

ASHTON J. HAYWARD  
MAYOR

**MEMORANDUM**

TO: City Council

FROM: Ashton J. Hayward, Mayor **44**

DATE: April 7, 2015

RE: Community Maritime Park Proposed MOU

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Mr. President and Members of the City Council,

In 2006, Pensacola citizens voted to affirm the City Council's approval of the Master Development Agreement and Master Lease Agreement between the City and the Community Maritime Park Associates (CMPA) related to the development, construction and operation of the Community Maritime Park. Those agreements provided for a strong public-private partnership: public amenities, such as a stadium, amphitheater, and park space, coupled with private, mixed-use development, including hotels, office space, residential units, and retail. The citizens have invested tens of millions of dollars in this project, and my job as Mayor is to make sure they get what they voted for.

Despite the fact that the Maritime Park parcels have been available for more than three years, only two of the available parcels have been developed. We're excited about those developments, and in order to make sure we deliver the best possible return on the taxpayers' investment, we reached out to CBRE, recognized as the world's strongest, most reputable commercial real estate brokerage. The only commercial real estate firm included in the Fortune 500 listing, CBRE is a proven entity with global reach, a stellar reputation, and vast experience in the development of public-private partnerships. Once CBRE came on board, they partnered with local brokers and put down roots in the community, working with both UWF on the Argonaut Village project and PEDC on the Tech Park.

It was important to me to bring in a world-class broker and to deliver the best development possible. The Community Maritime Park represents some of Downtown Pensacola's last undeveloped waterfront property, and it is critical that we develop it in a way that builds on our success and momentum. Over the last four years, our City, and especially our Downtown, have experienced tremendous and transformative growth, fueled by record levels of private investment. New projects like Maritime Place, The Artisan, and One51Main have reinvigorated Downtown Pensacola, with even more exciting projects on the horizon. The Maritime Park is an unparalleled opportunity to carry this energy forward.

The City signed listing agreements with CBRE on February 21, 2014. The City Administrator and the Executive Director of the CMPA were empowered to negotiate with CBRE on the substance of a request for proposals (RFP) that CBRE would issue to potential developers. In order to eliminate out-of-pocket costs to the City, it was decided that CBRE would be compensated with a 4% "success fee," to be paid by a prospective developer rather than the City or CMPA. This arrangement is similar to those CBRE has used with clients across the country. As the fee is to be paid by the developer, the City Administrator and CMPA Executive Director felt it was most appropriate to include that language in the RFP. It's important to note that the success fee is a one-time fee, and CBRE would not receive an additional commission on ground leases.

The RFP was released on September 18, 2014 and on September 23, the CMPA's Executive Director distributed the RFP via email to all CMPA board members as well as members of my executive staff. Furthermore, CBRE has diligently provided regular written updates to the CMPA, which were distributed to CMPA board members in the packets they receive for each meeting. These updates were provided on a monthly basis with the exception of January 2015, when CBRE representatives briefed the CMPA board in person. We asked CBRE to do a job, and they have done it. They have brought forward a strong prospect and project for our consideration. As a result of my satisfaction with CBRE's performance, I am in the process of extending their listing agreement by one year.

I am relieved that the CMPA chose to punt this decision to the City Council and myself, because it gives us the opportunity to take ownership and show leadership on this issue. The City Council is being asked to consider executing a Memorandum of Understanding (MOU) to enter into a process of negotiations and mutual due diligence with the developer. At first glance, this looks like a win-win deal, but we're just beginning the due diligence process. The MOU is simply a framework for the City and the developer to closely examine one another, open negotiations, and determine if a deal makes sense for all parties involved.

I plan to reach out to Council President Terhaar and ask him to schedule a special meeting for the City Council to consider the MOU. I will attend this meeting, along with legal counsel and representatives from CBRE. A special meeting will provide the best opportunity for Council members as well as the public to provide input and get answers to any questions they may have.

I want to thank our Council members for their wisdom and cooperative spirit, and for the constructive feedback they have offered throughout this process. Working together, I know that we can continue to meet and exceed the expectations of the citizens and deliver the Community Maritime Park that Pensacola deserves.

I have attached copies of the following documents:

- CBRE listing agreement
- CBRE RFP
- CBRE's monthly updates to the CMPA
- CBRE's March 30, 2015 briefing to Council
- The September 23, 2014 email distributing the RFP to CMPA board members and staff
- CMPA Chairman Reeves' January 6 memorandum concerning the RFP

cc: Eric W. Olson, City Administrator  
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Lysia Bowling, City Attorney  
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Lee Ann Korst, First Vice President, CBRE  
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