

Home :: Longboat Key :: News :: Ocean Properties to purchase the Key Club

## Ocean Properties to purchase the Key Club

Date: October 16, 2012

by: Kurt Schultheis | Managing Editor

Key Club Associates, LP, the entity that controls the Longboat Key Club and Resort, announced Tuesday it's reached an agreement with Delray Beach-based Ocean Properties Ltd., owner of the Longboat Key Hilton Beachfront Resort, for an outright acquisition of the entire club and its assets from Loeb Partners Realty LLC, for an undisclosed price.

Ocean Properties Vice President Andy Berger and Loeb Partners Realty Vice President Adam Tegge made the announcement but declined to offer any details on the sale and what it means for the future of the resort and an Islandside renovation-and-expansion project, until the deal closes at the end of the month.

"After further review and working through the complexities of the transaction, both parties felt that an outright sale was more appropriate," a news release states.

The acquisition comes less than two months after Ocean Properties announced Aug. 21 it was formulating a joint venture with the Longboat Key Club and Resort and Loeb Partners Realty for all of the resort's assets. At that time, it was announced that Ocean Properties would become an equity partner in Key Club Associates once a due diligence process had been completed.

Key Club employees were informed of the change in plans and the 100% acquisition Tuesday morning, and Berger declined to comment on the future of those employees.

Key Club General Manager Michael Welly's status is also unknown at this time.

Although Welly said he couldn't confirm whether he was departing, he told the Longboat Observer, "It's been a wonderful eight-and-a-half years and it's been my longest assignment to date."

New York-based Loeb Partners Realty has no other resort properties in its portfolio for Welly to manage, and Berger declined to comment on Welly's future at the resort.

"One of the things that was part of what I was supposed to do here was get a project approved to reposition this property or get this property in position so it could be sold," Welly said. "This is just the direction it happened to go in in the end."

Berger said there are no further details regarding its purchase price or plans for the resort until Ocean Properties closes on the property.

"We look forward to being part of the Longboat Key Club and Resort and this community," Berger said. "We fully anticipate to close by the end of the month and we have a lot to do in the next two weeks."

Although no word on a future Islandside project can be disclosed at this time, Welly said Ocean Properties "sees value in the (previous project application) entitlements it's purchasing as part of the sale."

Longboat Key Planning, Zoning and Building Director Robin Meyer told the Longboat Observer Tuesday that Key Club officials informed him Oct. 9 that an Islandside project application had been put on hold.

The joint-venture talks that morphed into an outright acquisition were part of a process that officially began soon after the Longboat Key Town Commission approved the club's expansion plan in 2010, Welly and Tegge told the Longboat Observer in August.

Tegge said the group engaged a brokerage firm in the first quarter of 2011 to look for investment partners, which eventually led to Tuesday's acquisition announcement.

Vice Mayor David Brenner, who helped forge a relationship with Loeb Partners Realty and Ocean Properties officials, called the announcement "good for the town because the company that will own the property soon is already in the resort business."

"While I think Michael Welly and his team did a first-class job, there had to be certain constraints, because their company (Loeb Partners Realty) was mainly an investment company," Brenner said.

Loeb Partners Realty officials declined to comment for this story.

Ocean Properties, a longtime manager and developer of hotels during its more than 30 years in operation (see sidebar), currently has no listed five-diamond hotels in its portfolio; the company does have 14 four-diamond resorts out of the more than 100 hotels in its portfolio. Brenner said he has been told Ocean Properties will submit an application for a facility that is, at the very least, four-diamond caliber and would have the potential to be a five-diamond resort.

Brenner points to Ocean Properties-owned Sagamore Resort as an example of a quality hotel in the company's portfolio as to what he expects on Longboat Key. The Lake George, N.Y., resort in the Adirondack Mountains is listed as a AAA four-diamond resort (the same rating as the Key Club). Ocean Properties purchased that resort in September 2008 for \$88 million and began a \$20 million renovation the following year that included the addition of 37 guest rooms, a 10,000-square-foot lakeside pool and 14,000-square-foot event center. It also features a par-70, 18-hole championship Donald Ross golf course with pro shop, five professional outdoor tennis courts, full-service spa and a 72-foot yacht that offers cruises through the waters of Lake George.

"I'm looking forward to Ocean Properties having a facility here that's on the same caliber or better than the Sagamore Resort," Brenner said. "The Sagamore is a five-diamond operation up there, in my mind."

Welly noted that the Inn on the Beach hotel Ocean Properties will acquire has just been a few marks away from a five-diamond resort for years; he said that the rooms are already on par with the Ritz-Carlton, Sarasota.

Islandside Property Owners Coalition President Bob White confirmed for the Longboat Observer he has already held discussions with Ocean Properties officials about future plans for the club's property that he can't disclose at this time.



Ocean Properties Ltd. reached an agreement with Key Club Associates, LP, for an outright acquisition of the

"I think the acquisition is a positive one," said White, who called the Ocean Properties' facilities he has visited in the Northeast as "first-class."

"This announcement was not unanticipated, and we are pleased with what we have heard so far," said White.

Longboat Key Chamber of Commerce President Tom Aposporos called the announcement "a positive outcome for Longboat Key."

"Ocean Properties sees the value of this property, and I'm sure recognizes the five-diamond vision that the Longboat Key Club and Resort had presented in their previous application to the town of Longboat Key," Aposporos said.

---

#### **Timeline: Key Club through the years**

**1959** — Arthur Vining Davis, a 92-year-old aluminum mogul, purchased John Ringling's 2,000-acre real-estate holdings, including the southern half of Longboat Key, most of Lido Key and all of Bird, Otter and Coon keys for \$13.5 million. It was the largest real-estate deal at the time in Sarasota area history.

**1962-63** — Arvida demolished John Ringling's abandoned Ritz-Carlton Hotel from the late 1920s that was known locally as the "Ghost Hotel."

**May 1976** — The Longboat Key Town Commission approved Arvida's plan for the Longboat Key Club's hotel, restaurant, 1,500 residences, yacht club and specialty shopping center.

**Oct. 1, 1982** — Inn on the Beach welcomed its first guests and commemorated the hotel's opening with a three-month kickoff entitled "Celebration of a Dream — a reference to John Ringling's dream for a hotel at the south end of Longboat Key.

**November 1987** — The newly formed Shannon Hotel Group, consisting of W. Shane Eagan, A. Thomas Rasmussen and silent partners Thomas Holmes and Laurence Smith, purchased the Longboat Key Hilton for \$8.4 million after searching the Southeastern United States for hotels to purchase.

**April 30, 1990** — After two years of negotiations, the Shannon Hotel Group purchased the Key Club's Harbourside and Islandside golf and tennis facilities for \$22 million and Inn on the Beach in a separate \$3 million sale. As part of a longstanding agreement between the town and Arvida, the town had the first right of refusal for the purchase of the property's golf-and-tennis facilities. The commission ultimately voted 3-4 against the purchase, clearing the way for the Shannon Group to buy the facilities. The Shannon Group formed Key Club Associates with the New York-based Loeb Partners Realty, which contributed a third of the needed capital.

**January 1995** — The Shannon Hotel Group bought the Holiday Inn-Lido Beach for \$13.4 million.

**September 1997** — The Shannon Hotel Group sold the Longboat Key Hilton and Holiday Inn-Lido Beach for a combined \$28 million, bringing a profit of \$6.3 million.

**March 1998** — Key Club Associates and the Shannon Hotel Group, with the backing of Loeb Partners Realty, a long list of limited partners and the San Francisco-based Noruma Asset Capital Corp. bought out Holmes and Smith and recapitalized the Longboat Key Club in a transaction that was booked as a \$60 million sale — nearly two-and-a-half times the group's 1990 purchase price.

**March 25, 2004** — A Loeb Partners spokesperson confirmed that Eagan and Rasmussen would no longer manage the Key Club. At the time, Loeb's executive vice president didn't attribute the change to any one event but rather to changes within the overall hospitality industry. Michael Welly was appointed general manager, but Eagan and Rasmussen agreed to stay on as consultants for the Key Club's proposed \$20 million Ca d'Coure plan for its Islandside property.

**April 2004** — The Longboat Key Planning & Zoning Board denied the Ca d'Coure project. Welly later recommended withdrawing the plan to Loeb.

**April 10, 2008** — The Key Club unveiled a \$500-million project for its southernmost Islandside property but downscaled its request to a \$400 million plan four-and-a-half months later when it filed pre-application request with the town.

**June 30, 2010** — The Town Commission approved the Islandside plan after 23 public hearings, which took place at Temple Beth Israel instead of Town Hall because of the crowd's size.

**December 2011** — The 12th Judicial Circuit Court granted a writ of certiorari to the Islandside Property Owners Coalition and L'Ambiance and Sanctuary condominium associations in their challenge of the Key Club project.

**Aug. 22, 2012** — The Key Club and Loeb announced a joint venture with the Delray Beach-based Ocean Properties Ltd. for all of the resort's assets that, if consummated, would make Ocean Properties an equity partner in Key Club Associates, L.P., the entity that controls the Key Club.

**Aug. 29, 2012** — The 2nd District Court of Appeal upheld the lower court's ruling that quashed the Islandside development order, effectively killing the application.

**Oct. 15, 2012** — Key Club Associates, L.P. announced an agreement with an affiliate of Ocean Properties, Ltd. to buy the Key Club for an undisclosed price.

---

#### **Ocean Properties LLC Overview**

Tom Walsh financed his first hotel project in the late 1960s by putting every cent of equity in his family's home toward the project.

It was the Plaza Hotel, in Brewer, Maine. And, although hotel development was then considered a risky venture, it turned out to be a lucrative bet.

According to the company's website, oplhotels.com, Walsh formed the company today known as Ocean Properties Ltd. in 1969 and simultaneously purchased five hotels in Florida.

During the 1970s, the company developed a strategic relationship with Intercontinental Hotel Group and launched four new Holiday Inns in Florida, Colorado, New Mexico and Maine.

The company continued to develop Holiday Inns in the 1980s throughout the United States and also developed its first full-sized Marriott Hotel, the South Portland Marriott at Sable Oaks.

During the 1990s, more than 10 hotels were built under the flags of the Holiday Inn, Courtyard by Marriott and Residence Inn by Marriott.

During the 2000s, the company's growth continued, and it also purchased three local properties: the Longboat Key Hilton Beachfront Resort for \$15.2 million and Holiday Inn-Lido Key for \$13.9 million in 2002; and Lido Beach Resort for \$62.5 million in 2006.

In the past year, the company has expressed interest in redeveloping the Longboat Key Hilton.

Ocean Properties attorney John Patterson told the Longboat Observer in June that the company would like to begin construction in May 2013 and close for nine to 12 months for construction.

The \$25 million project would include the addition of 85 rooms and meeting space to the 102-room hotel.

Walsh's five children are "presently the principal owners and managing core of the company," the website states, which now through its affiliates operates more than 100 hotels in North America, 37 of which are in Florida, along with shopping centers, apartment complexes, residential developments, office buildings and marinas.

— Robin Hartill

Like Be the first of your friends to like this.

SHARE Email This Page Share on Facebook Share on Twitter Share on Google Bookmarks

Currently 0 Responses

Leave a comment

Login

Register now

Login below to post a comment or click register.

Account E-Mail input field

Account E-Mail

Password input field

Password

forgot password? click here

Speak Your Mind Below!

Large text area for comments

SAY IT!

Search Local Businesses Submit Query

Learn about Sarasota & Manatee businesses.

Signup to receive our news in your inbox!

email address Submit Que



YourObserver My Account Create an Account Subscribe to our eNewsletters

email address email address

Submit Query

Multimedia eEditions Contests Weather Blogs Mobile Store Around The Corner Coupons Crossword Puzzle Facebook Twitter

Google Download Now Our sister sites Gulf Coast Business Review

[Palm Coast Observer](#)

[News](#)

[Longboat Key](#)

[Front Page](#)

[News](#)

[Opinion](#)

[Religion](#)

[Sports](#)

[Neighborhood](#)

[Cops Corner](#)

[Our Town](#)

[A&E](#)

[East County](#)

[Front Page](#)

[News](#)

[Opinion](#)

[Religion](#)

[Cops Corner](#)

[Our Town](#)

[Schools](#)

[Sports](#)

[A&E](#)

[Sarasota](#)

[Front Page](#)

[News](#)

[Opinion](#)

[Neighborhood](#)

[Cops Corner](#)

[Our Town](#)

[A&E](#)

[Siesta Key](#)

[Front Page](#)

[News](#)

[Opinion](#)

[Cops Corner](#)

[Neighborhood](#)

[A&E](#)

[More](#)

[Black Tie](#)

[Black Tie Calendar](#)

[Calendar](#)

[Real Estate](#)

[this week in SARASOTA](#)

[Other Publications](#)

[SEASON](#)

[2012 Football Preview](#)

[Spirit of America](#)

[Summer Fun Guide](#)

[Sarasota Back to School](#)

[East County Back to School](#)

[Health Matters](#)

[Help Center](#)

[About](#)

[Contact Us](#)

[Advertise With Us](#)

[Classifieds](#)

[Rack Locations](#)

[Subscribe](#)

[Jobs](#)

[Privacy Policy](#)

[1970 Main Street, Sarasota, FL 34236 941-366-3468](#)

[Copyright 2012 The Observer Group Inc., All Rights Reserved](#)

[Site created by: atLarge, Inc.](#)