

**FPI BOARD OF DIRECTORS TELECONFERENCE**  
**May 18, 2016**  
**Washington, D.C.**

A teleconference of the Federal Prison Industries (FPI) Board of Directors was held from FPI Headquarters in Washington, D.C., Tuesday, May 18, 2016.

**IN ATTENDANCE:**

David Spears, Chairman (call-in)  
Don Elliott, Member (call-in)  
Frank Gale, Member (call-in)  
Audrey Roberts, Member (call-in)  
Lee J. Lofthus, Member (call-in)

**QUORUM:** A quorum was present.

**ALSO IN ATTENDANCE:**

Thomas R. Kane, Acting Director, Bureau of Prisons  
Commissioner, FPI (call-in)  
Gary Simpson, Assistant Director, IEVT  
Chief Executive Officer, FPI  
Judi Simon Garrett, Assistant Director, IPPA (call-in)  
Phil Sibal, Senior Deputy Assistant Director, IEVT  
Ken Yeich, Deputy Assistant Director, IEVT  
Marianne Cantwell, General Counsel, IEVT  
Brad Beus, Chief Financial Officer, FPI  
Stephanie Santucci, Deputy Chief, Marketing, Research  
& Corporate Support, FPI  
Christian Burch, Executive Assistant, IEVT  
Kia Smith, Administrative Officer, IEVT

Chairman Spears called the meeting to order at 10:30 a.m. and thanked everyone for their participation and subsequently turned the meeting over to Acting Director Kane for an agency update.

**I. Approval of the April 13, 2016 Meeting Minutes**

The Board of Directors considered the draft minutes from the April 13, 2016 meeting conducted at the FPI headquarters office, Washington, D.C. The Board voted unanimously to accept the minutes.

## **II. Director's Report:**

Acting Director Kane thanked the Board members for their participation in the teleconference. Additionally, he mentioned that the Attorney General (AG) had designated April 25-29, 2016 as "National Reentry Week," which highlighted programs facilitated by the U.S. Attorney's Office and the Bureau of Prisons (BOP). He added that all BOP institutions were well prepared for this special week as 350 events were offered throughout the Bureau. Acting Director Kane also noted that the AG expressed her appreciation for the very substantive, family oriented and occupational events/programs that were offered, and this resulted in acknowledgement from the White House/President. He also informed the Board about the AG's visit to FPC Bryan, which highlighted agency efforts for female offenders, specifically UNICOR's operation there- the Reentry Hotline. Lastly, Acting Director Kane spoke about the AG/Deputy Attorney General's visit to FCI Talladega, which featured UNICOR's Clothing & Textiles Operation, where a number of meaningful exchanges between the AG and the inmates occurred in a "roundtable" forum.

## **III. Chief Financial Officer's Report:**

Mr. Beus, Chief Financial Officer, provided the financial update utilizing PowerPoint charts that were provided to attendees prior to the meeting. Using Attachment A (FPI Financial Performance), he provided an overview of Sales/Earnings per Business Groups. He stated that General and Administrative Expenses (G&A) to date are at \$26 million lower than the plan. He highlighted that the Clothing and Textiles Business Group (C&T) addressed a number of delinquent orders. He highlighted that FPI had seen their first time in the "black" for sales since 2008, the quarterly closeout report showed a \$2 million profit.

Mr. Beus also informed the Board that the Office Furniture Group (OFG) had addressed (cleaned up) a number of issues with the 1528 account.

Mr. Spears expressed his appreciation for the efforts and positive work.

Mr. Lofthus suggested that the accomplishments should be shared with staff.

Mr. Spears asked if anyone had any questions or comments. Ms. Roberts commented that the FPI team seemed to be working very hard to reach our goals.

Mr. Lofthus asked Mr. Beus if any of the Business Groups were anticipating an uptick or improvement. Mr. Beus explained that the Electronics Business Group (EBG) could anticipate an uptick in sales, but this would be dependent on whether certain radio equipment issues would be addressed.

#### **IV. Chief Executive Officer's Report:**

Mr. Simpson informed the Board that FPI had established a goal of \$455 million in sales before the end of the fiscal year. Inmate Employment was: 17,198 against a goal of 19,385. (This includes inmates leaving FPI over the prior 12 months with 6 months or more FPI experience.)

Mr. Simpson announced the reopening of two factories (Coleman and Forrest City). He also noted that five AWs that were displaced have been placed in AW roles (the exact placements have not been announced yet.)

Mr. Simpson stated that the General Managers are working with Procurement to identify and reduce raw material costs utilizing EPA clauses.

Mr. Simpson informed the Board of possible business opportunities with private sector companies. Mr. Simpson informed the Board that he will be meeting with a furniture company to discuss becoming a contract manufacturer.

Mr. Simpson also noted that training for the Factory Managers will begin the week of August 15.

Mr. Simpson also informed the Board that FPI was working toward functioning in accordance with industry best practices by eliminating free storage for customers, lifetime warranties, and other free services that have hindered its financial sustainability. He explained that most companies have moved away from offering lifetime warranties and added that FPI had spent \$600,000 on returns so far this fiscal year.

Referencing 2.0 of FPI's Strategic Plan – Business Growth, Mr. Simpson informed the Board that an emphasis was being placed on Customer Service and Quality. He further explained that mechanisms had been established to measure this, for example “line items delivered on time.”

Mr. Simpson highlighted to the Board that he had established a number of contacts and/or leads for broadening FPI's opportunities through National Reentry Week.

Referencing 3.0 of FPI's Strategic Plan – People, Mr. Simpson noted that Scorecards had been reworked; and he provided an update on the Employee Satisfaction and Engagement Questionnaire (survey)- specifically, that it was on track to be deployed at the end of June so as not to conflict with the Office of Personnel Management's

