

Prison Enterprises Board Meeting


APPROVED
Michael J. Moore, Director
7/19/18
Date

June 19, 2018

1. Chairman Joseph Ardoin called the meeting to order at 10:04 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
 - 3.2 Prison Enterprises Staff Present:
 - Michael Moore, Director
 - Joe Buttross
 - Scot Floyd
 - Danny Hoover
 - Kacie Henderson
 - Vickii Melius
 - Michelle Montalbano
 - Kristie Sigrest
 - Misty Stagg
4. Mr. Ardoin acknowledged that not enough board members were present for a quorum therefore a vote to approve the prior meeting minutes could not be taken.
5. Mr. Ardoin turned the meeting over to Director Moore.
6. Director Moore stated that Undersecretary Bickham planned to attend the meeting however he was unexpectedly called to the Appropriations Committee meeting at the capitol. He added that Mr. Lane was unable to attend the meeting due to an unexpected conflict.
7. Director Moore provided an update on the second (2nd) Legislative Special Session and the Fiscal Year (FY) 18/19 budget.
8. Next, Director Moore reported on the status of the Legislative Auditors. PE's annual Financial Audit was completed and the exit conference would take place when the entire Department of Corrections (DOC) Financial Audit had been completed. Additionally, he stated that the Legislative Auditors have requested information on various purchases for the Performance Audit they are conducting on PE. He noted that the auditors will be notified that PE will respond to the auditors request after the fiscal year ends.
9. Continuing, Director Moore referenced the board meeting folders for Mr. Frank Strickland's resignation letter dated June 5, 2018. He read Mr. Strickland's letter and recognized him for his more than fifteen (15) years of service on the PE Board.
10. Director Moore informed the board that PE Industry Supervisors, Quality Assurance Coordinators, and others PE employees participated in a training webinar conducted by the National Correctional Industries Association (NCIA) on Managing Transportation and Logistics in Correctional Industries.

11. Next, Director Moore announced that PE would participate in a DOC Headquarters C-05-003 audit. He asked Mrs. Henderson for an update.
12. Mrs. Henderson stated that the annual C-05-003 audit was scheduled for July 10, 2018. The audit will consist of a walkthrough of PE's warehouse, a look at some PE property items, and review PE's American Correctional Association (ACA) compliance files.
13. Continuing, Director Moore reported that Mr. Buttross, Mrs. Stagg, and Mrs. Melius are working on FY 18/19 pricing guides and updating product structures to reflect the new raw material contract prices. He emphasized the importance of preparing timely and accurate pricing guides and explained that updating pricing structures to reflect any changes is crucial in today's economic climate.
14. Lastly, Director Moore discussed PE's preparation and expectations for the fiscal year end and PE's commitment to successfully filling all fiscal year end orders. Additionally, he stressed the importance of maintaining adequate inventory levels for mattresses, linens, and garments during the hurricane season.
15. Director Moore then asked Mr. Buttross for an administrative update.
16. Mr. Buttross provided an update on the status of the Apprenticeship Program. He explained that the May 30th meeting with the Apprenticeship Council to review the application, answer questions, and ultimately receive approval to proceed with the program was canceled and may be re-scheduled for 10 AM, June 28th. Additionally, Mr. Buttross reported that the revision to the letter regarding the incentive pay for offenders in this program has been made and awaiting the Secretary's signature.
17. Then, Mr. Buttross discussed in detail the VISA credit card training session DOC Headquarters conducted for PE cardholders and approvers.
18. Continuing, Mr. Buttross provided an update on the delinquent fabric deliveries. He explained that the delinquent red twill fabric order was cancelled and a replacement order was placed with a new vendor. The Office of State Procurement (OSP) imposed a surcharge to the delinquent vendor for the cost difference of the fabric obtained from the new vendor.
19. Next, Mr. Buttross reported that the delinquent blue broadcloth fabric order from the same delinquent vendor has yet to be reordered as the "new" bid for the blue broadcloth opens June 19th. OSP plans to impose another cost difference surcharge to the delinquent vendor after the bid has been awarded. Additionally, Mr. Buttross stated that PE has exhausted all available options and was unable to obtain blue broadcloth before June 30th.
20. Lastly, Mr. Buttross reported job orders for May 2018 were \$626,000 compared to May 2017 job orders of \$664,000. He noted that the May 2017 job orders reflect a \$100,000 order from Kappa Sigma Fraternity and purchase orders from the Youth Challenge Programs. Continuing, he stated that the June 2018 job orders to-date are approximately \$870,000 and for the entire month of June 2017, the job orders totaled \$1.3 million.
21. Director Moore, then asked Mrs. Sigrest to provide the financial update.
22. Mrs. Sigrest began by stating that April 2018 finalized year to date (YTD) sales were \$21.5 million compared to April 2017 YTD sales of \$21.7 million, a decrease of \$182,000. YTD net income for the month of April 2018 was a loss of \$856,000 compared to a YTD loss of \$456,000 for April 2017, a decrease of \$400,000. The May 2018 preliminary YTD sales increased by \$74,000 compared to May 2017 YTD sales. The May 2018 preliminary YTD net income decreased by \$150,000 compared to May 2017 YTD net income.
23. Lastly, Mrs. Sigrest announced that PE's accounting staff were scheduled to conduct physical inventory counts at PE industries beginning June 25th and ending July 6th.

24. Director Moore asked Mrs. Melius for the sales and marketing update.
25. Mrs. Melius reported PE received six (6) significant Department of Corrections (DOC) orders. An order from Louisiana State Penitentiary (LSP) for offender clothing, furniture, chairs, mattresses, janitorial supplies, print, linens, and officer uniforms totaling \$368,111. An order from Allen Correctional Center (ALC) for offender clothing, mattresses, janitorial supplies, furniture, and officer uniforms totaling \$123,313. An order from RLCC for chairs, print, mattresses, offender clothing, janitorial supplies, and officer uniforms totaling \$89,913. An order from EHCC for offender clothing, print, mattresses, and officer uniforms totaling \$80,382. An order from Probation and Parole for officer uniforms, chairs, and furniture totaling \$53,968 and an order from David Wade Correctional Center (DWCC) for janitorial supplies, linens, and offender clothing totaling \$52,909.
26. Next, Mrs. Melius stated that PE received four (4) other significant job orders. An order from Lake Fausse Pointe State Park for furniture totaling \$110,160. An order from Orleans Parish Sheriff's Office for offender clothing, and print totaling \$86,980. An order from Richwood Correctional Center for bunks totaling \$24,574 and an order from Caddo Parish Correctional Center for mattresses totaling \$22,000.
27. Lastly, Mrs. Melius stated that the Sales and Marketing team would attend the Louisiana Association of Chiefs of Police Annual Conference and Trade Show in Shreveport, July 9 – 11, 2018.
28. Mr. Oliveaux asked for an update on hiring a salesperson.
29. Director Moore responded that the sales position was announced and closed. PE was waiting to receive the list of applicants.
30. Mr. Oliveaux inquired whether Mr. Bearb would remain in the sales position. Additionally, he asked how long it would take to hire a sales person.
31. Director Moore stated that Mr. Bearb would continue working in the sales position. He explained the length of time necessary to hire a sales person would depend on the number of applicants. He noted that the interviews process would begin in July, soon after the fiscal year ends.
32. Director Moore asked Mr. Floyd for an industries update.
33. Mr. Floyd reported that the Summer Canteen Package Program ended and all of the orders, except for LSP have been pulled, packaged, and delivered. The package counts for the 2018 summer program totaled 2,516 packages. The 2018 Fall Program opens July 23rd and runs through August 23rd. The deliveries will be made to the institutions in October.
34. Next, Mr. Floyd reported that the Metal Fabrication (Metal Fab) Shop was working diligently to successfully complete June 30th orders and maintain adequate inventory levels. Additionally, he discussed the Youth Challenge Program/Minden order for one hundred (100) locker boxes.
35. Continuing, Mr. Floyd reported that the Mattress Plant will complete the last three (3) fiscal year end orders by June 30th and currently have in stock 1,087 foam, green staph check mattresses in preparation for hurricane season. Additionally, he noted that the results from the fire testing on the new eight (8) inch core mattresses were all good.
36. Mr. Floyd reiterated the other LSP industries are very busy and well prepared to fill the fiscal year end orders.
37. Next, Mr. Floyd reported on the Garment Plants. He stated that the T-Shirt Plant has been working steadily to manufacture and stock t-shirts to fill job orders in July. The EHCC and

Winn Garment Plants have been extremely busy and working overtime to successfully complete the June 30th orders on time.

38. Continuing, Mr. Floyd stated that along with the Embroidery and Chair Plant, the Soap Plant continues working overtime to complete all year end orders.
39. Lastly, Mr. Floyd reported that the Furniture Plant had completed the Lake Fausse Pointe State Park order and it would be delivered June 19th and 20th.
40. Director Moore asked Mr. Hoover for the agriculture update.
41. Mr. Hoover reported that the water level of the Mississippi River dropped significantly. Most of the pastures are currently being used and soybeans were planted on Monkey Island.
42. Next, Mr. Hoover reported that the grass was growing and all the cattle were doing well. Additionally, sixty (60) bulls were shipped from LSP to Raymond Laborde Correctional Center (RLCC). The four (4) loads (two hundred thirty-nine head) of Dixon Correctional Institute (DCI) open heifers that sold on May 17th for \$236,600 were shipped. Eighty (80) head of LSP steers and heifers sold and will ship on June 20th. The steers weighed approximately 630 pounds and sold for \$1.55. The heifers weighed approximately 620 pounds and sold for \$1.45.
43. Mr. Hoover reported that all sixteen hundred (1,600) acres of soybeans were planted. However, a few acres had to be replanted due to the recent dry weather conditions. All of the corn and cotton were planted. They were up and look good.
44. Lastly, Mr. Hoover stated that the soybean price had dropped as a result of the uncertainty of the economic trade negotiations between the United States and China.
45. Mr. Oliveaux and Mr. Hoover discussed the three hundred twenty (320) acres of corn and the four hundred nineteen (419) acres of cotton planted.
46. Continuing, Mr. Oliveaux inquired on the pasture at RLCC and questioned the profitability of relocating the bulls from LSP to RLCC.
47. Mr. Hoover explained that in addition to providing good pasture for the bulls to graze, shipping the bulls to RLCC allows some pasture work to be done at LSP and gives the cattle additional pasture for grazing.
48. Mr. Oliveaux and Mr. Hoover discussed various PE agriculture operations.
49. Prior to setting the next meeting, plans to have a meeting at DCI in August and at LSP in September were considered.
50. Mr. Ardoin set the July meeting for 10:00 AM at PE Headquarters on Tuesday, July 17, 2018.
51. Mr. Ardoin adjourned the meeting at 10:46 AM.