

Powerhouse Science Center Project

Financing and
Lease Structure

Office of Economic
Development and
Innovation

December 19, 2017

Project Background/Status

- ▶ Transforming 105 year old PG&E building north of Old Sacramento
- ▶ Shuttered and vacant since early 1960s
- ▶ Design change in process - eliminates basement
 - ▶ Reduces risk to old building of excavating
 - ▶ Allows for larger, more prominent planetarium
- ▶ Final approvals anticipated in February
- ▶ Awarded QZAB allocation in November 2017

Lease Structure

- ▶ Lease/Leaseback Structure commonly used by local governments:
 - ▶ Site Lease: City leases site to Powerhouse at nominal rent
 - ▶ Project Lease: Powerhouse leases project back to City for \$1 million a year
 - ▶ Ground Lease: City leases the site back to Powerhouse with terms and conditions

Powerhouse Obligations

- ▶ Construct and operate the project
- ▶ Offer Energy and Life Sciences Academies meeting QZAB requirements
- ▶ Maintain a Capital Reserve Account for major repairs
- ▶ Provide reports to City on finances, attendance, Academies and exhibits

Construction Sources

as of 12/1/2017

Sources*	Dollars (in millions)
QZAB Net Proceeds	\$19.55
Tax-Exempt Bond Proceeds	15.50
Revolving Line of Credit	1.10
City One-Time Contribution	2.65
Donor Pledges	9.50
Total	\$48.30

*Above numbers are as of 12/1/17 and may change due to final terms and costs.

Lease Terms and Conditions

- ▶ 30 year lease term in which City pays Powerhouse at \$1 million a year
 - ▶ Source: Innovation & Growth Fund and General Fund (reimbursed by TOT)
- ▶ City rent payments will be utilized to pay debt service for Powerhouse loans
- ▶ Collateral is a leasehold interest in the building

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