

# Alabama Business Litigation: Sewer Crisis Highlights Importance of Term Sheets

By: Rutledge & Yaghmai

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The latest development in the Jefferson County sewer crisis highlights the usefulness of term sheets when negotiating a complicated [Alabama business deal](#).

As many of our readers are aware, the Jefferson County Commission voted to approve a term sheet to settle and refinance the county's \$3.14 billion debt and likely averted the largest municipal bankruptcy in the country's history.

However, both sides have acknowledged that the agreement is only a framework or a concept to settle the crisis, and work remains toward shaping a final, binding deal.

## *What Are Term Sheets?*

In general, terms sheets are pre-contractual "agreements to agree" that outline the material terms and conditions of a business agreement. They are executed with the intent of finalizing the terms of a complete binding contract at a later date. These types of agreements are also referred to as letters of intent, memoranda of understanding, memoranda of agreement, and commitment letters.

## *When Are Term Sheet Advantageous?*

Term sheets can be used in a wide variety of business circumstances, including:

- Corporate acquisitions or joint ventures
- Financing transactions
- Litigation settlement
- Sale of goods
- Construction projects
- Commercial leases

## *What Happens If the Parties Can't Reach a Final Agreement?*

In some cases, after signing an initial term sheet, the parties are not able to reach a larger agreement, and no final contract is executed. In these circumstances, the parties sometimes end up in business litigation.

The legal remedies available are largely determined by whether the parties have deemed the term sheet binding or non-binding.

For term sheets that are deemed binding, standard breach of contract remedies are available. In cases where the term sheet is non-binding, the parties may be able to simply walk away from the deal.

Although liability is much less clear in non-binding term sheet cases, the circumstances surrounding the negotiation and term sheet provisions may still give rise to liability. For example, one of the parties may have failed to negotiate in good faith; or one of the parties may have violated a provision of the term sheet, such as a confidentiality or exclusivity requirement. Therefore, it is often advisable to consult with an experienced Alabama business attorney.

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## About Rutledge & Yaghmai

<http://rylaw.net/>

Rutledge & Yaghmai (R & Y) is a full service litigation firm that offers more than fiftyseven years of diverse legal experience. Formed in 2006, Rutledge & Yaghmai concentrates on giving each case individual attention as opposed to carrying a mass a number of cases. That way they are able to develop a lifelong relationship with clients.

### **William Rutledge**

William Eugene Rutledge graduated from the University of Alabama in 1960. He graduated from the University of Alabama Law School 1966. Mr. Rutledge served as a Captain in the Judge Advocate General's Corps, U.S. Army and as Chief of Military Justice at Fort Bliss, Texas. He was trial counsel for the United States where he prosecuted several nationally publicized court marshalls. He was the recipient of the Distinguished Service Medal for his trial work in the Army.

He began the practice of law in Birmingham, AL on August 1, 1966. His early trial practice was a mixture of business litigation and railroad related litigation. He has a strong appellate practice in which he has excelled since the early 1970s and continues that practice till the present time. He has handled over 100 cases in the state appellate system and 80 cases in the federal appellate system.

He specialized through the years of his practice in business formations. He has assisted new entrepreneurs in the formation and strategy of their businesses. Also, he represents companies in business litigation. Cases have ranged from business disputes among members to representing smaller companies against the "larger corporations." Practice memberships include the Bar of the Alabama Supreme Court, the United States District Court for the Northern, Middle and Southern Districts, the United States Court of Appeals for the Eleventh Circuit, and the Supreme Court of the United States. He is married to Sherry Crittenden Rutledge and has four children and six grandchildren.

### **Greg Yaghmai**

Greg graduated with honors from The Citadel where he received his bachelor's degree in Business Administration. In 1997, he received his law degree from Cumberland School of Law.

For the first four and half of years of his legal career, Greg served as a Deputy District Attorney for the Jefferson County, Alabama District Attorney's Office. By age 26 he tried

his first death penalty case. He went on to try either solo or as lead counsel seven capital murder and six murder cases. He also had the benefit of being the first lawyer in Alabama to be certified by the Alabama State Troopers as a Traffic Homicide investigator. He obtained this after attending a two-week seminar, which required him to live in a closed military base with forty other police officers. He also had the unique experience of being provided alcohol in a controlled setting so he could be utilized by the Jefferson County Sheriff's training academy in officers learning how to administer field sobriety tests. He is a member of the National College for DUI Defense (NCDD) which is a prestigious organization defending those charged with DUI.

He subsequently left the DA's office to become a partner in a forty lawyer civil litigation firm. This firm concentrated mostly on civil defense work, but Greg continued to expand his plaintiff and criminal defense practice.

In 2006, he co-founded Rutledge & Yaghmai. One of Greg's goals was to reduce the number of cases handled to allow for more individual attention to each case. Rutledge & Yaghmai maintains a general litigation practice. Greg focuses on personal injury, business litigation, and criminal defense cases.

Greg has truly handled cases from all sides: criminal prosecution/defense and civil plaintiff/defense. Overall, Greg has tried more than seventy-five jury trials to conclusion. He has significant experience in using visual presentations and present day media applications in presenting cases to jury. His ultimate jury consultant is his wife, Brandi, who he met when she served on the jury of a rape/kidnapping case he tried.

He has recently been asked to teach Trial Techniques for the International Web based site Solo Practice University. There he will share his expertise in trying jury cases.

Greg is licensed in all state and federal courts in Alabama and the 11th Circuit