

**COMMITTEE ON WAYS AND MEANS**

April 23, 2019

A meeting of the Committee on Ways and Means was held this date beginning at 5:12 p.m.

**PRESENT (13)**

The Honorable John J. Tecklenburg, Mayor

|                        |            |                        |             |
|------------------------|------------|------------------------|-------------|
| Councilmember White    | District 1 | Councilmember Waring   | District 7  |
| Councilmember Shealy   | District 2 | Councilmember Seekings | District 8  |
| Councilmember Lewis    | District 3 | Councilmember Shahid   | District 9  |
| Councilmember Mitchell | District 4 | Councilmember Griffin  | District 10 |
| Councilmember Wagner   | District 5 | Councilmember Moody    | District 11 |
| Councilmember Gregorie | District 6 | Councilmember Jackson  | District 12 |

**1. INVOCATION:**

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

**2. APPROVAL OF MINUTES:**

On a motion of Councilmember Moody, seconded by Councilmember Griffin, the Committee on Ways and Means voted unanimously to approve the minutes of the April 9, 2019 Committee on Ways and Means meeting.

**3. BIDS AND PURCHASES**

On a motion of Councilmember Griffin, seconded by Councilwoman Jackson, the Committee on Ways and Means voted unanimously to approve the bids and purchases as follows:

**BFRC:**

Approval to amend the existing contract with Wells Fargo by extending the current contract by one (1) additional month from May 1, 2019 to May 31, 2019.

**4. RESILIENCY: APPROVAL TO SUBMIT THE 2019 SC DHEC SOLID WASTE REDUCTION AND RECYCLING GRANT APPLICATION IN THE AMOUNT OF \$25,000 (CATEGORY 1) TO SUPPORT A REUSABLE BAG GIVEAWAY AND EDUCATION PROGRAM ABOUT SINGLE-USE PLASTICS. THE GRANT APPLICATION WAS DUE ON APRIL 5, 2019, AND SINCE IT WAS NOT COMPLETE PRIOR TO THE MOST RECENT CITY COUNCIL MEETING, RESILIENCY IS REQUESTING AFTER THE FACT APPROVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shealy, the Committee on Ways and Means voted unanimously to approve to submit the 2019 SC DHEC

Solid Waste Reduction and Recycling grant application in the amount of \$25,000 (category 1) to support a reusable bag giveaway and education program about single-use plastics.

**5. RESILIENCY: APPROVAL TO SUBMIT THE 2019 SC DHEC SOLID WASTE REDUCTION AND RECYCLING GRANT APPLICATION IN THE AMOUNT OF \$10,000 (CATEGORY 2) TO SUPPORT AN OUTREACH AND AWARENESS PROJECT ABOUT REDUCING SINGLE-USE PLASTICS. THE GRANT APPLICATION WAS DUE ON APRIL 5, 2019 AND SINCE IT WAS NOT COMPLETE PRIOR TO THE MOST RECENT CITY COUNCIL MEETING, RESILIENCY IS REQUESTING AFTER THE FACT APPROVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shealy, the Committee on Ways and Means voted unanimously to approve to submit the 2019 SC DHEC Solid Waste Reduction and Recycling grant application in the amount of \$10,000 (category 2) to support an outreach and awareness project about reducing single-use plastics.

**6. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR \$1,750 FROM SOUTH ARTS (LITERARY ARTS TOURING GRANT) IN SUPPORT OF LITERARY PROGRAMS OF THE 2019 FREE VERSE FESTIVAL. A 1:1 CITY MATCH IS REQUIRED. MATCHING FUNDS WILL COME FROM CORPORATE SPONSORSHIPS**

On a motion of Councilmember Mitchell, seconded by Councilmember Shahid, the Committee on Ways and Means voted unanimously to approve to apply for \$1,750 from South Arts (Literary Arts Touring Grant) in support of literary programs of the 2019 Free Verse Festival.

**7. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM CHARLESTON COUNTY FOR ACCOMMODATIONS TAX FUNDING IN THE AMOUNT OF \$15,000 TO SUPPORT THE 2020 PICCOLO SPOLETO FESTIVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shahid, the Committee on Ways and Means voted unanimously to approve to apply for funding from Charleston County for accommodations tax funding in the amount of \$15,000 to support the 2020 Piccolo Spoleto Festival.

**8. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM CHARLESTON COUNTY FOR ACCOMMODATIONS TAX FUNDING IN THE AMOUNT OF \$15,000 TO SUPPORT THE 2019 MOJA ARTS FESTIVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shahid, the Committee on Ways and Means voted unanimously to approve to apply for funding from Charleston County for accommodations tax funding in the amount of \$15,000 to support the 2019 MOJA Arts Festival.

**9. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM CHARLESTON COUNTY FOR ACCOMMODATIONS TAX FUNDING IN THE AMOUNT OF**

**\$10,000 TO SUPPORT THE 2019 HOLIDAY MAGIC IN HISTORIC CHARLESTON. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shahid, the Committee on Ways and Means voted unanimously to approve to apply for funding from Charleston County for accommodations tax funding in the amount of \$10,000 to support the 2019 Holiday Magic in Historic Charleston.

**10. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM CHARLESTON COUNTY FOR ACCOMMODATIONS TAX FUNDING IN THE AMOUNT OF \$25,000 TO SUPPORT CHARLESTON 350 COMMEMORATIONS. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shahid, the Committee on Ways and Means voted unanimously to approve to apply for funding from Charleston County for accommodations tax funding in the amount of \$25,000 to support Charleston 350 commemorations.

**11. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM CHARLESTON COUNTY FOR ACCOMMODATIONS TAX FUNDING IN THE AMOUNT OF \$10,000 TO SUPPORT THE 2019 FREE VERSE FESTIVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Shahid, the Committee on Ways and Means voted unanimously to approve to apply for funding from Charleston County for accommodations tax funding in the amount of \$10,000 to support the 2019 Free Verse Festival.

**12. FIRE DEPARTMENT: APPROVAL TO SUBMIT THE 2019 STATE HOMELAND SECURITY GRANT IN THE AMOUNT OF \$101,620 FOR CHARLESTON FD COLLAPSE SEARCH AND RESCUE TEAM (FOR SEARCH AND RESCUE EQUIPMENT, A SEARCH CAMERA, CONFINED SPACE RESCUE EQUIPMENT, PERSONAL PROTECTIVE EQUIPMENT, AND TRAINING). NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Griffin, seconded by Councilmember Lewis, the Committee on Ways and Means voted unanimously to approve to submit the 2019 State Homeland Security grant in the amount of \$101,620 for Charleston FD Collapse Search and Rescue Team (for search and rescue equipment, a search camera, confined space rescue equipment, personal protective equipment, and training).

**13. POLICE DEPARTMENT: APPROVAL TO APPLY FOR AN APPLICATION IN THE AMOUNT OF \$123,803 FOR AN ELDER ADVOCATE AND RESOURCE SPECIALIST FOR THE CPD VICTIM SERVICES UNIT UNDER THE VICTIMS OF CRIME ACT GRANT PROGRAM. THE APPLICATION IS DUE ON APRIL 30<sup>TH</sup>. THIS PROJECT REQUIRES A 20% CITY MATCH OF \$24,761.**

Councilmember Moody asked if the match was coming out of the 2019 Budget. Ms. Wharton said it would come out of the 2019 General Fund Budget.

On a motion of Councilmember Shahid, seconded by Councilmember Shealy, the Committee on Ways and Means voted unanimously to approve to apply for an application in the amount of \$123,803 for an Elder Advocate and Resource Specialist for the CPD Victim Services Unit under the Victims of Crime Act Grant Program.

**14. LEGAL DEPARTMENT: APPROVAL OF HOST VENUE PARTNERSHIP AGREEMENT BETWEEN THE CITY AND OC SPORT PEN DUICK, FRENCH SUBSIDIARY OF OC SPORT, FOR THE CITY'S FINANCIAL SUPPORT IN THE AMOUNT OF \$150,000 AND OPERATIONAL AND LOGISTICAL SUPPORT TO OCS FOR THE CITY TO HOST THE FINISH OF "THE TRANSAT" SINGLE-HANDED TRANS-ATLANTIC SAILING RACE IN 2020. (DEFERRED)**

Item #14 was deferred on the agenda, and no action was taken.

**15. A RESOLUTION EXPRESSING THE INTENTION TO ESTABLISH THE MORRISON DRIVE REDEVELOPMENT PROJECT AREA; AUTHORIZING STAFF TO PREPARE AN OVERALL REDEVELOPMENT PLAN; PROVIDING FOR NOTICE AND PUBLIC HEARING IN CONNECTION WITH THE FOREGOING; AND OTHER MATTERS RELATED THERETO**

On a motion of Councilmember Mitchell, seconded by Councilmember Lewis, the Committee on Ways and Means voted unanimously to approve a Resolution expressing the intention to establish the Morrison Drive Redevelopment Project Area; authorizing staff to prepare an overall development plan; providing for notice and public hearing in connection with the foregoing; and other matters related thereto.

**16. AN ORDINANCE TO AMEND THE DESCRIPTION OF THE CHARLESTON NECK REDEVELOPMENT PROJECT AREA AS ESTABLISHED BY ORDINANCE NO. 2004-151; TO AMEND THE PUBLIC INFRASTRUCTURE IMPROVEMENTS AGREEMENT DATED AS OF SEPTEMBER 1, 2015 BETWEEN THE CITY OF CHARLESTON, SOUTH CAROLINA AND HIGHLAND RESOURCES, INC., AS SUCCESSOR TO ASHLEY RIVER INVESTORS, LLC; AND OTHER MATTERS RELATING THERETO. (AS AMENDED)**

On a motion of Councilmember Mitchell, seconded by Councilwoman Jackson, the Committee on Ways and Means voted unanimously to give first reading to the following bill:

*An ordinance to amend the description of the Charleston Neck Redevelopment Project Area as established by Ordinance No. 2004-151; to amend the Public Infrastructure Improvements Agreement dated as of September 1, 2015 between the City of Charleston, South Carolina and Highland Resources, Inc., as successor to Ashley River Investors, LLC; and other matters relating thereto. (AS AMENDED)*

**17. THE COMMITTEE ON REAL ESTATE: (MEETING WAS HELD ON APRIL 9, 2019 AT 4:00 P.M., CITY HALL, 80 BROAD STREET, FIRST FLOOR CONFERENCE ROOM)**

- a. Request authorization for Mayor to execute an exchange agreement, between the City and Longborough Owners' Association to jointly pursue plans for a new Dock and Passive Park to be planned, permitted and constructed at the City's expense. The Dock shall be designed for Public Dock Section and Private Dock Section, which will branch off of trunk of Public Dock. The parties will seek to have OCRM issue a Dock Permit and upon Dock Permit being issued, the HOA will convey the Property to the City, subject to certain Restrictive Covenant and Use agreements set forth in the attached Exchange Agreement
- b. Resolution to accept deeds to marshlands surrounding Longborough Dock and Park

- c. Request approval of a Temporary Access Agreement with M.B. Kahn Construction Company, Inc. for construction access, parking, and material laydown for use related to the construction of Grace Homes. (0 Cooper Street; TMS 459-05-04-208)
- d. Request approval of a Resolution expressing the City's intention to make a loan to WestEdge Foundation, Inc. supporting WestEdge's obligation pursuant to the Infrastructure Development Agreement to pay certain costs incurred by Charleston Horizon Devco, LLC for the installment of public improvements supporting the redevelopment of the WestEdge District, such loan to be secured by a Promissory Note in the form attached to the Resolution in the amount of \$925,000.00 which loan shall be repaid by TIF Revenues, and further, all outstanding principal and accrued interest shall be due five years after the date of the Note. Funding will come from prior General Fund reserves.
- e. Discussion and consideration to direct Legal staff to provide 60 days notice to the Charleston School of Law that the City does not intend to extend the agreement regarding the sale of 431 Meeting Street (***Requested by Councilmember White***)
- f. Washington Park HOA (***Requested by Councilmember Moody***)
- g. Wellness Aquatics Land Acquisition (***Requested by Councilmember Moody***)
- h. Consider the following annexations:
  - (i). Clements Ferry Road (TMS# 275-00-00-004) 6.0 acres, Cainhoy (District 1). The property is owned by Murphy Family Property LLC.
  - (ii). Clements Ferry Road (TMS# 275-00-00-006) 1.0 acre, Cainhoy (District 1). The property is owned by Jenkins Family Property LLC.

Councilmember Moody, Chair of the Real Estate Committee, said Items a, b, c, d, and e were approved. Items f and g were deferred. Item h, two annexations, were also approved. The real estate minutes from the previous meeting were approved with a name adjustment. He made a motion to approve the report. Councilmember Lewis seconded the motion.

Councilmember Seekings asked if any action was taken regarding Item 'e'. Chairman White explained this was the contract between the City of Charleston and the Charleston School of Law ("CSOL"), that they would allow for the reverter clause to be removed from the property and be sold. Then the City would have a split between itself and the CSOL. The transaction was a two year agreement, and the City had the opportunity to extend it a third year unless either party chose not to extend it with 60 days' notice. The City was within this timeframe. He asked for this item to come forward because they recognized the situation at hand with the property being sold for a very substantial amount of money, much more so than Council had even contemplated when the reverter was allowed to be removed two years before. The property was now being sold for a hotel, and the site was not appropriate for a hotel, but was appropriate for the law school. In the last discussions they had, they chose to put the CSOL somewhere else. He explained he made a motion to instruct legal staff to give notice to CSOL that the City would not extend the contract. Subsequent to that, the City's Note would be due

which allowed the school to buy the property from the City. Their intent in doing this was that it gave the City an opportunity to renegotiate the transaction. Also, as they finished the Real Estate Committee, there could be an opportunity if the City was to allow for some potential variances on the site so that the CSOL could use it. That was the first he had heard of that, but he thought that would please Council to have CSOL stay there because that's what the City intended back in 2005.

He said there were two reasons he brought the item forward. The deal, as it stood, given the circumstances they currently knew, a sale price of \$12.5 million with 75 percent going to CSOL and 25 percent going to the City was a great deal for the CSOL, but it was not a great deal for the City and its taxpayers. He said Council also had more information than it had previously. There were many things they were not aware of in the Committee on Real Estate and subsequently City Council years ago that, had they known, it was very unlikely they would have approved removing the reverter two years ago. They did not know the property would be marketed specifically for a hotel. They didn't know the value was as significant as it in fact was. They did not know that CSOL was a client of the Mayor's and that his son's firm was representing a part of the transaction. He said those were all things they would have taken into consideration, and they would have spent more time and due diligence understanding exactly what the transaction meant for the citizens of Charleston. He said now that they had that information, he thought they needed to take an opportunity and do their best to take a shot at changing the trajectory of what would happen on that site.

Mayor Tecklenburg said the motion passed by a 3 to 2 vote at the Real Estate Committee, and he thought new information had come forward, including a reminder of the incredible public benefit that the CSOL brought to the City. The original purpose for the sale of the property to CSOL before he became Mayor was that Council realized the institutional and economic benefit of having a graduate program and law school in Charleston. Additionally, the thousands of students gave back to the community, and there was an amazing diversity in their student population. There was also the economic benefit of having 300 plus staff with the school and the students, as well. Mayor Tecklenburg said in the discussion, there was a willingness for them to discuss other possibilities with the property and the City, and they also learned that the date for the notice was actually the end of July as opposed to the end of June as the agreement was not signed until late July. They still had at least another month to give them the 60 days notice. Mayor Tecklenburg said when he became Mayor, he hung up his real estate license and since that time, had represented no one, including CSOL, as a real estate client. He asked Council to defer the matter until at least their next meeting, so they would have the opportunity to discuss possibilities with CSOL. Mayor Tecklenburg made a motion to defer, and Councilwoman Jackson seconded the motion.

Councilwoman Jackson said she was one of the two 'no' votes, and she thought in some ways it made sense since they were serving at the pleasure of the taxpayers, but she was very impressed by the comments of the CSOL's president. She believed the statistics and outcome of the school's benefit to the community. The students in law school were able to supplement the legal work that was done pro bono for the community. She served on the Community Land Trust as a volunteer board member, and they had received significant pro bono services from the law school. She said that Mr. Bell had stated that if the City gave the notice within 60 days to not honor the third year extension, they would be able to repay the City the money that was owed. That took away the opportunity to creatively renegotiate the contract. She thought they

should look into the background of the conversations that had occurred with CSOL and how they might be able to redevelop the property for their own law school use. She thought they had a great opportunity to do that, and they should defer it for at least another month. Then, they could seriously explore the availability of the property for the CSOL's long-term purpose.

Councilmember Griffin said the fact that the law school gave back to the community was nice, but that was just a way of diverting attention away from the real topic, which was that when Council approved the deal, the whole basis was that they were going to do everything they could to build a law school on that piece of property. The City did something nice, and they were really paying for it. They really hadn't gotten anything out of the deal and nowhere near what the school would be getting out of it. He believed it was great for CSOL to have a substantial building long term, but he had seen that site many times, and he agreed that if the City could grant the school some variances and explore the possibility, the City should. He said he was taken aback because he knew the issue of the reverter clause came up a couple of years ago, and he wondered if Council knew of the Mayor's dealings with the law school at that time. He thought that was a red flag, and he said that recently there had been talk about hotel moratoriums and how City Council and the Mayor were at odds, but he said the Mayor was defending the building of a hotel. He thought that was hypocritical and did not make sense. They were either for hotels or they weren't, and they shouldn't be in favor of a hotel because someone was a part of it. He did not think waiting a month was going to do anything, and it was not turning out to be a good deal for the City. He said it was 'good ole boy politics,' and they needed to get away from it. They were trying to be nice and invest in something, and now they were getting nothing out of it, and the City's taxpayers were the ones who were suffering.

Councilmember Mitchell said he agreed with Councilmember Griffin. He said he was on Council when they voted for the reverter clause. The reverter clause was there, so the City could receive it if the CSOL was not going to exist. They wanted to make sure they were using the taxpayers' money at the time they were doing this, so that the property would have to come back to the City. Now, CSOL wanted to sell the property for a lot of money, and the City was getting the change. He did not understand that, and if the City could have sold it, they could have put the money into affordable housing. If CSOL was going to sell it and make a lot of money, he had a problem with that. The City put the reverter clause in the deal back in 2005 to protect the City and its taxpayers because it was their money that they were using. He thought it was ludicrous because that is why the reverter clause was placed in the agreement.

Councilmember Shahid asked if the initial contract signed between the City and CSOL had a contingency clause restricting the use of the building or restricting what they could do with the property. Susan Herdina, Corporation Counsel, stated that the original agreement entered into in 2005 and subsequently amended and extended, did have the reverter clause in it. The reverter clause stated that the property was to be used for construction related to law school operations. In 2017, City Council approved an arrangement where the CSOL was given the ability to sell the property. At that point in time, the City had said that if and when it was sold, the City's note would be repaid, which was \$865,000 and any accrued interest that was not paid. A value was put on the reverter of \$1 million. At that point in time, it was believed that CSOL would stay on the Peninsula, but its current location was not suitable for the law school. This agreement gave them the authority to go ahead and try to sell the property to stay on the Peninsula and develop a law school at a more suitable site. At the time they would sell the property, the City would get paid back the note, any accrued interest that was not paid, and the

\$1 million to remove the reverter. It had a term in it which stated the agreement expired in two years, which would be July 20<sup>th</sup> of this year. There had to be a 60 days advance notice if the City was going to terminate, but the agreement could be extended for one more year. There was a term that stated if the property was not sold at the time of the expiration of the agreement, either now or a year from now, CSOL still had the right to sell the property. At that point in time, the City would receive 25% of the net proceeds from the sale, minus the note and accrued interest if that had already been paid.

Councilmember Shahid said he was trying to get clarification on the motion made at the Real Estate Committee to direct legal staff to provide 60 days' notice, and he asked what the notice would do. Ms. Herdina stated the notice would terminate the agreement, and under the terms of the 2017 agreement, the City was entitled to have CSOL pay back the note, which was \$865,000 and any interest that was due, which she was told was about \$34,000. So, the City would receive \$865,000 and \$34,600 back at the time of termination. However, CSOL would still have the authority to move forward with selling the property. At the time of the sale, the City would receive 25% of the proceeds minus the commission, deed stamps, etc. Councilmember Shahid said if they executed the notice, the City would be terminating the agreement, but CSOL still had title to the property, the ability to sell the property, the City would receive its negotiated cut, but it did not stop the notice and did not stop the sale of the property. Whoever bought it had to go through the regular zoning requirements and others to build what they wanted. He just wanted to make sure everyone was clear that they were not stopping the sale of the property with the motion. Chairman White said they had to recognize the contract that existed. Councilmember Shahid asked what the City would accomplish by approving the motion.

Chairman White said CSOL would pay the City its note as it would immediately come due, and they would have to write a check to the City for \$865,000 plus accrued interest. If they couldn't or they chose to negotiate the terms in which the loan was repaid and extended the terms, then the City would certainly engage with them in a discussion. If they chose that option which was better, the City would proceed with the negotiation with the expectation that the City would end up with a better split for the citizens of Charleston, giving them purview over who they sell it to for a future purpose on the site. The other alternative was the note was due, and the City could foreclose. He did not suggest that was the right thing to do, but that was certainly within their right as the mortgagee on that loan.

Councilmember Shahid said if they pursued option A, they could proceed and do what they wanted to with the property. The City would get its money, they could sell it, and then whoever buys the property would have to go through the normal routine of developing it. If they came back and wanted to defer the discussion, they could discuss how they wanted to handle the extension. CSOL still had title to the property, and if the City engaged in foreclosure proceedings, that was not a quick resolution regarding the property. Chairman White said that was not the interest, but he was just pointing that out as an option. Councilmember Shahid said he wanted to make sure as they were stepping through the process, they all understood what they were or were not exercising. The City wanted the law school to remain on the Peninsula, and they were encouraging them to stay on the Peninsula and develop the land that the City owned and to keep the law school here. He said he was not sure this was the right mechanism for doing that. He agreed they needed to encourage the school and do what they needed to do to keep them on the Peninsula as there would be a lot of benefit to them. He wanted to make sure whatever they were doing with the process satisfied that goal and intent. He was afraid



with the current motion that they may be doing the exact opposite. He was familiar with CSOL as president of the County BAR Association, and he knew the merits of what they did. He thought a pause button might be the proper thing to do to make sure that what they wanted to do was carried out.

Chairman White said when they walked into the Real Estate Committee that evening, the expectation was that the site would be sold to a hotel, which none of them believed was the right thing to do. They walked out with his motion, and they now had gotten to a point where they were getting ready to engage in discussion where possibly CSOL may be on the site, which is exactly what they wanted from the beginning. To say the motion on the floor would not have the effect they wanted, he could tell them it was already starting to have the effect.

Councilmember Gregorie thanked the Chairman for bringing the item to their attention. As public servants, they had to disclose or recuse themselves from voting or participating in anything that might appear as though there were self-interests involved. He learned as a public servant that the test was not whether or not you were involved or whether or not you were doing it, it was whether or not there was an appearance. As public servants, they needed to make sure they disclosed or recused themselves from any transaction brought before the body where they or family may have an interest.

Councilwoman Jackson said Councilmember Shahid had summarized what the effect of their vote would do. She said Mr. Bell made it clear to the Real Estate Committee that the law school was prepared to pay off the debt. So, that really took away any hope of negotiating. She said Mr. Bell had said a couple of years ago if they had the opportunity to think more strategically about how to redevelop the property and use it for the law school, they would be able to have some sort of change in the zoning or the constraints on parking and height. She said it was an evolving thing, and she did not believe that if they kept the extension in place that they would not get to a level of deliberative opportunity for how to help the law school stay. She did not think voting on the motion had any value in helping that conversation more forward. She said she wanted to vote to defer.

Councilmember Seekings asked if there were any notice issues with the item. Ms. Herdina said she did not think so. Councilmember Waring said he just happened to be Chairman of the Charleston Metro Chamber of Commerce when the school was looking at coming to Charleston. The school bought a building from the Chamber where the law school got its initial start-up. The Chamber sold the building for less because it preferred the economic impact of a law school going there. He said as far as the impact of the law school and what they would do, he and everyone supported that. He said the Real Estate Committee meeting had been very revealing. When they deliberated in 2017, at that time he did not know that the law school was a former client of the Mayor's. Councilmember Waring said he did not disclose that in their deliberations. Had he known that, he would not have voted to remove the reverter clause. He said he read that in the newspaper after they voted on it as members of the Real Estate Committee, as well as City Council. He said when they deliberated to remove the reverter clause, they also did not know the price was \$12 million, the Mayor had more information than Council, and he expressed concerns about the transparency. He said it was important for Council to know CSOL was a former client of the Mayor's before they were asked to vote. He felt blindsided because he wanted to have all of the right information, pro and con, before he cast a vote. Councilmember Waring said that Mr. Bell was an honorable man and had said after the vote that if they could get two more floors, they could stay at the site, but he

was told by the City they could not do that. He asked the Mayor who in the City conveyed to CSOL that they could not expand two floors. Mayor Tecklenburg said he did not know who he was referring to. Councilmember Waring asked if anyone from the Planning, Legal, or Executive Departments conveyed to CSOL or its representatives that getting two additional floors would not be approved by the City. Jacob Lindsey, Director of Planning, Preservation, and Sustainability said he was not aware of any conversations regarding that with the school. He said he had not discussed that with Mr. Bell or any of his associates about the height or construction on that site. To his knowledge, he did not think his staff had talked to him. Councilmember Waring said that Mr. Bell was a very accurate man, and the reason he said the Mayor's previous position with the law school was important was because there were negotiations that took place. Councilmember Waring said someone said \$9 million was good for the law school, and less than \$3 million was good for the taxpayers. He said that given the gravity of the drainage problems, affordable housing, and the power of Council's ability to rezone the property, they could do something about that. They had a knee-jerk reaction to a 250 room hotel being built on the site, and he said the Mayor was singularly responsible for that happening. He said the disclosure on this site was not given to Council, and had he known what he knew today, he would not have voted to remove the reverter clause because all of the effort of the 2005 Council was to enable expansion of the law school at that site. He said the City paid \$1.1 million and sold it to the law school for less than \$900,000. He thought they should continue to encourage them if they needed two additional floors on the site.

Mayor Tecklenburg said the property was in the Accommodations Overlay Zone, and when a property was marketed, the sales agent was going to try to sale it to any user who could use the property for a legal use. Along with the special exception, building a hotel on the property was a legal use for the property. In fact, this was one of the properties when he came to Council a couple of years ago and requested that it be removed from the Accommodations Overlay Zone, and if they had removed it at that time, it would not have been marketable for use as a hotel, and maybe the value would not be as much as it is. If a property could be used for a hotel, it would be, and he wished they had removed it from the Accommodations Overlay Zone.

Councilmember Waring said if the Mayor had not asked Council to remove the reverter clause, it would not be used as a hotel. Mayor Tecklenburg said there was a reverter clause that was never violated, so it was never the right, according to advice from the City's legal counsel, that the City could take the property back and sell it unless it were to foreclose on it, and they did not want to do that. CSOL had some tough times, and Mr. Bell bought the school and had a miraculous turn-around. He approached the City a couple of years ago and felt that the size of the property was not adequate for the vision he had for the future of the institution. They unanimously agreed to the extension of the agreement two years ago. They placed a value on the reverter clause of \$1 million. It was transparent and in the minutes from the Real Estate Committee meeting, and they evaluated it. CSOL had not violated the clause. They could just keep using it for law school purposes, which was the original agreement from 2005, and they could continue to keep the property today for law school purposes. They were not in violation, and it was really a good faith negotiation. He said CSOL did not even have to agree to give the City 25% of the proceeds, which he recommended to Council and that they use the money for the City's affordable housing needs. Everyone at that time thought it was a very good idea, and he still thought it was a very good idea. He said he was sorry it had gotten so complicated, but he believed they brought a huge public benefit to the City, and they had been the City's partner in many ways. Yes, the City was trying to help the school to continue the

public benefit that was recognized by Mayor Riley and by Council that having a graduate level institution like a law school in Charleston was a great idea. It was still a great idea. He hated to say it, but he did not want to risk running them off. Mr. Bell had talked about offers they had received from Mount Pleasant and North Charleston with incentives. Mayor Tecklenburg said he was proud to have the Charleston School of Law in Charleston. He thought they should take a little more time to talk to them like they offered to do. He thought if they gave them the notice now, there was no incentive for the school to talk to the City anymore. They would give the City the check for \$865,000. Mr. Bell said he had the money and would be happy to give it to the City, he would sell the property, and the City would receive the 25%. They agreed to that unanimously two years ago.

Chairman White said in the event they had not removed that reverter clause, the property would have come back to the City if it were not used for CSOL. He said he continued to hear from the Mayor and took personal offense that it was Council's responsibility and that they were the ones that eliminated his ability to make effective change by bringing up the idea that he was going to remove the property from the Accommodations Overlay. He said it was not Council's fault that the process the Mayor took the item through was not accurate, and he did not communicate with them. He said it was not their fault, but they were getting blamed.

Councilmember Griffin said he agreed with the Chairman that the process was flawed, asked the Mayor why he did not recuse himself in 2017, and why he did not let Council know that he had personal dealings which they found out about in the media. He said that to him, it was unethical, and he had lost a lot of faith in trusting him because he should have disclosed the information.

Mayor Tecklenburg said he had no financial interest whatsoever in the transaction. He did not represent the law school. He represented them ten years ago, and for 20 years he had been in the oil business selling motor oil to car dealers, trucking companies, and even to Councilmember Griffin's company. He said he had been in a couple of careers and done a lot of business in Charleston, but since he became Mayor, he had hung up his real estate license and had absolutely zero financial interest in the transaction, or he would have disclosed it. Councilmember Griffin asked if someone's family had personal dealings, if it should also be disclosed, and asked if the Mayor's family also had dealings with the transaction. Mayor Tecklenburg said they had not on this transaction.

Councilmember Shahid said if their intent was to keep the law school on the Peninsula, he was concerned they would lose their opportunity. He asked if there was currently a contract between CSOL and a third party buyer. Chairman White affirmed. Councilmember Shahid asked if they knew the details of the contract. Chairman White said there some confidentiality issues, and he would share what he thought he could. There was a contract currently in place to sell the parcel to an organization that was out of Charlotte that developed hotels for \$12.5 million. That was the current contract. There was a contract that was in place at first for the site with a hotel developer that ultimately backed out of the contract because they did not think it was the right place to put a hotel, and they were hotel developers. Legally, they had to recognize that contract if they moved forward and closed. Councilmember Shahid asked if they knew any other particular terms of the contract such as when they had to close and if there were any contingencies. Ms. Herdina suggested that if they wanted to get into those details, they could go into Executive Session where she could share the agreement with them. Chairman White said they went into Executive Session too much. The intent and the interest of the

citizens of Charleston, to the degree they could, needed to be heard by the citizens. He had no intentions of having any discussions whatsoever that were currently in place which would require the Committee to go into Executive Session because as a body, they had to recognize the contract, and if they closed, it was what it was. He was asking the Committee to take a shot at changing what was going to happen. They already knew what happened and had the problem, but the reality was they may have an opportunity to make it a better situation than they currently had. He believed it was the right thing to do for the citizens of Charleston and not defer it and kick the can down the road. When they walked into the Real Estate Committee, there was going to be a hotel on the site. When they came out, they were talking about the CSOL potentially staying there. There was nothing that would make him happier than to have CSOL stay on the site, which is why they were given the property in 2005.

Councilmember Shahid said he appreciated what was happening and the efforts he and the Real Estate Committee had undertaken to do that. He was just concerned that if they passed that motion, it would undo the work they had done so far. The efforts they had taken so far should be carried out to the extent they could to lasso them back into the discussion. If they had a contract to close on the property, and that contract was going to give them some money to pay off their note and their obligations to the City, then the City missed the opportunity. He was trying to avoid missing the opportunity because they wanted to make sure they kept them on the Peninsula.

Councilmember Moody said they probably needed to separate the Real Estate items.

Councilmember Wagner said they had discussed this item. They came with a recommendation to vote it up or down, and somehow they discussed what a great ally they were. What it came down to was they got a really great deal on a piece of property, and now it was trying to change hands for a very large profit. He said they should vote on the deferral, and if it was unsuccessful, they should vote on it and be done with it.

Councilmember Lewis said if they deferred it another two weeks, they would come back to the same thing. There was a motion on the floor from the Real Estate Committee, and he thought they should accept it and move on. Councilmember Moody said they needed to have an amended motion first. Chairman White said he thought they should take the other items minus Item 'e.'

On a motion of Councilmember Moody, seconded by Councilmember Lewis, the Committee on Ways and Means voted unanimously to approve Items a, b, c, d, and h of the Committee on Real Estate Report as presented and recommended giving first reading to the following bills:

*An ordinance to provide for the annexation of property known as Clements Ferry Road (approximately 6.0 acres) (TMS# 275-00-00-004), Cainhoy, Berkeley County, to the City of Charleston, shown within the area annexed upon a map attached hereto and make it part of District 1. The property is owned by Murphy Family Property LLC.*

*An ordinance to provide for the annexation of property known as Clements Ferry Road (approximately 1.0 acre) (TMS# 275-00-00-006), Cainhoy, Berkeley County, to the City of Charleston, shown within the area annexed upon a map attached hereto and make it part of District 1. The property is owned by Jenkins Family Property LLC.*

Councilmember Seekings said when they talked about the zoning on the property two years ago, City Council deferred it to come back two weeks later, and it never came back to Council.

On a motion of Mayor Tecklenburg, seconded by Councilwoman Jackson, the Committee on Ways and Means considered a motion to defer Item e of the Committee on Real Estate report. The motion failed 11 to 2.

The vote was not unanimous. Mayor Tecklenburg and Councilwoman Jackson voted in favor of the motion.

On a motion of Councilmember Moody, seconded by Councilmember Gregorie, the Committee on Ways and Means voted to approve Item e, which was to send notice to the Charleston School of Law that the City would not extend the contract for a third year.

The vote was not unanimous. Mayor Tecklenburg and Councilwoman Jackson voted nay.

There being no further business presented, the Committee on Ways and Means adjourned at 6:07 p.m.

Jennifer Cook

Assistant Clerk of Council