

RESOLUTION NO. ____ OF 2013

A RESOLUTION TO ADOPT THE “AUDIT AND FINANCE COMMITTEE REPORT – RECOMMENDATIONS TO THE SHREVEPORT CITY COUNCIL REGARDING THE NEUNER REPORT (RESOLUTIONS NO. 281 OF 2011)” AND OTHERWISE PROVIDING WITH RESPECT THERETO

BY: COUNCILMAN SAM JENKINS

WHEREAS, with the adoption of Resolution Number 281 of 2011 and Resolution Number 71 of 2012, the City Council launched an investigation into matters relating to an Agreement with Grigsby & Associates, Inc. to provide financial services for the City of Shreveport, and retained the law firm of Laborde & Neuner to assist the Council in the investigation; and

WHEREAS, by letter dated October 19, 2012 Laborde & Neuner transmitted its report (the Neuner Report) which contained thirteen (13) findings and recommendations, and listed questionable payments to Grigsby & Associates which totaled \$677,333.00; and

WHEREAS, on October 19, 2012, the Neuner Report was received and accepted by the City Council Oversight Committee, and the Oversight Committee voted to request Frank Neuner to present the Neuner Report to the City Council on November 13, 2012; and

WHEREAS, on November 13, 2012, Frank Neuner appeared before the City Council and presented the Neuner Report; and

WHEREAS, at the December 27, 2012 Council Meeting, Council Chairman Michael Corbin referred the Neuner Report to the Audit and Finance Committee, with instructions to the Committee to recommend to the Council the next steps needed to move the process forward; and

WHEREAS, by letters dated January 18, 2013 and February 20, 2013, Audit and Finance Committee Chair Sam Jenkins requested the Mayor to respond to the Findings and Recommendations in the Neuner Report and to submit that response to the Audit and Finance Committee by February 26, 2013; and

WHEREAS, at the February 26, 2013, Audit and Finance Committee meeting, Mayor Glover presented the Administration’s formal response to the Neuner Report, which reaches the conclusion that all of the “questionable” payments to Grigsby & Associates were justified; and, Audit and Finance Committee Chairman Sam Jenkins recommended a review of the Administration response by the Committee, and directed the staff to begin the process; and

WHEREAS, at the June 24, 2013 Audit and Finance Committee meeting , Committee Chairman Sam Jenkins presented a draft report to the Committee, styled: “Audit and Finance Committee Report – Recommendations to the Shreveport City Council Regarding *The Neuner Report* (Resolution No. 281 of 2011)”, which finds the following:

- 1) Grigsby & Associates (Grigsby) signed a contract with the City of Shreveport dated December 1, 2007, but Grigsby ignored certain requirements of the contract, and the City’s Administration waived (expressly or tacitly) those provisions; and, Grigsby made errors on invoices submitted to the City.
- 2) Before Grigsby & Associates entered into the contract with the City of Shreveport, the City had executed SWAPs and other financial instruments that caused the City to be vulnerable to the national financial crisis which began in late 2007. Grigsby was successful in extricating the City from these agreements, and prevented the City from paying much higher interest rates and SWAP termination penalties in excess of \$20,000,000.
- 3) There were three propositions in the 2011 G.O. Bond Election and Grigsby & Associates billed the City for three bond transactions rather than for one transaction, which resulted in an overcharge of \$53,450. The City should pursue the recovery of this \$53,450 overcharge from Grigsby & Associates.
- 4) The City should not pursue the collection of any of the other “questionable” costs, because there are legal theories to justify those payments; and
- 5) The attached Report contains recommended changes to the December 1, 2007 Contract with Grigsby & Associates, and these recommendations should be considered for future contracts for financial advisor services.

WHEREAS, the Audit and Finance Committee voted to submit the Audit and Finance Committee’s Report to the City Council, for adoption and action.

NOW THEREFORE BE IT RESOLVED City Council of the City of Shreveport in due regular and legal session convened, that the report, styled: “Audit and Finance Committee Report – Recommendations to the Shreveport City Council Regarding *The Neuner Report* (Resolution No. 281 of 2011)”, attached hereto is adopted.

BE IT FURTHER RESOLVED that the City Council finds that Grigsby & Associates overcharged the City \$53,450 for the 2011 G.O. Bond election, and the City should pursue the recovery of \$53,450 from Grigsby & Associates; and the City Attorney shall take the necessary steps to collect said amount, or provide a written legal opinion to the City Council which states why the collection of said amount should not be pursued.

BE IT FURTHER RESOLVED that if any provision of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this resolution which can be given effect without the invalid provisions, items or applications and to this end the provisions of this resolution are hereby declared severable.

BE IT FURTHER RESOLVED that all resolutions or parts thereof in conflict herewith are hereby repealed.

APPROVED AS TO LEGAL FORM:

City Attorney's Office