OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

108-0062024-002

Agenda Item No. 5(e)
Meeting of May 21, 2024

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Conditionally authorizing an Amended and Restated Grant Agreement between the Mexican Museum and the Successor Agency and authorizing the transmittal of the Amended and Restated Grant Agreement to the Oversight Board of the City and County of San Francisco

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EXECUTIVE SUMMARY

Prior to the expiration of the Yerba Buena Center Redevelopment Plan, the former San Francisco Redevelopment Agency ("Former Agency") entered into a Grant Agreement ("Grant Agreement") dated December 14, 2010 with The Mexican Museum, a California non-profit corporation (the "Museum"), to provide funding for the development of a new museum facility (the "Museum Space") associated with a planned mixed-use project at Third and Mission Streets known as the 706 Mission Street project (the "Project"). Under Redevelopment Dissolution Law, the Oversight Board and the California Department of Finance ("DOF") approved two amendments to the Grant Agreement, extending its term to June 14, 2024. The Grant Funds have been disbursed in accordance with specified requirements and provisions of the Grant Agreement, and must be disbursed by June 14, 2024, the Grant Agreement's termination date. The Museum has requested extending the term of the Grant Agreement to December 14, 2025, to enable the Museum to use Grant Funds through its planned construction of the first phase of the Museum Space.

On March 21, 2024, the City and County of San Francisco Office of the Controller ("Controller"), City Services Auditor, Audits Division issued an audit of the Mexican Museum Grant ("Audit"), which includes recommendations for the Successor Agency to the Former Agency, commonly known as the Office of Community Investment and Infrastructure ("OCII"), and the City and County of San Francisco's Real Estate Division

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("RED" or the "City") to improve oversight and management of their agreements with the Museum.

A condition of extending the Grant Agreement term is compliance with all the recommendations in the Audit. Staff is proposing to amend and restate the Grant Agreement to incorporate the recommendations of Audit as well as update the 14-year-old Grant Agreement Recitals as well as other terms such as insurance, reporting and record keeping. Also, staff and the City recommend the Grant Agreement term should only be extended for 12 months to June 14, 2025. ("Term"); provided, however, that the Term may be extended for an additional six months if the Successor Agency's Executive Director determines, in his sole and absolute discretion, that the Grantee, prior to expiration of the initial Term, has raised, and has available for expenditure, fifty percent (50%) of the Museum Matching Fund, and has complied with the conditions described in Article 13 of the Amended and Restated Grant Agreement.

Staff recommends the conditional approval of the Amended and Restated Grant Agreement and authorizing the transmittal of the Amended and Restated Grant Agreement to the Oversight Board of the City and County of San Francisco.

BACKGROUND

In December 2010, the Former Agency approved, by Resolution No. 157-2010 (Dec. 14, 2010), the Grant Agreement with the Museum, which authorized the future disbursement of $10,566,000 over a ten-year period for predevelopment and construction of tenant improvements for the Museum Space. The Former Agency and Museum entered into the Grant Agreement to preserve the Museum's access to bond proceeds budgeted for development of a museum space within the Yerba Buena Center Redevelopment Project Area, which was set to expire in 2011.

Per the original Grant Agreement, the grant funds were broadly to be used for "redevelopment activities" as defined in the Community Redevelopment Law and included (1) "Predevelopment Activities," which include operational and organizational planning, designing the Museum Space, hiring museum staff and other consultants for predevelopment, and securing regulatory approvals; and (2) design/construction of the Museum's tenant improvements, which include specialized HVAC/humidity control systems, all fixtures, furniture and equipment, all exhibit spaces, and exterior signage ("Construction Activities"). The original Grant Agreement also stipulated that Grant Funds were to be disbursed through one or more future "Grant Disbursement Agreements," which the Grant Agreement required, at a minimum, to:

(i) describe detailed disbursement procedures for the Grant Funds, including a detailed budget for the use of the Grant Funds, the roles and responsibilities of each party, mechanisms for the disbursement of funds based upon the successful completion of performance milestones, default provisions, and a form of funding request, (ii) require Grantee to comply fully with and be bound by all applicable laws and regulations governing the use of tax increment funds and tax exempt bond proceeds, (iii) require Grantee to comply with applicable Agency policies and programs, including, but not limited to, policies regarding small business enterprises, construction workforce, permanent workforce, nondiscrimination and equal benefits, minimum compensation, healthcare accountability, and prevailing wages, and (iv) require Grantee to maintain insurance coverage satisfactory to the Agency's Risk Manager.

Since approval of the Grant Agreement in 2010, the following milestones and other events have occurred:

1. Through a Purchase and Sale Agreement ("PSA") between OCII, 706 Mission Street Co LLC ("Developer"), and the Museum, as third-party beneficiary, the Museum Space was formally incorporated into the 706 Mission Project, a residential development that includes a 480-foot high-rise residential tower with 190 units, commercial space, and the Museum Space in the base of the building (the “Project”). The Project is constructed on private land and public land the Developer acquired from OCII under the PSA, which among other things established the Developer's obligation to construct the core and shell of the Museum Space as well as establish an endowment for the Museum's future operating costs.

2. State law dissolved redevelopment agencies and transferred certain of the former agencies’ assets and obligations to successor agencies. Cal. Health & Safety Code Section 34170 et seq. (the “Redevelopment Dissolution Law”). As a result, the Former Agency ceased to exist and OCII assumed, subject to approval by DOF, certain “enforceable obligations” that were entered into prior to the suspension of redevelopment agencies’ activities, including the Grant Agreement. The Grant Disbursement Agreements called for under the Grant Agreement are “in compliance with an enforceable obligation” and thus meet state standards for a successor agency to enter into new contracts after redevelopment dissolution. Cal. Health & Safety Code §34177.3(a).

3. OCII and the Museum executed five Grant Disbursement Agreements, and disbursed a total of $3,780,881, as follows: On January 17, 2012, the Former Agency Commission authorized a Grant Disbursement Agreement with the Museum in an amount not to exceed $750,000 for predevelopment planning, staffing and consultant costs related to the Museum Space. On April 15, 2013, the Commission authorized a second Grant Disbursement Agreement in an amount not to exceed $1,000,000 for continued predevelopment work. The Commission approved a third Grant Disbursement Agreement in the amount of $1,030,881 on July 15, 2014, for predevelopment and planning work associated with the Museum Space. The Commission approved a fourth Grant Disbursement Agreement in the amount of $1,000,000 on September 17, 2019, to the Developer on behalf of the Museum for the purpose of completing design, fabrication and installation of a façade screen, a unique artwork designed by artist Jan Hendrix and fabricator A. Zahner under design contracts with the Museum, which is a portion of the improvements related to the Museum Space. The Commission approved a fifth Grant Distribution Agreement in the amount of $2,509,125 on March 15, 2022, but only $278,019 has been distributed to date. After accounting for these

previous disbursements, the remaining amount of Grant Funds is $6,507,100. (Please see table below.)

Disbursement Agreement	**Disbursement Year**	**Grant Amount**	**Disbursement Agreement Amount**	**Amount Disbursed**	**Grant Balance**
First	2012	$10,566,000	$ 750,000	$ 750,000	$9,816,000
Second	2013		$1,000,000	$1,000,000	$8,816,000
Third	2014		$1,030,881	$1,030,881	$7,785,119
Fourth	2019		$1,000,000	$1,000,000	$6,785,119
Fifth	2022		$2,509,125	$ 278,019	**$6,507,100**

4. On March 4, 2020, the Governor of the State of California proclaimed a State of Emergency in the State of California because of the threat of COVID-19. The COVID-19 pandemic continues to have negative effects on development activities in the San Francisco Bay Area, including increased materials costs, scarcity of labor, and an altered landscape for access to capital, all of which have affected the Museum's ability to continue with predevelopment work performed prior to the pandemic.

5. On November 19, 2020, the Museum and OCII entered into a First Amendment to the Grant Agreement (“First Amendment”) extending the term, which would have expired December 14, 2020, of the Grant Agreement by 18 months (to June 14, 2022). The Commission conditionally approved the First Amendment by Resolution 24-2020, subsequently approved by the Oversight Board by Resolution 05-2020 and by the Department of Finance on November 6, 2022.

6. On March 15, 2022, the Museum and OCII entered into a Second Amendment to the Grant Agreement (“Second Amendment”) extending the term, which would have expired June 14, 2020, of the Grant Agreement by 22 months (to June 14, 2024). The Commission conditionally approved the Second Amendment by Resolution 06-2022, subsequently approved by the Oversight Board by Resolution 05-2022 and by the Department of Finance on April 27, 2022.

7. On March 20, 2015, the City entered into a lease with the Museum for the Museum Space, at a base rent of $1.00, for a term of sixty-six (66) years with an option to extend for another thirty-three (33) years (the “Lease”). Under the Lease, the Museum’s “tenant improvements shall be substantially completed within twenty-four (24) months of the issuance of the Temporary Certificate of Occupancy for the Core and Shell." Although the City issued the Temporary Certificate of Occupancy in September 2020, it has deemed the Museum’s acceptance of possession of the Museum Space on July 10, 2023 as the starting date for this 24 month period since that was when the Museum was granted access to the Museum Space. Under the Lease, the Museum has a cure period of 30 days (or such longer cure period as may be otherwise agreed by the City upon written request by the Tenant) if tenant improvements are not completed in such time period.

AUDIT

On March 21, 2024, the Controller issued an Audit, which includes recommendations for OCII and RED to improve oversight and management of their agreements with the Museum. The Audit is an attachment to the Amended and Restated Grant Agreement which is an Exhibit to the Resolution.

The Audit provided 10 recommendations for OCII to improve oversight and management of their Grant Agreement with the Museum, which were:

1) Require The Mexican Museum to provide specific, realistic, and achievable fundraising goals to demonstrate it can fund the project and open to the public without extended delays and work with the Real Estate Division to determine whether fundraising is sufficient to complete the build-out of the premises.

2) Require The Mexican Museum to separately identify grant-related expenses in its accounting system to ensure expenses billed to the grant agreement are not covered by other sources.

3) Require The Mexican Museum to create policies and procedures for tracking the personnel time that is directly connected to improving the premises at 706 Mission Street. OCII should also document such procedures in any subsequent grant disbursement agreements it executes and accurately reimburse these expenses.

4) Seek reimbursement from The Mexican Museum for any grant funds spent on ineligible activities.

5) Develop clear and specific criteria for reimbursing expenses directly related to predevelopment activities and interior improvements at the premises and document them in subsequent grant disbursement agreements.

6) No longer approve any reimbursement request for The Mexican Museum's operational costs, including costs to store The Mexican Museum's collection unless it amends the grant agreement to specifically allow these activities.

7) Follow the City's record retention policy by amending the grant agreement to require The Mexican Museum to retain all reimbursement-related documents under the agreement in a readily accessible location and condition for a period of not less than five years after the final payment under the agreement. Also, include similar language in any subsequent grant disbursement agreements it executes.

8) Require proof of payment, such as bank statements and cancelled checks, for all expenses submitted for reimbursement, and reject any expenses submitted without sufficient evidence to show that payment was made.

9) Only use the reimbursement method when disbursing grant funds to The Mexican Museum, and not before costs are incurred or sufficiently documented. Also, OCII should document these procedures and follow them consistently in any subsequent grant disbursement agreements with The Mexican Museum.

10) Develop and include in any subsequent grant disbursement agreements specific language related to deadlines by which The Mexican Museum must submit documents.

In responding to the Controller's Audit, OCII concurred with the Audit recommendations, subject to the Commission's approval, which is now being sought through the Amended and Restated Grant Agreement and which will be implemented through subsequent Grant Disbursement Agreements.

The Audit provided 4 recommendations for RED to improve oversight and management of their Lease with the Museum, which were:

1) Require The Mexican Museum to provide, within 60 days of the issuance of this report, a plan indicating how it will complete the build-out of the premises, including a realistic schedule, with detailed milestones, showing when the space will open to the public. If the Real Estate Division determines that The Mexican Museum is no longer a viable project, the Real Estate Division should develop an alternative use for the space pursuant to the lease and facilities agreement.

2) Require The Mexican Museum to provide proof of insurance that complies with the lease and facilities agreement, Section 20, covering the period after the agreement commenced on July 11, 2023.

3) Require The Mexican Museum to provide for its most recent fiscal year audited financial statements and the annual financial information packet as described in the lease and facilities agreement.

4) Require The Mexican Museum to promptly pay its common area and maintenance dues.

RED is currently taking actions to implement the audit recommendations and all OCII audit recommendations have been incorporated in the Amended and Restated Grant Agreement.

REQUEST FOR AN EXTENSION TO THE GRANT AGREEMENT TERM

The Second Amendment entered into by the Museum and OCII extended the term of the Grant Agreement to June 14, 2024. On May 15, 2024, the Museum submitted its request to extend the Grant Agreement for 18 months until December 14, 2025. The Museum's request is included as Attachment 1. As stated above, the Museum is now proposing a design/build development process that is intended to accelerate completion of the tenant improvements, but that will not result in the commencement of substantial construction before the current expiration date of the Grant Agreement.

The Museum has entered into an agreement with the Mission Neighborhood Center ("MNC") to be their project management and fiscal agent and to oversee the construction of the Museum space and obtain all necessary approvals for the release and disbursement of the grant funds. MNC will also be responsible for developing and implementing a comprehensive capital campaign and grant writing program. The Museum's request for a Grant Agreement extension includes information on MNC.

PLAN FOR THE MUSEUM TENANT IMPROVEMENT BUILD OUT AND USE OF GRANT FUNDS

The Mexican Museum has proposed a design/build development process that is intended to accelerate completion of the tenant improvements and the process will be done in Phases.

Phase One, Permits One and Two will consist of the build out of the ground floor lobby and using the proposed café area to construct a Mexican Museum Pop-up Gallery to create a presence in Jessie Square, and the build out of the second-floor gallery space with the installation of the stairs from the ground floor to the second floor gallery space. This phase will also include the construction of the mechanical, electrical, and plumbing ("MEP") systems as well as the fire safety system for the ground floor. However, the MEP and fire safety systems will be sized sufficiently to service all future Phases of the Museum Space. The Amended and Restated Grant Agreement provides the framework for funding and completing Permits One and Two of Phase One.

Phase One, Permit Three, Third and Fourth floors including the MEP and fire safety systems.

Phase Two, Permit Three will consist of the final finishes for the ceiling, walls and flooring.

According to the Sources and Uses of Funds Exhibit submitted with the Museum's request for a Grant Agreement extension, the Museum estimates that the total cost of construction for Phase 1 (Permit One and Two) is $11,097,000, consisting of not more than $6,500,000 in grant funds under the Grant Agreement (subject to any reductions for reimbursements pending under the Fifth Grant Disbursement Agreement and for administrative and staffing costs described below) and not less than $4,597,500 in donations raised by the Museum; provided, however, that donations shall not include funds defined as, or derived from, the Endowment Payment described in Section 8.2 (f) of the PSA (the "Museum Matching Funds").

SMALL BUSINESS ENTERPRISE AND WORKFORCE COMPLIANCE

The Museum has worked closely with OCII’s contract compliance staff to comply with the Small Business Enterprise (“SBE”) Program. As of the last grant disbursement agreement, the Museum had achieved 62.9% SBE participation for professional services consultants. Of the total fees, 56.4% had been awarded to San Francisco-based SBEs, and 29.4% have been awarded to minority- and women-owned business enterprises (M/WBE). The Museum has selected Guzman Construction Group, a minority-owned San Francisco-based general contractor for the Project. During the construction phase, the Museum is committed to complying with OCII's requirements and goals which includes the 50% SBE construction subcontracting participation goal, payment of prevailing wages and the 50% local construction workforce hiring goal.

ENVIRONMENTAL REVIEW

OCII acts as a responsible agency under the California Environmental Quality Act (“CEQA”) in considering approval of the Amended and Restated Grant Agreement. In 2013, the City, through its Planning Department and Commission, as lead agency under CEQA, certified the Project’s Final Environmental Impact Report (“FEIR”), made findings, and established a mitigation monitoring program. The approval of the Amended and Restated Grant Agreement is an Implementing Action related to the construction of the Project, pursuant to the approvals granted by the Planning Commission. In making this determination, staff have considered and reviewed the FEIR. Documents related to the Implementing Action and the FEIR have been and continue to be available for review by the Commission and the public and are part of the record before the Commission. No major revisions are required due to the involvement of new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the FEIR. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FEIR was undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR. No new information of substantial importance to the Project analyzed in the FEIR has become available which would indicate that (a) the Implementing Action will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FEIR will substantially reduce one or more significant effects on the environment.

STAFF RECOMMENDATIONS

To incorporate the recommendations of Audit as well as update the 14-year-old Grant Agreement Recitals and other terms such as Museum Matching Funds, representations, insurance, reporting and record keeping, the Grant Agreement should be amended and restated. A form of the Amended and Restated Grant Agreement is attached to the Resolution for this item.

Staff and the City are recommending the Amended and Restated Grant Agreement term should only be extended for 12 months to June 14, 2025, provided, however, that the Term may be extended for an additional six months if the Successor Agency's Executive Director determines, in his sole and absolute discretion, that the Grantee, prior to expiration of the initial Term, has raised, and has available for expenditure, fifty percent (50%) of the Museum Matching Fund, and has complied with the conditions described in Article 13 of the Grant Agreement.

Staff further recommends no grant funds shall be distributed for Phase 1 (Permits One and Two) until 100% of the Museum Matching Funds have been raised and the Museum has complied with the conditions based on the Controller's Audit recommendations and described in Article 13 of the Amended and Restated Grant Agreement as well as all other conditions in the Amended and Restated Grant Agreement.

NEXT STEPS

The proposed Amended and Restated Grant Agreement is subject to the review and approval by the Oversight Board and DOF for a determination of whether the action "reduce[s] liabilities and increase[s] net revenues to the taxing entities" and is "in the best interests of the taxing entities." Cal. Health & Safety Code § 34181(e).

Upon Commission approval, the Amended and Restated Grant Agreement will be presented to the Oversight Board for approval and then to the Department of Finance for its review and approval.

(Originated by Marc Slutzkin, Deputy Executive Director
and Pamela Sims, Senior Development Specialist)

DocuSigned by:
Thor Kaslofsky
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Thor Kaslofsky
Executive Director

Attachment 1: Letter of Request for an extended term to the Grant Agreement

THE MEXICAN MUSEUM

In Association with the Smithsonian Institution

Memorandum
Attachment 1

May 15, 2024

Via Email: Thor.Kaslofsky@sfgov.org

Thor Kaslofsky
Executive Director
Office of Community Investment and Infrastructure (OCII)
One S. Van Ness Ave. 5th Floor,
San Francisco, CA 94103

Re: <u>The Mexican Museum Request for Extension of Time on OCII Grant</u>

Dear Executive Director Kaslofsky:

On behalf of the Mexican Museum Board of Trustees, The Mexican Museum ("TMM") respectfully requests through you as Executive Director for a request to the Commission on Community Investment and Infrastructure ("OCII") to consider the approval of an extension of time of the Mexican Museum's existing Grant Agreement with OCII from its expiration date of June 14, 2024, to December 14, 2025. The Museum understands that if approved, the approval will go to the City's Oversight Committee for its review and approval and if approved then it will go to the California Department of Finance for final approval.

The extension of time will enable TMM the ability to spend the balance of the grant funds to complete Phase I of the progressive design build approved by OCII staff and to open and activate the cultural component space which is part of the 706 Mission Street Residential and Mexican Museum project by December of 2025.

After the City and County of San Francisco's Office of the Controller began its audit of OCII's handling of TMM's OCII grant and TMM's use of grant funds in March of 2023, OCII staff took the position that OCII would not be able to enter into a Sixth Disbursement Agreement of the remaining grant funds to TMM until the audit was completed. The audit was originally supposed to be completed in the fall of 2023, with a target date of September or at the latest October 2023. However, the Controller's Office expanded the original scope of the audit to include a period of 10 years prior to the OCII grant period. This extended the audit process until March 21, 2024, a full year from the inception of the audit process. In sum, the audit has delayed access to the OCII grant funds for an entire year and, therefore, TMM requests OCII extend the OCII Grant deadline to make up for lost time.

The museum was informed by OCII staff, the San Francisco Mayor's Office and the City Administrator that addressing concerns identified by the Controller's audit report is a prerequisite to obtaining an extension of the deadline for use of TMM's OCII grants. Although TMM disputes the findings of the audit, TMM has taken the following steps to address the criticisms and recommendations of the audit report.

1. TMM entered into a Management and Fiscal Agent Agreement with Mission Neighborhood Centers ("MNC"). TMM has outsourced the management of all aspects of TMM's operations to MNC, including but not limited to overseeing the construction of the Museum space at 706 Mission Street and obtaining all necessary approvals for release and disbursement of committed grant funds. **Enclosed as "Exhibit A" is a memo from MNC detailing their management and fiscal expertise and how they will address concerns raised by the Controller's audit report,**

2. TMM also entered into an agreement with MNC to develop and implement a comprehensive capital campaign and grant writing programs that set realistic, and achievable fundraising goals to raise funds for TMM to finance the tenant improvement of the Museum core and shell at 706 Mission Street. MNC will manage and coordinate all fundraising activities on behalf of TMM, including overseeing fundraising efforts in Mexico, where TMM has developed a capital campaign plan for raising tax-deductible donations through Friends of the Mexican Museum, a Mexican non-profit. **MNC's fundraising plans are included in Exhibit A.**

3. TMM has contracted with Cordoba Corporation to serve as project manager and Guzman Construction Group to serve as the builder for the tenant improvements of 706 Mission Street. Working with Cordoba and Guzman, We are pleased to inform you that TMM's Building Committee has finalized a construction sole source design-build project delivery method that will phase construction. Using this approach, TMM has been able to reduce the cost of construction to approximately $38 million without delaying the completion of the overall project. The project will have two phases. During Phase I, TMM will complete the ground floor build-out and use the future café area for a pop-up gallery at a cost of approximately $6.5 Million Dollars. This will create visibility for the Museum in Jessie Plaza and assist in fundraising efforts as the rest of construction proceeds. Phase II will complete the build-out of the museum per the original approved Ten Arquitectos' Concept Design Plans. Enclosed **as Exhibit "B" is a presentation from TMM's Building Committee outlining construction project and the associated cost along with Exhibit "C" the Sources and Use Of Funds For Phase 1 Build-Out** of the cultural component space.

If you have any questions or concerns, please do not hesitate to contact me.

Best Regards,

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Andrew Kluger, Chairman
The Mexican Museum, Board of Trustees

CC:
Members, Board of Trustees, The Mexican Museum
Victor M. Marquez, General Counsel, The Mexican Museum
Carmen Chu, City Administrator
Honorable Bivett Brackett, OCII Commission Chair
Honorable Carolyn Ransom-Scott, OCII Commission Vice-Chair
Honorable OCII Commissioner Tamsen Drew
Honorable OCII Commissioner Vanessa Ross Aquino
Honorable OCII Commissioner Kent Lim
James Morales, OCII Deputy Director and General Counsel
Andrico Penick, Executive Director, Department of Real Estate
Richard Ybarra, Chief Executive Officer, Mission Neighborhood Centers
James Cuadra, General Counsel, Mission Neighborhood Centers

Exhibit A

MISSION NEIGHBORHOOD CENTERS, INC.

From:	Richard Ybarra Chief Executive Officer Sebastian Alioto Chief Financial Officer Barbara Ybarra Lead Fundraising Consultant
To:	Office of Community Investment and Infrastructure
Date:	May 15, 2024
Re:	MNC’s Fiscal Management Overview Re Serving as TMM’s Fiscal and Fundraising Development, Implementation and Oversight

CONTENTS

1. MNC'S EXTERNAL MANAGEMENT AND FISCAL AGENCY SERVICES FOR TMM

Mission Neighborhood Centers Inc.("MNC") has agreed to serve as The Mexican Museum's ("TMM") manager and fiscal agent. MNC will manage all aspects of the operations of TMM, including but not limited to acting as the owner's representative in connection with the construction of the museum space at 706 Mission Street, performing all necessary accounting functions, preparing financial reports, managing grant funds and other donations, obtaining necessary approvals for release and disbursement of committed grant funds, and compliance with all applicable laws and regulations. MNC's organizational and financial expertise is discussed below.

2. MNC'S FUNDRAISING DEVELOPMENT, IMPLEMENTATION AND OVERSIGHT FOR TMM

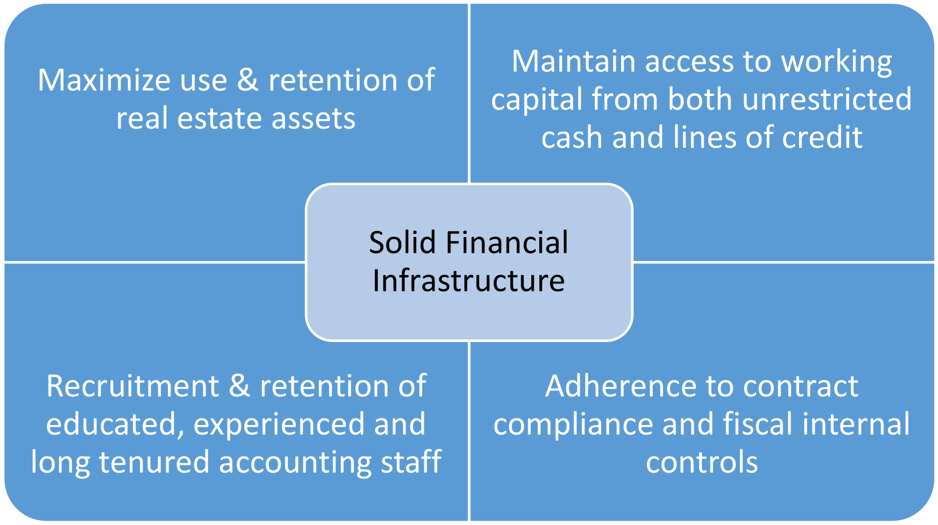
In addition to serving as TMM's manager and fiscal agent, MNC has agreed to use its fundraising expertise to develop, implement and oversee capital campaigns to raise funds for TMM to finance the development of the interior and exhibit halls of the Museum's new home at 706 Mission Street. MNC's work will include developing a capital campaign in the U.S. and coordinating and overseeing a separate capital campaign in Mexico. In addition, MNC will use its grant writing expertise to implement a grant writing programs directed at grant opportunities available to TMM at the state and national level. As described in detail below, the goal of these fundraising strategies is to raise $37 million over 24 months. MNC is honored for this opportunity to partner with The Mexican Museum's leadership on this landmark project in San Francisco.

3. ABOUT MNC

MNC is a non-profit provider of community-based, culturally sensitive, and multi-generational services focused on low-income families throughout San Francisco. MNC develops and promotes leadership skills that inspire success for youth and families to build strong, healthy, and vibrant neighborhoods through education, case management, and community-development resources. Founded as a settlement house in 1897, MNC continues to exemplify the core values of settlement house practices: welcoming environment, social justice, advocacy, community organizing, and networking. MNC's revenues in 2023 totaled $41.5 million. Specific information relating to MNC's programs can be found at: https://mncsf.org/

4. MNC'S MANAGEMENT AND FISCAL EXPERTISE OVERVIEW

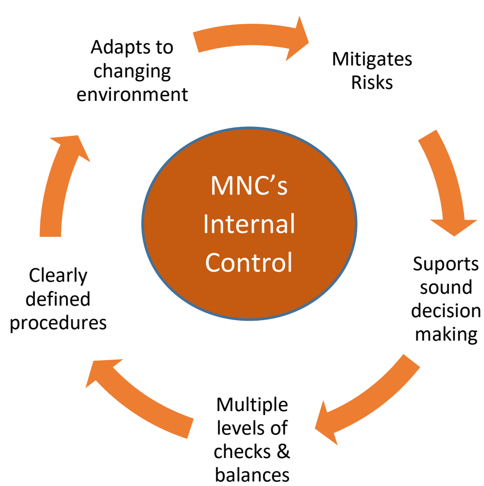
MNC has a long history of sound financial management and fiscal strength. In addition to vision and strong senior management execution, there have been several areas of financial strength that have made contribution to MNC's historic program and revenue growth over the last 10 years. MNC's solid financial infrastructure are attributed primarily to four key strategies:



5. INTERNAL CONTROLS

One of the primary goals of fiscal management is to safeguard grant funds, real estate properties and furniture and equipment to ensure the proper use of funds provided by MNC's partners. The expansion in all programs from infants, youth, seniors, and rental assistance has required that our fiscal team manage over 60 contracts from 11 different funding sources. This responsibility is shared not only internally by the individual program managers and senior staff but also with the diverse MNC Board of Directors.

The finance team supports each program and services with the processing of transactions that include billing receipts, payroll and disbursement processing with an emphasis on strong internal controls and efficiency. Program spending is monitored in detail to ensure the spending and allocations are according to Federal, State, local and philanthropic funding sources. Our staff has personal goals and integrity to ensure that MNC complies with the Federal Uniform Guidance as well as MNC's own Accounting Policies and Procedures in all procurement and payment processes.



All sites and service areas develop budgets, ongoing forecasts and monthly actual financial statements to monitor income and expense activity for each contract as well as the entire agency during the year. Disbursement requests go through purchasing and/or are approved by the requestor's supervisor to ensure expenses are used to meet program needs. The CEO and Board Directors review and approve specific requests where appropriate.

Ongoing monitoring and audits by the Federal, State and Local funding sources have all resulted in positive findings. With a goal for excellence, MNC has consistently received positive monitoring reports along with annual audited financial reports that reflect surpluses from operations.

6. COMPETENT TEAM

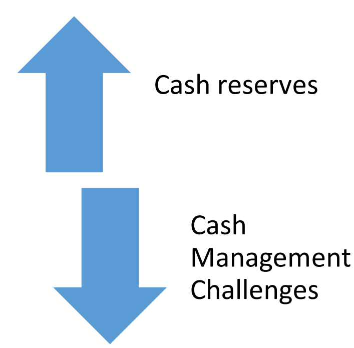
Our Finance team includes individuals who have a minimum of a bachelor and for one accountant a Master's Degrees in accounting. Each person possesses process and analytical experience specific for Federal, State, Local government as well as philanthropic partners who have specific needs and requirements. Each of the five individuals in the finance department has over 10 years of experience working with the MNC partners and programs.

Accounting staff are cross trained in financial procedures including payroll, processing payments, and conducting financial analysis. They are also knowledgeable and up to date on federal, state, and local accounting practices and guidelines.

The current CFO is a State of California Certified Public Accountant/Inactive and has earned a BS in Accounting from the University of San Francisco. He also has over 15 years providing fiscal management for several non-profits and as well as for profit organizations.

7. WORKING CAPITAL

Recent real estate transactions and significant donations have created a cash reserve of unrestricted funds. The sale of real estate properties has allowed MNC the flexibility to fund the working capital challenges that occur with the program funding sources delays in remittance of accounts receivable at the same time MNC must make payments to its vendors, consultants who are partners, and payroll to staff. All of these must occur in a timely and controlled manner.



With the cash reserves, the cash management challenges associated with managing multiple programs and growing budgets have been significantly reduced.

With a history of operating surpluses and support from local Banks, MNC in the past has been able to obtain lines of credit of over $ 1.0 million.

8. ASSETS

Owning several properties and implementing a strategy of expansion has allowed MNC to avoid the struggles associated with a changing real estate market. In partnership with other community-based organizations, MNC has been able to avoid increasing lease costs.

The overall financial benefit of these projects has been the flexibility provided by having the real estate assets to provide homes for the programs, expansion where needed and additional services needed by the community.

9. MNC'S FUNDRAISING EXPERTISE

Today, with over $40 million in annual funding from government grants and private sources, MNC operates 16 MNC Campuses, five owned and nine leased through which children's services, youth development, family resources, senior healthy aging & disabilities, and workforce development programming operate. MNC has experienced staff and consultants who focus on private fundraising and grant writing who will lend their expertise to TMM's fundraising efforts led by MNC's lead fundraising consultant Barbara Ybarra.

Ms. Barbara Ybarra has been an executive senior consultant for nearly 20 years and has counseled over 80 nonprofit organizations throughout the United States. She has planned and managed 10 capital MNC's campaigns with goals up to $30 million. Barbara has specialized capital campaign experience with art institutions that have developed as a hub for the community. She is experienced in implementing best practices with local and national organizations in the areas of education, human and social services, and the arts. Ms. Ybarra obtained an MBA in Marketing from University of Phoenix and B.A. in political science from

UC Santa Barbara. If needed, Ms. Ybarra may expand MNC's consulting team as the campaign develops based on project needs and the consultant's expertise and related experience in areas such as donor information management systems, prospect research, creation of collateral material, grant writing and/or campaign coordination support.

10. ADDRESSING CCSF'S CONCERN REGARDING TMM'S FINANCIAL AND ORGANIZATIONAL EXPERTISE

In its March 21, 2024 audit report (the "Audit Report"), the City and County of San Francisco's Office of the Controller identified several areas of concern at TMM. The areas of concern and MNC's ability to address these concerns are detailed below.

A. Response to Concern that TMM has not demonstrated that it has the financial or organizational expertise to complete the planned interior improvements at what is to be its new location at 706 Mission Street (the project) without extended delays.

MNC has a proven record of success relating to construction and real property oversight. Over the last 5 years MNC has completed significant renovations to its owned and leased properties. Each instance has involved different aspects of raising funds, hiring architects and contractors as well as working with development partners. Examples include:

- The $ 1.2 M renovation of the leased facility at 1245 Alabama- St. Peter's to convert the convent to classrooms and office space.
- The sale of the facility and partnership with Mercy Housing to provide senior residences and street level community services at 24th & Harrison.
- The acquisition of the Mission Police Station at 1240 Valencia; and the raising of over $ 10M of additional funds from philanthropic donors, the Federal, State and City governments to convert and renovate the building for childcare.
- The $ 2.7M investment in partnership with Mission Housing to provide childcare classrooms at 1954 Mission Street.
- The $ 1.2M acquisition and renovation investment at 1311 Quesada in the Bayview to provide rental assistance and homeless prevention services.

B. Response to Concern that TMM has not complied with several requirements in the lease and facilities agreement.

Programmatically MNC currently owns 5 buildings and leases 15 campuses in multiple districts in San Francisco. The ownership and leases of these locations is supported by the organization's property management function. The staff includes a facilities and maintenance department as well as an administration and accounting staff that evaluates compliance with lease terms and conditions for changes in rent as well as insurance coverage.

C. Response to Concern that TMM has not provided annual financial reports to the Real Estate Division.

MNC's audit firm Harshwal and Co. completes the annual audit for each fiscal year ending June 30th. After review and approval by the Board of Directors and senior management, the audit will be sent to the federal, state and city grantors in compliance with the awarded grants.

MNC's finance and accounting prepares monthly agency wide financials to the Board of Directors and senior management. In addition, finance and program staff prepares monthly budget to actual, and forecasts for each contract and grant. These are reviewed by senior and program management.

Additional reports are prepared to ensure compliance with specific reporting to the Federal govt and State of California respective departments.

Over the years MNC has also provided management services support to various entities and events. These include overseeing and enhancing the financial management at Mission Language and Vocational School, the billing and collection of funds for the Mexican Consulate's El Grito celebration and, the Cinco de Mayo and Carnaval celebrations.

D. Response to Concern that TMM did not provide a compliant certificate of insurance.

See response to question 2. Certificates of insurance are provided for the renewal of grants as well as when requested to all requesting agencies. TMM current certificate of insurance is attached.

E. Response to Concern that the Museum should provide annual reporting packets and proof of insurance that comply with the lease and facilities agreement.

See response to questions 2 and 3. Certificates of insurance are provided for the renewal of grants as well to all requesting agencies. The annual audit is sent to the federal, state and city grantor in compliance with their awards.

F. Response to Concerns that the Museum has a history of poorly administering grants received from other sources, the Museum lacked necessary fiscal controls over grant funds, and the Museum's accounting records did not separately identify grant-related costs.

See Fiscal Management overview above.

11. ADDRESSING CCSF'S CONCERNS REGARDING TMM'S FUNDRAISING

The Audit Report recommended that TMM provide "specific, realistic, and achievable fundraising goals to demonstrate TMM can fund the project and open to the public without extended delays." As described in more detail below TMM's fundraising goal is to raise $37 million over 24 months. To that end, MNC will implement the following:

1. A U.S. capital campaign with a goal of raising $27 million as follows:
   - Phase I: Develop a Campaign Plan/Fulfill Initial Funding Needs (4-6 months) - $3.5 million. This phase will be implemented 6 months before the work on the project is anticipated to begin.
   - Phase II: Execute the Campaign Plan/Manage the Campaign (18-20 months) - $22.5 million
2. A Mexico capital campaign with a goal of raising $5 million in addition to the $5 million lead pledge already received over 24 months as follows:
   - Phase I: Develop a Campaign Plan/Fulfill Initial Funding Needs (4-6 months) - $1 million
   - Phase II: Execute the Campaign Plan/Manage the Campaign (18-20 months) - $4 million
3. A grant writing program with the goal of raising $5 million over 24 months. TMM to begin receiving grants funds 12 months after the start of the grant-writing program.

Despite the fact that there are over 62 million Latinos in the Unites States and over 15 million in California alone, making it the States's largest ethnic group, there are only 20 museums in the U.S. focused on Latino culture and the arts and only 4 others in California. Given these demographics and TMM's unique vison and extensive collection, the above fundraising targets are realistic, and achievable fundraising goals.

A. Fundraising Overview

1. TMM's Fundraising History and Capital Campaign Goal

The Mexican Museum was founded by Peter Rodriguez in 1975 with the vision of collecting, preserving, exhibiting and interpreting the artistic expression of the Mexican, Mexican American and Chicano People. The institution has evolved and now holds over 16,000 objects of art collection presenting Mexico and the Americas. The Museum has a Smithsonian Affiliated designation, one of three in the city of San Francisco.

TMM is in development of a new state-of-the-art permanent home at 706 Mission Street, San Francisco. Located adjacent to the Contemporary Jewish Museum and near the Yerba Buena Center for the Arts and the San Francisco Museum of Modern Art, it will be at the hub of downtown San Francisco's vibrant arts and cultural district. The Museum has signed a 99-year lease in support of the expansion of the to-be largest Mexican, Mexican American, and Chicano art museum in the country.

On December 4, 2004, TMM and the now dissolved Redevelopment Agency agreed to work to explore alternatives for the museum facility, including the inclusion of the Museum as a cultural component in a larger development. TMM negotiated with Millennium Partners (the "Developer") to annex the dedicated land for the museum with the Aaronson Building making it possible for an economic redevelopment project that would increase the tax base for the City and County of San Francisco through a joint venture to build a 40+ story of high-end residences in exchange for the museum to have it cultural component built on the first four floors of the base building.

The development and construction of the museum facility consisted of two phases. Construction Phase 1 entailed the construction of the core and shell of museum space. Construction Phase 2 entails the construction of the tenant improvements and furniture, fixtures and equipment ("FF&E"). The Developer requested a $1 Million contribution from the TMM grant controlled by Office of Community Investment and Infrastructure ("OCII"), the Redevelopment Agency successor agency. An agreement was reached for TMM to transfer the $1 Million directly to the Developer which was approved by OCII staff and the OCII Commission.

Construction Phase 1 is now complete. Construction of the museum core and shell was completed and turned over to TMM on June 11, 2023. The cost of building the core and shell totaled in excess of $30 Million. TMM also raised and contributed a total of over $3 Million to design, manufacture and install the public artwork on the facade of building. Thus, TMM's negotiations and fundraising yielded a total value of over $33 Million to complete Phase I of the Museum's development and construction. In addition, TMM negotiated with the Developer to agree to contribute $5 Million as an endowment to TMM.

The estimated cost of completed Construction Phase 2 is approximately $38 Million. Endowment and OCII grant funds earmarked for TMM total in excess of $11.5 million. In addition, TMM has secured a lead gift of $5 Million. As part of Construction Phase 2, TMM will launch a capital campaign to fund tenant improvements and FF&E. TMM has set a goal of $27 million for U.S. capital campaign. The capital campaign will be supplemented by a grant writing program implemented by MNC and a separate capital campaign in Mexico with the goal of collectively raising an additional $10 million.

2. <u>TMM's U.S. Campaign Cabinet</u>

The Campaign Cabinet is responsible for guiding the campaign to success. The Cabinet will consist of executive staff, board members, the campaign consultant, and a team of volunteer community leaders. MNC will work closely with TMM's Campaign Cabinet and their fundraising consultant Sylvia Flores, which is comprised of the following members, whose CVs are available upon request:

- Andrew Kluger, Capital Campaign Co-Chair
- Xochitl Castañeda, Capital Campaign Co-Chair
- Mara Rosales
- Mattheu L. Mason
- Stephany Pizano
- Luis Orozco Jr.
- Luis Javier
- Tonantzin Rodriguez
- Julieta Serrato
- Nefertiti Kelly
- Marc Schenker
- Fabien Pisani
- Ilan Lieberman

The Campaign Cabinet will play a role on one of the following committees:

- Board Gifts Committee: Encourages gifts from board members
- Leadership Gifts Committee: Encourages gifts from outside the board
- Honorary Committee: Models of support
- Donor Relations and Communications Committee: Promotes the campaign through media and event channels

Each member has committed to supporting TMM's mission and are contributing in the fundraising efforts.

TMM is made up of diverse and influential members that are well-equipped to drive fundraising efforts.

3. TMM's Capital Campaign Work To Date

TMM has compiled a database of potential donors and of individuals and corporations who have provided previously funding or in-kind support to the Museum and its work. TMM has also identified foundations, many of whom are previous donors, who will be approached and offered the opportunity to donate to the Capital Campaign and/or to continue their programmatic support. The lists of doners and foundations are available upon request.

TMM has identified naming opportunities for donors. TMM has already received the following pledges:

- Mauricio Sulaimán for Second Floor Sculpture Gallery - $5 million
- Robin Lee Allen for Public Space - $500,000
- Dr. Matteo Garbelotto & Victor Marquez for La Tienda Museum Store - $100,000

TMM has formed an Arts and Letters Council, a Builder's Society and an International Advisory Board consisting of 515 members who joined to support the construction of TMM at 706 Mission Street. Members are both potential volunteers and donors.

TMM has also working in collaboration with the California Hispanic Chamber of Commerce to present TMM construction project to 125 Hispanic Chambers of Commerce in the state of California opening the doors to possible donations by over 8,000 Hispanic and other ethnically diverse owned businesses.

TMM has also prepared fundraising materials and artwork to provide potential donors during the Capital Campaign outreach. A fundraising event is currently scheduled for June 24, 2024.

4. MNC'S Scope of Work

In accordance to our discussions with key members of TMM's Board of Trustee, MNC will implement a 24-month plan comprised of the following services:

- U.S. Campaign Phase I: Develop a Campaign Plan/Fulfill Funding Needs (6 months)
- U.S. Campaign Phase II: Execute the Campaign Plan/Manage the Campaign (18 months)
- U.S. Grant Writing Program: Develop and implement grant writing program (24 months)
- Mexico Campaign: Coordinate implementation of the Campaign with Mexican

fundraising consultant Marta Turok (24 months)

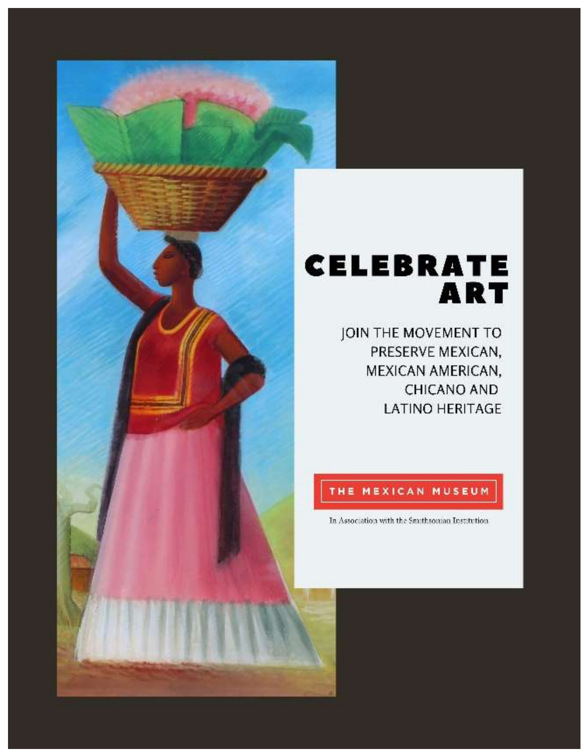
MNC's work will include an assessment of the progress of the campaign every 6 months. The assessments will include reporting results to TMM's campaign team leadership and strategic recommendations going forward. MNC's goal is leveraging a coordinated annual fundraising strategy to enable TMM to retain a fulltime development team and fundraising staff by the end of MNC's 24-month engagement of TMM's fundraising work.

B. "Celebrate Art": U.S. Capital Campaign

1. Phase I: Develop a Campaign Plan and Fulfill Short Term Funding Needs: June - December 2024:

The fundraising goal for Phase I is to raise $3,500,000 by December 2024 to fund the first phase of the build out of the museum space. To that end, during the orientation and onboarding process discussed below, MNC will concurrently recommend and develop cultivation and solicitation strategies for donors who can assist in this effort.

Already committed to a capital campaign and with lead gifts in place, TMM does not require a feasibility study or campaign readiness report. However, no formal campaign case statement, collateral, table of gifts, or other elements of campaign readiness are in place that reflect the goals associated with the construction of the Museum's tenant improvements. MNC will work to quickly build upon the success already achieved while simultaneously planning and executing the campaign.



Orientation and Onboarding

In order to create a strong campaign plan, MNC will quickly and efficiently develop a thorough and comprehensive understanding of TMM's campaign capabilities. We will meet personally for debriefing with key campaign leadership including TMM Campaign Co-Chairs Xochitl Castañeda and Andrew Kluger and other members of the existing campaign.
We will study written materials, relevant statistical data and conduct internal research including:

- Past and current campaign fundraising strategies and outcomes
- Giving potential of current campaign donor prospects and families
- Giving potential of the past and current donor and prospect base, foundations, and corporate sources
- Opportunities for new donor prospect development

- The volunteer fundraising team for strengths and learning opportunities
- Current campaign communications and collateral materials
- Policies, procedures, and capabilities in data and information management, constituent recordkeeping, prospect research and qualification, prospect and donor relationship management, donor recognition and acknowledgement, and donor stewardship and accountability
- Staff capacity and resources required
- Budget and resources
- Campaign volunteer and staff leadership, influence, and commitment

Plan Creation

Simultaneous to the onboarding process referenced above, MNC will begin to organize and populate the campaign plan structure. Elements of the campaign plan will include:

- Case for Support*
- Campaign Elements (Summary Financial Budget)*
- Table of Gifts for a $27 Million Campaign*
- Gift Naming Opportunities*
- Campaign Organization Structure*
- Campaign Leadership Position Descriptions
- Leadership Roster*
- Honorary Campaign Committee Roster *
- Tasks and Timeline (with Levels of Involvement for staff, volunteers and consultant)
- Optimizing Donor Information and Management Systems/Software
- Prospect Identification and Qualification Procedures
- Donor Prospect Profile
- Donor Prospect Contact Report
- Prospect Moves Management Processes and Procedures
- Gift Acceptance Policies and Procedures

*denotes elements to be shared with donor prospects

Throughout the process, we will review well-developed drafts for each of these elements and process them through appropriate campaign leadership for approval. The final elements will be organized, catalogued and managed in a manner that makes them easily accessible to campaign leaders, preferably via cloud-based document management and sharing software.

Leadership Briefings

Rather than interviews related to a feasibility study, MNC will conduct leadership briefings as part of the campaign plan. The greatest benefit of a leadership briefing is the significant opportunity it affords to cultivate and positively influence key constituents whose buy-in and participation is important to campaign success. The conversation that takes place during the briefing is the initial signal to a prospective donor or their influencers that TMM has bold plans, these plans are worthy of their attention and engagement, and their opinion matters and is valued. The leadership briefings will also inform strategies created for the initial campaign of $3,000,000 and help secure this critical funding.

MNC will conduct up to 10 personal leadership briefing with key external constituents who have affinity for TMM, including major donors, donor prospects, current and potential volunteer leaders, and community leaders and stakeholders.

The goal is to conduct each of the briefings in-person. A limited number of briefings may also be conducted virtually or by telephone, if necessary to accommodate schedules.

The leadership briefing summary will capture information such as:

- What are their views on TMM and its unique and critical role in the community?
- What do they believe are the strengths, weaknesses, opportunities, and threats of the organization?
- What are their views on the case for support, the needs and opportunities for the campaign, and the viability and potential of the campaign beyond fundraising?
- How does the current economic environment impact possible fundraising strategies and the potential for success?
- Are there other local or regional campaigns which may impact the potential for success?
- How best does TMM achieve its fundraising goal?
- What role might they play in the campaign and in the museum's future?
- What other individuals or organizations would they suggest as having a potential interest in TMM and/or the campaign, and how best do we enlist their advocacy, volunteerism, and philanthropic support?
- What are the factors that will aid the campaign and obstacles that the campaign must overcome?

2. <u>Phase II – Implement the Campaign and Manage the Campaign: December 2024 – May 2026:</u>

The fundraising goal for Phase II is to raise $23,500,000 by June 2026 to fund the second phase of the build out of the museum space.

During Phase II, we will implement the campaign plan in partnership with TMM's Board of Directors and Campaign Committee and will manage campaign operations. Throughout the process, we will maintain consistent and intentional focus on achieving the campaign goals, objectives and timeline, and adjust the pace in consultation with the team, as necessary.

3. <u>MNC's Role in the U.S. Capital Campaign</u>

- Provide a dedicated campaign manager who delivers consistent oversight and execution of the plan, on time and on budget

- Manage campaign prospect identification, qualification and evaluation processes

- Promote and provide learning opportunities to the Campaign Team on donor cultivation, solicitation and stewardship

- Manage prospect gift road-mapping planning session and activities
- Manage the coordination of all prospect calls and follow-ups led by the Campaign Team
- Manage the coordination of prospect and donor activity capture and reporting systems, including moves management and reporting
- Provide support and guidance to the Campaign Team and staff relevant to their campaign assignments
- Coordinate with leadership on the management of a public information and public relations plan
- Manage the production of campaign materials including the development of key messaging and copywriting of collateral
- Assist with recruiting, organizing and preparing campaign leaders for their respective roles, and support them for optimal performance throughout the campaign
- Assist with recruiting of an honorary committee if determined to be appropriate
- Perform donor prospect research and provide reports on prospective leadership donors and families with capacity to support the campaign
- Prepare campaign gift solicitors to help ensure an optimal outcome and the highest gift possible
- Where appropriate, prepare for solicitations for prospects outside of the organization, such as community leaders and philanthropists.
- Lead the design of a donor recognition program
- Provide regular and on-going status reports, strategic counsel and support to the Board Chair, Campaign Team, staff and volunteers, as appropriate

C. "Nuestra Herencia": Mexico Capital Campaign

Working with TMM's fundraising consultant in Mexico, Marta Turok, MNC will manage the implementation of a capital campaign plan in Mexico. Ms. Turok is currently the Curator of the Ruth D. Lechuga Folk Art Collection of the Museo Franz Mayer Cultural (https://franzmayer.org.mx/colecciones/ruth-d-lechuga/) and has a wealth of experience fundraising in Mexico. Her CV is available upon request. Ms. Turok will report to Ms. Ybarra.

1. Background

Through the work and support of several members of The Mexican Museum's Board of Trustees and museum supporters over the last five years, TMM was able to form a Mexican non-profit (*asociación civil)* Friends of the Mexican Museum AC, which was certified by the Mexican government on January 31, 2023, as an authorized recipient of tax deductible donations (*donataria autorizada)* that will allow Mexican business and individuals to make tax-deductible donations up to 7% of taxes owed in a calendar year in support of TMM. Friends of the Mexican

Museum AC is the first entity the Mexican government has ever granted the ability to receive donations from Mexican nationals and entities to benefit a foreign cultural institution and recognized by Mexican tax law as deductible.

As an "authorized recipient," Friends of the Mexican Museum is now able to implement a capital fundraising campaign in Mexico to supplement the Museum's fundraising efforts in the U.S. In granting Friends of the Mexican Museum the right to receive tax deductible donations earmarked for The Mexican Museum, the Mexican government recognized the importance of having an institution such as The Mexican Museum in the U.S. to accurately depict the contributions of Mexico and Latin America to U.S.'s culture and arts, helping dispel the false narratives often used to negatively stereotype Latinos in U.S. The Museum will use this as its overarching theme of the capital campaign in Mexico.

2. Committee for Fundraising in Mexico

- Andrew Kluger – Committee Chair, Chair of the TMM's Board of Trustees
- Carlos Camacho – Member of TMM's Board of Trustees
- Gemi Gonzales – Member of TMM's Board of Trustees
- Sergio Alcocer - Member of TMM's Board of Trustees
- Salvador Briman - Member of TMM's Board of Trustees
- Tere Casas - Member of TMM's Board of Trustees
- Manuel Rosales
- James Quadra
- Victor Marquez

The CV of the Committee members are available upon request.

3. Campaign Goal

The fundraising goal in Mexico was initially to raise $10 million. As discussed below, the Museum has already obtained a lead pledge of $5 million. The goal now is to raise the remaining $5 million over the next 24 months, including $1 million before December 2024, which the Museum's fundraising consultant in Mexico Ms. Marta Turok, is a realistic and achievable goal.

4. Quiet Phase

While the Mexican Museum was working with Friends of the Mexican Museum to obtain authorized recipient status in Mexico, the Museum simultaneously began the "quiet phase" of its campaign, soliciting donations from potential key donors in Mexico contingent on obtaining the authorized recipient status. This resulted in a lead pledge of $5 million from Mauricio Sulaimán, president of the World Boxing Council, tied to naming the Museum's second floor sculpture gallery in honor of Mr. Sulaimán's family. The Museum anticipates this donation will be available during the Museum's second phase of construction upon completion of the grand staircase that will connect the Museum's second floor to the third floor, making the two-story sculpture gallery visible from the third floor via a balcony projecting into the sculpture gallery.

5. Public Phase

Kick Off: The public phase of the Mexico campaign kicked off with a series of meetings in Mexico City between Andrew Kluger, Chair of the Fundraising Committee, and potential donors. The meetings took place between April 19 and May 4, 2024. Mr. Kluger met with with the following individuals and made the following requests, which the Museum expects to secure by December 2024.

- Juan Beckman, CEO of Don Julio Tequila: up to $1 million.
- The Coppel Family, owners of department stores throughout Mexico: $250,000
- Roberto Jenkins, member a prominent real estate family based in Puebla: $300,000
- Bismarck Lepe, CEO of WIZELINE: $100,000

Public Phase Activities:

- Mr. Kluger and other members of the Committee for Fundraising in Mexico, who have extensive connections in Mexico, will continue to schedule personal meetings with high-net-worth individuals and corporate representatives in Mexico to solicit donations. The Museum expects to schedule meeting quarterly until the $5 million goal is achieved.

- The Museum is in the process of building a Friends of the Mexican Museum Spanish-language website that will be able to accept donations online.

- The Museum is developing a social media marketing strategy for Friends of the Mexican Museum in Mexico using the most popular platforms in Mexico: Facebook, Instagram and WhatsApp.

- The Museum's fundraising consultants have identified Mexico's top 1000 companies to solicit donations via email, mailings and telephone calls.

- The Museum will host an annual gala fundraising event in Mexico City for the next 3 years and invite high-net-worth individuals, corporate representatives and government officials. The Museum anticipates the first gala event will take place in late fall 2024.

- The Museum enjoys the support of Mexican diplomates in the U.S., including Mexican Ambassador Esteban Moctezuma, who has visited 706 Mission Street to view the future home of the Museum. The Museum will work with offices of Ambassador Moctezuma and Consul Generals to reach out to Mexican companies doing business in the U.S. to solicit donations.

- The Museum will be submitting applications to the following Mexican foundations identified by the Museum's Committee for Fundraising in Mexico:
    - Jumex Foundation
    - Carlos Slim Foundation
    - Cemex Foundation

The Committee is researching to identify other foundations.

Follow-up:

The Museum will implement a quarterly review and reporting process to track the success of this fundraising campaign in Mexico and adjust as needed.

The Museum is developing processes for the collection of pledged donations in Mexico.

D. U.S. Grant Writing Program

TMM is registered with the grants.gov entity and has already identified numerous grant prospects. MNC will build on this work and use its grant expertise to implement a grant writing programs directed at grant opportunities available at the state and national level. MNC will conduct further research to identify additional grant opportunities and will write and coordinate full grant proposals.

Based on its experience, MNC believes that a goal of grant award totaling $5 million is realistic, and achievable fundraising over the next 24 months.

E. Reporting Relationship

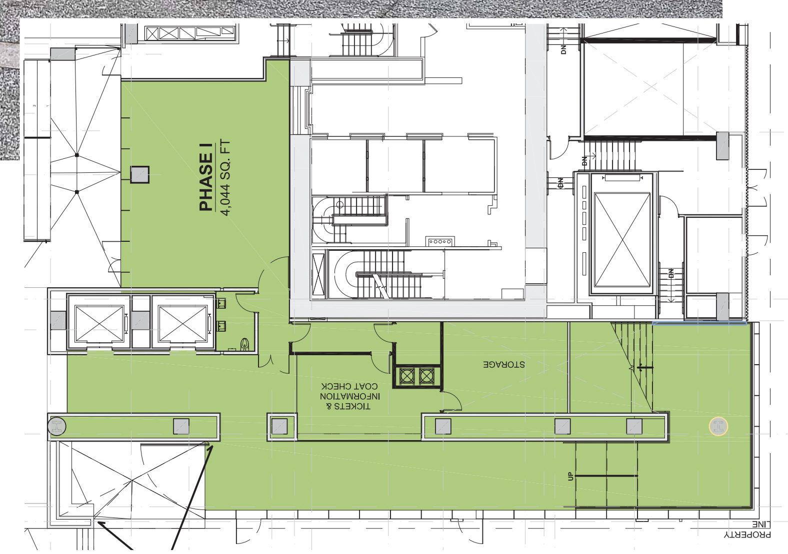
Ms. Ybarra will report to Andrew Kluger, TMM's Board Chair, Richard Ybarra, MNC's CEO, and Sebastian Alioto, MNC's Chief Financial Officer. Ms. Ybarra and other members of MNC fundraising team will work closely with other staff and volunteers, as appropriate.

Exhibit B

THE MEXICAN MUSEUM
706 Mission Street, San Francisco, California
4/30/2024 R-9

THE MEXICAN MUSEUM
In Association with the Smithsonian Institution

PHOTO EXISTING CONDITIONS
TMM MAIN ENTRANCE PROPOSED WALL WRAP BANNER



PHASE I: PERMIT ONE GROUND FLOOR

PROJECT PHASING
PHASE I

Phase I, Permit One: will consist of the build out of the ground floor lobby and the proposed café area to be utilized as a TMM Pop-up Gallery to create a presence in Jessie Square Plaza during construction. All existing walls that were installed to obtain building occupancy at the ground floor will remain. The estimated time for construction documents is projected to be 3 months. The constuction phase is projected to be 3 months. Please note that changes were made to the Mexican Museum's main entrance pushing out the envelope walls without TMM approval. Estimated Costs for Permit One $1,850,000.00

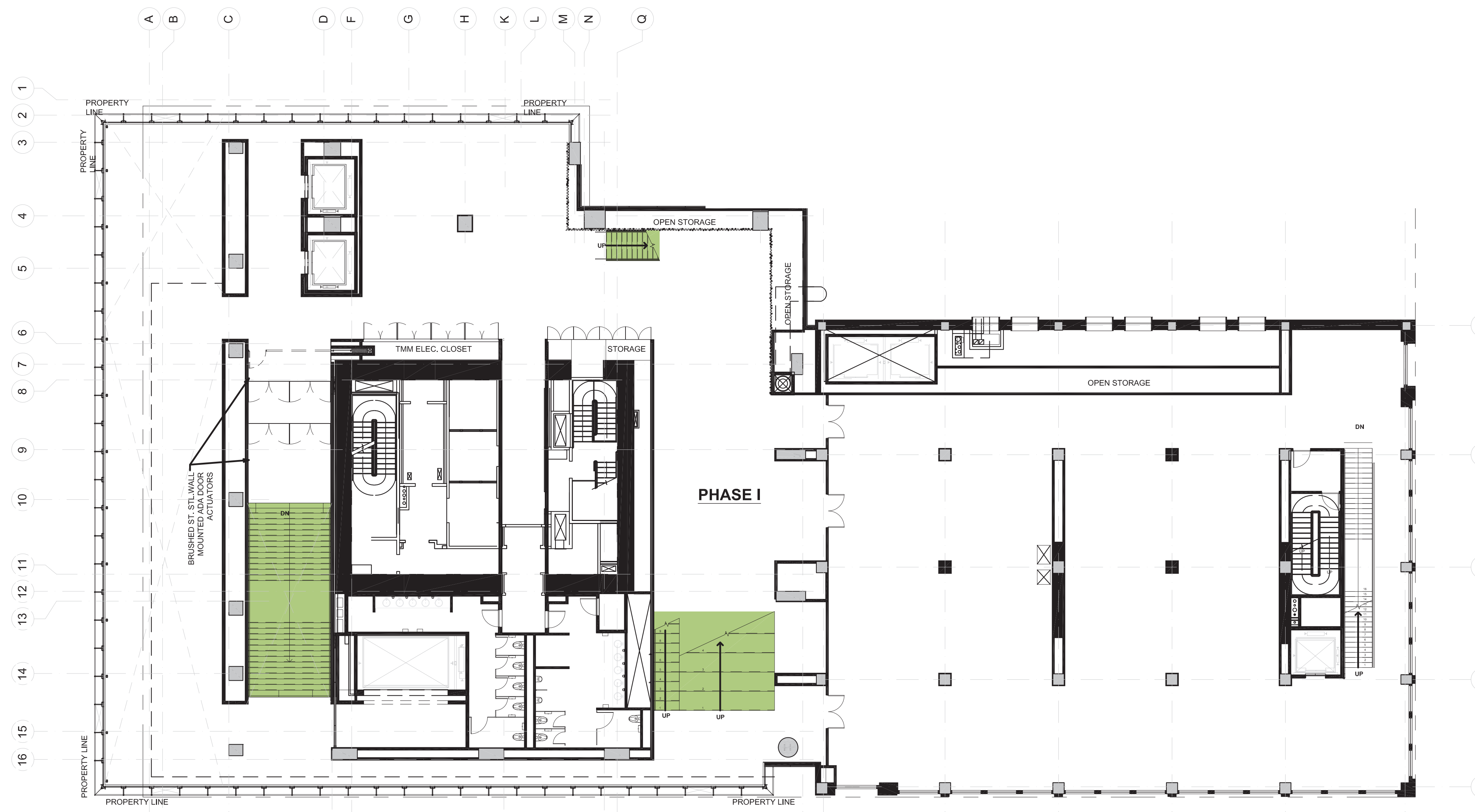
Phase I will utilize the MEP and Fire Safety Consultants for original permit for the overall building as consultants to TMM MEP & Life Safety Design Build contractors. In this phase, we will coordinate scope for Phase II build out as defined. The Architect of Record, for Phase II, and Lighting Consultant will be included as consultants to coordinate with Phase Phase II build out.

Phase I TMM will install banners on the building announcing the location of the Mexican Museum Project and Opening Date. A temporary wall wrap banner is proposed at the Main Entrance Lobby facing the Jessie Plaza with Decal Posters on the windows from past exhibits from 1975 to 2100. Additional Temporary Banners will be located on the Mission Street Façade and the Third Street Façade.

PROJECT PHASING
PHASE I

Phase I, Permit Two: The build out of the second floor gallery space with the installation of the stairs from the ground floor to the second floor gallery space. Estimated Cost **$9,250,000.00**

PHOTO EXISTING CONDITIONS



FLOOR PLAN LOCATION OF STAIRS TO BE INSTALLED

PROJECT MANAGEMENT
PROJECT TEAM PHASE I

The project delivery system is a Progressive Design Build approach lead by the Project Manager, Cordoba Corporation with Guzman Construction Group as the contractor. The Mexican Museum goals is for the project team to exceed the local business and local small business utilization goals of OCII. This project is will be a Union project which will employ over 100 union workers in the project force.

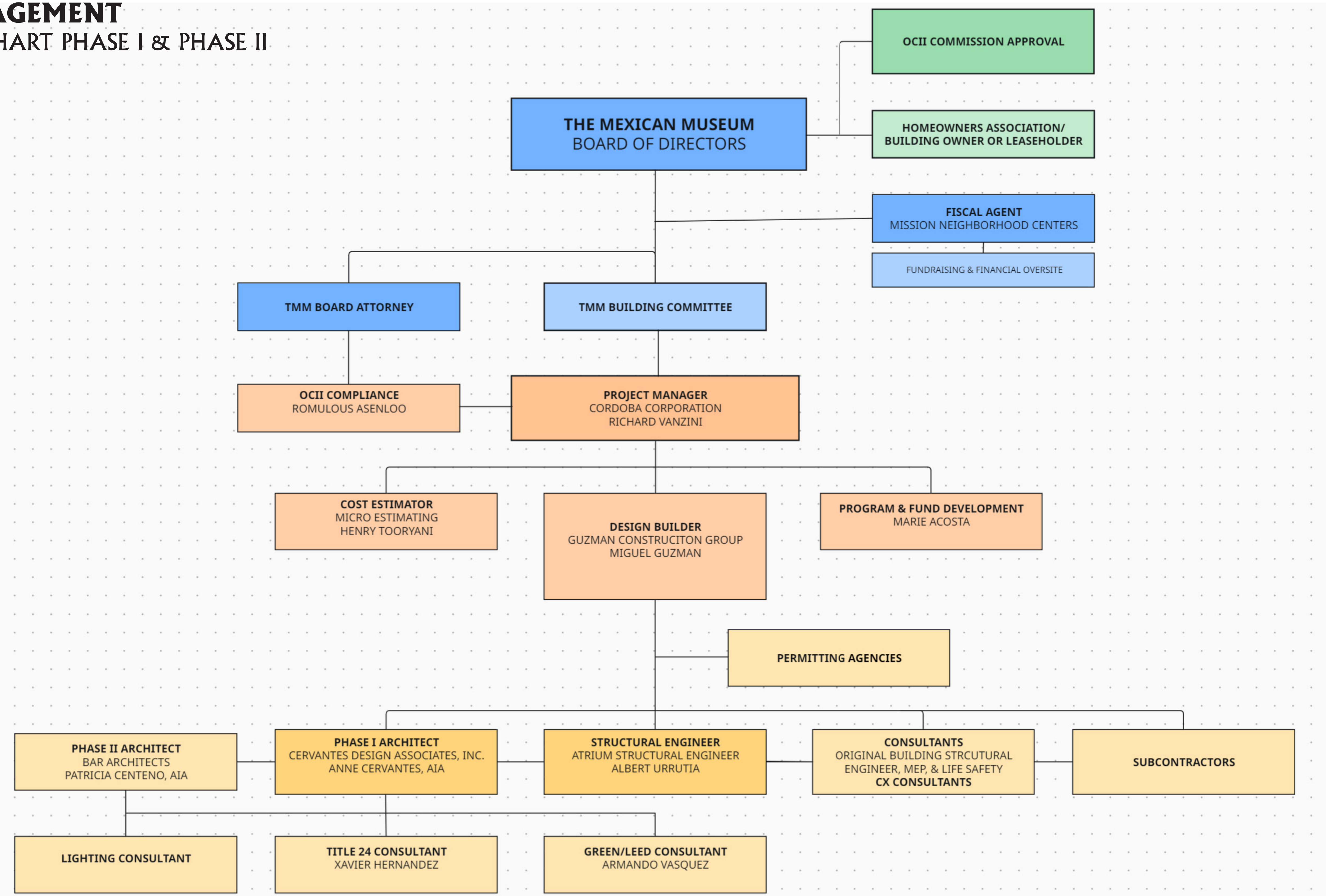
PHASE I: GROUND FLOOR /SECOND FLOOR
Guzman Construction Group, team of consultants:

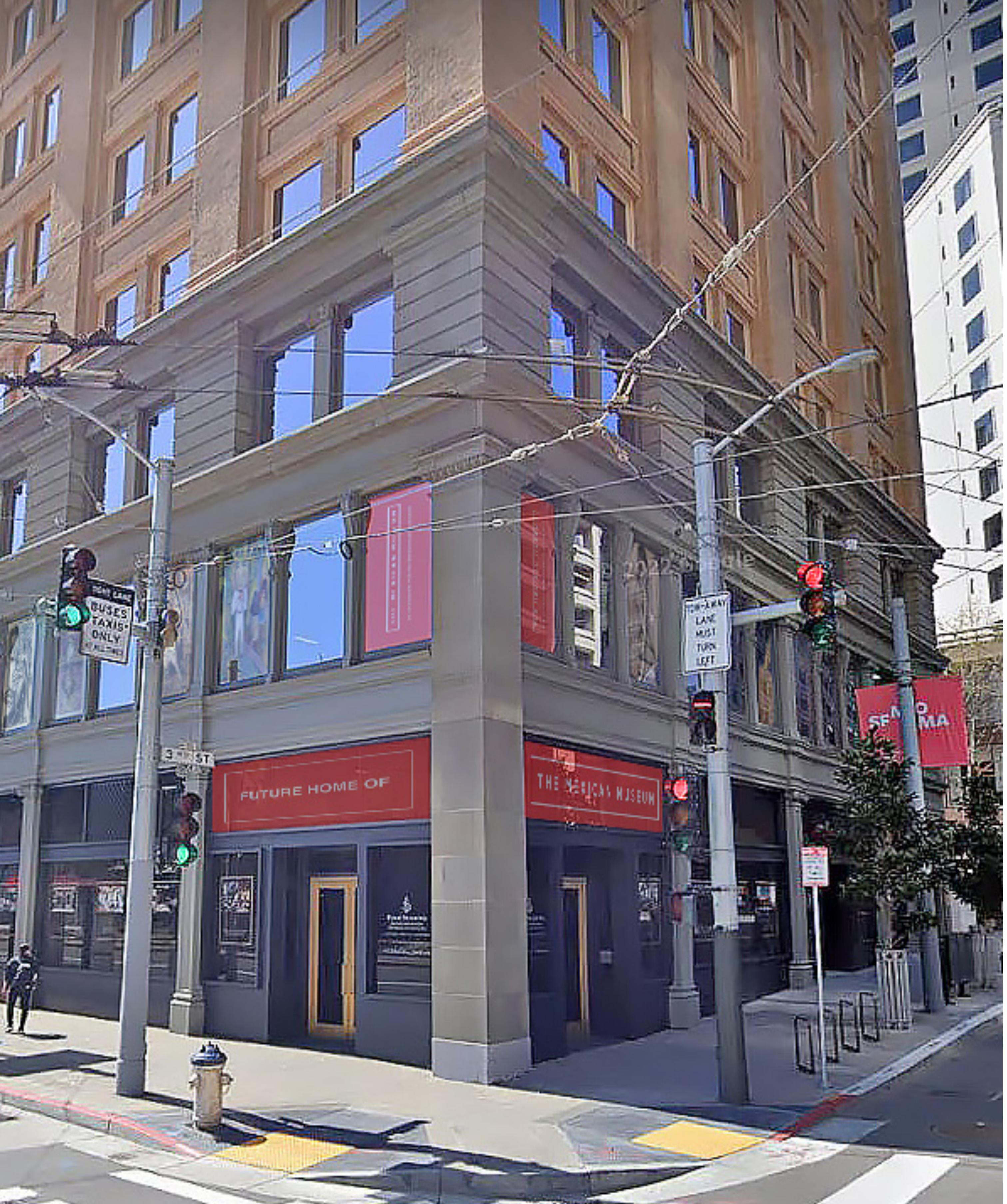
Permit One: The architect of record for Phase I Pop-Up Gallery and confirmation of the exiting plan required for the permit two is Cervantes Design Associates. as the Architect of Record. CDA will coordinate with BAR architects, AOR for the minimal design approach for permit 2. The proposed cafe toilet will be built in this to be used as part of the pop up gallery until the main space is finished. MEP consultant as part of the overall building will be utilized during this phase.

Permit Two: The architect of record for the build out of the second floor gallery with BAR leading the architectural and team of consultants, that includes an associate architect. Scope work to include mechanical, electrical, plumbing, security systems which includes a museum and lighting consultants.

The project team will develop construction documents to capture the vision of Ten Arquitectos approved Schematic Design.

PROJECT MANAGEMENT
ORGANIZATION CHART PHASE I & PHASE II





PROJECT SCHEDULE
WITH CASH FLOW PROJECTIONS

SUMMARY OF PROJECTED COSTS

PHASE I

PERMIT ONE:	GROUND FLOOR POP UP GALLERY MECHANICAL, ELECTRICAL PLUMBING, SECURITY SYSTEM	$ 1,850,000.00
PERMIT TWO:	SECOND FLOOR BUILD OUT MECHANICAL, ELECTRICAL PLUMBING, SECURITY SYSTEM	$ 9,250,000.00
		$ 11,100,000.00

PHASE II

PERMIT THREE:	THIRD & FOURTH FLOOR BUILD OUT MECHANICAL, ELECTRICAL, PLUMBING, SECURITY SYSTEMS	$26, 900,000.00
TOTAL FOR ALL PHASES		$38,000,000.00

PROJECT SCHEDULE
WITH CASH FLOW PROJECTIONS

DETAIL SUMMARY

PHASE I: PERMIT ONE: GROUND FLOOR BUILD OUT ACTIVATION OF GROUND FLOOR POP-UP GALLERY

PERMIT TWO: SECOND FLOOR BUILD OUT

	DURATION		COSTS	FUNDING SOURCE
PHASE I: PERMIT ONE GROUND FLOOR	1-6 months		$1,849,500.00	
POP- UP GALLERY				
PERMIT SET, OVERALL BUILDING EXITING PLAN, MECHANICAL, ELECTRICAL, PLUMBING & SECURITY SYSTEM				
Preconstruction Costs 25% total costs: $ 337,000.00	Month 1	$	150,000.00	$ 150,000.00 (Donations-submit for OCII reimbursement)
Project Management				
Construction Management				
Surveys & Reports (as needed)	Month 2	$	93,500.00	$ 93,500.00 (Donations-submit for OCII reimbursement)
Design & Engineering				
Furniture, Fixtures & Equipment				
Reproduction	Month 3	$	93,500.00	$ 93,500.00 (Donations-submit for OCII reimbursement)
Permitting				
Inspection Fees				
Construction Costs 63% total costs: $ 1,350,000.00	Month 4	$	750,000.00	$ 750,000.00 (Donations-submit for OCII reimbursement)
Contractor's Overhead 12% total costs $162,000.00				
TOTAL: $ 1,849,000.00	Month 5	$	381,000.00	$381,000.00 (Donations-submit for OCII reimbursement)
	Month 6	$	381,000.00	$381,000.00 (Donations-submit for OCII reimbursement)
TOTAL PHASE I: PERMIT 1	6 months	$	1,849,000.00	FUNDING SOURCES USED:
				Donations: $1,849,000.00
				Grant Funds Reimbursed available for Phase I-Permit 2: $1,849,000.00

PHASE I: PERMIT 2 SECOND FLOOR	7-12 months		$9,247,500.00	
SECOND FLOOR GALLERY				
PERMIT SET FOR SECOND FLOOR BUILD OUT, MECHANICAL, ELECTRICAL, PLUMBING & SECURITY SYSTEMS				
Preconstruction Costs 25% total costs: $ 1,687,500.00	Month 7	$	843,750.00	$ 843,750.00 (Donations-submit for OCII reimbursement)
Project Management				
Construction Management				**$2,692,750.00 OCII Grant Funds Received**
Surveys & Reports (as needed)				
Design & Engineering	Month 8	$	843,750.00	$ 843,750.00 (Donations-submit for OCII reimbursement)
Furniture, Fixtures & Equipment				
Reproduction				**$3,536,500,00 OCII Grant Funds Received**
Permitting				
Inspection Fees				
Construction Costs 63% total costs: $ 6,750,000.00	Month 9	$	1,560,000.00	$ 1,560,000.00 (Donations-submit for OCII reimbursement)
Contractor's Overhead 12% total costs $810,000.00				**$5,096,500 OCII Grant Funds Received**
TOTAL: $9,247,500.00	Month 10	$	1,800,000.00	$1,800,000.00 (Reimbursed OCII Grant Funds-submit $1,403,500 of this payment to OCII reimbursement to exhaust estimated remaining OCII Grant Funds of initial $6,500,000.00)
				$6,500,000.00 OCII Grant Funds Received
	Month 11	$	2,200,000.00	$2,200,000.00 (Reimbursed OCII Grant Funds)
	Month 12	$	2,000,000.00	$1,060,000.00 (Donations) $940,000.00 (Reimbursed OCII Grant Funds)
TOTAL PHASE I: PERMIT 2	8 months	$	9,247,500.00	FUNDING SOURCES USED:
				Donations: $ 3,147,000.00
				OCII Grant Funds $6,500,000.00

PHASE I: PERMITS 1 & 2		
DONATIONS	$	4,597,000.00
OCII GRANT FUNDS	$	6,500,000.00
TOTAL COSTS	$	11,097,000.00

THE MEXICAN MUSEUM
706 Mission Street, San Francisco, California
4/30/2024 R-9

THE MEXICAN MUSEUM
In Association with the Smithsonian Institution

Aerial View

Cross Section

Ground Floor: Main Entrance & Retail Space

Second Floor: Gallery with a two-story Scuplture Gallery and grand staircase

Third Floor: Gallery

Fourth Floor: Administrative Office and Education Program Space

THE MEXICAN MUSEUM
BUILDING DESCRIPTION

The Mexican Museum Tenant Improvement to 706 Mission will consist of two phases with a progressive design build project delivery system. The progressive design build project delivery system has been utilized by the San Francisco Airport as a measure to keep control of cost at each of the design phases. Design Architect for the Mexican Museum Project is "Ten Arquitectos" a Mexican Architect with Enrique Norton as the lead designer.

The approved "Ten Arquitectos" Concept Design Plans & Millennium Permit Drawings description:

Ground Floor: Main entrance to the TMM facing Jessie Square Plaza, with a lobby and reception area, a café facing the alley, and a Mexican Museum store and restaurant tenant space, which is part of the TMM lease which is located at Mission and Third street.

Second Floor: Access to this floor is via elevators or main entrance staircase to the main gallery space with a grand staircase to be used for access to the third-floor gallery. The second-floor gallery facing Jessie Square Plaza has been programmed for a two-story sculpture gallery. Ancillary space includes a freight elevator from the basement, public restrooms, internal stair to the third floor and an exit stair exiting onto Third Street.

Third Floor: Additional gallery space with a balcony projecting into the sculpture gallery. The termination of the grand staircase, a freight elevator from the basement, public restrooms, internal stair to the fourth floor and an exit stair exiting onto Third Street

Fourth Floor: Administrative offices and education program space with fixed office partitions and a flexible educational space, includes a freight elevator from the basement, public restrooms, internal stair to the third floor and an exit stair exiting onto Third Street

Basement Bl: Museum Storage Area is located adjacent to the loading dock no. 1 with Museum Security. The Storage Area has secured storage and receiving area, and area for Museum trash and required bike storage area.

Basement B2: Museum Storage Area adjacent to the freight elevator.

THE MEXICAN MUSEUM
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SECOND FLOOR SCULPTURE GALLERY

THE MEXICAN MUSEUM

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SECOND FLOOR SCULPTURE GALLERY
VIEW TOWARD MISSION STREET

THE MEXICAN MUSEUM
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SECOND FLOOR GRAND STAIRCASE
VIEW TO THIRD FLOOR

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THIRD FLOOR GALLERY
PERMANENT COLLECTION

THE MEXICAN MUSEUM
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Exhibit C

<u>TMM Phase 1 Build-Out: Use and Sources of Funds</u>

Six months in advance of the anticipated start of construction project, TMM will begin its Capital Campaigns in the U.S. and Mexico to fund Phase 1 of the 706 Mission Street tenant improvements. The minimum estimated donations during this period total $4.5 million (the required matching amount from TMM to access grant funds) as follows:

Estimated Minimum Fundraising fund from U.S. Capital Campaign: $3.5 million (Based on donations from high-net-worth individuals and business $2 million; donations generated by mail, telephone and social media outreach $1 million.)

Estimated Minimum Fundraising funds from Mexico Capital Campaign: $1 million (Based on donations from high-net worth individuals and businesses driven by Mexico tax deductible donations legislation obtained by TMM.)

TMM has already obtained a pledge of $5 million for Phase 2 of the build out of the Museum space. During the following 18 months, TMM will seek to raise an additional $27.5 million from the U.S. Capital Campaign, the Mexico Capital Campaign and its grant-writing program as stated in MNC's fundraising plan for TMM. The average estimated monthly donations goal $1,500,00. However, the Capital Campaigns are expected to result in greater donations during the first 12 months than in the remaining period while the grant writing program is expected to generate funds during the second half of the period.

In addition, TMM has obtained $1.5 million receivables funding from Marble Bridge Funding, Inc. to advance funds pending payment of OCII grant reimbursements, fundraising donations and grant writing funds. This will allow TMM to avoid work interruptions.

Attached is a table detailed the specific sources of funds for the Phase 1 Build-Out of the Museum space at 706 Mission Street, which exhaust the remaining OCII Grant funds of $6,500.000.00.

SOURCES AND USE OF FUNDS FOR PHASE 1 BUILD-OUT				
	DURATION	COSTS		FUNDING SOURCE
PHASE I: PERMIT ONE GROUND FLOOR	1-6 months	$1,849,500.00		
POP- UP GALLERY				
PERMIT SET, OVERALL BUILDING EXITING PLAN, MECHANICAL, ELECTRICAL, PLUMBING & SECURITY SYSTEM				
Presconstruction Costs 25% total costs: $ 337,000.00	Month 1	$	150,000.00	$ 150,000.00 (Donations-submit for OCII reimbursement)
Project Management Construction Management				
Surveys & Reports (as needed) Design & Engineering Furniture, Fixtures & Equipment	Month 2	$	93,500.00	$ 93,500.00 (Donations-submit for OCII reimbursement)
Reproduction Permitting Inspection Fees	Month 3	$	93,500.00	$ 93,500.00 (Donations-submit for OCII reimbursement)
Construction Costs 63% total costs: $ 1,350,000.00	Month 4	$	750,000.00	$ 750,000.00 (Donations-submit for OCII reimbursement)
Contractor's Overhead 12% total costs $162,000.00				
TOTAL: $ 1,849,000.00	Month 5	$	381,000.00	$381,000.00 (Donations-submit for OCII reimbursement)
	Month 6	$	381,000.00	$381,000.00 (Donations-submit for OCII reimbursement)
TOTAL PHASE I: PERMIT 1	6 months	$	1,849,000.00	FUNDING SOURCES USED:
				Donations: $1,849,000.00
				Grant Funds Reimbursed available for Phase 1-Permit 2: $1,849,000.00
PHASE I: PERMIT 2 SECOND FLOOR	7-12 months	$9,247,500.00		
SECOND FLOOR GALLERY				
PERMIT SET FOR SECOND FLOOR BUILD OUT, MECHANICAL, ELECTRICAL, PLUMBING & SECURITY SYSTEMS				
Presconstruction Costs 25% total costs: $ 1,687,500.00	Month 7	$	843,750.00	$ 843,750.00 (Donations-submit for OCII reimbursement)
Project Management Construction Management Surveys & Reports (as needed)				**$2,692,750.00 OCII Grant Funds Received**
Design & Engineering	Month 8	$	843,750.00	$ 843,750.00 (Donations-submit for OCII reimbursement)
Furniture, Fixtures & Equipment Reproduction Permitting Inspection Fees				**$3,536,500,00 OCII Grant Funds Received**
Construction Costs 63% total costs: $ 6,750,000.00	Month 9	$	1,560,000.00	$ 1,560,000.00 (Donations-submit for OCII reimbursement)
Contractor's Overhead 12% total costs $810,000.00				**$5,096,500 OCII Grant Funds Received**
TOTAL: $9,247,500.00	Month 10	$	1,800,000.00	$1,800,000.00 (Reimbursed OCII Grant Funds-submit $1,403,500 of this payment to OCII reimbursement to exhaust estimated remaining OCII Grant Funds of initial $6,500,000.00)
				$6,500,000.00 OCII Grant Funds Received
	Month 11	$	2,200,000.00	$2,200,000.00 (Reimbursed OCII Grant Funds)
	Month 12	$	2,000,000.00	$1,060,000.00 (Donations) $940,000.00 (Reimbursed OCII Grant Funds)
TOTAL PHASE I: PERMIT 2	8 months	$	9,247,500.00	FUNDING SOURCES USED:
				Donations: $ 3,147,000.00
				OCII Grant Funds $6,500,000.00
PHASE 1: PERMITS 1 & 2				
DONATIONS		$	4,597,000.00	
OCII GRANT FUNDS		$	6,500,000.00	
TOTAL COSTS		$	11,097,000.00	