

RESOLUTION NO. 06-2026

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF CALHOUN FALLS, SOUTH CAROLINA, AUTHORIZING THE EXPLORATION AND NEGOTIATION OF POTENTIAL AGREEMENTS WITH THE CITY OF ABBEVILLE CONCERNING WATER AND SEWER SERVICES, WHILE PRESERVING THE TOWN'S OWNERSHIP, AUTHORITY, RIGHTS, CLAIMS, AND FINAL DECISION-MAKING POWER

WHEREAS, the Town of Calhoun Falls, South Carolina ("Town"), owns and operates a municipal water and sewer system that provides essential utility services to residents, businesses, governmental entities, and other customers within and outside the corporate limits of the Town ("Calhoun Falls Utility System"); and

WHEREAS, the continued provision of safe, reliable, affordable, and legally compliant water and sewer services is essential to the health, safety, welfare, and economic stability of the Town and its citizens; and

WHEREAS, the Town has experienced significant operational, financial, regulatory, infrastructure, and administrative challenges concerning the Calhoun Falls Utility System; and

WHEREAS, the City of Abbeville, South Carolina ("Abbeville"), currently provides wholesale water service to the Town pursuant to existing contractual arrangements and has expressed an interest in negotiating a potential transfer, acquisition, operation, management, or restructuring of the Calhoun Falls Utility System; and

WHEREAS, Abbeville has proposed a joint resolution expressing an intent to negotiate and effectuate the transfer of the Calhoun Falls Utility System to Abbeville; and

WHEREAS, the Town Council believes it is appropriate and in the public interest to obtain and evaluate information concerning all reasonably available options for the future operation, improvement, financing, management, ownership, or restructuring of the Calhoun Falls Utility System; and

WHEREAS, those options may include, without limitation:

1. Continued ownership and operation of the Calhoun Falls Utility System by the Town;
2. An amended wholesale water purchase agreement;
3. An intergovernmental services agreement;
4. A temporary or long-term operations and maintenance agreement;
5. A management agreement;
6. A lease or concession arrangement;
7. A joint authority, commission, or other cooperative governmental arrangement;
8. The acquisition or transfer of specified assets;

9. The acquisition or transfer of the entire Calhoun Falls Utility System;
10. Financing, grants, loans, capital improvements, or regulatory compliance assistance; or
11. Any other arrangement determined by the Town Council to be lawful and in the best interests of the Town and its utility customers; and

WHEREAS, the Town Council has not determined that a sale, transfer, lease, franchise, or surrender of operational control is in the best interests of the Town; and

WHEREAS, the Town Council desires to authorize preliminary discussions and negotiations without committing the Town to any particular transaction, structure, term sheet, purchase price, franchise arrangement, rate structure, or transfer of assets or liabilities; and

WHEREAS, before considering any final agreement, the Town must conduct appropriate legal, financial, operational, engineering, environmental, regulatory, and asset-related due diligence; and

WHEREAS, any proposed agreement must adequately address, at a minimum:

1. The fair value of the Calhoun Falls Utility System and its individual assets;
2. The Town's existing debts, liabilities, contractual obligations, grants, loans, liens, and encumbrances;
3. The disposition of accounts receivable, customer deposits, reserve funds, restricted funds, and utility revenues;
4. Responsibility for existing and future regulatory compliance obligations;
5. Responsibility for pending or threatened litigation, claims, consent orders, penalties, fines, and corrective-action requirements;
6. Required capital improvements and the source and timing of funding for those improvements;
7. Water and sewer rates, fees, charges, deposits, connection charges, and future rate increases;
8. Protections for residents, businesses, low-income customers, elderly customers, and other vulnerable utility customers;
9. Service quality, water pressure, system reliability, emergency response, maintenance, and customer service standards;
10. The continuation, termination, or transfer of existing utility employees and contractors;
11. Ownership and control of real property, easements, treatment facilities, distribution lines, collection lines, meters, equipment, vehicles, records, software, customer data, and other assets;
12. The term and conditions of any proposed franchise or service-area arrangement;

13. Any franchise fee, lease payment, purchase payment, revenue-sharing arrangement, or other compensation payable to the Town;
14. The Town's ability to monitor and enforce performance requirements;
15. Remedies available to the Town and its customers in the event of a breach or service failure;
16. The effect of any proposed transaction upon the Town's annual budget and long-term financial condition;
17. The treatment of customers located outside the Town's corporate limits;
18. The rights and obligations of other governmental entities, lenders, bondholders, grant agencies, and regulatory authorities;
19. Any required public hearings, notices, ordinances, resolutions, approvals, referenda, or third-party consents; and
20. Any other matter deemed material by the Town Council or its professional advisors.

NOW, THEREFORE, BE IT RESOLVED, by the Town Council of the Town of Calhoun Falls, South Carolina, as follows:

Section 1. Authorization to Negotiate

The Town Council authorizes the Mayor, Mayor Pro Tempore, Town Attorney, Town Clerk, and such other Town officials, employees, engineers, accountants, financial advisors, consultants, and representatives as may be specifically designated by Town Council to participate in preliminary discussions and negotiations with Abbeville concerning the Calhoun Falls Utility System.

Section 2. Scope of Negotiations

The authorized representatives may request, receive, exchange, and evaluate proposals, financial information, engineering information, operational information, asset information, draft term sheets, proposed agreements, and other materials reasonably necessary to evaluate potential arrangements between the Town and Abbeville.

Negotiations shall not be limited to a complete transfer of the Calhoun Falls Utility System. The Town's representatives are authorized to evaluate any lawful alternative that may protect the interests of the Town, its residents, and its utility customers.

Section 3. No Predetermined Outcome

The adoption of this Resolution does not constitute a determination that the Calhoun Falls Utility System should be sold, transferred, leased, franchised, assigned, conveyed, or placed under the ownership or control of Abbeville.

The Town enters the negotiating process without committing itself to any predetermined outcome.

Section 4. No Acceptance of Abbeville's Proposed Terms

Nothing in this Resolution shall be interpreted as the Town's acceptance, approval, ratification, or endorsement of:

1. Abbeville's proposed joint resolution;
2. Any preliminary term sheet prepared or proposed by Abbeville;
3. Any exclusive franchise;
4. Any franchise fee or limitation upon a franchise fee;
5. Any proposed cost-of-service rate structure;
6. Abbeville's assumption of ownership or operational control;
7. The transfer of all system assets or obligations; or
8. Any other proposed material term.

Every material term remains subject to negotiation, due diligence, legal review, and final approval by the Town Council.

Section 5. Preservation of Ownership and Control

Unless and until a definitive agreement is approved and executed in accordance with applicable law, the Town shall retain all ownership, possession, authority, management rights, operational rights, revenues, records, causes of action, and other interests associated with the Calhoun Falls Utility System.

No Town official, employee, attorney, consultant, or representative is authorized by this Resolution to convey, transfer, assign, encumber, lease, franchise, or surrender any Town asset or governmental authority.

Section 6. Preservation of Claims, Defenses, and Legal Positions

Participation in negotiations shall not constitute:

1. An admission of liability or wrongdoing by the Town;
2. A waiver of any claim, counterclaim, defense, objection, privilege, immunity, or legal position;
3. An acknowledgment of the validity or amount of any disputed debt or obligation;
4. A modification of any existing contract;
5. A settlement of any pending litigation or controversy; or
6. Consent to the entry of any judgment, injunction, receivership, transfer order, or other judicial relief.

The Town expressly reserves all rights, claims, counterclaims, defenses, offsets, privileges, immunities, and remedies arising from existing contracts, pending litigation, utility operations, financial transactions, regulatory matters, or any other source.

Section 7. Pending Litigation

Negotiations authorized by this Resolution are intended to explore a possible consensual resolution of some or all disputes between the Town and Abbeville.

Unless specifically approved by the Town Council in a separate action, the commencement or continuation of negotiations shall not stay, dismiss, compromise, prejudice, or otherwise affect any pending litigation, court order, claim, counterclaim, discovery obligation, deadline, or appellate right.

Section 8. Due Diligence Requirements

Before the Town Council considers any final agreement, the Town shall be provided sufficient opportunity to conduct legal, financial, engineering, operational, environmental, regulatory, and asset-related due diligence.

The Town may require Abbeville to provide information reasonably necessary to evaluate its financial capacity, operational capacity, proposed rates, planned capital improvements, staffing, customer service standards, financing assumptions, and ability to satisfy the obligations contemplated by any proposed agreement.

Section 9. Independent Valuation

No sale, transfer, lease, franchise, or other disposition of material utility assets shall be recommended for final approval until the Town Council has received sufficient reliable information concerning the fair value of the affected assets and the financial consequences of the proposed transaction.

The Town may obtain an independent appraisal, valuation, engineering assessment, rate study, financial analysis, or fairness evaluation before acting upon a final proposal.

Section 10. Protection of Utility Customers

Any proposed agreement shall be evaluated primarily upon whether it protects the health, safety, welfare, and long-term interests of the Town's residents and utility customers.

The Town Council shall consider the probable effect of any proposed agreement upon:

1. Current and future utility rates;
2. Service reliability and quality;
3. Customer service;
4. Required capital improvements;
5. Regulatory compliance;

6. Economic development;
7. Affordability;
8. Accountability to the public; and
9. The Town's long-term financial stability.

Section 11. Public Information and Participation

Subject to applicable law, attorney-client privilege, settlement confidentiality, and the requirements governing executive sessions, the Town Council intends to provide appropriate public notice and an opportunity for public input before approving any final agreement involving the sale, transfer, lease, franchise, or material disposition of the Calhoun Falls Utility System.

Section 12. Confidential and Privileged Communications

Nothing in this Resolution requires the public disclosure of attorney-client privileged communications, attorney work product, confidential settlement communications, protected financial information, security-sensitive utility information, or information otherwise exempt from disclosure under applicable law.

Section 13. Written Proposals Required

Any material proposal from Abbeville should be reduced to writing and should clearly identify:

1. The proposed transaction structure;
2. The assets and liabilities to be transferred or retained;
3. The proposed consideration or compensation;
4. The proposed rate methodology;
5. The proposed allocation of existing debts and obligations;
6. The proposed capital improvement commitments;
7. The proposed term and termination rights;
8. The proposed service standards;
9. The proposed treatment of pending litigation and regulatory matters; and
10. All material conditions, contingencies, and required approvals.

Section 14. Reports to Town Council

The Town's negotiating representatives shall report material developments to the Town Council at duly called meetings.

No negotiating representative shall make a final commitment on behalf of the Town without express authorization from the Town Council.

Section 15. Final Approval Required

No memorandum of understanding, letter of intent, term sheet, settlement agreement, asset purchase agreement, franchise agreement, lease, operations agreement, intergovernmental agreement, or other definitive agreement shall bind the Town unless it is:

1. Reduced to writing;
2. Reviewed and approved as to form by the Town Attorney;
3. Presented to the Town Council at a duly called public meeting;
4. Approved by the Town Council in the manner required by applicable law; and
5. Executed by duly authorized representatives of the Town.

Any ordinance, public hearing, referendum, regulatory approval, lender consent, bondholder consent, or third-party approval required by law or existing contractual obligation must also be completed before the proposed transaction becomes effective.

Section 16. No Authority to Incur Unapproved Expenses

This Resolution does not authorize the expenditure of Town funds beyond amounts previously appropriated or separately approved by the Town Council.

Any material expenditure for appraisals, engineering studies, financial analyses, consultants, or other professional services shall be presented to the Town Council for approval unless already authorized under the Town's budget or procurement procedures.

Section 17. Negotiating Principles

The Town's representatives shall be guided by the following principles:

1. Preservation of safe and reliable water and sewer service;
2. Protection of the Town's residents and utility customers;
3. Fair valuation of all Town assets;
4. Transparent identification of all liabilities and obligations;
5. Reasonable and predictable utility rates;
6. Enforceable capital improvement commitments;
7. Preservation of the Town's legal rights and governmental authority;
8. Protection of the Town's financial stability;
9. Meaningful public accountability; and
10. No transfer of material Town assets without informed and deliberate approval by the Town Council.

Section 18. Duration and Revocation

The authority granted by this Resolution shall continue until revoked or modified by the Town Council.

The Town Council may suspend or terminate negotiations at any time if it determines that continued negotiations are not in the best interests of the Town or its citizens.

Section 19. Nonbinding Effect

This Resolution is a statement of the Town’s willingness to explore and negotiate potential arrangements with Abbeville.

This Resolution is nonbinding, creates no contractual obligation, grants no franchise, transfers no asset, settles no dispute, waives no right, and obligates neither the Town nor Abbeville to execute a final agreement.

Section 20. Severability

If any section, subsection, sentence, clause, or provision of this Resolution is determined to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

Section 21. Effective Date

This Resolution shall become effective immediately upon its adoption by the Town Council of the Town of Calhoun Falls.

ADOPTED by the Town Council of the Town of Calhoun Falls, South Carolina, at a duly called meeting held this _____ day of _____, 2026.

TOWN OF CALHOUN FALLS, SOUTH CAROLINA

Viggo Lassen, Mayor

Amy Battaglia, Mayor Pro Tempore

Jeremy Manning, Council Member

Michael Brandt, Council Member

ATTEST:

Marsha Lomax, Town Clerk

APPROVED AS TO FORM:

Juan Shingles, Esquire
Town Attorney

COUNCIL VOTE

Member	In Favor	Opposed	Abstained	Absent
Mayor Viggo Lassen	☐	☐	☐	☐
Mayor Pro Tempore Amy Battaglia	☐	☐	☐	☐
Council Member Jeremy Manning	☐	☐	☐	☐
Council Member Michael Brandt	☐	☐	☐	☐
Council Member _____	☐	☐	☐	☐

The foregoing Resolution was:

- ☐ Adopted
☐ Rejected

by a vote of _____ in favor, _____ opposed, _____ abstaining, and _____ absent.