

Truman Annex Redevelopment

In 1973, the General Services Administration ("GSA") offered to sell the Harry S. Truman Annex Naval Base in Key West, Florida. The City of Key West ("City"), appellee, expressed an interest in purchasing the Annex.

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On March 19, 1979, the Key West City Commission ("Commission"), and individual appellees, passed Resolution 79-41, which acknowledged that redeveloping the Annex was in the interest of the City and further recognized the need for a community redevelopment agency to supervise the redevelopment of the Annex. On May 7, 1979, the Commission passed Ordinance 79-15, which created the Key West Redevelopment Agency ("Agency") to supervise the redevelopment of the Annex pursuant to the Community Redevelopment Act of 1969¹ ("Act").

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On June 18, 1979, the Commission passed an ordinance amending Ordinance 79-15, which appointed the Agency as the City's agent to acquire the Annex. In January, 1980, the Agency and an independent consultant prepared and published the "Revised Conceptual Plan for the Redevelopment of the Truman Annex, Key West, Florida" ("Conceptual Plan"). On March 3, 1980, in Resolution 80-30, the Commission approved and adopted the Conceptual Plan.

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During the fall of 1980, the Agency chose the Key West Harbour Development Corporation ("KWHDC"), appellant, to perform the Annex predevelopment services. In October, 1980, KWHDC began performing these predevelopment services for the Agency. In July, 1981, the Florida Legislature abolished and recreated the Agency in Ch. 405, 1981 Fla.Laws 144.

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On July 16, 1982, KWHDC and the Agency executed an agreement which, among other things, designated KWHDC as master developer of the Annex redevelopment project. On May 29, 1984, KWHDC and the Agency executed the "Disposition and Development Agreement." Under this agreement, the Agency would purchase the Annex with funds advanced from KWHDC; in exchange, the Agency would grant KWHDC a ninety-nine year lease on the Annex. On September 5, 1984, the Commission adopted Ordinance 84-32, which created a "Planned Redevelopment District" to accommodate the redevelopment of the Annex. On June 4, 1985, the City passed Resolution 85-107, which allowed the City to enter into the "Key West Harbour Project Agreement." In June, 1985, the Commission, the Agency, KWHDC, and the State of Florida Department of Community Affairs ("DCA") entered into this undated agreement. The Key West Harbour Project Agreement provided the procedures for the City to review the redevelopment of the Annex.

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On July 18, 1985, the Agency officially offered to purchase the Annex from GSA for \$13.8 million. On September 24, 1985, the GSA accepted the offer and scheduled the closing for March 31, 1986.

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On January 7, 1986, in Ordinance 86-2, the Commission imposed a 180-day moratorium on the issuance of building permits for any building, project, development, or structure to evaluate the City's estimated growth projections. On February 7, 1986, KWHDC requested an opportunity to speak at the February 18 commission meeting and further requested assurances that the moratorium would not delay continued development of the Annex under the existing laws and ordinances after the moratorium expired. On February 18, 1986, the Commission adopted Resolution 86-49, which requested that GSA delay the proposed sale and transfer of the Annex for ninety days while the City evaluated the proposed purchase and transfer. During this time, the City also published a notice for a special commission meeting and workshop regarding the Annex. On February 25, 1986, in Resolution 86-58, the Commission arguably rescinded its approval of the Conceptual Plan. On March 11, 1986, the Commission passed Resolution 86-76, which explained that Resolution 86-58 was a modification, not a rescission, and requested that the Agency recommend amendments to the Conceptual Plan to reflect the City's current needs.

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On March 14, 1986, KWHDC informed the Agency that it would no longer perform because of Resolution 86-58, and that it may require the Agency to reimburse it for predevelopment services. The Agency requested that KWHDC comply with the Disposition and Development Agreement, but it refused. GSA declared the Agency in breach of the Annex Purchase and Sale Agreement.

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In September, 1986, GSA sold the property to another developer for \$17.2 million. Four years later, KWHDC sued for damages.