

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF
LOUISIANA CORRECTIONAL FACILITIES CORPORATION
MONDAY, FEBRUARY 21, 2011**

A meeting of the Board of the Louisiana Correctional Facilities Corporation ("LCFC") was duly called and held Monday, February 21, 2011 in the Fifth Floor Main Conference Room of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., 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. Tommy Head
Secretary James LeBlanc
Mr. Richard Crain
Mr. Ted Riser
Mr. Whalen Gibbs, Jr.

The following members were absent:

(None)

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. John Mayeaux – Sisung Securities
Mr. Fred Chevalier, Esq. – Jones, Walker, Waechter, Poitevent, Carrère & Denégre L.L.P.
Mr. Matt Kern, Esq. – Jones, Walker, Waechter, Poitevent, Carrère & Denégre L.L.P.
Mr. Warren Fleet, Esq. – Jones, Walker, Waechter, Poitevent, Carrère & Denégre L.L.P.
Ms. Patti Dunbar - Jones, Walker, Waechter, Poitevent, Carrère & Denégre L.L.P.

Item 1 – Call to Order:

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

Item 2 – Approval of Minutes of the Board Meeting from November 17, 2010

Motion was made for the approval of minutes from the Board meeting of November 17, 2010 by Mr. Crain. The Motion was seconded by Mr. LeBlanc and the Motion passed by unanimous vote.

Item 3 – Act on offer from Luna Resources (Madison, MS) for mineral/gas leases in East Carroll Parish

Mr. Head stated that he received a phone call from Dwight Hood of Luna Resources out of Madison, Mississippi. Mr. Hood stated that his company was interested in leasing the property in East Carroll Parish for drilling. He offered \$40 per acre for a 5 year term with a 5 year option and 1/8th royalty. Mr. Head stated that he did not have the authority to accept the offer and that he would have to bring it before the board. He also asked Mr. Hood if he could offer anything better as LCFC has had better offers for the property in Union Parish. Mr. Hood stated that his authority at this time was limited to what he had offered. Mr. Head then stated that he had placed a call to Mr. Hood this past Friday and that the offer was still the same but that he was no longer handling leasing. He is now doing title work in Mississippi across the river from East Carroll Parish but he could get someone else to handle the deal if LCFC was interested.

Mr. Head then stated that he met with an oil and gas attorney in Shreveport and he asked him if LCFC owned the mineral rights. The attorney informed him that LCFC is a quasi-state entity, not a state entity, and because of that, the mineral rights will expire in 10 years. If LCFC could get a company to drill a well on the property, that would interrupt the 10-year prescription period. Companies like Luna Resources will more than likely hold the leases until the time is right for drilling, which could go over the 10-year period, which will be up in 2-3 years if no well is drilled. Mr. Head therefore recommends not accepting the offer from Luna Resources and instead possibly finding a company who does leasing and also does their own drilling. For instance Skolar, Weiser-Brown or some other company that would be interested in sinking \$2-3 million dollars into a well. Mr. Crain asked if a dry hole will hold it or if it actually would have to be a well that is in production. Mr. Chevalier stated that he thought that just drilling would hold it, but he deferred to Mr. Fleet. Ms. Dunbar left the meeting to check on Mr. Fleet's status and it was determined that he was on his way. The discussion of this matter will be continued when Mr. Fleet arrives.

Item 4 – Update on Union Parish court case – Plum Creek vs. Exxon

Mr. Head reported that he went to the pre-trial hearing for this matter on January 6, 2011. The judge stated that the jury will be picked in one day and that the trial will last one week. The trial was set to begin on January 24, 2011. Mr. Head went back for the start of the trial and was informed that the trial had been continued and it is now scheduled to begin in July 2011. Mr. Head stated that Exxon had requested the continuance as they had a very important witness who had surgery and was in the

hospital and therefore could not make the January trial. The judge reluctantly granted the continuation.

Item 5 – Update on projects for Department of Public Safety and Corrections

Mr. Breland advised the Board that the Caddo re-entry facility project is going really well. He passed photographs around showing the progress that has been made. Completion is expected in June 2011. He also stated that the cameras at Angola and Avoyelles are up and running.

Mr. Breland also advised that they were about to put out to bid additional projects, including a Shaker fence at Angola, cameras and Shaker fences at Hunt, Rayburn, Wade, Forcht-Wade and Phelps. Everything should be completed by June 30, 2011.

Item 6 – Update on the construction of a replacement facility of the Jetson Center for Youth in Baker, LA (pursuant to a letter dated February 2, 2011 from Mary L. Livers, Deputy Secretary, Office of Juvenile Justice, to Tommy Head)

Mr. Chevalier stated that this letter was a status update. The project is on hold at the moment pending a determination as to the feasibility of the renovation of the facility. Nothing needs to be done on this project by the board at the moment.

Item 7 – Approval of reimbursement of expenses incurred by Board members for travel expenses

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

Item 8 – Approval of legal fees submitted by Jones Walker, et al (JW Invoice No. 527152 dated December 6, 2010 and JW Invoice No. 533823 dated January 26, 2011) as previously forwarded to Tommy Head for approval

Mr. Head stated that he had reviewed the invoices submitted by Jones Walker and found them to be in order. Motion was made for the approval of legal fees submitted by Jones Walker, et al by Mr. LeBlanc. The motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Item 9 – Approval of The Bank of New York Mellon Trust Company, N.A. Invoice No. 252-1505448 for the Administration Fee on the Louisiana Correctional Facilities Corporation Lease Rev. Bonds Series 2007 for the period October 1, 2010 to September 30, 2011

Mr. Head stated that this was an annual administrative fee for the bond issue. Motion was made for approval of the payment of the invoice by Mr. Crain. The motion was seconded by Mr. Gibbs and the Motion passed by unanimously.

Item 10 – Approval of The Bank of New York Mellon Trust Company, N.A. Invoice No. 252-1521640 for the Administration Fee on the Louisiana Correctional Facilities Corporation Custody Account for the period of August 19, 2010 to November 30, 2010

Mr. Chevalier stated that it was a fee for the custody account for LCFC. Motion was made for approval of the payment of the invoice by Mr. Gibbs and seconded by Mr. Crain and the Motion passed unanimously.

Item 11 - Transaction of such other business as may properly come before the Board:

Mr. Head stated when he met with Mr. Gates, the oil and gas attorney in Shreveport, they discussed the 10-year prescriptive period for mineral rights for quasi-state entities. If LCFC sells the properties in Allen, Winn and Avoyelles, after the 10-year time period passes, the mineral rights will be lost. This could be a great sum of money lost.

There was then a discussion about whether those properties could be transferred to the State before they were sold. Mr. LeBlanc stated that they were trying to work that out. If the State owns the property, it retains the mineral rights forever and there is no 10-year prescriptive period. Mr. Head stated that it was important to retain mineral rights so that the State does not lose out on the money. Mr. Chevalier stated that there is a process to follow to transfer the properties to the State after the bonds were paid off but that it had never been done. The Division of Administration needs to institute a request that the process be undertaken. The State would then own the property and could retain the mineral rights.

Mr. Head then stated that in his discussions with Mr. Gates, another money making possibility was raised and that would be possibly granting rights-of-way for pipelines.

Mr. Fleet then entered the meeting. He stated that prescription is interrupted upon drilling of the well and that it does not have to be a producing well. He stated that a good-faith attempt at drilling to discover oil and gas or whatever formation is in the area is sufficient to interrupt prescription.

Mr. Head then stated that Mr. Gates' hourly rate is \$150 per hour for researching Exxon #2. He asked the board if it would be interested in pursuing this matter and hiring Mr. Gates to do this research. Mr. Chevalier stated that if the board wanted to take action on this matter, that an item needed to be added to the agenda. Mr. LeBlanc moved that the agenda be amended to discuss this matter. The Motion was seconded by Mr. Crain and the Motion passed by unanimous vote. There were no other comments from the meeting attendees.

Item 12 – Discussion of hiring of Mr. Gates (oil and gas attorney) to research Exxon #2

Mr. Crain stated that the board should hire Mr. Gates at \$150 per hour. There was a discussion about the timing of the research and about how long the research will take. Mr. Head stated that no matter what the outcome of the trial was, the research would still need to be done. Mr. Crain stated that the board could limit the time Mr. Gates would spend on the research. Mr. Crain moved that a limit of \$5,000 be put on the research to be performed by Mr. Gates and that Mr. Head would get approval from Mr. Gates for that amount. If the amount needs to be increased, it can be adjusted by Motion at the next board meeting. The Motion was seconded by Mr. Riser and the Motion passed by unanimous vote.

Mr. Head stated that the board may want to look into leasing the E. Carroll Parish property to a company that would buy the lease and drill the well itself. There was a discussion about finding a company to do this. This will be re-visited at the next board meeting.

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