

Prison Enterprises Board Meeting

July 23, 2013

1. Chairman Charles Chatelain called the meeting to order at 10:00 AM at Prison Enterprises (PE) Headquarters, Baton Rouge, Louisiana.
2. Attendance
 - 2.1 Members Present:
 - Charles Chatelain, Chairmam
 - Joseph Ardoin
 - Frank Strickland
 - 2.2 Prison Enterprises Staff Present:
 - Michael Moore
 - Todd Labatut
 - Misty Stagg
 - Kristie Sigrest
 - Robert Honeycutt
 - Richard Rees
 - Emily Perret
3. Mr. Chatelain stated that there were not enough board members present to form a quorum therefore the minutes from the prior meeting could not be approved.
4. Mr. Chatelain then turned the meeting over to Director Moore.
5. Director Moore began by stating that the Governor has appointed Eric Lane to serve on the Prison Enterprises board. Mr. Chatelain stated that the current board is looking forward to working with Mr. Lane.
6. Director Moore continued by stating that Morgan LeBlanc has accepted a position at DCI as an Assistant Warden effective yesterday. He said her extensive knowledge will be greatly missed at Prison Enterprises.
7. Director Moore then stated that Danny Hoover is in El Salvador visiting prison facilities by request of the U.S. State Department. Officials from El Salvador had previously toured LSP and observed several PE operations, as they are trying to setup a prison industries and agriculture operation in El Salvador. Danny and Gary Young, from LSP, will be in El Salvador for a week touring their facilities and offering their input on starting up operations there.
8. Continuing, Director Moore said that a couple of years ago the land at Point Claire where our cattle for the EHCC rangeherd are kept was turned over to the State Land Office for potential sale. Recently a company has expressed interest in possibly locating a plant there and has taken initial steps to purchase the land, subject to approval by the Legislature's Natural Resources Committee. Prison Enterprises will be responsible for maintaining the land until the time of sale. Optimal time for PE to move the cattle from this property would be in October with the least amount of stress on the animals and so

that rye grass would not need to be planted at this location. Director Moore stated that a contingency plan is to move approximately 400 of the 650 brood cows to LSP and the sell this year's replacement heifers from DCI. A letter is on file with the State Land Office requesting that certain steps be taken in regards to any sale and a reminder letter will be sent regarding these requests.

9. Mr. Chatelain commented that the sale of this land may affect PE's long term revenue but that the LSP rangeherd may be able to become more efficient with any assets from the sale being used to improve the LSP catch pens. Also, low land where marginal profits from crop harvests were seen in the past can now be more profitable with cattle grazing on it. Also, Mr. Chatelain stated that the move to LSP will help with transportation cost since historically the cost to move cattle to and from LSP and DCI from EHCC could be high.
10. Director Moore then stated that he would be attending the ACA Conference starting August 9th. He would be attending a NCIA board meeting and other events.
11. Director Moore then gave a personnel update. The Administrative Program Director job, previously occupied by Morgan LeBlanc, has been announced. Recently, Kenny Juneau, was promoted to LSP Quality Assurance Coordinator from CDC Supervisor, causing a vacancy that we are working on filling. There were four qualified applicants and one will be appointed to the position soon. Also, one of the supervisors at the Allen Furniture plant was terminated and his position is now vacant. We are in the process of announcing this position but it is difficult to find a qualified person with necessary skills in such a remote area.
12. Director Moore then asked Mr. Labatut for his comments.
13. Mr. Labatut began by stating that the previous week several of the PE staff attended the Louisiana Sheriff's Association Conference in Destin, Florida. He stated that in his opinion this is one of the best conferences to attend because the conference is well attended and the sales staff are able to meet with several good contacts.
14. Mr. Labatut continued by stating that his contact at Southeastern has been out on leave but in the meantime he has been talking to his supervisor who is the Housing Director. A purchase order has been issued for 165 mattresses to be delivered by August 5th. In the spring they will need another shipment of mattress bringing the total purchase to 580 dorm style mattresses.
15. Director Moore commented that the Mattress Factory supervisor, Mark Kilgore has been out on leave due to his step-son being in an accident but that Mark runs a very good plant and it has been relatively easy for someone to step in and take over running the plant.
16. Director Moore then asked Mrs. Sigrest to give the administrative update.
17. Mrs. Sigrest began by giving the purchasing update. She stated that the chair kit bid and clear safe mattress ticking bid both closed on July 11th and we are awaiting a printed order. Also, the truck bid closed on July 16th and we are waiting on a printed order. The

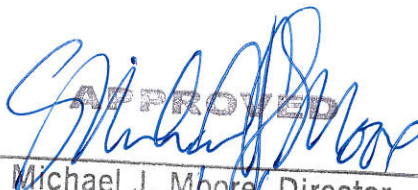
new C.O. uniform bid is out but we are waiting on State Purchasing to give a bid close date.

18. Mrs. Sigrest stated that the Canteen Standards meeting would be held on July 31st and Morgan Leblanc would be returning to conduct this meeting.
19. Continuing, Mrs. Sigrest gave an update on job orders. She stated that June job orders were \$513,000 compared to last year's \$771,000 which is a difference of \$258,000. YTD through June is \$8.2 million, compared to last year's \$7.2 million which is an increase of \$960,000. Job orders through July 16 are \$357,000 compared to \$1.37 million for the whole month of July last year. Mrs. Sigrest stated that this drastic difference is just a timing issue; blanket orders from DOC institutions have not yet been received.
20. Director Moore then asked Mrs. Sigrest for the financial update.
21. Mrs. Sigrest stated that the May final YTD sales totaled \$25.9 million as compared to last year's \$24.9 million, an improvement of \$1 million. Industries totaled \$9.6 million as compared to last year's \$9.4 million, an improvement of \$193,000, Agriculture totaled \$3.3 million as compared to last year's \$2.8 million, an improvement of \$452,000, Retail totaled \$13.1 million as compared to last year's \$12.7 million, an improvement of \$355,000.
22. The YTD Net Income was \$433,000 as compared to last year's \$410,000, an improvement of \$23,000. Industries totaled \$590,000 as compared to last year's \$795,000, a decrease of \$204,000, Agriculture totaled \$227,000 million as compared to last year's loss of \$48,000, an improvement of \$275,000, Retail totaled \$570,000 as compared to last year's \$610,000, a decrease of \$40,000.
23. Mrs. Sigrest stated that the June preliminary sales totaled \$29.2 million as compared to last year's \$27.9 million, an improvement of \$1.3 million, Industries totaled \$11.3 million as compared to last year's \$10.8 million, an improvement of \$481,000, Agriculture totaled \$3.4 million as compared to last year's \$2.9 million, an improvement of \$401,000, Retail totaled \$14.5 million as compared to last year's \$14.1 million, an improvement of \$431,000.
24. Continuing, Mrs. Sigrest stated that the year-end physical inventory counts went very well and the plants where she counted were very organized. She stated that some of the plants that are on real time inventory had adjustments of only a few hundred dollars.
25. Mrs. Sigrest then stated that the JD Edwards software upgrade is complete and as of yesterday the RF Smart update has been completed and is being tested. Mrs. Sigrest said that her plan is to have everyone up and running by the end of the week. The next upgrade will be to the IBM system which will take place mid-September and will be a smaller upgrade than the JD Edwards was. Also, in the fall she plans to begin addressing issues such as invoice printing and look at new functions available in JD Edwards.
26. Director Moore then asked Mr. Rees for the Marketing update.
27. Mr. Rees began by reporting significant job orders. DOC orders included orders from DCI for cleaning supplies totaling \$112,768 and LSP for cleaning supplies, soap, linens,

offender clothing, chairs, brooms, and mops totaling \$162,156. Other notable jobs included: Camp Beauregard Youth Challenge Program for 356 mattresses and other items totaling \$88,000, Lake Charles City Court for furniture and metal products totaling \$7,596, Lake Charles Public Safety and Corrections for furniture totaling \$9,425, Tangipahoa Parish Jail for garments, sheets, and mattresses totaling \$9,086 and Caddo Parish Sheriff's Office for jumpsuits totaling \$8,325.

28. Continuing, Mr. Rees gave an update on conferences. The sales staff attended the Louisiana Chiefs of Police Conference, July 9-11 in Lafayette and the Louisiana Sheriff's Association Conference, July 14-18 in Destin, Florida. Upcoming the sales staff will be attending the Louisiana Municipal Association Conference, August 1-3 in Monroe.
29. Mr. Rees stated that contract pricing for the 2013-2014 fiscal year is complete and thanks to Vickii Melius for carrying out this project. One of the biggest changes in pricing for this year is that the price of jumpsuits has decreased by \$1 each. Director Moore commented that we are waiting on the chair bid to be awarded so that chair pricing can be finalized before new contracts will be printed.
30. Director Moore then asked Mr. Honeycutt for the Industries update.
31. Mr. Honeycutt began by giving a summary of year-end orders and deliveries. He stated that Metal Fabrication completed 532 foot lockers, 76 wall lockers and converted 76 single beds into 38 bunks with drawers. Mattress factory completed end of the year mattress orders from EHCC for 800, LSP for 1,000 and AVC for 1,000 all totaling 2,800 mattresses that had to be delivered by June 30th. Silkscreen received an order mid-May from OMV for license plates that included 37 jobs, 131 screens totaling 22,242 screenings, all delivered by June 30th. EHCC Garment has completed a total of 54,400 jeans since relocating in November. The garment plant is averaging 350-400 jeans per day now and these jeans are being used to stock the shelves for future orders. EHCC Soap plant worked overtime to complete an order for 975 cases of bar soap for LSP. Also on June 28th the plant received an order from LSP for 56 drums of bleach to be delivered that day. The soap plant was able to complete and deliver this order in just one day. Ms. Reese at the Chair and Embroidery plant worked overtime to complete all the uniform shirts for DOC orders and to complete an order that she received on June 28th for 14 chair kits from EHCC to be put together and delivered the same day.
32. Mr. Honeycutt continued by stating that Metal Fabrication is currently working on a sample partition for the Morial Convention Center. Once the frame for the partition is completed at Metal Fab it will be sent to Allen so that mahogany paneling can be added. If the customer likes our partition they will be ordering 14 of them.
33. Mr. Honeycutt then stated that tomorrow he will be traveling to Minden to deliver a wall locker to the Youth Challenge Program. Prison Enterprises was able to make a custom locker that would meet the security needs of the customer.

34. Mr. Honeycutt then stated that Allen Furniture refurbished an 18 foot conference table for the Legislative Auditors office. The whole table had to be hand sanded and the customer was extremely satisfied with the work done by Allen Furniture.
35. Mr. Honeycutt concluded that he was very pleased so far with the outcome of year-end inventories at several plants. He stated that CDC and LCIW had very low variances and all industries personnel did a good job at year-end inventories.
36. Director Moore then asked Mrs. Stagg for the Agriculture update.
37. Mrs. Stagg began by stating that the corn is drying down and should be harvested early August, weather permitting. Also, 1,700 acres of soybeans have been plant.
38. Continuing, Mrs. Stagg stated PE will be selling calves at the end of July through video auction. We will be selling approximately 410 steers from LSP weighing approximately 558 pounds totaling 5 loads and approximately 165 steers from EHCC weighing approximately 585 pounds totaling 2 loads. Also, during July 267 calves were shipped from LSP to DWCC.
39. Mr. Chatelain stated that the board would like to commend all employees of Prison Enterprises for their continuing hard work especially at year-end. He stated that all employees have done a remarkable job of helping Prison Enterprises grow and improve each year. He would like to send a letter to all employees letting them know how much the Prison Enterprises Board members appreciate their dedication and hard work.
40. Mr. Chatelain then stated that it was time to decide the date of the next meeting. It was decided that the next meeting will be held on August 27th at Prison Enterprises Headquarters at 10 AM. Mr. Chatelain then adjourned the meeting.


APPROVED
Michael J. Moore, Director
DATE 8/28/13