

CITY COUNCIL MEMORANDUM

TO: Mayor and City Council
FROM: Alvin G. Coby, City Manager
DATE: March 12, 2010
SUBJECT: Alternate Option for the UWF Maritime Museum

The University of West Florida (UWF) and Capital Trust Agency (CTA) has notified the City of Pensacola that with current State funding prospects and the difficulty of meeting all requirements of New Market Tax Credits (NMTC's), that it may be in the best interests of the Community to apply the NMTC funds to alternate projects. It is proposed that the tax credit funds be used by the CMPA for overall park infrastructure and UWF would postpone its participation in the tax credit transaction until a later time.

In order to consider the new proposal, it may be necessary to schedule a special meeting of the City Council jointly with the Community Maritime Park Associates. If a special meeting is necessary, it will be held either Monday, March 15, 2010 at 3:30 p.m., or Tuesday, March 16, 2010 at 1:00 p.m..

Attachment



JOINT STATEMENT

ALTERNATIVE OPTION FOR THE UWF MARITIME MUSEUM AND RESEARCH CENTER AT THE COMMUNITY MARITIME PARK

Judith A. Bense, President, University of West Florida

Ed Gray III, Executive Director, Capital Trust Agency

March 12, 2010

Introduction. On January 20, 2010, the President of the University of West Florida (UWF) presented a "Final Offer" to the Community Maritime Park Associates (CMPA) Board of Directors that specified requirements for the UWF Maritime Museum and Research Center (MMRC) to be constructed with New Market Tax Credit (NMTC) funds. It has been our first option for the stadium and museum to come out of the ground at the same time. However, despite intense work by all the partners, the CMPA, City of Pensacola, UWF and the Master Developer, it is becoming increasingly clear that it may not be possible to accomplish all the requirements in the time frame required for tax credit funding. In fact, it appears that prospects of the first option are dimming if not impossible. We also have become painfully aware that the state sources traditionally available for funding public projects such as the museum are non-existent. The NMTCs enabled substantial construction dollars to be generated, but not operational funding once the facility is ready for opening it to the public. In light of this situation, we have developed a second Option for the CMPA Board to consider.

Option Two. The second option is designed to meet the problems of funding the UWF site preparation requirements such as retaining wall construction, dredging, and parking as well as the need for \$13.4 million in tax credit funds for Museum construction. It is proposed here that the tax credit funds be used by the CMPA for overall park infrastructural development and include the MMRC site preparation requirements. UWF would postpone its participation in the tax credit transaction until a later date, hopefully using tax credit funds procured at that time.

It must be understood that with Option Two, it will still be necessary to fashion an acceptable lease with UWF that meets its terms explained in UWF's Final Offer, for without that it would not be possible for UWF to proceed even with a second tax credit issuance or with fundraising and State Courtelis matching funds 3-5 years from now. The lease remains key.

With Option Two there are also some opportunities that could enhance the project for all parties which are worth considering. They are:

- Build the *breakwater* on the southwest corner of the parcel that would enable dredging consistent with UWF's needs, last considerably longer and marine traffic feasible on the west waterfront.
- Install the piers, boardwalk and other waterfront amenities on the west waterfront that were originally envisioned for the project to enable boating access to the site.
- Add back into the project other amenities that will attract visitors and investment to the project as well as provide an even better enhancement to our downtown waterfront.

With the site preparation for the MMRC funded by the tax credits, and the ground leases agreed on, all terms of UWF's Final Offer will be met. At this point, CTA and UWF will be free to seek a second round of tax credit financing for Museum construction. UWF will then continue fundraising for the State's Courtelis Matching Program, thus ultimately achieving UWF's financial requirements. We believe the below list of added park improvements should be adopted by CMPA.

Planned site improvements currently budgeted		\$40,000,000
UWF subcontracted components from NMTC proceeds:		
Amphitheatre Construction	\$1,800,000	
Other added components from NMTC proceeds:		
Enhanced Streetscapes and landscaping for public areas	1,100,000	
Playground Improvements	300,000	
Multi Use Stadium enhancements	1,250,000	
Museum site enhancements, necessary structures for future building	500,000	
Dredging	350,000	
Museum design and feasibility planning	250,000	
DeVilliers Wharf Boardwalk	1,200,000	
Breakwater and Marina slips	<u>3,350,000</u>	
Total before GC Profit and Contingency	\$8,300,000	
GC Profit	249,000	
Contingency	<u>660,000</u>	
Total	\$9,209,000	
Net anticipated NMTC benefit		\$11,009,000
Total Project Fund		\$51,009,000

March 12, 2010

To: Members of the CMPA Board

From: Ed Gray

New Markets Tax Credits as a funding source of the
Community Maritime Park

We have confirmed the fact the investor in (purchaser of) the tax credits is eager to proceed. This intent will not be withheld by the museum being postponed. Net benefits obtained by the use of the tax credits can be applied to other important parts of the overall park project, including adding back many of the original amenities planned for the site, but budget constraints had deleted. The end result will be a much more attractive and inviting addition to downtown Pensacola. Just as important to adding back amenities and park features is the goal of being prepared to move forward with the museum whenever state matching monies are available and/or additional NMTCs are allocated. To accomplish this, museum site preparations should be fully developed, dredging of the site completed, and constructing the marina slips and breakwater should all be in this phase of the park development. Funding through the tax credits will enable this to occur.

Accepting the fact that the museum is delayed is bitter sweet. The funding of other key components of the park can now be afforded and be poised to construct the museum at the earliest opportunity. Our agency is committed to this action plan by committing to allocate any future tax credits we have the ability to deploy being prioritized to include the maritime museum.

Action by the CMPA board we request include the following:

- A. Instruct attorneys representing CMPA to become engaged with attorneys representing our agency and those of US Bank to proceed toward a closing of the NMTC transaction.
- B. Adopt the attached list of added projects to be the prioritized park site improvements to be planned, budgeted, and bid for construction by using the net benefits of the NMTCs as a means of these being financed. This list includes all site work, harbor dredging, and other necessary added components specified by UWF in previous correspondence as being required for UWF facilities.
- C. Immediately finalize the lease with UWF, or its appointed designee, for the agreed sites of the maritime museum and the amphitheatre.
- D. Instruct MPDP to submit as a part of the closing documents the timeline, estimated cost of construction, and completion dates of all facets of the park development now budgeted and included in the approved CMPA site plan. These include the site and infrastructure work identified prior to today, and the list of additional components made a part of this memorandum.
- E. Authorize the chair of CMPA to modify or reallocate the identified budgets of these projects to assure the timeline and disbursement schedule necessary for closing the NMTCs transaction to be accomplished timely. Any such modification shall be reported back to the full CMPA board with an explanation of the change.

The attached second page of this memorandum outlines the additional components of the park that can now be funded to bring the site into an even better addition to downtown Pensacola.

Community Maritime Park Development – Revised Phase I scope of work

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