

AUSTIN FILM SOCIETY 2012 BOND ELECTION REQUEST
SUPPLEMENTAL INFORMATION BY REQUEST OF BOND ELECTION ADVISORY TASK FORCE
April 20, 2012

1. Project pro forma

Fiscal Years 2015 and 2016 are covered in the pro forma, Attachment A.

Assumptions are as follows:

- In 2015, Austin Studios rents an additional 58,000 square feet at 50% occupancy, at annual rates ranging from \$12 to \$24 including maintenance and taxes.
- In 2016, Austin Studios rents 21,000 square feet at 50% occupancy and 41,225 at 80% occupancy at the same rates.
- Also In 2016, AFS opens the Visitor & Exhibition Center, with income of \$271,000 through sales of tickets and concessions as well as 200 low-cost rentals to community groups, film distributors and artists.

The first year, AFS is able to set aside 20% of space rental income is set aside for operating and building reserves, with 25% set aside in 2016 and thereafter.

2. Information on anticipated use and increased traffic to the expanded exhibition and visitor space

43,400 visitors per year was determined by looking at a probable programming grid, assuming the exhibition and visitor center will have one 150-seat auditorium, and one 50-seat auditorium and will show movies six days per week, 48 weeks per year. Films would run twice a day in each room, adding Saturday matinees for a total of 29 individual screenings per week.

We further projected that our auditoriums would be 25% full for each of these screenings, which yielded a total of 39,000 tickets sold per year. We then added our existing visitor headcount of 4400 to arrive at 43,400 visitors per year.

3. Information on how project improvements funded by the 2006 bond package were implemented -- who managed, how long they took to complete, results

See Attachment B (timeline) and Attachment C (results)

4. Provide some additional information on other funding avenues available (planned capital campaign, other possible funding sources?)

AFS plans to undertake a capital campaign for up to \$3 million to build an Exhibition and Visitor's Center to the west of the National Guard Building. We also aim to finish out a suite within the National Guard building of up to 4,500 square feet for classrooms and media labs, and are in early stages of discussing partnerships with other media arts nonprofits such as the Austin School of Film. Please see Attachment D, AFS's proposal to the Kresge Foundation for

\$750,000, for details. The proposal outlines the vision, business drivers, long-term capitalization strategy and anticipated results.

If a gap in funding exists beyond what bond funds and the capital campaign can provide, AFS will turn to tenants to make up the gap. An anchor tenant can be leased a significant portion of the building long term, with rent waived or discounted in lieu of a large payment up front. This payment could be used to fund significant building improvements. In conjunction with this scenario, AFS can seek a real estate loan secured by the lease to handle the landlord portion of the responsibility.

AFS has experience with this scenario, having leased Stage 4 to Soundcheck Austin for up to 15 years, with Soundcheck investing \$500,000 in improvements and AFS borrowing \$475,000 from a foundation with a 10-year payback. This scenario requires a motivated tenant with financial depth who is willing to make improvements that the City of Austin will own. Coupling these restrictions with the requirement that the sublessee be involved in film, television, or multimedia would make the right tenants very difficult to find.

5. Would revenue bonds be an appropriate funding source for a project which will result in some revenues? If not, why not?

Revenue bonds are not a fit for this project as there is no guaranteed source of payback such as a future tax base. AFS could seek real estate loans as discussed above, adding complexity and uncertainty to the plan.

AUSTIN FILM SOCIETY
Austin Studios pro forma

Austin Film Society
2012 Bond Election Request
Attachment A

	AUSTIN STUDIOS EXPANSION	FY12	plus	plus	FY 15	FY12	plus	plus	plus	FY 16
		AFS BUDGET	Studios	NGB Yr. 1		AFS BUDGET	Studios	Theater	NGB Yr. 2	
		BASELINE	BASELINE	2015	TOTAL	BASELINE	BASELINE		2016	TOTAL
Ordinary Income/Expense										
Income										
4000 · Admissions		105,950			105,950	105,950		178,800		284,750
4010 · Concessions					0					0
4011 · Auctions (contributed)		70,200			70,200	70,200				70,200
4010 · Concessions - Earned					0			62,640		62,640
Total 4030 · Fees for Service		32,750			32,750	32,750				32,750
4200 · Space Rental Income			440,000	547,230	987,230		440,000	30,000	797,314	1,267,314
4270 · Interest Income		3,000	500		3,500	4,000	800			4,800
Total 4300 · Corporate Contributions		266,000			266,000	266,000				266,000
4310 · Private Contributions		472,000			472,000	472,000				472,000
4320 · Foundation Grants		30,000			30,000	30,000				30,000
Total 4330 · Government Grants		236,727			236,727	236,727				236,727
4340 · Membership Dues		80,000			80,000	90,000				90,000
Total Income		1,296,627	440,500	547,230	2,284,357	1,307,627	440,800	271,440	797,314	2,817,181
Expense					0					0
6125 · Bank Charges/Merchant Fees		18,845	25	100	18,970	18,845	25	2,770	300	21,940
6127 · Bad Debt/Write offs					0					0
6150 · Co-Sponsorships		3,000			3,000					0
6165 · Dues & Staff Development		10,730	1,000	2,000	13,730	10,730	1,000	3,590	2,000	17,320
Total 6170 · Equipment Rental & Repai		33,550	1,500	3,500	38,550	33,550	1,500	2,960	3,500	41,510
6180 · Equipment Purchases		18,000	2,500	2,500	23,000	18,000	2,500	625	2,500	23,625
6190 · Facilities					0					0
6193 · Climate Control					0					0
6194 · Security/Guard Services			2,000	5,000	7,000		2,000			2,000
6195 · Insurance			26,000	26,000	52,000		26,000			26,000
6196 · Repairs			30,000	15,000	45,000		30,000			30,000
6197 · Maintenance			34,700	17,350	52,050		34,700			34,700
6198 · Improvements			12,500	6,250	18,750		12,500			12,500
6245 · Rent			2,000		2,000		2,000			2,000
6190 · Facilities - Other					0					0
Total 6190 · Facilities		22,570	107,200	69,600	199,370	22,570	107,200	22,000	80,000	231,770
6199 · Utilities			151,000	100,000	251,000		151,000			151,000
6199A · Utilities - Tenant Reimb			-85,000	0	-85,000		-85,000			-85,000
7970 · Telecommunications			20,784	20,784	41,568		20,784			20,784
6192 · Security/Monitoring Services			13,956	10,000	23,956		13,956			13,956
Total 6199 · Utilities		18,800	100,740	130,784	250,324	18,800	100,740	9,525	85,000	214,065
6200 · Honoraria		20,800			20,800	20,800				20,800
6205 · Interest Expense		0		14,215	14,215	0			9,456	9,456
6250 · Film Rental		27,950			27,950	27,950		69,460		97,410
6255 · Space Rental		51,783			51,783	51,783				51,783
6560 · Salary and Wages		426,736	115,000	78,575	620,311	426,736	115,000	96,878	205,400	844,014
Total 6565 · Fringe Benefits		84,000	11,500	7,858	103,358	84,000	11,500		20,540	116,040
6570 · Contract Labor		93,600	5,000	12,000	110,600	93,600	5,000		14,000	112,600
Total 6580 · Intern Wages		32,425	0		32,425	32,425	0			32,425
Total 7890 · Postage and Shipping		16,675	500	500	17,675	16,675	500	9,100	500	26,775
7910 · Professional Fees		28,400	10,850	27,174	66,424	28,400	10,850	400	42,478	82,128
Total 7930 · Grants to Artists		100,000			100,000	100,000				100,000
Total 7940 · Marketing/Publicity		80,195	9,873	4,000	94,068	80,195	9,873	6,710	4,000	100,778
Total 7950 · Special Events		126,675	2,500	5,000	134,175	126,675	2,500	2,138	5,000	136,313
Total 7960 · Office Expense and Materi		23,365	4,000	3,000	30,365	23,250	4,000	2,830	3,000	33,080
Total 7980 · Travel and Meals		76,100	1,000	2,000	79,100	76,100	1,000	7,000	2,000	86,100
Total 7990 · Miscellaneous Expense		15,000	0	15,000	30,000	15,000	0			15,000
To Working Capital Fund (5%)					49,387					75,478
To Operating Reserves (10%)					98,773					150,955
To Building Reserves (10%)					98,773					150,955
Total Expense		1,329,199	373,188	578,189	2,327,124	1,326,084	373,188	254,778	479,674	2,792,320
Net Income		-32,572	67,312	-30,959	-42,767	-18,457	67,612	16,662	317,640	24,861

2006 Bond Project – Timeline

Broaddus & Associates served as Project Manager from the start of the project to substantial completion. Broaddus & Associates assisted AFS in negotiating the Contribution Agreement with the City of Austin, and managed a public RFQ process for architects in August of 2007.

Steinbomer & Associates were selected in September of 2007 as project Architect. Steinbomer & Associates went through a preliminary process to establish scope of work. Schematic drawings were complete in November of 2007.

Broaddus & Associates priced preliminary drawings via their in-house cost estimating company. Cost estimates came back in December of 2007 and the anticipated scope exceeded our budget by 50%.

The Team (Broaddus, Steinbomer, and AFS) went through a series of meetings to prioritize, re-design, and cut scope until our project matched our budget.

50% design documents were completed at the end of February 2008. While these were being completed, Broaddus managed a public RFQ process to hire a Construction Manager at Risk (CM@R).

Rogers-O'Brien was selected at the CM@R and immediately went to work pricing the 50% design documents. The project was re-scoped again after this pricing exercise by created a series of add-alternates.

It was determined soon after Rogers-O'Brien was hired that we needed to release the building steel package early in order to maintain the aggressive construction schedule. The steel was released for bidding in March of 2007 to allow it to go through shop drawings and fabrication while the rest of the drawings were being completed.

85% design documents were complete in April 2008

Construction Documents were finished in June 2008. Permitting and bidding happened concurrently this month, and construction started in July 2008.

Substantial completion of Stages 3 and 5 was in January of 2009.

Substantial completion of Stages 1, 2, and 4 was in February of 2009.

Rogers-O'Brien contract was completed in April 2009.

A balance of \$65,000 remains, which AFS had set aside for a monument sign. AFS has since determined that the balance should be used for Stage 2 drainage and ventilation and is in process of going through the City bid process to completely wrap up the project.

2006 Bond Project – Results

- Production-specific improvements in Stages 3 and 5:
 - Soundproofing
 - Major structural upgrades to support soundproofing
 - Insulation for sound isolation and cooling efficiency
 - 50 tons silent HVAC
 - Roof repair
 - Electrical upgrade
 - Largest green screen in Texas (Stage 3)
- Life Safety
 - Fire suppression throughout campus
 - Structural upgrades to support fire suppression
 - Exiting Code Compliance
- Security
 - Closed circuit television
 - Burglar intrusion alarm system
 - Enhanced lighting
 - Electronic access-controlled gates with keycard system
- Site Development
 - Drainage
 - ADA compliance
 - Signage and wayfinding system
- Technology Infrastructure
 - High-speed wireless with upload and download capability up to 1 gigabyte per second
 - Central Networking Facility with Fiber Connectivity

**Austin Film Society
Proposal to The Kresge Foundation
Facility Investment and Building Reserves Grant
FYE 2013–FYE 2014**

1. Mission and Primary Programs

For more than two decades, the Austin Film Society (AFS) has served as the nonprofit hub of Austin's vibrant film community. Spearheaded in 1985 by independent filmmaker Richard Linklater (*Dazed and Confused*, *Slacker*), AFS has grown from its origins as a film presenter—bringing classic and rarely seen independent cinema from around the world to Austin audiences—to a full-service organization dedicated to promoting the appreciation of film and supporting regional endeavors in film arts and creative media. Through its exhibition programming, artist and member services, community outreach, and education initiatives, AFS now serves more than 29,000 diverse Austin residents each year, including more than 4,500 amateur and professional filmmakers. In 1999, AFS received the first DGA Honors Community Award from the Directors Guild of America in recognition of its outstanding support of cinematic culture and regional film production.

2. Advancing The Kresge Foundation's Arts & Culture Program Values

AFS seeks a grant from The Kresge Foundation to support the renovation of the Texas National Guard Building (NGB) on the Austin Studios campus. The NGB will further AFS' mission by increasing the availability of office and production space for local and visiting film artists; expanding facilities for AFS' education and artist services programs; and housing exhibition programs and other activities for the general public. Additional enhancements to the overall Austin Studios campus will transform AFS/Austin Studios into a visitor-friendly cultural destination for both local and out-of-town audiences. The redeveloped AFS/Austin Studios campus will be unique in the region, providing a site where filmmakers can network and/or collaborate as they advance innovation in the art form, and where the public can deepen their engagement through firsthand encounters with the worlds of filmmaking and creative media.

AFS is committed to serving as an incubator for regional voices and diverse perspectives in American film and provides Texas artists with critical resources to develop, produce, and present their works. AFS offers fiscal sponsorship to approximately 25 filmmakers per year and, in 1996, established the Texas Filmmakers' Production Fund (TFPF) to directly support outstanding emerging film and video artists throughout the state. Since its inception, TFPF has distributed \$1.15 million in cash and \$100,000 in goods and services toward 351 projects, several of which were subsequently screened at such renowned festivals as Sundance, Cannes, Toronto, and South by Southwest, and received theatrical or television distribution. AFS also awards annual travel grants to enable regional filmmakers to present their work at major festivals across the globe. Through its *Docs-in-Progress* and *Narrative-in-Progress* programs, launched in 2005, AFS offers independent Austin artists vital opportunities to screen rough cuts of their works for an audience of their peers, providing an invaluable forum for early feedback, discussion, and critique. AFS builds community among Austin filmmakers through its web-based resources including online forums, event and informational listings, and social media groups; its online journal *Slackerwood*; and numerous networking events including new member mixers, Visiting Filmmaker receptions, and "Make Watch Love Film," the annual Austin Studios Open House. AFS' membership now numbers 3,100 individuals, ranging from film aficionados to active filmmakers, and AFS' online community draws 99,000 unique visitors per year.

AFS engages the broader Austin community in the world of filmmaking as a source of cultural enrichment and creative expression. Through its annual exhibition programs as well as advance screenings and premieres of current releases, AFS presents over 140 films to the public in venues throughout Austin, drawing 17,000 people each year, and in 2012 AFS's Texas Independent Film Network will have screened eight different Texas-made films in 18 venues across the state, for a total of 96 screening events. AFS regularly collaborates with local partners—including the Austin Jewish Film Festival, Austin Polish Film Festival, Cine Las Americas, and Cinema Touching Disabilities—to support the presentation of films and other programming that advance culturally specific endeavors in cinema and promote inclusion of underrepresented voices in the mainstream American film industry. AFS offers studio tours and school field trips to provide the general public with behind-the-scenes insights into the film milieu, and regularly brings leading American filmmakers—including Steven Soderbergh, Quentin Tarantino, Ron Howard, Atom Egoyan, Nancy Savoca, Gregg Araki, Albert Maysles, and D.A. Pennebaker—to Austin to present and discuss their work. In 2001, AFS established the Texas Film Hall of Fame Awards to honor Texas artists and films that have made notable contributions to American cinema.

Through a continuum of education programs for all ages, AFS cultivates the next generation of filmmakers and film aficionados, and develops and maintains a pool of high-caliber technical, production, and administrative personnel to support the Texas film industry. Since 2000, AFS has offered summer Digital Filmmaking Camps for youth ages 9–18, serving a total 70 students per year. In 2004, AFS established its afterschool program, AFS Film Club, in partnership with the Austin Independent School District. Targeting economically disadvantaged and educationally at-risk students in low-performing public schools, AFS Film Club now serves over 225 diverse young people in grades 4–12 at 17 schools. Through its Internship and Film Referral Program, AFS provides real-world development and mentorship experiences to 30 aspiring film professionals each year, and to date has placed 329 program graduates on more than 180 film projects. AFS also holds various training workshops for newcomers and industry professionals throughout the year.

In 2000, AFS approached the City of Austin to lease a 20-acre section of the decommissioned Robert Mueller Municipal Airport and adapt it into a professional film production facility, Austin Studios. As the first occupant of this former brownfield, AFS and Austin Studios helped pioneer civic investment in this underutilized and deteriorating area, which borders the predominantly low-income, Hispanic and African American neighborhoods of East Austin. The AFS/Austin Studios compound currently comprises five repurposed airplane hangars, providing 100,000 sq. ft. of filming, set construction, wardrobe, and storage space; a 10,600-sq.-ft. office complex known as the “Red Building”; and five trailers housing AFS' offices, two production companies, screening space, and general meeting space. To date, Austin Studios has attracted 241 film, tv, commercial, video and photo shoots, generating \$1.3 billion toward the local economy and creating 6,500 jobs for Texas crew.

In 2009, as part of its lease renegotiations with the City of Austin, AFS successfully extended its tenancy of the Austin Studios site through 2042 and incorporated the adjacent Texas National Guard Building (NGB) into the AFS compound. AFS will take possession of the NGB on October 1, 2012, adding a net of 63,000 sq. ft. to AFS' current capacity. This new facility now provides AFS with opportunities to significantly increase its rentable office and production space; expand its exhibition, education, and artist services programming; and strengthen its engagement with the community at large. Planned components of the renovated NGB include:

- 37,500 sq. ft. of scalable, affordable office space, suitable for a variety of pre- and post-production needs and/or vendors of professional film services;
- A 13,700 square foot production stage;
- 4,500 sq. ft. of classrooms, media labs, and production areas for AFS' education and artist services programs;
- A new 150-seat theater and 50-seat screening room, to house AFS' annual curated film series (currently held offsite), *Docs-in-Progress* and *Narrative-in-Progress* programs, and showcases of student films created through AFS' youth programs, and to provide much-needed community space.

In addition, AFS will design new wayfinding and traffic flows into the larger campus, making Austin Studios more accessible and welcoming for tenants, the film community, and the greater public and promoting creative interactions between amateur and professional filmmakers. The redeveloped AFS/Austin Studios campus will also serve as a cultural anchor for the Mueller district, a joint project of the City of Austin and Catellus Development Group that is currently transforming the former airport's 700-acre site into a new urban infill community.

3. Strategic Direction, Business Drivers, and Capitalization Strategy

AFS has evolved over the past 26 years from a grassroots, local film presenter to a multifaceted organization offering public programs, artist services, and film production facilities that serve a local, regional, and national constituency. AFS' strategic plan, updated in 2010, establishes the following goals: 1) To maximize AFS' value to its members as well as to the general community; 2) To increase filmmaker support; 3) To broaden awareness of AFS; and 4) To significantly broaden and diversify AFS' financial base.

With the addition of the Austin Studios compound in 2000, AFS transitioned from a solely audience-driven business model to a facility- and audience-driven model. The initial layout of the Studios was best suited for feature films, supplemented by the occasional commercial or music video. Historically, AFS has derived significant working capital and operating reserves from surplus income generated by Austin Studios. By 2006, aided by strong industry incentives from the State of Texas that brought multiple feature film projects to Austin, AFS had established three months' working capital and an operating reserve equivalent to 30% of facilities expenses. However, declines in Texas-based film production over the ensuing four years negatively impacted Austin Studios' rental income, leading to the near-depletion of AFS' fiscal reserves. To reduce its dependence on large-scale film productions, AFS diversified its existing facilities in 2011 by converting its 10,600-sq.-ft. "Red Building" from a single long-term office space for feature film crews into short-term "executive suites" accommodating smaller projects and multiple tenants. The reconfigured Red Building now houses 17 media artists and production support businesses and grossed \$120,000 in rental income in 2011, doubling the historic average for annual revenues from this building. AFS has also worked to attract year-round tenants to Austin Studios and now houses more than 30 vendors of film industry services. In 2010, AFS secured Soundcheck Austin—a national vendor of equipment, rehearsal space, and technician support for professional musicians—as a long-term occupant for one of its five soundstages. These enhancements have placed AFS on track to return \$70,000 to its working capital in the current fiscal year.

AFS now aims to leverage the NGB to strengthen both its facility and audience drivers. In conjunction with the business plan for the Austin Studios expansion, AFS' Facilities Committee, Finance Committee, and staff have formalized an institutional capitalization strategy to ensure AFS' long-term sustainability by

2015, as follows:

Operating Funds: Currently, earned income accounts for 34% of AFS' annual operating budget. The balance of AFS' \$1.8-million budget—or approximately 66% of annual expenses—is defrayed through contributed income. With the addition of the NGB, AFS plans to increase total earned revenues (rental income, admissions, and concessions) to 59% of its operating budget by FY15 and budget for a minimum surplus of 15% in earned income annually.

Working Capital: AFS currently maintains working capital (defined as cash on hand plus 50% of receivables) of \$209,000, which is equivalent to 30 days of operating expenses. As the NGB comes online, AFS will dedicate 100% of budget surpluses to working capital until it equals 90 days of operating expenses.

Operating Reserves: Historically, surpluses from Austin Studios have enabled AFS to maintain operating reserves as well as working capital; by 2006, these reserves totaled \$137,000. However, fluctuations in rental income over the ensuing four years, combined with investments to upgrade the facilities, have now completely depleted the operating reserves. Once the above requirements for working capital are satisfied, AFS will dedicate 100% of its budget surpluses toward re-funding the operating reserves to equal six months of operating expenses.

Building Reserves: AFS recognizes the importance of effective policy and implementation strategies contained in a Deferred Maintenance Plan. Our Facilities personnel, working with users and Management, are in the process of developing a detailed, comprehensive building systems replacement plan aided by graduate students in Project Management at St. Edwards University. The students are supported by a Project Management firm, Broaddus & Associates, who routinely conduct facilities assessments as part of their services to Building Owner-Clients. Beginning with the facilities assessment and including a schedule and life expectancy for all systems, both preventive maintenance and deferred maintenance can be predicted with greater certainty. During the annual budgeting process, when compliance is reviewed and costs updated, the AFS board will designate the amount of income to be replaced in the building reserves fund. We anticipate that \$136,000 of the funds requested from the Kresge Foundation will provide an adequate seed for this reserve. We estimate that a 10% surplus over and above the operating cost will be sufficient to maintain the plan.

Risk Capital: AFS maintains a modest amount of risk capital (\$54,000), known as the Artistic Fund, to invest in new artistic and organizational ventures. AFS replenishes these funds via profits from the projects it seeds.

Endowment: In 2000, AFS Founder and Artistic Director Richard Linklater seeded a Texas Filmmakers' Production Fund and Program Endowment with a contribution of \$250,000. At present, this generates a distribution of approximately \$3,000 annually. Currently, AFS has no plans to build the endowment and is instead focusing the next five years on achieving the capitalization goals outlined above.

4. Resolving any Negative Unrestricted Net Assets

As of FYE 8/31/11 unrestricted net assets had a positive balance of \$633,308.

5. Description of Grant Request

AFS respectfully seeks a two-year, \$750,000 grant from The Kresge Foundation for Facilities Investment and Building Reserves. This represents 20% of the total \$2.9-million private fundraising campaign to support the renovation of the NGB and the redevelopment of the Austin Studios campus. (AFS is also seeking \$9.5 million in bond funding from the City of Austin to rehabilitate the entirety of the NGB and render it occupancy-ready.) Kresge funds will be used as follows: \$418,296 to support the build-out of classrooms/media labs, artist services facilities, theater/screening rooms, and other visitor spaces in the NGB; \$136,430 to seed the Building Reserve that will support replacement of systems going forward; and \$195,274 toward the Working Capital and Operating Reserves goal. The total amount AFS has budgeted toward Reserves in that two-year period is \$438,074, and going forward, AFS expects to be able to set aside 25% of space rental income toward the Reserves annually (15% for operating funds and reserves and 10% for building reserves.)

6. Impact of Project

The City of Austin has increasingly focused on the arts and creative media as an important facet of the city's unique character and an engine for economic and community development. In 2009, following two years of assessment and research with local artists, cultural organizations, and community stakeholders, the City published the Create Austin Cultural Master Plan to "sustain Austin as a magnet for arts, culture, and creativity" over the next ten years. The NGB answers all four major needs identified by the plan: 1) to increase affordable cultural facilities including spaces for studios, performances/exhibitions, instruction, rehearsal, storage, and offices; 2) to foster and retain a talented workforce for Austin's creative industries; 3) to ensure community-based access to creative educational opportunities, particularly among low-income and diverse youth; and 4) to balance Austin's residential development with the introduction of arts and cultural venues. The NGB will also significantly increase AFS/Austin Studios' production capacity, potentially doubling the impact of feature film and television production on the local Austin economy.

To guide the vision for the NGB, AFS established a 30-member Community Task Force and, over a six-month period, conducted stakeholder engagement and community listening sessions to assess the needs of the creative media community. These meetings consistently cited a need for flexible, affordable office and production facilities for independent and small-budget projects. This has been demonstrated by overwhelming interest in AFS' redeveloped Red Building—which achieved full occupancy in its first year as a multi-office complex and now maintains a tenant waiting list. The redevelopment of the NGB will create 6,200 sq. ft. of new, rentable post-production space; add more than 25,000 sq. ft. of rentable sound/flex stages; and more than double the number of available offices for use by AFS and third-party renters. By 2016, AFS expects annual income from facility rentals to rise from \$440,000 (FY2012) to \$1,298,925.

The NGB provides AFS with the critical capacity to expand existing activities and further its mission through new programs and services. First and most significantly, AFS will be able to accommodate smaller-budget filmmakers throughout all stages of project development. AFS plans to offer scalable rental rates to provide local artists with access to low-cost, state-of-the-art film and digital production resources, including vital pre- and post-production office facilities. AFS also envisions housing filmmaker-in-residence fellowships that will serve as incubators for diverse, emerging regional talent as well as platforms for enhanced professional development, education, and mentorship programs. The current plan for the NGB offers the potential to share space with other non-profit film organizations and co-develop initiatives that collectively enhance the capacity, programming, and diversity of Austin's film community.

AFS will also create new indoor and outdoor common areas throughout the campus for regular, informal interaction between various AFS constituents—including working professionals as well as students in AFS' afterschool, summer camp, and internship programs—encouraging the development of peer networks and mentorship. Through all these efforts, AFS aims to create a thriving artistic environment that promotes dialogue, support, and innovative practice among established and emergent filmmakers.

Currently, the Austin Studios campus hosts 4,400 visitors each year through activities such as student and adult tours, meetings and conferences, small private screenings, and professional networking events. The expansion/redevelopment of the Austin Studios campus offers an opportunity to significantly strengthen AFS' public presence as a cultural and community center, and builds on Austin's growing national reputation as a destination for filmmakers, interactive media artists, and film audiences—as evidenced by the city's popular annual South by Southwest film festival and creative media conference, which drew a combined 86,000 international participants and attendees last year. The project will increase AFS' visitor and exhibition spaces from 2,350 sq. ft. to 7,350 sq. ft., allowing AFS to bring its film exhibition series in-house; offer new sites for general audiences and filmmakers to interact; and transform the campus into a cultural destination for the surrounding communities as well as out-of-town visitors. AFS expects the redesigned campus to draw at least 45,000 visitors each year, generating a \$272,000 increase in annual admissions income. AFS will also save approximately \$51,000 per year in outside space rental costs, which can be reallocated toward necessary front-of-house and customer service staff and/or the expansion of other AFS community initiatives.

Overall, the redevelopment of the NGB will increase the capacity of AFS' facilities by nearly 61%, to a total area of 165,160 square feet. Of the 62,320 rentable square feet that the NGB will add, 37,210 will be dedicated to long-term rentals, moving AFS toward a more reliable source of rental income. AFS expects its annual budget to permanently increase from \$1,815,680 (\$17.65/sq. ft.) in FY2012 to \$2,876,406 (\$17.41/sq. ft.) by FY2015. This includes a projected 453,627 increase in staff costs for additional personnel to oversee/manage AFS' expanded facilities and programming. Annual facilities costs (including utilities), which currently total \$249,310, are expected to increase to \$445,835, or from approximately \$2.42/sq. ft. to \$2.70/sq. ft.

7. Plans for Additional Fundraising

AFS is undertaking a \$12-million capital campaign to fund the renovation of the NGB and the redevelopment of the Austin Studios campus. AFS is currently pursuing \$9.5 million in bond funding from the City of Austin (to be confirmed by November 2012) and aims to raise the \$2.5-million balance from private, corporate, foundation, and other public sources (please refer to attached gift table). In addition to providing monetary contributions to the capital campaign, AFS' 21-member Board of Directors will play a critical role in identifying and cultivating potential donors both in Austin and within the national film community. In fall 2010, AFS established a new Board subcommittee, the Studios Expansion Task Force, which is currently working to build support for AFS' bid to secure public bond monies. This Task Force will transition into the Capital Campaign Steering Committee for the second phase of the campaign, beginning April 2012. AFS will also fill three Board vacancies over the next year, focusing recruitment on new members who have significant experience with real estate development, financial planning, and/or wealth capacity and have the ability to lead AFS in a successful capital campaign.