

## CITY COUNCIL MEETING

Special Meeting

February 8, 2022

A Special Meeting of City Council of Charleston was held February 8, 2022, convening at 5:10 p.m. at the Berkeley Electric Cooperative Public Meeting Room and over video conference call (Zoom).

A notice of this meeting and an agenda were mailed to the news media February 3, 2022 and appeared in The Post and Courier February 7, 2022 and are made available on the City's website.

### PRESENT (13)

The Honorable John J. Tecklenburg, Mayor

Councilmember Gregg	District 1	Councilmember Waring	District 7
Councilmember Shealy	District 2	Councilmember Seekings	District 8
Councilmember Sakran	District 3	Councilmember Shahid	District 9
Councilmember Mitchell	District 4	Councilmember Bowden	District 10
Councilmember Brady	District 5	Councilmember Appel	District 11
Councilmember Gregorie	District 6	Councilmember Parker	District 12

Mayor Tecklenburg called the meeting to order at 5:10 p.m.

The Clerk called the roll.

Mayor Tecklenburg said, "If you would like to join us, Councilmember Brady will lead us in an [invocation](#) and the [Pledge of Allegiance](#). Councilmember Brady."

Councilmember Brady opened the meeting with an invocation.

Councilmember Brady then led City Council in the Pledge of Allegiance.

Mayor Tecklenburg said, "So, we gave a prayer of some thanks, I would like to add my own thanks to those first responders, particularly our brave firefighters, who responded to a really terrible fire yesterday morning in West Ashley at the Palms Apartments. Thankfully, I mean, God blessed us that no one was hurt or killed because it was a really big fire. Four buildings were wiped out completely, and each building had eight apartments, and then a few others were damaged. So, as of this morning, there were something like 85 apartments that had been displaced, over 175 people. I just mentioned that because, number one, we're thankful, but number two, we need to help those who were displaced by this fire.

The Red Cross is leading the effort, but we're very connected with this effort. I would challenge us, as a community, to help these individuals get re-situated and be able to help them over the next few months, not just a one-time thing, here is a check, and see you later. So, we've got different churches and community organizations that are stepping forward to help in essence step through or mentor these individuals and their families. If you know of anybody or your church group would like to be involved, please contact us or the Red Cross. We have a coordination meeting tomorrow. I talked to Chief Curia today, and this is a wonderful gesture of cooperation from the Town of Mt. Pleasant. They, along with our own City Fire Department, will have little drop-off stations at each of our Fire Stations in the City and in Mt. Pleasant for non-perishable goods and clothing. I mean, I was there, you all, yesterday morning and, literally, they were knocking on the doors and pulling people out when the fire was getting going. They walked out with their pajamas on and everything got burned up. They have nothing left. So, just basic stuff they're going to need, and the Red Cross has a little budget for a certain amount of money they give each family, but we really need to pull together and try to help them beyond what the Red Cross would normally do. They're great, don't get me wrong.

So, I wanted to also welcome to our meeting our newest Councilmember representing District #1. Boyd Gregg is with us. He was successful in a special election just week before last. We went ahead and swore him in last Friday, so he is officially a City Councilmember. We wanted to do that since this Council meeting kind of got split up into two different meetings.

Next, before we get to the main item on our agenda, which is the Johns Island Municipal Improvement District, I'd like to take a few minutes and pay tribute to our friend and to the family of Abe Jenkins who sadly we lost a few weeks ago. So, the City has, and I want to recognize members of the Jenkins family who are here. Abe's father, Bill Jenkins, thank you for being with us and his sister DeMett, some cousins are here, as well, and family members. I can't imagine anybody on Johns Island who didn't know Abe Jenkins."

Mayor Tecklenburg read the Resolution.

---INSERT RESOLUTION---

Mayor Tecklenburg said, "God bless you all. Come forward and I'll present this to you, and if, DeMett, or you, Mr. Jenkins, would like to make any remarks, we would be pleased to have them."

Mr. Jenkins said, "I just want to thank all of the people here in the State of South Carolina and Charleston County. Abe and I had a long, long vacation. He was born in England, and from England we went to many places. We ended up back here, and he was part of President Obama's campaign, and he did a good job there, got to be President, and he came back and he started working with all of the local people, and he was a real good member of our church. I want to thank all of you. Thank you. God bless you."

Mayor Tecklenburg said, "God bless you. Thank you."

DeMett Jenkins said, "My father has said it very nicely. We are very proud of Abe and Abe's accomplishments. He was my big brother, he was my friend, my confidante, and we just really appreciate the love and the tributes that have been given to Abe and about Abe. It has made myself, my brother, my sister, and his three children, and all of our cousins, aunts, and uncles very, very proud of the work that he has done, and we will continue to live his legacy and follow in his footsteps. God bless you all."

Mayor Tecklenburg said, "Bless you. Appreciate it. Thank you, again, for being with us. So, for the main part of our meeting here today is to discuss and to hear from property owners about a proposed Municipal Improvement District for Johns Island. There are three purposes behind the formation of this district, and that is to be able to have funds for the City to include road construction and transportation infrastructure on the Island, to be able to create additional parks and recreation improvements for our citizens including land acquisition and construction, and, thirdly, to assist with drainage infrastructure solutions including easements. So, we have a presentation by staff that will kind of review this whole matter from the very start, give everyone the background, and then we're going to welcome to hear from our citizens here any comments you may have. Council will be able to ask questions. The way I understand it we're not going to be taking any action tonight. We're here to share with you everything we know about this and answer questions, hear your comments and suggestions, and any objections you may have, as well. This is Robert Summerfield. He is the Director of Planning for the City of Charleston. Robert."

Robert Summerfield said, "Good evening, Mayor and members of Council. So, I just want to do a real quick recap on what the Johns Island Municipal Improvement District (MID) is, talk a little bit about what this evening's purpose is, and kind of recap what you just said. Also online is Jeremy Cook, who is the attorney that's been advising this process, who will also give us some instructions, if you would, on how to do the public hearing of objections. This is new for us. This is, we think, one of the only MIDs that have been done in South Carolina that's not a part of like Nexton, or Magnolia, or something like that where it's a single owner. This is somewhat unique in South Carolina's experience.

So, real quick, just a reminder. We're required to hear the objections. This is per the statute. This Council has already established the Municipal Improvement District. It did that by ordinance, it submitted a resolution, and it provided for the Improvement Plan. Mayor, you just summed up what that Improvement Plan essentially details. It details how the MID proceeds would be spent. They will be spent on transportation-related projects, park/recreation facilities, and infrastructure related to that, as well as contributing to drainage or stormwater projects. Again, this is not a substantial sum of money in the big picture for infrastructure projects. It's really meant to supplement other funding sources that are already either earmarked, dedicated, or we would expect to become dedicated to these types of projects in the future, so, essentially, you can think of it as gap funding. The smaller projects may be paid for out of the MID, but in general most of these projects that are contemplated, this would help get them across the finish line so that they could get done hopefully sooner than potentially currently programmed for.

Again, the South Carolina Municipal Improvement Act was adopted in 1999. This provides for a special fee to be assessed to property owners in addition to normal taxes or other fees that may be assessed to the property. The funds generated for a MID may only be spent in that MID area. It doesn't mean that they are exclusively on property adjacent to or a right-of-way or other infrastructure immediately adjacent to the property, but they must be proximate and they must benefit those properties that are participating. The written consent is required for any existing property owner that is living on a property. So, to be very clear, the MID does not include anyone, as of the creation of the MID, that was a 4% owner occupied home or property rather. So, this would only be for those properties that are non-owner occupied or non-4% would be included in the district. It does create a dedicated funding stream for these infrastructure improvements on Johns Island. Only applicable new, and this is another key distinction, only new commercial space or residential construction would be a part of the assessment. So, we would only be assessing on properties where we have a new residential unit or additional or new construction for commercial.

MID funds, again, will only be spent on Johns Island infrastructure as it relates to those three categories that we previously mentioned. The map that's up now shows in orangish, gold color those are the properties that the MID adopted is included in the district. So, those are the properties that are a part of this assessment district. It is important to note that, obviously, the area of Johns Island is much bigger than the MID, but these are only City properties that meet the criteria that have been included in the district. This gives you just a closer snapshot of these properties. As you can see, there are still quite a few properties that do not meet the test and, therefore, are not contributing to the MID District. Again, current owner occupied were not included in the district so they are not a part of this.

There are two tests for parcels that are in the district. A property two acres or greater, the property is located in the City, and the property is not currently being used as a primary residence. Then, second test is the property has an active entitlement for development meaning it's gone through kind of TRC or Planning Commission or what have you, but does not yet have a certificate of construction completion meaning it's not occupiable at this point. The assessment, so very key, the billing only begins after a parcel that's in the district builds a new commercial space or residential structure, and the billing is triggered when a certificate of construction completion has been issued by the City. So, once the billing official has zeroed out all inspections and issued that certificate of construction completion meaning the project is ready to be occupied and generate income if it's commercial or be moved into, then it would see the assessment. The fee for a residential unit is \$480 per year. That does increase annually over the 30-year period that the MID is established for. For commercial buildings, a residential equivalency was created so every 1,800 sq. feet of new commercial space would be at the \$480 per year on that. Again, and that would increase 2% annually for 30 years. Non-assessed property, so by the ordinance we provided some components in there about non-assessed property. That would include any public property, any owner association property, or any utility property. Additionally, no assessment will be imposed on these properties, and I cannot remember, do we have the thing about affordable housing, okay, so, and then the other piece I want to talk about here in the non-assessed is we also, in the documentation, it's very clear that there is a credit given for any affordable residential unit. So, if you have a bonafide affordable residential unit meaning it's met the test required from our Department of Housing and Community Development, then that unit is credited against whatever assessment might be provided. So, if you have one unit that you have added, and that unit is affordable, that unit will not be for the life of its affordability, it would not be charged the assessment. It's important for people to realize that.

So, this really quickly, just gives the history. We've been at this work for quite a while actually. The department began these discussions about a MID back in spring/summer of 2018, has been working with the public and some stakeholder engagement since the fall of 2019. That continued all of the way through this past summer when we began preparing for the public process at City Council which included the City Council meeting of July 20<sup>th</sup> where the City Council resolution to begin drafting the Municipal Improvement District Ordinance was held and approved by Council. On August 17<sup>th</sup>, we held a public hearing where folks could come out. We held that, I believe that was an off-site meeting actually, we held that so that we could try to get as much participation in that one as possible. Again, we held that public hearing. We had a few people come out. Generally speaking, the speakers came out in favor of the MID concept. We did have a speaker who was concerned about whether or not we had reached out to some of the under-represented groups that have not traditionally attended public meetings. We did follow up after that and held some additional community outreach sessions to try to garner additional comments from those under-represented groups.

On October 12<sup>th</sup> of last year, the City Council did establish the MID by passing a City ordinance on its third reading. Again, just like all other ordinances, the bill did get an introduction and then a second and a third reading. In December of this past year, we sent out notices to all property owners by registered, certified mail so that, again, every property owner that was established in the district was notified by certified mail that they were a part of the district and establishing when the date and location for this hearing today is. Today, February 8<sup>th</sup>, we're holding the required public hearing of objections. That objection hearing is for Council to hear anyone's objection to being assessed and that will help us complete this process so that in the next month or so we can complete the assessment roll so that if any properties do trigger the certificate of construction completion between now and when we have to submit documentation to the County for next year's tax bill, we're able to do that.

Some other FAQs, so how much money will the MID generate? Essentially over a 30-year period based on the number of properties that have been included and current anticipated development patterns, we expect about \$60 million to be generated through this MID program in that 30-year period. How long will it take? Again, there is no way to tell for certain how long it will take. We expect that there will be a little money that will be generated in the early years, but as additional construction projects that are either currently entitled or even some that are preliminarily under construction come online, we do expect that to come forward. Additionally, as those revenues begin to materialize, it will allow us to have that conversation with the CFO about whether or not we have the ability to bond and bring in money that we can then get those infrastructure projects rolling sooner rather than later to deliver those for the community here on Johns Island. What projects will be funded and how they will be prioritized? So, the specific projects that will be funded will be done as money is available so, again, we don't yet know when specific dollars will be available. So, to say that it will be for this project or that project, again, because it's intended to be gap funding, that's exceedingly difficult for us to do. But, what is committed by the Mayor's Office and Councilman Brady who is the district representative is that entire work will be done in a public forum. There will be a Citizens Advisory Committee established to help prioritize those projects as we have revenue available so that we're spending it where the need is most appropriate, again, limited in that geography, limited in that purpose for the Johns Island MID area. At this point, I believe I'm turning it over to Jeremy Cook who I believe is on Zoom to kind of provide some additional language about the interpretations that we will present at a subsequent City Council meeting."

Jeremy Cook said, "Yes, so the documents that Robert has been alluding to provide for certain interpretations over time by City Council, obviously, they are very in-depth documents. They're going to have a long life of 30 years. As part of City Council's ongoing work, it will be to annually review and approve an assessment roll. So, that will go back to, as Robert was talking about, properties that triggered it through the construction of a new house or a new commercial building. So, every year Council will be asked to approve an assessment roll for the assessments that will be billed that year. Typically, this would happen end of the summer or the very beginning of the fall so that they could be included on the tax bills that get sent in October or November. The second part of City Council's ongoing role after the creation of the MID is to provide interpretations of the documents. So, this is not something that's going to be done tonight as also there's not going to be decisions tonight, but there are two initial interpretations that have come out from discussions that staff has had with interested stakeholders. The statute speaks to the date of the creation of the Johns Island MID, and that could either be the date when the ordinance was adopted or tonight. Staff's recommendation is that it be treated as tonight. The second interpretation has to do with if an existing house or business is destroyed, for example, by fire. So, if somebody has a house on Johns Island tonight, their property is in the assessment district, and, unfortunately, like what the Mayor was speaking of, there was a fire two years from now and

that homeowner decides to rebuild. Even though that property is in the assessment district, it would not be subject to an assessment because it's not a new house or a new construction for purposes of the MID. It's a replacement. So, that will be two interpretations that will be coming to City Council at a subsequent meeting, but I wanted to flag those issues tonight in connection with the hearing on objections. Robert, you want me to go on to the hearing part now?"

Mr. Summerfield said, "Yes, sir."

Mr. Cook said, "Okay. So, tonight is a hearing, this isn't the type of hearing City Council has done before. It's a statutory required hearing of objections from folks who have received the assessment notices. No decisions will even be made tonight. City Council certainly has the ability to ask specific questions about particular objections if you so desire. Certainly, that's not required, and all decisions will be made at a subsequent meeting of City Council. During the objections, we would ask that folks identify themselves by name, address, and also the TMS number of the property about which they are objecting so that we can have a full and complete record for City Council's consideration when decisions are made."

Mayor Tecklenburg said, "Alright. So, we have a list of folks that signed up."

Mr. Summerfield said, "Mr. Mayor, I believe Councilmember Seekings has raised his hand."

Mayor Tecklenburg recognized Councilmember Seekings.

Councilmember Seekings said, "Thank you, Mr. Mayor. I just have a couple of really quick questions based on the presentation we just had and the procedure. Does the fact that a property owner objects tonight automatically place that property on an agenda for us to consider their objections and consider whether they should be included in the MID?"

Mr. Summerfield said, "Yes. So, at a subsequent meeting, if someone has completed the process of objecting, the Council will need to, by vote, act on either upholding that objection or rejecting that objection at a subsequent meeting."

Councilmember Seekings said, "My quick follow up, it seems a little backwards that we've already created the MID, and then we have the objection period, but I get that's the statutory scheme. Do we, as a Council through this objection process have the option other than by motion? Is there something in the statute from the State to reconsider our vote on whether or not the MID should be created?"

Mr. Summerfield said, "I will let Jeremy field that one."

Mr. Cook said, "Yes, Councilman Seekings, tonight's meeting and the votes that would come are only on the specific objections that have been raised, so the statute does not address the question that you've raised. So, if Council wanted to take an action contrary to a prior ordinance, a new ordinance would need to be adopted, but the statute does not speak to that particular point."

Councilmember Seekings said, "But we will, in fact, based on the objections tonight, take up each individual objection at a subsequent meeting. Will that go through a committee or will that come to the Council as a whole?"

Mr. Summerfield said, "The statute requires Council to take action as a whole."

Councilmember Seekings said, "Wow. Okay. We need to talk to our State legislators about this. It seems a little bit backwards but, anyway, thank you."

Mr. Summerfield said, "We did try to investigate the committee process as we were trying to figure this out because, again, this is somewhat new. We're not aware of anyone else who has had to do this, and the statute is clear that the action has to be taken by the Council as a whole."

Councilmember Seekings said, "Great. Thank you very much."

Mayor Tecklenburg said, "Great. So, and if I may just add a comment because sometimes I like to, in my own mind, simplify things. This whole initiative and idea came out of a series of meetings that we had on Johns Island and a lot of citizens participated where it was duly pointed out and acknowledged and recognized that Johns Island developed out without a lot of necessary infrastructure being put in place. So, the City is acknowledging that, and as you've heard the term before, an impact fee, this is different legally than an impact fee, but in my mind, it's very similar where new development, not existing development, but new development would pay an extra fee in order so we can build that road connector we need or build a gymnasium and a swimming pool or help with a drainage project and the things that we think our citizens would like to have out here, so that's kind of where the background of where all of this came from. So, we had a sign-up list. Madam Clerk will call us out one at a time. I will once again repeat though if you are a homeowner and a 4% registered single-family home, you're not going to be assessed. So, if you come up to object, and you're already living here, I guess you would just be objecting against the whole idea of this thing, but it wouldn't be on your property. So, also, for future use, if we did affordable housing, it would not apply to those properties, as well, so I wanted to make that clear."

Councilmember Waring said, "Mr. Mayor."

Mayor Tecklenburg recognized Councilmember Waring.

Councilmember Waring said, "I know you explained it, but I'd like to have a question of Mr. Cook before we get to the public portion if possible."

Mayor Tecklenburg said, "Absolutely, and we were just getting ready to go so shoot, go ahead."

Councilmember Waring said, "Okay. Mr. Cook, two questions. If I own a piece of rental property that's not in the district now, and to use your example or the Mayor's example, it burned down, and I built it back, would it then be subject to the MID tax?"

Mr. Cook said, "So, Councilmember Waring, your question is predicated that that piece of property is not in the MID as approved by City Council?"

Councilmember Waring said, "That's right. So, I have a rental property, and let's say I rent it out to Section 8, it could burn, and right now it's not, I don't live there, but it's certainly used for affordable housing, it burns to the ground. So, then, I go and I build a brand new property, and I lease it out again. It's affordable if I have it on the Section 8 program. Will it be subject to the MID tax?"

Mr. Cook said, "So, to answer your question if I understand it correctly, it's no on two points. I mean, one, you're not in the Improvement District so if you rebuild, you're not triggering anything in the Improvement District because you're not in it, so the answer is 'no' on that front. But, if you want to say if it were in the Improvement District and you rebuilt with another affordable unit, no it would not be assessed in that case either."

Councilmember Waring said, "Okay, and as we go forward because as I understand it, one Council can't bind the next Council, so two years from now we have a new Council, new Councilmembers, this MID is for 30 years, shouldn't the ordinance be subject to be recalled, and if a majority of Council voted not to have this MID, it would be scuttled, or are we stuck for 30 years as a City?"

Mr. Cook said, "I mean so any action taken by an ordinance, a subsequent Council could undo by ordinance."

Councilmember Waring said, "Thank you, sir."

Mayor Tecklenburg recognized Councilmember Seekings.

Councilmember Seekings said, "I'm sorry, Mr. Mayor, and I definitely want to hear from the public, but I have one more question. By virtue of objection, and it comes back to City Council and we undertake it, is there a statutory set of objective criteria against which we weigh the objection or can someone just come up tonight and say, 'I object, I don't want to be in the MID, I don't want to pay this money,' and then it comes to us to consider, are we going to get a list of objective criteria that we can determine whether or not someone has met those criteria?"

Mr. Cook said, "The statute does not provide such an objective set, Councilmember Seekings, as I'm guessing you're probably not surprised."

Councilmember Seekings said, "It's mind-numbing."

Mr. Cook said, "Right. So, this process is really not on the creation of the district, but on the actual assessments. So, typically, affected folks would be expressing concerns about misapplication of the tests that have already been approved by City Council, for example. So, when Robert showed the two different tests, for example, and say I don't qualify under either test would be the type of objections, but it's certainly not the notice of objections isn't limited to that kind of specificity, so it could be an objection to inclusion."

Councilmember Seekings said, "So, literally, someone could just say, 'I just don't want to be included,' and we'll have to take that up."

Mr. Cook said, "Yes, sir."

Councilmember Seekings said, "Okay. Great. Well, thank you. Any other Councilmembers before we start?"

No one else asked to speak.

Mayor Tecklenburg said, "And when you come forward, please give us your name and address. If you have your TMS number, that would be great, and could we try to keep it to two minutes per objection and understanding that City Council is allowed to ask you a question, as well? Alright."

The Clerk said, "First is Reece Kimsey."

1. Reece Kimsey said he objected on behalf of two property owners. He said one of the owners is Ms. Linda Youmans. Her property TMS number is 279-00-00-055, 279-00-00-056, both of those are at 3492 and 3486 Maybank Highway. He was also objecting on behalf of Shawn Smith and his TMS number is 279-00-00-057. He objected on both

of those and details of those objections were provided by letter for Jennifer Cook, so he wanted to enter it on the record to make sure they objected on time.  
Mayor Tecklenburg said, "Terrific. Thank you. Any questions from Council?"

Councilmember Shahid said, "Can you describe the nature of these properties and where are they?"

Mr. Kimsey said, "There are a number of issues that are detailed in the letter. I can comment on some. I mean, the main overriding one is a violation of the South Carolina Enabling Act and more details are provided in the letter."

Councilmember Shahid said, "What's on the property now? Can you describe the properties for us now?"

Mr. Kimsey said, "They're vacant land. It's three tracts of vacant land."

Councilmember Shahid said, "What's the total acreage?"

Mr. Kimsey said, "It's 40 acres, about 30 acres uplands."

Councilmember Shahid said, "When is it slated for development? Anytime soon?"

Mr. Kimsey said, "It's in TRC approval right now for 210 units."

Councilmember Shahid said, "I'm sorry. It's slated for development when?"

Mr. Kimsey said, "It's in TRC review. I think expected for TRC approval in June, end of May, around right now."

Councilmember Shahid said, "Thank you, sir."

Mayor Tecklenburg said, "Thank you, sir."

The Clerk said, "Neil Knudsen."

2. Neil Knudsen said his property was 1442 McPherson Landing, and the TMS number 311-00-00-141. He objected for the reason that the infrastructure was already there. Rushland Island was a known development that back in 2005 had 125 home sites. There were 56 property owners out there and with vacant lots that would be subject to the tax was a burden for every homeowner that was out there that should not be because the infrastructure was there. He said it was known, and the City accepted that when it annexed that property into it and now it threw it into the special district. He objected to it, and he thought all 56 people out there in Councilmember Brady's district would object to it also.

Mayor Tecklenburg said, "Alright. Thank you, sir."

Councilmember Shahid said, "I have a question, Mayor."

Mayor Tecklenburg recognized Councilmember Shahid.

Councilmember Shahid said, "So, you said there are 56 owners of the full property?"

Mr. Knudsen said, "There are 56 vacant lots. Yes, sir."

Councilmember Shahid said, "Fifty-six vacant lots and is that it? Are there 56 distinct owners or just one owner?"

Mr. Knudsen said, "They're one-owner lots. Yes, sir. They cannot be subdivided. The sewer system has already been in place, the sewer taps are in place, the electricity taps, everything is there. My wife and I are just about ready for, I think the permit's been approved by the City. We haven't paid for it yet. It's went through Planning, but this is a real problem for homeowners. I mean, we're being taxed to death and then to turn around and have this on top of it instead of it spread across the City, it's being shouldered on the burden of just a few, and it should not be."

Councilmember Shahid said, "So, what are the average size of these lots?"

Mr. Knudsen said, "Less than an acre. Well, mine is an acre and a tenth, but most of them are less than half to three-quarters of an acre."

Mayor Tecklenburg said, "So, if I may ask a question, you say existing homeowners, but nobody has built their homes yet?"

Mr. Knudsen said, "Nobody has built their homes yet, and we're paying 6% tax on that piece of property right now."

Mayor Tecklenburg said, "I see. I understand now. Okay. Thank you. Any other questions?"

No one else asked to speak.

Mayor Tecklenburg said, "Thank you, sir."

The Clerk said, "Donna Knudsen."

No one asked to speak.

The Clerk said, "Jennifer Ivy."

3. Jennifer Ivey said she was there on behalf of two clients, Crown at Live Oak Square, LLC. She said they were the owner of two parcels situated off Maybank Highway known as Crown at Live Oak Square Apartments. She said their physical address was 1314 Reva Ridge Way. She was also there on behalf of Crown Maybank Holdings Limited Partnership, and they owned six commercial parcels that fronted Maybank Highway in front of the apartment complexes. She said the two apartment complexes were fully developed and the six commercial mixed-use properties were partially developed. She said they totaled about 30 acres. She said they had submitted a formal objection to Ms. Cook's office, and they hoped Council would review that detailed objection. She detailed a couple of points in that the Improvement Plan before Council detailed how the \$60 million would be spent but not what specific projects it would be spent on or where those projects were located. She said they saw the MID map and heard from Mr. Summerfield that it was a different, distinct MID from other MIDs established in the State, and the problem was they were not looking at a

bullseye, the center of the MID map being the improvements and the properties to fund it being around that bullseye which was a real problem. She said it drew into question the legality of the ordinance and the enforceability overall. She said the new developments that would pay for the improvement would benefit the same as the general public which was not fair or equitable to impose the assessment just on future commercial developments. She said the method that was chosen for the assessment made no distinction for the number of bedrooms or size of the residential dwelling, and it would discourage building long-term and not take into account affordable housing.

Mayor Tecklenburg said, "Thank you very much."

Mayor Tecklenburg recognized Councilmember Shahid.

Councilmember Shahid said, "You mentioned other municipalities have adopted these MIDs. What other municipalities did you compare with this one you questioned about this development of core spending?"

Ms. Ivey said, "Yes, sir. The one that we particularly looked at is the Patriot's Point MID. This was about 12 years ago. When Patriot's Point Boulevard was developed further, what the Town of Mt. Pleasant did in that instance was specially assess those property owners who had frontage along the road development, and there you could make the required analysis that the adjoining property owners were going to receive some special benefit."

Councilmember Shahid said, "Okay. Thank you."

Mayor Tecklenburg said, "Alright. Thank you very much."

The Clerk said, "Andrea Haines."

4. Andrea Haines, Crown Maybank Holdings Limited Partnership and Crown at Live Oaks LLC, said Jennifer Ivey represented her. She thanked Council for considering their objections.

Mayor Tecklenburg said, "Thank you."

The Clerk said, "Dwayne LaRoche."

5. Dwayne LaRoche said fortunately his property on Exchange Landing Road was not in the MID assessment, but properties adjacent to Plowground and River Road were in the assessment. He said even though his property was not in the assessment, he wanted to know when it would stop. He said the property at Plowground and Exchange Landing Road was in the assessment, and when would it reach on the opposite side of River Road coming on Exchange Landing Road or River Road towards the Johns Island Airport. He wasn't in objection to it, but he asked what the limitations would be. He wanted to know when it would stop and would there be more. He referred to it as 'the Riley reach.'

Mayor Tecklenburg said, "Understood. This is really intended as a question and answer session, but we have your name and number. I bet staff or Mr. Cook will be able to follow up with a question unless they just happened to know it right now and want to respond, but I don't think

so. I know the length of the thing is 30 years and, Robert, correct me if I'm wrong, we've set these TMS numbers. It's not going to expand, is it? We won't be adding TMS numbers."

Mr. Summerfield said, "That is correct. The geographic boundaries are set. They cannot change unless another new ordinance in this entire process were to be done again to include new TMS numbers, so those geographies are set now. Again, if a property subdivides, those new TMS numbers that are within that geographic boundary, those would be in the MID, but that's not an expansion. That's just a subdivision of existing property that's in the MID. So, at this point, it would not move outside of those, the shaded areas from the previous map, unless it came through Council and did this whole thing over again to add those additional TMS numbers."

Mayor Tecklenburg said, "Great. No 'Riley reach.'"

Mr. LaRoche said, "Thank you, Mayor Tecklenburg."

Mayor Tecklenburg said, "Thank you."

The Clerk said, "Kim Bryant."

6. Kim Bryant said he had three parcels, and the first one was TMS number 311-00-00-142 located in Rushland. He said it also tied in with Mr. Knudsen's explanation. He was born and raised on Johns Island and had watched it grow. He asked why Council let Johns Island be developed without the infrastructure. He said the City approved all of the permits for the subdivisions to be built on the Island. He said the roads were choked to death as they couldn't get on and off during prime traffic times. He said even late at night it was dangerous getting on and off some of the roads, and they could go back and look at some of the accidents happening on Johns Island. He said the City was taxing and penalizing people that had a plan to build, but not everybody on the Island, but everybody would benefit from the MID money. He objected to it. His other tax numbers were 313-00-00-051 and 313-00-00-242 which were located on Marlin Road on Johns Island in Trophy Lakes. He said it was a total of 60 acres, and he had no plans to develop it. He said it had been a park that had brought a lot of fun to the Island, so he objected for those reasons, too. He said the City was penalizing a select few that would pay for it, but yet the whole Island would benefit from their MID construction and proposed infrastructure they planned on building, but the City was not restricting the permits where other new developments were built on the Island.

Mayor Tecklenburg said, "Thank you, sir. I understand your objection."

Mr. Bryant said, "And I'm not the only one who feels this way."

Mayor Tecklenburg said, "Understood. Any questions from Council?"

No one asked to speak.

Mayor Tecklenburg said, "Thank you, sir. Appreciate it."

Mr. Bryant said, "Thank you."

The Clerk said, "James Bernstein."

7. James Bernstein said his question had been answered.

Mayor Tecklenburg said, "Thank you, sir."

The Clerk said, "John Zlogar."

8. John Zlogar, Johns Island Task Force, said they appreciated staff's efforts in terms of engaging the community. He said there were a lot of meetings and feedback, and the overwhelming feedback from Johns Islanders was that they were behind it. He hoped Council thought hard about any exceptions, especially for large developments.

Mayor Tecklenburg said, "Thank you."

The Clerk said, "Leroy Blake."

No one asked to speak.

The Clerk said, "M. Howard."

M. Howard declined to speak.

Mayor Tecklenburg said, "Thank you. Yes, ma'am."

The Clerk said, "Jennifer Ivey signed up twice."

10. Jennifer Ivey said they also had a second client Beach Fenwick, and Alan McMahon was there to speak in her stead. Alan McMahon said he had signed up online to speak over the phone, but he was able to attend the meeting in person. He was there on behalf of Beach Fenwick, LLC which owned about 19 acres along Maybank Highway. He said while they supported community improvements and had a long history of doing so of improving communities where they worked and lived, they believed that the structure of the MID had inherent flaws and was inequitable in its application. He said while a fee of \$480 per residential unit or household may seem light to some folks, he asked Council to consider for a project like theirs of 240 mostly studio and one-bedroom single occupant units, that math came to about \$115,200 a year, so that was a six-figure impact to them. He said it increased 2% each year during the 30-year billing life of the MID, and that represented approximately a \$3 million reduction in value at the outset without taking into account those annual escalations. He said aside from diminishing the value of the project, that reduction could have significant consequences with respect to lender and loan requirements. He said because of the way the MID and associated Improvement Plan was structured, it was not clear what improvements were contemplated or when and where they would take place. He said due to a lack of specificity, it also wasn't apparent whether folks paying the fees were the ones actually benefiting from the hypothetical improvements. He said given the scattered nature of the MID itself and the fact that there were numerous parcels within the MID not included in the MID, it was unclear how any finding could be made that the improvements provided a special benefit to any specific parcel within the MID as opposed to benefiting Johns Island generally. He said it seemed to be even more the case when the improvements themselves were unknown and, respectfully, they didn't understand how any benefit analysis could be completed with respect to any improvement or potential improvement when neither the location or the nature of the improvement to be analyzed was known. He said they appreciated the opportunity to speak with Council, and they were always glad to work with Council and staff on public improvements, but they did not believe the proposed MID was the proper approach.

Mayor Tecklenburg said, "Thank you, sir. Any questions?"

Councilmember Shahid said, "Yes, Mr. McMahon, you can't get away from me that quickly. Your mother wants to know why you haven't been over to her house for dinner more often."

Mr. McMahon said, "I was actually there last night, Councilman Shahid."

Councilmember Shahid said, "Okay. On a serious note, the number that you just gave us on the impact, you went through it just a little quickly, what was the number that you cited for us as to the overall impact over the 30-year period?"

Mr. McMahon said, "Yes, sorry, and I was trying to look at my notes on my phone, but as I understand it, the proposed amount is \$480 per residential unit. Our project is mostly single-occupant studio and one-bedroom units, but still \$480, and it doesn't sound like a lot, but if you then multiply that by 240 units, the impact to us and possibly to our residents, is \$115,000 a year. If you take that math further in terms of a valuation, it's a \$3 million loss in value to one property."

Councilmember Shahid said, "But that \$3 million loss in value is not to just that unit? That's what I'm trying for you to clarify. The \$3 million loss in value, that's the whole project?"

Mr. McMahon said, "To the whole project. Yes."

Councilmember Shahid said, "Okay."

Mayor Tecklenburg said, "Thank you, sir."

Mr. McMahon said, "Thanks."

Councilmember Shahid said, "Thanks, Alan."

Mr. McMahon said, "Thank you."

Councilmember Shahid said, "Tell your mom I said hello."

Mr. McMahon said, "I will."

There was laughter.

Councilmember Shahid said, "His mother and I are first cousins."

Mayor Tecklenburg said, "Oh, okay. Gotcha."

The Clerk said, "William Marshall Moore."

No one asked to speak.

The Clerk said, "Alright. We will move on to our online speakers, and I believe we had some speakers who signed up, but actually meant to sign up for tomorrow night, but we'll go through the list. Ashley Smith."

No one asked to speak.

The Clerk said, "Erica Sampson."

No one asked to speak.

The Clerk said, "Katie King."

No one asked to speak.

The Clerk said, "Megan Grasmick."

No one asked to speak.

The Clerk said, "Then, we also received some comments. We received a letter from the Beach Company that stated while they appreciated the goal of improving the infrastructure on Johns Island, they must respectfully object to the current construct of the Johns Island MID and its associated Improvement Plan. We received a letter from Walker Gressette Freeman & Linton, LLC that the firm represents Beach Fenwick, LLC. They address five concerns: special assessment and location should first be defined; improvements must be funded through general tax, not a special assessment; the selective method of assessment is not fair or equitable; Fenwick should not be included in the assessment roll and should not have received a notice of assessment because its project is not complete; the assessment roll has not been made available for inspection at the office of the CFO; no assessments of properties were stated when published in the newspaper which does not comply with requirements of the Enabling Act. We received a letter from Walker, Gressette, Freeman, & Linton. They also represent Crown Maybank Holdings and Crown at Live Oak Square. They address the following concerns: there are no provisions in the ordinance that protected and exempted developed properties in the future from an assessment in the event of casualty or redevelopment; the Improvement Plan did not define properties in the MID that were going to be acquired and approved; the as yet to be determined improvements outside of the MID was a fatal deficiency in the ordinance; the assessment violated South Carolina Code 5-37-80 because the rates of assessments among home property owners within the MID varied in ways that were not proportional to the improvements made immediately adjacent to or abutting upon the property address. We received a letter of opposition from Landing Rushland which was annexed into the City of Charleston in 2004. They said when there were 125 home sites for slated use. The owners believed Rushland did not fall into the category set out by Ordinance 2021-142. We received a letter from Middleburg Communities on behalf of Forest Maybank objecting to inclusion in the assessment roll for the MID Ordinance. We also received a letter from St. Johns Center, LLC objecting to their properties being included in the assessment roll for the MID Ordinance. Those were all of the comments and letters we received."

Mayor Tecklenburg said, "Alright. And did we just happen to miss anybody? Did anybody come here to object that has not been heard?"

No one asked to speak.

Mayor Tecklenburg said, "Alright. Thank you. Thank you for being here with us tonight. Councilmembers, do you have any questions or comments you would like to make at this time?"

Mayor Tecklenburg recognized Councilmember Shahid.

Councilmember Shahid said, "So, Robert, maybe you or Jeremy can follow up on this, but I think earlier on you said that the test on this is if you are a residential use and more than two acres, those are two criteria, correct?"

Mr. Summerfield said, "Jennifer, can I have the slides back, by chance?"

The Clerk said, "Sure, and actually I think IT has that. They can pull that up for you."

Mr. Summerfield said, "So, there are two tests Councilman. One is if you are two acres, your property is located in the City, and your property is not currently used as a primary residence. The second test though is that you have active entitlements for development, meaning your project has been approved by Planning Commission or TRC, but you have not completed that project, meaning you've not received a certificate of construction completion, so those are the two options in there. So, one is looking forward where we don't know if they're ever going to subdivide, but there is a good chance given their size, given the nature of the high ground that may exist on the site or what have you. The other one is where we know we have projects that are currently entitled, but they have not been completed yet."

Councilmember Shahid said, "And I just want to go through a litany and just correct me if I'm wrong on this, so if I own a ten-acre parcel of land, and it's just sitting there as dirt, and I'm not using it, that would not apply. I'm exempt from this assessment?"

Mr. Summerfield said, "No, sir. You would meet the first test. So, that property is being taxed at 6% because it's just dirt. There is no owner occupied residential unit on it. It's greater than two acres and, again, assuming in that scenario that you are in the City of Charleston, your property would be in the assessment, but, again, you never will see an assessment on your tax bill until such point as you subdivide that property. Now if you take that ten acres and you create five two-acre lots, then each of those five two-acre lots when they build their home will see the \$480 compounded at 2% for the 30-year period, but until that trigger, until that house is built and you can move into it, that assessment will never be seen by the property owner whether it's the existing property owner or the future property owner."

Councilmember Shahid said, "Which I think is a very important distinction, and I just wanted to make sure I have clarity on that. So, while you may be eligible, you are not going to be impacted unless you start to develop it. That's the short answer to that?"

Mr. Summerfield said, "Yes, sir. So, you can be in the assessment district and never be billed a dollar. Correct."

Councilmember Shahid said, "So, if I'm a not-for-profit entity that owns land, I'm going to fall into that category of I may be eligible, but I'm not going to be assessed?"

Mr. Summerfield said, "Correct but, again, we do have the component about the non-assessed property. So, if you meet the non-assessed definition, you're also not going to be assessed, as well. So, even if you do something, and you're one of the non-assessed properties, meaning you're a public property, you're an owner association property, or you're a utility or what have you, you wouldn't be assessed. But, if you're a church, for instance, you would not be assessed unless you decide to redevelop that property and create new housing or something on it as some kind of future development of the site."

Councilmember Shahid said, "And I just think that's really important. There's really a lot more exceptions to this as you go through the exercise that you and I just went through as to some of these properties that just never or potentially never are going to fall into this assessment tax."

Mr. Summerfield said, "Would never actually end up paying the fee. Correct."

Councilmember Shahid said, "Thank you. That clarifies it."

Mayor Tecklenburg said, "And, likewise, I would ask if you owned anything more than two acres and you never developed it, you just kept it as greenspace so to speak, it would never get the assessment, correct?"

Mr. Summerfield said, "That is correct. So, if it's never developed, it never pays the fee."

Mayor Tecklenburg said, "Great."

Mr. Summerfield continued, "But, right now, it looks like it has the potential to maybe be developed. Again, you never know what your heirs are going to do when you pass, so that would be the thing."

Mayor Tecklenburg said, "Right."

Mayor Tecklenburg recognized Councilmember Bowden.

Councilmember Bowden said, "So, now that these objections have been heard, is there going to be some staff work on the individual properties? I don't know if you all are planning to make a recommendation as to what we should do or what sort of impact it will have towards that \$60 million and that sort of thing?"

Mr. Summerfield said, "So, what we will do is we will take all of those TMS numbers or addresses that were received tonight, we will be working with the Legal team, both internal and Mr. Cook, to draft a memo that basically provides additional facts that staff has related to that objection. That will all then be distributed to Council for a part of your deliberations when you make your finding on whether to uphold the objection or to reject the objection."

Mayor Tecklenburg said, "Do we have by the ordinance or by State law any prescribed timeframe? I mean I don't think it will take you all a long time, but I'm just wondering, are we under a clock?"

Mr. Summerfield said, "Jeremy, correct me if I'm wrong, but I believe the statute just says 'reasonable,' so whatever is reasonable. Staff had initially been hoping to be able to have something for the 22<sup>nd</sup> maybe, but we weren't going to commit to that until after the hearing, and we knew how many objections we had and what kind of research and additional work we need to do."

Mayor Tecklenburg said, "So, it won't be a long, long time?"

Mr. Summerfield said, "At the next meeting or the one after that I would anticipate."

Mayor Tecklenburg said, "I see. Okay, great."

Mayor Tecklenburg recognized Councilmember Seekings.

Councilmember Gregorie said, "I'm before Councilmember Seekings."

Mayor Tecklenburg recognized Councilmember Gregorie.

Councilmember Gregorie said, "Yes, and what will be the criteria that you will be using, legal and otherwise, to make the determination as to whether or not we accept or reject the objections from participating?"

Mr. Summerfield said, "So, I will leave it to Jeremy or Julia to talk about a legal reason. From a staff perspective, we will take a look at each objection and see if we made any errors in compiling the property as a member of the district, and if we did make an error, we'll signify that and give that to you for your then consideration to uphold the objection, but in the absence of an error, I don't believe it would meet the criteria by which we were asked to move it forward. So, I don't know from a staff perspective, I'll leave legal to Legal, but from a staff perspective, unless we've made an error in including the property, and we shouldn't based on those tests, then I don't know that we will have any recommendations that change anything."

Councilmember Gregorie said, "Because you will be using the ordinance as the basis to make your determination?"

Mr. Summerfield said, "Yes, sir."

Councilmember Gregorie said, "Thank you."

Mayor Tecklenburg recognized Councilmember Seekings.

Councilmember Seekings said, "Thank you, Mr. Mayor. I just have a quick question. Has anybody actually gone and done the math on what \$480 compounded at 2% over the course of 30 years comes out to at the end of the 30 years? How much will each individual homeowner be paying at that point?"

Mr. Summerfield said, "Over that 30-year period, it's a little over \$19,000 over that 30-year period. It's just over \$19,000 per unit or per 1,800 sq. feet of commercial space. We did run that through an Excel spreadsheet. It's about a little over \$19,000 impact over that 30-year time period."

Councilmember Seekings said, "So, in year 30, do we know what the number will be?"

Mr. Summerfield said, "Not right off the top of my head, sir."

Councilmember Seekings said, "Okay, but it's basically \$20,000 per unit."

Mr. Summerfield said, "It's about a \$20,000 impact over that period per unit."

Councilmember Seekings said, "Thank you."

Mayor Tecklenburg recognized Councilmember Waring.

Councilmember Waring said, "I don't know, is Amy on this meeting? Anyway, Ms. Wharton, if she was on, I was going to ask a question of her."

Mayor Tecklenburg said, "She is not."

Mr. Summerfield said, "Amy is here."

Mayor Tecklenburg said, "Oh, she's in the building."

Mr. Summerfield said, "Ms. Wharton is here."

Councilmember Waring said, "Great. Do we have any other City tax in the City of Charleston that has an automatic 2% increase annually?"

Amy Wharton said, "No, Councilmember Waring."

Councilmember Waring said, "So, this will be the first or this is the first?"

Ms. Wharton said, "Yes."

Councilmember Waring said, "Thank you."

Mayor Tecklenburg said, "Alright. Any other questions or comments from Council?"

Mayor Tecklenburg recognized Councilmember Brady.

Councilmember Brady said, "Yes. Thank you, Mr. Mayor. I want to thank, first of all, my constituents for coming out. I promise my colleagues I will take these objections under consideration, including those who were not able to be here, which some of it could be traffic, which ironically kind of underscores the need for the MID anyway, but we will take those under consideration and advisement, and I promise that we'll give them due deliberation and consideration as we go forward with this. I do just want to say, and I think Mr. Summerfield addressed this, as well, one of the kind of peculiarities of the law is that the MID can't be used to address currently existing problems. They have to address kind of future needs so, too, with the properties that have been included, to think that we've had a list of projects for development that has not yet occurred, and it's kind of counter-intuitive I think for most people and, again, I'm not a lawyer. So, I'm not pretending to know all of that, but we wouldn't develop a list of projects for property yet to be developed because we don't know the impacts that are going to be created because we can't solve infrastructure needs that have already occurred. I mean, the law as I understand it, was pretty clear about that. So, that's why we want to create a Citizens Advisory Commission to have the input for what those impacts could be, but we're not going to unilaterally do that because we all represent citizens until we get redistricted. I represent about 26,000 of them. We want to make sure that their voices are heard in this process, and it's not just a unilateral decision on what we think the needs might be, but what the future development impacts will actually occur and be. Thank you, Mr. Mayor."

Mayor Tecklenburg said, "Thank you. Alright. Any other questions or comments?"

No one asked to speak.

Mayor Tecklenburg said, "Hearing none, our next Council meeting is tomorrow night. We'll gather back at City Hall I think at 4:30 p.m. for Ways and Means and 5:00 p.m. for Council, and then we have a workshop meeting next Tuesday, February 15<sup>th</sup> at 3:00 p.m. If there is no other business, we stand adjourned. Thank you, all, for being with us tonight. Appreciate you all coming out."

There being no further business, the meeting was adjourned at 6:22 p.m.

Jennifer B. Cook  
Clerk of Council