

WAYS AND MEANS COMMITTEE

5:00 p.m., Tuesday, July 16, 2019

Council Chambers

1207 Palm Boulevard, Isle of Palms, South Carolina

AGENDA

1. **Call to Order** and acknowledgement that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.
2. **Approval of Previous Meetings' Minutes**
Regular Meeting – June 18, 2019
3. **Citizens' Comments**
4. **Financial Statements – Treasurer Debbie Suggs**
 - A. Financial Reports
 - B. Projects Worksheets
5. **Old Business – None**
6. **New Business**
 - A. Presentation and discussion of proposed development of 1100 Palm Boulevard
 - B. Consideration of an award of a contract to Trident Construction in the amount of \$395,646.90 for Phase 2 of Public Safety Building rehabilitation project
 - C. Discussion of Tidal Wave Watersports lease
 - D. Report of budgeted expenses between \$10,000 and \$25,000
Replacement of two HVAC units in Lowtide and Hightide Rooms
7. **Miscellaneous Business – None**

Next Meeting Date: 5:00 p.m., Tuesday, August 20, 2019 in Council Chambers
8. **Executive Session – if needed**

Upon returning to open session, the Committee may take action on matters discussed in Executive Session
9. **Adjournment**

Ways and Means Committee
5:00 p.m., Tuesday, June 18, 2019

The regular meeting of the Ways & Means Committee was held at 5:00 p.m., Tuesday, June 18, 2019 in Council Chambers, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bell, Buckhannon, Ferencz, Kinghorn, Moye, and Smith, Chair Ward, Mayor Carroll, Administrator Fragoso, Treasurer Suggs and Clerk Copeland; a quorum of the Committee was present to conduct business. Councilmember Rice was absent.

1. Chair Ward called the meeting to order and acknowledged that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meetings' Minutes

MOTION: Mayor Carroll moved to approve the minutes of the Special Meetings of December 18, 2018 and May 21, 2019 and the regular meeting of May 21, 2019 as submitted; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments – None**

4. **Financial Statements – Treasurer Suggs**

A. Financial Reports

The financial reports for this meeting were for the period ending May 31, 2019, eleven (11) months into the fiscal year. The Treasurer stated that the budgeted decline in fund balances was three point four million dollars (\$3,400,000); this number represents the budgeted amount of revenues and transfers less expenses. The actual number through eleven (11) months is an increase in fund balances of approximately seven hundred fifty thousand dollars (\$750,000), a turnaround of four point two million dollars (\$4,200,000). The change in fund balances is largely attributed to delays in spending for several projects that have been rebudgeted to FY20; these items are the Public Safety Building remediation, Phase III drainage, debt service on the 75 ft. ladder truck, the marina docks rehabilitation, repainting the bulkhead, public safety equipment plus beach expenses totaling three hundred thirty-four thousand dollars (\$334,000). Categories of revenue that are performing very well compared to budget are Business Licenses, Rental Licenses, Building Permits and Parking fees; on the revenue side, the Treasurer forecasts ending the fiscal year eight hundred thirty-nine thousand dollars (\$839,000) higher than budget in the General Fund. Treasurer Suggs stated that the fourth edition of the budget assumes the net positive results will be transferred to the Capital Projects Fund because the City will need that money in the FY20 budget year. On the expenditure side of the General Fund budget, the Treasurer forecasts that the year-end balance will be less than budgeted by four hundred forty-six thousand dollars (\$446,000); these savings will be in Professional Services, Tuition Reimbursements and Wages due to vacancies in City Hall, the Police Department and the Public Works Department.

Included in the meeting packet is a resolution adopted in June 2011 stating that the City “will strive to maintain a yearly fund balance (as of June 30) in the General Fund (operating fund) in which the total fund balance is thirty percent (30%) of the total General Fund expenditures . . .” Treasurer Suggs directed Council's attention to the Cash Balance schedule where the fund balances for FY18 and FY19 are displayed along with the percent of budget that each represents.

The May 31 schedule shows that the City's General Fund cash balance improved by four (4) percentage points over the past year. She reported that ninety-four percent of the City's cash on-hand was invested with the LGIP earning two point four percent (2.4%) interest; the balance was held at BB&T.

Tourism funds were performing as expected. Treasurer Suggs noted that tourism revenues were forecasted with a recurring three percent (3%) annual increase and that it might be optimistic to think that will continue for five (5) years. But the summary graphic on tourism does show that the City has experienced some significant increases in the past five (5) years ignoring FY15 when the Beach Preservation Fee fund was established.

B. Project Worksheets

For Phase II Drainage, the funds remaining to be spent on this project include the project retainage and a small amount of engineering and design fees for a total of approximately two hundred sixty-four thousand dollars (\$264,000); of that total, the City will not spend one hundred sixty-four thousand dollars (\$164,000). She recounted that the original budget for the project anticipated going into the General Drainage Reserve to fund a gap; the balance means that the City will not have to draw as much as anticipated from the drainage reserve to finish the project.

For the underground storage tanks removal and replacement project, eighty-two thousand dollars (\$82,000) remains in the retainage on that contract, and the schedule assumes no recovery under any provisions of the contract with Jones & Frank. Based on this information, the budget has about one hundred two thousand dollars (\$102,000) remaining to spend.

5. Old Business

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Discussion of proposed FY20 Budget

MOTION: Chair Ward moved to delay consideration of the millage increase for Phase III Drainage project until FY21; Mayor Carroll seconded.

After further consideration over the weekend, the Chair realized it was unlikely that the City would get the necessary construction permits for the Phase 3 Drainage; the permitting process could take as much as a year. The "permitting and design processes will continue in FY20 and will not be delayed at all;" over the coming months, the City will see how the increased fees are impacting City revenues to learn whether the millage will need to be adjusted.

Since a millage increase is likely to come, Councilmember Bell suggested that the City begin a campaign to educate citizens about the needs to come and not to pretend that Council will be faced with making that decision for the next budget cycle.

Councilmember Ferencz thanked the Chair for reconsidering the decision on a millage increase, and she recommended that Council look at ways to reduce expenses when preparing the FY21 budget.

The Administrator recalled that the first edition of the budget included the Phase III Drainage project in FY21; both members of Council and the Planning Commission urged staff to begin the permitting process so that the project could move forward sooner rather than later. A delay in the decision about a millage increase will not impact the project's construction.

Administrator Fragoso voiced staff's support for delaying the millage increase decision and indicated that it was a more realistic approach to the project.

The Chair repeated that the residents of the Isle of Palms will not see an increase in their property taxes for this year.

The Administrator reviewed the changes that this delay will have on the FY20 budget as follows:

- Elimination of the debt service millage increase;
- Elimination of the principal and interest payment on debt to be incurred for the project;
- Elimination of \$1,500,000 of Phase III construction costs.

The remaining budgeted funds of two hundred thousand dollars (\$200,000) will be available for final design and permitting for Phase III Drainage.

VOTE: The motion PASSED UNANIMOUSLY.

The Treasurer announced that the FY20 budget up for adoption at the Council meeting will reflect these changes and be the fifth draft.

Chair Ward stated that the Treasurer and Administrator have worked hard on this year's budget and that he appreciated their efforts and hard work.

MOTION: Councilmember Kinghorn moved to adopt the FY20 budget as amended; Councilmember Buckhannon seconded.

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Councilmember Ferencz stated that included in General Government expenditures was fifteen thousand dollars (\$15,000) for a software subscription for a new evaluation tool. She questioned that the City was prepared in this budget cycle to move forward with a new evaluation tool, and she asked about the involvement of department managers in selecting a new evaluation tool. She stated that the City has not spent money on an evaluation tool in the past.

MOTION: Councilmember Ferencz moved to remove \$15,000 from the FY20 budget for an evaluation tool; Chair Ward seconded.

Administrator Fragoso stated that this amount was staff's estimate and a placeholder for a new evaluation program for the City; currently staff was researching programs that were available to determine which would be most suitable to the City's needs. The selected product could be more expensive or less expensive or possibly could be mimicked in-house.

When he first got on Council, Councilmember Moyer was interested in learning about the City's employee evaluation process and tool, and he was "appalled" at the rigor and quality of the City's performance evaluation. He opined that the City was doing a disservice to its leaders and staff with the current process, and the Personnel Committee was solidly behind the need for a new process, but the cost was unknown. He did want funds available in the FY20 budget as a placeholder to acquire the proper tool; if it was not done this year, it would not be in use until January 2021.

According to Councilmember Bell, technology has progressed to the point that companies are no longer buying capital software; he said that software could be rented. He added that numerous

tools were available for every use and were free on the web; therefore, he was not in favor of spending fifteen thousand dollars (\$15,000). For him, the challenge was the way employees were evaluated, not the process of doing it. He stated that the City might be better served spending money to educate department heads on proper evaluations.

Council agreed that the description in the budget for this expenditure should not include the word “software” and it would be eliminated in the final budget.

VOTE: The motion FAILED on a vote of 2 to 6 with Councilmembers Ferencz and Chair Ward supporting the motion.

VOTE to adopt the FY20 Budget: The motion PASSED UNANIMOUSLY.

6. New Business

A. Presentation by McKay Kiddy – Agreed Upon Procedures for Marina Tenants

Chris Kerr, Audit Manager for McKay Kiddy was present to review their findings from “The Agreed Upon Procedures” for the City’s marina tenants, Morgan Creek Grill, Marina Outpost, Tidalwave Watersports and Marina Joint Ventures. Specifically, McKay Kiddy was engaged to review the financial accuracy and internal controls of the businesses noted above to determine if they have sound financial reporting practices. For each entity, they looked at general ledger sales and cost of goods sold; they compared sales transactions to cash register tapes; they compared cash receipts to bank statements, etc. McKay Kiddy’s independent Accountants’ Report was included in the meeting packet and can be found on the City’s website.

For Marina Joint Ventures and Marina Outpost, the auditors found the financial information to be organized, found no discrepancies in the samples tested and found no internal controls deficiencies in their processes. The auditors were told that Mr. Berrigan, marina manager, has retained a CPA who reviews his financial information every month. For Marina Joint Ventures, the auditors obtained a list of sub-tenants that indicated five (5) more sub-tenants than the schedule provided to the City. From the haphazard selection of five (5) sub-tenants, the auditors confirmed that the lease income reported on the general ledger was consistent with the lease agreements.

Morgan Creek Grill also was found to be very organized, and the staff produced all of the information the auditors wanted to see and answered all of their questions. The auditors did note certain deficiencies in internal controls but stated that they did not think the City should be concerned. Chair Ward added that, with a small staff, a segregation of duties was difficult to achieve.

At Tidalwave Watersports, the auditors found that the owner was maintaining the financial and payroll records for the business, and that the financial records for their businesses in Mount Pleasant and the City of Charleston were intermingled making it difficult to know the sources of revenue and the allocation of expenses. Mr. Kerr stated that supporting materials were not available for certain areas of the business. According to Mr. Kerr, they recommended to the owner that Tidalwave should have separate bank accounts for each location. Additionally, no supporting documentation could be provided on the proper allocation of payroll between the IOP and Mount Pleasant businesses; the same can be said about gas purchases. Tidalwave has recently hired an accountant to review their financial records on a regular basis.

The Administrator said that the problem was that the Tidalwave lease requires that they keep true and accurate records of the activities at the leased premises and that the lease does not require them to provide any information to the City about their other businesses. Since they have refused to provide information on their other businesses, the only avenue open to the City to obtain it would be to pursue it through legal means.

According to the Administrator, she has spoken to the owner and explained that this was the least the City expected going forward.

B. Consideration of FY19 merit increases

The PowerPoint presentation made at the meeting is attached to the historical record of the meeting.

The Administrator began with a reminder that the FY19 budget was built with a two percent (2%) cost of living adjustment (COLA) and a two point five percent (2.5%) merit pool; the COLA was approved by Council and paid out earlier in the year. Council has since decided to eliminate the COLA going forward and to maintain a two point five percent (2.5%) merit pool that would be based on a performance evaluation. She recalled that, in the past, merit increases were based on performance and were paid without regard to where a person was positioned in the pay range.

Based on budget discussions regarding the percentage of budget directly attributable to payroll, the consensus has been that that this expense must be reduced and the unsustainable growth of payroll expenses must be curtailed. The presentation will establish a more sustainable growth in wages and introduce an additional factor to the increases that would be paid and that factor is where an employee's wage fits into the pay scale for the position.

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The program being presented creates a standardized scale for wage increases so that persons from the same or different departments who receive the same evaluation score will receive the same percentage increase. The wage ranges the City uses currently are adopted from the Archer compensation study done in 2008; every year, the ranges are adjusted upward by the CPI. Every job position has a salary range with low, median and high wage amounts; the difference between these levels was approximately twenty to twenty-five percent (20% - 25%).

The merit proposal also focuses on the mid-point of the wage range for each position or position category, for instance, firefighter, CDL driver or patrol officer. High-achieving employees who are at the lower end in the wage range would receive an additional boost to the merit increase allowing them to reach the mid-point of their pay range in a reasonable amount of time. The scale proposed follows:

<u>Evaluation Score</u>	<u>%age increase</u>
4.5 to 5.00	2.50%
4.0 to 4.49	2.00%
3.5 to 3.99	1.75%
3.0 to 3.49	1.50%
Below 3.00	no merit increase

The Administrator reported that approximately seventy percent (70%) of the City's employees are at or below the mid-point in their pay range.

For Councilmember Smith, Administrator Fragoso offered the meaning of the evaluation scores:

Below 3	Seldom meets expectations
3	Meets expectations
4	Meets expectations and occasionally exceeds expectations
5	Always meets or exceeds expectations

In the past, department managers were allowed to create the department's salary ranges for merit increases. By adopting this proposal, the evaluation tool has more credibility and the wage ranges would be consistently applied.

Councilmember Bell praised the work done to produce this program and noted that an evaluation score of 5 was rarely given; no one was perfect all the time.

Councilmember Moyer opined that the new program would represent a big step forward from where the City has been relative to merit increases; he thought this was the right step at the right time to manage change and cultural change particularly and to get the City moving in the right direction.

For employees above the mid-point, the process for merit increases would follow the process below:

<u>Position to mid-point</u>	<u>Merit increase</u>
Less than or equal to 10% above	reduced by 25%
More than or equal to 11-20% above	reduced by 50%
At maximum of range or more than 21% above mid-point	no merit increase

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When asked if staff had reached out to other municipalities, she reported that, although not as sophisticated, other local governments were changing the way they awarded merit pay increases in a similar manner, using mid-points analysis in the way increases were applied.

The Administrator commented that the savings in wages could be used to target the high-performing employees who receive an evaluation score of 4+ and who are less than or equal to ten percent (10%) over the minimum end of their wage range.

Reviewing the schedules on the page entitled "City of Isle of Palms Midpoint Adjustments to January 2019 Merit Pay", she noted that seventy three (73) employees received evaluations for 2018; eleven (11) employees were in their probationary period and not eligible for a 2018 evaluation and some employees have resigned.

Councilmember Bell asked to see how the total employee population scored on the evaluations to determine if there was a reasonable distribution curve.

The Administrator stated that City employees need a cultural shift in the way in the way evaluation tools were used and applied.

Councilmember Kinghorn asked whether the Administrator had vetted this proposal through the department managers, if they had provided input on it and if they supported the program as presented.

Administrator Fragoso replied that the need for change to the evaluation process, the payment of increases in a way to benefit the lower paid employees and a reduction in merit increases to the higher paid employees were discussed multiple times in department managers meetings. They discussed that they needed to follow City Council's directions to reduce the percentage of payroll expenses to the total General Fund budget. In general, she believed the department managers understood and agreed with the program, but concern was expressed about how it would disproportionately impact long-term employees. She also responded to Councilmember Kinghorn that she reviewed each evaluation and made the final decision about them. She stated that she would be looking for an evaluation tool that would provide for goals to be established and an explanation of the deliverables making it easier for the employee to see how well he/she was reaching that goal. She indicated that she would meet with employees two (2) or more times each year to review the goal(s) and look at progress toward achieving it.

The Administrator commented that Council could use the saving projected at twenty-two thousand six hundred twenty-seven dollars (\$22,627) to increase the merit increase percentages on the City-wide scale by possibly half a percentage point resulting in the lowest merit of two percent (2%) and the highest three percent (3%). Although merit increases have happened automatically in the past, with the change to a standardized merit scale, she would prefer that Council make its decision known through a motion.

MOTION: Councilmember Ward moved to approve the change in the merit pay process as described; Councilmember Kinghorn seconded.

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Councilmember Bell suggested holding the savings as discretionary, prescriptive money to be used to fix problems; he commented that trying to find money to solve a problem was always more difficult than having money set aside for the specific purpose.

Treasurer Suggs noted that remaining funds were used to give wage increases to employees after they successfully complete their probationary period.

Councilmember Smith asked what argument the Administrator would make for increasing the merit percentages for 2018; she reiterated her concern that the City remain competitive with the surrounding communities.

Although she was not advocating an increase to the merit percentages, the Administrator said that a key reason to do it was to insure the City's competitiveness. She stated that the wages need to be closely monitored and evaluated over time to avoid salary compression. She indicated that tonight's proposal would be tested for 2018 and the Personnel Committee might want to make changes for next year's evaluations assuming a new tool was used. She also pointed that this was a significant decrease to what has been done in the past and was less than the average merit increase available to employees in other municipalities.

Councilmember Moye stated that the merit increase was not about staying competitive, but the City's wage ranges need to be competitive. He commented that the 2008 study that recommended an increase to the salary ranges based on the CPI might not be accurate today, and the Personnel Committee has discussed the need for a more up-to-date compensation study. On the subject of the savings, he reminded Council that the City was functioning understaffed by

twenty (20) people. In addition, he stated that just because funds were budgeted did not mean they must be spent, that many municipalities did not pay both a COLA and merit and that some pay neither.

Administrator Fragoso opined that Council needs to have a separate discussion about the confidence it has in the City's existing salary ranges which would involve hiring professionals to perform another compensation study. But, before spending any money, she recommended reviewing the compensation study that was currently underway at Folly Beach since the City was looking at the same market. She confirmed the need for Council and staff to be confident in the salary ranges being competitive and meeting market.

When Councilmember Ferencz asked the Administrator if she was confident of the consistency in the evaluations from department to department, she responded that she trusts her department managers. She pointed out that the department managers have been doing evaluations for a long time and were very fair.

VOTE: The motion PASSED UNANIMOUSLY.

7. Miscellaneous Business – none

Next Meeting Date: 5:00 p.m., Tuesday, July 16, 2019 in Council Chambers

8. Executive Session – not needed

9. Adjournment

MOTION: Councilmember Bell moved to adjourn the meeting at 6:24 p.m.; Councilmember Moye second and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk

City of Isle of Palms

Financial Statement Summary as of June 30, 2019

PRELIMINARY AND UNAUDITED

(Dollars in Thousands)

	REVENUES						TRANSFERS IN / (OUT)						EXPENDITURES						YTD Actual Net Revenues & Transfers Less Expenses	6/30/19 Forecasted Revenues & Transfers Less Expenses	Budgeted Revenues & Transfers Less Expenses
	YTD Actual	Annual Budget	Remaining to Collect	YTD Actual as a % of Budget	Current Annual Forecast	Forecast Above or (Below) Budget	YTD Actual	Annual Budget	Remaining to Transfer	YTD Actual as a % of Budget	Current Annual Forecast	Forecast Above or (Below) Budget	YTD Actual	Annual Budget	Remaining to Spend	YTD Actual as a % of Budget	Current Annual Forecast	Forecast Above or (Below) Budget			
General	\$ 10,871	\$ 10,205	\$ (666)	107%	\$11,399	\$ 1,194	\$ 1,040	\$ 1,139	\$ (99)	91%	\$ (849)	\$ (1,988)	\$ 10,402	\$ 11,344	\$ 942	92%	\$10,551	\$ (793)	\$ 1,509	\$ -	\$ -
Capital Projects	1,006	1,403	397	72%	1,006	(397)	167	218	(51)	0%	2,155	1,937	1,811	4,168	2,357	43%	2,100	(2,068)	(638)	1,061	(2,547)
Muni Accom Tax	1,302	1,529	227	85%	1,589	60	(602)	(662)	60	91%	(662)	-	992	1,635	643	61%	1,042	(593)	(292)	(115)	(768)
Hospitality Tax	730	778	48	94%	804	26	(462)	(531)	69	87%	(480)	51	351	520	169	68%	401	(119)	(83)	(77)	(273)
State Accom Tax	1,283	1,769	486	73%	1,839	70	(577)	(589)	12	98%	(589)	-	1,110	1,783	673	62%	1,320	(463)	(404)	(70)	(603)
Beach Funds	904	1,020	116	89%	1,067	47	-	-	-	-	-	-	95	465	370	20%	131	(334)	809	936	555
Marina	379	497	118	76%	435	(62)	418	436	(18)	96%	436	-	323	768	445	42%	500	(268)	474	371	165
Disaster Recovery	120	25	(95)	480%	120	95	-	-	-	-	-	-	26	5	(21)	520%	30	25	94	90	20
All Other	169	174	6	97%	170	(4)	16	(11)	27	-145%	(11)	-	199	165	(34)	121%	210	45	(15)	(51)	(2)
Total All Funds	\$ 16,764	\$ 17,400	\$ 637	96%	\$18,429	\$ 1,029	\$ (0)	\$ -	\$ (0)	318%	\$ -	\$ -	\$ 15,309	\$ 20,853	\$ 5,544	73%	\$16,285	\$ (4,568)	\$ 1,454	\$ 2,145	\$ (3,453)

General Fund YTD Revenues							
	FY19 YTD Actual	FY19 Budget	% of FY19 Budget	FY18 Audited	% of Prior YTD	Updated Annual Forecast	Forecast Above/ (Below) Budget
Prop Tax	\$ 4,390	\$ 4,355	101%	\$ 4,340	101%	\$ 4,410	55
LO Sales Tax	562	750	75%	772	73%	780	30
Business Lic	1,677	1,215	138%	1,413	119%	1,677	462
Rental Lic	527	476	111%	511	103%	527	51
Other Lic (Insurance/Utilities)	1,213	1,511	80%	1,516	80%	1,448	(63)
Build Pmts	681	301	226%	341	200%	681	380
From State	209	261	80%	259	81%	264	3
Parking	917	778	118%	676	136%	917	139
All Other	695	558	125%	696	100%	695	137
Total	\$ 10,871	\$ 10,205	107%	\$10,524	103%	\$11,399	\$ 1,194

General Fund YTD Expenditures (YTD target = 100%)							
	FY19 YTD Actual	FY19 Budget	% of FY19 Budget	FY18 Audited	% of Prior YTD	Current Annual Forecast	Forecast (Above)/ Below Budget
Mayor/Council	\$ 129	\$ 133	97%	\$ 126	102%	\$ 133	\$ -
General Govt	1,611	1,799	90%	1,387	116%	1,631	168
Police	2,431	2,771	88%	2,328	104%	2,461	310
Fire	3,293	3,346	98%	2,886	114%	3,323	23
Public Works	1,262	1,421	89%	1,151	110%	1,282	139
Build & Lic	387	420	92%	349	111%	397	23
Recreation	980	1,057	93%	849	115%	1,000	57
Judicial	202	260	78%	225	90%	212	48
BSOs	107	137	78%	69	155%	112	25
Total	\$ 10,402	\$ 11,344	92%	\$ 9,370	111%	\$10,551	\$ 793

FY19 General Fund Expense Budget is 4% higher than FY18 Budget

City of Isle of Palms Supplemental Financial Information as of June 30, 2019 *(Dollars in Thousands)*

Cash Balances		
	6/30/2019	6/30/2018
General Fund	5,117	3,800
<i>As a % of GF Exp</i>	45%	35%
Capital Projects	4,313	3,376
Disaster Recovery	2,487	2,049
Marina	595	749
Tourism Funds	3,813	4,007
Beach Restoration	-	155
Beach Preservation	2,348	1,005
Other Restricted	254	260
Total All Cash	18,927	15,401
Deposits at LGIP (2.3042%)	16,939	89%
Deposits at BBT	1,988	11%

Fund Balances				
Fund	6/30/2018 Audited Fund Balance (Note 1)	FY19 YTD Actual Net Revenues & Transfers Less Expenses	6/30/2019 Actual Fund Balance (PRELIM)	6/30/19 Forecasted Fund Balance
General Fund	\$ 3,205	\$ 1,509	4,714	\$ 3,204
Capital Projects	4,929	(638)	4,291	5,990
Muni Accom Tax	1,717	(292)	1,425	1,602
Hospitality Tax	1,080	(83)	997	1,003
State Accom Tax	1,800	(404)	1,396	1,730
Beach Funds	1,538	809	2,347	2,474
Marina (See Note 1)	526	474	1,000	897
Disaster Recovery	2,382	94	2,476	2,472
All Other	265	(15)	250	214
Total All Funds	\$ 17,442	\$ 1,454	\$ 18,896	\$ 19,586

Note 1: The comparable amount for the Marina Enterprise Fund is not Fund Balance, but Net Position. To be consistent with the presentation of the other funds, the amount included here for the Marina is the Unrestricted Net Position, which does not include \$5,574,000 of fixed assets.

June Notes:

The City continued to experience positive financial results in June. While significant revenues and some expenses are still to be accrued, the current forecast predicts the the General Fund to end the year approx \$1.9M to the good as compared to budget. Transfers-in to the General Fund from the Tourism Funds, primarily to cover Public Safety and Public Works personnel costs, have been booked according to the budget. The forecast assumes all the potential General Fund gain is rolled into the Capital Projects Fund at year end, but the final decision will be made by City Council once the audit is complete. The largest contributors to the positive net result are:

REVENUES: Business Licenses (\$462K over budget), Building Permits (\$380K over budget), and Parking Fees (\$139K over budget)

EXPENDITURES: Vacancies in City Hall, Police & Public Works account for savings of approximately \$470K. Other savings in Prof Svcs (\$124K under budget), Utilities (67K under budget) and Training/Tuition Reimb (\$54K under budget)

* Total City Fund Balances are anticipated to end the year \$2.1M higher than the 6/30/18 fund balances. This is approx \$5M million better than anticipated due to the General Fund gain discussed above, \$393K in unbudgeted grants from Charleston County related to Drainage Phase 2 and the impact of **delays** in spending for several expenditures that have been **rebudgeted** as part of larger FY20 or FY21 projects; primarily Public Safety Building repairs (\$900K), drainage (\$400K), debt service on 75' Ladder Truck (\$100K), Public Safety equipment (\$350K), beach expenses (\$390K) and Marina bulkhead & dock improvements (\$250K). **These savings primarily relate to timing differences only.**

City of Isle of Palms
Phase II Drainage - 45th - 52nd Avenue

G/L Account: 204640.5084

PROJECT COST:

Design & Engineering Contract - Phase II - 45th to 52nd Avenues
 First Contract Amendment (bid package, easements, permitting, technical support during construction, etc)
 Low Bid Received with 15% Contingency, less change orders
 Change Order #1 - field adjustment to relocate water pipe- marina line from bulkhead to pond
 Change Order #2 - addition of storm drain component for resolution of conflict with existing power line
 Change Order #3 - field adjustment to relocate drainage line away from electrical line near Wild Dunes main gate
 Change Order #4 - raise drainage pipe invert to clear power line, replace check valve with a flap gate
 Change Order #5 - additional survey and location work
 Change Order #6 - depth adjustments to lines along Palm, 46th, 49th, 51st and 52nd
 Change Order #7 - time extension only, no cost
 Change Order #8 - lake 1 outfall box and hedges on 52nd Ave
 Change Order #9 - depth admustments on line connecting ponds adjacent to Morgan Place Drive

SUBTOTAL ESTIMATED COST:

Phase II Drainage Project 45th-52nd Ave			
Engineering & Design	Construction	Reimbursables & Contingency	Total
169,000			169,000
30,000			30,000
	2,381,000	357,150	2,738,150
	29,997	(29,997)	-
	1,922	(1,922)	-
	9,074	(9,074)	-
	9,926	(9,926)	-
	51,450	(51,450)	-
	69,739	(69,739)	-
	-	-	-
	8,151	(8,151)	-
	13,137	(13,137)	-
199,000	2,574,395	163,755	2,937,150

PROJECT EXPENDITURES:

Inv. Date	Check #	Vendor	Description of Work
3/26/12	2809	CSE	Phase II engineering, layout & routing
4/9/12	2818	Eadie's Construction	45th - 52nd Ave, TB inspection
4/25/12	2820	CSE	Phase II engineering, drawings
5/25/12	2826	CSE	Phase II engineering, drawings
6/25/12	2837	CSE	engineering, wetlands survey
7/25/12	2845	CSE	engineering, survey, wetlands & drawings
8/27/12	2854	CSE	survey, drawings and postage
9/25/12	2867	CSE	engineering and drawings
10/25/12	2872	CSE	engineering and surveys
11/26/12	2874	CSE	engineering, surveys, & wetlands
1/16/13	2881	CSE	engineering, drawings & wetlands
2/7/13	2887	CSE	engineering, drawings & wetlands
2/25/13	2891	CSE	engineering, survey & drawings
5/28/13	2914	CSE	engineering
6/25/13	2920	CSE	engineering
9/25/13	2932	CSE	engineering services
10/25/13	2935	CSE	engineering services
11/25/14	2980	CSE	engineering services

900	5	905
	1,950	1,950
8,300	8	8,308
13,875		13,875
14,000		14,000
12,638	29	12,666
8,900	60	8,960
8,500	31	8,531
14,500		14,500
13,500		13,500
12,720	27	12,747
15,462	62	15,524
4,527	2	4,529
4,000		4,000
2,000		2,000
-	314	314
900	18	918
5,280	30	5,310

City of Isle of Palms
Phase II Drainage - 45th - 52nd Avenue

G/L Account: 204640.5084

PROJECT COST:

3/10/15	2990	Halversen & Associates	legal expenses related to easements
5/31/15	3002	Halversen & Associates	legal expenses related to easements
6/30/15	3012	Halversen & Associates	legal expenses related to easements
12/28/15	3045	CSE	eng svcs, meeting with HOA
12/29/15	3046	Halversen & Associates	Drainage related legal fees Nov & Dec 2015
1/31/16	3058	Halversen & Associates	Drainage related legal fees Jan 2016
2/21/16	3068	Halversen & Associates	Drainage related legal fees Golf Cart Easement
3/1/16	3076	Halversen & Associates	Drainage related legal fees Golf Cart Easement
5/16/16	3090	Halversen & Associates	Legal fees, WDYH meeting, golf cart/IOPWSC easements
5/25/16	3089	CSE	eng svcs, site meeting WDYH easement
6/27/16	3096	CSE	revised drawing exhibits
6/28/16	3101	Halversen & Associates	Drainage related legal fees for June 2016
1/25/17	3130	CSE	Eng svcs, Phase II drainage
4/25/17	3158	CSE	Drainage Phase II permit, drawings for bid package
5/25/17	3179	CSE	Bid package preparation
6/26/17	3177	CSE	Finalize bid package and advertisement
7/25/17	3183	CSE	Bid opening, review of tabulation
9/1/17	3194	CSE	Met with IOPWSC, prepare grant info
9/25/17	47982	CSE	preconstruction meeting
10/25/17	50205	CSE	property owners meeting, sketch flap gate
11/2/17	50195	IPW	construction pay app #1
11/27/17	50366	CSE	project management
12/22/17	50458	IPW Construction Group	construction pay app #2
12/27/17	50616	CSE	professional services & project mgt
2/5/18	50785	IPW Construction Group	construction pay app #3
2/26/18	50891	CSE	professional services & project mgt
2/28/18	50946	IPW	construction pay app #4
3/26/18	51084	CSE	professional services & project mgt
4/2/18	51223	IPW	construction pay app #5
4/25/18	51307	CSE	professional services & project mgt
5/8/18	51480	IPW	construction pay app #6
5/25/18	51592	CSE	professional services & project mgt
5/29/18	51876	IPW	construction pay app #7
6/25/18	51871	CSE	professional services & project mgt
6/28/18	51940	IPW	construction pay app #8

Phase II Drainage Project 45th-52nd Ave			
Engineering & Design	Construction	Reimbursables & Contingency	Total
		1,705	1,705
		1,641	1,641
		12	12
180			180
		281	281
		540	540
		206	206
		96	96
		900	900
400			400
300			300
		108	108
1,450		90	1,540
600			600
12,590			12,590
4,600		87	4,687
2,750		87	2,837
800		492	1,292
1,000		54	1,054
450		74	524
	214,032		214,032
2,600		28	2,628
	113,388		113,388
850			850
	90,001		90,001
2,100			2,100
	83,772		83,772
3,500		6	3,506
	145,934		145,934
3,000			3,000
	213,316		213,316
750			750
	241,100		241,100
4,700			4,700
	97,479		97,479

City of Isle of Palms
Phase II Drainage - 45th - 52nd Avenue

G/L Account: 204640.5084

PROJECT COST:

7/30/18	52248	IPW	construction pay app #9
8/1/18	52308	CSE	professional services & project mgt
8/27/18	52397	CSE	professional services & project mgt - change orders/Palm revisions
8/28/18	52404	IPW	construction pay app #10
10/3/18	52635	IPW	construction pay app #11
10/17/18	52627	CSE	professional services & project mgt
11/8/18	52826	CSE	professional services & project mgt
11/9/18	52874	IPW	construction pay app #12
11/26/18	53073	CSE	professional services & project mgt
11/29/18	53207	IPW	construction pay app #13
1/1/19	53320	IPW	construction pay app #14
1/24/19	53471	IPW	construction pay app #15
1/25/19	53462	CSE	site visit
2/25/19	53639	CSE	professional services & project mgt
2/26/19	53864	IPW	construction pay app #16
3/25/19	53915	CSE	professional services & project mgt
4/25/19		CSE	pfessional services & project mgt
6/30/17	various	Halversen & Associates	legal expense related to project, FY17
6/30/18	various	Halversen & Associates	legal expense related to project, FY18
6/30/19	various	Hinchey Murray & Pagliarini (J Copeland)	legal expense related to project, FY19

Phase II Drainage Project 45th-52nd Ave			
Engineering & Design	Construction	Reimbursables & Contingency	Total
	71,716		71,716
4,700			4,700
2,350		11	2,361
	96,674		96,674
	146,643		146,643
500			500
1,300			1,300
	228,403		228,403
1,050		-	1,050
	163,925		163,925
	118,020		118,020
	179,696		179,696
300			300
1,000			1,000
	89,648		89,648
2,300			2,300
1,400			1,400
		2,752	2,752
		5,061	5,061
		72	72
SUBTOTAL SPENDING:			
197,522	2,293,747	16,836	2,508,105
REMAINING TO SPEND:			
1,479	280,648	146,919	429,045

City of Isle of Palms
Replace (6) Underground Fuel Storage Tanks & PWks Fuel Canopy
IOP Public Works (2) and IOP Marina (4)

Contracts and Change Orders Received:

Summit Engineering	Technical assistance & contract admin
Jones & Frank	Construction
Jones & Frank Change Order	Hose reels for dock fuel dispensers
Legal & Miscellaneous expense estimate	

Project Expenditures:

Invoice Date	Payee	Description of Work
3/1/2018	Summit Engineering Lab	testing related to removal of UST tanks
7/25/2018	Jones & Frank	Pay App #1 tanks and installation - Pub Wks site
8/31/2018	Summit Engineering Lab	project oversight, mileage
8/31/2018	Jones & Frank	Pay App #2 - Pub Works Site
9/30/2018	Jones & Frank	Pay App #3
10/26/2018	Jones & Frank	config & startup of fuel mgt sys after PWKS repl
10/31/2018	Jones & Frank	Pay App #4
1/1/2019	Summit Engineering Lab	project oversight, mileage
2/1/2019	Jones & Frank	Fuel removal & disposal from Public Works site
2/6/2019	Jones & Frank	Pay App #5 - Marina site
3/1/2019	Jones & Frank	Pay App #6 - Marina site
4/1/2019	Jones & Frank	Pay App #7 - Marina site
5/1/2019	Jones & Frank	Pay App #8 - Marina site (\$82,176 retainage remaining)
		Total paid
		Remaining on contracts

FY19 Budget for Public Works UST Replacmnt	280,000
FY19 Budget for Public Works Fuel Canopy	30,000
FY19 Budget for Marina UST Replacement	620,000
Contracts/Change Orders	(859,249)
Budget Funds Remaining	70,751

Construction Admin	Construction	Legal & Misc	Total
21,737			21,737
	809,592	-	809,592
	12,920	-	12,920
		15,000	15,000
21,737	822,512	15,000	859,249
		4,240	4,240
	127,026		127,026
4,204			4,204
	57,746		57,746
	43,290		43,290
		1,500	1,500
	14,815		14,815
		1,790	1,790
		4,620	4,620
	166,832		166,832
	147,684		147,684
	143,794		143,794
	38,398		38,398
4,204	739,586	12,150	755,940
17,533	82,926	2,850	103,309

City of Isle of Palms Drainage Phase 3

Contracts and Change Orders Received:

Thomas & Hutton	Surveying, Engineering & Design
Thomas & Hutton	Change Order #1 for Project Admin & Meetings

Project Expenditures:

Invoice Date	Payee	Description of Work
3/1/2019	Thomas & Hutton Engineering	engineering services
5/1/2019	Thomas & Hutton Engineering	engineering services
5/9/2019	Thomas & Hutton Engineering	engineering services
5/21/2019	Thomas & Hutton Engineering	engineering services
		Total paid
		Remaining on contracts

FY19 Budget for design & engineering	400,000
Less Unspent FY19 Budget	(332,493)
FY20 Budget for remainder of design, engineering & permitting	200,000
Contracts/Change Orders	(113,800)
Budget Funds Remaining	153,707

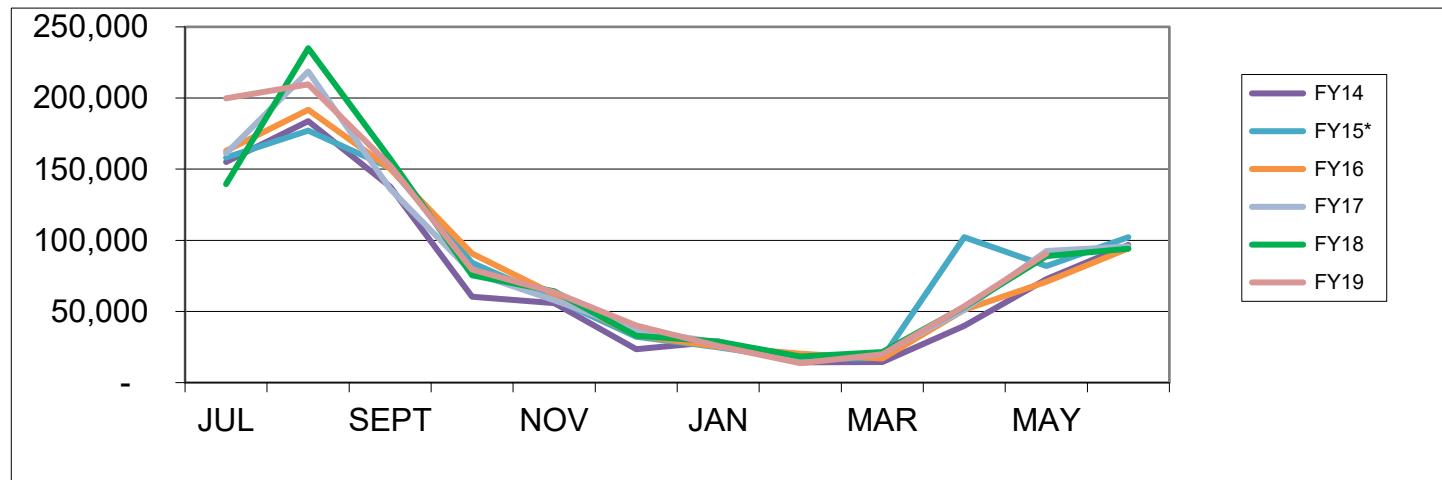
Engineering & Design	Project Admin	Construction	Legal & Misc	Total
100,800				100,800
	13,000		-	13,000
			-	-
			-	-
100,800	13,000	-	-	113,800

2,174	1,680			3,854
27,588	1,120			28,708
22,765				22,765
11,060	1,120			12,180
				-
				-
				-
				-
				-
63,587	3,920	-	-	67,507
37,213	9,080	-	-	46,293

NOTE: This schedule does not include Tabby Lane Outfall Improvement Project or the \$500,000 small high impact drainage improvements. These will be added when spending commences.

City of Isle of Palms Municipal Accommodations Fee Collections

	FY14	FY15*	FY16	FY17	FY18	FY19
JUL	154,960	158,217	162,862	161,068	139,501	199,724
AUG	183,738	177,087	191,759	218,620	235,007	209,600
SEPT	137,686	151,064	150,212	136,141	157,274	152,535
OCT	60,449	84,113	90,691	77,500	75,353	79,534
NOV	55,789	58,716	61,918	57,777	64,256	63,444
DEC	23,420	32,277	33,233	36,937	32,877	40,182
JAN	28,793	24,860	25,309	28,217	28,859	25,836
FEB	14,273	16,123	20,313	15,332	18,317	13,666
MAR	14,492	17,406	16,918	20,485	21,562	19,983
APR	39,874	102,242	51,082	51,166	53,213	53,685
MAY	72,805	81,994	70,954	92,529	88,875	90,800
JUNE	96,749	102,138	94,270	95,768	94,112	
Deduct last July	(154,960)	(158,217)	(162,862)	(161,068)	(139,501)	(199,724)
Add next July	158,217	162,862	161,068	139,501	199,724	
Total Fiscal Year	886,286	1,010,881	967,728	969,974	1,069,429	749,266
	Incr from FY13 9%	Incr from FY14 14%	Incr from FY15 -4%	Incr from FY16 0%	Incr from FY16 10%	Incr from FY18 4%



* April 2015 includes \$52,496 one-time revenue related to settlement from online travel companies.

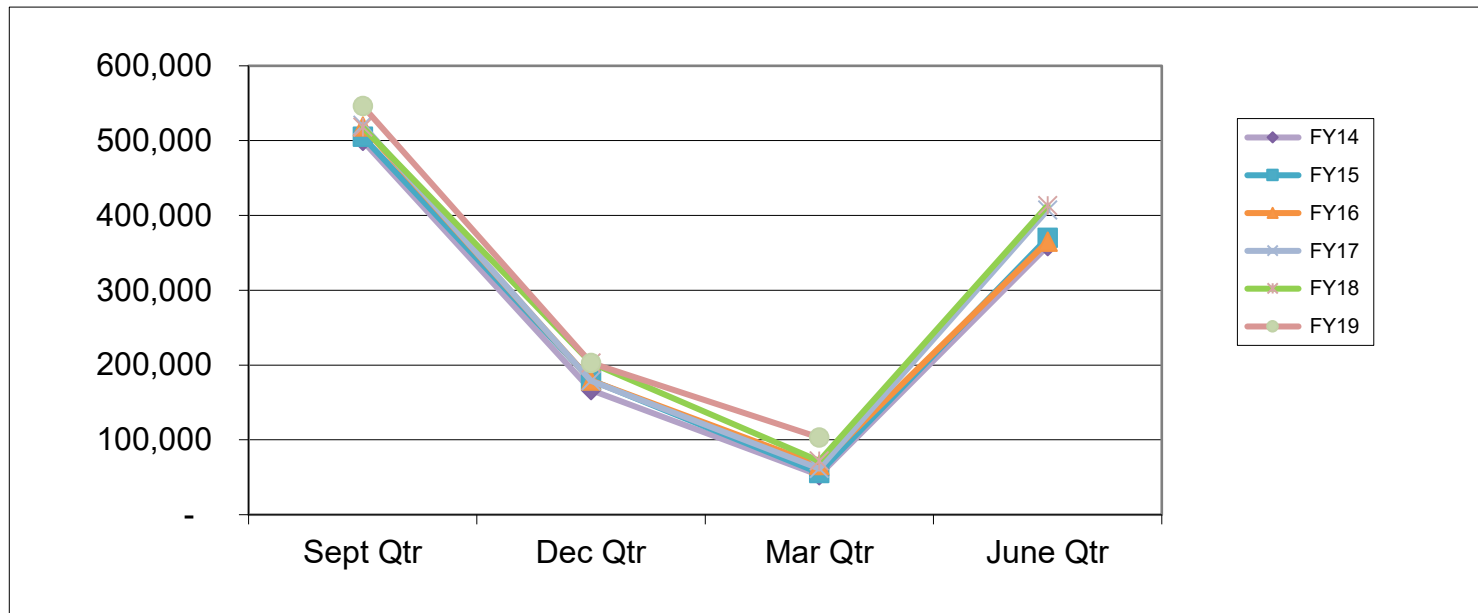
City of Isle of Palms State Accommodations Tax Collections

Tourism-Related Portion Only

	FY14	FY15	FY16	FY17	FY18	FY19
Sept Qtr	499,676	505,199	518,796	520,784	518,028	546,269
Dec Qtr	166,673	179,923	179,446	178,830	202,803	203,067
Mar Qtr	52,817	55,913	66,294	61,586	71,773	103,097
June Qtr	359,094	369,976	364,938	407,460	413,234	
Total Fiscal Yr	1,078,259	1,111,010	1,129,474	1,168,660	1,205,838	852,434

Check to G/L

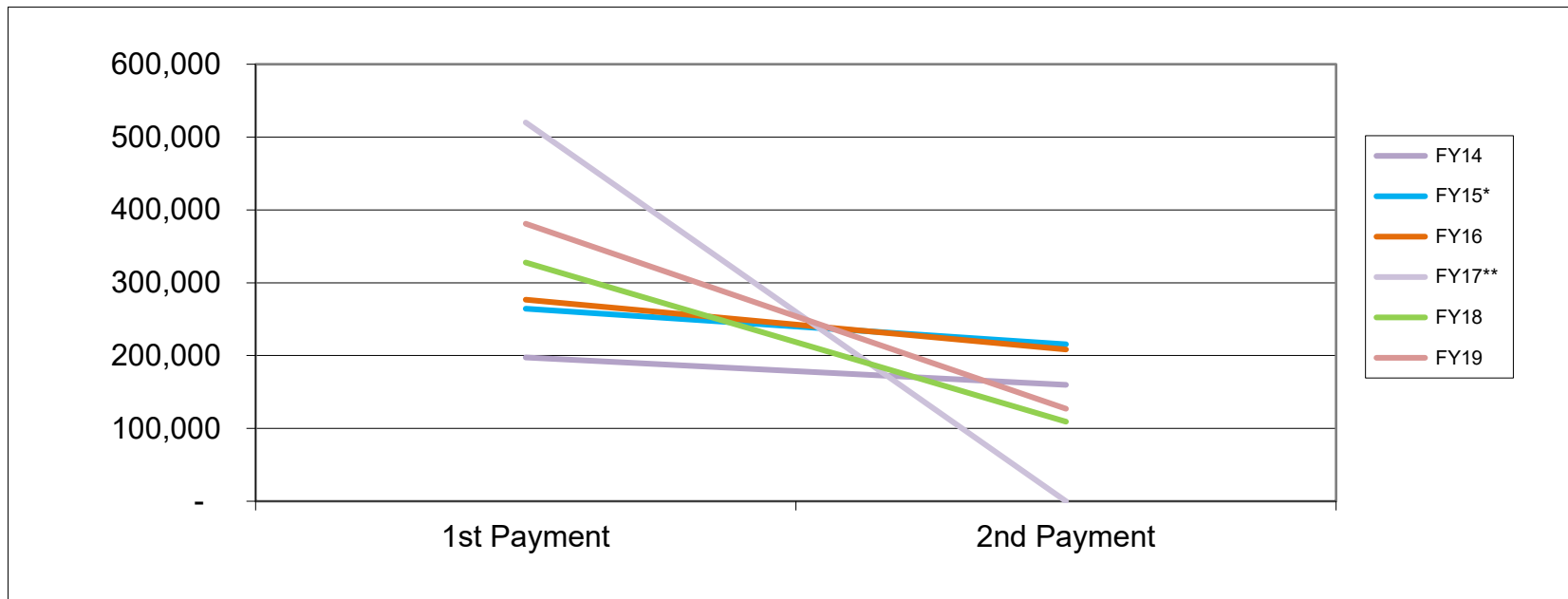
13.6% Incr from FY13	3.0% Incr from FY14	1.7% Incr from FY15	3.5% Incr from FY16	3.2% Incr from FY17	7.5% Incr from FY18
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City of Isle of Palms Revenue From Charleston County Accommodations Tax Pass-Through

	FY14	FY15*	FY16	FY17**	FY18	FY19
1st Payment	197,400	264,335	276,704	520,000	327,750	381,000
2nd Payment	159,791	215,479	208,390	-	109,250	127,000
Total Fiscal Yr	357,191	479,813	485,093	520,000	437,000	508,000

9% Incr from FY13	34% Incr from FY14	1% Incr from FY15	7% Incr from FY16	-16% Incr from FY17	16% Incr from FY18
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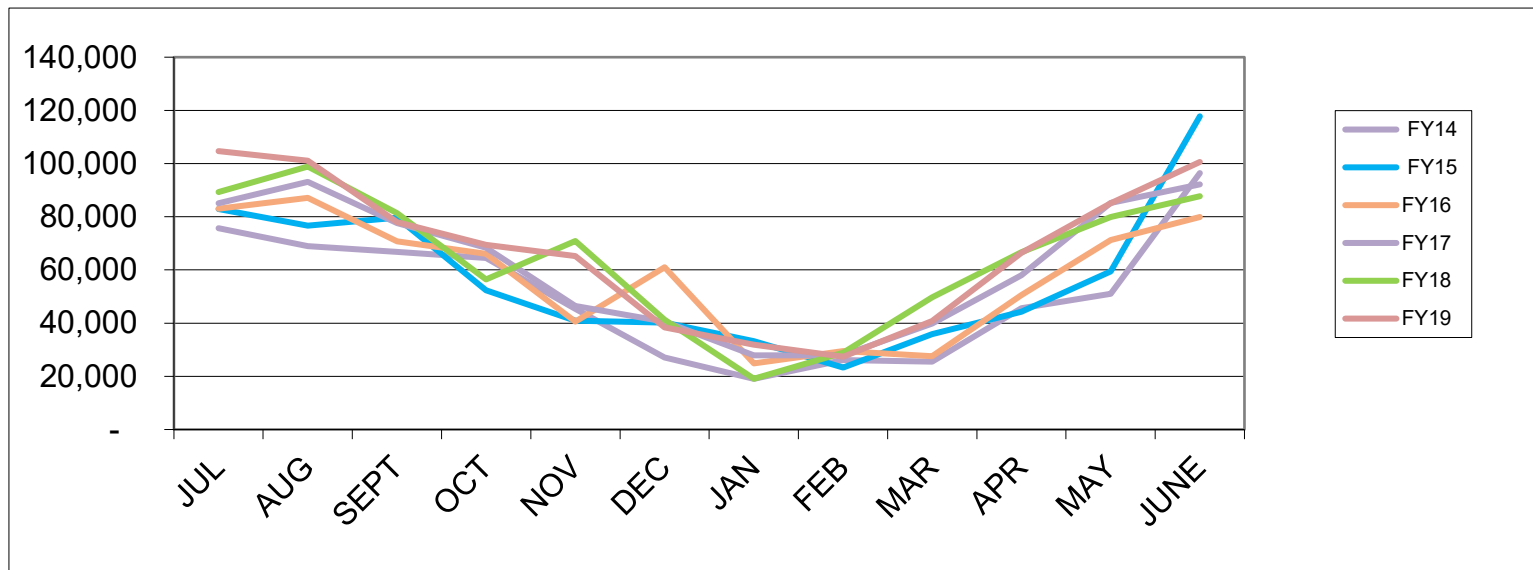


* Beginning in FY15, Charleston County increased its pass-through % from 20% to 25% of County Atax collected on the Isle of Palms.

** Only one payment received for all of FY17. County personnel indicate there will be a smaller 2nd payment in FY18.

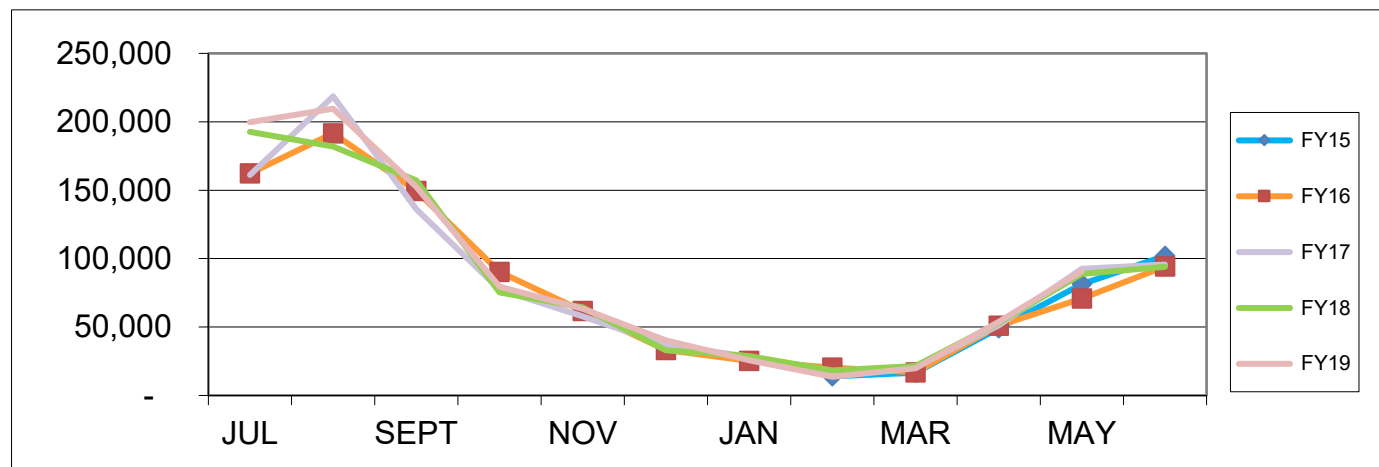
City of Isle of Palms Hospitality Tax Collections

	FY14		FY15		FY16		FY17		FY18		FY19	
	Taxes Paid	# of Payers	Taxes Paid	# of Payers	Taxes Paid	# of Payers	Taxes Paid	# of Payers	Taxes Paid	# of Payers	Taxes Paid	# of Payers
JUL	75,718	28	82,898	28	83,038	31	85,051	29	89,309	27	104,681	30
AUG	68,958	25	76,606	29	87,110	29	93,123	27	98,883	27	101,031	34
SEPT	66,779	26	79,619	32	70,725	32	77,619	29	81,373	34	78,014	29
OCT	64,513	25	52,308	33	66,113	34	68,348	27	56,439	31	69,394	29
NOV	45,325	25	40,949	26	40,576	12	46,488	24	70,905	34	65,210	28
DEC	27,092	25	40,157	22	61,052	30	40,557	26	41,260	25	38,440	29
JAN	19,057	26	33,166	31	24,864	26	27,883	26	19,085	23	31,905	28
FEB	26,164	21	23,297	25	29,443	21	27,947	22	28,826	24	27,373	28
MAR	25,564	21	35,894	26	27,586		39,785	26	49,744	26	40,741	28
APR	45,637	24	44,335	26	50,531	25	57,961	28	66,633	28	66,425	33
MAY	50,987	28	59,407	28	71,297	32	85,246	29	79,870	27	85,134	
JUNE	96,425	29	117,761	33	79,858	30	92,137	29	87,753	28	100,621	
Deduct last July	(75,718)		(82,898)		(83,038)		(85,051)		(89,309)		(104,681)	
Add next July	82,898		83,038		85,051		89,309		104,681		-	
Total Fiscal Year	619,399		686,537		694,206		746,402		785,452		704,289	
	Incr fr FY13	12%	Incr fr FY14	11%	Incr fr FY15	1%	Incr fr FY16	8%	Incr fr FY17	5%	Incr fr FY18	4%



City of Isle of Palms Beach Preservation Fee

	FY15	FY16	FY17	FY18	FY19
JUL		162,228	161,068	192,666	199,724
AUG		191,610	218,620	181,842	209,600
SEPT		149,350	136,141	157,274	152,535
OCT		90,398	77,500	75,353	79,534
NOV		61,647	57,777	64,256	63,444
DEC		33,233	36,937	32,877	40,182
JAN		25,309	28,217	28,859	25,836
FEB	13,997	20,313	15,332	18,317	13,666
MAR	16,526	16,918	20,485	21,562	19,983
APR	49,060	51,082	51,166	53,213	53,685
MAY	81,384	70,954	92,529	88,875	90,800
JUNE	102,031	94,270	95,768	94,112	
Deduct last July	-	(162,228)	(161,068)	(139,501)	(199,724)
Add next July	162,228	161,068	139,501	199,724	
Total Fiscal Year	425,226	966,152	969,974	1,069,429	749,266
			Incr from FY16 0%	Incr from FY17 10%	Incr from FY18 4%

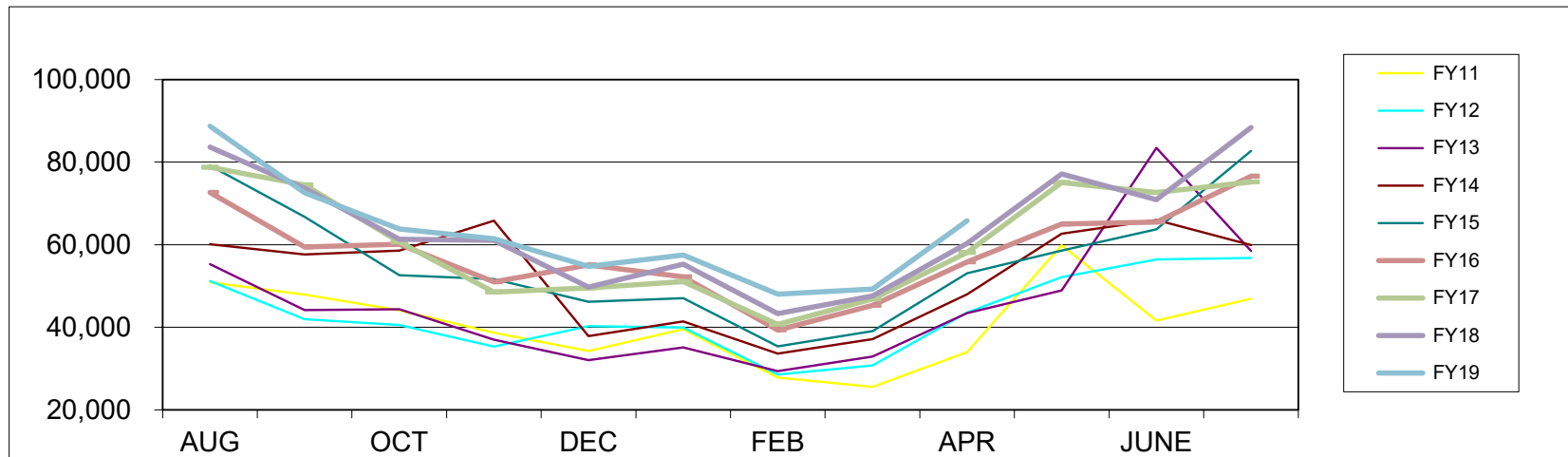


City of Isle of Palms Local Option Sales Tax Collections

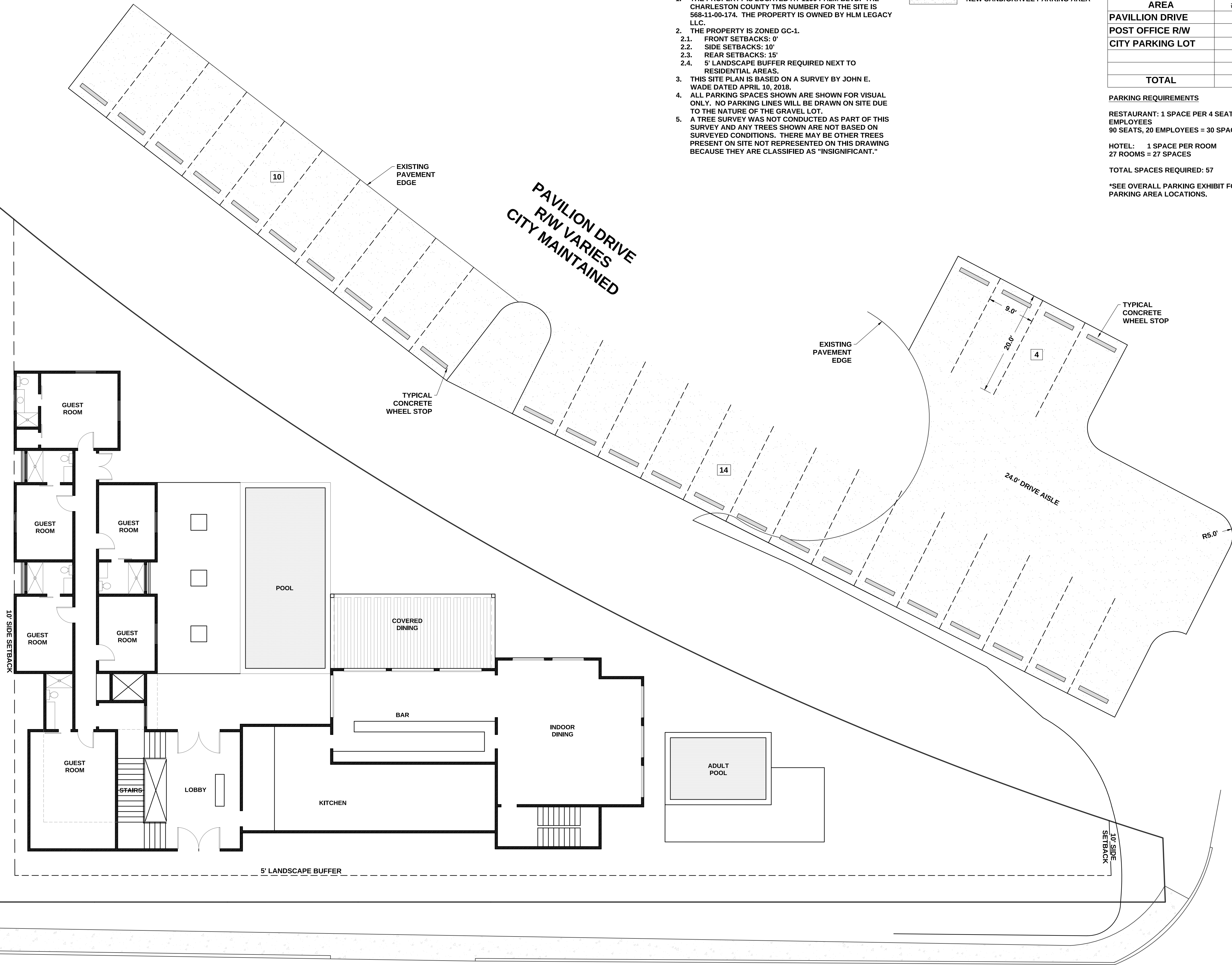
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
AUG	50,901	51,225	55,308	60,148	79,157	72,684	78,763	83,614	88,713
SEPT	47,910	41,968	44,160	57,629	66,742	59,485	74,435	73,671	72,557
OCT	44,096	40,583	44,387	58,596	52,592	60,091	60,675	61,352	63,829
NOV	38,647	35,340	37,002	65,846	51,671	50,987	48,526	61,040	61,435
DEC	34,280	40,294	32,013	37,848	46,175	55,100	49,536	49,732	54,748
JAN	39,535	39,952	35,124	41,441	47,026	52,199	51,084	55,282	57,483
FEB	27,808	28,563	29,382	33,630	35,387	39,321	40,694	43,314	48,026
MAR	25,569	30,796	32,904	37,132	39,091	45,304	46,832	47,589	49,240
APR	33,966	43,572	43,437	47,960	53,077	55,848	58,126	60,349	65,794
MAY	59,859	52,169	48,957	62,684	58,550	65,020	75,033	77,153	
JUNE	41,631	56,454	83,452	65,995	63,722	65,457	72,661	70,879	
JULY	46,891	56,799	58,510	59,932	82,715	76,581	75,171	88,382	

Total Fiscal Year

491,091	517,717	544,635	628,841	675,906	698,077	731,537	772,357	561,826
Decr from FY10	Incr from FY11	Incr from FY12	Incr from FY13	Incr from FY14	Incr from FY15	Incr from FY16	Incr from FY17	Incr from FY18
-3%	5%	5.2%	15.5%	7.5%	3.3%	4.8%	5.6%	4.8%



J.C. LONG BOULEVARD
85' R/W
S-10-7



NOTES:

1. THE PROPERTY IS LOCATED AT 1100 PALM BLVD. THE CHARLESTON COUNTY TMS NUMBER FOR THE SITE IS 568-11-00-174. THE PROPERTY IS OWNED BY HLM LEGACY LLC.
2. THE PROPERTY IS ZONED GC-1.
 - 2.1. FRONT SETBACKS: 0'
 - 2.2. SIDE SETBACKS: 10'
 - 2.3. REAR SETBACKS: 15'
- 2.4. 5' LANDSCAPE BUFFER REQUIRED NEXT TO RESIDENTIAL AREAS.
3. THIS SITE PLAN IS BASED ON A SURVEY BY JOHN E. WADE DATED APRIL 10, 2018.
4. ALL PARKING SPACES SHOWN ARE SHOWN FOR VISUAL ONLY. NO PARKING LINES WILL BE DRAWN ON SITE DUE TO THE NATURE OF THE GRAVEL LOT.
5. A TREE SURVEY WAS NOT CONDUCTED AS PART OF THIS SURVEY AND ANY TREES SHOWN ARE NOT BASED ON SURVEYED CONDITIONS. THERE MAY BE OTHER TREES PRESENT ON SITE NOT REPRESENTED ON THIS DRAWING BECAUSE THEY ARE CLASSIFIED AS "INSIGNIFICANT."

LEGEND:

NEW SAND/GRAVEL PARKING AREA

PARKING ANALYSIS

AREA	# OF SPACES
PAVILLION DRIVE	28
POST OFFICE R/W	16
CITY PARKING LOT	20
TOTAL	64

PARKING REQUIREMENTS

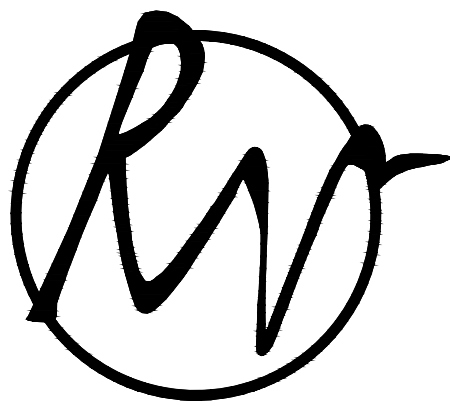
RESTAURANT: 1 SPACE PER 4 SEATS & 1 SPACE PER 3 EMPLOYEES
90 SEATS, 20 EMPLOYEES = 30 SPACES REQUIRED

HOTEL: 1 SPACE PER ROOM
27 ROOMS = 27 SPACES

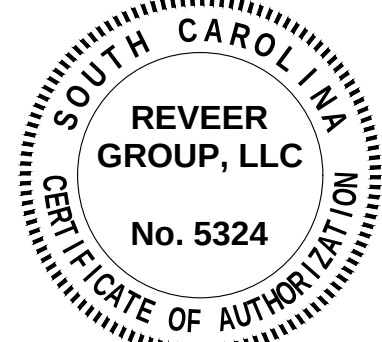
TOTAL SPACES REQUIRED: 57

*SEE OVERALL PARKING EXHIBIT FOR PROPOSED PARKING AREA LOCATIONS.

REVEERGROUP.COM



REVEER GROUP



PROJECT OWNER:

HLM LEGACY, LLC

PROJECT TITLE:

1100 PALM BOULEVARD

PROJECT LOCATION:

CITY OF ISLE OF PALMS

PROJECT NUMBER:

100100.00



SITE PLAN EXHIBIT

ORIGINAL SUBMISSION:

REVISIONS:

NO.	DATE	DESCRIPTION
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

DRAWN BY:

JSM

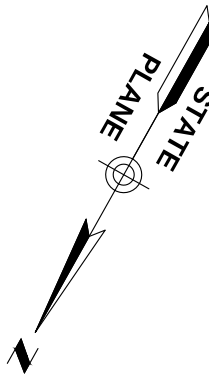
APPROVED BY:

JRR

DATE:

6/3/2019

FOR REVIEW ONLY



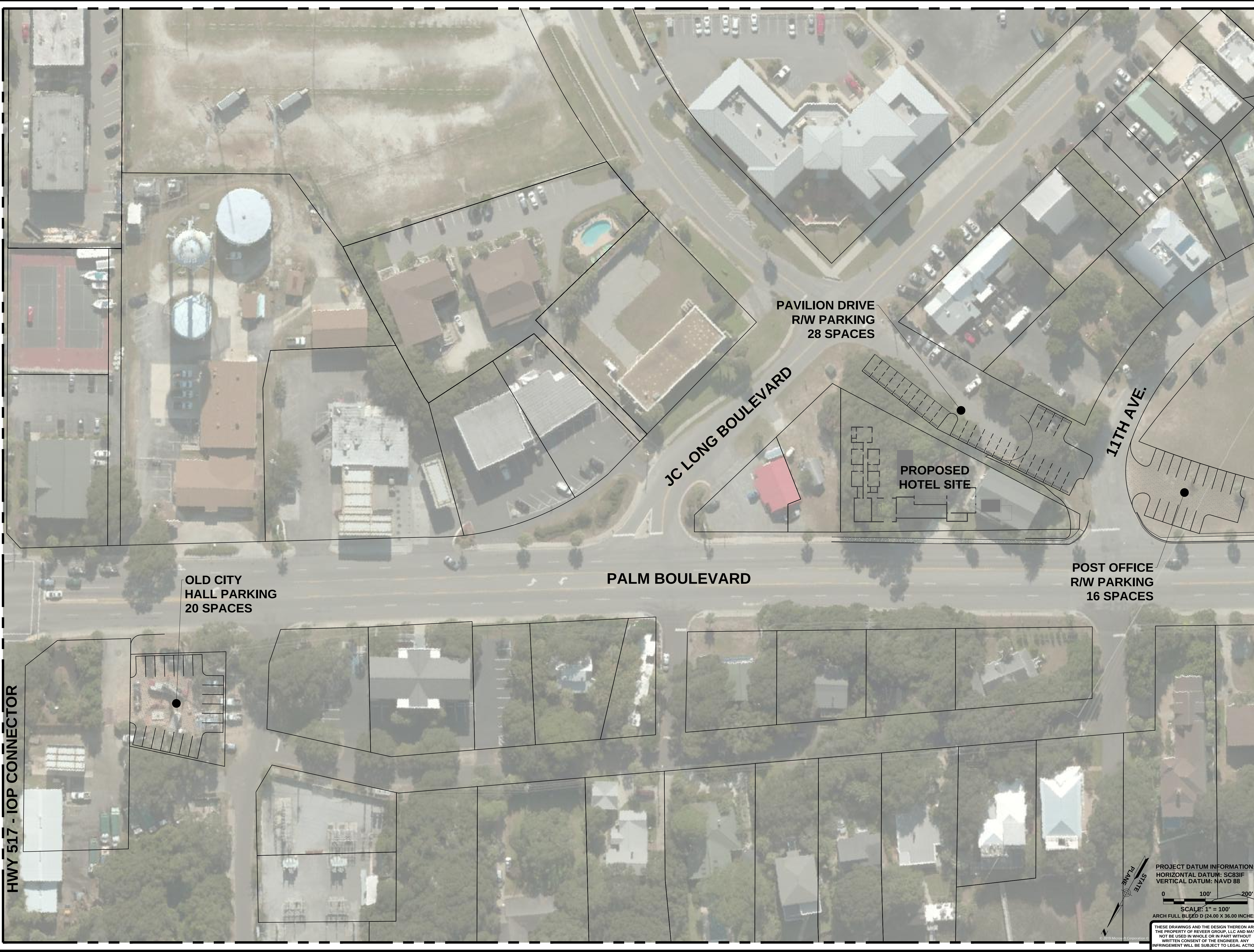
PROJECT DATUM INFORMATION:
HORIZONTAL DATUM: SC83IF
VERTICAL DATUM: NAVD 88

SCALE: 1" = 100'

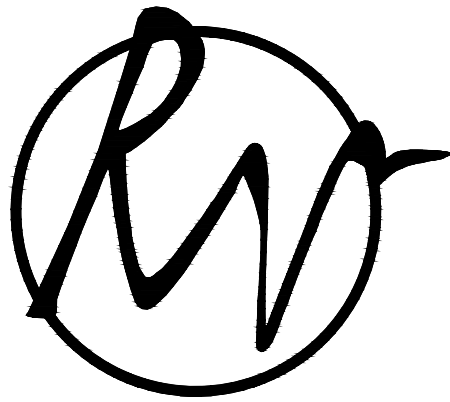
ARCH FULL BLEED D (24.00 X 36.00 INCHES)

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S:\100100.00_Direct Project Marketing - Documents\04_PrvDev\000 Misc\Summary-1100 Palm Blvd\1100 Palm Blvd-Exhibit-20190603-Hotel Site Layout-Exhibit-For Owner.dwg, 6/3/2019, JESSICAMYERS



REVEERGROUP.COM



REVEER GROUP

SOUTH CAROLINA

REVEER GROUP, LLC

No. 5324

CERTIFICATE OF AUTHORIZATION

PROJECT OWNER:

HLM LEGACY, LLC

PROJECT TITLE:


1100 PALM BOULEVARD

PROJECT LOCATION:

CITY OF ISLE OF PALMS

PROJECT NUMBER:

100100.00



OVERALL PARKING EXHIBIT

ORIGINAL SUBMISSION:

REVISIONS:

NO. DATE DESCRIPTION

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DRAWN BY:

JSM

APPROVED BY:

JRR

DATE:

6/3/2019

FOR REVIEW ONLY

PROJECT DATUM INFORMATION:

HORIZONTAL DATUM: SC83IF

VERTICAL DATUM: NAVD 88

0 100' 200'

SCALE: 1" = 100'

ARCH FULL BLEED D (24.00 X 36.00 INCHES)

STATE PLANE

© 2019 Microsoft Corporation

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MOTION: Councilmember Bell moved to notify Tidalwave Watersports that the City will not renew the lease or exercise the renewal option of the existing lease; Councilmember Ferencz seconded.

Councilmember Ward requested that, if the City's intention was to work with Tidalwave in the future, it should begin today; they should not be left out in limbo.

Councilmember Bell stated that, to remain consistent with other actions related to the marina, the City must go out to bid, but the Tidalwave lease will not expire until September 30, 2020. He said that the City could start the RFP process today or it could wait until Lee & Associates comes back with their data on the possibilities for the marina property facing the Intracoastal Waterway. He voiced his preference to follow the process in an orderly manner and to go with where it will lead the City.

From the Ways and Means Committee meeting, Councilmember Ferencz recalled the request for a marina workshop to discuss the many issues at the marina. She opined that City Council as a whole needed to get a clear picture of where the City was going with the marina, and a lot of work was put into that and the City poses those documents. Council would not be starting from scratch. She added that she did not know how to move forward with actions related to the restaurant or the watersports dock until the future makeup and appearance of the marina was established. She asked that the staff work with the Mayor to set a date for a marina workshop as soon as possible.

Councilmember Bell stated that none of that would happen before the notification related to the current lease.

Councilmember Bell expressed his agreement with Councilmember Ferencz and stated that the date for this meeting should be set sooner rather than later. He recognized a recurring theme in the citizen's comments that the owners operate a quality business in a most professional manner and that they have earned the respect of a large portion of the population. He reiterated that this action of Council was not about the owners or the City's doing business with them; it was about the way the existing lease was written.

Interim Administrator Fragoso explained that the City Code did not require the City to go out to on a Request for Proposal (RFP); it is an alternative. She reminded Council that, last year, they passed a motion that new leases and contracts were to go through the RFP process.

Councilmember Rice opined that the City needed stringent guidelines in terms of time to ensure that Tidalwave knew what the future held for them.

Councilmember Bell granted that the marina rehabilitation plan had many good elements, but no one was going to support expending the amount of money tied to it. Council was responsible to go through the process, as smartly as they can; he stated that Council must have a process on how it deals with all of the real estate at the marina.

Mayor Carroll noted that the City would have an opportunity in 2020 with two (2) tracks of land available. He noted that the young owners have done a great job with Tidalwave Watersports, and residents have been clear that they want water access to fish off the docks, to launch a kayak, to go paddle boarding.

Councilmember Ferencz asked that Council come to the marina workshop knowing that they need a decision at meeting's end.

Councilmember Buckhannon reminded Councilmember that presently the City has failing infrastructure at the marina with one (1) dock that recently collapsed and other finger piers on questionable. He thought that the idea of getting rid of a potential revenue source made no sense, but he agreed that a new lease needed to be negotiated.

VOTE: The motion PASSED on a vote of 5 to 4 with Councilmembers Kinghorn, Rice, Smith and Ward dissenting.

5. REPORTS FROM CITY OFFICERS, BOARDS AND COMMISSIONS

- A. Accommodations Tax Advisory Committee** – no meeting March
- B. Board of Zoning Appeals** – minutes attached
- C. Planning Commission** – minutes attached

6. REPORTS FROM SPECIAL OR JOINT COMMITTEES – None

7. PETITIONS RECEIVED, REFERRED OR DISPOSED OF – None

8. BILLS ALREADY IN POSSESSION OF COUNCIL

- A. Second Reading of Ordinance 2019-05 – An Ordinance Amending Title 7, Chapter 1, Business Licenses, of the City of Isle of Palms Code of Ordinances, Regarding the Increase of Short-Term Rental License Fees**

MOTION: Councilmember Ferencz moved to waive the reading and to adopt Second Reading of Ordinance 2019-05 - An Ordinance Amending Title 7, Chapter 1, Business Licenses, of the City of Isle of Palms Code of Ordinances, Regarding the Increase of Short-Term Rental License Fees; Councilmember Bell seconded.

16

Knowing that this increase must be done through an ordinance means to Councilmember Moyer that it is done infrequently, and, since the City has not increased the business license fees in twelve (12) years, he was not comfortable judging if it was a drastic increase.

Councilmember Rice said that she could not support the ordinance because she thought the increase was severe.

Councilmember Ferencz noted that the City had not made gradual increases over the years and that it now had to catch up; Council has recognized that it must find new revenue sources.

The Mayor opined that passage of this ordinance doubling the fees for short-term rental licenses was “killing the golden goose; he stated that the rental business needed to survive on the Isle of Palms because of the revenue they bring into the City, i.e. rental license fees, property taxes, accommodations tax fees, etc.

VOTE: The motion PASSED on a vote of 5 to 4 with Councilmembers Buckhannon, Rice, and Ward and Mayor Carroll dissenting.

- B. Second Reading of Ordinance 2019-06 – An Ordinance Amending Title 3, Public Works, Article A, Stormwater Management Fee**

CITY OF
ISLE
OF
PALMS

South Carolina

Mayor:
Jimmy Carroll

City Council:
Randy Bell
Ryan Buckhannon
Sandy Ferencz
Ted Kinghorn
John Moyer
Carol Rice
Susan Hill Smith
Jimmy Ward

July 5, 2019

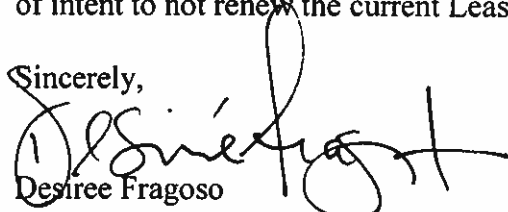
Tidalwave Watersports
Attn: Michael Fiem
69 41st Avenue
Isle of Palms, SC

Re: Notification of the City's Intent to Not Renew Commercial Lease Agreement

Dear Michael:

As you know, City Council voted to not renew the Commercial Lease Agreement with your business. Pursuant to Section 2 of the Lease, please allow this letter to serve as the City's notice of intent to not renew the current Lease.

Sincerely,



Desiree Fragoso
City Administrator

Tidal Wave Water Sports, Inc.

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

COMMERCIAL LEASE AGREEMENT

THIS AGREEMENT is made and entered into effective this first day of June, 2004, by and between The City of Isle of Palms, S.C. ("Landlord"), and Tidal Wave Water Sports, Inc., a South Carolina corporation ("Tenant").

In consideration of the mutual covenants and agreements of the respective parties herein contained, which are expressly agreed to by Landlord and Tenant, the parties hereto, for themselves, their respective successors and permitted assigns, hereby agree as follows:

1. LEASED PREMISES. Landlord by these presents does hereby demise and let unto Tenant and Tenant hires and leases from Landlord that certain strip of highland and adjoining dock, situated on the Intracoastal Waterway side of the Isle of Palms Marina, the exact description of which is set forth on the drawing attached hereto and made a part hereof, labeled Exhibit I (the "Leased Premises").

2. TERM OF LEASE. The term of this Lease shall commence on June 1, 2004, and end on September 30, 2005. This Lease shall be automatically renewed for successive one (1) year terms commencing on October 1, 2005, under the same terms, covenants and conditions set forth in this agreement until either party gives the other party at least ninety (90) days prior written notice of termination of this Lease at the end of any such renewal term. ~~Provided, however, that notwithstanding any provision in this Section to the contrary, if the Marina Management Agreement between Landlord and Marina Joint Ventures, Inc. is terminated for any reason, Landlord may terminate this Lease upon ninety (90) days prior written notice to Tenant.~~

Deleted
as
Amendment
#1

3. RENT.

A. Tenant agrees to pay initial annual base rent to the Landlord, or such agent of

Landlord as Landlord may from time to time designate in writing, in the sum of Eighteen Thousand and no/100 (\$18,000.00) Dollars, due and payable in equal monthly installments of One Thousand Five Hundred and no/100 (\$1,500.00) Dollars, due and payable in advance on or before the first day of each month, commencing on June 1, 2004, and continuing throughout the entire term of this Lease.

B. In addition to the base rent set forth in this Section, Tenant agrees to pay additional annual rent to Landlord equal to twenty (20.00%) percent of Tenant's gross profit (as defined by Generally Accepted Accounting Principles, or "GAAP") derived from the Leased Property in excess of Three Hundred Thousand and no/100 (\$300,000.00) Dollars per lease year. Such amount shall be due and payable in full within thirty (30) days after the end of each year of each lease year. Tenant agrees to keep true, accurate and complete records of all activities conducted at the Leased Property and along with the payment of the additional annual rent shall provide Landlord with a certified statement showing the monthly gross income for the subject year. Landlord and its agents and representatives are hereby authorized to inspect and copy all books and records of Tenant relating to the Leased Property at such times as Landlord may determine. Tenant agrees that each year, within 90 days after the end of Tenant's fiscal year, Tenant will provide Landlord with a copy of Tenant's annual compiled financial statements, certified by Tenant's independent accounting firm. Tenant also agrees that each year, Tenant will provide Landlord with a certified copy of Tenant's state and federal income tax returns no later than the due date for filing the returns. If Tenant receives an extension for filing any such return, Tenant will provide Landlord with copy of same upon filing. To the extent allowed by the South Carolina Freedom of Information Act, Landlord agrees to keep all such information confidential.

C. For the first renewal term, if any, and for each renewal term thereafter, if any, the monthly rental for each such term shall be increased by a percentage equal to the average yearly increase in the Consumer Price Index for All Urban Consumers (CPI-U) most recently published prior to the expiration of the preceding term by the South Carolina Department of Revenue and Taxation for Landlord's use in determining the allowable real property tax cost of living millage increase (the "Index"). If the Index is discontinued, then the parties agree to use the closest comparable measure of the effect of inflation in lieu of the Index. Provided, however, that notwithstanding any provision contained herein, the monthly rental shall never be lower than the amount paid for the initial term.

D. In the event that Landlord fails to receive any rental payment within ten (10) days of the due date, a late charge of five (5%) percent of the rental payment shall be added to the rental and paid to Landlord for each such late payment, and the same shall be deemed to be additional rent, due and payable with such rental payment.

4. SECURITY DEPOSIT. Landlord waives the requirement of an initial Security Deposit but reserves the right to at any time require Tenant to deposit with Landlord the sum of Five Thousand and no/100 (\$5,000.00) Dollars as security for the full and faithful performance by Tenant of all the terms of this Lease required to be performed by Tenant. The deposit, without interest, will be returned to Tenant after the termination of this Lease provided that Tenant has fully and faithfully performed all of its obligations hereunder.

5. USE OF THE LEASED PREMISES.

A. The Leased Premises and all improvements located thereon shall be used only for the rental of personal watercraft, water skiing rides, parasailing rides, or, so long as all City Marina dock slips are then-leased, off-season dock slip rentals, in strict compliance with the

operational limitations and rights set forth in subsection B, and for no other purposes. Tenant agrees to obtain and maintain, at Tenant's sole expense, such licenses or permits as are required for its use of the Leased Premises, and Tenant agrees that all activities conducted on and about the Leased Premises shall be in compliance with all applicable federal, state and local laws, rules and regulations. The rights granted to Tenant in this Lease shall have no effect on any City ordinances which are now or may in the future become applicable to Tenant's use of the Leased Premises.

B. OPERATIONAL LIMITATIONS AND RIGHTS.

1. Tenant agrees to not store, operate or keep more than sixteen (16) personal watercraft at the Leased Premises at any time.
2. Tenant may store, operate or keep at the Leased Premises two (2) outboard motor boats no longer than twenty (20) feet each, and one (1) parasailing motor boat no longer than thirty-five (35) feet, for Tenant's use in monitoring and supervising the use of the personal watercraft or conducting water skiing and parasailing activities.
3. Tenant agrees not to operate, or allow to be operated, personal watercraft above "idle" speed within a one-half (.50) mile radius of the Isle of Palms Marina. Launching and landing at the Marina ramp, and fueling at the fuel dock shall only be performed by Tenant's employees. Tenant agrees not to allow or conduct water skiing or parasailing within the City of Isle of Palms corporate limits or within a one-half (.50) mile radius of the Isle of Palms Marina.
4. Personal watercraft, water skiing, or parasailing activities shall be operated or conducted on or about the Leased Premises only during daylight hours.
5. Tenant shall be provided eight (8) parking places for customers and two

(2) parking places for employees in the locations designated on the attached Exhibit I.

6. Tenant shall be entitled to reasonable Marina ramp usage for launchings and landings of Tenant's watercraft permitted under this Lease, not to exceed a total of eighteen (18) per day, at no additional charge. Landlord reserves the right to establish and modify reasonable rules and regulations regarding the time and manner of Tenant's ramp use to minimize interference with the ramp's primary use as a public boat ramp.

7. Tenant is entitled at all times throughout the term of this Lease, for so long as Landlord operates the fuel dock at the Isle of Palms Marina, to purchase gasoline for its operations allowed hereunder at the fuel dock at a price of ten (10 %) percent less than the retail price charged at the fuel dock.

6. CONDITION AND MAINTENANCE OF THE PREMISES. The Tenant accepts the property in its present condition. City makes no representations or warranties to Tenant regarding the condition of any of the Leased Premises or its fitness for any particular purpose. Tenant agrees that at all times during the term of this Lease and any renewals thereof it will be responsible for all normal and routine repairs and maintenance at the Leased Premises, and Tenant agrees to keep the Leased Premises in as good of order and repair as it is as of the commencement of the term of this Lease, normal wear and tear excepted. All repairs, replacements and renovations shall be performed in a good and workmanlike manner. The Tenant's maintenance includes, but is not limited to, the responsibility for garbage, trash or rubbish disposal in compliance with all applicable laws, rules and regulations prescribed from time to time. Tenant agrees to be responsible for litter control and agrees to maintain the Leased Premise in a clean, safe and orderly condition. Landlord agrees to be responsible for any extraordinary maintenance, repairs or replacements at the Leased Premises which are not caused

by the fault or neglect of the Tenant or its agents, employees, invitees and licensees.

7. TAXES. Throughout the term of this Lease, Tenant agrees to be responsible for the payment of all real property taxes accruing against the Leased Premises during the term of this Lease, including the County of Charleston Solid Waste Disposal User's fee.

8. UTILITIES. Tenant agrees to be responsible for the payment of all telephone, electrical, water, sewer or other utility service to the Leased Premises, which accounts shall be in the name of Tenant.

9. ASSIGNMENT OR SUBLEASE. Tenant agrees not to assign or sublet the Leased Premises or any part thereof without Landlord's prior written consent. Any change in control of the ownership of Tenant shall be deemed to be an assignment of this Lease.

10. SUBORDINATION OF LEASE. Tenant's rights under this Lease shall be and remain subordinate to any bona fide mortgage debt which is now or may hereafter be placed upon the Leased Premises by Landlord. Tenant agrees to execute such written estoppel certificates regarding the status of this Lease as Landlord may request from time to time.

11. RIGHT OF ENTRY BY LANDLORD OR LANDLORD'S AGENTS. Tenant agrees to permit inspection of the Leased Premises at all times during the term of this Lease during reasonable business hours by Landlord or Landlord's agents or representatives for any purpose. Landlord may make emergency inspections at any time. Tenant also agrees to cooperate fully with the present or any future environmental contamination remediation efforts at the Marina, including access to the Leased Premises as required by such efforts.

12. INDEMNIFICATION. Tenant agrees to hold harmless and indemnify Landlord against any loss or damage, including attorney's fees and expenses, incurred as a result of any and all claims, demands, causes of action, suits, judgments, fines or penalties (including but not

limited to all fees and expenses incurred as a result of death or injury to persons or for loss of or damage to property) arising out of or in connection with the use and occupancy of the Leased Premises by Tenant, its agents, employees, customers, licensees or invitees. In the event of any such claims made or suits filed, Landlord agrees to give Tenant reasonable notice thereof, and Tenant shall have the right to defend or settle the same to the extent of its interest hereunder. Tenant agrees to at all times carry public liability insurance in the amount of at least \$300,000.00 per person and \$1,000,000.00 per claim, and \$300,000.00 per claim property damage, with Landlord named as an additional insured, through a company approved by Landlord, and agrees to provide Landlord with proof of such coverage from time to time upon Landlord's request.

13. IMPROVEMENTS AND ALTERATIONS.

A. No alterations or improvements to the Leased Premises shall be made by Tenant without the prior written consent of Landlord. Any alterations, additions or improvements made by the Tenant and any fixtures installed by Tenant shall at the Landlord's option become the property of the Landlord at the expiration or other sooner termination of this Lease; provided, however, that Landlord has the right to require Tenant to remove all such modifications upon the termination of this Lease, at Tenant's expense.

B. Tenant desires to make certain improvements to the dock. Landlord is agreeable to Tenant effecting the improvements so long as the plans, specifications and exact cost for the work are approved in writing in advance by Landlord, who shall be under no legal obligation to consent to any improvements. For improvements made by Tenant with Landlord's consent, Landlord agrees to reimburse Tenant for actual out-of-pocket expenses for materials and supplies incorporated into the improvements through a proportionate abatement of future rent accruing after the completion of the improvements by Tenant and so long as the improvements

are completed in strict accordance with the approved plans and specifications.

14. DAMAGE OR DESTRUCTION. If the Leased Premises are partially damaged by fire or other casualty without the fault of Tenant or its employees, invitees and licensees, the damage shall be repaired by and at the expense of Landlord. If such damage shall render the premises untenable in whole or in part, the rent shall be abated wholly or proportionately as the case may be until the damage is repaired and the premises are restored. All insurance proceeds from such loss shall be paid to Landlord. If the damage is so extensive as to require the substantial rebuilding (i.e. expenditure of 50% or more of the replacement cost) of the Leased Premises, Landlord may elect to retain the insurance proceeds thereof and terminate this Lease by written notice to the Tenant, provided that such notice shall be given within thirty (30) days after occurrence of such damage.

15. DEFAULT.

A. If Tenant defaults in the fulfillment of any of the covenants and conditions hereof Landlord may, at Landlord's option, after thirty (30) days prior written notice to Tenant, make performance for Tenant and for that purpose advance such amounts as may be necessary. Any amount so advanced or any reasonable expense incurred or sum of money paid by Landlord by reason of the failure of Tenant to comply with any covenant, agreement, obligation, or provision of this Lease, or in defending any action to which Landlord may be subjected by reason of any such failure shall be deemed to be additional rent for the Leased Premises and shall be due and payable to Landlord on demand. The acceptance by Landlord of any installment of fixed rent or any additional rent hereunder shall not be a waiver of Landlord's right to demand full payment of any additional rent then due and to hold Tenant in default under this Lease.

B. If Tenant fails to pay rent when due, or to promptly perform any of the other

covenants herein, and such failure continues for fifteen (15) days, then Tenant shall be in default under this Lease. However, Landlord agrees that Tenant will have 15 days after receipt of written notice thereof, which written notice need only be given by Landlord to Tenant twice during any calendar year, to cure any such default. In the event of any default, Landlord may, in addition to any other rights or remedies, declare the Lease to be in default, retake possession of the Leased Premises, declare the full amount of the remaining rent for the balance of the term at once due and payable, re-let or sublet the Leased Premises at the risk of Tenant, or declare this Lease terminated for the balance of its term, all of which rights and remedies shall be cumulative.

16. ENFORCEMENT. If either party enforces the terms of this Lease by legal proceedings, then the prevailing party in such proceedings shall be entitled to reimbursement from the other party of all costs and expenses incurred by the prevailing party in connection therewith, including reasonable attorney's fees, at all trial and appellate levels.

17. RIGHTS OF SUCCESSORS AND ASSIGNS. The covenants and agreements contained in the Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto, and their respective successors and permitted assigns.

18. PARAGRAPH HEADINGS. The paragraph headings as to the contents of particular paragraphs herein, are inserted only for convenience and are in no way to be construed to be part of such paragraph or as a limitation on the scope of the particular paragraph to which they refer.

19. ENTIRE AGREEMENT. This agreement contains the entire understanding of the parties hereto. There are no oral understandings, terms or conditions and neither party has relied upon any representation by the other party, either express or implied, which are not contained in this agreement. All prior understandings, terms or conditions are deemed merged into this agreement. This Lease may be altered or amended only by an instrument in writing signed by

both parties.

20. ADDITIONAL INSTRUMENT. The parties agree to execute and deliver any instruments in writing necessary to carry out any agreement, term, condition, or assurance in this agreement whenever occasion shall arise.

21. SURRENDER OF LEASED PREMISES. Tenant agrees to deliver all keys and to surrender the Leased Premises at the expiration or sooner termination of this Lease, or any extension thereof, broom clean and in substantially the same condition as when said Premises were delivered to Tenant, or as altered pursuant to the provisions of this Lease, reasonable wear and tear excepted, and Tenant agrees to remove all of its personal property. Tenant agrees to pay a reasonable cleaning charge if it is necessary for Landlord to restore or cause to be restored the Leased Premises to a clean and orderly condition.

22. WAIVER OF COVENANTS. It is agreed that the waiver of any of the covenants of this Agreement by either party shall be limited to the particular instance and shall not be deemed a waiver of any other breaches of such covenant or any other provision herein contained.

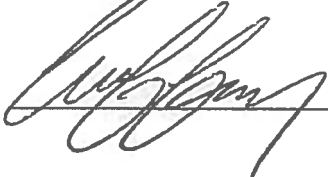
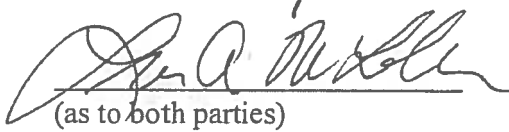
23. NOTICE. Any notices or demand required or permitted by law, or any provision of this agreement, shall be in writing, and shall be deemed to be received by Landlord when personally delivered to Landlord, or when deposited in the United States mail, registered or certified, with return receipt requested, postage prepaid, and addressed to Landlord, attention City Administrator, at Post Office Drawer 508, Isle of Palms, S.C. 29451, or at such other address as Landlord may hereafter designate in writing to Tenant.

Any such notice or demand to be served upon the Tenant shall be in writing and shall be deemed to be received by Tenant when personally delivered to Tenant, or when deposited in the United States mail, registered or certified, with return receipt requested, postage prepaid, and

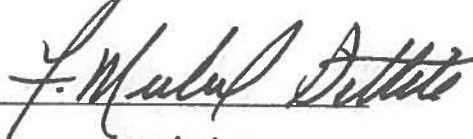
addressed to Tenant at Post Office Box 412, Isle of Palms, S.C. 29451, or at such other address as Tenant may hereafter designate in writing to Landlord.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, by and through the undersigned officers, effective as of the date stated above.

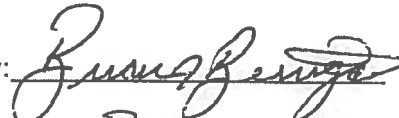
WITNESS:

 3/3/05

(as to both parties)

The City of Isle of Palms, S.C.

By: 
Title: MAYOR

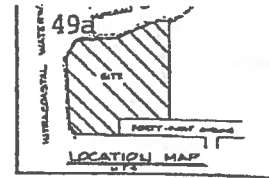
Tidal Wave Water Sports, Inc.

By: 
Title: PRESIDENT

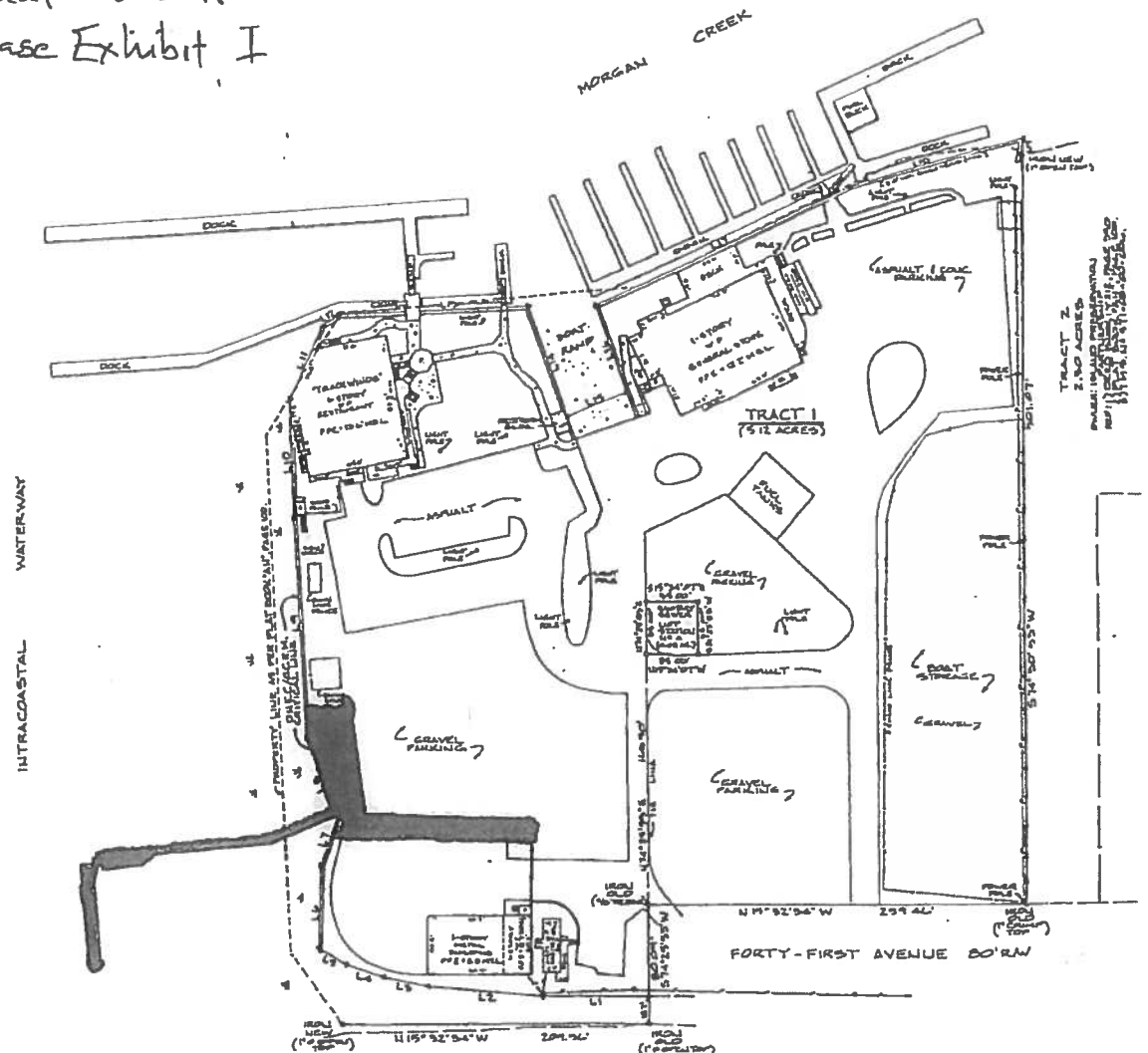
THE AREA SHOWN ON THIS PLAT IS... ON THE SUBJECT PROPERTY... CRITICAL AREAS BY THEIR NATURE ARE DYNAMIC AND SUBJECT TO CHANGE OVER TIME BY CONSIDERABLY INFLUENCING THE PLANT ACTIVITY OF THE SUBJECT PROPERTY. THE SCALE OF THIS PLAT IS 1" = 40'.

SIGNATURE DATE
THE CRITICAL LINE SHOWN ON THIS PLAT IS ALSO FOR TITLE PLAT FROM THE DATE OF THIS SIGNATURE, SUBJECT TO THE CAUTIONARY LANGUAGE ABOVE.

CRITICAL LINE CORNER	BEARING	DISTANCE
1	N 85° 30' 00" E	75.00'
2	N 85° 30' 00" E	75.00'
3	N 85° 30' 00" E	75.00'
4	N 85° 30' 00" E	75.00'
5	N 85° 30' 00" E	75.00'
6	N 85° 30' 00" E	75.00'
7	N 85° 30' 00" E	75.00'
8	N 85° 30' 00" E	75.00'
9	N 85° 30' 00" E	75.00'
10	N 85° 30' 00" E	75.00'
11	N 85° 30' 00" E	75.00'
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13	N 85° 30' 00" E	75.00'
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17	N 85° 30' 00" E	75.00'
18	N 85° 30' 00" E	75.00'
19	N 85° 30' 00" E	75.00'
20	N 85° 30' 00" E	75.00'



Tidal Wave Runners Lease Exhibit I



LOT 4, TRACT 4
OWNER: WILLIAM H. BOULDER
REF: 1) PLAT BOOK 1, PAGE 12
2) PLAT BOOK 1, PAGE 12

PLAT

SHOWING A RESURVEY OF TRACT 1, A/K/A WILD DUCKS YACHT HARBOR, AT THE WESTERN END OF FORTY-FIRST AVENUE, IN THE CITY OF PALMS, CHARLESTON COUNTY, SOUTH CAROLINA.

SURVEYED FOR THE CITY OF ISLE OF PALMS
SCALE: 1" = 40'
SEPTEMBER 17, 1976



SURVEYOR'S CERTIFICATION
I, the undersigned, being duly sworn, depose and say that the foregoing is a true and correct copy of the original plat as the same appears in my office, and that the same is a true and correct copy of the original plat as the same appears in my office, and that the same is a true and correct copy of the original plat as the same appears in my office.

- NOTES:
- 1) THIS PROPERTY IS PRESENTLY OWNED BY WILD DUCKS YACHT HARBOR, INC.
 - 2) THIS PROPERTY IS LOCATED IN THE CITY OF PALMS, CHARLESTON COUNTY, SOUTH CAROLINA.

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CLERK OF COURTY
ISLE OF PALMS

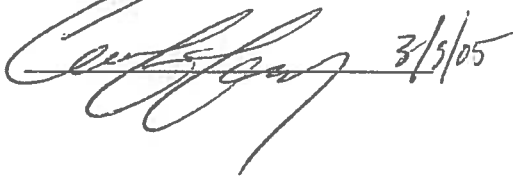
STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON) UNCONDITIONAL GUARANTY
) OF LEASE AGREEMENT

IN CONSIDERATION of independent value received by me, the receipt and sufficiency of which are hereby acknowledged, I hereby unconditionally guarantee the performance of all terms, covenants and conditions contained in the foregoing Lease Agreement to be performed by Tenant, and all extensions, renewals or modifications thereto, and all expenses, including attorney's fees, to which Landlord may become entitled to under the Lease, and hereby waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, and agree that the Lease may from time to time be modified, renewed or extended without notice to or consent by the undersigned and without affecting the undersigned's liability hereunder, and the undersigned agrees that the undersigned may be sued with or without joining Tenant or any other Guarantor hereof and without first or contemporaneously suing such persons or otherwise seeking or proceeding to collect from them.

This is a continuing unconditional guaranty of payment and performance and not of collection and shall remain in full force and effect throughout the entire term of the Lease and any extensions or renewals thereof and so long as any amounts due from Tenant under the terms of the Lease remain unpaid.

IN WITNESS WHEREOF, the undersigned Guarantor has hereunto set his hand and seal effective as of the first day of June, 2004.

WITNESS:

 3/5/05


Brian J. Berrigan, Guarantor

(as to Guarantor)

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON) **CONSENT TO ASSIGNMENT OF LEASE
AND AGREEMENT TO AMEND LEASE**

This Agreement is made and entered into this 30th day of September, 2006, by and between the City of Isle of Palms, S.C. ("Landlord"), Tidal Wave Water Sports ("Assignor") and Water Toys, LLC ("Assignee").

WHEREAS, by Commercial Lease Agreement dated June 1, 2004 (the "Lease"), Landlord and Assignor entered into the lease of certain highland and dock space at Landlord's marina, the exact description of which is set forth in the Lease; and

WHEREAS, Assignor desires to transfer and assign the Lease to Assignee and Assignee desires to assume the Lease from Assignor; and

WHEREAS, Landlord is willing to consent to the assignment of the Lease subject to the terms of this Agreement; and

WHEREAS, Landlord and Assignee desire to amend the Lease in certain respects.

THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth in this Agreement, the parties hereto agree as follows:

1. Landlord hereby consents to the assignment of the Lease from Assignor to Assignee, conditional upon its receipt of a copy of a written Assignment of Lease from Assignor to Assignee whereby Assignee has agreed to be bound by all terms and conditions contained in the Lease and to perform and keep all promises, covenants, conditions and agreements of the tenant thereunder which arise or accrue after the delivery of the Assignment.

2. Landlord agrees to release Assignor's principal, Brian J. Berrigan, from his personal guaranty of the Lease as to all matters arising after the date of the assignment upon the execution and delivery to Landlord of the attached unconditional guaranty of the Lease from Assignee's principals, Mark Fiem and Michael Fiem, as to all matters arising after the date of the assignment.

3. Landlord and Assignee agree to amend the Lease by deleting the last sentence of Section 2 of the Lease in its entirety.

4. All terms and conditions of the Lease which are not inconsistent with the terms of this Agreement shall remain in full force and effect.

*Amend
#1*

IN WITNESS WHEREOF, the parties hereto, by and through their undersigned agents, have executed this Agreement as of the date stated above.

WITNESS:

Ang S. Williams
Linda Lovvorn Tucker
(as to Landlord)

The City of Isle of Palms, South Carolina

By: *Linda Lovvorn Tucker*

Title: Linda Lovvorn Tucker, City Administrator

Michael Malley
Michael Malley
(as to Assignor)

Tidal Wave Water Sports, Inc.

By: *Brian J. Berrigan*

Title: OWNER

Michael Malley
Michael Malley
(as to Assignee)

Water Toys, LLC

By: *Michael Malley*

Title: OWNER

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT ("Assignment Agreement") is executed this 30th day of August 2006, by and between Tidal Wave Watersports, a South Carolina corporations (the "Seller"), Watertoys LLC dba "Tidalwave Watersports," a South Carolina limited liability company (the "Buyer"), and the South Carolina City of ISLE OF PALMS (the "City").

RECITALS

1. Tidalwave Watersports, Inc. (the Seller) and the City are parties to an agreement dated June 1, 2004 for the performance of lease services, a copy of which is attached hereto as Exhibit A (the "Lease").
2. Tidalwave Watersports, Inc. (the Seller) desires to assign to, and Watertoys, LLC (the "Buyer") desires to accept the assignment of and assume the obligations under, the Lease upon the terms and conditions set forth herein.

AGREEMENTS

NOW, THEREFORE, in consideration of the recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

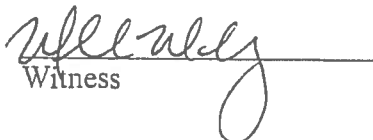
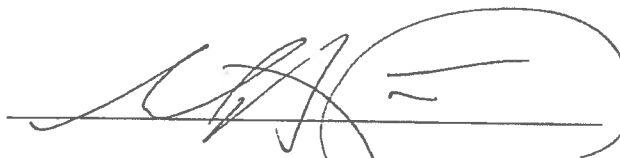
1. Assignment. The Seller hereby sells, assigns, conveys, transfers and delivers to the Buyer all of the Seller's rights, title and interest in and to the Lease.
2. Assumption. The Buyer hereby accepts the foregoing assignment, and in connection therewith, agrees to assume, perform and discharge Seller's obligations under the Lease arising from and after the date hereof.
3. Consent to Assignment. The City hereby consents to the assignment of the Lease from Seller to Buyer. The City hereby confirms that, to the best of its knowledge, that no default exists under the Lease and the City has no claims against the Seller for default under the Lease as of the date hereof.
4. Effective Time. The effective time of this Assignment Agreement is the date first set forth above.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

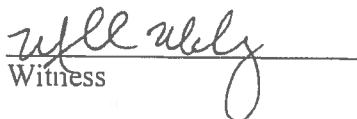
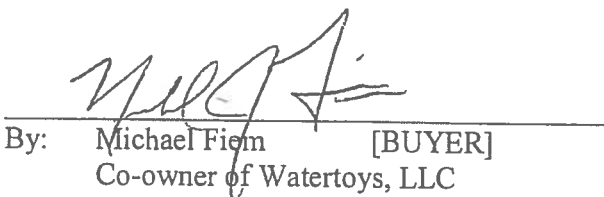
IN WITNESS WHEREOF, the parties have executed this Assignment Agreement as of the date first above written.



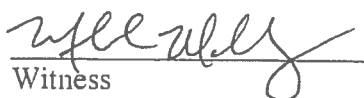
By: Brian J. Berrigan [SELLER]
Owner, Tidal Wave Watersports, Inc.


Witness

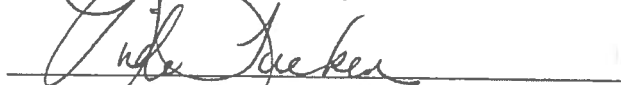
By: Mark Fiem [BUYER]
Co-owner of Watertoys, LLC


Witness

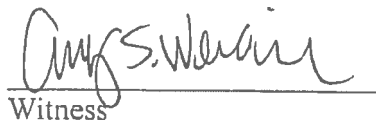
By: Michael Fiem [BUYER]
Co-owner of Watertoys, LLC


Witness

CITY OF ISLE OF PALMS



By: Linda Lovvorn Tucker [CITY]
City Administrator


Witness

STATE OF SOUTH CAROLINA)

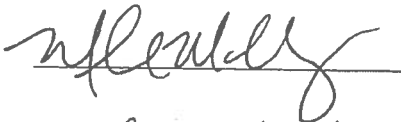

COUNTY OF CHARLESTON) **UNCONDITIONAL GUARANTY
OF LEASE AGREEMENT**

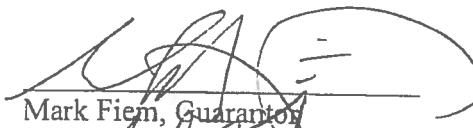
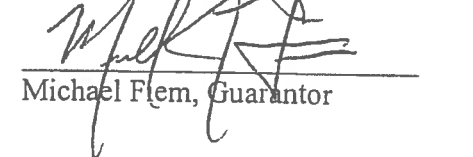
IN CONSIDERATION of independent value received by us, the receipt and sufficiency of which are hereby acknowledged, we hereby unconditionally guarantee the performance of all terms, covenants and conditions contained in that certain Commercial Lease Agreement by and between The City of Isle of Palms, S.C., as Landlord, and Tidal Wave Water Sports, Inc. as Tenant, dated June 1, 2004, to be performed by the Tenant from and after the date of this Agreement, including without limitation all extensions, renewals or modifications thereto, and all expenses, including attorney's fees, to which Landlord may become entitled to under the Lease, and hereby waive presentment, demand, notice of dishonor, protest and all other notices whatsoever, and agree that the Lease may from time to time be modified, renewed or extended without notice to or consent by the undersigned and without affecting the undersigned's liability hereunder, and the undersigned agrees that the undersigned may be sued with or without joining the Tenant or any other Guarantor hereof and without first or contemporaneously suing such persons or otherwise seeking or proceeding to collect from them.

This is a continuing unconditional guaranty of payment and performance and not of collection and shall remain in full force and effect throughout the entire remaining term of the Lease and any extensions or renewals thereof and so long as any amounts due from Tenant under the terms of the Lease remain unpaid.

IN WITNESS WHEREOF, the undersigned Guarantors have hereunto set their hands and seals this 30th day of September, 2006.

WITNESS:


Mark Fiem, Guarantor

Michael Fiem, Guarantor

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

SECOND AMENDMENT TO COMMERCIAL LEASE AGREEMENT

THIS SECOND AMENDMENT TO COMMERCIAL LEASE AGREEMENT is made and entered into this 17th day of November, 2010, by and between The City of Isle of Palms, South Carolina ("Landlord") and Watertoys, LLC, d/b/a, "Tidalwave Watersports," a South Carolina limited liability company ("Tenant").

WHEREAS, by Commercial Lease Agreement dated June 1, 2004 (the "Lease"), Landlord and Tidal Wave Water Sports, Inc. ("Assignor"), entered into the lease of certain highland and dock space at Landlord's marina, the exact description of which is set forth in the Lease; and

WHEREAS, by Assignment Agreement dated August 30, 2006 ("Assignment Agreement"), Assignor assigned to Tenant all rights, title and interest in and to the Lease; and

WHEREAS, by Consent to Assignment of Lease and Agreement to Amend Lease dated September 30, 2006 ("Consent to Assignment and Agreement to Amend Lease"), Landlord consented to the Assignment Agreement and Landlord and Tenant made certain amendments to the terms of the Lease; and

WHEREAS, Landlord and Tenant desire to further amend the Lease as hereinafter set forth.

THEREFORE, for and in consideration of the sum of Ten and no/100 (\$10.00) Dollars, and other good and valuable consideration in hand paid by each to the other, the parties hereto hereby agree as follows:

1. Text additions are displayed in **bold and underlined** text. Text deletions are displayed as strike-through text (i.e., ~~strike-through~~).
2. That Section 1, “Leased Premises,” of the Lease, is hereby amended to add a sentence at the end of the Paragraph:

"Landlord may, upon reasonable notice to Tenant, amend the exact location of the dock space described in Exhibit I; provided, however, that Tenant shall at all times have adequate dock space for the uses defined in Section 5 of the Lease."

3. That Section 2, "Term of Lease," of the Lease is hereby amended as follows:

"The term of this Lease shall commence on ~~June 1, 2004~~ **October 1, 2010**, and end on ~~September 30, 2005~~ **September 30, 2015**. This Lease shall be automatically renewed for **three (3)** successive ~~one (1)~~ **five (5)** year terms commencing on ~~October 1, 2005~~ **October 1, 2015**, under the same terms, covenants and conditions set forth in this agreement until either party gives the other party at least ~~ninety (90) days~~ **1 year** prior written notice of termination of this Lease at the end of any such renewal term."

4. That Section 3, "Rent," of the Lease is hereby amended in Paragraphs A and B as follows:

"A. Tenant agrees to pay initial annual base rent to the Landlord, or such agent of Landlord as Landlord may from time to time designate in writing, in the sum of Eighteen Thousand and no/100 (\$18,000.00) Dollars, due and payable in equal monthly installments of One Thousand Five Hundred and no/100 (\$1,500.00) Dollars, ~~due and payable~~ in advance on or before the first day of each month, commencing on ~~June 1, 2004~~ **October 1, 2010**, and continuing throughout the entire term of this Lease. **Notwithstanding any other provision contained in this Section to the contrary, for any lease year Tenant may elect to re-allocate the payment of annual rent due for such lease year into variable installments,**

provided that the total amount of annual rent due is paid in full by September 30 of each lease year.

B. In addition to the base rent set forth in this Section, Tenant agrees to pay additional annual rent to Landlord equal to twenty (20.00%) percent of Tenant's gross profit (as defined by Generally Accepted Accounting Principles, or "GAAP") derived from the Leased Property in excess of Three Hundred Thousand and no/100 (\$300,000.00) Dollars per lease year. Such amount shall be due and payable in full within thirty (30) days after the end of ~~each year of each lease year~~. Tenant agrees to keep true, accurate and complete records of all activities conducted at the Leased Property and ~~along with the payment of the additional annual rent~~ shall provide Landlord with a ~~certified statement~~, certified by the Tenant's Owner to be true and correct, showing the monthly gross income revenues and deductions from gross revenues to derive gross profit for the subject year. Such statement shall be provided along with the payment of the additional annual rent, or if no additional annual rent is due, within thirty (30) days after the end of each lease year.

Landlord and its agents and representatives are hereby authorized to inspect and copy all books and records of Tenant relating to the Leased Property at such times as Landlord may determine. ~~Tenant agrees that each year, within 90 days after the end of Tenant's fiscal year, Tenant will provide Landlord with a copy of Tenant's annual compiled financial statements, certified by Tenant's independent accounting firm. Tenant also agrees that each year, Tenant will provide Landlord with a certified copy of Tenant's state and federal income tax returns no later than the due date for filing the returns. If Tenant receives an extension for filing any such return, Tenant will provide Landlord with copy of same upon filing. To the extent~~

allowed by the South Carolina Freedom of Information Act, Landlord agrees to keep all such information confidential."

5. That Section 9, "Assignment or Sublease," of the Lease is hereby amended as follows:

"Tenant agrees not to assign or sublet the Leased Premises or any part thereof without Landlord's prior written consent. Any change in control of the ownership of Tenant shall be deemed to be an assignment of this Lease. Notwithstanding any such consent by Landlord, Tenant agrees to remain personally liable for the full performance of all terms and conditions contained in this Lease to be performed by the Tenant. Tenant agrees to hold harmless and indemnify Landlord against any loss or damage, including attorney's fees and expenses, incurred as a result of any and all claims, demands, causes of action, suits, judgments, fines or penalties (including but not limited to all fees and expenses incurred as a result of death or injury to persons or for loss of or damage to property) arising out of or in connection with Tenant's sublease or assignment of the Leased Premises and any activities performed thereunder, including negligent or willful acts or omissions, by Tenant, Tenant's sublessee or assignee, and their respective members, officers, agents, employees, subcontractors, customers, licensees, and invitees.

All insurance coverage required to be maintained by Tenant and its sublessees under any City-approved subleases pursuant to this Section of the Lease shall be with companies approved by Landlord, who shall be named as an additional insured on all such policies held by Tenant and its sublessees. Tenant agrees to provide City with certificates of such insurance for Tenant and its sublessees within ten (10) days from the renewal date of each such policy."

6. That Section 12, "Indemnification," of the Lease is hereby amended in the last sentence as follows:

"Tenant agrees to at all times carry public liability insurance in the amount of at least \$300,000.00 per person and \$1,000,000.00 per claim, and \$300,000.00 per claim property damage, with Landlord named as an additional insured, through a company approved by Landlord, and agrees to provide Landlord with ~~proof of such coverage from time to time upon Landlord's request~~ **certificates of such insurance within ten (10) days from the renewal date of such policies.**"

7. That all other terms and conditions of the Lease, Assignment Agreement and Consent to Assignment and Agreement to Amend Lease, which are not inconsistent herewith shall remain in full force and effect.

IN WITNESS WHEREOF, the Landlord and Tenant have caused this Second Amendment to be duly executed, sealed and delivered, by and through the undersigned agents, as of the date stated above.

SIGNATURE PAGE FOLLOWS

C.A. Tucker
(Witness #1 as to Landlord)

Erin D. Dyer
(Witness #2 as to Landlord)

[Signature]
(Witness #1 as to Tenant)

[Signature]
(Witness #2 as to Tenant)

The City of Isle of Palms, S.C., Landlord

By: [Signature]

Title: City Administrator

Watertoys, LLC d/b/a "Tidalwave Watersports,"
Tenant

By: [Signature]

Title: Owner