

## Committee on Real Estate

March 21, 2022

A meeting of the Committee on Real Estate was held this date at 2:30 p.m. via Zoom Webinar.

Notice of this meeting was sent to all local news media.

### PRESENT

Committee members: Councilmember Appel, Chair, Mayor Tecklenburg, Councilmember Gregg, Councilmember Shahid, and Councilmember Waring.

City Staff: Leigh Bailey, Philip Clapper, Julia Copeland, Melissa Cruthirds, Matt Frohlich, Rick Jerue, Wilbur Johnson, Jason Kronsberg, Tracy McKee, Mallary Scheer, and Velvet Simmons.

Also present: Councilmember Seekings, Devon Andrews, Russell Huggins, Tom McGuire, Marc Murphy, Edward Rawl, and Alan Townsend.

Chair Appel called the meeting to order.

The meeting was opened with an invocation provided by Councilmember Gregg.

### Approval of Minutes

#### - March 7, 2022

On the motion of Councilmember Shahid, seconded by Councilmember Waring, the Committee voted unanimously to approve the minutes of the March 7, 2022 meeting.

#### a. Request to authorize the Mayor to execute on behalf of the City of Charleston a Memorandum of Agreement regarding PEN 3A Water Transmission Main Project between City of Charleston and Charleston Water System.

Ms. Copeland said Charleston Water Systems was in the process of designing a water transmission mainline project. The proposed alignment ran along a railroad right-of-way corridor. It started on the intersection of Morrison Drive and Romney, just northwest of the naval airbase road. The entire engineering team was on the call to give details on the project itself. The document before the Committee was an MOA between the City and Charleston Water System because the right-of-way they wanted to work through would require an easement from the City of Charleston, and in order for the City to provide the easement, they needed to "clear some potential clouds on title," because some prior research had led to the discovery that the City conveyed some of the 60ft. right-of-way to the Norlina Construction Company in 1914, under the promise that they would construct certain things during that time, and it had a reverter back to the City if they did not satisfy the requirements.

What Charleston Water System wanted to do, through the MOA, was to collaborate together to file some actions in circuit court to clear any clouds on title, so that they could move through and finish the project with a clear easement from the City.

Chair Appel asked if there were any questions.

Councilmember Waring suggested that Mr. Huggins speak. The project was a main infrastructure piece that was coming to the peninsula. They had voted for Laurel Island some months or a year prior, and that was a major water line that would help with future developments.

Chair Appel recognized Mr. Huggins.

Mr. Huggins said that it was an important project, not just for CWS, but for the City, as well. They relied on a pair of 24 in. 1920s vintage transmission mains to bring potable water down to the Charleston peninsula. The new line would be a third feed into the peninsula. Once constructed, it would run from North Charleston and would terminate at the Nassau Street ground storage tank. It was a 36 in. transmission main that would provide a needed redundancy, and would also help meet potable and fire protection water demands all the way down to the City. It would also allow them to reinforce the feed across the Cooper River over to Daniel Island and the Cainhoy Peninsula. It would also provide a point of connection for Laurel Island. Trying to get a route down from North Charleston to the peninsula was not easy. They had followed the CSX railroad right-of-way as best they could. They were asking for a clear title so that the City would be allowed to grant them an easement for the project.

Chair Appel thanked Mr. Huggins.

Mayor Tecklenburg asked how deep the line would run.

Mr. Huggins said that their typical water mains were between three and four feet deep. There would be stretches along the route where they would be drilling horizontal directional drills, but the predominant portions of the line, which would be installed by traditional cut and cover, would be approximately four feet deep to the top of the pipe.

On the motion of Councilmember Waring, seconded by Councilmember Shahid, the Committee voted unanimously to approve Item A.

Later in the meeting, Mayor Tecklenburg said he had been looking at the maps where the 60ft easement ran. It looked to him that below Greenleaf Street, it went away until it reappeared at a parcel near Romney Street. He asked what happened in between those spaces where there was no 60ft right-of-way. He asked if they would need to negotiate with each property owner.

Mr. Huggins said that was correct.

Mayor Tecklenburg asked if that had already been done.

Mr. Huggins said they were in the process of reaching out to all of the property owners in discussing their need for the easements.

**b. An ordinance to authorize the Mayor to execute on behalf of the City of Charleston an Amended and Restated Lease between the City of Charleston and Charleston Water System regarding the use of the recreational Greenway.**

Chair Appel said that the Item was the product of decades of hard work and close collaboration between the City of Charleston, CWS, the Parks Conservancy, citizens, neighborhood groups, etc. He said he did not need to tell those on the call how important the West Ashley Greenway was to the community, as well as the Bikeway. The Greenway's significance would be magnified because of the Ashley River pedestrian and bike bridge. In short, it was an amended lease. CWS owned the Greenway, and the City leased it as a passive park. The lease would help govern their relationship going forward in order to facilitate certain improvements to the Greenway that were on the horizon. The lease would not authorize or approve any specific projects, but was merely the framework under which they could begin the next step of having those discussions of what they wanted to do and where. There had been several planning efforts over the years, with Master Plans done in 2009 and 2019, neither of which the City was beholden too. Before any projects were funded and approved, there would be extensive community outreach.

He said he wanted to recognize Mr. Tom McGuire and Ms. Devon Andrews. Mr. McGuire was the new executive director of the Charleston Parks Conservancy. He also wanted to thank Jason Kronsberg and everyone else on staff, and Mayor Tecklenburg. He thanked Councilmember Waring for his collaboration and coordination with CWS, and CWS itself. He said they ran a first class, world class, water and sewer utility. He said the City appreciated them for helping to keep the Greenway an active and very dynamic community resource. He said that everything the City did would be in close communication with them, and they would not be doing anything that would adversely impact the chief mission of the Greenway.

Ms. Copeland said the Item had been a great collaboration. From the legal perspective, they had extended the term until December 31, 2040, and it would still be a dollar per year throughout the term. In the new lease, which would be considered by CWS on March 29 during their board meeting, the City had inserted some new provisions that would allow for the successful operation of community gardens along the Greenway with the consent of CWS.

Mr. McGuire said that the important thing he wanted to say was that the Conservancy was absolutely committed to following through on the master plan that had been put together. He said someone, probably Chair Appel, had told him that he was tired of the City adopting plans and then not doing anything about them. The Conservancy wanted to move forward with the Master Plan for the Greenway, and the lease amendment was a critical part of making that happen.

He thanked Mayor Tecklenburg for his help, as well.

Chair Appel recognized Councilmember Waring.

Councilmember Waring said he appreciated everyone pushing in the right direction. He said they might think he was "talking out of the side of his head," but he said the main line underneath the bikeway was, for West Ashley, kind of like the Ravenel Bridge was for Mount Pleasant and Charleston, regarding sewer delivery to the Plum Island plant. It was a major trunk line. The way they had used that infrastructure for beautification was outstanding. It reminded him when Mayor Riley wanted to put a pedestrian lane on the Ravenel Bridge. He said

everyone thought he was crazy at the time, but the pedestrian traffic on the Greenway probably equated to the pedestrian traffic on the Ravenel Bridge. There were that many people using it. When the senior citizen apartments were built on the Coburg Dairy property, there were some things to be worked through. Now, there was beautification there, including fountains for both people and dogs, and benches. That didn't happen without everyone pushing in the same direction. The Greenway was a continuation of that.

He welcomed Mr. McGuire to the team. He said the Item was a "win-win." The trunk line was expanded and worked upon. The Greenway would eventually be able to allow people to stay off of Savannah Highway and allow people to get to Stono River Park, one of the prettiest parks in the County. He thanked everyone for their efforts, and Chair Appel's in particular.

Chair Appel thanked Councilmember Waring for his relationship with CWS and their joint collaboration.

He recognized Councilmember Shahid.

Councilmember Shahid said Chair Appel had left off the West Ashley Revitalization Commission's involvement in the park. He said that he attended several meetings with Mr. McGuire's predecessor related to the massive plan, and in Plan West Ashley, there were specific details on areas they wanted to look at. There were plans for the farmers market on Highway 17, and the Mayor and Mr. Kronsberg had been working with the West Ashley Revitalization Commission on that. He did not want to overstate what had already been said, but said the Greenway was a spine that ran through West Ashley and touched into the Maryville-Ashleyville area, the Higgins Pier, and the Carr-Richardson Park. There were many moving parts, and he wanted to ensure the Revitalization Commission was acknowledged, and that they would be further developing the project.

Chair Appel apologized for not mentioning the Revitalization Commission. He said he expected that collaboration to continue into the future as they began talking about implementation and brought the community together to finalize their plans. He said he and Councilmember Waring had previously been talking about how they were on the verge of having the Bikeway connected to the Greenway and both further connected to the Ashley River Pedestrian Bridge. One would be able to get on their bike by the Limehouse Bridge and ride it all the way down to the Low Battery. They might eventually get to the point one day where they no longer talked about downtown and West Ashley, but where they talked about Charleston, connected together. They were stitching the City together. It was an exciting community-building operation. Charleston Moves had been active in the process, among others. He said he had always seen his role as helping to move them forward with the vision and the plans that had been working through the process over the decades to actually start getting things done. He thanked everyone involved.

On the motion of Councilmember Shahid, seconded by Councilmember Waring, the Committee voted unanimously to approve Item B.

- c. **An ordinance to authorize the Mayor to execute a deed and any other necessary documents, approved as to form by the Office of Corporation Counsel, Quit-claiming to Children's Museum of Charleston the City of Charleston's right, title, interest, if any, to that certain portion of property bearing Tax Map Number: 460-16-02-010, and subject to certain exceptions and other matters to be approved by the Office of Corporation Counsel.**

Ms. Copeland said that the City had a lease with the Children's Museum, and the Museum had asked for an arrangement where the City would subdivide the land and quit-claim the building to them so they could use the building as collateral to make some improvements. There were many questions that could not be answered at the last meeting, so they had asked Mr. Marc Murphy and Mr. Edward Rawl, both members of the board of the Children's Museum who had been actively involved in the Item since the beginning, to come and give the Committee a presentation and answer any questions the Committee might have had.

Chair Appel recognized Mr. Murphy and Mr. Rawl.

Mr. Murphy shared a presentation to the screen. He said it showed the vision for the upgrade to the existing building.

He said one of the questions at the last meeting was related to introducing the Museum and explaining who they served. He said it was important to note that the Children's Museum was a wide reaching organization. They were very fortunate to have a great location at the center of downtown in a really vibrant and growing part of the town, but the reach was significant. Though they were centered downtown, they served a significant amount of the entire community. It was important and critical to be able to continue to have that kind of reach. He said that the

growth of the City had been significant, and they wanted to try to grow both their facility and their reach into the community.

He said it was more than just play. At the end of the day, the Museum was an educational facility. It was a center of early childhood education, and they believed and could site that they were a true partner of both parents in the community and also the school systems in the greater community.

They extended far beyond the walls of their facility. They had a significant outreach portion that took content from the Museum and brought it directly into the community. They had a significant and probably under-publicized partnership with CCSD to bring the pop up shop, an extension of the museum, directly into the school systems. The capacity for their service was really significant, to the extent that such activities were fully booked into the school systems. The reach was through their facility, but the facility allowed them a platform to get into the school systems and the larger community.

He showed a snapshot of an economic impact study that had been previously provided to Council and to the Mayor's Office that cited the economic impact the facility had. Not unlike other museums and attractions downtown, it was a day trip for most families. They came in, parked, went to the Museum, had lunch, and more. In addition to that, the Museum also serviced vendors and suppliers. The study had shown a significant economic impact from the Children's Museum to downtown Charleston.

They could not do their work without a growing facility. The proposal was all about helping them to get the building project done. That allowed them to be a more attractive institution to the City and to serve more people. He said he thought it allowed them to be a better partner in that particular area of the City, because it had a lot of revitalization going on, and they wanted to be a part of it. They thought the project was central to contributing to that.

Mr. Rawl said that if they were able to take ownership of the building, they would be in a position to secure traditional financing that could be used along with funds that they had already raised, allowing them to move their entrance to Ann Street and expand their square footage significantly. They would be able to provide outside exhibits and serve even more children than they already did.

The building project had BAR approval. They had engaged with banks in anticipation of the discussion, and they had a great partner in Hood Construction. They would be in a position to get started fairly quickly if they could get the support of the City.

The Museum was excited about the possibility. They wanted to be downtown, bringing families and children downtown from James Island to West Ashley, and other places in the tri-county area. Their location had a positive impact on the downtown economy, benefiting their neighboring businesses and also generating valuable tax dollars. Because they were at where they wanted to be long-term, they were more than happy to agree to revert language, which would alleviate any concerns that the Museum would want to sell the building for profit and set up shop elsewhere. That was not in the plan. They had worked with Ms. Copeland and her team so they could make it happen. They were excited about it, and they wanted to ensure that they were in it for the long term. He asked the Committee for any questions.

Chair Appel thanked Mr. Rawl and recognized Councilmember Waring.

Councilmember Waring said he did not think the Museum had a larger fan club than the people who were on the call. He was a grandfather who had crawled through some of the tunnels at the Museum with his grandchildren. It was a fun place to go, and they all believed in it. However, the Museum's question was one of financing. He asked how much money the Museum needed to raise.

Mr. Rawl said that was a good question and that, unfortunately, every minute that passed, that number likely went up, because of how expensive it was to do things. But they were estimating, in working with Hood Construction on the play pavilion and moving the entrance, that it would be about \$4 million. They felt they could conservatively achieve that through the money they had on hand, the money they generated, and through traditional financing with the bank.

Councilmember Waring asked if that \$4 million would be gotten from the bank.

Mr. Rawl said they were working within that ball park.

Councilmember Waring said that all of the economic impact that had been done was done within the confines of the lease. The City still owned the property. The City leased Gaillard to the Gaillard Management Corporation, but the City owned the Gaillard Center. It leased the IAAM building to the IAAM non-profit, but it owned the building.

The City had a lease agreement with the CVB, but it owned that building, also. He said there had to be a way to get \$4 million financed with a lease, with the City still maintaining ownership over the property. He said that today, it seemed like the attitude of "oh yeah, let's just give it to them" was fine. He said the idea of a reverter clause was not the best subject of discussion in the City at the moment, because they could be contended. He wanted to be able to get the Children's Museum the money, while also having the City still own the property. Both the Marina and the Market were leased to private entities. If the bank that the Museum was going to was saying that they couldn't lend them \$4 or \$5 million if they didn't own the building, then they needed to go to another financial institution to help them get the money. He didn't feel ownership was the real hurdle, it may have been the financial institution.

If the Museum was successful, he hoped that it would outgrow that location. However, future Councilmembers in later decades might be disappointed that the building would not return to the City. He did not think it was wise to quit-claim for ownership. However, he felt the City should ally with the Museum and help it in its financing so the Museum could continue the expansion projects they wanted to do. He asked Ms. Copeland if it was true that they still had 47 years on the lease.

Ms. Copeland said that was correct.

Councilmember Waring said he didn't know any financing arrangement through a bank, in terms of a loan, that would last longer than 47 years. Most commercial loans were somewhere in the range of 15 or 20, and at most 30 years. If the financial institution was telling them they needed to own the property, then they seriously needed to go someplace else. There were other banks that would do what they needed.

Chair Appel recognized Councilmember Shahid.

Councilmember Shahid said he appreciated all of the great work for the community that the Children's Museum did. He said their questions were not at all related to what the Museum provided to the community, which spoke to itself.

He asked what the percentage of students served by the Museum were residents of the City of Charleston.

Mr. Murphy said he did not have that information on hand, but they did have that data. They served the larger community, which included both residents and non-residents. But he could get that specific breakdown.

Mr. Rawl said they tracked attendance by zip code. The zip codes seen most often were from West Ashley, James Island, downtown north of Calhoun, and Mt. Pleasant.

Councilmember Shahid asked Mr. Rawl if he had those numbers.

Mr. Rawl said he did not have them on hand, but he could email them to him.

Councilmember Shahid said that had been one of his first questions when it was brought up at the last session.

He asked if the Museum had gotten comparisons from financial institutions regarding loan rates between whether they owned the property or leased the property.

Mr. Rawl said they had had specific conversations with a number of banks, and it came down to having enough collateral to borrow against, and a long-term lease did not provide any collateral. It was not an asset that could be used to get the funding that was needed to actually do the project.

Councilmember Shahid asked if the banks had been very specific in saying that they would not loan them the money if they leased, as opposed to owning the property.

Mr. Rawl said that was correct. They had several bankers on their board, as well, and what was proposed was the only viable path that they had been able to identify.

Councilmember Shahid said those were his two specific concerns; whether or not the Museum had been specifically turned down by a number of financial institutions that had said "we will not loan you the money unless you own the property." He asked if that was true even knowing that there would be a reverter clause.

Mr. Rawl said that was correct. They had had those conversations with bankers associated with the Museum and different institutions in town.

Chair Appel recognized Councilmember Waring.

Councilmember Waring asked if it had been given in writing that they would not be able to get a loan if they did not own the property. He said he asked that because loans were paid out of cash flow. The lease had no

expense. The Museum was not paying the City out of its cash for rent. The cash flow would not improve regardless of who owned the building. The banks may have been saying that if the Museum owned the building, they wouldn't be paying the City rent, and would therefore have more money to repay the loan to the bank. But that wasn't the case. The primary repayment of a loan was demonstrated cash flow. He wanted to know the banks they had talked to. They didn't have to tell him that at the meeting, but he thought perhaps they could recommend another bank to them.

He said Councilmember Shahid's question about who was being serviced by the Museum was a good one. He said that if tourists were coming in, there may have been some way to get Tourism dollars to contribute towards their cash flow. Until they started tracking who was using the Municipal Golf Course, the Course was not eligible for Tourism funding. After the tracking system was implemented, they were able to give them more money. They might have been able to do that in this case. He said there was definitely a way to get them their money without the Museum taking ownership of the building. He advised them to push back against the bankers on their board regarding the cash flow question, because that was how they were going to repay the loan. He said he didn't understand how they could deny the loan because they didn't own the building when the Museum paid no lease. The Museum had controlled the property for almost half a century, and a loan would have to be repaid a lot sooner than that.

He said cash flow was king. Money going in and out was the main question. If they needed help with that, then they needed to drill down and see how they could help. But needing to own the property, instead of leasing the property for nothing and controlling the property for half a century did not make sense.

Mr. Rawl said they could service the loan from a cash flow standpoint, they just couldn't get the loan to start with because a long-term lease was not an asset on a balance sheet, which determined whether a bank wanted to do business with them in the first place. That was why there was a difference between a long-term lease and a deed-in-hand, because then it would be an asset on the balance sheet, which would allow them to qualify for the loan in the first place.

Councilmember Waring asked how many banks they had gone to.

Mr. Rawl asked Mr. Murphy the same question. He believed it was three or four.

Mr. Murphy confirmed that was true.

Councilmember Waring said that perhaps they could discuss which banks exactly they had spoken with outside of the call. He told Mayor Tecklenburg that he would not mind calling a few banks to see whether they would be interested in the loan.

He said that if they could get the specific tourism numbers as well, he thought that would be helpful. The truth was that \$4 million was not insurmountable.

Chair Appel said that, from his perspective, the reason the mortgagors used fee-simple was because in the event of a default, they could come and take the property. He was concerned about that. The Children's Museum was a wonderful institution. If there ended up being a default, the bank would want to take the property. He said he was not a commercial lending expert, but he thought there was a precedent for banks taking a mortgage interest in a leasehold interest. They learned in law school that a leasehold interest was not full property ownership, but the leaseholder had a "bundle of sticks" there that gave them some ownership. He said he could see no reason why a bank could not foreclose on a leasehold interest and essentially take over the lease in the event of a default. If they were talking about a commercial leasehold interest in that location for the duration that Councilmember Waring was talking about, that was absolutely an asset of value. It was not an asset like fee simple ownership, but it seemed to him that a financial institution could structure something that would enable them to receive the loan that they needed while taking a leasehold interest, which preserved the City's ownership of a very valuable piece of property generations into the future, and also prevented the negative scenario of a default down the road where the bank got actual ownership of the property, and then who knew what would happen to it.

Councilmember Gregg asked Ms. Copeland that, in the event of a worst case scenario, where the Children's Museum defaulted on the loan, and the bank foreclosed on the property, if the lien holder had the first right to property in a reverter clause.

Ms. Copeland said that was correct. The City would take the building with the mortgage attached to it in that situation.

Councilmember Gregg said the City would then have first right.

Ms. Copeland said that was correct.

Councilmember Gregg said he would much prefer the quit-claim instead of the City being obligated to raise funds for the Children's Museum. It was not something they ought to be doing as a City. He said he was saying that having been a member of the Children's Museum for a number of years. His kids spent a lot of time there. He thanked the Museum for the service they had provided to the community.

Chair Appel recognized Councilmember Seekings.

Councilmember Seekings thanked Chair Appel and the Committee. It seemed to him, from the business side of things, Mr. Murphy and Mr. Rawl had come to the City with a proposition that would enable them to improve an asset that was not just a real estate asset for the City, but an asset that attracted people from zip codes both close by and probably from all over the place. One of the things that struck him in the conversation was that the Committee and City Council were trying to understand the needs of the Board. He said the City ought to have had a seat on the Board. If the City had a seat on the Board of an asset they had and could report back to them, as Mr. Rawl and Mr. Murphy had done, about their efforts to secure financing and add \$4 million worth of value, and if the City's representative agreed that the only way forward was the one presented, then they would feel more comfortable in the decision.

Rather than the City and Council acting as a de facto Board member and suggesting different courses of action, perhaps they should have sat on the ground floor to listen and be able to ask questions, then the Committee could decide what the best way to help the Museum was. In the conversation that he had listened to, it seemed to him unanimous that Council would want to do anything it could to help the Children's Museum grow and expand in a way that was a benefit to all of them. There was some concern about letting an asset go, but there were certainly protections if, in fact, there were no financing vehicles for the sums they were looking at. His suggestion, and he didn't know if the Board would be open to it, but he thought the City ought to have had a seat on the Board so that person or persons could report back to the Mayor and Council about the best, from at least their perspective, manner in which to proceed. And they ought to have done it in short order, because every day the project grew more expensive for the Museum, and ultimately for the City. He thanked Chair Appel for the opportunity to speak.

Chair Appel recognized Mayor Tecklenburg.

Mayor Tecklenburg said he wanted to add a little perspective. At the end of the day, it aligned with the Councilmember Gregg's comments, though he was certainly open to the Museum taking another look at how they could get the financing for the improvements that they had wanted to make for some time.

In a total coincidence, he had worked for Mayor Riley in the '90s when the lease was first negotiated with the Children's Museum. What made this case different from the African American Museum or the Gaillard was that even though the City provided the property, and it was truly in derelict condition at that time. It was barely a shell of a building. The reasoning behind the City giving them a long lease at the time was that the Museum agreed to take on the responsibility of all of the improvements. It seemed like they were kind of in the same place now. They wanted to improve it and spend a substantial amount of money on it. The situation with the IAAM was that the City helped to raise the money and build the building, and they were not looking for anyone to pay them back. They were not in that same position.

He said he was interested in the statistics of attendance, and he said he first thought of hospitality funding. However, despite not knowing whether they were from Charleston or Mt. Pleasant, he said he thought the Museum had said they were in the 80% range of attendees being from the metro region, so it was not a situation where they were "putting heads in beds" and that would limit them from hospitality funding. They could do some, but it would not be on the order of \$4 million.

He thought that under the circumstances, where he believed that having the Children's Museum as a central part of the City that served families and children from all around was a good long-term goal and objective of the City, and if that was a way that they could accomplish that, as long as there was a firm reverter, he thought it was a reasonable way of getting it done and put the burden on the Board of the Museum. He was thankful to Mr. Rawl and Mr. Murphy that they would be willing to do that.

He said Chair Appel was correct that if something were to happen where the Museum had accrued too much debt and the bank had to foreclose, the City would have to pay off the mortgage to get their property back. It was a similar situation to a limit that they had on the American College of the Building Arts, that General Broadwater wanted to remove so that they could borrow any amount on the property up there, and they had a provision that limited them to a certain percentage of an appraised value, or even a certain dollar limit, so they couldn't just pile

on a lot of debt. He thought that was an issue worth exploring, but he did not think the general concept was unreasonable. He understood that, generally speaking, they liked to maintain ownership of property, but in this case, where they were taking on the liability for the improvements, and the property would either remain as a Children's Museum or come back to the City, he personally felt it was a reasonable way to go in the day's economy.

Chair Appel thanked Mayor Tecklenburg and recognized Councilmember Shahid.

Councilmember Shahid said he didn't want anyone walking away from the meeting thinking that the City was not there to support the Children's Museum. They were supportive of the Museum and understood the impact it had, not just financially, but on young people's minds, talents, and their overall development. The Museum had done wonders over the years in contributing to the overall wellbeing of the community. Unfortunately, the word 'reverter' sent shockwaves through Councilmembers' spines. If they were on the call earlier, they would see that they had to address something that happened back in 1921 on a reverter. They were also in the middle of a lawsuit with the Charleston School of Law on a reverter clause. That's why they had concerns over a reverter clause.

He said the City wanted to be partners with the Museum. He liked the idea of having a seat on the Board.

He didn't want to be a sycophant, but he really did want the specific demographic data. That had been his specific question when the Item was deferred the first time. He wanted to defer a second time in order to know those specifics.

Councilmember Waring said there was a way to get it done. He said he understood the Mayor's points that the building was once a "haunted house." Even so, the vision for the City was for a much better City. With the Mayor's and Mayor Riley's help, that area was no longer a scary part of town to go to because the peninsula was revitalized. If there had been a time to give them the building, then that was the time, not today. Whatever the bank loaned, it would be far less than the building was worth. He said Councilmember Shahid was right about the reverter clause. But, even if they had a reverter clause, if things went wrong, then the City would have to step in and make good on the mortgage if they didn't want to lose the building for pennies on the dollar. That route gave the City responsibility indirectly, whether they wanted it or not.

There were a number of financial options he felt had not been explored. Unfortunately, in between the previous meeting and this one, he did not feel those other avenues were explored. The Gibbes Museum of Art, which he felt Councilmember Seekings knew more about than anyone else, he believed was a 50/50 partnership. It was certainly one of the oldest art museums in the Country, and the City did not give away its property rights to it. There was a way to get it done. The City had not been involved to that degree. He said someone on the City side needed to take a look at the Museum's cash flow, and then they could explore other options. He asked what additional information they could get.

Mr. Murphy said they were an open book, and welcomed going through options with anyone that could be assigned to them.

Councilmember Waring asked if that information could be emailed out to at least the Committee.

Mr. Murphy said he would speak with Ms. Copeland to see exactly what was needed, and then they would package that information up and send it out.

Councilmember Waring said that it would also be helpful if they could send a copy to Ms. Amy Wharton. He thanked Mr. Murphy.

On the motion of Councilmember Shahid, seconded by, Councilmember Waring, the Committee voted unanimously to defer Item C.

There being no further business to discuss, the meeting was adjourned at 3:39 p.m.

Philip Clapper  
Clerk of Council's Office