



CITY COUNCIL MEETING
6:00pm, Tuesday, June 28, 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: Council members Popson, Streetman, Miars, Ward, Anderson, Bogosian, Hahn, Pierce, and Mayor Pounds

Staff Present: Administrator Fragoso, City Attorney Halversen, various department heads

2. Citizen's Comments

Jim Raih, Cameron Boulevard, said the language regarding alcohol in the marina lease needs to be clarified. He does not believe a boat club is needed at the marina.

Jeff Burda, Hartnett Boulevard, passed out materials from the February 2020 meeting at the Recreation Center regarding the marina. He said many of the amenities discussed for the marina have been realized. He said many of the things residents said they did not want at the marina, such as a boat club and dry boat storage, are now being considered.

Andrew Vega, Sparrow Drive, said he is concerned about public policies that erode personal freedoms. He said City Council members, as public servants, should be available to the residents at more public events.

Glenda Nemes said that giving ATAX monies to the Isle of Palms Chamber of Commerce is not acceptable to short-term rental owners especially since the CVB will receive close to \$1M from the City's ATAX funds this year. She said an independent board, similar to the one formed by the City of Folly Beach, is needed for tourism promotion on the Isle of Palms. She said any relaxing of the rules regarding the distribution of single use plastics is not needed. She said the City is being intimidated by Morgan Creek Marina LLC with the threat of a lawsuit, and the necessary due diligence has not yet been received.

Kathy Campbell, 20th Avenue, spoke about the recommendations from the ATAX Taskforce. She said the CVB was asked for more transparency and they have only bought a website. She said they have no interest in transparency and accountability. She said that she spoke to Joe Bustos regarding changes in the law regarding the use of the 30% funds. She would like the City to follow the model set forth by the City of Folly Beach. She is not sure the City is acting in the best interests of the residents giving money to the CVB.

Bortie Twiford, Edgewater Alley, supports the idea of a boat club at the Marina. He believes it will give more families access to the water. He is glad to see there will be more boating and parking access for residents at the Marina. He said he does not “buy the argument” that alcohol consumption will “corrupt children” at the Marina. He does not think the current marina manager is a friend to the City and supports City Council assigning the lease to Morgan Creek Marina, LLC.

Gerald Johnson asked City Council members to act as individuals at meetings and not be influenced by outside people and businesses. He encouraged them to “iron out” their differences.

Jay Leigh, Chairman of the Water & Sewer Commission, stated that the installation of the new water meters island-wide is nearly complete. He said residents will have the opportunity to download an app to track their water usage and see anomalies as they occur. He said the new building being constructed at 41st and Waterway Boulevard is an expansion and consolidation of the Forest Trails treatment plant. Council members shared they have received phone calls and messages from numerous residents about extremely high water bills since the new meters have gone in. Residents in the audience shared stories of high water bills and their interactions with the Water & Sewer Commission regarding their bills. Mr. Leigh said this issue will be discussed at his next meeting with the City.

3. Consent Agenda

MOTION: Council Member Streetman made a motion to approve the Consent Agenda, and Council Member Ward seconded the motion. The motion passed unanimously.

A. Approval of Previous Meeting’s Minutes:

Budget Public Hearing – 5:45pm, May 24, 2022

Regular Meeting – 6:00pm, May 24, 2022

Special Meeting – 5:00pm, June 2, 2022

Special Meeting – 3:30pm, June 21, 2022

B. Consideration of purchase of Polaris GEM [FY23 Budget, Police Department, State ATAX, \$18,000]

C. Consideration of replacement of three (3) patrol vehicles [FY23 Budget, Police Department, Capital Projects, Muni ATAX, State ATAX - \$135,000]

D. Consideration of purchase of one (1) F-250 replacement (re-budgeted from FY220 - \$70,000 [FY23 Budget, Fire Department, Capital Projects - \$70,000]

E. Consideration of revised proposal from ATM for design, engineering, and permitting of public dock replacement and “T” dock improvements to include Task 1, Task 2, Task 3.1 and Task 4.1 [FY23, Isle of Palms Marina - \$57,500 for public dock engineering and \$400,000 for “T” dock improvements]

F. Consideration of proposal from Thomas & Hutton in the amount of \$17,900 for additional design, engineering, and permitting for the 41st Avenue outfall project to extend piping of ditch along 41st Avenue [FY23 Budget, Public Works, Capital Projects, Drainage - \$350,000]

4. Reports from Standing Committees

A. Ways and Means Committee

Mayor Pounds reviewed the minutes of June 21, 2022 meeting. He said the City will have a budget overage this year. How that money is used will be discussed by City Council in the fall. All expenditures are at or below budget. The City currently has \$31.5M in cash deposits, approximately \$16M of which is restricted. He briefly reviewed the status of ongoing capital projects including the Phase 3 Drainage projects, the Drainage Master Plan, the undergrounding of utilities, and the work on the pickleball and basketball courts at the Recreation Center.

MOTION: Council Member Pierce made a motion to suspend the rules of order to allow for Mr. Ray Burns to speak about the ATAX recommendation of \$10,000 to the Isle of Palms Chamber of Commerce. Council Member Hahn seconded the motion. The motion passed unanimously.

Mr. Ray Burns, Chair of the ATAX Committee, said the ATAX Committee originally tabled the first request from the Chamber of Commerce which was for \$10,000 to help fund the development of their website. The Committee learned that the CVB helped to fund that website, and they did not understand how the \$10,000 “would fit into that whole thing.” Once the ATAX Committee was reestablished after a series of resignations, the Chamber returned to the Committee asking for \$10,000 to help fund their social media development. The vote on the sponsorship award passed 4-1. Mr. Burns said he voted in favor of granting the monies to the Chamber because he sees the CVB as a problem and believes the Chamber may be the only option the City will have in the future for tourism promotion.

Council Member Bogosian asked whether the monies awarded to the Chamber come from the 30% or the 65% funds. Administrator Fragoso clarified, “Their grant application was associated with the \$50,000 that the City budgets every year for programs and sponsorships. So their application was specific to that program. But I would say, reading the law, and the fact that they would be eligible, funds from the 30% should be available for that.”

She added, “Currently, the City has only selected one organization to receive the 30% for tourism advertisement and promotion. If the City changes that and then picks another organization which would be available to the City to do, as long as they are eligible, the City could then assign a portion of those funds to the Chamber. That would be from the 30%...State law states that a chamber of commerce could be considered an eligible...they are not because the City has not selected it to be as such. They are a non-profit. They would have to show the City that they either have or have the ability to generate a tourism promotion program. Once that happens, then it will be up to Council to determine whether or not the Chamber is an entity that is able to receive some of those funds from the 30%. That has not happened.” The Chamber can only receive the \$10,000 from the 65% funds this year as they have not yet been identified by the City as an eligible DMO.

Council Member Streetman said the Chamber does aspire to be an eligible DMO. He reminded Council members that the ATAX Taskforce recommended that City Council support the Chamber so it could become a viable entity.

Administrator Fragoso said the City Council meeting packet does include the Chamber's revised application and the "funds are being requested to support the development of a social media account that would be geared towards attracting tourists to the island, which would be considered an eligible expense according to State law section 6-4-10.

MOTION: Council Member Popson made a motion to approve, and Council Member Anderson seconded the motion. A vote was taken as follows:

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

The motion passed 8-1.

MOTION: Council Member Popson made a motion to approve the FY23 budget of the Charleston Visitor's Bureau. Mayor Pounds seconded the motion.

Mayor Pounds stated that he and Administrator Fragoso have been working with the CVB on bettering their reporting of the budget to the City and ATAX Committee. The CVB's proposed FY23 budget was included in the meeting packet and was reviewed at the June ATAX Committee meeting.

Council Member Streetman said he would recuse himself from the vote on the budget as he was appointed by City Council to sit on the CVB's Board of Governors.

Administrator Fragoso explained that TERC's recent ruling only requires the ATAX Committee review the budget of the DMO and not make a recommendation to City Council. The ATAX Committee recently met with members of the CVB who reviewed the proposed budget in detail.

MOTION: Council Member Ward made a motion to postpone the vote on the CVB's FY23 budget until the ATAX Committee can make a recommendation to City Council and have a member of the CVB explain the budget to the City Council. Council Member Bogosian seconded the motion.

Administrator Fragoso said she will ask the ATAX Committee to meet before City Council's next meeting to issue a recommendation.

VOTE: The motion passed unanimously.

MOTION: Mayor Pounds made a motion to add to the agenda the approval of an expense for the pay stations that was unanimously approved by the Ways & Means Committee at their June meeting. Council Member Ward seconded the motion. The motion passed unanimously.

MOTION: Mayor Pounds made a motion to approve the replacement of two (2) pay stations at Front Beach at the budgeted amount of \$36,000. Council Member Ward seconded the motion.

Administrator Fragoso said the cost will come in closer to \$24,000.

VOTE: The motion passed unanimously.

B. Public Safety Committee

Council Member Anderson reviewed the minutes of the June 2, 2022 meeting.

C. Public Works Committee

Council Member Ward reviewed the minutes of the June 8, 2022 meeting.

D. Recreation Committee

Council Member Popson reviewed the minutes of the June 6, 2022 meeting. Administrator Fragoso reported that the City is seeking a new meditation instructor. New meditation times will be announced via social media and the City's website when a new instructor is found.

E. Personnel Committee

Council Member Bogosian reviewed the minutes of the June 1, 2022 regular meeting and June 21, 2022 Special Meeting.

MOTION: Council Member Bogosian made a motion to appoint Rebecca Kovalich to the open lodging position and Gloria Clarke to the open hospitality position on the ATAX Committee.

Administrator Fragoso clarified that Ms. Kovalich's term will expire 12/31/23, and Ms. Clarke's term will expire 12/31/22.

VOTE: The motion passed unanimously.

F. Real Property Committee

Council Member Streetman reviewed the minutes of the June 6, 2022 meeting. Administrator Fragoso reported, "Since the meeting that Council Member Streetman just reported on, we have received a proposal from Davis & Floyd for the development of design specifications and drawings for the necessary improvements to the bulkhead. That proposal came in yesterday or this morning...and that was for \$35,000. So, we are looking at alternatives, trying to identify what is driving that number, looking at other vendors to get a similar proposal. But that will be something that will come up potentially in July before you all."

5. Reports from City Officers, Boards, and Commissions

A. Board of Zoning Appeals – minutes attached

B. Planning Commission – minutes attached

Director Kerr clarified the recommendations from the Planning Commission for the benefit of those who could not attend or watch the Special Joint Meeting between City Council and the Planning Commission. “In summary, what the Planning Commission is recommending to you all is that you establish a cap on the number of short-term rentals licensed in three different zones on the backside of the island. They are recommending that that cap number be set at 10% higher than the 2020 numbers. 2020 is the last complete year of licensing data...The main thing that those three zones would achieve in the mind of the Planning Commissioners is it would stop the migration that they believe is happening away from areas that have had traditionally high numbers and into those back areas that have had typically lower numbers of short-term rentals...There are other kinds of nuances there that they are recommending on occupancy. How many people can go in a rental. They are recommending that newly constructed or licensed rentals in the capped areas being limited to 8 occupants. They are also recommending in the uncapped areas for existing rentals that are above 12, which is the capped number for the occupancy number for new construction, but there are some that are above 12 currently. If those ever went out of the rental program for a year or more, their recommendation is that when they come back in that their occupancy would be limited to 12 people. So that is really what the recommendations would have you change. I have been asked to detail a little bit more what would stay the same...There still would large portions of the island that would be uncapped. Those areas that have had traditionally high numbers of rentals concentration, specifically those are rentals fronting on Ocean Boulevard, on Palm Boulevard, and on the southeast side of Palm between 42nd and 57th, and then all of the condominium complexes and multi-family complexes would all be exempt from these requirements. That pool, that uncapped pool, equates to about 75% of the existing rentals on the island. So to put that in perspective, their recommendation is talking about an area that currently houses only 25% of all of the rentals on the island. So it is a smaller pool that these rules would affect. The other thing that would not change is licenses. Properties that already have a license, those properties would be allowed to renew. So if you have a license now, if these changes come to pass, you would be protected and allowed to renew as long as you keep your license in good standing...The intent is if you are actively licensed you would be allowed to continue to rent. And then the last thing it would not effect is the ability to sell that property with the rental license...Planning Commission’s recommendation is for those licenses to transfer when the property sell.”

The proposed changes would apply to short-term rentals in areas of single-family homes.

- C. **Accommodations Tax Advisory Committee** – minutes attached
- D. **Environmental Advisory Committee** – 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. **Ordinance 2022-03 – an ordinance to extend the temporary suspension of enforcement of the plastic ban for businesses impacted by supply chain issues**

MOTION: Council Member Hahn made a motion to approve, and Council Member Popson seconded the motion.

Administrator Fragoso noted one addition since First Reading: no business establishment will be able to provide single-use plastic bags at the point of sale.

VOTE: A vote was taken as follows:

Ayes: Hahn, Anderson, Bogosian, Popson, Streetman, Pounds

Nays: Pierce, Miars, Ward

The motion passed 6-3.

9. Introduction of New Bills, Resolutions, and Proclamations

MOTION: Mayor Pounds made a motion to suspend the rules of order to allow for discussion following First Reading of Ordinances 2022-04 and 2022-05. Council Member Ward seconded the motion. The motion passed unanimously.

MOTION: Council Member Streetman made a motion to approve Ordinances 2022-04 and 2022-05. Council Member Popson seconded the motion.

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

Mayor Pounds said, “There have been a lot of conversations and discussions about what is happening with the existing marina operator’s request to assign the lease to Morgan Creek Marina, LLC. Thought it might be helpful to provide some information to help explain the latest by way of background and information. There have been two discussions or presentations by the new potential marina operator made to City Council outlining his plans for our marina. You can watch those at iop.net. In recent City Council meetings, and again for the resident’s benefit that have not necessarily been following this so closely, you will recall at our City Council meeting on April 26, we announced we had received a letter requesting approval of assignment of the existing leases held by Marina Joint Ventures, Inc., and Marina Outpost, LLC with the City of Isle of Palms to Morgan Creek Marina, LLC. Same ownership group that owns Bohicket Marina and Seabreeze Marina among others. Whose parent company is Coastal Marina Holdings. In accordance with the leases, any assignment requires the City’s prior consent. Since that initial Council meeting in April, the potential new Marina operator has been meeting with Council members directly, restaurant owners, other residents, and other parties getting as much input as possible as to go forward. We’ve received due diligence information, ownership structure, financial information, and a letter of intent from the proposed operator. For our review, we held Special Council meetings on May 6 and June 2 for the new potential marina operator to discuss his vision for our marina and discuss at our regular Council meeting on May 24. From my view, the good news around this amendment and change is the new potential tenant has agreed to as part of the lease assignment to release current and existing lease control over the shared parking,

which is the middle lot on the waterway side of the boat ramp. This would be a tremendous benefit for residents because the City would control that lot, make it available for free to residents and better enforce the current regulations. The new tenant has also asked that the existing lease language on alcohol consumption be clarified and allow for on-premise alcohol consumption to be allowed. The lease, as written, states that the marina can sell beer and wine. The current lease does not expressly allow the consumption as required by City code and is silent as to whether the sale of beer and wine are packaged only or whether the marina can sell single servings. The current tenant does not have an on-premise consumption license from the State. As a practical matter, incidental on-site consumption has always happened on the back deck, and the new tenant simply wants to continue on-site consumption and be in compliance with the law. Any material changes to the kitchen building, service area, or deck would require approval of Council. So just real quick from a what's in the current lease versus what's in the proposed lease: current lease requires the tenant to provide IOP resident launch rates at \$4. The proposed amendment would change that to free for residents. Current lease requires the tenant to provide dry boat storage. Proposed amendment would maintain this requirement but additionally require that no less than 12 dry boat storage spaces be reserved for IOP residents. The upland area where the 16 exclusive resident parking spaces are currently located is under the City's exclusive control and not encumbered by any lease. As part of the assignment, the potential new operator has offered to release the control over the shared parking lot, to give control to the City to manage and enforce. This area would be available to the City to offer free vehicular and trailer parking for residents in addition to this current existing 16 spaces. The proposed amendment also establishes that the tenants shall use commercially reasonable efforts to provide IOP residents with priority opportunity to rent publicly available boat slips at standard rates to be determined by the tenant at its sole discretion and absolute discretion on an as available basis. [You] must provide valid evidence of IOP residency. The IOP public dock and upland area where the 16 resident only parking spaces are located are not included in any marina leased premises, and the proposed amendment would not change that. The amenities would remain under the City control. The current lease has an assignment subleasing clause that allows a transfer of the lease with City consent. These sections are maintained but enhanced in the proposed amendments which establishes that any transfer of 50% or more of the partnership requires City approval. The proposed amendment would expressly authorize the operation of a boat club currently at no more than 50%. New marina potential operators okayed or has had conversations about taking that down to 35%, and other commercial operations if that exceeds thresholds would require Council approval. These thresholds safeguard the marina to ensure a mixed-use aspect to the marina. So we have a few amendments or we have an amendment back from the potential operators. We have a redline that we will discuss in Executive Session."

Council Member Bogosian said, "Since being asked to assign the lease, I feel that we have gone backwards regarding what is in the best interest of the citizens of the island. I agree that we are getting some shared parking, and that is great. There is a lot of confusion, but what we don't know about this, about the marina going forward, I think is too risky at this point to concede the parking. As with almost any lease or lease assignment, a threshold amount of due diligence is normally required. At a minimum, the landlord or the signing party would want to know who they were entering into an agreement with, both the entity and the financial ownership as well as

the financial stability of the entity. We have received neither to date. In fact, we asked for nine due diligence items from Morgan Creek Marina and Mr. Schuler, and we have yet to receive five of the nine items. This is not the kind of transparency that we should start a new 23-year relationship with. Because we have to remember that there are 23 years left on this lease. There have been too many bad decisions regarding the leases and we should not perpetuate that under our watch. When we started this path towards assignment, both parties, Mr. Schuler and the City, thought it would be a good idea to amend a few items concurrent with the assignment. This has led to an amendment that would potentially change the character of our marina, and I highlight our marina, it leaves it open to have a marina that is 50% occupied by a boat club. This could be 50-60 boats operating as a membership club. It is being presented as a method to get residents access to the water through the boat club. I don't buy that argument. I also don't agree with the argument that the club will reduce the need for parking at the marina. I feel just the opposite. Fifty to sixty boats at the marina, that's 50% of the dockage that we have. We don't even understand the revenue to the City that this boat club will generate for the City, and in all likelihood, will become the predominant tenant, the tenant of which will be a related party to the lease. We also now have added consumption of alcohol to the marina store. While it seems like a relatively minor change, that is only docking what is already happening at the marina store, I disagree. By allowing consumption, we are opening up for the advertisement of drinking on the deck and that growing into something that we all will be unhappy with. Remember, this is a 23-year lease and a lot can change in that period of time. For those and other items, I am not agreeing with the signing the marina leases. I would be in favor of signing the current lease to Morgan Creek Marina as long as we get the outstanding diligence items, most notably the beneficial ownership of Coastal Marina, LLC as well as their audited financial statements. I believe this is in the best interest for the City and can allow for more thoughtful amendments of the leases down the road after we establish a working relationship."

Council Member Miars said she agreed with most of what Council Member Bogosian had to say. She added, "I would also like to reiterate the fact that when we started these conversations, Mr. Schuler, we had great conversations with him, and we were really excited about this new change. He said that the parking thing was going to be made as a measure of good faith, not intended to be any sort of quid pro quo or anything like that. And it was not until...May 20 that the issue of alcohol consumption kind of became somewhat of a quid pro quo and became a contentious issue to say the least. I was personally criticized as referring to it as a bar. I would like to clarify that I said that because it was explained to us that it would be run very similar to, the model would be Seabreeze Marina, and anybody who has ever been to Seabreeze Marina or looked on Facebook or anything else, it is actually called the Island Cabana Bar. That word is in there. So that is what we were told. So that is where I got that idea. And so I just feel like these negotiations, it started off as something this was going to be a win-win. Everybody was excited about it, and now we have gone in this direction of well, if you don't give us what we want, then we are going to sue you. I can't abide by that. And I would also like to concur that if we are still waiting on numerous due diligence items, our attorneys came up with reasonable requests that were ordinary and reasonable in the course of business, and there is a list of nine things, and three of them have been provided fully. Five of them have been partially provided, and we have been told they are not going to provide the rest. And one of them has just not been answered, and

[INAUDIBLE] he spoke earlier today, he gave us some details about the business plan that we asked for or have not gotten yet, so if we were to receive those due diligence, reasonable requests that we have made, then I would think we should absolutely go forward with the assignment of the original lease...the lease that is in effect today and assign that for the marina and the store.”

Council Member Streetman said, “There is not a thing that Mr. Twiford said speaking tonight that we haven’t all heard and heard repeatedly. I have not received any mixed messages from Mike Schuler myself. We started off this process looking at that being a simple lease assignment, and also we were told then that the parking really did not matter. The parking could go back under City control. That was a winner for me from the get-go to tell you the truth that we could get another 35-40 spots, however many it ends up being in addition to the 16 we already have and the 14 golf carts spaces. That is what our residents has been calling for for years, more access to the marina. People have always parked down in that shared parking space. Some of us, like myself, have never paid there, but there have been others back before the kiosk was put in or the app, I should say, that did pay and didn’t know any better because they were being approached by somebody that was on premises in a truck and say it is going to cost you \$10 to park. Anyway, going back to the original premise here. We met to talk about that. We were all excited. We had meetings with Mike Schuler. We had a lot of conversations. The parking, giving over the parking was a real positive as I mentioned earlier. And we suddenly veered from a simple assignment of a lease to start saying hey this is a great opportunity. So we went down the amendment path, and I don’t see anything egregious, and from what is here, I don’t for a minute think that there is going to be 50% of our boat space that is tied up by a boat club. I think we are talking about five or six boats at the most. And honestly, I do want to see the other financials that are going to be pending and answering some of the other questions, but this still does not hold me back from saying this is the right thing to do at First Reading.”

Council Member Anderson said she did not believe the cost of boat club membership would be affordable for many residents. She wants to be sure that this contract does not interfere with anything promised to the restaurant. She does not believe this is the time for First Reading.

Council Member Hahn said he supports Council Member Streetman’s comments and having First Reading. He believes returning shared parking to the City will alleviate a lot of concerns. He went on to say, “The other large issue seems to be the beer and wine license. The lease, to be very clear, currently says they are allowed to sell beer and wine at the marina. It is silent as to whether or not you can do so package or do so for the consumption. The pattern and practice for 30 years has been people have consumed beer and wine at the marina. If they are doing so illegally, they are doing so with the knowledge of the City. That creates a huge liability for the City. If we are to transfer this lease as is and continue down this road, we are perpetuating liability for the City under dram shop laws and all other types of negligence. By clarifying this and requiring the proper licensure, it relieves the City of liability, and now all the liability is Mr. Schuler’s or his company’s. So I think it’s a win on both aspects because the beer and wine consumption is not going anywhere. That is going to continue to happen. And we get parking. We relieve ourselves of liability. As to the due diligence, I know that we have, Mr. Mayor, I understand some due diligence is pending. I think we should move forward and vote for this and

allow the process to take place. Once this is voted for, we can get open communication with the residents on what has been voted on.”

With regards to the due diligence, Mayor Pounds said, “So one piece that has been pending is an audited financial report that was hopeful was going to hit our inboxes tonight. But it did not. At this point, hopefully, it is going to be tomorrow, next day, that we will have audited financials that show significant equity.” He reported that a tentative date of July 11 at 5pm has been said for a town hall meeting with Mr. Schuler to speak to the residents about his plans for the marina.

Council Member Popson said, “If we go back to trying to assign the original lease to piggyback on what Blair said, we lose the shared parking, which has been very contentious down there between the current manager and the restaurant. We get calls every weekend. That would stay the same if we go back to the original assignment of the lease.” He believes that and resident access to the boat ramp are reason enough to support First Reading.

Council Member Pierce said, “I am a bit of a due diligence hound here. I think since IOP received the assignment request over two months ago, I’ve received many questions from residents. However, four stand out and were asked multiple times. Number one, is the prospective tenant that will be responsible for the 23-year lease financially sound for the long term and self-sufficient? Two, do you know and can you verify who the principals and owners are behind the corporate structure that will be responsible for the lease? Three, do you know the likely new services and boat club, how the revenue share will work for IOP? And number four, what is the tenant’s business plan and what will happen to the marina layout, convenience store, parking lot and docks that might impact residents? I cannot answer or verify any of these questions. We deferred our First Reading because IOP had not received all the requested due diligence materials. I have not received any new verifiable due diligence information. Just the tweaked proposed amendments. Yet, we are being asked to proceed without the ability to verify answers to the most basic questions or offer the community any input such as a public forum. Although I just heard we were going to have one. We have seen very professional PowerPoint slides and promised a balance sheet with an auditor’s opinion, which is an incomplete set of financial statements based on a single point in time. It’s a start, but we need a complete set of financials. Without verifiable due diligence, I cannot support these documents for our First Reading. I recommend we assign the original lease pending successful and completed, verifiable due diligence. Then we can support Mike Schuler and his team to occupy the premises and work together over the next year to improve and both parties evaluate the marina experience.”

MOTION: Council Member Ward made a motion to defer the vote on Ordinances 2022-04 and 2022-05 until after Executive Session. Council Member Anderson seconded the motion. The motion passed unanimously.

- C. **Ordinance 2022-06** – an ordinance to present a referendum question to the citizens of the Isle of Palms at the next general election on the question of whether the electors approve reducing the size of City Council from a Mayor and 8 eight Council members to a Mayor and 6 Council members

MOTION: Council Member Bogosian made a motion to approve, and Council Member Streetman seconded the motion.

Mayor Pounds said this ordinance is only to approve the question to put on the November ballot. Council Member Ward would like to see such an effort come directly from the citizens via a petition. Council Member Anderson said she would like to see this ordinance wait until after the six-month trial workshop period that begins next month.

Administrator Fragoso pointed out that the reduction of the number of Council members, should the referendum pass, would eliminate one Council member seat at the end of the 2020-2024 term, leaving eight members of Council from 2024-2026. The second seat would be eliminated at the end of the 2022-2026 term.

VOTE: A vote was taken as follows:

Ayes: Hahn, Bogosian, Pierce, Miars, Streetman, Pounds

Nays: Ward, Anderson, Popson

The motion passed 6-3.

10. Miscellaneous Business

A. Next meeting – Regular Meeting, 6:00pm, Tuesday, July 26, 2022

11. Executive Session

MOTION: Mayor Pounds made a motion in accordance with §30-4-70 (a)(2) for the discussion incident to proposed contractual arrangements related to the marina, to receive legal advice on the appointment of co-counsel for the purpose of reviewing the constitutionality of S40 and the restriping of the IOP Connector, and in accordance with §30-4-70 (a)(1) for the discussion of personnel matters from the Employee Grievance Committee. Council Member Ward seconded the motion. The motion passed unanimously.

City Council moved into Executive Session at 8:04pm

City Council returned from Executive Session at 10:05pm. Mayor Pounds said no decisions were made.

VOTE: A vote was taken on Ordinance 2022-04 as follows:

Ayes: Hahn, Ward, Streetman, Popson, Pounds

Nays: Bogosian, Anderson, Miars, Pierce

The motion passed 5-4.

VOTE: A vote was taken on Ordinance 2022-05 as follows:

Ayes: Hahn, Ward, Streetman, Popson, Pounds

Nays: Bogosian, Anderson, Miars, Pierce

The motion passed 5-4.

MOTION: Council Member Ward made a motion to approve the recommendation of the City Attorney for co-counsel for the purpose of reviewing the constitutionality of S40 and the restriping of the IOP Connector. Mayor Pounds seconded the motion. A vote was taken as follows:

Ayes: Anderson, Streetman, Popson, Ward, Pounds

Nays: Hahn, Bogosian, Miars, Pierce

The motion passed 5-4.

MOTION: Mayor Pounds made a motion to adopt the recommendation of the Employee Grievance Committee “with respect to the employee and issue a written decision to the employee and the employee’s legal counsel as discussed in Executive Session.” Council Member Streetman seconded the motion. The motion passed unanimously.

12. Adjournment

Council Member Ward made a motion to adjourn, and Council Member Popson seconded the motion. The meeting was adjourned at 10:05pm.

Respectfully submitted,

Nicole DeNeane
City Clerk