

By policy, minutes are not official until approved by the Board at a future regular meeting.

CHEROKEE COUNTY
BOARD OF COMMISSIONERS
Work Session
September 4, 2012
3:00 p.m.
Cherokee Hall
MINUTES

The Chairman began at **3:07 p.m.** with all members of the Board present.

1. Financial presentation on HOST and July YTD Results by Janelle Funk.

Janelle Funk began by explaining that the presentation was meant to be an overview for residents in order to inform them of the true impact of the HOST before they went to the polls. She asked the Board for feedback. She said a tax payer might ask if this is going to give the county government more tax dollars and the answer is no, it is dollar neutral. She said instead of collecting \$35M from property taxes, the county would collect \$30M in in sales taxes and \$5M in property taxes, so the total the County would be collecting is still \$35M. She added that basically when homeowners go the polls in November, they have two options; to continue paying M&O taxes or to vote to implement a HOST and spread the tax among all purchasers in Cherokee County.

Commissioner Bosch said that it was worth mentioning that in this economy, this would be one less tax to worry about that could cause a homeowner to lose their home. She also said the presentation should note the huge impact this would have on senior citizens who are already exempt from the school tax. The Chairman added that escrow accounts could be reduced as well as shown in the example that Ms. Funk gave if the homeowner's taxes were reduced 20%.

By policy, minutes are not official until approved by the Board at a future regular meeting.

Commissioner Johnston stated that in the interest of showing both sides, he wanted to point out that the average homeowner who itemizes their federal income taxes would lose a little bit of the tax deduction on that tax.

Ms. Funk then explained that the HOST is a 1% sales tax that would increase Cherokee County from 6% to 7% if approved. The additional sales taxes would reduce M&O homeowner property taxes. By law 80% of the collected sales taxes are required to be used to reduce homeowner property taxes. The Board of Commissioners is considering a resolution to require that 100% of these sales taxes be used for reducing homeowner property taxes. Only Cherokee County property owners pay property taxes. Sales Tax is paid by everyone making purchases in Cherokee County. Therefore, the HOST sales tax option would reduce the burden on property owners and spread among all purchasers living in and visiting Cherokee County. She also went over the timeline of collection of the sales tax if approved on the November 6, 2012 ballot. The new 1% sales tax would be effective April 1, 2013. HB 108 instructs the County to calculate a full year's collection to compute the credit. The first full calendar year would be 1/1/2014 to 12/31/2014. Therefore according to state law, homeowners would see a HOST credit on their property tax bill due 12/20/2015.

She said that a full analysis is underway to estimate how the Board of Commissioners could utilize 2012 sales tax collections to reduce the burden on homeowners soon. The Chairman added that it definitely can be done; it's just a matter of how to do it.

Ms. Funk then went over the financials, stating that most funds are exactly where they should be and that some funds were actually better than originally projected. She added that one fund that saw an increase is Workers' Compensation. She said that at this point in 2011 there were 81 claims and to date in 2012 there are 96 claims. She pointed out that Law Enforcement and Fire contributed to the increase. Commissioner Hubbard asked if she could break down the claims to compare number of claims to number of employees. He said that obviously the more employees a department has, the more injuries they will have. Commissioners Nelms agreed with breaking down the numbers and commented that those two agencies have a tough job and that they never know what they may be getting into when they get out of the truck or out of the car.

Janelle then discussed EMS billing, that billing costs were up but collections are down. More discussion ensued regarding ADP and billing issues. Commissioner Bosch asked if Chief Prather would speak about some of the billing issues since Chief West was not available. Chief Prather said that from some of what he's seen that Medicare seems to be holding up billing, either by claiming they haven't received a bill or by denying the claim. He also said that he heard that Pickens County had been experiencing the same issues with Medicare. He said that ADP is working to have one representative for Fire so that they will be able to speak to the same person each time and hopefully get the issue

By policy, minutes are not official until approved by the Board at a future regular meeting.

resolved. Commissioner Bosch commented that maybe putting the service out to bid would motivate them to get the issue resolved.

The Chairman said that some things need to be decided regarding HOST. He said that on Sunday at 4:00 p.m. Senator Rogers and Clint Mueller will be speaking at Latimer Hall in Woodstock. He said that he will be out of the country but that Jerry Cooper would be attending. He said that information sessions would be held on September 25 at 8:00 a.m. in Cherokee Hall and on October 3 at 6:00 p.m. at the Woodstock Chambers on Main Street. He said that he would also be speaking that October 3 morning at the Chamber Breakfast where plenty of business owners would be in attendance.

He said they also needed to decide if they were going to have a citizen group that are not really a part of them to help carry the message and if that committee should raise funds or just outreach through Homeowner Associations and that type of thing. Commissioner Nelms commented that speaking at Civic events would be helpful and that he had spoken at the Optimist Club already. He said that maybe a group of about five to seven citizens in the County could hold Town Hall meetings to give the public as much information as possible. Commissioner Bosch said that she thought the group should include bank presidents and others that would really understand what it could mean to residents. Commissioner Hubbard said that he liked the idea of signs that say Vote for HOST but that the Board couldn't do that, it would have to be citizens. Commissioner Johnston said that he'd like to think the facts will sell HOST, but that there may be some opposition and that maybe the committee should have the potential to raise funds to help balance any opposition.

2. Discussion of Regular Agenda Items.

The Chairman asked Commissioner Johnston if he had anything he wanted to discuss regarding the Canton Parks reply letter. He said that he basically just wanted to give them the reply they were asking for, confirming their Park Bond allocation.

Discussion on Grand Jury Presentments:

Chairman Ahrens read through the thirteen recommendations from the Grand Jury.

Recommendation 1: The Grand Jury recommends that a full and complete forensic audit be conducted to review all financial operations associated with Ball Ground Recycling and the Board of Commissioners/RRDA concerning the issuance of bonds for the building and operation of Ball Ground Recycling. The principle reason for this request is to provide

By policy, minutes are not official until approved by the Board at a future regular meeting.

any and all applicable law enforcement agencies with the facts to determine if any violations of the criminal or civil law may have occurred. We further request that as a part of said forensic audit that a current realistic market value of the facilities and equipment at Ball Ground Recycling be determined.

Commissioner Johnston commented that maybe a forensic auditor should be hired. Commissioner Bosch asked how more information would they really be able to get because that has been the problem all along. He said an expert would probably be able to get more than the Board could alone. Angie Davis added that a forensic audit is only as good as the information received, and we are already aggressively pursuing discovery. Commissioner Bosch asked about the possibility of the District Attorney asking for some of the available information. Angie Davis said that that was another concept, the criminal process. She said they had always embraced the Grand Jury involvement because they have subpoena powers that the Board just does not have.

Commissioner Johnston said that from what he's hearing, they would welcome such an audit and that we don't need to hire anyone before we finish this deposition from Mr. Bobo late this month. He asked if we have option to hiring somebody to sit with the Grand Jury with an attempt to analyze the information as it came in to determine what was missing. Angie Davis said they would probably be pretty good at determining that without our input.

Chairman Ahrens said that a lot the recommendations had to do with the County ever doing this again and that it could be skipped because we do not intend to do that again. The Chairman said in fact they wanted to have it required at the state level to take measures through the delegation and Attorney General to prohibit a county or other government to back bonds for private groups.

Recommendation 2: The Grand Jury further recommends that any future consideration of a bond initiative between the Cherokee County Board of Commissioners in their capacity as the Cherokee County Resource Recovery Development Authority and a private for profit entity be subject to public referendum prior to the issuance of any further bonds.

Recommendation 3: The Grand Jury further recommends that the future issuance of publicly backed bonds by the Cherokee County Resource Recovery Development Authority be monitored for compliance by a qualified professional subject to the

By policy, minutes are not official until approved by the Board at a future regular meeting.

Cherokee County Board of Commissioners. This simply means boots on the ground watching and monitoring what is being paid for by the tax payers of Cherokee County.

Recommendation 4: The Grand Jury further recommends that the Cherokee County Resource Recovery Development Authority be expanded to consist of a number of non-elected private persons in a number equal to or greater than the number of elected County Commissioners serving on said Authority.

The Chairman said that legislation called for five members on a RRDA Board. Discussion ensued about who would remain on the RRDA Board and who would step down for a citizen to be appointed. The Chairman said he said he did not have a problem with the majority of the five being non-elected.

Recommendation 5: The Grand Jury further recommends that any agreement voted on and signed by the members of the Cherokee County Resource Recovery Development Authority include a signed acknowledgement that each Authority member has personally read and understands any agreement he/she is signing and thereby obligating the tax payers of Cherokee County to honor.

Recommendation 6: The Grand Jury further recommends that any future bond initiative by the Cherokee County Resource Recovery Development Authority and a private for profit entity require that private for profit entity and its owners to pledge its assets and a performance bond as a condition of any indebtedness for which the tax payers of Cherokee County are obligated. The tax payers should not be required to pay for the bad business decisions of the Authority and its business partners.

Recommendation 7: The Grand Jury further recommends that any further bond issuances by the Cherokee County Resource Recovery Development Authority for the acquisition of land, buildings, and equipment contain repayment terms matching the useful life of the underlying assets, not to exceed thirty years. Further, any lease with a for profit entity operating and benefiting from the bond issuance should have lease terms of no less than the bond repayment terms.

Recommendation 8: The Grand Jury further recommends that in the event that the Cherokee County Resource Recovery Development Authority issues further bonds, that the entities with which the Authority contract be required to open for public bid any and all projects and work to be performed under the bond. Said bids are to be reviewed by the Cherokee County Manager under the same terms and conditions as any and all

By policy, minutes are not official until approved by the Board at a future regular meeting.

bidding procedures currently then in use by Cherokee County at the time of the performance of said work.

Recommendation 9: The Grand Jury further recommends in the event that the Cherokee County Resource Recovery Development Authority issues further bonds, and in the event that a third party is required to make payments to satisfy said bonds, that such payments be made to Cherokee County who will then pay the lender.

Recommendation 10: The Grand Jury further recommends that the citizens of Cherokee County be more diligent and vocal in reviewing and commenting on the proposed actions of our local government. At no time during the bonding process at a Commissioners' meeting, at a meeting of the Resource Recovery Development Authority or at public hearings did any local resident object. It was not until Ball Ground Recycling defaulted and the tax payers of Cherokee County began paying the monthly bond debt that our local citizens, including the Grand Jurors, complained.

Commissioner Johnston commented that the Grand Jury found that the Board had given plenty of opportunities for public input and that no one ever spoke out. He said that if they had, that might have made them step back and look a little bit harder.

Recommendation 11: The Grand Jury further recommends that the Cherokee County Board of Commissioners and the Cherokee County Resource Recovery Development Authority pursue all legal options as the law may allow to enforce the terms of the lease and recover any amounts due from Ball Ground Recycling, Mr. Bobo, and his affiliate companies.

The Chairman made reference to a February 28, 2011 communication to EPD about the closure of the landfill and he read a few lines related to not recovering clean-up costs. To sum it up, we ended up with two or three additional soccer fields as a result of the material left. Commissioner Johnston said that although he does not dispute the Grand Jury's finding, they had not looked at this as closely as the Commissioners had and did not have as clear an understanding of the problem with identifying who left what materials.

Recommendation 12: The Grand Jury further recommends that the Cherokee County Board of Commissioners pursue all legal options available under the terms of any and all leases and agreements with Cherokee Recycling, LLC for the Blalock Road location operated by Mr. Bobo in order to recover the clean-up costs incurred by Cherokee County.

Recommendation 13: The Grand Jury finally recommends that the next Grand Jury and subsequent Grand Juries continue this investigation until such time as all the above recommendations have been followed.

By policy, minutes are not official until approved by the Board at a future regular meeting.

Commissioner Nelms asked if they could suggest that future Grand Juries subpoena documentation to past operators who may or may not have done things they shouldn't have. Angie David said that we could note it in this resolution but that she understood that that had been difficult to establish previously. She said again that we could certainly note it as it was part of our rationale.

Commissioner Bosch said that she wants to have the costs involved included in the resolution above and beyond the Grand Jury recommendations. She said that she wanted a tally of the costs incurred versus what we actually gain. She said that that needs to be as public as anything else.

Angie Davis added that there is also the issue of statute of limitations and that there is no likelihood of recovering in the event we do file a claim on any operator who was found guilty of wrong-doing some 25-years ago. The Chairman reminded Angie Davis that the Sheriff's Office and the DA's office had looked into the matter and determined that there was nothing to pursue criminally.

Angie Davis said that she recommended the Chairman make a motion at the regular meeting to direct the County Attorney to prepare a Resolution for presentation at the next Board of Commissioners' meeting that would advise as to the Board's intentions to act in connection with the Grand Jury's recommendations and/or advice as to actions that have already been taken consistent with the Grand Jury's recommendations.

The Chairman asked Mr. Cooper in the interest of time, was there anything in his section that needed to be discussed in Work Session. Mr. Cooper briefly went over item 12 which is a budget amendment and he wanted to make the Commissioners aware that we were not over budget anywhere, that adjustments were being made to correct entries according to the auditors. He gave the example of the Park Bond amendment where the County had identified it as a reduction in expense and according to the auditors it was actually a revenue.

- Consider approval of budget amendment to correct 2012 budget for unforeseen costs and transfers to budgets from originally planned items in the total amount of **\$1,080,415.00**. (General Fund - \$355,862.00; DUI Court Fund - \$38,140.00; Jail Fund - \$151,539.00; Parks Bond Fund - \$108,000; Insurance Premium Fund - \$339,065.00; SPLOST V Fund – (2,701,391.00); SPLOST 2012 Fund - \$2,362,326.00; RRDA Fund - \$304,374.00; Debt Service Fund - \$1,500.00; EMS Fund - \$72,000.00; Fleet Fund - \$49,000.00.

The Chairman commented that this is just a housekeeping measure and the good news is that we are actually under budget.

By policy, minutes are not official until approved by the Board at a future regular meeting.

The Chairman asked if there was anything else. Hearing none, Commissioner Hubbard made a motion to adjourn to Executive Session at 5:13 p.m. to discuss personnel issues, pending litigation and property acquisition. Commissioner Nelms seconded and the motion carried unanimously.

Executive Session to Follow