbursed the cost to produce, but they don't receive any
9 of the Crop, for lack of a better turn.

10 But Crops is one of those enterprises out there that
11 is definitely borderline. We've kept it going for a lot of
12 reasons. One is we like the engagement down there. It's
13 been a struggle getting offenders, but we've done better
14 with that. It also allows us to use the flood water from
15 the prison. We'd have to figure out another way to do that.
16 It's something that is not ever going to keep PIA afloat,
17 for lack of a better term.

18 BOARD MEMBER JAMISON: But it sounds like, Scott, we
19 think that there's value in it, regardless?

20 EXECUTIVE OFFICER WALKER: Yes.

21 BOARD MEMBER JAMISON: Okay, thank you.

22 CHIEF FINANCIAL OFFICER DAVIDSON: If I can add just
23 one thing to that as well, Brent. We have recently planted
24 a number of -- quite a few new trees, so those new trees
25 take about five years before they start to produce, so we

1 anticipate that a few years down the road, as those new
2 trees fully mature, we're going to see those that revenue
3 peak up as well.

4 BOARD MEMBER JAMISON: Good to know. Thank you.

5 BOARD CHAIR DIAZ: Jessica, are there any comments
6 from the public queued up?

7 BOARD SECRETARY MURRAY: Let me just double check
8 real quick. We do not have anybody on the line for any
9 comments. And, again, that number is Star Six if you would
10 like to make a comment.

11 BOARD CHAIR DIAZ: Are there any further questions
12 from the board? If not, is there a motion on Action Item A?

13 VICE-CHAIR SINGH: I move that.

14 BOARD CHAIR DIAZ: We have a motion by Co-Chair
15 Singh. Do we have a second?

16 BOARD MEMBER JAMISON: Second.

17 BOARD CHAIR DIAZ: So, Board Secretary, please call
18 the roll.

19 BOARD SECRETARY MURRAY: Member Aghakhanian? Member
20 Aghakhanian? If you can dial Star Six, and then you can
21 speak.

22 BOARD MEMBER AGHAKHANIAN: Aye.

23 BOARD SECRETARY MURRAY: Member Davison?

24 BOARD MEMBER DAVISON: Aye.

25 BOARD SECRETARY MURRAY: Member Jamison?

1 BOARD MEMBER JAMISON: Aye.

2 BOARD CHAIR DIAZ: Member Jenkins?

3 BOARD MEMBER JENKINS: Aye.

4 BOARD SECRETARY MURRAY: Member Jennings? If you
5 could dial Star Six, Mr. Jennings...
6 Member Martin?

7 BOARD MEMBER MARTIN: Aye.

8 BOARD SECRETARY MURRAY: Member Webb?

9 BOARD MEMBER WEBB: Aye.

10 BOARD SECRETARY MURRAY: Vice-Chair Singh?

11 VICE-CHAIR SINGH: Yes.

12 BOARD SECRETARY MURRAY: Chair Diaz?

13 BOARD CHAIR DIAZ: Yes.

14 BOARD SECRETARY MURRAY: Motion passes.

15 (Inaudible) Mr. Kelly, I'm sorry, I didn't know you
16 were on the line; thank you. And you voted "Aye"?

17 BOARD MEMBER KELLY: Yes.

18 BOARD SECRETARY MURRAY: Motion passes nine to nine.

19 BOARD CHAIR DIAZ: Thank you very much. So we will
20 all move on to Action Item B, Approval of CALPIA's
21 Designation of Cash to Support Fiscal Year 20-21. I'll turn
22 it over to Mr. Walker.

23 EXECUTIVE OFFICER WALKER: Again, Mr. Davidson will
24 be presenting the Designation of Cash.

25 CHIEF FINANCIAL OFFICER DAVIDSON: Page four of the

1 Annual Plan booklet contains the Designation of Cash; I
2 believe it's also Exhibit B1 in the binder.

3 Designation of Cash basically lays out the projected
4 impact of operations of CALPIA's cash including effective
5 capital expenditures on that. So if you look almost about
6 halfway down in the right-hand column, our actual on-hand
7 cash as of April 30 of this year, which is the point of
8 reference that we're using in this report now, was
9 41-and-a-half million dollars.

10 For the 20-21 fiscal year, we propose making about
11 6.36 million dollars in new capital purchases, which
12 includes a little over two million in purchase for Central
13 Office and about four-and-a-quarter million for new capital
14 purchases for the Field. In addition, we include about
15 10.9 million dollars in rollover capital that was approved
16 in prior years; a little over 500,000 of that was from the
17 Central Office and about 10.3 million is from the Field.

18 So the combination of new and rollover capital on
19 our cash would be about 17-and-a-quarter million dollars in
20 20-21, and that would be if all of the items, both the new
21 and rollover, were actually purchased. So if we spend the
22 full 17-and-a-quarter million in capital and also take in
23 the Annual Plan projected revenue and have a projected
24 operating cost, if they have come in what they are in the
25 Annual Plan, we'll end fiscal year 20-21 with a cash balance

1 of about \$38.2 million. For a little context on that \$38.2
2 million, we do believe is a prudent cash balance. It
3 represents about two months of operating costs.

4 At CALPIA, we have a pretty steady and reliable
5 revenue flow from month to month, so if we have two months
6 of operating capital or cash on hand, we're in a pretty good
7 spot. I think we all know we don't want to see that balance
8 get too high, because then it becomes kind of a target-rich
9 environment to be swept and taken over to the general fund.
10 So we try to maintain, you know, a two-to-three month
11 operating cash on hand in the bank.

12 So that's kind of an overview of the Designation of
13 Cash. And so, again, by approving the Designation of Cash,
14 I would be approving our capital expenditures, which is the
15 new ones are Exhibit B2 and B3 to the binder. And with
16 that, if you have any questions I'm happy to entertain those
17 questions.

18 BOARD MEMBER MARTIN: Hi, this is Felipe Martin.
19 Can you hear me?

20 BOARD CHAIR DIAZ: Yes.

21 BOARD MEMBER MARTIN: Excellent. So, real quick,
22 with the current projections that you spoke about earlier
23 that we're going to have a shortfall in License Plates and a
24 lot of the other industries, is that taking into account
25 that it might be even worse than what we are expecting if

1 this Covid situation doesn't improve and eat up all of these
2 log downs of the various institutions that might happen that
3 will also possible impact our -- (Buzzer sound) -- you know,
4 has that all been taken into account?

5 CHIEF FINANCIAL OFFICER DAVIDSON: When we did the
6 projections on revenue, we did project a pretty significant
7 cut. I think the License Plate revenue is about two-thirds
8 of what it normally would be. Some of the others, like
9 Furniture and Gen Fab, even more, 50 plus percent reduction.
10 So we do anticipate it and this Annual Plan and the
11 Designation of Cash do anticipate a pretty significant
12 reduction. Could it be worse than that? I suppose it
13 certainly could, but we took a pretty realistic look at what
14 the impact would be. It's not just the impact of the
15 institutions being shut down, but we know that other state
16 departments are going to have less funding in their budget,
17 so less opportunity for them and less capacity for them to
18 purchase discretionary type of products. So all of that is
19 taken into account in here, yes.

20 EXECUTIVE OFFICER WALKER: Just to add a little bit
21 more to that. The original Annual Plan that we had put
22 together for 20-21 was we projected about \$290 million in
23 revenue, and so, this is a reduction of \$37 million in
24 revenue is what we think we -- as far as we can tell is the
25 impact is going to be.

1 We did some things. Bill talked about License
2 Plate, we talked about Optical. And what's interesting or
3 important about those two and really paying attention to
4 things like that, is those are enterprises where there is a
5 significant margin, and so, we deliberately took those
6 numbers down, because if we leave those in, even if the
7 number, the revenue was reduced and we produced less
8 somewhere else, those margins will cover -- hide a lot of
9 costs, cover a lot of costs, so you can still on paper
10 balance your budget. But at the end of the day, if you
11 don't recognize those particular revenues and those
12 particular enterprises, you're going to come up short.

13 We looked at 2008-2009, Bill's team did, like he
14 mentioned, and we looked at how bad impact. That was a
15 pretty significant recession; it lasted a while. So we
16 don't -- I certainly don't have a crystal ball. So we
17 certainly understand the environment that we're in today,
18 and I don't know. I think that we, as always -- my approach
19 to this stuff is and will always be very conservative,
20 right? I want to under-promise and over-deliver.

21 So, as we sit here today, I'm confident that that
22 number is going to hold up. And there's things that we
23 don't have in here. One of the things right now, as I
24 mentioned earlier, that Optical benefit is still alive and
25 well right now. So we're liable to have -- even if it goes

1 away in October, I will have July, August, September,
2 whether it's some significant revenues that are being driven
3 off of this. And so, it's going to be a battle to get.

4 Modular furniture is another one where we anticipate
5 the spin there being cut by about 50 percent, and that goes
6 to your compensation as well there, Felipe, one of these,
7 you know, nonessential operations that we're running. I
8 expect those to be impacted greatly during this lockdown,
9 because I'm just not going to fight real hard to keep open a
10 factory to make a desk and then expose people that I don't
11 need to expose.

12 And so, I think we've done a good job of looking at
13 that. We'll be able to tell a little bit better obviously
14 six months from now when all the -- hopefully; maybe that
15 will be too soon -- probably take a year to get to the other
16 side of this. But we should have a better notion as this
17 thing matures and where we're at.

18 I don't know. I'll tell you, like I talked about
19 earlier, I don't know that we're halfway through this.
20 We've done pretty well to this point. We've lost
21 one-and-a-half million dollars in revenue over a three-,
22 four-month period. So here we're reducing 37 million. So I
23 don't know. We certainly took all that into consideration.
24 We have a lot of conversations, looked back at old numbers,
25 talked to some of the folks out there in the industries.

1 And so, I don't know; I think it's a pretty conservative
2 number.

3 I think that -- you know, like anything else, I
4 talked a little bit about this when we started. One of the
5 things we have in place now, we have a much better building.
6 I want to talk about something else here. But our processes
7 in PIA, for lack of a better term, sucked and have sucked
8 for a long time when it comes to realtime information. And
9 so, one of the things that Bill's folks also worked real
10 hard on is getting us to a place where we have better
11 information to manage this. Because if you look at our
12 financials historically, we would put out a revenue number
13 and budget number about 45 days after the fact of a normal
14 process. So you're making decisions with the information,
15 at best, that's 45 days old. When it came to new fiscal
16 year, it may be 90 days before you got any information. And
17 so, if you didn't know the organization very well, it was
18 very difficult to manage -- even knowing it very well, it
19 was difficult to manage.

20 So some of the things that we've done -- and I
21 talked about a little bit in the beginning, but it bears
22 repeating -- with the tool we now call the Gross Margin
23 Analysis. It basically is the ability for everybody in the
24 organization to look realtime into what's being spent in all
25 the operations realtime to manage those budgets, to look at

1 where we're going. That was instrumental in us being able
2 to manage our way through this. And that's not going to end
3 with this new fiscal year. That tool's still available. We
4 meet on that regularly. But there's ability now for not
5 just myself -- because, before, what I had to do is I had to
6 call somebody, say, Hey, go get me this report. And by the
7 time I got the report back two or three days later, I forgot
8 what the hell I was asking for. I'm getting a little old.

9 And so, this thing is a tool where people -- not
10 just central office types, but in the field, administrators,
11 superintendents -- can all look in realtime and see where
12 they're at. They can see what their budget looks like.
13 They can see what they've spent. They can see what the
14 revenues are coming in. And so, that's a long way around
15 saying I think we got a good plan. But I think these tools
16 are going to allow us to pivot more quickly than they ever
17 have in the past.

18 One of the other things that is in there -- I heard
19 Bill talk about the two million dollars for Central Office.
20 Well, that two million dollars is earmarked. I'm not
21 talking about it today because we're not there yet, but I
22 suspect at the next board meeting. We have got to replace
23 our accounting system. It is old, antiquated, inefficient
24 and just needs to be -- if you go along with that GMA
25 motion, there needs to be an ability for people that are

1 running this organization to have a contemporary look at
2 what's going on in the organization. The ERPLX system that
3 we've got right now, we've made it work. The Enterprise
4 Resource Planning Tools, we've made it work. But it's
5 really pushed back into basically an accounting system.
6 Again, an accounting system that gives us data about 45 days
7 after the fact. And we've got to fix that. If this
8 organization is going to continue to be able to navigate
9 these uncertain times, you've got to have better, quicker,
10 faster information to make decisions on.

11 And so, in the Capital List there is two million
12 dollars for Central Office; that's going to be earmarked for
13 your ERPLX. We're not ready to present that yet. We're
14 still going through vendors and still having conversations.
15 But I suspect at the next board meeting in September or
16 early October, I'll be ready to do that.

17 Again, just to beat a dead horse here, we need
18 better information to make decisions on. We need people
19 that are running these operations to have more contemporary
20 information that they can use to manage these things better.
21 Because right now it's a struggle. That GMA tool is light
22 years ahead of us, light years. I was like a kid in a candy
23 store when they showed me that. Some people regret they
24 showed me that, right, because I was asking all kind of
25 questions around things that I could see realtime. I can

1 pull the information. It was a great step forward.

2 So that's a long way around your question, but I
3 think we've done a good job. And we obviously understand
4 that we work in prisons. We usually plan these things for
5 as far as capacity at about 80 percent because of that, and
6 so, I think we've done a good job, and we'll see as it
7 matures throughout the year.

8 BOARD MEMBER MARTIN: So just to follow up on that
9 ... you know, as I run my business, I always ask myself, is
10 it a need or a want? While I understand that there is a
11 need to change it out, is that something that we need to
12 spend the money on right now or even authorize at the
13 moment, not knowing what the current economy is going to do
14 and how the changes are doing.

15 I understand we approved the prior budget not
16 knowing what the economy was going to do. But being that
17 the economy has changed, maybe we should revisit what was
18 approved previously and not add additional burden to the
19 organization. And, you know, looking at B2 and B3, you
20 know, you've got, like you said, two million dollars for
21 Central Office, and then on B3, you've got a million-five in
22 contingency money that I'm not quite sure what that is
23 either. So, again, while I understand there's new capital
24 expenditures that are wanted -- I mean, are they necessarily
25 needed at the moment?

1 EXECUTIVE OFFICER WALKER: Sure. And I don't have
2 the number in front of me, but if you were to look at the
3 original list of capital expenditures approved by the board
4 the year before last, and last year -- primarily, the year
5 before last -- a great majority of that went by the wayside
6 because it was a want and not a need. Everything that's in
7 this budget right now is a need not a want. And if you look
8 at the numbers in there, they're pretty tame compared to
9 previous years. So we have gone through there multiple
10 times and I have pulled the plug on things that I think that
11 aren't essential to our operating.

12 We still have to, obviously, replace those pieces of
13 equipment that have ran their life cycle that's going to
14 cost us more money via overtime, via maintenance and repair,
15 et cetera, et cetera. So those are in there. So we've done
16 that; that's part of our job. That's what we have to do.
17 That's just being good business people. And so, that is
18 part of the conversation. And some of those conversations
19 are uncomfortable because people want to move things
20 forward. And there's a time and a place for that.

21 And to your point right now, it's not the time and
22 place. CCWF is a good example. I don't know where that's
23 going to end up at, so that money is not in here, because
24 I'm not going to spend \$10 million on something that may go
25 away in a couple of months. That's just not a good spend of

1 our money. And so we do that. We do it regularly.

2 So everything in here is a needs. So the 1.5 is
3 really about -- again, what you just said, the uncertainty,
4 right? I don't know what's going to happen in the next six
5 months. I don't know what critical piece of equipment is
6 going to break down in the next six months. I don't know
7 what other opportunity may be out there. And so, it's
8 important that the organization also retains some
9 flexibility so that we can manage through those crises as
10 they come up, because we can't wait three months to do some
11 of these things potentially.

12 So we're careful about that. I mean, I'm not out
13 here spending money like it's going out of style. I'm
14 trying to get -- trying to keep this organization at a very
15 solid footing, financially and otherwise. So part of our
16 job is to do that. So everything in here is not something
17 that we just put in there as a nice to have, it's a got to
18 have. A lot of stuff that we would like to do, quite
19 frankly, we're not going to do because right now is just not
20 the time to do that.

21 BOARD MEMBER MARTIN: So, Bill, correct me if I'm
22 wrong, you said this was in addition to what was approved
23 previously? I mean, you mentioned that some of the items
24 that were approved previously have no longer -- are no
25 longer on the agenda or on -- you know, coming up in the

1 future? So is it in addition to what was approved
2 previously by the board or is this what you're looking to
3 spend and some of the other stuff is actually going away and
4 not going to be spent from the prior budget?

5 CHIEF FINANCIAL OFFICER DAVIDSON: So the 6.36
6 million is new; these are requests that have never been
7 approved before -- or been presented -- or approved in the
8 past. The 10.9 million, the rollover items, are ones that
9 had been previously approved.

10 But exactly as Mr. Walker said, that number -- if we
11 take previously approved capital items that we had not
12 actually purchased, that number would be much larger than
13 that. That 10.9 million represents those items that are
14 truly identified as a need things that we need to go forward
15 with. Again, of the six million in new, three-and-a-half of
16 it is that contingency amount, so it's really just a little
17 over three million new actual capital items that we're
18 looking at.

19 BOARD MEMBER MARTIN: Thank you.

20 BOARD CHAIR DIAZ: Are there any other comments or
21 questions from the board? If the public would like to make
22 any comments, please dial Star Six and Jessica will take
23 care of the rest. Please state your name and affiliation.
24 Do we have any questions, Jessica?

25 BOARD SECRETARY MURRAY: Not at this time, we do

1 not.

2 BOARD MEMBER AGHAKHANIAN: Mr. Chair, I move that
3 the board approves the Annual Plan Designation for Cash for
4 Fiscal Year 2020 and 2021 to support the above operational
5 changes.

6 BOARD CHAIR DIAZ: Thank you, Member Aghakhanian.
7 Do we have a second?

8 BOARD MEMBER DAVISON: I'll second. This is
9 Davison.

10 BOARD CHAIR DIAZ: Second by Member Davison.
11 Call the roll, please.

12 BOARD SECRETARY MURRAY: Member Aghakhanian?

13 BOARD MEMBER AGHAKHANIAN: Aye.

14 BOARD SECRETARY MURRAY: Member Davison?

15 BOARD MEMBER DAVISON: Aye.

16 BOARD SECRETARY MURRAY: Thank you. Member Kelly?

17 BOARD MEMBER KELLY: Aye.

18 BOARD SECRETARY MURRAY: Member Jamison?

19 BOARD MEMBER JAMISON: Aye.

20 BOARD SECRETARY MURRAY: Member Jenkins?

21 BOARD MEMBER JENKINS: Aye.

22 BOARD SECRETARY MURRAY: Member Jennings? Looks
23 like, Mr. Jennings, you're on mute. If you can unmute
24 yourself.

25 BOARD MEMBER JENNINGS: Can you hear me now?

1 BOARD SECRETARY MURRAY: Yes, I can hear you. I'm
2 sorry, how did you vote?

3 BOARD MEMBER JENNINGS: Vote yes.

4 BOARD SECRETARY MURRAY: Thank you. Member Martin?

5 BOARD MEMBER MARTIN: Yes.

6 BOARD SECRETARY MURRAY: Member Webb?

7 BOARD MEMBER WEBB: Aye.

8 BOARD SECRETARY MURRAY: Vice-Chair Singh?

9 VICE-CHAIR SINGH: Yes.

10 BOARD SECRETARY MURRAY: And Chair Diaz?

11 BOARD CHAIR DIAZ: Yes.

12 BOARD SECRETARY MURRAY: Thank you. Motion passes
13 ten to ten.

14 BOARD CHAIR DIAZ: Thank you very much. Mr. Walker,
15 Action Item C, Amend Regulation, Title 15, Division 8,
16 Section 8007.

17 EXECUTIVE OFFICER WALKER: Thank you. Jeff Sly was
18 unable to attend today, so Randall Porter is giving backup
19 for him. Randall is a very capable young fella and he will
20 walk you through this amended regulation.

21 STAFF ATTORNEY PORTER: I appreciate those kind
22 words. I'll do my best here to fill in for Jeff Sly.

23 As executive Officer Walker said, my name is Randall
24 Porter, and I am staff attorney with CALPIA. I'm pleased to
25 be in front of Mr. Chair and the board this morning.

1 So Action Item C is an Action Item to Amend CALPIA's
2 Regulations. Specifically, we're talking about Title 15,
3 Division 8. We're asking to remove Section 8007 and add
4 Sections 8480-8487.

5 Now, the reason why we need to make these changes is
6 that CDCR changed its regulations to create a new process
7 for addressing and responding to inmate grievances and
8 appeals. Those changes took effect on June 1st, 2020.

9 Now, historically, CALPIA has followed CDCR's
10 regulations for responding to the inmate appeals, but that
11 practice is no longer an option for us. CDCR's new
12 regulations refer all CALPIA inmate grievances and appeals
13 directly to CALPIA. Since we don't have a process, we need
14 to create this. So the proposed Regulations 8480 through
15 8487 are regulations to create that process.

16 I'd be happy to answer any questions you guys might
17 have about those regulations. If not, I would ask this
18 board to approve the section.

19 EXECUTIVE OFFICER WALKER: Just for a little more
20 context there -- thank you for that, Randall -- the Cal --
21 the old system, I think I chaired with some of you, was a
22 cumbersome process and it took me a long time to get
23 through. The 602 process, the appeal process, all of those
24 things were really created originally to keep offenders --
25 give offenders an opportunity to use the vehicle within CDCR

1 before going into courts. Some of the -- going through the
2 old process has taken so long that it has become
3 ineffective; they end up in the court before they get
4 through the process. It can take years.

5 So this process, as I understand it, will slim it
6 down to about a 120-day process; it takes a number of steps,
7 from four down to two. So, hopefully, we can be more
8 responsive to offenders if there's an issue or concern they
9 have. And like Randall mentioned, we're following CDCR's
10 lead on this, but we've got to create our own step in which
11 we do that.

12 BOARD MEMBER JENKINS: This is Mack. I have a
13 couple of questions.

14 BOARD CHAIR DIAZ: Go ahead, Mack.

15 BOARD MEMBER JENKINS: So, first, if I'm tracking
16 correctly, CALPIA has to develop its own procedure for
17 handling these grievances. CDCR has already made their
18 changes. That's the first point, correct?

19 STAFF ATTORNEY PORTER: Yes.

20 BOARD CHAIR DIAZ: Correct.

21 BOARD MEMBER JENKINS: So, just generally, what
22 kinds of complaints or grievances come up from the CALPIA
23 workers? And then, I have another question after that. I'm
24 just curious, what kinds of things do they complain about?

25 EXECUTIVE OFFICER WALKER: I'll give you an example.

1 We had one where there was an offender that was a
2 transgender that was making allegations, comments that
3 CALPIA staff -- or CALPIA staff, in particular, would refuse
4 to address that offender by their chosen pronoun. So that's
5 one of them.

6 There's other ones that are out there that are not
7 necessarily staff complaints that we push back to the 602
8 process, where somebody didn't get a pay raise, right? And
9 so, it runs the whole gamut, Mack, of things that
10 potentially one can grieve about. Most of the ones we get,
11 they overstep the 602 process, which is a different process
12 than the staff complaint. And so, a lot of times we
13 actually push them back through the 602 process, where it
14 belongs.

15 There are some, like I mentioned the transgender,
16 which we really need to take a harder look at and make sure
17 we've got good protocols and expectations in place, and if
18 some remedial action needs to be taken, whether it be
19 training or otherwise disciplinary, we take them.

20 BOARD MEMBER JENKINS: Okay. That helps me a lot.
21 So the reason I ask that question is because I'm also seeing
22 this procedure -- clearly, it's designed to do what it says,
23 it's an administrative remedy to a complaint where the
24 inmates think they have been ill-treated.

25 So as an administrative resolution as it were, it's

1 meant to head off litigation, correct? It's meant to reduce
2 the likelihood of lawsuits against CALPIA and in that sense
3 -- I don't want to sound necessarily selfish here, but when
4 CALPIA gets sued, I expect that there's some exposure of
5 liability that exists for us as board members; would that
6 also be true?

7 EXECUTIVE OFFICER WALKER: Randall is probably
8 better to answer this than me. There's always some
9 exposure. I don't know --

10 STAFF ATTORNEY PORTER: Yeah, I can tell you they
11 teach you in law school to sue everyone that is there. So,
12 absolutely, you can be named in a lawsuit, but being
13 personally liable is a different story.

14 BOARD MEMBER JENKINS: Again, I'm not paranoid about
15 it at all, but I think it's a reality. We carry board
16 insurance and it's for things like that, at least that's
17 what I understand. So we should be concerned about this for
18 at least that reason.

19 Then, my other question is, do we currently -- or
20 have we historically tracked in CALPIA the number of
21 grievances that are submitted by the inmates and the
22 subsequent resolution? Do we have records of this those?

23 EXECUTIVE OFFICER WALKER: On the grievances, no.
24 They are in our records at specific institutions about
25 what's out there at the institution. And I'm not sure on

1 the staff complaint one if we've got anything or not.

2 STAFF ATTORNEY PORTER: No, we've been very
3 limitedly. It's because a lot of the institutions where
4 we've been doing this have been utilizing the process
5 loosely or not loosely, so -- (technical issues/inaudible)

6 BOARD MEMBER JENKINS: Then, I'm just going to offer
7 this as a lesson learned from my own experience. Maybe this
8 is not -- it's not on this Action Item that needs to happen,
9 but I think we have to track complaints and those
10 grievances. I think we have to keep a record of those
11 things.

12 For me, it's well-served in situations that -- when
13 I was running my agency, when I could show a record of --
14 when we did get into litigation situations, when I could
15 show a record of our efforts to have a procedure in place
16 for administrative solutions to kind of head off, again, as
17 we described here, you know, litigation at any rate.

18 I'm just suggesting that we give some thought to, if
19 we're not currently or haven't historically tracked and
20 recorded complaints and/or grievances -- and I am using
21 those terms interchangeably -- that we have some way of
22 keeping those records.

23 EXECUTIVE OFFICER WALKER: I think it's a great
24 recommendation. So if we're not -- I think it is
25 valuable -- (technical issues/inaudible) -- to see what kind

1 of pattern out there that we can start to emphasize training
2 to head off -- (technical issues/inaudible) -- I think it's
3 great.

4 BOARD MEMBER JENKINS: You hit the nail right on the
5 head, Scott. You hit the nail right on the head with that.
6 To kind of see what the patterns are. You might expose
7 policy gaps, you might expose training gaps. There's a lot
8 of things that you can see from recording the kinds of
9 complaints that come from the population that you're
10 serving. I think you hit the nail right on the head.

11 BOARD CHAIR DIAZ: So, Mack, I'll tell you that
12 within CDCR, that is one of the main reasons that CDCR
13 implemented this new appeal and grievance system so we can
14 track hot spots and create heat maps and address problem
15 areas, problem prisons, problem shifts, problem work sites,
16 problem employees, so we can get ahead of either staff
17 discipline or even policy issues that we see gaps in.
18 That's the main reason. So the tracking is going to be
19 critical. Within CDCR, we will --CDCR will work closely
20 with PIA in developing similar tracking.

21 BOARD MEMBER JENKINS: Thank you, Mr. Secretary.
22 With that, I vote in support of the change, but I don't know
23 if it needs a caveat. I really do think that what he just
24 said needs to move forward.

25 BOARD CHAIR DIAZ: Agreed.

1 STAFF ATTORNEY PORTER: Will do.

2 BOARD CHAIR DIAZ: Are there any comments from the
3 public? Anything, Jessica? Anybody teed up?

4 BOARD SECRETARY MURRAY: No, we do not.

5 BOARD MEMBER DAVISON: This is Dawn.

6 BOARD CHAIR DIAZ: Yes, Dawn?

7 BOARD MEMBER DAVISON: I have a comment. I know,
8 being a former warden, that usually the liability for being
9 sued, when it got to that point, came back on the warden no
10 matter -- I mean, if it was a PIA inmate or not, it ended up
11 the liability fell back on the warden getting sued.

12 But I think that it is an absolutely wonderful point
13 that I think it's great that CDCR has done this bifurcation
14 to ensure that staff complaints are addressed at the highest
15 level now and tracked separately. I know that early on
16 there was a process where that was supposed to be done, but
17 apparently it wasn't done as carefully as it should have
18 been, so I think that this is great. And PIA setting up
19 their own regulations to mirror that is great, too.

20 I think the point of now PIA developing their own
21 system because they will be responsible for the answering of
22 those staff complaints and signing off on those staff
23 complaints at that highest level of authority, that they
24 should be tracking them and not just relying on the
25 individual institutions to do that, which is probably what

1 was the case before, because the individual institutions
2 were tracking them, as you said, Ralph, very stringently.
3 But, still, PIA could do that and benefit from them, that
4 tracking as well. So I don't know if that needs to be put
5 into the regulation or not, but it's something that I think
6 that everybody could benefit from.

7 BOARD CHAIR DIAZ: Thank you, Board Member Davison.

8 BOARD MEMBER AGHAKHANIAN: Do we have a motion
9 already?

10 BOARD CHAIR DIAZ: I need a motion.

11 BOARD MEMBER AGHAKHANIAN: He already made the
12 notion; I would like to second it.

13 BOARD CHAIR DIAZ: Outstanding. Seconded by Mr.
14 Aghakhanian. Call the roll.

15 BOARD SECRETARY MURRAY: Member Aghakhanian?

16 BOARD MEMBER AGHAKHANIAN: Aye.

17 VICE-CHAIR SINGH: Aye.

18 BOARD SECRETARY MURRAY: Member Davison?

19 BOARD MEMBER DAVISON: Aye.

20 BOARD SECRETARY MURRAY: Member Kelly?

21 BOARD MEMBER KELLY: Yes, aye.

22 BOARD SECRETARY MURRAY: Member Jamison?

23 BOARD MEMBER JAMISON: Aye.

24 BOARD SECRETARY MURRAY: Member Jenkins?

25 BOARD MEMBER JENKINS: I vote aye. I'm not sure who

1 made the motion, but if it's recorded that I made the
2 motion, I'm comfortable with that.

3 BOARD CHAIR DIAZ: Thank you, Mack.

4 BOARD SECRETARY MURRAY: Member Jennings? Member
5 Jennings? (Inaudible) He might have dropped off.

6 Member Martin?

7 BOARD MEMBER MARTIN: Yes.

8 BOARD SECRETARY MURRAY: Member Webb?

9 BOARD MEMBER WEBB: Aye.

10 BOARD SECRETARY MURRAY: Member Singh -- I'm sorry,
11 Vice-Chair Singh?

12 BOARD CHAIR DIAZ: I believe he already voted "Aye";
13 I think so.

14 BOARD SECRETARY MURRAY: And Chair Diaz?

15 BOARD CHAIR DIAZ: Yes.

16 BOARD MEMBER JENNINGS: Can you hear me?

17 BOARD SECRETARY MURRAY: There you are,
18 Mr. Jennings.

19 BOARD MEMBER JENNINGS: I can barely hear you. My
20 vote is yes, if you can hear me.

21 BOARD SECRETARY MURRAY: Perfect. We can hear you.
22 Vote passes ten to ten.

23 BOARD CHAIR DIAZ: Thank you very much. We will now
24 move on to Action Item D, Amend Regulations Title 15,
25 Division 8, Section 8006, Inmate Overtime Pay.

1 STAFF ATTORNEY PORTER: Penal Code Section 2811
2 provides the general manager adopts and maintains
3 compensation schedules for inmates current schedules set
4 forth in our Regulations at 8006, which does not provide for
5 the payment of overtime wages.

6 Now, given the recent circumstances arising out of
7 the COVID-19 Pandemic, CALPIA went into increased hours at
8 several of our enterprises, which has resulted in
9 significant overtime hours. The general manager would like
10 to establish and use overtime rates as an incentive and to
11 compensate inmates for the extra efforts and hours worked in
12 this circumstance. Proposed amendment to Section 8006 will
13 establish overtime rates for the inmate compensation. I
14 would be happy to answer any questions anyone has.

15 BOARD CHAIR DIAZ: Are there any questions from the
16 board? All right. If there are any questions from the
17 public, please press Dial Six and the Board Secretary will
18 queue you up. Do we have any questions, Board Secretary?

19 BOARD SECRETARY MURRAY: I don't see anybody in
20 queue.

21 BOARD CHAIR DIAZ: So with that, if there are no
22 other questions, do we have a motion for Action Item D?

23 BOARD MEMBER JENNINGS: I can't hear anything. I
24 don't know if you can hear me or not?

25 BOARD CHAIR DIAZ: I can hear you, Bob.

1 BOARD SECRETARY MURRAY: We can hear you here. Can
2 you hear us?

3 BOARD CHAIR DIAZ: Is there a motion for Action
4 Item D?

5 BOARD MEMBER KELLY: Board Member Kelly; I move that
6 forward.

7 BOARD CHAIR DIAZ: Thank you, Board Member Kelly.
8 Do we have a second?

9 VICE-CHAIR SINGH: I second, Mr. President.

10 BOARD CHAIR DIAZ: Thank you, Vice-Chair Singh.
11 Board Secretary, call the roll.

12 BOARD SECRETARY MURRAY: Board Member Aghakhanian?

13 BOARD MEMBER AGHAKHANIAN: Yes, aye.

14 BOARD SECRETARY MURRAY: Thank you. Member Davison?

15 BOARD MEMBER DAVISON: Aye.

16 BOARD SECRETARY MURRAY: Member Kelly?

17 BOARD MEMBER KELLY: Aye.

18 BOARD SECRETARY MURRAY: Member Jamison?

19 BOARD MEMBER JAMISON: Aye.

20 BOARD SECRETARY MURRAY: Member Jenkins?

21 BOARD MEMBER JENKINS: Aye.

22 BOARD SECRETARY MURRAY: Board Member Jennings? Can
23 you hear us, Mr. Jennings?

24 BOARD MEMBER JENNINGS: Aye, if you're speaking to
25 me.

1 BOARD SECRETARY MURRAY: Thank you. Member Martin?

2 BOARD MEMBER MARTIN: Yes.

3 BOARD SECRETARY MURRAY: Member Webb?

4 BOARD MEMBER WEBB: Aye.

5 BOARD SECRETARY MURRAY: Vice-Chair Singh?

6 VICE-CHAIR SINGH: Yes.

7 BOARD SECRETARY MURRAY: Chair Diaz?

8 BOARD CHAIR DIAZ: Yes.

9 BOARD SECRETARY MURRAY: Motion passes ten to ten.

10 BOARD CHAIR DIAZ: Thank you, Board Secretary.

11 We're going to move on to Action Item E, as in Echo, Prison
12 Industry Board Ad Hoc Committees. I'll just -- if you'll
13 allow me, I would like to note that this is an opportunity
14 for the board members to continue to engage in the process
15 within PIA.

16 In the past year, the Department of Finance noted in
17 their audit that they would like the board to have more
18 oversight. Serving on these committees are great
19 opportunities for us to do so. You know, I think we're in
20 an age to where we are physically separated from workplaces
21 and I'm concerned, you know, at least within CDCR, with much
22 of the telework, that the communication diminishes, so I
23 look at this as an opportunity to increase communication
24 opportunities. So we're going to talk about it a little
25 more.

1 Scott, can you give us a little more background on
2 it?

3 EXECUTIVE OFFICER WALKER: Absolutely.

4 As Mr. Diaz mentioned, there's been some criticism
5 of the organization about not having enough oversight and
6 particularly board oversight. There was concerned raised by
7 Finance related to that. I suspect at SPB at some point --
8 not SPB -- BSA, CSA is going to echo those comments as well.
9 So I think there's a real opportunity to be mentioned here
10 for the board to really get more engaged with the
11 organization. I think everybody has done what they have
12 been asked to do at this point. I think this is just a
13 place where I think we need to increase that board oversight
14 and look into PIA, because I think it's important that the
15 General Manager and the organization has that group of
16 people like yourself with the knowledge, experience, the
17 political chops to help this organization more. To do that,
18 I think you really need to start to get deeper into the
19 organization and what's going on.

20 And so, what I'm hoping to do here -- what's been
21 done in the past -- let me back up. This has really been
22 directed by the General Manager as to what committees and
23 when and how and all the rest of those things -- And what
24 I'm hoping or typically or -- deliberately trying to do here
25 is push that direction for the subcommittees over to the

1 board.

2 Obviously, we're going to do staff and Suzie Changus
3 is going to support that effort and facilitate that effort,
4 but I think the board needs to be engaged with this
5 organization at a deeper level than necessarily it is right
6 now. Going out and looking at these enterprises, looking at
7 particular operations.

8 Brent Jamison, you brought up orchards -- right? --
9 going out and looking at that stuff and really talking to
10 the staff, talking to the people beyond the General Manager
11 so you can start to develop some thoughts and opinions and
12 be able to interject those into the organization, which I
13 think is going to make us all better. The more
14 communication you do, the more transparency, the more
15 questions people ask, I think makes the organization
16 stronger. I think the subcommittees are a real opportunity
17 to do that.

18 And so, I've listed in here some of these that have
19 been active in the past. Right now, the only one that I
20 know about that is active is the Financial Audit Committee,
21 which we'll talk about in a minute. But I think there's a
22 real opportunity here for us to do this. I will tell you
23 that my hope is that after we get these committees in place
24 and after we get some scope, some analysis, some outcomes
25 that we're looking for there, I think the next step this

1 organization needs to take is to go back and reevaluate the
2 need for an Executive Officer that is separate and apart
3 from the General Manager.

4 Part of that notion is -- and I've talked to a few
5 of you about this -- is that it will allow the General
6 Manager to focus on running the day-to-day stuff that needs
7 to be focused on because there's a lot of stuff that's going
8 on, and it would allow the Executive Officer to be a conduit
9 to the board, as well as the board if one person
10 communicated with them, but it would also allow that
11 Executive Officer to deal with some of the political things
12 that the General Manager now has to do both sides of that.

13 I think that at some point, you know, when I go back
14 into retirement, I think it's going to be very helpful if we
15 have that separation there and it's going to be difficult.
16 You got to make sure you get the right people, because you
17 don't want a pissing contest between those two. I think if
18 we do it right and get the board involved in these
19 subcommittees, I think with that oversight that I think this
20 organization would be in a much stronger place. Not that
21 it's not a great organization, not that it's not solid now,
22 but I think that is part of the evolution I think that we
23 need in this organization.

24 So, with that, the first step here is to hopefully
25 have Secretary Diaz appoint this executive ad hoc committee

1 that will help facilitate the -- either the reconfiguration
2 of the current subcommittee we've got here and/or
3 establishment of new subcommittees to provide greater
4 oversight for the organization.

5 So, with that, I will turn it back over to Secretary
6 Diaz for that.

7 BOARD CHAIR DIAZ: Thank you for that, Scott. I
8 guess for this Action Item, it is to establish an ad hoc
9 committee and, you know, that the board is good with
10 establishing one.

11 So I guess I would ask a question, Scott. If, when
12 the motion comes up, is it just the establishment of ad hoc
13 committee and then we select members after that or is part
14 of the vote to select the ad hoc committee and the members
15 at the same time?

16 EXECUTIVE OFFICER WALKER: I think we need to
17 establish the ad hoc committee via the vote and then from
18 there ask for volunteers. It's really your discretion on
19 who to appoint. It's really not a board action. You're the
20 weighing authority for that, those people on that committee.
21 But I want to have the board establish that executive ad hoc
22 committee, and then the notion will be, at some point, that
23 committee will come back with recommendations on additional
24 subcommittees, we'll go through that same process of
25 establishing those formally so I can get all that stuff into

1 board policy.

2 BOARD CHAIR DIAZ: Okay, so I guess, even before we
3 go on to the vote, just so I know, are there any board
4 members interested in participating to serve on the ad hoc
5 committee?

6 BOARD MEMBER JENKINS: This is Mack. I will
7 cautiously raise my hand as being interested and serving on
8 the committee. But I do have a couple of questions and
9 comments about it. I don't know if now is the time,
10 Mr. Secretary?

11 BOARD CHAIR DIAZ: Now is fine, while others think
12 of their desire to participate. I see brains out there
13 wanting to participate.

14 BOARD MEMBER JENKINS: So, like I said, I always
15 want to contribute, so I would be willing -- and I have some
16 time, so I would be willing to serve.

17 But what I will, I guess, suggest -- it has to be
18 part of the conversation. When committees like this get
19 formed on a board, my experience is that it can create
20 problems between the authority of the Executive Officer and
21 the committee's role, so that a part of the effort has to be
22 as clear a delineation as possible of that line of
23 demarcation, if you understand what I'm saying? Because
24 when that's not clear between the authority and the role of
25 the ad hoc or executive committee and the Executive Officer,

1 it can make problems worse. And we don't want it to be
2 confusing, certainly, to our staff, nor to Scott or whoever
3 holds that position. It's not just Scott's in it now, but
4 it's as important for whoever follows Scott.

5 So, all that I'm saying is, my experience tells me
6 care has to be taken when we create a committee like this
7 and make sure that we memorialize, codify or whatever is the
8 word to lay down clearly where the ultimate authority lies.
9 Hopefully, that makes sense?

10 BOARD CHAIR DIAZ: I totally understand, because I
11 can only relate it to the oversight that Corrections has,
12 CDCR. There's a little bit of oversight over us and
13 sometimes that oversight feels as if they're running the
14 organization versus CDCR running the organization --

15 BOARD MEMBER JENKINS: Right.

16 BOARD CHAIR DIAZ: -- and oversight then becomes
17 almost adversarial.

18 BOARD MEMBER JENKINS: Right. Exactly. We don't
19 want that.

20 BOARD CHAIR DIAZ: We don't want that. So I guess
21 the establishment of an ad hoc committee, but then the
22 language on the parameters of what that oversight and
23 authority is, whether it be oversight and recommendations to
24 the board and the board takes action -- I guess that can
25 come -- the guidelines, the framework of what that ad hoc

1 committee should look like. I know we're not prepared to
2 establish that at this meeting. But I would think that we
3 should establish the ad hoc and then separately create the
4 parameters and framework of what the authority is and then
5 bring that back to the board. Is that fair?

6 BOARD MEMBER JENKINS: I think it's fair. I think
7 it's very fair. I think it's a good plan. Does make me ask
8 the question -- I apologize if this has been answered --
9 what's the impetus, again, for the creation of the ad hoc?

10 BOARD CHAIR DIAZ: Go ahead, Scott.

11 EXECUTIVE OFFICER WALKER: The objective of the ad
12 hoc committee is, one, to meet with the board, to have them
13 opine, give their opinions on what subcommittee needs to
14 establish ongoing, right? So what subcommittee is there out
15 there that we need to establish and/or invigorate,
16 reinvigorate, to provide that oversight? Right.

17 I want some perspective from the board to give that
18 direction on what -- do we need an inmate employability
19 subcommittee? Do we need a legislative subcommittee? Do we
20 need development and operations subcommittees? I want the
21 ad hoc committee to think through that and provide some
22 recommendations about, again, either reinvigorating those so
23 we can put people on those and really put that framework
24 together. Because I share your concerns as well, there's
25 got to be some clear lines about who's responsible for what

1 and what that reporting is. I've see that go badly in the
2 past, even at PIA.

3 But the goal of that executive ad hoc committee,
4 Mack, is just to look at what subcommittee would be useful
5 for the board in their role of oversight.

6 BOARD MEMBER JENKINS: Thank you, Scott.

7 BOARD MEMBER MARTIN: This is Felipe Martin. Mack,
8 well said as far as the ad hoc committee. I couldn't
9 express it any better than you did. I would agree, we
10 definitely need to have exact definition as to what it is
11 the ad hoc committee is going to be doing.

12 I serve on the COC committee, which is Citizens
13 Oversight Committee, for the Elk Grove School District, and
14 there's specific guidelines as to what our roles are. It
15 allows us to oversee what's going on but not necessarily
16 direct what happens. So we definitely need to have that.

17 And, Chairman Diaz, I also appreciate what you said,
18 maybe we establish the ad hoc committee now, but we
19 definitely need those guidelines as to what that ad hoc
20 committee is going to be doing to ensure that we stay within
21 our boundaries and we don't have that adversarial
22 relationship, that if I were to volunteer, we have that
23 cohesive environment that we have now that we're working
24 together, and while we understand what our roles are and
25 what we're trying to establish and what, you know, Bill is

1 trying to do, we move forward in that direction.

2 BOARD CHAIR DIAZ: Much appreciated. Thank you.
3 What I'm thinking is, like, it's already been discussed, the
4 establishment of ad hoc committee, but then if the board
5 approves, myself and Mr. Walker will work together on the
6 framework of what that is and then bring that back to the
7 board. I don't know if it would be an Action Item or an
8 Informational Item. I think that's how I would frame up
9 this Action Item for ad hoc.

10 BOARD MEMBER AGHAKHANIAN: I move the board approve
11 the creation of an ad hoc committee.

12 VICE-CHAIR SINGH: I second it.

13 BOARD MEMBER DAVISON: Can you hear me? Can I make
14 a comment before we move on?

15 BOARD CHAIR DIAZ: Yes.

16 BOARD MEMBER DAVISON: First off, I will throw my
17 hat in the ring as well. But I've been on several boards as
18 well, and there's a clear line delineation between
19 government and operational interference, and I think that's
20 what we're all talking about, and that's what has to be very
21 clear, that the board still remains in an advisory role to
22 the Executive Manager, the General Manager and the Executive
23 Officer in a governance role and that it's too involved in
24 the operational aspect.

25 The other problem that I have seen in my board work

1 when you develop an executive committee, which is what we're
2 talking about today, an establishment of an ad hoc executive
3 committee, is sometimes I have seen where an executive
4 committee gets together and they start making decisions and
5 the rest of the board feels like they're being left out and
6 the rationale behind the decision making isn't communicated
7 effectively to the rest of the board and there can be
8 resentment built up. So it's kind of a double-edged sword
9 that the executive committee, when committing to that role,
10 has to be careful about.

11 So I just offer that as a comment, and as I do that,
12 I still say I will throw my hat in the ring to work on that
13 as well.

14 BOARD CHAIR DIAZ: Thank you, Board Member Davison.
15 So I appreciate the interest from Board Member Jenkins,
16 Board Member Felipe and yourself, Board Member Davison. And
17 we do have a motion by Board Member Armond, seconded by
18 Vice-Chair Singh --

19 BOARD MEMBER KELLY: This is Board Member Kelly. I
20 would like to say one thing before we go any farther.
21 Before -- and while we're doing this ad hoc committee, I
22 think we should have our attorney give us a written
23 statement of what the board duties are, because -- I'm going
24 to channel Mr. Greenstone here -- the board is in charge of
25 everything that goes on at PIA; we're responsible for that.

1 And by setting up an ad hoc committee, I just need to make
2 sure that all of our members know what our duties really
3 are, what all of us have to do, and we rely a lot on our
4 staff to get things done. I believe the board is still the
5 end all as to running the facility. I want to make sure
6 that everyone understands their duties.

7 BOARD CHAIR DIAZ: You're 100 percent correct. That
8 is great advice. We will incorporate that as the framework
9 of what the ad hoc committee is to be done, what the
10 parameters are with the legal department.

11 So we have a motion and a second. Jessica, call the
12 roll.

13 BOARD SECRETARY MURRAY: Let me make sure before we
14 do that if we have any comments from the public.

15 BOARD CHAIR DIAZ: I'm sorry. Go ahead.

16 BOARD SECRETARY MURRAY: We do not have anyone in
17 queue, so I will call the roll.

18 Member Aghakhanian?

19 BOARD MEMBER AGHAKHANIAN: Aye.

20 BOARD SECRETARY MURRAY: Member Davison?

21 BOARD MEMBER DAVISON: Yes.

22 BOARD SECRETARY MURRAY: Member Kelly?

23 BOARD MEMBER KELLY: Yes.

24 BOARD SECRETARY MURRAY: Member Jamison?

25 BOARD MEMBER JAMISON: Yes.

1 BOARD SECRETARY MURRAY: Member Jenkins?
2 BOARD MEMBER JENKINS: Trying to come off mute.
3 BOARD SECRETARY MURRAY: We can hear you.
4 BOARD MEMBER JENKINS: Yes, yes.
5 BOARD SECRETARY MURRAY: Member Jennings?
6 BOARD MEMBER JENNINGS: Yes. Did you hear me?
7 BOARD SECRETARY MURRAY: Yes, we can hear you.
8 Member Martin?
9 BOARD MEMBER MARTIN: Yes.
10 BOARD SECRETARY MURRAY: Member Webb?
11 BOARD MEMBER WEBB: Aye.
12 BOARD SECRETARY MURRAY: Vice-Chair Singh?
13 VICE-CHAIR SINGH: Yes.
14 BOARD SECRETARY MURRAY: And Chair Diaz?
15 BOARD CHAIR DIAZ: Yes.
16 BOARD SECRETARY MURRAY: Motion passes ten to ten.
17 BOARD CHAIR DIAZ: Thank you very much, Board
18 Secretary.
19 We're going to move onto Action Item F, MGO Audit
20 Report for Fiscal Year 18-19. Mr. Walker?
21 EXECUTIVE OFFICER WALKER: I'm going to call
22 Mr. Davidson up here again. Should be quick, short and
23 sweet.
24 CHIEF FINANCIAL OFFICER DAVIDSON: It will be. I
25 appreciate you saving the most exciting Action Item for last

1 here.

2 So, on June 11, a couple of weeks ago, the audit
3 firm of Macias, Gini & O'Connell (MGO) completed their audit
4 of CALPIA's financial statements for the fiscal year that
5 ended June 30, 2019, and the following day, Scott Brunner
6 from MGO, he briefed the Audit Committee, which consists of
7 Vice-Chair Singh and Members Davison and Jamison, on the
8 audit report. And Exhibit F2 in your binder provides a
9 summary of that briefing.

10 I'll just hit just a couple of quick notes from
11 MGO's audit report. So they didn't issue an unmodified
12 opinion for fiscal year ended June 30, 2019. It's the same
13 opinion that was issued for the prior fiscal year. Our
14 report states -- and I'll quote from the report -- "In our
15 opinion, the financial statements referred to above, present
16 fairly in all material respects the financial position of
17 CALPIA as of June 30, 2019 and 2018 and changes in its
18 financial position and its cash flows for the fiscal years
19 then ended, in conformity with the accounting principles
20 generally accepted in the United States of America."

21 So, in terms of their review over our internal
22 controls in financial reporting, MGO did not have any
23 findings regarding our internal controls. I'll quote again
24 their report which states, "During our audit, we did not
25 identify any deficiencies in internal control that we

1 consider to be material weaknesses."

2 Secondly, MGO did not identify any other instances
3 of noncompliance with any other matters that they would be
4 required to report under government auditing standards.

5 Finally, they did not identify any material
6 misstatements during the course of their audit procedures
7 nor did they encounter any disagreements with CALPIA
8 management. So that's a basic summary of MGO's audit of our
9 financial statements.

10 As you recall, in the past, this has traditionally
11 been an Information Item. Last year, it was determined that
12 the board would like us to be an Action Item to vote to
13 adopt or to approve MGO's report, and so that we just again
14 ask for approval or adoption of MGO's audit report.

15 BOARD MEMBER JENNINGS: I move we accept the report.

16 BOARD CHAIR DIAZ: Thank you, Mr. Davidson.

17 We have a motion by Board Member Jennings and a
18 second by Board Member Aghan --

19 BOARD MEMBER AGHAKHANIAN: Armand.

20 BOARD CHAIR DIAZ: Armand, I'm sorry.

21 BOARD MEMBER AGHAKHANIAN: Aghakhanian; you almost
22 had it. (Laughter)

23 BOARD CHAIR DIAZ: Yes, I almost had it. All right.
24 So are there any questions from the public before we vote?

25 BOARD SECRETARY MURRAY: We do not have anybody in

1 queue.

2 BOARD CHAIR DIAZ: Very well. We have a motion to

3 second. Could you call the roll?

4 BOARD SECRETARY MURRAY: Member Aghakhanian?

5 BOARD MEMBER AGHAKHANIAN: Aye.

6 BOARD SECRETARY MURRAY: Member Davison?

7 BOARD MEMBER DAVISON: Aye.

8 BOARD SECRETARY MURRAY: Member Kelly?

9 BOARD MEMBER KELLY: Aye.

10 BOARD SECRETARY MURRAY: Member Jamison?

11 BOARD MEMBER JAMISON: Aye.

12 BOARD SECRETARY MURRAY: Member Jenkins?

13 BOARD MEMBER JENKINS: Aye.

14 BOARD SECRETARY MURRAY: Member Jennings?

15 BOARD MEMBER JENNINGS: Aye.

16 BOARD SECRETARY MURRAY: Member Martin?

17 BOARD MEMBER MARTIN: Yes.

18 BOARD SECRETARY MURRAY: Member Webb?

19 BOARD MEMBER WEBB: Aye.

20 BOARD SECRETARY MURRAY: And Vice-Chair Singh?

21 VICE-CHAIR SINGH: Yes.

22 BOARD SECRETARY MURRAY: Chair Diaz?

23 BOARD CHAIR DIAZ: Yes.

24 BOARD SECRETARY MURRAY: Motion passes ten to ten.

25 BOARD CHAIR DIAZ: Thank you very much. We will

1 move on to Information Item G, Lost Hours Fiscal Year 19-20
2 third quarter.

3 EXECUTIVE OFFICER WALKER: Mr. Fisher is here to
4 make that report.

5 RANDY FISHER: Good morning, Mr. Chair, members of
6 the board. My name is Randy Fisher, and I'm the Assistant
7 General Manager for Workforce Development of the California
8 Prison Industry Board.

9 I want to say welcome to everyone. It's nice to see
10 all your faces, those of you on Zoom. Thank goodness for
11 Zoom; good to see you all and it's good to hear the voices
12 of the folks I can't actually see.

13 We had a busy third quarter, so I have a couple of
14 topics that I'd like to talk about briefly. As you know,
15 the board gives a general report with respect to Lost Hours.
16 I'm going to talk about Lost Hours today. Also, the credit
17 certifications we've had, apprenticeship programs,
18 transitions to employment, and also a brief discussion with
19 respect to CDCR's Integrated Substance Use Disorder
20 Treatment program.

21 If you'll please turn in your binder to Section G,
22 we'll go through the updates. The update today provides for
23 Fiscal Year 19-20 third quarter, and that covers the period
24 of time from January through March 2020.

25 With respect to the Lost Hours, you know, that is a

1 mechanism that we utilize to measure and analyze the
2 production time that is lost in the field for offender
3 employees based on total hours available during the quarter.
4 During the third quarter of this fiscal year, available
5 hours and actual paid hours, which is the aggregate totals,
6 decreased by two percent and six percent respectively. This
7 is a result of the deactivation of the General Facilities
8 Maintenance Program and the January 1st, 2020, realignment
9 of the offender budgeted positions.

10 If you look at page two, there's a graph on top of
11 there that I can talk to you a little bit about and give you
12 information on that process. Also, the overall lost hours
13 decreased as a whole by 14 percent during this period, which
14 is a very good number for us, those numbers in reduction as
15 much as possible.

16 We categorize Lost Hours into several identifiable
17 areas, as you'll note on that graph. We have Custody,
18 Ducats, Industry-Related, Vacancies and Others. There also
19 some graphs on the back if you folks would like to take a
20 more detailed look at that.

21 The Vacant, Industry-Related and Other lost hours
22 all decreased during this third quarter; Vacant lost hours
23 had the most significant increase by 30 percent. It's a
24 huge number for us. That was mainly due to the offender
25 assignments being filled in a timely manner by our

1 administrator out there in the field as well as the
2 assistance with the Workforce Development Coordinators. Our
3 Industrial-Related lost hours also declined by about
4 16 percent during this last quarter.

5 I did want to point out that at the California
6 Treatment Facility, if you look at the graph, there was a
7 spike in those hours, which was mainly due to the fact that
8 they were able to complete furniture orders early in
9 January, February, March, which reduced the lost time.
10 There was also an increase in Custody at lost hours, a
11 slight increase in Ducated lost hours during this time.
12 There was a couple reasons with respect to that. For
13 example, there were several riots and there was two
14 homicides at Solano State Prison, which created a long-term
15 lockdown, as well as in March, many of the institutions
16 began to get impacted by the COVID-19 Pandemic and reduced
17 some of our operating time.

18 Towards the end of this reporting order, the
19 beginning effects of Corona Virus started to affect CALPIA
20 statewide. As a result, we anticipate that, although, the
21 numbers this quarter were very good, that the next quarter
22 we will probably see a significant drop in those areas. But
23 I just want to report that to you folks so you can take a
24 look at it.

25 That's all I have with respect to Lost Hours. If

1 there's any questions?

2 I will talk a little bit more about some of our
3 other programs. First of all, credit certifications,
4 California Industry Employment Program also tracks and
5 credits certifications statewide. These certifications are
6 from nationally-recognized organizations and companies who
7 complete the requirements of this respective certifications.
8 As a point of clarification, CALPIA currently has 134 unique
9 and credited certifications statewide.

10 In the third quarter, there were 4,630 offenders who
11 enrolled in a credit certification course -- courses, excuse
12 me, and 4,626 were actually closed. So we made some great
13 end roads in that area.

14 Speaking briefly on apprenticeship programs, there
15 were 2,356 of our offenders who were registered into a state
16 apprenticeship program during this last quarter that we're
17 speaking of now, in January to March. As of the third
18 quarter, 820 of those offenders have completed this
19 statewide apprenticeship programs in the various areas.

20 Finally, I want to talk briefly about the Transition
21 To Employment program. As you know, CALPIA actively
22 supports transitioning offenders by providing customized
23 re-entry packets upon their release. These packets include
24 the list of offender's job history that they have with our
25 organization as well as the education they have received.

1 We'll assist them with DMV appointments. If requested,
2 we'll actually get them a birth certificate that they can
3 receive when they get released, and we also assist with
4 social security cards and other information to help them
5 seek employment once they get out. We did, during this
6 period, 180 transitional packets for parole and CALPIA
7 offenders.

8 It's important to note that a total of 588 of those
9 transition packets have been generated to the first
10 three-quarters of fiscal year 2019 to 2020. By comparison,
11 last fiscal year, we were only able to do 572 transitional
12 packets. So, even though we have a full quarter report on
13 it, we've already exceeded last year's numbers. We've been
14 fairly successful in those areas, with our Workforce
15 Development Coordinators and partnering with the
16 administrators out in the field.

17 Lastly, I want to talk briefly about the Integrative
18 Substance Use Disorder Treatment program, known as ISUDT.
19 On January 1st, 2020, the Department of Correction
20 Rehabilitations implemented the ISUDT program. This program
21 is to combine a comprehensive evidence-based program to
22 implement, identify offenders at risk for substance abuse
23 disorder and related harm and treatment. It's also provided
24 so that they'll in-house -- when they're in the facilities,
25 they'll receive this treatment, and also assist them when

1 they get outside to their outside lives.

2 We've been partnering with CDCR list for the last
3 several months and are prepared to mainly two goal; one is,
4 first, we have our central office staff have been attending
5 weekly ISUDT meetings with the CDCR and the receiver's
6 office in developing a partnership with those processes and
7 making sure they have the needs that they have and how we
8 can assist. Also, our staff have been partnering with the
9 wardens, correctional health care officers and Department of
10 Rehabilitative Programs at the facility level to work
11 through and work on schedules so that, hopefully, they can
12 receive those ISUDT scheduled trainings that they have and
13 the math program, but has little impact to CALPIA
14 assignments. We've been fairly successful. Corrections now
15 is just beginning to implement, again, COVID slow-down
16 implementation of process but, once again, in the partnering
17 relationship, moving that process forward.

18 With that, that is all I have to report. If there's
19 any questions, I would be happy to answer them.

20 BOARD CHAIR DIAZ: Thank you very much. Are there
21 any questions from the board?

22 BOARD MEMBER DAVISON: Randy, this is Dawn. With
23 the advent of the Workforce Development Coordinators, the
24 retired annuitants no longer being on board, what's the
25 impact going to be on those -- the packets being done? Or

1 are they coming back in the new fiscal year?

2 RANDY FISHER: With the existing budget that was
3 just approved, we are maintaining -- I believe we're
4 shooting for 12 of the Workforce Development Coordinators to
5 continue, but we will be taking that group and moving them
6 across the various institutions to have additional coverage,
7 and it may do some reduction. But we're actually modifying
8 a program with respect to these packets, too. There's a
9 booklet being developed with the offenders to move them
10 through the process, so hopefully we can maintain at least
11 the packet level, but there probably will be some reduction
12 in the actual one-on-one communication we can do with those
13 offenders.

14 BOARD MEMBER DAVISON: Thank you.

15 BOARD MEMBER JENNINGS: Randy, this is Bob Jennings.

16 RANDY FISHER: Yes, sir?

17 BOARD MEMBER JENNINGS: Do you have a number on the
18 number of inmates that transitioned into the building trades
19 apprenticeship programs?

20 RANDY FISHER: It's interesting you asked that
21 question. We've just been doing some number runs within our
22 organization of tracking it. We can actually track those
23 now based -- I think you both realized that through your
24 board item, when they actually go and get into the
25 apprenticeship programs on the outside, we will reimburse

1 the tuition and, plus, provide them tools.

2 We're actually gathering some data now on how many
3 of those certificates have come. I can tell you, at least
4 in the last month, which is not exactly a period, we
5 received probably at least six or seven requests just in one
6 monthly period for reimbursement. So that's our benchmark
7 now. We're working on now trying to get some more
8 consistent or more accurate numbers. But right now, we're
9 looking at usually a half dozen or more per month tend to
10 come in.

11 BOARD MEMBER JENNINGS: That's good. Thank you.

12 BOARD MEMBER JENKINS: This is Mack. I have a quick
13 question.

14 One, I really like this topic a lot. And I
15 apologize if I missed this, but those packets, those like --
16 those employment packets; I forget what they're called --
17 who are they specifically designed for in the content?

18 RANDY FISHER: The process is that if we have an
19 offender who is within six months of release or more that --
20 the way our policy is currently written -- our workforce
21 coordinators and administrators to the offender and we sit
22 down with them, and there's a questionnaire that we actually
23 fill out with that individual. Say, okay, been through
24 these classes with CALPIA. Are you interested in becoming a
25 carpenter because you've had the training, or interested in

1 health facility, that sort of stuff. We also find out where
2 they're getting paroled, that information. Based on that
3 flyer, the information that they ask, they request, we will
4 develop an individual packet for those folks and deliver it
5 to them based on their requests. That's one piece that
6 we're doing now.

7 We're also actually working now a partnership with
8 our prison to employment piece to give this to the AGCCs out
9 in the field to give them that information as well to help
10 those offenders. But the packet is what we give each
11 individual one.

12 BOARD MEMBER JENKINS: Scott knows this, but I also
13 sit on a board that supports social enterprises around the
14 state and it's expanding actually around the country. What
15 that board does is support social enterprises who targets a
16 re-entry population. They're specifically looking to take
17 to sustainable employment individuals who are leaving
18 incarceration, and with the work, you know, that CALPIA is
19 clearly doing with all of the inmates that are active in our
20 programs, you know, some -- a great many of them are coming
21 out with employable skills.

22 I'm looking to -- Scott and I are looking to have
23 another conversation with the executive director of the
24 board that I sit on to explore some opportunities there.

25 RANDY FISHER: We've been trying to move that

1 forward. To be honest, Covid actually reduced our ability
2 to go outside now and partner with those. That's one that
3 we can start when this is all over. I'm sure that's what we
4 would like to have happen.

5 BOARD CHAIR DIAZ: Thank you very much. Are there
6 any other questions on the Info Item? Thank you very much,
7 Randy. So we're going to move onto our External Affairs
8 Update.

9 MICHELE KANE: Good morning everyone. Nice to see
10 all of you. I'm Michele Kane, Assistant General Manager,
11 External Affairs.

12 CALPIA has been doing an incredible job while we've
13 been navigating through this pandemic. In the last few
14 months since COVID-19, CALPIA has received media coverage,
15 of course, on our hand sanitizer production, our face masks.
16 So proud of our CALPIA teams. We were able to provide those
17 cloth barrier masks to the entire incarcerated population as
18 well as all staff, CDCR staff, not to mention redirect our
19 enterprises to help provide these emergency supplies.

20 Moving forward, we are looking at honoring people
21 who graduate from our programs. A lot of talk has been
22 about how are we going to move forward, how are we going to
23 honor the men and women in our programs, how are we going to
24 give them certifications. We want to just make sure that we
25 include family and friends in all of this as well as keeping

1 everyone safe and healthy.

2 We have been coordinating with our Management
3 Information Systems teams -- Suzie and her team have been
4 doing an incredible job -- and looking at the future of
5 digital graduations and what they're going to look like as
6 well as through videoconferencing, like what we're doing
7 right now. Our goal, of course, is to make sure that the
8 families, they get to watch these ceremonies, whether it's
9 through a recorded link. We're working it out right now.
10 Of course, practice social distancing, wearing the face
11 mask, limit the number of graduates, as well as offering
12 several sessions rather than just one big session. When
13 we're able to secure some dates, we will send them your way.
14 We have one tentatively set up at CCWF -- we're just
15 watching Covid right now -- and that's going to be in July.

16 On the legislation front, I've been tracking some
17 bills that could affect CALPIA. The first one is AB 2028.
18 This bill requires state agencies to post all relevant
19 documents regarding an Agenda Item at least 48 hours or the
20 same day they are provided to the state body, which, in
21 turn, sometimes is 10 days in advance.

22 Right now, of course, we're posting our Agenda Item,
23 just our board agenda, as well as some information, but this
24 would include all documents, all written materials to be
25 posted, of course. It helps with transparency. So this

1 bill is in the works right now. It's in the senate
2 committee on governmental organization. It did pass through
3 the assembly. So we're tracking that. It does not include
4 documents, of course, on closed sessions.

5 The next few bills, they're centered around license
6 plates right now. At this point, there has not been a lot
7 of movement on those. They're held right now in the
8 assembly senate transportation committees. AB 2091, this
9 bill will directly sponsor 2028 Los Angeles Summer Olympics
10 license plate program; AB 2571 would establish an eight-
11 letter license plate, and that would be for the Natural and
12 Agricultural Open Space and State Recreation Support Fund;
13 AB 3004, that would establish a Go Green specialized license
14 plate for zero emission vehicles; SB 1027 that would create
15 the Endless Summer specialized program license plate; and SB
16 1223, that would require State Department of Education to
17 apply to the DMV to sponsor a mental health awareness plate.
18 Of course, if these bills pass, you know that specialized
19 license plates, the DMV needs to receive about 7500 orders
20 before production begins on our end.

21 Lastly, in your board binders, you will find a copy
22 of CALPIA's newsletter, spring edition. Hopefully, you can
23 thumb through that. This is a positive way we are now
24 connecting and communicating with staff. We are working on
25 the summer edition right now. We should have that done next

1 week. And through these newsletters, daily emails that
2 we've been sending out to all staff for two months -- now
3 we're sending them out weekly -- all our Zoom business
4 calls, business spec. calls we're connecting, we're trying
5 to work hard and stay positive, of course, in these
6 uncertain times.

7 With that, I hope y'all have a happy Fourth Of July.
8 That's next weekend. Also a happy birthday to that guy over
9 there, that social distancing, but his birthday is next
10 week.

11 BOARD CHAIR DIAZ: Thank you for that, Michele.
12 Early happy birthday to you, Scott.

13 EXECUTIVE OFFICER WALKER: Thank you.

14 BOARD CHAIR DIAZ: Any questions for Michele from
15 the board? Thank you very much, Michele. Always appreciate
16 your updates.

17 Now we're going to move on to the portion of the
18 meeting reserved for Comment regarding items not on the
19 agenda. Under the Bagley-Keene Act, the Board cannot act on
20 these items raised during public comment, but may respond
21 briefly to statements made by or questions posted or it may
22 request clarification or refer items to the staff. If you
23 have any of those questions, please press Star Six to speak.
24 The meeting organizer will put you in the queue. Please
25 state your full name, affiliation, before you comment.

1 Board Secretary, do we have anyone in the queue?

2 BOARD SECRETARY MURRAY: We do not have anybody.

3 BOARD CHAIR DIAZ: So we have no one in the queue.

4 This concludes our Prison Industry Board Member
5 meeting for June 25th, 2020.

6 I want to thank you all for wrangling ourselves
7 together in this new medium. I look forward to the day when
8 we can be back in a room together talking and sharing. I
9 really enjoy seeing you. I've got to say, I really miss
10 being around all of you physically. I wish you all much
11 health and safety. Let's keep on communicating.

12 Is there a motion to adjourn this meeting?

13 BOARD MEMBER JAMISON: This is Board Member Jamison.
14 I'll raise a motion to adjourn.

15 BOARD CHAIR DIAZ: Motion by Board Member Jamison.
16 Second?

17 BOARD MEMBER JENNINGS: Second.

18 BOARD CHAIR DIAZ: Second by Board Member Jennings.
19 All in favor?

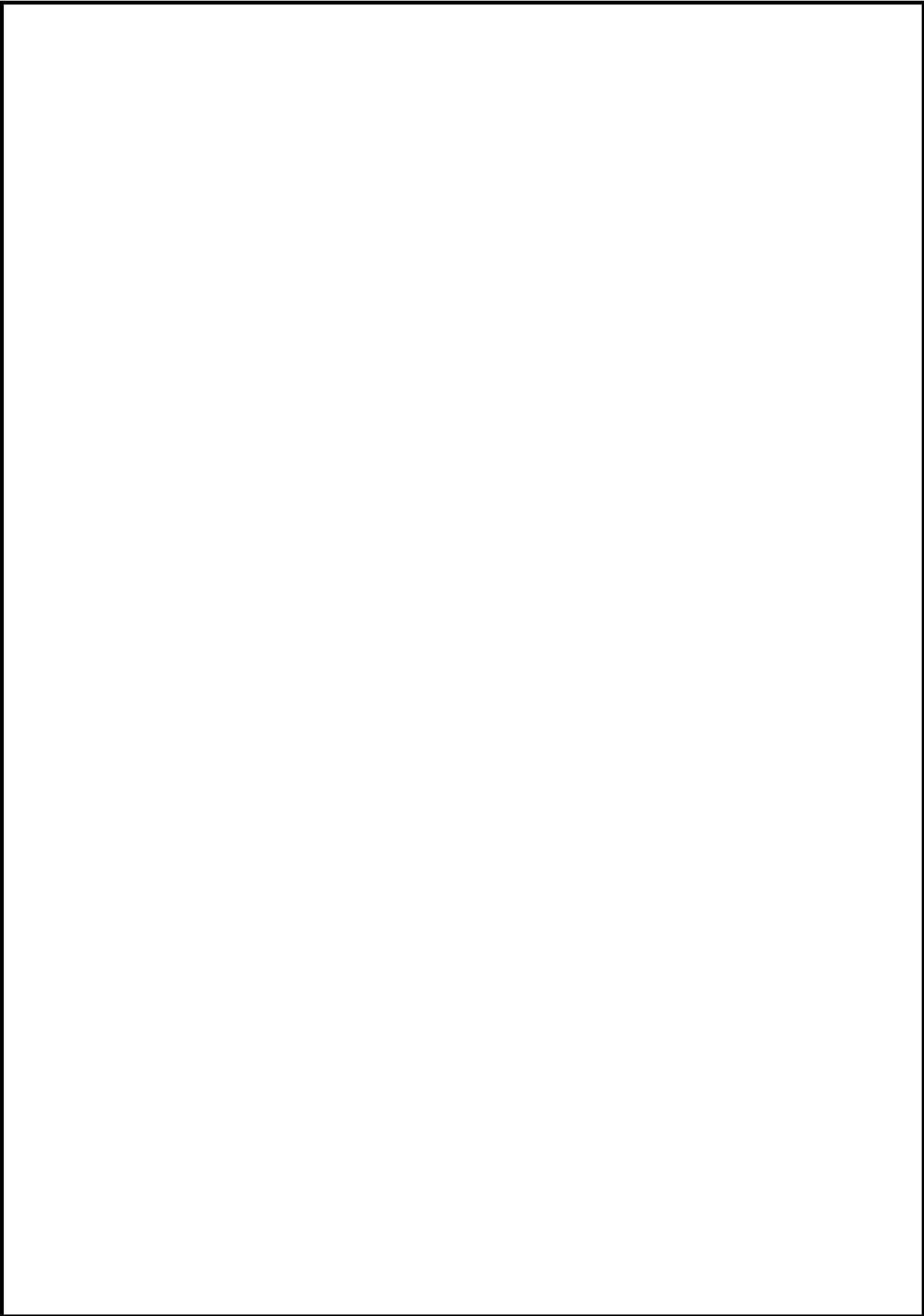
20 ALL BOARD MEMBERS: Aye.

21 BOARD CHAIR DIAZ: Sounds like we have a unanimous.
22 So the motion carries and the meeting is adjourned at 11:55.
23 Thank you all.

24 (Hearing adjourned at 11:55 a.m.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
)
COUNTY OF CONTRA COSTA)

I, ANN R. LEITZ, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the CALPIA Board Meeting was taken before me via ZOOM, in shorthand writing, and was thereafter transcribed, and is a true and correct transcript of my shorthand notes so taken.

I further certify that I am not in any way interested in the outcome of said meeting.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated this 2nd day of July, 2020

/s:/Ann R. Leitz

ANN R. LEITZ, CSR NO. 9149