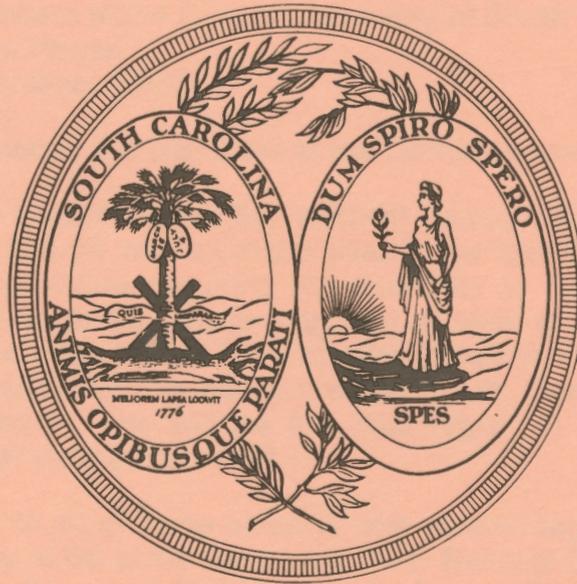


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SAVANNAH VALLEY AUTHORITY



ANNUAL REPORT 1992-1993

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SOUTH CAROLINA DEPARTMENT OF COMMERCE
Division of Savannah Valley Development

December 3, 1993

The Honorable Carroll A. Campbell, Governor of South Carolina
The Honorable Members of the General Assembly of South Carolina
South Carolina State House
Columbia, South Carolina 29201

Dear Governor Campbell and Members of the General Assembly:

It is my pleasure to present to you the 1992-93 Annual Report of the Savannah Valley Authority. 1992-93 was a unique year in the history of the Authority. It began with new legislation requiring the Authority to initiate the process of becoming a financially self-supporting agency of state government and ended with the major state government restructuring legislation that transformed the Authority into a division of the newly-created South Carolina Department of Commerce. Therefore, this will be the final report of the Authority as an independent entity of state government.

We express thanks to all of those persons who worked together to improve the economy and quality of life in the Savannah River Basin of South Carolina during the existence of the Savannah Valley Authority from 1971 to 1993 – Governors, legislators, other government officials (at the local, state, and federal levels), members of the Board of Directors, staff members, and citizens. Likewise, we look forward to building upon this foundation as we continue to fulfill the legislative mandate as the Savannah Valley Development Division of the South Carolina Department of Commerce.

Sincerely,

William B. Floyd
Director of Administration
South Carolina Department of Commerce

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SAVANNAH VALLEY AUTHORITY
MISSION STATEMENT

The Savannah Valley Authority of South Carolina (SVA) is a State economic development agency charged with improving the economic conditions in the Savannah River Basin of South Carolina, in accordance with the agency's statutory authority, South Carolina Code Chapter 9 of Title 13, as amended. This mission requires development planning and implementation, both through the direct activities of the Authority and in conjunction with local governments and other State and Federal agencies.

As a means of accomplishing this broad legislative mandate, SVA is project-oriented rather than program-oriented. Its activities are designed to create a strong and positive economic ripple effect throughout the Savannah River Basin area and the State of South Carolina. A full-service development agency, SVA undertakes not only land development projects but also other activities necessary to support land development and related projects.

The Savannah Valley Authority occupies a unique role in state government and constitutes an important element of South Carolina's rural economic development policy.

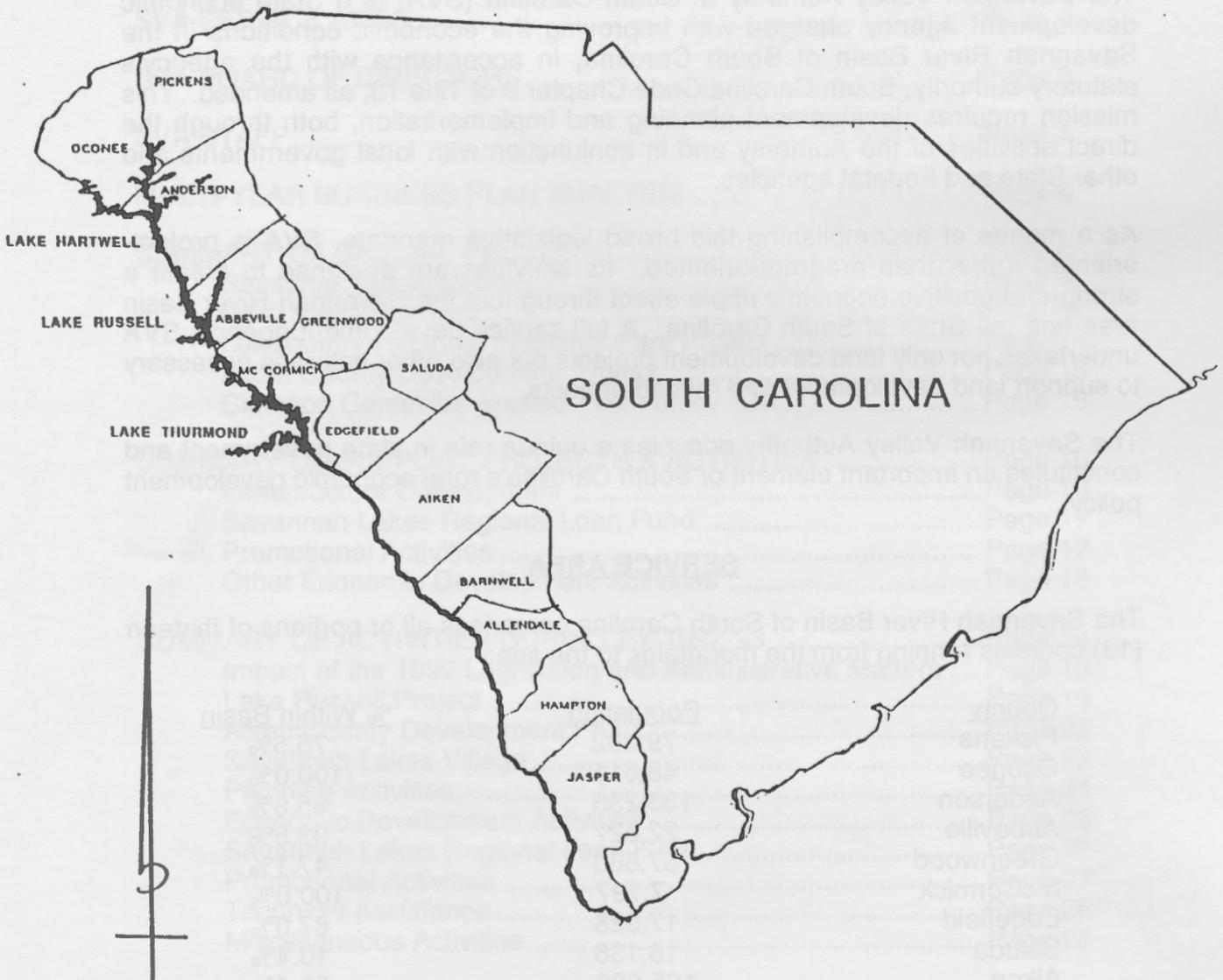
SERVICE AREA

The Savannah River Basin of South Carolina comprises all or portions of thirteen (13) counties running from the mountains to the sea:

<u>County</u>	<u>Population</u>	<u>% Within Basin</u>
Pickens	79,292	75.5%
Oconee	48,611	100.0%
Anderson	133,235	85.6%
Abbeville	22,627	93.5%
Greenwood	57,860	47.1%
McCormick	7,797	100.0%
Edgefield	17,528	87.0%
Saluda	16,136	10.4%
Aiken	105,630	50.4%
Barnwell	19,868	41.8%
Allendale	10,700	51.1%
Hampton	18,159	25.0%
Jasper	14,504	27.5%
TOTAL	551,947	

The thirteen counties within the service area represent 28% of the counties in the State, 18% of the State population, and 25% of the State geographic area. The Basin is represented by 25 of 124 House seats (20.2%) and 11 of 46 Senate seats (23.9%) in the General Assembly.

SAVANNAH VALLEY AUTHORITY SERVICE AREA



**JURISDICTION
OF THE
SAVANNAH VALLEY AUTHORITY
IS THE 13 COUNTIES OF THE
SAVANNAH RIVER DRAINAGE BASIN**

SAVANNAH VALLEY AUTHORITY
BOARD OF DIRECTORS

John A. McAllister Mount Carmel, South Carolina
McCormick County Member and Chairman

R. Eugene Pruitt, Jr. Abbeville, South Carolina
Eighth Judicial Circuit Member and Vice-Chairman

S. M. Beaty Abbeville, South Carolina
Abbeville County Member and Secretary

George W. Gaspard, Jr. Greer, South Carolina
Member-at-Large

David S. Hanson Modoc, South Carolina
Eleventh Judicial Circuit Member

E. Larry Hutto Hampton, South Carolina
Fourteenth Judicial Circuit Member (appointed May 13, 1993)

Horace J. McGee Seneca, South Carolina
Oconee County Member (appointed May 13, 1993)

George S. Pardue Aiken, South Carolina
Second Judicial Circuit Member (appointed May 13, 1993)

William S. Simpson, Jr. Iva, South Carolina
Anderson County Member

James L. Victor Aiken, South Carolina
Aiken County Member (appointed May 13, 1993)

John R. West Abbeville, South Carolina
Member-at-Large

J. W. Yonce, III Johnston, South Carolina
Edgefield County Member

Daniel E. Youngblood Easley, South Carolina
Thirteenth Judicial Circuit Member (appointed May 13, 1993)

Legislation expanding the Board from eight to thirteen members and reallocating their appointments among certain county, judicial district, and at-large areas took effect on July 1, 1992. The eight individuals serving on the Board on that date were reassigned seats based on the new configuration; the remaining five seats remained vacant until May 13, 1993.

SAVANNAH VALLEY AUTHORITY
STAFF

Morrison J. Parrott Executive Director

William F. McLaughlin Deputy Director
(through January 18, 1993)

Lee W. Haines, P.E. Chief Engineer

Fred E. Catchings Development Director

John C. Blythe, Jr. Director of Planning

Sallie W. Rice Comptroller
(through December 1, 1992)

Kathy S. Hollingsworth Office Manager/Comptroller

Pam L. Hudson Administrative Assistant

The Savannah Valley Authority began Fiscal Year 1992-93 with eight full-time staff members. During the course of the year, two staff members left employment, and their duties were reassigned to the remaining six employees. The two positions remained vacant at year end.

SAVANNAH VALLEY AUTHORITY
MULTI-YEAR BUSINESS PLAN ANALYSIS

Each annual work program undertaken by the Authority is dependent upon and derived from SVA's multi-year Business Plan, adopted in 1986 and updated in 1990. The Plan is reviewed and revised periodically and comprises five (5) major goals and associated objectives and work tasks:

- DIRECTING ECONOMIC GROWTH ACTIVITIES
- EXPANDING PHYSICAL INFRASTRUCTURE
- DEVELOPING & PRESERVING NATURAL RESOURCES
- ENCOURAGING CULTURAL ACTIVITIES & INSTITUTIONS
- GENERATING SPECIAL PROJECTS IN THE SERVICE AREA

Although accomplishing the Business Plan is a multi-year process, the following analysis describes how the Authority approaches its mission on a year-to-year basis. The analysis includes an outline of the objectives and work tasks and a description of the efforts undertaken to date by the Authority to meet those plan elements.

DIRECTING ECONOMIC GROWTH ACTIVITIES

I. Capital Formation and Recruitment

A. Industrial Recruitment

- 1. Identify industrial sites**
- 2. Identify industrial prospects**
- 3. Develop pertinent databases**
- 4. Provide liaison with development agencies**

These work tasks have been undertaken in association with and in support of the local development boards, the State Development Board, and the utilities serving the area:

- Initiated the Freshwater Coast™ industrial promotional brochure.
- Provided financial and technical support for the McCormick Main Street Program.
- Coordinated with the Upper Savannah Council of Governments (COG) and various state and local agencies to establish a computerized Geographic Information System (GIS) program for the area.
- Served as McCormick County's business development contact.
- Developed closer contact with the State Development Board, the Jobs-Economic Development Authority (JEDA), local banks, and local development boards.
- Established and managed the Savannah Lakes Regional Loan Fund (SLRLF).

B. Capital Formation

- 1. Private venture capital fund**
- 2. Solicitation of public sector funds**

SVA established the \$1,020,000 Savannah Lakes Regional Loan Fund (SLRLF) with private funds obtained as part of the Savannah Lakes Village negotiations with Cooper Communities, Inc. The decision to administer the Fund as a joint effort with JEDA and to include a representative of the Upper Savannah COG on the Loan Committee also focused more investment attention on the Savannah River Basin. Both JEDA and Upper Savannah COG have substantial loan funds that operate in the Savannah Lakes Regional Loan Fund service area. Capitalizing the loan fund with private funds eliminated the need for initial public sector financing to meet this need. A total of three loans have been executed or obligated.

C. Investor Identification

- 1. Compilation of venture capitalists**
- 2. Investor education programs**

- Worked with JEDA and Upper Savannah COG to identify private investors and to solicit investments with the incentives provided by the SLRLF.
- Generated editorial coverage in the local, regional, and national press.
- Served as McCormick County's business development contact.
- Provided financial support for Abbeville County's Operation Forward.

II. Encouraging Service Businesses

A. Market Analysis

1. Market and provider identification
2. Market analysis and feasibility
3. Information transfer

- Conducted service business feasibility analyses as part of the business plan for the Lake Russell Project.
- Maintained liaison with local and State development boards.

B. Business Incubators

- Directly financed the Clemson Center for Applied Technology (CAT).

C. Capital Availability

1. Technical services
2. Financial assistance
3. Identification of potential investors

- Established and staffed the Savannah Lakes Regional Loan Fund.
- Provided loans from the SLRLF.
- Modified the SVA legislation to allow use of \$20 million internal State "line of credit" for all lawful development purposes of SVA.

III. Encouraging Manufacturing Businesses

- Served as fiscal agent for the Lowcountry Regional Industrial Park, the State's first multi-county industrial park.
- Directly financed the Clemson Center for Applied Technology (CAT).
- Provided funding for and coordination of a forest products manufacturing study with Clemson University, Abbeville County, and McCormick County.
- Proposed new legislation to support economic development in rural areas – tax-increment financing for counties, and other-than-annual tax collection for special tax districts.
- Provided financial support for Abbeville County's Operation Forward.

IV. Encouraging Small Intensive Agricultural Practice

- Provided funding for and coordination of a forest products manufacturing study with Clemson University, Abbeville County, and McCormick County.
- Provided technical assistance to the Clemson Extension Service, the John De La Howe School, and Clemson University related to the Private Enterprise Program at De La Howe.
- Coordinated with the Clemson Extension Service and the Woodland Study Committee of the 96 Resource Conservation and Development District (RC&D) regarding the "short wood" industry.

EXPANDING PHYSICAL INFRASTRUCTURE

I. Transportation

A. Expansion of the Highway Network

1. SC Highway 72/US Highway 178 complex
2. SC Highway 81/28 complex
3. US Highway 25/221/378 complex

B. Commercial Airline Service

- Participated in organizations established to promote the expansion and improvement of these and associated highways.
- Provided research for and recommendations to the Legislative and Congressional delegations.
- Provided leadership in the development and promotion of the Savannah River Scenic Highway.

II. Utilities

A. Needs Assessment

B. Technical Assistance

- Financed engineering work and provided coordination and recommendations concerning the construction of the proposed Horse Creek Wastewater Interceptor Line as a solution for wastewater treatment needs in the Savannah Valley.
- Provided financial and technical assistance to the Town of Calhoun Falls to upgrade its water system.
- Financed engineering work for a McCormick County NPDES permit.
- Financed engineering work for the McCormick Commission of Public Works' (CPW) sludge disposal system.
- Financed and coordinated engineering studies for the upgrade of the McCormick CPW sewer plant.
- Conducted and financed sewer user rate studies for the McCormick CPW and the County of McCormick.
- Developed rate analysis models for water/sewer systems for McCormick County and the Town of Calhoun Falls.
- Provided assistance to the Sandy Branch Volunteer Fire Department.
- Undertook responsibilities for regional water and wastewater planning.
- Served as the lead agency for municipal water supply activities in the Savannah River Basin.
- Provided funding for an operational model developed by the South Carolina Water Resources Commission for the Savannah River and its lakes.
- Worked toward securing municipal water supply reservations in area lakes.

DEVELOPING AND PRESERVING NATURAL RESOURCES

The Savannah Valley Authority supports activities that develop and enhance inventories of the stream courses, lakes, wetlands, land uses, ownership patterns, soil types, geologic substructure, mineral assets, wildlife, and natural history of the Savannah River Basin of South Carolina.

- Financed the majority of the costs associated with the development and implementation of the computerized multi-objective stream-flow model for the Savannah River basin conducted by the South Carolina Water Resources Commission.
- Conducted natural resources inventories as specific projects were undertaken and as geographic-based information was developed. The Upper Savannah COG and SVA are developing a geographic information system (GIS) program for the Region that will incorporate all of the information identified here. Additionally, SVA has intensified its coordination with various State agencies related to natural resources.
- Required that all studies initiated by or funded by SVA, including those related to the proposed Lake Russell Project, are adaptable to the Regional GIS being developed.
- Initiated the Savannah River Basin Alliance to coordinate river-related planning among all councils of governments and local governments bordering the Savannah River and Lakes in South Carolina and Georgia.

ENCOURAGING CULTURAL ACTIVITIES AND INSTITUTIONS

I. Educational

II. Libraries

- The special projects of Savannah Lakes Village and Lake Russell will provide excess tax revenues to fund schools and cultural activities.
- SVA has assumed a support role.

III. Arts

IV. Festivals

- Published ENCORE, a quarterly calendar of cultural events.
- Provided a promotional grants program.
- Initiated and continued to work with Freshwater Coast™ promotional activities.
- Maintained a regional public relations and promotions campaign.

GENERATING SPECIAL PROJECTS

The Authority maintains flexibility to undertake, institute, and support special projects that serve identified needs of the region.

- Initiated the Savannah Lakes Village development in McCormick County.
- Oversaw public infrastructure development at Savannah Lakes Village.
- Initiated a mixed-use development in Abbeville County, known as the Lake Russell Project.
- Financed the Lowcountry Regional Industrial Park, located in Hampton County, South Carolina's first multi-county industrial park.
- Secured financing to construct a major office/engineering building in Aiken County as a means of attracting new jobs and new residents related to the Savannah River Site.
- Financed the construction of the Clemson Center for Applied Technology (CAT).
- Financed engineering for the Horse Creek Wastewater Interceptor Line.
- Provided financial support for the South Carolina Water Resources Commission's operational model for the Savannah River Basin.
- Assumed Regional water and wastewater planning responsibilities.
- Provided financial and technical assistance for water and sewer infrastructure development projects.

SAVANNAH VALLEY AUTHORITY **SUMMARY OF SPECIAL PROJECTS**

SAVANNAH LAKES VILLAGE

INTRODUCTION – The Savannah Valley Authority (SVA), in close cooperation with the local governments of McCormick County, initiated a recreation- and retirement-oriented community in late 1988 on approximately 4,000 acres adjacent to J. Strom Thurmond Lake at the intersection of U. S. Highway 378 and secondary road S-33-7. The Savannah Lakes Village development capitalizes on McCormick County's chief marketable resource – Lake Thurmond – and has already resulted in a substantial increase in county tax revenues, employment opportunities, available capital, housing stock, public infrastructure, and overall economic development opportunities.

PROJECT HISTORY – The Authority has a wide mandate to increase overall development opportunities in the Savannah River Basin of South Carolina. With support from the South Carolina General Assembly, the Governor's Office, the South Carolina Congressional delegation, and local governments, the Authority formulated an overall development plan that specified the release of a significant amount of property from the federal government on J. Strom Thurmond Lake for the development of a recreation-oriented community.

As a result of that plan and the overall support for such a development, the United States Army Corps of Engineers and the General Services Administration (GSA) released the property from federal control. On July 10, 1986, the Authority purchased this property – 3,159 acres of undeveloped timberland in the vicinity of J. Strom Thurmond Lake in McCormick County, South Carolina – from GSA for the purpose previously described.

Simultaneous with the purchase of the property, the Authority advertised for development companies interested in undertaking the entire project in

accordance with the spirit of the development plan. The Authority selected Cooper Communities, Inc. (CCI), a community developer founded in 1954, with headquarters in Bentonville, Arkansas. CCI previously had developed three major retirement communities in Arkansas totaling 77,000 acres and had recently begun the development of Tellico Village, a 4,500-acre community near Knoxville, Tennessee.

Savannah Lakes Village was undertaken as a joint public-private partnership between SVA and CCI. The master plan was completed in August 1988, and the actual physical development began in December 1988, at which time SVA sold the property to CCI. Cooper also purchased approximately 800 acres of privately-owned property to round out the development. Lot sales began in 1989.

PROJECT SUMMARY – The master plan for Savannah Lakes Village specifies the following elements:

- 5,100-6,300 single family lots
- Townhomes/condominiums/patio homes
- Championship golf course
- Club house
- 80-room lodge
- Restaurant
- Public marina
- Neighborhood boat docks
- Tennis facilities
- Infrastructure and utilities, such as roads, water and sewer, electric, telephone, and cable television service
- Commercial/office space
- Fitness center

The County-owned nursing home, opened in February 1989, has always been considered by McCormick County, the Authority, and Cooper Communities to be an integral part of the overall development. Cooper authorized SVA to provide seven acres for the nursing home and integrated its design into the master plan. Cooper also has reserved additional acreage for an overall health care facility.

DEVELOPMENT PERIOD – The time required to sell all of the homesites at Savannah Lakes Village is estimated at eight to twelve years. The build-out period, however, is analogous to that of any new town. Local and national conditions beyond the control of SVA or CCI will determine construction schedules. Nevertheless, using trends established in other CCI projects, SVA anticipates that by the end of the century Savannah Lakes Village will contain approximately 1,000 residences and additional amenities.

BENEFITS TO SOUTH CAROLINA – Since its opening, Savannah Lakes Village has created more than 200 new jobs in the Region, significantly decreased the McCormick County unemployment rate, and added more than \$36 million in taxable value on property that had not been on the tax rolls since the late 1940s. Overall, private investment is estimated at almost \$70 million.

This public-private partnership shows every indication of meeting the State's objectives of increased employment, increased investment, and increased tax revenue, and in meeting CCI's objectives of profitability. The Authority contends that such an investment of State support to stimulate development demonstrates good financial policy as well as good social policy. The overall investment by the State for this particular project has been approximately \$9.3 million, as follows:

- \$4.5 million – purchase of land
- \$3.3 million – aid to infrastructure development
- \$1.5 million – development costs related to planning and land acquisition

The State has obligated itself to provide up to \$20 million as a loan from the Insurance Reserve Fund to finance the development of public roads, water, and sewer infrastructure serving Savannah Lakes Village. This loan is being paid back by revenues from a special tax district at Savannah Lakes Village and is resulting in a return to the State of at least 8%. This rate is comparable to any other investment the State might have made with those funds.

In addition, the State has received the following in direct revenues:

- \$2.3 million – proceeds from the sale of a zero coupon bond with a 10-year maturity valued at \$4.7 million (cashed-in by the State Treasurer in 1991)
- \$1.0 million – economic impact fee from CCI used to establish the Savannah Lakes Regional Loan Fund
- \$0.2 million – earnest money from CCI, applied by SVA to the Lake Russell project

The State is projected to recapture all of its original investment within the first ten years of the project, and to receive an estimated \$1 to \$1.5 million annually (in today's dollars) in the form of new income and sales tax. During this same time period, McCormick County is expected to receive additional property tax revenues in excess of \$1.5 million annually as property owners continue to build new homes in the development. (This does not take into account the effect of the local option sales tax, instituted in McCormick County in 1991.) Total investment is estimated at about \$280 million.

During the negotiation phase, CCI paid an economic development impact fee of \$1 million, which SVA used to capitalize the Savannah Lakes Regional Loan Fund (SLRLF). The Fund is used to encourage the creation of new businesses and the expansion of existing businesses within the area directly impacted by the Savannah Lakes Village. To date, the SLRLF has provided assistance to businesses that will create more than 100 jobs and leverage more than \$3 million of other investment in the region without the use of additional state expenditures.

An economic analysis of the Savannah Lakes Village Project indicates that direct and indirect employment opportunities will create approximately 3,400 jobs during its first fifteen years. These employment projections have not been considered in any of the previous economic estimates.

Savannah Lakes Village has helped to diversify the local economy and ease its dependence on the manufacturing sector, which accounted for more than forty percent of McCormick County's labor force when the project began. In addition, the county should be more competitive in future economic development efforts because this project and its spin-off activities have assisted in:

- Improving the local educational system and, thereby, providing a better educated and more trainable labor force
- Improving the local infrastructure
- Creating the SLRLF to provide incentives to businesses
- Helping to reverse the trend of population loss (McCormick County had lost population every census since the County was formed in 1916)
- Improving the overall quality of life

By investing in a project of this magnitude in one of South Carolina's poorest counties (as well as its smallest in population and land area), the State has provided McCormick County with the means to help itself. Savannah Lakes Village should provide a continuing positive impact on the County well into the next century.

LAKE RUSSELL PROJECT

SVA's Lake Russell Project is one which will parallel the scope and size of Savannah Lakes Village. The project site is located between S.C. Highway 81 and Lake Russell, bounded on the north by Calhoun Falls State Park and on the south by the road leading to the Lake Russell Dam overlook. The exact form of the project, however, has yet to be established; the environmental carrying capacity of the property and the realistic market will determine exactly how the property is used.

A number of years ago, the Savannah Valley Authority Board of Directors made a commitment to pursue controlled and limited development on Lake Russell. Based on preliminary planning and design work completed by The Piedmont Group of Greenville, South Carolina, SVA identified suitable property for a mixed-use development and is in the process of acquiring that property. During FY 1989-90, SVA engaged the services of Edward Pinckney/Associates, Ltd., of Hilton Head, South Carolina, to analyze environmental considerations, the potential market for a mixed-use development, and possible land-use configurations.

SVA purchased from Crescent Resources, Inc., the timber and development subsidiary of Duke Power Company, 834.89 acres in December 1990 and another 188.76 acres in January 1993. In addition, SVA purchased an adjacent 70.85 acres in August 1992 from a private property owner. The Authority is negotiating a 99-year lease of 1,675 acres owned by the United States Army Corps of Engineers and currently leased to the South Carolina Department of Parks, Recreation and Tourism.

Edward Pinckney/Associates spent more than a year analyzing the site of SVA's proposed development on Lake Richard B. Russell. This site encompasses the

land SVA has purchased or has offered to purchase from Crescent Resources and other owners, and the land to be leased from the Corps of Engineers. The Pinckney firm has studied the site for soil types, vegetation and tree species, wildlife habitat, and archaeological data.

The Pinckney study recommends appropriate land uses based on site characteristics. It lists several options suitable to each portion of the overall site, and suggests ways in which the several "neighborhoods" might best be tied together to form a cohesive whole. The report does not come to a specific conclusion as to each particular area, nor does it make a detailed recommendation as to how the project should be developed. Rather, it provides a flexible framework for developing the overall property in a manner most compatible with the Calhoun Falls area of South Carolina, and it suggests the "highest and best" utilization of the various neighborhoods that are individually identified.

The Pinckney Report is one of several tools available to SVA for development of the site. It will be used to develop "Best Management Practices" for the proposed specific uses of each site, and to ensure that each parcel is improved in an environmentally-sensitive manner. Using the report in this manner, SVA then will solicit expressions of interest from qualified land and/or facility developers.

SVA also retained The Fontaine Company of Columbia, South Carolina, to make recommendations concerning specific uses of the Lake Russell development site. The Fontaine Company's responsibilities included the preparation of financial data for the purpose of determining the approach and activity schedule that would maximize the potential returns to the State of South Carolina.

A primary concern of the SVA Board of Directors was whether to pursue a single-use, single-developer approach (such as was used successfully with the Savannah Lakes Village project in McCormick County) or to allow the site to be developed for a variety of uses by several developers, each of which would pursue a particular, specific project. The Fontaine Company projected that the latter approach would result in more immediate and higher cash flows over the estimated life of the project. Based on this analysis, the SVA Board of Directors elected to develop the Lake Russell site as a mixed-use, multiple-developer project.

The rationale for such a project is clear. Lake Russell (a Corps of Engineers lake bordering Abbeville and Anderson Counties, S.C.) constitutes a major resource for the State and the Region. By fostering appropriate controlled and limited development, the Authority has the opportunity to reverse downward trends in a faltering local and Regional economy. In addition, it will provide increased public access to the Lake Russell resource.

SVA has received support, encouragement, and direction from the highest levels of the United States Army Corps of Engineers and from the South Carolina Congressional delegation. In an effort to respect and preserve the trust implicit in that support, SVA has undertaken a wide-ranging analysis of the property, the lake, and local needs to determine the most appropriate uses of the property.

This task is complicated somewhat by the fact that Savannah Lakes Village (25 miles to the south on Lake Thurmond) is in its initial developing stage. The Authority has factored the market demands for Savannah Lakes Village into its plans for the Lake Russell project.

Directly related to the plans for the Lake Russell Project is the need for enhanced water and sewer service. The Authority is providing financial and technical assistance to the Town of Calhoun Falls, Abbeville County, and other local governments within the Region to ensure that adequate water and sewer facilities are available. This need extends beyond the Lake Russell project, however. If the Region is to develop in a reasonable and environmentally-sensitive manner, adequate public utilities must be provided. Therefore, any plans for the Lake Russell development and related development must be accompanied by adequate public infrastructure. The Authority is dedicated to assisting local and regional governments in planning for that infrastructure and in finding a reasonable way to pay for it.

The success of the Lake Russell project (and indeed any project of the Authority) will be measured in terms of how well the project meets its primary goals of job creation, development of wealth, and increase in tax base, as well as the secondary goals of spin-off benefits. The only way to enhance the opportunity for spin-off benefits is to recognize that the primary project is part of an overall development and conservation effort. These principles have guided and are guiding the Savannah Lakes Village development and serve as the hallmark for the Lake Russell project.

LOWCOUNTRY REGIONAL INDUSTRIAL PARK

The Lowcountry Regional Industrial Park comprises 1,000 acres of prime industrial property strategically located near I-95 on S.C. Highway 68 in Hampton County. The Park provides tenants with numerous locational advantages, such as proximity to three deep-water ports, two interstate highways, and a large regional labor pool. Because of the Park's official "multi-county" status, a company that locates in the park is eligible for a job tax credit of \$1,500 per year per employee for a five-year period. This is the largest tax credit available in South Carolina. The five counties of Allendale, Beaufort, Colleton, Hampton, and Jasper are participants in the multi-county park.

Phase I infrastructure included water, sewer, entrance road, and primary road into the Park. Sewer service is provided by an eight-inch force main connected to the Town of Yemassee's system. Electricity, gas, and telephone services are available to the site.

The economic directors of the five participating counties formed the Lower Carolina Development Corporation (LCDC), a not-for-profit organization, to help promote and market the Park. The LCDC is constructing a speculative building on a site donated to it and will market that building to enhance the development of the Park and the region.

Although prospect activity has been moderate to active, it is anticipated that the Park's marketability will be substantially enhanced now that the infrastructure has been completed.

Using the most conservative forecast for development of the Park, a tremendous beneficial economic impact is projected. The Park should result in the creation of 1,537 permanent jobs within ten years and 1,831 permanent jobs within fifteen years. The Park also should result in an earnings increase of \$297.7 million over the fifteen-year period.

Additionally, the entire project has projected tax benefits over its build-out period as follows:

<u>Property Tax</u>	<u>Sales Tax</u>	<u>Income Tax</u>
\$28,877,459	\$2,866,644	\$3,753,142

AIKEN COUNTY DEVELOPMENT PROJECT

During a special session of the legislature in 1991, the General Assembly passed and the Governor signed a Capital Improvements Bond bill that provided \$4.5 million to the Savannah Valley Authority for the purpose of undertaking economic development activities in Aiken County. The SVA Board, in consultation with the Aiken County legislative delegation, focused on creating job opportunities in the corridor between the Cities of Aiken and North Augusta, providing some assistance to the development efforts of North Augusta, and evaluating what role, if any, SVA might play in the development of research and technology transfer opportunities for the County. During FY 1992-93, SVA initiated two projects with these funds – the purchase and lease of an industrial building, and the provision of funds for a mapping project in conjunction with other economic development entities in the area. The Authority continued to work, both independently and in conjunction with other economic development agencies, to identify other projects that would benefit the economic development of Aiken County while providing project and operational funds to allow SVA to support itself under the conditions of its 1992 legislation.

CLEMSON CENTER FOR APPLIED TECHNOLOGY (CAT)

Clemson University, through its Emerging Technologies Center, undertook the planning of the Center for Applied Technology (CAT) as a way of maximizing the transfer of technology to create new jobs and businesses. This activity led to the development of an incubator near Pendleton, which is expected to help South Carolina "grow its own" industries. The incubator differs from similar approaches by embracing a wider array of entrepreneurial opportunities.

SVA provided direct financing for the project during fiscal years 1990-91 and 1991-92, with the anticipation that it would continue that financing for another two years. Due to several factors, including the 1992 change in its legislation, SVA discontinued funding of the CAT in 1992-93. The facility was dedicated and operational in 1992.

SAVANNAH VALLEY AUTHORITY
SUMMARY OF SUPPORT PROJECTS & ACTIVITIES

INFRASTRUCTURE DEVELOPMENT

The Savannah Valley Authority, by statute and by agreement with five counties in west central South Carolina, serves as a regional water and sewer authority within that portion of the Savannah River Basin. A primary part of its activity involves coordinating the plans and activities of the various water and sewer providers to ensure that a Regional network of water and sewer facilities is provided in a timely fashion.

In conjunction with other local and Regional agencies, SVA developed a proposal regarding a sewer trunk line to serve Abbeville, McCormick, Edgefield, and Aiken counties. This proposal involves transporting sewage to the Horse Creek Wastewater Treatment Plant in Aiken County as a means of protecting the sensitive environment in the Basin and opening a 70-mile development corridor through an area lacking development opportunities. The proposal also identifies two alternatives that would provide sewage treatment within that same area should the funding for the Horse Creek project not be available.

In addition, as part of SVA's on-going activities, the Authority is providing assistance to Abbeville County and Calhoun Falls in designing an appropriate water system that will meet current and projected needs and that can be financed without undue hardship.

Knowing that it is more valuable to economic development to provide continuous availability of a reliable supply of treated water than it is merely to sell water, the SVA staff is attempting to formulate a plan that will provide real benefits for all of the various parties involved and to encourage cooperation within Abbeville County. The objectives of the plan include the following features:

- a continuing supply of potable water for the expanding needs of the entire Calhoun Falls area
- a new water plant that will be constructed on a site near the water intake and will meet all requirements of the South Carolina Department of Health and Environmental Control (DHEC)
- a water plant location that does not impede the extension of streets linking the developed (east) half of the Town to the Lake
- a system that reduces the need for the Town of Calhoun Falls to incur major long-term debt to finance the water plant
- a system that allows the Abbeville County Council to take the first definitive steps toward fostering a cooperative County water system
- water system rates throughout the entire area that are equitable and uniform when compared to rates applicable outside the County

SVA's activities also extend to providing financial assistance for water and sewer system upgrades and direct intercession with DHEC as these systems are developed.

The Authority is a key member of the Savannah River Basin Technical Advisory Committee, established by the South Carolina Water Resources Commission. Related to that, SVA provided a major portion of the funding to allow the Water Resources Commission to develop a multi-objective river basin model designed to provide real-time management for the Savannah River Basin.

The Authority has joined forces with several local and regional organizations to attempt to establish a compatible Geographic Information System for the Region.

SAVANNAH LAKES REGIONAL LOAN FUND

SVA, in conjunction with the South Carolina Jobs-Economic Development Authority (JEDA), created the Savannah Lakes Regional Loan Fund (SLRLF) in 1990 to provide loans to businesses that will create permanent jobs and leverage private investment in the Savannah Lakes Region of South Carolina. This loan fund is the result of creative negotiations with Cooper Communities, Inc., through which Cooper provided SVA with a one-time contribution of \$1 million as an economic impact fee. This contribution enabled the Authority to create a flexible revolving loan fund, without the use of tax dollars or the necessity of new staff positions. The resulting loan fund fills a need that previously was not being met through other governmental loan programs and is flexible enough to meet the needs of businesses in the area. To date, the fund has provided or obligated business loans of \$450,000 that will leverage more than \$3,150,000 of other investment and will create more than 105 jobs in the region.

PROMOTIONAL ACTIVITIES

Encore: This quarterly calendar of events promoted the cultural activities in Abbeville, Anderson, Greenwood, and McCormick Counties and surrounding areas. SVA created *Encore* in the spring of 1988 to serve as a vehicle for individual organizations to promote their activities and facilities within a regional context. It was recognized for three consecutive years with an "Addy" award. The long-range calendar from which each issue of *Encore* was derived also served an information clearinghouse for groups planning other events. Production of *Encore* was suspended in FY 1992-93.

Retirement: For several years, SVA placed an advertisement for the Region in *South Carolina Mature Lifestyles*, a publication of the South Carolina Retirement Communities Association, of which SVA was a charter member. In conjunction with this activity, SVA created a fulfillment kit, "Escape To The Land Of Unlimited Opportunity." About 2000 requests for information were answered in the first three years of publication. The 1989 and 1990 ads won the Marketing Efficiency Award for the most leads generated.

South Carolina's Freshwater Coast™: The Authority developed this phrase to describe the western border of the State. SVA holds a trademark for the name and a copyright for the logo. SVA and other organizations in the area formed the Freshwater Coast™ Association in 1989 to promote the recreational, residential, and economic development potential of the area. For several years, the Association hosted a reception for travel writers, tourism professionals, and key

governmental officials at the Governor's Conference on Tourism and Travel. The group produced a brochure/poster of the area, and SVA placed advertisements in targeted publications. Although the group of organizations has changed throughout the years, in size, name, and structure, its goal remains the same. SVA continues to promote the Freshwater Coast individually and collectively.

Savannah River Scenic Highway: Designated by the South Carolina General Assembly in 1986, the Scenic Highway extends 110 miles through McCormick, Abbeville, Anderson, and Oconee Counties. The SVA logo was modified to form the Scenic Highway logo, and SVA was asked to coordinate promotional activities pertaining to the route. A brochure was developed, a dedication took place in 1988, and general publicity has been generated. The Freshwater Coast™ Alliance produced a poster-size map in 1991 that featured the scenic highway, and the route is to be highlighted on the 1994 edition of the official South Carolina State Highway Map. The scenic highway will be a major focus in the development of the Authority's Lake Russell Project.

OTHER ECONOMIC DEVELOPMENT ACTIVITIES

In addition to overseeing the Savannah Lakes Regional Loan Fund, the SVA staff served as a key economic development contact for McCormick County and coordinated efforts among various economic development groups throughout the Basin. SVA received a federal grant of \$20,000 for a pilot project that would help to determine the feasibility of secondary manufacturing of wood products in Abbeville and McCormick Counties.

SAVANNAH VALLEY AUTHORITY **SUMMARY OF ACTIVITIES DURING FY 1992-93**

Impact of the 1992 Legislation and Administrative Matters

The Authority began the 1992-93 fiscal year with new legislation requiring SVA to become financially self-sufficient. Even so, the purpose of the agency – to encourage, assist, promote, and cooperate in the overall economic development of the Savannah River Basin of South Carolina – did not change. Although the legislation also expanded the Board from eight to thirteen members, the five new slots were vacant from July 1, 1992, to May 13, 1993.

The primary focus of the agency during the year was the Lake Russell project, followed closely by the Aiken County project. Because of the requirement for the agency to become self-sufficient in a very short time frame, the Aiken County project took on added importance, as it was seen as a short-term means to generate income to drive the more long-term Calhoun Falls project. As investors were being sought for Aiken County, a marketing analysis was undertaken for Calhoun Falls.

Administrative matters related to the new legislation included the development of new by-laws, a purchasing manual, and a personnel manual. The purchasing manual was adopted by the Board in January and forwarded to the State Budget

and Control Board for approval. Two personnel manuals were drafted, but neither was adopted officially.

The Board selected the accounting firm Lowrance & Wildman of Columbia, SC, to advise the staff on the development of an accounting system. SVA funds were deposited in NationsBank and South Carolina National Bank (the only two banks serving the entire SVA region) and Dorn Banking Company in McCormick (the closest bank to the SVA Office).

The SVA Board established an operations committee to oversee the development of a long-term agency business plan, to assist the staff and Board in the screening of project proposals, and to undertake other duties as assigned. Chaired by the SVA Vice Chairman (Gene Pruitt), it also included the SVA Finance Committee Chairman (David Hanson) and Vice Chairman (Sonny Yonce), one Board member from the upcountry (Danny Youngblood), and one Board member from the lowcountry (George Pardue).

Several audits were initiated during the fiscal year. The State Budget and Control Board conducted a Procurement Audit that was completed and distributed to SVA Board members in May 1993; the Board adopted all of the recommendations in the Report and began to comply with them immediately. The Legislative Audit Council began a Performance Audit and was scheduled to complete its report by September 1993. The State Development Board conducted a Cost-Benefit Analysis of SVA's Economic Development activities as they relate to the agency mission. The Office of State Auditor conducted annual financial audits for fiscal years 1989, 1990, 1991, and 1992. The latter reports were not complete at the end of the fiscal year.

Lake Russell Project

Overview: Planning for this project has been a deliberative process extending over several years. However, the passage of the 1992 legislation requiring SVA to become self-sufficient created the need for SVA to approach the Lake Russell project in a manner different than it might otherwise have chosen. Whereas SVA developed the Savannah Lakes Village project with the long-term, sustained growth of McCormick County in mind, at Lake Russell it would have to focus its attention on short-term, income-generating activities that would create immediate cash-flow for the agency.

Land Acquisition: During 1992-93, SVA purchased two tracts of land for the project – 70.85 acres from Cecil & Bonnie Burriss, and 188.76 acres from Crescent Resources, Inc. These acquisitions bring to 1,094.5 the total acreage at Lake Russell owned by SVA in fee simple.

Lease Transfer: The Authority spent a considerable amount of time during the year working to effectuate the lease transfer of three peninsulas at Lake Russell owned by the United States Army Corps of Engineers (COE) from the South Carolina Department of Parks, Recreation & Tourism (PRT) to SVA. The property, comprising 1,675 acres, is to be removed from PRT's 50-year lease

with COE and placed under the control of SVA for a period of 99 years. All three parties are agreeable to this action.

As of June 30, 1993, much has been accomplished. Both SVA and COE officials approved language of the 99-year lease, including changes that were added during the course of negotiations. SVA staff prepared or updated documents required by the lease (Risk Assessment, Preliminary Assessment Screening, Plan of Recreation Development and Management, Inventory & Condition Report) and contracted for an update of the Environmental Site Assessment that had been conducted in 1990. The Master Lease between COE and PRT was amended to remove the three peninsulas and to add the road leading to the Blue Hole recreation site. (The road had been excluded from the original lease inadvertently.) The Blue Hole road is surrounded by SVA-owned property, and its inclusion in the revised Master Lease will allow SVA to work with PRT and COE to improve the alignment of the road as well as to connect it with new roads planned for the SVA property. Plans for the eventual lease transfer of the Blue Hole Recreation Site from PRT to SVA are supported by both state agencies as well as COE and the Town of Calhoun Falls.

Annexation: SVA petitioned the Town of Calhoun Falls to annex a small area of property it owns into the town limits. This property is adjacent to the northwest quadrant of the town, north of SC Highway 72, west of SC Highway 81, south of Calhoun Falls State Park, and east of Lake Russell. The annexation was requested to give Calhoun Falls jurisdiction over all SVA-owned property in this area. This will place all property included in the Phase I development in the town limits and will allow SVA and potential developers to negotiate with one local governmental entity (the Town) for provision of services rather than with two (the Town and the County). The annexation petition, dated December 9, 1992, was approved by the SVA Board in January. The request has no known opposition, and official annexation is expected during fiscal year 1993-94.

Planning and Development Standards: SVA worked with officials of the Town of Calhoun Falls and the County of Abbeville on the preparation and adoption of development standards and zoning plans for each jurisdiction. This action followed a planning process initiated by the Palmetto Conservation Foundation in fiscal year 1991-92. The Town established a Planning Commission responsible for recommending actions to Town Council and for implementing policy. Its first project is to consider a land use plan and a comprehensive plan. The Authority also worked with the Town to identify proposed extensions to the existing street patterns and modifications to intersections to ensure a logical transition between the developed part of town and the undeveloped SVA property.

Infrastructure – Water: SVA continued to work with the Town of Calhoun Falls to solve problems created by the Town's need for a new water system. The water treatment plant is located in the northwest quadrant of the town, surrounded on all sides by property purchased by SVA from Crescent Resources, Inc. It is outmoded and has insufficient capacity to meet the needs projected for future development. In addition, its location impacts negatively on SVA's plans for the development of its property.

To alleviate part of this problem, the Authority offered to swap land owned by SVA near the raw water intake point (south of SC Highway 72 at Lake Russell) for the existing plant. A site was selected, and a road to it was cleared. The property will revert to SVA if the plant is not built. Relocation of the plant also would require the construction of a 12-inch water line from new plant site to an existing 12-inch water line along SC Highway 81. The Town hired ZEL Engineers of Augusta, GA, to design a water treatment plant with a capacity of 2 million gallons per day (mgd). In June 1993, the SVA Board voted to pay Calhoun Falls for the costs of engineering for the new Calhoun Falls Water Plant. This gives SVA ownership of the plans; when the construction begins, these costs will be financed as a project cost and repaid to SVA.

SVA worked with the Town and the Upper Savannah Council of Governments throughout the year to secure funding for the new plant from various sources. Among the agencies contacted were the Farmers Home Administration (FmHA) and the Jobs-Economic Development Authority (JEDA). The approach to JEDA was unsuccessful because of the suspension of an anticipated bond issue. An application to FmHA was rejected because of insufficient current demand. In a related matter, the Town of Calhoun Falls and the Upper Savannah Council of Governments commissioned an independent rate study that will be used to establish a long-term rate structure for the system.

At the close of the fiscal year, SVA was anticipating a request from the Town to acquire property adjacent to the existing plant, on which to place alum sludge ponds to comply with current environmental regulations. These ponds later could be reclaimed, allowing for development of the site in the future. SVA recommended that the Town delay any significant upgrade of the water plant at the present site while other solutions to a new plant are pursued. As part of this recommendation, SVA offered to provide the design of the alum sludge ponds, to include the size, location, and reclamation plan, and to provide, at no cost to the Town, property necessary for the alum sludge facility (only if the Town does not expand its plant at the current location).

Infrastructure – Sewer: The Authority worked with the Town of Calhoun Falls to identify various ways to finance an upgrade of its wastewater treatment plant. Although the plant has sufficient capacity for present needs, an expanded facility is required to handle demand from projected new growth. In August 1992, the SVA Board authorized the Executive Director to negotiate the details of a loan of \$37,952 to the Town of Calhoun Falls. When this amount was determined to be insufficient, the Board voted to offer assistance to the Town in securing a loan of \$56,000. At the end of the fiscal year, funding for the facility was uncertain.

Investors: The Authority maintained an ongoing effort throughout the year to communicate with potential investors (both public and private) for projects that would fit within the parameters set forth in the Pinckney Report. One active prospect was a federal government installation.

Phase I Development: In January 1993, representatives and subcontractors of The Fontaine Company reported to the SVA Board on planning for the first phase of development at Lake Russell. The presentation focused on an overall site plan

for Phase I, development of the proposed lodge, projected construction schedule, project financing, and infrastructure development. The consensus of the Board was to pursue actions that would lead to the construction of roads, water, and sewer infrastructure to the proposed site of the lodge (thereby opening the entire Calhoun Falls Tract to development), but to defer action on construction of the lodge building at that time.

In May 1993, The Fontaine Company presented a Marketing Report to the SVA Board based on the direction provided at the January meeting. The Report was predicated on the assumption that the most marketable portion of the Lake Russell Project, offering the quickest return to state and local governments, is the lodge/restaurant at the site near the Blue Hole boat ramp. Provision of infrastructure to this site would allow complementary development of areas along the entrance road for attached housing and other types of development. The lodge and the housing area could be marketed separately but simultaneously, and costs of infrastructure could be shared.

The proximity of the proposed lodge site to the existing public facilities at the Blue Hole Recreation area enhances the site's market appeal because of existing lake access and amenities. The Corps of Engineers already has approved in concept improvements to the Blue Hole site (boardwalks between the boat dock and restaurant/lodge, additional boat slips, etc.). If constructed, these amenities could increase usage of the facility and encourage traffic between the lodge/restaurant and the lake.

The consultants advised the Authority to request that the Corps of Engineers revise the Lake Master Plan to substitute a site north of the SC Highway 72 bridge for the Hester Marina site south of the bridge. The Authority could seek a service provider for dry storage and related commercial activities within the Phase I development area.

In June 1993, SVA staff began to develop requests for proposals (RFPs) for the first phase of work. The RFPs were to consist of a general RFP for the entire Lake Russell Project, as well as specific RFPs for individual development sites (e.g., lodge & conference center, attached housing area, commercial area along the north side of SC Highway 72, business park, residential subdivision, etc.). This process was underway at the time SVA was absorbed into the South Carolina Department of Commerce.

Aiken County Development Project

During 1992-93, the Savannah Valley Authority approved two projects in Aiken County using funds provided by the legislature in the 1991 Capital Improvements Bond Bill. As the legislative intent of this portion of the bond bill was to create new jobs and new wealth and to enhance economic development opportunities in Aiken County, SVA sought projects that would have a lasting positive impact on the area. Additionally, in response to the 1992 legislation that directed SVA to become a financially self-sufficient state enterprise agency, the Authority sought projects that would generate income for the future operation of the agency. The

SVA Board intended to use income from the Aiken County Project to assist in the implementation of the Lake Russell Project at Calhoun Falls.

During the year, SVA examined numerous potential projects, including several referred by the State Development Board and the Economic Development Partnership of Aiken and Edgefield Counties. The Authority signed a letter of intent with one potential company, but later canceled the letter due to the uncertainty of the release of the bond funds and the inability to secure sufficient additional financial participation.

A&L Foods: On March 2, 1993, SVA purchased an 85,000 square foot industrial building (the former Pope & Talbot Building) on ten acres of land in Aiken for \$1.25 million. SVA concurrently leased the property to A&L Foods and contracted with Carlisle & Associates to prepare design standards and building specifications for certain building renovations at a cost of approximately \$22,000. R. D. Brown Contractors, Inc., was awarded the contract for renovations at a cost of \$257,000. A&L Foods relocated its operations from a smaller facility in Georgia and was scheduled to begin operations at the new plant in July 1993. The project is expected to create about 70 new jobs in the Aiken area, with a total employment of 120.

Computer-Based Mapping: The SVA Board in April approved a grant of \$150,000 to the City of North Augusta for a pilot project that would produce computerized tax, land use, zoning, and flood plain maps of the City and adjacent unincorporated areas of Aiken County within the Savannah River basin. This project will provide needed economic development support information for SVA and other development agencies. The project design allows for expansion on a countywide basis in the future. SVA will have full access to the work products.

Savannah Lakes Village

Savannah Lakes Village opened on April 1, 1989, and encompasses 3,987 acres, with twenty miles of shoreline along Lake Thurmond. When fully developed, it will contain approximately 5,100 homesites.

Although Cooper Communities, Inc. (CCI), has been successful in marketing Savannah Lakes Village, the general downturn in the national economy caused sales to lag behind the original 1988 projections. As a result, CCI requested a modification to the Design-Build Agreement to allow for an extension of time to complete roads, water, and sewer infrastructure at Savannah Lakes Village. The SVA Board agreed to extend the deadline for completion from eight to twelve years, and allowed for a later deadline if the developer increases the number of homesites in the development.

Also during fiscal year 1992-93, SVA, McCormick County, and CCI officials certified new road, water, and sewer construction for the equivalent of 276 new single-family lots. SVA accordingly issued a note to the state Insurance Reserve Fund in the amount of \$1,228,000 to be lent to McCormick County for payment to CCI. This is an annual requirement of SVA's contractual obligations to CCI and

McCormick County. Paving for the 1992 season resulted in the addition of about 8.25 miles of new streets.

Timber thinning at Savannah Lakes Village, approved by the SVA Board, generated \$1,174,847.63 in revenue for the Savannah Lakes Village Club (property owners association).

The following information provided by Cooper Communities, Inc., summarizes the status of Savannah Lakes Village as of June 30, 1993:

- The Village has 42.1 miles of roads, 33.7 miles of which are paved.
- 3,048 homesites have water, sewer, electric, and phone service.
- The Marina opened in the summer of 1992, with a ship's store, gas dock, and 22 boat slips. Expansion to more than 100 slips is possible, as needed.
- The Country Club and 18-hole Golf Course (valued at more than \$4 million) opened in March of 1991.
- The Visitor Center, Cove Restaurant, and 80-room Lodge (valued at more than \$5 million) opened in 1990.
- A commercial building, completed in April 1992, houses the Savannah Lakes Village Club and a branch of NationsBank.
- Savannah Lakes Village is now selling property in the Southwind, Tara, Shenandoah, and Magnolia subdivisions; two other subdivisions are planned for the future.
- Facilities, roads, and utilities are valued at more than \$20 million.
- During the period April 1, 1989 to June 30, 1993:
 - 26, 287 families visited Savannah Lakes Village.
 - 2,088 homesites were sold.
 - \$35.3 million was generated in sales volume.
 - more than 300 memberships were sold.
- As of April 30, 1993:
 - approximately 105 building permits were issued for single family homes, with a combined value of more than \$12 million.
 - 24 townhomes have been built (21 of which have been sold), with a value of more than \$3 million.
 - The Village had 82 permanent residents.

Planning Activities

McCormick Development Strategy: This project resulted from requests by several local organizations for assistance in developing a plan to direct growth in McCormick County. SVA served as the fiscal agent and lead agency on behalf of nine other organizations. Other sponsors were the County of McCormick (and its Planning Commission), McCormick Arts Council, McCormick Commission of Public Works, McCormick County Chamber of Commerce, McCormick County Historical Commission, McCormick County School District, Palmetto Leadership (of McCormick County), Town of McCormick, and Upper Savannah Council of Governments. Funding of \$50,000 was provided by a private source.

In January 1993, SVA contracted with The Palmetto Conservation Foundation to coordinate and prepare a comprehensive, achievable development strategy for McCormick County, to include recommendations for capital improvements and land use planning. Representatives of the sponsoring organizations formed a Steering Committee to direct and monitor the process and served as chairpersons of four subcommittees. SVA provided local coordination and staff support for the effort. The six-month process was scheduled to be completed in July, with a public presentation of the results in September.

In a related activity, SVA provided \$3,750 of the donated funds to the McCormick Commission of Public Works as a 50% match for a Preliminary Engineering Report for the CPW Wastewater Treatment Plant.

Abbeville County: During fiscal year 1992-93, Abbeville County officials approved an updated land use plan, which had been drafted during the previous year with funds provided by SVA. The Plan is needed to ensure quality, long-term development within the county, particularly in the Calhoun Falls area. In addition, the County is considering the adoption of a new zoning ordinance and has contracted with the Upper Savannah Council of Governments to assist in the development of a new zoning map.

Distance Learning: SVA staff members participated in several discussions during the year related to utilizing fiber optic cable and satellite center technology to expand distance learning capabilities in its service area. Leading this effort in the Upper Savannah Region is Piedmont Technical College (PTC) in Greenwood. Other interested parties include the public school systems, area medical facilities, and the Upper Savannah Council of Governments. SVA specifically expressed interest in coordinating its Calhoun Falls development activities with distance learning opportunities. PTC's interest in acquiring the old Belk building in Abbeville for a satellite center is seen as one way to bring this technology to Abbeville County.

Regional Wastewater Transmission Line: The Authority continued to seek methods and funding for construction of this line, which would run from the Calhoun Falls vicinity in Abbeville County, through McCormick and Edgefield Counties, and terminate at the Horsecreek Wastewater Treatment Plant in Aiken County.

Economic Development Activities

Forest Products Study: In August 1992, the SVA Board formally adopted a report entitled "Forest Products Research Initiative for Abbeville and McCormick Counties in South Carolina" as SVA policy related to the development of the forest industry in the SVA jurisdiction. The Authority had commissioned John H. Syme and Charles R. Duke, both professors at Clemson University, to undertake the study in 1990 and had received their final report in February 1992. In adopting the study, the Authority agreed to pursue its recommendations to the fullest extent possible.

SVA and the South Carolina Forestry Commission worked together during 1992-93 to attract potential investors to the service area. These efforts centered on developing a secondary manufacturing facility, which was identified in the Report as being highly compatible with the area's forest industry.

As another follow-up activity, the South Carolina Forestry Commission awarded Dr. Syme a grant in 1993 to develop specific information about (1) the long-term availability of an adequate volume of timber raw material suitable for a shake/shingle operation, (2) the construction and operation of a processing plant, and (3) the marketing program which is required to take the product to the market successfully. SVA is one of the co-sponsors of the project.

Main Street™ Program: SVA continued to provide technical assistance to the McCormick County Chamber of Commerce, which administers the Main Street commercial revitalization program in McCormick County. In the Fall of 1992, the Abbeville County Development Board entered into an agreement with the South Carolina Downtown Development Association to administer a Main Street program in Abbeville County. Unlike the McCormick County program, the Abbeville County project is designed so that a local committee operates the program in each community. The Development Board serves in an oversight role and coordinates among the various communities. SVA staff participated in the planning efforts underway in the City of Abbeville and the Town of Calhoun Falls.

1996 Olympics: The staff explored ways of capitalizing on the Olympics to be held in Atlanta July 20-August 4, 1996. In addition to attempting to draw tourists to the area, SVA considered ways of attracting international teams to the area for pre-game training. Lake Russell is considered to be a good location for flatwater sports because of its near-constant level and relatively low usage; however, its use is hampered at present by the lack of overnight lodging. The uncertainty about the construction of the proposed lodge on Lake Russell makes it unlikely that there will be sufficient lodging available in time to attract an Olympic team.

Savannah Lakes Regional Loan Fund

During fiscal year 1992-93, the Savannah Lakes Regional Loan Fund closed two loans, which are summarized below. It previously had made its first loan (of \$150,000) to the Burnstein Corporation for the purchase of additional equipment. This company subsequently relocated its corporate headquarters from Canada to Abbeville.

As of June 30, 1993, the SLRLF had made loans totaling \$450,000, which have leveraged \$3,151,500 in other investments. These projects will create 108 jobs with a total direct payroll of about \$1,846,000. The balance of assets in the SLRLF was approximately \$815,000 at year-end.

Medipac Corporation: The SLRLF provided \$150,000 in working capital for this company's new facility near the Modoc community in southern McCormick County. Its 15,000 square foot building was constructed with a grant from the Office of the Governor; additional financing was provided by the Upper Savannah Council of Governments. Medipac is the first new industry to locate in

McCormick County in a decade and is projected to employ 45 persons. It is scheduled to begin operation in the Fall of 1993.

Gold Rush Shopping Center: The SLRLF provided \$150,000 to McCormick-Gold Rush Partnership, a limited partnership, for the construction of a 44,000 square foot shopping center in the Town of McCormick to house McCormick County's first "chain" supermarket and pharmacy. The facility, developed by Edens & Avant, Inc., of Columbia, will include a Food Lion grocery store, Rite Aid pharmacy, and Family Dollar store. Construction began in September 1992 and is scheduled for completion in the Summer of 1993. The businesses are projected to create the equivalent of 60 full-time jobs and generate \$12 million in retail sales in the County.

Effect of 1992 SVA Legislation: At its September 1992 meeting, the SVA Board voted to terminate the JEDA-SVA Servicing Agreement and to request that the Fund's governing body amend its By-Laws to provide for the selection of all SLRLF Board members by SVA. This action was taken to provide for the return of all unexpended funds to SVA and to allow for the negotiation of a servicing agreement between the two entities for funds already committed. The Board made the decision to withdraw these funds to provide flexibility in funding SVA projects pursuant to the 1992 legislation, and not because of an unsatisfactory relationship between SVA and JEDA. The reconfiguration of the SLRLF was not accomplished before the end of the fiscal year because of pending commitments, and no new loan applications were accepted during the interim period.

Effect of 1993 Restructuring Legislation: The 1993 restructuring legislation that abolished the SVA Board effective July 1, 1993, left the legal standing of the loan fund Board in question, as three of the six members of the SLRLF Board are to be members of the SVA Board.

Promotional Activities

Freshwater Coast Promotion: The Freshwater Coast Alliance (successor to the Freshwater Coast Association) established a membership structure in August 1992, later adopting the name "Friends of the Freshwater Coast." In response to this action, the SVA Board adopted the following statement at its August 1992 meeting:

The Savannah Valley Authority (SVA) supports efforts to promote the western border of the State as "South Carolina's Freshwater Coast."

SVA maintains the position that it is most cost-effective to incorporate the promotion of the Freshwater Coast into existing efforts of various entities, and for such entities to cooperate in developing a joint promotional campaign.

SVA asserts its ownership of the trademark and copyrighted logo in order to ensure that the Freshwater Coast maintains its integrity and focus. As such, SVA may grant permission for its use on a case-by-case basis to any entity or group of entities that clearly state(s) the proposed use in advance. A well-defined annual work plan will be required to secure blanket use of the Freshwater Coast logo and terminology, and a well-defined specific design will be required to secure project-specific use.

SVA may participate (financially and/or otherwise) in group promotional efforts when it determines that such efforts are cost-effective and beneficial to the agency.

SVA will make decisions regarding the expenditure of its promotional funds based on their proposed use rather than allocate them in the form of membership dues to an outside Board.

Subsequently, patent attorneys for SVA developed a standard license agreement to ensure consistency in granting permission for use of the terminology and logo. The license was provided to the "Friends" organization and to the McCormick County Chamber of Commerce, but neither organization had returned it by year-end.

SVA also reviewed a proposed update of the Freshwater Coast brochure for the "Friends" organization and provided artwork for the reprint.

Encore: SVA suspended publication of the *Encore* calendar of events after the Fall 1992 issue as part of an overall plan to restructure its promotional activities in light of the 1992 legislation.

Technical Assistance

Old Abbeville Hospital: SVA staff arranged meetings between property owners, City officials, and private developers interested in converting the old Abbeville Hospital into housing for the elderly. At year end, actual work on the project had not begun.

De La Howe School: SVA provided letters of support and assigned a staff member to serve as an advisor for two projects that the John De La Howe School initiated during the year: the archaeological investigation of the homesite of Dr. John De La Howe, and the establishment of a volunteerism project that involves interaction between students at the school, older long-term residents of the community, and retirees new to McCormick County. Both projects were funded. The former was completed during the year. The latter (the Intergenerational Enterprise Demonstration Program) will continue through 1996; SVA staff member John Blythe serves on its Policy Board.

Calhoun Falls Schools: SVA staff assisted the Calhoun Falls School Improvement Council in identifying sources of funds, labor, and materials for a visual improvement project (landscaping and signs) at the Elementary and High Schools. The Council previously had requested a grant of \$8,500 from SVA. The Board also agreed to take the school improvement projects into consideration when planning the entrance to the northern area of SVA's Calhoun Falls property (across SC Highway 81 from the schools).

Miscellaneous Activities

Transco Project: SVA monitored a proposal from Transco Energy Company of Houston, TX, to construct a gas turbine just below the Hartwell Dam in Hart County, GA, that would provide electrical energy at peak-load times. Transco's long-range plan is reported to be to construct six production turbine plants for full-

time production of electric energy to be delivered to the Southeastern Electric Power Administration (SEPA) grid. In conjunction with this plan, Transco was reported to have applied to the Corps of Engineers to purchase 17 million gallons per day of water "storage" (withdrawal rights) in Lake Hartwell. A Transco representative made a presentation to the SVA Board at the October 1992 meeting.

Center for Applied Technology (CAT) at Clemson University: The SVA Board elected not to make a third payment to this project because of CAT's failure to comply with the original agreement.

Railroad Right-of-Way: SVA continued to seek abandonment of the former CSX railroad right-of-way between Calhoun Falls and McCormick. During the year, the staff consulted with officials of the South Carolina Governor's Office and the Public Railways Commission. An appraiser was identified, and a list of adjacent property owners was supplied to the Governor's Office. The appraisal is required to determine the current fair market value in order to establish the amount to be repaid to the Federal Rail Bank when the route is abandoned. No resolution had been reached at the time the restructuring legislation went into effect.

In conjunction with the right-of-way abandonment issue, the SVA staff prepared a draft disposal plan for the eleven small railroad-related parcels owned by SVA in fee simple. The plan was to be presented at the July 1993 Board meeting, and therefore was not considered by the Board before its dissolution.

Inventory of State-Owned and -Leased Property: In compliance with legislation passed in 1992 mandating an inventory of all state-owned and -leased historic property, the SVA staff completed an inventory of all property owned by the Authority. (SVA does not lease any property at present.) This real estate falls into four categories:

- The Savannah Valley Authority office property on Holiday Road in McCormick County, about six miles west of the Town of McCormick.
- The right-of-way of the former Savannah Valley Railroad and eleven associated fee-simple sites at intervals along the route in Abbeville and McCormick Counties.
- The Lake Russell project property within and adjacent to the Town of Calhoun Falls, on the west side of SC Highway 81 in Abbeville County.
- The A&L Foods industrial property in Aiken County

Of this property, several archaeological sites located at the Lake Russell project site are potentially eligible for the National Register of Historic Places. The fee-simple properties associated with the former railroad have not been evaluated; some of these also may be eligible for the National Register.

Staff Outreach: SVA staff participated in professional organizations and in the activities of related agencies and boards. These include the Calhoun Falls Chamber of Commerce, Confederation of South Carolina Local Historical Societies (John Blythe serves as President), 1993 Governor's Rural Economic Development Summit (Fred Catchings served on the planning committee),

McCormick County Chamber of Commerce, McCormick County Rural Revitalization Committee (Fred Catchings is a member), Old 96 District Tourism Commission, Palmetto Trust for Historic Preservation (John Blythe served as Secretary and member of the Executive Committee), South Carolina Downtown Development Association, South Carolina Economic Developers' Association (Fred Catchings is a member of the Finance Professionals Committee), South Carolina Planning Task Force, South Carolina Rural Development Council (Fred Catchings is a member), State Economic Development Allies, and Upper Savannah Region Economic Development Professionals.

SAVANNAH VALLEY AUTHORITY
FISCAL YEAR 1992-93 BUDGET SUMMARY

Personal Service	\$266,918.00
Contractual Services	437,456.00
Supplies.....	18,000.00
Fixed Charges	14,838.00
Travel.....	17,000.00
Equipment	14,633.00
Employer Contributions	59,377.00
Allocations	20,000.00
Lights, Power, Fuel.....	3,868.00
Transportation	2,700.00
Special Items.....	287,934.00
Capital Improvements	2,055,686.59
Insurance Reserve Note	72,478.38
Lake Russell Project Master Plan	116,000.00
Other (undesignated).....	12,246.40
Interest (undesignated).....	<u>165,304.63</u>
TOTAL OPERATING REVENUE	\$3,564,440.00

SAVANNAH VALLEY AUTHORITY
LEGISLATIVE HISTORY

The Savannah Valley Authority traces its roots to a state agency formed in 1945 to deal with the impacts of the construction of Clark Hill Lake (later renamed Lake Thurmond). This agency – the Clark Hill Authority – became inactive soon after construction was completed and remained dormant for two decades. In 1971, at the urging of local leaders, the South Carolina General Assembly enacted legislation to reactivate and reorganize the Authority. The legislation empowered the Authority "to encourage, assist, promote, and cooperate in the development" of the South Carolina side of the Clark Hill Lake area. To ensure that citizens living in the area were properly represented, the legislation required that two of the Authority's five board members be residents of McCormick County.

In June 1978, as the Lake Russell Dam and Lake were being built north of Clarks Hill Lake, the South Carolina Code was amended to change the agency's name to the Clarks Hill-Russell Authority, to expand the Board of Directors to include two residents of Abbeville County, and to give the Authority responsibilities for the development of the Richard B. Russell project.

In May 1985, the South Carolina Code was again amended to add one Board member from Anderson County, bringing the number on the Board of Directors to eight. That amendment also gave the Authority increased responsibilities and resources for overall economic development in the Savannah River Basin of South Carolina.

In 1988, the Code was amended to encompass a broader geographic area, to expand the powers of the Authority, and to change the agency's name to the Savannah Valley Authority. In 1989, legislation was passed to give the Authority the power of eminent domain in Abbeville and McCormick Counties.

Based on a proviso in the 1990-91 Appropriations Bill, the Savannah Valley Authority presented a Board membership plan to the House Ways and Means Committee and the Senate Finance Committee prior to October 15, 1990. The General Assembly amended the Authority's legislation during its 1992 session to expand the Board size and structure to reflect the extent of SVA's area of responsibility and to exempt the Authority from several State procurement and personnel requirements. These amendments were made to facilitate the transformation of SVA to a financially-independent enterprise agency.

The Authority operated under that legislation (Chapter 9 of Title 13 of the South Carolina Code of Laws, the text of which is included in this Report) during fiscal year 1992-93. This text reflects ten amendments made to the legislation since 1971: in 1973, 1977, 1978, 1979, 1983, 1984, 1985, 1988, 1989, and 1992.

In June 1993, the General Assembly passed state government restructuring legislation. As part of that Act, the Savannah Valley Authority was merged into the newly-created South Carolina Department of Commerce, as the Division of Savannah Valley Development. This effectively abolished SVA as an independent agency of state government. The new law took effect July 1, 1993.

CHAPTER 9
Savannah Valley Authority

§ 13-9-10. Savannah Valley Authority created; governing body; vacancies.

(A) There is created the Savannah Valley Authority of South Carolina, referred to in this chapter as the "authority". The governing body of the authority consists of the following thirteen-member board appointed by the Governor, with the advice and consent of the Senate, for terms of four years and until successors are appointed and qualify:

- (1) At least one member must be a resident of McCormick County.
- (2) At least one member must be a resident of Abbeville County.
- (3) At least one member must be a resident of Anderson County.
- (4) At least one member must be a resident of Aiken County.
- (5) At least one member must be a resident of Edgefield County.
- (6) One member must be from Oconee County.
- (7) A member must be from the Second Judicial Circuit and a resident of Aiken or Barnwell County.
- (8) A member must be from the Eighth Judicial Circuit and a resident of Abbeville or Greenwood County.
- (9) A member must be from the Eleventh Judicial Circuit and a resident of McCormick, Edgefield, or Saluda County.
- (10) A member must be from the Thirteenth Judicial Circuit and a resident of Pickens County.
- (11) A member must be from the Fourteenth Judicial Circuit and a resident of Allendale, Hampton, or Jasper County.
- (12) Two members must be at large from the State.

(B) Vacancies on the board for any reason must be filled for the unexpired term in the manner of original appointment.

§ 13-9-20. Officers; committees; meetings.

The members of the board shall elect one member as chairman and one as vice-chairman and shall also elect a secretary. The board shall establish other offices, committees, and positions under its bylaws as it considers necessary. The board shall meet upon the call of its chairman and in accordance with its bylaws, and seven members constitute a quorum for the transaction of its business.

§ 13-9-30. Powers and duties.

The board has all the rights and powers of a body politic and corporate and body corporate of this State, including without limitation, all the rights and powers necessary or convenient to manage the business and affairs of the authority and to take action as it considers advisable, necessary, or convenient in carrying out its powers, including, but not limited to, the following rights and powers to:

- (a) have perpetual succession;
- (b) sue and be sued;
- (c) adopt, use, and alter a corporate seal;

- (d) adopt and amend bylaws for regulation of its affairs consistent with this chapter;
- (e) notwithstanding any provision of law or regulation to the contrary, and in accordance with its own procurement procedures and regulations as approved by the Budget and Control Board, acquire, purchase, hold, use, improve, manage, lease, mortgage, pledge, sell, transfer, and dispose of any property, real, personal, or mixed, or any interest in any property, or revenues of the authority, including as security for notes, bonds, evidences of indebtedness, or other obligations of the authority. Except for the provisions of Sections 11-35-5210 through 11-35-5270, inclusive, in exercising the powers authorized in this chapter the authority is exempt from Title 11, Chapter 35. The authority has no power to pledge the credit and the taxing power of the State or any of its political subdivisions;
- (f) receive contributions, donations, and payments and to invest and disperse the authority's funds;
- (g) make inquiry into the status of, and plans for, the development of the J. Strom Thurmond project and the Richard B. Russell project by the United States government, by the State of Georgia, or by any other agency or instrumentality;
- (h) encourage, assist, promote, and cooperate in the development of the Savannah River and the streams, canals, or watercourses now or at a later time connected to or flowing into the river and to appear on behalf of the State before any agency, department, or commission of this State, of the United States, or of any other state in furtherance of the development or of any matter connected with the development or related to the development;
- (i) negotiate agreements, accords, or compacts on behalf of and in the name of the State with the State of Georgia or the United States, or both, with any agency, department, or commission of either or both, or with any other state or any agency, department, or commission of the other state, relating to the development of the Savannah River and the development of the streams, canals, or watercourses now or at a later time connected to or flowing into the river, and particularly in reference to joint or concurrent action in the furtherance of agreements, accords, or contracts. Interstate compacts made by the authority are subject to approval by concurrent resolution of the General Assembly;
- (j) act as a regional development agency of the State to receive, purchase, hold title to, and to manage any real property in its jurisdiction acquired by release of surplus real property, by purchase, by donation, by lease, or by exchange and to develop and promote the development of the land for recreational, transportation, residential, commercial, and industrial purposes, both public and private, and to lease, sublease, or convey title in fee simple to the real property as provided in the bylaws of the authority. The authority shall retain, carry forward, or expend any proceeds derived from the sale, lease, rental, or other use of real

- and personal property under the authority's exclusive jurisdiction. The proceeds shall only be used in the development and the promotion of the authority as provided by this chapter and for the purposes authorized by this chapter;
- (k) promulgate regulations governing the use of or doing business on the authority's property or facilities, including the adoption of safety standards and insurance coverage or proof of financial responsibility, including, but not limited to, providing for the licensing of persons, firms, or corporations using or doing business on such property or facilities, and for license fees to cover the expense thereof;
 - (l) borrow money, make and issue notes, bonds, and other evidences of indebtedness, including refunding and advanced refunding notes and bonds, of the authority; to secure the payment of the obligations or any part by mortgage, lien, pledge, or deed of trust, on any of its property, contracts, franchises, or revenues, including the proceeds of any refunding and advanced refunding notes, bonds, and other evidences of indebtedness and the investments in which proceeds are invested and the earnings on and income from the investments; to invest its monies, including without limitation its revenues and proceeds of the notes, bonds, or other evidences of indebtedness, in obligations of, or obligations the principal of and interest on which are guaranteed by or are fully secured by contracts with, the United States, in obligations of any agency, instrumentality, or corporation which has been or may at a later time be created by or pursuant to an act of the United States Congress as an agency, instrumentality, or corporation, in direct and general obligations of this State, and in certificates of deposit issued by any bank, trust company, or national banking association; to make agreements with the purchasers or holders of the notes, bonds, or other evidences of indebtedness or with others in connection with any notes, bonds, or other evidences of indebtedness, whether issued or to be issued, as the authority considers advisable; and to provide for the security for the notes, bonds, or other evidences of indebtedness and the rights of the holders of the notes, bonds, or other evidences of indebtedness. In the exercise of the powers granted in this section to issue advanced refunding notes, bonds, or other evidences of indebtedness the authority may, but is not required to, avail itself of or comply with any of the provisions of Chapter 21 of Title 11. The authority, when investing in certificates of deposit, shall invest in certificates of deposit issued by institutions authorized to do business in this State if the institutions offer terms which, in the opinion of the authority, are equal to or better than those offered by other institutions;
 - (m) loan the proceeds of notes, bonds, or other evidences of indebtedness to a person, corporation, or partnership to construct, acquire, improve, or expand the projects described in § 13-9-40;
 - (n) make contracts, including service contracts with a person, corporation, or partnership, to provide the services provided in § 13-

9-40, and to execute all instruments necessary or convenient for the carrying out of business;

(o) For the acquiring of rights-of-way and property necessary for the accomplishment of its duties and purposes, the authority may purchase them by negotiation or may condemn them, and should it elect to exercise the right of eminent domain, condemnation actions must be in the name of the authority. The power of eminent domain applies to all property of private persons or corporations and also to property already devoted to public use in Abbeville and McCormick Counties.

(p) employ and dismiss, at the will and pleasure of the authority, those employees, consultants, and other providers of services as the authority considers necessary and to fix and to pay their compensation. Employees of the authority or an entity established pursuant to § 13-9-190 are not considered state employees except for eligibility for participation in the State Retirement System and the State Health Insurance Group Plans and pursuant to Chapter 78 of Title 15. The provisions of Chapter 11 of Title 8 and Article 5, Chapter 17 of Title 8 do not apply to the authority. The authority is responsible for complying with the other state and federal laws covering employers. The authority may contract with the Division of Human Resources Management of the State Budget and Control Board to establish a comprehensive human resource management program.

(q) fix, alter, charge, and collect tolls, fees, rents, charges, and assessments for the use of the facilities of or for the services rendered by, the authority; these rates must be at least sufficient to provide for payment of all expenses of the authority, the conservation, maintenance, and operation of its facilities and properties, the payment of principal and interest on its notes, bonds, and other evidences of indebtedness or obligation, and to fulfill the terms and provisions of any agreements made with the purchasers and holders of these notes, bonds, or other evidences of indebtedness or obligation.

§ 13-9-35. Exercise of powers.

The authority may exercise any of the powers and duties conveyed under § 13-9-30 in the entire area of a county or portion of a county which borders the Savannah River or is within the Savannah River Basin.

§ 13-9-40. Issuance of bonds by Authority.

In furtherance of its purposes, the authority may issue revenue bonds, the interest on which may or may not be excludable from gross income for federal income tax purposes, for the purpose of raising funds needed from time to time for the financing or refinancing, in whole or in part, the acquisition, construction, equipment, maintenance, and operation of a facility, building structure, or any other matter or thing which the authority is authorized to acquire, construct, equip, maintain, or operate.

In connection with the issuance of bonds, the authority may enter into an agreement with a company to construct, operate, maintain, and improve a

project, and the authority may enter into a financing agreement with the company prescribing the terms and conditions of the payments to be made by the company to the authority, or its assignee, to meet the payments that become due on bonds.

§ 13-9-50. Authorization of bonds.

Revenue bonds issued under this chapter for any project described in § 13-9-40 must be authorized by resolution of the board of the authority. The resolution may contain provisions which are a part of the contract between the authority and the several holders of the bonds as to:

- (a) the custody, security, use, expenditure, or application of the proceeds of the bonds;
- (b) the acquisition, construction, and completion of any project for which the bonds are issued;
- (c) the use, regulation, operation, maintenance, insurance, or disposition of the project for which the bonds are issued, or any restrictions on the exercise of the powers of the board to dispose of or limit or regulate the use of the project;
- (d) the payment of the principal of or interest on the bonds and the sources and methods of payment, the rank or priority of any bonds as to any lien or security, or the acceleration of the maturity of any bonds;
- (e) the use and disposition of the revenues derived or to be derived from the operation of any project;
- (f) the pledging, setting aside, depositing, or entrusting of the revenues from which the bonds are made payable to secure the payment of the principal of and interest on the bonds or the payment of expenses of operation and maintenance of the project;
- (g) the setting aside of revenues, reserves, or sinking funds and the source, custody, security, regulation, and disposition of the revenues, reserves, or sinking funds;
- (h) the determination of the definition of revenues or of the expenses of operation and maintenance of the project for which the bonds are issued;
- (i) the rentals, fees, or other charges derived from the use of the project and the fixing, establishing, collection, and enforcement of the rentals, fees, or other charges, the amount or amounts of revenues to be produced by the rentals, fees, or other charges, and the disposition and application of the amounts charged or collected;
- (j) limitations on the issuance of additional bonds or any other obligations or the incurrence of indebtedness payable from the same revenues from which the bonds are payable;
- (k) rules to insure the use of the project by the public or private sector to the maximum extent to which the project are capable of serving the public or private sector;
- (l) any other matter or course of conduct which, by recital in the resolution authorizing the bonds, is declared to further secure the payment of the principal of or interest on the bonds.

§ 13-9-60. Issuance of bonds in series.

The bonds may be issued in one or more series, may bear a date, may mature at a time not exceeding forty years from their respective dates, may bear interest at the rate or rates per annum as approved by the State Budget and Control Board, may be payable in a medium of payment and at a place, may be in a denomination, may be in a form, either coupon or registered, may carry registration privileges, may be subject to terms of redemption before maturity, with or without premium, and may contain terms, covenants, and conditions as the resolution authorizing the issuance of the bonds may provide. The interest rate on bonds issued by the authority, the proceeds of which are loaned to a company pursuant to a financing agreement to construct or acquire a project authorized under § 13-9-40, are not subject to approval by the State Budget and Control Board. The bonds are fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code.

§ 13-9-70. Exemption of bonds from taxes.

The principal of and interest on bonds issued under this chapter are exempt from taxation, as provided in § 12-1-60. All security agreements, indentures, and financing agreements made pursuant to the provisions of this chapter are exempt from state stamp and transfer taxes.

§ 13-9-80. Approval by State Budget and Control Board of proposal to issue bonds.

No bonds may be issued pursuant to the provisions of this chapter until the proposal of the board of the authority to issue the bonds receives the approval of the State Budget and Control Board. When the board proposes to issue bonds, it shall file a proposal with the Budget and Control Board setting forth:

- (a) a brief description of the project proposed to be undertaken and its anticipated effect upon the economy of the area in which the project is to be located;
- (b) a reasonable estimate of the cost of the project;
- (c) a general summary of the terms and conditions of any financing agreement and security agreement.

Upon the filing of the proposal the Budget and Control Board shall, as soon as practicable, make an independent investigation, as it considers necessary or appropriate, and if it finds that the project is intended to promote the purposes of this chapter, it may approve the project. At any time following the approval, the board may proceed with the acquisition and financing of the project. If the proceeds of the bonds are to be made available to a company to construct a project, as provided in § 13-9-40, notice of the approval of any project by the Budget and Control Board must be published at least once by the authority in a newspaper having general circulation in the county where the project is to be located.

Any interested party may, within twenty days after the date of the publication of notice, but not after the twenty days, challenge the validity of the approval in the court of common pleas in the county where the project is to be located.

§ 13-9-90. Signature on bonds.

The bonds must be signed in the name of the board of the authority by the manual or facsimile signature of the chairman of the board and attested with the manual or facsimile signature of the secretary of the board. Interest coupons attached to the bonds must be signed by the facsimile signatures of the officers. The bonds may be issued notwithstanding that any of the officials signing them or whose facsimile signatures appear on the bonds or the coupons have ceased to hold office at the time of issue or at the time of the delivery of the bonds to the purchaser.

§ 13-9-100. Sale of bonds.

The bonds must be sold at public or private sale upon terms and conditions as the State Budget and Control Board considers advisable.

§ 13-9-110. Filing description of obligations.

The board of the authority or its proper administrative officers shall file with the State Treasurer within thirty days from the date of their issuance a complete description of all obligations entered into by the board with the rates of interest, maturity dates, annual payments, and all pertinent data.

§ 13-9-120. Resolution provisions as constituting legal and binding contract.

All provisions of a resolution authorizing the issuance of the bonds in accordance with this chapter and any covenants and agreements constitute legally binding contracts between the authority and the several holders of the bonds, regardless of the time of issuance of the bonds, and are enforceable by any holder by mandamus or other appropriate action, suit, or proceeding at law or in equity in any court of competent jurisdiction.

§ 13-9-130. Bonds payable from revenues; trustees.

The bonds authorized by the chapter are limited obligations of the authority. The principal and interest are payable solely out of the revenues derived by the authority, including any revenues that may be derived by the authority pursuant to the financing agreement with respect to the project which the bonds are issued to finance. The bonds are an indebtedness payable solely from a revenue producing source or from a special source which does not include revenues from any tax or license. The bonds do not constitute nor give rise to a pecuniary liability of the authority, the State, or any political subdivision of the State, or to a charge against the general credit of the authority, the State, or any political subdivision of the State or taxing powers of the State, or any political subdivision of the State, and this fact must be plainly stated on the face of each bond. The principal of and interest on any bonds issued under this chapter must be secured by a pledge of the revenues from which the bonds are payable, may be secured by a security agreement, including a mortgage or any property given as security pursuant to a financing agreement, and may be additionally secured by a pledge of the financing agreement with respect to the project. In making any agreements or provisions, the board of the authority does not have the power to obligate itself with respect to any project for which the proceeds of bonds issued under this chapter have been loaned to a company, except with respect to the project and the application of the revenues from the financing agreement, and

does not have the power to incur a pecuniary liability or a charge upon its general credit.

The trustee under any security agreement or indenture, or any depository specified by the security agreement or indenture, may be any person or corporation as the authority designates, notwithstanding that the trustee may be a nonresident of this State or incorporated under the laws of the United States or the laws of other states.

§ 13-9-140. Earnings to benefit authority only; property to vest in state upon termination of authority.

All funds of the authority must be invested by the State Treasurer and, upon approval and designation by the State Treasurer of a financial institution or institutions, all funds must be deposited in such institutions by the board in accordance with policies established by the board. Funds of the authority must be paid out only upon warrants issued in accordance with policies established by the board. No warrants may be drawn or issued disbursing any of the funds of the authority except for a purpose authorized by this chapter.

The net earning of the authority, beyond that necessary for retirement of its bonds or other obligations or to implement the purposes of this chapter, may not inure to the benefit of any person other than the authority. Upon termination of the existence of the authority, title to all property, real and personal, owned by it, including net earnings, vests in the State.

§ 13-9-150. Retention of funds.

The authority shall retain unexpended funds at the close of the fiscal year of the State regardless of the source of the funds and expend the funds in subsequent fiscal years.

§ 13-9-160. Determinations prior to undertaking projects.

(A) Prior to undertaking any project authorized by § 13-9-40, the board of the authority shall make a determination:

- (1) that the project will serve the purposes of this chapter;
- (2) that the project is anticipated to benefit the general public welfare of the locality by providing services, employment, recreation, or other public benefits not otherwise provided locally;
- (3) that the project will give rise to no pecuniary liability of the authority, the State, or any political subdivision of the State, or charge against the general credit of the authority, the State, or any political subdivision of the State, or taxing power of the State or any political subdivision of the State if the proceeds are loaned by the authority to a company to construct a project;
- (4) as to the amount of bonds required to finance the project;
- (5) as to the amount necessary in each year to pay the principal of and the interest on the bonds proposed to be issued to finance the project;
- (6) as to the amount necessary to be paid each year into any reserve funds which the board may consider advisable to

establish in connection with the retirement of the proposed bonds and the maintenance of the project.

The determinations of the board must be set forth in the proceedings under which the proposed bonds are to be issued.

(B) Every financing agreement between the authority and a company with respect to a project shall contain an agreement obligating the company to complete the project if the proceeds of the bonds prove insufficient, and obligating the company to pay an amount under the terms of a financing agreement, which, upon the basis of the determinations made by the board, is sufficient:

- (1) to pay the principal of and interest on the bonds issued to finance the project;
- (2) to build up and maintain any reserves considered by the board to be advisable in connection with the project;
- (3) to pay the costs of maintaining the project in good repair and keeping it properly insured, unless the financing agreement obligates the company to pay for the maintenance and insurance of the project.

§ 13-9-170. Application of bond proceeds; costs of acquiring projects.

The proceeds from the sale of any bonds issued under authority of this chapter may be applied only for the purpose for which the bonds were issued, except any premium and accrued interest received in any sale must be applied to the payment of the principal of or the interest on the bonds sold, and if for any reason any portion of the proceeds are not needed for the purpose for which the bonds were issued, that portion of the proceeds must be applied to the payment of the principal of or the interest on the bonds.

The cost of acquiring any project includes the following:

- (a) the actual cost of the construction of any part of a project, including architects', engineers', and attorneys' fees;
- (b) the purchase price of any part of a project that may be acquired by purchase;
- (c) all expenses in connection with the authorization, sale, and issuance of the bonds to finance the acquisition;
- (d) the interest on the bonds for a reasonable time prior to construction and for not exceeding one year after completion of the construction.

§ 13-9-180. Promulgation of regulations.

The regulations of the authority must be promulgated in accordance with Chapter 23 of Title 1.

§ 13-9-190. Establishment of profit or not-for-profit corporations; grants, loans, and loan guarantees thereto.

The authority may establish profit or not-for-profit corporations as the authority considers necessary to carry out the purposes of this chapter. Officials or employees of the authority may act as officials or employees of the corporations created pursuant to this section without additional compensation. A corporation created pursuant to this section is considered a "public procurement unit" for purposes of Article 19, Chapter 35, of Title 11.

The authority may make grants or loans to, or make guarantees for, the benefit of a not-for-profit corporation which the authority has caused to be formed whose articles of incorporation require that its directors be elected by members of the authority and all assets of which, upon dissolution, must be distributed to the authority if it is in existence or, if it is not in existence, then to this State.

These grants, loans, or guarantees may be made upon a determination by the authority that the receiving not-for-profit corporation is able to carry out the purposes of this chapter and on the terms and conditions imposed by the authority.

A guarantee made by the authority does not create an obligation of the State or its political subdivisions and is not a grant or loan of the credit of the State or a political subdivision. A guarantee issued by the authority must be a special obligation of the authority. Neither this State nor any political subdivision is liable on a guarantee nor may they be payable out of any funds other than those of the authority and a guarantee issued by the authority must contain on its face a statement to that effect.

§ 13-9-200. Property of authority not subject to taxes or assessments; payment in lieu of taxes.

The property of the authority is not subject to any taxes or assessments, but the authority shall negotiate a payment in lieu of taxes with the appropriate taxing authorities.

§ 13-9-210. Purposes for which authority deemed to be "agency," "state agency," or other form of state institution.

Notwithstanding any provision of law or regulation, the authority continues to be an "agency" for purposes of Chapter 78 of Title 15; however, the authority is not considered to be an "agency" or "state agency" or any other form of state institution for purposes of Sections 2-7-65 and 2-57-60.

§ 13-9-220. Severability.

If a term or provision of a section of this act [1992 Act No. 456] is found to be illegal or unenforceable, the remainder of this act [1992 Act No. 456] nonetheless remains in full force and effect and the illegal or unenforceable term or provision is deleted and severed from this act [1992 Act No. 456].

