

Committee on Real Estate

April 26, 2021

A meeting of the Committee on Real Estate was held this date beginning at 3:36 p.m. over video conference call.

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

Present: Councilmember Shahid, Chair, Councilmember Appel, Councilwoman Jackson, Councilmember Waring, and Mayor Tecklenburg **Also Present:** Peter Rascoe, Matt Frohlich, Geona Shaw Johnson, Susan Herdina, Chip McQueeney, Leigh Bailey, Tracy McKee, Jay Bernstein, Rick Jerue, Christopher Morgan, Stirling Halversen

The meeting was opened with an invocation provided by Councilwoman Jackson.

Approval of Minutes

On the motion of Councilwoman Jackson, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the minutes of the April 12, 2021 meeting as amended.

Request approval of a new Lease Agreement with the Beach Company & Pastime Amusement Co. for the City's new lease of three parcels for inclusion in City's Market-Horlbeck Municipal Parking Lot. 2-year lease, no extensions. Rent to be a base amount of \$25,000 and a percentage of net revenue. (Former 40-year lease expired December 31, 2020, with interim extensions since.) (131 Broad Street; TMS# 457-08-02-113 (Pastime); TMS# 457-08-02-111 (Beach); TMS# 457-08-02-012 (Beach)). The property is owned by the City of Charleston.

Request approval a new Lease Agreement with GoHoBe, LLC for the City's new lease of its parcel for inclusion in the City's Market-Horlbeck Municipal Parking Lot. 2-year lease, no extensions. Rent to be a base amount of \$1,500/month, City reimburses property tax cost, City provides 3 free parking cards; no percentage of net revenue. (Former 40-year lease Expired December 31, 2020, with interim extensions since.) (131 Meeting Street; TMS# 457-08-02-112). The property is owned by GoHoBe, LLC. (To be sent under separate cover by the Real Estate Department)

Councilwoman Jackson made a motion to take the above two items together.

Peter Rascoe stated that both of these were proposed leases for the two remaining landowners the City did business. This was in the hopes that they could keep the Market/Horlbeck parking lot open for at least another two years. The GoHoBe lease was a change in the way they had been doing business with that particular landowner. This was a proposed lease for \$1500 per month that the City would pay them plus the City would reimburse them for 100% of their property taxes and provide them with three parking cards. That was a two-year lease. The other lease was with the Beach Company and Pastime Amusement Co. It essentially mirrored the previous lease they had for forty years. They paid them \$25,000 annually for those three parcels, plus they got a certain percentage rent of the net of the parking lot each year. In this case, it would be a 50-50 split with the City and the City would pay a portion of their property taxes, as they had before. Each lease also had a provision that the parties committed to getting together and talk about the access issue.

Councilwoman Jackson asked why they weren't entertaining an extension and what they expected to happen. Mr. Rascoe stated that they reached out to the landowners a year ago and the first that came out was the Beach Company/Pastime who said they were only interested in extending the 40-year lease the were under for two more years and that they may have plans in two years.

On the motion of Councilwoman Jackson, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the above two items.

An ordinance amending ordinance No. 2019-129, adopted December 3, 2019, by authorizing the Mayor to execute, on behalf of the City of Charleston, all necessary documents to enter into that certain Third Amendment to Option to Lease and that certain Amended Ground Lease by and among the City of Charleston, as Landlord; and Flat Iron Partners, LLC and Classic Development Company, LLC, as tenants, under which (1) the Ground Lease is amended to include language required by lender(s) for the development of the James Lewis, Jr. Apartment site; and (2) the tenants' option to enter into the Ground Lease, as amended, is extended to August 31, 2021.

Chairman Shahid said they may be deferring part of this. He believed they wanted to go forward with the first part, to execute on behalf of the city necessary documents in order that this certain third amendment to option to lease remain, but that they wanted to defer the second part which was the ground lease.

Ms. Shaw Johnson stated that was correct. She was requesting them to approve the third amendment to option to lease with Flat Iron Partners and Classic Development Company. They were the group building the James Lewis, Jr. Apartments. The current option to lease had expired and they needed to move forward with continuing to negotiate. They had a number of matters they had to overcome and had done so. They found out today that one of their lenders had a few changes to the actual ground lease and they weren't matters they could not overcome. At the next meeting they would bring back the ground lease with appropriate changes.

Jane Stoney, Haynsworth, stated they were currently operating under the second amendment to the option to lease which extended the developers right to exercise the option to ground lease until March 31, 2021. That date was behind them, so they needed a third extension put in place so that they remained in contract. The third extension would get them to August 31, 2021. She heard that they expected to be documents executed and loans closed well in advance of August 31, 2021. But, given the fact that Council had a reduced schedule in the summer they thought it was prudent to go ahead and put this extension in place through that time so they didn't find themselves in a month or two needing extra time and not able to get that approved. She thought this third extension would be the final one.

Ms. Shaw Johnson said that their permits were in place and the financing had been approved and so once they got these agreements finalized, the goal was to close at the end of May and move forward.

On a motion of Councilmember Waring, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the above item with the amendment to defer the ground lease.

Consider the following annexations:

- (i) *807 Savage Road (0.193 acre) (TMS# 309-15-00-053), West Ashley, (District 7). The property is owned by Andrew Dufresne and Grace Dufresne*

- (ii) *Clements Ferry Road (0.15 acre) (TMS# 271-00-02-153), Cainhoy, Berkeley County, (District 1). The property is owned by Sweetwater Apts SC PH II, LLC.*

On the motion of Councilmember Waring, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the above two annexations.

Executive Session pursuant to Section 30-4-70(a)(2) of the South Carolina Code, to receive legal advice to discuss potential sale of property located in Grace Bridge area.

On the motion of Mayor Tecklenburg, seconded by Councilwoman Jackson, the Committee voted unanimously to go into Executive Session at 3:48 p.m.

On the motion of Councilmember Appel, seconded by Councilwoman Jackson, the Committee voted unanimously to come out of Executive Session at 4:26 p.m.

Chairman Shahid stated that no action was taken in Executive Session. This was more of a discussion to talk about contract negotiations regarding the potential sale of a property. It was not legal advice.

Having no further business, the Committee adjourned at 4:27 p.m.

Bethany Whitaker
Council Secretary