

Louisiana Seafood Promotion and Marketing Board

Special Meeting Minutes

July 26, 2013

10:00 a.m.

Capitol Park Welcome Center

702 N. River Road, Baton Rouge, La. 70802

The meeting was called to order at 10:08 a.m. The roll was called:

Board Member	Present	Absent
Chef John Folsie, Chairman	X	
Larry Avery	X	
Sherbin Collette		X
Lt. Gov. Jay Dardenne		X
Byron Despoux	X	
Alan Gibson	X	
David Maginnis		X
Frank Randol	X	
Chef Peter Sclafani	X	
Tommy Stoddard		X
Sal Sunseri		X
Pete Tortorich	X	
Sarah Voisin		X
Keith Watts	X	

Staff:

Ewell Smith, Executive Director

Kristin McLaren, Assistant Executive Director

Krystal Cox, Administrative Assistant

Guests:

Cathy Berry, DCRT

Julie Samson, DCRT

Randy Davis, DCRT

Julia George-Moore, DCRT

Dan Austin, GCR

Mark Cotter, TFG

Emily Vaughn, TFG

Kathy Anderson, Graham Group

The chairman provided opening remarks and addressed members' concern regarding the intensive process and volume of time being invested. The chairman advised the lieutenant governor would join the meeting around 1 p.m. and no actions will be taken by this body prior to then.

The purpose of the meeting is to establish goals, identify key strategic initiatives and determine how success will be measured for the expenditure of the remaining BP funds.

The chairman introduced Randy Davis, OLG. Mr. Davis explained his office has provided an in-depth review of the board's financial position and the remaining BP funds. Mr. Davis indicated there is \$3.5 million in LWFF as of July 22, 2013 and a \$10 million remaining disbursement from BP. However, there are commitments that have been made there is an estimated \$10 million remaining. Of the remaining funds, an estimated \$2 million goes to GCR which leaves roughly \$8 million for activities defined by the Board. However, FY 2015 is estimated to see \$250k in operating costs which would reduce the \$8 million in available funds as well as the short term action plan the staff is recommending at \$1.6 million. These numbers are rough numbers and Mr. Davis will send the Board a recap with the final numbers.

Mr. Davis expressed the Board should recognize the difference between the GCR contract funds and the remaining BP funds to look at what is administrative versus actual marketing and the purchase of ads. Mr. Davis is concerned about the burn rate of the funds and how quickly they are being expended and called on the Board to consider this as they are looking forward. Mr. Davis said there is an overall concern about the administrative costs compared to the overall fund. In looking at the short term marketing plan, Mr. Davis said needs to be consistent with long term plans. \$1.9 million has been processed for the third quarter. Sponsorship determinations should be considered as well today.

Mr. Davis reminded the Board GCR's contract runs through May 9, 2014 and the MOU is being extended for another 2 years. If the funds are exhausted, the statutory funds are the only available monies for the Board and the Board cannot operate at its current level.

Mr. Davis said legal counsel (Julia George Moore) does not believe the existing contracts can either be amended or extended and an RFP process will need to be employed by the Board moving forward. Mr. Davis said a procurement process needs to be employed if the Board wants to move forward with the newsroom.

In conversation with the lieutenant governor before entering the meeting, Mr. Davis said the lieutenant governor has cautioned the Board to move conservatively to ensure goals are accomplished as efficiently and effectively as possible.

The chairman asked Mr. Davis for an update on the MOU extension. Mr. Davis said there was an initial meeting and Ms. Moore said there was a meeting with BP this week between the lieutenant governor and BP (LDWF Secretary Robert Barham was unavailable). BP expressed concerns that have nothing to do with the Seafood Marketing Program and are hesitant to sign off on the amendment because of broader implications. BP has delayed the MOU extension until they have an opportunity to meet with Secretary Barham and work through concerns. Ms. Moore said they have no reason to believe the MOU extension would not be signed, but need time to work through concerns with LDWF. The chairman commented he has spoken with BP as well and is comfortable the extension will come to fruition.

Frank Randol asked Mr. Davis about an internal audit through the Legislative Auditor's office. Mr. Davis said an engagement letter was signed and will begin. The areas of investigation are transactions, policies & procedures, travel reimbursements and will make recommendations for improvement.

Mr. Randol said he looked back through past minutes. The numbers Mr. Davis presented are lower than what has been presented and since the funds are remaining at LWFF, Mr. Randol would like to see the balances to determine how he arrived at his number. Mr. Davis said he can give a full accounting of all expenditures to date. Mr. Davis said he would be happy to get the detail to the Board and pointed to GCR's online portal for more information. Mr. Davis said his only concern is there may have been double accounting of GCR's funds which may amount of a \$1 million difference and some of the contents of the worksheet include activities this Board still can provide direction on (i.e. sponsorships). Mr. Davis indicated early next week, he will resolved the discrepancies and will send a worksheet that is 99.9% accurate.

Alan Gibson said the numbers are very disappointing, if we are down to \$7 million. At the rate the Board is spending money, if it were a business we would be bankrupt. In order for us to get any future funding, Mr. Gibson said results are critical. At the rate this Board is going, we're going to go dark permanently.

The lieutenant governor joined the meeting at 10:22 a.m.

Mr. Davis said short term marketing action plan presents an opportunity for continuity, but the costs must be looked at in the whole picture. Mr. Davis recommitted to getting a full accounting and providing it to the Board that includes inception to date detail.

Mr. Gibson said we're going from a \$600k budget to \$10 million back down to a \$600 thousand budget and results are critical.

Ewell Smith discussed the parameters of the administrative costs. The Board's previous treasurer was the LDWF secretary's designee who worked directly with GCR to set an administrative threshold the Board has adhered to. Mr. Smith reminded the Board the Legislative Auditor explored the Board's financial position for a year and asked Mr. Davis how this next audit would be different. Mr. Davis said OLG wants assurances of where the Board stands as of the date they have taken over the Board. Mr. Davis said this engagement will provide an operational review, looking at policies and procedures to determine where they may be weaknesses in internal control and where areas of improvement will be recommended. Mr. Davis said he's hoping for a report by the end of September or early October. Mr. Smith reminded the Board a secondary audit by Bourgeois-Bennett was conducted and both came back with no recommendations. Mr. Davis said this is not a full blown financial audit, which would be expensive, but more a snapshot to determine if there are any concerns that need to be addressed.

Keith Watts said BP is upset about LDWF's closure because Paragraph 9 of the MOU allows for an extension based on fishery closures.

The chairman recognized and welcomed Lt. Gov. Dardenne.

Larry Avery asked for a copy of the Bougeois-Bennett and legislative auditor's report, which Mr. Smith said was provided to all members at the New Board Member Orientation in April.

Lt. Gov. Dardenne expressed he has to step out to a meeting, but wanted to make a few comments. Lt. Gov. Dardenne said he has been adamant on requesting an audit not because there are any suspicions, but purely so he has a snapshot on the Board he is taking over. His guess is there will be some

procedural recommendations. He is committed and the staff is committed to working with the legislative auditor.

Like all Board members, he and his staff is sifting through volumes of information and trying to wrap their arms around it operationally. His office has a methodology for BP funds that is already in place with the 64 parishes and would like to streamline procedures, policies and practices based on what they have learned. OLG has real concerns about the burn rate of the money as it relates to where we thought we were. This is the red flag that needs to be raised because the Board will be out of money sooner rather than later. The lieutenant governor said the Board has the authority to direct the money and the ultimate determination of policies to spend the money will be up to the Board. Along with the need to develop a short term plan is the responsibility to spend the money correctly. He believes money may be refocused on areas that have not been considered in the past. The lieutenant governor said the funds that have been spent to date have been good, appropriate and necessary. The lieutenant governor does not criticize expenditures that were made to do what needed to be done, but cautions it is time to slow down and look at what is left to determine where things need to go. It's time to consider new programs that may impact shrimp at the dock or crab opportunities or oysters. There hasn't been a lot of money used in the past on these matters, but it's time to consider that as part of the thought process today.

Some decisions have to be made today. Others that are not as pressing from a time standpoint, the lieutenant governor recommends slowing the pace so policies and procedures can be determined and everyone is comfortable. The existing contracts (GCR, The Food Group, Graham Group) will continue through May, 2014 and are not an issue. However, lieutenant governor suggests a renegotiation of the contracts would be appropriate so the Board can redirect some monies. As to the NewsRoom contract, the contract is over and he will not approve anything relating to it. Proper procurement guidelines must be followed before any money will be expended. The lieutenant governor advised the contract with the NewsRoom is over and will not be extended. The lieutenant governor advised there is a lot of work to do and he is willing to assist in whatever way the Board needs to solidify the relationship between the tourism office and the seafood board.

Mr. Avery inquired as to the ethics inquiry on the retail trade programs appeal. Ms. Moore said August 8, 2013 is the deadline to get on the September agenda. Ms. Moore would like to get with the staff at the Board of Ethics before writing the appeal and encouraged the Board to remain at the macro level because the difficulty in getting the Board to implement trade programs is the level of authority the Board has over the Executive Director.

The lieutenant governor advised he needed to leave for a meeting and Mr. Randol asked about losing a quorum.

A quorum was lost at 10:56 a.m. with the Lt. Gov., Alan Gibson and Byron Despaux leaving to attend another meeting. Discussion continued, but the chairman advised no action can or will be taken during the absence of a quorum.

The chairman expressed the audit is normal business and there is no cause for concern. The sponsorships that have been brought up have been taken off the table because they are not of strategic importance to us. The chairman reminded the Board there is not an infinite number of dollars available but what is left must be stretched out and used as efficiently as possible, just as each board member

would do with his/her own business or home finances. If changes need to be made, this Board is empowered to make those changes.

The chairman called on Mark Cotter to review a handout he compiled on Alaska Seafood Marketing Institute's campaign in response to Exxon Valdez.

Mr. Avery would like to keep retail trade programs generic and at the macro level so the Board can participate. These programs pull volume, which follows demand and helps everyone in the seafood industry.

Mr. Tortorich said getting to the retail sector is of high importance. This will drive consumer demand. A Wisconsin based retail chain contacted Mr. Cotter about moving toward all gulf seafood today, but until Ethics comes back we can't move forward.

The chairman pointed out the five pillars of the strategic plan adopted August 12, 2011. He pointed out Alaska has three pillars on their strategic plan as Mr. Cotter just discussed and opened the floor up to the Board members to begin discussion on the overarching goals of the campaign. Mr. Smith reviewed the timeline of the BP funds.

The Board engaged in discussion on areas of priority and developed the following structure for the Strategic Plan:



The chairman directed staff to take all board member comments into account and compile one document that represents the discussion, direction and wishes of the board. A motion was made by Frank Randol to adopt the graphic (above) representing the Board’s strategic plan, seconded by Pete Tortorich. The chairman called for public comment and Mark Abraham, chairman of the Shrimp Task Force, stated it is important that this plan include all facets of the seafood industry. The chairman called for the vote which resulted in 8-0. Motion passed unanimously.

Board Member	Yay	Nay	Abstain
Chef John Folse, Chairman	X		
Larry Avery	X		
Byron Despaux	X		
Alan Gibson	X		
Frank Randol	X		
Chef Peter Sclafani	X		
Pete Tortorich	X		
Keith Watts	X		

The chairman invited the agencies to present their recommendations for a Short-Term Action Plan as per Frank Randol’s comments at the July 16, 2013 meeting. GCR, Graham Group and The Food Group presented a \$1.6 million plan for activity between August 1, 2013 to November 30, 2013 and the Board engaged in discussion.

A motion was made by Frank Randol to (1) strike the annual report from NewsRoom Ink; (2) allocate a maximum expenditure of \$75,000 subject to negotiation between staff, DCRT and NewsRoom Ink; (3) strike statewide television from Graham Group and replace with out-of-state television; and, (4) accept all other staff recommendations, seconded by Chef Peter Sclafani. The chairman called for public comment and then called for the vote which resulted in 8-0. Motion passed unanimously.

Board Member	Yay	Nay	Abstain
Chef John Folse, Chairman	X		
Larry Avery	X		
Byron Despaux	X		
Alan Gibson	X		
Frank Randol	X		
Chef Peter Sclafani	X		
Pete Tortorich	X		
Keith Watts	X		

The chairman expressed his appreciation to the members, LSPMB and DCRT staff and the agencies for their contributions to the seafood industry.

The meeting adjourned at 5:02 p.m.

Respectfully submitted,
 Kristin McLaren
 Assistant Executive Director