

**CITY OF TEMPLE TERRACE, FLORIDA  
REDEVELOPMENT AGENCY  
MINUTES**

**Tuesday, February 10, 2009  
Council Chambers–City Hall  
10:00 a.m.**

Having been duly advertised as required by law, a meeting of the Temple Terrace Redevelopment Agency was held on Tuesday, February 10, 2009, in the Council Chambers at City Hall, for a presentation and review of the staff evaluation of The Vlass Group's January 21, 2009, proposal for the downtown redevelopment project.

**PRESENT WERE:** Chairman Joe Affronti, Executive Director Kim Leinbach, Agency Members Alison M. Fernandez, Ken Halloway, Mark A. Knapp, and Mary Jane Neale, Attorney for the Agency Mark Connolly, and Clerk Lisa Burns. **ABSENT WAS:** Agency Member Ron A. Govin.

**ALSO PRESENT WERE:** Public Information Officer Mike Dunn, Code Compliance Director Joe Gross, Leisure Services Director James Chambers, Fire Chief Keith Chapman, Police Chief Ken Albano, Public Works Director Joe Motta, Community Development Director Charles Stephenson, Human Resources Director Woody Hubbard, Finance Director Diane Reichard, Senior Planner Susanne Hicks, Deputy Police Chief Patricia Powers, Deputy Clerk Judy Read, Jack & D'ee Griffith, Tim Smith, R. Cutting, Cate O'Dowd, Owen Beitsch, Tom Kohler, Michael Crawford, Mel Jurado, Liz Affronti, Paul LeBlanc, Steve Culbreath, Bill Martin, Gloria Kares, and several other persons.

There being a quorum present, Chairman Affronti called the meeting to order at 10:00 a.m.

**Minutes of Previous Meeting:**

Upon motion of Agency Member Knapp, seconded by Agency Member Fernandez, and unanimously carried, the **MINUTES** of the February 3, 2009, Redevelopment Agency Meeting were **APPROVED**.

**Redevelopment Agency Business:**

**1. Presentation and Review – Staff Evaluation of The Vlass Group's January 21, 2009, Proposal.**

Executive Director Leinbach briefly described today's presentation, which will include a brief overview of the project; a summary of the related financial details presented by the Finance Director; the Real Estate Research Consultants' review, including their fair value and TIF calculations (a copy of the Memorandum to the City Manager dated January 30, 2009, is part of the record); and the Executive Director's recommendation.

The Executive Director explained that the proposal is in two parts: the first part is the approximate 19.82 acre area north of Chicago Avenue, consisting of LaBeacon, Terrace Plaza, Sweetbay, Chevron, Burger King, and Regions Bank; the second part includes all of the property owned by the City south of Chicago Avenue, from Bullard Parkway to the Hillsborough River. He explained the area south of Chicago Avenue is provided in the Purchase and Sale Agreement, with a formula for payments based upon densities, and with no contributions from the City for any of the infrastructure. Included in the area north of Chicago, he said, is a proposal for an Arts Education Center or other municipal use.

The Executive Director said the administration strongly urges the Agency/City Council, at least initially, to keep in mind the possibility of a Library in lieu of the Arts Education Center. He explained a new Library would potentially provide additional space in the existing Library building near the Fire Department for a Police Station, which has been talked about for years; secondly, it would also open up additional space (approximately 10,000 square feet) in this building for City Hall use. He summarized that would accomplish several goals in their long-range planning. He noted that if the City finds it is not financially feasible to proceed with a municipal use, the City would be reimbursed \$3.6 million. He mentioned that while the development will be completed in phases, the overall infrastructure would be put in place in the first phase.

The Executive Director briefly reviewed the benefits of proceeding with The Vlass Group proposal, as listed in the Memorandum to the Mayor and Council dated February 3, 2009, which was distributed to the Mayor and Council following the last meeting, after which he called on the Finance Director to briefly review the financial information.

To put the proposal into perspective, Finance Director Reichard reviewed a table entitled, "Debt Service Payments – Fixed vs. Variable." She explained that for the property north of Chicago Avenue, the City is currently in debt \$17.7 million; if the City chooses to proceed with The Vlass Group proposal, the City will be in debt \$23.7 million. She commented that at the next regular City Council Meeting on February 17, 2009, the refinancing of outstanding loans on the redevelopment properties will be discussed. She explained that although she will be recommending the variable rate, she wanted to present the comparison between the fixed and variable rates.

The Finance Director continued that one of the reasons she will recommending the variable rate is because with the variable rate, they can pay principal, as it is available, in addition to interest. She pointed out the projected total sources of \$1.169 million, and suggested that if interest of \$520,358 was paid on the variable rate portion, the remaining balance of approximately \$600,000 could be applied to a reduction of principal, which they have not previously done. She summarized that with this table she is trying to demonstrate Total Sources currently are \$1.1 million, and once construction is completed under The Vlass Group proposal, the City could potentially have \$1.8 million in Total Sources. She added that she has not included other revenues in this calculation that will come in because of the development, including gas tax, community investment tax, and population-driven sales tax, which are difficult to estimate.

The Finance Director noted that with the current Total Sources of \$1.16 million, they do not have sufficient sources to pay Principal and Interest payments, which would be \$1.48 million; under The Vlass Group proposal they would be a lot closer [Principal and Interest of \$1.98 million; Total Sources of \$1.80 million]. She commented that as the project is delayed, every year they have debt service payments of \$799,185 if they go with a fixed rate loan. She stated that today the City has an \$800,000 interest payment that is due, and they are losing the potential for additional TIF income.

Agency Member Halloway questioned if the City chose to go with the 15-year variable rate, with interest payments of about \$1 million, whether the excess funds of approximately \$734,000 received in "Sources" would be put into a restricted fund. The Finance Director responded that she would not put it in a restricted fund, but instead, would use it to offset principal, according to the budget and the guidance she receives.

In response to a question from Agency Member Halloway, the Finance Director stated that only two banks responded to the Request for Proposals (RFP) that was put out in January.

Agency Member Halloway pointed out in the information provided that property tax values are estimated to increase at about 4% annually, with estimated TIF revenue based on that. He questioned whether that is a fairly conservative estimate. The Finance Director responded that it is really conservative, because although the City is blighted in that area, the CRA district increased in value by 15%, whereas the rest of the City went down in value by 8%.

Agency Member Halloway suggested that one advantage in going with The Vlass Group is that as “bricks” go in the ground, property values will increase, which will boost TIF revenue. The Finance Director opined that when they do development in a certain area, they expect surrounding neighborhoods to increase in value. Chairman Affronti interjected that is not reflected in the calculations before them. The Finance Director noted that in previous calculations she has prepared for the Council she has always projected that the surrounding areas will increase; however, she always stays conservative with 4%.

The Executive Director reviewed that the Valuation Assessment, prepared by Real Estate Research Consultants, was attached to the report distributed last week. He commented that the consultants concentrated on the TIF revenue, which is of paramount importance to the City in terms of retiring the debt, and whether The Vlass Proposal is considered to be fair value. He said the proposal was confirmed to constitute fair value by the consultants, and the consultants are present this evening to answer any questions Agency Members may have.

The Executive Director presented his recommendation, stating that unless the Agency/City Council totally revises their long-standing goals, their citizens’ vision and goal of conventional development, the City will never recoup its investment, at least initially, but from the outset they set out to accomplish something special – to create a new downtown - urban center - for our community; to do otherwise would make the City resemble so many other places. He continued that since they have assembled the properties and costs for the same, regardless of how they proceed, and since they have a developer team ready and willing to partner with the City in this endeavor, his recommendation is to proceed with The Vlass Group proposal, convey all property owned by the City, excluding Chicago Avenue, contingent upon a Development Agreement; payments for the City-owned property south of Chicago Avenue would be based upon the final density, allowing the City a partner stake in the overall success of the project; details to be delineated in a developer agreement.

The Executive Director asked to read an e-mail he received from Agency Member Govin at 9:15 a.m. this morning; Agency Member Govin is recuperating from surgery and unable to attend the meeting. The Executive Director read the e-mail from Agency Member Govin as follows:

“I have reviewed the presentation and I agree with the consultants’ opinion that the proposal could work to the City’s advantage. It would appear that the writing of the contract would bear great determination as to the safety of the City in this transaction. It would appear to present an opportunity in a terrible economic situation, and at the worst possible happenings we would not be at a much worse position.”

The Executive Director continued reading from the e-mail from Agency Member Govin, as follows:

“I am most concerned about the large debt and that it might keep us from moving forward on other projects. I would also insist on clarity that the City is presently considering only a City activity center and new future buildings and would want the developer to proceed with the additional property.”

Chairman Affronti commented, as Agency Member Fernandez suggested at the last meeting, that an opinion was obtained from an outside consultant not involved in the project to assist in determining whether the proposal offered by The Vlass Group represents fair value. In addition to the consultant, he noted there are two persons here who would like to speak to this issue.

Steve Culbreath, 205 South Glen Arven Avenue, said he has been employed for the past 12 years with Canco General Contractors, Inc., whose projects include development, retail, residential, industrial, and commercial. He noted that he is knowledgeable about the development process and site development. Commenting that he has reviewed The Vlass Group proposal and is familiar with the previous proposal that Council had approved with RAM/Pinnacle, Mr. Culbreath said he believes The Vlass Group proposal is a far better deal for the City of Temple Terrace. He continued that, at this point in time - after nine years, he would urge the Agency/Council to make a unanimous decision to move forward. He remarked that he had done due diligence to find out about The Vlass Group and concludes that they do what they say they are going to do, and others in his industry, who know The Vlass Group, have said good things about them.

Bill Martin, 813 Bannockburn Avenue, reviewed that he is very much involved in the development industry. He reported that he attended the ICSC (International Council of Shopping Centers) Conference on Tuesday, where the prognosis of the retail economy was predicted to be flat or flatter in the next year or two. With that in mind, Mr. Martin said it allows the Agency/Council to decide whether the City wants to hand off the baton at a tough time to a professional set of developers and let them deal with lease negotiations, get infrastructure and Main Street in place, get the existing tenants in line, in terms of how they will fit into the new center, and get the lighting working, so it is not such a scary place.

Mr. Martin surmised that the City is basically getting a plan that they like. He expressed his belief that while all of the other developers were very capable, The Vlass Group's plan appears to be closest to the plan the City started out with, in terms of densities, creating a Main Street, and a “sense of place.”

Mr. Martin remarked the City will have debt regardless of what happens. He questioned whether they wish to have the debt and try to accelerate the TIF process and density process to get those monies paid back quickly, by handing off the baton to a partner, with whom they are confident can move the ball forward. He added that the biggest thing is that when it does move forward, it will create momentum to trigger a lot of other things. He cited several examples, noting that it will create jobs in Temple Terrace with people coming here to work. He summarized that the “Readers Digest” version is whether the Agency Members are willing, based on what the Executive Director has laid out and what the consultants have said about the financing, to hand off the baton to a partner and move forward, or wait for another two years or more, with the knowledge that in this economy, no one else is ready to step in.

Chairman Affronti commented that The Vlass Group has been very determined to show that this project is the right one for this City, adding his appreciation for Mike Vlass' tenacity. Chairman Affronti briefly mentioned that the draft plan of the preliminary long-term vision of TBARTA (Tampa Bay Area Regional Transportation Authority) shows light rail going right through the University of South Florida, which is just a stone's throw away, and going to the airport. He continued that with Moffitt Cancer Center, USF, and the VA Hospital, among others, this area will really grow. He commented that along with rail, economic development follows. He remarked that the City is in an enviable position right now in all respects; if they are able to get the redevelopment going, Temple Terrace will be in a great position for the future.

Agency Member Halloway commented that Masque Theatre anticipates having to move out once the development gets underway. He questioned Mr. Vlass whether The Vlass Group has a timeframe in which that move would have to occur.

Mr. Vlass requested that his partner, Mark Snead, respond. Mr. Snead said he believes that for the immediate future Masque would remain where they are. He noted that they have spoken with a couple of potential tenants for the space. Mr. Snead explained they had envisioned that if they build the community center as their proposal illustrates, the theatre would be a component of the Arts Education Center. Agency Member Halloway confirmed with Mr. Snead that Masque would stay where they are for the present time.

Mr. Vlass explained that when they bring the Development Agreement to the City, they will bring a phasing plan to them that will show what will be happening and where the tenants will go, starting from Chicago Avenue and moving north. Depending on their needs, he suggested they could be moved into the old Publix space or other vacant areas. While they would like to find them a permanent home, he indicated there is always space that is not as expensive as it needs to be, and they could accommodate Masque in those areas. He concluded that whatever is important to the City, The Vlass Group will figure out a way to be accommodating. Characterizing Masque as a "people magnet," Mr. Snead interjected that they like the use and it would be a great complement to the Library, if the Library was able to be relocated into the project.

Agency Member Knapp questioned the Attorney for the Agency concerning his prior opinion relative to the proposal submitted by The Vlass Group; specifically, that it was the opinion of the City Attorney that it did not meet the terms of the original RFQ (Request for Qualifications). Agency Member Knapp asked now that the Attorney for the Agency has had time to review the proposal, whether he is comfortable that the proposal does meet the original RFQ and would withstand a legal challenge.

The Attorney for the Agency explained that his statements at the last meeting were relative to the conveyance of the property and the fact that the RFQ discusses a mechanism for there to be consideration for the property. He continued that there are Statutes that must be followed when conveying property within a CRA. He commented that the City wisely retained Real Estate Research Consultants (RERC) to review the financial proposal to ensure the deal was providing fair value to the City; upon review it was determined by RERC that the City is receiving fair value under the terms of the proposal from The Vlass Group. He said he believes that is an opinion that the City Council and the Temple Terrace Redevelopment Agency can rely upon.

The Attorney for the Agency remarked that the project, as presented by The Vlass Group, is a high density, mixed use, urban infill project that is walkable, with significant value given to landscaping, streetscaping, etc. While that is not a legal opinion, he said that in reviewing the RFQ that is what the City was looking for and what The Vlass Group is presenting at this time. He said he believes the issues he raised at last meeting have been resolved.

Agency Member Knapp questioned the Finance Director as to whether the projections of TIF income she presented are based on the full completion of the entire project.

The Finance Director responded that the projections were phased in over the years; the average presented on the front page was the average of all of the phased-in projects.

Agency Member Knapp confirmed with the Finance Director that it still assumes the entire project is completed. Being a steward of City's funds, Agency Member Knapp stated that in concept he is not objecting to the proposal; however, the "devil is in the details." He said he would like to know, on paper, what happens if Phase I takes place and nothing else – the economy stalls further, and the City can move no further, specifically the financial impact and burden on the City, the City's investment at that point, whether the City has spent the entire \$4.5 million on infrastructure, whether the City has received anything back, and whether the City can survive financially if that occurs. He explained that he wants to base his decisions on "worst case" scenarios, and whether the City can weather the storm. He commented that he has all the confidence in the world in The Vlass Group, and he believes these are questions Mr. Vlass would be asking if it was him looking at the deal. He understands that his request can be handled in a presentation during the Development Agreement phase, which is fine with him.

Relative to the prior conversation he had with Mr. Vlass concerning conveyance of all of the property at one time, Agency Member Knapp commented that he was satisfied with Mr. Vlass' answer that having control over all the parcels is necessary to be able to adequately negotiate with all of the tenants. He questioned how the riverfront property fits into that equation relative to the overall development and how The Vlass Group's control over the riverfront property affects their ability to negotiate on the commercial site.

Mr. Vlass responded that they are looking to tie the property together from the riverfront all the way to the Fire Station and into the ballpark. Tying it to a development plan, he explained, allows Mark Snead to present a total, cohesive plan as to how things are projected to look, and whether it will be single-family cluster homes, a multi-use building, or a mid-rise condominium structure at the River is far enough in the future to be determined by the success of the development north of Chicago Avenue. He commented they are investing on the north side of Chicago Avenue to enhance the value of the south side of Chicago Avenue.

Mr. Vlass continued that at the last meeting a Joint Venture or some sort of participation was requested. He informed the Agency Members that, after meeting with Executive Director Leinbach, it was determined that in the Development Agreement there will be additional compensation to the City for the property south of Chicago Avenue, based on the final density. He remarked the numbers prepared by the Finance Director are for the area north of Chicago Avenue. He explained they will come up with a dollar per square foot figure that they will pay the City for whatever they build south of Chicago, and noted that they are obviously density-oriented.

Mr. Vlass advised that The Vlass Group will also pay the City additional compensation based on the number of residential units they build south of Chicago Avenue, which is, in essence, a Joint Venture, reflected in the price as opposed to partnerships and guaranteeing loans. To the extent they are successful in the north, he said, they will be able to increase the density in south, which will result in a more successful project, more property tax base, and a higher price to be paid to the City. He noted those payments will be made to the City as the development begins to the south, reiterating it is a partnership in the sense that the more units they build, the more money the City will receive, which is a benefit to both parties.

Agency Member Knapp presented a scenario where the City agrees with the proposal and all the properties are conveyed to The Vlass Group; the only property encumbered is Phase I, the Sweetbay location. He continued with the scenario, suggesting The Vlass Group completes Phase I, fills it up, sells it to an outside party, and nothing moves on from that point forward. He questioned how The Vlass Group sees that as a financial impact to the City, since the City currently has about \$5 million plus interest invested in that parcel, and the \$4.5 million in infrastructure that the City would have also spent. He noted that they could debate that the infrastructure could be considered a wash because the City would keep that, but there would still be a \$5 million investment, which he sees as the City's biggest risk.

Mr. Vlass submitted that is the City's least risk. He explained that the current Sweetbay lease controls the entire site; under the terms and provisions of the current Sweetbay lease, they cannot do a mixed-use development as suggested under the RFP. He commented that coming up with a new lease, and working out that lease with Sweetbay to allow for the development of a mixed-use project and putting in the infrastructure is a major accomplishment; therefore, they are worse off today than if The Vlass Group did Phase I or Phase II and walked away. He continued that when looking at a large mixed-use development, if it is a cohesive, logically laid out and designed project, there are cross easements and recorded documents; the recorded Development Agreement, which is the plan that Agency Members have seen, will encumber that property forever. He pointed out that they won't be able to move building locations; Main Street will be created and formed, and there is no changing that when it is done, because that is the recorded plan.

Mr. Vlass mentioned that many cities are developed over a number of years, and he is sure that Temple Terrace has a City-wide plan that they try to stick to as much as they can, noting, however, that the market will demand some flexibility. Mr. Vlass informed the Agency that their plan will include exactly what will happen. He described that when they sit down with the Development Agreement in the next phase, The Vlass Group will have a plan that shows an overlay for Phase I, so the City can see where they are if that is all that happens; there will be an overlay of Phase II, and others, in a series of layers, so they can see at any time that they are always ahead of where they would have been had it stopped at that point. Briefly comparing the project to the 17<sup>th</sup> Street project in Atlanta, Mr. Vlass commented that the uses of the buildings may vary depending on the market as they go north; the market will then tell them as they go to the north, what they will do in the south. He expressed hope that by the time they get to Riverhills, the condominium market will have returned, and they will have pre-sold whatever they intend to build on the riverfront property. He summarized this is a long-term process for them, noting that they will be here many years. He said they want to make sure they preserve the neighborhood around them; therefore, with the design they have, they would like to have more interaction with the community. He added their concern with the west side of 56<sup>th</sup> Street, and he expressed hope of getting the landowners on the west side to understand what The Vlass Group is doing and encourage them to improve their properties.

Agency Member Knapp responded that he has a lot of confidence in Mr. Vlass. He commented that he likes the idea that during the negotiations for Phase I they will see exactly where the City will be financially if they stopped at that point, and that the City will know at *each* juncture, whether the City will be financially capable to withstand The Vlass Group stopping at each point.

Agency Member Fernandez commented that she has done a lot of research and talked to a number of people to determine if this is the best direction for the City to take at this time. She expressed her intention to support the plan, stating that one reason is because she doesn't believe that holding the property and doing nothing will result in a better outcome for the City. She said she believes it is prudent for the City to go forward. She continued that she doesn't believe that holding out for a better price later will give them what they would lose in the maintenance and upkeep of the property, potential loss of tenants, loss of tax revenue, and, although intangible, the loss of the community benefit.

While she favors the civic use in the plan, Agency Member Fernandez explained she is leaning more towards the Arts Education Center, because it gives the City a concrete location to partner with Hillsborough Community College (HCC) and USF. She noted Temple Terrace is a very educated community, and that is a concrete way to partner with these educational facilities as opposed to the Library, which is important, but doesn't give the same partnership benefit. Another aspect she pointed out is the need for additional space for the Family Recreation Complex. She said the Arts Education Center could be a location for dance classes and performance areas, leaving space for other programs to expand at the Family Recreation Complex. She remarked that the City wants to have close ties with HCC and USF, adding that college students somehow seem to have money to spend. Although there are citizens in the community who feel the City has spent money on the land and is not getting it back, she said she doesn't believe that is realistic in this market; she believes the plan in front of them is the best course.

Agency Member Knapp mentioned that many years ago he said that the idea behind the City moving forward on downtown redevelopment would require the City to purchase the properties, raze (tear down) the existing buildings there, sell the land to a developer to develop what the City wants, at a lesser cost than what the City purchased the land for. He noted at that time he referred to it as "gap financing," stating the City would receive that money back through taxes, benefits, and TIF revenues. He stated he did not expect the gap to be 100%; however, it falls into line with what he mentioned about eight years ago.

The Attorney for the Agency clarified that it is not 100%, or the City would have certain issues. He said The Vlass Group is providing the City with valuable consideration in the form of construction of the Arts Education Center at approximately \$3.6 million.

Agency Member Neale commented that she believes "no" is a decision, and she believes they need to move ahead. She cautioned the devil is in the details, and while she has some questions, she believes those will be answered with the Development Agreement. She questioned Mr. Vlass what is meant by a "timely manner."

Mr. Vlass responded that they have already started, referring to their meetings with Sweetbay and other tenants. He noted that construction will start as soon as they get leases, and he briefly explained various ways they create an atmosphere that encourages merchants to want to be a part of this development.

Mr. Vlass continued that the only thing keeping them from starting right now is that they do not have the signed Development Agreement. He advised that their attorneys will prepare a first draft of the Development Agreement and get it to the City for its review within 30 days, noting that they have seen the previous drafts of the City's agreements and are aware of the City's concerns. He said they would hope to have it negotiated, finished, signed, and all layers of phasing completed in order to answer any questions the Agency/Council may have. In the meantime, he noted that the day after this proposal is approved, they will be out on the street talking to the tenants.

Agency Member Neale explained she was looking at the section where it states that if the phased projects are not completed in a timely manner, the City receives its land and improvements at no cost.

Mr. Vlass responded that in the Development Agreement it says they have 36 months from the date the Development Agreement is signed to begin construction. He remarked they gain nothing by waiting; they are anxious to start, but reiterated they can't start until they have leases. Mr. Snead added that on the positive side, they have a number of tenants they hope will stay in the project. In addition, he said they see the civic uses as being a very desirable part of the project and hope they can incorporate several uses. He assured the Agency Members that The Vlass Group only gets paid when they produce for the City.

Upon motion of Agency Member Halloway, seconded by Agency Member Fernandez, Temple Terrace Redevelopment Agency **RESOLUTION NO. CRA-120(m)** was **ADOPTED**, recommending to the City Council to proceed to move forward with The Vlass Group, based upon the framework of the proposal, to prepare a Development Agreement, Purchase and Sale Agreement, and other documents necessary in order to implement the downtown redevelopment project. Vote on the motion being: Agency Members Fernandez, Halloway, Knapp, and Neale voting "aye," no "nay." Agency Member Govin was **ABSENT** and did not vote.

Prior to the vote on the motion, the Attorney for the Agency clarified the language of the motion, and noted that the City is not moving forward with a Joint Venture partnership with the developer.

Agency Member Knapp clarified with Mr. Vlass that in the event the City elects not to do any civic use on the property, the City would be compensated \$3.6 million. In addition, he clarified with Mr. Vlass that the civic use is open for negotiation – it could be a Library, an Arts Education Center, a combination, or nothing. Chairman Affronti added that so much of that depends on the City's capital campaign to raise funding.

With no further questions or discussion, Chairman Affronti called for the vote on the above motion.

There being no further Redevelopment Agency business, the meeting was adjourned at 10:55 a.m.

Joe Affronti  
Chairman

Alison M. Fernandez, Agency Member

Attest:

Melissa E. Burns, MMC  
Clerk

Ronald A. Govin, Agency Member

Ken Halloway, Agency Member

Mark A. Knapp, Agency Member

Mary Jane Neale, Agency Member