

## Committee on Real Estate

July 18, 2022

A meeting of the Committee on Real Estate was held this date at 3:10 p.m. via Zoom.

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 and Others:** Leigh Bailey, Philip Clapper, Julia Copeland, Magalie Creech, Melissa Cruthirds, Rick Jerue, Mollie Jones, Christopher Morgan, Mallary Scheer, Robert Summerfield, Brittany Pinckney, Jennifer Cook, Eric Pohlman, Amy Wharton, Mindy Sturm, Ginger Davis, Rachel Castell, John Bleecker, Jonathan Oakman, and Nicole Scott – Nexson Pruet.

Chair Appel called the meeting to order.

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

### Approval of Minutes

#### **- June 21, 2022**

On a motion of Councilmember Shahid, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the minutes of the June 21, 2022, meeting.

#### **a. Approval of a Second Amendment to Memorandum of Understanding and Agreement between the City of Charleston, South Carolina, and TMP Epic Center, LLC. (2070 Sam Rittenberg Blvd., Charleston, SC 29407) (TMS# 310-04-00-009, TMS# 351-05-00-043 & 044, TMS# 351-09-00-015 & 053.**

Mr. Pohlman said that was the second extension of the MOU for the Epic Center. The City of Charleston had worked closely with Charleston County and the Development Team on the Epic Center to make sure they properly looked at their stormwater plans. The MOU was created as a notice that the City and the developer would enter into a later agreement for the TIF District. It would help fund stormwater and affordable housing improvements on the site.

He said that could give the City another year to make those negotiations for the stormwater component. It had become more complex than anticipated, and they were certain that within a year they would be able to move forward on the agreements and the rest of the MOU.

Councilmember Waring asked if there were any major hurdles that prevented that from being completed.

Mayor Tecklenburg said he didn't think so. The particular drainage plan hadn't come forward until the past year. There were initial hurdles because of ownership issues with the property. There were three major vendors that owned their own property and had the right for the drainage easement. He believed they worked past that issue. He said that was a hurdle for a while and led to some delay, but they made pretty good progress.

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

#### **b. Approval of a Third Amendment to the Management Agreement between the City of Charleston and Charleston Digital Corridor Foundation for the lease space at 22 West Edge on a month-to-month basis for no more than 12 months).**

Ms. Bailey said the only change in the amendment was to extend the month-to-month term for an additional 12 months. The City still had the Lowcountry Center for Veterans Research as a subtenant. She said she spoke with Mr. Frohlich about that, and they were close to breaking even. They were a great tenant. They had expressed interest in continuing to stay and were already in discussions.

Mayor Tecklenburg said in addition to it being an even financial deal, they helped fund medical research for brain health.

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

- c. **A Resolution to approve Amendment of the Agreement for Development of a Joint County Industrial Park, by and between Charleston County, South Carolina and Colleton County, South Carolina, so as to include additional property in the City of Charleston as part of the Joint Industrial Park.**
- d. **A Resolution to approve Amendment of the Agreement for the Establishment of a Multi-County Industrial/Business Park for properties located in a redevelopment project area, by and between Charleston County, South Carolina and Colleton County, South Carolina, so as to include additional property in the City of Charleston as part of the Joint County Industrial Park).**

On a motion of Councilmember Waring, seconded by Councilmember Shahid, the Committee voted unanimously to approve the motion to take Items C and D together.

Ms. Wharton said there were four properties they had asked to be put into the Multi-County Park District. One was in a TIF District and would reduce the assessed value that would go into the TIF, but the funds would still go into the TIF. The other property was a flagship and a piece of property on Johns Island.

Mayor Tecklenburg asked if that would impact the TIF revenue.

Ms. Wharton said it would not impact it significantly. It would all still go into the TIF District, since it was a different assessed value.

Chair Appel asked if the project was in relation to an Economic Development Project that was already up and running. He also asked if that was an industry they already knew about. He said he just wanted more background information on who it was for.

Ms. Wharton said that was an agreement that they had with Charleston County, but it was a Multi-County Park. They set it up through a Colleton County Multi-County Park Resolution, but it would give them tax breaks. The four properties consisted of the Flagship III buildings and the ViKor Scientific building that was on Johns Island.

Councilmember Gregg said it was the parcel by the Airport.

Mayor Tecklenburg said the one that included ViKor Scientific he believed was in Westedge. He asked if the three Flagship III parcels were the Charleston Technology Center on Morrison Drive.

Ms. Wharton said it was.

Mayor Tecklenburg said it looked like it included their parking garage. He said the new office building, the Charleston Technology Center, if taken out, took the whole plat. If they took the building where ViKor was at WestEdge, it seemed it would make a large impact on property tax. He stated he wanted to know how much it would be, given the size of the two buildings. Ms. Wharton said she didn't have it at that moment, but she could do the calculation. Mayor Tecklenburg asked if she could have it by tomorrow for City Council before they gave it final approval. Ms. Wharton said she would try to get the numbers in terms of what the assessed value was. Mayor Tecklenburg suggested they approve it but wanted to hear back from Ms. Wharton before final approval because those were significant new buildings. Councilmember Waring said he was fine with voting to approve, but it obviously depended on the numbers.

Mayor Tecklenburg said they normally heard from the County Economic Development Director, Steve Dykes, whenever things would come before them. He would explain who it was for and what they were doing.

Councilmember Waring asked how time sensitive the Item was.

Ms. Wharton said she was not sure, but she would find out.

Chair Appel asked if they would be more comfortable if it was deferred, until they could get more information on the Item.

Mayor Tecklenburg said he didn't think it was complicated information and he didn't mind giving his approval. They could defer the next day in the event they didn't find out the information.

Ms. Wharton said they already approved part of 999 Morrison last year to the Multi-County Park District. It was already approved by City Council.

Chair Appel asked if approval was needed now because the properties were within the TIF District. Normally the City didn't get involved with fee-in-lieu agreements, as that was normally something the County did.

Mayor Tecklenburg said the County did do that, but for them to offer the fee-in-lieu, they had to place the property in the Multi-County Park, and that was where they would need their approval.

Ms. Wharton said it wasn't because it was in a TIF District, but it was on their tax rolls in general.

Chair Appel said if a parcel was in City limits, then it would be included in a Joint County Industrial Park. They would need the City of Charleston's approval because it would impact their millage standpoint.

Mayor Tecklenburg said that was what he understood.

Councilmember Shahid asked if when they had an Item like that again, if they could have the impact of that on the agenda with at least a paragraph or two with an explanation because they were looking for every TIF dollar they could get. He said he wasn't sure if his vote would have changed, but he would have liked more information beforehand. Somebody from the staff could have given them a heads-up on that.

Chair Appel added it could include a financial impact assessment or something like that.

Ms. Copeland said they could do that.

On a motion of Councilmember Shahid, seconded by Councilmember Waring, the Committee voted unanimously to approve Items C and D.

**e. Authorization for the Mayor to execute a Lease Agreement between Marina Variety Store, Inc., and City of Charleston.**

Chair Appel said he saw Mr. Bleecker on the call.

Councilmember Shahid said he thought he didn't need to recuse himself from Item E, but Mr. Bleecker had a law firm that was in the same office as him as a tenant. He had no affiliation with his client on the Item, but wanted to give full disclosure to the public about that.

Ms. Copeland said the Item had been in front of the Committee before, however there were a few items that the tenant wanted to change on the lease prior to signing it. The first would allow the tenant the right to terminate without cause with 120 days' notice to the City, and the second would be a requirement that if the City planned to use the property for the seawall, the City would give them a year's notice.

On a motion of Councilmember Waring, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve Item E.

**f. Approval of the permit with National Parks Service for the First Day Festival, scheduled for Sunday, August 7, 2022.**

Ms. Sturm said the Item was their annual Back to School Festival, and they had executed the permit for multiple years. It was with the National Park Service for the use of the Liberty Square area. They would have exhibitors there and the South Carolina Aquarium would be free during the hours of the festival. The agreement was the same they had entered into in previous years.

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

**g. Approval of a Second Amendment to the Memorandum of Understanding between the City of Charleston and Landmark Enterprises Services, LLC., extending the August 1, 2022, deadline to October 15, 2022. (14 Sumar Street, Charleston, SC 29407) (Final action will be taken at City Council on July 19, 2022).**

Mr. Pohlman said they were requesting an extension as the original MOU was written from September to May, and the first extension was from May to early August. They came up close to completing what was within the MOU in terms of the project scope. He said the Sumar Street Project was not going to be at the Technical Review Committee until August 1<sup>st</sup> which would not give them adequate time to prepare a cost estimate and guaranteed max price which was part of the MOU. They requested an extension of 75 days, but anticipated they wouldn't need all 75 days to complete both.

Councilmember Shahid said most of them were familiar with the project, and he saw the team from Landmark on the call. They were working very diligently with them, and he met with them on numerous occasions, as did the Mayor and staff. They had been in front of the Revitalization Commission, he thought the City Council, and several other groups to run the project through. It was really a hard push to get all of it taken care of. He thought when they came to them in May they wanted 180 days, but they cut that back and didn't promise anything. He didn't like having to do extensions on the project because he had tried to get this on a faster track, and they knew that. They were getting closer by the day, and he appreciated the hard work that the staff had done and their partners. He urged the Councilmembers to join him in approving the amendment.

Councilmember Waring said he supported the project and to give them the extra time.

On a motion of Councilmember Shahid, seconded by Councilmember Gregg, the Committee voted unanimously to approve Item G.

Chair Appel said they were about to consider a slew of annexations. Before they got started, he wanted it noted for the record that he had to recuse himself from Item H(i) and Item H(ii). They were the first two items.

**h. Please consider the following annexation:**

- (i) **1989 Maybank Highway (1.52 acres) (TMS# 343-03-00-208), James Island, (District 11). The property is owned by Maywood, LLC.**
- (ii) **1978 Maybank Highway (0.38 acre) (TMS# 343-03-00-198), James Island, (District 11). The property is owned by Brian Tanner and George Vasilos.**
- (iii) **22 Oakdale Place (0.24 acre) (TMS# 418-10-00-104), West Ashley, (District 9). The property is owned by Kayley Seawright.**
- (iv) **5 Oakdale Place (0.22 acre) (TMS# 418-15-00-042), West Ashley, (District 3). The property is owned by Allison and James Lutz.**
- (v) **31 Avondale Avenue (0.35 acre) (TMS# 418-14-00-029), West Ashley, (District 9). The property is owned by James and Ashley Mackintosh.**
- (vi) **4 Tovey Road (0.17 acre) (TMS# 418-10-00-109), West Ashley, (District 9). The property is owned by John Bouvette.**

Councilmember Shahid suggested they group together H(iii), (iv), (v), and (vi) so that Chair Appel could vote on those properties.

Councilmember Appel asked Ms. Jones if they needed to know anything about those 4 parcels.

Ms. Jones said they were all single-family residences in flood zone x, elevated at least 10 feet.

On a motion of Councilmember Waring, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve Item H(iii), (iv), (v), and (vi).

Councilmember Shahid asked Ms. Jones if they needed to know anything about those 2 parcels.

Ms. Jones said Item H(i) was Charleston Sports Pub and Azul Mexicano, and they were going to General Business in Flood Zone X, with 15 feet elevation. Item H(ii) was a former residence, but now an unoccupied restaurant with the same flood zone. There was no concern for flooding, and it was General Business.

On a motion of Councilmember Waring, seconded by Tecklenburg, the Committee voted to approve Item H(i) and (ii).

Councilmember Appel recused himself from voting on Items H(i) and H(ii).

Councilmember Shahid said he was on a conference call with Ms. Jones earlier about other properties and appreciated the effort she was putting into annexations.

Councilmember Waring asked if he could request at the next Real Estate meeting a figure of how many hotels, restaurants, and bars that they had in West Ashley or commercial buildings, office buildings, and retail outputs that were not in the City of Charleston. He said he knew he was leaving out a few, but an example they may have been familiar with was the Amish Furniture Store on Sam Rittenberg Blvd. It was an old furniture store or mechanic shop that they renovated. He said he felt a sense of pride since it was around the corner from his office, but it was in the PSD, and they didn't get revenue from that.

He thanked Mr. Pohlman for a meeting that he was at with the West Ashley Revitalization. He thought there were positive takeaways by all. They saw a presentation from Mr. Palassis, his family and team on what he would call a 4-star hotel coming to West Ashley. It was being built on a parcel that wasn't in the City of Charleston. He thought West Ashley had 16-17 hotels.

Ms. Jones said she would get a more specific number.

Chair Appel asked if the idea was to come up with a priority list of specific recruits.

Councilmember Waring said he thought they needed to look at their strategy. He had ongoing conversation with Councilmember Shahid about that.

He said several cross streets were in the Design Corridor Review. Some of those business owners had bought property and revitalized those properties and decided to keep them in the County. He had talked to a few owners, and some of it was the additional requirements of the Design Corridor Review Board. It gave the City no control or input on those developments. He didn't really see the good that it did. He understood in some places they needed it, but recently they tore down some houses on Cunningham Ave. in the City of Charleston, and they needed that flexibility. They didn't have the flexibility in West Ashley in those areas.

He said they could say they weren't going to amend this, but on the tax base, they were missing out and not getting it. By getting the information, they could come up with some calculations to see what strategies would help. They could talk to some of the owners and point out the advantages that they might not know.

Councilmember Shahid said that he, along with Councilmember Waring and County Councilmember Moody were present at the presentation last Wednesday. He wanted to add in a few more details. It was a parcel of land that stretched on Savannah Highway from Dupont to Orleans Road. It was deep, and he thought it was 10 acres of land that was formerly a car dealership lot. They were talking about a 400-room hotel with a 10,000 square foot convention center, two out parcels with 5,000 square feet of retail space and about 400 parking spots. They had a potential investor that owned the property and was going to put a ton of money into the project. When Mr. Palassis planned on constructing that, the tax value of that

would go up significantly and if it was not in the City, they were going to miss out on the property tax. He said if you calculated the lost revenue from the Hospitality and Accommodation Tax and Business License Tax, that was a lot of money the City was losing out on.

He said they needed to be aggressive, and they needed to identify those properties as Councilmember Waring pointed out. They needed to get commercial properties, especially undeveloped commercial properties that had that kind of potential, into the City. They needed to make sure they were ahead and not trying to catch up.

Chair Appel said it was sort of a competition with developers whether they wanted to stay in their unincorporated status or come into the City of Charleston. They needed to find a way, with respect to that project and more, to make it attractive for people to come into the City. They needed to make it easier for folks with commercial developments, large-scale commercial development, that was very complicated. The easier they made it for developers to understand the rules, figure out what was going to work for the City, it would help them navigate through that process. They could save an investment group a year in the regulatory process, and that had direct tangible financial benefit to those property owners. That was where they had a potential competitive advantage when trying to recruit properties into the City of Charleston. He thought a lot of it had to do with being proactive, communicating with those people, trying to understand what they were trying to do, and trying to help them. He said if they needed to bring something to Council, they could talk about it. They weren't talking about cutting corners or anything like that. It was about driving efficiencies to help make things happen. It was a real opportunity, and he thought they should be pursuing it.

Ms. Wharton said she had some more information on the Multi-County Park. The Barzan property on Johns Island was a new property, so they didn't really know. They told them it would create 34 jobs, and it was expected to bring the City around \$720,000 over the 20-year term of the fee-in-lieu. ViKor Scientific was at 22 Westedge. The Multi-County Park impact would be \$14,667 County wide. The City impact would be \$4,136 annually and \$22,700 over the next 20 years. It was expected to create 133 jobs. The Flagship III was a new building, and they didn't have any information on that either. It was expected to bring the City \$2.5 million, almost \$2.3 million over the next 20 years. It was expected to create 400 jobs. She didn't have impact numbers to the Barzan or the Flagship III because those were brand new buildings that weren't on their tax rolls yet.

Mayor Tecklenburg asked if that was for the new building that was yet to be built.

Ms. Wharton said it was. There were three separate TMS numbers associated with it.

Mayor Tecklenburg asked if ViKor was a multi-tenant building, if it applied to the whole building or whole property, even though they identified one company that had a portion of the building.

Ms. Wharton said it only had one TMS number, so she would check to see if there was more than one TMS number on the location.

Mayor Tecklenburg said he was curious whether they were given a blanket for the whole building just based on that one tenant.

Ms. Wharton said she would find out.

Mayor Tecklenburg thanked Ms. Wharton and said that was good information.

There being no further business to discuss, the meeting was adjourned at 3:59 p.m.

Brittany Pinckney  
Assistant Clerk of Council