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Fort Myers Beach Times Square project runs into foreclosure

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An ambitious project to remake a high-profile area of Fort Myers Beach is headed for a \$35 million foreclosure - the second largest in Lee County's history.

Fifth Third Bank is suing Times Square FMB LLC - the owner of a sandy lot on Estero Boulevard where four hotels were torn down after being clobbered by Hurricane Charley in 2004.

Times Square FMB is controlled by a group of investors who bought the hotels, along with the Seafarer's Village and Helmerich Plaza retail strips across the street, in 2004. Charley struck a few months later and a year after that the county's real estate market began a downward dive that's continued to this day.

Now, unless a buyer steps forward with a proposal both sides can accept, it's inevitable the bank will take back the property, said Kevin Jursinski, the attorney who represents the owners.

Aside from a few issues such as the exact legal description of the land, there's no question "there's a monetary default," he said.

The right offer from an investor could avert foreclosure, and Jursinski said "there's been a number of people interested. I think that would be something that would be entertained by both the owners and the lenders."

But any offer in the current economic climate is likely to be a far cry from the roughly \$33 million paid by the investors in 2004, said Fort Myers-based real estate broker Ed Bonkowski. The foreclosure is for \$33.8 million plus interest and attorneys' fees.

"Overall, it's the best site we have in the county as far as access to the beach," he said, but "the price they paid was too high and they don't have the entitlements," so a potential buyer doesn't know exactly what he can build there.

With a lot of property in the county fully zoned and ready for development, a project with no assurances will be sold at a steep discount, Bonkowski said: about 20 cents on the dollar, or roughly \$6 million.

He said the case is similar to another highly visible development in troubled economic times: the former Sheraton Hotel in downtown Fort Myers, which was taken over by the Resolution Trust Corp. in 1990 with a \$43 million foreclosure, highest in the county's history. It was later sold to a Thailand-based company for \$6.7 million, which still owns it. It is closed.

The vacant land where the Times Square FMB hotels once stood is more than just a symbol of hard times, said Anita Cereceda, owner of Local Color and The Pier Peddler on Fort Myers Beach.

"It's become a real blight on the front door of Fort Myers Beach," said Cereceda, former mayor of the

town. "There probably is no more serious issue facing Fort Myers Beach right now than the redevelopment of that property."

In 2005, the owners proposed a redevelopment plan that would have included a Gulffront park on part of the property, but it never was approved. The proposal called for a 200-unit condo hotel to replace the 135 rooms in the old hotels.

There's not much happening along those lines at present, said Ken Miller of the town Community Development Department. "There's been some talk back and forth, but we haven't seen anything concrete" and no permits have been issued to redevelop the property.

Sooner or later the site's time is likely to come.

"It's actually going to be a prime location for a hotel," Bonkowski said. "But not today, not tomorrow."
