



**ACCOMMODATIONS TAX ADVISORY COMMITTEE**  
**11:00am, Wednesday, January 19, 2022**  
**1207 Palm Boulevard, Isle of Palms, SC and**  
**broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

**MINUTES**

**1. Call to order**

**Present:** Doug Truslow, Ray Burns, Glenda Nemes, David Nelson

**Absent:** Rusty Williamson, Sally Muhlig, Malcolm Burgiss

**Staff Present:** Administrator Fragoso, Treasurer Suggs, City Attorney Brent Halversen

**2. Approval of the previous meetings' minutes – November 16, 2021**

**MOTION: Mr. Truslow made a motion to approve the minutes. Ms. Nemes seconded the motion.**

Ms. Nemes said she felt there were points missed in the minutes. She did not give examples. City Clerk DeNeane suggested she bring those points to the next meeting and read them into the record.

**VOTE: The minutes passed unanimously.**

**MOTION: Mr. Nelson made a motion to add Citizens' Comments to the agenda. Mr. Truslow seconded the motion. The motion passed unanimously.**

**3. Citizens' Comments**

Ms. Helen Hill of the CVB said that the uptick in COVID-related cases has affected group business to the area but not individuals traveling or vacationing. She said progress has been made on the IOP-specific website and thanked Administrator Fragoso for her help in getting information out to the businesses about it. There has not been a big response as of yet. She also reported that she has been meeting with people who wish to start a Chamber of Commerce for the Isle of Palms.

**4. Financial Statements – Treasurer Suggs**

Treasurer Suggs said there is \$2.9M in the ATAX account as of 12/31/2021, which is \$1M up from 2020. A payment has been made to the CVB with an ending fund balance of \$2.4M. She briefly reviewed the expenditures to date.

Treasurer Suggs pointed out the \$1.3M ATAX distribution received was for “heads in beds” during June, July, and August. This was the biggest ATAX payment the City has ever received in September, which is an indication of “booming” economic activity.

Mr. Truslow expressed concern about the \$398,000 payment to the CVB with no contract, no metrics, no oversight, and possible non-compliance with the procurement code. Administrator Fragoso said that the questions about the procurement code could be answered in Executive Session. She added, “Every year through the budgeting process, the City approves the CVB as the City’s direct marketing organization. You can see there is a placeholder, as you mentioned, in the budget, and it assigns the Charleston Visitor’s Bureau as the recipient of that allocation until an alternative is developed by the City. Then the City will have a different alternative, a different option, of how that State disbursement needs to be issued. The City reports to TERC every year who this allocations goes to, who the direct marketing organization goes to, so the CVB has been properly selected by the City as the DMO.”

Mr. Truslow said he has been unable to locate in City records where the City decided the CVB would be the sole source option of the City’s direct marketing organization. He referred to two AG opinions that the City did not act properly. Administrator Fragoso said that could be further discussed in Executive Session. Mr. Truslow would like to have that spoken about outside of Executive Session.

Mr. Halversen said that because there are legal considerations to be taken into account, he did not think it would be appropriate to discuss this outside of Executive Session.

Ms. Nemes expressed concern that City Council has not yet dealt with the three recommendations sent to them by the ATAX Committee. She would like clarification on the purview of the ATAX Committee. She said her reading about Executive Session and FOIA does not support using Executive Session for all legal advice. She noted some residents’ concerns about the overuse of Executive Session.

Mr. Halversen said he would discuss the law and what the law says in open session, but as it “is pertaining to the issues you brought up at the previous meetings, those would be applications of the law, my interpretation of them to you and Council, and that I do not feel comfortable talking to you about in an open forum. I can explain my rationale for that concern, if you would like, to have Executive Session. Otherwise whatever I can talk to you about in open forum will be limited to State law and what the procedure says.”

Mr. Burns said the Committee has done what City Council has asked of them and that they need more direction. He agreed that what the Committee needs to discuss should be done in public.

Administrator Fragoso said, “Just to be very clear. Every time the City Council goes into Executive Session it is to either discuss a personnel matter, to receive legal advice or legal update on any pending litigation or receive legal advice on any issue. The questions that have been presented by this committee I’m not able to answer because I am not the City’s attorney. This committee has repeatedly asked to hear from the City’s attorney, so that is why he is here. The questions that have been asked by this committee will be stated before we go into Executive

Session, and the legal advice in any discussion, in Executive Session, will be limited to those questions, which you properly articulated are related to whether or not the City has been following proper procurement code, whether the City can withhold that money in a separate account while City Council makes a decision about an alternative, moving forward what can the City do with the expenditure of 30% funds. Because we have had the conversation here can the City use it for anything other than tourism promotion and advertisement. That requires legal advice and an interpretation of the law, and those topics have to be addressed by the City attorney. I will not make a decision for City Council to waive attorney-client privilege. That is something that Council will decide to do. In the meantime, any time we receive legal advice, it has to be done in Executive Session unless City Council votes to waive that privilege.”

Mr. Burns said, “I would add to the list the question of the appropriateness of having a contract with the nonprofit DMO with measurable metrics.”

Mr. Truslow said he is concerned about the City’s overuse of Executive Session.

**MOTION: Ms. Nemes made a motion to add to the agenda “a general discussion of procedure and what the State law requires concerning the ATAX funds, procurement, RFPs, and process.” Mr. Truslow seconded the motion.**

Administrator Fragoso noted that there is still one item on the agenda to be addressed, and that she and Treasurer Suggs have a budget meeting scheduled for noon. Ms. Nemes said she had read Robert’s Rules of Order and that staff does not need to be present for Executive Session. Administrator Fragoso said she would remain present for any Executive Session.

**A vote was taken as follows:**

Ayes: GN, DT

Nays: RB, DN

**The motion failed.**

5. **Old Business - none**

6. **New Business**

A. **Discussion and consideration of request for ATAX funding from the Law Enforcement Neighborhood Support Program**

Kitty Riley, President of the IOP Exchange Club, came before the ATAX Committee requesting \$5000 to support the efforts of the Law Enforcement Neighborhood Support Program, which is led by Ted Kinghorn. These funds would be used to help tourists who may be experiencing hardship during their stay on the island, i.e. a car accident or health emergency requiring them to extend their stay. Those in need would be identified by the Public Safety staff. She spoke about the group’s mission and some planned events for educating the public about safety issues and City ordinances pertinent to their stay on the island.

She said they have raised \$25,000 to date and would like to have \$50,000 in the fund. Chief Cornett identified the need for \$10-15,000 in previous years for hardship assistance. They will do

further fundraising through other events. The group hopes to expand their efforts to the Fire Department in the future.

Ms. Nemes said they will need to provide an accounting of where and how that money was used and stressed that it needed to be used on tourists, people who live more than 50 miles from the Isle of Palms. Ms. Riley said this money would have a separate accounting and be used for hardships experienced by tourists only.

**MOTION: Mr. Truslow made a motion to recommend to City Council the allocation of \$2500 to the Law Enforcement Neighborhood Support Program. A vote was taken as follows:**

Ayes: GN, DT, RB

Nays: DN

Mr. Nelson said he did not feel this request falls with the ATAX use guidelines. Ms. Riley said she would have further documentation to share at the February Ways & Means Committee meeting.

#### 7. **Miscellaneous Business**

The next meeting of the ATAX Committee will be Wednesday, February 9, 2022 at 10am.

**MOTION:** Ms. Nemes made a motion to go into Executive Session to receive legal information.

There being no second, the motion failed.

Mr. Truslow asked about what topics could be discussed in public. He again spoke about the proper procurement of the CVB as the City's DMO. Administrator Fragoso said, "The City's budget, which is approved by Council through an ordinance, which requires two readings, includes the allocation of the existing DMO, and it is listed as the Charleston Area Visitors Bureau. We believe confidently that is an appropriate selection of the existing DMO, and that is approved by Council, again, by ordinance.

Mr. Burns said he believed that budget line item to be a placeholder and that the money does not have to go to the CVB. Administrator Fragoso said that until the City creates or selects an alternative, that is where the money goes. She added, "To my knowledge there is no other regional tourism organization in the area that has an ongoing tourist promotion program, which is what the State law requires." The recommendations of the ATAX Committee have been relayed to City Council for further action.

Mr. Truslow said he did not understand how the City could move forward with the CVB when the ATAX Committee did not approve their budget, which they did not see until after the City's FY22 budget was approved. He referred to the Domains case saying that the ATAX Committee is to be the "first level of review" when it comes to the DMO budget. He asked for insight from Mr. Halversen.

Administrator Fragoso pointed out that the Committee failed to pass the motion to allow for a general discussion of ATAX and its allocations as well as Executive Session, and it is inappropriate to continue to this discussion.

Ms. Nemes expressed concern about being “denied” access to legal advice without going into Executive Session. Mr. Truslow said he asked for this discussion to be added to the agenda. Mr. Burns suggested allowing time for City Council to weigh in on the three recommendations sent to them by the Committee. Their action will determine what further information the Committee will need.

**8. Adjournment**

Mr. Truslow made a motion to adjourn, and Mr. Nelson seconded the motion. The meeting was adjourned at 12:16pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk