

PURCHASE / DONATION REQUEST FORM

Type of Request X Purchase Donation

If purchase request, why do the owners want to sell the property to the Land Authority?

Owner Information

Name
Address

Property Information

Legal Description
RE Number
Date Acquired
Asking Price
Prior Offers

Analysis of Property

On Acquisition List?
Within FL Forever Boundary?
Size
Tier Designation
Zoning
Vegetation

1986 Assessed Value

 \$ XX,XXX

115% \$ XXX,XXX

2009 Assessed Value

 \$ XXX,XXX

 \$ XXX,XXX

RE: 00006730-000000
Site: off of Palm Drive in Key West
Legal: metes and bounds description

Owner: USA
Contact: Ron Demes, 293-2488 or cell 797-0158

Tenant: Southeast Housing, LLC
Contact: Kathleen M. Grim (of Balfour Beatty Capital Group, Inc.)
Phone: 610-355-8206
Email: kgrim@bbcgrp.com

Realtor: GMH Capital Partners, Inc.
Contact: David Forrest
Phone: 610-355-8233
Email: dforrest@gmhcp.com
Randall Calvert
Phone: 610-355-8259
Email: rcalvert@gmhcp.com

Attorney:
Phone:
Fax

Vegetation = developed
Zoning = Military (could not find this listed in LDRs)
Size = 27.86 acres per MCPA; 23 acres per press release
Existing Units 157 units, all 2 BR per Ron Demes (a density of 6 units per acre)
Potential Aff DU??
1986 = \$2,486,852
2009 = \$21,842,240
owner paid = Not listed by MCPA website

Estimated value: 157 units x \$190k/du = about \$30 million
(based on Oct 2009 appraisal of 16 2 BR/1 bath apartments on Washington Street)

Encumbrances: \$587 million 1st mortgage in favor of US Bank National Association
Unspecified 2nd mortgage in favor of MBIA
Assignment of ground lease of unspecified term from
GMH Military Housing – Navy Southeast LLC to Southeast Housing LLC

	<u>Seller</u>	<u>MCLA</u>
Offers:		

Chronology

3/9/10	MR conv w/Ron Demes (293-2488): RD says about two years ago the Navy entered into a 50-year agreement with Balfour Beatty to manage Peary Court and other sites; the Navy may be surplus Peary Court and a public announcement may be issued in the next 60 days depending on Congressional approval; if this happens the property will be sold to the highest bidder and public purpose will not be a consideration; only 25% of the military in Key West choose to live in military housing; because the the lowest ranking sailor receives a monthly housing allowance of \$1,987, military families are able to compete in the private housing market; Keys Federal Credit Union lease expires in March; RD will get back with MR when he can provide more details
3/28/11	MR conv w/RD: RD says the Navy has a meeting scheduled for April 6 with the City Mayor and City Manager to discuss the "re-scoping of Peary Court"; RD expects a press release will be issued on that day

4/6/11 MR conv w/RD: RD met with Mayor Cates and Jim Scholl today and told them Peary Court is going up for sale; RD said a press release will be issued tonight or tomorrow; RD will give the Sellers MR's contact info

4/7/11 Press release issued [saved as pdf]

Questions for realtor

- 1) What is the process for selling this property?
- 2) Will government agencies receive any preferential treatment in this process?
 - a. Donation or reduced price if used for public purpose?
 - b. First dibs?
- 3) What property interest is being offered for sale, fee simple title or a ground lease?
- 4) Who are the Sellers?
- 5) What is the asking price?
- 6) Is the property available for sale now?
- 7) If not, what is the timeline?
- 8) Will the Sellers consider selling splitting the property up and selling different portions to different buyers?

4/8/11 MR conv w/David Forrest: DF said this is the 12th "privatization" property his firm has handled for the Navy; the steps in the process will be to distribute marketing materials (perhaps 30 days from now); allow interested parties to tour the property; issue a call for offers (perhaps by June 1); evaluate the offers; select a buyer; enter into a contract; and close; government buyers may receive modest preferential treatment (such as "tie goes to the gov't buyer") but the property will not be donated and gov't will not get first dibs; the interest being sold is fee simple; Southeast Housing LLC is made up of Balfour Beatty and the Navy and they will be the Sellers; there is no asking price and none will be established; DF does not think the Sellers will entertain splitting the property up

4/8/11 MR email to David Forrest: requesting DF to put MR on the list of parties to receive info about the property

4/11/11 MR conv w/Dan Gonzer (612-290-3884): DG is a developer, contractor, and real estate broker in Minneapolis who was referred to MR by the County Administrator's Office; DG represents an unidentified "group of investors" who are considering purchasing Peary Court for affordable housing; DG sounded like he might be looking to use the property as affordable housing only until the real market goes back up; DG wanted to know what property tax breaks Monroe County provides for affordable housing; MR referred DG to the MCPA Office and said the assessment of property is generally governed by State law rather than local ordinance

4/11/11 MR left voicemail for Manuel Castillo

4/19/11 MR left voicemail for David Forrest: requesting confirmation that he received MR's 4/8/11 email

4/19/11 DF email to MR: confirming receipt of MR's 4/8/11 email

6/10/11 Randall Calvert email to MR: transmitting marketing info; steps for making an offer are 1) Buyer signs confidentiality agreement; 2) Seller provides Buyer complete Offering Memorandum; 3) tours will be made available on dates TBD; deadline for offers is July 13 [saved as pdf]

6/13/11 MR conv w/David Forrest: MR: have you ever had a government buyer sign the confidentiality agreement? Most everything MCLA deals with becomes a public document; DF: we sold a property to the Town of Fairfield, CT; don't know if they signed the agreement or not; the purpose is to protect proprietary info, info that which disclosed would hurt the Seller or benefit a competitor; DF will ask whether the agreement will apply to MCLA

6/13/11 Erskine email to MR: paragraphs 1 and 3 of the confidentiality agreement run afoul of MCLA's obligations under the Sunshine Law

6/14/11 MR conv w/David Forrest: DF said the Seller understands that MCLA would have to disclose its offer at a public meeting and does not object to that; DF wants MCLA to sign the confidentiality agreement as is with that understanding; MR says MCLA's attorney does not want MCLA to sign it; DF suggests that MR send DF and email describing the issue and DF will forward the email around on his side for response

6/14/11 MR email to David Forrest: due to Sunshine Law, inquiring if MCLA can participate without executing the confidentiality agreement [saved as pdf]

6/20/11 MR conv w/David Forrest: DF said Balfour Beatty attorney Leslie Cohen will be calling Larry Erskine to discuss the confidentiality agreement

6/21/11 MR conv w/Ashley Monnier: AM lives in Peary Court; to date the City Planning Department has had only preliminary discussions about Peary Court; there is no rezoning underway (and no application has been filed); there has been no determination as to how Peary Court will be integrated into the City's ROGO and hurricane evacuation issues; there has been no determination about the property's compliance with City code in general; the only inquiries Ashley has received have been from Tom Pope and an email blast to the City Commission from Virginia Altobello regarding VO's concerns about rezoning; AM will forward to MR the disposition schedule the Navy provided to the City when the sale was first announced

6/22/11 MR conv w/Larry Erskine: LE spoke with Leslie Cohen; LC understands why MCLA cannot sign the confidentiality agreement; the realtor will contact MR in the event the Seller decides to allow MCLA to move forward in the offering process without signing the confidentiality agreement [MR never heard anything further from the Seller or Seller's agents]

6/23/11 MR mtg w/GB Chair Kim Wigington, Manuel Castillo, and KW Mayor Craig Cates: we discussed the possibility of submitting a purchase offer for Peary Court; CC is not interested in leading an effort for gov't to purchase the site and is generally sympathetic to those who don't want the public sector competing with the private housing market; however he said he would not oppose an effort to purchase it; CC said the Navy had told him the property was generating \$1.5 to \$2 M per month in rent, was the most profitable of the Navy's properties, and was being offered for sale because it is thought to be easiest of the Navy's properties to sell; the Navy said they were looking to get about \$40 M; we discussed the obstacle posed by the Navy's required confidentiality agreement; we discussed the financing model KWHa used to purchase Poinciana Apts (MCLA loan plus a section 108 loan guaranteed by future CDBG funds) and concluded this model was not available or desirable for Peary Court (at \$40 M the cost would be about triple; we have no extraordinary support from the DCA Secretary as was required for Poinciana; the section 108 loan required many of the units to be reserved for low income clients); we discussed KWHa's reluctance to incur any additional debt; we discussed the possibility of MCLA pledging its future revenue to KWHa to payoff the purchase price over 25 or 30 years (but this would require extraordinary political support); we discussed the scenario of KWHa selling one of its older housing sites and using the proceeds to purchase Peary Court (but the George Allen Apts are 1-4 bedrooms and Peary Court is only 2 bedrooms); we discussed sending a letter of interest to Navy saying MCLA and KWHa are interested in Peary Court but the Navy's timeline and confidentiality agreement do not allow us to participate

6/29/11 **AC mtg: staff discussed the Peary Court property with the Committee and explained the problems with the confidentiality agreement and the short timeframe for making offers**

7/11/11 MR email to David Forrest: transmitting letter informing DF that MCLA will not be submitting an offer due to the procedures required by the Seller (specifically the confidentiality agreement and the short deadline of July 13); asking that DF keep MCLA in mind in the event the current process does not result in a sale [saved as pdf]

7/11/11 MR conv w/David Forrest: DF called to say they have decided to send MCLA the Confidential Offering Memorandum after all (without MCLA signing the confidentiality agreement); also the response deadline is actually July 27 (the July 13 deadline was reported in error); the package will be delivered to MCLA by Fed Ex tomorrow

7/12/11 MCLA received Confidential Offering Memorandum and accompanying CD of data

7/14/11 MR conv w/David Forrest: MR called to confirm that Seller has no objection to MCLA sharing the Confidential Offering Memorandum with its partners; DF said yes, they have no objection

7/14/11 MR email to Manuel Castillo: transmitting Offering Memo info (MC said he would be out of the office until 7/25, two days before the offering deadline)

7/20/11 **GB mtg: MR reported to the Board that the property is on the market, the difficulties in a government entity making an offer in the marketing framework, and staff's notice to the realtor that MCLA is interested but will not be making an offer**

11/14/11 MR conv w/Dave Forrest: DF said the Navy has not sold the property yet but is currently negotiating with 3 potential buyers; DF expects the Navy to make a decision within the next 7-10 days

11/17/11 MR conv w/Ken Naylor: KN called to inquire if MCLA funds could be used to purchase existing units; MR said yes; KN asked how much MCLA funding is available; MR said about \$3 M; KN has been contacted by a bidder who thinks he has the highest pending offer on Peary Court; MR said if MCLA is going to participate, KWHa will have to be the property owner; KN said that would not be a problem; MR said the property has some issues related to its federal ownership (currently zoned for only military uses and must be rezoned to something else; apparently built w/o any local inspections and may or may not meet the local building code; built during the ROGO era w/o any ROGO allocations); MR gave KN the phone number to KWHa

11/18/11 MR conv w/Larry Erskine: LE said City staff, at this week's Planning Board meeting, told David Horan (Navy rep) that the City will treat the property as new development (since the City never permitted it) and therefore 30% of the units will need to be affordable; Horan objected to this at the mtg; LE said Rebecca Jetton has written an email determining that the Peary Court units were counted in the State' hurricane evacuation study and therefore DEO will consider the units to have received ROGO allocations

3/16/12 KW Planning Director Don Craig spoke about Peary Court during a radio interview: Navy owns the land, Balfour Beatty owns the structures; Navy/Balfour Beatty issued a request for bids and selected 3 potential buyers; the process of selling the property is not complete; the City has adopted a zoning in process ordinance freezing the status quo uses on the property until the Comp Plan/zoning are updated to reflect non-military ownership; new Comp Plan/zoning provisions are expected to allow the existing units to remain plus the replacement of 3 that

burned down; in a 3/6/12 letter White Street Partners claims to be under contract to purchase the site but this has not been confirmed by their attorney David Paul Horan; the letter says WSP intends to use the property for short-term rentals however the existing Comp Plan does not allow for additional transient units; Planning Board will begin review of proposed Comp Plan/zoning on April 19

MCLA FY 2012 funding in Key West:

Budgeted	\$4,373,208
Eisenhower	(775,000) closed
Patterson	(205,000) may never close
Unencumbered	\$3,393,208

Future revenues:

About \$1.2 M per year

Estimated market value of Peary Court:

157 units x \$190k/unit = about \$30 M