



# Cultural Trust Update

Austin Music Commission

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Update: April 5, 2021

# Cultural Trust Background and Goals

## INITIAL GOAL OF CULTURAL TRUST

In 2018, the City resolved to support "a community arts stabilization trust, the 'Austin Cultural Trust', that creates, through purchase and long-term lease, affordable spaces that supports artists and arts organizations, preserves historic and iconic cultural buildings and spaces for creative and cultural uses, and functions in a way that provides for cultural assets to exist in all parts of the city"

- *Resolution 20201001-055*

In 2020, the City identified "To support **acquisition and preservation of cultural spaces** within the City of Austin," as a function of AEDC.

- *Resolution 20201001-055*

# Cultural Trust Goals – First Initiative

AEDC will propose additional measures for the Cultural Trust to address other Austin cultural needs, but **this first step is targeted toward acquiring and preserving spaces.**

- Create a **competitive RFP** to fund an initial set of organizations
- Use AEDC as **broker and facilities manager** to save City money
- **Leverage existing funds** using AIDC or private debt
- Spaces would be **owned by the City as permanent cultural infrastructure**
- **Prioritize** support for organizations based on **Diversity, Equity, and Inclusion principles**
- Spaces would be **made available to organizations at affordable rates**
  - Organizations would have to provide an equity match for purchase
  - Organizations would have to demonstrate capability to make payments

# Program Summary

**Competitive RFP** to fund two types of projects as a first initiative

**Outcome:** Acquire venues with associated qualified operators for long-term ownership by the City of Austin for the public benefit of enhanced access to creative and cultural facilities

**Priority:** Financial and Operating Capacity

**Anticipated outcome:** 1-2 existing venues saved

**Anticipated funding source:** Iconic Venue Fund ("HOT")

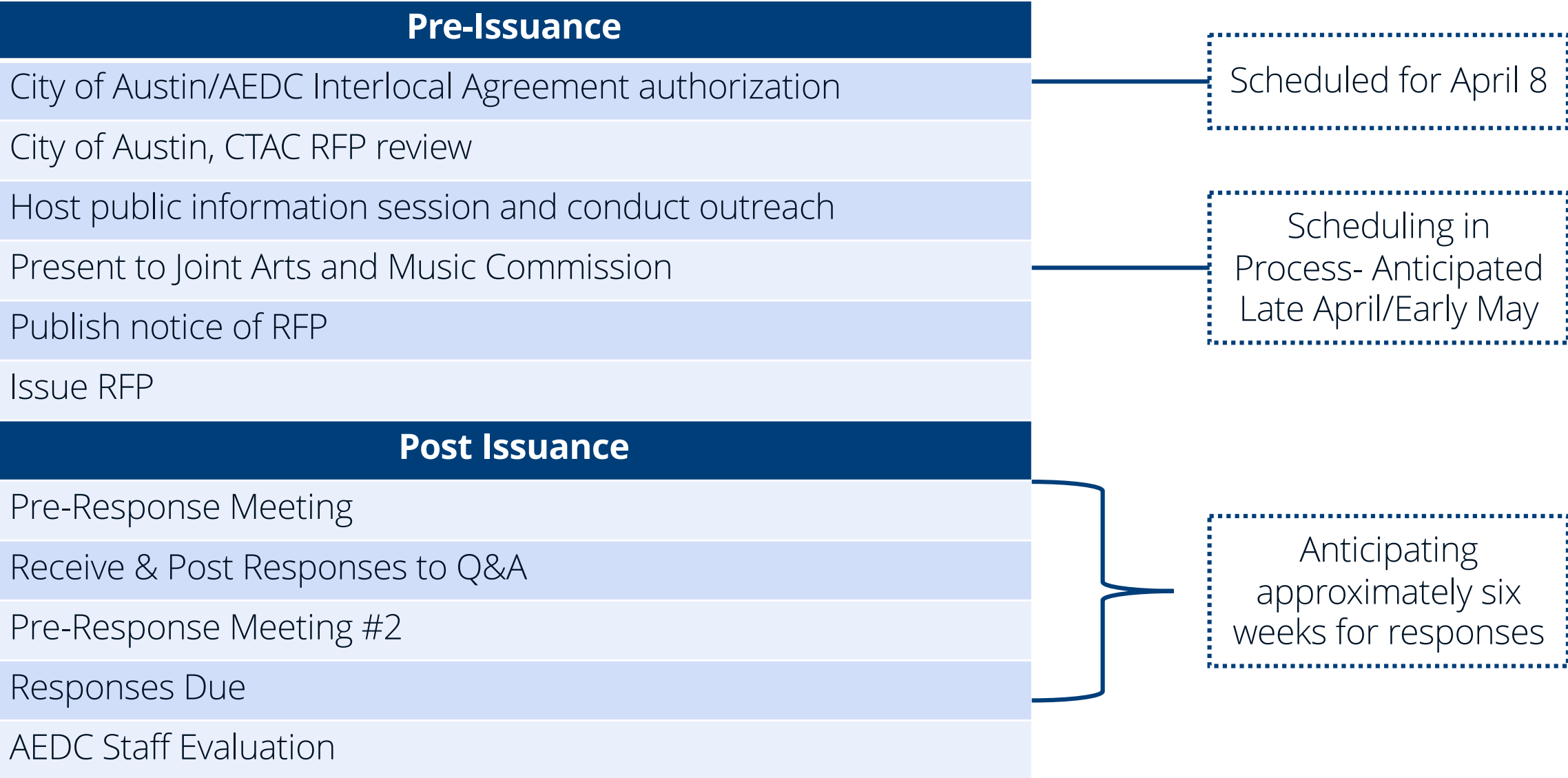
**Outcome:** Provide affordable multi-use space for cultural organizations with a focus on diversity, equity, and inclusion.

**Priority:** Policy Goal Alignment

**Anticipated Outcome:** 4-6 organizations sharing 2 AEDC managed spaces

**Anticipated funding source:** Creative Facilities Bond ("CFB")

# RFP Release Timeline



# Model Overview

**Portfolio Overview**

- Typical public equity contribution required in prototypical transactions
- Typical organization equity contribution required in prototypical transactions
- Potential total number of transactions

**PROTOTYPICAL TRANSACTION BY SUBMARKET: 20-YEAR CF**

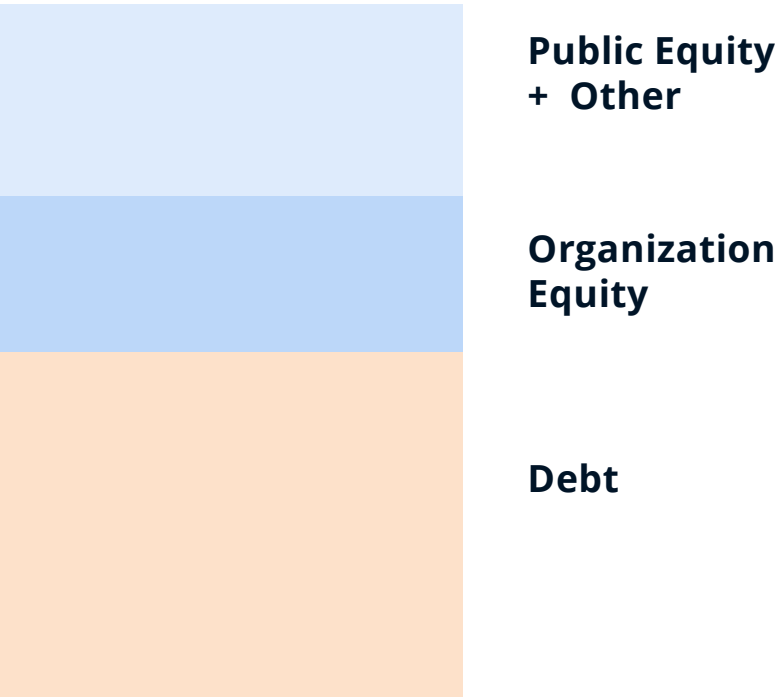
CBD	East	South	Central	Outer
<p><b>Uses</b></p> <ul style="list-style-type: none"> <li>• Acquisition Price*</li> <li>• Financing Costs</li> <li>• Transaction Costs</li> <li>• Upfront Reserves</li> </ul>	<p><b>Uses</b></p> <ul style="list-style-type: none"> <li>• Acquisition Price*</li> <li>• Financing Costs</li> <li>• Transaction Costs</li> <li>• Upfront Reserves</li> </ul>	<p><b>Uses</b></p> <ul style="list-style-type: none"> <li>• Acquisition Price*</li> <li>• Financing Costs</li> <li>• Transaction Costs</li> <li>• Upfront Reserves</li> </ul>	<p><b>Uses</b></p> <ul style="list-style-type: none"> <li>• Acquisition Price*</li> <li>• Financing Costs</li> <li>• Transaction Costs</li> <li>• Upfront Reserves</li> </ul>	<p><b>Uses</b></p> <ul style="list-style-type: none"> <li>• Acquisition Price*</li> <li>• Financing Costs</li> <li>• Transaction Costs</li> <li>• Upfront Reserves</li> </ul>
<p><b>Sources</b></p> <ul style="list-style-type: none"> <li>• Public Equity</li> <li>• Organization Equity</li> <li>• First Mortgage</li> </ul>	<p><b>Sources</b></p> <ul style="list-style-type: none"> <li>• Public Equity</li> <li>• Organization Equity</li> <li>• First Mortgage</li> </ul>	<p><b>Sources</b></p> <ul style="list-style-type: none"> <li>• Public Equity</li> <li>• Organization Equity</li> <li>• First Mortgage</li> </ul>	<p><b>Sources</b></p> <ul style="list-style-type: none"> <li>• Public Equity</li> <li>• Organization Equity</li> <li>• First Mortgage</li> </ul>	<p><b>Sources</b></p> <ul style="list-style-type: none"> <li>• Public Equity</li> <li>• Organization Equity</li> <li>• First Mortgage</li> </ul>
<p><b>Operations**</b></p> <ul style="list-style-type: none"> <li>• Rent Revenue</li> <li>• OpEx + RE Taxes</li> </ul>	<p><b>Operations**</b></p> <ul style="list-style-type: none"> <li>• Rent Revenue</li> <li>• OpEx + RE Taxes</li> </ul>	<p><b>Operations**</b></p> <ul style="list-style-type: none"> <li>• Rent Revenue</li> <li>• OpEx + RE Taxes</li> </ul>	<p><b>Operations**</b></p> <ul style="list-style-type: none"> <li>• Rent Revenue</li> <li>• OpEx + RE Taxes</li> </ul>	<p><b>Operations**</b></p> <ul style="list-style-type: none"> <li>• Rent Revenue</li> <li>• OpEx + RE Taxes</li> </ul>

\*Based on CoStar sales prices.  
 \*\*Based on a combination of CoStar market data and CSAP venue survey data.

# Potential Financing Structure

Source	Anticipated Amount
<b>Public Equity + Other*</b>	Varies
<b>Organization Equity</b>	Competitive criteria for capacity, less weighted for policy
<b>Debt</b>	Maximum loan amount based on DSCR constraint

## Hypothetical Capital Stack



*\*Potentially includes philanthropic support or other sources of funding, as available.*

# RFP Evaluation Criteria: Evaluation Framework

## Minimum Eligibility Criteria for All Respondents

- Respondents must propose to operate a cultural arts or music venue that is **generally available for use and enjoyment by the public.**
  - Cultural venues may include but not be limited to live music venues, performing arts venues, visual art exhibition and production facilities, and other buildings and spaces for creative and cultural uses.
  - Operators may include either for-profit- or non-profit entities.
- Proposed cultural arts and music venue sites must be **located within the City of Austin.**
- Respondents must demonstrate willingness to meet minimum requirements set by the AEDC and City of Austin, including but not limited to **ensuring that employees are paid a living wage.**



## Sole Operators

Respondents eligible to **solely operate a venue:**

- Required to meet all **capacity criteria**
- **Prioritized by policy alignment**

## Joint Operators for Shared Space

Respondents that do not meet all capacity criteria:

- **Evaluated primarily on policy alignment**
- Capacity taken into account
- Eligible for participation in **joint operation of a shared space**



# Cultural Trust Advisory Committee (CTAC)

## *RFP Evaluation Committee Update*

- CTAC is an open advisory committee of AEDC.
  - We have a rolling membership window and are still accepting new members.
  - Members must agree to 10-15 hours of work plus attending bi-monthly meetings
  - Members must have no conflict of interest and cannot receive money from the Trust directly or indirectly, nor become an occupant of a Trust building nor be a service provider to same.
- The RFP Evaluation Committee will include AEDC staff and selected CTAC members.
  - We are continuing to seek CTAC members and RFP Evaluation Committee members, in particular we are making a call for more diverse participation.
  - Evaluation committee members must submit an application:
    - [https://forms.office.com/Pages/ResponsePage.aspx?id=BN1QNYRm4Ei-kjz-\\_67LpBWj7vKjyyZMlvCQoxLwMqJUNIFKNjRRNTFEVfKxWjdLSkjVRzQ4VTg2Mi4u](https://forms.office.com/Pages/ResponsePage.aspx?id=BN1QNYRm4Ei-kjz-_67LpBWj7vKjyyZMlvCQoxLwMqJUNIFKNjRRNTFEVfKxWjdLSkjVRzQ4VTg2Mi4u)

# AEDC Next Steps Before RFP Release

