

***Funding Mechanism for the Merger of the Pensacola Historical Society into
West Florida Historic Preservation, Inc.***

The current annual operating budget for the Pensacola Historical Society (PHS) is \$157,000. This funding mechanism is intended to maintain that level of funding and slowly increase available funding over the next eighteen months without any expense to the University. This will be accomplished in several phases.

Phase 1)

By the end of December 2008, the PHS will have completed the first quarter of its fiscal year. Over the first six months of 2009, the Society's programs are expected to earn \$61,329.

At the effective date of merger, the Pensacola Historical Society will transfer its unrestricted cash in the amount of \$97,800 to WFHPI. This cash, plus the expected earned income will, give us \$159,129 to fund the operation through July 1, 2009. Any unexpended funds will be held in reserve.

Please note: Beginning July 1, 2009 the Society will change fiscal years to match WFHPI (July 1 to June 30).

Phase 2)

Starting July 1, 2009 the buildings gifted as part of the merger, the Beacon Building and the Arbona Building will be added to the University space file. They contain 15,930 gross square feet and are expected to generate an additional \$120,110 in P, O & M money.

Additionally, we expect the PHS programs to continue to earn \$80,000 a year.

The PHS currently has an endowment of approximately \$625,000. The PHS will gift this endowment to the UWF Foundation. This gift is eligible for a state match of 70%, or \$437,500, so the total gift will eventually be valued at \$1,062,500 and will be set up to fund the activities of the PHS division in WFHPI. Please note that for planning purposes the expected state match has been moved to 2010 due to current economic issues.

At a recent meeting, the UWF Foundation Board voted to impose a one year waiting period before spending on endowments can occur. As a result, we would expect that \$10,937.50 would be available (starting January 2010) for the second half of fiscal year 2009/2010. This figure is calculated on a 3.5 % spending allowance.

Earned income combined with the P, O & M recurring funding and the disbursement from the endowment for the second half of 2009/2010 will provide \$211,037 in funds to operate the division through June 2010.

Phase 3)

Starting July 2010, the funding mechanism is expected to be fully in place for the fiscal year 2010/2011 as follows:

Earned income:	\$ 80,000
P, O, & M:	\$120,110
Endowment earnings: (3.5% on \$1,062,500)	\$ 37,187
Total:	\$237,297