

# beau view towers—

## A New Property With A Long History

Beau View Towers in Biloxi, a planned four-tower condominium resort featuring 448 units, was a much-anticipated condominium project when its debut was announced approximately four years ago. However, as time went by, the project seemed to stall. By the summer of 2004, there was much speculation that the project was in trouble. And it was, said Kevin Bzoch, land and acquisitions manager for the Davis Companies of Newberry, Fla. "We learned that the original developer had stopped paying his creditors in 2003," said Bzoch, who began "scouting" the property in 2004. "And this particular property was under a court order to sell or it would be foreclosed on."

Although Bzoch acknowledged that Davis Companies could have shaken off most of Beau View Towers' debt by waiting for the property to be auctioned as part of the foreclosure process, he believed Beau View was worth redeeming beforehand, even if it meant paying off the original developer's bills. Bzoch's decision was due in part to his enchantment with the project's visionary design and ideal location. But, more than that, he was interested in preserving the variance that allowed Beau View to tower at 22 stories, rather than being limited to 10 stories as prescribed by area height restrictions.

Bzoch began investigating exactly how much debt was owed. Trouble was, no one seemed to know for sure how much that was, he said. "We met with the creditors, and we initially thought the outstanding debt was \$8 million," Bzoch recounted. "But then more creditors came forward, and it went up to \$11 million."

Bzoch, along with developer Stefan Davis, revisited the plan and decided that even with the added debt "it made sense" as long as the variance remained intact. "But if the variance went away, it wasn't feasible anymore," he said.

Keeping the desired variance in place proved to be a more daunting task than he bargained for. Although he initially thought the variance



would automatically be preserved by purchasing the development directly from the original owner rather than at auction, Bzoch soon learned city officials wouldn't allow the variance to convey with the property, and he began to wonder if the deal would go through after all.

That's when Biloxi Mayor A.J. Holloway stepped up and went to bat for Beau View, Bzoch said. "After A.J. Holloway explained the situation to the commissioners, they voted to preserve the variance," Bzoch said. "It was really through A.J.'s insight that the variance was continued."

Just when it looked like the path had been cleared for Beau View's development at 22 stories, Bzoch learned the amount of the original developer's debt had, once again, climbed even higher than what had already been revealed. And it just kept climbing. "We found out the debt was up to \$13 million. Then it was \$15 million, and then it was just under \$19 million," Bzoch said. "So, we ended up paying \$19 million for the property that we originally were looking at paying a little over \$10 million for."

Bzoch said there were deals struck with some of the creditors that eliminated late fees and the like. But, he said, in the end, "Everyone who entered a claim in court was paid."

Beau View Towers in Biloxi, which was announced almost four years ago, will feature 448 units in four towers. Its purchase by Davis Companies was completed in 2004.

Although Bzoch said Davis believed the deal made good business sense because it allowed the variance to convey with the property and also brought paid sub-contractors back to work on the project, the successful developer's motivation to settle the claims was as much empathy as it was business sense. "If the project would have gone into foreclosure, two or three of the big guys would have been paid. But the little guys wouldn't have been paid, and they would have really been hurt," said Bzoch, explaining that Davis was once "a little guy" himself who got his start in the business as a sub-contractor.

Finally, with the creditors paid and the variance intact, Davis Companies was able to close on the purchase Beau View in September 2004.

Bzoch said the entire project has proven to be a "win-win" for his firm, sub-contractors and, especially, consumers. ■ J.W.