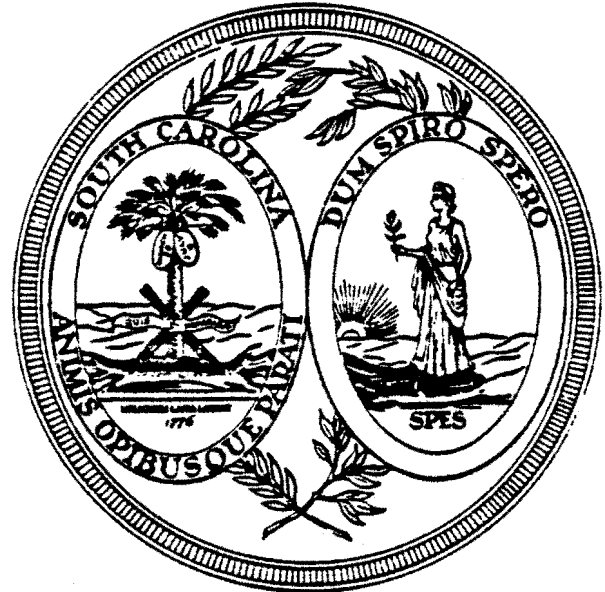


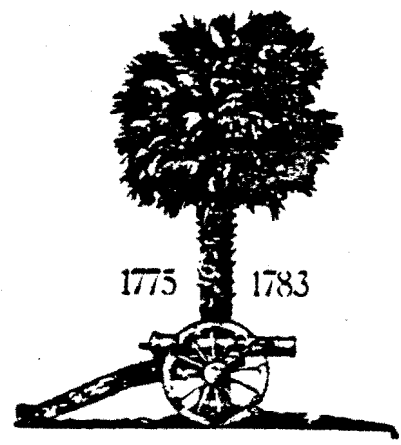
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S. C. STATE ARCHIVES  
FEB 1981  
S. C. STATE ARCHIVES

# South Carolina General Assembly



## Legislative Audit Council



State of South Carolina  
General Assembly  
Legislative Audit Council  
Audit of Patriots Point  
Development Authority  
December 23, 1980

STATE OF SOUTH CAROLINA

GENERAL ASSEMBLY

LEGISLATIVE AUDIT COUNCIL

AUDIT OF

PATRIOTS POINT DEVELOPMENT AUTHORITY

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## CHAPTER I

### Introduction

The Patriots Point Development Authority was created in 1973 by Act No. 116. Section 6 and Section 7 of the Act provide details of the objectives and powers of the Authority (See Appendix 3). Briefly, the Authority is to establish a national naval and maritime museum containing historic artifacts and educational materials relevant to American naval and maritime history. The agency is authorized to establish laboratories, seaquariums, public exhibits, entertainment facilities, public lodgings and accommodations as part of the development goals cited by the General Assembly in Act 116. The enabling legislation provides very broad authority to the agency in order to carry out the development objectives.

The Authority is comprised of nine members. Six members are nominated by the Congressman from each of the State's six Congressional districts (one nominee per district). Two at-large members are nominated by the United State's Senators from South Carolina. The last member also serves at-large, is nominated by the Governor and serves as chairman of the Authority. After nomination, all members are appointed by the Governor. An Executive Director and staff are employed by the Authority. Members of the Authority serve without salary but are reimbursed for travel and actual expenses relating to official business and receive per diem for each day of official business.

### Audit Scope

The audit focused primarily on two general allegations. The first related to the actual stability of the aircraft carrier USS Yorktown

CVS-10, which has been partially embedded in the harbor bottom at Patriots Point and its lower level compartments filled with fresh water as ballast. In general, the allegation was that the ship was not properly secured and presented a potential safety threat to the hundreds of visitors who tour the ship daily in the event of unusual tidal and/or storm conditions.

The second allegation was that improper and unauthorized modifications were being made to the ship which contributed to the safety problem cited above, and were in violation of the contract with the United States Navy in regard to maintenance, preservation, and appearance standards of the Yorktown. These alleged violations could possibly put the State in a position of fiscal liability for violating the contract.

The third focus of the audit was to conduct a review of the efficiency and effectiveness of selected areas of management and operations of the Authority.

The Audit Council's review purposefully did not include an analysis of the Authority's accounting practices, financial position in regard to bond and debt service management and accounting and inventory practices of the gift shop because, at the Authority's request, the State Auditor's Office has begun an audit of these activities. These areas deserve a thorough review because they are important to the successful development of the Authority and to the achievement of the goals established by the General Assembly. A brief discussion of the Authority's financial statements from FY 79-80 and FY 80-81 is included in this report.

Results of the Audit Council's review are presented here in a summary form along with the recommendations for consideration by the management staff of the Authority and the Authority members. Each of the recommendations has been discussed in detail with the Authority representatives during the audit exit conference process. A letter of response to the audit from Patriots Point Development Authority is contained in Appendix 4.

## CHAPTER II

### Summary of Audit

The Executive Director and staff of the Authority were exceptionally cooperative, candid, and responsive to the Audit staff and the review. They seemed to welcome sincerely the opportunity to receive a critique of their activities. In addition, of the 12 Authority staff members contacted by the Audit Council's staff, each one indicated a vigorous enthusiasm for the ultimate concept of the Patriots Point Development Authority and a strong loyalty to the project. Following are summaries from each of the areas reviewed.

### Is The USS Yorktown In Danger Of Shifting Its Position In A Way That Would Threaten Visitor Safety?

This and related questions involve highly technical issues which were of concern to the Audit Council. Appendix 1 is an engineering report obtained by the Executive Director of the Authority in May 1979 in response to the allegations about safety that had been raised. In addition, experienced former Naval officers who are Authority members, were asked to inspect the ship. They also agreed that the ship was secured safely. The Audit Council requested additional verification from the Secretary of the Navy. Appendix 2 contains the response from the Navy Department which indicates that the "safety and material conditions of the ex-Yorktown ... are entirely satisfactory."

Are The Terms Of The Contract Between the State And The United States Navy Regarding Condition Of The Yorktown Being Violated By The State?

Appendix 2, containing a letter from the Secretary of the Navy, indicates that the ship is being maintained in compliance with the contract to the satisfaction of the Department of the Navy.

Review of Selected Areas of Management

Selected areas of the operation of the Authority were reviewed by the Audit Council staff. These included purchasing procedures and controls, museum inventory practices, budget preparation, public relations, and maintenance and safety practices and conditions on board the Yorktown. The review in these areas revealed only a few relatively minor problems which were discussed in detail with the management of the Authority. They acknowledged that the conditions cited were undesirable and in each case demonstrated that corrective action was already underway, or provided assurances that corrective measures would be implemented promptly.

Review of Financial Statements: FY 78-79, FY 79-80

The two financial statements on the following pages are taken from the annual report which PPDA prepares for the General Assembly. Beginning in July 1980, PPDA deleted a total of 16 personnel positions. A portion of the work previously performed by personnel in these positions will be carried on through a contract for custodial and janitorial services with a private firm. PPDA anticipates a total cost savings in excess of \$76,000 for FY 80-81 through this arrangement.



The Audit Council feels that the results of this effort in cost reduction should be analyzed carefully during FY 80-81. If the experiment is successful, consideration should be given to applying the concept in other agencies where appropriate.

PATRIOTS POINT DEVELOPMENT AUTHORITY

FINANCIAL STATEMENT

July 1, 1979 - June 30, 1980

RECEIPTS

Carried forward from FY 1979		\$ 960,721
Appropriated by the Legislature for FY 1980	\$404,315	
Additional Appropriation for FY 1980	<u>43,095</u>	\$ 447,410

INCOME REVENUE

Ticket Sales	\$457,259	
Gift Shop Sales	173,461	
Telephone/Vending	6,743	
Lease Operations	14,898	
Miscellaneous Receipts	<u>2,433</u>	\$ 654,794

FEDERAL FUNDS

Heritage Conservation		\$ 435,246
-----------------------	--	------------

DONATIONS

	\$ 10,489
--	-----------

79-80 SUPPLEMENTAL APPROPRIATIONS

	<u>\$ 37,500</u>
--	------------------

TOTAL FUNDS AVAILABLE

	\$2,546,160
--	-------------

EXPENDITURES

Personal Services	\$460,720	
Fringe Benefits	71,466	
Contractual Services	202,717	
Supplies	24,142	
Fixed Charges	17,950	
Equipment	2,173	
Purchases for Resale	85,468	
Travel	8,834	
Sales and Use Taxes Paid	<u>21,000</u>	\$ 894,470

Heritage Conservation		\$1,171,695
-----------------------	--	-------------

Debt Service Payment		\$ 239,936
----------------------	--	------------

Land Purchase Payment		<u>\$ 21,320</u>
-----------------------	--	------------------

TOTAL EXPENDITURES

	<u>\$2,327,421</u>
--	--------------------

CARRIED FORWARD FY 1981

	\$ 218,739
--	------------

PATRIOTS POINT DEVELOPMENT AUTHORITY

FINANCIAL STATEMENT

July 1, 1978 - June 30, 1979

RECEIPTS

Carried forward from FY 1978		\$ 73,582
Appropriated by the Legislature for FY 1979	\$403,493	
Additional Appropriation for FY 1979	<u>17,605</u>	\$ 421,098

INCOME REVENUE

Admissions	\$484,247	
Gift Shop	184,702	
Vending Concessions/Telephone	4,476	
Lease Operation	<u>2,255</u>	\$ 675,680

FEDERAL FUNDS HC&RS \$ 952,240

DONATIONS \$ 14,612

CAPITAL IMPROVEMENT BONDS PROCEEDS \$ 3,248

TOTAL FUNDS AVAILABLE \$2,140,460

EXPENDITURES

Personal Service	\$435,484	
Employer Contributions	68,007	
Per Diem - Commission	3,319	
Travel - Commission	5,901	\$ 512,711

OPERATING EXPENSE

Contractual Services	\$179,323	
Travel - Staff	9,064	
Supplies	44,637	
Fixed Charges	37,850	
Equipment	16,920	
Purchase for Resale	109,705	
Sales and Use Taxes Paid	29,593	\$ 427,092

DEBT SERVICE PAYMENT \$ 239,936

TOTAL EXPENDITURES \$1,179,739

CARRIED FORWARD FY 1980 \$ 960,721

APPENDICES

APPENDIX 1

E. M. SEABROOK, JR., INC.

ENGINEERS, SURVEYORS AND PLANNERS

P. O. Box 96

1081 HIGHWAY 17 BY-PASS  
MT. PLEASANT, S. C. 29464

TELEPHONES: 884-4496  
884-3553

E. M. SEABROOK, JR., P. E.  
PRESIDENT

May 18, 1979

LEWIS J. CAUTHEN, JR., P. E.

*Mr. Seabrook*  
*check*  
*File*  
*marked*  
*cross ref.*  
*27*  
*approved*  
*by*

Mr. Jerry Guerry, Director  
Patriots Point Development Authority  
P. O. Box 986  
Mt. Pleasant, South Carolina 29464

Dear Mr. Guerry:

In accordance with your request that we check the Yorktown for floatation the following information is provided:

May 1, 1979 - Elevator support elevation 12.25 msl.

May 2, 1979 - Elevator support elevation 12.27 msl.

May 14, 1979 - Elevator support elevation 12.25 msl.

May 16, 1979 - Elevator support elevation 12.26 msl.

These elevations were established at the same point on different days. Different tide elevations ranging from low water to high water. It is apparent from these elevations that the ship is not rising and falling with the tide.

Yours very truly,

E. M. Seabrook, Jr., Inc.  
Engineers-Surveyors-Planners

*E. M. Seabrook, Jr., P.E.*  
E. M. Seabrook, Jr., P. E.

EMS/mw

APPENDIX 2



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20350

6/30/80

6/30/80

24 June 1980

Mr. George L. Schroeder, Director  
Legislative Audit Council  
State of South Carolina  
620 Bankers Trust Tower  
Columbia, South Carolina 29201

Dear Mr. Schroeder:

This is in response to your letter dated April 17, 1980, regarding possible safety deficiencies on the ex-USS YORKTOWN, cited in a letter to Admiral Bulkeley from Lieutenant Blase F. Wagenbrenner, USN (Retired) dated July 18, 1979.

I am pleased to inform you that on October 22, 1979, officials of the Sixth Naval District, Charleston, South Carolina, conducted a thorough investigation of the ex-USS YORKTOWN, as indicated in the attached letter from the Commandant. The conclusions were that, in all areas for its intended use, the ex-USS YORKTOWN was considered to be in excellent condition.


The Navy is always concerned about the safety and material conditions of memorials and every reasonable effort is made to insure that they are maintained in a satisfactory condition.

I am confident that with the interest of the United States Navy and State of South Carolina (Patriots Point Development Authority), the ex-USS YORKTOWN will continue to be an excellent memorial.

Thank you for your interest in the status of the ex-USS YORKTOWN.

With best wishes,

Sincerely,

  
EDWARD HIDALGO  
Secretary of the Navy

Enclosure

APPENDIX 2 (CONTINUED)

OFFICE OF THE  
COMMANDER, NAVAL BASE, CHARLESTON  
AND  
COMMANDANT, SIXTH NAVAL DISTRICT  
CHARLESTON, S. C. 29408

11/28/79

IN REPLY REFER TO:

Code N3  
Ser 2

19 NOV 1979

From: Commandant, Sixth Naval District, Charleston, SC  
To: Director, Naval Historical Center, Washington, DC

Subj: Ex-YORKTOWN (CVS-10); safety and material conditions

Ref: (a) Director, Naval Historical Center FIRST END of  
8 AUG 79 on PRESINSURV ltr of 3 AUG 79  
(b) NAVSEASYS COM Contract N00024-75-C-0200

Encl: (1) SUPSHIP CHASN ltr Ser 1101-144 of 25 OCT 79 w/encls

1. In reply to reference (a), the safety and material conditions of the ex-YORKTOWN are in compliance with the transfer contract (reference (b)) and are entirely satisfactory.
2. On 22 October 1979, the Sixth Naval District Assistant Chief of Staff for Operations and Logistics, an experienced Navy Captain carrier pilot, accompanied by the Deputy Supervisor of Shipbuilding, Conversion and Repair, Charleston, visited the ex-YORKTOWN and conducted a thorough tour and inspection of the ship. Enclosure (1) describes the visit and reviews the pertinent obligations of the Patriots Point Development Authority and of the U. S. Navy, as specified in reference (b).
3. For its intended use, the ex-YORKTOWN is in excellent condition. The tour areas open to the public are continually being expanded and are in outstanding condition. As noted in enclosure (1), a number of distinguished naval visitors to the ship can verify the excellent presentability of the ex-YORKTOWN. Members of this staff, including the Commandant, have conducted visits to the ship for the past three years and can verify that the overall excellent condition of the ex-YORKTOWN presents no discredit to the U. S. Navy. The Commandant personally visited the ex-YORKTOWN on 21 October and observed the vessel to be in excellent condition.

APPENDIX 2 (CONTINUED)

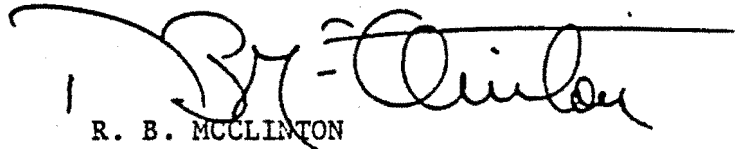
Code N3

Ser 100

19 NOV 1979

Subj: Ex-YORKTOWN (CVS-10); safety and material conditions

4. The Commandant, Sixth Naval District, assisted by the Supervisor of Shipbuilding, Conversion and Repair, Charleston, South Carolina, will continue to fulfill his obligations outlined in reference (b) to ensure that the ex-YORKTOWN is maintained in a manner entirely satisfactory to the U. S. Navy.



A handwritten signature in cursive script, appearing to read "R. B. McClinton", is written over a horizontal line. Below the signature, the name "R. B. MCCLINTON" is printed in a simple, sans-serif font.

Copy to:  
PRESINSURV  
Executive Director, Patriots  
Point Development Authority



### APPENDIX 3

(R204, S183)

**An Act To Create The Patriot's Point Development Authority; To Provide For Members Of The Board, Terms Of Office And Filling Of Vacancies; Organization, Officers And Employees; To Provide Jurisdiction, Purposes And Powers Of The Authority To Develop The Patriot's Point Area In Charleston County, Including Establishment Of A National Naval Museum; To Provide For Land Use And Acquisition, And Contracts Concerning Real And Personal Property; To Provide For The Making Of Rules And Regulations By The Authority And Penalties For Violations; To Provide For The Issuance Of Revenue Bonds For Authority Purposes, And For Accounting And Disbursement Of Authority Funds And Annual Financial Statements; To Exempt Authority Property From Taxation And To Provide An Appropriation.**

Be it enacted by the General Assembly of the State of South Carolina :

**SECTION 1.** There is hereby created the Patriot's Point Development Authority, a body politic and corporate under the laws of this State, consisting of and governed by a board of nine members hereinafter referred to as the Authority. Patriot's Point Development Authority shall be constituted for an initial term of five years. At the end of five years the General Assembly may transfer the powers, responsibilities, liabilities and assets of the Authority to another State agency or agencies but no obligation or contract of the Authority shall be impaired by such transfer, and the full faith and credit of the State shall be given to assure the performance of obligations so transferred.

**SECTION 2.** Members of the board shall be appointed by the Governor as follows: One member from each Congressional District upon nomination of the Congressman; and three at large, one upon nomination of each United States Senator and one by the Governor, whose nominee shall be the chairman. Terms of office of the members shall be five years and until their successors are appointed and qualified. Vacancies shall be filled by appointment for the remainder of the unexpired term.

**SECTION 3.** The board shall meet upon the call of the chairman or a majority of its members, and a majority of its members shall constitute a quorum for the transaction of business. Members of the

### APPENDIX 3 (CONTINUED)

board shall receive per diem for each day of performance of official duties and actual expense, including travel expense, shall be allowed for attendance thereon.

**SECTION 4.** The Authority may employ an executive director, a secretary, attorney and such other employees or consultants as it deems necessary for the performance of its duties and shall fix their compensation.

**SECTION 5.** The Authority shall have jurisdiction over the lands, waters, shores, spoil areas and marshes of that area in Charleston harbor in Charleston County consisting of lands, shores and marshes known as Hog Island and lands, shores, marshes and spoil areas immediately adjacent to said island; being bounded on the north by the rights-of-way of U. S. Highway 17 and of the Cooper River bridges, on the northeast by a creek running from said right-of-way to Shem Creek, on the east by Shem Creek, on the south by Hog Island channel, and on the west by the Cooper River, all of which area is hereby designated as Patriot's Point and shall be known and described as such; and the Authority may take, exclusively occupy, use and possess, to the extent necessary for carrying out the provisions of this act, any lands owned by the State within the area hereinabove described, including shores, waters, marshes, swamps and overflowed lands, bottoms of streams, and bays within the area, and the riparian rights pertaining thereto; excluding the adjacent navigation channels of Charleston harbor; provided such use may be limited by navigation rights or other easements reserved by the State or the United States and by operation and maintenance of the harbor, channels and port of Charleston by the State Ports Authority. When so taken and occupied, due notice of such taking and occupancy having been filed with the Secretary of State, such areas are hereby granted to and shall be the property of the Authority, subject to the limitations for navigation and harbor and port uses above provided, and the laws of the United States with respect to navigable waters. For the purposes of this section, the meaning of the term "use" shall include the removal of material, including spoil or fill material, from and the placing of such material on any part of the lands, shores, marshes and areas hereinabove described. In the event it shall be held by a court of competent jurisdiction that there is any property in the above-described areas which may not be so granted by the State, the provisions of this section shall continue of full force and effect as to all other areas so granted to the Authority, and the

### APPENDIX 3 (CONTINUED)

remainder may be purchased or condemned by the Authority in the manner hereinafter provided.

**SECTION 6.** The Authority is created as an instrumentality of the State for the accomplishment of the following general purposes, all or any of them, which are intended to broaden and not to restrict any other powers given to it in this act, namely:

(1) To develop and improve the Patriot's Point area to provide a place of education and recreation to foster among the people pride and patriotism in our nation and its heritage;

(2) To establish and develop a National Naval Museum of ships, naval and maritime equipment, artifacts, books, manuscripts, art and historical materials for the education and enjoyment of the people of our nation and to instill in them a knowledge of our naval and maritime history; and of the importance of sea power to our economy and defense;

(3) To foster and stimulate national and international travel to and participation in the development of Patriot's Point, by acquiring, constructing, equipping and maintaining museum buildings, seaquariums and laboratories, public exhibits and entertainment facilities, historical monuments and sites; and providing lodging and accommodations for travelers by land or water to Patriot's Point;

(4) To cooperate with the State of South Carolina and the United States of America, and any agency or any department, corporation or instrumentality thereof, in the maintenance, development, improvement and use of Patriot's Point and all its functions;

(5) To accept funds, other assets and services from Charleston County and municipalities located therein aid the State of South Carolina, and to use them in such manner, within the purposes of the Authority, as shall be stipulated by the County or the State in any matter coming within the general purposes of the Authority;

(6) To act as agent for the United States of America, or any agency, department, corporation or instrumentality hereof, in any matter coming within the general purposes of the Authority;

(7) In general to do and perform any act or function which may tend to or be useful toward the development and improvement of Patriot's Point.

**SECTION 7.** In order to enable it to carry out the purposes of this act, the Authority:

(1) Shall have the powers of a body corporate, including the power to sue and be sued, to make contracts and to adopt and use a common seal and alter it as may be deemed expedient;

### APPENDIX 3 (CONTINUED)

(2) May rent, lease, buy, own, acquire, mortgage and dispose of such property, real or personal, as the Authority may deem proper to carry out the purposes and provisions of this act all or any of them;

(3) May acquire, construct, maintain, equip and operate docks, ships, piers, quays and other structures and any and all facilities needful for the convenient use of them in the aid of Patriot's Point development, including the dredging of approaches thereto and the construction of roads and highways thereon and bridges and causeways necessary or useful in connection therewith and transportation facilities incident thereto and useful or convenient for the use thereof, including a marina, except that these piers, ships, docks, quays or similar structures shall be used exclusively for fulfilling the educational, recreational and tourist missions of Patriot's Point and shall not be used for any active ocean-going cargo or passenger vessels;

(4) Shall establish an office for the transaction of its business in the County of Charleston and such other offices within and without the State as may be deemed by the board to be necessary or useful in carrying out the purposes of this act;

(5) May create and operate such agencies and departments as the board may deem necessary or useful for the furtherance of any of the purposes of this act;

(6) May pay all necessary costs and expenses involved in and incident to the administration and operation hereof and all other costs and expenses reasonably necessary or expedient in carrying out and accomplishing the purposes of this act;

(7) May apply for and accept loans and grants of money from any Federal agency, private sources or any other source for any and all of the purposes authorized in this act and expend such moneys in accordance with the directions and requirements attached thereto or imposed thereon by any such Federal agency and give such evidences of indebtedness as shall be required by any such Federal agency, except that no indebtedness of any kind incurred or created by the Authority shall constitute an indebtedness of the State, or any political subdivision thereof, and no such indebtedness shall involve or be secured by the faith, credit or taxing power of the State, or any political subdivision thereof;

(8) May adopt, alter or repeal its own bylaws, rules and regulations governing the manner in which its business may be transacted and in which the powers granted to it may be enjoyed; may provide rules and regulations for the use of its facilities by the public, and may provide for the appointment of such committees, and the functions

### APPENDIX 3 (CONTINUED)

thereof, as the Authority may deem necessary or expedient in facilitating its business;

(9) May do any and all other acts and things authorized or required to be done by this act, whether or not included in the general powers mentioned in this section;

(10) May do any and all things necessary to accomplish the purposes of this act; and

(11) May promulgate rules and 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, and may provide for the licensing of or enter into concession and use contracts with persons, firms or corporations using or doing business on such property or facilities and require license or other fees therefor. Licenses or concession and use contracts may be revoked after notice and hearing by the Authority for willful breach of or failure to comply with such rules and regulations.

**SECTION 8.** For the acquiring of rights-of-way and property necessary for the construction of structures, including piers, ships, docks, quays and other riparian and littoral facilities and structures and approaches thereto and transportation facilities needful for the convenient use thereof and highways, causeways and bridges and for the acquiring of property necessary for the Patriot's Point development project, all or any of such purposes, the Authority may purchase them by negotiation or may condemn them, and should it elect to exercise the right of eminent domain, condemnation proceedings shall be maintained by and in the name of the Authority, and it may proceed in the manner provided by the laws of the State for procedure by any county, municipality or authority organized under the laws of this State, by the State Highway Department, by railroad corporations or in any other manner provided by law as the Authority may, in its discretion, elect. The power of eminent domain shall apply not only as to all property of private persons or corporations but also as to property already devoted to public use within the area of jurisdiction of the Authority.

**SECTION 9.** The Authority may exchange any property acquired under the provisions of this act for other property usable in carrying out the powers hereby conferred or may purchase property for purposes of the Authority and also may remove buildings or other structures from lands needed for its purposes for reconstruction on other locations upon the payment of just compensation if, in its judg-

### APPENDIX 3 (CONTINUED)

ment, it is necessary or expedient to do so in order to carry out any of its plans for development under the authorization of this act.

**SECTION 10.** The board of the Authority may assign, transfer, lease, convey, grant or donate to the United States of America, or to the appropriate agency or department thereof, any or all of the property of the Authority for any use by such grantee for any purpose included within the general purposes of this act, such assignment, transfer, lease, conveyance, grant or donation to be upon such terms as the board of the Authority may deem advisable. In the event the United States of America should decide to undertake the acquisition, construction, equipment, maintenance or operation of the piers, ships, docks, Naval Museum or any other facilities before referred to, including roads, highways, causeways or bridges, and should itself decide to acquire the lands and properties necessarily needed in connection therewith by condemnation or otherwise, the board of the Authority may transfer and pay over to the United States of America, or to the appropriate agency or department thereof, such of the moneys belonging to the Authority as may be found needed or reasonably required by the United States of America to meet and pay the amount of judgments or condemnation, including costs, if any be taxed thereon, as may from time to time be rendered against the United States of America, or its appropriate agency, or as may be reasonably necessary to permit and allow the United States of America, or its appropriate agency, to acquire and become possessed of such lands and properties as are reasonably required for the construction and use of the facilities before referred to.

**SECTION 11.** If any person using or going upon the property facilities of Patriot's Point shall be guilty of a violation of the rules and regulations provided and prescribed by the Authority, such person shall, upon conviction, incur a penalty for each offense of not less than ten dollars nor more than one hundred dollars.

**SECTION 12.** As a means of raising the funds needed from time to time in the acquisition, construction, equipment, maintenance and operation of any facility, building, structure or any other matter or thing which the Authority is herein authorized to acquire, construct, equip, maintain or operate, all or any of them, the Authority may issue bonds, payable both as to principal and interest from the revenues to be derived from admissions to and charges for the operation of all or any part of its properties and facilities, and the powers

### APPENDIX 3 (CONTINUED)

authority granted to counties, cities, school districts and other political subdivisions of the State are hereby extended to and made available to the Authority. All revenue bonds issued by the Authority to obtain funds for the acquisition, construction, equipment, maintenance and operation of its properties and facilities shall be issued in accordance with the provisions of Sections 59-361 to 59-415, Code of Laws of South Carolina, 1962, and all conditions, restrictions and limitations imposed by such sections, as amended, shall be observed by the Authority in the issuance of such bonds, except as follows:

(1) A pledge of net revenues derived from the operation of its properties and facilities, all or any of them, rather than its gross revenues, may be made; and

(2) Free service may, in the discretion of the Authority, be afforded to the State of South Carolina or the United States of America, or any agency, political subdivision, department, corporation or instrumentality thereof, by any property or facility of the Authority to acquire, construct, equip, maintain and operate which funds were obtained from the revenue bonds purchased and held by a State or Federal agency, provided such free service is with the consent and at the request of the State or Federal agency then holding the whole of such revenue bonds.

**SECTION 13.** All funds of the Authority shall be deposited in a bank or banks to be designated by the State Treasurer. Funds of the Authority shall be paid out only upon warrants signed by the director of the Authority and countersigned by the chairman or the acting chairman. No warrants shall be drawn or issued disbursing any of the funds of the Authority except for a purpose authorized by this act and only when the account or expenditure for which they are to be given in payment has been audited and approved by the Authority. The Authority may accept contributions of money or property from all persons for the construction, equipping and operation of its facilities and improvements in the areas within its jurisdiction; and may receive such State, Federal or other grants or appropriations as may be made to it from time to time.

**SECTION 14.** At least once in each year the Authority shall report to the Governor and the General Assembly a complete detailed statement of all moneys received and disbursed by the Authority during the preceding year. Such statement shall also show the several sources from which such funds were received and the balance on

APPENDIX 3 (CONTINUED)

hand at the time of publishing the statement and shall show the complete financial condition of the Authority.

**SECTION 15.** The property of the Authority shall not be subject to any taxes or assessments thereon.

**SECTION 16.** There is hereby appropriated from the General Fund of the State the sum of one hundred thousand dollars to be used to implement the purposes of this act and the appropriation shall not exceed one hundred thousand dollars during the fiscal year 73-74.

**SECTION 17.** This act shall take effect upon approval by the Governor.

In the Senate House the 28th day of March

In the Year of Our Lord One Thousand Nine Hundred and Seventy-three.

EARLE E. MORRIS, JR.,  
*President of the Senate.*

SOLOMON BLATT,  
*Speaker of the House of Representatives.*

Approved the 29th day of March, 1973.

JOHN C. WEST,  
*Governor.*

Printer's No. 51—S.



Rec'd 12/4/80



## THE NAVAL AND MARITIME MUSEUM

State of South Carolina  
 Patriots Point Development Authority  
 Post Office Box 986  
 Mt. Pleasant, South Carolina 29464  
 803/884-2727

2 December 1980

Mr. Larry L. Hamilton  
 Principal Auditor  
 Legislative Audit Council  
 620 Bankers Trust Tower  
 Columbia, S.C. 29201

Dear Mr. Hamilton;

We acknowledge receipt of the long and short version of your detailed audit of the Patriots Point Development Authority.

On behalf of the Authority and Staff, Naval and Maritime Museum, we appreciate your time and efforts in conducting this audit. It was to our advantage to have this constructive audit and have certain operational and management procedures noted and such provides us with information on how we can better administer the Museum to the benefit of the Authority and the State.

Enclosed are our detailed comments and actions proposed or taken in response to the long version of your audit. We are commenting page by page as your report so stated and have repeated the recommendations for continuity purposes.

Sincerely,

J.E. GUERRY, JR.,  
 Executive Director

CC:  
 PPDA Members  
 Mr. Prioleau  
 Mr. Sloan