

How much will city lose on downtown sale?

By Debbie Carson, Staff Writer

TEMPLE TERRACE — The city could be getting closer to signing a deal to sell off nearly 18 acres of land for its downtown redevelopment project. The Temple Terrace City Council was expected to wrap up negotiations on the purchase/sale agreement between the city and developer during the March 4 council meeting.

The council held a workshop last Monday to hash out the details of the contract the city is expected to sign with development team Pinnacle/Ram.

While most of the council members asked for clarity on some of the legal points of the contract, working to address potential problems in the wording, one councilman took issue with the sales price.

"It will not make us whole," said Councilman Ken Halloway, who brought up the issue at the last city council meeting in February.

Halloway said that one of the requirements for the redevelopment project is to make the city whole – meaning that it recoups the money it spent to buy the land scheduled for redevelopment.

In March, Pinnacle/Ram offered to buy the land for almost \$17 million, which would have covered the city's land costs, according to Halloway.

Now, the developer is offering less, creating an approximately \$3.5 million shortfall – all with the city's bank loans coming due later this year.

Halloway pointed out that the city won't be able to pay off the loans without either selling the land for what the city owes, or refinancing.

To refinance, the city would have to issue bonds – a financing tool the city's residents voted against in 2005.

"Our citizens aren't going to fall for that," Halloway said, noting that he doesn't know how to make the ends meet without tapping the taxpayers' dollars.

"That is not very good news," he said.

Halloway was the only one to object to the proposed sales price during the Feb. 25 workshop.

Another issue that popped up during the discussion included tying the city's \$1.2 million market adjustment fee to set development milestones.

Pinnacle/Ram has required the city to pay the development team \$1.2 million to offset the depressed value of the land due to the current state of the property market.

Instead of taking the \$1.2 million off the top of the sales price, the city wants to pay out the \$1.2 million in increments based on set goals Pinnacle/Ram must meet.

Also, the city discussed the developer's \$400,000 deposit and how and when that might be refundable.

Pinnacle/Ram is required to deposit \$400,000 into escrow as part of the terms for closing on the land purchase. The city has agreed to refund the money if certain city-specific conditions are not met before the closing date of July 1.

However, Pinnacle/Ram would like for the escrowed money to be refunded if any – including their own – conditions are not met before closing.

For instance, one of the conditions tied to the closing is Pinnacle/Ram's ability to purchase the Regions Bank site. It has nothing to do with the city.

Under the developer's terms, if Pinnacle/Ram cannot work out an agreement with Regions Bank or decides not to purchase the bank site, then it can get its \$400,000 back from escrow and walk away from the project.

"What they want is to have no money at risk," City Attorney Mark Connolly said.

Bob Skinner, a representative from Ram Development Company, countered that characterization, reminding the council that Pinnacle/Ram has already invested \$250,000 in the project. By the time the company expects to close the deal, the development team is expected to have invested between \$700,000 and \$800,000.

Skinner said that the team has no control over the major tenants within the project site – noting ongoing negotiations with Sweetbay Supermarket, Regions Bank and Burger King.

He said that while Sweetbay and Regions have been moving along relatively well, "Burger King has kind of dug their heels in a bit."

Pinnacle/Ram's plans call for moving the fast food restaurant to the east along Bullard Parkway, replacing the corner building with the Regions Bank.

"I'd love to sit there and say the developer's being unreasonable," said Councilman Mark Knapp regarding the conditions Pinnacle/Ram is asking for. "But, quite frankly, they're not asking for anything that I wouldn't ask for."

The council was expected to approve the purchase and sales agreement at the March 4 council meeting.

Also at City Council Tuesday night, the members were scheduled to meet at 6 p.m. to hear a presentation regarding the Arts and Education Center's feasibility within the downtown project.