



STATE OF SOUTH CAROLINA  
THE SENATE  
COLUMBIA

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July 23, 2010

Mr. Thomas J. Bardin, Jr., Director  
Legislative Audit Council  
1331 Elmwood Avenue, Suite 315  
Columbia, South Carolina 29201

Dear Mr. Bardin:

Over the last several years, I have become increasingly concerned about where Patriots Point is headed. Patriots Point is a monument to the generation of Americans who saved civilization. The deteriorating condition of the ships and certain events cause me increasing concern about the long-term stability of Patriots Point. A quick review of what I view as its history may prove helpful. Sitting on some of the most valuable and beautiful land on the East Coast, the "Authority" has been governed by a small Executive Branch dominated Board. While too small to specialize into subcommittees to handle problems and gubernatorially dominated with passive review of its operations and policies by the Chief Executive, the Patriots Point Authority, over the years, has entered into leases for income and incurred numerous liabilities. While this passive gubernatorial oversight and small legislative input and oversight has been the operational mode, it appears to me that the State's Number One tourist attraction has drifted into a state of inertia and has become overcome by its liabilities. Questions have been raised about its management, its overhead, and its plans for the future. Concerns have been raised by at least one board member about its compliance with the Freedom of Information Act and use of executive sessions for reasons other than legitimate executive session business.

Recently, the "Authority" borrowed nine million dollars from the State's taxpayers to rehabilitate the *Laffey* claiming it would repay the loan. Now, not only has it not put the *Laffey* back on display claiming it does not have the money after it spent the \$9 million fixing the *Laffey*; but also, it has come back to the State asking approval to spend \$1.2 million out of a reserve account in a first phase to build a new parking lot. If it takes less than \$500,000 to remove the *Laffey* at Patriots Point and they do not have that money, how is it that they have the funds to build a new parking lot while they also do not have the money to fix and conserve the main attraction, the *Yorktown*? The taxpayers deserve better answers and cannot be looked to for a bailout. Patriots

Mr. Thomas J. Bardin, Jr.  
Page 2  
July 23, 2010

Point must work its way out of this hole, not only for the benefit of the monument attraction and the State but also because a bailout is out of the question. The audit to be requested may well be a crucial part of the blueprint to help save Patriots Point. Under a recently passed law, the Board is being expanded to allow specialization and new focus.

In order for us in the General Assembly and the new expanded Board to make good decisions about what should be done to assist Patriots Point, it is necessary that we have a firm understanding of conditions there. For that reason, I am asking for a Management Performance Audit at Patriots Point with specific consideration given to the following questions:

1. Does Patriots Point have an adequate business plan in place to sustain itself and maintain the ships long term?
2. Is there a need to construct a business model for operations that is capable of supporting the agency with a positive cash flow to meet short-term and long-term obligations?
3. Does Patriots Point have a realistic business plan in place to repay the \$9.5 million loan from the State to the repairs of the *Laffey*? Will it likely work?
4. How will further revenue be generated to bring the *Laffey* back to Patriots Point, and is there a plan for mooring her that is feasible?
5. If Patriots Point is working on a master plan to develop the property, is there an adequate business plan to go with it that anticipates future needs? What business models should be considered as good business practices?
- 6-A. How does current lease revenue collected for the golf course, hotel, and marina compare with comparable waterfront venues in the other eastern seaboard developments?
- 6-B. What potential lease amounts should be anticipated to be comparable and support the Authority?
7. Does Patriots Point currently comply with the U. S. Navy's requirements for maintenance of the ships in the Authority's custody? What, if anything, would be the cost of meeting U. S. Navy requirements?
8. How much revenue would Patriots Point need to generate per year to adequately maintain the ships? Should other means of displaying these be used to lower maintenance? Have proper conservation protocols been established to understand the consequences of venue changes for display?

Mr. Thomas J. Bardin, Jr.

Page 3

July 23, 2010

9. Is the current administrative staff sufficient in number and expertise to adequately oversee a re-development plan of significant financial magnitude?
10. Does Patriots Point have a current active private fundraising campaign, and is it generating sufficient capital to maintain the ships?
11. Is Patriots Points making the best use of its resources available to maintain the ships? Is the staff adequate, too small or too large to handle ongoing operations?
12. What will it take to put the ships back in maintainable condition in terms of dollars, and what available resources are there to acquire these funds?
13. If the ships are put back into a restored state, how much cash would need to be available over the 10-20-year period to maintain the ships on an on-going basis and to have funds available for a major restoration?
14. Does the Board comply with the Freedom of Information Act on Executive Sessions and its dealings with the public?
15. Are Authority employees regularly evaluated and compensated at generally recognized adequate compensation for duties performed?
16. Are there sufficient and correct inventory systems in place for supplies and items for resale?
17. Are there item lines of responsibility between the Executive Director and the Operations Director, or do they overlap?
18. Is the Authority utilizing consultants and attorneys? Is this use prudent and efficient? What are the procedures for procuring consultants?
19. Are current plans for spending over \$1,239,712.00 in phases for a new parking lot reasonable investments, and will the cash flow pay for the amounts expended in a reasonable time?

Thank you for considering this. It is important that we figure out what resources are available and what challenges lie ahead to secure a brighter future for Patriots Point. The restructured Board could benefit greatly from your review and recommendations.

Sincerely,



Glenn F. McConnell