



El Paso Children's Museum

July 23, 2018



el paso children's museum



El Paso Children's Museum

Agenda Items

- Item #2: Amendment to the 2019 Capital Funding Plan
- Item #3: Funding Plan
- Item #4: Lease Agreement

El Paso Children's Museum Development Corporation

Companion items:

- Officers and By Laws
- Funding Agreement (same)
- Lease Agreement (same)
- Management and Operating Agreement



El Paso Children's Museum

History

- November 2012 – Project was included in the 2012 Quality of Life Bond, approved by the voters of El Paso
- August 23, 2016 – Initial Memorandum of Understanding approved by Council
- March 6, 2018 – City Council approved the Memorandum of Understanding
- March 20, 2018 – City Council approved the El Paso Children's Museum Local Government Corporation with the City Council named as the Directors



El Paso Children's Museum

Funding

Funding Source	Amount
Quality of Life Bond	\$19.25 million
2019 Amended Capital Plan	\$20 million
Private sector fundraising	\$20 million
Total	\$59.25 million

The agreements with EPC Museum 501(c)3 requires that designated Special Bonds be issued in order to meet Federal Tax Requirements.

- Use local funds to front the expenditures until the funds are needed with a reimbursement resolution
- Cash flow: \$4M through June 2019, \$32.85M from July 2019-December 2020



El Paso Children's Museum

Agenda Items

- Item #2 – AMENDMENT TO 2019 CAPITAL PLAN

2019 Capital Plan was approved on April 30, 2018

Original approval total: \$94,271,606

\$80,089,159 was funded with Certificates of Obligation

Revised total when you add the \$20,800,000 for the Children's museum:

\$115,074,606

\$100,889,159 will be certificates of Obligation



El Paso Children's Museum

Debt Service Rate Assumptions

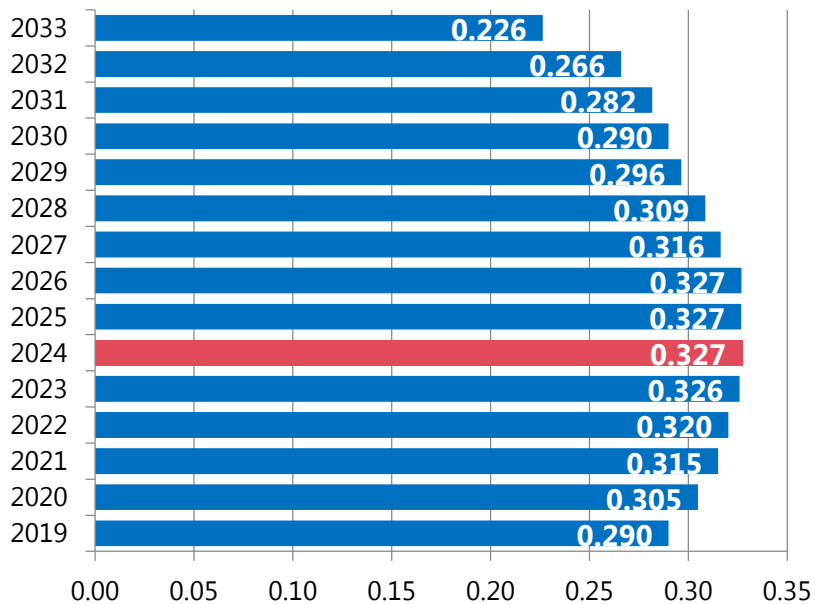
- Timing and amount of approved issuances
- Assessed valuation growth
- Estimated interest cost
- Doesn't include any potential refundings



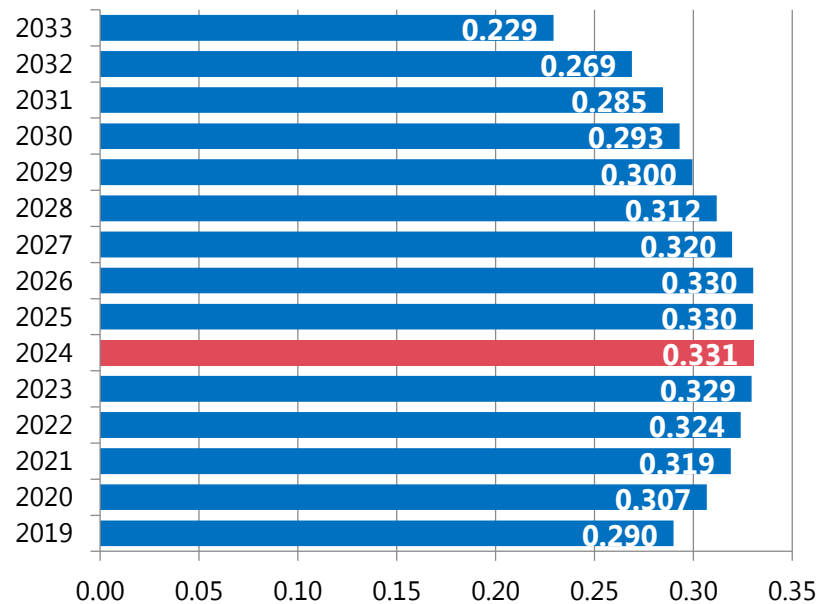
El Paso Children's Museum

Debt Service Rate Assumptions

**2019 Capital Plan
(April 2018 - Excluding Children's Museum)**



**2019 Capital Plan
(July 2018 - Including Children's Museum)**





El Paso Children's Museum

Memorandum of Understanding

- Objective
 - Provide a first-class, state of the art Children's Museum
- City funding commitment (development)
 - \$19.25 million from the 2012 Quality of Life Bond (already established)
 - \$20 million from yet to be issued certificates of obligation- will use cash on hand to front the costs – only about \$4 million are expected to be spent through June 2019.
- City funding commitment (capital and maintenance)
 - \$300,000 for years 1-5
 - \$150,000 beginning with year 6
- City funding commitment (stipend) – yearly operating costs
 - 33% of the annual operating budget
 - Capped at \$2.5 million – revisited every 3 years



El Paso Children's Museum

Memorandum of Understanding

- Facility
 - Owned by the City and leased to the El Paso Museum Development Corporation (Local Government Corporation- LGC) for management and operations. LGC may sublease Facility to EPC
 - Not purchasing site #2
- El Paso Children's Museum (EPC) Equity
 - Will secure minimum of \$20 million in contributions and/or pledges over the next 10 years to be used for exhibits
 - 90% of the funds need to be received by year 10
 - 10-year period begins after certificate of occupancy
- Lease
 - LGC shall pay the City \$24,000 per year under a 30 year term with two 10-year available extensions
- Maintenance, Management and Operation
 - EPC responsible for maintenance, management and operation of the Facility

"Delivering Outstanding Services"



El Paso Children's Museum

Memorandum of Understanding

- Budget and Financials
 - Prior to construction, EPC shall provide City an initial five-year operating budget
 - Prior to the fiscal year, EPC shall provide to the City a revised operating budget
- Exhibits
 - EPC shall contract directly with an exhibit design consultant to design the exhibits and content. EPC shall fund and own all of the museum exhibits.
- Parking
 - City and EPC to develop a parking and traffic flow plan



El Paso Children's Museum

Funding

- The building and exhibit cost are estimated at approximately \$60 million
 - When budget was introduced in 2012, it was not budgeted appropriately and is underfunded.
 - Opportunity for a public-private partnership to provide the world-class experience that the community deserves
 - Approximately \$39.25 million comes from the City and \$20 million from fundraising (City is matching \$1 to \$1 of private funding for the additional approved amount of \$40 million)
 - Private sector to raise \$20 million over a 10-year period
 - If approved, max contribution from the City is \$39.25 million
 - City to contribute 1/3 of the operating costs, with a current cap of \$2.5 million. Private sector to contribute 2/3 of the operating cost annually through focused fundraising
 - Ensures that the museum is continuously refreshed with current exhibits



FINANCIAL PLANNING

CIP - City & Tenant Jointly Develop

- Capital Improvements Plan (5 year plan)
- Updated Each Year
- Approved by Tenant and City

Budget

- Prior to Construction
 - 5 Year Museum Budget
 - 2 years of pre-opening
 - 3 years of post-opening
- Annual (with rolling 5 Year CIP)
 - 60 days prior to start of new lease year
- Audited Financial Statements (annually)
- Developed by EPC and approved by LGC and City

City Oversight

- Right to audit Tenants books

FINANCIAL REPORTING

Quarterly Reports to City – During Construction

- Budget - Construction
 - Monthly report showing amounts funded against budget
 - Final completion budget
- Construction Schedule
 - Quarterly reports on project (budget, schedule, etc.)
- Fundraising Plan
 - Quarterly reports on donor contributions
- Exhibit Acquisition Plan

Annual Budget – Presented to City/LGC for Approval

- Annual budget and reconciliation
- Audits
- Status updates on donor contributions



El Paso Children's Museum Development Corporation

LGC is an entity created to aid and act on behalf of local governments to accomplish any governmental purpose

- Public Private Partnerships
 - Convention centers / convention center hotels
 - Transportation projects
 - Mixed use developments
 - Stadiums and arenas
 - Museums
- EPCMDC Board = City Council
- Meetings are Open
- Responsibilities generally pass-through
 - City and EPCMDC
 - Lease
 - Funding Agreement
 - EPCMDC Management and Operating Agreement
 - Assumes Lease
 - Passes City Funding to EPCMDC

"Delivering Outstanding Services"



El Paso Children's Museum

- **Risk Allocation**

Construction Cost Overruns

EPC

EPC will solely and entirely fund any cost overruns or additional development costs beyond the Development Contribution (with an exception for City requested and approved changes)

Initial Development Costs

EPC (and City to extent of Stipend)

formation and operation of EPC, Exhibit Consultant and design, Exhibit Architect, architectural competition, Fund Raising, Museum Director search and hiring, Exhibit acquisition and installation, professional services

Fund Raising

EPC

10 years from Opening, EPC agrees to secure a minimum of \$20 million; failure to achieve donor contributions in accordance with budget removes City's obligation for funding

Construction Contract

EPC

Construction contract shall contain a completion guarantee, a GMP, and a warranty; commencement must occur by December 31, 2020

"Delivering Outstanding Services"



El Paso Children's

- **City / LGC Oversight**

Administrative Agent

City to maintain segregated accounts for Development Contributions, Capital Repair Contributions, and Lease Payments; EPC accesses these through draw requests

Construction Documents

City receives as-builts and other data provided by construction contractor

Material Changes

LGC/City to approve changes to Museum Improvements Plan, FFE, and Budget

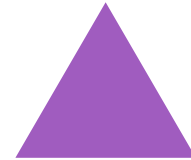
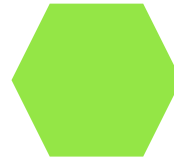
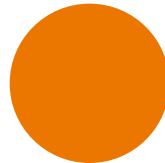
Audit Rights

Financial and operating records



Questions/Comments

El Paso's new Children's Museum will be
DESIGNED FOR ALL





El Paso Children's Museum Development Corporation



El Paso Children's Museum Development Corporation

Agenda Items

El Paso Children's Museum Development Corporation

Companion items:

- Officers and By Laws
 - Funding Agreement (same)
 - Lease Agreement (same)
 - Management and Operating Agreement
-
- El Paso City Council Companion Items (July 23rd, 2018)
 - Item #3: Funding Plan
 - Item #4: Lease Agreement



El Paso Children's Museum

Bylaws

- Corporation to be managed by a nine member board of directors
- The property and business of the Corporation shall be managed by the Board which may exercise all powers of the Corporation
- Majority of the directors shall constitute a quorum
- Meetings shall be subjected to the public notice requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code



El Paso Children's Museum Development Corporation

Bylaws

- Officers to be chosen by the Board, including:
 - President
 - Vice President
 - Secretary (City Clerk may serve as the Secretary until another is elected or appointed)
 - Treasurer (Mayor Pro Tem may serve as the Treasurer until another is elected or appointed)



Questions/Comments



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