

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF
LOUISIANA CORRECTIONAL FACILITIES CORPORATION
THURSDAY, JULY 31, 2014**

A meeting of the Board of the Louisiana Correctional Facilities Corporation (“LCFC”) was duly called and held Thursday, July 31, 2014 in the Fifth Floor Main Conference Room of Jones Walker LLP, Four United Plaza, 8555 United Plaza Boulevard, Baton Rouge, Louisiana 70809-7000, pursuant to due notice having been given according to Louisiana Public Meetings Law.

The following members were present:

Mr. Ted Riser
Mr. Charles McDonald
Mr. Richard Crain
Secretary James LeBlanc

The following member was absent:

Mr. Whalen Gibbs, Jr.

Also present:

Mr. Tom C. Bickham, III – Undersecretary, Department of Public Safety & Corrections
Mr. Billy Breland, Maintenance and Corrections Director – Department of Public Safety & Corrections
Mr. Matt Kern, Esq. – Jones Walker LLP
Mr. Fred Chevalier, Esq. – Jones Walker LLP
Mr. Michael Moore- Prison Enterprises
Mr. Joe Buttross - Prison Enterprises
Mr. Ric Bajon – Ric Bajon & Associates
Mr. John Mayeaux – Sisung Securities
Mr. Watson Barger – The Bank of New York Mellon Trust Company

Item 1 – Call to Order

The meeting was called to order by Mr. Riser. Mr. Riser called roll and noted that a quorum was present and that the Board could conduct its business.

Item 2 – Approval of Minutes of the Board Meeting from May 12, 2014

Motion was made for the approval of minutes from the Board meeting of May 12, 2014 by Mr. Crain. The Motion was seconded by Secretary LeBlanc and the Motion passed by unanimous vote.

Item 3– Update on LCFC Finances (review of bank statements)

Mr. Barger discussed the latest bank statements and noted that there was a deposit on February 28, 2014, in the amount of \$51,118.79 that was credited to the LCFC 2007 Revenue Fund account which was addressed at the late meeting and that this deposit was made in error. This deposit originated from the State of Louisiana and was intended for the New Orleans Aviation Board. Accordingly, that amount has been debited from the account. He then reviewed the latest bank statements, noting that the Jones Walker LLP invoices and the Board’s travel expenses had been paid in accordance with the approvals of same at the last meeting. Mr. Watson then stated that he needed an Incumbency Certificate signed by Mr. Riser. It was mentioned that this had possibly already been provided by Jones Walker and that Jenese Beckstrom would check into it and re-send it to Mr. Barger if necessary.

Item 4 – Update on projects for Department of Public Safety and Corrections

Mr. Breland stated that the sanitation projects at Allen Correctional Center and Winn Correctional Center are now completed. He also stated that water tower projects are currently in the design process for Avoyelles Correctional Center and Allen Correctional Center. He then reported that the transitional generator at Tallulah went out. This project was put out to bid today. These generators are twenty years old and run on natural gas. They cost about \$14,000 each. He stated that there were four additional generators of this kind that he expects will also go out soon. He is having them inspected but plans on replacing them soon as well. He also mentioned that there would need to be some upcoming roof repairs and that they would try to get those done through the capital outlay process and with in-house inmate labor.

Item 5 – Approval of reimbursement of expenses incurred by Board members for travel expenses

Motion was made by Secretary LeBlanc for the approval of reimbursement of expenses incurred by Board Members, Mr. Riser, Mr. Crain and Mr. McDonald. The Motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Item 6 – Approval of legal fees submitted by Jones Walker LLP (JW Invoice No. 712557 dated May 27, 2014, 717435 dated June 23, 2014 and 722265 dated July 22, 2014)

Motion was made for the approval of legal fees submitted by Jones Walker LLP by Mr. Crain. The motion was seconded by Secretary LeBlanc and the Motion passed by unanimous vote.

Item 7 – Discussion regarding Prison Enterprises Bond Issuance (LeBlanc)

Secretary LeBlanc informed the Board that Prison Enterprises would be moving into the Department of Public Safety building. Prison Enterprises has to be out of their

present location by January 1, 2015 because of the water campus which will be constructed in that area. A credit union will also be moving into the Department of Public Safety building. There will also be a probation training academy operating out of the same building. The city/parish recently moved its officers out of that building and into the old Woman's Hospital Building. Secretary LeBlanc stated that there needs to be a \$4 million investment to get the building renovated. Approximately \$2.6 million of that would be allocated to Prison Enterprises. Secretary LeBlanc then introduced Mr. Michael Moore and Mr. Joe Buttross of Prison Enterprises. Prison Enterprises is the industrial and farming operation of the Department of Correction. It is a self-generating operation. There was then a presentation and a discussion about the feasibility of a bond issuance for the Prison Enterprises portion of the renovation fund. Mr. Chevalier and Mr. Mayeaux then discussed the bond issuance process and timing. The building is currently owned by BESE and leased to the Department of Public Safety. It is considered a state-owned building. Secretary LeBlanc will look into the possibility of BESE transferring title of the building to the Department of Public Safety. Secretary LeBlanc stated that he needed to meet with Commissioner Nichols regarding this possible bond issuance and that he would get back to Mr. Chevalier after that meeting. Mr. Chevalier would then draft a Board resolution regarding this matter to be addressed at the next Board meeting. Mr. Chevalier will wait to hear back from Secretary LeBlanc before proceeding with the drafting of the resolution.

Item 8 – Report by Mr. Kern regarding mineral rights research and status in various parishes (see attached memorandum) and Item 9 – Discussion regarding proposed terms of consulting contract with Tommy Head and take appropriate action

Mr. Kern summarized the attached memorandum regarding LCFC mineral rights reservations in various parishes. He stated that in Allen and Avoyelles parishes, the sellers each reserved mineral rights in perpetuity according to the transfer deeds. He stated that this matter would have to probably be taken to the courts to be resolved as this was only legal in certain circumstances according to the Mineral Code. He then referred to the attached e-mail from Mr. Tommy Head which outlines his proposed rates and terms to secure oil, gas and mineral leases on behalf of LCFC as a consultant. Mr. Kern then introduced Mr. Ric Bajon, a landman, of Bajon & Associates, Inc.

Mr. Bajon then gave a presentation of his experience, rates and other information regarding his company's services as independent petroleum landmen. Mr. Bajon will provide his resume' to the Board.

It was suggested that Mr. Bajon review the attached memorandum from Mr. Kern and will also review a directive which Mr. Kern will furnish to him regarding LCFC's mineral rights in Allen Parish. Mr. Bajon will then provide an estimate for his company's services regarding same at the next Board meeting.

Motion was made by Secretary LeBlanc for the authorization of Ric Bajon to provide an estimate for his company's services regarding mineral rights in Allen Parish at the next Board meeting. The Motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Mr. Kern stated that, according to his research and the records available, LCFC no longer holds mineral rights in East Carroll or Union parishes. Mr. Crain stated that he understood that if the state owned the property, it would keep the mineral rights even when the property was sold. Mr. Chevalier then discussed whether LCFC is considered the same thing as the state for mineral rights purposes.

Mr. Chevalier and Mr. Kern will research whether LCFC is considered the State of Louisiana for mineral rights prescription purposes and report back to the Board at the next meeting.

Motion was made by Secretary LeBlanc for the authorization of Jones Walker to research whether LCFC is considered the State of Louisiana for mineral rights prescription purposes. The Motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Mr. Riser then asked Mr. Bajon for information on qualifications for landmen. Mr. Bajon stated that the profession has continued to grow over the years. At one time LSU had a Petroleum Land Management major but they discontinued it in the 1990's. There are 8 or 9 colleges in the country that currently have such programs. Mr. Bajon stated that he is currently on the President's Advisory Council at Baton Rouge Community College and he is currently working with them to put together a two-year program for landmen there. There are numerous educational seminars on abstracting and related matters. There is also certification through the national association and a strict code of ethics in place.

Mr. McDonald then asked what the status was with Mr. Tommy Head's possible consulting contract with LCFC. Mr. Riser stated that we would postpone that issue until the next meeting after we get the estimate from Mr. Bajon. Mr. Kern stated that Mr. Head's e-mail contained his terms and that was what was presented at this meeting. The Board will review Mr. Head's e-mail and will discuss it at the next meeting. Mr. Bajon will also bring a contract for his services to the next Board meeting.

Item 10 - Transaction of such other business as may properly come before the Board

Mr. Barger mentioned that The Bank of New York Mellon Trust Company would like to be considered as trustee for the possible upcoming Prison Enterprises bond issuance.

There was no other business to transact. Motion was made to adjourn by Mr. Crain. The Motion was seconded by Secretary LeBlanc and the Motion passed by unanimous vote.