



Investor Presentation

November 12, 2009





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**SPACE
CENTER**
HOUSTON

Participants

<u>Company</u>	<u>Title</u>
<u>Space Center Houston</u>	
Richard E. Allen, Jr.	Chief Executive Officer
Janet Thompson Brown	Director of Finance
<u>First Southwest Company (Underwriter)</u>	
Drew Masterson	Managing Director

Space Center Houston Overview

Richard E. Allen, Jr.
Chief Executive Officer

Space Center Houston Overview

- Total building: 183,000 s.f.
 - First level devoted to visitor attractions
 - Second level mezzanine accommodates administrative offices, projection rooms, storage areas, building mechanical rooms, etc. and is not open to the public



- Located at Johnson Space Center, Houston, Harris County, Texas
- Provides a variety of displays, film attractions, shows, static and interactive exhibits, a tour and other visitor amenities

Permanent Exhibits

Lunar Landscape



Kids Space Place



Space Center Theater



Astronaut Gallery



Rotating Exhibits

- Live the Adventure – Summer 2009
- Interactive Exhibit featuring themes from George Lucas films



Rotating Exhibits

- National Geographic – Maps
- Fall 2009
- Spring & Fall exhibits emphasize educational content



NASA Tram Tour

- A behind-the-scenes journey through NASA's Johnson Space Center
- See the Historic Mission Control Center, the Space Vehicle Mockup Facility or the current Mission Control Center
- Visit the Saturn V Complex at Rocket Park
- See astronauts training for upcoming missions



The Manned Space Flight Education Foundation, Inc. and Space Center Houston History

- Hal Stall, director of Public Affairs at Johnson Space Center, wanted to provide real role models for youth, showing them that working hard in math and science classes could pay off with a career as a spacecraft designer or astronaut.
- Johnson Space Center and the community formed Manned Space Flight Education Foundation, Inc., a non-profit organization in 1986.
- The Foundation brought in the experts from Walt Disney Imagineering. Using BRC Imagination Arts as a collaborating designer, Disney generated the concepts that would become Space Center Houston.
- Many corporations backed the building of the Center by providing seed money. And, in April of 1991, \$68.4 million in tax-exempt bonds were sold to the public.
- The Center opened to the public in October 1992.



Overview of Governance Structure

Structure of Board

- 16 Members
 - 6 from Johnson Space Center
 - Growing board to expand fund raising capacity



Richard E. Allen, Jr.-President & CEO (left) thanks Barry Waddell (center) for his eight years of service to the foundation board and welcomes Joel Walker-Director of Center Operations for NASA Johnson Space Center (right) as the incoming Chairman of the Board.

Foundation's Officers

- Richard E. Allen, Jr.
 - President/Chief Executive Officer
- Janet Thompson Brown
 - Director of Finance
 - Secretary/Treasurer of Foundation
 - Certified Public Accountant



Board of Directors

- **Joel B. Walker, Board Chairman**
 - Director, Center Operations Directorate
Lyndon B. Johnson Space Center
- **Susan H. Garman, Vice Chairperson**
 - Retired from NASA
Lyndon B. Johnson Space Center
- **The Honorable Ronald A. Kapche**
 - Chairman
TEI Staffing
- **George A. DeMontrond III**
 - President
DeMontrond Automotive Group, Inc.
- **Fred Griffin**
 - CEO & Chairman
Griffin Partners, Inc.
- **Ellen Conners**
 - Director, External Relations
Lyndon B. Johnson Space Center
- **Ellen Ochoa**
 - Deputy Director
Lyndon B. Johnson Space Center
 - Former Astronaut
- **Richard J. Hieb**
 - Vice President
Lockheed Martin Mission Services
 - Former Astronaut
- **Debra L. Johnson**
 - Director, Office of Procurement
Lyndon B. Johnson Space Center
- **Dennis E. Murphree, Chairman of Finance Committee**
 - Managing General Partner
Murphree Venture Partners
- **Jim Reinhartsen, Chairman of Operations Committee**
 - President
Bay Area Houston Economic Partnership
- **Randa Duncan Williams**
 - President
Enterprise Products Company
- **Natalie Saiz**
 - Director, Human Resources
Lyndon B. Johnson Space Center
- **Bill King**
 - Attorney
Bracewell & Giuliani LLP

Operations Overview

Richard E. Allen, Jr.
Chief Executive Officer

Historical Attendance

Fiscal Year 12/31	Total Attendance	Paid Attendance	Attendance Revenue	Ticket Revenue Per Paid Capita
1996	765,472	737,829	\$7,082,479	\$10
1997	797,670	742,085	7,425,493	10
1998	857,525	784,956	8,390,272	11
1999	848,523	780,437	8,452,635	11
2000	824,171	752,020	8,766,817	12
2001	723,165	660,886	8,063,512	12
2002	739,109	673,227	7,777,311	12
2003	681,757	614,774	7,991,427	13
2004	704,297	632,908	8,339,749	13
2005	715,185	645,067	7,859,144	12
2006	663,797	596,086	8,587,352	14
2007	702,215	651,488	9,120,831	14
2008	715,934	615,325	9,258,789	15



Visitor Ticket Prices

- **Visitor Rates**

- Effective November 2008

General Admission - Adults	\$19.95
General Admission - Seniors	\$15.95
General Admission - Children (4-11)	\$18.95
Children Under 4	Free
Parking	\$5.00
School Visit Program (Adult - Child)	\$9.95-\$11.95
Group Programs	\$9.95-\$11.95

Education Programs

- Space Center Houston offers exciting educational programs for children of various ages that are out of this world!
 - Spring Break Day Camps
 - Summer Day Camps
 - Holiday Camps
 - Space Schools
 - Scout Camp-ins
 - School Visit Overnights
 - Distance Learning



- Students and campers learn in a fun and unique environment where they can explore the wonders of space through hands on activities and one-of-a kind space exhibits.
- Educational programs and camps account for approximately 9% of total revenues



Merchandise Business

- The Foundation has a license agreement with Host International, a subsidiary of Marriott Corporation to operate the merchandise business and to pay the Foundation license fees
 - License fees are equal to the greater of
 1. 22.5-35% of gross sales or
 2. a minimum guarantee of \$2,000,000 (or \$1 times actual attendance if attendance is less than 1,750,000)
 - Expires October 15, 2012
 - In addition, the Foundation receives incentive payments equal to \$1.15 per person in excess of 650,000 in attendance
- Merchandizing accounts for approximately 8% of total revenues



**SPACE
CENTER**
HOUSTON

Food Concessions

- The Foundation has entered into an extension and amendment to the agreement with the Sodexo Marriott Management Services Corp.
 - Marriott operates and manages the food concession business at the Space Center and pays the Foundation a fee ranging from 20% to 28% of gross receipts
 - Sodexo paid the Foundation a sign-on bonus of \$150,000 and invested \$400,000 in the food service program for upgrades and enhancements. In addition, in 2012 they will invest another \$250,000 in enhancements
 - Sodexo also advanced the Foundation \$500,000 of commission revenues for renovations, which is repaid by the Foundation in \$50,000 increments annually
 - Expires in 2017
- Food concessions account for approximately 4.5% of revenues annually



Sponsorships

- Sponsorships account for approximately 13% of revenues annually

<u>Sponsor</u>	<u>Expiration Date</u>
City of Webster	2/15/2010
Southwest Airlines	3/31/2010
Pepsi Company	9/30/2010
Discount Tire Company	12/31/2011
Northrop Grumman	10/22/2012

- NASA has contributed an average of \$710,000 a year for utilities for the last 4 years



Financial Results & Projections

Janet Thompson Brown
Director of Finance

Financial Results – Unrestricted Income Statements

	For eight months ended August 31		Fiscal Year Ended December 31,			
	2009	2008	2007	2006	2005	2004
Revenue and support:						
Attendance	\$ 6,699,882	\$ 9,258,789	\$ 9,120,831	\$ 8,587,352	\$ 7,859,144	\$ 8,339,749
Contributions	227,922	86,358	316,630	417,714	400,275	290,882
Merchandise	925,742	1,455,097	1,369,925	1,272,513	1,251,506	1,164,486
Interest	8,910	105,504	199,612	150,313	93,958	31,888
Parking	575,204	645,530	644,238	617,153	559,938	555,806
Education	1,417,197	1,748,487	1,631,065	1,517,760	1,466,486	1,380,415
Food and beverage	541,447	828,634	772,223	793,656	661,275	660,421
Miscellaneous	1,459,637	1,025,766	1,489,837	1,195,129	1,136,634	1,027,774
Net assets released from restrictions:						
Satisfaction of program restriction	704,192	2,047,279	1,831,319	1,563,094	1,113,632	659,375
Satisfaction of NASA restriction	-	-	(200,000)	(350,000)	840,029	283,375
Total revenue and support	<u>12,560,133</u>	<u>17,201,444</u>	<u>17,175,680</u>	<u>15,764,684</u>	<u>15,382,877</u>	<u>14,394,171</u>
Expenses:						
Program services:						
Operations	6,798,146	9,523,021	9,265,648	8,530,312	7,820,433	7,474,685
Interest	1,406,512	2,109,731	2,029,073	2,029,374	1,627,068	1,549,305
Depreciation and amortization	895,362	1,437,318	1,372,393	1,374,480	1,420,708	1,450,330
Total program services expenses	<u>9,100,020</u>	<u>13,070,070</u>	<u>12,667,114</u>	<u>11,934,166</u>	<u>10,868,209</u>	<u>10,474,320</u>
Support services:						
Marketing and development:						
Operations	1,965,131	2,343,516	2,385,149	2,308,531	2,485,079	2,349,333
Interest	15,143	22,714	111,366	111,383	89,302	85,034
Depreciation and amortization	9,640	15,474	75,324	75,439	77,976	79,602
Administrative:						
Operations	1,101,523	1,879,187	1,830,854	1,849,049	1,678,898	1,658,711
Interest	48,516	72,772	64,835	64,845	51,990	49,505
Depreciation and amortization	30,884	49,578	43,852	43,919	45,396	46,342
Total support services expenses	<u>3,170,837</u>	<u>4,383,241</u>	<u>4,511,380</u>	<u>4,453,166</u>	<u>4,428,641</u>	<u>4,268,527</u>
Total expenses	<u>12,270,857</u>	<u>17,453,311</u>	<u>17,178,494</u>	<u>16,387,332</u>	<u>15,296,850</u>	<u>14,742,847</u>
Change in net assets (deficit)	289,276	(251,867)	(2,814)	(622,648)	86,027	(348,676)
Net assets (deficit), beginning of year	<u>(11,236,320)</u>	<u>(10,984,453)</u>	<u>(10,981,639)</u>	<u>(10,358,991)</u>	<u>(10,445,018)</u>	<u>(10,096,342)</u>
Net assets (deficit), end of year	<u>\$ (10,947,044)</u>	<u>\$ (11,236,320)</u>	<u>\$ (10,984,453)</u>	<u>\$ (10,981,639)</u>	<u>\$ (10,358,991)</u>	<u>\$ (10,445,018)</u>

Source: Audited Financial Statements.

(1) Represents unaudited financial results for the eight months ended August 31, 2009. Operating results for the eight months ended August 31, 2009 are not necessarily indicative of results that may be expected for the entire fiscal year ending December 31, 2009. Historically, the eight months ended August 31 of each fiscal year capture the Foundation's most profitable months.



Historical Pro Forma Debt Service Coverage

	Eight Months	Fiscal Year Ended December 31,				
	Ended August 31, 2009 ⁽¹⁾	2008	2007	2006	2005	2004
Total revenue	\$13,151,078	\$16,970,661	\$17,549,940	\$16,334,387	\$14,591,792	\$14,581,784
Less:						
Temporarily restricted contributions	(808,823)	(1,579,453)	(1,975,728)	(1,769,332)	(1,144,256)	(1,121,971)
Interest on NASA appropriation	(1,852)	(17,542)	(29,851)	(13,465)	(18,320)	(8,392)
Pledged revenue	12,340,403	15,373,666	15,544,361	14,551,590	13,429,216	13,451,421
Total expenses, excluding interest, depreciation and amortization	(9,864,800)	(13,745,725)	(13,481,651)	(12,687,892)	(11,984,410)	(11,482,729)
Add:						
Sponsor operating and maintenance	755,086	964,375	1,713,736	1,554,486	1,104,149	887,429
NASA operating and maintenance	-	-	-	-	840,029	283,375
Net revenue	3,230,689	\$2,592,316	\$3,776,446	3,418,184	\$3,388,984	\$3,139,496
Historical annual debt service	\$2,205,679	\$2,205,679	\$2,205,679	\$2,205,679	\$2,906,838	\$2,920,296
Historical coverage of annual debt service	146%	118%	171%	155%	117%	108%
Historical senior annual debt service	\$1,144,600	\$1,144,600	\$1,144,600	\$1,144,600	\$2,630,400	\$2,575,938
Historical coverage of senior annual debt service	282%	226%	330%	299%	129%	122%
Pro forma maximum annual debt service(2018) ⁽²⁾	\$4,318,185	\$4,318,185	\$4,318,185	\$4,318,185	\$4,318,185	\$4,318,185
Historical coverage of Pro forma maximum annual debt service ⁽²⁾	75%	60%	87%	79%	78%	73%
Pro forma maximum annual senior debt service (2022) ⁽²⁾	\$1,573,963	\$1,573,963	\$1,573,963	\$1,573,963	\$1,573,963	\$1,573,963
Historical coverage of Pro forma maximum senior annual debt service ⁽²⁾	205%	165%	240%	217%	215%	199%
Adjusted net revenue without Johnson Space Center's contribution for payment of utilities ⁽²⁾	\$2,746,227	\$1,914,500	\$2,992,314	\$2,699,724	\$2,731,352	\$2,707,824
Historical coverage of annual debt service based on adjusted net revenue ⁽²⁾	125%	87%	136%	122%	94%	93%

Source: Audited Financial Statements.

(1) Represents unaudited financial results for the eight months ended August 31, 2009. Operating results for the eight months ended August 31, 2009 are not necessarily indicative of results that may be expected for the entire fiscal year ending December 31, 2009. Historically, the eight months ended August 31 of each fiscal year capture the Foundation's most profitable months.

Plan of Finance

Janet Thompson Brown

CPA

Director of Finance

Outstanding Debt

Fiscal Year Ending 12/31	Senior Lien Debt Service				Total Senior Lien Debt Service	Subordinate Lien Debt Service				
	Series 1996A		Series 1996C			Series 1996B		Total Sub Lien		Total Debt Service
	Principal	Interest	Principal	Interest		Principal	Interest	Debt Service		
2009		\$ 1,125,263		\$ 18,875	\$ 1,144,138		\$ 1,061,079	\$ 1,061,079	\$ 2,205,217	
2010		1,125,263		18,875	1,144,138	\$ 65,000	1,061,079	1,126,079	2,270,217	
2011		1,125,263		18,875	1,144,138	1,400,000	1,058,466	2,458,466	3,602,604	
2012		1,125,263		18,875	1,144,138	1,600,000	1,002,186	2,602,186	3,746,324	
2013		1,125,263		18,875	1,144,138	1,810,000	937,866	2,747,866	3,892,004	
2014		1,125,263		18,875	1,144,138	2,035,000	865,104	2,900,104	4,044,242	
2015		1,125,263		18,875	1,144,138	2,275,000	783,297	3,058,297	4,202,435	
2016		1,125,263	\$ 85,000	18,875	1,229,138	2,445,000	691,842	3,136,842	4,365,980	
2017		1,125,263	90,000	16,750	1,232,013	2,715,000	593,553	3,308,553	4,540,566	
2018		1,125,263	90,000	14,500	1,229,763	3,005,000	484,410	3,489,410	4,719,173	
2019	\$ 2,020,000	1,125,263	95,000	12,250	3,252,513	1,285,000	363,609	1,648,609	4,901,122	
2020	2,210,000	938,413	95,000	9,875	3,253,288	1,530,000	311,952	1,841,952	5,095,240	
2021	2,415,000	733,988	100,000	7,500	3,256,488	1,790,000	250,446	2,040,446	5,296,934	
2022	2,640,000	510,600	100,000	5,000	3,255,600	2,070,000	178,488	2,248,488	5,504,088	
2023	2,880,000	266,400	100,000	2,500	3,248,900	2,370,000	95,274	2,465,274	5,714,174	
	<u>\$ 12,165,000</u>	<u>\$ 14,827,288</u>	<u>\$ 755,000</u>	<u>\$ 219,375</u>	<u>\$ 27,966,663</u>	<u>\$ 26,395,000</u>	<u>\$ 9,738,651</u>	<u>\$ 36,133,651</u>	<u>\$ 64,100,314</u>	

Mode
Coupon
Callable
Rating

Fixed
9.25%
8/15/08 at par
Not Rated

Fixed
2.500%
8/15/08 at par
Not Rated

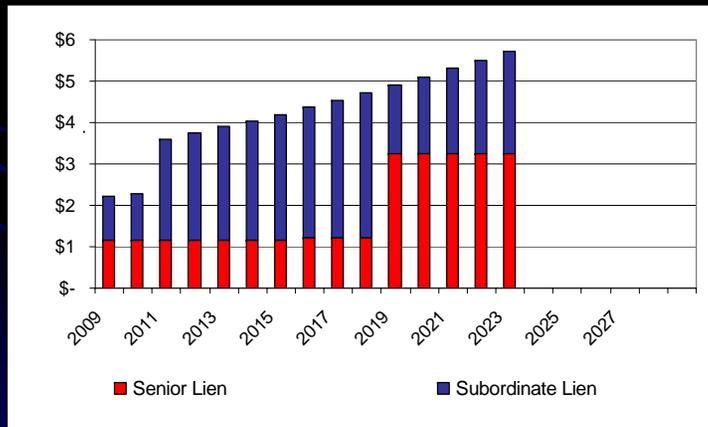
Variable (based on revenues)
4.02%
8/15/08 at par
Not Rated



Proposed Plan of Finance

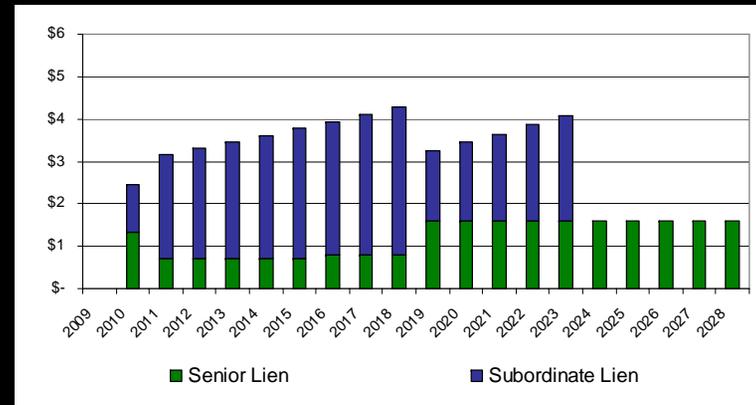
- Refinance outstanding Series 1996A Senior Lien Bonds
- Issue approximately \$10,730,000 of Series 2009 Senior Lien fixed rate bonds
 - Extend final maturity to 2028 to lower maximum annual debt service (“MADS”)
- Close Series 2009 Bond issue in December

Existing Debt Service (\$mms)



MADS: \$5.7 million

Pro Forma Debt Service (\$mms)



MADS: \$4.3 million



Post Financing Debt Service

Year Ending 12/31	Series 2009*		Series 1996C		Total Senior Lien Debt Service	Series 1996B		Total Subordinate Lien Debt Service	Total Debt Service
	Principal	Interest	Principal	Interest		Principal	Interest		
2010		\$ 571,373		\$ 18,875	\$ 590,248	\$ 65,000	\$ 1,061,079	\$ 1,126,079	\$ 1,716,327
2011		724,275		18,875	743,150	1,400,000	1,058,466	2,458,466	3,201,616
2012		724,275		18,875	743,150	1,600,000	1,002,186	2,602,186	3,345,336
2013		724,275		18,875	743,150	1,810,000	937,866	2,747,866	3,491,016
2014		724,275		18,875	743,150	2,035,000	865,104	2,900,104	3,643,254
2015		724,275		18,875	743,150	2,275,000	783,297	3,058,297	3,801,447
2016		724,275	\$ 85,000	18,875	828,150	2,445,000	691,842	3,136,842	3,964,992
2017		724,275	90,000	16,750	831,025	2,715,000	593,553	3,308,553	4,139,578
2018		724,275	90,000	14,500	828,775	3,005,000	484,410	3,489,410	4,318,185
2019	\$ 740,000	724,275	95,000	12,250	1,571,525	1,285,000	363,609	1,648,609	3,220,134
2020	790,000	674,325	95,000	9,875	1,569,200	1,530,000	311,952	1,841,952	3,411,152
2021	845,000	621,000	100,000	7,500	1,573,500	1,790,000	250,446	2,040,446	3,613,946
2022	905,000	563,963	100,000	5,000	1,573,963	2,070,000	178,488	2,248,488	3,822,451
2023	965,000	502,875	100,000	2,500	1,570,375	2,370,000	95,274	2,465,274	4,035,649
2024	1,135,000	437,738			1,572,738				1,572,738
2025	1,210,000	361,125			1,571,125				1,571,125
2026	1,290,000	279,450			1,569,450				1,569,450
2027	1,380,000	192,375			1,572,375				1,572,375
2028	1,470,000	99,225			1,569,225				1,569,225
	<u>\$ 10,730,000</u>	<u>\$ 10,821,923</u>	<u>\$ 755,000</u>	<u>\$ 200,500</u>	<u>\$ 22,507,423</u>	<u>\$ 26,395,000</u>	<u>\$ 8,677,572</u>	<u>\$ 35,072,572</u>	<u>\$ 57,579,995</u>

* Interest estimated at 6.75%. Preliminary - subject to change.



Timetable

Drew Masterson
Managing Director
First Southwest Company

Timetable

Friday, November 6th

Print POS

Thursday, November 12th

Investor call

Monday, November 16th

Price Bonds

Thursday, December 17th

Close Bonds