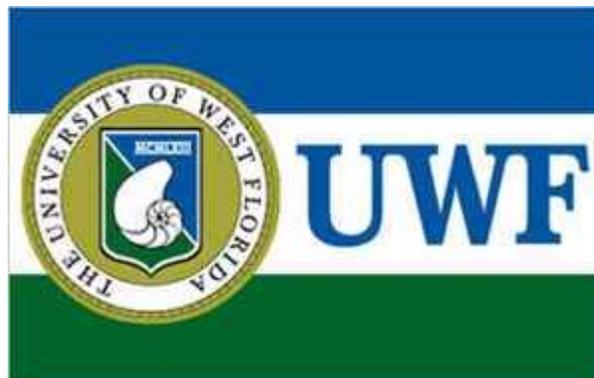


Vice Admiral John H. Fetterman State of Florida Maritime Museum and Research Center at the Vince Whibbs Sr., Community Maritime Park

Final Offer

January 20, 2010
University of West Florida
Judith A. Bense, President



EXECUTIVE SUMMARY

The University of West Florida initially agreed to participate in the Community Maritime Park project because of a unique opportunity to create four world class programs in maritime archeology, marine biology, environmental studies, and maritime history. The University responded to what it believed was a broad consensus to create a truly robust, vibrant, student and research friendly downtown presence that made academic and scientific sense and was congruent with our long term goals.

Our vision included a world-class academic and research center, one that emphasized research and hands-on activities, was dynamic and allied with active, ongoing scientific research conducted by our planned world-class programs. This campus would involve marine labs, research vessels, artifact restoration, a marine service center, boat docks, and other marine-related academic and research activities that could then be showcased in and around a world-class museum component.

However, given the passage of time, and the major worldwide financial collapse, many of UWF's original plans and purposes for the CMP have been questioned by the CMP Board and members of City Council and the community. The University's land leases in the Park have been revoked, and the University has been asked to consider various limitations on its plans, activities and facilities. Additionally, an imperative seemingly has arisen for the City to improve the financial viability of the Park by increasing commercial waterfront development.

In Fall 2009 UWF was asked by the CMP to enter into facilitated discussions with the CMP Master Developer to see if a mutually agreeable solution could be identified. Several proposals have been made and rejected by the two sides. The UWF Board of Trustees made a formal compromise proposal to the CMP on December 11, 2009, which was also rejected.

UWF's Board of Trustees empowered the President of UWF to make one final offer to enable the Vice Admiral John H. Fetterman State of Florida Maritime Museum and Research Center to remain in the Vince Whibbs, Sr., Community Maritime Park. That final offer starts with what has been called the December 8, 2009 Master Developer or "staff compromise" proposal (see Appendix) that was presented to both boards in December, but which neither board adopted.

In UWF's proposed compromise, that plan would be amended merely by removing the west wing of the proposed commercial structure north of the museum site and reducing the UWF intrusion into the green space of the Park by 20 feet. All other aspects of the plan depicted in that proposal would remain, including the 48 ft. height limit and the 20 foot setback on the south side of the remaining wing of that commercial facility. However, in light of new issues raised in public discussions over the past several weeks, that December 8 plan is only acceptable if all the assumptions originally associated with it are retained, as set forth in detail in this UWF final compromise proposal. This compromise represents UWF's minimal needs to proceed with the Maritime Museum and Research Center in the Maritime Park. Absent the requirements in this compromise, UWF will not be able to proceed with the Maritime Museum and Research Center in the Park.

INTRODUCTION

This document was prepared at the request of Board of Trustees of the University of West Florida (UWF), and presents a final offer for the proposed UWF Vice Admiral John H. Fetterman State of Florida Maritime Museum and Research Center (MMRC) at the Vince Whibbs, Sr. Community Maritime Park.

To provide background and context for our final offer, information is provided that explains the University's overall responsibilities and mission as a state educational institution, the specific vision and mission developed for the MMRC, and the traditional process of academic program enhancement. In addition, a brief section is provided on the history of the Community Maritime Park (CMP), which documents the thematic and resulting design changes of the CMP with specific attention to the effect of these changes on the proposed UWF Maritime Museum and Research Center. An Appendix is also provided that shows most significant changes in the design and layout of the CMP and UWF's leases and facilities.

The final UWF proposal offers the CMP a compromise plan that significantly reduces UWF's future expansion possibilities for the Park and for our operations there in the long run. In addition, the necessary requirements for the UWF educational enterprise at the CMP are listed and explained as well as the risks to both UWF and the CMP of moving forward with this project. This final UWF compromise is a plan that meets the minimum needs of the overall educational enterprise of UWF in the Park, including associated risks now and in the future, if certain parameters are met.

THE UWF MISSION IN THE COMMUNITY MARITIME PARK

In 2004, at the beginning of the Community Maritime Project, UWF was invited to participate in a complex and difficult project, one that we knew might be controversial. UWF did this because the Park organizers and proponents, led by Admiral Fetterman, saw and offered a unique opportunity for the university to create four world class maritime programs downtown. There seemed to be a broad consensus to provide the University the opportunity it had been seeking for years to create a truly robust downtown presence that made academic and scientific sense.

Our vision included a world-class academic and research center, one that emphasized research and hands-on activities, was dynamic and allied with active, ongoing scientific research conducted by our planned world-class programs. This campus would involve marine labs, research vessels, artifact restoration, a marine service center, boat docks, and other marine-related academic and research activities that could then be showcased in and around a world-class museum. UWF was already well on its way with a world-class archeology program with significant shipwreck discoveries in Pensacola Bay, and a growing museum program and historic village in downtown Pensacola.

This new Maritime Park would be very much like a campus. There would be park spaces and an amphitheater and a multi-use stadium. Yes, there would be some commercial development as well, as is often found on a modern research campus, but it would not be the dominant element, but rather an accent, a convenience. Thus, these were our initial and primary understandings and

reasons for entering into the maritime park partnership. It broadly met our needs. The understanding from the beginning was that modern museums can no longer be world class unless they are allied with active, ongoing scientific research in hands-on educational establishments.

UNIVERSITY OF WEST FLORIDA RESPONSIBILITIES AND PROCESSES

The University of West Florida is one of 11 State Universities, all of which have the primary responsibility of delivering high quality educational programs and graduating students with advanced academic degrees. Universities are increasingly accountable for degrees awarded, expediting the time it takes to earn degrees, and meeting the increasingly complex workforce needs of the State of Florida. That is our primary mission.

It has always been our intent to integrate teaching, research, and public service in a dynamic, hands-on manner in all of our facilities at the CMP: the Museum, the Research Center, the Amphitheatre, and the Multicultural Center. Thus, the proposed MMRC reflects the educational, research and service mission of the University as a whole, while focusing on the maritime theme made possible by Florida and Pensacola's geography and rich maritime history. The MMRC, in its totality, is to be a special place for faculty, students and staff to conduct research to produce new knowledge in maritime archaeology, biology, environmental studies, and history and share it with scholars and the public. This is what a university does every day on campus, but our mission with the Park was to bring these activities downtown, to the venue of the CMP, and to include the public every step of the way.

What makes the UWF Maritime Museum and Research Center different is that it is to be the launching pad for expeditions, and the thrill of discovery will be shared by all. It is not intended to be a static, dusty, dry museum, or classroom building; but a living, breathing activity center where faculty, students and public participants experience the creation of new knowledge and information from the maritime environment. It means diving, fishing, netting, sampling, scanning, probing in the water from boats, and barges. It means computers, labs, sensitive equipment, engines, and people eager to be a part of the research process. This is what an academic institution is all about; it is our purpose, our vision, and our reason for participation.

Traditional Academic Program Enhancement Process

Universities expand and change their academic programs throughout their existence. New programs and facilities, however, are long-term commitments that are heavily regulated and expensive. They are not undertaken lightly and cannot be changed frequently or easily. The basic process is listed below:

1. Academic and administrative leadership to agree on the vision (enhance four maritime disciplines to a world class level)
2. Secure approvals from regulating authorities (Board of Governors) for academic programs
3. Secure funding from state and private sources
4. Hire Executive Director(s)
5. Construct research and support facilities
6. Hire researchers and support staff

7. Recruit students
8. Develop research agendas
9. Successfully implement curriculums, research agendas, and field schools
10. Share results with scholars and public (museum)

The estimated budget for the expansion of the maritime programs and the construction of the facilities needed to build the planned world-class programs is summarized below.

Estimated Costs of Building Four World-Class Programs, Museum, and Research Center		
Need	Recurring Cost	Non-Recurring Cost
Executive Director, Research Faculty, Project Directors, Technicians, Graduate Student Assistants, Support Staff (Recurring)	\$1,260,000	
Program Operations (Recurring)	\$150,000	
Marine Research & Services Center Cost (Non-Recurring)		\$12,800,000
Museum Construction Cost (Non-Recurring)		\$20,000,000
Museum Operations (Recurring)	\$4,000,000	
Total (Construction plus annual costs)	\$5,410,000	\$32,800,000

UWF has sought non-recurring facilities funding via our legislative PECO list for several years. We have privately raised \$4.5 million in support of the Vice Admiral John H. Fetterman State of Florida Maritime Museum which is eligible for State of Florida Courtelis matching program. Additionally, we are continuing to seek funding for the academic program enhancements necessary to build robust world class programs in the disciplines described.

HISTORICAL OVERVIEW

The current Park design and UWF facilities have gone through four phases of development. The designs associated with each phase, with notes, are presented in the Appendix to this document.

Phase 1: 2002-2004: Conceptual development and promotion of a Maritime Museum and Research Facility on Pensacola’s downtown waterfront by Adm. Jack Fetterman and UWF maritime program leadership. Adm. Fetterman and UWF researchers, led by Dr. Judy Bense, made many presentations to local government and civic groups. The vacant landfill area in front of Pensacola City Hall is selected as the site and a “community maritime park” is conceived, one that will largely be a UWF campus, with a maritime museum and research center and conference center associated with a waterfront park, a park that is largely a green space.

Phase 2: 2004-2006: The CMP Park is included in an urban development plan for downtown Pensacola led by consultant Ray Gindroz. A multiuse sports stadium is added to the Park, and some additional commercial aspirations, causing the first redesign. UWF agrees to add an

amphitheatre. UWF made the first of many compromises and changes by agreeing to physically separate a portion of the Research Center from the Museum. This was done both to reduce the scale of the Maritime Museum building, and also to finish the Museum component first as requested. Thus, UWF agreed to build some of its facilities, and in particular the Museum, prior to the full development and funding of the remainder of its facilities and its programs, a major concession that came with significant risks to the university's programs, because usually the research components would come first. A voter referendum was called for and the Park project passed by 56% on September 5, 2006.

Phase 3: 2006-2008: Museum conceptual design and initial CMP Master Plan plan finalized. Immediately after the referendum, UWF sponsored the development of a conceptual design for a \$20 million Maritime Museum component of the MMRC, to be located on the west waterfront, and developed by leading museum designer Doug Mund, with broad input from faculty and the public. UWF receives approvals of the design in principle from the CMP. UWF also agrees to add a Multicultural Center to its proposed facilities. UWF raises half the funds necessary to build the Museum when matched: over \$4.5 million in cash and over \$500 thousand in pledges, with equal match pledged from the State Courtelis Grant Program.

Phase 4: 2009: CMPA Board selects a Master Developer, who establishes a new, more commercial direction for the Park. He seeks to redesign the Park again, with greatly increased commercial waterfront space. UWF is asked informally by some city leaders to be "flexible" with regard to the location of the MMRC, and its size and capabilities. Federal New Market Tax Credit funds of up to \$15 million from the economic stimulus bill are offered to CMPA to assist with construction of the Museum component. UWF determines it needs a minimum of \$13.4 million of tax credits to complete a reduced-size museum, roughly 42,000 sq.ft., instead of the originally planned 65,000 sq. ft. . A lease to UWF is unanimously passed by CMPA and unanimously approved with minor revisions by the City Council. However, after the Master Developer put forth his new, more commercial plan on November 13, 2009, CMPA refused to re-approve the University's lease after the minor revisions required by the City were made, thus revoking the University's lease. This revocation initiated an effort to accommodate three large, new commercial facilities in the Park. Their scale exceeded that of the museum itself, which has been continually downsized and separated from some of its research facilities. A large, new commercial building is proposed between the Maritime Museum and DeVillers Plaza. UWF is required to work through a mediator to try and find mutually agreeable terms with the Master Developer, which initially fails. A second proposed compromise from the UWF Board of Trustees is rejected by the CMPA on December 11, 2009.

The Effect of the Economy. The design of the CMP, and of UWF's MMRC, was developed during the last economic bubble, specifically 2004-2006, when there was a \$2 billion surplus of state tax collections. During this time, it was expected by the leaders of this project that raising funds for the MMRC and the academic program enhancements had a high probability of success. This would have been true if the economy had continued at the 2004-06 growth rate. However, the economic collapse has caused major effects on both UWF and also the CMP. It has caused UWF fundraising to slow considerably for the Maritime Museum and likely has contributed to the shift in the theme of the CMP to give stronger emphasis to revenue-generating commercial leases on the waterfront. Another effect of the deep economic recession has been a reduction of over \$15 million to UWF's annual budget. This reduction has reduced our reserves, flexibility,

and academic programs. Unfortunately, it is expected that the recession in Florida will continue for at least the next two years and more budget reductions are expected this year.

Summary. In the eight years between 2002 and 2010, there have been many changes in the plans for the Community Maritime Park and UWF's role in it. The original theme of the Park has shifted from largely an educational and recreational focus to a more commercial-revenue producing one. This direction is understandable, but is to some extent inherently in conflict with UWF's original plan of enhancing UWF's maritime disciplines to a world class level by locating a new Research Center associated with an outstanding new Maritime Museum in the Community Maritime Park. Each new constraint on UWF ratchets up the difficulty of proceeding in this challenging environment when we have so many unmet needs. The awareness and even the intent of many with regard to UWF's maritime presence in the Park has shifted from one of research and education to one of enhancing the expanded commercial enterprises in the park by attracting people to a museum as primarily a tourist attraction. This trend is seen in the conversations of the past several weeks, the evolution of the Park design, the relocation of UWF facilities, and the moves to restrict and to reduce the land available to UWF.

However, despite these many frustrations, UWF is an academic institution. It is a state institution and part of a system that educates more than 300,000+ students statewide each year. It has education, research, and service at the core of its existence. While still young in age, UWF is an institution that builds legacies, takes a long range view of its endeavors, and strives to make decisions that will benefit the many generations of learners and leaders to come. Thus, UWF wishes to rise above the challenges of the current situation and make a viable plan for the future, a future where four world class maritime programs will exist. These programs and their associated research agendas will attract world-renowned faculty and students from around the globe. Their knowledge and findings will be displayed in state-of-the-art facilities, alive with engaging activities and discoveries on public display. Indeed, UWF's history will include establishing Pensacola Florida as a beacon of maritime research and studies, a special and unique place that celebrates its history and is a showcase to the world.

FINAL OFFER FOR UWF PARTICIPATION

While UWF would clearly prefer the restoration of its original leases, or alternatively the plan that was proposed to the CMP Board by the UWF Board of Trustees on December 11, 2009, UWF is nevertheless offering a final compromise to the CMPA, a plan that at least minimally meets the University's needs for its mission and vision in the CMP if closely followed.

Plan to Remain in the CMP

UWF is willing to accept the December 8, 2009 CMPA Master Developer Offer (set forth in the Appendix and sometimes called "the staff compromise") with one substantial change, the removal of the west wing of the commercial facility north of the museum and its replacement with an open plaza. This December 8 plan previously was rejected by the UWF Board. However, it can be made acceptable with the following understandings and amendments:

1. As illustrated for both of the Boards at the time, this December 8 plan included a 48 ft height restriction on the facility north of the museum, as well as a 20 ft setback on the south side of the building facing the museum. These would be retained.

2. The west wing of the proposed commercial building would be eliminated, with an open plaza remaining. Lease limits would be essentially those shown on the December 8 plan diagram.
3. The southern extent of the portion of the UWF MMRC lease on the west waterfront, sometimes called "Site A," would be reduced by 20 feet from that shown in the December 8 plan, to a line approximately 90 feet north of the south bulkhead, instead of 70 feet north as depicted in the December 8 plan. This is in order to intrude less into the people's park area, an encroachment originally requested by the Master Developer to accommodate the new commercial facility to the north of the Museum. Also, as previously agreed, the CMP Master Developer will continue to fund, design, and construct a retaining wall 10 feet south of the southernmost UWF ground lease line, or approximately 80 feet north of the south bulkhead. As agreed, this retaining wall project will include soil amendments placed against and north of the new wall to comprise all of the UWF ground lease gross square feet and achieve a consistent elevation of 14 feet, with compacted soil density to meet the minimum soil bearing requirements of the Museum exterior retaining walls and pavement without soil replacement. This retaining wall project will be a part of the Master Developer's public improvements as previously agreed.
4. In order to support academic programming and museum exhibition plans, Museum circulation perimeters would otherwise remain the same, as depicted on the diagram accompanying the December 8 plan.
5. The 18,325 gsf portion of Site B designated in the December 8 plan for the University's use remains with the University, in order that it may build its Marine Services Center component of the Maritime Research Center. This space must include room for boat movement, a boat lift or ramp, and adequate boat storage, as is demonstrated on the December 8 diagram. There must be suitable room for movements of the boats around the facility to equip, unload, and park the boats in close proximity to the facilities. Short term boat parking on site is required for active research projects. There must be an effective guarantee for appropriate zoning and/or long term special use permits for research and boat activities and outdoor artifact restoration associated with all university facilities on all leased sites.
6. The Research Center and all of its components must inevitably be built and must not be unreasonably constrained. We need reliable assurances that we are going to be able to proceed with our comprehensive plan and not simply be asked to build a museum tourist attraction. Certainly, the Fetterman Museum will be a great tourist attraction, just as the Naval Aviation Museum is! However, the Research Center associated with the Maritime Museum, and ultimately an indispensable part of the Museum, is the scientific and academic justification for the University participating in the Park in the first place, and is the key to the Museum being world class. To be successful, a modern museum cannot be static, it needs to be an active display of real science and research, and the marriage of that mission to an allied University program will create a unique capability for Pensacola, Northwest Florida, and the University of West Florida.

7. We have only requested 5,000gsf for boat parking space. However, it is possible that some off-site, but nearby boat storage, could be arranged for those boats that are not currently active, and that would be acceptable. However, it is clear that a reasonable amount of boat staging and parking area immediately adjacent to our facilities in the Park is a critical requirement. The University is willing to entertain an appropriate off-site location for a majority of our boat storage with the following requirements:
 - a. Long term agreements
 - b. Secure and accessible location
 - c. Waterfront in the downtown area
 - d. Reasonable remaining freedom to park and articulate active boats at the Maritime Research Center and Marine Service Center in the Park as needed to support UWF's research activities.
8. Dredging must be completed by the CMP Master Developer along the west bulkhead and within the marina area to a depth of 7'-0 as part of the Developer's Phase I site development. It cannot be delayed as proposed by the Master Developer in the last iteration of the mediation process. Adequate boating access is critical to our plans and dredging was integral to the initial plan.

Construction of parking facilities will not be done by UWF. It has always been the responsibility of the CMPA Master Developer, as has provision of a pad ready site.

9. The University's rights to use its spaces in the CMP must be established by long term irrevocable leases, not options. The term of the leases must be sixty years or longer, provided that a forty-five year term may be acceptable during the period that obligations undertaken in connection with the New Market Tax Credits are outstanding, but only to the extent required by federal regulations pertaining to New Market Tax Credits, and further provided that the sixty year or greater term shall be restored once the New Market Tax Credit obligations are retired. These leases must be secured immediately in order for the proceeds of the New Market Tax Credits to be made available for paying a portion of the cost of the UWF Maritime Museum.
10. The purposes, sequence and timing of construction of UWF's facilities on UWF's leases must be determined by UWF.
11. Requirements for the use of New Market Tax Credits (NMTC) for construction of the UWF Maritime Museum.
 - a. In order for the museum to be built to a satisfactory level of completion, the tax credits together with any other funds made available immediately to UWF by the CMPA must yield a minimum \$13.4m to UWF, after any acceleration or other costs. The cost of building even the reduced museum is over \$20 million. If less than \$13.4 million is offered, UWF will not be able to meet the strict deadlines of the NMTC program and would need to return to raising the remaining funds privately and matching them with the Courtelis funds when the program is funded

again by the State, which would result in a delay in construction of the Museum. Even \$13.4 million leaves UWF almost \$2 million short of the funds required to complete the museum, a daunting, even if doable task in this fiscal climate. The extent of fundraising over the next year will determine if exhibits and features will have to be delayed. However, less than \$13.4 million in Tax Credits would impair the facility itself in unacceptable ways.

- b. The Maritime Museum is a State of Florida museum and it must be owned and operated by the University of West Florida. Ownership rights of the University must be established in a manner that will enable the University to receive and apply the funds available through the Courtelis program. The University must be able to participate fully in reviewing and commenting upon the negotiations of the various agreements relating to the rights and obligations of the parties in connection with the New Market Tax Credits. Legal restrictions relating to obligations of State of Florida entities and acceptable level of risk must be observed.

If all of these things can be accomplished and assured in an appropriate, reliable, and timely way, then the University of West Florida is still willing to proceed with the major, long-term development known as the Vice Admiral John H. Fetterman State of Florida Maritime Museum and Research Center in the Vince Whibbs, Sr., Community Maritime Park. This is despite the many changes that have occurred and the additional challenges that we confront today.

However, at the same time, we realize that the needs and requirements of the University's mission in the Park, as described above, are significant. We also hope that everyone also realizes that even if these needs are met, there are still considerable risks to the University to obtain approval and funding, especially in this fiscal climate, for enhancing academic programs to a world class level and for the operation of a major Maritime Museum, including the construction and operation of the Research Center. The University will need the full commitment and strong support of the entire community to get the necessary funding for the development of these new Maritime Programs. If we are to remain in the Park with the MMRC, we will need your help.

The University of West Florida understands that economic conditions have changed, and that this change may be so significant that the Community Maritime Park may no longer be the best location for the UWF Maritime Museum and Research Center. If a stronger commercial direction is needed and desired, then we certainly understand that, and we understand that our requirements to locate in the CMP are major in scope. Therefore, we are willing to withdraw the MMRC facilities if that is in the best interests of the Park and the City.

However, further reductions of or limitations to the UWF facilities in the Park are not in the best interest of the University, and would render us unable to proceed in any case. We would, of course, continue to proceed with a beautiful new UWF Amphitheater on the bay front, made possible by the generosity of Skip and Martha Ann Hunter, and, with the help of Gulf Power Company, we would also continue to pursue the Multi-Cultural Center as a university facility near Main Street in the Park. There will be no hard feelings if the University's needs and requirements cannot be agreed to and guaranteed. In that event, the University will postpone its maritime developments and reassess its future plans, in hopes that we might ultimately be able to

construct the maritime complex at another location that will offer the necessary means to enhance the university's programs and thus our region's growth and development.