

Prison Enterprises Board Meeting

April 18, 2017

APPROVED

Michael J. Moore, Director
4/22/17
Date

1. Chairman Joseph Ardoin called the meeting to order at 10:04 AM at Prison Enterprises (PE) Headquarters, Baton Rouge, Louisiana.
2. The Pledge of Allegiance was recited.
3. Attendance
 - 3.1 Members Present:
 - Joseph Ardoin, Chairman
 - Eric Lane
 - 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
 - Todd Labatut
 - Vickii Melius
 - Michelle Montalbano
 - Misty Stagg
4. Mr. Ardoin acknowledged that a quorum was present and asked for a motion to approve the March board meeting minutes. Mr. Spalitta made a motion that the minutes be approved as written. Mr. Wisecarver seconded the motion and it passed unanimously.
5. Mr. Ardoin asked if any board member would like to take the floor for comments.
6. Mr. Ardoin then turned the meeting over to Director Moore.
7. Director Moore began by reporting on April 6th the Appropriations Subcommittee presented Department of Corrections (DOC) Fiscal Year (FY) 2018 budget that incorporated a two (2) percent cut (\$10 million) from the FY 16/17 budget.
8. Director Moore announced that the DOC would likely receive approximately \$12 million in supplemental funding for this FY. Unlike previous years, a majority of the funding will be used to pay overtime, with smaller amounts used to purchase supplies. Therefore, PE does not necessarily anticipate a significant influx of fiscal year end orders.
9. Continuing, Director Moore became aware of Senate Bill 163 which would provide an exemption from requiring state prisons to purchase goods from PE and allowing them to purchase from vendors within their parish if the price is lower than PE or Central Purchasing. He noted that he and Mr. Buttross are working to find out more information on the origin of this bill and what affect it may have on PE if it were to pass. They will be working closely with DOC Headquarters and monitoring the status of the bill.

10. Next, Director Moore reported that PE's annual Office of Risk Management audit has been scheduled for Thursday, April 20th. PE has prepared for the auditors review of PE's policies, general safety practices, training records, and various other fundamental practices.
11. Director Moore explained that due to a scheduling conflict he would be unable to attend the National Correctional Industries Association (NCIA) 2017 Training Conference in Tucson, AZ from April 21st through 24th. PE Industries Manager Scot Floyd and PE Quality Assurance Coordinator Tim Seilhan will attend the conference and participate in several training workshops relevant to PE. The conference has a strong emphasis on field operations and will host several roundtables that will allow them an opportunity to gather information from their peers in other states.
12. Mr. Floyd interjected that the prison facility they will tour has a Metal Fabrication shop with powder-coating processes similar to PE's.
13. Next, Director Moore referenced a memo in the board folders inviting the Board to PE's 2016 Annual Awards and Training Conference on Tuesday, May 2, 2017. Additionally, he announced that May 7 – 13 2017 was National Corrections Security Officers and Employees Week.
14. Concluding, Director Moore reiterated the significant financial obligations that have been added to the department's budget and the portions that are allocated to PE. The fees from the Offices of Technology Services, State Procurement, and Risk Management as well as the retirement contribution will have a substantial impact to PE's budget.
15. Mr. Wisecarver inquired as to the benefits PE has gained from the services provided by the agencies imposing the additional fees.
16. Director Moore and Mr. Buttross discussed the intended expectations from centralization of services and the many unforeseen burdens experienced by PE thus far.
17. Discussions ensued and the board presented several questions to Mr. Buttross regarding PE's portion of the additional fees.
18. Director Moore asked Deputy Director Labatut for his comments.
19. Mr. Labatut provided an update on relocating the Louisiana Correctional Institute for Women (LCIW) Garment Plant to Elayn Hunt Correctional Center (EHCC). The EHCC building the LCIW Garment Plant will utilize was cleaned, painted, and prepared to receive the necessary equipment. The perimeter fencing was moved several feet back to accommodate the COGIMS. The sewing machines are scheduled to arrive by April 21st. Mr. Labatut anticipates production beginning by the end of April or early May.
20. Director Moore announced that Mrs. Sigrest was on vacation and the financial update would be provided by Mr. Buttross.
21. Mr. Wisecarver inquired if a letter expressing the board's appreciation and gratitude had been sent to Warden Hooper at EHCC.
22. Director Moore replied that the letter was presented to Chairman Ardoin and signed prior to the start of the meeting. Ms. Montalbano read aloud the contents of the letter.
23. Director Moore then asked Mr. Buttross for the administrative update.
24. Mr. Buttross began by referencing a picture in the board meeting folders of the Canteen Package Program (CPP) warehouse structure. Interior construction of the warehouse should be completed by the end of May. PE and the vendor are coordinating delivery and installation of the conveyor and racking system.

25. Continuing, Mr. Buttross announced that approximately eighteen hundred (1,800) packages were sold during the CPP Spring program. The Transportation department in conjunction with Canteen Distribution Center has scheduled deliveries of the packages to begin Wednesday, April 19th.
26. Next, Mr. Buttross stated that PE continues to purchase only the items necessary to fulfill job orders. The Blank Goods contract (T-shirts used for silkscreen) has not been awarded yet and the Blue Denim bid opens April 20th.
27. Lastly, Mr. Buttross reported that job orders for March 2017 were \$422,000, which far exceeded the March 2016 job orders of \$261,000. He explained that job orders through April 12, 2017 were \$74,200 and for the month of April 2016 job orders totaled \$85,000.
28. Mr. Oliveaux inquired as to who would have ownership of the equipment to be used in the CPP. Director Moore explained that the vendor would own the equipment.
29. Director Moore then asked Mr. Buttross to provide the financial update on behalf of Mrs. Sigrest.
30. Mr. Buttross stated that the January financial statements were finalized and did not have any significant changes. He reported that the preliminary year to date (YTD) sales through February 2017 were \$17.6 million compared to February 2016 YTD sales of \$18.8 million, a decrease of \$1.2 million. Continuing, he reported that the preliminary YTD net income for February 2017 reflected a \$462,000 loss compared to a \$1.1 million loss in February 2016, an increase of \$640,000.
31. Mr. Buttross reported that preliminary monthly sales for March 2017 decreased by \$7,700 compared to March 2016 and March YTD sales were down by \$1.28 million.
32. Director Moore explained that cash flow has been significantly impacted by the loss in canteen sales.
33. Mr. Travis inquired as to the cause for the loss of canteen sales. Director Moore explained that the decrease was attributable to the loss of canteen sales from Allen and Winn Correctional Centers due to the change in status of these facilities.
34. Next, Director Moore asked Mrs. Melius for the marketing update.
35. Mrs. Melius began by reporting that PE received two (2) significant DOC job orders. She stated that an order for offender clothing, linens, and bunks totaling \$55,060 was received from LCIW and an order for clothing, janitorial products, linens, and mattress covers totaling \$25,922 was received from David Wade Correctional Center. Other significant job orders included an order from Eastern Louisiana Mental Health System for ICE polo shirts totaling \$46,410, an order from Southern University for janitorial products totaling \$14,800, and an order from Calcasieu Parish Sheriff's Office for offender clothing and mattresses totaling \$11,100.
36. Continuing, Mrs. Melius reported that PE provided two (2) significant quotes. A quote to Tangipahoa Parish Courthouse for courtroom furniture, jury box chairs, and tables and a quote to the Sulphur Police Department for office chairs and training room furniture.
37. Mr. Travis requested an update on the office chair for the St. Tammany Parish Sheriff. Mrs. Melius explained that PE spoke with the sheriff and emailed him choices of the chairs. He decided he would prefer to visit PE's showroom to select a chair.
38. Next, Mr. Travis inquired of the status of the license plate for the Louisiana Chiefs of Police Task Force. Mrs. Melius responded that PE worked with the task force providing several sample designs. A plate was selected and approved and PE is now waiting on an order.
39. Director Moore asked Mr. Floyd for the industries update.

40. Mr. Floyd announced that the Tag Plant received 120,000 pounds of aluminum to complete the remaining orders for fiscal year 2017. He projects that approximately 70,000 pounds will be available to begin filling orders for fiscal year 2018.
41. Continuing, Mr. Floyd stated that the Metal Fabrication shop had been busy. The plant successfully produced sixty (60) bunk beds for LCIW in four (4) weeks.
42. Mr. Floyd reported that a technician visited Metal Fabrication to inspect the powder coat machine. The technician discovered that the powder coat oven was equipped with the wrong temperature control. He installed the correct part and we are closely monitoring the oven's temperature.
43. Next, Mr. Floyd provided an update on the COGIMS for the LCIW Garment Plant at Hunt. He explained that doors were needed to properly secure the COGIMS. It was determined that PE would provide the materials for the doors' and EHCC will build them.
44. Mr. Floyd stated that the LCIW Garment plant would begin production soon. He noted that the EHCC Garment plant was cutting out patterns so that the LCIW Garment plant could immediately begin sewing when the equipment was in place.
45. Lastly, Mr. Floyd reported that Allen Furniture plant produced several bed unit prototypes for the Kappa Sigma Fraternity house.
46. Mr. Travis suggested that PE begin the approval process for the logo that will be embroidered on the St. Tammany Parish Sheriffs chair. He recommended that PE prepare sample logos to present to the sheriff when he comes to the showroom to test the chairs.
47. Next, Mr. Spalitta questioned if any finished goods were affected by the temperature control on the powder coat oven. Mr. Floyd replied that no issues have been reported.
48. Mr. Floyd stated that he would have an opportunity to discuss processes for powder coating during the NCIA Conference April 21 – 25, 2017. He will tour a correctional facility that uses the powder coating process.
49. Various discussions relating to the advantages and disadvantages of powder coating ensued.
50. Director Moore asked Mr. Hoover for the agriculture update.
51. Mr. Hoover began by announcing that the National Guard estimates that the repairs to the main levee will be completed by May 1, 2017. The levee protects more than 1,000 acres of pastures for the Camp G herd.
52. Next, Mr. Hoover reported that the cows and calves at Louisiana State Penitentiary (LSP) have been worked and the EHCC calves will be worked on Thursday, April 20th. He stated that four (4) loads of heifers from Dixon Correctional Institute (DCI) would be sold Saturday, April 22nd. He added that last year DCI only sold two (2) loads of cattle in the spring.
53. Continuing, Mr. Hoover reported that the corn was up and looked good. He stated that five hundred fifty (550) acres of soybeans were planted. He explained that Louisiana State University planted (20) acres of test plots with forty (40) different varieties of beans. Mr. Hoover stated that the cotton would be planted around May 1st.
54. Lastly, Mr. Hoover announced that PE was actively trying to sell the remaining sixteen thousand (16,000) quail. He stated that it appears the game bird business was no longer profitable for PE.
55. Mr. Spalitta asked Mr. Hoover if any quail processors had been contacted and could PE consider processing the quail. Mr. Hoover stated that processors in Georgia and Texas were contacted. He explained that PE would be required to become certified in order to process birds.

56. Mr. Oliveaux asked Mr. Hoover whether the hole in the bottom of the levee was repaired. Mr. Hoover responded that it was filled with the dirt from the temporary levee PE had previously created.
57. Mr. Wisecarver inquired if PE would add more cattle now that an additional one thousand (1,000) acres was available. Mr. Hoover explained that with the additional acreage PE would not be able to increase its herd, whereas if the pasture was lost the herd would need to be decreased.
58. Director Moore and Mr. Oliveaux provided a brief history of the main and ring levees at LSP.
59. Mr. Oliveaux asked for an update on hiring a salesperson.
60. Director Moore reported that the position was previously announced and an advertisement had been placed in the Advocate. Candidates were interviewed from the qualified applicant list, as well as one (1) person from the advertisement in the Advocate. That original announcement will be closed with no appointment and PE plans to re-announce the position.
61. Continuing, Director Moore reiterated that Mr. Labatut would retire on June 1st. He noted that the Deputy Director position was announced.
62. Lastly, Director Moore referenced the recidivism chart in the board folders. He answered several questions and provided a detailed explanation of the information provided.
63. Mr. Ardoin stated that the next board meeting would be at 10:00 AM on Tuesday, May 16, 2017 at LSP.
64. Mr. Ardoin adjourned the meeting at 11:15 AM.