



SPECIAL CITY COUNCIL MEETING

5:00pm, Thursday, June 2, 2022

1207 Palm Boulevard, Isle of Palms, SC

broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. **Call to order**

Present: Council members Miars, Popson, Streetman, Hahn, Bogosian, Pierce (via Zoom) Ward and Mayor Pounds

Absent: Council Member Anderson

Staff Present: Administrator Fragoso, City Attorney Brent Halversen, Attorney Brian Kitts, Director Kerr, Treasurer Suggs

2. **Purpose** – discussion and consideration of request from Marina Joint Ventures, Inc. and Marina Outpost, LLC to assign lease hold interests to Morgan Creek Marina, LLC

- a. **First Reading of Ordinance 2022-04 – an ordinance authorizing the amendment and assignment of Marina Outpost, LLC to Morgan Creek Marina, LLC**
- b. **First Reading of Ordinance 2022-05 – an ordinance authorizing the amendment and assignment of Marina Joint Ventures, Inc. to Morgan Creek Marina, LLC**

Mayor Pounds reviewed the timeline of events from April 26 to now regarding the request to reassign the lease hold interests at the Marina. Mr. Mike Schuler of Morgan Creek Marina, LLC gave a presentation that detailed the other marinas his company owns, his background, and his vision for the IOP Marina. He said the benefit of owning several local marinas is access to resources.

Specific to the Isle of Palm Marina, he said that he does not intend to change things that are working and he fully intends to maintain all operations and staff. He also intends to give IOP residents better and priority access to the water and to upgrade the retail offerings and operations. He said he is not turning the ship store into a bar. There will be self-imposed limitations for alcohol consumption on the premises.

3. **Citizens' Comments**

Christine Donovan, 31 26th Avenue said she is not speaking for or against the change at the marina. She would like more time for resident interaction and input with the idea. She would like

to see the parking plan. She would like for the beer and wine plan to be reviewed by City Council if it doesn't work out.

3. Executive Session

MOTION: Mayor Pounds made a motion to move into Executive Session in accordance with §30-4-70(a)(2) to receive legal advice and discuss proposed contractual arrangements. Council Member Popson seconded the motion.

Council Member Miars said she would like to discuss some of the issues around the lease reassignment outside of Executive Session.

Mayor Pounds rescinded his motion to move into Executive Session and Council Member Popson rescinded his second.

Council Member Miars said that changes to the lease over the years favors the tenant and not the City. She said, "We have increased the amount of the threshold for paying more rent. We have taken away the tenant's responsibility to maintain the facilities, the docks. We have extended the lease by up to 2045. We have built brand-new docks to the tune of \$5M. We have decreased the percentage when it gets to that threshold that is now over \$1M, \$1.75M if you take both leases combined. We have decreased those percentages that the City will get. We have made it so that it is very, very difficult for the City to receive more than the base lease amount, and we have had this contentious issue with shared parking, which the City has not stood up for the residents and enforced the shared parking area. So now we are looking to give this new lease holder even more – the right to have consumption of alcohol on the premises."

She noted there is a current ordinance that prohibits the consumption of alcohol on City-owned property unless the lease specifically allows for it. She said the new lease should not include that allowance. She believes allowing alcohol consumption in the new lease will create a bar-like atmosphere. She said no one will be responsible for the amount of alcohol served and to whom it is served as there will be no bartenders or servers.

She said the lease says the marina is to be a family-friendly environment. She said many parents have told her that they like their children being able to go down to the marina. She said allowing alcohol there will "make it different." She also wondered how alcohol restrictions would be imposed since the enforcement particulars of the lease are not under the purview of the IOP Police Department.

Council Member Bogosian said he believed Mr. Schuler and his company could be great operators of the marina, but he would like to work out more details before he would support First Reading.

Council Member Hahn said the City has to deal with the lease as it exists. He said, "We have an obligation to look at this request for an assignment in good faith and grant the assignment in good faith. The current lease allows for onsite sale of beer and wine. It is silent as to consumption. Pattern and practice at that marina for the last 30 years has been people drink on

the deck back there...So I do not personally understand the issue of this is getting ready to explode when it has already been going on for 25+ years and I have not seen an explosion.”

He believes the more positive aspects of the lease assignment is the getting free parking for the residents in what is currently the shared parking lot. He said increased efficiencies at the Marina will alleviate traffic on Palm Boulevard. He said there is time for resident feedback and interaction between First and Second Readings.

Council Member Streetman said he has been impressed with what he has heard from Mr. Schuler so far. He is happy that the shared parking lot will now be free parking for the residents. He believes City Council should pass First Reading and allow for resident feedback and interaction with Mr. Schuler before Second Reading.

Council Member Pierce supported Council Member Miars’ views. He believes the residents need more time to review the plans and City Council needs more time to complete its due diligence.

Council Member Miars added that she would be happy to assign the lease as it is written, but she is not happy with allowing consumption at the marina. Council Member Pierce said he believed Mr. Schuler is getting more than the City and he would like time to pause and do more homework before assigning the lease.

MOTION: Council Member Streetman made a motion to move into Executive Session in accordance with §30-4-70(a)(2) to receive legal advice and discuss proposed contractual arrangements. Council Member Popson seconded the motion.

Council Member Ward expressed reluctance to have First Reading and feels the Council needs more time to complete its due diligence. He would like there to be a public meeting at the Recreation Center where Mr. Schuler would give a presentation about his plans and then have First Reading.

VOTE: A vote was taken as follows:

Ayes: Bogosian, Hahn, Miars, Popson, Streetman, Pierce, Pounds
Nays: Ward

The motion passed 8-1.

City Council moved into Executive Session at 5:46pm.

City Council returned from Executive Session at 7:55pm. Mayor Pounds said no decisions were made. He said, “We have instructed our legal counsel to continue negotiations and create another redline based on discussions. There are a few outstanding items that we are wanting to have nailed down before we move to a First Reading, which hopefully will happen in the next 7-10 days, would be our desire to flip a redline and get comments back pretty quickly. So from a public standpoint, we are not voting. We are not doing a First Reading tonight but hopefully in the first part of next week.”

4. **Adjournment**

Council Member Ward made a motion to adjourn and Council Member Streetman seconded the motion. The meeting was adjourned at 7:55pm.

Respectfully submitted,

Nicole DeNeane
City Clerk