

SCHLEY COUNTY BOARD OF COMMISSIONERS
Tuesday, September 26, 2016

The Schley County Board of Commissioners held a work session with USDA September 26, 2016. Those present were Chairman Greg Barineau, Vice-Chairman Doug Jamieson, Commissioner Sandra Kay Royal, Dennis Jones, County Manager, Bill Sawyer and County Clerk Kathy Bruer. Absent: Commissioner Smith.

ITEM 1. CALL TO ORDER

Chairman Barineau called the meeting to order.

ITEM 2. APPROVAL OF THE AGENDA

Vice-Chairman Jamieson made a motion to approve the agenda, seconded by Commissioner Jones and all were in favor.

ITEM 3. DISCUSSION CONCERNING USDA LOAN (WATER SYSTEM)

Director Jill Stuckey thanked everyone for coming and stated Penny Douglas was out of town and would be joining us via phone. Penny stated she had met with Jackie Ponti, who is the administrator of the program in DC. Penny had asked her if she would be willing to forgive the delinquent debt and/or forgive any interest. Jackie said we cannot do that. There is no method to stop until we re-amortize but we can then look at the interest rate. She will not forgive any debt; and that it's very rare that they do that right off.

In reference to transferring the debt to the Authority, she is not willing to do that either. The Utilities board was appointed by the Board of Commissioners and some of the members overlap so there would be no benefit for USDA to transfer the loan.

One thing they are willing to do is to re-amortize at the end of six consecutive payments rather than twelve. They are asking us to put the money we budgeted into a reserve account specifically for the water account. They want us to succeed and be successful and get this note off of both party's books.

Greg asked if they were not willing to suspend any write off during the six months what about at the end of six months? We need to see how this is going to benefit the county. Greg asked if during the restructuring at the end of six months would USDA allow us to write off the interest? He's concerned that the correct question was not asked to Jackie. We are not asking to reduce the debt; we're asking to forego the interest that has accumulated over the past seven years.

Greg stated we are happy with the six-month term rather than the twelve but we need to know how it will be amortized. What are the terms? Rate?

Penny stated that everyone was furnished with a copy of the Re-Amortization Policy. The lowest interest rate right now is 1.65%.

Veronica stated that we do not always have to raise rates.

Greg stated that things have been done in the past where each party was negligent. We are in this together and we want a win/win for both parties. We are not asking for the principle to be forgiven. We have been trying for seven years to work this out. We have met with everybody and their brother but hasn't received a straight answer. There were never enough customers in Phase II to warrant putting that system in place. We are willing to pay the loan back but there is no reason to pay back interest on something that should never have been done to begin with.

Penny stated she has no authority and USDA simply does not write off debt.

Greg stated he's not asking to write off debt; only the accrued interest. We will pay the interest on the re-amortized loan. Greg stated USDA will not have lost a dime of debt; just potential income.

Penny stated that USDA feels like the documents were signed and we agreed to pay the debt. Greg stated there's also something called Lender Liability where the lender is responsible to do due diligence as well. USDA is wanting to rollover the current loan and interest and capitalize for new loan. That's all they can offer as of now. Greg said he understood regulations are in place but there are also exceptions that can be made. Penny stated that we need to take the Plan of Action dated September 26th and give our response. She's asked for specifics, very detailed. Penny stated that should this go to court/appeals the county did sign the letter. Greg stated that USDA allowed one change to go to the north end of the county for 10 homes and bypassed the Hidden Lake subdivision with 400 homes. One change order was not approved and the county wound up having to eat that one. Regarding the Technical Assistance Provider, we will allow them to come in but the board can vote to not raise rates. Doug stated to let them come in but knowing we are not tied to anything they recommend. Sandra Kay asked if Jackie would get on a conference call with us or even come to a meeting. Penny will check with her but she feels like she would. Greg stated that the borrower is willing to pay 100% of the principle and interest for 40 years. We acknowledge this is a problem debt and we are asking for this to be put on non-accrual during the workout period. Jill asked Penny to get with Jackie to see if she would come here. Doug stated that he had no doubt that if the board did a poll, all of them would be in agreement with the WOP if the previously accumulated interest was forgiven. Penny recommends for us to put together a timeline in chronological order explaining every detail we can from our perspective. USDA wants us to meet with TAP and then give USDA our plan of how we will operate. Greg stated that if we raise rates we will lose customers; they will go back to their wells. Penny stated part of the plan is for them to see our financials. Kathy will begin forwarding copies of the income/balance sheets to Veronica on a monthly basis when she sends to commissioners. In summary: we are requesting that Jackie come or call in on a meeting; the sooner the better. Forbearance on the interest during the WOP and last seven years. We must submit a letter with our summary and requests within the next three weeks. Greg asked if since we are making payments are we still blacklisted. We need to purchase an ambulance. Penny stated that once the delinquency is resolved we can then come off of the list. Bill asked if we can apply for a grant for an ambulance with this against us. Penny said no. Greg asked when our six months starts? Is it when we made our first payment. We should plan to meet again in three weeks. We should have documentation to them within seven days. We have asked them for copies of the loan and engineering reports.

ITEM 4. MOTION TO ADJOURN

Vice-Chairman Jamieson made a motion to adjourn the meeting, Commissioner Jones seconded and all were in favor.

Attest:

Greg Barineau, Chairman

Kathy Bruer, County Clerk

**SIGNED / APPROVED COPIES
AVAILABLE ON REQUEST.**