



# FISCAL REVIEW COMMITTEE

## MINUTES

Wednesday, October 17, 2018

3:00 p.m.

House Committee Room 1

State Capitol Building

### **I. CALL TO ORDER**

Mr. Daryl Purpera, chairman of the Fiscal Review Committee (Committee), called the meeting to order at 3:00 p.m. and a quorum was present with the following members in attendance:

#### MEMBERS PRESENT:

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor (LLA)

Mr. Ron J. Henson, First Assistant State Treasurer  
Designee for The Honorable John M. Schroder, State Treasurer

Mr. Wilbur "Bill" Stiles III, Chief Deputy Attorney General  
Designee for The Honorable Jeff Landry, Attorney General

### **II. APPROVAL OF MINUTES**

Mr. Henson made a motion to approve the minutes of the January 25, 2018, meeting. Mr. Stiles seconded the motion, and with no objections, the minutes were approved.

### **III. VILLAGE OF CLAYTON**

Mr. Bradley Cryer, Director of Local Government Services, testified that the governor declared a state of emergency in the Village of Clayton (Clayton) on October 5, 2018. Clayton's water system operator, JCP Management, Inc. (JCP), decided they were not going to continue due to not having been paid in a number of months. Therefore, the governor's office stepped in and has an emergency contract with JCP at this point. The reason for this meeting is to discuss the financial condition of Clayton and whether or not they qualify under fiscal administration. A summary sheet was provided to the Committee with updates from the last two days. Under the fiscal administration law, a village or town can be taken under fiscal administration for failure to make a debt service payment or not having sufficient revenue to pay current expenditures.

Clayton has a \$250,000 loan outstanding with Concordia Bank which was due to be paid on March 31st of this year. The village did not pay that note and had petitioned the State Bond Commission for a refinance which was approved. In the last six months Clayton has not refinanced that loan with the bank, so they have been in default for six months. There was an emergency town meeting last night where the council did approve the refinance of that loan. However, Clayton does not have the finances to repay that note when it is due March 31, 2019, if the bank does refinance the loan again. That loan has been outstanding now for two years since 2016 and there have been no payments on the principal during that period.

Mr. Cryer continued stating that besides Clayton's debt default, another issue is the failure to be able to pay current expenditures with current revenues. JCP is owed roughly \$32,000 for six months and bear in mind this is a new water treatment plant. The water system was constructed in the last couple of years and there have not been any payments made to JCP or toward the outstanding loan principal. The governor's office currently has a contract with JCP Management for \$37,000 for a six month period to continue water operations while they sort out how to handle the next step. So the background on this is Clayton took out the \$250K loan back in 2016. Approximately \$102,000 of it was used as matching funds for a CDBG grant. The remaining \$150,000 was used for current operations during that year. And so when it came up for refinancing in 2017 and Clayton could not repay it, they refinanced it again and that loan is based on a pledge of revenues from the town. Clayton did not have and does not have the revenues to repay that loan

In August 2018, the Louisiana Rural Water Association (LRWA) prepared a rate study to show Clayton that to pay back even \$50,000 on that loan or \$100,000 on that loan, what the corresponding increase in rates would be. Clayton's council voted to increase the rates to cover the \$50,000 loan and to cover operations. The water rate went from an average of about \$25 per month to \$54 per month. A month later, the council voted to rescind that rate increase and brought it back to where it had been before. Mr. Cryer learned that Clayton had an emergency meeting the very night before and the council approved increasing the rates by \$10 per connection, but that is far less than what was raised originally three months ago. So right now, Clayton is asking the bank to refinance the loan that they cannot afford to pay by next March. Clayton has outstanding debts to JCP, Concordia Bank and to their auditor from last year. And they really do not have the ability at this point to repay any of those debts.

Mr. Purpera asked if Clayton raises the water rate from the average of \$24 to \$34, would that provide adequate funding to be able to pay the loan, or the auditor or their other bills that they have outstanding. Mr. Cryer responded that it would not be enough. Mr. Purpera said Clayton is in the same situation that they were before the meeting last night.

Mr. Henson asked when Clayton defaulted on their loan agreement and when did they renegotiate with Concordia Bank. Mr. Cryer responded that the loan was defaulted in March 2018. He has received conflicting information from the mayor and council about who talked with whom but as of right now there is no formal agreement with Concordia Bank on what the terms of repayment would include. Based on his discussion with the mayor that morning, Clayton still owes the entire \$250,000 as of next March and the bank is willing to work with them on the terms to pay it back. However, the amount of money that they raised just off that \$10 a month increase in the water rate is nowhere near enough to even cover 20 percent of that amount due next March.

Mr. Henson said that Clayton has defaulted on the \$250,000 loan from Concordia Bank plus assumes interest charged. Mr. Cryer said that only the interest has been paid in the period so Clayton is current on the interest but no payments have been made on the principal. Mr. Henson commented that Clayton does not appear to have any visible or viable means of repayment regardless of what the renegotiation is, unless it was forgiveness. Mr. Cryer agreed.

Mr. Henson asked if the bank has taken any legal action yet even though the town rescinded a rate increase that was put in place to repay the loan. Mr. Cryer responded that the bank has been working with town officials and not taken any legal action to his knowledge as per communications with the bank several days before. Prior to defaulting on the loan in March the bond attorney informed Clayton's board of the consequences of not refinancing the loan including fiscal administration. The board discussed the outstanding debt in May, June, July and October but it never came up for a vote to even reauthorize that debt. That's assuming they could even pay it. However the board did not authorize refinancing that debt until last night when the board passed an ordinance to refinance the outstanding loan.

Mr. Henson asked if anyone from Concordia Bank was present because he would like their opinion of this situation. Mr. Cryer said from his discussions with the Concordia Bank they relayed their attempts to resolve this issue. However, there has not been any solution put forward that really satisfies that obligation.

Mr. Purpera asked if Clayton did not owe the \$250,000 loan, would the village have a positive cash flow. Mr. Cryer responded no, because based on the latest information he received from the town it has \$65,000 in cash. Their debts total around \$330,000 including the \$250,000 loan. Other outstanding obligations include their auditor for the previous year's audit, six months owed to the water system operator, and customer meter deposits outstanding. Clayton also owes Bryant Hammett & Associates \$6,000 and chemicals for the treatment of the water system \$4,000. So in total roughly \$350,000 is owed and more than \$100,000 of that is outside of the loan agreement itself.

Mr. Stiles asked in Mr. Cryer's opinion and valuation if the \$10 water rate increase would cover the debt owed to JCP and fund future operations. Mr. Cryer answered that the amount generated from the water rate increase would be approximately \$30,000 to \$40,000 which is how much is owed to JCP. However, the rates that were in place last year were not sufficient to pay JCP that \$32,000 that is owed right now. So this rate increase, as best he can tell from the numbers provided by Clayton may cover that gap as far as the normal operations going forward, but it will not address the outstanding obligations.

Mr. Stiles asked if Clayton would have enough income to cover the operation of the water system from a public safety interest since the village is in a state of emergency right now. Mr. Cryer explained that the existing Homeland Security contract with JCP is paying roughly \$5,200 per month to JCP, which is over \$60,000 a year and the approved water rate increase will not generate that much money.

Mr. Purpera read the submitted testimony cards from Mayor Josephine Washington, Mayor Pro Tem Floyd Barber, Shannon Madison and Willie Evans, inviting them to testify. He thanked Mayor Washington for coming and asked for her assessment of Clayton's financial situation including meeting current obligations and renegotiating the loan. He had previously explained to her the purpose of the meeting and the potential of placing the town under fiscal administration.

Mayor Washington said that the water rate increase would not be enough to pay current obligations. The options for Clayton include considering receivership or bankruptcy. Her plans include a three day work week, and to request that the funds from the police department go back into the general fund of the town instead of being in a separate account under police operations.

Mr. Purpera asked if the police chief is elected and what is the total budget for police department. Mayor Washington said the chief is elected and did not know the police department budget. Clayton has four officers and four police vehicles. They presently have insurance on the vehicles through risk management liability but not for long because the premium payments have not been made. The cost for the insurance is included in their paperwork. The chief of police pays half the premiums and her office pays the other half but they have not paid the premiums for two months. The premiums are about \$4,300 per month. Mr. Purpera asked if that would be about \$8,000 due in premiums not paid. Mayor Washington said that is correct.

Mr. Purpera asked what Mayor Washington would do to right the ship and get to a positive cash flow. Mayor Washington said they would go to a three day work week and reduce the workforce. They really need two men in the field but decrease the workforce by one and after the town is out of the emergency situation, she would hire an operator that would cost the town less money than JCP. She would request for the council and the mayor to either reduce their salaries or to eliminate the salaries until the problem is taken care of.

Mr. Purpera asked if Clayton had a contract with JCP prior to the governor taking the emergency action because the village was unable to pay JCP. Mayor Washington said they paid JCP for two months and owe JCP for three or four months. Mr. Purpera asked if doing the things that she mentioned would get Clayton to a positive cash flow and paying all the bills on time. Mayor Washington answered that it would not get them out of their situation but would help a lot. Even the \$55 water rate increase that was rescinded would have probably gotten them out of the current situation. Mr. Purpera asked if the rate increase was recommended by the LRWA. Mayor Washington said yes.

Mayor Pro Tem Barber said he had nothing to add because basically the mayor is there every day and knows the ins and outs of the town. He tries to support her but he works a job every day.

Mr. Henson asked if Clayton is current on payroll taxes to the federal government. Mayor Washington answered yes. Mr. Henson referred to pictures of the water and sewer system and asked if both systems are in good working order. Mayor Washington responded that the water system is in good working condition because it is new but the sewer system is not. When she arrived July 1, 2016, the sewer plant was almost inoperable and has to be constantly patched to keep working. The aerators and all the stuff that was in the sewer were taken out for repairs but could not be repaired because in such bad shape.

Mr. Henson asked if she has sufficient funds in order to maintain or make improvements to the sewer system or is it continuing to deteriorate. Mayor Washington answered that it is continuing to deteriorate. Mr. Henson commented that will be an additional expense at some point in time. Mayor Washington got a quote on aerators which cost around \$104,000.

Mr. Henson asked if Clayton employees receive any retirement and health benefits. Mayor Washington said she tried to get the town council to provide retirement benefits in 1984 and they said that they didn't want to get into it because feared that it will cost them too much money.

Mr. Henson asked if the four police vehicles are being timely maintained. Mayor Washington explained that when the police chief went into office at the same time as she did, he only had \$800 in the bank because the previous administration did their best to spend all the funds. So the police vehicles were given to the village and the chief has to patch them to keep them running.

Mr. Henson asked where and what condition are the Clayton offices. Mayor Washington responded that she and the police chief share a building at 101 Shady Lane which is owned by the village and needs some repairs and has mold in some places.

Mr. Henson asked about all of these additional expenses that are building up and if they have the ability to address any of them. Mayor Washington said their best revenue is a water system but Clayton has a couple of stores.

Mr. Henson asked if the water service is metered for the water system. Mayor Washington responded that the service meters are old and they need to be replaced which is a lot of the reason why they lose water. People steal water if the village cuts them off. The residents go back out and turn the water back on so we lose the money. Mr. Henson asked if Clayton charges based on the metering system and not charging a flat rate. Mayor Washington answered at the metered rate.

Mr. Stiles asked the population of the Village of Clayton and Mayor Washington answered 711 residents. Mr. Stiles asked what other revenue sources does Clayton have other than the water system. Mayor Washington answered they have a grocery store. Mr. Stiles noted that would be sales taxes and ad valorem taxes as other revenues.

Mr. Stiles asked how many employees in the police department and in the village office. Mayor Washington responded they have six employees in the police department and three in the village.

Mr. Stiles explained that he was trying to figure out where the revenue from the city is going since Clayton is pretty much behind on payments on practically every bill. He asked where the revenue is going and what gets paid first. Mayor Washington responded that this would have happened as early as October 2016 had they not borrowed the \$250,000 because the previous mayor and chief of police had spent all the money.

Mr. Stiles said he was just trying to understand the fiscal shape of the village and not trying to cast blame on any of the administrations. However, Clayton borrowed \$250,000 and has not repaid any of it except for some interest. The village has a revenue stream so trying to figure out where the money is going. He asked what is the largest line item getting paid on a month to month basis and if it is employee expenses. Mayor Washington responded that they pay salaries, electricity, another chemical company, AT&T and small bills like that which are all current.

Mr. Purpera asked the mayor if Clayton is a town or a village. Mayor Washington said it was a town but the population says it is a village, but the board refuses to pass an ordinance to send to the governor's office on the reclassification of the town to a village. Mr. Stiles said Clayton is incorporated as a town, but as of today's date based on population Clayton is a village. He asked if a village would have a police department. Mayor Washington said they have always had an elected chief of police, but it was one person.

Mr. Purpera asked the difference in the number of the board members between a village and a town. Mayor Washington answered that a village has three alderpersons and a town would have five, and Clayton has five alderpersons right now.

Mr. Purpera commented that Clayton has the population of a village, but the board size of a town. He said the corrective action would be for the board to vote on changing to a village and acknowledge by resolution which would then be sent to the governor's office. Mayor Washington agreed and said the board has not been able to get that done.

Mr. Purpera asked if there is an advantage to be called a town instead of a village. Mayor Washington responded that a town would receive \$25,000 in LGAP (Local Government Assistant Program) funds, and \$50,000 for CWF (Community Water Enrichment Funds) but as a village it would be decreased. Mr. Purpera asked if Clayton has received funds in the amounts for a town after becoming a village as per their population. Mayor Washington said yes, Clayton has.

Alderman Shannon B. Madison and Alderman Willie L. Evans were there to provide testimony. Ms. Madison said some of the things the mayor said were correct and some of it is incorrect. As far as the police department, the police chief does have four officers, two full-time and two part-time, who also work in other areas of law enforcement. There are four vehicles, but only two of those are operable.

Mr. Purpera asked if insurance was on all four vehicles or on two of them. Ms. Madison said she was not sure about the insurance but all the vehicles are in the town's name, so all vehicles are done in insurance. Mayor Washington described the four vehicles and said all are operable, adding that Ms. Madison may not be aware of that. Ms. Madison said she is aware of that and three are operable and one is not.

Ms. Madison commented that the aldermen have rescinded their salaries and not been paid in three months. Mr. Purpera asked how many employees have not been paid in three months and for the board member's pay. Ms. Madison responded that all board members have not been paid for three months and the current pay is \$325 per month. Mr. Purpera asked if the pay was set by ordinance or resolution. Ms. Madison said it was set by the

previous administration. Mr. Purpera commented that is probably another debt not included in the calculations. Mayor Washington said the salaries are included in the debt and neither the mayor nor aldermen have been paid for three months.

Mr. Evans clarified that the income did not come from a grocery store but from two convenience stores, an automobile body shop and a parts house. Those are Clayton's main sources of revenue as far as businesses are concerned.

Mr. Stiles asked if the mayor and council members considered the dissolution of the Town of Clayton in its entirety. He expressed his concern after hearing them talk and considering what value a police department would have to the 711 citizens that live in Clayton. Based on their situation, Clayton sounds more like a water board because most of their revenue is coming from the water plant and sewer. He wondered what value the city as an entity provides to the taxpayers of the Village of Clayton. Ms. Madison added that Clayton also has gas revenue.

Mr. Purpera explained the Committee's responsibility and what fiscal administration means. This Committee reviews governmental entities that are either defaulted on their debt or there is a reasonable expectation that it does not have the ability to pay current obligations. Based on he what heard today it has been established that Clayton is in default and does not have the ability to pay current obligations. So with that then this Committee has the ability to ask the attorney general to make a request to the court and the court would appoint a fiscal administrator. That individual would then be appointed by the court and would basically serve as both the mayor and the board all at the same time. Clayton's elected officials would serve as an advisor to that individual. The elected officials would have no authority to carry out any operations on their own because everything goes through the fiscal administrator. The fiscal administrator also has the ability to do what is necessary to get the town on good financial footing. So that could mean raising water rates, raising sewer rates, decreasing the staff, renegotiating current contracts into more appropriate contracts. It could mean changing the departments or doing away with departments or lots of things. He wanted to prepare them and explain what is involved. It also means that the Committee has to find someone who is capable and willing to perform the services of fiscal administrator and the village has to pay that individual at the rate set by the court.

Mr. Henson stated that the governor declared a state of emergency earlier in October. JCP left Clayton once because of nonpayment but are providing operator services for the water system at this time. Mayor Washington said that JCP is being paid by the governor as far as she knows. Mr. Henson said the payments to JCP or whoever is going to run the water system will have to be handled. He asked who is running the sewer and gas systems. Mayor Washington answered that JCP is handling all the utility services.

Mr. Purpera requested any public comments. Mr. Evans said the board tried to eliminate or cuts costs and did talk about changing from a town to a village in the proper order but did not vote to do it.

Mr. Purpera asked why the board only increased the water rates by \$10 at the meeting the night before when they knew the meeting today was to discuss the financial situation. Ms. Madison explained that the board decided to increase the water rate in increments to get all the way to the \$56. The board decided that it was going to be like a 25 percent increase in increments for the next three months until it reached \$56.

Mr. Purpera said that Clayton would still get further behind in debt each one of those months. He did not understand why the board did not increase the rate enough to pay the bills because it has to be done.

Mayor Washington said it was because the residents of Clayton sitting in the audience are influencing the board on what to do. Ms. Madison said the board took the audience's input to help the decision making of where to

go with this because they were not getting anywhere with everybody else trying to influence them. She said there was no influence from the audience.

Mr. Evans added that the board was trying to avoid a shock to the citizens. Many of the citizens are on fixed income - about 90 percent. They have bills that they are paying such as medical and doctor bills. So the board was trying to make the water rate bills increase slowly so they could grow with it and make adjustments in their budget so they could wade their way into paying the full amount.

Ms. Stiles asked about the potential substantial amount of theft of water when people just go unlock it after begin turned off by the village. He asked if the police department ever investigated any of those types of situations or referred to the law enforcement such as the sheriff's department or someone else. Mayor Washington said when the local law enforcement investigated the residents stealing utilities he warned them that if he came back and caught them stealing utilities then he would ticket them.

Mr. Stiles said he is concerned about the citizens of Clayton. There is a substantial amount of debt and the cost is going to pass to people of low or fixed income. And apparently some folks are just not paying their bill and are stealing water. They are stealing from everybody else because somebody has to pay that bill. At first blush it might look like they are getting a free ride, but they are not getting a free ride. There is no free ride. Somebody is paying for it. Right now apparently it is Concordia State Bank, but at the end of the day, the other citizens are going to bear that cost. As a former prosecutor in his hometown, he prosecuted hometown folks not paying their electric bills.

Mr. Stiles said in small villages some people just do not pay their bills or they go unlock the water spigot and turn it back on. He believes there should be some type of proactive measure, particularly from the chief of police who's getting paid by said revenues to try his darnedest to make sure that those types of activities are not occurring because it is not the city or the folks that represent the city. It affects and hurts the old, elderly and fixed income folks who will have to pay \$55 for a service that they probably should be paying \$15 for. His concern and suggestion is that the chief of police start looking at trying to lock that down.

Mr. Evans agreed with Mr. Stiles. He explained that it is not fair for one to be let off paying and make another pay the bill. He knows some citizens that are not paying their full bills. If they only collect partial payments and not the full bills then how can the town pay vendors and people that are providing services? The way he was brought up was to pay his bills because nothing comes free in life. It is not good to allow some customers to stay on and take a free ride off the backs of the one that are paying the bills. He believes everybody should pay their bills.

Based on what he heard, Mr. Purpera made the motion to place the Town (Village) of Clayton under fiscal administration. Mr. Stiles seconded the motion. Mr. Henson said he concurred.

Mr. Purpera stated that by unanimous vote Clayton will be placed under fiscal administration. The next step will be for Mr. Stiles to bring the information to his Office of the Attorney General. One of their civil lawyers will file in the court to ask the court to appoint a fiscal administrator in a hearing. And if the village so chooses, Clayton could oppose that. But he would hope that they do not because it would be better to start sooner rather than later. At some point in time when the fiscal administrator has sufficiently brought the village to the point where it is able to pay its bills and all that sort of thing, then the court will remove the fiscal administrator. Then the elected officials would once again have the authority to operate.

For any questions about fiscal administration, he asked them to call his office. The Legislative Auditor's website also offers lots of information that can be read all about fiscal administration and how the process works. He also recommended speaking with the Town of St. Joseph or other entities that have been put under

fiscal administration. There are success stories of fiscal administration out there such as Madison Parish Hospital Service District. The hospital was \$4-\$5million underwater and now considering building a new hospital in about a three year period of time.

Mr. Stiles commented that they do not take this lightly and it is a very extraordinary measure for someone to take over the administration of any municipality, but they are talking about a water system and the health of a community. It is not necessarily a reflection on Clayton's leaders. Sometimes the finances and economics of a situation are what they are. But in these circumstances, the Committee has to ensure that this water system is running and properly operating and get the town in the correct fiscal posture.

#### **IV. TOWN OF MELVILLE**

Mr. Cryer said they have good news and seen a lot of improvement. His advisory staff has been working with the Town of Melville (Town) for the last six months and invited the Town to three different Committee meetings. Since the last meeting in April, the Town has engaged a CPA firm, and training the clerk on the accounting software. They are performing bank reconciliations timely and preparing budget to actual reports. Starting this month they will have new controls in place to segregate disbursement duties. They are tagging capital assets. The Town has been enforcing cutoffs for utility customers and turning over outstanding balances to LMATS (Louisiana Municipal Advisory and Technical Service Bureau) for collection. They have cut off valves and have begun installing cut off valves and water lines and had begun funding their bond reserve accounts that have been outstanding for a number of years. In addition, in the last couple of weeks, the mayor has secured funding and has been approved for a \$4,000,000 funding grant from the USDA for water system upgrades and water meter installation. They also have a USDA search grant for \$30,000. The Town is also looking at going from flat fees to metered usage once those meters are in place.

Currently the Town engineers are using an existing grant to make repairs on the large well water tower and water discharge lines. As of last month they had applied for additional grants to repair both wells, so we have seen a lot of improvement. There are still a few things that are outstanding. We still have customer meter deposits that are not being funded. That number on your sheet shows \$20,000 but in fact that number is \$45,000 because the Town had to dip into some of that in the last few months to cover other bills. Mr. Cryer explained that custom meter deposits are deposits made by customers when they get a water line connection. That account has been short by \$20,000 for a large period of time but went up to \$45,000 based on discussion with the mayor just a couple of days ago. Mr. Purpera asked if the Town is supposed to have those funds set aside. Mr. Cryer said his understanding is the Town used \$25,000 additional to what was already missing from before.

Mr. Cryer said the Town has not worked out a payroll plan that covers delinquent taxes to the IRS. They have set up payment arrangements with Cenla (Cenla Environmental Science) for the balance of \$12,000 after Cenla wrote off some of the past due accounts. So we are seeing improvement and moving in a positive direction but there are still problems here. The current mayor will not be running for reelection this year so there will be a new administration in a couple of months. The LLA's recommendation at this point is to continue to monitor and assist and come back to the Committee at a later date to provide an update. The Town's financial situation is improving and is stable. They are making their payroll and covering their bills - catching up a little at a time. It is not a huge turnaround yet, but they are moving in the right direction.

Mr. Henson asked if they are working with the federal government about their outstanding payroll taxes. Mr. Cryer responded that the mayor was working with the IRS but not certain where that stands.

Mr. Henson asked if the water meter deposit funds were diverted for city uses and nothing fraudulent. Mr. Cryer explained that the Town had cash flow issues because of being on the noncompliance list. Their most recent audit report had a disclaimer so the Town had to provide a corrective action plan to address some of



those problems before being removed from the noncompliance list. So for a period of time they were not receiving state funding, including some other monies for grass cutting service and other things. So once that money was released about a month and a half ago, they have additional cash flow coming in and they are also able to get those grants for their water system and other purposes. The Town is moving in the right direction, including funding the bond reserve accounts that have not been funded since those bonds had been established to his knowledge.

Mayor Erana Mayes said they have worked really hard to get where they are now. The Town did receive from the USDA of \$4.3M with 75% as a grant and the other 25% as a loan. She had a meeting today with the governor's office, USDA, LWRA and a large group from Louisiana Department of Health (LDH) to make sure that all of the Town's needs were met. The money is coming in and more money was offered at the meeting so The Town is able to get other things needed such as backhoes and other equipment.

The Town has also applied for LGAP for \$35,000 to get their small well up and running. They are considering another \$35,000 for a small well, which is also included in a USDA loan but may be allowed to pull that money now through a bank to get the small well repaired quickly before they actually start construction next year. The estimate is about eight months for construction. Once the new lines are installed, the old lines turned off and the meters installed, the Town will be in a much better place as far as receiving the funds needed to succeed and be in a profitable status.

Mayor Pro Tem Velma Hendrix said she believes the Town has done a marvelous job with the situation and very well based on the progress made.

Mr. Stiles agreed and commented he was sad to hear that Mayor Mayes was not running for reelection because the Town was in pretty dire straits when she went into office. But she has done the responsible thing and really worked hard to get the Town on the right track. There were circumstances not necessarily within the mayor's control when she began her term. He thanked Mayor Mayes for all her efforts in getting the Town to the right place.

Mayor Mayes said she is not running for reelection for personal family reasons but Ms. Hendrix is. Mayor Mayes promised Ms. Hendrix to be right next to her when she becomes the new mayor and plans to be really active in the community to make sure they keep moving forward.

Mr. Donald Ford introduced himself as the Town's accountant/bookkeeper. Mr. Purpera commented that he is the one that's developing new controls and such as that. Mr. Ford said he is working on that. Mr. Purpera asked if Mr. Ford sees that the finances are getting better - not where it needs to be yet, but getting better. Mr. Ford responded that the mayor is making all the right moves. He was just engaged at the end of September, so still wrapping his head around it. Mr. Purpera thanked them all for all their hard work and wished them good luck.

## **VII. FISCAL ADMINISTRATION UPDATE**

Mr. Purpera said that David Greer is the fiscal administrator for the Town of St Joseph (St. Joseph). St. Joseph's water system is in much better shape than it was when the Committee began monitoring St. Joseph. Mr. Greer has been working on getting the books, records and the accounting portion of the town into good shape. He has also been working on getting the right personnel in the right positions and that has been a challenge. From the last conversation with Mr. Greer, he said that he would probably ask the court around the end of this year or the first of next year to remove him as fiscal administrator.

The Madison Parish Hospital Service District is a success story for fiscal administration. Mr. Purpera has spoken with Don Frutiger who serves as the fiscal administrator. Right now they are considering building a new

hospital and already purchased the land. They have to get through the November election for a tax to be approved. If the tax is approved then they will move forward with the new hospital. Mr. Frutiger told Mr. Purpera that one or two of the board members are from the previous board, but they filled their board with mostly new members. Also the members will serve in staggered terms so they have some longevity and continuity. Mr. Frutiger has been working with those board members, teaching them about serving on a board since he has been operating in place of the board for the last two years. Their upcoming board meeting will be run by the board and Mr. Frutiger will be looking at it from afar and will speak up if he disagrees with them but hopes the board will make the right decisions going forward. So Mr. Frutiger will be asking the attorney general to file with the courts probably in December to remove him as fiscal administrator.

For the City of Jeanerette, David Greer is the fiscal administrator there but that will be a long term project based on their situation. Mr. Henson asked if Mr. Greer is being paid by St. Joseph. Mr. Purpera said that St. Joseph still owes Mr. Greer but he is being paid by the City of Jeanerette.

Mr. Cryer provided a brief update on the Morehouse Parish Hospital Service District (MPH) which was brought before this Committee on three or four different occasions. MPH was taken over by CHC Management Company about a year and a half ago and the LLA receives monthly progress reports from them. MPH's fund balance has grown, operations are picking up and seeing a turnaround in the operations of the hospital. Based on the positive things seen at MPH, Mr. Cryer hopes by the next Committee meeting that MPH is back on solid footing.

#### **VIII. OTHER BUSINESS**

No other business was discussed.

#### **IX. ADJOURNMENT**

Mr. Henson made a motion to adjourn, and with no objection, the meeting of the Fiscal Review Committee adjourned at 4:06 p.m.

**Approved by the Fiscal Review Committee at their meeting on: January 7, 2019**

The video archive of this meeting can be found in the House of Representatives Video Archives:  
[http://house.louisiana.gov/H\\_Video/VideoArchivePlayer.aspx?v=house/2018/oct/1017\\_18\\_FiscalReview](http://house.louisiana.gov/H_Video/VideoArchivePlayer.aspx?v=house/2018/oct/1017_18_FiscalReview)