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GYRODYNE CO OF AMERICA INC

Form 8-K

March 28, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 27, 2006

GYRODYNE COMPANY OF AMERICA, INC.

(Exact name of Registrant as Specified in its Charter)

New York	000-01684	11-1688021
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

102 FLOWERFIELD
ST. JAMES, NEW YORK 11780

(Address of principal executive
offices) (Zip Code)

(631) 584-5400

Registrant's telephone number,
including area code

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets

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On November 2, 2005, as previously reported by the Company, the State University of New York at Stony Brook (the "University") filed a deed with the Suffolk County Clerk's Office and vested title in 245 acres of our Flowerfield property in Stony Brook and Saint James, New York. This action was taken by the University pursuant to the New York Eminent Domain Procedure Law (the "EDPL") which governs condemnation procedures in the State of New York. Earlier actions by the University included an advance payment notice which proposed to acquire the subject acreage for a total purchase price of \$26.3 million. The Company rejected that proposal since it did not represent the current value of the property and filed notice that it will pursue additional compensation in the New York State Court of Claims where valuation disputes are litigated. Under the EDPL, payment of the \$26.3 million amount was due and payable to the Company within a reasonable and practical timeframe and, accordingly, the Company accrued this amount as a condemnation advance payment receivable as of January 31, 2006.

On March 27, 2005, the Company received payment from the State of New York in the amount of \$26.3 million, which the Company had previously elected under the EDPL to accept as an advance payment for the condemned property. Under the EDPL, both the advance payment and any additional award from the Court of Claims bear interest at the rate of 9% simple interest from the date of the taking through the date of payment. The amount of interest owed on the \$26.3 million advance payment calculated from November 2, 2005 (the date of the taking) through March 24, 2006 (the date payment was mailed by the State of New York to the Company) is \$921,386. The Company is preparing to pursue its claims for just compensation, including interest thereon, in the Court of Claims. In actions for additional compensation in eminent domain proceedings under the EDPL, the Court of Claims reviews, among other factors, the highest and best use of the condemned property and the probability that the highest and best use could have been achieved. Although we are confident that we can present a credible case for additional compensation for the condemned property, we cannot predict the outcome of our action in the Court of Claims or the potential that the University or the State of New York will attempt to negotiate a settlement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GYRODYNE COMPANY OF AMERICA, INC.

By: /s/ Stephen V. Maroney

Stephen V. Maroney
President, Chief Executive Officer and
Treasurer

Date: March 28, 2006