

Prison Enterprises Board Meeting

September 20, 2016

APPROVED

Michael J. Moore, Director

12/21/16

Date

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, Chairman
 - Joseph Ardoin, Vice-Chairman
 - Harvey Honore
 - Eric Lane
 - Paul Spalitta
 - 2.2 Prison Enterprises Staff Present:
 - Michael Moore, Director
 - Joe Buttross
 - Scot Floyd
 - Kacie Henderson
 - Todd Labatut
 - Vickii Melius
 - Michelle Montalbano
 - Kristie Sigrest
 - Misty Stagg
 - 2.3 Others Present:
 - Randy Bouley
3. Chairman Charles Chatelain acknowledged that a quorum was present and asked for a motion to approve the minutes for the June and July meetings. Mr. Ardoin made a motion that the minutes be approved as written. Mr. Lane seconded the motion and it passed unanimously.
4. Mr. Chatelain turned the meeting over to Director Michael Moore.
5. Director Moore began by welcoming an observer to the board meeting.
6. Director Moore discussed the 2016 floods and the challenges it brought to our state, our community, and our department. He commended PE employees for their dedication and commitment to Department of Corrections (DOC). He thanked them for their assistance in helping evacuate two prisons and relocating inmates to other facilities, despite the personal losses they were experiencing. He reported that although severe flooding led to the evacuation and closure of Louisiana Correctional Institute for Women (LCIW), PE's Garment Plant received minimal water damage. Without electricity and workers, the plant was closed and will remain closed until further notice. He noted that the Garment Plant's inventory and some raw products were moved to PE Headquarters warehouse to be stored.
7. Continuing, Director Moore announced that PE's American Correctional Association (ACA) reaccreditation audit has been scheduled for October 24th and 25th. He reported that on August 2nd DOC performed a "mock" walkthrough audit of PE Headquarters, examining

- files and documents pertinent to the ACA industry standards and compliance. DOC found that PE's files were in order and that PE was properly prepared for the upcoming audit.
8. Next, Director Moore reported that the state recently reported an estimated \$1.5 billion dollar shortfall for fiscal year '17 and the potential for mid-year budget cuts this year.
 9. Director Moore discussed personnel changes, reiterating that long term Farm Manager and current Canteen Package Program (CPP) supervisor, Frank Lemoine, retired on August 1st. He announced that PE's marketing representative Hillary Simpson, transferred to the Department of Health and Human Resources, shortly after the flood.
 10. Lastly, Director Moore summarized the difficulties PE's Janitorial crews were experiencing due to a lack of offenders available to work.
 11. Director Moore asked Deputy Director Labatut for his comments.
 12. Mr. Labatut began by expressing his gratitude to the PE truck drivers for their perseverance and diligence in assisting DOC during the floods.
 13. Continuing, Mr. Labatut provided an update on the meetings scheduled for two (2) inquiries PE received requesting quotes for janitorial services and grounds maintenance.
 14. Director Moore then asked Mr. Buttross for the administrative update.
 15. Mr. Buttross began by providing an update on the renovation progress of Building 10. He disclosed PE's strategic plan to move PE Headquarters to Building 10 from November 18 - 21, 2016.
 16. Next, Mr. Buttross reported on the CPP. He explained that the construction of the warehouse was delayed due to the closure of flooded roads which are prohibiting access to the construction site. Mr. Buttross discussed the number of CPP packages sold and the projected target dates for delivery.
 17. Continuing, Mr. Buttross reported that PE's purchase order to trade four (4) tractors would be finalized by the end of September.
 18. Mr. Buttross notified the board that the annual Canteen Standards Meeting was cancelled due to the 2016 floods.
 19. Lastly, Mr. Buttross reported on the July and August job orders. He announced that the July 2016 job orders were \$2.8 million, an increase from the July 2015 job orders of \$2.4 million. August 2016 job orders were \$581,000 also an increase from \$402,000 in August 2015. He noted that the September job orders to date were \$294,000 already surpassing the job orders for the entire month of September 2015 totaling \$229,000.
 20. Director Moore asked Mrs. Sigrest to provide the financial update.
 21. Mrs. Sigrest began by reporting YTD sales for June 2016 was \$28.6 million as compared to \$32.5 million in June 2015, a decrease of \$3.9 million. Industries totaled \$10.9 million in June 2016 compared to \$12.3 million last June, a decrease of \$1.4 million. Agriculture sales were \$3.4 million for June 2016 and \$4.5 million in June 2015, a decrease of \$1.1 million. She stated that Retail Sales for June 2016 were \$14.2 million as compared to \$15.6 million June 2015, a decrease of \$1.4 million.
 22. Continuing, Mrs. Sigrest reported YTD net income for June 2016 was a loss of \$1.9 million compared to a net profit of \$1.9 million in June 2015, a decrease of \$3.8 million. Industries totaled \$612,000 in June 2016 and \$1.3 million in June 2015, a decrease of \$753,000. Agriculture net income for June 2016 was a loss of \$1.5 million, compared to June 2015 net profit of \$900,000, a decrease of \$2.4 million. Lastly, June 2016 Retail YTD net income was \$610,000 and June 2015 was \$801,000, a decrease of \$191,000.
 23. Mrs. Sigrest stated that preliminary sales for July and August 2016 were available. She reported that preliminary sales for July 2016 were \$1.5 million, compared to \$1.9 million in

- July 2015, a decrease of \$362,000. Industries sales for July 2016 were \$649,000 compared to \$875,000 in 2015, a decrease of \$226,000. Agriculture sales in July 2016 were \$6,000 compared to July 2015 of \$1,300, an increase of \$4,700. Retail sales for July 2016 were \$870,000 compared to \$1 million in 2015, a decrease of \$140,000.
24. Next, Mrs. Sigrest provided preliminary YTD sales for August 2016 of \$3.8 million compared to \$4.8 million in August 2015, a decrease of \$1 million. Industries sales for August 2016 were \$1.6 million and \$1.8 million in 2015, a decrease of \$225,000. Agriculture sales for August 2016 were \$385,000 compared to \$1 million in August 2015, a decrease of \$649,000. In August 2016, Retail preliminary YTD sales were \$1.8 million compared to \$1.9 million in August 2015, a decrease of \$75,000.
 25. Mrs. Sigrest informed the board that PE's current Quarterly Cash Report was included in the meeting folders.
 26. After a brief review of the statements, Mr. Chatelain presented several options that could possibly mitigate the current shortfalls PE was experiencing.
 27. Various suggestions were made and discussions continued for several minutes.
 28. Next, Director Moore asked Mrs. Melius for the marketing update.
 29. Mrs. Melius began by reporting that PE received three (3) significant DOC orders: an order from Elayn Hunt Correctional Center (EHCC) for offender clothing, janitorial supplies, linens, mattresses, print and officer uniforms totaling \$124,221, an order from LCIW for offender clothing, janitorial supplies, linens, print, mattresses and officer uniforms totaling \$79,581 and an order from Louisiana State Penitentiary (LSP) for offender clothing and mattresses totaling \$59,593.
 30. Continuing, Mrs. Melius reported that PE received six (6) other significant job orders: an order from Office of Motor Vehicle (OMV) for tags totaling \$45,442, an order from the Department of Children & Family Services for linens and pillows totaling \$80,671, an order from the Office of Juvenile Justice/Swanson for linens, janitorial supplies, clothing, and mattresses totaling \$27,220, and order from Livingston Parish Detention Center for mattresses, offender clothing, and wood furniture totaling \$27,400, an order from Pinecrest Support & Services Center for wood furniture and refurbishing totaling \$29,420 and an order from Youth Challenge Program/Carville for metal lockers totaling \$26,250.
 31. Lastly, Mrs. Melius stated that Sales and Marketing staff attended the Louisiana Homicide Investigators Conference in Lake Charles from September 13th – 15th, the Louisiana Association of Municipal Secretaries and Assistants Fall Conference in Houma on September 15th. Mrs. Melius noted that they planned to attend the Louisiana Correctional Association Conference from October 10th – 12th in Baton Rouge.
 32. Director Moore, then asked Mr. Floyd to provide an Industries update.
 33. Mr. Floyd began by recognizing PE's truck drivers for their dedication to PE and all of the hard work and long hours they contributed during the floods.
 34. Continuing, Mr. Floyd provided an update on the LSP Industries. He reported that the old (World War II era) press at the Tag Plant was broken and price comparisons showed it was cost prohibited to have it repaired. He explained that the press was essential to fulfilling the current OMV order for 628,000 plates as well as another order that is expected to increase the number of plates to 1,031,000. The Metal Fabrication Shop was busy manufacturing bunk beds, locker boxes, and ladders for the relocation sites for LCIW and they were sandblasting, repairing and refurbishing beds from Orleans Parish. The Mattress Factory was steadily working to fill orders for more than one thousand (1,000) mattresses

- to be delivered to several evacuation locations. The Print Shop was busy making withdrawal and disciplinary slips that were needed because of the floods.
35. Next, Mr. Floyd reported on the Garment Plants. He reiterated that the LCIW Garment Plant had closed and a few product lines typically produced at LCIW would be moved to the Winn Garment Plant. He noted that some items would be sourced from other vendors until the LCIW Garment Plant reopened. Mr. Floyd explained that the EHCC Garment Plant was inundated with orders for jeans, totaling more fifteen thousand, seven hundred (15,700) pairs of pants.
 36. Lastly, Mr. Floyd reported that the Soap, Embroidery and Chair Plants were virtually unaffected by the floods.
 37. Director Moore asked Mrs. Stagg for the agriculture update.
 38. Mrs. Stagg announced that the National Guardsmen steadily worked to repair the levees to their previous levels. She reported that the Camp G pastures were being utilized again.
 39. Next, Mrs. Stagg announced that the LSP and EHCC calves weighed more than last year's calves. She explained that due to the weather events, the calves are approximately one month behind on being shipped.
 40. Continuing, Mrs. Stagg announced that considering the weather the crops looked very good. He reported that some soybeans and milo were harvested and the cotton would be ready for harvesting by the end of the month.
 41. Lastly, Mrs. Stagg read a letter from Mr. Hoover commending PE's Agriculture staff for working diligently during the storms.
 42. Mr. Chatelain announced that the next board meeting would be held at 10:00 AM on Tuesday, September 20, 2016 at PE Headquarters. At 11:10 AM, Mr. Chatelain adjourned the meeting.