

This all started in October 2016. My client expressed an interest in moving out of a high-rise office building where they had been the anchor tenant for 20 years with their name on the top of the building. I presented several options. My client chose a site which required buying three separate, adjacent parcels. Initially, the accumulation seemed to be no problem. Two of the three parcels were listed for sale. So, obviously, our first move was to make an offer on the unlisted vacant tract in November, 2016. After negotiating for three months, we secured this site under contract. The remaining two parcels were improved with buildings – one had been vacant for 15 years and the other had 7 different tenants. We were told that all of the tenants were month-to-month except one who had two years remaining on their lease.

After presenting an offer to the listing broker of the occupied property, we learned that the anchor tenant (Bay Yacht Club) had a ten (10) year lease with 8-1/2 years remaining! We immediately added a provision requiring seller/landlord to deliver the property with the anchor tenant being month-to-month. Seller offered subject tenant a sum of \$25,000 to amend the lease. They had no interest. After 30 days of no movement, I asked to meet with the tenant. Leasing broker agreed. I met with two of the tenant's board members.

They told me, in no uncertain terms, that the membership was only interested in terminating their lease if they could relocate to a vessel – the Yacht Club wanted a meeting place on the water! This seemed impossible, primarily because of the high cost of securing a vessel. This was a deal breaker for my client, unless we could move the Yacht Club.

But, I remembered a fire-damaged yacht anchored in the harbor. For the past four years, I had served as independent executor for a close friend's estate. The estate settled in December 2015. In the summer of 2016, the estate had purchased a \$800,000 yacht for the purpose of nighttime dinner cruises. But only 30 days after the delivery of the yacht, a fire started in the engine room. Severe damage occurred, but only on the lower level. The main deck only had smoke damage.

When I inquired about the availability of the vessel, the owner was still negotiating with the insurance company. Finally, in April 2017, a settlement was reached and the vessel was available. The family decided not to restore the vessel, but to sell it for salvage. After several showings of the burned vessel, the Bay Yacht Club voted to agree to terminate their lease in return for ownership of the vessel. Now my client was determined to buy the vessel and deed vessel to the Bay Yacht Club in exchange for terminating their remaining 8-1/2 year lease.

Fortunately, my client was able to buy the damaged vessel for a reasonable price. We entered into an agreement to convey the vessel in exchange for a termination of the lease. In the meantime, my client and the seller/landlord made a verbal deal on the property. While the attorneys were drawing the contracts, another buyer offered 20% more than our agreed price. Fortunately, the listing broker allowed my client to submit a superior contract and it was accepted and escrowed into title company.

At the same time, we were negotiating on the third parcel and successfully escrowed it into the title company as well. All that remained was to perform an environmental survey on the three properties. Environmental was negative.

The rest was easy as we closed on all three parcels and assigned our vessel contract to the Bay Yacht Club. Everyone was happy, especially my tenant.