

FINANCE COMMITTEE MINUTES
December 9, 2008
Chairman Ronnie Smith
Vice-Chairman Jaclyn Hotard

Members: Haston Lewis, Danny Millet, Charles Julien, Jaclyn Hotard, Darnel Usry, Ronnie Smith, Cheryl Millet, Dale Wolfe, Steve Lee

PRESENT: Haston Lewis, Ronnie Smith, Danny Millet, Darnel Usry, Dale Wolfe, Jaclyn Hotard, Charles Julien

ABSENT: Cheryl Millet, Steve Lee

BID OPENING REPORT/AWARDS:

Pat McTopy, Chief Administrative Officer, stated, "At the last meeting, we advised that three bids were opened. You were provided copies of the bid tabulations. The first one was for pump repairs. The sole bidder was Parson & Sanderson. We have been doing business with them for many years and we recommend that the bid be awarded to them for pump repairs."

MOTION: Councilman Millet moved and Councilman Julien seconded the motion to accept the one bid for pump repairs from Parson & Sanderson. The motion passed with Councilwoman Millet and Councilman Lee absent.

Pat McTopy stated, "The second bid was for general maintenance. There was one bidder, a company known as Pipeworks Plumbing and Equipment. The proposals had been reviewed by Mr. Savoie, Mr. Bailey and Mr. Bean. We recommend at this time that we award the bid for general maintenance to Pipeworks."

MOTION: Councilman Millet moved and Councilwoman Usry seconded the motion to award the bid for general maintenance to Pipeworks Plumbing and Equipment. The motion passed with 6 yeas, 1 abstaining (Hotard) and 2 absent (Lee & Cheryl Millet).

Pat McTopy stated, "The third item was for the purchase of submersible pumps and we recommend at this time that it stay under advisement. We are still evaluating the bids."

Administration - (Tabled) Humana Health Insurance Agent of Record

MOTION: Councilwoman Hotard moved and Councilman Wolfe seconded the motion to remove this item from the table. The motion passed with Councilwoman Millet and Councilman Lee absent.

John Millet, 1101 W. Airline Hwy. Suite F, stated, "This item was opened for discussion at the last meeting and I would like to clear up a couple of miss-information that some of you guys might have on this item. I guess there was discussion in reference to the appointment of an agent of record for the Humana contract. At the last meeting we had discussed some possible conflicts of interest against the charter when the appointment of Natalie Tatje was awarded on May 8th, 2007. First off I would like to state that the current Louisiana law requires that all insurance companies recognize an agent of record when selected by the primary named insured, which would mean that the St. John Parish

Council has the legal authority to appoint and select any insurance agent to serve on any insurance policy for the council at any time. Secondly, we had discussed that I requested an ethical opinion and it was an opinion, not a complaint, in February of 2008. The ethics board issued an opinion and determined that no insurance company would be able to submit a proposal to this council for consideration at a time when any other council members were receiving commissions from any insurance company making a presentation or proposal to this council. I would also like to caution this council and the Hubbard administration that the parish charter places a statutory requirement on every officer, official and employee of the parish to make known any financial interest direct or indirect in any proposal or contract with the parish. This section of the charter does have a penalty provision which states that anyone who willfully conceals a financial interest direct or indirect shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine of \$500.00 or imprisonment of not more than 60 days."

Councilman Smith stated, "Mr. Millet we are here to discuss a record of agent. We are not here to be lectured by you about what the penalties under the charter and everything else. This has nothing to do with what is going on here. I am asking you politely to please stick to the record. Thank you, sir."

John Millet stated, "As we mentioned at the last council meeting, the agent appointment on May 8th, 2007 was a substitute motion that failed 5/3 and at that time it was believed that three council members had some type of financial relationship with Humana, United Healthcare or Natalie Tatje's office at that time. What I did after I went out and got these ethical opinions to help this council and guide them through this process or guide them to avoid any conflicts. No one took any corrective measures to avoid these conflicts. So what I did was filed a conflict of interest complaint with the District Attorney's office that three of these council members violated the charter and the violation of the charter, if I can continue, any violation of a section of this charter will render the contract void by vote of the majority of this council. So what I am asking the District Attorney to do is to determine at the May 8th meeting was there a violation of the parish charter which would void the original appointment of Natalie Tatje. That is all that I am asking."

Councilman Smith stated, "That request doesn't come to the council sir it has to go to the District Attorney's office."

John Millet stated, "I have already done that."

Councilman Smith asked, "Have they given you an opinion? Or have they done anything with it?"

John Millet stated, "Well Tom Daley has requested that the Ethics Board delay those opinions until February of 2009 to give him time to address those issues."

Councilman Smith stated, "I can't wait until February 2009."

John Millet stated, "I understand that."

Councilman Smith stated, "If it was six months from now or six months ago that this request was made that we wait two months where we can get our insurance and agent of record and stuff in place that would be a possibility. At this time I cannot wait until February to decide on who my agent of record is going to be."

John Millet stated, "I understand. Just as long as this council is aware that upon or if it is determined that a charter violation has been made at that meeting than that contract would be void by a majority vote of this council."

Councilman Julien asked, "Is it improper for me to ask Mr. Daley a question? Mr. Daley in your opinion are we violating the charter at this point if we vote for Mrs. Tatje?"

Councilwoman Hotard asked, "Charles can I ask him something with your question also to add to it?"

Councilman Julien stated, "Definitely."

Councilwoman Hotard stated, "I guess with the mention of the charter violation, I believe John Millet's specific mention of the conflicts of interest are with Humana. They are not with Mrs. Tatje as the agent. His request for his ethics clarification or his clarifications from the ethics board have all been related to the actual insurance companies being able to submit proposals. Not about the actual agent. So in your question asking Tom Daley if there is a conflict of interest with the agent of record is really I guess misleading because really the conflict would be with the carriers not with the agent of record. Because if the agent is Mrs. Tatje or any other agent the carrier is Humana because they were the low bidder and that is the process that we went through. So maybe if you can clarify both of those things, because it is two separate issues, the carrier and the agent."

Tom Daley, District Attorney, stated, "I will do my best to add clarity if I can. Mr. Millet is correct that he filed the complaint with Mr. Crum, the District Attorney for St. John Parish, Mr. Crum referred that complaint to the Attorney General acknowledging that he represents members of this board and council and also that Mr. Millet is his insurance agent and handles the insurance for the District Attorney's office. The Attorney General corresponded with Mr. Crum, reviewed the complaint made by Mr. Millet and referred that matter to the ethics board. I would be happy to share that with this council at a later time. As this council knows and I think it is no secret, after that both Mr. John Millet and on behalf of several council members, the ethics board was asked to review the situation and to render some advisory opinions. Mr. John Millet has received two advisory opinions. Two originally, but there are five total. I would say that those opinions clearly state that no council member can receive compensation from any insurance company that is doing business with the parish. Actually Mr. Millet's advisory opinions, he asked the board to tell him if he could submit proposals on behalf of carriers that council members have agency agreements with. The board of ethics advised, in an advisory opinion, that Mr. Millet could not submit proposals or should not submit proposals on behalf of those carriers. In order to avoid the parish not having insurance, I have spent, at Mr. Crum's request, the last month or so attempting to review the situation and ascertain

whether or not the four carriers that submitted proposals were conflicted. Based on my, we didn't have a court record and I didn't put people under oath, but I ascertained to my satisfaction that Humana was not conflicted. Based on representations that no council members receive any compensation from Humana. It was based on that general review and my conversations with administration that they went forward and only after that made a recommendation that the council consider Humana's proposal."

MOTION: Councilwoman Usry moved and Councilman Julien seconded the motion to go into recess. The motion passed with Councilwoman Millet and Councilman Lee absent.

MOTION: Councilman Smith moved and Councilwoman Usry seconded the motion to go back into the finance meeting. The motion passes with Councilwoman Millet and Councilman Lee absent.

Tom Daley stated, "So there are a number of issues I guess involved in this. One to answer Mr. Julien's question, I think your question is is the charter being violated by the vote tonight? If no council member is receiving compensation from Humana and/or its agent than they wouldn't necessarily have a compensation conflict. The ethics board is clear in that they consider it to be participation conflicts and compensation conflicts. Compensation means a council member and/or their spouse receives remuneration and if a council member or spouse receives remuneration than they have a compensation conflict. A participation conflict is a little broader. That is participation in the vote to award the contract or the agency. That conflict is broader in that it is not limited to financial ramifications for the council member and/or his or her spouse, but deals with all family members and other business relations. So in regard to participation, Mr. Millet's complaint, which is still pending, is whether or not what happened last year created a conflict. I cannot render an opinion on that. I can't speak to what happened last year. My assignment is to try and make sure that what is happening today and what happened at the last meeting was done correctly and appropriately. That is the charge that I am responsible for. I am doing the best that I can. These rules, as you know, are not always simple. They are interpreted by a board in Baton Rouge and I don't pretend to be able to control or necessarily predict what they are going to do. I can say that I felt that the Humana conflict with regard to the parish council was, in my opinion, resolved to my satisfaction at this point, with regard to compensation conflicts. There were issues with regard to participation that are still pending with regard to last year. Those participation conflicts, I believe Mr. Perilloux has advised certain council members not to participate in insurance matters, if they are in the insurance business or if they have family members in the insurance business. Our office has also advised them to not participate if they have a potential conflict. As far as I know they have been advised and are operating within those guidelines. There again I don't pretend to understand everyone's business arrangements outside of their council duties and I am not in a position to say that anyone in the District Attorney's office has thoroughly investigated or had the ability to thoroughly investigate all of those arrangements at this time. The office has advised that if you are in the insurance business you ought to use caution with regards to voting on insurance matters. If you are making compensation from any of these carriers you should, the council and the parish, cannot engage

in a business relationship with them. I hope I have answered your questions."

MOTION: Councilwoman Hotard moved and Councilman Millet seconded the motion to accept administrations recommendation and appoint Natalie Tatje as the Agent of Record for the Parish. The motion passes with 5 yeas, 2 neas (Wolfe, Julien) and 2 absent (Lee & Cheryl Millet).

Councilman Lee arrived at 6:40 PM.

Pat McTopy - Authorization to execute a contract renewal with Guidry Associates, LLC for funding services in connection with the LRA and CIAP programs, and representation with the State House, Senate and Executive Branches

Pat McTopy stated, "The contract that had been previously awarded by the council expired in September and we are asking that we be authorized to renew it for an additional two years, with a thirty day cancellation clause if the council should ever decide that we need to get out."

MOTION: Councilman Millet moved and Councilwoman Usry seconded the motion to grant administration authorization to renew the contract with Guidry Associates, LLC for two years. The motion passes with Councilwoman Millet absent.

Pat McTopy/Haston Lewis - Resolution - R08-31 - A Resolution declaring an emergency concerning the raw water intake structure at the Edgard water treatment plant

Pat McTopy stated, "The raw water structure on the Mississippi River batture has collapsed some time ago. As a result of that we are having to rent diesel pumps that are sitting on the batture with flexible hoses pumping raw water into the water treatment plant. As Mr. Hubbard has called it, it is third world. The water shortage that we had last week on the entire West Bank was a direct result of that set up. Mr. Savoie has been working diligently to get permits to get the work done. The Corp of Engineers has been a problem with their demands and requirements. I think we finally jumped that hurdle. We are afraid that if we follow the normal bidding process and the bid route that it is going to put us in the high river stage of the Mississippi River, we expect it to start rising in February or so, that would put us right in the middle of the high river stage which is going to delay the project until next summer. We have one price already. We met with three contractors last week to get some additional pricing. We are asking that we declare this an emergency so that we can expedite construction on that project."

Councilman Lewis stated, "We have been going through this a year before I got on this council. Since I have been here it has been going on at least eleven months. I met with Mr. Hubbard about two weeks after he was sworn in and I brought him on the levee and showed him the pump. Believe me we have been having trouble. We are lucky we went through Gustav and it didn't blow the pump into the river than. We are getting ready for a rating with our fire department, if we have a lot of low pressure it is going to hurt our rating. It is very important that we get this thing back on line and I appreciate your vote."

Pat McTopy stated, "Before you vote on it, I need your support on financing for this project. As you are aware the utilities operating account has a serious cash flow problem and that would normally be the account that we would pay this from. We don't have capital funds either. We have applied for funding through the state interim emergency board. Mr. Savoie has worked extensively on that as well as Myra one of our employees and we expect that they are going to take that request up in the next couple of weeks. If that funding is denied, I only ask that the council work with us in finding the funding because we can find it from other sources, but I want you all to be aware that we are going to need your assistance."

MOTION: Councilman Lewis moved and Councilman Wolfe seconded the motion to accept Resolution R08-31. A Resolution declaring an emergency concerning the raw water intake structure at the Edgard Water Treatment Plant **WHEREAS**, the Edgard water treatment plant is the only source of potable water for the entire West Bank of St. John the Baptist Parish, and; **WHEREAS**, the raw water intake structure on the bature has collapsed, and; **WHEREAS**, a temporary diesel engine driven water pump and flexible intake hose has been supplying raw water to the water treatment facility, and; **WHEREAS**, this temporary setup is prone to and has failed to supply raw water to the water treatment plant, and; **WHEREAS**, the Corps of Engineers will not allow any construction activity on the bature during high river stages, and; **WHEREAS**, if the normal bid process is followed high river stages will be encountered before construction of a new structure is completed thus stopping construction and delaying completion for many months, and; **WHEREAS**, failure of the raw water intake facility has and will cause a complete failure of Potable water services to the entire West Bank creating a public health hazard, Public safety hazard and great inconvenience to residents and businesses, and; **WHEREAS**, Parish administration advises and recommends that a public emergency exists. **NOW, THEREFORE, BE IT RESOLVED**, that the St. John the Baptist Parish Council, acting upon the recommendation of the Parish Administration and acting as the governing authority of St. John the Baptist Parish does hereby find and declare that a public emergency exists affecting public health and safety, and; **FURTHERMORE BE IT RESOLVED**, that the Parish Council authorizes the Parish President to replace the raw water pump wet well and perform other work as determined necessary at the Edgard Water Treatment Plant on an expedited basis as authorized by LSA R.S. 38:2212D. The motion passes with Councilwoman Millet absent.

Any and all other financial concerns

Councilman Wolfe stated, "I had a discussion with Mr. Hubbard last week in terms of our budget and budget hearings. I don't remember having any budget hearings. There were some programs I would like to see in our budget that wasn't in the budget. Mr. Hubbard, at that time, said that he and I could get together and take care of that business. As long as you all understand that than everything is alright."

Adjournment

MOTION: Councilwoman Usry moved and Councilman Millet seconded the motion to adjourn. The motion passed with Councilwoman Millet absent.

