

COMMITTEE ON REAL ESTATE

May 10, 2016

A meeting of the Committee on Real Estate was held this date beginning at 3:36 p.m. at City Hall, 80 Broad Street, First Floor Conference Room

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

PRESENT

Councilmember White, Chair; Councilmembers Waring and Moody and Mayor Tecklenburg **Staff:** Colleen Carducci, Director of Real Estate Management, Frances Cantwell, Corporation Counsel, Christopher Morgan, Director of Planning, Josh Martin, Senior Advisor to the Mayor, and Ray Swagerty, Coordinator of Audio/Visual Production

The meeting was opened with an invocation by Councilmember Waring.

APPROVAL OF MINUTES

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the minutes of the April 26, 2016 meeting.

APPROVE THE USE OF A SOCCER FIELD IN THE AMOUNT OF \$150.00 FOR PICCOLO SPOLETO FESTIVAL ON MAY 31, 2016 (4060 WEST WILDCAT BLVD., WEST ASHLEY HIGH SCHOOL)

APPROVE THE USE OF A SOCCER FIELD IN THE AMOUNT OF \$150.00 FOR PICCOLO SPOLETO FESTIVAL ON JUNE 5, 2016 (4060 WEST WILDCAT BLVD., WEST ASHLEY HIGH SCHOOL)

APPROVE THE RENTAL OF 196 CONCORD ST. IN THE AMOUNT OF \$2,490 FOR PICCOLO SPOLETO SUNSET SERENADE ON FRIDAY, MAY 27, 2016

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the three items above related to Piccolo Spoleto.

REQUEST AUTHORIZATION TO EXTEND LEASE EXPIRATION OF 1023 WAPPOO ROAD TO MAY 31, 2017 (TMS: 351-15-00-007; 1023 WAPPOO ROAD, SUITES A-14, A-15, AND B-48)

Ms. Carducci stated that this is the Crime Scene Lab. We have 3 office spaces at this location. We have the right to extend in the current lease for three 1-year periods. It's at a rent to be negotiated. It's a 3% increase in the rent. Councilmember Moody asked if this was going to be relocated and where. Ms. Carducci replied yes and stated that it would be up on Bees Ferry Road next to the Fire Station. Mayor Tecklenburg stated that our goal would be to have the building on Bees Ferry completed by the time of the final extension of this lease. Councilmember Moody confirmed that we would get out sooner if the building is finished before then.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve the authorization to extend lease expiration of 1023 Wappoo Road to May 31, 2017 (TMS: 351-15-00-007; 1023 Wappoo Road, Suites A-14, A-15, and B-48).

REQUEST AUTHORIZATION OF THE MAYOR TO EXECUTE THE ATTACHED SECOND AMENDMENT TO COMMERCIAL AGREEMENT WHEREBY THE CITY CONTINUES TO LEASE OFFICE SPACE AT 475 EAST BAY STREET FROM MAZYCK HOLDINGS, LLC. (TMS: 459-13-04-023; 475 EAST BAY STREET, UNIT A)

Ms. Carducci stated that this is Flagship I. It's a 10% increase in the current rent. We got a very good rental rate at the beginning of our original lease term. This is a 2-year extension. It's a 10% per year increase in the

rent. Councilmember Moody stated that we've been worried about this property for a while. He asked what we are seeing there. This is a great asset that we have and he would hate to see it go away. He doesn't think that Flagship III would replace all of this. Ms. Carducci stated that the intention was that it would. Councilmember Moody asked if it would be big enough to take I and II out and bring new things. Ms. Carducci replied yes. We have 5 years left on Flagship II. They're proceeding with their design for Flagship III and talking to lenders about financing options and such. Councilmember Moody inquired about the timeline on that. Ms. Carducci stated that there's a requirement in the agreement. They're working very hard to put it all together as quickly as possible, but she's not sure how quickly it would be. The Chair stated that they're moving rapidly along with the design. The first building of two would be about 48,000 square feet. The intent is that the first floor of that building should be able to handle all of the needed space for Incubator I and II. Presuming that they stabilize building I, they'll do Phase II, which will be a second building of equal size. Councilmember Moody inquired how many stories it would be. The Chair replied that it's 4 stories. Councilmember Moody confirmed that ¼ of the building would accommodate I and II and there's another building, so there's plenty of space.

Mayor Tecklenburg thanked Mr. Bedard and Ms. Carducci for their work on this. Although it seems like a substantial increase, it is still below market. Rents in that center have increased dramatically and we started out with a sweetheart deal. We all know that Mr. Rivers wants to redevelop that whole center at some point. We have some extra time on Flagship II. We promoting the Harbor Accelerator to open a West Ashley location in the building that Mr. Hagerty bought at Sycamore and Magnolia. We hope to have a similar operation starting up in West Ashley. Councilmember Waring asked if there's supposed to be a parking garage associated with Flagship III. Ms. Carducci replied that it's 750 parking spaces. It's anticipated that 500 of those would be needed for Flagship I and II, so it leaves us with some extra capacity, which will hopefully help facilitate some additional development in that area. The Chair stated that the project and the building are moving concurrently together.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve authorization of the Mayor to execute the attached Second Amendment to Commercial Agreement whereby the City continues to lease office space at 475 East Bay Street from Mazyck Holdings, LLC. (TMS: 459-13-04-023; 475 East Bay Street, Unit A).

CONSIDER THE FOLLOWING ANNEXATIONS:

- (i) 1715 West Avalon Circle (TMS# 352-13-00-116) 0.48 acre, West Ashley (District 9)
- (ii) 1897 Sam Rittenburg Boulevard (TMS# 351-14-00-078) 0.33 acre, West Ashley (District 7)

Mr. Morgan stated the first annexation is residential. The second one is a commercial annexation. Councilmember Waring inquired about what the commercial annexation is. Mr. Morgan stated that he believes it's a Moose Lodge. Mayor Tecklenburg asked if they're going to tear down the facility. Mr. Morgan stated that they're going to renovate the property.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee on Real Estate voted unanimously to approve the annexations listed above.

Councilmember Moody made a motion to add to the agenda a briefing from the Beach Company or counsel. Ms. Cantwell stated that the Committee could go into Executive Session for a legal briefing, but could not go into Executive Session to discuss with a private developer a project. You could get a presentation publicly. If you add something to the agenda, it needs a 2/3 vote, and no action can be taken because it wasn't properly noticed within 24 hours. Councilmember Moody stated that there have been some discussions about how we can move this project forward and how we could provide some leadership to get this done and get us out of the legal jam we're in. Ms. Cantwell stated that she's not sure if this is the proper committee. It's a Council issue, and it's more akin to other committees' purview. You could have an Executive Session at Council for a legal briefing or to discuss a potential claim that is out there. As a Council, you could discuss a potential path, but you couldn't take any action. Councilmember Moody stated that he's just hoping we could agree on a path forward. Mayor Tecklenburg suggested that we adjourn the meeting and discuss it.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to adjourn the meeting.

There being no further business, the meeting was adjourned at 3:49 p.m.

Techina Jacques

Council Secretary