

University Park Community Association Inc.



Proposal & Presentation for Board Consideration

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Updated 4/29/21

Tract 7 – Summary Proposal

- ✓ Tract 7 = 9.39 acres of undeveloped, open space.
- ✓ 2020 appraised value = \$1,800,000.
- ✓ Primary acquisition objective = control of future use of this land.
- ✓ Proposed land use = hold “as is” for the medium term.

- ✓ Purchase price = \$1,000,000 (negotiated by UPRD Board in 2019).
- ✓ Funded as part of existing investments, no homeowner special assessment.
- ✓ Target acquisition date = June 30, 2021.

“At the end of the day” this is a business deal, for vacant land in Florida.

- Is Tract 7 worth the risk of an eventual expense of \$832 per lot, plus holding costs?
- Does the “potential upside” make a difference?

Tract 7 – Outline Timeline

2020

- Aug/Oct Discussions with UPRD on transfer of purchase option.
- Oct/Nov Initial review of options with Board & Chair Council, feedback from homeowners.
- Nov/Dec Review of acquisition options, land-use issues and SWFWMD permit considerations.

2021

- Jan/Feb Review of DRI & Zoning ordinances and tax situation.
- Mar 15 Board update and approval of next steps.
- April 7 Discussions with present owners.
- Apr 15 Board review of final proposal/presentation.
- Apr 19 Release of proposal/presentation to homeowners.
- May 10 Chair Council vote.
- May 20 Board vote.
- June 30 Target purchase date.

Chair Council - Vote

- The Board is asking the Chair Council to vote, in accordance with its published bylaws, on the following motion:

“The Chair Council, based on the information provided in the presentation dated April 15, 2021 supports and recommends to the Board of Directors that the land known as Tract 7 be acquired by the Association as set out in that presentation.”

- The Board will take this vote into consideration in its subsequent decision on acquisition of Tract 7.

Note: The Chair Council is a committee of the Board, consisting of the elected chairperson of each of the 32 Neighborhoods.

UPCAI Board Vote

In accordance with its powers and authority - *as set out in the Articles of Incorporation, Article 3.2; and the Bylaws, Article 6.1(H)* - the Board will vote on the following motion:

“The Board of Directors approves the acquisition by the Association of the land known as Tract 7, as set-out in the presentation to the Board dated May xx, 2021

and

That this acquisition be held as part of the investment portfolio of the Association, until such time as a future Board may decide on a different course of action

and

Authorizes its President, Treasurer or Secretary to complete this transaction as approved, together with the assistance of the Association’s General Counsel.”

Notes & Presentation

Where is Tract 7 ?



LOCATION

- South east corner of University Park, on University Parkway.
- Between Lennox & Stanhope Neighborhoods and Kohls.
- Includes a FPL easement & access road.
- Part of the University Park DRI & a designated open space.
- Not an integral part of design of UP residential development, nor the Country Club & golf course settings.
- Managed separately from UP by its owners: Pacific Equity Associates LLP (a Neal/Pasold entity).



Tract 7

Tract 7 – Aerial Photos



Looking south to University Parkway



Looking west to Lennox Gdns.

Tract 7 – PBM Inspection Observations

1. Property is inhospitable & uninhabitable
 - Unlikely to be a security risk.
 - Interior is mostly grasses covered in varying depth of water.
 - Underlying soil is extremely soft and saturated, making walking difficult.
 - Plenty of animal signs including coyote tracks, bobcat prints with numerous well-traveled trails traversing the property.
2. Perimeter landscaping and fencing.
 - Perimeter fence with Lennox & Stanhope seems solid and in good repair. But trimming on both sides is needed to clear fence line & protect it from falling debris.
3. Fire hydrant located near the FPL access gate on west side, behind a small berm and pepper tree growth.
 - Pepper trees and other invasive species along the perimeter edges.
 - No fencing along most of the University Parkway frontage.
 - Barbed wire fencing along the FPL access road is mostly down, with vegetation / trees growing through it.

Tract 7 – Facts & Figures

- 786 ft frontage on University Parkway
 - Encumbered by a FPL easement / right of way - 160ft wide and 610 ft long.
- 9.39 acres of open space
 - Prior to 2020, Tract 7 was part of a larger tract (FPL “power lines”) with 28.97 acres.
- A SWFWMD-regulated water management area
 - In Flood Plain “A” (along with the ponds in University Park).
 - Prospective Environmental Resource Permit (Jan 2018 - No. 43006731.035) for construction of a storm-water management system serving a mass grading/soil stockpiling project showing:
 - 2.24 acres of FPL easement “right of way”.
 - 2.76 acres (*120,226 sq. ft.*) minimum of net upland developable area.
 - 4.39 acres of wet detention area.
 - Above acreage allocation is not final and would almost certainly be challenged by a developer.

Tract 7 – Property Taxes

Parcel ID: 2054120199

- Prior to 2020
 - Tract 7 was part of a larger tract (FPL “power lines”) with 28.97 acres.
 - 2019 assessed value of this larger tract was \$14,485 & taxes paid of \$350.
- 2020 Assessed Value
 - \$4,651 & property taxes paid of \$108.
 - *“Tract 7 is shown to have very limited use in the current site plan and DRI.”*
- Manatee County Property Appraiser would reconsider its assessed value on the Florida “just valuation” model based on the eight factors under Fl Statute 193.011.
 - The most common trigger for this would be re-zoning for a more intensive use.
 - We understand the most important factor to be *“highest and best use property can be expected to be put in immediate future and present use of the property”*.
 - Note: We envisage no change in use of Tract 7 in the immediate future under our ownership .
 - Present cash value or purchase cost are also a factors.

Tract 7 – Valuable Commercial Location

Two recent certified, professional “highest and best use” appraisals:

\$1,463,000 - Oct 2018

- Valued at \$1,563,000, or \$13/sq. ft for minimum 2.76 acres
 - less \$100,000 est. site preparation costs.
- 6 comparative land sales were used:
 - 2-story office building; convenience store/gas station; drive-thru bank/office building; self-storage facility; and WaWa store/gas station.

\$1,800,000 - July 2020

- Valued at \$1,925,000, or \$16/sq. ft for minimum 2.76 acres
 - less \$125,000 est. site preparation costs.
- 5 comparative land sales were used:
 - convenience store/gas station; automotive tire center; and car wash.

Tract 7 – Notes on Appraisals

- Appraisals by Bass Fletcher & Associates
 - Well-known local professional firm - Robert J. Fletcher, State-Certified General Real Estate Appraiser
 - Report conforms with Appraisal Institute's professional practices and USPAP standard 2-2(a).
- Basis: “Highest and Best Use”, as defined by the Appraisal Institute:
 - Only the Sales Comparison Approach is applicable to the valuation of vacant or open land.
 - Unfettered commercial development was considered the “highest and best use”.
 - Market value assumes MU or PS/P rezoning (see [slide 15](#))
 - Storm-water detention area (see [slide 10](#)) and FPL easement are deemed to have zero value.
 - No appraisal was obtained for a “deed restricted” development, on expert advice.
- Tract 7 has storm-water management characteristics
 - Owners have obtained a SWFWMD Environmental Resource Permit (2018) for possible modification of this area, and appraisals are based on the restrictive developable land figures in this (see [slide 10](#)).
 - Further analysis and/or alternate methods of water detention could increase the developable area.

2020 Appraisal - Comparable Land Sales

LAND COMPARABLES VACANT COMMERCIAL 20-209

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
OR Book & Page		BK 2803 PG 535	BK 2804 PG 6756	2019160502	2019015647	2018160339
Sale Date		9/19/2019	9/27/2019	11/14/2019	2/5/2019	12/10/2018
Location	Tract 7 of University Park Country Club	12060 North US Highway 301	8355 SR 64 East	3000 Executive Drive	19401 Times Circle	5020 Fruitville Road
County	Manatee	Manatee	Manatee	Sarasota	Sarasota	Sarasota
Use	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
Zoning	PDR	PDC	PDMU	PCD	CG	CG
Land Area-Developable Acreage	2.76	2.372	1.22	2.12	1.59	1.409
Land Area-Square Feet	120,226	103,324	53,143	92,388	69,172	61,386
Effective Sale Price		\$1,900,000	\$825,000	\$1,108,700	\$1,200,000	\$1,075,000
Effective Price/SF		\$18.39	\$15.52	\$12.00	\$17.35	\$17.51
TERMS AND CONDITIONS ADJUSTMENTS						
Property Rights		\$0	\$0	\$0	\$0	\$0
Financing		\$0	\$0	\$0	\$0	\$0
Condition of Sale		\$0	\$0	\$0	\$0	\$0
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price		\$1,900,000	\$825,000	\$1,108,700	\$1,200,000	\$1,075,000
Adjusted Price/SF		\$18.39	\$15.52	\$12.00	\$17.35	\$17.51
FEATURE ADJUSTMENTS						
Size		0%	0%	0%	0%	0%
Location		0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%
Final Adjusted Price / Acre		\$801,012	\$676,230	\$522,972	\$754,717	\$762,952
Final Adjusted Price / SF		\$18.39	\$15.52	\$12.00	\$17.35	\$17.51



Tract 7 – Zoning

- Presently zoned **PD-R**
 - *“Development of residential areas and other low-impact uses with carefully located buildings, parking & service areas, landscaping & open space.”*
- In Manatee County Comprehensive Plan, the future land-use designation is:
 - **P/SP** (public/semi-public use)
 - *“areas for recreational use; sanitary landfills; water treatment areas; public schools, etc.”*
 - FPL easement only
 - **MU** (mixed use)
 - *“areas for suburban/urban activity such as: retail; wholesale; offices; light industrial; lodging; various residential and public uses.”*
 - Maximum residential density is generally 12 units per acre.
 - One or two story non-residential development.
 - In combination of commercial & residential use up to 30 units per acre can be allowed + additional bonuses for affordable housing

Notes:

- Removing DRI conservation designation of Tract 7 ([slide 16](#)) will require designation of other mitigation tracts, essentially as a “swap”. For the present owners, these tracts were identified in the Nov, 2019 Turnover Agreement ([slide 17](#)).
- A change to P/SP & MU Zoning would require a County administrative process (NOPC) & public hearings.

Tract 7 – Conservation Designation

- In the 1993 Development Order 30.49 acres were set aside for conservation.
 - Objective seemed to be to require developer to maintain a “natural quality & quantity” of open space.
 - *Note:* including the golf course, over 60% of the 1,200 acre UP development is “open space” !
 - Land designated to fulfill this conservation mitigation requirement can be changed or “swapped” with approval (NOPC) from Manatee County. This has been done before in UP (Lansdowne development).
- “Rules” for Conservation areas - extract from the Development Order:
 - “The total Conservation Areas on site encompass approximately **30.49** acres.*
 - All Conservation Areas shall remain undisturbed or mitigated if they are to be or have been disturbed.*
 - All impacts shall be mitigated prior to the completion of the sub-phase in which the impact occurs.*
 - All herbaceous mitigation areas & littoral shelves used for mitigation shall be monitored annually after planting for a period of 3 years.*
 - Forested mitigation areas shall be monitored annually for at least five years.*
 - Monitoring shall include survival rates, species diversity composition, spreading, and exotic species encroachment.*
 - Additional planting may be required to maintain an 85 percent survival of planted species at the end of three years.”*
- Given our stewardship attention to landscaping in UP, we have no history of any issues in this regard.
- Such a designation would generally be considered “good news” for residential owners, as it stops any development.

Tract 7 – Conservation, Mitigation Swap

Extracts from UPCA I Turnover Agreement, dated Nov 22, 2019

(see Agreement at : <https://www.upcai-fl.com/key-documents>)

Article 6 - Tract 7.

- *"Pacific intends to apply for an NOPC to modify the University Park Development Order to remove the conservation designation of Tract 7."*
- *"Upon request from Pacific, the Association shall designate the tracts identified on Exhibit "D" attached hereto for mitigation purposes and issue a letter, signed by its president, evidencing the Association's support of any petition or application filed by Pacific for such modification of the University Park Development Order. "*
- *"Exhibit D - Mitigation Tracts"* (see Neighborhood plat plans at: <https://community194.wixsite.com/residents/infrastructure>)
 - HENLEY Tracts "UPA", "UPB" and "UPC"
 - NOTTING HILL Tract "NHD"
 - SLOANE GARDENS Tract "SGB"
 - WENTWORTH Tract "WWC"

Tract 7 – Drainage

- Tract 7 is considered “open space” and (for SWFWMD) is in Flood Plain “A”.
 - In times of potential flood, when the water level in Tract 7 rises sufficiently it will drain south under University Parkway via County culverts into the swale on the south side of the Parkway.
 - From there it flows to the Lockwood Ridge Road drainage station of the Philippe Creek system.
 - We have requested that Sarasota/Manatee Counties verify the proper operation of these culverts.
 - We are clearing all access areas to these culverts.
- University Parkway, road drainage
 - Storm water from the Parkway flows into the swales on either side of the road.
 - On the north side the swale can overflow, at the various concrete weirs, to Tract 7 and then to the culverts noted above.
- UP storm water can drain via a swale to the front of Tract 7.
 - A minor flow, as most water within UP drains via our retention pond system.
- SWFWMD environmental resource permit provides (if Tract 7 is developed) for:
 - 4.39 acre wet detention pond for drainage management. (see [slide 10](#))

Tract 7 – Possible Future Use

(under continued Neal/Pasold ownership)

1. Mixed commercial/residential development (**MU** Zoning) of minimum 2.76 acres.
(where the process could be as follows)
 - NOPC land conservation re-designation with County ([slide 16](#)).
 - SWFWMD ERP final approval of planned size of upland developable area ([slide 10](#)).
 - Ground preparation by contractors, following SWFWMD's requirements.
 - Application to County for rezoning as P/SP & MU ([slide 15](#)).
 - Sale of land to a commercial developer ([slide 20](#) - conceptual site plans).
2. Acquired by Manatee County (**P/SP** Zoning) for water detention
(for example, when University Parkway is widened)
 - Based on present information, this appears unlikely to happen in the next few years.
 - Drainage along the Parkway would be a key factor & cost in any decision to widen the road.
 - However, if the proposed Infrastructure Bill passes in some form and Florida has funds to spend – University Parkway may merit attention – so, the road is widened and Manatee County needs Tract 7 for drainage.....

Notes:

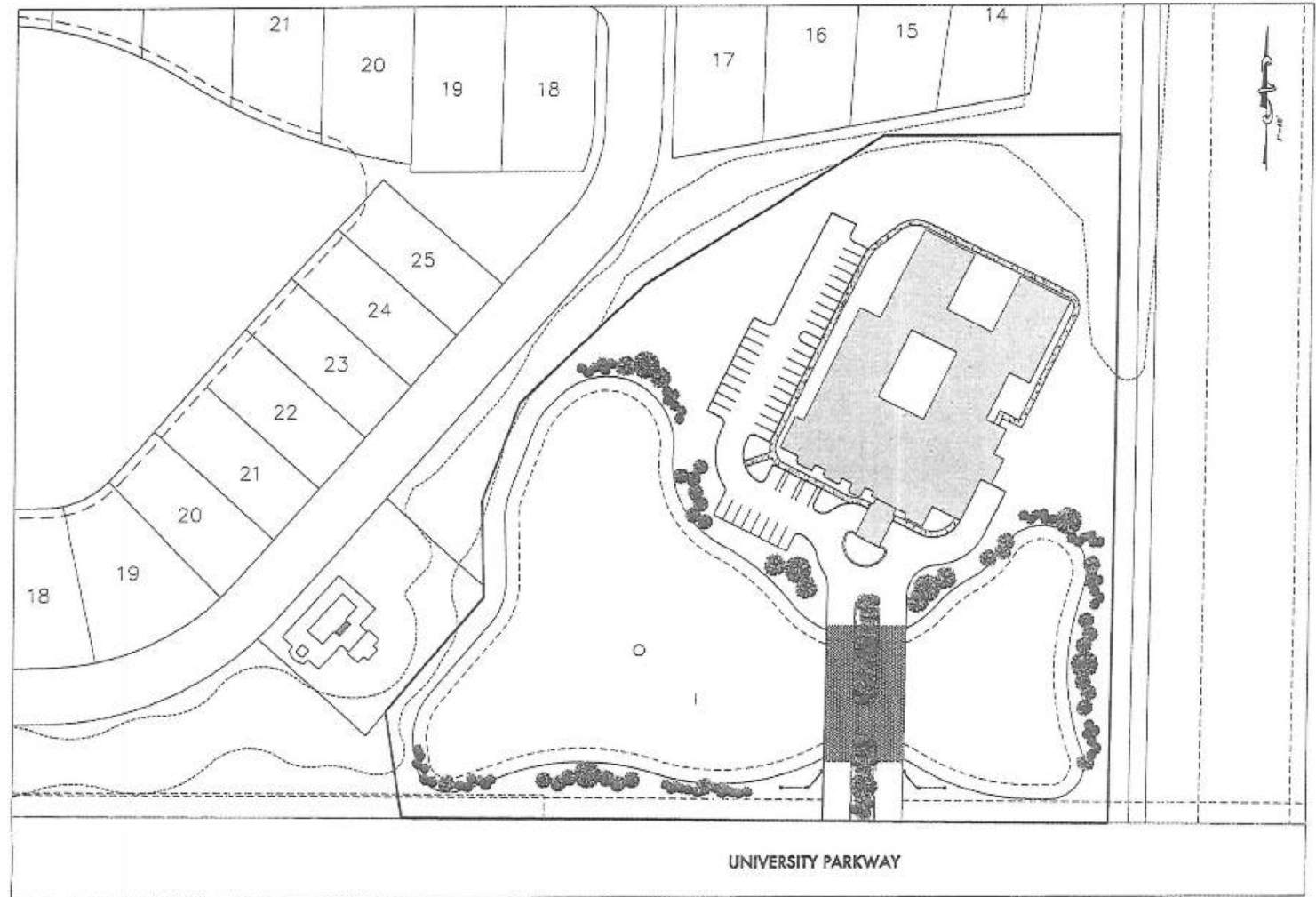
- University Parkway is designated as a “controlled access” facility, limiting access potential to Tract 7 to a right turn-in & out.
- University Parkway “corridor”, dating from early 1980's, is a joint responsibility of Manatee & Sarasota Counties.

Tract 7

Potential Commercial
Development

-

A conceptual site plan



Tract 7 – Possible Future UPCA I Use

If UPCA I acquires this land it could be held as an investment for the longer-term, until some event triggered one of the following, or a future Board recommended action of some kind.

- Acquired by Manatee County:
 - Purchased for an agreed price (*see recent Example on slide 22*), or
 - Acquired under eminent domain condemnation where the County is required to pay full & fair compensation based on an agreed appraised market value (a well-defined FL process).
- Sold by UPCA I for development, to realize our investment.
 - Deed restrictions could added (for example: no retail or low-density residential use) that would limit all future use, but would also significantly reduce the commercial value of Tract 7.
- Developed for Community purposes
 - For example, as an independent “living facility”, consistent with University Park standards
- If the Board decided at some future time to never allow Tract 7 to be developed, it should then be retired as an investment.

Manatee County – Example Land Purchase

Source of this Information: East County Observer, 10/21/2020

Manatee County B.O.C.C. decision - Oct 13, 2020

- Purchase of 161 acres on SR 64
 - Beside the County Lena Road land-fill & water treatment plant
 - For a new County operations center
- \$32.5 million, “was best negotiated deal”
 - \$187,488 per acre
 - County appraisals were said to be in \$20-22M range
- Average price of nearby, smaller commercial parcels was:
 - \$496,923 per acre

Tract 7 – RD Option to Purchase

- UPRD “Purchase & Sale Agreement” for the Club property includes (Article 8):
 - 2-year option to purchase Tract 7 – expiring Nov 2021.
 - An agreed price of **\$1,000,000**,
 - Possibility to assign the option to UPCA.
- UPRD Board decided in mid-2020 not to purchase this land
 - No viable recreation use nor source of revenue for the RD.
- UPRD Board offered the option to UPCA, subject to these requirements:
 - Any net profit (*slide 24*) on a future sale of the land by UPCA would be shared equally with UPRD, after deducting appropriate costs. This clause to last for 20 years.
- UPRD assigned the Option to Purchase to UPCA in October 2020.

Tract 7 – RD Option Transfer Agreement

Net Proceeds

UPRD & UPCA I to share (50%/50%) net proceeds of receipts over \$1,000,000.

- After applicable taxes for the duration of ownership by UPCA I.

Net proceeds shall include but not be limited to:

- Closing costs including real estate commissions & expenses, cost to maintain the land, the Cost of the Capital borne by UPCA I during the period of ownership & all other reasonable expenses.
- “Cost of the Capital” is defined as:
 - actual foregone return on the Purchase Price over the period of UPCA I's ownership,
Or, at UPCA I's sole option
 - foregone return on the Purchase Price over the period of UPCA I's ownership, based on the rate of return of a ten (10) year Treasury Note.

Tract 7 - Acquisition Objective

Primary UPCA I acquisition objective = control future use of this land.

- UPCA I has concerns on behalf of its members about potential commercial development of Tract 7.
 - Acquisition is considered to fall within UPCA I's General Purposes *"To promote owner's health, safety and social welfare"* through control of use of land abutting common land & residential property.
 - The Board has the authority to approve such an acquisition (confirmed by legal opinion)
 - Articles of Incorporation, Article 3.2; and Bylaws, Article 6.1(H).
 - UPCA I has the available financial resources to pay for the acquisition, without a Special Assessment.
- Tract 7 could be held by UPCA I as a long-term investment
 - Say initially for 10 years, subject to any market opportunities.
 - After 10 years, for example, the then Board could reconsider its options
- At some future time, Tract 7 could be sold or developed (see *Slide 21*)

Tract 7 – Lifestyle Values

- Potential negative impact of commercial development on residential lifestyle & house values in Lennox Gardens & Stanhope Gate.
 - Tract 7 is to a degree screened from these Neighborhoods by berms, landscaping & fencing.
 - 5 Stanhope, 5 Lennox homes & Lennox pool facility are potentially the most impacted.
 - Approx. 20 other Lennox & Stanhope homes could be impacted to lesser degrees.
- Would extending our identified frontage on University Parkway (with additional monuments/wall) add \$1,000 to all home values?
 - The answer is we don't know.
 - But, it could certainly help to have our visible boundary extended on the Parkway & a logical conclusion would be some increase in real estate value.



University Park - Manatee County Ordinances

DRI/Development Order (DO), Ordinance 12-20 – expires Jan 19, 2024

- All authorized development under this DO has been developed with the exception of:
 - 37 residential units (mostly on Parcel L) and 7,400 sq. ft of Country Club & restaurant use.
 - Tract 7 is the last tract in the DRI that is owned by the “developer of record”.
- DO confers certain unique development entitlements from 1993
 - Example may include: concurrency (CLOS), density of units, wetlands acts & open space requirements.
 - After expiry of the DO, all future land development must comply with the County comprehensive plan, current code, applicable zoning, and level of service standards (CLOS).
- DRI can be terminated by the County on request by owner/developer, if the requirements have been met.
 - This could be a lengthy and complex bureaucratic process. On expert advice we do not recommend it.

Zoning Ordinance PDR-89-05(G)(R10) – expires July 23, 2028

Note: Contains similar requirements as DO, but without the reporting reqts. and development rights.

Tract 7 – Investment v Expenditure

- We recommend the acquisition is held & recorded in the investment portfolio.
 - Board would modify its Investment Policy to permit allocation of presently invested monies to be reinvested in real property (land).
- No reduction in the total \$ amount and purpose of our Reserves
 - For “major repair & replacement” of identified assets & infrastructure
- But, a reduction in short/medium-term liquidity of the underlying investments
 - Note: Many items are being reserved for periods in excess of 10 years.

*Alternative, **NOT** recommended*

- Considered as expenditure to acquire additional common land - so reducing the total \$ amount of our Reserves Fund accordingly.

Tract 7 – Accounting Matters

- Investment Portfolio

- The Board has an Investment Policy for the Operations and Reserve Funds, that is delegated to the Finance Committee to implement
- An investment in real property would be carried at “Historical Cost” (*confirmed by our Auditor*).
 - Unless it suffers permanent impairment, which would require an appropriate write-down.
- Future Board decisions on the use of Tract 7 could change its status as an investment or its carrying value.

- Reserves Fund

- Our Reserves were established over the last some 15+ years at the Board’s sole discretion.
- As such they are not considered HOA Statutory Reserves, as defined in FL Statute 720.303(6).
 - Therefore the establishment, reorganization and use does not require a vote by Association members.
 - This position is supported by our Auditor & General Counsel
- There is a long-standing Board decision on pooling of reserves between categories including general reserves.

Tract 7 – Potential Holding Costs

- Property maintenance & repairs (minor)
 - Occasional work on fencing, drainage, perimeter vegetation/trees.
- Property taxes (see [Slide 11](#))
 - Possibly minor, until a material change in land use and/or re-zoning.
- SWFWMD ERP permit
 - 2023 renewal fees – (attorney, engineer and environmental scientist).
- DRI/DO reporting
 - Traffic studies and water testing,
 - Until expiry of ordinance in January 2024

Tract 7 – Terms & Conditions

- The Terms and Conditions for acquisition were set-out in Article 8 of the UPRD “Purchase & Sale Agreement” for the Club property (slide 23).
 - Agreed in fall 2019, as a Neal/Pasold concession, during final negotiations with UPRD Board.
 - 2-year option to purchase Tract 7 – expiring Nov 2021.
 - Agreed price of \$1,000,000
- In addition we have asked the seller to trim trees/vegetation and repair existing fencing along:
 - University Parkway frontage, FPL power line, Kohl’s fence-line, and
 - University Park perimeter fencing with Lennox & Stanhope neighborhoods.

This presentation relies on information from the following sources:

1. University Park Recreation District
 - Nov, 2019 Club Purchase & Sale Agreement
 - Oct, 2020 Transfer of Option to Purchase to UPCA
2. Manatee County
 - DRI/Development Ordinance, 12-20
 - Zoning Ordinance, PDR-89-05(G)(R10).
 - Certificate of Level of Service, CLOS 93-110
 - Property Appraiser
3. Florida Statutes, Chapters 380.06 & 373.414 (13)
 - Developments of regional impact
4. Bass Fletcher & Associates
 - Certified appraisals of 2018 & 2020
5. Site inspections:
 - Curtis Nickerson, PBM LLC
 - David van Brunt, Infrastructure Committee
6. SWFWMD
 - ERP: No. 46006731.035
7. University Park Community Association Inc
 - Declaration of Covenants, Conditions & Restrictions
 - Articles of Incorporation & Bylaws
 - Turnover Agreement Nov, 2019
8. Legal advice:
 - Telese McKay, UPCA General Counsel
 - David Jackson - SWFWMD ERP review
 - Mark Barnebey - land-use & county ordinance reviews: 2017 & 2021
9. Accounting advice:
 - Tom Menchinger, UPCA Auditor
10. Present owners:
 - John Neal & Charles Varah (Pasold representative)
11. East County Observer, 10/21/2020