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**LAKE CHARLES HARBOR AND TERMINAL DISTRICT
AGREED-UPON PROCEDURES REPORT
DECEMBER 31, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or required, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-15-98

LAKE CHARLES HARBOR AND TERMINAL FACILITY
LAKE CHARLES, LOUISIANA

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McELROY, QUIRK & BURCH

Chartered Accountants • Certified Public Accountants • Since 1897
200 Maple Street • P.O. Box 2000 • Lake Charles, LA 70601-2000
(504) 481-1800 • Telex 504 478-3438 • Telex 481481MELROB

1987-1988: 100%
1986-1987: 100%
1985-1986: 100%
1984-1985: 100%
1983-1984: 100%
1982-1983: 100%
1981-1982: 100%
1980-1981: 100%



1980-1981: 100%
1979-1980: 100%
1978-1979: 100%
1977-1978: 100%
1976-1977: 100%

1975-1976: 100%

1974-1975: 100%
1973-1974: 100%
1972-1973: 100%
1971-1972: 100%

INDEPENDENT ACCOUNTANT'S REPORT ON APPLICABLE AGREED-UPON PROCEDURES

1. THE REPORTING PERIOD IS 1988.

Mr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-0007

We have performed the procedures enumerated in the attached Exhibit A, which were agreed to by the Office of the Legislative Auditor, State of Louisiana, solely to assist the Office of the Legislative Auditor in its assessment of the assertions of Mr. Gary L. Pearson, Sr., enumerated in Exhibit A, and its determination of the impact, if any, of those assertions, on the financial statements of the Lake Charles Harbor & District for the year ended December 31, 1987. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit A either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the assertions enumerated in Exhibit A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

McElroy, Quirk & Burch

Lake Charles, Louisiana
June 27, 1988

EXHIBIT A
AGREED-UPOON PROCEEDINGS

AGREED-UPOON NUMBER 1

AGREED-UPOON OF GARY L. FRASER, JR.:

Soil or dirt has been removed from the Industrial Canal area of the Port's property by H D Trach & Tractor with the knowledge of the Port's administrative personnel but no contract has been executed by the Port authorizing the removal of this material and the Port has received no payment or other benefit for the soil removed.

PROCEEDINGS:

1. Make the following inquiries of management and request a written response:
 - A. Was soil or dirt removed from the Industrial Canal area of the Port's property by H D Trach & Tractor during 1987?
 - B. If yes, did the Port's Administrative personnel have knowledge of this activity?
 - C. If yes, was a contract executed authorizing the removal of this material and did the Port receive payment or other benefit for the soil removed.
 - D. If yes, provide evidence documenting the contract, the work performed, and, if required, Board authorization and compliance with Louisiana bid laws.
2. Request H D Trach & Tractor to confirm the terms of the contract for the soil/dirt removal.

FINDINGS:

1. Made verbal inquiries of Mr. Edmund Mineman, Executive Director, and Mr. Michael E. Bopp, Counsel for the District.
 - A. Mr. Mineman and Mr. Bopp responded that soil or dirt was removed from the Industrial Canal area of the Port's property by H D Trach & Tractor during the last four months of 1987.

Attachment Number 1
Findings

B. (continued)

B. Mr. Wiseman and Mr. Deeb responded that the Port's Administrative personnel, specifically Mr. Wiseman, Mr. Deeb, and Mr. JOHN POLANSKY, Jr., Deputy Director, had knowledge of this activity.

C. Mr. Deeb provided a written response that indicated the District contracted with HD Truck & Tractor to perform certain drainage work including excavating a ditch in exchange for removal of 448 cubic yards of dirt and to perform landscaping of the 27 acres at City Dock and remove broken concrete pilings and aggregate from City Dock and Bulk Terminal No. 1 for approximately 60,000 yards of dirt to be removed from 208 acres at Industrial Canal off Big Lake Road for private use. Review of the HD Truck & Tractor vendor file and inquiry of Accounting Department personnel and the Deputy Director identified no payments to or from HD Truck & Tractor in connection with this contract.

D. Mr. Deeb provided a copy of written proposals submitted to the District by HD Truck & Tractor regarding these jobs and stated there were no other contractor's associated for these jobs. Mr. Deeb provided in the written response that, in his opinion, the arrangements were legal and appropriate since the amount of work was below the bid law requirements and a clear benefit to the District was demonstrated.

5. A letter was mailed to HD Truck & Tractor requesting confirmation of the terms of the contract and performance of the work. The response, dated April 15, 1998, from HD Truck & Tractor indicated confirmation of the terms of the contract, as to the performance of the work, the reply indicated that "Due to inclement weather landscaping of 17 acres has not yet been completed." In response to our inquiry, the Deputy Director stated the landscaping had not been completed as of the date of this report.

Don H. Backstrom, Director of Administration and Finance, provided the following update subsequent to the exit conference of June 12, 1998:

"In regards to the agreement between HD Trucking and the District concerning the removal of 50,000 yards of dirt in exchange for landscaping of 17 acres at the District's City Dock, this suspended all work when the allegations arose until such time as the matter was concluded.

**Attachment Number 1
Findings**

1. CONTINUED

Prior to the allegations, MID had received only 30 truckloads of dirt. This amounts to 480 yards of dirt (14 yds. per truckload), or less than 1% of the total. Valuing the dirt at the agreed upon rate of \$1.20 per yard brings the total value of dirt taken to \$147.00.

Obviously the cost to maintain MID's equipment, to perform the landscaping at the City Parks, let alone perform any meaningful work, far exceeds the value of the dirt taken.

Now that the matter has been presented to the Legislative Judiciary office, the District is demanding MID that we now proceed with the previously agreed arrangements. MID has once again commenced removing dirt from the Division's Industrial Canal area in exchange for performing landscaping work at the City Parks.

In talking with MID, we have been informed by MID that it will take a while to build the dirt business back up since local building contractors inspected the allegations in the newspaper to ensure that MID was dealing in "REAL" industrial dirt."

ATTACHMENT NUMBER 2

DIRECTIONS OF DEBY L. PARSON, ESQ.

Numerous month applications numbers have been issued by the operations section of the Port indicating that vessels or businesses have conducted business with the Port that should result in income being earned by the Port. However, there has been no corresponding invoice issued by the Port or there has been substantial delays in issuing invoices all of which create questions of lost or delayed income to the Port.

Memorandum NUMBER 2
Procedure

PROCEDURE:

1. Identify the population of birth application numbers originated during 1978 and 1980 by the following methods:
 - A. Inquire of personnel in the Traffic Department about the following:
 - know the procedures for handling birth applications.
 - B. Refer to the annual control log of numbers issued as maintained in the Traffic Department to determine the beginning and ending assigned numbers for each year.
 - C. Refer to the ACCOUNTS RECEIVABLE system computer report (SHIP Register Report) to determine birth applications that were recorded.
2. Determine the population of birth application numbers not included in the SHIP Register Report.
 - A. Inquire of personnel in the Traffic Department as to the disposition of these birth applications.
 - B. Review documentation in support of the handling of 10% of these birth applications.
 - C. Select 10% of these birth applications and make written inquiry to the Lake Charles Pilots Association as to traffic in the DISTRICT by the vessels identified on these birth applications.

REFERENCE:

1. A. Handling of birth applications was discussed with Christine Masuch of the Traffic Department and with Blanche Fote of the Accounting Department. In addition to the information obtained as a result of these discussions, a written summary of the procedures was approved by Mr Masuch and Mr Fote. The information obtained provided information necessary to understand the system of issuing, accounting for, and invoicing returns for the revenue generated from the ships docking at the PORT.

Attachment Number 2
FINDINGS

3. (Continued)

- B. Birth application numbers were obtained from the manual log of birth application numbers prepared by Traffic and are shown below:

1991:	beginning	30000	1990: beginning	30000
	ending	30400	ending	30446

- C. Determined, by reference to the automatic retrievable system computer report Ship Register Reports, birth applications recorded. Identified birth application numbers that were not recorded as noted in item B below.

- D. Determined birth applications not included in the Ship Register reports were as follows:

1995:	10 numbers not included.
1996:	14 numbers not included.

- A. Inspected and processed in the Traffic Department as to the disposition of these birth applications and by reference to the ship files identified the following findings:

1995:	9 vessels cancelled 1 vessel not changed as it was noted as the Fred the Hungry vessel, Esquimaux, carrying restricted food products.
1996:	12 vessels cancelled 1 vessel not changed as it had a U.S. Government vessel on display here 1 vessel was a "wreck vessel" 1 vessel was a barge which the port could not completely accommodate upon arrival 2 birth applications was killed which appeared in the Ship Register but without a number as it was entered without being assigned a "vessel number" as it was a group of unnumbered barges.

- B. One 1995 ship file and three 1996 ship files were randomly selected and disseminated in support of the disposition of the birth applications was examined with no exceptions noted.

Attachment Number 3
FINDINGS

2. Continued

6. Submitted one 1995 and one 1998 berth application that was accepted and requested the Lake Charles Pilots Association to respond as to traffic to the District by the vessels identified on those berth applications. The response received from the Lake Charles Pilots Association indicated no pilot was provided to these vessels during the time period identified.

ATTACHMENT NUMBER 3

ANALYSIS OF GARY L. FRANCE, JR.

Individuals who are employed by the Port and are given specific automobile allowances as part of their compensation package use Port owned vehicles to conduct their business rather than use the vehicles that the Port paid them to have available for such use. This practice is increased expense to the Port.

Mr. Wiseman and Bill Dees both have specific car allowances as part of their pay packages. They are paid a monthly allowance in order to allow them to have an automobile for use on the Port. However, both Wiseman and Dees use a Blazer, Blazer Unit #0.

PROCEDURE:

1. Obtain a copy of and read the car allowance guidelines, the District Travel Regulations, and evidence of Board approval of such Guidelines and Regulations.
2. Determine, by inquiry, the District employees that received a car allowance during 1997.
3. Review documentation regarding the use of District vehicles during 1997.
4. Review travel expense reimbursement requests submitted by Mr. Wiseman and Mr. Dees during 1997 to determine compliance with District policy related thereto.

Attachment Number 3
Friedelbaum

4. Identify instances of use of District owned vehicles by Mr. Wiseman and Mr. Deen and compare to District policies covering use of District owned vehicles. If no such written policies have been adopted, request management to provide a statement that such use was, or was not, in accordance with management decisions.
5. Furnish copies of Forms W-2 or Forms 1099, as applicable, for evidence that car allowance payments were reported as income to the individuals receiving the payments.

FINDINGS:

1. Obtained copies of the following from Pete TROSTMAN, Director of Personnel.
 - A. Identify Memorandum from Hillary Langley, Jr. to the Board of Commissioners dated August 1, 1984 containing the policies and procedures established for travel and per diem by District Commissioners, the Executive Director, and the General Counsel. Policy 13 A of this document states, in part - "You will be reimbursed on actual and allowable expense basis for all reasonable travel expenses incurred while on District business outside the District's official boundaries."
 - B. Identify Memorandum from GLENWOOD M. WISSEMAN, Executive Director to the Directors of the District dated September 24, 1984 containing the policies and procedures established for travel and expense policy to be observed by all District employees, as combined. Policy 13 B of this document states, in part - "District employees are eligible to receive reimbursement for travel, meals and lodging only when away from their official domicile or at their official domicile when travel or other expenses incurred are essential to a meeting or other official action of the District or incidental to their employment."

Obtained copies of the following from Michael M. Deen, General Counsel. In addition, Mr. Deen provided a written memorandum about the car allowance policy and the use of District owned vehicles by himself and Mr. Glenwood Wiseman. Mr. Deen stated - "There have been occasions for out of town travel that both Mr. Wiseman and Mr. Deen have not used their own vehicle for which car allowance was received. Instead of charging the District 33.3 cents per mile, the option to use a District owned vehicle was selected. This is permissible under the Board's approved travel policy."

Attachment Number 3
Findings

3. Continued:

- A. Resolution No. 78-048, adopting the Allowance guidelines, and attached the Allowance Guidelines for the Executive Director and General Counsel. The car and insurance allowances represents an amount for furnishing an automobile and all gasoline expense for travel within the District and an insurance allowance.
- B. Resolution No. 87-040 which included approval of an increase in the car allowance for Clemond W. Winchell and Michael E. Deen. A copy of the Car Allowance Guidelines accompanied this Resolution.
- C. Interoffice Memorandum from Military Langley, Jr. to the Board of Commissioners dated August 3, 1986 containing the policies and procedures established for travel and provisions by District Commissioners, the Executive Director, and the General Counsel. This document was discussed briefly in Item 1A in the first paragraph of Item 1.

2. Rita Troutman, Director of Personnel, responded to our inquiry and stated the following employees are provided automobile allowances by the District:

Clemond Winchell, Executive Director
Michael E. Deen, General Counsel
John Wolanaty, Jr., Deputy Director
Sam Anderson, Director of Administration and Finance

1. Inquired of Rita Troutman, Director of Personnel, about documentation regarding the use of District vehicles during 1987. She informed us that no formal method has been adopted by the District for this purpose; however, requests for use of the vehicles usually are made to her and she will note a notation on her daily calendar of the request and the vehicle used or to be used. The calendar was presented for our review and we noted an instance of vehicle use. In all except two, the name of the individual using the vehicle was noted. The purpose for the use of the vehicle and the mileage were not noted on the calendar.

The District owns 5 vehicles included in the vehicle pool:

- 1 1986 3/4 ton Chevrolet van
- 1 1984 Ford Crown Victoria
- 1 1987 Chevrolet F18 Blazer
- 1 1986 Chevrolet Corsica

APPENDIX Number 3
Findings

4. Reviewed travel expense reimbursement requests submitted by Mr. Wiseman and Mr. Deen during 1987 to determine compliance with District policy and noted the following:
 - A. Policy VI F 1a states that tips on meals are not to exceed 15 percent. Ten instances of tips exceeding 15 percent were noted on reimbursement requests submitted by Mr. Wiseman, and one instance was noted on reimbursement requests submitted by Mr. Deen.
 - B. Policy VI D states that all vehicle expenses charged on gasoline credit cards shall be signed by the purchaser and shall include the license number of the vehicle and the printed name of the purchaser. Six instances of noncompliance were noted on reimbursement requests submitted by Mr. Wiseman, and six instances of noncompliance were noted on reimbursement requests submitted by Mr. Deen.
 - C. Policy D 1 requires that there must be a business purpose to support an expenditure. Four instances of expenditures for which no stated business purpose was evident on the documents submitted by Mr. Wiseman.
 - D. Policy VI B 2 require that receipts supporting the reimbursement request must be presented. One instance of noncompliance was noted on requests submitted by Mr. Wiseman.
 - E. Policy VII B and V D require timely submission of reimbursement requests. Two instances of noncompliance were noted for requests submitted by Mr. Wiseman.
5. Mr. Wiseman's and Mr. Deen's names did not appear in the calendar described in Item 3 above indicating use of District owned vehicles. However, as a result of the review of 1987 expense reimbursement requests submitted by Mr. Wiseman and Mr. Deen, 12 instances for Mr. Wiseman, and 8 instances for Mr. Deen, of use of the District credit card for the purchase of gasoline were noted on the expense reimbursement requests. The gasoline credit card purchases by Mr. Wiseman occurred during January, February, June and October, 1987 and each was purchased outside the District. The purchases by Mr. Deen occurred during April, May and June, 1987. Three of the purchases occurred in Lake Charles with notations indicating Baton Rouge as the destination; five of the purchases were out of the District.

Attachment Number 3
Findings

5. (Continued)

As stated in item 3 above, Mr. Deen stated there have been occasions for out of town travel that both Mr. Wiseman and Mr. Deen have not used their own vehicle for which an allowance was received. Instead of charging the District 22.5 cents per mile, the option to use a District owned vehicle was selected.

6. Mr. Deen provided copies of 1997 and 1998 W-2 Forms issued to the following individuals for car and insurance allowance payments reported as income to the individuals receiving the payments:

	1997		1998
Elliott M. Wiseman	\$8,400	Elliott M. Wiseman	\$7,800
Michael E. Deen	\$8,400	Michael E. Deen	\$7,800
John Polansky, Jr.	\$8,400	John Polansky, Jr.	\$7,800
Don V. Anderson	\$2,100		

ATTACHMENT NUMBER 4

REVISION OF GARY D. FENCE, JR.

The calculation of vacation time for certain Park personnel have been calculated in a manner to give more benefit to those employees than seems appropriate resulting in increased expense to the Park.

Mike Deen has badly misused vacation allocation for he and his secretary since he came to the Park.

PROCEDURES:

- Make the following inquiries of the director of personnel:
 - WHAT IS THE TOTAL SERVICE TIME CREDITED TO MICHAEL E. DEEN AND TO GARY D. FENCE JR FOR THE PURPOSE OF COMPUTING AVAILABLE VACATION TIME EARNED?
 - WHAT IS THE DATA FOR THE SERVICE TIME CREDITED? Request documentation.

Assertion Number 4
Procedures

- Request Board of Commissioners of the District to request a ruling from the Civil Service Board as to whether or not the basis for the service time credit for Michael E. Deen and Sharon Edwards were in accordance with the Civil Service regulations.

FINDINGS:

- Make the above inquiries of Bob Trudman, DIRECTOR OF PERSONNEL and received the following information:
 - Michael E. Deen and Sharon Edwards beginning date of full time employment with the District is January 4, 1985. During 1985 the annual leave for each Mr. Deen and Ms. Edwards was computed on the basis of less than 3 years service, at the rate of .0481 hour of annual leave for each hour of regular duty. During 1986 and 1987 the annual leave was computed on the basis of 10 years but less than 15 years of service, at the rate of .0807 hour of annual leave for each hour of regular duty.
 - A copy of Executive Order No. 886 09-17 (which amended 886 04-101 and 886 04-12) were provided. 886 09-17, SECTION 409 states "Any local political subdivision which hires as a full-time unclassified employee a person who has provided CONTINGENT SERVICES for more than 10 consecutive years on a greater than part-time basis consisting of work equivalent in nature to the duties of such unclassified employee, may consider the years contingent services were provided as equivalent to years of full-time service in determining the rate at which annual leave and sick leave is accrued by any such unclassified employee." This executive order became effective September 7, 1985.

Executive Order 886 04-12 Section 42 states "The earning of such leaves shall be based on the equivalent of years of full-time state service and shall be creditable at the end of each calendar month, or at the end of each regular pay period, in accordance with the following general schedule:"

"3. Less than three years of service, at the rate of .0481 hour of annual leave and .0481 hour sick leave for each hour of regular duty;"

"4. Ten years but less than 15 years of service, at the rate of .0807 hour of annual leave and .0807 hour of sick leave for each hour of regular duty;"

**Attachment Number 4
Findings**

3. Mr. William J. Langley, Jr., President of the Board of Commissioners, was requested, in writing, to request a ruling from the Attorney General as to whether or not the basis for the service time credit for Michael E. Deen and Sharon Edwards were in accordance with the Executive Order. Further, Mr. Langley was requested to provide a copy of this request. Michael E. Deen provided the following response to this request:

On April 30, 1998, I met with Ms. Connie Esary of the Attorney General's office to explain this issue and determine if this was an area in which the Attorney General's office, as opposed to the Governor's Executive Council, would involve itself. Ms. Esary took copies of the relevant Executive Order and related documents and advised that she would review the matter and get back with me. On May 24, 1998, I wrote a follow-up to her. I am still awaiting her reply. The District will continue to try and obtain an opinion from the Attorney General on this issue.

A copy of Mr. Deen's request to Ms. Esary was furnished to me.

Attachment Number 5

Attachment of Gary L. Pearce, Sr.

Certain employees of the Port have had their jobs re-categorized under Civil Service classifications without any change in actual work being done resulting in increased expense to the Port.

Certain employees of the Port have no job duties assigned in their assignments and they draw payroll resulting in substantial expense to the Port with no reciprocal benefit.

There are two (2) employees left over from the days of when Earl Anderson was Port Director that cost the Port about \$188,400 per year. These individuals have no assigned duties. Their names are Edith Bowden and Debbie Galloway.

RECOMMEND:

1. Request Gary L. Pearce, Sr. to provide, in writing, the names of the individuals referred to in the first paragraph of this Attachment Number 5.

Assertion Number 5
Proceedings

1. Request the Board of Commissioners of the District to refer these matters to Civil Service.

REFERENCE:

1. My letter to Gary L. Pearce, Sr., made the above stated request. The response from Donald J. Prid, ATTORNEY AT LAW, on behalf of Mr. Pearce identified Rusty Green at EP-3 and Kevin Gohman at the City Dock.
2. Mr. Midway J. Langley, Jr., President of the Board of Commissioners, was requested, in writing, to refer the above matters to Civil Service to determine if there had been, or is, noncompliance with Civil Service regulations. Further, Mr. Langley was requested to provide a copy of the request. Richard E. Dema provided the following response to this request:

The District will advise Civil Service that a complaint has been filed by Mr. Pearce and the nature of the complaint so that Civil Service can take whatever action civil service deems appropriate. Civil Service will be advised that, in the opinion of the District, normal Civil Service procedures have been followed and all necessary Civil Service approvals have been obtained. Additionally, as I previously advised, Civil Service itself has conducted a desk audit on the duties and positions of Gohman, Quillery and Edick Borden and determined that everything is in order. No changes in any of these positions have occurred since this Civil Service audit.

ASSERTION NUMBER 6

ASSERTION OF GARY L. PEARCE, SR.:

The Port has arranged through private contractors to provide individuals to operate port equipment that should be operated by Port employees who would be paid pursuant to Civil Service job categories. This results in increased expenses to the Port and payment to the contractor merely for handling of the payroll functions.

PROCEEDINGS:

1. Request Mr. Pearce to identify, in writing, the private contractors and the individuals referred to in this assertion.

Attachment Number 4
Proceedings

2. Request the following documentation:
 - A. Contract between the District and the private contractor related to these services.
 - B. Approval of this contract by the Board of Commissioners of the District or management of the District in accordance with Board policy.
 - C. Evidence that state law authorizes such a contract and it is not in violation of a Civil Service resolution.
3. Request a statement, in writing, from management addressing the considerations and circumstances which support this arrangement as advantageous to the District.

PROCEEDING

1. The response to the above inquiry to Mr. Pearson from Scott J. Pisk, Attorney at Law, on behalf of Mr. Pearson identified the private contractor as the Lake Charles Shovelers, Inc. and the individuals Tiffany Forrester and Jean Pisk.
2. A. Mr. Michael E. Moss provided copies of the Letter Agreement to Supply Labor to Lake Charles Harbor & Terminal District for Operation of Lake Charles Public Grain Elevator between the District and the Lake Charles Shovelers, Inc. dated December 24, 1987 and January 8, 1989. These agreements cover the years 1988 and 1989.
 - B. Inquiry was made for evidence of approval of this contract by the Board of Commissioners of the District or management of the District in accordance with Board policy. A copy of Resolution 81-113 was provided. This resolution approved an extension through June 30, 1989 of personal service contracts for Bulk Grain Elevator employees. Mr. Moss and Mr. Misonen stated they were not aware of any other Board action regarding the Letter Agreement with the Lake Charles Shovelers, Inc. and search of the minutes/resolutions by the Secretary to the Board identified no other action.

Attachment Number 5
Findings

2. Continued

- C. Reading of SA. R.O. 14188(1), as provided by Mr. Deen, indicated, "It may own and administer, construct, operate, operate, and maintain docks, wharves, sheds, elevators, locks, slips, basins, levees, basins, warehouses, toll and connecting railroads, works of public improvement, and all other property, structures, equipment, and facilities necessary or useful for port, harbor, and terminal purposes..."

3. Michael E. Deen provided the following statement:

"Several years ago, the District took over the operation of the grain elevator from Continental Grain who had previously leased the facility for a long number of years.

Two employees of Continental Grain (LUDWIG FORTNER and IRAN RICHARDI) were needed to continue operation by the District of the grain terminal.

The pay of these employees with Continental Grain exceeded, by a substantial margin, the amount that they would be paid as Civil Service employees of the District. Additionally, from our review of the various classified service positions, there were no positions which matched the comprehensive duties of these employees.

In order to retain competent personnel to operate the facility, the District decided to contract with Lake Charles Steamers to supply this labor for the grain terminal."

Mr. Deen further stated he would request a ruling from the Louisiana Civil Service Board regarding this matter.

ATTACHMENT NUMBER 6

ATTENTION OF GARY L. FRANCE, JR.:

The Port has undertaken to entertain employees of certain grain companies who could provide business to the Port. The Port has not paid for this entertainment directly but has had other contractors at the Port pay for the entertainment. It is unknown how these contractors are reimbursed since this entertainment expense is not properly recorded as Port business.

Ameytion Number 3
Ameytion

The Port, in going after PL 488 cargo, was dealing with Brother David Midland, and specifically an individual named James Braxford. Somehow or another, a hunting trip was arranged for a number of individuals. It was at a hunting facility out in west Texas. Jimmy Carson with custom metal and Air Conditioning has a camp out in that area. Gary does not think that it was at Jimmy's camp, but it would have been. Likely it was at some other camp. The approximate cost of that trip was about \$450.00 per guy/per day. Nathan Rubinowich, sales manager for the Port, is the one that put the \$450.00 cost on value on it.

GARY FEARON was told THAT Jimmy Carson paid for the trip. Nathan told him that, Fearon does not know that specifically. Jimmy is a vendor who deals with the Port, and did some of the air conditioning work at the Port. There was a change order towards the end of the Port reconstruction where some \$18,000 was spent to make four separate air conditioning systems to be put in for 4 different offices down at the WEST of Lake Charles Executive Offices. The hunting trip with Brother DAVID'S MIDLAND people included Wiseman, Nathan Rubinowich, Hillary Langley and his son, Teryl DUNN and his son BRITTON is the manager of Lake Charles Recreational and RV. James Braxford and his son. Larry Derosens, Mike Jones and Mike Dean's son were scheduled to go on the trip, but backed out at the last minute for an unknown reason.

RECOMMENDATIONS:

1. Inquire of management of the District if such a hunting trip took place, the dates of the trip, and the individuals or company hosting the event.
2. Inquire of the officials and employees of the District identified on this AMEYTION about their participation in the hunting trip or other such events.
3. Inquire of participating District officials and employees if each paid for his share of the cost of the such events, and, if so, request that they provide written documentation of payment.
4. Inquire if the Board of Commissioners of the District has adopted a code of conduct for officials and employees of the DISTRICT; if so, if each official and employee furnished a copy of the document, and request a copy of the document.
5. Request the Board of Commissioners of the District to request an advisory opinion from the Ethics Commission regarding this matter.

Assertion Number 7
 Procedure

6. Review documentation relating to the construction additions to the administrative building relating to change orders for air conditioning systems in order to determine if the work described in this assertion was performed; the contractor; and the date the work was completed.

Procedure:

1. Mr. Richard E. Dees stated that a deer hunting trip took place in early January, 1993. The hunt took place at a camp operated by Jimmy Carston who owns Custom Haul and Air Conditioning.
2. A list of the individuals participating in the hunting trip was not received. Therefore, each Commissioner, General Counsel, and each staff Director were requested to confirm if they did, or did not, participate in the hunting trip.
3. The same individuals were requested to state, when applicable, if they did, or did not, pay for the cost of transportation, lodging, and the value of the right to hunt.

The following individuals responded to the questions described in Paragraphs 2 and 3 as indicated:

	Participate in Hunting Trip.	Pay for cost of Hunting Trip
William J. Langley, Jr.	Yes	Yes (1)
LARRY R. BERMAN	No	N/A
James C. Harte	No	N/A
Gale RICHARD	No	N/A
Ronald B. Townsend	No	N/A
Raymond F. Trillion, Sr.	No	N/A
George E. Williams	No	N/A
Richard Flanagan	Yes	Yes
Michael K. Orr	No	N/A
John Polansky	No	N/A
Columbus DeCicco	No	N/A
Don Anderson	No	N/A
Ralph Griffin	No	N/A
Walter Schirvick	Yes	Yes (2)

Attachment Number 3
Findings

3. CONTINUED

- 121 Examined copy of a receipt dated 1-4-97 for \$200 from Jimmy's Hunting Service signed by Jimmy Durston and issued to Hillary J. Langley, Jr.
 - 122 Examined copy of a receipt dated 1-4-97 for \$200 from Jimmy's Hunting Service signed by Jimmy Durston and issued to Melissa Robinson.
4. Mr. Deas stated the Board of Commissioners of the District has not adopted a Code of Conduct for officials and employees of the District. The Board utilizes the rules of conduct as adopted by the Commission on Ethics for Public Employees.
 5. Mr. Deas provided a copy of Board of Ethics for Elected Officials Opinion No. 93-026 and Opinion No. 94-191. Copies of these opinions are included as Appendix A.
 6. The capital project file related to the project to expand and renovate the administration building (Project No. 97-CIP-03) was reviewed with the intent to determine if any change orders for air conditioning was made. Two change orders were approved. Change Order No. 1 for the total amount of \$33,538 called for repairs to rotten beams, stabilizing brick veneer gable walls, construct foot customer van & pool car parking cover, and extend porch overhang along Marine Street elevation. Change Order No. 2 for the total amount of \$43,181 called for removal of water and electrical lines uncovered during construction, furnish and install ceramic tile in lines of carpet in corridor area, remove oak trees and live pine trees from parking lot area and furnish fill/grass/seed, remove padding in meeting room, furnish and install audio/visual system, furnish and install additional parking lot paving, and other small changes. It was further noted the subcontractor on this project No. 97-CIP-03 for air conditioning was Sims Air Conditioning Company.

ATTACHMENT NUMBER 4

ATTENTION OF GARY L. PEARCE, JR.:

Event management has access to and already reserves local hockey functions but has not made direct expenditures for hockey tickets. No record is kept concerning the source of hockey tickets, nor expenditures to purchase the tickets.

**American Hockey H
Foundation**

PROCEDURES:

1. Request Mr. Pearce to provide, in writing, the time period covered by his assertion, the names of the individuals who have had access to and attended local hockey functions referred to in this assertion.
2. Inquire of management of the District if it has access to numerous local hockey tickets and the nature and terms of such access if it exists.
3. Inquire of management of the District if employees or officials of the District have attended local hockey functions with tickets provided by customers or vendors of the District.
4. Inquire of management of the District if those individuals using hockey tickets provided by customers or vendors of the District paid for such tickets. If so, request documentation of such payments.
5. Request the Board of Commissioners of the District to request an advisory opinion from the Ethics Commission regarding this matter.

FINDINGS:

1. The response to the above inquiry to Mr. Pearce from Scott J. Egan, Attorney at Law, on behalf of Mr. Pearce stated:

"Mr. Wineman told Gary that the first had twenty (20) tickets for the Ice Hockey game. Gary's initial understanding that the members of the Board of Commissioners were called to see if they wanted to sit with the "Varsi Group" at the game. Gary does not know who was contacted nor how many games were attended. This information is being sought by discovery requests."
2. Michael K. Deen stated the Lake Charles Stevedores Inc, in fact, purchased 25 season tickets to the Lake Charles Ice Pirates for promotional purposes with their employees.
3. Mr Deen further stated that Mr. Wineman and Mr. Wells have, in fact, used these tickets but have reimbursed Lake Charles Stevedores for the actual cost of the tickets.

Executive Order #
 Findings

4. Each Commissioner, General Counsel, and Staff Director was requested to confirm if they did, or did not, within the Lake Charles Development master tickets and if they did, or did not, pay for the ticket use. The following individuals responded to the questions described in Finding 4 as indicated:

	Was Money Ticket	Was Not Cost of Money Ticket
Willsey J. Langley, Jr.	No	N/A
Larry B. Morrison	No	N/A
James C. White	Yes	Yes (1)
Orin Anderson	Yes	Yes
Donald B. Tomasett	No	N/A
Kenneth T. Trivette, Jr.	No	N/A
George H. Williams (2)	No	N/A
Glenwood Williams	Yes	Yes
Michael E. Dees	No	N/A
John Polansky	Yes	Yes (2)
Columbus DeClawville	No	N/A
Sam Anderson	No	N/A
Ralph Grijalva	No	N/A
Nathan Spillars	No	

- (1) Examined copy of check #1808 dated 2-27-88 issued by James C. White to the Lake Charles Development in the amount of \$495.00.
- (2) Mr. Williams included the following note on his response: "I attended one game in 1978 but I paid for the tickets to L.C. September."
- (3) Examined copy of check #1216 dated 2-20-88 issued by John Polansky to the Lake Charles Development in the amount of \$165.54 for 14 busby tickets.

5. Mr. Willsey J. Langley, Jr. was requested, in writing, to request an advisory opinion from the Ethics Commission regarding this matter and that we be furnished a copy of the request. We have not received a reply from Mr. Langley; however, Mr. Dees did supply copies of Ethics Opinion No. 81-021 and No. 81-073. These copies are included as Appendix A.

ADDENDUM NUMBER 2

ADDENDUM OF GARY L. PERROW, Sr.:

The Port interposed a local contractor in a lease at the Industrial Canal for an area to be used for re-fabrication of offshore oil rigs and equipment. The Port had been negotiating with a company that had experience in that industry to lease Port property. Without explanation the Port leased the site in question to a local contractor. This forced the primary contractor to negotiate with the local contractor for an assignment of the lease, resulting in lost revenue to the Port.

PROCEDURE:

1. Request management of the District to provide documentation of the identified contract/s and approval by the Board of Commissioners of the District or Executive Director, as required by District policy, of the contract/s, and a summary chronology of the events involved in the lease.

FINDINGS:

1. Richard K. Sees presented the following summary chronicle:

"In May, 1991, Mr. Wiseman was approached by Mr. Don Spaso, an owner/operator of Professional Industrial Maintenance, Inc. (PIM), a local company based here in Lake Charles. PIM was interested in leasing the industrial canal site formerly leased by Lake Charles Construction Company for construction of the rigper's inland barge facility.

The area had been vacant for a long number of months and was available for lease. A tentative agreement was reached with Mr. Spaso on behalf of PIM using the same terms last quoted to Lake Charles Construction Company for lease of the site - approximately \$12,000 per month.

Before entering into a month to month lease, however, PIM told us that PIM may be entering into a joint venture for the use of this property with Wolfco, a New Iberia company.

Both companies desired to use the property for refabricating and refurbishing offshore oil rigs.

1. Continued

At least one joint meeting was held between the Park, United and FIM in which the lease was discussed and various alternatives to the use of the property were addressed. For example, FIM surveys had to be obtained in order to bring in large, tall rigs that would be close to the Lake Charles Regional Airport.

Subsequent to these meetings, FIM advised Mr. Wiseman that FIM and United had not been able to reach a joint venture arrangement and FIM wanted to proceed as had been verbally agreed upon previously with the lease of the property. At the same time, United also wanted to lease the property on its own without any involvement with FIM.

Mr. Wiseman made a decision that since he had verbally committed the property to FIM prior to discussing it with United, he wanted to proceed with a month to month lease only with FIM.

This month to month lease was executed June 5, 1987 under his general authority previously granted by the Executive Director which allows him to execute, without Board approval, month to month leases.

On August 4, 1989, Mr. Wiseman sent the attached memo to the Board advising the Board about FIM's interest in obtaining a longer term lease. The memo described the operation in detail and requested that the Board approve a 2 year lease with 2 five year options. The Board approved the 2 year lease with FIM on August 8, 1989.

FIM proceeded to improve the property and prepare it to running the anticipated rigs to be refurbished.

On December 28, 1987, the Park issued a press release and held a press conference at the site to announce the on-going rig work and the approximate 400 jobs created by this new facility.

In January, 1988, United and FIM reached an agreement whereby United purchased FIM. This not only included the operations at the Industrial Canal, but also the other on-going work which includes maintenance work at Firestone and other industrial work in Rockport, Louisiana and East Texas.

Attachment Number 3
Findings

1. Continued

One of the conditions of the purchase was the assignment of FIM's lease with the exception to the newly created entity to be owned by Unified designated, FIM, LLC.

At a special Board meeting on January 29, 1998, the Board was advised of the arrangement and approved the assignment of the lease to the new entity, FIM, LLC, and also required that Unified guaranty the lease. Included in this Board approval also was approval to lease additional property to FIM, LLC - approximately 48 additional acres. The additional acreage was to be leased at the same per acre rate as previously leased to FIM. (See my memo to the Board dated January 29, 1998)

The contents of the August 5, 1997 memorandum to all Board members from Dr. Clifford Wiseman follows:

"A couple of months ago, I was approached by Professional Industrial Reclamation, Inc. (PIRI) regarding possible leasing the west side of the Turning Basin at the Industrial Canal for the purpose of refurbishing oil-shale skimming rigs.

After meeting several times with Charles Beeson and Irv Sporn, principals in the company, I executed a month to month lease with PIR from the lease rate charged to Lake Charles Construction - the contractor for the Flapen Island facility who were the last tenants for this property. The rate is \$42,000 per month.

Since execution of the month to month lease, FIM has been testing the leased site to determine soil conditions in order to see what IMPROVEMENTS are necessary for a crane padestal and other necessary IMPROVEMENTS to facilitate the proposed rig work.

FIM has now determined that the site is suitable for the proposed rig work and has contracted with Diamond Drilling for the first rig if a 12000-hour lease can be secured. The rig is scheduled to arrive around September 1, 1997. Approximately 400 people would be working around the clock, 7 days a week.

Attachment Number 9
Findings

1. (Cont'd)

FIM, at its expense, proposed to construct a 18 X 30 concrete crane pad at the water's edge. Also, some storage buildings and a lunch shelter will be constructed. About 10 acres above the water's edge property will be improved and used for parking. A total of about 20 acres would be leased to FIM.

The site will need upgraded electrical service to attract this new type of offshore-related work to our area. The enhanced electrical service will be a permanent improvement to our entire property on the Industrial Canal.

Consequently, FIM is proposing to advance this cost with the Port spending to reduce the cost to cover the cost of this improvement.

The other improvements will be at the cost of FIM.

FIM is requesting a ten (10) year lease with ten (10) five (5) year options. Rental during the option periods will increase annually by the CPI.

Also, FIM has agreed to an annual review by the Port of the number of full-time jobs created at the leased site. FIM will be required to demonstrate each year that at least 100 full-time jobs have been generated at the site over the previous year. If not, the Port has the option to cancel the lease.

FIM has been in business for approximately five (5) years. Presently, FIM does maintenance work for the Port at R-1. FIM also does work for Cligg, FirstStone, Conoco, The Neilliate Group, Occidental and FPG. Mr. Reeves is on the Board of Directors of Bank One. I have spoken with Mr. Tom Williams of Ibernia who was given to me as a bank reference by FIM. His comments were very positive.

FIM also has a Master Service Contract in place with Global Drilling, Transocean, Frick and Inero. These master agreements do not guarantee any particular amount of work but simply establish basic terms when and if these companies have rigs which need servicing.

Attachment Number 9
Findings

2. (Continued)

As you probably know, there has been a dramatic increase in offshore drilling activity. I believe this initial tenant will lead to other tenants for our property.

I would like this matter taken up under other matters at the upcoming Board meeting. It is agreed that FOM secure a more permanent lease immediately in order to secure the rig work from Diamond Drilling."

The identified lease contracts were examined and approval of the long-term lease contract was noted by reference to the minutes of a Special Meeting on August 8, 1997 of the Board of Commissioners.

ATTACHMENT NUMBER 10

ASSERTION OF GARY L. PERDUE, SR.:

The Port leased acreage at the industrial canal to a contractor at a rate that another contractor had leased similar acreage for but the Port took the ultimate responsibility of providing security. This exposed the Port to expense and potential liability that was not explained. The Port had not required the contractor to pay weekly rent for the property.

REQUESTS:

1. Request Mr. Perdue to provide, in writing, the time period covered by his assertion, the specific sites and leases, and the names of the contractors referred to in this assertion.
2. Request management of the District to provide documentation of the contract/s and approval of the Board of Commissioners of the District or Executive Director, as required, of the contract/s and a summary chronology of the events involved in the lease.
3. Request documentation of the amount of lease payments received by the District for this leased property.

American Routes 10
Findings

FINDINGS:

1. The response to the above inquiry to Mr. FORDS from ROBERT J. FINE, Attorney at Law, on behalf of Mr. Pearson, stated -

"In 1978, eight (8) acres of property at the Industrial Canal location was leased to Lake Charles Construction Company for \$1,500 per acre per month. They used that area to construct the Ripper's Island bridge. No security or lighting equipment was furnished. The lease was for bare land and was "as is/where is" basis. When Lake Charles Construction Company completed their work, they removed the light poles and wiring. The Port made them restore those improvements as part of the lease. Those lights were reinstalled. In 1987, the Port leased the property to FOM for the same rental rate. However, the Port provided security guard service for FOM and hired about six (6) additional employees to provide 24 hour coverage. It was noted at one of the Board meetings that this providing of security exposed the Port the additional liability for all of the accidents at the night, if any of their property or assets were damaged or missing.

We do not know if FOM has ever made any lease payments, but they think that there was some knock-off of lease payments for electrical improvements or some other items at that site. The TRANSDUCER with regard to that site were not always brought to the Board's attention and Mr. Wineman handled the deal together with PERSO Data.

A side by side comparison of the two leases may be helpful to you."

2. The lease contracts with FOM were examined and approval of the long-term lease contract was noted by reference to the minutes of a Special Meeting on August 8, 1987 of the Board of Commissioners.

A summary chronicle of the events involved in the lease has been prepared under American Routes 9.

Weswood Wilson stated, in response to inquiry of him, that because he had reports of trespassers such as fishermen and campers, and of people firing guns and building fires on District property at the Industrial Canal site, he believed that it was necessary he wanted access to the site in order to protect the interests of the District. Mr. Sam Anderson stated, on May 27, 1986, the providing of security by District employees has been discontinued because FOM, LLC provides security over its property.

Attachment Number 10
Findings

1. The lease payments received by the District for this leased property are presented below:

1996:

Lake Charles Construction Company month-to-month lease of 8 acres at \$11,081.77 per month plus metered water use.

1/1/96 - 12/31/96:	
Rents Received	\$132,794.21

1997:

Professional Industrial Maintenance, Inc. 12MO month-to-month lease of 8.1 acres at \$12,000 per month.

Deposit Received	\$18,000.00
8/31/97 - 8/31/97:	
Rents Received	\$27,188.00

Residence 5/21/97, 3 year lease with two 3 year options for 25.8 acres at \$40,000 per month.

5/21/97 - 11/21/97:	
Rents Receivable	\$48,000.00

Credit for cost of improvements has been applied against rents during 1996.

1997 Rents	\$48,000.00
Deferred rental revenue	\$48,784.00

ATTACHMENT NUMBER 11

ATTENTION OF GARY L. DEARCE, SR.:

The Port contracted with a local contractor to provide maintenance at areas that had been maintained by Port employees without any reduction in port employees. This caused increased expenses to the Port without explanation.

Attachment Number 21
Procedures

PROCEDURES:

1. Request Mr. Gary L. Swartz, Sr. to provide, in writing, the time period covered by his inspection, the name of the local contractor, the areas that had been maintained by Fort employees, and the names of the employees who had maintained the area.
2. Request management of the District to provide documentation of the contract/s and approval of the Board of Commissioners of the District or Executive Director, as required, of the contract/s and a summary chronology of the events involved.
3. Request management to identify employees who maintained the identified area and provide information about their job assignments subsequent to the beginning of the contract in question.
4. Request the Board of Commissioners of the District to inquire of Civil Service if this contract violated Civil Service regulations.

FINDINGS:

1. The response to the above described inquiry to Mr. Pearson, from Keith J. Pinn, Attorney at Law, on behalf of Mr. Pearson stated -

"In late 1986 or early 1987, there was a change in who did the maintenance at RT-1. FPM received a contract to provide maintenance on certain equipment at RT-1 that had previously been maintained by the maintenance crew employed by the Board at RT-1. Gary Jones saw the contract. He asked Kate Vrandaman how many employees would be displaced or displaced and she replied, "none". Gary inquired as to what these employees would be reassigned to do and Kate responded, "I guess whatever they want to do." A review of the employee grade classifications at RT-1 in comparison between 1986 and 1991 should provide you some leads in this area.

were there any increases in cargo handled at the RT-1 or reduced loading times or costs for cargo handled to justify the additional main insurance which means higher handling rates for the Fort.

Appendix Number 21
Findings

1. Continued

Gary's understanding of the way RT-1 works is that all customers using RT-1 are required to share the total cost of the facility. These charges are pre-rated every month. Gary's concern was that if you increase the cost to the customers without any increased benefit to them, you might lose those customers ultimately or cause some new customers that may be considering one of that facility."

2. PER discussion with John Polansky, Jr., Deputy Director, during the period from 1994-1998 a big industrial expansion was occurring (i.e., Conoco/Phillips expansion) the District experienced voluntary terminations of at least 5 employees from the maintenance crew at RT 1. Attempts to hire employees to fill these positions were unsuccessful. As a result, the purchasing department solicited, by mail, proposals for a maintenance service contract:

A listing of the companies responding to the requests for bids is presented below:

Professional Industrial Maintenance	Amount bid \$ 70,000
Headlands Harbor Works, INC.	Amount bid \$ 80,000
F. Walker & Sons, INC.	Amount bid \$100,500
Custom Metal Fabricators, INC.	Amount bid \$104,000

The one year contract was awarded to Professional Industrial Maintenance.

Mr. Dan Anderson informed us this contract was not renewed at the end of 1999 like termination date of the contract.

3. Mr. Polansky, Jr. stated that no port employees were displaced by this contract.
4. By letter to its President, the Board of Commissioners of the District was requested to inquire of the Civil Service Commission if this contract violated Civil Service regulations and that we be furnished a copy of the report. Mr. Tom referred to his response as presented in Appendix Number 5, Finding 5 and in Appendix Number 4, Finding 20 in response to this request.

ASSEMBLY NUMBER 12

ASSEMBLY OF GARY L. PERDUE, SR.

The Port is subsidizing a private contractor for handling PL 482 cargo at an average rate.

United States Department of Agriculture sends out a request for proposals or bids. One area is PL 482. It is grain cargo. The Port wanted to get the business. It is all bag labor intensive cargo handling work. Lake Charles Shreveport is a privately owned company that contracts for their labor with the local stevedores union. Lake Charles Shreveport was bidding that work at approximately \$1.50 per ton. It appeared that they probably could not get that work competitively at that price. The Port of Lake Charles gets some benefit from having it pass through the Port. They get fees like the ships coming in. There are dockage fees and also a dockage charge on this. The Port of Lake Charles agreed with Lake Charles Shreveport that they would subsidize Lake Charles Shreveport contract amount. When the job was bid, Lake Charles Shreveport bid \$1.00 per ton and got the job, but when they turned around and instead of charging the Port \$1.00 per ton which was what they were charging the other staff, they are charging the Port \$3.40 per ton. That is the maximum allowed by the current tariff set by the Gulf Port Association. The problem is the Port are that they generate jobs, which is a public purpose, and the money multiples seven fold in the Parish.

RECOMMEND:

1. Inquire of management about the nature and purpose of the contracts.
2. Inquire if Management has performed a cost/benefit analysis of the contract and request to see that analysis.
3. Request documentation for the contract and evidence of approval in accordance with District policy.
4. Request documentation for compliance with state bid laws, if applicable.
5. Inquire of Management about other contracts with the Lake Charles Shreveport for the handling of bagged cargo and request documentation of those contracts to include evidence of the rates per ton paid to the Stevedores.

Resolution Number 12
Findings

FINDINGS:

1. Resolution No. 95-003 adopted by the Board of Commissioners February 17, 1995 presents information about the nature and purpose of PL 485 contracts and is presented below in its entirety:

WHEREAS, The Board of Commissioners expressly recognizes that one of its most important missions, in accordance with La. R.S. 18:281, et seq. and other applicable laws, is to do everything possible to maintain the creation of jobs within the District and particularly, jobs related to cargo handled through district owned facilities; and

WHEREAS, the Board of Commissioners recognizes that, although such cargo does not always produce a net gain for the District and may, at times, even cause the District to operate at a loss as to particular shipments of cargo, the handling of such cargo produces high-paying labor intensive jobs which in turn produces an annual economic impact to Southeast Louisiana of over \$50 million; and

WHEREAS, the Board of Commissioners recognizes that in order to maximize this economic impact and the creation of these jobs, it is necessary and desirable for the District to add more cargo in excess of design shed capacity at City Dock which, in turn, may cause the incurring of rail car demurrage and, further, may require shifting, at District's expense, of cargo or vessels from and to certain sheds or docks in order to facilitate expeditious loading and unloading operations; and

WHEREAS, in order to attract the maximum amount of job producing cargo, the Board recognizes and desires that the District shall take all steps necessary, including the reduction of dockage, wharfrage and unloading charges and other similar steps to competitively quote and recruit labor intensive cargo for the District and accommodate the handling of such cargo; and

WHEREAS, the Board recognizes that such expenditures are necessary and appropriate because there is a finite amount of such labor intensive cargo which must be obtained in competition with other ports, especially Texas Gulf Ports; and

RESOLUTION LX
FINDINGS

2. (Continued)

WHEREAS, U.S. Government aid cargo is, by law, bid competitively and awarded to the lowest landed cost.

AND WHEREAS, AS IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE LAKE CHARLES HARBOUR & TERMINAL DISTRICT IN SPECIAL SESSION COMEDED THAT:

Section 1: All of the foregoing introductory provisions are hereby made a part of this Resolution and the Board of Commissioners of the Lake Charles Harbor & Terminal District does hereby testify and confirm all of the actions taken by the District Staff in the past to recruit, market and handle labor intensive cargo at city docks which efforts have produced record cargo for the District and resulting in record economic benefit to Southwest Louisiana.

Section 2: The Board of Commissioners of the Lake Charles Harbor & Terminal District specifically recognizes that, the District Staff has played a part in such record cargo and economic benefit to the area, assisted by the entire maritime community of Lake Charles, and particularly, the officers and members of the three I.S. Lines, based on the philosophy of the Board, in accordance with the actual, but unexpressed, policy of the Board. These efforts have produced record cargo volume and economic benefits, and all are hereby recognized and commended for their outstanding efforts in this area.

Section 3: The Board of Commissioners hereby established as its policy the creation of the maximum number of jobs possible through the handling of labor intensive cargo even if the District must, from time to time, operate at a temporary loss and even if such policy must be implemented by the District Staff through advanced and non-discriminatory reduction in storage, wharfage, unloading or other similar charges or the incurring by the District of cargo shifting expenses or other such expenses and charges deemed necessary by the Executive Director to fully implement this policy. In implementing this policy, the District Staff shall provide for the expenditures necessary to implement this policy in annual proposed budgets and the acceptance and approval of said budgets by the Board of Commissioners will constitute continuing explicit approval of the above outlined policy. As in the case of all other operations, whenever the District Staff finds it necessary to exceed approved budget limits the District Staff will be required to submit amended budget requests for approval by the Board of Commissioners."

Question Number 12
Findings

2. Mr. Dan Anderson stated, as far as St. Louis, there have been no statistics developed for the effect of these contracts on the District. Statistics are maintained about the volume of cargo through the Port and its economic impact to the area. Mr. Anderson further indicated it should be noted the District does generate dockage revenue that would not have been received had the ships that arrive to receive this cargo.

Mr. Boon stated the District maintains cargo statistics which indicated that the tonnage for 1977 for PL 480 cargo was up substantially over 1976. Further, according to an economic impact study by Southern State University, each ton of bagged good cargo from the PL 480 program produces for the community a \$10 impact.

3. Upon discussions with Mr. Raymond Finman, Executive Director, Mr. Ralph Griffin, Director of Operations, Mr. Nathan Robinson, Director of Marketing, and Mr. Dan Anderson, Director of Administration and Finance, it was determined there is no standing contract with the U.S. Government for the handling of PL 480 cargo.

Mr. Dan M. Anderson provided the following discussion about PL 480 cargo:

"The Federal Government determines when and in whom it will provide subsidized food through "invitations". Suppliers such as ADM obtain quotes for 1) the actual product, 2) transportation cost to get the product from where it is at to the US port from which they are willing to ship it, and 3) the cost of unloading the product at the US port. Shipping obtain quotes for 1) loading of product onto the vessel, 2) the cost of the vessel to transport the product from the US port to its port of destination, and 3) the cost of unloading the product at said destination. These quotes are then tabulated and the US government selects the combination of quotes from suppliers and shippers that result in the "lowest landed cost", total cost of purchasing the product and delivering it at its final destination.

The District submits a quote for the cost of unloading the product at its facility directly to the various suppliers bidding on the invitation. In order to be competitive against other ports (typically Texas ports), the District deliberately submits bids below the actual cost of unloading. The District has a contract with a single stevedoring company to provide unloading services at the City Dock. The fixed contract rate for unloading between this stevedore company and the District is \$3.85 per ton. This rate remains on profit for the stevedoring company, services are provided at cost.

Attachment number 10
Findings

3. Continued

The difference between the actual cost to unload \$5.68 per ton and the District's bid price (between \$1.80-\$2.50 per ton) is billed directly to the District by the stevedoring company. The actual price bid by the District is billed directly by the stevedoring company to the shipper. In cases where the District does not have to subsidize the cargo in order to get it to go through its facilities, the stevedoring company bills directly to the supplier and the District is not involved.

If the District did not step in and subsidize the PL 488 cargo, most if not all of it would go to other ports in Texas. The District covers the cost of subsidizing by charging shortage to the vessel while it is at the City Docks being loaded.

This effort to bring the cargo here for shipment to foreign destinations creates jobs in Southeast Louisiana that would otherwise not exist. An economic impact study performed by Northern State University determined that for every ton of PL 488 cargo going through the City Docks, the local economy received an economic impact of \$50.00.

It should be specifically noted that the unloading rate is not, nor has it been, \$2.50 per ton as stated by Mr. Pearce."

1. Upon inquiry, Mr. Clarence Wieman stated these PL 488 contracts are subject to BSA bid rules only, and because the stevedore contract is for services rendered by a contractor subject to Louisiana bid laws.
2. Upon discussion with the same individuals identified in item 1. above, it was determined that for commercial contracts, other than BSA, the vendor will contact the District, the Stevedore, and the freight forwarder. The Stevedore company will contract with the vendor for unloading from truck or rail at a rate not to exceed the maximum in accordance with the tariff and will invoice the vendor directly. The District invoices for shortage and shortage of TONAGE to correct the shipment in accordance with the Tariff.

Attachment Number 13
Attachment

ATTACHMENT NUMBER 13

ADDITION OF GARY L. PERDUE, SR.:

The Post issued checks without authorization of Board of certain employee benefits.

Employee within the office, somehow or another, devised a plan where the Post was going to pay membership at the local YMCA for all of the Post Employees. Gary does not know where it initiated, but the point of the matter was that this was an expenditure that had never been taken to the Board for approval. The Board had a general wellness program that they enrolled in with Lake Charles Memorial Hospital that had specific costs. A check was issued to pay YMCA memberships for all of the POST employees. It was 22,000 or 23,000 and would be a monthly payment.

PROCEDURE:

1. Was the payment of such membership fees required to be approved by the Board of Commissioners if yes, were they approved?
2. Request management of the District to submit the YMCA wellness plan to the Attorney General and request an opinion as to its compliance with state law.

FINDINGS:

1. Information provided by Mr. Michael E. Dean, General Counsel for the District, included the following:

Selected pages Section M, pages 25 - 28 from the Employee Handbook stating, in part, "The District will establish a Wellness Abuse Retention Program . . .". This employee handbook was adopted by the Board of Commissioners on May 13, 1990.

Copy of the Employee Wellness Program Contracting Service Agreement. This contract, between the District and Lake Charles Memorial Hospital, was executed January 28, 1984. In accordance with that contract, Lake Charles Memorial Hospital made a survey of District employees and, in accordance with that survey, recommended the implementation of several programs including an exercise and fitness program.

1. (Continued)

Copy of Memorandum, dated February 11, 1994, to the Commissioners of the Board advising them of the establishment of the District's Employee Assistance Program.

Copy of an Interoffice Memorandum, dated September 12, 1995, to Glenwood Wiseman, requesting that the District incorporate a Wellness and Fitness Program into its Employee Assistance Program. The memorandum further stated "The TRCA is offering the District employees a physical fitness membership at a discounted rate."

This portion of the recommended program was implemented in 1996 pursuant to the direction of Mr. Glenwood Wiseman, Executive Director. Mr. Wiseman acted under several areas of Board approved authority in implementing this program.

Selected pages (page 4 and 5) from the Board approved contract between the District and its Executive Director stating, in part, "...generally, he shall control the general management of the properties and business of the District; shall have the power to appoint and dismiss, subject to any applicable laws, classified or unclassified employees, (except the General Counsel of the District and except that unclassified employees shall not be hired without two (2) weeks prior written notice to the board of commissioners)";

Copy of document delegation of appointing authority provided as of November 1, 1995. That delegation of authority states: "That, pursuant to resolution no. 95-109, dated October 20, 1995, of the Board, he does authorize Glenwood M. Wiseman, Executive Director, for the Lake Charles Harbor & Terminal District and/or Glenwood M. Wiseman's designee, to take and sign on his behalf an appointing authority, all personnel actions of whatever nature which the appointing authority may take and all disciplinary actions affecting employees of the Lake Charles Harbor & Terminal District, ...".

Copy of the page 11 from the 1994 proposed budget concerning the operating expenses for the administrative department. The line item "contracted services" included proposed expenditures for all monies for the District's Wellness and Fitness Program. This budget was approved by the Board of Commissioners.

Attachment Number 13
Findings

2. Mr. Hillary J. Langley, Jr., President of the Board of Commissioners, was requested, in writing, to submit the YCCA Wellness plan to the Attorney General and request an opinion as to its compliance with state law. Further, Mr. Langley was requested to provide a copy of the response. No response has been received from Mr. Langley.

Michael E. Dees responded to this request as follows:

"The approval of the District's General Council was issued prior to this program being adopted. (See attached opinion from General Council explaining the basis of this approval previously furnished to you on February 20, 1998 and May 2, 1999.)"

The contents of that opinion from General Council follows:

"In general, the Board of Commissioners does need to approve the group life insurance benefit program and other employee programs.

However, the board has adopted and approved several items which I believe give the Executive Director the authority to implement the Wellness and Fitness Program which was established in 1998.

In regard to the group life insurance benefits, the entire insurance program, including the group life benefits program, was approved by the board. (See attached minutes of the board of commissioners.)

In regard to the district's Wellness and Fitness Program, the program was adopted in February, 1998. Mr. E. Dennis communicated the adoption of this program by memo to the board dated February 13, 1998 (copy attached). As cited in that memo, Mr. E. Dennis relied upon the authority of the board approved employee handbook, Section H, pages 28-29.

At the time of the adoption of this program, the District believed it was experiencing wide-spread employee difficulties in the areas of substance abuse, as well as personal financial difficulties.

The Board approved employee handbook adopted by the board on May 13, 1981 provides for a drug free work place and also provides that the District will "encourage and support their employees in seeking rehabilitation services...". The handbook also states on page 8n, that "the District will establish a substance abuse awareness program to assist employees to understand and avoid the perils of drug and alcohol abuse".

2. (continued)

Under this authority, Mr. M. Dennis directed Columbus DeLoeette to establish the required program. This was done through the service of the late Charles Memorial Hospital and a contract was entered into dated January 26, 1984, copies of which are attached to this memo.

In accordance with that contract, Lake Charles Memorial Hospital made a survey of our employees and in accordance with that survey, recommended the implementation of several programs, including an exercise and fitness program. One attached management summary report, dated April 11, 1984, page 2.1

This portion of the recommended program was not implemented until 1988 pursuant to the directive of Mr. Wiseman. Mr. Wiseman acted under general areas of board approved authority in implementing this program.

As previously noted, the board has approved the implementation of such a program under the employee handbook. Additionally, Mr. Wiseman's board approved contract states "...generally, he shall control the general management of the properties and business of the district, shall have the power to appoint and dismiss, subject to any applicable laws, classified or unclassified employees, except the Human Resources of the District and except that unclassified employees shall not be hired without two (2) weeks prior written notice to the board of commissioners". (see page 4 of the contract, section III duties.)

Additionally, the board has delegated all personnel decisions to the Executive Director pursuant to the delegation of appointing authority dated as of November 1, 1984, a copy of which is attached. That delegation of authority states: "That, pursuant to resolution No. 89-184, dated October 22, 1984, of the board, he does authorize Glenwood W. Wiseman, Executive Director, for the Lake Charles Harbor & Terminal District and/or Glenwood W. Wiseman's designee, to take and sign on his behalf as appointing authority, all personnel actions of whatever nature which the appointing authority may take and all disciplinary actions affecting employees of the Lake Charles Harbor & Terminal District....".

Additionally, the board approved, through its budget, the expenditures of all monies for both the group life insurance benefits and the district's Wellness and Fitness Program under the section, "combined services", see page 18 of the board approved budget.

LA. S.S. 18:1159 C provides as follows: "The adopted budget and any duly authorized amendments required by this section shall guarantee the authority of the Chief Executive Administrative Officers of the political subdivisions to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year."

Association Number 14
Association

ASSOCIATION NUMBER 14

ASSOCIATION OF GARY S. BEANER, SR.:

Wissman and Bees took the Ford van to Lafayette, fully staffed, alcohol and everything, and used that to go to a reception with Mr. Cecil Pineda who is head of the Department of Education, State of Louisiana. This raises a question as to the purpose of the trip and if it related to business of the District.

Michael Bees attends Board of Regents meetings without taking vacation time from his full time Ford job.

PROCESSES:

1. Inquire of Greenwood Wissman and Michael Bees about the alleged trip as follows:
 - A. Did it occur?
 - B. Who attended the meeting?
 - C. Was a District vehicle used and were District funds expended for the trip?
 - D. What was the District business purpose of the trip?
 - E. Was the trip approved in accordance with District policy?
2. Regarding the Board of Regents meetings -
 - A. Obtain a listing of Board of Regents meetings during 1997.
 - B. Determine which meetings Mr. Bees attended during 1997.
 - C. Determine if Mr. Bees took leave for those dates. Determine authority for leave treatment.

2. (Continued)

- D. Inquire of Mr. Dees if he receives compensation from the Board of Regents for attending the meetings.
- E. Determine if Mr. Dees received a per diem or reimbursement for travel costs from the Board of Regents and compare to travel reimbursements from the District.

FINDINGS:

- 1. In response to the inquiry about the alleged trip to a reception for Mr. Cecil Reed, Mr. Wiseman and Mr. Dees stated no such trip occurred.
- 2. A. Michael E. Dees was requested to provide a listing of Board of Regents meetings during 1997. He stated the normal rule for board meetings is the fourth Wednesday and Thursday of each month.
- B. Mr. Dees provided copies of each request for travel reimbursement submitted by him to the Board of Regents during 1996 and 1997.
- C. Mr. Dees stated he did not use annual leave for these trips because he also performed services for the District while in Baton Rouge and Mr. Langley, President of the Board of Commissioners, had instructed him not to use leave for these trips because he also attends to District business while in Baton Rouge. Mr. Dees was requested to provide a memorandum from Mr. Langley evidencing authority for the leave treatment for the days Mr. Dees attended Board of Regents meetings. A copy of his letterhead memorandum from Mr. Hillary J. Langley, Jr. to Mr. Michael E. Dees was furnished to me. The substance of this memo follows:

This will confirm the policy that Mr. Johnson (when he was President) and I have followed since you became employed with the PORT on January 2, 1993 regarding your attendance at the Board of Regents meetings.

You are not required to take annual leave to attend the Regents meeting because as I have observed, while you are in Baton Rouge, you combine the Regents meetings with other meetings being held on the PORT's behalf since the Regents only meet part of the day. For example, you meet with officials of the Department of Highway,

MEMORANDUM NUMBER 14
Findings

3. (Continued)

DIVISION of ADMINISTRATION, CIVIL SERVICE and the JUDICIAL Department, etc. On many occasions, you have met with Fred Benson on refinancing of the Port's bonded indebtedness. You also constantly keep in phone contact with Port staff and board members throughout the time you are in Baton Rouge.

This remains the policy unless changed in the future by written notice to you. If you have any questions regarding this policy, please let us know.

- D. Mr. Deas stated that he receives expense reimbursement and a 100 per cent payment for attending the Board of Regents meetings. Mr. Deas further explained "I receive this for each day on which I attend a Regent's committee or regular board meeting. I view it, it is not a salary but rather a small payment to cover expense items not otherwise reimbursed as an expense. As previously explained, every Regent's meeting is interrelated with phone calls and review of issues relating to Port business and meetings on Port business following or prior to Regent's meetings. I continue to do my Port work as I normally do and often perform Port work (i.e. drafting leases, letters) at night at the hotel. As Mr. Langley explained, I continue to do the job expected of me by the Port and, therefore, I am not required to use vacation time to attend Regent's meetings. See attached written confirmation from Millery Langley, Board President."

Mr. Deas further stated he will discuss this matter with personnel at the Attorney General's office and request an advisory opinion.

- E. Compared the requests for travel reimbursements submitted by Mr. Deas to the Board of Regents during 1987 to his requests submitted to the District during 1987. Identified one instance where reimbursement was requested from the Board of Regents for mileage travel cost and from the District.

After discussing this item with Mr. Deas, he responded "On November 19, 1987, I traveled to Baton Rouge for a Board of Regents meeting. On the evening of November 19th I traveled on to New Orleans for the closing on the bond issue for Global Industries. I inadvertently reported the total Lake Charles-Baton Rouge mileage as an expense to Regents and the total Lake Charles-New Orleans mileage as an expense to the District. Only the mileage for Baton Rouge-New Orleans should have been reported to the District. Therefore, I am refunding to the District the difference in the mileage. I calculate this to be 198.18 - 148 miles = 150 miles x \$1.4 = \$210.00."

ATTENTION NUMBER 15

ADMISSION OF EARL L. FRANK, JR.:

There are some other relationships that are due scrutiny. Columbus DeCicco is in Director of Maintenance. His wife is the sister of Leah Christian who is the business agent for local 2047, which is International Longshoremen local which provides workers at the Port. All Port travel purchases go through Mrs. DeCicco except for which Mr. Franks arranges for himself. Mrs. Franks has orders from Mr. Langley to handle all travel this way. Mrs. Franks is the secretary to the Director of the Port and to Port Directors.

PROCEEDINGS:

1. Request the Board of Commissioners of the District to request an advisory opinion from the Ethics Commission addressing this matter.

FINDINGS:

1. Discussed this admission with Michael E. Deen, General Counsel for the District and responded, by letter to the President of the Board, that the Board request an advisory opinion from the Ethics Commission addressing this matter and that we be furnished a copy of the request. A response to this request has not been received.

Mr. Deen stated the allegation was true, except that Mrs. DeCicco is the sister-in-law of Leah Christian, not the sister. He further stated that he could find no prohibitions under the ethics code or otherwise that would prohibit the District from using a travel agency at which one of the Port's employees is employed.

Mr. Deen stated - "In regard to the travel agent expense of a port employee, I have confirmed through conversations with Maria McCrooy of the Ethics Board that this does not present any type of problem. It would if Mr. Columbus DeCicco was a board member or the Port Director or had authority or control over travel arrangements for Port employees or board members. He clearly does NOT have such authority."

Verified, by reference to the personnel file and job description, that Mr. Columbus DeCicco is Director of Maintenance and he does not have authority or control over travel arrangements.

Resolution Number 11
Resolution

RESOLUTION NUMBER 11

RESOLUTION OF GARY L. PEARCE, SR.:

Mr. Langley is an official of the longshoremen local union and is a board member. There has been concern that he gets pay from both Charles Harber and Terminal District.

RESOLUTION:

1. Inquire if the Ethics Commission has addressed the relationship of Mr. Langley's employment and his service on the Board and ask to see the advisory or ruling if one has been issued.
2. If the issue has not been addressed, request the Board of Commissioners of the District to request a ruling from the Ethics Commission.

REFERENCE:

1. Mr. Michael E. Dunn, in response to our inquiry furnished copies of the following Ethics Commission opinions addressing the relationship of Mr. Langley's employment and his service on the Board:

Opinion dated November 20, 1995 (Ethics Commission District No. 94-327)
Opinion dated August 20, 1998 (Ethics Commission District No. 88-231)

The 1998 opinion stated, in part,

" - - on the basis of information received directly from you, your client and from representatives of the Lake Charles Harbor and Terminal District, the Commission concluded that--concern in the expressions contained in the Commission's correspondence of March 14, 1998--in now appears to the Commission that the Dis Local 1988 does not have interests that would be substantially affected by the performance or non-performance of official duties by Mr. Langley, as a member of the Lake Charles Harbor and Terminal District, and that accordingly the provisions of Section 1121 (C)(2)(b) of the Code are not applicable.

Appendix Number 14
findings

1. (Continued)

The Commission remains of the opinion, however, that Section 1112 B is, in fact, proper and that accordingly Mr. Langley may not participate as a member of the dock board in transactions involving the IIA Local 1988. Appointed members of boards and commissions cannot receive or otherwise be disqualified from participating in transactions prohibited by Section 1112 of the Code and accordingly Mr. Langley's continued service on the Dock Board would be jeopardized if IIA Local 1988 were to become involved in a transaction with the Lake Charles Harbor and Terminal District."

The 1988 opinion stated -

"The Commission on Ethics for Public Employees has had under consideration for some time information suggesting that you may be in violation of provisions of the Code of Governmental Ethics by serving as a member of the governing board of the Lake Charles Harbor and Terminal District while contemporaneously rendering services to "Lake Charles Stevedores" at a time when Lake Charles Stevedores has a contractual, business or financial relationship with the Lake Charles Harbor and Terminal District."

After careful consideration, however, and primarily on the basis of information provided to the Commission by counsel for the Lake Charles Harbor and Terminal District, the Commission, during the course of its November 1, 1988 meeting, concluded and instructed me to advise you accordingly, that it is the opinion of the Commission, on the basis of the information presently available, that you are not rendering services for compensation to a source from which you are prohibited by virtue of Section 1112(1)(B) of the Code from receiving compensation for services rendered.

On the basis of the information considered by the Commission, it is noted in the Commission that the services that you are providing as a member are rendered to West Gulf Maritime Association and are compensated by West Gulf Maritime Association. West Gulf Maritime Association is not a source of prohibited income to a member of the DOCK BOARD. The Commission is aware of the consideration that the services are performed for the ultimate benefit of Lake Charles Stevedores and under circumstances such that it might appear as if not likely that you are employed by Lake Charles Stevedores.

Attachment Number 10
Findings

5. Conclusion:

However, after carefully reviewing all of the information presently available to the Commission, it is the opinion of the Commission that your relationship with Lake Charles Stevedores does not meet the legal test for an employee/employer relationship and that, to the contrary, you are not rendering compensated services as an employee to Lake Charles Stevedores.

Accordingly, the Commission is closing this file and considering this matter concluded."

Mr. Dea also provided copies of an article written by Hector Ben Miguel and published in the Lake Charles American Press on November 12, 1974 and an article paid for by Flanagan Stevedores and published in the Lake Charles American Press on November 6, 1974. These articles discuss a controversy over proposed tariffs taken by the District, Mr. Langley and his employees by West Gulf Maritime Association; his working on jobs for Lake Charles Stevedores and other stevedoring companies; and his service as a Board Commissioner.

Mr. Dea stated "Mr. Langley does not receive any pay from Lake Charles Stevedores. Mr. Langley is a member of the local 1079, Clerks and Cheeks. He works on a random selection basis for any stevedore operating at the Port of Lake Charles. He actually works sometimes for Flanagan Stevedores and sometimes for other stevedores. His pay is received from the West Gulf Maritime Association based on the various number of hours that he works for various stevedores."

It was noted that, during 1977, Lake Charles Stevedores had exclusive rights in the stevedoring unloading contract at the Lake Charles Harbor & Terminal District Pier Dock.

Because the issue had been previously addressed by the Ethics Commission, no further procedures were performed.

Resortin Number 17
Resortin

RESORTIN NUMBER 17

ASSISTANT OF GARY E. PERDUE, SR. :

Frank Adams is the Captain of the District Fire Boat, Response. At the time he was hired by the District, he was offered the job at a specified pay rate. The Civil Service pay grade for that position was less than the amount offered. Each pay period, 12 or 12 hours of overtime was added to the time worked by Mr. Adams in order to bring his pay up to the amount originally offered. If Mr. Adams actually works overtime, that time is also added.

PROCEDURE:

1. Request the DIRECTOR OF PERSONNEL to provide the job description, the required hours to be worked, including expected overtime, and the pay scale for the position held by Frank Adams.
2. Request information about the annual compensation offered to Mr. Adams at the time of the initial job offer.
3. Request time sheets submitted by Mr. Adams during 1987. Review the time sheets noting overtime worked, the purpose of the overtime, if declared thereon, and noted approval of the time submitted.

FINDINGS:

1. Requested, and received, from the PERSONNEL CLERK, the personnel file for MR. FRANK ADAMS which included the job description (Fireboat Captain), the required hours to be worked (full time), and the pay scale (Zone 44, 443) for the position held by Mr. Adams. An interview memorandum dated March 21, 1988 to the Director of Personnel from the Associate Director stated, in part - "....it is necessary for MR. FRANK ADAMS to be "ON CALL" for an emergency response."
2. From the personnel file, observed a November 28, 1986 letter to the Director of Civil Service about the position of captain and requesting the granting of latitude to hire this individual at a rate of pay competitive with prevailing private industry wage rates in Southwest Louisiana; a classified

Assertion Number 17
Findings

3. (Continued)

advertisement in the Lake Charles American Press seeking an emergency response vessel captain. Civil Service Form SF-5, Position Description, and a letter dated January 8, 1992 to Mr. Frank P. Adams offering the position to him. One of these documents stated the proposed beginning pay scale for Mr. Adams.

A LETTER FROM THE Department of Civil Service dated August 18, 1991 authorized one temporary, unclassified position of Vessel Operator from January 28, 1991 through October 15, 1991. A Personnel Action Form requesting probationary appointment effective October 7, 1991 for a classified position of Fireing Captain at a classified monthly salary of \$2,128 and schedule/grade/step 012 was submitted October 28, 1992. This was approved April 2, 1993 by the Civil Service Department.

On April 2, 1993 the Civil Service Department approved the action to end the unclassified appointment (unclassified salary \$2,284) effective October 6, 1991.

On April 29, 1992 the Civil Service Department approved the action of a merit increase/promotion of permanent status classified salary \$2,247 012 effective April 7, 1992.

During 1997 Mr. Adams was compensated, for regular time worked, at the rate of \$2,247 per month.

The assertion was discussed with Mr. Stonwood Mims, Executive Director and with Mr. Michael E. Dean, General Counsel and we were informed that Mr. Adams is the only individual at the District having the experience and qualifications to act as Fireing captain and that he is on 24 hour call in connection with that position.

MR. DEAN STATED MR. ADAMS WORKS, IN FACT, WITH OVER-TIME AS A REGULAR EMAN. HE IS ON CALL 24 HOURS A DAY AND IN ADDITION HE IS REQUIRED TO PERFORM VARIOUS SERVICES FOR THE COUNCIL DURING EVENING HOURS. HE ALSO PERFORMS OTHER MAINTENANCE SERVICE (GRASS CUTTING, ETC.) FOR THE PORT."

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Findings

3. Time sheets and reports of daily overtime worked records were requested for Mr. Palmer for 1991. Following is a summary of information compiled from these records:

Regular hours worked	1,884
Overtime hours (1 1/2 class)	1,886
Overtime hours (regular class)	32
Holiday hours	184
Semi-leave hours	8
Special leave hours	32

Reasons for overtime as noted on the records consisted primarily of "Maintenance's M/T Response" and "M/V Response". Occasionally other reasons such as "Power and B/V Response", "Worked on GIS System Installation", "R&B installing top M/V Response", responding to fires or other emergency (4 instances), and providing tours to various groups (5 instances); etc. were noted on the overtime records.

APPENDIX A

APPENDIX A

BOARD OF ETHICS FOR ELECTED OFFICIALS

OPINION NO. 81-021

DATE: March 3, 1981

RE: Gift of Athletic Event Tickets by Governmental Contractors and Other Persons to Members of Governing Authorities

The Board of Ethics for Elected Officials ("Board") is empowered by LSA-R.S.42:1134(5) to render advisory opinions on request or on the Board's own motion.

Because of public interest in the referenced issue, the Board, on its own motion, renders the following advisory opinion:

I.

ISSUE

May elected members of political subdivisions accept, as gifts, tickets to athletic events such as collegiate and professional football games from those who either have or are seeking to obtain contractual or other business or financial relationships with the political subdivisions?

II.

FACTS

It has been reported to the Board that vendors, consultants and others who have contractual and other business and financial relationships with political subdivisions may from time to time offer and indeed give and deliver to members of the governing

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authorities of those political subdivisions tickets to athletic events such as collegiate and professional football games.

Section 1115A of the Code of Governmental Ethics ("Code") provides as follows:

1115. Gifts

A. No public servant shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person, if such public servant knows or reasonably should know that such person:

(1) Has or is seeking to obtain contractual or other business or financial relationships with the public servant's agency, or

(2) Is seeking, for compensation, to influence the passage or defeat of legislation by the public servant's agency.

* * * * *

It should be noted that only subsection A of Section 1115, which is applicable to all "public servants," applies to elected officials, such as members of the governing authorities of political subdivisions. The term "public servant" is defined in Section 1102 (18) to mean a public employee or an elected official. Section 1110B of the Code, which provides additional restrictions concerning the receipt of gifts, is not applicable to all public servants; rather, it applies only to "public employees," a class of persons which excludes "elected officials."

In analyzing the above quoted gift provision it is also necessary to examine the operational definitions as well as some additional provisions, which provide in pertinent part as follows:

1102. Definitions

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* * * * *

(9) "Elected official" means any person holding an office in a governmental entity which is filled by the vote of the appropriate electorate. It shall also include any person appointed to fill a vacancy in such office.

* * * * *

(11) "Governing authority" means the body which exercises the legislative functions of a political subdivision.

* * * * *

(12)(a) "Thing of economic value" means money or any other thing having economic value, except promotional items having no substantial resale value; food, drink, or refreshments consumed by a public servant, including reasonable transportation and entertainment incident thereto, while the personal guest of some person, and, with reference to legislators only, reasonable transportation when organized primarily for educational or informational purposes, including food and drink incident thereto, and includes but is not limited to:

* * * * *

Also relevant, though not directly applicable to this situation, is Section 1123 (13) of the Code which provides as follows:

1123. Exceptions

This Part shall not preclude:

* * * * *

(13) The acceptance, by a legislator, of anything of economic value as a gift or gratuity from any person where the value of such gift does not exceed fifty dollars per event, up to an aggregate amount of three hundred dollars in a calendar year from any person, and where the nature of the gift is limited to a

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cultural or sporting event within the boundaries of this state including the territorial waters thereof, including the entertainment reasonably incident thereto; except that the provisions of this Paragraph shall also be applicable to legislators who are on official state business outside of the boundaries of this state as long as said legislators are entitled to per diem for such official business.

It is the opinion of the Board that tickets to collegiate and professional athletic events, which typically have a face price or "value" in excess of \$15.00, are, in fact, a "thing of economic value" as that term is used in the preceding quoted section of the Code. This conclusion is reinforced by the consideration that the legislature enacted the exception appearing in the above quoted subsection 1123 (3), governing the receipt of certain tickets to sporting events, but chose to apply the exception only to legislators as opposed to elected officials who are members of a governing authority. Enactment of this exception as Act No. 491 of the 1987 Regular Session of the Louisiana Legislature memorializes the recognition by the legislature that tickets to sporting events are, in fact, a "thing of economic value."

Paraphrastically, the Board recognizes that the mere issuing of tickets to an event, does not necessarily mean that those tickets are "a thing of economic value". In any case, the Board would examine the facts and circumstances in order to consider whether or not the tickets in question, in fact, had economic value. Tickets may be issued for purposes other than revenue enhancement and may be used only for the purpose of controlling admission, seating or for other reasons unrelated to developing

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income. The Board is of the opinion, however, that tickets to professional athletic events, such as a professional football game, which on their face have a value, are, per se, a "thing of economic value."¹

Given the consideration that such tickets to athletic events such as collegiate and professional football games are, in fact, a "thing of economic value," it then becomes manifest that, given the cited section of the Code, all public servants including elected officials, are prohibited from receiving tickets from any "person" who has or is seeking to obtain contractual or other business or financial relationships with the agency of the public servant or from any individual involved in lobbying, on a compensated basis, to influence the passage or defeat of legislation by the public servant's agency.² Finally, with reference to the application of the gift provision of the Code, it should be noted that the receipt of a gift of a thing of economic value is not only prohibited from certain "persons" (i.e., an individual or legal entity, other than a governmental entity or agency thereof³), but also from any "officer, director, agent, or employee of such person." Thus, for example, a public servant is

¹ Additionally, the Board noted that admission to a professional football game, even if allowed without the possession of a ticket or pass, is also a thing of economic value.

² In Ethics Board Advisory Opinion No. 84-48 the Board concluded that the Code prohibited the receipt of gifts not only from the compensated lobbyist himself, but also from the entity who hires the lobbyist. For purposes of Section 1115 the restriction references not only professional lobbyists, but also any other person who seeks to influence the passage or defeat of legislation during the course and scope of his employment.

³ LSA-R.S. 42:1102(16)

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prohibited from accepting a gift not only from a company that has a contract with his agency, but also from any employee of a company having a contract with his agency.

Moreover, the Code contains restrictions against not only the receipt of a gift of a thing of economic value from a prohibited source, but also the giving of a gift of a thing of economic value to an elected official from a source from which the elected official is prohibited from receiving the gift. Section 1117 of the Code provides as follows:

1117. Illegal payments

No public servant or other person shall give, pay, loan, transfer, or deliver, directly or indirectly, to any public servant or other person any thing of economic value which such public servant or other person would be prohibited from receiving by any provision of this Part. Acts 1977, No. 443, SECTION 1.

Restated, Section 1117 prohibits any public servant or any other "person" from giving to any other public servant or other person anything that the other person or public servant would be prohibited from receiving by "this Part." "This Part" includes Section 1116 of the Code, which prohibits elected officials from receiving gifts from those who either have or are seeking to obtain contractual or other business or financial relationships with their agency. Thus, Section 1117 prohibits any person who either has or is seeking to obtain a contractual or other business or financial relationship with a public servant's agency from giving that public servant anything of economic value--such as tickets to a professional football game-- as a gift.

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III.

OPINION

It is the opinion of the Board that elected officials who are members of a governing authority are prohibited by Section 1113A of the Code from "accepting" tickets to football games from vendors, contractors, consultants and any other "person" who either has or is seeking to obtain a contractual or other business or financial relationship with the governing authority.

It is the opinion of the Board that the above cited prohibition becomes operational the moment the public servant knows that the person, in fact, is seeking to obtain or has already obtained a contractual or other business or financial relationship with his agency. Moreover, the prohibition becomes operational even as to those public servants who do not know of the prohibited relationship if the circumstances are such that the public servant "reasonably should know" that the person who is tendering to him a gift of tickets or any other "thing of economic value" either has or is seeking to obtain those specified relationships.

The Code does not contain a definition of "accept" as used in the above quoted section of the Code; however, it is the opinion of the Board that an elected official "accepts" a thing of economic value, such as a football ticket, even when the elected official does not actually use the football ticket himself, but, rather, gives the football ticket away. It is the opinion of the Board that the giving of a ticket to a third person by an elected official presupposes the acceptance of the ticket by the elected

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official. Only if a ticket is actually accepted by an elected official is he in a position to give that ticket to someone else.

It has been reported to the Board that elected officials of political subdivisions on occasion receive "complimentary" or "promotional" tickets to professional sporting events and to other sporting, cultural and entertainment activities. Regardless of whether or not the ticket is given for "complimentary" or "promotional" purposes, if the tickets have a face value then it is the opinion of the Board that the tickets are in fact a per se "thing of economic value". If the tickets do not have a face value but if the circumstances are such that others are typically charged an admission to the particular event, then it is likewise the opinion of the Board that the ticket is a thing of economic value.

It is manifest that elected officials of political subdivisions should be mindful that it may be difficult if not impossible for them to avoid the conclusion that they either knew or should have known of the existence of a contractual, business or financial or lobbying relationship between the donor of such a gift and their agency if, in fact, such a relationship exists. It is the opinion of the Board that the donation of such a gift, in and of itself, is evidence that the recipient should have known or should have been aware of the existence of a prohibited relationship. The Board takes note that persons generally do not make gifts of a thing of economic value for no reason and to persons with whom they do not otherwise enjoy a special relationship.

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Furthermore, it is the opinion of the Board that where such tickets are personally offered or extended to an elected official that the elected official should elect to decline to accept the tendered and offered tickets. If the tickets are indeed received by the elected official, and if a prohibited "acceptance" is to be avoided, the tickets must be returned, unused, to the donor. With respect to unsolicited tickets received, for example, by mail, it is the opinion of the Board that the tickets should nevertheless be returned, unused, by the elected official either by mail or otherwise and as soon as is practicable under the circumstances. If it is impracticable to return these unsolicited tickets that are received through the mail, then it is the opinion of the Board that an acceptance can be avoided if the tickets are retained, unused, in a file in which such tickets are collectively maintained. With respect to such tickets, the mere possession of the unused ticket after the date of the athletic or other event would be viewed by the Board as evidence that the ticket had not been "accepted" by the elected official. The elected official would be responsible, however, for the maintenance and custodianship of such tickets which, if used by others, including members of the family or staff of the elected official, would then constitute, in the opinion of the Board, an "acceptance" by the elected official.

It has also been suggested by the Board that some elected officials did not view tickets to athletic events such as professional football games as constituting "gifts" but, rather, simply "perks" that are given to the elected officials in recognition of their governmental position. Even if this analysis

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is correct, the receipt of tickets is still prohibited by Section 1114 of the Code, which generally prohibits public servants from receiving anything of economic value other than the compensation and benefits from the governmental entity to which they are duly entitled for the "performance of the duties and responsibilities of [their] office or position...". Restated, an elected official is prohibited by this section of the Code from receiving tickets to a football game or other athletic, cultural or sporting events if the tickets are given to the elected official for the performance of his official duties and responsibilities.

It has also been suggested to the Board that some elected officials have received tickets to athletic events, including professional football games, as "campaign contributions" and that accordingly the receipt of those tickets is not prohibited.

The Board expresses no opinion, at this time, as to whether or not a ticket to a professional football game could constitute a "contribution" as that word is defined in Section 1483(8) of the Campaign Finance Disclosure Act. The particular and unique circumstances surrounding the specific transaction involving the giving of a ticket to a candidate for elected office would control the Board's interpretation of the operational provisions of both the Campaign Finance Disclosure Act and of the Code of Governmental Ethics.

Lastly, it is remembered that Section 1117 of the Code prohibits the giving of a gift under circumstances such that its receipt is otherwise prohibited by other sections of the Code. Accordingly, it is the opinion of the Board that a vendor, contractor, consultant or other person who either has or is

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seeking to obtain contractual or other business or financial or lobbying relationships with a political subdivision is prohibited by virtue of the provisions of Section 1117 of the Code from making a gift of a ticket to an athletic event, such as a professional football game, to the elected members of the governing authority of the political subdivision. Given the language contained in the beginning paragraph of Section 1118A of the Code and the use by the legislature of the word "indirectly" in Section 1117 of the Code, it is furthermore the opinion of the Board that the restriction contained in Section 1117 of the Code is applicable to the officers, directors and agents of the donor as well as to the donor directly.

For the foregoing reasons, and in order to insure public confidence in the integrity of its elected officials, it is essential that elected members of governing authorities of political subdivisions exercise caution to ensure that they do not "accept" as a "gift" any "thing of economic value" such as a ticket to a professional football game or to other collegiate and professional athletic events or to certain other cultural and social activities from any person or from the officers, directors and agents of any such person who to the actual knowledge of the elected official either has or is seeking to obtain contractual or other business or financial or lobbying relationships with the agency of the elected official or under circumstances such that

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the elected official "should have known" of the existence of the prohibited relationship.

Robert L. Roland, Chairman

Carlos S. Spahr, Member

Harry McCall, Jr., Vice Chairman

Edwards Martin, Member

Dr. John Fassin, Member

LOUISIANA BOARD OF ETHICS

Date: October 18, 1997

Ethics Board Opinion No. 96-371

Re: Prohibited Gifts of New Orleans Saints Football Tickets

The Board of Ethics ("the Board") conducted a confidential fact-finding to explore complaints that groups of parish employees were periodically invited by Cox Communications, Inc. ("Cox") to attend New Orleans Saints (Saints) football games with admittance to the hospitality suite owned by Cox and at a time when Cox either had or was seeking to obtain franchises and other business and contractual relationships with the parish governments.

On the basis of the information obtained by the Board during the course of the confidential fact-finding, and with the consent of Cox, the Board expresses the following:

I.**FINDINGS OF FACT**

The Board makes the following essential findings:

1.

Cox provides federally regulated franchise services in Louisiana and elsewhere.

2.

On occasion, the provision of these franchise cable services in parishes requires affirmative action by the parish governments in which the cable services are sought to be

provided. On occasion, and contemporaneously with the occurrence of the events in question and to which reference is made in this paragraph, representatives of Cox provide to a representative of the parish government a number of tickets to Saints football games for distribution to members of, and employees of, the parish governing authority and to members of their families.

3.

The tickets allow access to seats located in front of a hospitality suite leased by Cox in the New Orleans Superdome and include access to, and the provision of, food and beverages.

4.

Members and employees of parish governments have on occasion accepted the aforementioned tickets and access to the hospitality suite leased by Cox in the Superdome and have attended and participated in the scheduled sporting events.

5.

A spokesperson in the Public Governmental Affairs Section of Cox Communications, Inc. stated that the provision of the aforementioned tickets and corresponding hospitality is not for the purpose of generating business but to foster and maintain good relations with governmental clients.

II.

APPLICABLE LAW

The Code of Governmental Ethics contains broad prohibitions against elected officials

and public employees receiving anything of economic value if given to them either for the performance of their governmental duties and responsibilities or from certain defined sources.

Section 1111A(1) of the Code provides in pertinent part that:

"No public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position; . . ."

Section 1115 of the Code provides as follows:

"A. No public servant shall solicit or accept, directly or indirectly, any thing of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person, if such public servant knows or reasonably should know that such person:

(1) Has or is seeking to obtain contractual or other business or financial relationships with the public servant's agency, or

(2) Is seeking, for compensation, to influence the passage or defeat of legislation by the public servant's agency.

B. No public employee shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person, if such public employee knows or reasonably should know that such person:

(1) Conducts operations or activities which are regulated by the public employee's agency.

(2) Has substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duty."

"Thing of economic value" has been defined as Section 1102(22)(a) of the Code, in part, as including: ". . . money or any other thing having economic value, except promotional items having no substantial economic value; food, drink, or refreshment consumed by a public servant, including reasonable transportation and entertainment incidental thereto, while the personal guest of some person . . ."

Section 1117 of the Code provides as follows:

"No public servant or other person shall give, pay, loan, transfer, or deliver or offer to give, pay, loan, transfer or deliver, directly or indirectly, to any public servant or other person any thing of economic value which such public servant or other person would be prohibited from receiving by any provision of this Part."

III.

OPINION

It is the opinion of the Board that governmental officials, including elected members of city and parish governing authorities, as well as employees of the city and parish governing authorities, are prohibited by virtue of the cited sections of the Code from receiving "gifts" in the form of tickets to sporting events, such as New Orleans Saints football tickets, as well as access to "hospitality suites" under the described circumstances. Correspondingly, Cox Communications, Inc. is prohibited by Section 1117 of the Code from providing such "gifts" in the form of tickets to Saints Football games and access to the Cox Communications, Inc. hospitality suite as the receipt of these "gifts" is otherwise proscribed by Sections 1111A and 1115A and B of the Code.

Section 1111A contains a broad prohibition against public servants receiving any "thing of economic value" if provided to them for the performance of their governmental duties and responsibilities. As the "block" of Saints tickets and passes to the hospitality suite are distributed randomly to members of the parish governing authority and to managing employees, the Board can only assume and conclude that the provision of these tickets and passes to the hospitality suite is, in fact, given for the performance of the duties and responsibilities of the public servants.

Section 1115A and B likewise contains restrictions against public servants receiving "gifts" from certain defined sources: in the case of all public servants, including elected officials, gifts are proscribed if they are received either directly or indirectly from persons,

such as Cox Communications, Inc. that are "seeking to obtain contractual or other business or financial relationships" with the agency of the public servant or from persons who are generally defined as "lobbyists".

Moreover, public employees—as opposed to elected officials—are subject to an additional prohibition against receiving gifts from persons who "conduct operations or activities which are regulated by the public employee's agency" or from persons who have "substantial economic interests which may be substantially affected." As noted above, Section 1117 of the Code prohibits persons such as Cox Communications, Inc. from providing anything of economic value to any public servant that the public servant is otherwise prohibited from receiving.

For these reasons, it is the opinion and the conclusion of the Board that the operational provisions of the Code of Governmental Ethics prohibit Cox Communications, Inc. from providing members and employees of parish governing authorities with tickets to Saints football games. It is equally clear - and therefore the opinion of the Board - that the Code likewise prohibits the provision of passes or access to hospitality suites under the existing circumstances as such passes represent a thing of economic value. Thus, the passes likewise represent prohibited gifts. If access to the hospitality suite was provided by Cox to all ticket holders, such provisions might not be considered a prohibited gift; however Cox has conceded that access to the hospitality suite is on a limited and invitational basis only.

Moreover, yet of equal importance, it is the opinion and the conclusion of the Board that public servants, including elected members of parish governing authorities and employees of the parish governing authorities, are prohibited from receiving anything of economic value, including but not limited to tickets to sporting events such as Saints football games and access to hospitality suites, if the provision of such "gifts" is given on a random basis for the general performance of governmental duties and responsibilities or if the "source" of the gift of anything of economic value is otherwise proscribed by virtue of

Section 1115A and B of the Code. Notwithstanding, all public servants are prohibited from receiving gifts from any person who the public servant knows or reasonably should know either has or is seeking to obtain a contractual business or financial relationship with the agency of the public servant or from any person who is engaged as a lobbyist. Moreover, non-elected officials, including parish employees, are prohibited from receiving anything of economic value from additional classes of persons who are either conducting operations or activities regulated by the agency of the public employee or who have "substantial economic interests" which may be affected by the performance of the employee's official duties and responsibilities.

In these proceedings, and for the purpose of resolving these concerns without the expense and upheaval associated with a public hearing, Cox has agreed to discontinue the practice of providing tickets to sporting events such as Saints football games and to discontinue the provision of passes to the "hospitality" suite to members and employees of governing authorities and political subdivisions. Given Cox's cooperation with the Board throughout the occurrence of the events in question, the manifest consideration that the practice appears to be institutionalized and the consideration that Cox may not have been aware that the described activity is proscribed, it is the opinion of the Board that the provision of remedial or other disciplinary action under the existing circumstances is not supported by the public interest.

IV.

DECREE AND ORDER

For the foregoing reasons:

IT IS ORDERED that the Board finds as a matter of fact and a conclusion of law that Cox Communications, Inc. is proscribed by Section 1117 from providing members and employees of city and parish governing authorities with tickets to New Orleans Saints football games and access or passes to a hospitality suite located in the Superdome leased by

Cox Communications, Inc.

IT IS FURTHER ORDERED that Cox Communications, Inc. is to cease and desist the provision of such tickets to athletic events, including but not limited to New Orleans Saints football games, and the provision of passes and other access to Cox's hospitality suite located in the New Orleans Superdome.

IT IS FURTHER ORDERED ordered that Cox Communications, Inc. is to cease and desist providing anything of economic value to any public servant in Louisiana that the public servant is otherwise prohibited from receiving from Cox Communications, Inc. by virtue of the provisions of either Section 1113A or 1113A and B of the Code of Governmental Ethics.

BY ORDER OF THE BOARD this 16th day of October, 1997.

Robert L. Roland, Chairman

Harry W. Mansueti, Jr., Vice Chairman

Absent and did not participate

Robert F. Hanckin

Absent and did not participate

E. I. Gentry, Jr.

Virgil Cox

Sergio O. Ortiaga, Jr.

T. G. Perry, Jr.

Absent and did not participate

Ronald L. Sawyer

Absent and did not participate

Nathan J. Thomson, Jr.

Edwin C. Wynn

Carol Cotton Wynn

CONSENT

The undersigned duly authorized agent and representative of Cox Communications,

has :

- (a) stipulates to the facts found by the Board;
- (b) waives the procedural requirements contained in L.S.A.-R.S. 42:1041 et seq;
- (c) consents to the publication of this opinion;
- (d) agrees to comply with the conditions and order set forth therein, and
- (e) agrees not to seek judicial review of the findings and actions taken by the Board in this opinion.

Cox Communications, Inc.



Agent and Representative

Director of Public Law Enforcement