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County feasibility study

County parks board mulls Pine Knob takeover

The Oakland County Parks and Recreation Commission has delayed until March 19 any recommendation regarding a county purchase of the Pine Knob recreation complex.

The commission, which met Friday without three of its nine members, may ask the county Board of Commissioners to buy 343 acres of Pine Knob, including the outdoor music theater, ski resort and golf course for \$17 million. Joseph Loricchio and Gary Francell, partners in the Pine Knob Investment Corp., are reportedly asking \$20 million for the recreation complex near Clarkston.

A FEASIBILITY study by the county Department of Management and Budget released Thursday recommends the county negotiate a price range from \$17 million to \$19 million.

Earlier last week, Pine Knob Investment Corp. filed Chapter XI petitions in U.S. Bankruptcy Court, through which debtors seek temporary protection from creditors while working out a plan to meet their debts. The estimated Pine Knob debt, including the ski resort, country club and Hamburger Marsions, Inc., (a restaurant) is \$12 million.

Should the county decide to purchase Pine Knob, voter approval would be required. The purchase feasibility study suggests the county borrow up to \$20 million through the sale of general obligation bonds to buy Pine Knob.

Because general obligation bonds require pledging the county's full faith and credit, the Headlee tax limitation amendment passed in 1978 requires voter approval before the county can sell the bonds.

ACCORDING to one commissioner, the county's parks and recreation commission hadn't adequately discussed the Pine Knob purchase to make a recommendation Friday.

"At no time have we debated what we thought about anything," said Marjorie M. Walker of Birmingham, the commission vice-chair. "What we have done as a commission to date is receive a tremendous amount of financial data."

At an informational meeting for the county board Thursday at White Lake Oaks Golf course, Parks Commission Chairman Lewis E. Wint said the Pine Knob own-

ers "needed an answer" from the county by the May 20 presidential primary.

Parks Manager R. Eric Reickel prepared a timetable requiring a county board vote on March 27 to put the Pine Knob issue on the May 20 ballot.

That timetable assumed a parks commission recommendation Friday.

"Since we took no action today, that particular time schedule is out the window," Mrs. Walker said Friday.

Asked whether that would jeopardize the purchase, she said, "Any piece of property is for sale until it's sold — it's as simple as that."

After May 20, the next possible date to put the issue on the ballot would be the Aug. 5 primary election.

THE COUNTY'S feasibility study was not based on a full appraisal of the Pine Knob property, said James Brennan, director of the county's budget office.

The county tax equalization division estimated the current value of the 343 Pine Knob acres, including the theater, ski lodge, slopes, golf course, restaurant, swimming pool and tennis courts, to be between \$15.5 million and \$17 million.

"The key component to the ultimate financial success of the proposed purchase is the music theater," reads the county study. "The net gain of the music theater is sufficient to retire the annual bond payments as well as the first-year loss on the golf course."

Brennan told county commissioners that "it's not anticipated in the price range that's being negotiated that you would ever have to levy any taxes" due to the Pine Knob purchase.

But Wint pointed out once general obligation bonds were approved by voters, any resulting tax in future years caused by the Pine Knob operation wouldn't require a vote.

Reickel said Pine Knob's present owners "haven't been able to meet all of their financial obligations." He said they "overcommitted themselves" in borrowing and their "liability ballooned."

Brennan said Pine Knob's owners can't get long-term financing. With the prime lending rate at 16 1/2 percent, "that's too big a nut to crack," he said.

The county would pay 6 percent interest by contrast on 30- to 40-year general obligation bonds, Brennan added.

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