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Officials OK $77 million Duke bond modification

Attorneys say there is no liability to Oconee, despite red flags cited by resident here

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SENECA — The Oconee County Council gave final approval this week to an ordinance modifying a loan agreement relating to $77 million in Duke Energy bonds issued in 1993. The action came despite a resident's warnings that two other modifications made to the same bond issue resulted in Duke's tax assessment being altered to the county's detriment.

Susie Cornelius tried to explain the red flags she sees associated with the ordinance, although McNair Law Firm attorneys looking closely at the terms categorically insisted the change posed no risks to the county.

Cornelius was not convinced.

"I've been before council in 2003 and 2006 when modifications were made to these same bonds, and the (tax) assessment changes both times," Cornelius said. "I don't know if it was incidental, but you need to be aware."

Council Chairman Reg Dexter did not see the connection.

"Correct me if I'm wrong, but my understanding is that all this does is change the interest rate from variable to a fixed rate," Dexter said.

Cornelius countered that the ordinance does not even specify what the fixed interest rate would be.

McNair Attorney Mike Burns said Wachovia Bank would be servicing the bonds, and that the interest rate would be set before the closing date of Sept. 1.

County Attorney Tom Martin reiterated that the Duke assessment is not at all related to the bonds.

As Oconee County's biggest taxpayer, Duke Energy's tax assessment is done through the state Department of Revenue and annually brings in more than $20 million.

Councilman Wayne McCall went the extra mile to make sure that the county would not be liable for anything. Looking across at Martin who sat at the other end of the podium, McCall asked, "Tom, are we on the hook?"

After a legal explanation, Martin replied with a short answer: "No, you're not on the hook."