

PUBLIC BELT RAILROAD COMMISSION  
FOR THE CITY NEW ORLEANS



COMPLIANCE AUDIT  
ISSUED SEPTEMBER 22, 2010

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

September 22, 2010

**MR. JOHN MORROW, INTERIM GENERAL MANAGER,  
AND BOARD OF COMMISSIONERS  
PUBLIC BELT RAILROAD COMMISSION FOR THE  
CITY OF NEW ORLEANS**  
New Orleans, Louisiana

We have audited certain transactions of the Public Belt Railroad Commission for the City of New Orleans (NOPB) for the period December 13, 2006, to June 30, 2010. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility of allegations we received from the Metropolitan Crime Commission concerning expenditures of the NOPB.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the NOPB's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. This report is a public report. Copies of this report have been delivered to the United States Attorney for the Eastern District of Louisiana, the District Attorney for the Orleans Judicial District of Louisiana, and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP:DD:dl

NOPB 2010



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An analysis of the Public Belt Railroad Commission for the City of New Orleans (NOPB) documentation from December 13, 2006, to June 30, 2010, indicated that NOPB management and board regularly provided the use of NOPB assets and financial resources for expenditures that did not have a public purpose, were gratuitous, and lacked evidence and/or supporting documentation to indicate equivalent public benefit or value including:

- Personal and private use of NOPB business rail cars
- Charitable contributions, celebratory functions, and purchases of miscellaneous gifts
- Personal use of credit cards
- Personal use of NOPB vehicles and fuel credit cards
- Purchases that violated Public Bid Law and other state laws
- Professional service procurement practices that violated the City Charter
- Inappropriate use of the NOPB e-mail and computer system

To determine if an expenditure of public funds is in accordance with Article VII, Section 14 of the Louisiana Constitution,<sup>1</sup> the attorney general in Opinion 09-0018 indicated that “the public entity must have the legal authority to make the expenditure” and must show the following:

1. A public purpose for the expenditure or transfer that comports with the governmental purpose the public entity has legal authority to pursue
2. The expenditure or transfer, taken as a whole, does not appear to be gratuitous
3. Evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred

In addition, on August 17, 2010, the attorney general issued Opinion 10-0171 which specifically addressed the NOPB’s use of its business cars. According to the opinion, the NOPB may allow limited short-term uses of the NOPB cars provided it obtains in return a value or benefit that is commensurate with such use in order to comply with the constitutional mandates of Article VII, Section 14 of the Louisiana Constitution.

Based on NOPB records and interviews of commissioners and executive management, it appears that management did not provide adequate protection or management of public assets, nor did the board of commissioners appear to provide adequate oversight of the NOPB. As a result, many of the expenditures, including personal and private use of the business cars, did not have a public purpose, were gratuitous, and lacked evidence and/or supporting documentation to indicate equivalent benefit or value, they appear to violate Article VII, Section 14 of the Louisiana Constitution and may also violate state law.

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<sup>1</sup> **Article VII, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

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The Public Belt Railroad Commission for the City of New Orleans (NOPB) is a political subdivision of the State of Louisiana created by the Commission Council of the City of New Orleans in 1904, in addition to being one of nine “unattached boards and commissions” of the City of New Orleans. The Commission operates a railroad system in and around the City of New Orleans as well as a railroad bridge across the Mississippi River (Huey P. Long Bridge).

The railroad is managed by the Public Belt Railroad Commission (board). The board is composed of the Mayor of the City of New Orleans and 16 citizen taxpayers. Each of the members serves 16-year terms and the members are chosen in the manner and for the terms provided in Ordinance No. 2683, New Council Series, of the City of New Orleans, approved October 8, 1904. The board is responsible for the control, operation, management and development of the Public Belt Railroad system including the Huey P Long Bridge.

The Louisiana Legislative Auditor (LLA) received an allegation from the Metropolitan Crime Commission regarding improper expenditures from the New Orleans Public Belt. As a result, LLA reviewed available NOPB records to determine the credibility of the allegation.

The procedures performed during this audit included:

- (1) interviewing employees of the NOPB;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records of the NOPB;
- (4) gathering documents from external parties; and
- (5) reviewing applicable state laws and regulations.

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### Personal and Private Use of NOPB Business Rail Cars

From October 25, 2002, to June 30, 2010, the Public Belt Railroad Commission for the City of New Orleans (NOPB) paid approximately \$3,094,204 to purchase and restore three antique Pullman train cars (business cars), including \$1,005,547 on a car not yet completed. According to Jim Bridger, former general manager, the cars were purchased to educate clients, businesses, and the general public about the Public Belt and to promote the well-being and economic development of New Orleans and Louisiana. However, it does not appear that the public purpose for expenditures either relates to the well-being and economic development of New Orleans and Louisiana or comports with the governmental purpose the NOPB has legal authority to pursue and may therefore violate the Louisiana Constitution. Mr. Bridger also referenced the NOPB business rail car policy which states additional uses of the business cars, including:

- To provide for rolling inspections of the physical plant
- To allow for annual inspections for the Commission
- To be used as a stationary meeting facility when parked
- To be used for charity and organizational uses
- To not be used for any political fund raiser

According to the policy, when a business car is “auctioned” for charity fund-raising purposes, the charity must collect at least \$3,000 in charitable contributions for a rolling trip (funds raised from charity auctions go to the charity, not the NOPB). Food and beverage costs are to be provided by the organization or charity and a minimum gratuity of \$100 each is required as payment to the car attendant and his associate. It should be noted that because the car attendant is an NOPB employee, receiving a gratuity from a non-public source may violate the Louisiana Code of Governmental Ethics.<sup>2</sup>

During our review, we were unable to find any documentation related to the business car committee’s approval of outside business car trips as required by the business car policy. The policy states that the business car committee is to address any and all issues and questions surrounding the use of the business cars. In addition, they are to be advised of any and all movements and requests involving the business cars from individuals outside the employment of the NOPB, including organizations or charities. NOPB documentation and staff indicated that Mr. Bridger scheduled and approved most business car trips. We were also unable to find insurance waivers for most business car passengers as required by the business car policy. According to the policy, “in consideration of receiving permission from the New Orleans Public Belt railroad to have access to the private rail cars each and every individual that occupies the cars must sign and deliver a legal liability release and deliver it to the business car director prior to the day of their scheduled trip.” According to Mr. Bridger, this policy started after a train

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<sup>2</sup> R.S. 42:1111(A)(1) provides, in 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.

derailed in front of the business cars several years ago. If the trains do not roll (stationary meetings), then passengers do not have to fill out insurance waivers. Mr. Bridger stated that he does not require some passengers to sign the waivers because he “knows and trusts them.”

The business cars are staffed with a crew including a locomotive engineer, locomotive foreman, a full-time business car manager, assistant manager, and wait staff. The engineer and foreman only work on the business cars when they are rolling and perform other duties in addition to their business car functions. The business car manager, assistant manager, and wait staff work solely on the business cars. The business car manager, who was paid \$70,785 in 2009, works solely on the business cars and receives a full benefit package including retirement, healthcare, and an NOPB vehicle. In addition to staffing, the NOPB also incurs costs related to the use of the business cars including catering, liquor, maintenance, and fuel. The NOPB estimated the cost of labor, maintenance, and fuel to be between \$495 for a two-hour trip and \$958 for a four-hour trip. It estimated catering expenses for 20 people to be \$60 for breakfast; \$310 for lunch; \$1,250 for a sit down lunch; and \$1,500 for dinner.

All business car trips should be documented on a trip itinerary plan and include the individual scheduling the trip, time and date of the trip, and trip purpose. In addition, these trips should be placed on the business car scheduling calendar maintained by the business car manager. During our review, we were unable to locate a complete listing of business car trips and the costs associated with those trips in NOPB documentation. As a result, we attempted to reconstruct a trip listing using the business car calendar, business car trip itineraries, and e-mail correspondence.

From January 6, 2007, to May 22, 2010, we were able to identify at least 299 business car trips in which the NOPB directly incurred costs totaling \$147,590 for catering and liquor charges. This amount includes liquor charges totaling \$18,428 and catering charges totaling \$6,175 that could not be associated with any particular trip. In addition, the cost we calculated for these trips do not include the cost of employee labor, fuel, or maintenance of the business cars. The identified trips included:

- (1) 34 trips totaling \$30,162, which appear to be for personal benefit and do not appear to have a public purpose;
- (2) 123 trips totaling \$73,059 for which a legitimate business purpose was documented; however, during our reviews, we noted that a majority of these trips appear to be driven by the individual personal interests of the board or administration;
- (3) 88 trips auctioned off for charity in which the NOPB directly incurred costs totaling \$9,487; and
- (4) 54 trips totaling \$10,279 for which there was either no business purpose documented or the trips were not documented by the general manager and/or the business car staff.

During a review of these trips, we noted a significant amount of trips involving commissioners. These trips totaled 52 and are included in the first two bullets listed previously and are also included in detail in **Appendix A** attached to this report.

### Personal Trips

Based on our review of documentation and interviews with NOPB staff and management, we identified 34 business car events that appear to be personal in nature and for which no legitimate business purpose was provided. During these trips, the NOPB directly incurred costs totaling \$30,162 for catering. This amount includes nine trips totaling \$9,775 identified as Mr. Bridger's personal trips; 16 trips totaling \$7,953 identified as personal board member trips; and nine miscellaneous personal trips totaling \$12,434. Examples of these trips are provided below.

#### Jim Bridger Personal Trips

- On May 24, 2008, and August 16, 2008, Mr. Bridger held two separate trips catered by Martin's Wine Cellar for a total of \$2,373. The trip itineraries were either missing or indicated that the purpose was for "Jim Bridger (Private)." According to e-mail correspondence, both trips appeared to be scheduled on behalf of Todd Gaspar, a close personal acquaintance of Mr. Bridger. When asked about the trips, Mr. Bridger initially indicated a business purpose and explained that Mr. Gaspar is the NOPB's Capital One Bank representative. When shown the e-mail correspondence, Mr. Bridger stated that both trips were for personal purposes.
- On June 14, 2008, Mr. Bridger scheduled a trip catered by Martin's Wine Cellar totaling \$970. The car calendar listed the trip as "Mr. Bridger Party 7pm cocktails" with no other information provided. According to e-mail correspondence, the trip was a birthday celebration for Mr. Bridger's neighbor. In an e-mail to his neighbor, Mr. Bridger states, "Since I run the railroad I can do anything that I want to do with the rail cars. Therefore, you will be having Kevin's birthday party aboard the "Louisiana" and your party is on me. Once we settle upon a date I will let you speak with Antoine about the caterer of your choice. We use several and they're all great. I will pick up the caterer and booze/wine as well." Mr. Bridger initially stated that the party was for his neighbor who won the trip in an auction for a school. After being presented with the e-mail documentation, Mr. Bridger agreed it was a birthday party for his neighbor.

Board Member Personal Trips

- On June 26, 2008, a business car trip was held for Commissioner Rod West and catered by Portobello's Catering for \$339. There was no purpose for the trip listed on the business car calendar. The calendar only stated that the trip was for Rod West. According to e-mail correspondence, the trip was held for Mr. West's 40<sup>th</sup> birthday party. Mr. Bridger stated Mr. West is a commissioner and can use the business car when he wants and for whatever reason he wants. Mr. Bridger stated that he never questions the public purpose of the board members' trips, and that the trip had to be approved by the finance committee.
- On March 8, 2007; March 13, 2008; March 12, 2009; and March 11, 2010, Commissioner Jean Felts held meetings in the NOPB board room for Christian Health Ministries. According to the business car calendar, the attendees were allowed onto the business car for drinks at the conclusion of each meeting. Portobello's catered one of the meetings totaling \$446. Ms. Felts stated that she is a board member of the Christian Health Ministries and they have used the business cars for auction items several times. Ms. Felts stated that the group did use the board room and did go to the business cars after the meeting, but it was to show off the cars for the auction. She could not recollect if they had alcohol on the train.
- From 2007 to 2009, commissioners Arnold Baker and Troy Henry held personal Christmas parties on the NOPB business cars for which the NOPB directly incurred catering costs totaling \$2,990. According to Mr. Henry and Mr. Baker, it was their understanding that board members were allowed a couple of personal trips each year. They explained that these parties were for friends and family and were personal. Again, Mr. Bridger stated that board members can use the cars whenever they want.
- On January 6, 2007, and again on January 31, 2009, Commissioner Sharon Perlis held two trips totaling \$1,007 in catering charges. There was no purpose for the trips listed on the business car calendar. The calendar only stated that the trips were for Sharon Perlis. According to Ms. Perlis, both of the trips were personal and for a friend. Ms Perlis stated that she was never billed for either of the trips and was told it was a "perk of the job."

During the latter stages of our audit and after the audit was completed, we were informed that some of the commissioners made reimbursements for the costs of personal trips. Appendix B is attached to this report detailing these payments.

#### Other Personal Trips

- In November of 2007 and 2008, four personal business car trips were held for Jimmy Fitzmorris, a personal acquaintance of Mr. Bridger. The catered events totaling \$7,275 included two birthday parties and two parties for Mr. Fitzmorris and a group of his friends. Mr. Bridger stated that the parties were for Mr. Fitzmorris's birthday celebration and were payback for his support of the Public Belt. He added that the board was aware of all these parties.
- On November 2, 2007, Tom Lobello, NOPB chief operating officer, held his daughter's wedding party on the business cars. Catering for the event totaled \$493. According to Mr. Lobello, Mr. Bridger not only approved the trip for his daughter, but Mr. Bridger also recommended he have the party.
- On June 16, 2007, Antoine Camenzuli, the business car manager, held a party on the business cars. The business car calendar listed "Camenzuli Group" as the event and listed no purpose. The catering for the event totaled \$571. According to Mr. Camenzuli, the party was for friends and family and approved by Mr. Bridger. Mr. Bridger stated that he did not remember the trip.

These trips may have violated Article VII, Section 14 of the Louisiana Constitution because they appear to have been held for personal benefit and do not appear to have had a public purpose. In addition, the personal use of NOPB assets and financial resources may violate Louisiana law.<sup>3</sup>

#### Business Trips

Based on our review of documentation and interviews with NOPB staff and management, we identified 123 business car events totaling \$73,059 in catering charges that were categorized as business development and staff meetings in NOPB documentation. Of this amount, only 47 events totaling \$9,785 appears to be for

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<sup>3</sup> **R.S. 14:67** provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

**R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

**R.S. 42:1461(A)** provides, in part, that officials, whether elected or appointed, by the act of accepting such office assume a personal obligation not to misappropriate, misapply, misuse, or otherwise wrongfully take any funds, property or other thing of value belonging to the public entity in which they hold office.

legitimate NOPB business purposes. The remaining 76 events totaling \$63,274 were for some business purpose but appeared to benefit individual commissioners, NOPB officials, or other organizations. These events included meetings and parties for other agencies, vendor appreciation parties, employee parties, and parties for groups outside the railroad industry. Examples include the following:

- On November 1, 2008, Mr. Bridger hosted a trip on the business car and did not list any event on the business car calendar. Catering for the event by Martin's Wine Cellar totaled \$1,347. According to Mr. Bridger, the event was a party for Ronn Babin, the architect who worked on the NOPB's centennial project. According to Mr. Bridger, this event was a recognition trip out of gratitude for Mr. Babin's hard work.
- On at least 10 occasions, agencies other than the NOPB used the business cars for meetings and incurred catering charges totaling \$2,806. Agencies included the Greater New Orleans, Inc., the New Orleans Chamber of Commerce, the New Orleans Board of Trade, and the Port of New Orleans Dock Board. According to Mr. Bridger, these events were used as an opportunity to promote the NOPB. In addition, Mr. Bridger stated that many NOPB board members resided on other boards and requested the business car for those board meetings.
- On February 3, 2007, Mr. Bridger hosted an event for the Chief Justices of the Supreme Courts of various states on the business cars. Catering for the event totaled \$4,745. According to Mr. Bridger, he was asked if he could have a party for the judges while they were in town for another reception. According to Mr. Bridger, the public purpose of the trip was to promote the NOPB, the City of New Orleans, and Louisiana.
- On May 13, 2010 and May 14, 2010, Mr. Bridger hosted a Missouri Pacific Railroad reunion party on the business cars. Catering for the weekend event totaled \$1,891. According to Mr. Bridger, the reunion was all weekend, with two different groups of retired and active employees from the railroads. He stated the public purpose was to promote the Public Belt.

### Charity Trips

Based on our review of documentation and interviews with NOPB staff and management, we identified 88 business car events that were held for charity events. Charitable events usually included auctions and fundraisers for schools, not-for-profits and other civic organizations. According to NOPB policy, when a business car is "auctioned" for charity it should not bring in less than \$3,000 for the charity rolling trip. The food and beverage costs are to be provided by the organization or charity. In addition, all charity trips should be approved by the business car committee. During our review, we identified 14 (of the 88 trips) charitable events held on the business cars where food and beverages were supplied by the NOPB totaling \$9,487. Examples of the

charitable groups included NO AIDS (\$1,382), Christian Health Ministries (\$441) and thank-you rides for NOPB's annual charity golf Tournament (\$3,946).

### Undetermined Trips

During our review, we identified 54 trips totaling \$10,279 for which there was either no business purpose documented or the trips were not documented by the general manager and/or the business car staff.

We recommend the NOPB:

- (1) adhere to Attorney General Opinion 10-0171, issued to the NOPB on August 17, 2010, and ensure that business car use obtains a value or benefit that is commensurate with its use in order to avoid a violation of Louisiana Constitution Article VII, Section 14;
- (2) implement a business car usage policy that details the guidelines and restrictions for business car usage and requires documentation of the business purpose and attendees of all business car trips and also requires board approval for all business car use;
- (3) discontinue using the business cars for personal or celebratory functions or events; and
- (4) discontinue the practice of purchasing alcohol with public funds.

### **Employee Bonuses and Additional Compensation**

From 2005 to present, management authorized and disbursed approximately \$1,501,097 for employee bonuses, additional retirement contributions, safety incentive payments, and disaster relief payments.

In Opinion 01-0272, the attorney general opined that "payments of additional compensation to public employees, to be constitutionally valid, must be in the form of salary increases for future services to be rendered, not extra compensation for past services already rendered and recompensed..." Based on this and other attorney general opinions, management may have violated Article VII, Section 14 of the Louisiana Constitution by disbursing NOPB funds in this manner.

### Employee Bonuses

From June 2007 to December 2008, management authorized and paid bonuses totaling \$39,280 to three employees. These bonuses include a retention bonus (incentive payment for continued employment) in the amount of \$6,780; a \$25,000 bonus for exemplary work performance; and a "signing bonus" for \$7,500. The Louisiana Attorney General has historically opined that extra compensation for past services is constitutionally impermissible. As such, the \$6,780 retention bonus and the \$25,000

bonus for exemplary work performance do not appear to be constitutionally permissible because they appear to be extra compensation for past services.

In Opinion 06-0342, the attorney general opined that a \$25,000 “sign-on” bonus did not appear to violate Article VII, Section 14 of the Louisiana Constitution because it was a “prospective payment for services to be rendered and not a retro-active payment, or prohibited extra compensation for past services rendered...” However, it should be noted that the NOPB employee receiving the bonus was not a new hire but rather an employee changing job positions. Therefore, it appears the payment was for past services.

In a memo from Mr. Bridger to the accounting department dated June 19, 2007, Mr. Bridger requested that a check be issued to the business car manager in the net amount of \$5,000 for back pay calculated for the period of April 14, 2005, through June 15, 2007. The gross amount of the check was \$6,780. Mr. Bridger stated that he had negotiated a \$5,000 bonus with Mr. Camenzuli because Mr. Camenzuli would have left the NOPB without it. Mr. Bridger could not recall the memorandum requesting the payment as back pay.

In December 2008, Mr. Bridger approved a \$25,000 bonus to the bridge supervisor for his efforts in overseeing facility renovations during the previous two years. The \$6,780 retention bonus, the \$25,000 bonus for exemplary work performance, and the “signing bonus” do not appear to be constitutionally permissible because they appear to be extra compensation for past services.

#### Additional Retirement Benefits

In February 1991, the NOPB established the Public Belt Railroad Capital Accumulation Plan, a 401(A) retirement plan for non-union supervisory personnel. Contributions to this plan by the NOPB are discretionary and based on “positive business performance.” This retirement plan is a supplemental plan and is funded solely through employer contributions. The employees enrolled in this supplemental retirement plan are also enrolled in the railroad retirement plan which is a national plan.

The contribution amount is subject to the recommendation by the Retirement Committee. It is based on “positive business performance.” Contributions to the supplemental retirement plan are then approved by the full board. If the board approves, the contribution is made. In 2007, 2008 and 2009, the board approved contributions of \$60,000; \$80,000; and \$80,000, respectively, into this plan on behalf of the non-union supervisory personnel.

Because the contributions to the supplemental retirement plan are dependent upon “positive business performance,” the payments appear to be extra compensation for past services and, as such, the contributions appear to violate Article VII, Section 14 of the Louisiana Constitution.

### Safety Incentive Plan

Although there appears to be no statutory authority to provide additional benefits or incentives based on employee safety, the NOPB followed a Safety Incentive Plan. The purpose of the plan is to “encourage employees or coworkers to become personally involved in not only their personal safety but in that of their coworkers.” The plan includes the following incentives: payment of the employee portion of the healthcare premium, gift cards, dinners, days off with pay, and year-end payments. Payments under the Safety Incentive Plan were temporarily suspended in February 2010.

The criteria for disbursement of funds are based on a two-part system. First, the NOPB pays the employee portion of health insurance premiums for employees in departments that remain free of reportable injuries in that quarter. Any employee that remains free of personal injuries for one year receives a dinner and a gift card. For each six months without a personal injury, employees receive a day off with pay. The second part of the program addresses coworker lawsuits. If any coworker files a lawsuit against the Public Belt within a calendar quarter, the entire department loses its full Health and Welfare payment for the following quarter. In addition, during any year in which the NOPB sees decreases in expenses for lawsuits brought against the NOPB by its employees, it may grant year-end safety incentives in the form of cash or gift cards. Employees that have active lawsuits or have ever filed lawsuits against the NOPB are not eligible for this benefit. Examples of disbursements under this plan include the following:

- In December 2007 and December 2008, non-supervisory employees received \$500 (net amount) bonus checks. The total gross amount of these checks was \$115,125 in 2007 and \$123,987 in 2008.
- From January 2007 through May 2010, NOPB funds totaling at least \$172,065 were used to purchase gift cards from a local grocery store as well as other stores such as Sam’s, Wal-Mart, and Home Depot. Gift cards ranged from \$50 to \$400 and were given to employees based on their safety record.
- From June 2007 to September 2009, the NOPB incurred charges totaling \$45,640 for 16 separate safety incentive dinners. These meals were either held at or catered by restaurants such as Ruth’s Chris, Dickie Brennan’s, and Morton’s The Steakhouse.

According to NOPB calculations, the cost of the components of the safety incentive plan could total as much as \$607,410 per year in the absence of any reportable injuries or lawsuits. These calculations are based on the per employee costs of the different components of the plan applied to 153 union employees.

Although the safety incentive plan appears to be based on payments for future services and therefore maybe constitutional in that respect, the NOPB lacked complete documentation indicating which employees received the cash gift cards and other incentives. As a result, we could not determine if these payments were proper and

constitutional. In addition, safety incentive dinners that included alcohol and elaborate meals may be a violation of Article VII, Section 14 of the Louisiana Constitution.

#### Disaster Relief Payments

After Hurricane Katrina, management authorized “disaster relief payments” for non-management employees. These payments were \$5,000 per employee and were for housing and meal expenses. There were no withholdings on these payments based on Internal Revenue Service regulations.<sup>4</sup> The payments were disbursed in September 2005 and totaled \$785,000.

The Louisiana Attorney General has opined that for a payment to be constitutional, it must have a public purpose, not be gratuitous, and have a benefit to the public NOPB commensurate with the cost. The \$5,000 disaster relief payments were for housing and meal expenses. However, it should be noted that these payments were in addition to the regular compensation of NOPB employees and at no point in the aftermath of Hurricane Katrina was this regular compensation to employees disrupted. Given these circumstances, the payments may be gratuitous and, therefore, a violation of Article VII, Section 14 of the Louisiana Constitution.

We recommend the NOPB comply with the Louisiana Constitution and discontinue giving bonuses and payments that appear to be extra compensation for past services.

#### **Charitable Contributions, Celebratory Functions, and Purchases of Miscellaneous Gifts**

From 2007 to present, the NOPB spent at least \$255,256 on charitable donations, celebratory functions, and miscellaneous gifts. Specifically, the NOPB made donations to the Children’s Hospital in New Orleans and the Louisiana Cancer Research Consortium.

#### Donation to Children’s Hospital

In December 2008, the NOPB made a \$10,000 donation to the Children’s Hospital in New Orleans. The donation was used to fund improvements in the hospital’s surgery unit. In addition, the NOPB allowed the Children’s Hospital to host its 2009 Sugarplum Ball at the NOPB main facility. Records indicate that the NOPB spent \$28,000 to decorate the NOPB facility and additional funds on food, tuxedos, and other miscellaneous items for the event.

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<sup>4</sup> CCH I.R.C. Sec 139 provides, in part, that “Gross income shall not include any amount received by an individual as a qualified disaster relief payment... “qualified disaster relief payment” means any amount paid to or for the benefit of an individual ...to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster.

Purchases with no valid business purpose that are not necessary to the operations of the NOPB or that are made at an unreasonable price may be a violation of the Louisiana Constitution,<sup>5</sup> which prohibits the donation of public funds.

#### Donation to the Louisiana Cancer Research Consortium

Each year the NOPB hosts a charitable golf tournament at the Chateau Estates Golf and Country Club. The purpose of the event was to raise funds for the Louisiana Cancer Research Consortium (LCRC). From August 3, 2007, to June 30, 2009, the NOPB donated a total of \$150,000 to the LCRC. Mr. Bridger stated that the event is funded through private donations and the fees the golfers pay to participate. The donation that the NOPB makes to the LCRC is based on commitments made by donors. He added that sometimes the donors do not follow through with their commitments. In these cases, Mr. Bridger will make up the shortfall with NOPB funds.

The financial information related to the golf tournament, including funds raised through golf fees and sponsorships, is accounted for in a separate bank account outside of the NOPB financial accounting system. Based on the information from the separate account, the donations only generated \$85,412 and the NOPB had to contribute \$64,588 to cover the shortfall of the tournament. In addition, the NOPB donates the use of the business rail cars each year to individuals and/or organizations that sponsor the golf tournament (see previous finding regarding use of the NOPB business cars).

Purchases with no valid business purpose that are not necessary for the operations of the NOPB or that are made at an unreasonable price may be a violation of the Louisiana Constitution, which prohibits the donation of public funds.

#### Celebratory Events

According to NOPB management, the NOPB has hosted several celebratory events for staff, management, board members, and friends and family. These parties were held on the NOPB business cars and/or NOPB facilities. Expenses for the parties including alcohol were paid for by the NOPB and included the following:

- The NOPB hosts annual Christmas parties for NOPB staff, management, and board members. These parties are held on the NOPB business cars and/or NOPB facilities. These Christmas parties have cost approximately \$14,948 for the past three years. We were unable to determine total expenses associated with these events including alcohol expenses because office records lacked detail.
- The NOPB held a 100-year celebration luncheon at the main office facilities on August 8, 2008. All NOPB employees, board members, and friends and family were invited to the event. The catering and decorations

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<sup>5</sup> Article 7, Section 14 of the Louisiana Constitution provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

for the celebration totaled approximately \$19,389. We were unable to determine total expenses associated with the event including alcohol expenses because office records lacked detail.

In Attorney General Opinion 03-0387, the attorney general opined that "in general, the payment of or reimbursement for food, drink, or other expenses associated with luncheons, banquets, parties or other similar functions, from public funds is improper under state law." In addition, Attorney General Opinion 99-358 provides, in part, "it is the opinion of this office that the Commission can use its funds to host a luncheon for the dignitaries enumerated above under the following conditions...public funds are not used for the purchase of alcohol." Based on these opinions, NOPB management may have violated Article VII, Section 14 of the Louisiana Constitution by disbursing NOPB funds for these events.

#### Miscellaneous Gifts

The NOPB purchases various gifts such as watches, clocks, paperweights, blankets, etc. These items are stenciled with the NOPB logo and used for various purposes. According to Mr. Bridger, sometimes they are used as recognition awards for safety performance. In other instances, they may be used as marketing tools and given to NOPB customers. Employees also have the option of purchasing some of these items.

Approximately \$118,331 has been spent on these items since 2007. Some examples of these types of expenditures include \$7,200 for 100 swivel clocks; \$10,390 for 500 dome crystal paperweights; and \$6,250 for red sweatshirt blankets. Supporting documentation, based on a sample of purchases, does not give the business purpose of these purchases.

The Louisiana Attorney General has opined that for a payment to be constitutional, it must have a public purpose, not be gratuitous, and have a benefit to the NOPB commensurate with the cost. Given the lack of documentation supporting the business purpose of these purchases, we cannot assess their constitutionality.

We recommend the NOPB ensure that the public purpose of all gifts is properly documented and complies with the state constitution and prohibit the use of office funds for excessive office Christmas parties or other celebratory events.

#### **Credit Card Usage**

The NOPB issued a total of 24 credit cards to executive staff members including former General Manager Jim Bridger. Although the NOPB does not have formal policies and procedures regarding the use of the credit cards, several of the executive staff members indicated that they reviewed their subordinates' credit card charges, cross reviewed each other's charges, and then forwarded all charges to Mr. Bridger for approval. According to John Morrow, chief financial officer, he has never viewed or reviewed charges for Mr. Bridger.

According to the NOPB executive secretary, she receives the monthly consolidated credit card bill and then distributes individual statements to each individual cardholder. The cardholders are then required to compile their charge receipts and return them to her in a timely manner. Once she receives all the receipts, she bundles the information and wires a board approved payment to the credit card company. However, during our review, we noted that this information was not always readily available. For example, the supporting documentation for the March 2010 billing cycle was not completely compiled and approved until June 16, 2010. As a result, it appears that all credit card charges for the month were approved by the board and paid prior to having adequate supporting documentation and approval of the charges.

In Opinion 92-597, the attorney general opined that the use of a public credit card for personal expenses is only permissible if the official or employee is in extraordinary circumstances, is given authority by the public entity, and reimburses the public entity as soon as possible after the charges are made and before the receipt of the bill. Routine use of a public entity's credit card is not permissible. During our review of NOPB credit card usage, we noted that the NOPB did not have a written policy to prevent personal use of NOPB credit cards. In general, if a personal charge was made, it was that employee's responsibility to make the appropriate reimbursement.

From December 13, 2006, to June 3, 2010, NOPB employees charged \$490,770 (4,166 transactions) on NOPB credit cards including 801 charges incurred by Mr. Bridger totaling \$118,390. We reviewed all of Mr. Bridger's credit card transactions and selected transactions from the entire population and noted the following: \$8,283 (29) in personal charges for Mr. Bridger, charges lacking proper documentation, and questionable charges and transactions related to parties and celebratory functions for public employees. In addition, we noted several instances in which NOPB credit cards were used for personal purposes and subsequently reimbursed by the employee. Because these charges do not appear to be for a public purpose or have arisen out of an emergency, these expenditures may violate state law.

#### Personal Charges

Based on our review of documentation and interviews with Mr. Bridger, we identified purchases totaling \$8,283 that appear to be personal in nature and for which no legitimate business purpose was provided. These purchases included the following:

#### Personal Meals

- On June 6, 2008, Mr. Bridger charged \$240 at Ruth's Chris and listed Sylvia Beyer representing Capital One as the attendee. In an e-mail sent on June 6, 2008, Mr. Bridger states that he is "really looking forward to" his luncheon with Mr. Gaspar and Ms. Beyer. When asked about the charge and corresponding e-mail, Mr. Bridger stated that he has attended several lunches with Sylvia Beyer, an employee of Capital One Bank and Mr. Todd Gaspar's boss. He stated that Mr. Gaspar frequently attended these lunches that were paid for using the NOPB's public credit card. Mr. Bridger has a personal relationship with Mr. Gaspar and his

attendance was personal in nature. Mr. Bridger indicated that this lunch would be considered a personal charge.

- On August 11, 2007, Mr. Bridger charged a dinner totaling \$421 at Commander's Palace with Ronn Babin of Wink Group listed as the business attendee. E-mail records indicate that Mr. Bridger and Mr. Babin have a personal relationship outside the work environment. The e-mails further indicate that both individuals usually invited personal acquaintances to the dinners and the dinners were personal in nature. When asked about this particular charge and other dinner charges which appear to have included Mr. Babin, Mr. Bridger stated that the dinner charges he incurred with Mr. Babin on nights and weekends were generally social dinners with no public purpose in which they would both invite family, friends, and personal acquaintances. Mr. Bridger added that he did discuss Public Belt business with Mr. Babin during lunch meetings.
- On February 5, 2009, Mr. Bridger charged \$130 to Red Maple Restaurant for dinner and listed the Plaquemines Rail Alignment as the business purpose. According to e-mail correspondence dated February 6, 2009, Mr. Bridger stated to Todd Gaspar to "Tell Honey & Paw that I really enjoyed dinner last night." In addition, the receipt listed "GASPAR" as the party. When asked about the charge and the corresponding e-mail, Mr. Bridger stated that the meal was personal and that the charge must have been misclassified.
- On January 21, 2009, Mr. Bridger charged \$210 to Ruth's Chris Steak House for a lunch and listed "B Rousteau" as the business attendee. According to e-mail correspondence earlier that day, Mr. Bridger invited Mr. Gaspar to lunch at Ruth's Chris. When asked about the charge and the corresponding e-mail, Mr. Bridger indicated that he did not dine with Mr. Rousteau this day. He explained that he and Mr. Gaspar went to lunch on this day before their trip to Ft. Lauderdale and that he and Mr. Gaspar went to Ruth's Chris "many times" for personal reasons.

#### Trip to Destin, Florida

From August 30, 2008, to September 3, 2008, Mr. Bridger made several charges to his credit card during an evacuation to Destin, Florida, during Hurricane Gustav. These charges included \$3,921 for two condos; charges at Wal-mart totaling \$235; and three restaurant charges totaling \$534. Mr. Bridger indicated that he set up a command post in Destin, Florida, with two separate homes big enough to fit the executive managers and their families to keep the NOPB operations going while New Orleans was under a mandatory evacuation order. Although receipts documenting these purchases indicate that senior and executive staff including John Morrow and Tom Lobello were present, we determined that Mr. Bridger and Bob Kollmar, chief engineering officer, were the only NOPB employees that actually traveled to Destin. The remaining guests

appear to have been personal acquaintances of Mr. Bridger, including an NOPB vendor and family members of Mr. Bridger's personal acquaintances.

Documentation for the condo rentals indicate that Mr. Bridger's personal acquaintance, Mr. Gaspar, actually made the reservations for both condos. Mr. Bridger explained that he, Bob Kollmar, and Marshall Harris, owner of Artboy Productions (NOPB vendor), evacuated during the storm. Mr. Bridger and Mr. Kollmar were the only NOPB employees. Mr. Harris was invited because there was plenty of room and he had nowhere to go. He further explained that Mr. Gaspar's family followed him to Destin and that Mr. Gaspar and his family stayed in their own house that belonged to Mr. Gaspar's aunt. Mr. Kollmar and Mr. Harris stayed in one house and he stayed in the other house alone. The Gaspars were over at the rental house often because he had a pool and they could barbeque there, but none of them were staying at the house.

When asked about the charges for meals, Mr. Bridger stated that Mr. Kollmar, Mr. Harris, and the Gaspar family including Mr. Gaspar participated in each of the meals. He could not explain the public purpose for these meals. He requested that Mr. Kollmar take Mr. Harris to purchase supplies at the grocery store using the NOPB credit card. These supplies included food, beer, sunscreen, flip flops, and Vaseline. Mr. Bridger stated that there was no good reason for these purchases.

Mr. Bridger stated that his credit card is typically used to reserve buses, hotel reservations, plane tickets, and client meals. He stated that he completes a monthly line-item accounting of the charges for the board's finance committee but added that the finance committee does not really care about reviewing his expenses because the committee is "often at dinner with us."

When asked about specific charges, Mr. Bridger stated that the names of the attendees and the business purpose written on the credit card receipts will not always be correct because he added them, in many cases, several years after they occurred. He explained that in April 2009, Jimmy Baldwin, board member, requested a listing of all his credit card charges. At that time, none of his credit card receipts listed the business purpose or the individuals that dined with him. As a result, he and his secretary used his business calendar to re-create a listing "to the best of his knowledge," of whom he met with for lunch/dinner and the business purpose. This was the first time the board had ever requested to see his credit card charges. After reviewing several charges that

appeared to have been personal in nature, Mr. Bridger stated that he did write business purposes on credit card slips that he knew were his personal charges. Mr. Bridger's actions may have violated state law.<sup>6</sup>

#### Purchases Lacking Documentation

The credit card statement alone is not adequate documentation as it does not provide enough detail to support the business purpose for the charges. For charges other than for gasoline, the credit card charge tickets are not adequate documentation as they do not provide enough detail to support the charges. For example, credit card charge tickets for meals do not allow for verification of the number of meals purchased, the attendees, and the business purpose for the charges. Therefore, the detailed meal receipt should be submitted for supporting documentation.

During our review of NOPB credit card usage from December 13, 2006, to June 3, 2010, we noted that NOPB credit card records generally lacked detailed receipts. As a result, we chose to examine Mr. Bridger's credit card in detail. During this period, Mr. Bridger lacked receipts for 19 charges totaling \$5,973 and lacked detailed receipts for 717 (90%) of his 801 transactions totaling \$90,230. The amounts charged by Mr. Bridger included 636 transactions totaling \$71,715 for meals.

Included in the NOPB's detailed receipts was \$8,241 (327 charges) in alcoholic beverages, but because the NOPB was either missing or did not maintain adequate documentation for all transactions and meals, we could not determine the total amount of charges for alcoholic beverages. During our review, we noted several examples where detail was lacking in NOPB records, but it appeared alcohol was purchased including the following:

- At 12:47 p.m., on May 5, 2008, Mr. Bridger incurred a charge totaling \$138 at Superior Grill. The receipt listed "Bridge Expansion" as the business purpose, was not itemized, and did not list any of the attendees. Later that afternoon (2:18 p.m.) in an e-mail to Mr. Gaspar, Mr. Bridger indicated that he was "...totally cinco de mayoed.... We went to the Superior Grill at 11am and just got back." He further indicated that he "had three top shelf double margaritas and have lost the feeling in my left leg."

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<sup>6</sup> **R.S. 14:67** provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

**R.S. 14:133** provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

**R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

**R.S. 42:1461(A)** provides, in part, that officials, whether elected or appointed, by the act of accepting such office assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property or other thing of value belonging to the public entity in which they hold office.

- At 7:35 p.m. on the evening of April 3, 2008, Mr. Bridger incurred a \$98 charge at Semolina. The receipt listed “SR. STAFF MEETING” as the business purpose, was not itemized, and did not list any of the attendees. According to several of the senior staff, although they participate in business lunches with Mr. Bridger, they do not meet or go to meals with Mr. Bridger after working hours. In an e-mail to his sister the following day, Mr. Bridger indicated that “Jimmy B. does not feel well this morning primarily due to the four vodka cranberries before dinner followed by two bottles of red wine with dinner.”

Because the NOPB failed to maintain adequate documentation for all meals, we requested itemized receipts from several local restaurants where Mr. Bridger and other executive and administrative staff members incurred charges. As a result, we received 61 itemized receipts with charges totaling \$12,133. These receipts included alcohol charges totaling \$2,776.

- From December 31, 2006, to March 15, 2010, Mr. Bridger incurred 10 separate charges at Murial’s Jackson Square Restaurant totaling \$1,544. According to the itemized receipts obtained from the vendor, this amount included alcoholic beverages totaling \$327.
- From May 22, 2008, to November 20, 2009, executive staff members, including Robert Kollmar, Thomas Lobello, and A.C. Marinello, incurred eight separate charges at Drago’s Seafood Restaurant totaling \$1,518. According to the itemized receipts obtained from the vendor, this amount included alcoholic beverages totaling \$234 (not including tax).

Mr. Bridger stated that alcohol was often purchased on the NOPB credit card. He only recalls one instance where the alcohol bill was higher than the food bill on Cinco De Mayo. He did not consider any of these charges to be personal in nature because this is how railroads are run.

#### Charges for Celebratory Functions

In Opinion 03-0387, the attorney general opined that in general, the payment of or reimbursement for food, drink, or other expenses associated with luncheons, banquets, parties or other similar functions, from public funds is improper under state law. During our review of (NOPB personnel) credit card charges, we noted charges for celebratory functions which could include retirement dinners, birthday dinners, employee appreciation dinners, and general office parties. Examples include the following:

- On May 29, 2009, the general superintendent for the bridge department charged \$1,238 at Corky’s Bar-B-Q for a retirement dinner for one of his employees.
- On May 7, 2009, an employee appreciation dinner for several bridge employees was held at Jaegar’s Seafood Restaurant totaling \$357.

Since NOPB management did not maintain documentation to support all credit card purchases, we could not determine the business purpose, necessity, or reasonableness of the purchases or if the purchases benefited the NOPB. Purchases with no business purpose that are not necessary to the operations of the NOPB or that are made at an unreasonable price may be a violation of the Louisiana Constitution, which prohibits the donation of public funds. In addition, the attorney general has opined<sup>7</sup> that the purchase of alcohol with public funds is prohibited by the Louisiana Constitution.

We recommend the NOPB adopt detailed policies and purchasing procedures for the use of credit cards. These policies should provide guidance for the business use of the credit cards and the supporting documentation expected to be maintained. Neither the credit card charge authorization receipt nor the credit card statement alone is adequate documentation, as it does not provide sufficient detail to support the propriety of charges. This policy should require:

- (1) documentation of the business purpose for the expenditure;
- (2) itemized receipts for meals, as well as a list of people attending the meals;
- (3) timely submission of original receipts--submission should occur before the monthly statement arrives and in time to adequately review the propriety of the expenditure;
- (4) discontinuance of the practice of purchasing alcohol with public funds; and
- (5) disciplinary action for noncompliance.

### **Personal Use of NOPB Vehicles and Fuel/Credit Cards**

The NOPB provides vehicles to all management-level employees including former General Manager Jim Bridger. The NOPB has both assigned vehicles and pool vehicles and provides insurance coverage, pays for maintenance, and provides each vehicle user with a fuel/credit card to purchase fuel. Employees use Fuelman cards to purchase fuel and occasionally NOPB credit cards when Fuelman use is not possible.

During our review of vehicle and fuel/credit card usage, we noted that:

- (1) amounts paid for NOPB vehicles appear excessive;
- (2) NOPB does not have a written policy on the use of NOPB vehicles and fuel/credit card cards;
- (3) NOPB employees use NOPB vehicles for personal travel including out-of-state trips;

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<sup>7</sup> **AG Opinion 99-358** provides, in part, "it is the opinion of this office that the Commission can use its funds to host a luncheon for the dignitaries enumerated above under the following conditions...public funds are not used for the purchase of alcohol."

- (4) NOPB does not include the value of the personal use of the vehicles as taxable income to these employees;
- (5) NOPB does not mark all its vehicles in compliance with state law;<sup>8</sup> and
- (6) NOPB paid traffic violations received by employees using NOPB vehicles.

Vehicle Purchases

According to its current fleet listing, the NOPB has a total of 51 vehicles including 17 that are currently assigned to management-level employees. These 17 vehicles primarily consist of numerous Toyota Highlanders, a GMC Yukon, a Toyota Camry, and a Toyota Prius. During our review of the procurement documentation for these vehicles, we noted that although the NOPB solicits and receives sealed bids, the amounts paid for these vehicles exceed any amounts offered to public agencies on state contract. These high prices are due to the fact that the NOPB solicits bids for premium vehicles that include luxury features such as leather seats, entertainment systems, sun roofs, navigation systems, and satellite radio. Examples of the NOPB's public solicitations for vehicles are included below.

**NOPB Proposal No. 2424 - July 31, 2008**

1 new 2009 GMC Yukon, MODEL# 4SB, 4 door, 2WD, 5.3L V8 with fuel Active Management, (2WD models only), 6 speed automatic overdrive transmission with tow/haul mode, air conditioning dual zone automatic, white exterior, gray or dark leather interior, front leather bucket seats, 6 way power driver seat, floor console, 2 passenger, 2<sup>nd</sup> row leather power folding bucket seats, plus third row 50/50 bench, 3 passenger seat, and AM/FM stereo with dual play CD/DVD and rear-seat entertainment System with Bose premium speaker system with 9 speakers, XM Satellite Radio, Sun Roof and Navigation System.

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<sup>8</sup> **R.S. 49:121 A.(1)** Every boat, watercraft, aircraft, automobile, truck, or other vehicle belonging to the state or to any of its political subdivisions, or to any department, board, commission, or agency of any of its political subdivisions shall, if required by law to bear a Louisiana license plate, bear a public license plate, and each such vehicle also shall have inscribed, painted, decaled, or stenciled conspicuously thereon...the name of the agency.

**NOPB Proposal No. 2426 - October 13, 2008**

Two (2) new 2009 Toyota Highlander Hybrids, Model #~~6964~~, 4 Door, 4WD , 3.3L V6 Engine, W/Intelligence/4Wheel Independent Suspension, Front Air Conditioner w/clean air filter, rear back-up camera AM/FM/CD W/6 Speakers, Sun Roof, All Leather Seats, Navigation System, Color-Blizzard Pearl, Interior Color-FD10 L/Gray, Mud Guards, All Weather Mats, 4 speed automatic overdrive transmission. Vehicle to be delivered ASAP.

Since 2007, the NOPB has purchased a total of 12 vehicles for management-level employees totaling \$436,804. These vehicles included 10 Toyota Highlander hybrids, one GMC Yukon, and one Toyota Camry Hybrid. We compared these purchases to vehicles listed on the Louisiana Office of State Purchasing and Travel vehicle contract list (state contract). Since a majority of the vehicles purchased by the NOPB were sport utility vehicles (Toyota Highlander), we compared amounts paid for these vehicles to the highest priced sport utility vehicle listed on state contract (Chevrolet Tahoe). Based on this comparison, it appears that the NOPB paid at least \$123,098 above the state contract rate for management-level vehicles (see table below).

Vehicle	Price Paid	2010 Similar Make Model Vehicle	2010 State Contract Price	Difference
2007 Toyota Highlanders (5)	\$167,134	2010 Chevy Tahoe	\$132,155	\$34,979
2008 Toyota Highlander Hybrid	35,930	2010 Chevy Tahoe	26,431	9,499
2008 Toyota Highlander	36,737	2010 Chevy Tahoe	26,431	10,306
2009 GMC Yukon	42,782	2010 Chevy Tahoe	26,431	16,351
2009 Toyota Highlander Hybrids (2)	89,043	2010 Chevy Tahoe	52,862	36,181
2009 Toyota Camry Hybrid	28,414	2010 Hybrid Toyota Camry	22,965	5,449
2009 Toyota Highlander Hybrid	36,762	2010 Chevy Tahoe	26,431	10,331
<b>Total Price Paid</b>	<b>\$436,804</b>	<b>Total State Contract</b>	<b>\$313,706</b>	<b>\$123,098</b>

Lack of Written Policies

The NOPB has no written policies regarding the proper use of vehicles and fuel/credit cards. As a result, basic controls governing fleet management have not been adopted. For example, assigned vehicles are routinely used by other employees during regular business hours and use of pool vehicles is not documented through logs. Also, the business justification for assignment of vehicles is not documented nor is personal use of NOPB vehicles prohibited. The lack of written policies restricts management’s ability to ensure accountability for vehicle use and proper control over its vehicle fleet.

Personal Use of Vehicles and Fuel/Credit Card Cards

Seventeen employees currently have assigned vehicles. These employees have home storage of vehicles and commute daily to the NOPB. Based on interviews with these employees and review of NOPB records, we determined the following:

- Several employees used their assigned vehicle for personal trips. These personal trips included out-of-state destinations in Florida, Virginia, Arkansas, and Texas. According to some of these employees, NOPB management allowed them use of the vehicles for personal trips as long as they paid for the fuel on these trips with personal funds. These employees claimed to have used personal funds to purchase fuel on these personal trips.
- One employee routinely used his assigned vehicle to make personal trips in-state. He used his Fuelman card and company credit card to pay for the fuel on these trips. The value of the fuel purchases on these personal trips was approximately \$675 in 2009. His understanding was that personal use of vehicles and the Fuelman card was allowed in-state. This employee's improper use of NOPB funds for fuel purchases on personal trips was discovered by management during its monitoring of Fuelman records.
- The rationale for assignment of vehicles is that employees are on call 24/7 and need the vehicles to travel to the NOPB outside regular business hours. Because the employees are on call, they are allowed home storage and commute use of the vehicles. Employees commute to the NOPB from locations including Mandeville, Slidell, and Geismar. Fuelman records indicate that NOPB funds were used to pay for fuel used for commute miles. For example, during calendar year 2009, Fuelman records indicate that one employee made 62 fuel purchases totaling \$1,415. Of this amount, 59 purchases totaling \$1,324 were made in St. Tammany Parish where the employee resides.
- During our review of vehicle usage, we noted that during calendar year 2009, the vehicles assigned to nine different administrative employees incurred in excess of 24,000 miles. These amounts are summarized in the table below.

<b>Odometer Readings for Assigned Vehicles</b>						
<b>Name</b>	<b>Vehicle</b>	<b>Beginning Odometer</b>	<b>Date</b>	<b>Ending Odometer</b>	<b>Date</b>	<b>Total Miles for 2009</b>
Alvin Mixon	2007 Highlander	72,090	12/29/2008	118,500	12/21/2009	46,410
Michael McMillan	2008 Highlander	51,880	12/30/2008	96,000	12/27/2009	44,120
Rachel Zimmerle	2008 Camry	33,817	1/3/2009	65,637	12/27/2009	31,820
Frank Shields	2008 Highlander	30,426	12/30/2008	58,846	12/26/2009	28,420
Robert Kollmar	2008 GMC Yukon	15,971	12/29/2008	44,300	12/23/2009	28,329

Odometer Readings for Assigned Vehicles						
Name	Vehicle	Beginning Odometer	Date	Ending Odometer	Date	Total Miles for 2009
Raymond Lubrano	2007 Highlander	63,703	12/30/2008	91,910	12/16/2009	28,207
Thomas Lobello	2007 Yukon	76,068	12/30/2008	101,389	12/25/2009	25,321
Leroy Hensley	2007 Highlander	45,870	1/2/2009	70,260	12/24/2009	24,390
John McCrossen	2007 Highlander	57,629	12/29/2008	84,544	11/19/2009	26,915

In Opinion 90-504, which is germane to the NOPB’s vehicle use practices, the attorney general opined that the out-of-state use of a hospital vehicle for a private vacation was without lawful authority and was a breach of fiduciary duty.

Personal Use of Vehicles Not Included in Employees’ Income

During our review, we were informed that the NOPB does not include the value of personal use of agency vehicles in each employee’s income and wages. In Opinion 01-0198, the attorney general opined that public vehicles must be used for a public purpose. “A public vehicle cannot be used personally because such would be tantamount to a donation of public funds which is prohibited by our constitution. There are instances when a public employee, as part of his employment contract, may be provided a vehicle to use in furtherance of his public duties.” In addition, Internal Revenue Code § 61; Treasury Regulation § 1.61-21, states that if an employer provides an employee with a vehicle that is available to the employee for personal use, the value of the personal use must generally be included in the employee’s income and wages.

NOPB Vehicles Not Marked in Accordance With State Law

During our review of vehicle usage, we noted that although most NOPB vehicles have public license plates, most are not marked “New Orleans Public Belt Railroad Commission.” Louisiana law requires any vehicle belonging to the state or to any of its political subdivisions to bear a Louisiana public license plate, and that each such vehicle also shall have inscribed, painted, decaled, or stenciled conspicuously thereon, the name of the agency. In addition, R.S. 49:121 (D) indicates that the individual whose responsibility it is to place the purchase order for any vehicle shall be personally responsible for seeing that the agency name is placed thereon within 10 days after the delivery of such vehicle.

Traffic Violations

During our review of vehicle usage, we noted that the NOPB paid for at least six traffic violations received by employees while driving NOPB vehicles. Two of the tickets were received by employees driving pool vehicles and four were received by employees with assigned vehicles. When the tickets were brought to the NOPB’s attention, management sought and received reimbursement for the four tickets received by employees with assigned vehicles but cannot receive reimbursement for the two

tickets received by employees driving pool vehicles because the NOPB does not track usage of pool vehicles.

Because the NOPB does not have written policies and procedures for vehicle and Fuel/credit card usage and allowed employees to use these assets for personal purposes, the NOPB (1) increased its transportation costs; (2) inflated the cost of governmental operations reported to the public; and (3) caused public funds to not be available to the public for public purposes.

We recommend the NOPB adopt detailed policies and procedures for the use of NOPB vehicles to ensure that public vehicles are only used for public purposes. These policies and procedures should include written guidelines detailing the possible need for personal assignment and/or home storage and a written agreement with each employee detailing the necessity for assignment or home storage, description of vehicle (make, model, license, etc.), the address where the vehicle will be stored, the address of the employee's official domicile, the distance between home address and official domicile, language indicating that the vehicle shall not be used for personal purposes, language indicating that the employee is liable for all requirements which may be imposed by the Internal Revenue Service, and signed approval by an appropriate supervisor.

In addition, the NOPB should adopt detailed policies and procedures for the use of Fuel/credit card cards. These policies and procedures should require:

- (1) each cardholder to maintain a vehicle mileage log;
- (2) the driver to enter the correct odometer reading when fueling his/her vehicle;
- (3) the card only be used for the assigned vehicle;
- (4) management review the card statements to ensure that the number of gallons received, miles traveled, and miles per gallon are reasonable; and
- (5) management compares the vehicle mileage logs with the Fuel/credit card monthly statements.

### **Lack of Controls Over Purchasing**

The NOPB's practice of purchasing goods and services may have been performed in a manner that prevented competition; may have prevented the NOPB from receiving the best possible competitive prices; and appears, in some cases, to have violated the Public Bid Law. Good business practices dictate that payments for services and/or purchases are supported by appropriate documentation and be approved prior to payments being made. Without documentation and approval, there is a greater risk of paying for services not performed. Typically, payments are made only after requisitions, purchase orders, and invoices are properly approved and processed. During our review, we found that the NOPB was operating on a decentralized system, with multiple departments issuing purchase orders, with no formal or written approval procedures or policies. These practices, along with non-detailed invoices made

it difficult to determine who approved purchases and exactly what products or services were purchased. The NOPB's purchasing department, which should handle purchases, informed auditors that vendors were often paid without their knowledge or approval.

According to CFO John Morrow, he only approves invoices for accuracy and not for appropriateness. He stated that his signature on an invoice does not mean he approved the invoice, it only means the NOPB received the items on the invoice. He stated that it is up to Mr. Bridger and the board to determine appropriateness. Checks over \$10,000 require signature of a board finance committee member before they are paid.

Finance Committee Member Arnold Baker referred to the process as a "rubber stamp" approval. He stated that he only approved payment if the invoices were approved by the CFO. He felt that the charges should be appropriate if the CFO approved them. Other board members stated that they never worried about purchases because both the CFO and Finance Committee approved them before they were paid. Board members also stated that they never viewed detailed financial statements but rather summary statements that only included revenues or expenses.

Commissioner Sharon Perlis stated that she asked questions about finance committee reports on several occasions and was told not to be concerned by former Finance Committee Chairman Kathleen Norman. In addition, we noted several instances where payments were split into multiple checks under \$10,000 on invoices that exceeded the \$10,000 threshold. Because of this practice, these payments were never presented to the board for approval as required by policy.

### **Public Bid Law and Other State Law Violations**

During our review of NOPB records, we identified several instances where the NOPB appears to have not complied with provisions of the public bid law. Based on employee interviews and records, it appears that the NOPB (1) extended the length of a shelter canopy under change orders that were outside the scope of the original contract; (2) failed to publicly advertise and solicit bids for the purchase of railroad supplies; (3) failed to declare an emergency and publicize the declaration in the official journal for the emergency purchase of rail jacks; and (4) failed to adopt the Louisiana Procurement Code to purchase a video surveillance system from state contract.

#### Failure to Apply Bid Law (Addition to Public Works Contract)

According to R.S. 38:2212, projects exceeding \$150,000 shall be advertised and let by contract to the lowest responsible bidder who bid according to the contract, plans, and specifications as advertised.

From November 9, 2007, to January 31, 2008, three change orders totaling \$434,514 were authorized for the extension of the existing shelter canopy for the NOPB's business cars. The work was performed under the contract for the Centennial Project, a public works project involving building restoration and site improvements. Although the Centennial Project was appropriately bid, the extension of the shelter canopy appears to

be outside the scope of this contract. Management of the NOPB agreed that the shelter canopy was new construction designed to accommodate the business cars and should have been bid separately.

According to R.S. 38:2212A(6), “Any change order outside the scope of the contract in excess of the contract limit as defined herein shall be let out for public bid as provided by this Part.” By performing the extension work under change orders for an existing contract rather than bidding the work out separately, the NOPB may be in noncompliance with the public bid law.

#### Failure to Apply State Bid Law (Materials and Supplies)

R.S. 38:2212.1 requires that all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has met the specifications as advertised.

Based on a judgmental sample of railroad supplies purchases in 2008 and 2009, we identified approximately \$371,037 of railroad supplies purchases that do not appear to have been bid. The purchases include rail cross ties, rail car wheels, and other car parts. The NOPB could not provide any documentation to indicate that any of these purchases were let for public bid in accordance with R.S. 38:2212.1 nor was there documentation to indicate that any type of competitive process was used.

#### Emergency Purchases Executed Improperly

According to R.S. 38:2212D(1)(a), the public bid requirements do not apply “in cases of public emergency where such emergency has been certified to the public entity and notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.”

The NOPB purchased a set of four 35-ton portable electric jacks for \$102,850. This purchase was certified as an emergency purchase by management of the NOPB. The NOPB’s existing jack was out of service and there was an urgent need to acquire new jacks to lift a locomotive that was off the tracks. According to management of the NOPB, it did not publish notice of this emergency in the official journal. By not providing notice of such emergency in its official journal, the NOPB may have violated this requirement in the public bid law.

#### Purchase of Video Surveillance System

During the Centennial Project, management of the NOPB decided to install a video surveillance system at a cost of \$581,995. According to management of the NOPB, the wiring for the system was to be routed through conduits embedded in concrete foundations. Because the concrete was already scheduled to be poured, there

was insufficient time to bid out the purchase of the system. As a result, the system was not bid out in accordance with the public bid law.

The vendor that supplied the system, however, was on state contract at the time the work was performed. The Louisiana Procurement Code, which governs purchases from state contract, allows local governments the option to purchase from previously negotiated state contracts. The pricing given to the NOPB by the vendor appears to be the pricing listed in the state contract. However, the NOPB did not adopt the Louisiana Procurement Code before making this purchase. To make purchases on state contract, local governments must adopt the Louisiana Procurement Code. The purchase of the video surveillance system appears to violate the Public Bid Law because there was no competitive bidding process and the NOPB failed to adopt the Louisiana Procurement Code to allow purchases from state contract. We recommend that the NOPB comply with the provisions of the Public Bid Law.

We also recommend the NOPB:

- (1) require all prospective projects, exceeding \$25,000, to be routed through the Purchasing and Planning Department for prior approval to ensure compliance with the Public Bid Law;
- (2) require at least three quotes for public works projects greater than \$25,000 but less than \$150,000;
- (3) require the use of purchase orders;
- (4) stop issuing multiple checks for invoices over \$10,000; and
- (5) train all accounts payable clerks in applicable Louisiana law, including the Public Bid Law, and require accounts payable clerks to review all invoices for compliance with applicable Louisiana laws.

### **Questionable Professional Services Practices**

During our review, we noted several questionable expenditures for professional services in NOPB records. Good business processes recognize that competition, transparency, and accountability are maximized when professional service contracts are publicly advertised, with responsive proposals judged on the basis of predetermined, merit-based evaluative criteria, and awarded based on the recommendation of a qualified evaluation committee. According to the City of New Orleans Charter, "Professional Services" is the furnishing, in the City's interest, of labor, time, effort or expertise by a contractor with a professed knowledge in a field gained through a prolonged course of specialized education, work experience or training, in the practice of an art or attainments in professional knowledge, distinguished from mere skill.

Examples of professional services include, without limitation, the following types of services: accounting, actuarial, advertising, appraisal, architectural, architectural landscaping, computer programming and systems design, consulting, engineering, environmental consulting,

financial underwriting, graphic design, insurance agents and/or brokers, legal, marketing, notarial, nursing, photography, physician, project management, surveying and mapping, title abstract, and video production. Unless specifically named above, the determination of whether a service constitutes a "professional service," as defined previously, shall be made by the city attorney.

According to City Charter, the NOPB is required to contract for professional services exceeding \$15,000 based on a competitive selection process established by executive order of the mayor. This was reiterated to Jim Bridger through an e-mail sent to him in September 2009. According to the e-mail sent by one of the NOPB's lawyers:

The quoted language of the Home Rule Charter makes the executive order giving effect to this provision applicable to "the offices, boards and other agencies of the executive branch..." This description of the affected agencies includes the Public Belt Railroad. Also, Executive Order CRN-09-01 (hereafter "CRN-09-01") itself states explicitly at Section 2(F) on page 5 that it applies to "Unattached Boards, Commissions, Pension Funds and Public Benefit Corporations," including the "Public Benefit [sic] Railroad Commission." Id. See also, Section 2(G) of CRN-09-01, which states that it applies to "All other offices, departments, boards, commissions, agencies and public benefit corporations of the Executive Branch, whether now existing or hereinafter [sic] created."

During our review, we noted several questionable expenditures for professional services in NOPB records. Payments for these services were missing the contracts, appeared excessive, and appeared to exceed a reasonableness test for a public purpose. In addition, at least two vendors appeared to have a personal relationship with Mr. Bridger and therefore we question the independence of Mr. Bridger in these transactions. Examples included the following:

- From August 6, 2007, to December 6, 2007, Art Boy Productions was paid four checks totaling \$20,100 to perform custom paint and stenciling work on one of the business cars. The purchasing department was unsure about the services provided and stated that they were handled by "Someone upstairs." No official contract for the services was found in NOPB records and all the invoices were approved for payment by Jim Bridger. According to Mr. Bridger, the owner of Art Boy Productions, Marshall Harris, is a personal friend.
- On February 26, 2009, Art Boy Productions was paid two checks totaling \$28,000 to design and provide layout and decorations for the Children's Hospital Sugar Plum Ball held on March 14, 2009, at the NOPB's main office. There was no contract for the services, but the work proposal was signed by Mr. Bridger.
- On November 20, 2007, and February 27, 2008, Perfect Presentations was paid four checks totaling \$48,500 to decorate the NOPB's main facility for Christmas 2007. We found limited detail to support the payment and no contract for the services. According to Johnny Lopez, the owner of Perfect Presentations, he did have a personal relationship with Mr. Bridger, but this relationship did not affect the project or the cost to the NOPB. In addition, he stated that he bid on the project. According to the NOPB's purchasing department, the services were never bid.

We recommend the NOPB require written contracts including specificity for, but not limited to, the term of the contract, deliverables, contractual obligations, contractual procedures, expense reimbursements, and payment terms and discontinue conducting business with third parties that constitute a personal or professional conflict of interest.

### **Inappropriate Use of NOPB E-mail and Computer System**

During our examination of NOPB records, we obtained complete e-mail records, including the e-mails of Mr. Bridger. During our review of Mr. Bridger's e-mail records, we noted numerous pictures embedded in e-mails or included as attachments that appeared to be inappropriate in nature. These pictures contained adult material of strong sexual content and narratives and were sent to and from friends and vendors of the NOPB. Because of the files found in the e-mails, we also obtained a forensic copy of Mr. Bridger's desktop computer located in his office at the NOPB headquarters. We then performed a forensic analysis of Mr. Bridger's computer searching for deleted files, as well as any existing files, on the computer. The forensic analysis resulted in the discovery of deleted files, current files, and Internet history containing similar inappropriate pictures and narratives.

According to the NOPB's accounts manager, who is in charge of the IT department, the railroad's computer and Internet usage in recent years has been more relaxed. She was not aware of any written IT policy signed by General Manager Jim Bridger. The previous general manager issued a policy dated October 19, 2000, but the policy is no longer enforced.

We recommend the NOPB:

- (1) take immediate action to eliminate the improper use of public resources;
- (2) create and enforce a computer usage policy to prohibit personal use of computers and to require random audits of e-mail;
- (3) restrict access to inappropriate Internet sites and monitor NOPB employee Internet activity; and
- (4) develop and implement appropriate procedures to help monitor employee access to inappropriate Web sites and ensure compliance with Internet usage policies.

**Schedule of NOPB  
Commissioner Business Car Use**



The table below represents all documented business car trips scheduled by or for commissioners and compiled using available NOPB records. The table was developed using NOPB business car trip calendars, trip plans, e-mails, and invoices. The table does not represent the entire list of attendees of each trip. There was little or no documentation to support the business or public purpose of these trips nor a complete listing of itineraries.

SCHEDULE OF NOPB COMMISSIONER BUSINESS CAR USE				
JANUARY 1, 2007 to MAY 22, 2010				
N	BOARD MEMBER	DESCRIPTION OF BUSINESS CAR USE (PER NOPB DOCUMENTATION)	EVENT DATE	CATERING AMT
1	TINA OWEN	ROLLING 7PM TCHOUP HELLEN BOUTTE GRACE HOUSE	5/22/2010	\$ 486.90
2	TINA OWEN	LUNCH STATIONARY MS. TINA OWEN	5/6/2010	\$ 1,659.45
3	ED BUSCH <sup>1</sup>	ROLLING 10:15 AM AMERICAN PLANNING ASSC	4/11/2010	\$ -
4	SHARON PERLIS	WYES MEETING MRS PERLIS 5:30PM ROLLING TO H/P LONG AND BACK	4/9/2010	\$ 649.50
5	JEAN FELTS	HEALTH MINISTRIES JEAN FELTS COCKTAILS ON CAR AFTER MTG IN THE BOARD	3/11/2010	\$ 445.50
6	BILL FORSYTHE	ROLLING 5PM TCHOUP LISKA WARD 2 CARS, TOAST TO LIFE	2/21/2010	\$ 892.75
7	BILL LANGENSTEIN	BOARD OF TRADE 6PM ROLLING BILL LANGENSTEIN	12/11/2009	\$ 924.50
8	ARNOLD BAKER	ROLLING 6PM TCHOUP MR. BAKER 40PPL W/BAND	12/5/2009	\$ 637.50
9	COMMISSIONERS	COMMISSIONERS HOLIDAY ROLLING INSPECTION	12/4/2009	\$ 1,170.00
10	JEAN FELTS	NOT ROLLING BOARD OF REALTORS LUNCH 13 PPL, MRS. FELTS	10/12/2009	\$ 1,005.45
11	TINA OWEN	ROLLING 11:30AM ASIAN CHAMBER OF COMMERCE, TINA OWEN	10/10/2009	\$ 501.50
12	ARNOLD BAKER	NOT ROLLING DINNER 5:30PM FOR 20, ARNOLD BAKER	10/1/2009	\$ 1,629.00
13	JIMMY BALDWIN	JIMMY BALDWIN ROLLING	9/24/2009	\$ -
14	TROY HENRY	ROLLING 4:30 FRENCH MARKET STATION, TROY HENRY	9/17/2009	\$ 732.00
15	JEAN FELTS	EXECUTIVE MEMBERS MEETING @ 11AM AT WTC NOT ROLLING; MRS. FELTS LUNCH	5/21/2009	\$ 1,337.00
16	ED BUSCH <sup>1</sup>	CITY OF NEW ORLEANS, MR. ED BUSCH LUNCH @ 12, NOT ROLLING	3/18/2009	\$ 1,270.50
17	JEAN FELTS	AFTER MTG. HEALTH MINISTRY COCKTAILS ON BOARD LA, MRS JEAN FELTS	3/12/2009	\$ -
18	SHARON PERLIS	SHARON PERLIS	1/31/2009	\$ 787.00
19	TROY HENRY	TROY HENRY	12/30/2008	\$ 684.00
20	COMMISSIONERS	COMMITTEE LUNCH ON BUSINESS CAR	12/18/2008	\$ 1,310.00
21	COMMISSIONERS	FROM TCHOUP @ 5PM NOPB COMMISSIONERS, XMAS PARTY ROLLING	12/13/2008	\$ 1,102.26
22	ARNOLD BAKER	ARNOLD BAKER ROLLING 6PM - 40 PEOPLE	12/5/2008	\$ 1,164.50
23	KATHLEEN NORMAN	MRS KATHLEEN NORMAN ROLLING @ 4PM FROM TCHOUP ACLU	11/16/2008	\$ 1,325.00
24	KATHLEEN NORMAN	MRS KATHLEEN NORMAN ROLLING @ 5PM JOHN GRISHAM	10/21/2008	\$ 1,136.97
25	SHARON PERLIS	35 TO 40 GUEST (2CARS) FROM TCHOUPITOULAS MRS. PERLIS ROLLING 6:30PM	8/22/2008	\$ 610.00
26	ARNOLD BAKER	FROM FRENCH MKT STATION MR. A. BAKER ROLLING @ 2PM	7/26/2008	\$ 583.00
27	TROY HENRY	MR. TROY HENRY ROLLING FROM FRENCH MKT STATION @5PM	7/17/2008	\$ 630.00
28	ROD WEST	ROD WEST 6PM	6/26/2008	\$ 339.00

<sup>1</sup> It appears that Commissioner Ed Bush's name was misspelled in NOPB records (see entry numbers 3, 16, and 37).

# NEW ORLEANS PUBLIC BELT RAILROAD

SCHEDULE OF NOPB COMMISSIONER BUSINESS CAR USE				
JANUARY 1, 2007 to MAY 22, 2010				
N	BOARD MEMBER	DESCRIPTION OF BUSINESS CAR USE (PER NOPB DOCUMENTATION)	EVENT DATE	CATERING AMT
29	JEAN FELTS	MRS. JEAN FELTS COCKTAILS ON THE CAR AFTER MEETING	3/13/2008	\$ -
30	KATHLEEN NORMAN	KATHLEEN NORMAN VERA INSTITUTE	1/9/2008	\$ 179.50
31	ARNOLD BAKER	ARNOLD BAKER	12/16/2007	\$ 503.75
32	COMMISSIONERS	COMMISSIONERS HOLIDAY ROLLING INSPECTION	12/15/2007	\$ 741.21
33	COMMISSIONERS	COMMISSIONERS HOLIDAY ROLLING INSPECTION	12/8/2007	\$ 690.91
34	ROD WEST	FRENCH MKT MR. ROD WEST 4PM to 6PM NOT ROLLING	11/8/2007	\$ 290.25
35	KATHLEEN NORMAN	COMM MEET 4PM - JAMES GILL SPECIAL	10/25/2007	\$ 765.00
36	JEAN FELTS	16:50 FROM AUDUBON MRS FELTS ROLLING @ UPPER SIDE TRACK	10/13/2007	\$ -
37	ED BUSCH <sup>1</sup>	16H00 DEPARTURE FROM FRENCH MKT STA, MR. BUSCH GNO, ROLLING TRIP	9/7/2007	\$ 493.00
38	KATHLEEN NORMAN	KATHLEEN NORMAN FRENCH MARKET STATION - STATIONARY PARTY	9/4/2007	\$ 566.96
39	TROY HENRY	17h00 DEPARTURE FRENCH MKT STA, MR. TROY HENRY ROLLING TRIP	8/30/2007	\$ 908.00
40	COMMISSIONERS	MEETING @ 11AM, FRENCH MARKET ST., NOT ROLLING	8/23/2007	\$ -
41	ARNOLD BAKER	6PM FROM FR/MKT/STATION ROLLING TRIP - 2 BTLS CHAMPAGNE	7/25/2007	\$ -
42	ARNOLD BAKER	4PM FROM FR/MRT/STATION ROLLING TRIP	7/6/2007	\$ 773.00
43	ARNOLD BAKER	11:30 AM FRENCH MARKET STATION, MR. BAKER MTG ON THE CAR	6/18/2007	\$ -
44	SHARON PERLIS	5:30 PM ROLLING TCHOUPITOULAS SHARON PERLIS	5/11/2007	\$ 452.50
45	ARNOLD BAKER	CXL MR. ARNOLD BAKER ROLLING	5/5/2007	\$ -
46	KATHLEEN NORMAN	KATHLEEN NORMAN FRENCH MARKET STATION	4/4/2007	\$ 193.84
47	JEAN FELTS	MEETING 5:30PM, MRS JEAN FELTS DRINKS AFTER NOT ROLLING	3/8/2007	\$ -
48	KATHLEEN NORMAN	STUDENTS AT 6PM NOT ROLLING - MRS K NORMAN MGT W/UNO	3/1/2007	\$ -
49	ARNOLD BAKER	MR. A BAKER 2PM	1/17/2007	\$ 721.00
50	SHARON PERLIS	MTG WYES MRS PERLIS 9:30AM	1/17/2007	\$ -
51	SHARON PERLIS	5PM NOT ROLLING MTG WYES MRS PERLIS 4PM	1/16/2007	\$ -
52	SHARON PERLIS	4PM MRS. SHARON PERLIS GROUP ROLLING	1/6/2007	\$ 220.00
<b>TOTAL CATERING CHARGES</b>				<b>\$ 30,512.20</b>

## Schedule of Commissioner Reimbursements



<b>Commissioner Name</b>	<b>Amount Reimbursed</b>	<b>Date of Reimbursement</b>
Sharon Perlis	\$559.64	08/02/10
Sharon Perlis	\$700.00	08/02/10
Sharon Perlis	\$124.50	08/02/10
Sharon Perlis	\$610.00	08/02/10
Sharon Perlis	\$787.00	08/02/10
Sharon Perlis	\$220.00	08/13/10
Sharon Perlis	<u>\$452.50</u>	08/25/10
Subtotal	\$3,453.64	
Jean Felts	\$1,005.45	08/06/10
Jean Felts	<u>\$446.00</u>	09/10/10
Subtotal	\$1,451.45	
Arnold Baker	\$245.00	08/12/10
Arnold Baker	\$675.00	08/12/10
Arnold Baker	\$773.00	08/12/10
Arnold Baker	\$1,629.00	08/12/10
Arnold Baker	\$250.00	08/12/10
Arnold Baker	<u>\$637.50</u>	08/12/10
Subtotal	\$4,209.50	
Tina Owen	\$486.90	09/08/10
Tina Owen	<u>\$2,480.45</u>	09/08/10
Subtotal	\$2,967.35	
Roderick West	\$339.00	09/10/10
Roderick West	<u>\$290.00</u>	09/10/10
Subtotal	\$629.00	
TOTAL	<u><u>\$12,710.94</u></u>	



## Management's Response



MITCHELL J. LANDRIEU, MAYOR  
CITY OF NEW ORLEANS

September 3, 2010

Mr. Daryl Purpera  
Louisiana Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

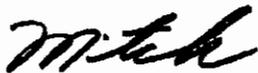
I am extremely troubled by what I have learned from your report on the operations of the New Orleans Public Belt Railroad (NOPB). Particularly disturbing is the use of public assets including the rail cars for personal and private use; the personal use of public credit cards, vehicles, and fuel cards; purchases that violated public bid laws; professional service procurement practices that violate the City Charter; and the inappropriate use of public emails and computer systems.

Clearly, Mr. Bridger acted recklessly and inappropriately. Additionally, the Board of Commissioners itself breached its fiduciary duty to oversee its operations. Based on your report, I am calling for the immediate resignation of General Manager Jim Bridger and the full Board of Commissioners of the New Orleans Public Belt Railroad.

Additionally, I will ask the state legislature to reform the governance of the NOPB, the appointment process and term length in the next legislative session. It is unheard of to have sixteen-year terms for a public body. New management should adopt all of your recommendations. We also expect that new management and leadership will govern the New Orleans Public Belt Railroad in accordance with my administration's new policies on take-home vehicles, overtime use, and second employment.

In our first months in office, we have worked tirelessly to regain the public's trust by reforming New Orleans city government, so we need this agency to start anew with a clean slate as the Board and management have collectively disregarded their responsibilities and the public's best interest. Thank you for your tireless efforts to rid this public agency of these practices.

Regards,



Mitchell J. Landrieu  
Mayor

1300 PERDIDO STREET | SUITE 2E04 | NEW ORLEANS, LOUISIANA | 70112  
PHONE 504.658.4900 | FAX 504.658.4938



C H A F F E  M c C A L L

L. L. P.

WALTER F. BECKER, JR.  
Partner  
Licensed in Louisiana and Texas

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September 15, 2010

*Via E-mail: ddaigle@lla.la.gov*

Dan Daigle  
Assistant Legislative Auditor and Director of Compliance Audit  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

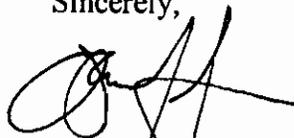
Re: New Orleans Public Belt Railroad  
Our File No. 37193

Dear Dan:

Enclosed please find the response of the Board of the New Orleans Public Belt Railroad ("NOPB") to the Preliminary Draft of the Legislative Auditor's Report of its findings and recommendations relative to NOPB. It is my understanding that this response will be attached to the Legislative Auditor's Final Report.

Thank you for your attention to this response.

Sincerely,



Walter F. Becker, Jr.

WFB/sbr  
Enclosure

cc: Jimmy Baldwin

## RESPONSE BY BOARD

The Board of Commissioners ("Board") of the New Orleans Public Belt Railroad ("NOPB") provides the following response to the Preliminary Draft of the Legislative Auditor's Report of its findings and recommendations relative to NOPB. The Board responds to each section of the report as follows.

### Executive Summary

The Board objects to the finding on page 2, paragraph 1 that "NOPB management and board regularly provided the use of NOPB assets and financial resources for expenditures that did not have a public purpose, were gratuitous, and lacked evidence and/or supporting documentation to indicate equivalent public benefit or value..."

While it might be accurate to state that NOPB management engaged in these practices, it is inaccurate to say that the Board engaged in these practices. Many of these practices were unknown to the Board and, in some instances, were purposely hidden from the Board. The Board was also misled by NOPB management.

In support of this request for a correction, the Board submits the following. At almost every Board meeting, NOPB chief counsel Galen Brown was in attendance.<sup>1</sup> At no time did Mr. Brown advise the Board that these practices by NOPB management were in any way improper or were a violation of any law. Further, the meetings of the Board were regularly attended during the Nagin Administration by an attorney from the City Attorney's Office of the City of New Orleans. At no time did this attorney advise the Board that any of these practices by NOPB management were improper or a violation of law. Since NOPB is a very unique entity which is a political subdivision of the State of Louisiana and an unattached board of the City of New Orleans, it was reasonable and appropriate for the Board to rely heavily on NOPB chief counsel

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<sup>1</sup> The curriculum vitae of Galen Brown is attached (see Exhibit 1).

and the City Attorney for their specialized legal advice and guidance relative to the operations of NOPB.

Further, the Board was presented with unqualified opinion audits by accounting firms. In accounting years 2006 and 2007, Deloitte and Touche, LLP performed the audits. For accounting years 2008 and 2009, the audits were performed by Silva and Associates, LLC (which became Silva, Gurtner, and Abney, LLC).<sup>2</sup> The Legislative Auditor was in the loop on these audits. The accounting firms, as auditors who were pre-approved by the Legislative Auditor, communicated with the Legislative Auditor to have their audit engagements approved prior to the start of their field work.<sup>3</sup> After the audits, the firms met with the Finance Committee of NOPB and presented their final audit reports. The final audit reports then were presented to the Legislative Auditor, as required. The final audit reports then were presented to the Board at a regular meeting. The accounting firms continually advised the Board that NOPB had adequate internal controls. (See Exhibit 4). At no time did these accounting firms advise the Board that they had discovered improper or illegal practices by NOPB management or that internal controls at NOPB were not adequate.

Further, from at least November, 2002 to April, 2009, at virtually all meetings, the Board received a report from the Board's Finance Chair Kathleen Norman (now deceased), represented as the report of the Finance Committee, who never notified any other Board members that any NOPB management practices were improper or illegal or that internal controls were not adequate. Ms. Norman met with NOPB management on a regular basis. Ms. Norman was the sole approval authority as chairman of the Finance Committee of Mr. Bridger's expenses as well as large expenditures during her tenure pursuant to the system established by Mr. Bridger and

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<sup>2</sup> The curriculum vitae the Silva accounting firm is attached (See Exhibit 2).

<sup>3</sup> The engagement approval letters for the year end 2008 and 2009 audits and the Data Collection Forms for the year end 2008 and 2009 audits are attached (see Exhibit 3).

Ms. Norman.

It is important to note that the Board consists entirely of volunteer members who receive no pay for serving on this volunteer Board. They are not provided with cars, gas cards, or credit cards. Most Board members are professionals who work full time. Besides NOPB committee work, they generally attend Board meetings only once a month.

The Board would also like to point out that, in June 2010, it retained outside counsel to conduct a thorough, internal investigation of NOPB management's practices, to facilitate cooperation with investigating authorities, and to make recommendations to the Board. As a result of the internal investigation and the recommendations by outside counsel, and before receiving any instructions from outside agencies, on August 18, 2010, the Board adopted far reaching, interim policies to change NOPB management practices regarding use of the railroad business cars, use of credit cards, use of Fuelman cards, use of NOPB vehicles, and use of NOPB staff and equipment for any outside groups or individuals. (See Exhibit 5). These new, interim policies effectively stopped any misuse of NOPB assets. Further, on August 26, 2010, the Board voted to suspend NOPB General Manager Jim Bridger without pay for sixty (60) days pending completion of the Legislative Auditor's report and the internal investigation.

Further, it should be noted that, to date, seven Board members have voluntarily been interviewed by the Legislative Auditor and the Orleans Parish District Attorney's Office in order to assist with their investigations.

The Board also objects that on page 2, paragraph 3, the report fails to mention that the Attorney General issued Opinion No. 10-0171 which specifically addressed the NOPB's use of its business cars as a result of a request for an opinion by the Board through its outside counsel on July 21, 2010.

## FINDINGS

### **Personal and Private Use of Public Belt Rail Cars**

The Board requests that page 3, paragraph 1 be amended to reflect the fact that the City of Peru business car was purchased by Jim Bridger on February 8, 2008 without the knowledge and approval of the Board. Subsequently, on April 24, 2008, the Board ratified the purchase of the car.

In addition, the Board requests that this paragraph be amended to include the fact that at the Board meeting on May 22, 2008, Jim Bridger advised the Board that it would cost \$700,000 to renovate the car. (See Exhibit 6). Contrary to his promise and representation to the Board, Mr. Bridger approved expenditures totaling \$1,005,546.97 to renovate this car before it was ultimately mothballed. The Board did not learn the total amount of these expenditures until May, 2010 when Mr. Bridger was asked this question at a Board meeting.

Further, the Board requests that this paragraph be amended to include the fact that, on or about November 4, 2008, without approval from the Board, NOPB management approved the painting of the Southern Hospitality Car which was owned by Pete Messina. While a member of the Finance Committee did sign one of the checks to the painter, this Commissioner was not told this check was payment for painting this railcar.

Further, the Board requests that this paragraph be amended to reflect that, during the internal investigation by the Board's outside counsel, it was learned that Pete Messina and Blake Murphy, who were chosen by NOPB management to renovate the three railroad cars, were improperly paid in checks in amounts under \$10,000 over several months by NOPB management in an apparent attempt to avoid the second signature of a Finance Committee member as required by the bylaws and hence to avoid scrutiny by the Board.

Further, the Board requests that page 3, paragraph 3 be amended to reflect the fact that the Business Car Committee played no role in booking the business cars and this function was controlled entirely by Jim Bridger, upon his own decision, thereby by-passing the railcar procedures adopted by the Board.

The Board requests that page 5, paragraph 1 be amended to reflect that the Board was not aware of the full extent of the business car trips which were booked by Jim Bridger until August 18, 2010 when outside counsel retained by the Board reported the results of his internal investigation.

Further, on page 5, paragraph 4, under the heading of "Board Member Personal Trips", the Board would like to point out that Jim Bridger told all Board members that he wanted them to use the business cars at least twice a year and admonished them when they did not use the cars. Bridger explained that it was one of the "perks" of being a member of the Board. On many occasions, Board members asked Jim Bridger and NOPB management to bill them for the cost of food and drink for their trips on the business cars. Jim Bridger and NOPB management continuously refused to allow them to reimburse NOPB for these trips. Board members were never advised by NOPB chief counsel, the City Attorney, or the accounting firms that Board members should not use these cars.

On page 6, bullet point 4, the Board advises that it was only aware of the Fitzmorris trips after the fact. The Board submits the attached invitation to a Fitzmorris Pullman car event with a listing of the host committee which includes the Mayor of New Orleans and other government officials. (See Exhibit 7).

Relative to page 7, bullet point 3, the Board submits minutes reflecting the event on the business cars for the Conference of Chief Justices of the United States (see Exhibit 8).

The Board requests that page 8, paragraph 4, be amended to reflect that, on August 18, 2010, the Board issued a moratorium on business car usage and instructed the Business Car Committee to develop a new policy on business car usage which is in compliance with Attorney General Opinion No. 10-0171. This committee is waiting for more information from the Finance Committee, Insurance Committee, NOPB staff, and Board before it meets to develop a new policy.

#### **Employee Bonuses and Additional Compensation**

The Board requests that page 9, paragraph 1 be amended to reflect that the Board was not aware that employee bonuses and additional compensation were being awarded in this fashion by NOPB management until receiving the draft report from the Legislative Auditor.

On page 9, paragraph 7, the words "of the NOPB" should be added after "positive business performance." Same correction should be made on page 10, paragraphs 2-3.

On page 10, paragraph 3, please add "prior to any investigations" after "February 2010."

Further, the Board submits that page 11, paragraph 4 should be amended to include the following. The Board was informed by Jim Bridger of these disaster relief payments to NOPB employees after Hurricane Katrina only after they had been made. The Board submits that these payments were appropriate and reasonable. Non-management employees had been forced to leave New Orleans because of the mandatory evacuation order after Hurricane Katrina and had to rent accommodations outside of the city. They also were forced to purchase meals outside of the city. At this time of tremendous hardship for the employees, this payment was appropriate. It was also important to encourage these highly trained employees to return to the city. Identifying and training of new employees would have been almost impossible and very costly. The retention of a trained workforce at this critical time in our city's recovery was of paramount

importance.

### **Charitable Contributions, Celebratory Functions, and Miscellaneous Gifts**

The Board requests that page 11, paragraph 6 be amended to reflect that the Board was not aware of the full extent of the charitable contributions, celebratory functions, and miscellaneous gifts until August 18, 2010 when outside counsel retained by the Board reported the results of his internal investigation.

On page 13, paragraph 1, please note that some Attorney General opinions have opined that limited purchases of liquor can be appropriate in certain business circumstances.

### **Credit Card Usage**

The Board requests that page 14, paragraph 1 be amended to reflect that Board approval of charges happened in the following way. A member of the Finance Committee would be presented with a packet with a coversheet on top which approved a wire transfer to cover NOPB staff credit card expenses. This coversheet was signed and approved by CFO John Morrow. It was the understanding of all Finance Committee members who reviewed these coversheets that Mr. Morrow had personally reviewed and approved the expenditures which were in the packet. Further, the Finance Committee members believed that as CFO John Morrow was reviewing all expense reports. The Finance Committee member did not personally review all of the receipts but merely signed the coversheet. This approval system was set up by Jim Bridger and Kathleen Norman.

The Board was not aware of the extent of the credit card usage by NOPB staff until August 18, 2010. Furthermore, the outside Certified Public Accountant firms retained by the Board and qualified and approved by the Legislative Auditor reviewed this approval process and certified, as recently as July 10, 2010, that the NOPB had adequate internal controls and requisite

oversight of expenditures. (See Exhibit 4).

On page 16, paragraph 4, please add after "April 2009" the words "soon after Kathleen Norman passed away".

The Board submits that page 18, paragraph 3 should be amended to state that, on August 18, 2010, the Board terminated the use of all credit cards by NOPB staff. The Board is in the process of preparing a new policy on credit card usage.

#### **Personal Use of NOPB Vehicles and Fuelman Credit Cards**

The Board submits that page 19, paragraph 1 should be amended to state that the members of the Board do not have NOPB vehicles or NOPB Fuelman cards. In addition, the Board was not aware of the full extent of how NOPB vehicles and Fuelman cards were being used until the receipt of the Legislative Auditor's report. This was despite assurance by the independent CPA firms, qualified and approved by the Legislative Auditor, that proper internal controls existed.

The Board submits that page 23, paragraph 3 should be amended to reflect that, on August 18, 2010, the Board adopted new, interim policies relating to vehicles and Fuelman card usage, pending the issuance of the final Legislative Auditor report and promulgation of final policies.

#### **Lack of Controls over Purchasing**

The Board submits that it was not fully aware of these practices until receiving the Legislative Auditor's Report. Further, the Board at all times maintained a legitimate (and reasonable belief) that the CFO of the NOPB, John Morrow, reviewed and verified for appropriateness all invoices; the Board did not learn that Mr. Morrow only approved invoices for accuracy until August 18, 2010. Mr. Morrow followed the procedures adopted by Mr. Bridger

and Ms. Norman. This was despite assurance by the independent CPA firms, qualified and approved by the Legislative Auditor, that proper internal controls existed.

On page 24, paragraph 4, last line, please substitute "Finance Committee" for the word "board."

#### **Public Bid Law and Other State Law Violations**

The Board requests that page 24, paragraph 4 be amended to reflect that the Board was not aware of any possible public bid law and other state law violations until August 18, 2010 when outside counsel retained by the Board reported the results of his internal investigation. The Board was under the reasonable belief that public bid laws were being followed as required based on reports of the General Manager and other NOPB management to the Commission and the basic understanding of the public bid law as recited by the General Manager at Board meetings. The Board never was advised of any potential violations of public bid laws. This was despite assurance by the independent CPA firms, qualified and approved by the Legislative Auditor, that proper internal controls existed.

#### **Questionable Professional Service Practices**

The Board requests that page 26, paragraph 1 be amended to reflect that the Board was not aware of the possible questionable practices related to legal services until 2010.

Further, since notified, the Board has not engaged legal counsel except in compliance with the Executive Order of the Mayor of the City of New Orleans.

As for other professional services contracts, the Board was not aware of possible questionable practices until August 18, 2010.

#### **Inappropriate Use of NOPB E-mail and Computer Systems**

The Board requests that page 28, paragraph 1 be amended to reflect that it was not aware

of this improper usage until August 18, 2010 when outside counsel retained by the Board reported the results of his informal investigation.

**Appendix**

The Board requests that the attached Supplemental Appendix compiled from NOPB records which more fully documents the usage of the NOPB Pullman cars be included for purposes of completeness. (See Exhibit 9).

Charles E. Hamilton III

Galen S. Brown

James A. Babst

Ronald L. Naquin

Karen Edginton Milner

## Our Attorneys



**Galen S. Brown**

Hamilton, Brown & Babst  
gbrown@hamiltonfirm.net



*Liberty Leading the People*  
Eugene Delacroix

Galen has practiced civil litigation for over 35 years. His practice has focused primarily in the field of business litigation. He has particular experience in

- land use and expropriation matters,
- the representation of businesses, governmental entities and individuals in the defense and prosecution of representative actions including class actions and proceedings *parens patriae*,
- in the area of state and municipal public law, including civil rights and constitutional litigation and
- public contract matters.

He has extensive appellate experience and has argued more than sixty appellate cases in state and federal courts.

He graduated from the Tulane School of Law in 1969, where he was a member of the Moot Court Board. Prior to entering private practice, Galen served as a Deputy City Attorney for the City of New Orleans, where he handled many pieces of significant litigation involving major policy issues.

He has also served as a part-time faculty member of the Tulane Law School Clinical Education Program.

He is a member of the Louisiana State and American Bar Associations, as well as the Alabama Bar.

About the Firm | Our Attorneys | News | Publications | Contact

Pan American Life Center | 601 Poydras Street, Suite 2750 | New Orleans, LA 70130 | ph 504.566.1805, 1.800.869.0283 | fx 504.566.1569

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## About our Firm

### Background

Over the past several years, our region has experienced one of the most remarkable economic transformations ever, and Silva Gurtner & Abney is playing a major part in this changing landscape. The dynamic changes of this region have created a wealth of opportunities for doing business. Silva Gurtner & Abney focuses on assisting its clients, in this new competitive environment.

### Our Mission

At Silva Gurtner & Abney we are dedicated to finding solutions for our clients: solutions which create value for them. Our mission has been and continues to be very simple: to help our clients succeed. Our vision is to be the most effective, value-creating professional services firm in the region.

We accomplish these objectives through our value-focused strategy. Three key elements of our strategy emphasize:

- Creating value for our clients
- Enhancing and bringing to the marketplace our expertise, knowledge and skills
- Dedication to building long-term relationships with clients through quality service

### An Integrated Firm

In July 2006, Silva Gurtner & Abney was formed through the combination of 3 smaller firms in order to better serve its clients needs. Silva Gurtner & Abney provides independent accounting, auditing, tax & consulting services to individuals, closely-held businesses and non-profit organizations in Louisiana, Texas and Mississippi. In order to better serve its clients the firm has two locations in Louisiana, New Orleans and Mandeville.

While Silva Gurtner & Abney spans both sides of Lake Pontchartrain with its two offices, we operate as a cohesive organization.

We realize that to best serve our clients, we need to be able to share our knowledge, expertise and manpower throughout the whole of our geography. Our integration has allowed us to manage regionally and deliver locally, adding value to our services and allowing them to be performed in the most efficient manner.

### Our Team

Our professional staff has a depth of experience ranging from eight years to over thirty years. As a "local" firm, Silva Gurtner & Abney has been able to maintain continuity in staff not normally seen in public accounting. While our partners have over 70 years of combined experience and our staff have on average over 10 years each both in public accounting and in key financial roles in industry. With the breadth and depth of the experience of our team our approach focuses on risks, early identification and resolution of issues through frequent communication with management to avoid surprises.



Our Clients receive close personal attention from our Partners:

#### **Brent Silva**

**Brent Silva**, our Managing Partner, has been in public accounting since 1988. Brent has accumulated significant experience in working with broker/dealer, oil and gas, franchising, not-for-profit and government clients, internal control studies, internal audit development programs, accounting and reporting systems regulatory issues. On the national level, he serves as a member of the American Institute of Certified Public Accountants (AICPA) Peer Review Board, and a member of the Standards Task Force. On the state level, he is a past President of the Society of Louisiana Certified Public Accountants (SLCPA) and the Northshore Chapter of the SLCPA, member of the Accounting and Auditing Standards Committee of the SLCPA, member of the Budget Committee, Strategic Planning Committee and Peer Review Committee of the Society of Louisiana Certified Public Accountants. He has conducted courses and seminars for the AICPA and SLCPA and continues as a speaker at professional conferences.

[bsilva@silva-cpa.com](mailto:bsilva@silva-cpa.com) 985.626.8299

#### **Craig Silva**

**Craig Silva**, our Professional Development Partner, has been in public accounting for over 30 years, including years as a Partner in the New Orleans office of a Big 4 accounting firm. His past experience includes significant involvement with mid-sized and closely held companies in numerous industries, both professionally as an independent accountant and advisor, and through his volunteer efforts for numerous boards and charitable organizations in the metropolitan area. Craig Silva is a past President of the Society of Louisiana Certified Public Accountants and the New Orleans Chapter of the SLCPA. Craig also serves as a member of the Southeastern Louisiana University Accounting Advisory Board. He has conducted courses and seminars for the AICPA, and the SLCPA and has been a speaker at various professional conferences.

[csilva@silva-cpa.com](mailto:csilva@silva-cpa.com) 504.833.2436

#### **Tom Gurtner**

**Tom Gurtner**, our Partner in charge of Audit Services, has over 25 years of experience in public accounting including years as an Audit Partner and a Managing Partner of several regional offices of a Big 4 accounting firm. Tom has been working with multinational clients in a variety of industries; manufacturing, health care, financial institutions, and real estate, to name a few. Years of experience in the US as well as overseas have developed his skill-set of identifying potential for process improvements and implementing solutions to increase efficiency of small and medium-sized companies. Our clients benefit from Tom's multi-faceted approach that provides extra value to each audit and review engagement. Tom has conducted courses and seminars, and has been a speaker at various professional conferences.

[tgurtner@silva-cpa.com](mailto:tgurtner@silva-cpa.com) 504.833.2436

#### **Kenneth J. Abney, CPA, MS. Acct-Tax**

**Kenneth Abney**, our Partner in charge of Tax Services, has over 20 years of tax experience with individual, corporation, partnership and fiduciary income taxes. He has concentrated his practice in tax planning and compliance for closely held businesses and individuals. Ken has extensive experience with Louisiana business incentives including the Enterprise Zone, industrial tax exemption and restoration tax abatement programs. In addition, Ken has a significant experience in tax issues related to non-profit organizations as well as low income housing, historic and rehabilitation tax credits and the related cost certification audits.

[kabney@silva-cpa.com](mailto:kabney@silva-cpa.com) 985.626.8299

APPENDIX A. ENGAGEMENT FAX APPROVAL FORM

Fax to Engagement Administrator at (225) 339-3986

Entity Name: Public Belt Railroad Commission

CPA Name: Silva & Associates LLC

Entity ID No. (if known): 7215 CPA ID No. (if known): 570 CPA ID Contact No. (if known): 1164

Engagement Type (check one):  Audit(s)  Review/attestation(s)  Compilation(s)

Engagement Period From: 11/1/08 (MM/DD/YY) Engagement Period To: 12/31/08 (MM/DD/YY)

Number of Annual or Biennial Periods Covered by the Engagement: 1  2  3  4

Dear Legislative Auditor:

We jointly seek your approval of the above engagement, which will be a routine, full scope engagement of the client required by LSA-RS 24:513. Any audit(s) will be performed in accordance with *Government Auditing Standards* and *OMB Circular A-133*, where applicable, and they will comply with the provisions of the *Louisiana Governmental Audit Guide*. The audit will include all funds under the oversight of the above entity. Where applicable, any compilation or review/attestation engagements will be performed in accordance with the *Government Auditing Standards*, the *Louisiana Governmental Audit Guide* and the *American Institute of Certified Public Accountants' Statements on Standards for Accounting and Review Services* and *Statements on Standards for Attestation Engagements*.

We acknowledge that Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide* require all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year. We will complete the engagements within the time frame required by state law. Any noncompliance with these requirements will be reported, together with a full explanation of the events leading to the noncompliance, in either the compliance report or management letter.

Immediately upon completion of the engagements, we will submit to your office, accompanied by a data collection form (the OMB data collection form may be used in lieu of the data collection form shown on page 147), either one unbound single-sided document and not prepared for binding copy of the report, including any management letter and management's corrective action plan or one .tif or .pdf file of the reports, management letter, and corrective action plan

We acknowledge that there is a formal, written engagement agreement that we have jointly signed. The engagement agreement complies with all provisions of the *Louisiana Governmental Audit Guide*. We will maintain the engagement agreement within our files as a public record.

Name and Address of Agency Contact:  
John Morrow, Jr., Chief Financial Officer  
Public Belt Railroad Commission  
4822 Chalmette St., New Orleans LA 70115  
Telephone Number: 504-896-7430  
Fax Number: 504-896-7419  
E-mail Address: jmorrow@naph.com

FOR OFFICE USE ONLY  
Approved by: [Signature]  
Steve Thariot, CPA  
Legislative Auditor

Name and Address of CPA Firm Contact:  
Brent Silva, CPA  
Silva & Associates LLC  
4830 Dumaine St., New Orleans LA 70119  
Telephone Number: 504-833-2436  
Fax Number: 504-484-0801  
E-mail Address: bsilva@silvaandassociates.com

72082409  
Engagement Control Numbers



[This form is an unaudited informational document prepared by management of the agency.]

LEGISLATIVE AUDITOR  
BATON ROUGE LA 70804

DATA COLLECTION FORM  
FOR REPORTING ON STATE AND LOCAL GOVERNMENT AND QUASI-PUBLIC AGENCIES

The federal data collection form may be used as a substitute for this form.

Data Submitted 08/29/2009

RETURN to: Legislative Auditor (ereports@la.gov) or  
Attn: Engagement Processing  
Post Office Box 94387  
Baton Rouge, Louisiana 70804-9397

1. Fiscal Year Ending Date For This Submission:  
12/31/2009

3. Audit Period Covered  
 Annual  
 Other to

2. Type of Report:  
 Single Audit  GAO (Yellow Book) Audit  
 Completion  Review/Attestation  
 Program Audit  Other

Total Revenues and other sources, all funds \$40,917,564

4. AUDITEE INFORMATION

Auditee Name  
Public Belt Railroad Commission for the City Of New Orleans

Street Address (Number and Street)  
4822 Tchoupitoulas Street

Mailing Address (PO No.)  
See above

City State Zip  
New Orleans LA 70115

Auditee Contact Name Title  
John Morrow Chief Mechanical and Financial Officer

Telephone Fax  
504-896-7430 504-896-7419

Email (Optional)  
johnm@nopb.com

5. AUDITOR INFORMATION

Firm Name  
Silva & Associates, LLC

Street Address (Number and Street)  
4330 Dumaine Street

Mailing Address (PO No.)  
See above

City State Zip  
New Orleans LA 70119

Auditor Contact Name Title  
Thomas A. Gartner Partner

Telephone Fax  
504-833-2436 504-484-2436

Email (Optional)  
tgartner@silva-cpa.com

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:  
None

If there are no modifications to the auditor's financial opinion, no reported deficiencies in internal control, no reported instances of noncompliance, no management letter, and no prior year findings, check this box and do not complete the rest of the form.

6. FINANCIAL STATEMENTS

a. Type of audit report on financial statements.  Not Applicable  
 Unqualified Opinion  Qualified Opinion  Adverse Opinion  Disclaimer of Opinion  
b. Is a "going concern" explanatory paragraph included in the audit report?  Yes  No  
c. Do any of the funds have deficit balances?  Yes  No

7. INTERNAL CONTROL

Do the comments on internal control include:  material weaknesses  significant deficiencies

8. COMPLIANCE

Do the comments on compliance include:  criminal acts  fraud and abuse  not applicable

9. CURRENT YEAR MANAGEMENT LETTER (Finding Caption and No.)

None Resolved  Yes  No  No Longer Applicable  
Resolved  Yes  No  No Longer Applicable  
Resolved  Yes  No  No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

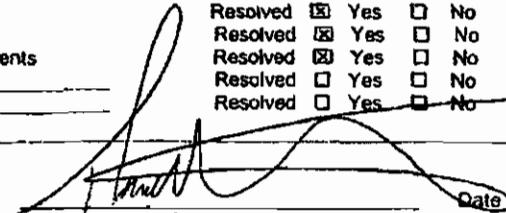
None \$ Resolved  Yes  No  No Longer Applicable  
\$ Resolved  Yes  No  No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions?  Yes  No  
Do any findings address violation of bond indenture covenants?  Yes  No

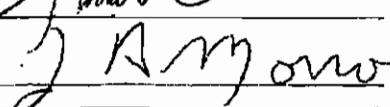
11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS/MANAGEMENT LETTER COMMENTS

(Finding/Comment Caption and No.)  
2007-1 Re: Fixed Assets Resolved  Yes  No  No Longer Applicable  
2007-2 Re: Reconciliations Resolved  Yes  No  No Longer Applicable  
2007-3 Re: Late filing of Financial Statements Resolved  Yes  No  No Longer Applicable  
Resolved  Yes  No  No Longer Applicable  
Resolved  Yes  No  No Longer Applicable

CPA SIGNATURE

 Date 6/29/09

AUDITEE SIGNATURE

 Date 6/29/09

**From:** [eenqage@lla.state.la.us](mailto:eenqage@lla.state.la.us)  
**To:** [Tom Gurtner](#);  
**cc:** [John Morrow Jr.](#);  
**Subject:** Engagement Request for Public Belt Railroad Commission for the City of New Orleans has been approved.  
**Date:** Friday, January 08, 2010 7:53:49 AM

---

A CPA Engagement Request for Public Belt Railroad Commission for the City of New Orleans has been approved.

The details of this engagement, as submitted by , are included below:

Entity ID# 7215      CPA Firm ID# 540      CPA Contact ID # 1186

**Engagement Information**

Entity Name: Public Belt Railroad Commission for the City of New Orleans

Engagement Type: Annual Audit(s)

Start Period: 1/1/2009

End Period: 12/31/2009

Number of Annual or Biennial Periods Covered: One

**Entity Contact Information**

John Morrow Jr.

Chief Financial Officer

4822 Tchoupitoulas St.

New Orleans, LA 70115

Phone Number: 504-896-7430, Fax Number: 504-896-7419

e-mail Address: [JOHNM@NOPB.COM](mailto:JOHNM@NOPB.COM)

**CPA Contact Information**

Tom Gurtner

Partner

4330 Dumaine St.

New Orleans, LA 70119

Phone Number: 504-833-2436, Fax Number: 504-484-0807

e-mail Address: [TGURTNER@SILVA-CPA.COM](mailto:TGURTNER@SILVA-CPA.COM)

If you have any questions, please send an e-mail to Engagement Approval at [eenqage@lla.state.la.us](mailto:eenqage@lla.state.la.us)

FORM **SF-SAC**  
(9-6-2008)

U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU  
ACTING AS COLLECTING AGENT FOR  
OFFICE OF MANAGEMENT AND BUDGET

**Data Collection Form for Reporting on  
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS  
for Fiscal Year Ending Dates in 2008, 2009, or 2010**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**PART 1 GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)**

<b>1. Fiscal period ending date for this submission</b>	<b>2. Type of Circular A-133 audit</b>	<b>3. Audit period covered</b>
Month Day Year 12 / 31 / 2009	1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other - <input type="text"/> Months 2 <input type="checkbox"/> Biennial

**4. Auditee Identification Numbers**

**a. Primary Employer Identification Number (EIN)**  
 72 - 6001000

**d. Data Universal Numbering System (DUNS) Number**  
 - - -

**b. Are multiple EINs covered in this report?** 1  Yes 2  No

**e. Are multiple DUNS covered in this report?** 1  Yes 2  No

**c. If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.**

**f. If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.**

**5. AUDITEE INFORMATION**

**a. Auditee name**  
PUBLIC BELT RAILROAD COMMISSION FOR THE CITY OF NEW ORLEANS

**b. Auditee address (Number and street)**  
4822 TCHOUPTOULAS  
City  
NEW ORLEANS  
State ZIP + 4 Code  
LA 70115 -

**c. Auditee contact**  
Name  
JOHN MORROW  
Title  
CHIEF MECHANICAL AND FINANCIAL OFFICER

**d. Auditee contact telephone**  
(504) 896 - 7416

**e. Auditee contact FAX**  
(504) 896 - 7419

**f. Auditee contact E-mail**  
RACHELZ@NOPB.COM

**6. PRIMARY AUDITOR INFORMATION (To be completed by auditor)**

**a. Primary auditor name**  
SILVA GURTNER & ABNEY, LLC

**b. Primary auditor address (Number and street)**  
4330 DUMAINE STREET  
City  
NEW ORLEANS  
State ZIP + 4 Code  
LA 70119 -

**c. Primary auditor contact**  
Name  
TOM GURTNER  
Title  
PARTNER

**d. Primary auditor contact telephone**  
(504) 833 - 2436

**e. Primary auditor contact FAX**  
(504) 484 - 0807

**f. Primary auditor contact E-mail**  
AVERBERNE@SILVA-CPA.COM

**g. AUDITEE CERTIFICATION STATEMENT** - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

**g. AUDITOR STATEMENT** - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Auditee certification	Date
<b>ELECTRONICALLY CERTIFIED</b>	6/30/2010
Name of certifying official	
<b>RACHEL ZIMMERLE</b>	
Title of certifying official	
<b>ACCOUNTS MANAGER</b>	

**7a. Add Secondary auditor information? (Optional)**  
 1  Yes 2  No

**b. If "Yes," complete Part I, Item 8 on the continuation sheet on page 5.**

Auditor certification	Date
<b>ELECTRONICALLY CERTIFIED</b>	6/30/2010

**PART II FINANCIAL STATEMENTS (To be completed by auditor)**

1. Type of audit report

Mark either: 1  Unqualified opinion **OR**  
 any combination of: 2  Qualified opinion 3  Adverse opinion 4  Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1  Yes 2  No

3. Is a significant deficiency disclosed? 1  Yes 2  No - SKIP to Item 5

4. Is any significant deficiency reported as a material weakness? 1  Yes 2  No

5. Is a material noncompliance disclosed? 1  Yes 2  No

**PART III FEDERAL PROGRAMS (To be completed by auditor)**

1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12) 1  Yes 2  No

2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § 520(b)) \$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ 530) 1  Yes 2  No

4. Is a significant deficiency disclosed for any major program? (§ 510(a)(1)) 1  Yes 2  No -SKIP to Item 6

5. Is any significant deficiency reported for any major program as a material weakness? (§ 510(a)(1)) 1  Yes 2  No

6. Are any known questioned costs reported? (§ 510(a)(3) or (4)) 1  Yes 2  No

7. Were Prior Audit Findings related to **direct** funding shown in the Summary Schedule of Prior Audit Findings? (§ 315(b)) 1  Yes 2  No

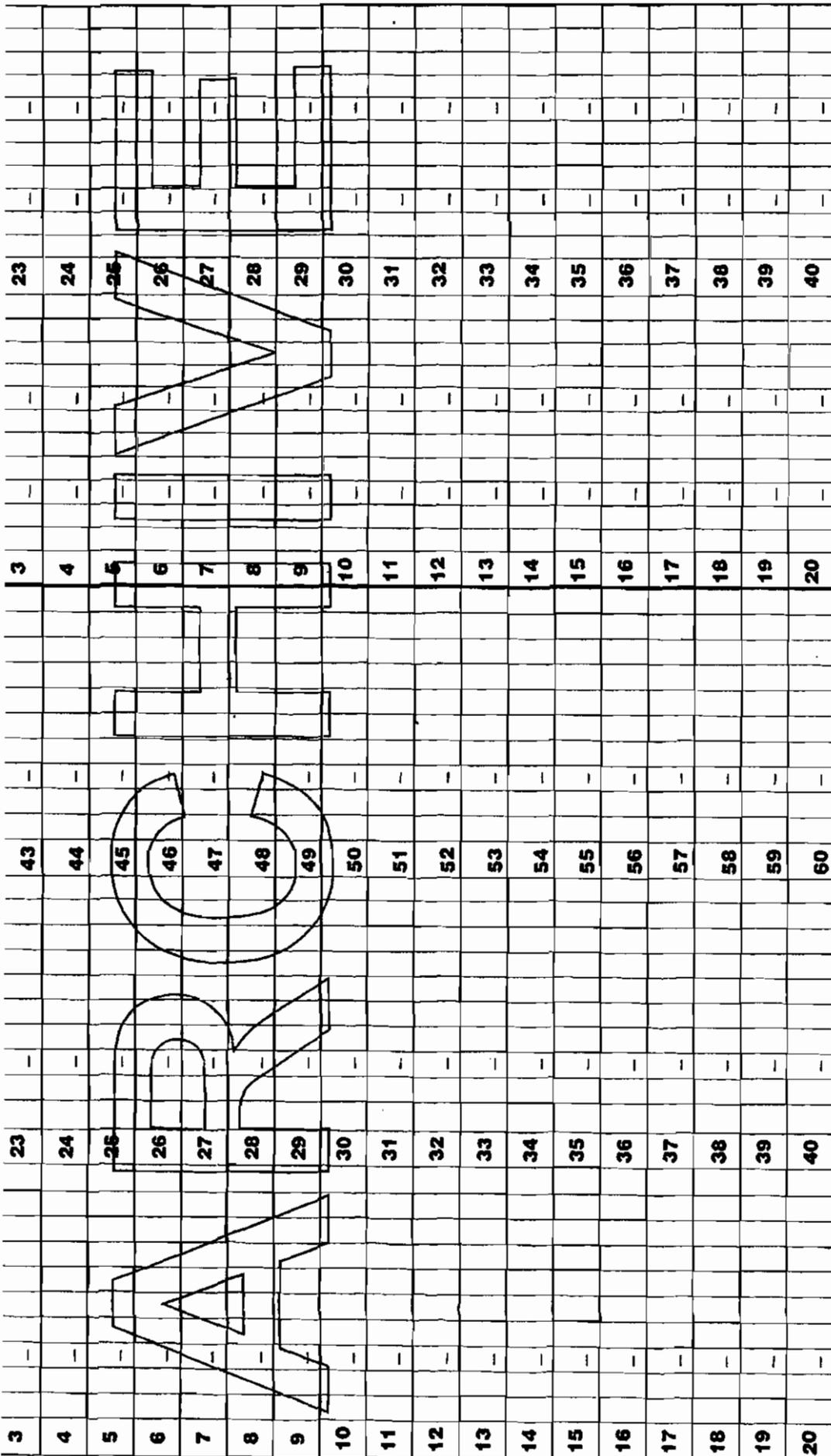
8. Indicate which **Federal** agency(ies) have current year audit findings related to **direct** funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to **direct** funding. (Mark (X) all that apply or None)

- |  |  |   |   |
|--|--|---|---|
| 98 <input type="checkbox"/> U.S. Agency for International Development      | 39 <input type="checkbox"/> General Services Administration          | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration  |
| 10 <input type="checkbox"/> Agriculture                                    | 93 <input type="checkbox"/> Health and Human Services                | 69 <input type="checkbox"/> National Archives and Records Administration  | 19 <input type="checkbox"/> U.S. Department of State  |
| 23 <input type="checkbox"/> Appalachian Regional Commission                | 97 <input type="checkbox"/> Homeland Security                        | 05 <input type="checkbox"/> National Endowment for the Arts               | 20 <input type="checkbox"/> Transportation  |
| 11 <input type="checkbox"/> Commerce                                       | 14 <input type="checkbox"/> Housing and Urban Development            | 06 <input type="checkbox"/> National Endowment for the Humanities         | 21 <input type="checkbox"/> Treasury  |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute of Museum and Library Services | 47 <input type="checkbox"/> National Science Foundation                   | 64 <input type="checkbox"/> Veterans Affairs  |
| 12 <input type="checkbox"/> Defense  | 15 <input type="checkbox"/> Interior                                 | 07 <input type="checkbox"/> Office of National Drug Control Policy        | 00 <input checked="" type="checkbox"/> None   |
| 84 <input type="checkbox"/> Education                                      | 16 <input type="checkbox"/> Justice                                  | 59 <input type="checkbox"/> Small Business Administration                 | <input type="checkbox"/> Other - Specify: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span> |
| 81 <input type="checkbox"/> Energy   | 17 <input type="checkbox"/> Labor                                    |   |   |
| 66 <input type="checkbox"/> Environmental Protection Agency                | 09 <input type="checkbox"/> Legal Services Corporation               |   |   |

**PART III FEDERAL PROGRAMS - Continued**

**9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

Federal Agency Prefix <sup>1</sup> (a)	CFDA Number Extension <sup>2</sup> (b)	Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)		Major program (g)		If yes, type of audit report <sup>3</sup> (h)	10. AUDIT FINDINGS	
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PUBLIC BELT RAILROAD COMMISSION  
CITY OF NEW ORLEANS  
PUBLIC BELT RAILROAD BUILDING  
4822 TCHOUPITOULAS STREET  
NEW ORLEANS, LOUISIANA  
JULY 22, 2010

Informal Meeting of the Public Belt Railroad Commission was held this date at 9:43 a.m.

**ROLL CALL:**

PRESENT: Commissioners App, Baldwin, Chappell, Felts, Merritt, Owen, Perlis  
(7)

ABSENT: Commissioners Landrieu, Baker, Bush, Forsyth, Henry, Langenstein,  
Mack, Wegener, West (9)

Jim Bridger, General Manager; John Morrow, Chief Financial and Mechanical Officer; Tom Lobello, Chief Operating Officer; Bob Kollmar, Chief Engineering Officer; David Scoggin, Mgr. Marketing and Business Development; Rachel Zimmerle, Accounts Manager; Michael McMillan, Superintendent, Mechanical/Car; Tom Gurtner, Jim Maher, Silva, Gurtner and Abney LLC; Rafael Goyeneche, Metropolitan Crime Commission; Lee Zurik, Fox 8 News; Leigh Isaacson, Fox 8 News; Kevin Walters, Scott Richoux, Clerical Department; Frank Robertson, Car Department; Clarence Wilkerson, Bridge Department; David Duplechain, General Chairman, UTU and many Transportation Department employees; were also present.

President Pro Tem Baldwin stated that at this time there is no quorum present. He also stated that Commissioner West sent a letter of resignation effective 8/1/10 due to his new position with Entergy. Commissioner West was the Chairman of the Finance Committee appointed by the mayor and therefore Mayor Landrieu will need to appoint a new chair.

There are no minutes of the Regular Meeting July 22, 2010 due to the absence of a quorum.

**Report of the NOPB Auditors**

Jim Maher and Tom Gurtner with Silva, Gurtner and Abney, LLC gave a report to the Commission in regard to the NOPB annual audit.

Mr. Maher handed out 2 documents to the Commission; one being a 2 page letter and the other was the financial statements.

In mid June Mr. Maher and Mr. Gurtner met with the Finance Committee to go over the audit report and then Mr. Maher filed the report with the Louisiana Legislative Auditors.

Mr. Baldwin asked if Mr. West was present.

Mr. Maher stated that he was.

Mr. Maher stated that the first letter is a summary of the audit procedures and states that Silva Gurtner and Abney LLC did the audit in accordance with general accepted auditing standards. They reviewed the scope of the audit with management prior to starting the audit. Mr. Maher stated that there were no significant past adjustments. Mr. Maher also stated that they came up with suggestions for management and management recorded all these suggestions. Mr. Maher stated that there were no difficulties in performing the audit. There were no disagreements with management relative to accounting and auditing procedures. There was no representation letter from management stating to just prepare the financials and that everything was correct within those financial statements. Mr. Maher stated that they did not have any consultation with management prior to being appointed as the auditors this year. Mr. Maher stated that there are normal discussions with management throughout the year as various items come up. Mr. Maher



asked if there were any questions in regard to this standard letter.

Mr. Maher proceeded to give his report of the annual financial statement of the Commission.

Page – 1 The Independent Auditors report states that they are giving an unqualified opinion with regard to the Commission's financial statement for 2009, also known as a **Clean Opinion**

Page 3, 4, 5, 6 - The auditor stated that the next several pages refers to managements discussion and analysis. It is a summary overview of the financial statements. It is meant to make them a little easier to understand and to explain variances between this years financials and last years financials.

Page 4 - The summary of the Balance Sheet which shows total assets this year 2009 were about \$78M dollars, liabilities were about \$11M dollars and net assets or equity were about \$67M dollars.

Page 5 - Recap addition of revenues and gives some explanations of why revenues fell from 2008 to 2009.

Page 6 – Summary and Explanation of Operating Expenses for 2008 and 2009.

Page 7 – Summary of Non-Operating Revenues between 2008 and 2009.

The major differences between the two years is that in 2008 the NOPB had a gain on a disposition of land which was sold to the LADOTD for \$8.6M dollars and the NOPB had grant revenue from FEMA of about \$1.4M. Operating Expenses are also explained on page 7.

Page 8 – Condensed summary of the Income Statement for 2008 – 2009. Revenues are down from \$31M to about \$16M, Expenses were basically the same between the 2 years. Net Income went from \$21M in 2008 to a loss of \$2M dollars in 2009. The differences are summarized within management's discussion in the paragraphs following the Summary Income Statements. Revenues were down because of the decrease in railroad operations. The NOPB did not have the \$8.6M dollar gain in 2009 that was had in 2008 for the sale of the land by the HPL Bridge. Those were the major items.

Page 9 – Summary of the Property of the Commission.

Page 10 & 11 – Basic financial statements which is a detailed traditional financial statements. This is what is summarized in the previous pages. The balance sheets are broken up between the Belt the Railroad and the Bridge operations.

Page 12 & 13 – Statement of revenues and expenses or the Income Statement. These financial statements only cover 2009 they do not have comparative figures for 2008 because that is how government financial statements are prepared it is just a one year presentation.

Page 14 & 15 – The Cash flow statements

Page 16 and thereafter for about 5 – 10 pages there are footnotes for the financial statements. They are basically the same notes as the prior year. The only new footnote is on Page 21 subsequent events footnote. This is a new requirement this year that states that the financial statements do not reflect that the auditors have evaluated subsequent events between Jan 1, 2010 and the date in which the financial statements were issued June 15, 2010 and the auditors did not see anything that would have required an adjustment to the 2009 financial statement as previously drafted.

Pages 23 & 24 – There is additional information relative to the Bridge operations.

**Page 25 & 26 – The report on internal control that states that the auditors reviewed the control in respect to the audit and did not notice any material flaws.**

**Commissioner Perlis asked Mr. Maher that by his statement the audit reflects that the internal controls that the Public Belt have are in fact sufficient and you did not see any flaws.**

**Mr. Maher stated that they did not see any material flaws.**

Commissioner Baldwin that he thought the figure of 383,000 for 2009, number of railcars that went over the Huey P. Long Bridge that the Commission heard recently was greater figure than that. He asked Mr. Maher where he got that figure.

Mr. Maher stated that he got the figure from management.

Mr. Baldwin asked management if he was maybe not thinking correctly.

Mr. Morrow stated that it is 383,000 for 2009, 427,000 for 2008 and for 2010 it is on an increase. That is UP, BN and NOPB.

Mr. Baldwin stated that somehow he memorized a figure of 550,000 cars.

Unnumbered Page 27 & 28 – Is a report and a subsequent schedule that the Commission had not received since 2006 which has to do with the FEMA grant. The NOPB had received over 500,000 in government assistance during a year and a report was performed by the auditors which explains that the auditors looked at the requirements relative to the federal program and did not see any material weaknesses or exceptions. **Compliance also talks about internal control over compliance and that was checked also and did not see any material exceptions.** The auditors audited the statement of the expenditures for federal awards and that material was correctly stated.

Page 29 – Summary of expenditures of federal awards \$1.4M

Page 30 & 31 – Notes to the schedule and the summary of the audit results with respect to the schedule awards and with respect to the whole financial statement.

Mr. Maher stated that these are the highlights and asked the Commission if there were any questions.

**Mr. Baldwin asked Mr. Maher if he was saying that there was no comment or suggestion as to internal controls.**

**Mr. Maher stated that they are fine.**

Commissioner Perlis stated that the Commission would like to take the audit and study it and then have possible questions at the next meeting.

**Mr. Bridger asked Mr. Maher if this had been provided to the Legislative Auditors and Mr. Maher responded that it was sent to them in June as was in previous years.**

**Commissioner Perlis asked if this is done every year at the same time.**

**Mr. Maher responded yes. This is required by the Statute.**

Mr. Baldwin thanked Mr. Maher for his service and stated that there were no other questions at this time and would like them to return next month in the event there are questions.

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CITY OF NEW ORLEANS  
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4822 TCHOUPITOULAS STREET  
NEW ORLEANS, LOUISIANA  
AUGUST 18, 2010

Special Meeting of the Public Belt Railroad Commission was held this date at 11:00 a.m.

**ROLL CALL:**

PRESENT: Commissioners App, Baker, Baldwin, Bush, Chappell, Felts, Forsyth, Henry, Langenstein, Mack, Merritt, Owen, Perlis, Wegener (14)

ABSENT: Mayor Landrieu (1)

Jim Bridger, General Manager; John Morrow, Chief Financial and Mechanical Officer; Tom Lobello, Chief Operating Officer; Bob Kollmar, Chief Engineering Officer; Rachel Zimmerle, Accounts Manager; Walter F. Becker, Jr., Phillip Shuler and Sarah Myers, Chaffe McCall Law Firm; Rafael Goyeneche, Metropolitan Crime Commission; Donald Hyatt, Attorney for Mr. Bridger; Valerie Cahill, ACMS, Inc.; Michelle Krupa, Times-Picayune; Lee Zurik and Leigh Isaacson, Fox 8 News; Jill Hezeau and Mike Perlstein, Channel 4; David Dupleschain, UTU Chairman; Jeff Gonzalez, Engineer NOPB and many Transportation Department employees, were also present.

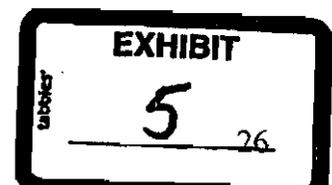
President Pro Tem Baldwin called the meeting to order at 11:00 a.m. and thanked all the Commissioners for being present and going to the agenda item #2 **Consideration of Interim Policies** to be adopted by the Commission of the New Orleans Public Belt.

**Item 2 a - Expense Accounts: consideration of change in corporate credit-card issuance and use.**

On Motion by Commissioner Merritt seconded by Commissioner Langenstein in reference to expense accounts the Public Belt Railroad Commission adopt the following interim policies and procedures:

- a) Revoke all credit cards except fuelman cards which may be used only by those who have been provided a car pursuant to the stated policies of the City of New Orleans;
- b) Any and all authority for expense accounts previously granted by the Board is to be revoked;
- c) For the interim, employees would have to get advance approvals for expenses from a member of the Finance Committee or the President Pro Tem, or would have to pay such expense and seek reimbursement to be approved by a member of the Finance Committee or the President Pro Tem; notwithstanding the foregoing, blanket approval for expenses for fuel for legitimate business purposes of the NOPB only should be given by the Commission.
- d) Anyone shown to have abused the expense accounts or credit cards will have to reimburse the Belt for all such amounts inappropriately charged to the NOPB and shall be sanctioned accordingly.
- e) A knowledgeable attorney will be requested to prepare a written report as to those things for which public funds cannot be used.
- f) The Commission will retain an independent CPA firm to review the current NOPB internal controls, to evaluate same, to produce a procedures manual with "best practices" for internal controls, and introduce same to the Commission.
- g) NOPB will follow all IRS rules and regulations pertaining to expense accounts.

President Pro Tem Baldwin called for an open discussion by the Commission.



Commissioner Henry asked Mr. Bridger as it relates to a, b, and c what is the impact to the operation of the railroad.

Mr. Bridger stated that in reference to all corporate credit cards they have already been turned in to the Executive Secretary prior to this meeting. Mr. Bridger is in full agreement with the interim policy that Commissioner Merritt outline for expense accounts.

Commissioner Henry wanted to know if this was going to have some adverse operational impact to the organization as a whole.

Mr. Bridger stated that it would not.

President Pro Tem Baldwin called a vote of the Commission on the motion by Commissioner Merritt seconded by Commissioner Langenstein and was unanimously approved by the Commission.

**Item 2b - Use of Public Belt Vehicles and sale and disposal of vehicles returned by employees.**

On motion by Commissioner Merritt seconded by Commissioner Perlis that the following procedures and policies be adopted:

- a) The City plan for private use of public vehicles will be adopted and followed.
- b) All personnel who have used NOPB vehicles should have to file a report as to their usage for the last three years, and particularly to list the times and the reasons for which they were called upon for emergency service, and a listing of all fuel purchased for any such vehicles; appropriate disciplinary action may have to be taken depending on the results of these reports.
- c) Detailed logs of usage of all NOPB vehicles shall be maintained by personnel using such vehicles, and shall be reviewed at least monthly by the accounting department. Sanctions should be adopted for failure to maintain appropriate records of vehicle usage and for unauthorized use of an NOPB vehicle.
- d) NOPB will follow all IRS rules and regulations with regard to personal use of NOPB vehicles.

President Pro Tem Baldwin called for an open discussion by the Commission.

Commissioner Mack asked if there would still be a pool vehicle available for essential business.

President Pro Tem Baldwin stated that there will be. Also there are two guidelines one is the City of New Orleans policy and the secondly the Commission should look at what the Class 1, 2 and 3 railroads do with their vehicles as they allocate them for emergencies, for spills, for derailments, etc.

Commissioner Langenstein stated that if in fact the Commission adopts the policy of the City of New Orleans he questions whether the city's policy allows for the pooling of a vehicle even for emergency purposes.

President Pro Tem Baldwin stated that would have to be studied.

Commissioner Langenstein asked if the Commission would adopt the policy of the City of New Orleans in its totality unless there is an allowance for a pooled vehicle in emergencies.

President Pro Tem Baldwin stated that it would be fair in the event there is no pooled vehicle that the employee that responds to an emergency will be paid mileage back in the form of an expense account.

Commissioner Wegener stated that some of the vehicles are trucks and work equipment and just wanted to make sure that they were not tangled in with the take home vehicles.

President Pro Tem Baldwin stated that this will be for take home vehicles only and not service vehicles.

Commissioner Felts suggests that before there is any disposal of any vehicles that the Commission carefully looks at the entire fleet and analyze which vehicles are needed for a pool if any, which vehicles are in the best condition and not make a hasty decision without a careful inventory.

President Pro Tem Baldwin asked Mr. Morrow how many take home vehicles are there right now.

Mr. Morrow stated that there are 17 take home vehicles right now but that everyone but 5 have already turned their cars in.

President Pro Tem Baldwin asked Mr. Morrow what policy should be followed on the liquidation of those assets.

Mr. Morrow stated that as we understand it we should follow the State's surplus equipment rule and after the vehicles are reviewed and those ones which are determined to be surplus will be put out on a surplus bid, a sealed bid.

Commissioner Langenstein stated that of the remaining 51 policy vehicles only 17 of them are take home vehicles.

Mr. Morrow stated that is correct.

Commissioner Langenstein asked if the remaining vehicles are service vehicles.

Mr. Morrow stated that is correct service vehicles, tractors, backhoes, etc.

Commissioner Henry asked the same question to Mr. Bridger. Will this create an impact to the operation of the railroad based upon your understanding of the policy that is being prepared? Are there any adverse economic or any other types of hindrance to the railroad to implement these policies?

Mr. Bridger stated that over the past month he has been working with Mr. Andy Kopplin, of Mayor Landrieu's office and the NOPB is putting into effect the City of New Orleans take home vehicle policy. By September 1, 2010 the NOPB will be in complete compliance with the City's take home vehicle policy and this will allow the first responders, the emergency people that will keep their cars the resource to respond on time.

Commissioner Henry stated that his concern is that the railroad be properly serviced and that it has the right equipment and the right resource and if we have to deviate from the city's policy so that the NOPB can meet the customers needs or the other commitments to the Belt that is what is most important as long as it is within the law.

Mr. Bridger stated that he is satisfied that the City of New Orleans's plan will take care of the NOPB's customers needs and the NOPB's emergency needs.

President Pro Tem Baldwin asked Mr. Bridger or Mr. Morrow how many vehicles stand to be turned back in.

Mr. Morrow stated that as of now it would be 12.

Commissioner App asked Mr. Bridger if there was anything as far as a compensation package when the individual employee was hired for a take home vehicle.

Mr. Bridger stated that it was a part of the manager's compensation package and it was mentioned in their annual letter when they were given increases.

Commissioner Henry asked if the Commission was violating an employment agreement.

Mr. Bridger states that they were just letters of agreement between the General Manager and the respective manager.

President Pro Tem Baldwin asked if it was taxed on the use.

Mr. Bridger stated that it was not.

Commissioner Langenstein stated that would need to be reviewed and corrected to follow all the rules and regulations.

Commissioner App stated that he is concerned about the manager's agreement when they were hired and the vehicle was part of the package and cannot just be looked over.

Commissioner Henry asked if an evaluation could be done first before the Commission makes a ruling on this to refer this matter to general counsel for a legal ruling.

Commissioner Langenstein's understanding is that all the managers of the NOPB are employees at will and the Commission can change compensation at will.

Commissioner Henry said does this mean that the Commission can breach any agreement we seek.

Commissioner Langenstein stated at will as we see fit and the City has a very specific take home vehicle policy and we should follow it.

President Pro Tem Baldwin stated that this is the reason that Mr. Bridger has already begun to take the steps to do this.

Commissioner Henry states that his opinion is that we should seek legal counsel to answer this question so that we are not breaching an agreement.

Mr. Lobello stated that he lives over 40 miles and was given a vehicle as part of his compensation but he has purchased another vehicle and has already given up his vehicle and the managers under his direction are prepared to give up their vehicles 100% and have agreed to have two pool vehicles to use while at work.

Commissioner Baker stated that even if there was an agreement and it was wrong it does not mean we should follow it.

Mr. Bridger stated that all managers are in agreement to comply with the guidelines set forth by Mayor Landrieu in regard to take home vehicles.

Commissioner Merritt stated that he would like to amend and incorporate Commissioner Felts motion in regard to the disposal of the excess vehicles, the condition of the vehicles, the need for the vehicles and any financial consideration as to which might be the most desirable to eliminate. Commissioner Perlis seconded the motion and agreed to amend it as well. The Commission unanimously agreed to the amended motion.

**Item 2c - Use of Pullman Cars and consideration of sale of third car, the City of Peru.**

President Pro Tem Baldwin stated that there is an Attorney General's Opinion in regard to the use of the Pullman Cars. Special counsel to the Commission Mr. Walter Becker asked the Attorney General to Louisiana Buddy Caldwell if it is permissible under Louisiana law for the Public Belt to allow railroad cars owned by Public Belt and operated by Public Belt employees to be used #1 by tax exempt organizations which includes charitable organizations under 501C3, not for profit business organizations and social wealth organizations. #2 is it permissible under Louisiana law for Public Belt to allow railroad cars owned by Public Belt and operated by Public Belt employees to be used by for profit business organizations. This is the answer from the Attorney General signed by Mr. Michael J. Vallan, Assistant Attorney, Opinion number 10-0171, dated August 17, 2010.

"It is our understanding that the railroad cars that are an issue are cars that are no longer in use and are essentially of the museum type further the contemplated uses are all limited short term uses similar in nature to the uses referenced in Attorney General Opinion numbers 020363 and 030218. Therefore in respect to your first and second question we believe that the NOPB has the discretion to allow short term uses of the NOPB cars that are no longer in use provided it obtains in return a value or benefit that is commensurate with such use in order to avoid a violation of Louisiana Constitution article 7 section 14 we also advise the NOPB to develop a policy concerning among other things the manner in which the limited short term uses will be scheduled, the amount of rental fees, and the type and amount of insurance required."

President Pro Tem Baldwin called for an open discussion by the Commission.

Mr. Becker stated that prior to the above opinion the Attorney General gave a little discussion of the law and basically they talk about that you cannot gratuitously donate anything of public nature to someone. To be permissible to spend the public entity must have the legal authority to make the expenditure and must show #1 a public purpose for the expenditure according with the governmental purpose of the entity #2 the expenditure transfer does not appear to be gratuitous, not something for nothing coming back, and the public entity has an objective and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds.

Commissioner Langenstein stated that the Pullman Cars are not currently insured for casualty purposes.

Mr. Morrow stated that they are covered under an NOPB's catastrophic policy. Mr. Morrow stated that a gentleman named John Sascheck owner of the Ozark Mountain Railcar does equipment brokering and appraising for sale. He would come and appraise all three cars and broker if we would require him to do so.

President Pro Tem Baldwin asked Mr. Morrow his opinion on the sale of these assets.

Mr. Morrow stated that we should see what the values of the cars are first.

President Pro Tem Baldwin stated that the cars are surely an asset but questions the continued use of the cars for the NOPB.

Commissioner Langenstein asked Mr. Becker how he views the Attorney General's Opinion relative to receiving something of value is that strictly monetary value or could it be something intangible.

Mr. Becker states that his sense is, if it is not being used for a business purpose that is part of the Public Belt it can be rented out and has to be paid for even if it is a charity or a for profit. Whatever the fair market value of a rental of a night on the train is that the Public Belt is allowed to rent it and get paid for that.

President Pro Tem Baldwin asked the Commission if anyone would have an interest in specifying a minimum sale value for the City of Peru car at which it can be allowed to be sold or will this Commission prefer that Mr. Morrow have the opportunity to speak to potential buyers about the value of it and then the Commission can determine at another meeting what to do with the car.

Commissioner Henry asked that we get an appraisal.

Commissioner Paris stated that we need an expert opinion on the value of the car.

Commissioner Langenstein stated that we should get an appraisal on all three cars.

On motion by Commissioner Bush seconded by Commissioner Baker for the Commission to have an appraisal to put a market value on the three Pullman Cars and was unanimously approved by the Commission.

Commissioner Wegener stated that the Business Car Committee should create a tariff for the operation and use of the cars in compliance with the Attorney General's Opinion.

Commissioner Perlis would like a consensus from the Commission for the use of using the Pullman cars for charity.

Mr. Morrow stated that the use of the Pullman cars has been suspended at this time and that there are approx. 43 trips that are booked from auctions at the present time and that a ruling is needed about these 43 trips that have been booked.

Commissioner Perlis stated that as a member of the Business Car Committee the Commission has a moral obligation to fulfill these commitments.

Mr. Becker stated that under the new Attorney General's Opinion the charities would have to give some form of rental fee for return of value.

President Pro Tem Baldwin asked Mr. Morrow to supply at the next meeting the cost to the Belt to run the Pullman cars.

Commissioner Henry stated that the Business Car Committee should meet to discuss all the facts that are involved in the use of the cars in line with the Attorney General's Opinion and present the policy to the Commission at a later date.

#### **Item 2d – Authority of Finance Committee**

On motion by Commissioner Merritt seconded by Commissioner Langenstein to adopt the following policies and procedures in reference to the Finance Committee:

- a) The Finance Committee should clearly be charged to do the necessary to see the expense accounts are properly used, vehicles are properly used, and that all amounts being expended are appropriate and have been authorized by the Board; I suggest that non-mayor appointed commissioners be added to the committee to assist in performing the duties.
- b) The authority of the General Manager to sign checks should be limited to all amounts below \$5,000, and all amounts payable to one entity or individual totaling \$5,000 or more during any sixty day period.
- c) Amounts expended on expense accounts should be shown as a separate item on the monthly report of the Finance Committee; in the event of a capital installment purchase, or any capital payments made the Finance Committee should report monthly on these amounts.
- d) The Committee should recommend to the Board a travel policy for NOPB employees.
- e) Until the Mayor appoints a new Finance Committee Chairman, the President Pro Tem should appoint an audit committee to see that the above duties of the Finance Committee are promptly and properly carried out. The audit committee shall include some of the present members of the Finance Committee. One of the present members of the Finance Committee shall be the chairperson of the audit committee if he or she desires to be the chairperson.
- f) The President Pro Tem shall appoint a non-voting member to the Finance Committee.
- g) We respectfully request the Mayor promptly to fill the recent vacancy of the chairman of the Finance Committee.

President Pro Tem Baldwin called for an open discussion by the Commission.

Commissioner Langenstein stated that this will require a change to the by-laws.

Commissioner Merritt stated that he would amend the motion and that item b would have to be deleted because there has to be notice given for by-laws changes.

Commissioner Henry asked Commissioner Merritt if the audit committee would be a subcommittee of the Finance Committee and would specifically address finances or would it include operations.

Commissioner Merritt stated that it would be a special audit committee independently just for the interim to oversee the financial impact of the audit.

Commissioner Perlis stated that the reason for this suggestion is because the Finance Committee is short one member and has not been as active as the Commission needs.

President Pro Tem Baldwin called a vote of the Commission on the motion by Commissioner Merritt seconded by Commissioner Langenstein and was unanimously approved by the Commission.

**Item #2e – General Counsel: consideration of R.F.P. and/or R.F.Q. to be created by counsel with input from the City Attorney.**

President Pro Tem asked if the Commission had a general counsel in particular Mr. Brown.

Mr. Bridger stated that Mr. Brown had been used on and off as was the City Attorney Evelyn Pugh to get interpretations on various laws. He was not the general counsel.

Commissioner Merritt stated that his understanding was that Jones, Walker was the general counsel and it was changed because the board felt that the NOPB was being charged too much for general counsel. We could rely on the City Attorney and we did have a representative at many of the Commission meetings and we used them as general counsel.

On motion by Commissioner Merritt to hire general counsel as soon as possible in accordance with applicable City policies which we were advised are now in effect. Among other things, counsel should provide written instructions as to governmental rules and regulations to be followed by the NOPB, including but not limited to rules as to public bids, retention of professional services, open meetings and the like. The legal committee should be directed to submit to the Commission suggested criteria for inclusion in the RFP or RFQ in the selection of general counsel. Motion seconded by Commissioner Perlis.

Commissioner Langenstein advised President Pro Tem Baldwin that the Commission's by-laws under article 3 section 5 gives the Commission authority to employ firm or firms, one or more, legal counsel and actually gives certain criteria relative to the practice of United States District Court and Court of Appeals. Commissioner Langenstein agrees with Commissioner Merritt based on to comply with the City's requirements relative to engagement of professional services. The NOPB's own by-laws authorize the Commission to proceed with employment of general counsel.

Commissioner Henry asked if the general counsel could be an employee as opposed to a firm and should the Commission be looking to search for a railroad employee as in-house counsel. A firm would seem to run up a lot of hours which was the problem that Mr. Merritt stated, with Jones, Walker.

Commissioner Merritt stated that it has been considered in the past for in-house counsel but it did not seem to justify the expense and for the specific uses that the Commission would use general counsel the Commission would save money hiring a firm.

Commissioner Baker stated that for the third party oversight the Commission should go with outside counsel so as to get unbiased advice.

Commissioner Langenstein stated that it would be very difficult to find one body to cover the gamut of legal services that the Belt would require. The Commission would be better served by engaging a firm that has a wide variety of experience that the NOPB could contract with and hopefully negotiate a better than normal rate to cover a wide gamut of disciplines.

Commissioner Henry stated that to hire a single individual as in-house general counsel and for those matters that need to go outside of this general counsel's expertise to bring on board any other legal experts needed. The in-house counsel would be the authority on the payroll of the engagement board and then in turn firms that work out. In-house counsel would have a lot more latitude and look at the entire aperture of the legal community and in-house counsel represents this board.

Commissioner Merritt feels that the NOPB is not big enough to be able to afford a good in-house counsel.

Commissioner Henry stated there should be some sort of cap in place and to be able to bind the firm on expenses. Also recommends that the firm is on a retainer basis.

President Pro Tem Baldwin called a vote of the Commission on the motion by Commissioner Merritt seconded by Commissioner Perlis and was unanimously approved by the Commission.

#### **Item #2f – Creation of Employee Manual**

President Pro Tem Baldwin asked if an employee manual is given to all new hires.

General Manager Bridger stated that there is no manual that oversees the whole company.

Commissioner Merritt stated that with the advice of counsel, the NOPB should establish an employee manual and corporate compliance plan which would be given to all present employees, to each new employee upon hiring, and which would clearly set out all terms and conditions of the employment, policies as to expenses, use of Belt vehicles and property, personal use of computers, travel and the like.

Commissioner Felts suggests that the NOPB look at the employee manuals of the Class 1 railroads that we serve as an outline for this so that we are specific to railroads.

Commissioner Wegener suggests that the manual should also include Homeland Security Rules.

Commissioner Mack stated that we should also conform to the State of Louisiana and the City's Laws.

Mr. Lobello stated that when the NOPB hires employees they are hired under their respective collective bargaining agreements and most of the items that the Commission is talking about are covered under the collective bargaining agreements. There is a Security Plan in place. What needs to be done is to combine everything into one manual so that we do not contradict the collective bargaining agreements.

President Pro Tem Baldwin asked if the managers follow the same rules as the employees that fall under the collective bargaining agreements.

Mr. Lobello stated that if you are a covered employee, whether you are a manager or not you could be drug tested.

Commissioner Henry stated that the General Manager should be the party to create an employee manual that would incorporate best practices throughout the industry as well as State and City agencies and organizations and then present to the Commission for approval.

Commissioner Mack asked for a time frame for this project to be completed.

General Manager Bridger stated that it could be achievable in 90 days with a lot of benchmarking with the Class 1's and this will give the NOPB the majority of it.

Commissioner Perlis urged that it be run by counsel of some kind possibly City Attorney's Office.

President Pro Tem Baldwin stated that there is a motion on the floor for the General Manager to create an Employee Manual Motion by Commissioner Felts seconded by Commissioner Henry and was unanimously approved by the Commission.

#### **Item #2g – Whistleblower Policy**

On motion by Commissioner Merritt with the advice of outside counsel that the NOPB would have a mechanism through which NOPB employees could anonymously and without fear of reprisal, report, preferably to an independent outside individual or company, any and all violations of company policy, or other improper or illegal practices; the independent party should then confidentially report to a special committee set up to handle and investigate all such reports, and ultimately to make recommendations to the Commission as to appropriate action. Seconded by Commissioner Perlis.

Commissioner Henry asked if the City had a Whistleblower Policy that the NOPB could participate in.

Commissioner Felts stated that the State may have such a policy.

Commissioner Henry asked if the Special Committee would be a Commission Committee.

Commissioner Merritt stated that President Pro Tem Baldwin would have to appoint this Special Committee.

Commissioner Perlis stated that it will be a third party reporting process that is totally independent of this Board and then this Board would determine how they are going to handle the complaint once it is reported.

President Pro Tem Baldwin called a vote of the Commission on the motion by Commissioner Merritt seconded by Commissioner Perlis and was unanimously approved by the Commission.

#### **Item #2h – Other Policies**

Commissioner Merritt stated that due to the recent Attorney General's Opinion that the Public Belt will not make any cash donations to charities and until further notice employees will not do any charitable work while on NOPB time or use of any NOPB equipment for charitable purposes including the work on the City playgrounds, or work for Xavier Prep.

Mr. Becker reads from the Attorney General's Opinion, "that the NOPB has no legal authority to use its employees and equipment during business hours to renovate public playgrounds or parks nor does it have the legal authority to give monetary contributions to tax exempt organizations out of its budget. Nothing in Louisiana revised statute 33-45-30 references or authorizes NOPB to renovate public playgrounds or parks or fund tax exempt organizations. It is our opinion that such use of public funds or property does not conform with the governmental purpose NOPB has a legal authority to pursue and would amount to a prohibited donation of public funds pursuant to Article 7 Section 14 of the Louisiana Constitution."

On Motion by Commissioner Merritt seconded by Commissioner Langenstein that:

- #1 No NOPB employees will be permitted to request or receive a tip that is monies for work performed.
- #2 No project undertaken for substantial purposes which could come under the public bid or similar law shall be commenced or made without the prior advices of general counsel, the Board and that such proposed purchase or project must comply with such laws. In the event the Board should not have general counsel at the time such advices must be obtained from the City Attorney.
- #3 No bonus may be paid to any NOPB employoo.
- #4 The Legal Committee shall be requested to review the by-laws and suggest changes to the by-laws.
- #5 All the top Management Officers must file a report within 30 days explaining all charges they made to NOPB for expenses for at least the last 3 years and all such charges by other personnel whose expenses they approved during that period.

President Pro Tem Baldwin called a vote of the Commission on the motion by Commissioner Merritt seconded by Commissioner Langenstein and was unanimously approved by the Commission.

**EXECUTIVE SESSION:**

Motion by Commissioner Forsyth to enter into Executive Session for the summary of investigative proceedings (by Special Counsel Walter Becker) regarding allegations of misconduct at the New Orleans Public Belt. Motion seconded by Commissioner Perlis and unanimously approved by the Commission. President Pro Tem Baldwin requested that Mr. Becker, Mr. Shuler and Ms. Myers remain at the meeting.

*Following a lengthy discussion the Commission reconvened into public session.*

**EXECUTIVE SESSION:**

Motion by Commissioner Perlis to enter into Executive Session for consideration of disciplinary action against James Bridger, General Manager of the New Orleans Public Belt. Motion seconded by Commissioner Felts and unanimously approved by the Commission.

President Pro Tem Baldwin stated that the reason to go into this executive sessions is to discuss the competence and character of the General Manager.

Ms. Myers stated to Mr. Bridger that he has the right to hold this portion of the meeting in open session if he so chooses.

Mr. Bridger stated that he wanted to go into executive session along with his counsel.

President Pro Tem Baldwin stated that the Chaffe McCall team will also remain in the meeting.

*Following a discussion, the Commission reconvened in public session.*

President Pro Tem Baldwin asked for a motion on the floor regarding Item 4, he asked again if there was any motion whatsoever. There was no motion from the floor on Item 4 of the agenda.

**ADJOURNMENT:**

Motion by Commissioner Langenstein seconded by Commissioner App the meeting was adjourned at 3:55 p.m.

**PUBLIC BELT RAILROAD COMMISSION  
CITY OF NEW ORLEANS  
MAIN OFFICE BUILDING  
4822 TCHOUPITTOULAS STREET  
NEW ORLEANS, LOUISIANA  
MAY 22, 2008**

Regular Meeting of the Public Belt Railroad Commission was held this date at 11:00 a.m.

**ROLL CALL:**

**PRESENT:** Commissioners App, Bush, Felts, Henry, Georges, Langenstein, Merritt,  
Norman, Perlis (9)

**ABSENT:** Commissioners Nagin, Baker, Baldwin, Chappell, Forsyth, Wegener, West  
(7)

Mr. Jim Bridger, General Manager, Mr. John Morrow, Chief Financial and Mechanical Officer, were also present.

**APPROVAL OF MINUTES:**

On motion by Commissioner Felts, seconded by Commissioner Perlis, the Minutes of the Regular Meeting held April 24, 2008, were unanimously approved.

**FINANCIAL RESULTS:**

President Pro Tem. Bush reported that the Financial Results for March 2008 were previously forwarded to the Commission and requested formal approval.

On motion by Commissioner Felts, seconded by Commissioner Merritt, the Financial Results covering the condition of the Public Belt Railroad and the Huey P. Long Bridge for the month of March 2008 were unanimously approved.

**MONTHLY REPORT OF FINANCE COMMITTEE:**

(1) Copy of Report attached.

Finance Committee Chairperson Norman submitted the monthly report of the Finance Committee for the month of March 2008.

Commissioner Bush moved for approval of the report. The motion was seconded by Commissioner App and the Report of the Finance Committee was unanimously approved by the Commission.

**REPORT OF GENERAL MANAGER:**

(2) Copy of Report attached.

General Manager Bridger submitted his monthly report to the Commission:

In the First Quarter of 2008 the railroad continues to net over a million a month and the First Quarter Net Total was over three million. March's financials indicate operating revenues of \$2,535 million and the operating ratio for March was 61.26%

The General Operating Expenses were up in March due to one-hundred twenty-five thousand dollars in additional track construction and locomotive upgrades totaling one-hundred & thirty-three thousand dollars. Diesel fuel was up as well totaling over forty-thousand dollars in additional expense.

On April 25th the General Manager met once again with representatives from the Bank of Paris / Citrus Lands group. The purpose of this meeting was to discuss a strategy for moving the project forward under the Jindal administration. It was agreed that the Public Belt would approach the new

Secretary of Economic Development, Stephen Moret, in a letter requesting funds to study the cost and associated issues surrounding a rail line towards mile post fifty-five / Citrus Lands

On May 1, 2008 the President Pro Tem of the Commission, Mr. Ed Bush, and General Manager Bridger hosted a meeting aboard the Business Car 'Louisiana'. President Bush set up the meeting with Ms. Sandra Gunner, President and Executive Director of the New Orleans Chamber of Commerce and Ms. Belinda Little-Wood, Executive Director of the New Orleans Advisory Task Force Office of Planning and Development. The meeting was to inform the two ladies of the progressive steps that have been taken at the Public Belt Railroad over the past six years to promote and support businesses throughout the region.

On May 8<sup>th</sup> the General Manager was the guest on the Kaare Johnson Radio show. The forty five minute show focused upon the success at the Public Belt Railroad and our growth strategy moving forward. In particular, the ideas of taking the Public Belt into more of a regional mode with rail lines extending possibly towards Plaquemines Parish and Baton Rouge.

On May 9<sup>th</sup> the General Manager and numerous Public Belt Commissioners hosted an informational meeting upon the Business Car 'Louisiana' for local and state representatives. The meeting was to present and discuss the issues between the Public Belt and the LADOTD surrounding the property and facility issues at the bridge. Another informational session was scheduled for May 16<sup>th</sup> 2008 to present and discuss the same, but was cancelled.

On May 13<sup>th</sup> the General Manager and Public Belt legal counsel Galen Brown traveled to Baton Rouge to meet with the Jefferson Parish Delegation at the capital. The purpose of this meeting was to present and discuss the same Huey P. Long Bridge issues surrounding property and facility issues. Parish President Aaron Broussard and Council Chairman John Young were extremely supportive.

On May 14<sup>th</sup> the General Manager met with former Lt. Governor Jimmy Fitzmorris, Jr. The meeting was to gain 'Governor' Fitzmorris' support in speaking with others concerning the Public Belt's issues with the LADOTD. 'Governor' Fitzmorris pledged his support in assisting the Public Belt in this regard (Mr. Fitzmorris has always been an unpaid resource for the Public Belt).

On May 15<sup>th</sup> the Public Belt's newest addition to its business car fleet, the 'BIG EASY', was off loaded from its flat cars at the Kansas City Southern Rail Yard in New Orleans. The 'BIG EASY' will begin its eighteen month overhaul and renovation around the first of June. This car will become the support and staff car for the Business Cars 'Louisiana' and 'City of New Orleans'.

**Commissioner Langenstein asked what the renovations will cost for this car. General Manager Bridger stated that it will cost about \$700,000.00 complete which includes new trucks, new steel and everything. This does not have to be done immediately we have 18 months. If we are going to use these cars to take Louisiana to the next level we will need someplace for our staff to stay.**

On May 20<sup>th</sup>, Louisiana Secretary of Transportation Ankner met with the Public Belt Railroad Commission in the Public Belt's Boardroom at 11am. Secretary Ankner has agreed to honor Secretary Bradberry's October 2007 offer of \$8.8 million. Secretary Ankner will send the offer to the Attorney General.

On May 22<sup>nd</sup> the General Manager will be presenting to the LSU / Tulane Cancer Research Consortium a check for fifty-thousand dollars. The money was raised at the Public Belt's annual golf tournament and will be presented aboard our Business Car 'Louisiana' with a reception to follow.

On May 28<sup>th</sup> the General Manager will meet with Mr. Gary LaGrange and the Port of New Orleans Dock Board. The Business Car will pick up the group at the Port of New Orleans Offices. The rolling meeting will be to inform the Dock Board on the support and growth activities at the Public Belt Railroad.

Attached to the General Manager's report are numerous 'thank you letters' from various charities thanking the Public Belt for the use of the parlor car. This month's letters are from the following organizations:

*American Heart Association  
St. Catherine of Siena School  
St. Francis Xavier Church  
Holy Name of Jesus School*

General Manager Bridger wrote a letter to Mr. John Connolly who is the Public Assistance Branch Chief for the Federal Emergency Management Agency / FEMA to thank Mr. Connolly and his team for all of their support in working with the Public Belt Railroad on storm related reimbursements.

Louisiana's Lt. Governor Mitch Landrieu thanked the General Manager for his letter regarding support to the Public Belt in the FEMA process.

General Manager Bridger stated that if the commission would like to vote to hold off on the renovation of the "Big Easy" Parlor Car the renovations can be done at a later date. General Manager Bridger stated that he feels it is the right thing to do to have these cars ready to sell Louisiana. The "City of New Orleans" and "Louisiana" Parlor cars have been very successful tools for this process.

Commissioner Perlis's issue is not with the Public Belt but has some concerns with what the function of this car will be. What will the sleeper car be doing when it is not out of town? It is a sleeper car. Things happen.

General Manager Bridger stated that the car will be used with discipline. There is a business car policy in place as well as a business car committee. The "Big Easy" sleeper car will be used for the staff. General Manager Bridger feels that we will need this car to take Louisiana to the next level and where Mr. Bridger sees this railroad going in the next 10 years in regional rail and international rail and commuter rail we are going to need these cars to sell Louisiana and the Railroad.

Commissioner Perlis wants to make sure that the car will be used for the purpose of selling Louisiana and the Railroad.

General Manager Bridger stated that these cars have been used for support of the Railroad and Louisiana. They will continue to be used for these purposes. We will call it a staff car and it is for supplies and a place for our business car manager as well as his attendant to stay when the car travels.

Commissioner Georges asked if the car will have one sleeper in it and it is restricted for only employees?

General Manager Bridger stated that it will have four rooms and will be restricted for only employees.

Commissioner Perlis asked that if the car goes up to Washington would everyone meet the car in Washington? They would not travel with the car.

General Manager Bridger responds that the business car manager and his attendants will be with the train and this will give them a place to sleep and prepare the train so that when it arrives in Washington, Union Station they can set the train up for functions.

Commissioner Georges wants to know how many of our employees go on these trips?

General Manager Bridger stated that the train is transported by AMTRAK and the only NOPB employees that will go is the business car manager, as well as his attendants (the hospitality group).

General Manager Bridger stated that these business cars have a policy which is on-line and is reviewed personally with every group that uses the cars. All parties sign the legal releases. These cars have been and will continue to be used with discipline.

Commissioner Norman stated that in the railroad industry these cars are called "Sleeper Cars" but has no problem with calling the car the "Staff Car" this car will help with letting our business car manager travel with the cars to secure our property.

General Manager Bridger stated that Representative John Young presented before the Jefferson Parish Delegation at the Capital about all the monies that have been raised by these cars for numerous charities.

General Manager Bridger assured the commission that these cars will be used with strict discipline as this is the right thing to do to move our state forward.

Commissioner App stated that General Manager Bridger's management at the Public Belt has spoken for itself and would like to make a motion that when General Manager Bridger feels he is ready, since we have already purchased the car when Mr. Bridger feels that it is necessary and when the funds are available to proceed with the renovation of the car. Commissioner Felts seconded the motion.

Commissioner Merritt has always been concerned about the whole idea of building a train. Mr. Merritt has strong reservations about this. He feels that this seems to be a luxury and has nothing to do with our main purpose of serving the railroads in New Orleans. He voted for it typically because of Mr. Bridger and he said that it could be used as a selling tool, as a marketing tool and other good purposes, and so far that is what has been done. He did have some reluctance but went along with it. Then when the second car was voted on he was not here. With all due respect to Mr. Bridger he does not see any reason why we get into the business of getting a car that can go to New York and Chicago. The NOPB has a simple little railroad that runs along the wharf's why do we have to go to Washington, why do we have to go to New York and he thinks somewhere along the line we are going to be strongly criticized. We are spending money just because we are making it on things that have nothing to do with running a railroad and he is very concerned about that and he will have to vote against this because of this basic concern.

Commissioner Georges stated that Secretary Ankrer mentioned that Kansas City is going to be the future of commerce.

General Manager Bridger responds that it is in terms of North American trade. The Kansas City Southern bought the Mexican Railroad and is called the NAFTA line. Mike Haverty has been to the Public Belt twice in the past month and is looking toward the Public Belt to handle the distribution of traffic off of that line to the Southeast United States.

Commissioner Georges stated that positively if the NOPB train were in Kansas City for business he could see the benefits of people seeing, the press seeing the Public Belt to tie the NOPB into what's going on in Mexico.

General Manager Bridger stated that if the commission does not want to take the company to the next level we will not need the car. We do not have to look at a regional railroad nor reaching out to North America.

Commissioner Henry asked Jim to define the next level.

General Manager Bridger stated that the next level is regional rail to Baton Rouge with a commuter line. With gas at \$4.00 a gallon and a barrel of oil going to exceed \$200.00 this year we are going to get into commuter rail and we are going to have to sell that. The KCS line, Mike Haverty, has talked to Mr. Bridger about the NOPB buying it and then taking it over and then giving them trackage rights. That would be perfect for the Tri-Rail scenario of commuter rail, New Orleans to Baton Rouge 80 miles scheduled morning, noon, afternoon with traditional freight rail in the evenings. An international line down to Plaquemines Parish mile post 55 along the Belle Chasse Air Force Base 60 mile line to feed that 4,000 acre tract of Citrus Lands property where they want to invest. He thinks that the cars will be good tools to sell Louisiana but if we do not want to go there please tell me.

Commissioner Perdis said that this is all part of the Public Relations. This is the PR to get the commuter rail. This is your vehicle.

General Manger Bridger stated this is the vehicle to take the Public Belt to become the Louisiana Regional Railroad. The Louisiana Regional Railroad would greatly support commerce and commuter and anything to bring attention to this state globally. Mr. Bridger has a vision for this company and as Mr. App said he has not lead us astray so far.

Commission App said that the Secretary spoke on a level that he has only been reading about but he believes that the dynamics of transportation is going to change so much in the United States it is going to be unreal. The second thing, he has come up in this industry when the railroads were kings. He has gone to several luncheon's and dinner's when the KCS would bring their presidential car down to New Orleans and it was very very impressive. He thinks the car is very impressive and he can see the train of three going to Baton Rouge for a cocktail party bringing the meeting to them. He sees this as breaking out of New Orleans, down the river, the chemical corridor. He thinks that it is impressive and as long as it is a very disciplined. He thinks that it is good. If we are talking about trying to do other things out of New Orleans then this is good.

Commissioner Felts feels that we have another factor in this. The railroads today are a mystery to most people there are very few people who grew up and traveled railroads as our primary means of transportation. Today these cars are something that many people have never seen, they never experienced and if we could put together something outside of Orleans and Jefferson Parish that is the first basic decision that this board has to make, either to Plaquemines or Baton Rouge this is a perfect vehicle to use, to entertain people and everybody that has been on that car that I have talked to was totally impressed. If we can do this in Baton Rouge and if it takes the sleeper car to make it secure up there, which it may, she will be in favor of that. In terms of other areas Kansas City, Memphis wherever the transportation hubs turn out to be, it would give the Public Belt Railroad a base of operation in a very prestigious atmosphere and if we need the sleeper/the staff car to do that, she would be in favor of it.

Commissioner Perlis stated that it is a PR vehicle to grow the railroad. In talking about growing the railroad are we going to have to make changes to the law?

General Manager Bridger stated that as long as we go successively through parishes that we will not have to change the law.

Commissioner Norman stated that the way our enabling legislation is written, we can go to the next parish as long as we are in the neighboring parish. In effect we can go anywhere we just need to go there without jumping over a parish.

General Manger Bridger stated that he would like to change the name at some point when we start doing that. He would also like to change the makeup of the board. He thinks that if we go through successive parishes that you should have those parishes especially Jefferson Parish represented.

Commissioner Merritt stated that if experience finds that if we can provide a service that no one else can provide, he thinks it is wonderful. What bothers him is this; we are going to be in competition with private industry. He does not think that government should be in competition with private industry.

General Manager Bridger responded, not on commuter rail.

Commissioner Merritt said not commuter rail but on the other things that Mr. Bridger is talking about. Going up river trying to save the refineries money we would be in direct competition. He does not mind the governor going to them and saying that they need to reduce their rate. But as far as actually getting in there and replacing whatever railroad it is, unless they want to get out of the business, then we would be the only alternative. He does not think this is our function.

General Manager Bridger said that the NOPB should be the leverage for the governor to tell the Class 1's that they need to improve there service and address these captive rates. He does not want to replace what the BN, UP and the CN are doing, but he would like to be the tool to help to make it more cost effective for businesses to stay in Louisiana.

Commissioner Merritt responded like minor services or commuter rail that no one else wants. Then the NOPB can, he would have no problem with that.

Commissioner Felts stated that transit in all its forms is never self sustaining it has to be subsidized by some kind of tax. In all of our planning we have to keep in mind that this is a very very expensive thing and we have to be sure that there is enough long term revenue source there, dedicated revenue source.

General Manager Bridger said from a liability standpoint, if we took over the line to Baton Rouge he would agree to operate it as part of the Public Belt/Louisiana Regional Railroad but he would not accept the liability of the commuter operation that would be contracted out just as Tri-Rail has done in Florida, they handle and accept all the liability this would have to be addressed.

Commissioner Merritt tells Mr. Bridger that everything he has said has nothing to do with Mr. Bridger. He said that Jim knows how he feels about him and how everybody feels.

Mr. Bridger responded that he does understand that.

Commissioner Merritt is just concerned that if we get beyond what our main purpose is it could be subject to substantial criticism. He does not see any reason to spend \$700,000.00 on another toy.

Commissioner Henry asked if there is something else that we think would be better served like building a reserve.

Commissioner Merritt said that he thinks that we have gotten to a point that once we build up sufficient reserves, whatever that is, to cover us in all aspects. He would love to see us being able to say to the Class 1 Railroad's at least on a temporary basis that we are going to reduce our rates to the City of New Orleans with the understanding that you cooperate with us and produce more business down here because we want more business.

Commissioner Norman stated that one of the reasons we increased the rates was to limit the number of cars coming through New Orleans because of the traffic issues.

Commissioner Merritt said that we have to build up the port.

General Manager Bridger clarified that we cannot get any bigger with the footprint we have going through New Orleans but with the regional railroad we can then attract the distribution center the big businesses to bring what Louisiana truly needs.

Commissioner Perlis said the Citrus Land concept that was talked about in the 90's that Mr. Bridger is taking action on, which is wonderful, really would be servicing the port in a large way.

Commissioner Langenstein asked Mr. Bridger if he has a long range plan whether it is real property for yards.

General Manager Bridger stated that we are talking more along those ways; in the past 3 years we have established the revenue streams to begin having those dreams. This year we are looking at a million net, we are looking at a yearly net of close to 15 million and we are beginning to look at properties in New Orleans East to see what properties could be bought for SIT yards (storage in transit). We are looking for acreage down along the bulk terminal and New Orleans East.

General Manager Bridger stated that the offer expired on the property next door to the Public Belt. The realtor told the NOPB that the owner is not sure if he really wants to sell the property.

Commissioner Georges is in favor of securing the car but would like to think about refurbishing it to see if there should be better uses for the money.

Commissioner Norman said that there is a motion on the floor and that the commission needs to call a vote.

Commissioner Bush asked if there is any other discussion on the motion on the floor.

The motion by Commissioner App to refurbish the Staff Car seconded by Commissioner Felts.

All in favor of authorizing the refurbishing of the car:

YEAS: App, Perlis, Norman, Felts, Bush

NAYS: Merritt, Henry, Langenstein, Georges

Commissioner Henry stated that his rationale was to see this capital investment put in the context of all the capital investments.

General Manager Bridger showed the commission the proposed building for the new Administration Building it consists of Administration, Employee Maintenance and the Workshop. The tracks are directly behind the building. The causeway police will also be housed in this building as well. This will be built using the monies from the LADOTD in the settlement of replacing our old Administration Building. Grounding breaking will be in the next couple of months.

Commissioner Georges makes a recommendation that any votes that the commission has will go to the Executive Committee so that the commission does not have to be put in an awkward position.

Commissioner Henry asked if there are any criteria as to what is subject to be voted on.

General Manager Bridger stated that it is usually addressed in the capital budget every year when it is presented to the Executive Committee in the fall and the commission votes on it.

General Manager Bridger also showed the commission our 100 year anniversary commercial which will begin June 2, 2008 and will run for approximately 90 days.

#### **REPORT OF INSURANCE COMMITTEE:**

(3) Copy of Report attached.

In Chairperson Wegener's absence Chairperson Perlis submitted the report for the Insurance Committee.

Re: Comprehensive Railroad Liability Insurance

Inasmuch as the above referenced policy expires on June 2, 2008, our Agent, Aon Risk Services, obtained bids from four prospective insurers. The results of those bids indicate that Lexington Insurance Co. would provide the coverage which is more coverage than last year, which will include Excess Auto Liability and Foreign Line Rolling Stock Bill of Lading Liability for an annual premium of \$104,177, for the period June 2, 2008 through June 2, 2009.

Re: Property Insurance – Main Office and Cotton Warehouse Facilities

Chairperson Perlis informed the Commission that bids were received through our Agent, Bustis Insurance and Benefits, for property insurance coverage for the Main Office and Cotton Warehouse Facilities. The low quote was received from Colony Insurance Co. for \$15,744.75, with an additional \$105 for terrorism coverage as well as an increase in property values.

The Chairperson requested the concurrence of the Commission in authorizing the General Manager to secure the coverage outlined in the report. Commissioner Perlis moved for approval, seconded by Commissioner Felts and unanimously agreed to by the Commission.

#### **NEXT MEETING:**

President Pro Tem. Bush informed the Commission that the next meeting of the Commission will be held on Thursday, June 26, 2008, at the New Orleans Public Belt Railroad Main Office, 4822 Tchoupitoulas Street, New Orleans, Louisiana, at 11:00 a.m.

#### **ADJOURNMENT:**

On motion by Commissioner Bush, seconded by Commissioner Norman the meeting was adjourned at 12:17 p.m.

# FITZMORRIS

AND ASSOCIATES, INC.

JAMES E. FITZMORRIS, JR.  
PARTNER AND CHIEF EXECUTIVE OFFICER

October 13, 2008

Honorable C. Ray Nagin  
Honorable Moon Landrieu  
Honorable Sidney J. Barthelemy  
Honorable John A. Batt, Jr.  
Honorable Peter H. Beer  
Honorable Paul B. Burke  
Honorable Pascal J. Calogero, Jr.  
Honorable James Carter  
Honorable Phillip Claccio, Jr.  
Honorable Jacquelyn B. Clarkson  
Honorable Clarence O. Dupuy, Jr.  
Honorable Kitty Kimball

Honorable Arnie Fielkow  
Honorable Marlin Gusman  
Honorable Stacy S. Head  
Honorable Cynthia Hedge-Morrell  
Honorable John D. Lamberi, Jr.  
Honorable Shelley Midura  
Honorable Eddie Sapir  
Honorable Cynthia Willard-Lewis  
Mrs. Angela Hill  
Mr. Eric Paulsen  
Miss Shelley Brown  
✓ Mr. James E. "Jim" Bridger

My dear Friends:

Once again, it's time for our Annual "Thanksgiving Reunion"-

**Wednesday - November 12, 2008**

**11:30 A.M.**

**"The City of New Orleans" Executive Rail Business Car  
4822 Tchoupitoulas (NOPB Railroad Headquarters)\***

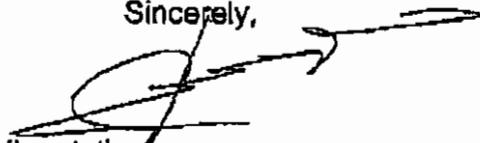
Jim Bridger, General Manager of the New Orleans Public Belt Railroad, will join me in hosting our distinguished group.

I'm sure you will understand that seating is extremely limited, so it is urgent that you respond as quickly as possible. Please confirm your attendance with Carol or Wendy at 584-5252.

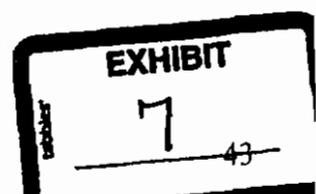
I look forward to being with each of you on November 12.

With warm personal regards, I remain

Sincerely,



- Note: 1: Train will not leave the station  
2: Parking is available on site  
3: Please note NEW LOCATION -- you can't miss the Palm Trees!



The General Manager thanked Commissioner Chappell for his supervision of the Centennial Improvement Program, which is well underway. He estimated that the completion of the project would be in Fall of 2007, and expressed the compliments received from locals about the Public Belt's improvements to the community.

General Manager Bridger was pleased to report that projected volumes and revenues in February are expected to exceed one and a half million dollars in revenue, with December's financials indicating continued positive results. The overall year end operating ratio achieved an excellent 76.47%.

The General Manager reported that on Saturday February 3, a reception was hosted by the Public Belt on the 'City of New Orleans' parlor car at the French Market Station, to welcome the Conference of Chief Justices of the United States, its Territories, and the District of Columbia, when approximately one-hundred guests, including nearly forty State Chief Justices enjoyed hors d'ouvres and cocktails aboard the business car after touring several devastated sections of our city. The group stated that they appreciated the Public Belt's hospitality after experiencing such a disheartening tour. Commissioner Kathleen Norman assisted the senior management team with the reception.

General Manager Bridger also reported that a meeting was held on February 6 at the Public Belt's offices to discuss the future of the Mississippi River Corridor Initiative and the MRCI boards' working relationship with the University of New Orleans. He advised the Commission that the MRCI board will soon meet to consider directing the initiative toward other future endeavors. He reminded the Commission that the Public Belt donated one hundred thousand dollars to MRCI for the study and development of the lower Mississippi corridor.

A customer appreciation dinner was held on the evening of February 7 on the 'City of New Orleans' parlor car for representatives of Kearney Companies and Folgers Coffee to celebrate the growth and strong working relationships between our companies. The General Manager reported that the customers were extremely impressed by the dinner and the presentation of the business car by Mr. Antoine Camenzuli. He added that strengthening business relationships was one of the best uses for the parlor car.

A meeting was held on February 9 with representatives from Florida Rock to discuss the operations of the proposed unit train aggregate complex near the Bulk Terminal Yard. The General Manager informed the Commission that tentatively, they are expecting ninety-five car trains of rock from southeastern area quarries, and anticipating an operation start date during the third quarter of 2007.

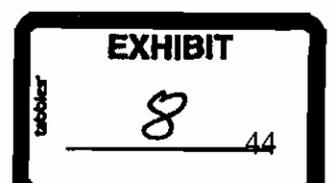
General Manager Bridger informed the Commission that a meeting was held on the afternoon of February 9, to discuss right of way and real estate issues associated with the expansion project at the Huey P. Long Bridge. Commissioner Jean Felts attended the meeting, along with the General Manager, Chief Engineer Tony Marinello, and legal counsel for the Public Belt, Mr. Galen Brown. The meeting was a 'pre-meeting' to a meeting on February 15 in Baton Rouge with Deputy Secretary Cedric Grant of the Louisiana Department of Transportation and Development / LADOTD. Commissioner Felts will provide an update of the February 15 meeting in the Real Estate Committee report.

The General Manager advised the Commission that operations ran smoothly during the Lundi Gras and Mardi Gras holidays on February 19 & 20, and that the Harbor Police were contracted to protect the unfenced portion of the Main Office/Engine Terminal property, which is currently undergoing renovations.

Commissioner Felts moved to accept the Report of the General Manager. Commissioner Chappell seconded and the motion was unanimously approved.

**VERBAL REPORT OF REAL ESTATE COMMITTEE:**

Chairperson Jean Felts submitted the verbal report of the Real Estate Committee.



**Supplemental Appendix  
Activity  
Bookings of Pullman Cars - From NOPB Records**

	Date	Organizations and Individuals
1	12/15/06	NOPB Marketing Group - 12/15/06
2	01/13/07	Mr./Ms. James Gundlach - 1/13/07
3	01/20/07	Mr./Ms. Sassone - 1/20/07
4	01/27/07	Mikey Brown - 1/27/07
5	02/03/07	Jim Bridger 2/3/07 - with Tom Lobello
6	03/10/07	Mr. Bill Bethea 3/10/07 - Parkway Partners
7	03/16/07	Mr. J. McCrossen - 3/16/07
8	03/17/07	Slumberger - 3/17/07 - Mr. Walter Nancy
9	03/31/07	Mr. Jerry Schang - 3/31/07
10	04/21/07	Mrs. Kelly Cannon - 4/21/07
11	04/22/07	Mrs. Tony VanZandt Bachmann - 4/22/07
12	05/04/07	Jesuit High School - M/M Malborough - 5/4/07
13	05/19/07	M/M Frischertz - 5/19/07
14	05/25/07	Ronnie Richoux - 5/25/07
15	05/26/07	Mr./Mrs. John Hazard - 5/26/07
16	06/09/07	Health Ministry - Bobby Brennan - 6/9/07
17	06/11/07	Antoine Camenzuli Group - 6/11/07
18	06/20/07	Staff meeting - 6/20/07
19	06/22/07	Ms. Cybil White - 6/22/07
20	06/23/07	Mr. and Mrs. Pam Shaffer - 6/23/07
21	07/29/07	LSPCA - 7/29/07
22	08/11/07	Harry Thompson Center - 8/11/07 - Mrs. Mary Kay
23	08/23/07	Commission Meeting - 8/23/07
24	08/24/07	Jim Bridger 8/24/07
25	08/24/07	Jim Bridger 2/7/07

	<b>Date</b>	<b>Organizations and Individuals</b>
26	09/08/07	Laura Shields – 9/8/07
27	09/22/07	Children's Hospital Dr. B. Edwards – 9/22/07
28	09/22/07	Dr. B. Edwards – 9/22/07
29	09/29/07	Children's Hospital 9/29/07 – Mr. M. Middleton
30	09/29/07	Mr. M. Middleton – 9/29/07
31	10/20/07	Ms. Pitman – 10/20/07
32	10/20/07	Mrs. Pittman – 10/20/07
33	10/26/07	Ann Bailey – 10/26/07
34	10/26/07	Anne Bailey – 10/26/07
35	11/02/07	Mr. T. Lobello 11/2/07
36	11/03/07	Mrs. Angela Desoto – 11/3/07
37	11/27/07	Mr. Robert Kolmar 11/27/07
38	12/08/07	Jim Bridger 12/8/07
39	12/15/07	Jim Bridger 12/15/07
40	01/12/08	Tiger Camp – Dr. Aldon – 1/12/08
41	02/17/08	Mary Lacroust – 2/17/08
42	02/17/08	Mrs. Mary Lacrout – 2/17/08
43	02/27/08	Port of N.O. Dock Board – 2/27/08
44	02/29/08	Jim Bridger 2/29/08
45	02/29/08	Bob Brocker – 2/29/08
46	03/01/08	Mike Phillip Nimmo – 3/1/08
47	03/01/08	Mr. N. Nimo – 3/1/08
48	03/07/08	Mr. Christin – 3/7/08
49	03/07/08	Mr. C. Brown – 3/7/08
50	03/15/08	Harrington – 3/15/08
51	03/15/08	Mr. A. Herrington – 3/15/08
52	03/28/08	Jim Bridger 3/28/08
53	03/30/08	Jim Bridger 3/30/08

	Date	Organizations and Individuals
54	04/01/08	Jim Bridger 4/1/08
55	04/12/08	Antoine Carmenzuli - 4/12/08
56	04/12/08	Dr. Gossmeyer - 4/12/08
57	04/19/08	Judy Swenson - 4/19/08
58	04/19/08	Mrs./Mr. Swenson - 4/19/08
59	04/25/08	John McCrossen - 4/25/08
60	04/25/08	Mr. Robert Kolmar 4/25/08
61	05/09/08	Dianne Winniger - 5/9/08
62	05/23/08	LCRC - Ronnie Richoux - 5/23/08
63	05/23/08	Mr. R. Richoud - 5/23/08
64	05/24/08	Jim Bridger 5/24/08 - "Private"
65	05/28/08	Port of N.O. Commission - 5/28/08
66	05/29/08	Union Pacific - 5/29/08
67	06/03/08	Mr. T. Lobello 6/3/08
68	06/06/08	Girl Scouts of America - Robert Armstrong - 6/6/08
69	06/06/08	Girl Scout - Mr. Armstrong - 6/6/08
70	06/07/08	Innocence Project - Comm Nolan - 6/7/08
71	06/14/08	Jim Bridger 6/14/08 - Kevin B.
72	06/22/08	Louisiana State Gay Rodeo Association - Train excursions 6/22/08 - Mr. Naquin, Rip
73	06/22/08	Rip Naquin - AIDS Benefit - 6/22/08
74	06/28/08	A Taste of Greece 6/28/08 - Mike Stahling
75	07/11/08	Dr. Alden - 7/11/08
76	07/19/08	American Heart Association - 7/19/08
77	07/20/08	Mr. T. Lobello 7/20/08
78	07/28/08	A Taste of Greece 7/28/08 - Mike Stahling
79	08/09/08	Tic Tale - Pete Burkhalter - 8/9/08
80	08/30/08	Episcal School - Robert Michiel - 8/30/08

	<b>Date</b>	<b>Organizations and Individuals</b>
81	09/27/08	Mr. Bill Bethea 9/27/08
82	10/04/08	St. Prieus School – 10/4/08
83	10/10/08	Asian American Chamber of Commerce – 10/10/08
84	10/10/08	Pamela Bryan – 10/10/08
85	10/10/08	The Orleans Gardener's - Bryan - Mrs. Pamela – 10/10/08
86	10/29/08	Louisiana State Gay Rodeo Association
87	11/01/08	Jim Bridger 11/1/08
88	11/18/08	GNO, Inc. meeting 11/18/08
89	11/22/08	Jim Bridger 11/22/08 – Cybil White
90	11/22/08	Mrs. Sebly White – 11/22/08
91	12/06/08	NOPB Managers – 12/6/08 – Christmas Party
92	12/10/08	Jim Bridger 12/10/08
93	12/16/08	Children's Hospital 12/16/08
94	12/19/08	Board of Trade 12/19/08,
95	12/27/08	Jackie Clarkson – 12/27/08
96	02/07/09	Tony Marinello – 2/7/09
97	02/20/09	Children's Hospital 2/20/09 – Sugar Plum Ball – Mr. Middleton
98	02/27/09	Ecole Belingue – 2/27/09 - Mr. Borgman
99	03/07/09	Mr. Kuachta – 3/7/09
100	03/07/09	Holy Name of Jesus - Mrs. Kuachta – 3/7/09
101	03/11/09	Staff meeting – 3/11/09
102	03/21/09	Blake Murphy – 3/21/09
103	03/21/09	Mr. Bruise Murphy – 3/21/09
104	03/25/09	Customer appreciation – 3/25/09
105	04/18/09	Junior League – 4/18/09 – Mr. Rareschild
106	05/05/09	Federal Judges – Judge Jones – 5/5/09
107	05/16/09	Christian Health Ministries 5/16/09 – Drew Jardine
108	05/23/09	Sisters of St. Joseph – Herald Simor – 5/23/09

	<b>Date</b>	<b>Organizations and Individuals</b>
109	05/25/09	East Jefferson Hospital – 5/25/09 – Mr. Buchler, Debbie Buchler
110	05/27/09	Jim Bridger 5/27/09
111	05/29/09	Jim Bridger 5/29/09 – Dan Sponsel retirement party
112	05/29/09	Louisiana Cancer Research Consortium – Ronnie Richoux, Nancy Stoltz – 5/29/09
113	05/29/09	St. Catherine of Siena – Mrs. Sherry Smith – 5/29/09
114	05/30/09	Human Rights Foundation – Ms. Jody Gates – 5/30/09
115	05/30/09	Human Rights Foundation – Judy Gates – 5/30/09
116	06/06/09	New Orleans Medical Mission – Davis Richards – 6/6/09
117	06/13/09	St. Peter School – Jamie Moll – 6/13/09
118	06/17/09	Legal Interns – John Morrow – 6/17/09
119	06/24/09	NOPB – David Scoggins, Gary Hutchinson – 6/24/09
120	06/24/09	Customer Power Tour – 6/24/09
121	06/27/09	Hobo Hotel Animal Shelter – Robin Anderson – 6/27/09
122	06/30/09	Union Pacific RR Officers and VPs – Tom Lobello/Jim Bridger – 6/30/09
123	06/30/09	UPRR Executives – 6/30/09
124	07/19/09	NO/AIDS b. Foundation – 7/19/09 (Toby Lafort)
125	07/25/09	Better Than Ezra – Earl Weber – 7/25/09
126	08/01/09	Jefferson Performing Arts – Pat Shane – 8/1/09
127	08/03/09	Crystal Windows – Tom Lobello – 8/3/09
128	08/15/09	St. Episcopal – Robert Michael – 8/15/09
129	08/22/09	Sacred Heart School – Claudette Bienvenue – 8/22/09
130	09/01/09	NOPB Mechanical Department – NOPB Management – 9/1/09
131	09/01/09	Mechanical Department – 9/1/09
132	09/02/09	KCS Railroad – Jim Bridger – 9/2/09
133	09/04/09	NOPB Clerical Department – NOPB Management 9/4/09
134	09/12/09	Chappelle High School – Jack Jensen 9/12/09
135	09/13/09	ACLU Foundation – Marjorie Esman – 9/13/09

	<b>Date</b>	<b>Organizations and Individuals</b>
136	09/18/09	Mike Ford – 9/18/09
137	09/18/09	Mike Ford – 9/18/09
138	09/19/09	St. Martin's – Dianne Gibson – 9/19/09
139	09/22/09	KCS – Claude Freeland – 9/22/09
140	10/02/09	FEMA – Bob Kollmar – 10/2/09
141	10/09/09	American Heart Association – William Olivier – 10/9/09
142	10/11/09	Southern Forrest – Tammany Kesser – 10/11/09
143	10/13/09	CMA/CGM America – David Scoggins – 10/13/09
144	10/18/09	Art Museum – Brenda Moffett – 10/18/09
145	10/20/09	Rep. Jim Tucker – Jim Bridger – 10/20/09
146	10/24/09	U.S. Navy – Jim Bridger – Bob Kollmar – 10/24/09
147	10/27/09	BNSF Railroad – John Morrow – 10/27/09 – Inspection/Audit
148	10/28/09	NOPB Engineering Department 10/28/09
149	10/30/09	NOPB Engineering Department 10/30/09
150	11/04/09	NOPB Maintenance Department 11/4/09
151	11/04/09	Mofway – 11/4/09
152	11/07/09	Cancer Crusaders – Patrick Guise – 11/7/09
153	11/10/09	NOPB Maintenance Department 11/10/09
154	11/14/09	East Jefferson Gala – 11/14/09 – Dr. Ed Blus
155	11/15/09	Jimmy Fitzmorris a. Birthday party – 11/15/09
156	11/15/09	Mt. Carmel 11/15/09
157	11/18/09	Jimmy Fitzmorris b. 11/18/09 – Fitzmorris/Nagin lunch
158	12/04/09	NOPB Clerical Department – NOPB Management 12/4/09
159	12/11/09	Board of Trade 12/11/09
160	12/12/09	Chappelle High School – Jack Jensen 12/12/09
161	12/14/09	Kearney Rolling Lunch – 12/14/09
162	12/22/09	Children's Hospital 12/22/09 – Polar Express Santa to Children's Hospital

	<b>Date</b>	<b>Organizations and Individuals</b>
163	12/30/09	Senator Mary Landrieu's Office – 12/30/09 – Bob Kollmar
164	01/09/10	Stuart Hall – Michael Graham – 1/9/10
165	01/14/10	Homeland Security - T. F. Lodello – 1/14/10
166	01/14/10	DHS – TFC – Mark Geratie – 1/14/10
167	01/23/10	Justice for All Ball – Denise Redman – 1/23/10
168	02/19/10	A Taste of Greece 2/19/10 – David Richard
169	02/21/10	Toast to Life – Liska Ward – 2/21/10
170	02/27/10	Children's Museum 2/27/10 – Sam Zurich
171	03/10/10	GNO, Inc. meeting 3/10/10
172	03/20/10	Children's Museum 3/20/10 – Walter Nancy
173	03/24/10	NAWLA Lumber Conference – Stacy Woldt – 3/24/10
174	03/24/10	NAWLA Lumber Conference – 3/24/10
175	03/27/10	Mt. Carmel 3/27/10 – Darlene Kellerhals
176	04/09/10	WYES Meeting – 4/9/10
177	04/10/10	Bridge House – Kate Sciavi – 4/10/10
178	04/11/10	American Planning Association – 4/11/10
179	04/13/10	40 Loyola Grad students – 4/13/10
180	04/13/10	Jim Bridger 4/13/10 – Dr. Wong Fok
181	04/17/10	Women's New Life Center – Mike Hammer – 4/17/10
182	04/18/10	Irwin Fritchie – Dan Edwards – 4/18/10
183	04/24/10	Louisiana Bar Foundation – Richard Williams – 4/24/10
184	05/01/10	NO/AIDS c. Foundation – 5/1/10
185	05/03/10	Christian Health Ministries 5/3/10
186	05/07/10	N.O. Opera Association – Mrs. Gail Bollinger – 5/7/10
187	05/10/10	U.S. Ambassador to Honduras – 5/10/10
188	05/10/10	Tulane University – 5/10/10
189	05/13/10	Missouri Pacific Association – 5/13/10
190	05/14/10	Jim Bridger brother and sister – 5/14/10

	<b>Date</b>	<b>Organizations and Individuals</b>
191	05/14/10	Norfolk Southern Railroad – 5/14/10
192	05/15/10	Olivier/Brannon Health Ministries – 5/15/10
193	05/18/10	Bill Ankner – 5/18/10
194	05/19/10	Wisner Playground – 5/19/10
195	05/22/10	Grace House – 5/22/10 – Helen Boutte
196	00/00/00	Golf Tourny Contributors – Mr. Richoux and Ms. Stulz
197	00/00/04	NO/AIDS a. Walk donors – 2004
198	00/00/05	Gay Easter Parade – 2005
199	02/29/07	Mrs. Kay Tapis – 2/29/07
200	08/00/05	Southern Decadence Grand Marshal Luncheon – August 2005
201	11/00/06	Photo shoots by N.O. Magazine – 11/06
202	12/00/09	About Faces MTM Modeling Agency – 12/09

C H A F F E  M c C A L L

L. L. P.

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September 15, 2010

*Via E-mail: ddaigle@lla.la.gov*

Dan Daigle  
Assistant Legislative Auditor and Director of Compliance Audit  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

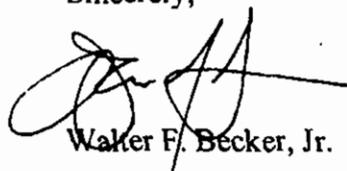
Re: New Orleans Public Belt Railroad  
Our File No. 37193

Dear Dan:

Enclosed please find the responses of individual Commissioners of the New Orleans Public Belt Railroad ("NOPB") to the Preliminary Draft of the Legislative Auditor's Report of its findings and recommendations relative to NOPB. It is my understanding that these responses will be attached to the Legislative Auditor's Final Report.

Thank you for your attention to the responses.

Sincerely,



Walter F. Becker, Jr.

WFB/sbr  
Enclosure

cc: Jimmy Baldwin

1533995-1

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## **RESPONSES BY INDIVIDUAL COMMISSIONERS**

### **Ed Bush**

NOPB Commissioner Ed Bush requests the following corrections to the Appendix of the report which is entitled "Schedule of NOPB Commissioner Business Car Use." First, Mr. Bush requests that his last name be corrected from "Busch" to "Bush" throughout the Schedule.

Second, with regard to entry No. 3 on the Schedule, Mr. Bush would like to point out that the American Planning Association paid for the catering for this trip. Mr. Bush personally saw the American Planning Association giving a check to NOPB for the catering.

With regard to entry No. 16 on the Schedule, Mr. Bush would request that the Schedule be corrected to reflect that this event was a New Orleans Chamber of Commerce Board Meeting. The board members of this group routinely host board meetings at their offices or other locations. Mr. Bush did not know that the catering would be done by Chris' Steak House and expected sandwiches to be served at the meeting.

With regard to entry No. 37 on the Schedule, Mr. Bush submits that the name of the group was "GNO, Inc." Mr. Bush did not go on this trip and merely booked it. Mark Drennan of GNO, Inc. offered to pay NOPB for the catering, but Jim Bridger would not accept payment. GNO, Inc. is an economic development agency.

### **Tina Owen**

NOPB Commissioner Tina Owen submits the following changes to the Appendix of the report which is entitled "Schedule of NOPB Commissioner Business Car Use."

With regard to entry No. 2, the Schedule reflects that an event on 5/6/10 described as "Lunch Stationary Ms. Tina Owen." However, the event on that day and also the event on 10/10/09 (entry No. 11) were for the Asian Chamber of Commerce of Louisiana. The purpose of

these meetings was to promote business for NOPB. NOPB was reimbursed by the Asian Chamber of Commerce of Louisiana for these events.

Lastly, Tina Owen would like to point out that she has reimbursed NOPB for all of her personal use of the business cars.

**Jean Felts**

NOPB Commissioner Ms. Felts would like to make the following revision to the Appendix of the report which is entitled "Schedule of NOPB Commissioner Business Car Use."

With regard to entry No. 10, Ms. Felts would like to point out that this event was for the Counselors of Real Estate. Ms. Felts has reimbursed NOPB for the catering cost of this event.

With regard to entries No. 5, 17, 29 and 47, Ms. Felts would like to point out that these were meetings of the Christian Health Ministries Foundation in the NOPB boardroom which were followed by viewings of a business car which was an auction item for the Spring Garden Party. Ms. Felts will reimburse the catering charge for entry No. 5 to NOPB. This is a charity that provides chaplains to hospitals, the New Orleans Police Department and the Orleans District Attorney's Office.

With regard to entry No. 36, Ms. Felts paid for the catering for this event.

**James M. Baldwin, Jr.**

With regard to entry No. 13 on the Schedule of NOPB Commissioner Business Car Use which is the Appendix to the report, NOPB Commissioner Jimmy Baldwin would like to point out that this was an event for the St. Tammany Parish Hospital Foundation which is a charity. Mr. Baldwin booked this trip through Jim Bridger but did not attend.

### **William H. Langenstein, III**

NOPB Commissioner William Langenstein requests the following correction to the Appendix of the report which is titled, "Schedule of New Orleans Public Belt Business Car Use." Included in the Appendix annexed to the Louisiana Legislative Auditor's Report, entry No. 7, is a listed use of the NOPB business car by "Board of Trade 6 PM Rolling Bill Langenstein." Said event is dated December 11, 2009. This was a gathering of the Board of Directors of the New Orleans Board of Trade ("NOBOT"). The NOBOT was originally organized in the 1870's as a commodity exchange. NOBOT has, over the years, morphed into a maritime based organization that represents the many interests along the lower Mississippi River and its ports, in particular, the Port of New Orleans. It should be noted that the enabling ordinance creating the New Orleans Public Belt ("NOPB") states in part that "a public railroad **along the river front** would be a permanent public improvement to the city, and a great commercial growth must ensue to the city from **unrestricted use by all railroads of our water front ...**". (Emphasis added) (Mayoralty of New Orleans, City Hall, August 11, 1900, Calendar No. 118-No. 147). Further, the NOBOT holds appointment power to the Commission of the NOPB, in fact three (3) such appointments. The Board of the New Orleans Board of Trade is composed of representatives from all elements of the transportation industry, including shippers, shipping agents, freight forwarders, barge and tug operators, freight warehousing interests, representatives of the Port of New Orleans, and others. There is a long business history between the various representatives of the maritime New Orleans industries that sit on the Board of the New Orleans Board of Trade and the New Orleans Public Belt Railroad. Those strong business ties remain today. Those attending this gathering utilize and financially support the Port of New Orleans and the NOPB each day.

Prior to the cited event of December 11, 2009, the request for utilization of the business car was submitted to the Business Car Committee of the NOPB for approval (Jim Bridger email, October 14, 2009) and further the NOBOT insisted on paying for the cost of any food, which was again confirmed by Mr. Bridger (Jim Bridger email October 14, 2009). The NOBOT was informed the cost would be \$1,000, which was agreed to by the NOBOT. The NOBOT was never billed for the cost of catering despite repeated requests. As no bill was rendered, the NOBOT forwarded payment of \$1,100 by ACH transfer.

This was not a personal event. It was an opportunity to discuss business, promote the Port of New Orleans as well as to promote the NOPB and to fulfill its mission and purpose, that “of great commercial growth” of the Port of New Orleans.

#### **Sharon Perlis**

NOPB Commissioner Sharon Perlis requests that page 6, paragraph 5 of the report be amended to more fully reflect her comments to the Legislative Auditors beginning with line 4 to read as follows: “According to Ms. Perlis, the January 6, 2007 event invitees were for the former President of the Young Leadership Council (YLC); and invitees on January 31, 2009 were for the YLC Executive Director. Ms. Perlis stated that she asked for bills but was never billed for either and was told it was a perk for Commissioners. Ms. Perlis reimbursed NOPB all catering costs for both events.”

NOPB Commissioner Sharon Perlis would like to make the following revisions to the Appendix of the report which is entitled “Schedule of NOPB Commissioner Business Car Use.”:

- With regard to entry No. 4 for WYES on the schedule for 4/9/10, Ms. Perlis has reimbursed NOPB the catering cost of this event plus additional charges of \$175 tacked on by NOPB for fuel and employee costs.

- With regard to entry No. 25 for 8/22/08, the number of guests is inaccurate nor was a second car requested. All costs were reimbursed NOPB by Ms. Perlis.
- With regard to entry No. 44 for 5/11/07, Ms. Perlis would like to point out that the event was booked for a non-profit church group and out of state college students who were volunteering to help the city rebuild post Katrina. Ms. Perlis reimbursed NOPB for all catering costs for the group.
- With regard to Entry No. 50 for 1/17/07, the Schedule reflects a “MTG WYES MRS. PERLIS 9:30 AM.” Ms. Perlis submits that no such meeting took place. Ms. Perlis was at the annual NOPB “State of the Railroad” presentations at the Port of New Orleans auditorium all that morning, not on the railcar. WYES general manager also checked WYES’ records and no such meeting was of record. The entry should be stricken from the schedule.
- With regard to Entry No. 51 for 1/16/07, a 20 minute WYES Community Relations Committee meeting took place due to a temporary physical plant problem at WYES’ Navarre Avenue facility damaged by Katrina. NOPB incurred no costs.
- With regard to entry No. 52 for 1/6/07 and entry No. 18 for a 1/31/09 event described as “SHARON PERLIS”, the invitees attended an event for the former President of the Young Leadership Council (YLC) ON 1/6/07 and an event for the YLC Executive Director on 1/31/09. Ms. Perlis has reimbursed NOPB the full catering costs for both events.

Sharon Perlis would like to point out she has reimbursed NOPB for any and all of her use of the business cars for whatever purposes including charitable.

Ms. Perlis would like it to be known that information about the NOPB, its relation to the Port of New Orleans (“Port”), and basics on New Orleans’ international trade were promoted and emphasized during events involving her use of the business cars.<sup>1</sup> Background on NOPB preceded business car departures. As a former Port Commissioner, as the railcar proceeds upriver or downriver, Ms. Perlis routinely highlights and comments on points passed of commercial significance and relevant facts. Illustrative but not exclusive standard highlights/comments would include:

- Nashville Avenue wharf expansions and widening; visits by U.S. Presidents Bush (Sr.) and Clinton; Clinton’s NAFTA kickoff at site.
- Port’s container facility; container storage and use on rail/ships/trucks; bar codes on each; historic effect of containerization on longshoremen jobs and local economy.
- Port building history; construction controversy; mid 1990’s dedication.
- Inter relationship of waterborne commerce to rail and trucking (inter modal)
- Napoleon Avenue and other wharves/storage.
- Reinforcement of wharf foundation/flooring to support weight of copper ingots.
- Governor Nichols wharf; history; re-purchase from Audubon Institute in 1990’s; river depth and perils of river’s current pulling vessels at Esplanade.
- History of military vessels docking near Poland Avenue, loss of military.
- Pacorini’s Silocaf site – largest coffee processing plant; advanced technology; at old grain silos; using silos that were to be imploded.
- Port’s gantry cranes (manufactured outside U.S.)

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<sup>1</sup> Most people in the region are uninformed about the rail (NOPB and 6 class one railroads) and maritime (Port) industries’ significance to the local economy. They are eager to actually witness the commercial activity existing on the other side of the floodwall along the river. The business cars provide the public that opportunity. It is an eye opening experience for them. Transport of goods and international trade take on a whole new meaning.

- P&O's facility and background on Port's privatization concept.
- New Orleans position/advantages with 6 trunk railroad into city; connections with NOPB.
- State funding issue for ports and effect of multiple state ports on outside competition.
- Need for "value added" in region to compete; compare to Houston, Mobile.
- Henry Clay wharf and New Orleans Cold Storage to relocate; international market; storage for frozen chicken parts shipped to Russia.
- Niche markets for Port and NOPB.
- Major upgrades of NOPB rails and beds; capital improvements forward 30 years after investment.
- Chink Henry truckway to Port facilities.
- Security issues facing rail and maritime industries.
- NOPB Central Avenue Facility site.
- Huey P. Long Bridge; engineering and safety.
- London Metals Exchange in New Orleans.
- Central American markets/future after widening of Panama Canal.
- Nature of Port's cargo and major products it handles/stores: coffee, paper, rubber, plywood, steel, special projects; Port still is a general cargo port.
- Sources of products from around world handled by Port and rail.
- Locations along riverfront downtown where 6-8 gambling boats sought licenses from Port/State in 1990's.
- Industries along the route.

## **Arnold Baker**

NOPB Commissioner Arnold Baker submits the following response to the report:

Upon review of the draft report of "Findings and Recommendations" derived from your office's audit and assessment of the New Orleans Public Belt Rail Road, it confirms many of the board's general concerns stemming from the internal investigation initiated last year. While I am appreciative of your office's tremendous effort and general findings, it would be disingenuous of me to not also share that the presentation of the conclusions were disturbing and disappointing. Many of the characterizations the report attributes to the General Manager and that the General Manager made to the media were misplaced and out of context to the extent of being factually inaccurate.

Due to the fact that I was rarely able to attend meetings, I shared with Jim Bridger that it may be in the best interest of the public belt that I resign my commission. Both Jim Bridger and Kathleen Norman expressed that because of my knowledge and expertise in the development and construction industry, it would be best that I stay on through the construction of the Huey P. Long Bridge project. I conceded to their requests understanding the relevance of this project to the region. This is not an excuse and I without hesitation, accept complete responsibility for any action that I took or more applicably, any precaution that I failed to take as commissioner. Be assured that every action and every decision that I made was under the direction and guidance of a board policy and/or procedure.

With regard to my usage of the rail car, Mr. Bridger shared the initial expectations for rail car governance during the same period that he shared legal opinions received that the New Orleans Public Belt Rail Road did not have to comply with the City of New Orleans Small and Disadvantaged Business Enterprise inclusion programming or executive orders. Mr. Bridger

continually and aggressively encouraged me and other commissioners to utilize the rail car. Each time I used the rail car, I would ask Mr. Bridger to please invoice me for any expenses. Each time he would decline to do so stating that it was an official board member perk, instructing us instead to just tip the staff hosting the rail car. I know this to be the case with other commissioners as well. When I would question the practice he would at times offer some well known examples of perks and benefits of other boards as assurance that we were operating within the framework of appropriateness. At our August 2010 board meeting, I specifically asked Mr. Bridger how he derived the legal justifications that he in turn shared with the board of commissioners on the issues of rail car governance and DBE program compliance. He stated then that the attorney the board has received advice from on other issues provided him with that guidance.

At many a board meeting he would also state that the more people we exposed to the rail car (and subsequently the rail road), the better understood the rail road would be to the public, to the City, to the State and to those who might be in a position to find fault. He further shared that if the public and judiciary could see firsthand how safe and efficiently the rail road was operated, that knowledge in itself would diminish the number of fraudulent law suits and subsequent awards against the New Orleans Public Rail Road.

Not included in the report, was that like several of my fellow commissioners, I too asked the Chief Financial Officer to please invoice me for any expenses that may have potentially been inappropriately charged to the rail road or not appropriately charged to me. As soon as I became aware of the referenced expenses I paid them. The copies of cancelled checks will be made available upon request.

With respect to the issue of specific rail car usage dates, we followed the rail car policies and procedures set forth by the NOPB for the rail car. In clarity however, the July 25, 2007 and July 26, 2008 rail car rides were incorrectly attributed as personal uses. The General Manager made them available to the National Black Chamber of Commerce to complement their commitment to holding their National Convention here for three years in a row. This was during a period when many conventions were cancelling their commitments to New Orleans. I was however a point of contact for the convention activities.

There was also a day meeting held on the rail car for the convention in 2007, but I don't recall which day listed should have been attributed to the group. It was a cause that I believe Mr. Bridger sincerely wanted to be of assistance with as he made available several days in 2007 (also referenced as my personal meetings) for the New Orleans Regional Black Chamber to host recovery plan information sessions. The City of New Orleans, DOTD, Corps of Engineers and Housing Authority of New Orleans at varying times were asked to share their recovery plans with business group leadership and small businesses on the days listed. The effectiveness and popularity of these meetings grew to need space for several hundred diversified businesses, requiring that meetings be held at UNO, SUNO and the Port of New Orleans facilities.

The December 16, 2007, December 5, 2008, and December 5, 2009 rail car uses were personal holiday receptions. Again, it was unfortunately left out of the report that like several other board members, after the issue of usage was brought to my attention I voluntarily reimbursed the NOPB for the rail car usage attributed to me (including the National Black Chamber of Commerce events).

Regarding the statement that "Finance Committee member Arnold Baker referred to the expense approval process as 'Rubber stamped'": Your investigators may recall that I agreed that

the process could be referred to as rubber stamped but only after we reviewed what was represented as confirmed documentation and back up; and only after the Chief Financial Officer (or designee from his staff) signed their approval that all protocols were followed and each invoice had been reviewed for appropriateness. Your investigators may also recall that I was further asked if I ever checked to see if the invoice or receipt was valid or if there was ever a time that I refused to approve an expense. I responded that on those very rare occasions that I was asked to approve expenses, if I did not see that the CFO or that a designee from his staff had the approved expense in writing, we (Commissioners) should not have and I did not ever approve the expense.

Specific to the issue of additional verification of expenses, it was very rare that the CFO's office called upon me to give the secondary approval after their review and approval. However, if Mr. Bridger stated that he had dinner with the President of a rail road, I in my capacity of a commissioner did not contact the referenced President to confirm that the dinner transpired if the supporting documents were presented and the CFO's office had signed prior to us confirming that protocols were followed. Nor if there was an expense for tires, did not check to see if the tire was actually placed on a truck after seeing the appropriate back up documentation and the CFO's signature on the document. I trusted that our staff and Chief Financial Officer had performed their duties as I understood them, in addition to relying on the annual review of controls that we received from an outside accounting firm and the state. The accounting firm's annual review of controls confirmed that we had the appropriate internal controls in place each year that I was a commissioner. Additionally, there was never a disclaimer on the stack of expenses stating that certain expenses were "not" being reviewed by the CFO's office. Every expense was signed off in the same manner by the CFO or his staff as I still assume it had been in the many years of the

commission's existence prior to my tenure. I would have hoped that when expenses were brought to commissioners for secondary approval, those not approved by the CFO would have been segmented from the ones approved by the CFO as needing further review or verification. In speaking to my fellow commissioners they concur that this was never the case.

On page 16 of the draft findings and recommendations, Jim Bridger is attributed to stating that he "completes a monthly line item accounting of the charges for the board's finance committee but added that the Finance Committee doesn't really care about reviewing his expenses because the committee is "often at dinner with us".

I'm not certain as to why or how Mr. Bridger can accurately make this statement. During my tenure on the Finance Committee and as a commissioner I only recall having one dinner meeting several years ago at which Mr. Bridger was present. That meeting was to discuss strategies for the Huey P. Long Bridge project. If Mr. Bridger had meetings or dinners with other finance committee members to discuss the referenced matters, I have no knowledge of the meetings or their agenda.

Again we appreciate the many hours your office committed in the assessment. If I can be of further assistance please do not hesitate to contact me.

**Roy Mack**

NOPB Commissioner Roy Mack submits the following response to the report.

With regard to Jim Bridger's statements on page 16, paragraph 3 regarding the NOPB Finance Committee, Roy Mack states that he has never had dinner with Jim Bridger whether business or personal. He has never had a discussion with Jim Bridger regarding his expenses or expense reports.

Roy Mack was never given an option to select the committee that he wanted to serve on. He was simply given a committee assignment. He attended as many Finance Committee meetings as he could when they were scheduled. He does not recall Jim Bridger's expenses ever being the subject of a Finance Committee meeting that he attended.

Dear Mr. Williams:

Please accept the following as my official response, subject to addendum, to the *draft report of Findings and Recommendations* incident to your office's review and assessment of the Public Belt Railroad. In particular, I was notified yesterday that my name was mentioned in connection with personal use of the Public Belt Pullman car (on 11/8/2007 and 6/26/2008) in my capacity as a Commissioner of the Public Belt Railroad. Of course I was disappointed to learn that my name was associated with a finding of potential impermissible use. However, I was more dismayed reading the purported characterization by Mr. Bridger in context and the fact that my trust in Mr. Bridger's understanding of what was permissible, if what you attribute to him is true, seems to have been misplaced:

Let me state categorically and without reservation, I accept full responsibility for anything I did or failed to do during my tenure as a Commissioner of the Public Belt Railroad. I regret that my tenure during the last several years post Katrina up until my resignation this past July could accurately be described as *in absentia*; it was rare that I was able to attend Public Belt railroad meetings other than when specifically called on to discuss a "major" issue. In retrospect, I would have served the Public Belt (especially my former colleagues on the commission) better had I resigned several years ago when it became apparent that I would no longer be able to participate regularly due to increasing responsibilities at work or the demands of other boards and/or commissions on which I serve. In each instance during the last four years, I was talked out of resigning from the board by Mr. Bridger and the late Kathleen Norman, Chair of the Finance Committee, both of whom I was close to personally and on whom I relied heavily for much of what I know about the business of the Belt. Among the Commissioners, I was unabashedly a strong supporter of Jim Bridger. I was on the Commission when he was hired. I watched with admiration how he led the transformation of the Belt from a unknown moribund railroad, barely if ever breaking even, to a very successful enterprise, and in so doing he raised the public profile of the Belt. He clearly knew more about the railroad business than any of the Commissioners. He had my trust and I believed in him.

Board Member Personal Trips (page 5)

**On June 26, 2008, a business car trip was held for Commissioner Rod West and catered by Portobello's Catering for \$339. There was no purpose for the trip listed on the business car calendar. The calendar only stated that the trip was for Rod West. According to email correspondence, the trip was held for Mr. West's 40<sup>th</sup> birthday party. Mr. Bridger stated Mr. West is a commissioner and can use the business car when he wants and for whatever reason he wants. Mr. Bridger stated that he never questions the public purpose of the board member' trips and that the trip had to be approved by the finance committee.**

If Mr. Bridger made the above comments in connection with my use and/or access to the train, his characterization did not reflect the facts. I'm not sure of the context of his statement above, but Mr. Bridger's comment suggests that he was just following orders of the Commission and only after he got approval from the Finance Committee. That's just not true. He was openly solicitous of Commissioner promotion and use of the trains, even moreso after the Louisiana (second) car refurbishment. I am mystified as to why he would suggest that I could do what I wanted, whenever I wanted as though he was simply doing what he was told when in fact he managed and promoted nearly every aspect of my few dealings with the business cars..

Moreover, I can only assume that by Finance Committee approval he meant Kathleen Norman. I had no knowledge of who specifically used the trains other than what was occasionally mentioned in the general managers report to the Commission.

My wife reached out to Jim Bridger, whom she knew personally, in June 2008 to inquire about surprising me with a rolling reception on the train prior to "celebrating" my birthday at a local restaurant. My wife set out to organize the event with Jim's help, including having our own catering aboard the train. This fact is important only insofar as Jim Bridger was adamant that there was no need for her to go through the trouble of setting up and paying for an outside caterer; he would handle it for her. She also wanted to know the price so that she could pay for the expenses associated with the reception and expected then to be invoiced. At some point prior to the reception, I became aware of the plan. I advised Bridger that I expected to be invoiced. Given my experience on the other boards and commissions on which I sit, I was sensitive about avoiding even the appearance of impropriety associated with "personal" use of public or quasi public assets, regardless of the Belt's policy and/or practice of Commissioner access to the trains. As the event wound down, my wife approached Jim about settling up right then, or having him send an invoice. He waived her off and told her not to worry about it, that it would be handled. She recalls that Jim told her that use of the train was the only thing that he could do for me as a commissioner, meaning a "perk". As I shook Jim's hand to leave, I whispered to him that I needed to be invoiced. In the end, over two years later, I never received an invoice and I accept responsibility for not having forced the issue. The first time I became aware of the Portobello invoice was reading it in your draft report. It should be noted that at no time did I ever have reason to believe Jim Bridger was acting in bad faith when he encouraged use and promotion of the train or, in this instance, when he refused to send the invoice.

To the best of my recollection, the November 2007 reception was not a "personal" event per se insofar as it was not for my personal benefit. Once again Mr. Bridger had encouraged me on numerous occasions to promote the train to the business community and thought it would be a good idea to invite members of my management team and "show them" the train. I agreed. This was not a rolling event.

In an abundance of caution, but in no way binding my former colleagues who I believe were acting in good faith, today I submitted two checks to the Public Belt in the amount of \$339 and \$290.25 to reimburse the cost of the invoices associated with my name in the records provided by the Public Belt. Thank you for your consideration. Please advise if you have questions.

Rod West

Mr. Williams,

Please accept the following as an addendum to my original response to the *draft report of Findings and Recommendations* incident to your office's review and assessment of the Public Belt Railroad. On page 16, the following was attributed to Mr. Bridger:

Mr. Bridger stated that his credit card is typically used to reserve buses, hotel reservation, plane tickets, and client meals. He stated that he completes a monthly line item accounting of the charges for the board's finance committee but added that the finance committee doesn't really care about reviewing his expenses because the committee is "often at dinner with us."

I am aware of Mr. Bridger's historical reliance on and personal friendship with the late Kathleen Norman, who I previously noted was until her death a long time fellow commissioner, personal friend of mine, and Chair of the Finance Committee; however, I am mystified as to what Mr. Bridger could be alluding to in the above statement. I have no idea what he could be referring to regarding finance committee review of his personal expenses OR the reference to the committee "often at dinner with us." It's a bit awkward for me to hear this in one respect because I do not know whether he is referring to Kathleen Norman or the entire committee, or members of the committee. Worse yet, the comment about the committee not caring about his expenses because the committee was often at dinner with us is, as stated, odd. Because she is deceased and not able to contribute to this matter, I will refrain from any wanton speculation involving Kathleen Norman's dealings with Mr. Bridger. However, as a matter of routine concern, the Finance Committee's work was not in the micro-management or "day to day" domain; the committee's primary concern involved matters incident to the solvency and financial risk components of the railroad. The Chair of the Finance Committee was a member of the Executive Committee, Chaired by the President Pro Temp, and reported monthly to the full board. In particular, matters affecting the monthly income statement, balance sheet, operating margins, loss reserves, etc were routine matters addressed by or involved input from the Finance Committee. Additionally, the finance committee always dealt with and were routinely guided by the 3<sup>rd</sup> party audits of the Belt's financial operations...which consistently presented unqualified opinions in support of the "financial" operations of the Belt. Additionally, finance committee chair, or individual finance committee members when the chair was not available were asked to provide second signatures on checks from the public belt over a certain dollar amount. The first signature was usually the CFO. In my decade long affiliation with the Public Belt, I do not recall ever having been asked to "review" Mr. Bridger's individual expenses. I wish I could be more illuminating on this matter. Thank you,

Rod West

**JAMES BRIDGER**  
**91 ENGLISH TURN**  
**NEW ORLEANS, LA 70131**

RECEIVED  
LEGISLATIVE AUDITOR  
2010 SEP 17 AM 9:49

September 15, 2010

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 N. Third Street  
Baton Rouge, LA 70804

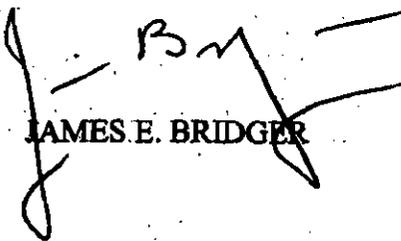
Via fax: 225-339-3987  
Certified Return Receipt: 70090960000100453525

RE: James E. Bridger

Dear Mr. Purpera:

Please find attached my written response to the compliance audit report on the New Orleans Public Belt.

Sincerely,

  
JAMES E. BRIDGER

In November 2001, I was hired to become the General Manager of the New Orleans Public Belt Railroad (the "Belt"). As General Manager, I was instrumental in both making the railroad profitable for the first time in decades and using the Belt as an asset of the City of New Orleans to assist in luring businesses to remain in and come to Orleans parish. The profits that were earned under my leadership were re-invested back into the Belt facilities on Tchoupitoulas St. which was done in effort to support the City's rebirth following Hurricane Katrina and act as a catalyst for redevelopment along one of the City's main thoroughfares. In addition, over thirty million dollars has been reinvested in the rebuilding of the Public Belt's main line with new heavy rail, ties, & ballast to ensure the safe movement of trains through the city.

My leadership was instrumental in the Belt earning Net Income of over forty million dollars with an additional fourteen million dollars being applied for and approved through FEMA towards the rebuilding of New Orleans East. During this recent period of record profits, the Belt has been able to provide the best on-time service to our Public Belt customers in the recent history of the company.

In addition, I enacted a new safety plan which included employee rewards such as dinners. This safety plan has resulted in the Belt receiving the Jake Award from the Association of American Railroads for the last four consecutive years. This National Safety Award is awarded only to the top Railroads in the country. Prior to my employment, the Belt had never received this much coveted safety award. This safety record has resulted in lower claims being paid out by the Belt which, in turn, has lowered the Belt's insurance premiums.

I am proud of the many accomplishments that Belt employees, the Commissioners and I have achieved over the last eight and half years.

As you may know, I recently resigned from my position as General Manager of the Belt. Prior to my hiring at the Belt, I had over 25 years of experience in the Railroad industry. It was based solely upon my experience in the private Railroad industry that I was hired as General Manager of the Belt. I had previously never worked in the public sector and I am not an attorney while several Commissioners are attorneys.

When I was hired, there were numerous policies and procedures, including but not limited to, the use of take home cars that I did not alter. Until recently, an Assistant City Attorney was present at all monthly meetings where Belt business was discussed. At no time did the City Attorney take issue with any of the policies, procedures or expenditures of the Belt. At no time did the Belt retain a General Counsel who could have provided essential legal advice and guidance to the Commissioners and myself. It is my understanding that all public entities similarly situated to the Belt retain a general counsel or outside counsel to provide legal advice to those entities. If I had been given the opportunity to have the insight and guidance provided by a general counsel, I would have complied with all recommendations and advice. It is regrettable that the Commissioners

only recently decided to retain Counsel to assist in determining if all Belt policies and procedures were appropriate. It was the Commissioner's decision for over 100 years not to have such counsel.

I will attempt to respond to many of the allegations that are contained in the Legislative Auditor's Report, but since I was suspended without pay on September 1, 2010, and have recently resigned (See my resignation letter attached), I do not have access to Belt files and documents and, as such, I am not able to respond to all the specifics set forth in the Auditor's Report.

### **The New Orleans Public Belt**

The New Orleans Public Belt Railroad is unique among railroads as it is a publicly owned and operated terminal switching railroad. The New Orleans Public Belt is a political subdivision of the state of Louisiana that was created in 1904 by the Commission Council of the City of New Orleans. The Belt is one of nine "Unattached Boards and Commissions" of the Executive Branch created by Article V of the City Home Rule Charter. The other eight Boards and Commissions include: the Board of Liquidation, City Debt; Sewerage and Water Board; the City Planning Commission; the Public Library Board; the New Orleans Aviation Board; the Vieux Carre Commission; the Audubon Commission; and the New Orleans Alcoholic Beverage Control Board.

While these eight commissions and boards have specific and detailed authorities and functions as set forth in Article V of the Home Rule Charter, the functions of the New Orleans Public Belt are simply stated; "[t]he Commission shall have such powers, duties and functions as are provided by law." The Belt is the only one of the nine Boards and Commission without a specific mandate or function set forth in the Home Rule Charter. The Charter only provides that "[t]he Public Belt Railroad Commission shall be composed of the Mayor, who shall be ex-officio president, and sixteen citizen taxpayers who are domiciled in and electors of the City of New Orleans as provided by law."

Further, it is my understanding that the Belt is the only one of these nine entities that does not maintain a general counsel. The Commissioners on the Belt each serve for a sixteen year term. Five of the Commissioners that are currently sitting on the Belt began their terms as Commissioners prior to my hiring in 2001.

### **Credit Card usage**

As General Manager, I had a Belt credit card that was utilized for expenses in furtherance of my duties. I also was responsible for reviewing other employees' expenditures. The Belt received a monthly credit card bill from Capital One which included all charges by Railroad employees. Each employee including myself attached his or her credit card receipts to the Capital One bill. After reviewing other employees' expenditures and receipts, these expenditures with accompanying receipts were presented each month in person to a member of the Finance Committee for review. Every month a member of the

finance committee approved the credit card expenditures. The approved expenditures were included within the monthly finance report to the full commission. All of these reports were voted on and approved during the monthly commission meetings. **At no time did any member of the Finance Committee or any Commissioner including President Baldwin notify me that either my use or any employees' use of the Belt credit card was inappropriate or against the law.**

I utilized the credit card for many lunches and dinners where Belt business was discussed. Several of these lunches and dinners were attended by Commissioners, including but not limited to Commission President Baldwin. At no time did I attempt to utilize the credit card for personal gain, and I believed that the networking through dinners and lunches was always done in furtherance of promoting the Belt. In fact, on at least one occasion, I reimbursed the Belt for a personal trip that was added on to the end of a business trip. See attached memorandum dated April 20, 2009.

The financial records of the Belt were reviewed on an annual basis as part of the Belt's Audit. During my tenure as General Manager of the Belt, there were no exceptions taken by the auditors. In addition, for several years during my tenure, an Assistant City Attorney was present at monthly Commission meetings. At no time did anyone from the City Attorney's office inform me that my use of the Belt credit card was inappropriate. Further, these expenses and receipts have been available to the Legislative Auditor since 2001 when I was hired and it is only within recent months that the Auditors have chosen to take issue with some of these expenses.

To the extent that it is agreed upon that a specific charge that I incurred was for a purely personal purpose, I am willing to reimburse the Belt for these expenses.

### **Rail Car Policy**

In 2007, the Private Rail Car Policy was enacted and approved by the Commission. This policy was available for review by all via the Belt's website. The Rail Car policy was to be administered through the Business Car Committee. In accordance with the Rail Car Policy, two of the "primary uses" of the rail car were: "[t]o educate Public Belt employees/coworkers and appropriate civic and private organizations about the New Orleans Public Belt Railroad and [t]o promote the well being and economic development of Louisiana." It was to these ends, that many Rail Car trips, including the trips specifically mentioned in the Legislative Audit were dedicated. Many federal and state judges, including those on both the Louisiana and United States Supreme Courts, elected and appointed officials and numerous prominent business and civic leaders participated in some of these Rail Car trips.

In addition, the Rail Car policy set forth certain conditions and parameters for use of the Rail Car by charities. I am proud that through the use of the Rail Cars we were able to assist local schools and charities in raising over \$1.2 million.

As part of the monthly committee meeting, I included in my report to the Commissioners a list of those who had used the Rail Cars in the preceding month. Again, an Assistant City Attorney was present at several of these meetings and never raised issue with the use of the Rail Cars. At no time did any member of the Business Car Committee or any Commissioner question either the Rail Car policy or any specific use or reservation of the Rail Cars. It is regrettable that the Legislative Auditor has waited three years to express an opinion on a policy that was accessible to all over three years ago. Further, it was not until recently when the Commissioners elected to retain the services of the law firm of Chaffe, McCall that an Attorney General Opinion regarding the legality and appropriateness of the Rail Car Policy was requested. To date, the 2007 Private Rail Car Policy approved by the Commissioners is still available via the Belt's website.

### **Evacuation for Hurricane Gustav**

In light of Mayor Nagin's mandatory evacuation of the City in anticipation of Hurricane Gustav, I was specifically ordered by the Commission Finance Committee Chair Person to reserve accommodations for key Public Belt executives. The President indicated a desire to prevent the communication and logistical problems that had occurred during Hurricane Katrina from reoccurring. In the aftermath of Hurricane Katrina, the Mayor's office and the Department of Homeland Security had been unable to communicate with Belt employees to attempt to utilize the railroad to transport citizens stranded at the Convention Center. The Commission Finance Committee Chair Person indicate that all executive employees should be evacuated together to be able to respond to any emergencies that could arise in the aftermath of a hurricane. The executive employees who did not reside in Orleans parish elected not to evacuate.

### **Conclusion**

Over eight years ago, I moved to the city of New Orleans without knowing a single person. I have dedicated the last eight and half years to improving and promoting the New Orleans Public Belt. I am proud of the accomplishments that the Belt achieved while I was General Manager. Lastly, I am hopeful that whomever the Belt Commission finds as my replacement that they allow that individual to have the knowledge and resources of a general counsel.

**JAMES BRIDGER  
91 ENGLISH TURN  
NEW ORLEANS, LA 70131**

September 13, 2010

Mayor Mitch Landrieu  
1300 Perdido St.  
New Orleans, LA 70112

Dear Mayor Landrieu:

This is to inform you as the Mayor of New Orleans and as the President of the New Orleans Public Belt Railroad that I am resigning my position as the General Manager for the Public Belt Railroad effective immediately.

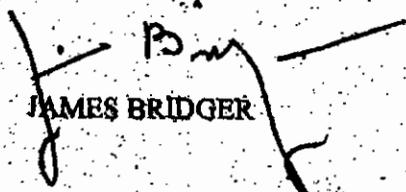
It has been an honor to work at the Public Belt for the past eight and a half years while achieving the following:

- An unsurpassed safety record and being recognized with the industries highest safety award annually for the past four years running.
- Earning Net Income of over forty million dollars with an additional fourteen million dollars being applied for and approved through FEMA towards the rebuilding of New Orleans East.
- Investing over thirty million dollars in the rebuilding of the Public Belt's main line with new heavy rail, ties, & ballast to ensure the safe movement of trains through the city.
- Spending over ten million dollars on the support buildings and grounds along Tchoupitoulas after Katrina to support our city during its 'rebirth'.
- Providing the best on-time service to our Public Belt customers in the recent history of the company.

In conclusion, I am leaving the Public Belt Railroad in the best condition it has been in for decades.

As the President of the railroad I wish you and the employees at the Public Belt well.

Respectfully,

  
JAMES BRIDGER

**Reimbursement to  
NOPB from Business  
Trip - Norfolk  
Southern / Roanoke**

# Memo

**To:** Rachel Zimmerle / John Morrow  
**From:** Jim Bridger  
**Date:** April 20, 2009  
**Re:** Reimbursement to NOPB for Two Nights Hotel in Roanoke, Virginia

Rachel / John,

Enclosed is a personal check in the amount of \$421.35 to cover two nights stay for a non railroad related family visit.

I flew to Roanoke, Virginia on Thursday April 16<sup>th</sup> and had my meeting with the Short Line & Terminal folks on Friday.

I stayed the additional two evenings to visit with my mother and father.

I also personally picked up the cost of all meals and my rental car for the three days.

Any questions just let me know.

**B** JAMES E BRIDGER 2/04  
73 English Turn Dr  
New Orleans, LA 70131  
91

4.20-09  
Date

2719  
84-382/854

Pay to the Order of NEW ORLEANS PUBLIC BELL \$421.35  
Four-hundred-twenty-one & 35/100 Dollars

REGIONS BANK

For HOTEL REIMBURSEMENT Jim Bridger

⑆065403626⑆ 95 3066 2311⑈ 2719

J. Bridger  
90 English Turn  
New Orleans, LA 70131

**CERTIFIED MAIL**



7009 0960 0001 0045 3525



\$ 005.710

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 N. Third Street  
Baton Rouge, LA 70804



**Reimbursement to  
NOPB from Business  
Trip - Norfolk  
Southern / Roanoke**

# Memo

To: Rachel Zimmerle / John Morrow  
From: Jim Bridger  
Date: April 20, 2009  
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Any questions just let me know.

**B** JAMES E BRIDGER 2/04  
 23 English Turn Dr  
 New Orleans, LA 70131

2719  
84-362/654

4.20.09  
Date

Pay to the Order of NEW ORLEANS PUBLIC BELL \$421.35  
 Four-hundred-twenty-one & 35/100 Dollars

REGIONS BANK

FOR: HOTEL REIMBURSEMENT

⑆065403626⑆ 95 3066 2311⑈ 2719

*Jim Bridger*

# NEW ORLEANS PUBLIC BELT RAILROAD

J.A. Morrow, Jr.  
Interim General Manager  
896-7410

J. A. Morrow, Jr.  
Chief Financial & Mechanical Officer  
896-7430



T. F. Lobello, Jr.  
Chief Operating Officer  
896-7410

R.A. Kollmar  
Chief Engineer  
896-7420

September 16, 2010

VIA E-Mail/PDF & U.S. Mail

Mr. Dan Daigle, CPA, CIA, CFE  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Daigle,

On behalf of the New Orleans Public Belt Railroad, I am submitting a response to the draft compliance report received and presented by your staff in an exit conference held September 8, 2010.

Should you have any questions, please contact Rachel A. Zimmerle, Accounts Manager at (504) 896-7416 or [rachelz@nopb.com](mailto:rachelz@nopb.com).

Respectfully,

J.A. Morrow, Jr.  
Interim General Manager

cc: Mayor Mitchell J. Landrieu  
City Attorney Nannette Jolivet-Brown  
Andrew Kopplin, First Deputy Mayor & CAO

4822 Tchoupitoulas Street  
(504) 896-7410

(800) 524-3421

New Orleans, Louisiana 70115-1645  
Fax (504) 896-7419

## **Personal and Private Use of Public Belt Rail Cars**

### **Audit Finding (in pertinent part):**

From January 6, 2007 to May 22, 2010, we were able to identify at least 299 business car trips in which the NOPB directly incurred costs totaling \$147,590 for catering and liquor charges. This amount includes liquor charges totaling \$18,428 and catering charges totaling \$6,175 that could not be associated with any particular trip. In addition, the cost we calculated for these trips do not include the cost of employee labor, fuel, or maintenance of the business cars. The identified trips included the following:

- 34 trips totaling \$30,162, which appear to be for personal benefit and do not appear to have a public purpose.
- 124 trips totaling \$73,059 for which a legitimate business purpose was documented. However, during our reviews, we noted that a majority of these trips appear to be driven by the individual personal interests of the board or administration.
- 88 trips auctioned off for charity in which the NOPB directly incurred costs totaling \$9,487.
- 53 trips totaling \$10,279 for which there was either no business purpose documented or the trips were not documented by the general manager and/or the business car staff.

During a review of these trips we noted a significant amount of trips involving commissioners. These trips totaled 52 and are included in the first two bullets listed above, and are also included in detail in an appendix attached to this report.

We recommend the NOPB:

- 1) adhere to Attorney General Opinion Number 10-0171, issued to the NOPB on August 17, 2010, and ensure that business car use obtains a value or benefit that is commensurate with its use in order to avoid a violation of Louisiana Constitution Article VII, Section 14;
- 2) implement a business car usage policy that details the guidelines and restrictions for business car usage and requires documentation of the business purpose and attendees of all business car trips. The policy should also require board approval for all business car use;
- 3) discontinue using the business cars for personal or celebratory functions or events; and
- 4) discontinue the practice of purchasing alcohol with public funds.

**Staff Response:**

As of July 25, 2010, the Public Belt's business cars have been shuttered and unused. Trips already scheduled for local charities have been postponed indefinitely. The railroad's Interim General Manager and staff are researching the feasibility of selling the business cars to a private owner or business concern. Also under consideration is the possibility of turning them into a revenue source for the railroad wherein members of the general public rent the cars for private receptions and parties, fully covering the cost to the railroad of the business cars' operation.

When and if the Public Belt resumes operation of the business cars, it is the intention of Public Belt management to do so in a way that fully complies with Attorney General Opinion Number 10-0171 issued to the NOPB on August 17, 2010, with Louisiana Constitution Article VII, Section 14, and with the audit recommendations noted above.

**Employee Bonuses and Additional Compensation**

**Audit Finding (in pertinent part):**

From 2005 to present, management authorized and disbursed approximately \$1,605,790 for employee bonuses, additional retirement contributions, Safety incentive payments and disaster relief payments.

In Opinion 01-0272, the attorney general opined that "payments of additional compensation to public employees, to be constitutionally valid, must be in the form of salary increases for future services to be rendered, not extra compensation for past services already rendered and recompensed..." Based on this and other attorney general opinions, management may have violated Article VII, Section 14 of the Louisiana Constitution by disbursing NOPB funds in this manner.

The auditors recommend that the NOPB comply with the Louisiana State Constitution and discontinue giving bonuses and payments that appear to be extra compensation for past services.

**Staff Response:**

The auditors reference four areas to which this finding applies:

- Employee bonuses,
- Additional retirement benefits,
- Safety incentive plan, and
- Disaster relief payments.

**Employee Bonuses**

Effective immediately, the railroad has discontinued the practice of awarding retention bonuses, bonuses for exemplary work performance, or signing bonuses.

### Additional Retirement Benefits

The Public Belt Railroad Capital Accumulation Plan is a retirement plan qualified under Section 401(a) of the Internal Revenue Code. It was drafted in February 1991 in consultation with attorneys advising the railroad's management at that time. Management intends to research with its attorneys and benefit plan administrator whether the plan's design does in fact violate Article VII, Section 14 of the Louisiana Constitution. Management will take appropriate action on this issue after consulting with its attorneys and benefit plan administrator.

### Safety Incentive Plan

The NOPB's Safety Incentive Plan was designed to enlist the involvement of the employees in monitoring their own efforts toward safe working practices. It was intended to foster a partnership between employee and employer, working toward the mutually beneficial goal of minimizing on-the-job injuries, and employee claims and lawsuits against the railroad. The idea underlying the plan was that, if the railroad was experiencing monetary savings through reduced claims and lawsuits due to the vigilance of its employees, then those employees should share in the benefit they helped produce. When the plan ceased to function in the way in which it was intended, management suspended the Safety Incentive Plan indefinitely. The plan has not been in practice on the railroad since February 12, 2010. At this point in time, there are no plans to reinstate the Safety Incentive Plan.

### Disaster Relief Payments

After Hurricane Katrina, railroad management authorized disaster relief payments for non-management employees. The payments were \$5,000 per employee and were for housing and meal expenses. The payments totaled \$785,000.

The audit report states that, "The Louisiana Attorney General has opined that for a payment to be constitutional, it must have a public purpose, not be gratuitous, and have a benefit to the public NOPB [sic] commensurate with the cost. The \$5,000 disaster relief payments were for housing and meal expenses. However, it should be noted that these payments were in addition to the regular compensation of NOPB employees and at no point in the aftermath of Hurricane Katrina was this regular compensation to employees disrupted. Given these circumstances, the payments may be gratuitous and, therefore, a violation of Article VII, Section 14 of the Louisiana Constitution."

The reason that the regular compensation to NOPB employees was not disrupted in the aftermath of Hurricane Katrina was precisely because of the \$5,000 disaster relief payments. Those payments provided an immediate infusion of cash for the Public Belt's union employees, in most cases directly deposited into their bank accounts, while they sat in hotel rooms across the country dealing with the knowledge that there was no home for them to return to. It was management's belief that those employees would be unable and unwilling to return to their railroad jobs immediately if they did not feel that their families were provided for in their evacuation locations. Employees were grappling with the unexpected costs of hotel room rentals, apartment rentals, restaurant meals, and the increased gasoline costs of commuting from far-flung evacuation locations, all of this on top of their normal mortgage and insurance payments on houses that were now worthless to them. The disaster relief payments were intended to ease some of those concerns.

The public purpose, and the benefit to the public, was the continued, uninterrupted employment of workers from around the New Orleans metro area, and in turn, the nearly-uninterrupted service provided by the Public Belt Railroad. Because our workers were able to return to work almost immediately, the railroad resumed limited operations on September 12, 2005, only fourteen days after the storm.

### **Charitable Contributions, Celebratory Functions, and Miscellaneous Gifts**

#### **Audit Finding (in pertinent part):**

From 2007 to present, the NOPB spent at least \$255,256 on charitable donations, celebratory functions, and miscellaneous gifts. Specifically, the NOPB made donations to the Children's Hospital in New Orleans and the Louisiana Cancer Research Consortium.

The audit report states that, "Purchases with no valid business purpose, that are not necessary to the operations of the NOPB or that are made at an unreasonable price may be a violation of the Louisiana Constitution, which prohibits the donation of public funds."

The report further states that, "In Attorney General Opinion 03-0387, the attorney general opined that 'in general, the payment of or reimbursement for food, drink, or other expenses associated with luncheons, banquets, parties or other similar functions, from public funds is improper under state law.' In addition, Attorney General Opinion 99-358 provides, in part, 'it is the opinion of this office that the Commission can use its funds to host a luncheon for the dignitaries enumerated above under the following conditions... public funds are not used for the purchase of alcohol.' Based on these opinions, management of the NOPB may have violated Article VII, Section 14 of the Louisiana Constitution by disbursing NOPB funds for these events."

The report further notes that, "The Louisiana Attorney General has opined that for a payment to be constitutional, it must have a public purpose, not be gratuitous, and have a benefit to the NOPB commensurate with the cost."

The auditors recommend that the NOPB:

- 1) ensure that the public purpose of all gifts is properly documented and complies with the state constitution; and
- 2) prohibit the use of office funds for excessive office Christmas parties or other celebratory events.

#### **Staff Response:**

The auditors reference four areas to which this finding applies:

- Donation to Children's Hospital,
- Donation to the Louisiana Cancer Research Consortium,
- Celebratory events, and

- Miscellaneous gifts.

#### Donation to Children's Hospital

In December 2008, the NOPB made a \$10,000 donation to the Children's Hospital in New Orleans. In addition, the NOPB allowed the Children's Hospital to host its 2009 Sugarplum Ball at the NOPB main facility, spending \$28,000 to decorate the NOPB facility, and additional funds on miscellaneous items for the event.

When the NOPB agreed to allow Children's Hospital to host its 2009 Sugarplum Ball at the NOPB main facility, it was with the understanding that it would be the one and only time the event would be held at this location. Accordingly, and in compliance with the audit report recommendations, there will be no further NOPB funds disbursed in association with this or other charity events.

#### Donation to the Louisiana Cancer Research Consortium

For several years now, the NOPB has hosted an annual charitable golf tournament to raise funds for the Louisiana Cancer Research Consortium (LCRC), making up any shortfall in donations to the tournament with NOPB funds. In addition, the NOPB donates the use of the business rail cars each year to individuals and/or organizations that sponsor the golf tournament.

In compliance with the audit report recommendations, all future golf tournaments of this nature have been cancelled. The separate golf tournament bank account will be closed, and there will be no further use of the business cars by individuals and/or organizations that sponsor the golf tournament.

#### Celebratory Events

The NOPB has hosted several celebratory events for staff, management, board members, and friends and family. These parties were held on the NOPB business cars and/or NOPB facilities. Expenses for the parties, including alcohol, were paid for by the NOPB. The audit report cites as examples annual Christmas parties for NOPB staff, management, and board members, and a 100-year celebration luncheon at the main office facilities on August 8, 2008, to which all NOPB employees, board members, and friends and family were invited.

In compliance with the audit report recommendations, future events of this nature will not be held on the NOPB, unless they can be held in such a way as complies with Article VII, Section 14 of the Louisiana Constitution.

We would like it noted, however, that Attorney General Opinion No. 03-0387, relied upon by the auditors in their findings on this topic, and all Attorney General Opinions relying on *City of Port Allen v. Louisiana Municipal Risk Agency*, 439 So. 2d 399 (La. 1983) have been overruled by *Board of Directors of Industrial Development Board of the City of Gonzales v. All Taxpayers, Property Owners, Citizens of City of Gonzales*, 938 So. 2d 11 (La. 2006), and by Attorney General Opinion No. 06-0328, 2007 WL 731144 (La. A. G. 2/8/07).

The Louisiana Supreme Court, in *Board of Directors of Industrial Development Board of the City of Gonzales v. All Taxpayers, Property Owners, Citizens of City of Gonzales*, 938 So. 2d 11

(La. 2006), overruled its earlier decision in the *City of Port Allen* case. In the *City of Gonzales* case, the Court disavowed its earlier decision in the *City of Port Allen* case that had focused the constitutional inquiry upon whether the state or political subdivision had relinquished something of value when it was under no legal obligation to do so. *City of Gonzales*, at p. 20. The Court noted that the analysis it set forth in the 1983 *City of Port Allen* decision “seems unworkable, because the state and its political subdivisions often, and without apparent constitutional violation, enter into contracts to buy goods, such as office supplies, without being under an obligation to do so.” *Id.* at 19-20. Thus, in the *City of Gonzales* case, the Supreme Court narrowed the definition of the term “donation” as used in Article VII, Section 14 of the Constitution to mean “giving something away.” *Id.*, 938 So. 2d at 20.

Attorney General opinions rendered after the *City of Gonzales* Supreme Court decision recognize that earlier Attorney General opinions which relied upon the *City of Port Allen* case have been overruled. *See, e.g.*, Attorney General Opinion No. 06-0328, 2007 WL 731144 (La. A. G. 2/8/07).

There is no longer any requirement that there be any legal obligation or authority placed upon a public agency which would require the public agency to utilize public funds for events and functions, in order for such expenditures to be in compliance with Article VII, Section 14 of the Constitution. Under the test in the *City of Gonzales* case, it is sufficient to support the expenditure of funds if the public entity obtains something of value in return for the expenditure of funds. Rewarding employees with safety dinners in return for an accident-free year arguably constitutes the receipt of “something of value” in return for the dinner expenditure, and is arguably a legitimate expenditure of public funds. At any rate, it is clear that Opinion No. 03-0387, relied upon by the auditors for this finding, has been overruled by Opinion No. 06-0328. The Legislative Auditor cannot rely upon Opinion No. 03-0387 to support its position on this issue. This discussion also applies in the case of the NOPB management staff response, section titled Credit Card Usage, subsection titled Charges for Celebratory Functions.

#### Miscellaneous Gifts

The NOPB purchases various gifts such as watches, clocks, paperweights, and blankets, stenciled with the NOPB logo. Sometimes the gifts are used as recognition awards for safety performance. In other instances, they may be used as marketing tools and given to customers or business partners of the NOPB. Employees also have the option of purchasing some of the items.

In compliance with the audit report recommendations, NOPB management will carefully consider the nature of such gifts to guard against their being excessive or gratuitous.

#### **Credit Card Usage**

##### **Audit Finding (in pertinent part):**

The NOPB issued a total of 17 credit cards to executive staff members including general manager, Jim Bridger.

### Personal Charges

In Opinion 92-597, the attorney general opined that the use of a public credit card for personal expenses is only permissible if the official or employee is in extraordinary circumstances, is given authority by the public entity, and reimburses the public entity as soon as possible after the charges are made and before the receipt of the bill. Routine use of a public entity's credit card is not permissible. During our review of NOPB credit card usage, we noted that the NOPB did not have a written policy to prevent personal use of NOPB credit cards. In general, if a personal charge was made, it was that employee's responsibility to make the appropriate reimbursement.

From December 13, 2006, to June 3, 2010, NOPB employees charged \$490,770 (4,166 transactions) on NOPB credit cards including 801 charges incurred by Mr. Bridger totaling \$118,390. We reviewed all of Mr. Bridger's credit card transactions and selected transactions from the entire population and noted the following: \$8,283 (29) in personal charges for Mr. Bridger, charges lacking proper documentation, questionable charges, and transactions related to parties and celebratory functions for public employees. In addition, we noted several instances in which NOPB credit cards were used for personal purposes and subsequently reimbursed by the employee. Because these charges do not appear to be for a public purpose or have arisen out of an emergency, these expenditures may violate state law.

### Purchases Lacking Documentation

During our review of NOPB credit card usage from December 13, 2006, to June 3, 2010, we noted that NOPB credit card records generally lacked detailed receipts. As a result, we chose to examine Mr. Bridger's credit card in detail. During this period, Mr. Bridger lacked receipts for 19 charges totaling \$5,973, lacked detailed receipts for 717 (90%) of his 801 transactions totaling \$90,230. The amounts charged by Mr. Bridger included 636 transactions totaling \$71,715 for meals. Included in the detailed receipts was \$8,241 (327) charges in alcoholic beverages, but because the NOPB was either missing or did not maintain adequate documentation for all transactions and meals, we could not determine the total amount of charges for alcoholic beverages.

Because the NOPB failed to maintain adequate documentation for all meals, we requested itemized receipts from several local restaurants where Mr. Bridger and other executive and administrative staff members incurred charges. As a result, we received 60 (4%) itemized receipts with charges totaling \$12,049. These receipts included alcohol charges totaling \$2,776.

### Charges for Celebratory Functions

In Opinion 03-0387, the attorney general opined that in general, the payment of or reimbursement for food, drink, or other expenses associated with luncheons, banquets, parties, or other similar functions, from public funds is improper under state law. During our review of NOPB personnel credit card charges, we noted charges for celebratory functions which could include: retirement dinners, birthday dinners, employee appreciation dinners, and general office parties.

Since NOPB management did not maintain documentation to support all credit card purchases, we could not determine the business purpose, necessity, or reasonableness of the purchases or if the purchases benefited the NOPB. Purchases with no business purpose that are not necessary to

the operations of the NOPB or that are made at an unreasonable price may be a violation of the Louisiana Constitution, which prohibits the donation of public funds. In addition, the attorney general has opined that the purchase of alcohol with public funds is prohibited by the Louisiana Constitution.

We recommend the NOPB adopt detailed policies and purchasing procedures for the use of credit cards. These policies should provide guidance for the business use of the credit cards and the supporting documentation expected to be maintained. Neither the credit card charge authorization receipt nor the credit card statement alone is adequate documentation, as it does not provide sufficient detail to support the propriety of charges. This policy should require:

- 1) documentation of the business purpose for the expenditure;
- 2) itemized receipts for meals, as well as a list of people attending the meals;
- 3) timely submission of original receipts – submission should occur before the monthly statement arrives and in time to adequately review the propriety of the expenditure;
- 4) discontinuance of the practice of purchasing alcohol with public funds; and
- 5) disciplinary action for noncompliance.

**Staff Response:**

In response to the findings outlined in the audit report, all seventeen of the executive staff members who were issued NOPB credit cards have turned them in. The cards are no longer being used for any reason. The card issuer has been contacted and the account closed.

Please also see the discussion of Attorney General Opinion 03-0387 in the NOPB management staff response, section titled Charitable Contributions, Celebratory Functions, and Miscellaneous Gifts, subsection titled Celebratory Events.

**Personal Use of NOPB Vehicles and Fuel/Credit Cards**

**Audit Finding (In pertinent part):**

The NOPB provides vehicles to all management-level employees including the general manager, Jim Bridger. The NOPB has assigned vehicles and pool vehicles and provides insurance coverage, pays for maintenance, and provides each vehicle use with a fuel/credit card in order to purchase fuel. Employees use Fuelman cards to purchase fuel and occasionally NOPB credit cards when Fuelman use is not possible.

During our review of vehicle and fuel/credit card usage, we noted that: (1) amounts paid for NOPB vehicles appear excessive; (2) the NOPB does not have a written policy on the use of NOPB vehicles and fuel/credit cards; (3) NOPB employees use NOPB vehicles for personal travel including out-of-state trips; (4) the NOPB does not include the value of the personal use of

the vehicles as taxable income to these employees; (5) the NOPB does not mark all of its vehicles in compliance with state law; and (6) the NOPB paid traffic violations received by employees using NOPB vehicles.

We recommend that the NOPB adopt detailed policies and procedures for the use of NOPB vehicles to ensure that public vehicles are only used for public purposes. These policies and procedures should include written guidelines detailing the possible need for personal assignment and/or home storage and a written agreement with each employee detailing the necessity for assignment or home storage, description of vehicle (make, model, license, etc), the address where the vehicle will be stored, the address of the employee's official domicile, the distance between home address and official domicile, language indicating that the vehicle shall not be used for personal purposes, language indicating that the employee is liable for all requirements which may be imposed by the Internal Revenue Service, and signed approval by an appropriate supervisor.

In addition, the NOPB should adopt detailed policies and procedures for the use of fuel/credit cards. These policies and procedures should require:

- 1) each cardholder to maintain a vehicle mileage log;
- 2) the driver to enter the correct odometer reading when fueling his/her vehicle;
- 3) the card only be used for the assigned vehicle;
- 4) management review the card statements to ensure that the number of gallons received, miles traveled, and miles per gallon are reasonable; and
- 5) management compares the vehicle mileage logs with the fuel/credit card monthly statements.

**Staff Response:**

In response to the findings outlined in the audit report, all seventeen of the executive staff members who drove assigned vehicles have turned them in.

NOPB management staff has reviewed the NOPB vehicle fleet in its entirety, and identified twelve vehicles that are now in excess of the railroad's current needs. These twelve vehicles will be disposed of in accordance with City and State regulations. The remaining thirty-nine fleet vehicles will all be for pooled use. None will be assigned to any one employee, none will be subject to personal use, and none will be used for commuting. Overnight storage will be only at NOPB facilities.

All of the pooled vehicles have been marked with the NOPB insignia, including the name New Orleans Public Belt.

The NOPB's Interim General Manager has implemented a policy whereby all traffic violation costs will be borne by the employee driving the vehicle at the time of the infraction. The management staff of individual departments will be responsible for identifying the driver of the vehicle at the time of the infraction, or else will be held responsible for the cost of the traffic violation himself.

The NOPB is also in the process of implementing policies and procedures that include the five recommendations outlined in the audit report for the use of fuel/credit cards.

#### **Lack of controls over Purchasing**

##### **Audit Finding (in pertinent part):**

The NOPB was operating on a decentralized system, with multiple departments issuing purchase orders, with no formal or written approval procedures or policies. These practices, along with non-detailed invoices made it difficult to determine who approved purchases and exactly what products or services were purchased. The NOPB's purchasing department, which should handle purchases, informed auditors that vendors were often paid without their knowledge or approval.

According to John Morrow, NOPB CFO, he only approves invoices for accuracy and not for appropriateness. He stated that his signature on an invoice does not mean he approved the invoice, it only means the NOPB received the items on the invoice. He stated that it is up to Mr. Bridger and the board to determine appropriateness. Checks over \$10,000 require signature of a board finance committee member before they are paid.

Finance Committee member Arnold Baker referred to the process as a "rubber stamp" approval. He stated that he only approved payment if the invoices were approved by the CFO. He felt that the charges should be appropriate if the CFO approved them. Other board members stated that they never worried about purchases because both the CFO and Finance Committee approved them before they were paid. Board members also stated that they never viewed detailed financial statements, but rather summary statements that only included revenues or expenses.

Commissioner Sharon Perlis stated that she asked several questions about expenses on several occasions and was told not to worry about it from former Finance Committee member Kathleen Norman. In addition, we noted several instances where payments were split into multiple checks under \$10,000 on invoices that exceeded the \$10,000 threshold. Because of this practice, these payments were never presented to the board for approval as required by policy.

##### **Staff Response:**

We are unaware of the invoices that the auditors found to be non-detailed, or where auditors found it difficult to determine who approved the purchases or exactly what products or services were purchased. Purchase approval is indicated on the face of each invoice by either the initials or the signature of a member of railroad staff. Perhaps a review of the non-detailed or confusing invoices by railroad staff could provide an explanation of exactly what products or services were purchased.

It is true that the railroad's purchasing process has become more decentralized over the years. The auditors have recommended the use of purchase orders. The railroad does use purchase orders; however, we will expand the use of purchase orders to include all purchases that exceed \$5,000. Additionally, we will require that purchase orders originating in departments other than the Purchasing Department be reviewed and approved by the Purchasing Department. A copy of all purchase orders will be maintained in the Purchasing Department, signed by both the Purchasing Clerk and by the Department Head of the department requesting the materials or services.

In regard to the comments attributed to John Morrow, NOPB CFO, railroad staff would like to clarify the invoice approval process as follows. Invoices are generally first reviewed and approved for appropriateness by middle- and lower-level officials. They are then submitted for approval by department heads. In some cases, the General Manager personally approves invoices. The Accounts Payable Clerk cuts checks in payment of the invoices and attaches them to the invoices for submission to John Morrow, CFO or Rachel Zimmerle, Accounts Manager. At that time, either John or Rachel reviews the invoice to see that there is a signed proof of delivery of the materials or supplies, that the amount on the invoice matches the amount on the check, and that the invoice bears the initials or a signature approval of a department head. Checks over \$10,000 require signature of a board Finance Committee member before they are paid. Automatic Clearinghouse (electronic ACH) transactions of any amount are also reviewed and approved by a board Finance Committee member. The railroad's monthly credit card bill is one example of an invoice paid by electronic ACH and submitted to a board Finance Committee member for review. At the beginning of each month, railroad staff prints a check register listing all invoices paid during the previous month. At the next opportunity for check-signing by a board Finance Committee member, the check register is presented for review.

In regard to statements attributed to board members that they never viewed detailed financial statements, but rather summary statements that only included revenues or expenses, railroad staff would like to clarify the financial statement creation and presentation process as follows. After the monthly closeout of the accounting books, the railroad's accounting staff creates detailed monthly financial statements. Approximately one week in advance of the regular monthly Commission Meeting, the railroad's Executive Secretary emails to each Commissioner a detailed income statement and balance sheet, along with a copy of the Finance Committee Report that will be presented at the meeting of the full Commission, and the General Manager's Report for that month. Sample copies of the financial statements and Finance Committee Report are attached to this response.

In response to auditors' notation of instances where payments were split into multiple checks under \$10,000 on invoices that exceed the \$10,000 threshold, and that because of this practice, these payments were never presented to the board for approval as required by policy, railroad staff offers the following explanation. The implication of this finding is that railroad staff purposely circumvented the requirement of a board Finance Committee member's signature on checks greater than \$10,000. We are unaware of the particular invoices the auditors reviewed that would show this to be the case. Indeed, there are cases in which payments were split into multiple checks under \$10,000 on invoices that exceed the \$10,000 threshold. This was done in

cases where there existed an understanding or agreement for the railroad to make partial payments to its vendors as work progressed, rather than in an attempt to find a way around internal controls. In such circumstances, although several checks for progress payments were issued on the same day, the checks were released to the vendors over a period of weeks or months as work progressed, rather than all at once. In fact, in at least one case, the railroad obtained approval from the Finance Committee Chairperson for progress payments that would eventually total \$25,000 but which were paid in monthly increments of \$7,000; \$9,000; and \$9,000.

### **Public Bid Law and other State Law Violations**

#### **Audit Finding (in pertinent part):**

During our review of NOPB records, we identified several instances where the NOPB appears to have not complied with provisions of the public bid law. Based on employee interviews and records, it appears that the NOPB: (1) extended the length of a shelter canopy under change orders that were outside the scope of the original contract; (2) failed to publicly advertise and solicit bids for the purchase of railroad supplies; (3) failed to declare an emergency and publicize the declaration in the official journal for the emergency purchase of rail jacks; and (4) failed to adopt the Louisiana Procurement Code to purchase a video surveillance system from state contract.

We recommend the NOPB:

- 1) require all prospective projects, exceeding \$25,000 to be routed through the Purchasing and Planning Department for prior approval to ensure compliance with the Public Bid Law;
- 2) require at least three quotes for public works projects greater than \$25,000 but less than \$150,000;
- 3) require the use of purchase orders;
- 4) stop issuing multiple checks for invoices over \$10,000;
- 5) train all accounts payable clerks in applicable Louisiana law, including the Public Bid Law; and require accounts payable clerks to review all invoices for compliance with applicable Louisiana laws.

#### **Staff Response:**

NOPB management will implement the recommendations outlined in the audit report. Please also see the discussion of NOPB's use of purchase orders and issuance of multiple checks for invoices over \$10,000 in the NOPB management staff response, section titled Lack of Controls over Purchasing.

## **Questionable Professional Service Practices**

### **Audit Finding (in pertinent part):**

During our review, we noted several questionable expenditures for professional services in NOPB records. Good business processes recognize that competition, transparency, and accountability are maximized when professional service contracts are publicly advertised, with responsive proposals judged on the basis of predetermined, merit-based evaluative criteria, and awarded based on the recommendation of a qualified evaluation committee. According to the City of New Orleans Charter, "Professional Services" is the furnishing, in the City's interest, of labor, time, effort or expertise by a contractor with a professed knowledge in a field gained through a prolonged course of specialized education, work experience or training, in the practice of an art or attainments in professional knowledge, distinguished from mere skill.

Examples of professional services include, without limitation, the following types of services: accounting, actuarial, advertising, appraisal, architectural, architectural landscaping, computer programming and systems design, consulting, engineering, environmental consulting, financial underwriting, graphic design, insurance agents and/or brokers, legal, marketing, notarial, nursing, photography, physician, project management, surveying and mapping, title abstract, and video production. Unless specifically named above, the determination of whether a service constitutes a "professional service," as defined above, shall be made by the City Attorney.

According to City Charter, the NOPB is required to contract for professional services exceeding \$15,000 based on a competitive selection process established by executive order of the Mayor.

During our review, we noted several questionable expenditures for professional services in NOPB records. Payments for these services were missing the contracts, appeared excessive, and appeared to exceed a reasonableness test for a public purpose. In addition, at least two vendors appeared to have an intimate relationship with Mr. Bridger and therefore we question the independence of Mr. Bridger in these transactions. Examples included the following:

- From August 6, 2007, to December 6, 2007, Art Boy Productions was paid four checks totaling \$20,100 to perform custom paint and stenciling work on one of the business cars. The purchasing department was unsure about the services provided and stated that they were handled by "Someone upstairs". No official contract for the services was found in NOPB records and all the invoices were approved for payment by Jim Bridger. According to Mr. Bridger, the owner of Art Boy Productions, Marshall Harris, is a personal friend.
- On February 26, 2009, Art Boy Productions was paid two checks totaling \$28,000 to design and provide layout and decorations for the Children's Hospital Sugar Plum Ball held on March 14, 2009, at the NOPB's main office. There was no contract for the services, but the work proposal was signed by Mr. Bridger.
- On November 20, 2007, and February 27, 2008, Perfect Presentations was paid four checks totaling \$48,500 to decorate the NOPB's main facility for Christmas 2007. We

found limited detail to support the payment and no contract for the services. According to Johnny Lopez, the owner of Perfect Presentation, he did have a personal relationship with Mr. Bridger, but this relationship did not affect the project or the cost to the NOPB. In addition, he stated that he bid on the project. According to the NOPB's purchasing department, the services were never bid.

We recommend the NOPB:

- (1) require written contracts including specificity for, but not limited to, the term of the contract, deliverables, contractual obligations, contractual procedures, expense reimbursements, and payment terms; and
- (2) discontinue conducting business with third parties that constitute a personal or professional conflict of interest.

**Staff Response:**

NOPB management will implement the recommendations outlined in the audit report.

We would, however, like the following analysis noted. The audit report characterizes the custom paint and stenciling services of Art Boy Productions, the design and decorating services of Art Boy Productions, and the holiday decorating services provided by Perfect Presentations as "professional services."

State law, at R.S.39:1484(16) defines "personal service" as follows:

(16) "Personal service" means work rendered by individuals which requires use of creative or artistic skills, such as but not limited to graphic artists, sculptors, musicians, photographers, and writers, or which requires use of highly technical or unique individual skills or talents, such as but not limited to paramedicals, therapists, handwriting analysts, foreign representatives, and expert witnesses for adjudications or other court proceedings. A "foreign representative" shall mean a person in a foreign country whose education and experience qualify such person to represent the state in such foreign country.

Subsection 18 of R.S.39:1484(18)(A) defines "professional service" as:

(a) "Professional service" means work rendered by an independent contractor who has a professed knowledge of some department of learning or science used by its practical application to the affairs of others or in the practice of an art founded on it, which independent contractor shall include but not be limited to lawyers, doctors, dentists, psychologists, certified advanced practice nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, and claims adjusters. A profession is a vocation founded upon prolonged and specialized intellectual training which enables a particular service to be rendered. The word "professional" implies professed attainments in special knowledge as distinguished

from mere skill. For contracts with a total amount of compensation of fifty thousand dollars or more, the definition of "professional service" shall be limited to lawyers, doctors, dentists, psychologists, certified advanced practice nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, claims adjusters, and any other profession that may be added by regulations adopted by the office of contractual review of the division of administration.

The Executive Orders of the Mayor of the City of New Orleans which were promulgated in accordance with the City Charter provisions governing solicitation of professional services define professional services similarly.

Under these definitions the custom paint and stenciling services of Art Boy Productions, the design and decorating services of Art Boy Productions, and the holiday decorating services provided by Perfect Presentations would seem rather clearly to be personal services, not professional services. The state public bid law is not applicable to the procurement of services, either professional or personal. Section 6-308(5)(b) of the City Charter, which governs the solicitation of "services to the City, other than professional services" is, by its own terms, applicable only to "services to the City," and does NOT apply to the solicitation of services by an autonomous entity such as NOPB. (In contrast, Section 6-308(5)(b) of the City Charter, applicable to the solicitation of professional services, is applicable to contracts administered by the offices, departments, boards and other agencies of the Executive branch, which does include NOPB.)

#### **Inappropriate use of NOPB email and computer system**

##### **Audit Finding (in pertinent part):**

During our examining of NOPB records, we obtained complete email records, including the emails of Mr. Bridger. During our review of Mr. Bridger's email records, we noted numerous pictures embedded in emails or included as attachments that appeared to be inappropriate in nature. These pictures contained adult material of strong sexual content and narratives and were sent to and from friends, family, and vendors of the NOPB. Because of the files found in the emails, we also obtained a forensic copy of Mr. Bridger's desktop computer located in his office at the NOPB headquarters. We then performed a forensic analysis of Mr. Bridger's computer searching for deleted files, as well as any existing files, on the computer. The forensic analysis resulted in the discovery of deleted files, current files and internet history containing similar inappropriate pictures and narratives.

According to the NOPB's accounts manager, who is in charge of the IT department, the railroad's computer and internet usage in recent years has been more relaxed. She was not aware of any written IT policy signed by general manager, Jim Bridger. The previous general manager issued a policy dated October 19, 2000, but the policy is no longer enforced.

We recommend the NOPB:

- (1) take immediate action to eliminate the improper use of public resources;

- (2) create and enforce a computer usage policy to prohibit personal use of computers and to require random audits of e-mail;
- (3) restrict access to inappropriate Internet sites and monitor NOPB employee Internet activity; and
- (4) develop and implement appropriate procedures to help monitor employee access to inappropriate websites and ensure compliance with Internet usage policies.

**Staff Response:**

NOPB management will implement the recommendations outlined in the audit report. We are currently researching options available for monitoring employee internet and email activity.

# PUBLIC BELT RAILROAD COMMISSION

## COMMISSIONERS

Mitchell J. Landrieu,  
Mayor-President  
William S. App, Jr.  
Arnold B. Baker  
James M. Baldwin, Jr.  
Edward C. Bush  
Walter F. Chappell, III  
Jean C. Felts  
William B. Forsyth

## CITY OF NEW ORLEANS EXECUTIVE OFFICES

4822 TCHOUPITOULAS STREET  
NEW ORLEANS, LA 70115-1645

TEL. NO. (504) 896-7410 FAX NO. (504) 896-7419

## COMMISSIONERS

Troy A. Henry  
William H. Langenstein, III  
Roy N. Mack, Sr.  
G. Edward Merritt  
Tina N. Owen  
Sharon A. Perlis  
Paul F. Wegener

MITCHELL J. LANDRIEU  
(MAYOR) PRESIDENT

JM BRIDGER  
GENERAL MANAGER

JAMES M. BALDWIN, JR.  
PRESIDENT PRO TEMPORE

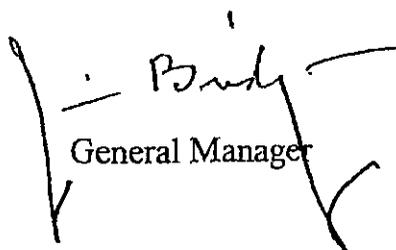
August 20, 2010

TO THE PRESIDENT, PRESIDENT PRO TEM. AND  
MEMBERS OF THE PUBLIC BELT RAILROAD COMMISSION:

Regular Meeting of the Public Belt Railroad Commission will be held on  
THURSDAY, AUGUST 26, 2010, at 11:00 a.m., at the Public Belt Railroad Building,  
Executive Board Room, 4822 Tchoupitoulas Street, New Orleans, Louisiana.

Your attendance is requested.

Sincerely,

  
General Manager

# PUBLIC BELT RAILROAD COMMISSION

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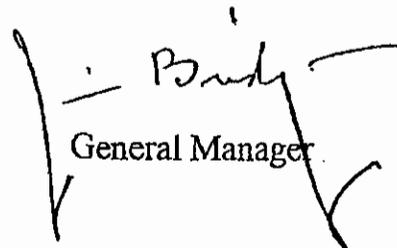
August 20, 2010

TO THE PRESIDENT, PRESIDENT PRO TEM. AND  
MEMBERS OF THE PUBLIC BELT RAILROAD COMMISSION:

For your information, we enclose copies of the following reports to be submitted to the Commission at the next meeting to be held on Thursday, August 26, 2010.

1. June 2010 Financial Results
2. Monthly Report of Finance Committee
3. Report of General Manager

Very truly yours,

  
General Manager

**PUBLIC BELT RAILROAD COMMISSION**

**CITY OF NEW ORLEANS**

**JUNE 2010 FINANCIAL RESULTS**

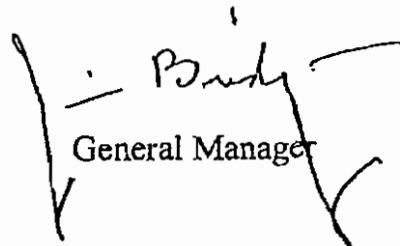
August 20, 2010

TO THE PRESIDENT, PRESIDENT PRO TEM. AND  
MEMBERS OF THE PUBLIC BELT RAILROAD COMMISSION:

The following statements show the results of operations for the month of June 2010, and financial condition of the Public Belt Railroad Commission as of June 30, 2010.

- (1) Income Statement – Public Belt Railroad
- (2) Income Statement – Mississippi River Bridge
- (3) Combined Balance Sheet Recap and Combined Balance Sheet – Public Belt Railroad/Mississippi River Bridge 2010 vs. 2009

Respectfully submitted,

  
General Manager

PUBLIC BELT RAILROAD COMMISSION  
 DETAIL-CONSOLIDATED ALLOCATED INCOME STATEMENT FOR 6 PERIODS ENDING 6/30/10

NEW ORLEANS PUBLIC BELT RAILROAD

	June 2010		-YEAR-TO-DATE-	
	2010 THIS YEAR	2009 PRIOR YEAR	2010 THIS YEAR	2009 PRIOR YEAR
<b>RAILWAY OPERATING REVENUES</b>				
Interline, Intermediate, & Local Switching	1,078,089.21	1,073,554.00	6,789,872.35	9,639,263.16
CG Railway Vessels	0.00	0.00	0.00	0.00
Demurrage & Miscellaneous income	79,234.00	64,987.00	392,973.50	442,783.35
CSXT Pacer Train	0.00	0.00	0.00	0.00
Car Hire & Track Charge Income	-6,100.26	10,922.70	-44,942.11	-94,441.30
<b>TOTAL OPERATING REVENUE</b>	<u>1,151,222.95</u>	<u>1,149,463.70</u>	<u>7,137,903.74</u>	<u>9,987,605.21</u>
<b>RAILWAY OPERATING EXPENSES</b>				
Engineering	224,136.35	190,452.57	1,372,311.06	1,225,841.82
Mechanical/Car	4,764.63	222,355.55	374,041.93	1,196,255.53
Transportation	558,389.83	546,432.53	3,488,918.48	3,418,067.20
Accounting	198,159.41	173,626.79	1,307,689.24	938,312.05
Railway Tax Accruals	111,953.01	117,311.53	732,288.10	637,223.30
Car Hire & CIT Locomotive Rental Expense	20,142.13	401.53	109,945.54	49,665.61
<b>TOTAL OPERATING EXPENSES</b>	<u>1,117,545.36</u>	<u>1,250,580.50</u>	<u>7,385,194.35</u>	<u>7,465,365.51</u>
<b>OPERATING INCOME</b>	<u>33,677.59</u>	<u>-101,116.80</u>	<u>-247,290.61</u>	<u>2,522,239.70</u>
<b>Investment Interest &amp;</b>				
Income from Lease of Non-operating Properties	86,211.02	339,278.88	721,541.05	838,669.79
Fema and Other Grant Income	180,284.77	0.00	1,304,838.30	0.00
Fund Transfers From Bridge	0.00	0.00	0.00	0.00
Other expense	1,498.28	2,052.07	8,989.68	12,312.42
<b>TOTAL OTHER INCOME</b>	<u>264,997.51</u>	<u>337,226.81</u>	<u>2,017,389.67</u>	<u>826,357.37</u>
<b>NET INCOME</b>	<u>298,675.10</u>	<u>236,110.01</u>	<u>1,770,099.06</u>	<u>3,348,597.07</u>
<b>MEMORANDUM ONLY</b>				
Less: Capital Investments	(729,494.01)	(280,897.54)	(2,882,719.43)	(2,935,231.01)
<b>NET INCOME LESS CAPITAL INVESTMENTS</b>	<u>(430,818.91)</u>	<u>(44,787.53)</u>	<u>(1,112,620.37)</u>	<u>413,366.06</u>
<b>Ratio Total Expenses to Total Income</b>	90.43%	84.14%	94.08%	69.07%
<b>Ratio Operating Expenses to Operating Income</b>	97.07%	108.80%	103.46%	74.75%
<b>Depreciation Included in Operating Expenses</b>	100,293.56	93,449.08	567,100.15	547,822.36

PUBLIC BELT RAILROAD COMMISSION  
 DETAIL-CONSOLIDATED ALLOCATED INCOME STATEMENT FOR 6 PERIODS ENDING 6/30/10

MISSISSIPPI RIVER BRIDGE

	June 2010		-YEAR-TO-DATE-	
	2010	2009	2010	2009
	THIS YEAR	PRIOR YEAR	THIS YEAR	PRIOR YEAR
<b>RAILWAY OPERATING REVENUES</b>				
Bridge Arbitrary	2,559.00	975.00	8,556.00	9,009.00
<b>TOTAL OPERATING REVENUE</b>	<u>2,559.00</u>	<u>975.00</u>	<u>8,556.00</u>	<u>9,009.00</u>
<b>RAILWAY OPERATING EXPENSES</b>				
Engineering	(51,304.74)	(68,571.07)	(368,078.87)	(445,109.29)
Mechanical/Car	476.08	92.47	2,380.49	770.58
Transportation	(1,052.25)	(1,426.91)	(6,592.94)	(8,214.86)
Accounting	68,348.22	86,641.61	472,688.16	568,965.36
Railway Tax Accruals	4,720.17	6,320.69	31,785.47	38,640.06
<b>TOTAL OPERATING EXPENSES</b>	<u>21,187.48</u>	<u>23,056.79</u>	<u>132,182.31</u>	<u>155,051.85</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(18,628.48)</u>	<u>(22,081.79)</u>	<u>(123,626.31)</u>	<u>(146,042.85)</u>
Reimbursements for Railway Tax Accruals	4,030.96	5,819.24	27,611.75	32,728.96
Rental charges - NOPB Labor/Equip. Used on MRB	54.55	5.81	306.15	774.66
<b>NET RENTS</b>	<u>3,976.41</u>	<u>5,813.43</u>	<u>27,305.60</u>	<u>31,954.30</u>
Income from Lease of Non-operating Properties	524.03	1,676.10	8,674.95	9,967.73
Misc. Deductions From Income	0.00	0.00	0.00	0.00
Interest on NOPB RR A&B Adv.	175.07	117.68	1,009.02	1,184.94
Fund Transfers Out to NOPB	0.00	0.00	0.00	0.00
<b>TOTAL OTHER INCOME</b>	<u>348.96</u>	<u>1,558.42</u>	<u>7,665.93</u>	<u>8,782.79</u>
Extra Ordinary Items-Land Transfer	0.00	0.00	0.00	0.00
<b>NET INCOME (LOSS)</b>	<u>(14,303.11)</u>	<u>(14,709.94)</u>	<u>(88,654.78)</u>	<u>(105,305.76)</u>

**COMBINED BALANCE SHEET RECAP  
JUNE 30, 2010 AND JUNE 30, 2009**

**PUBLIC BELT RAILROAD COMMISSION  
FOR THE CITY OF NEW ORLEANS**

	June 2010			June 2009		
	Public Belt Railroad	Mississippi River Bridge	Combined	Public Belt Railroad	Mississippi River Bridge	Combined
<b>ASSETS</b>						
Current Assets	15,334,185	(66,703)	15,267,482	21,299,409	829,036	22,128,445
(cash, investments, materials & supplies, trade accounts receivable, short-term intercompany receivables)						
Fixed Assets - at cost						
(trackage, equipment, physical plant)	43,612,453	13,535,423	57,147,876	41,404,131	13,535,423	54,939,554
Construction in Progress	13,394,216		13,394,216	12,047,568		12,047,568
Less accumulated depreciation on fixed assets	(10,103,468)	(7,605,512)	(17,708,980)	(10,208,173)	(7,416,307)	(17,624,480)
Land not used in operations	238,022		238,022	238,022		238,022
Other (investments designated for personal injury reserve, long-term intercompany receivables)	8,025,619	1,380,309	7,405,929	5,946,699	1,380,309	7,327,008
<b>TOTAL</b>	<b><u>68,501,028</u></b>	<b><u>7,243,518</u></b>	<b><u>75,744,546</u></b>	<b><u>70,727,656</u></b>	<b><u>8,328,462</u></b>	<b><u>79,056,118</u></b>
<b>LIABILITIES AND CAPITAL</b>						
Current Liabilities	1,543,251	(558,266)	984,985	1,635,044	357,093	1,992,137
(short-term intercompany payables, vendor accounts payable, accrued payroll and taxes)						
Reserves for future expenditures	1,765,288	-	1,765,288	1,093,164	-	1,093,164
(including payments for personal injuries and funding of retirement plan)						
Other (long-term intercompany payables, loans payable to third parties)	1,739,003	1,946,699	3,685,702	1,959,921	1,946,699	3,906,620
Paid in capital - State of Louisiana	-	7,000,000	7,000,000	-	7,000,000	7,000,000
Paid in capital - City of New Orleans	487,176	-	487,176	487,176	-	487,176
Retained earnings (accumulated value of RR & bridge)	62,966,310	(1,144,915)	61,821,395	65,552,351	(975,330)	64,577,021
<b>TOTAL</b>	<b><u>68,501,028</u></b>	<b><u>7,243,518</u></b>	<b><u>75,744,546</u></b>	<b><u>70,727,656</u></b>	<b><u>8,328,462</u></b>	<b><u>79,056,118</u></b>

**PUBLIC BELT RAILROAD COMMISSION  
FOR THE CITY OF NEW ORLEANS**

**COMBINED BALANCE SHEETS  
June 30, 2010 AND June 30, 2009**

	June 2010			June 2009		
	Public Belt Railroad	Mississippi River Bridge	Combined	Public Belt Railroad	Mississippi River Bridge	Combined
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash	3,584,959	1,166,241	4,751,199	4,280,342	100,691	4,381,032
Investments at market value	5,349,755	-	5,349,755	11,189,321	-	11,189,321
Accounts receivable, net	4,601,747	(1,232,944)	3,368,803	3,702,055	728,346	4,430,401
Advances to the Mississippi River Bridge						
Fund for maintenance requisitions (b)	(274,576)	-	(274,576)	357,092	-	357,093
Materials and supplies	1,883,510	-	1,883,509	1,644,731	-	1,644,732
Prepaid insurance	161,232	(0)	161,231	125,867	(0)	125,867
Prepaid Expense	27,559	-	27,558	-	-	0
<b>Total current assets</b>	<b>15,334,185</b>	<b>(66,703)</b>	<b>15,267,482</b>	<b>21,299,409</b>	<b>829,036</b>	<b>22,128,445</b>
<b>PROPERTY - AT COST:</b>						
Road and equipment	43,612,453	13,535,423	57,147,877	41,404,131	13,535,423	54,939,554
Construction in Progress	13,394,216	-	13,394,216	12,047,568	-	12,047,568
Miscellaneous property (land)	238,022	-	238,022	238,022	-	238,022
	57,244,692	13,535,423	70,780,115	53,689,721	13,535,423	67,225,145
Less accumulated depreciation	(10,103,468)	(7,605,512)	(17,708,980)	(10,208,173)	(7,416,307)	(17,624,481)
<b>Total property</b>	<b>47,141,224</b>	<b>5,929,912</b>	<b>53,071,135</b>	<b>43,481,547</b>	<b>6,119,116</b>	<b>49,600,664</b>
<b>OTHER:</b>						
Investments at market value - designated	4,000,000	-	4,000,000	4,000,000	-	4,000,000
Advances to the Mississippi River Bridge						
Fund for additions and betterments (a)	2,025,619	-	2,025,619	1,946,699	-	1,946,699
Advances to Public Belt Railroad Fund (c)	-	1,380,309	1,380,309	-	1,380,309	1,380,309
Other	-	-	-	-	-	-
<b>Total other</b>	<b>6,025,619</b>	<b>1,380,309</b>	<b>7,405,928</b>	<b>5,946,699</b>	<b>1,380,309</b>	<b>7,327,008</b>
<b>TOTAL</b>	<b>68,501,028</b>	<b>7,243,518</b>	<b>75,744,546</b>	<b>70,727,656</b>	<b>8,328,462</b>	<b>79,056,118</b>

**PUBLIC BELT RAILROAD COMMISSION  
FOR THE CITY OF NEW ORLEANS**

**COMBINED BALANCE SHEETS  
June 30, 2010 AND June 30, 2009**

	June 2010			June 2009		
	Public	Mississippi	Combined	Public	Mississippi	Combined
	Belt Railroad	River Bridge		Belt Railroad	River Bridge	
<b>LIABILITIES AND CAPITAL</b>						
<b>CURRENT LIABILITIES:</b>						
Advances from Public Belt Railroad						
Fund for maintenance requisitions (b)	-	(274,576)	(274,576)	-	357,092	357,092
Accounts payable	769,392	(283,690)	485,701	653,368	0	653,368
Accrued payroll, taxes, and other accruals	922,023		922,023	1,083,185	-	1,083,185
Miscellaneous	(148,164)	-	(148,164)	(101,508)	-	(101,508)
<b>Total current liabilities</b>	<b>1,543,251</b>	<b>(558,266)</b>	<b>984,985</b>	<b>1,635,044</b>	<b>357,093</b>	<b>1,992,136</b>
<b>CASUALTY AND OTHER RESERVES</b>	<b>1,765,288</b>	<b>-</b>	<b>1,765,288</b>	<b>1,093,164</b>	<b>-</b>	<b>1,093,164</b>
<b>OTHER LIABILITIES &amp; DEFERRED CREDITS:</b>						
Advances from Public Belt Railroad						
Fund for additions and betterments (a)	-	1,946,699	1,946,699	-	1,946,699	1,946,699
Advances from the Mississippi River Bridge (c)	1,380,309	-	1,380,309	1,380,309	-	1,380,309
Long-term debt	322,012	-	322,012	470,030	-	470,030
Deferred Credit-LA TIMED lease	36,682	-	36,682	109,582	-	109,582
	<b>1,739,003</b>	<b>1,946,699</b>	<b>3,685,702</b>	<b>1,959,921</b>	<b>1,946,699</b>	<b>3,906,621</b>
<b>CAPITAL:</b>						
Paid in capital - State of Louisiana	-	7,000,000	7,000,000	-	7,000,000	7,000,000
Paid in capital - City of New Orleans	487,176	-	487,176	487,176	-	487,176
Retained earnings:						
Unappropriated	58,966,310	(1,144,915)	57,821,395	61,552,350	(975,330)	60,577,021
Appropriated for insurance reserves	4,000,000	-	4,000,000	4,000,000	-	4,000,000
<b>Total retained earnings</b>	<b>62,966,310</b>	<b>(1,144,915)</b>	<b>61,821,395</b>	<b>65,552,351</b>	<b>(975,330)</b>	<b>64,577,021</b>
<b>Total capital</b>	<b>63,453,486</b>	<b>5,855,085</b>	<b>69,308,571</b>	<b>66,039,527</b>	<b>6,024,670</b>	<b>72,064,197</b>
<b>TOTAL</b>	<b>68,501,028</b>	<b>7,243,518</b>	<b>75,744,546</b>	<b>70,727,656</b>	<b>8,328,462</b>	<b>79,056,118</b>

**PUBLIC BELT RAILROAD COMMISSION  
FOR THE CITY OF NEW ORLEANS**

**NOTES TO COMBINED BALANCE SHEET - June 2010**

**1. CASH AND INVESTMENTS**

Investments consist of certificates of deposit, Treasury strips, Treasury notes, Treasury bills, GNMA, and FNMA securities. Cash and certificates of deposit are fully collateralized by securities held for the NOPB's benefit at the Federal Reserve Bank in New Orleans, Louisiana. Investments are recorded at cost and adjusted to market value monthly.

**2. ACCOUNTS RECEIVABLE**

Accounts receivable represent outstanding balances on bills issued by the NOPB to its customers. Such balances include switching charges billed to industry customers and to other railroads, per train charges for intermodal and run-through trains, demurrage charges to industry customers, and billings to the State of Louisiana for maintenance of the Huey P. Long Bridge.

**3. MATERIALS AND SUPPLIES**

Materials and supplies represent an inventory of items used in the everyday maintenance and operation of the railroad. This includes such items as uninstalled rail, ties, spikes, ballast, and various parts for the repair of rail cars, locomotives, and company vehicles.

**4. ROAD AND EQUIPMENT**

Road and equipment is comprised of the fixed assets and equipment of the NOPB, including such items as installed rail, ties, ballast, and other track materials; land owned for purposes of railroad operations; bridges, trestles, and culverts; fences, sheds, signs, and office buildings; signals and interlockers; mechanical shop and enginehouse; locomotives and other equipment; and communication systems. Property is recorded at cost. The current cost of repairs is charged to operating expense. All property additions are capitalized and depreciated on the straight-line basis over the estimated service lives.

**5. MISCELLANEOUS PROPERTY**

The miscellaneous property account represents the value of numerous parcels of land owned by the NOPB, but not used in railroad operations. This includes land identified as an Industrial Site Subdivision, as well as land on which the NOPB currently collects lease income. All parcels of land in this account are valued at cost.

**6. INVESTMENTS - DESIGNATED**

The Commission established an Insurance Cash Reserve Fund and authorized increasing the fund by \$10,000 each month until it reached \$4,000,000. Disbursements from the Insurance Cash Reserve Fund can be made only for payment of personal injury and property damage claims upon approval by the Board of Commissioners. Interest earned on this fund is deposited in the general fund to be used for current operations. Investments are recorded at cost and adjusted to market value monthly.

**PUBLIC BELT RAILROAD COMMISSION  
FOR THE CITY OF NEW ORLEANS**

**NOTES TO COMBINED BALANCE SHEET - June 2010**

**7. INTERFUND TRANSACTIONS**

- (a) The Public Belt Railroad provides funds for additions and betterments to the Mississippi River Bridge but is not reimbursed until retirement of the asset occurs. The Bridge's tenant railroads pay interest to the NOPB on the value of these additions and betterments, 3% semi-annually for assets acquired prior to December 31, 1985, and 4% semi-annually for assets acquired since that date.
- (b) The Public Belt provides material, labor, and other miscellaneous expenditures related to maintenance of the Bridge to the Mississippi River Bridge Fund. This is billed monthly and generally collected from the Bridge Fund within a three-month period.
- (c) The Public Belt has a liability of \$1,380,309 to the Mississippi River Bridge Fund for cash advanced to the railroad for use in operations many years ago.

**8. ACCOUNTS PAYABLE**

Accounts payable represent amounts due from the NOPB to its vendors and suppliers. Such amounts include charges for materials and supplies, equipment and tools, training, travel, car hire, health insurance, payment of personal injury claims and legal settlements, and maintenance, janitorial, and consulting services rendered.

**9. ACCRUED PAYROLL AND TAXES**

Accrued payroll and taxes is comprised of amounts due to NOPB employees for wages earned, and to Federal and State tax authorities for Federal and State income tax, and Railroad Retirement and unemployment tax.

**10. CASUALTY AND OTHER RESERVES**

The NOPB is the defendant in legal proceedings which seek compensation for personal injury and/or property damage. The Commission has established a reserve for personal injury and property damage claims which represents an estimate of its liability under these actions.

**11. LONG-TERM DEBT**

During the year ended December 31, 2007, the NOPB entered into an agreement to purchase certain railroad equipment and finance it under arrangements with a local bank. The agreement calls for 10 semi-annual payments of \$84,678.75 including interest at 4.54% through 2012. This debt relates to the purchase and refurbishment of two locomotives. The beginning balance of the debt was \$750,000; payments to date total \$508,072.50; the balance as of 6/30/10 is \$242,924.96.

**12. APPROPRIATED RETAINED EARNINGS**

The Commission has authorized that \$4,000,000 of the retained earnings of the NOPB be appropriated with respect to future insurance claims.

**MONTHLY FINANCE COMMITTEE REPORT  
MONTH OF JUNE 2010**

	Month Of		YTD ENDING	
	Jun-10	Jun-09	Jun-10	Jun-09
Operating Revenues	\$ 1,151,223	\$ 1,149,464	\$ 7,137,905	\$ 9,987,605
Operating Expenses:				
General Operating Expenses	\$ 75,595	\$ 226,080	\$ 1,019,665	\$ 1,376,982
Payrolls	\$ 761,194	\$ 701,815	\$ 4,515,130	\$ 4,350,590
Railway Taxes	\$ 111,953	\$ 117,312	\$ 732,288	\$ 637,223
Health Benefits	\$ 168,803	\$ 205,376	\$ 1,118,120	\$ 1,100,573
	\$ 1,117,545	\$ 1,250,583	\$ 7,385,203	\$ 7,465,368
Operating Income	\$ <u>33,678</u>	\$ <u>(101,119)</u>	\$ <u>(247,298)</u>	\$ <u>2,522,237</u>
Other Income (principally rental income)-net	\$ 63,338	\$ 293,572	\$ 589,942	\$ 619,224
Investment Income- net	\$ 21,375	\$ 43,655	\$ 122,616	\$ 207,134
Total Other Income	\$ 84,713	\$ 337,227	\$ 712,558	\$ 826,358
FEMA Grant Income	\$ 180,285		\$ 1,304,839	
Net Income	\$ <u>298,676</u>	\$ <u>236,108</u>	\$ <u>1,770,099</u>	\$ <u>3,348,595</u>
Operating Ratio	97.07%	108.80%	103.46%	74.75%
<b>MEMO ONLY</b>				
<b>SUMMARY OF CAPITALIZED COSTS:</b>				
<b>ADDITIONS:</b>				
CONST. IN PROGRESS	\$534,971		\$1,099,819	
COMMUNICATIONS				
TRACK	\$ 164,498	\$ 274,284	\$ 1,737,092	\$ 1,856,385
COMPUTERS				\$ 59,829
LOCOMOTIVES	\$ 30,025	\$ 1,860	\$ 34,229	\$ 270,760
MISC. EQP. & STRUCTURES		\$ 4,754	\$ 11,580	\$ 748,257
2010 Capital Budget =	\$ 729,494	\$ 280,898	\$ 2,882,720	\$ 2,935,231
RETIREMENTS:				
Total Capitalized Costs	\$ 729,494	\$ 280,898	\$ 2,882,720	\$ 2,935,231
Operating Income after Capitalized Costs	\$ (695,816)	\$ (382,017)	\$ (3,130,018)	\$ (412,994)
Net Income after Capitalized Costs	\$ <u>(430,818)</u>	\$ <u>(44,790)</u>	\$ <u>(1,112,621)</u>	\$ <u>413,364</u>

## REPORT OF GENERAL MANAGER

The General Manager submits the following report:

### Switching Revenues for July 2010

Traffic Type	Cars Handled	Revenue
Interline	1,384	\$ 559,690
Intermediate	8,593	510,494
<b>Total</b>	<b>9,977</b>	<b>\$ 1,070,184</b>

### Cumulative Operating Revenues Six Months Ending June 2010 Versus Same Period Last Year

Traffic Type	No. Cars Handled	Operating Revenue	Cars Handled Last Year	Operating Revenue Last Year	Revenue Difference (%)
Interline (Local Industry)	7,805	\$3,088,629	7,959	\$3,251,510	-5%
Intermediate (Movements between NOPB and Other Railroads)	70,775	3,542,148	47,409	6,438,829	-45%
<b>Total</b>	<b>78,580</b>	<b>\$6,630,777</b>	<b>55,368</b>	<b>\$9,690,339</b>	<b>-32%</b>

Business and traffic volumes continue to improve at the Public Belt Railroad. The Public Belt closed out the first seven months of 2010 handling **25,505 more cars** than during the same seven months in 2009. The seven month total for the two year comparison is as follows:

<b>2010 / Seven Month Total</b>	<b>2009 / Seven Month Total</b>
<b>88,557 cars total</b>	<b>63,052 cars total</b>

In comparing the cumulative interline traffic for **July 2010** our **exports** were up by twenty-three percent (+23%), **imports** were up by three percent (+3%), and **domestics** were up by six percent (+6%).

In looking specifically at the Public Belt's local or interline traffic our July carload numbers came in higher than expected. The six-hundred & fifty-two cars (652) generated revenues of over \$327,000. This is the most interline cars that we have had in a month since March 2009 and the highest interline or local revenue since September 2009.

Our local traffic experienced a surge in plywood and a surge in copper. The Public Belt also experienced an increase in paper due to railroad track washouts within Mexico that caused rail shipments to be diverted to New Orleans.

As for our containers, we moved an impressive one-thousand nine-hundred three containers (1,903) during July. This was our highest number of containers during a single month in at least eighteen months. From what is being written within the trade journals the container traffic should remain strong for the remainder of 2010.

In turning to our Engineering Department, I would like to provide the Commission with a brief update regarding the three ongoing major initiatives beyond our 2010 Capital & Maintenance Programs.

**Huey P. Long Bridge**

Total Estimated Cost:	\$1.1 billion
Spent to date:	\$754,477,000 or 68% expended
Estimated completion date:	End of 2013
Percent Complete:	60%
Scope:	No major scope issues
Next major lift in mid-November 2010	

**HPL Bridge Administration & Maintenance Complex**

Schedule:	28% complete
Estimated completion date:	March 2011
Costs:	\$5,349,000
Paid to date:	\$1,524,000 or 28% thru July
Change orders:	None to date

\*One change order is expected with a 3 inch UG water pipe, "baked paint" finish on exterior steel. Total estimated cost of change order at this time is anticipated to be approximately \$7,000 which is about 1/10<sup>th</sup> of 1%.

## **FEMA**

- 8/17/10 Received formal notification that NOPB received an additional \$453,056 in funding for Burma East steel turnouts that previously included wood, not steel.
- 8/17/10 Total FEMA obligated total to NOPB is increased to \$16,463,226
- 8/17/10 Total FEMA funding spent to date is \$2,371,752.
- 8/17/10 Total FEMA funding remaining is \$14,091,474.

One other comment as to the Public Belt's Engineering Department, track maintenance, and overall infrastructure safety.

On Monday August 9<sup>th</sup>, the Norfolk Southern Railroad experienced a twenty-nine car derailment along their main line adjacent to the lakefront within New Orleans East. The twenty-nine cars, including numerous tank cars containing hazardous commodities, were stretched from between Sandpiper Drive to Briarwood Drive. The news reports that evening showed area residents walking about with towels and breathing masks over their faces due to the vapors and residue clouds that were drifting from the derailed tank cars.

There is not a doubt that this derailment will end up costing the Norfolk Southern Railroad million of dollars in clean up costs and related health care claims due to the tank car releases.

Over the past nine years at the Public Belt Railroad the management team has focused on rebuilding a railroad that is among the safest terminal properties within the country. The Public Belt's Federal Railroad Administration reviews and audits will substantiate that fact and a visual inspection of our main line will support the same.

What was once an eighty & ninety pound main line, supported by weak ties and clam shells, has been replaced in its entirety with one-hundred fifteen pound welded rail with newer ties and more substantial class one granite.

In addition to this, operating rule changes and speed reductions have been implemented so as to allow for less impact and damage if an incident should occur. This has also contributed to the Public Belt being awarded the National Terminal Safety Award / The Jake Award for the past four years running and the industry's E. H. Harriman Award in 2009 for outstanding safety performance.

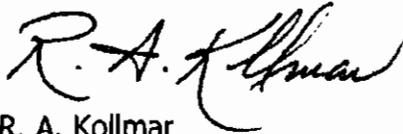
The Public Belt of today is significantly safer and more attune to the class one main line track standards of our connecting carriers. That is why they have entrusted the Public Belt to handle their cargo.

This concludes the General Manager's Report for August 2010.

Consumption of Alcohol – R. A. Kollmar

I would like to provide the following clarification to the Legislative Auditor's Report.

I have not consumed any alcohol since my arrival in Louisiana in August 2007. During some meal periods, Mr. Bridger instructed me to use my company credit card to pay for lunches at which alcoholic beverages were served. At no time during my employment with the New Orleans Public Belt Railroad have I consumed any alcohol either at a meal or function.

A handwritten signature in black ink, appearing to read "R. A. Kollmar". The signature is written in a cursive style with a large, stylized "R" and "K".

R. A. Kollmar  
September 9, 2010

## Summary of Hurricane Gustav Evacuation to Destin, Florida – R. A. Kollmar

As Assistant Chief Engineer of the New Orleans Public Belt Railroad, my duties and responsibilities included an inspection and condition assessment of the New Orleans Public Belt Railroad as soon as possible after a significant storm event occurred, including hurricanes. That role and responsibility extends to this date.

I was sleeping on an air mattress on the floor of the Chief Engineer's office prior to the approach of Hurricane Gustav. The Main Office is a secure and structurally sound building with storm shutters, and should be capable of withstanding the impact of a significant hurricane. I felt safe and secure in the office since the office is approximately 15 ft. above sea level, and has a standby generator, bottled water and food. This was my first hurricane.

I was awakened by telephone between approximately 2:00 a.m. and 3:00 a.m., by General Manager Bridger while I was sleeping. Mr. Bridger indicated that Mayor Nagin had issued a mandatory evacuation of the City and that I would have to prepare to leave the City. I responded that I am safe in the office, I would ride out the storm in the office, and that I have a hi-rail vehicle with the necessary tools and equipment to inspect and to make emergency repairs immediately after the storm passes. I indicated that I did not want to evacuate.

Mr. Bridger then instructed me to be ready to leave the Main Office within the hour and that we were evacuating to Destin, Florida. I did not know where Destin, Florida was.

At approximately 3:00 a.m. or shortly thereafter, Mr. Bridger arrived and we departed the Main Office with four vehicles for Destin. Mr. Bridger drove the lead car and I drove the last car. The trip took approximately 19 hours to reach Destin since the police in Mississippi forced all vehicles to use I-59 towards Hattiesburg, Mississippi. I drove by myself and became separated from the other three vehicles enroute but I was able to reach Mr. Bridger by cell phone as I arrived in Destin.

I met Mr. Bridger in Destin. He indicated that he had the keys and I followed him to the home which I was to occupy during the storm. I believe that we arrived at the two homes at about 11:00 p.m. Mr. Marshall Harris and I were told to occupy one of the two homes.

During the next morning, Mr. Bridger instructed me to take Mr. Harris and to purchase groceries for our stay, and that our stay would be for four or five days. I was instructed to use my company credit card for the purchases. I am not aware of the arrangements that Mr. Harris may have had with Mr. Bridger for any reimbursements. I do not recall purchasing any alcohol, since I do not drink

alcohol, but I have been informed that there was beer and some sundry items purchased, which I now believe were personal items for Mr. Harris.

I regarded this as a working trip since I spent the vast majority of the time preparing my first Capital Investment Plan for the Railroad. This document was far more complex than originally conceived and it took me far more time to complete. I do recall that, since I was starting with a clean document, the preparation of this document took most of my time while in Destin. While I was in Destin, I did not visit the beach, swim in a pool, or sit in the sun. I cannot recall how long that I was in Destin but it was several days.

I departed Destin, Florida for New Orleans as soon as I learned that Mayor Nagin had opened the I-10 Bridge for traffic back to New Orleans. I was instructed to drive Mr. Harris back to New Orleans in my company vehicle.

A handwritten signature in black ink, appearing to read "R. A. Kollmar". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

R. A. Kollmar  
September 9, 2010