

APPROVED
Michael J. Moore
Michael J. Moore, Director
8/15/17
Date

Prison Enterprises Board Meeting

July 17, 2017

1. Chairman Joseph Ardoin called the meeting to order at 10:00 AM at Prison Enterprises (PE) Headquarters, Baton Rouge, Louisiana.
2. Mr. Richard Oliveaux led the opening prayer. Following the prayer, the Pledge of Allegiance was recited.
3. Attendance
 - 3.1 Members Present:
 - Joseph Ardoin, Chairman
 - Richard Oliveaux
 - Paul Spalitta
 - Tim Travis
 - Chris Wisecarver
 - 3.2 Prison Enterprises Staff Present:
 - Michael Moore, Director
 - Joe Buttross
 - Scot Floyd
 - Kacie Henderson
 - Danny Hoover
 - Vickii Melius
 - Michelle Montalbano
 - Kristie Sigrest
 - Misty Stagg
 - 3.3 Department of Corrections Staff Present:
 - Thomas Bickham, Jr., Undersecretary
4. Mr. Ardoin acknowledged that a quorum was present and asked for a motion to approve the June board meeting minutes. Mr. Oliveaux made a motion that the minutes be approved as written. Mr. Paul Spalitta seconded the motion and it passed unanimously.
5. Mr. Ardoin thanked Director Moore for sending a letter to Secretary Le Blanc as instructed by the board in the June 20th board meeting.
6. Mr. Ardoin asked if any board members would like to take the floor.
7. Mr. Oliveaux responded affirmatively and expressed his appreciation to board members, PE staff, and Warden Tanner for attending the June board meeting held at B.B. "Sixty" Rayburn Correctional Center (RCC).
8. Mr. Ardoin turned the meeting over to Director Moore.
9. Director Moore reiterated that at the request of the Board he submitted a letter to Secretary Le Blanc encouraging him to support establishing a PE industry or agricultural operation at RCC in the near future.
10. Mr. Wisecarver made a motion for the Board to charge Director Moore with the task of potentially naming a PE facility in honor of Mr. Henry Clarendon Peck who served on the PE Board for forty-four years.

11. Mr. Oliveaux suggested that it would be appropriate for the board to consider naming the PE Board Room or the PE Headquarters Building after Mr. Peck.
12. Director Moore interjected he would explore the options available, the proper procedures, and any necessary requirements to name a facility, building, or room in Mr. Peck's honor.
13. Mr. Wisecarver pledged to raise the necessary funding that may be incurred with paying tribute to Mr. Peck.
14. Mr. Travis seconded the motion and it passed unanimously.
15. Director Moore announced that PE sales for the month of June 2017 were \$3.8 million, which was a \$400,000 increase over June 2016 sales.
16. Director Moore asked Undersecretary Bickham to report on the Legislative session and the Department of Corrections (DOC) budget.
17. Undersecretary Bickham began by providing the highlights of the Criminal Justice Reform package passed by the recent Legislative session. The reforms are projected to reduce prison population by 10% in three (3) years by reducing sentences, re-calculating good time served, and changing parole supervision.
18. Continuing, Undersecretary Bickham reported that the special legislative session passed DOC's FY 17/18 Budget and the FY 16/17 Supplemental Budget. He noted that the improved budget would have a direct impact on PE. The FY 17/18 budget provides DOC an additional \$4 million to purchase supplies.
19. Next, Undersecretary Bickham addressed issues relating to The GEO Group's decision to end their management contract with Allen Correctional Center (ALC). He presented several options that are being explored to allow the prison to remain open.
20. Mr. Travis inquired whether the state would consider allowing a 3rd party company to manage the prison.
21. Undersecretary Bickham stated that the Department has explored allowing private entities to manage the prison, however due to time constraints it has not been feasible.
22. Director Moore thanked PE's staff for working diligently with the customers and the industries to fill the supplemental orders prior to year-end.
23. Next, Director Moore reviewed the Civil Service changes that are effective January 1, 2018 and January 2, 2018. He briefly summarized the Office of Group Benefit changes and the impact to premiums and out of pocket expenses that are predicted.
24. Continuing, Director Moore discussed ALC and the PE Furniture plant. He emphasized that relocating the Furniture plant to another facility would be difficult and costly.
25. Mr. Wisecarver inquired as to the number of offenders working at Allen Furniture plant and the plants average monthly sales. Mr. Floyd estimated seventy (70) offenders work at the Allen Furniture plant and Director Moore stated June YTD sales were approximately \$365,000.
26. Director Moore announced that PE Headquarters was preparing for an annual C-05-003 Headquarters Compliance Monitoring audit scheduled for July 25th.
27. Next Director Moore stated that PE was scheduled to participate in the Louisiana Sheriffs' and Wardens' Annual Training and Exhibition Conference in Destin, Florida from July 31st – August 3rd.
28. Director Moore reported that he attended a webinar along with Mrs. Stagg, Mr. Buttross, Mr. Floyd, and several other PE staff pertaining to a program for packaging canteen products for offenders.
29. Director Moore asked Deputy Director Stagg for her comments.

30. Mrs. Stagg reported that PE was assisting Probation and Parole (P&P) with the Men's Warehouse Annual Suit Drive. She explained that for ten (10) years PE has received, sorted, and stored hundreds of donated suits. PE Transportation delivers the suits to the institutions designated by DOC Headquarters.
31. Next, Mrs. Stagg announced PE's participation in the Kits for Kidz program sponsored by the Louisiana Correctional Association. The program provides essential school supplies to children of Louisiana's incarcerated offenders. PE receives the supplies, assembles them into kits, and delivers the kits to institutions to be distributed to the children.
32. Director Moore then asked Mr. Buttross for the administrative update.
33. Mr. Buttross began by expressing his appreciation and gratitude to his staff, Mr. Floyd, and PE Industry supervisors for diligently working together to manage the supplemental year end orders.
34. Next, Mr. Buttross provided an update on the Canteen Package Program (CPP) Warehouse. He reported that the buildings roof has been wrapped and all the interior studs have been erected. Crews are expected to begin installing sheetrock soon.
35. Continuing, Mr. Buttross stated that orders have been placed to purchase aluminum and license plate sheeting necessary for the Office of Motor Vehicles (OMV) order.
36. Mr. Buttross announced that he continues working with Canteen Distribution Center (CDC) to evaluate and analyze canteen items to be presented at the annual Canteen Standards Committee Meeting.
37. Lastly, Mr. Buttross reported that job orders for June 2017 were \$1.34 million, which exceeded June 2016 job orders of \$713,000. July 2017 job orders to date were \$821,000 and for the entire month of July 2016 job orders totaled \$2.7 million. He noted that the timing of certain blanket orders could significantly skew the monthly comparison of job orders.
38. Mr. Oliveaux inquired whether a list of CPP items was available and requested a copy.
39. Director Moore explained that each CPP program has a specific list of items available for families of offenders to purchase. He stated he would provide Mr. Oliveaux the list.
40. Continuing, Mr. Oliveaux inquired of the number of canteen items purchased from out of state vendors and whether a preference was given to local vendors.
41. Director Moore stated that canteen bids are awarded by the Office of State Procurement (OSP) and a Louisiana preference is applied.
42. After discussions supporting Louisiana preference concluded, Mr. Wisecarver questioned the expense allocated for OSP services.
43. Director Moore and Mr. Bickham indicated that the FY17 charges were \$346,000 and FY18 are \$312,000. Concerns were expressed pertaining to the added expense and the extended length of time it takes to procure products.
44. Director Moore asked Mrs. Sigrest to provide the financial update.
45. Mrs. Sigrest stated that the May financial statements were finalized and May 2017 year to date (YTD) sales were \$23.9 million compared to May 2016 YTD sales of 25.1 million, a decrease of \$1.2 million. She reported that YTD net income for May 2017 was a loss of \$437,000 compared to the YTD loss of \$1.8 million in May 2016, an increase of \$1.4 million.
46. Continuing, Mrs. Sigrest reported that preliminary monthly sales for June 2017 increased by \$392,000 as compared to June 2016 and preliminary YTD sales for June 2017 were down by \$800,000.

47. Lastly, Mrs. Sigrest stated that the fiscal year end physical inventory counts conducted at the plants went well. She noted that the accounting staff would complete counting the PE warehouse inventory, then begin compiling data and performing the remaining inventory processes soon thereafter.
48. Mr. Wisecarver inquired as to PE's annual inventory shrinkage and the percentage or value PE aspires to attain.
49. Mrs. Sigrest stated that the inventories of the industries vastly differ. The product structures, weighted averages, and several other factors make it difficult to evaluate the inventory variances collectively. When the physical inventories have been processed and finalized, Mrs. Sigrest will furnish an inventory comparison report for the board to review.
50. Director Moore and Mr. Buttross described specific examples of product structures, weighted averages, and cost adjustments related to PE's inventory.
51. Director Moore reiterated that CDC sales reflect a significant decrease of \$2 million and the sales for Wakefield Meat plant are down by \$200,000. However, the declining market price of meat was a contributing factor for the decrease in meat sales.
52. Discussions continued on canteen sales, tobacco sales, and the No Smoking policy.
53. Next, Director Moore asked Mrs. Melius for the marketing update.
54. Mrs. Melius began by reporting that Department of Corrections (DOC) sales from the last board meeting (June 20, 2017) through June 30, 2017 totaled \$581,494. Louisiana State Penitentiary (LSP) ordered offender clothing, linens, mattresses, officer uniforms, janitorial products, print, and bed lockers totaling \$350,394. Dixon Correction Institute ordered offender clothing, janitorial products, linens, mattresses, and chairs totaling \$124,096. Elayn Hunt Correctional Center (EHCC) ordered offender clothing, mattresses, furniture, linens, and print totaling \$67,040 and that Probation and Parole ordered furniture totaling \$39,964.
55. Continuing, Mrs. Melius reported the DOC job orders from July 1st – 14th totaled \$735,377. LSP ordered officer uniforms, offender clothing, linens, janitorial products and print totaling \$680,535 and EHCC ordered janitorial products totaling \$54,842.
56. Next, Mrs. Melius stated that Orleans Parish Sheriff's Office ordered mattresses totaling \$26,400. West Baton Rouge Parish Council ordered furniture totaling \$18,079 and Pinecrest Support Services ordered garments totaling \$17,268.
57. Additionally, Mrs. Melius reported that two (2) significant job quotes were submitted. A quote for courtroom furniture and chairs totaling \$70,000 - \$90,000 was provided to Beauregard Parish Courthouse and a quote was submitted to the Sulphur Police Department for furniture totaling \$28,175. Additionally, Mrs. Melius reported that during the Chiefs of Police Conference, Westlake Police Department indicated they were interested in purchasing furniture and other products from PE. The Westlake Police Department anticipates breaking ground on a new facility in October 2017. They would like to meet with PE soon thereafter.
58. Lastly, Mrs. Melius announced that the Sales and Marketing staff planned to attend two conferences. The Louisiana Municipal Association Annual Conference from July 27th – July 29th in Shreveport and the Louisiana Sheriffs' and Wardens' Annual Exhibition and Training Conference from July 31st – August 3rd in Destin, Florida.
59. Director Moore noted that the potential order received from Westlake Police Department resulted from PE's participation at the Louisiana Chiefs of Police Conference. He added that the \$680,535 order from LSP was a blanket order for FY18.

60. Mr. Oliveaux inquired on status of the new salesperson and requested to have the sales staff at PE Headquarters for the next board meeting.
61. Continuing, Director Moore asked Mr. Floyd for the industries update.
62. Mr. Floyd began by reporting on the Tag plant. He reiterated that a purchase order for aluminum and license plate sheeting had been placed. He reported that the first order from the OMV consisted of approximately 440,000 tags totaling almost \$800,000. In December or January, the OMV may order an additional 300,000 tags. Lastly, he announced that Austin Calvert was hired as the Tag Plant supervisor. Previously, Mr. Calvert worked for LSP Security.
63. Next, Mr. Floyd reported on Transportation. He stated that in addition to making the customary deliveries, Transportation was assisting Probation and Parole (P&P) with moving their furniture from storage to the new offices. He added that the CPP deliveries for Louisiana Correctional Institute for Women (LCIW) and EHCC would be made today and the last CPP delivery would be made to LSP during the week of July 17th.
64. Director Moore added that P&P purchased nearly a truckload of furniture from PE.
65. Next, Mr. Floyd announced that EHCC Garment plant was preparing for EHCC's three (3) year American Correctional Association (ACA) Reaccreditation audit scheduled for July 19th – 21st.
66. Continuing, Mr. Floyd reported that PE's three (3) Garment plants were operating at full capacity. He noted that the last order of outsourced garments from Texas Department of Criminal Justice Industries were delivered to PE Headquarters counted, and shipped to LCIW Garment plant.
67. Mr. Floyd added that the blue broadcloth order PE submitted to OSP on February 16th will likely be delivered to Winn Garment by July 18th.
68. Next, Mr. Floyd reported that the Chair plant was busy filling orders and working to replace chairs that were sold from PE Headquarters to satisfy fiscal year end orders.
69. Continuing, Mr. Floyd stated that Allen Furniture was preparing for an order from Beauregard Parish Courthouse for courtroom furniture and chairs. He added that the last delivery to Kappa Sigma has been scheduled for July 18th.
70. Lastly, Mr. Floyd reported that the Soap plant was diligently working to re-build inventory levels that were depleted by fiscal year end orders.
71. Referencing The GEO Group's sixty (60) day contract termination notice, Mr. Oliveaux questioned if Allen Furniture plant was prepared to complete all open orders and not to accept new orders until the future of ALC has been determined.
72. Director Moore explained that all indications have been that Allen Furniture will remain open.
73. Mr. Wisecarver inquired if The GEO Group's decision will affect PE Furniture's trained laborers.
74. Director Moore stated that PE would retain the same crews. Mr. Floyd noted that PE continuously trains and maintains a strong core group. He added that several PE staff members are qualified to assist during the transition.
75. Director Moore asked Mr. Hoover for the agriculture update.
76. Mr. Hoover stated that the Mississippi River levels decreased significantly, exposing all the sides of the levee. The National Guard sent a summer crew that will stay for three (3) weeks to do finish work and dress up the levee. He added that the National Guard intends on seeding the levee.

77. Next, Mr. Hoover reported on the cattle. He stated that pre-wean vaccines were being administered to the calves. David Wade Correctional Center (DWCC) sold one (1) load of fall-born calves for \$66,938 and he expects to sell another six (6) loads from LSP and one (1) load from EHCC on video auction in early August. Continuing, Mr. Hoover stated that PE would begin palpating heifers soon and in two (2) weeks, DCI will have sorted through the cattle and should have additional cattle to sell. LSP shipped 240 calves off two (2) year old heifers to DWCC that are expected to sell in September.
78. Lastly, Mr. Hoover provided a crop update. He reported that the corn was maturing quickly and harvesting could begin as early as next week, weather permitting. He noted that the cotton was blooming with many bolls and looked great. The soybean crop had an insect issue, but continued looking very good. The market price for soybeans increased. PE booked 5,000 bushels at \$10 and another 5,000 bushels were booked at \$10.52.
79. Mr. Wisecarver asked Mr. Hoover for his financial projections for PE, given his knowledge of PE's crops, rangeherd, agricultural prices, and expenses.
80. Mr. Hoover stated that in all aspects of PE's Agricultural commerce the indicators suggest that PE will prosper more than the previous year.
81. Mr. Ardoin set the next meeting for 10:00 AM on Tuesday, August 15, 2017 at PE Headquarters.
82. Mr. Oliveaux requested that a fall Board Meeting be held at a prison.
83. Mr. Ardoin agreed and suggested that the Board consider holding the September meeting at EHCC.
84. Mr. Ardoin adjourned the meeting at 11:46 AM.