

Proposed sale of Gyrodyne property in Smithtown falls through by Nicolas Spangler

The announcement in a March 22 Securities and Exchange Commission filing did not give a reason for termination of the deal, but said prospective buyer BSL St. James LLC was entitled to a refund of its deposit over factors including status of title and the suitability of the property. Gyrodyne company stock, valued at \$16.50 per share on March 22, was at \$15.45 at the end of trading Thursday.

SEC filings list Sarah Laffey as BSL St. James vice president. Laffey is chief financial officer of Benchmark Senior Living, which operates senior living and care facilities across the Northeast, including Woodbury and elsewhere in Smithtown.

BSL was the first and only prospective buyer Gyrodyne had mentioned in its filings. BSL's termination notice said the company wished to continue discussions, according to the SEC filing.

It was the second sale to founder this year for Gyrodyne. A prospective buyer terminated a \$5.7 million purchase agreement for part of another Gyrodyne property in Cortlandt Manor.

Gyrodyne president Gary Fitlin said in an email that "our current priority is the subdivision application, the nature and quality of which remains unchanged." **The company will "continue to work with our partners at the Town of Smithtown to ensure that development on the Gyrodyne property is both responsible and sustainable."**

The company is "currently reviewing its cost structure, marketing efforts and what affect the termination" may have on its valuation, according to the March 22 filing. Benchmark spokesman David Levesque said in an email that "we remain interested in expanding our presence in the Smithtown market."

Fitlin said in 2017 that Gyrodyne, by then operating as a real estate investment trust, would sell its assets and unwind operations. The company's 75-acre St. James site, Flowerfield, is mostly undeveloped and one of the largest in western Suffolk County.

Smithtown officials are reviewing a proposal the company submitted for subdivision of the site for three development lots with about 175,000 square feet of office space, a 125-room hotel, 250 assisted living units, greenspace and a sewage treatment plant. The company, which once aimed to wind down operations by the end of 2021, has pushed that date to 2022 because of the pandemic and the expected timing of property sales.

Leaders of two neighboring municipalities, Head of the Harbor Village and Brookhaven Town, have said development on the scale proposed would overwhelm the area, but some civic and business leaders say the proposed sewage treatment plant could offer a fast track for sewerage Lake Avenue. The town installed a dry sewer line there last year in anticipation of eventual hookup to a plant and town officials have spoken to the Gyrodyne about building its plant big enough to serve Lake Avenue. The company's subdivision application only includes a plant to serve its site, though.