



City Council Regular Meeting
Meeting Minutes – City Hall Council Chambers, 2nd Floor

September 9, 2025

I. CALL TO ORDER

7:06 PM

Philip Cromer, Mayor

Members of Council in attendance - Philip Cromer, Neil Lipsitz, Michael McFee, Mitch Mitchell, Josh Scallate.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Pro Tem, Michael McFee

III. PUBLIC COMMENT – AGENDA ITEMS

Paul Trask, 610 Bladen Street, spoke regarding New Business Item A., on the lease of commercial space located at 500 Carteret Street. His written comments are attached to these minutes.

Graham Trask, 1211 Bay Street, spoke regarding New Business Item A., on the lease of commercial space located at 500 Carteret Street. His written comments are attached to these minutes.

IV. MEETING AGENDA APPROVAL

Motion to approve the Meeting Agenda was made by Councilman Scallate and seconded by Councilman Lipsitz.

All were in favor, motion carried.

V. PRESENTATIONS

A. Resolution honoring Reverend Dr. Elijah Washington.

A copy of the resolution passed during the meeting in August was formally presented to the family of Reverend Dr. Washington.

VI. PROCLAMATIONS/COMMENDATIONS/RECOGNITIONS

A. Proclamation proclaiming September 17 - 23, 2025, as Constitution Week.

Motion to approve was made by Councilman Lipsitz and seconded by Mayor Pro Tem, McFee.

All were in favor, motion carried.

VII. CONSENT AGENDA

Motion to approve the Consent Agenda was made by Councilman Lipsitz and seconded by Councilman Mitchell.

Councilman Scallate asked a question of the Community Development Department.

All were in favor, motion carried.

Items approved are listed below:

- A. Capital Projects Monthly Report.
- B. Community Development Monthly Report.
- C. Downtown Operations Monthly Report.
- D. Finance Department Monthly Report.
- E. Fire Department Monthly Report.
- F. Human Resources Monthly Report.
- G. IT Monthly Report.
- H. Municipal Court Monthly Report.
- I. Police Department Monthly Report.
- J. Public Works Monthly Report.

VIII. MINUTES

- A. Worksession and Regular Meeting - August 19, 2025.

Motion to approve was made by Councilman Scallate and seconded by Councilman Lipsitz.

Minutes approved as presented.

- B. Special Meeting - August 25, 2025.

Motion to approve was made by Councilman Mitchell and seconded by Councilman Lipsitz.

Minutes approved as presented.

- C. Capital Projects Workshop/Special Worksession - August 26, 2025.

Motion to approve was made by Councilman Scallate and seconded by Councilman Lipsitz.

Mayor Pro Tem, McFee abstained as he was not present for this meeting.

Minutes approved as presented.

IX. OLD BUSINESS

- A. PUBLIC HEARING AND SECOND READING - An ordinance approving the sale of real property owned by the City of Beaufort, South Carolina located at 1101 Coleman Lane, Beaufort, South Carolina.

Mayor Cromer opened up the Public Hearing.

No public comment.

Mayor Cromer closed the Public Hearing.

Motion to approve was made by Councilman Scallate and seconded by Councilman Lipsitz.

Scott Marshall, City Manager, provided a summary.

All were in favor, motion carried.

- B. An ordinance to regulate the Operation of Golf Carts within the City of Beaufort Pursuant to § 56-2-90 of the South Carolina Code, for City Code of Ordinances, Part 8, Chapter 6, Section 8 - Second Reading.

Motion to approve was made by Councilman Mitchell and seconded by Mayor Pro Tem, McFee.

JJ Sauvé, Deputy City Manager, provided some updates since first reading which included the addition of functioning turn signals. He also stated golf carts are not allowed on state maintained primary roads. Should Council wish to adopt an amendment under Designated Roadways, City Roads can be changed to Secondary Streets.

Councilman Scallate made a motion to amend and seconded by Councilman Lipsitz that the language under Section 8-6002, Designated Roadways, be written to state: Secondary roads as identified by the South Carolina Department of Transportation with posted speed limit of 35 miles per hour or less.

All were in favor of the amended motion.

Child Safety restraint laws must be adhered to on the golf carts just as they are in a vehicle. If needed, an amendment can be made to better define this law in the ordinance.

All were in favor of the main motion.

- C. An ordinance to amend City of Beaufort Ordinance 2024/11 regarding the fiscal year 2024-2025 City of Beaufort Budget to provide for the revenues and expenditures of the General Fund, Parks and Tourism Fund, State Accommodations Tax Fund, American Rescue Plan Act Fund, Fire Impact Fee Fund, TIF II Fund, Stormwater Fund and Capital Projects -Second Reading.

Motion to approve was made by Councilman Mitchell and seconded by Councilman Lipsitz.

Alan Eisenman, Finance Director, provided a summary.

All were in favor, motion carried.

- D. An ordinance to amend City of Beaufort Ordinance 2025/13 regarding the fiscal year 2025-2026 City of Beaufort Budget to provide for the revenues and expenditures of the General Fund, State Accommodations Tax Fund, TIF II Fund, Stormwater Fund, and Capital Projects Fund-Second Reading.

Motion to approve was made by Councilman Lipsitz and seconded by Councilman Scallate.

Alan Eisenman, Finance Director provided a summary.

All were in favor, motion carried.

X. NEW BUSINESS

- A. Possible reconsideration of an Ordinance for the lease of commercial space that is part of the real property owned by the City of Beaufort, South Carolina located at 500 Carteret Street to Sea Island Insurance Group, LLC.

Councilman Scallate made a motion to reconsider. It was seconded by Councilman Mitchell.

Councilman Scallate stated he wanted to be clear, as he was one of the “No” votes previously, but does not want the reconsideration of this to be perceived as a reconsideration of the City’s role in competing with the private sector. He does not disagree with most of the comments that were made. His motion to reconsider is more founded in sympathy. Feels a softer transition would be more appropriate. He still is not in favor of the terms of the lease as they are written. He would only be in favor of supporting this if terms change.

Councilman Mitchell stated he was also one of the “No” votes. In retrospect he wished he would have voted in favor and then addressed the issues between first and second readings. Feels it was unfair to the leese. He mentioned the City does not have clear language on how to deal with a situation like this. By allowing them to renew their lease, it gives the City time to provide clearer language for Council’s guidance.

Mayor Pro Tem, McFee spoke from a professional realtor’s standpoint. The property is not in competition with the comments that were made earlier given the quality of property. As a 40 year realtor in Beaufort, the property located at 500 Carteret is significantly substandard to several of the other Carteret and Bay Street properties referenced.

Mayor Pro Tem McFee made a motion to amend the lease to use \$20.00 per square foot. Councilman Scallate seconded the motion.

All were in favor of the amended motion.

Councilman Scallate made a motion to amend the length of the lease to 6 months with the option to extend one time for an additional 6 months. Councilman Mitchell seconded the motion.

The motion did not carry by a vote of 2-3.

Mayor Cromer and Councilman Scallate voted for.

Mayor Pro Tem McFee, Councilman Lipsitz and Councilman Mitchell voted against.

The main motion passed by a vote of 3 - 2.

Mayor Pro Tem McFee, Councilman Lipsitz and Councilman Mitchell voted for.

Mayor Cromer and Councilman Scallate voted against.

- B. A Resolution of the City of Beaufort, South Carolina authorizing a lease purchase financing in an amount of six hundred eighty-four thousand dollars (\$684,000); approving the execution and delivery of necessary documents and closing papers; and other matters relating thereto.

Motion to approve was made by Councilman Lipsitz and seconded by Councilman Mitchell.

Alan Eisenman, Finance Director, provided an overview. The City received 7 bids. It is the intention of the City to proceed with Bank of America which provided the lowest rates (3.78%) with no additional fees for a 10 year term.

All were in favor, motion carried.

XI. PUBLIC COMMENT – NON-AGENDA ITEMS

No public Comment.

XII. REPORTS

City Manager's Report

Staff is continuing to review the FOIA response provided to the Hollis Family on July 29, 2025, for the purpose of identifying protected information, cataloguing and notification of affected people, and transfer of the findings to Haynesworth, Sinkler & Boyd to assist in their review of the incident.

Beaufort/Port Royal Volunteer Firefighter and Navy Hospital Corpsman Second Class Andrew R. Nelson received two separate awards on September 3, 2025, one being the Navy and Marine Corps Medal of Heroism for rescuing a woman and her dog while volunteering with Beaufort Marine Search and Rescue.

Lt. Rickey Reinhardt was selected for the Exchange Club Firefighter of the Year that will be presented at the Patriot Day Ceremony on September 11, 2025. This is the 3rd year in a row a member of our department has been selected.

Also, Lt. Trish Mendicino was chosen as the Exchange Club Police Officer of the Year and will be recognized at the Patriot Day Ceremony also.

The Waterfront Advisory Committee met on September 2, 2025, and received a presentation from our Waterfront Park engineers on the status of the engineering analysis and a broad overview of available options for remediating the current failing condition of the relieving platform. Additionally, they also discussed a possible path forward for creating access to the Day Dock that would enable its use again. A joint public workshop between the City Council and the Waterfront advisory Committee will be scheduled where both bodies can discuss alternatives with the engineers. The objective of this workshop will be to narrow the options to a few choices which will then be refined and presented for public input at a future charette.

The Charles/Craven Drainage Project is going to stage the week of October 13, 2025, and is scheduled to begin construction the week of October 20, 2025. Construction will begin on Bay Street and make its way back into town, with the outfall in Waterfront Park being the last segment at the agreement of both project's engineers. Capital Projects staff have already made initial notifications and are working with Downtown Operations on finalizing the full communications plan.

Congratulations to JJ Sauvé on his recent career decision. To say he will be missed is an understatement. His contributions to the City's progress in capital projects, improving processes, increasing transparency and team building are too numerous to mention. Suffice it to say when he leaves us next month, he leaves gigantic shoes to fill. We will soon begin the search for a new Assistant City Manager.

The Fire Department was recognized by Horry County Council with a Resolution Commending the Members of Horry County Fire Rescue, Mutual-Aid Agencies, and the Collective Community for their Work at the March 1, 2025, Carolina Forest Wildland Fire.

Mayor's Report

Reported on the meetings he had and will be attending. On a personal note, he mentioned his grandson was recently baptized.

Councilman Mitchell

Nothing to report.

Mayor Pro Tem, McFee

Thanked staff for their time and effort with the Employee Compensation Study.

Sent his condolences to the Evans family on the passing of Jeff Evans, Editor and Founder of the Island News and Lowcountry Weekly. He will be missed.

Councilman Scallate

Spoke about a Federal Communications document that amended their regulations governing emergency alert systems to add a new event code called MEP, Missing Endangered Person, to allow alert originators to issue an alert to the public about Missing and Endangered Persons who's circumstances do not meet the criteria of America's Missing Broadcast Emergency Response or Amber Alerts. This became effective September 8, 2025.

Was able to attend the Waterfront Advisory Committee meeting on September 2, 2025.

Reported he will be speaking at the Beaufort County Youth Conference.

Councilman Lipsitz

Had the privilege of welcoming new USCB students at the South Coast Cyber Center.

Reported he has been appointed as the Lowcountry Council of Governments Board Secretary.

Members of Council thanked JJ Sauvé for all he has done for the City and wished him the best.

XIII. EXECUTIVE SESSION

- A. Pursuant to Title 30, Chapter 4, Section (70) (a) (2) of the South Carolina Code of Law: Receipt of legal advice regarding contractual agreements.
- B. Pursuant to Title 30, Chapter 4, Section (70) (a) (1) of the South Carolina Code of Law: Discussion regarding personnel appointed by Council - Boards, Commissions and Committees.

Councilman Lipsitz made a motion to go into Executive Session and seconded by Mayor Pro Tem, McFee.

All were in favor, motion carried.

Councilman Lipsitz made a motion to come out of Executive Session and seconded by Mayor Pro Tem, McFee.

All were in favor, motion carried.

No actions from Executive Session.

XIV. ADJOURN

8:51PM

Motion to adjourn was made by Councilman Lipsitz and seconded by Councilman Mitchell.

All were in favor, motion carried.

Disclaimer: This document captures all actions taken by Council and summarizes discussions. All City Council Worksessions and Regular Meetings are recorded. Live stream can be found on the City's website at www.cityofbeaufort.org (Agenda section). Any questions, please contact the City Clerk, Traci Guldner at 843-525-7024 or by email at tguldner@cityofbeaufort.org.

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80 (a)(d)(e), as amended, notification of regular meetings was given at the beginning of the calendar year. A copy of the agenda was posted on the City's bulletin board and website www.cityofbeaufort.org twenty-four hours prior to the meeting. A copy of the agenda was given to the local news media and requested public on file.

approved: October 14, 2025
Traci Guldner



September 9, 2025 Re: City Council Agenda Item X.A.

Possible Reconsideration of Ordinance for the lease of commercial space that is part of the real property owned by the City of Beaufort, South Carolina located at 500 Carteret Street to Sea Island Insurance Group, LLC.

Please add this document into the official minutes of tonight's city council meeting.

If the City has made up its mind to remain a commercial landlord in downtown Beaufort, then the city must pursue fair-market leases and stop undermining private property owners who are taking the risks and paying the taxes.

A renewal of the Sea Island Insurance lease as proposed erodes the tax base, distorts fair market value and is just plain wrong.

Rent quotes downtown average \$32 PSF for similar space. I can point to signed leases in full force at these prices. This means the City is undercutting a stable competitive market with a 55% discount. Never mind any free parking, conference room, or other side benefits thrown in.

How can you let this continue? The taxpayers of this City ought to receive a market rate for the lease of taxpayer owned property. The City should be charging \$30 PSF for this renewal. At a bare minimum, the City should have a blanket rate of \$25 for competitive similar space and adopt the attitude that so long as it is acting as a competing Landlord, it will demand a complementary rate to the market and not a detrimental one.

*Paul Mark
9-9-25*

I am writing, again, to express confusion as to why item X(A) exists on Tuesday, September 9th, City Council Meeting agenda:

X. New Business

- A. Possible Reconsideration of Ordinance for the lease of commercial space that is part of the real property owned by the City of Beaufort, South Carolina located at 500 Carteret Street to Sea Island Insurance Group, LLC

This same item was voted down 3 - 2 at the City Council's August 19th meeting as captured in the minutes:

- D. Ordinance for the lease of commercial space that is part of the real property owned by the City of Beaufort, South Carolina located at 500 Carteret Street to Sea Island Insurance Group, LLC - First Reading.

Motion to approve was made by Councilman Lipsitz and seconded by Mayor Pro Tem, McFee.

Linda Roper, Downtown Operations, provided an overview of the lease agreement. She stated Sea Island Insurance Group wished to renew their lease. The lease would start on September 1, 2025, and run through August 31, 2027. The lease may be renewed for an additional two years.

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There was a discussion about the condition of the space and market value rates.

The motion failed by a vote of 2 to 3.

Mayor Pro Tem, McFee and Councilman Lipsitz voted for.

Mayor Cromer, Councilman Mitchell and Councilman Scallate voted against.

I've never seen an item which was voted down in one meeting then appear again as new business in the following meeting.

How did this exact item get put back on the September 9th agenda after being voted down in the August 19th meeting?

Who specifically authorized this – it appears it was Josh Scallate, is that correct? Who is the staff member that is making this recommendation and created the suggested motion?

Legal Authority:

Contracting (Real & Private Property) S.C. Code Ann. § 5-7-40

Staff Recommendation:

Either Councilman Mitchell or Scallate would make the following motion: *"I move to reconsider the Ordinance for the lease of commercial space that is part of the real property owned by the City of Beaufort, South Carolina, located at 500 Carteret Street, to Sea Island Insurance Group, LLC."*

If this motion passes, then a motion must be made to approve the ordinance, with a second required for further discussion.

Placed on Agenda For:

Action

Attachments:

1. ORDINANCE for Sea Island Insurance Group LLC
2. Sea Island Insurance Group August 2025 Lease Agreement

Notwithstanding this irregularity, I continue to be adamant in my opposition to this ordinance on the grounds as stated during public comment of the August 19th meeting, a summary of which has not been included in the minutes which, in my opinion, is another example of mismanagement in our City - there are no detailed minutes!

The rationale for my opposition to this lease is:

A) The City is clearly competing with the private sector with this lease and should not be involved in the real estate investment and development business.

B) The City in its leasing of 500 Carteret directly competes with me, as a private real estate investor and developer as well as every other commercial property owner in the City of Beaufort.

C) The City does not have to bear the same cost structure that private investors have to bear to include that the City:

1. Pays no property tax.
2. Borrows at a fraction of the rate that private investor do.
3. Uses taxpayer money to fund renovations and management.
4. Pays zero business license cost.
5. Pays zero permit fees.
6. Pays zero impact fees.

7. Secures insurance costs at a much lower premium than private investors.

The rental rate for this 644 square foot office is \$14.68/square foot/annum including parking. By comparison, I have similar vacant office space listed for \$36.86/square foot/annum excluding parking. To provide parking, I'd need to rent parking from the City of Beaufort!

Such rental activities, as this lease exhibits, crowd out the private sector's ability to compete on a level playing field as the City is clearly not competing on a level playing field. To the contrary, every tenant in 500 Carteret is being subsidized by the City and by taxpayer dollars. This includes the Beaufort Digital Corridor which itself is subsidized by taxpayer money and allows businesses to rent long-term offices at subsidized rates.

500 Carteret needs to be sold! If the City wants to keep parking as a strategic asset, that is fine. The building itself needs to be sold to a private investor.

The City must vote against offering a lease to Sea Island Insurance Group LLC!

The city must then refuse to extend any existing leases in the 500 Carteret building and refuse to enter into any new leases! All enterprises must find private sector space - this includes the Digital Corridor!

Yes, capitalism is "cruel" and change for these organizations might be financially difficult, but any other path is akin to socialism whereby the City of Beaufort is subsidizing these businesses and creating aberrations which are in no one's benefit - including the businesses which are being subsidized!

I again ask you to vote against this resolution. If Sea Island Insurance Group needs another month to find alternative office space, that is fine. I can even tell them who to call to help them find office space should they wish to reach out!

With kind regards,
Graham B. Trask