

The Russell County Commission
Meeting Minutes
February 8th, 2012
9:30 P.M. EST.

An adjourned meeting of the Russell County Commission was called to order. Members present were: Chair Peggy Martin, Vice Chair Cattie Epps, Gentry Lee, Tillman Pugh, Ronnie Reed, Cattie Epps, Mervin Dudley and Larry Screws. Also present was the County Attorney Kenneth Funderburk and the County Administrator LeAnn Horne, who kept the minutes.

A quorum was established.

Jimmy Hobbs, Pastor of the Bethany Baptist Church gave the invocation.

The Pledge of Allegiance was led by Commissioner Reed.

Chair Martin stated Commissioner Screws asked to make an amendment to the business items," Request for a Committee", deleted from the agenda. Chair Martin requested a motion to approve the meeting agenda with the adjustment. Commissioner Dudley motioned to approve the minutes and was seconded by Commissioner Epps. The vote was unanimous.

The Chair welcomed elected officials, department heads, media and visitors.

Chair Martin requested a motion to approve the January 25, 2012 meeting minutes. Commissioner Epps motioned to approve the minutes and was seconded by Commissioner Reed. The vote was unanimous.

Assistant Engineer Shawn Blakeney presented the County –wide Truck Plan for Russell County. These are roads which are designated for trucks to use to lessen maintenance cost on county roads. A public hearing was held before the February 6th work session. There was no opposition to the County – wide Truck Plan. Commissioner Screws motioned to approve Mr. Blakeney's recommendation of the plan. Seconded by Commissioner Dudley. The vote was unanimous.

Sheriff Taylor requested a salary schedule amendment for the Sheriff's department. The EMA Director, William Alexander, will now be moved to the Sheriff's Department to become the Chief of the Sheriff's Department. Sheriff Taylor requested to have the EMA Director's salary transferred with Mr. Alexander.

Commissioner Pugh asked Sheriff Taylor what is the salary of the highest paid Chief Deputy in Alabama. He stated he did not have a problem with who he

wants as his Chief Deputy, but he was not comfortable with the salary, especially with the salary schedule set by the Commission.

Sheriff Taylor discussed the present salary schedule which was set years ago is out of range with this position, but Mr. Alexander is already a county employee whose salary has already been budgeted for. There will not be extra cost to the County's budget. The Commission also chose to give him a benefit differential when he was placed in the EMA Department, therefore he lost retirement benefits, and since law enforcement receives one year of retirement for every five they serve. The salary difference was to make up for those retirement benefits he would have received. However the position would not remain at that salary if he retires and the salary will return to the salary set by the Commission previously or can be negotiated at that time. The salary schedule for the Chief Deputy position will be placed for the new EMA Director.

Commissioner Pugh also asked why the Sheriff would not consider taking the EMA Department and placing it under the Sheriff's Department and do away with salary duplication.

Sheriff Taylor stated the EMA Departments gets their directive from the State. The designed of the EMA Department would not work as efficiently if it was under the Sheriff's Department. Homeland Security/EMA Departments are intended to stand alone.

Commissioner Reed motioned to approve the salary schedule transfer. Seconded by Commissioner Epps. After more discussion the Commission was polled by the County Administrator. District 1 (Lee) voted, yes; District 2 (Pugh)voted; yes; District 3 (Martin) voted, yes; District 4 (Reed) voted, yes; District 5 (Epps) voted, yes; District 6 (Dudley) voted, no; District 7 (Screws) voted, yes. 6 yes votes and 1 no vote; the motion passed.

The County Administrator presented the budget amendment as follows:

Chief Deputy Salary	\$55,047.52	Effective 10/01/11
Homeland /EMA Director Salary	\$73,095.88	Effective 10/01/11
Decrease Homeland/EMA		
113	Salary	\$44,982.00
121	Retirement	\$3,270.00
124	FICA	\$3,441.00
	Total	\$51,693.00

Increase Sheriff's Department
Chief Deputy

113	Salary	\$44,982.00
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121	Retirement	\$3,270.00
124	FICA	\$3,441.00
	Total	\$51,693.00

Homeland Security/ EMA Director

113	Salary	\$33,870.00
121	Retirement	\$2,463.00
124	FICA	\$2,591.00
	Total	\$38,924.00

Sheriff Taylor presented the results of the Annual Jail Food and Supply Bid that was held January 19th, 2012. He recommended awarding the low bidders that were listed in each category. Commissioner Epps motioned to approve Sheriff Taylor's recommendation. Seconded by Commissioner Reed. The vote was unanimous.

The County Administrator LeAnn Horne stated that the Chief Appraisal position was posted until January 31, 2012. Applications were received for the opening. It is customary for a committee to review and interview applicants for such positions. The committee will consist of Chair Martin, Vice Chair Epps, Administrator Horne and Alabama State Revenue Representative Derrick Coleman.

February 20th, 2012 is a State holiday; therefore the Courthouse will be closed. A work session is scheduled for that day. Commissioner Lee motioned to cancel the work session and to only have the regular Commission Meeting on Wednesday. Seconded by Commissioner Reed. The vote was unanimous.

County Attorney Kenneth Funderburk gave a Utilities Board Report and presented Project Due Diligence Requirements as follows:

Sewer System Proposed by Russell County Sewer Authority: Due Diligence Requirements for County Underwriting

BACKGROUND

In recent years, the Russell County Sewer Authority, which is independent of the control of the Russell County Commission, has requested that the Russell County Commission give its financial support to underwrite a sewer project being considered by the Russell County Sewer Authority. The Authority, which has the legal capacity to issue bonds independent of the County, has requested that the County underwrite sewer projects which have been only generally defined. Essentially, the Sewer Authority has requested Russell County to pledge its credit on bonds to be issued by the Russell County Sewer Authority. In order for this to happen, the Russell County Commission would be required to exercise

due diligence before pledging its general credit or otherwise guaranteeing the bond issue as well as comply with all requirements of the State Auditor.

When the Russell County Commission pledges its credit, which means it is guaranteeing the bond issue, it is assuring the creditors that should the authority not make the payments on the bond that essentially the County will make the payment on the bonds. Essentially, in the event of default, the County would have to pay off the debt and would not own the assets. The assets would still be controlled by the authority. What would happen in that event is that the residents of Russell County who are not receiving the benefits of a sewer system would pay for the few residents who are receiving the benefit of the sewer system.

There are several issues which the County must consider before pledging its credit toward underwriting a sewer system. It is generally recognized that sewer systems are not profitable. It is important that Russell County not find itself in a situation like Jefferson County, where the sewer system has essentially bankrupted the County. In exercising due diligence, the County needs to recognize that once it guarantees the bond issue, the Authority, which is not under the legal control of the County Commission, has the full authority to operate the system with no liability, on its own, free from any oversight by the Russell County Commission which has pledged the citizens money allowing the project to go forward. The County would have no power to ensure that the money received from the sale of bonds is in fact used to build the sewer system.

DISTINCTION BETWEEN THE COUNTY BEING QUALIFIED BY THE BONDING COMPANY AND UNDERWRITERS TO GUARANTEE THE PROJECT VERSUS THE FEASIBILITY OF THE PROJECT

Based on the creditworthiness of the County and the amount of debt versus the amount of assets and revenue, the County is probably qualified to guarantee bonds in the amount of two or three million dollars, and perhaps more. Whether the County has sufficient funds in its general reserve and income from various sources to make the payment on a bond issue is not the same as determining the feasibility of the sewer project. From the standpoint of the bonding company and the Sewer Authority, their concern is whether the County qualifies to guarantee the bonds from a creditworthiness basis. That simply means that the underwriters look at the ability of the County to make payment on the bond issue, not at the feasibility of the project.

The reason the Sewer Authority has requested the County to underwrite the bond issue is because it can not demonstrate the feasibility of the project and demonstrate to underwriters that it will have sufficient customers to pay off the bond issue. The very fact that the Authority is seeking the financial backing of the County is primary evidence that the sewer project is not feasible.

Feasibility simply means that the Sewer Authority has sufficient customers who have pledged to use the services to amortize the debt. Feasibility must also take into account the costs of operation and purchase and installation of equipment and sewer lines. We should note that the Sewer Authority is actually in business in Ladonia in that it owns a sewer line to Winn Dixie. Virtually every new home which is close enough to the line as established by the Planning Commission must connect to that sewer line. On this basis, the sewer authority either has income or should have income by the operation of a sewer system in Ladonia. The history of the authority in signing up customers on that sewer line is relative to its ability to operate at a profit in other locations. The purpose of this memorandum is to set out below the due diligence required by the County to verify the feasibility of the project before committing the general reserves of the County in order to authorize the issuance of bonds.

We should note at this point that the jail and the renovations to the old court house were paid for by the funds received from a bond issue to be primarily paid for by funds received from court costs. We understand that the State has notified the court system that there will be a substantial reduction in support from the State for the coming year. There will have to be drastic reductions in the DA's office and other services provided by the court system, which we anticipate will severely impact the amount of funds received from court costs which can be used to retire the bonds on the jail extension and the old court house extension. Along with this, certain action by the County Commission will result in increased funds which must be placed in reserves solely to cover the cost of retirement benefits. These two things alone will certainly reduce the ability of the County to take on additional debt and highlight the necessity of exercising due diligence before pledging general funds to a sewer system.

DUE DILIGENCE REQUIREMENTS

In order to fulfill the requirement of due diligence, the County Commission must, as a minimum, require the following information:

1. The plans of the Sewer Authority should be submitted to the Utility Board, which would have the opportunity to review the plans and make its recommendations to the County Commission.
2. The sewer plan must be complete. By that, we mean that the engineering drawings must show the sewer line, what businesses or residences the line will service and must be complete with any lift stations and the terminus of the line, whether at the City of Phenix City, a lagoon or any other ending which will be complete in and of itself. In other words, it must not be a phase one which is dependent on a phase two which is not part of the cost.
3. The cost of the project should be based on at least preliminary bids and not just estimates of the engineer.

4. The cost should also include the cost of operation of the sewer line. In other words, the cost of building the line is one part and the second part is the cost of operating the line. Both must be taken into account as well as the cost of equipment and chemicals.

5. Because Russell County has a mandatory hook up requirement, there must be a canvass of potential customers who agree that they will hook up to the line. This information should be broken down into two parts:

A. People who have their own sewer system and who can not be required to hook up to the sewer system, but who will voluntarily agree to hook up to the system.

B. New customers which can be required to hook up to the line provided the line is close enough to their residence as established by the Russell County Planning Commission rules. This should be more than speculation and should not be based on an estimation of how many houses are going to be built in the future. It must be based on actual homes which are going to be constructed in the future and which can be required to hook up to the sewer system.

6. The information should also contain the projected charge for the sewer service as well as all hook up fees and impact fees. In other words, is the property owner going to be required to spend money to hook up to the sewer system and are they going to be required to pay a tap on fee and pay for the installation of macerators and pumps in order to access the sewer line. This information is absolutely necessary so that potential customers are not surprised by hook up fee, installation of pumps, payment for pumps and macerator systems. New customers who sign up for the service must be informed of the total initial costs and estimated monthly charges.

7. With this information, it should be possible to calculate whether the customers who are going to attach to the sewer system once it is put in place, will actually pay sufficient money to amortize the debt.

8. We should also note that the State Auditor will have to be satisfied that their requirements have been met.

In conclusion, it is necessary for the County Commission to exercise due diligence and require the County Sewer Authority to provide all information necessary to determine that the project is feasible, as herein described, prior to committing the general fund to underwrite any bond for a sewer system. Issuing a blanket guarantee, even for an amount certain, without complying with the requirement of due diligence, would be a personal risks by the Commissioners. Due diligence and satisfaction of the State Auditor requirements are necessary

prior to the County pledging its credit for any projects of any third party, not just a sewer project.

These guidelines have been followed with all County projects.

A resolution designating the building at 501 14th Street as the Judicial Center was also presented by Attorney Funderburk and read by Administrator Horne. Commissioner Lee motioned to approve the resolution and was seconded by Commissioner Dudley. The vote was unanimous.

Director of the Senior Activity Center Patricia Johnson was given a certificate of recognition for her services at the Center. Vice Chair Epps presented Mrs. Johnson with the certificate. Mrs. Johnson thanked the Commission for provisions they make to the activity center.

Chair Martin announced Senator Richard Shelby will be at Girlfriends Restaurant, February 11, 2012 at 8:30 a.m.

Vice Chair announced the creation of a neighborhood watch in the Fort Mitchell area. She requested for those in that area to get involved with the watch.

The meeting was adjourned.

Attest: _____
County Administrator

Signed: _____
Chair