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Nord du Lac request tabled **Developer, mayors opposed bond issue**

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Amid cries of foul play by a local developer and two mayors, the state Bond Commission tabled action Thursday on requests by Colonial Properties Trust for approval of bond issues to help finance road, drainage and infrastructure improvements for its proposed \$200 million shopping center south of Covington.

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Drawing the most flak was a request to use \$20 million in state and local sales tax revenue to be generated at the Colonial Pinnacle Nord du Lac center to back a bond issue for the improvements through a state program to spur economic development.

James Maurin of Stirling Properties, which owns two shopping centers in the area, told the commission that Colonial Pinnacle was abusing the "tax increment financing" program. And because of the developmental costs saved through the TIF, Colonial Pinnacle is offering sweetheart deals to lure tenants away from Stirling's two centers in Mandeville and south of Covington, **Maurin** said.

Colonial Properties Trust is using the TIF "to cannibalize my center in Mandeville and cannibalize my center (near) Covington," **Maurin** told the commission.

Mandeville Mayor Eddie Price said the new shopping center will result in the city losing businesses and tax dollars through a program that is intended "to attract new businesses and attract new sales tax dollars."

Covington Mayor Candace Watkins also attended the commission meeting at the state Capitol to oppose approval of the \$20 million bond, but she reserved her comments after the panel decided to table the matter.

Watkins, who long has been a vocal opponent of the proposed center at Interstate 12 and Louisiana 21, said earlier that she agrees with Maurin that the TIF program is being abused by Colonial Properties Trust. "It's not economic development when the result is empty buildings," she said.

But Richard Yeilding, senior vice president for Colonial Properties Trust, said all of the money from the program is required by law to be used for infrastructure for the development, including a six-lane boulevard from Louisiana 21 west through the center to a closed I-12 rest stop, which will be turned into a second interchange for the state highway.

"None of the money is going to the tenants," he said.

Luring stores

In a letter to the commission, Maurin said Colonial Pinnacle has lured Belk department store away from the Stirling Covington Center, which is across the interstate from the proposed center site.

Belk "has been offered free land, free site work, infrastructure and parking lot, and subsidized operating expenses by Colonial to relocate from their 3-year-old store," Maurin stated. "Belk plans to close the existing store" and move across the interstate to the new center, he said.

A similar deal has been made to lure the Barnes & Noble bookstore out of Stirling's Premiere Center in Mandeville, Maurin said. Colonial also is working to get Bed Bath & Beyond, Victoria's Secret, Gap, Banana Republic, Old Navy and others -- all tenants at the Premiere Center -- to the new center, he said.

But in a letter to the commission, Yeilding stated that Colonial has signed "no binding leases with anyone. All we have are nonbinding letters of intent. We do not know where our competitor gets his information, but it was not from Colonial. It is not unusual for tenants to play shopping centers against each other. . . . We are not doing anything more for our prospective major tenants than is customary in the industry."

When asked by Sen. Edwin Murray, D-New Orleans, how many prospective tenants have existing outlets in St. Tammany, Yeilding said, "We have to recruit stores that are in the market."

Yeilding estimated that only 15 percent of the 110 to 115 tenants in the 1 million-square-foot center will be businesses already in St. Tammany. As concerns and questions continued to be raised, Yeilding offered to table the bond-approval requests for a month to gather more concrete information for the commission.

Seeking a meeting

In the meantime, commission Chairman and state Treasurer John Kennedy said he will try to arrange a meeting among the two mayors, Maurin, Colonial officials and others "to see if we can work this out."

Kennedy said the question seems to be, "Are public dollars being used to take businesses away from existing developments?"

Mike Olivier, state Secretary of Economic Development, said the commission is being distracted by "market issues." It's natural for some businesses to want to be in "the new center." The bottom line is the development will have a positive impact on the economy and generate additional tax

dollars, he said.

Commission member and Secretary of State Jay Dardenne said it's obvious that the TIF is freeing up money for Colonial and "makes it more viable for them" to offer better deals to prospective center tenants. And "if the TIF creates a blighted center," the program isn't working, Dardenne said. He noted it's ironic that **Stirling Properties** recently used the TIF to raise \$8 million for a new shopping center near Lafayette.

But none of the tenants in that center received free deals or is relocating there, **Maurin** said.

Joint commitment

The dispute has not stopped **Stirling** and Colonial from keeping a joint commitment to turn the interstate rest stop into a new interchange. Maurin said Stirling and Colonial are committing \$1.25 million each toward the new interchange. **Stirling** also will build a \$5 million road from the rest area to Louisiana 21 south of the interstate. Colonial is building the six-lane boulevard.

The St. Tammany Parish Council earlier this month designated the 169-acre center site as a special economic development district for the TIF. The council imposed a new 3/4 cent sales tax on retail sales in the center to be used to retire half the debt on the \$20 million bond sought by the developers. Three-quarters of a cent of existing state sales taxes collected on retail sales at the center would be used to retire the remaining \$10 million of the bond debt.

The parish tax would expire when the debt is paid off.

Colonial Properties Trust, a publicly traded company based in Birmingham, Ala., also is seeking approval of a \$24 million, tax-exempt Gulf Opportunity Zone bond to pay for additional infrastructure at the center. That bond would be retired from property assessments paid by center tenants.

Although there apparently was no opposition to that request, it also was tabled by the commission.

Yeilding was asked whether the development would still become a reality if the commission denies the bond-approval requests. "I'm confident we'll get something approved," he said, adding that the developers plan to keep a timetable to begin construction this summer and open the center in late 2008 or early 2009.

The developers, which also include Robert B. Aikens and Associates and the Wainer Brothers, recently obtained a federal wetlands permit for the project. But Watkins this week asked the Army Corps of Engineers to reconsider the permit, and especially the contention by developers that there is a need for the shopping center.

"I request on behalf of all the citizens of Covington . . . and the western St. Tammany business owners who will be adversely affected by having their tenants needlessly relocated to this location, that you re-evaluate" the permit, the mayor said in her request.

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