

June 6, 2012

The Honorable Ed Emmett, and
Commissioners Cagle, Lee, Morman, and Radack
Administration Building
1001 Preston, 9th Floor
Houston, Texas 77002

**Harris County
Sports & Convention
Corporation**

One Reliant Park
Houston, TX
77054

832.667.1841
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**Re: Transmittal of the Reliant Park Master Plan Analysis and the
2012-2013 Capital Improvement Program Funding Request**

Dear Members of the Court:

The attached reports are being transmitted to Harris County Commissioner's Court for consideration at the June 26th CIP meeting.

The reports include the Reliant Park Master Plan Analysis and the 2012-2013 Reliant Park Capital Improvement Program (CIP) Funding Request.

The Master Plan Analysis, developed by a team of consultants lead by Convention Sports & Leisure, recommends that Reliant Arena be razed and the Replacement Arena Project be developed. This project includes an 8,000 to 10,000 seat performance arena, 250,000 square feet of exhibit space, additional ballrooms, meeting and plaza space, a 2,500 to 3,000 space parking garage, along with other auxiliary improvements.

The Master Plan Analysis also recommends redeveloping the Reliant Astrodome into a Multi-Purpose Facility. A new 300,000 square foot event floor would be constructed at grade, existing seating would be removed, systems would be upgraded or replaced and improvements would be made to the roof and exterior skin. These improvements would create a highly marketable, functional, unique space and preserve the opportunity for additional development in the future.

In the event funds are not available to finance the Multi-Purpose Facility option, or if such proposal is not chosen, the report recommends redeveloping the Reliant Astrodome site into additional park space, which would be called "Reliant Park Plaza."

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Approximate Project Costs:

- Replacement Arena Project estimated cost- \$385 million
- Reliant Astrodome Multi-Purpose Facility Project estimated cost- \$270 million, or an estimated \$64 million for the Reliant Park Plaza project.

Harris County Sports & Convention Corporation, with its consultants, will continue to explore alternative sources of financing for all the options.

The CIP Funding Request includes a report detailing current Reliant Park needs totaling approximately \$21 million, as well as a Repair & Replacement (R&R) narrative and two schedules which summarize our future R&R requirements. The schedules indicate the need for an additional annual R&R funding of \$3 million dollars for Reliant Stadium and \$4.8 million for the remainder of Reliant Park (Reliant Center, Reliant Arena and the rest of the property).

Please refer any questions or comments to me.

Sincerely,



Willie P. Loston
Executive Director

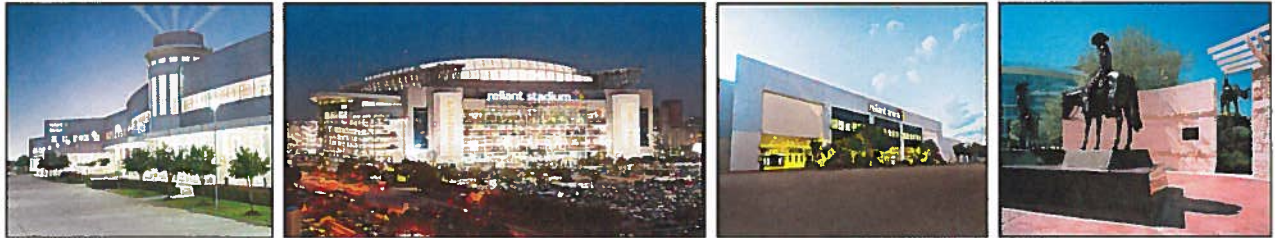
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Copy: Edgar Colón, HCSCC Chairman
HCSCC Board Members
Bill Jackson, Harris County Budget Management Dept.
Arthur L. Storey, Jr. P.E., Harris County Public Infrastructure Dept.

reliant park

Capital Improvement Program Funding Request

Fiscal Year 2012-2013



Presented To:
Harris County Commissioners Court



Ed Emmett, Harris County Judge
El Franco Lee, Commissioner, Precinct 1
Jack Morman, Commissioner, Precinct 2
Steve Radack, Commissioner, Precinct 3
R. Jack Cagle, Commissioner, Precinct 4

June 1, 2012

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Executive Summary

During the past decade Reliant Park has hosted numerous sports and entertainment events as well as several national and international exhibitions. Much of Harris County Sports & Convention Corporation's (HCSCC) success must be credited to SMG, Reliant Park's operations, maintenance and marketing group. As in years past, SMG has provided significant contributions to the development of Reliant Park and to this 2012-2013 Capital Improvement Program funding request report.

As you will note in the following Tab D, *Capital Repair & Replacement Funding Request Narrative*, HCSCC is presenting two schedules to report the long term requirements of Reliant Park. The first schedule addresses the needs associated with Reliant Stadium and the second schedule addresses the remaining facilities and components of the park complex. The Reliant Park complex has hosted 35,878,195 visitors attending events held at this premier sports and entertainment complex since the opening of Reliant Stadium and Reliant Center in 2002. With this volume of use, the park complex requires more and more maintenance, capital repairs and capital improvements as the complex ages and the number of visitors grows with each year of successful operation.

Under Tab E of this report the projects and purchases detailing the basic complex operational requests are presented for the period of 2012-2013. These requests total \$20,767,132 and represent the most current and new requests.

HCSCC would like to work with the County Budget Department to develop a plan to fund this request in order for HCSCC to meet our goal of maintaining the Reliant Park complex in a first rate condition.

Reliant Park Fiscal Year 2011-2012 Review of Operations

For the fiscal year ending February 2012 the total events held at Reliant Park increased 14.5% from the previous fiscal year. There were 449 events held, which resulted in an increase in visitor attendance of 259,719 from fiscal year ending February 2011. Gross operating revenues increased 7.28% to \$41,658,902, and operating expenses also increased .986% to \$39,079,477. As a result, net operating income (before utility costs) increased from \$132,341 in fiscal year ending February 2011, to \$2,579,425 this fiscal year.

**Numbers reflected from 2012 audited financials.*

Event Activity and Attendance
Fiscal Year 2010-2011 versus 2011-2012

	FY 2010-2011		FY 2011-2012	
	Events	Attendance	Events	Attendance
Rodeo	23	1,385,318	27	1,499,194
Entertainment	12	73,474	22	117,731
Texans Events	10	626,803	25	751,944
Amateur Sports	17	300,536	19	291,461
Family Show	29	257,171	28	293,934
Motor Sports	5	211,036	3	145,388
Convention	4	72,923	4	78,150
Consumer Show	100	403,920	108	431,770
Trade Show	11	12,462	14	17,263
Meetings/Seminar	35	16,626	31	19,403
Food & Beverage	13	16,416	19	6,599
Comm/Religious	64	257,226	67	237,086
Other Events	69	187,502	82	191,209
TOTAL	392	3,821,413	449	4,081,132

*Texans Events includes NFL games and all other Texans/LSSE events.

Financial Overview of Previously Approved Major Capital Improvement Projects

The establishment of project budgets and reliance on a purchase order system for each major category of projects has accomplished budget control of capital projects at Reliant Park. HCSCC's Board of Directors approves all invoices submitted for funding from Harris County Capital Project funds and approved invoices are recapped by project and forwarded to Harris County's Office of Financial Services for review and funding.

Reliant Park's facilities improvements and repairs are recorded on Harris County's fixed asset ledger and Harris County retains ultimate ownership of all equipment purchased by HCSCC with Harris County funding. Additionally, all fixed assets at Reliant Park are owned by Harris County.

Capital Repair & Replacement Funding Request Narrative

Reliant Park has endured a decade of limited Capital Repair and Replacement (R&R) funds necessary to adequately maintain facilities, parking lots, fixtures, furnishings, equipment and other miscellaneous items as necessary and required. The following are two R&R funding summary schedule proposals, developed to address this growing concern. The schedules are based on estimated replacement costs at the end of component life expectancy, along with a 3% annual inflation rate.

The first schedule is for Reliant Stadium. The Harris County Sports & Convention Corporation (HCSCC) established the Reliant Stadium R&R fund in 2001, as required by the tenant lease agreements. The account has received an average of \$1.7 million dollars annually over the past decade. However, the schedule requires an additional \$3 million dollars of annual funding.

The second schedule addresses the remaining components of Reliant Park, (Reliant Center, Reliant Arena and the rest of the property), which has been annually requested in HCSCC Capital Improvement Projects (CIP) reports, but never funded. HCSCC requests annual funding of \$4.8 million.

It is also important to note that these schedules only represent Reliant Park R&R needs. The report does not address enhancements, upgrades or any other lease obligations as interpreted by HCSCC.

HCSCC respectfully requests Commissioners Court authorization to provide funding for both schedules accordingly.

Reliant Stadium R&R Funding						
Year	Calendar Year	Annual Repair and Replacements	Major Repair and Replacement	Total Annual and Major Repairs and Replacements	Annual Sports Authority/Harris County Funding	Total R&R Funding Requirement
Adjustments		3.00%				
Comments			From Major Repair and Replacement Schedule			
Year 1	2002	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	2003	-	-	-	-	-
Year 3	2004	-	-	-	-	-
Year 4	2005	-	-	-	-	-
Year 5	2006	-	-	-	-	-
Year 6	2007	-	-	-	-	-
Year 7	2008	-	-	-	-	-
Year 8	2009	-	-	-	-	-
Year 9	2010	-	-	-	-	-
Year 10	2011	-	-	-	-	-
Year 11 [3]	2012	(67,196)	(8,540,120)	(8,607,316)	2,500,000	6,107,316
Year 12 [3]	2013	(69,212)	(3,952,251)	(4,021,463)	2,500,000	1,521,463
Year 13	2014	(71,289)	(494,960)	(566,249)	2,500,000	(1,933,751)
Year 14 [1]	2015	(73,427)	(1,264,076)	(1,337,503)	5,500,000	(4,162,497)
Year 15 [1]	2016	(75,630)	(22,365,250)	(22,440,880)	5,500,000	16,940,880
Year 16 [1]	2017	(77,899)	(7,046,272)	(7,124,171)	5,500,000	1,624,171
Year 17 [1]	2018	(80,236)	(7,467,468)	(7,547,704)	2,700,000	4,847,704
Year 18	2019	(82,643)	(4,343,506)	(4,426,149)	2,500,000	1,926,149
Year 19	2020	(85,122)	(591,008)	(676,131)	2,500,000	(1,823,869)
Year 20	2021	(87,676)	(26,083,333)	(26,171,009)	2,500,000	23,671,009
Year 21	2022	(90,306)	(2,261,971)	(2,352,277)	2,500,000	(147,273)
Year 22	2023	(93,015)	(12,182,582)	(12,275,598)	2,500,000	9,775,598
Year 23	2024	(95,806)	(665,185)	(760,991)	2,500,000	(1,739,009)
Year 24	2025	(98,680)	(9,454,082)	(9,552,762)	2,500,000	7,052,762
Year 25	2026	(101,641)	(6,636,740)	(6,738,380)	2,500,000	4,238,380
Year 26	2027	(104,690)	(1,133,241)	(1,237,931)	2,500,000	(1,262,069)
Year 27	2028	(107,830)	(2,011,812)	(2,119,642)	2,500,000	(380,358)
Year 28	2029	(111,065)	(1,983,882)	(2,094,947)	2,500,000	(405,053)
Year 29	2030	(114,397)	(794,266)	(908,663)	2,500,000	(1,591,337)
Year 30	2031	(117,829)	(72,894,889)	(73,012,718)	2,500,000	70,512,718
Total		\$ (1,805,591)	\$ (192,166,895)	\$ (193,972,486)	\$ 59,200,000	\$ 134,772,486

[-] Less Year 30 [2] \$ (73,012,718)

Unfunded Balance \$ 61,759,768

Annual R&R Funding Needed In Excess of Sports Authority/Harris County Funding \$ 3,087,988

[1] Missed R&R funding catch up

[2] Assumes bonds are retired and funding would available from Sports Authority

[3] Harris County Funding

Reliant Park R&R Funding				
Year	Calendar Year	Annual Repair and Replacements	Major Repair and Replacement	Total Annual and Major Repairs and Replacements
Adjustments		3.00%		
Comments			From Major Repair and Replacement Schedule	
Year 1	2002	\$ -	\$ -	\$ -
Year 2	2003	-	-	-
Year 3	2004	-	-	-
Year 4	2005	-	-	-
Year 5	2006	-	-	-
Year 6	2007	-	-	-
Year 7	2008	-	-	-
Year 8	2009	-	-	-
Year 9	2010	-	-	-
Year 10	2011	-	-	-
Year 11	2012	67,196	3,680,695	3,747,891
Year 12	2013	69,212	4,388,142	4,457,354
Year 13	2014	71,288	891,659	962,947
Year 14	2015	73,427	3,198,594	3,272,021
Year 15	2016	75,629	21,693,159	21,768,788
Year 16	2017	77,898	5,933,391	6,011,289
Year 17	2018	80,235	1,003,570	1,083,805
Year 18	2019	82,642	1,033,677	1,116,319
Year 19	2020	85,122	1,064,687	1,149,809
Year 20	2021	87,675	16,509,917	16,597,592
Year 21	2022	90,306	3,933,868	4,024,173
Year 22	2023	93,015	5,094,943	5,187,958
Year 23	2024	95,805	1,198,315	1,294,120
Year 24	2025	98,679	11,772,325	11,871,004
Year 25	2026	101,640	3,059,868	3,161,508
Year 26	2027	104,689	1,309,431	1,414,120
Year 27	2028	107,830	1,348,714	1,456,543
Year 28	2029	111,064	5,700,408	5,811,472
Year 29	2030	114,396	1,430,850	1,545,247
Year 30 [1]	2031	117,828	33,797,235	33,915,063
Total		\$ 1,805,577	\$ 128,043,445	\$ 129,849,022

[-] Less Year 30 [1] \$ (33,797,235)

Unfunded Balance \$ 96,051,787

Annual R&R Funding Needed \$ 4,802,589

[1] Assumes bonds are retired and funding would available from Harris County

Total: \$2,490,500

Bathroom upgrades (Cost: \$10,000)

Improvement of the Center bathrooms Pictures on the walls, new paper towel dispensers to eliminate water on the floors.

Control Center Monitor Upgrade, Includes DVR Upgrade (Cost: \$25,000)

Replace all Security Control Room monitors with flat screen monitors and modify rack mounting to fit new monitors. Current monitors are failing and have reached their normal life expectancy.

Event Rigging Points, Under Low Ceiling (Cost: \$150,000)

Install rigging points under the low ceiling in Reliant Center. Events frequently require rigging in the area, which cannot be accommodated without damaging the fireproofing on the structural members. This project will install rigging points at key locations to allow rigging without damaging the fireproofing.

Exhibit Hall Lighting Retrofit (Cost: \$1,400,000)

This project involves removing outdated and inefficient fixtures and bulbs in the exhibit hall areas and loading dock and replacing them with new energy efficient fixtures and bulbs. This project is estimated to save approximately \$400,000 per year after payback of the materials and labor. (Based on fixture and installation cost 1700 fixtures at \$1,000 each installed. This cost does not include any grants or federal funding.)

Interior Surveillance Cameras for Exhibit Halls (Cost: \$235,000)

Provide additional interior surveillance cameras for the Exhibit Hall areas to upgrade safety and security in these areas. Thirty-two cameras will be installed with two recording servers and the system will be tied into Center and Stadium Command Centers.

Lobby Level - Seating & Tables (Cost: \$63,900)

Install additional seating to accommodate park visitors for events. An increase in seating capacity will reduce operating expenses by reducing the cost to lease this equipment.

Mezzanine Level - Seating (Cost: \$97,800)

Install seating to accommodate park visitors for events. An increase in seating capacity will reduce operating expenses by reducing lease costs.

Modify Exhibit Hall and Meeting Room Doors to Eliminate Removable Mullions (Cost: \$270,600)

Currently removable mullions for meeting rooms and exhibit halls are frequently damaged during move-in and move-out of events. These mullions need to be replaced with new door hardware installed that does not require mullions. This will modify all meeting room double doors and one set of doors for each hall.

Paint Reliant Center Meeting Room Airwall Alcoves & Columns (Cost: \$11,000)

Paint the airwall alcove “pockets” and interior columns throughout the 200 – 700 Series Meeting Rooms in the Mezzanine Level to accent the meeting rooms and add color to the interior. The color would match the new color that is used for the exterior hallway meeting room and utility area (restrooms, water fountains, phone banks, elevators, etc.) alcoves.

Purchase Spare Card for Reliant Center Amp Room Main Frame (Cost: \$6,200)

These cards are going out of production this year and we currently have no spares.

Reliant Center Box Office window LED Matrix Boards (Cost: \$15,000)

Reliant Center Box Office window LED matrix boards are needed to communicate to guests in line event information such as name, ticket pricing and information (will call, ticket sales, check-in, etc.). Current methods are to tape paper signs that get damaged or damage walls and look unprofessional.

Remove Phone Enclosures and Install Laptop Stations (Cost: \$40,500)

Retrofit the current payphone enclosures, which are no longer used on the ground level of Reliant Center, to laptop stations. The installation of laptop stations will provide a convenient place for visitors to use their computers and eliminate the unsightly empty phone enclosures.

Replace Reliant Center Meeting Room Audio Controls (Cost: \$31,000)

These are the controls located in each meeting room for local control of audio in the specific meeting rooms. The existing AMX controls are at end of life and only have limited support from the manufacturer. All support expected to end within the next year

Replace/upgrade Reliant Center Security Workstations which monitor the Access control and Camera Viewing Systems (Cost: \$4,000)

PC supporting the systems have met their life expectancy.

Software/Hardware Replacement for Kiosks (Cost: \$29,000)

To provide room schedule information to each independent exhibit hall. It will also interface with the Ungerboeck system and pull room/event information directly from the database.

Tie Together East and West Air Compressors (Cost: \$7,500)

Provide a cross connection between the compressed air distribution system used to supply exhibitors during events. This connection would allow for continued use of the full system in the event one of the compressors failed.

Upgrade all Signage Lighting to LED (Cost: \$75,000)

Replace all cold cathode lights in soffits and large backlit Hall Signage to LED. The cold cathodes are outdated and are being discontinued by many manufacturers leaving spare parts very expensive and hard to find. Upgrade all the lights to LED results in a longer life span than the existing, as well as, energy savings.

"Welcome Center" build out at west glass doors (Cost: \$3,000)

"Welcome Center" at west glass doors is needed for guest/visitor check-in into the facility on a daily basis in order to provide overall security to facility and provide information and direction.

Wireless Microphones (Cost: \$16,000)

Replacement inventory of wireless microphones used in Center meeting rooms, etc. Insufficient inventory for typical average meeting needs.

Total: \$222,981

Additional Doors to Service Level Air Handler Rooms (Cost: \$25,000)

To safely access the back bearing during maintenance and replacement.

Install Cameras and Electronic Access Controls in Reliant Stadium, Level 8 Mechanical Areas (North & South) (Cost: \$67,305)

Increase security for Reliant Stadium's high risk/high vulnerability air intake and mechanical areas.

Install Cameras in Reliant Stadium, Level 7 Concourses (North & South) (Cost: \$3,676)

Add camera surveillance to general concourse and private club entrances.

Install Pedestrian Walkway at the Stadium North Dock Gate (Cost: \$3,000)

Install walkway for pedestrian at the Stadium North Dock which will reduce the number of cycles the rolling gate opens and closes. Wear and tear on the gate will be reduced, thus lowering repair costs for gate installation; sidewalk installation \$1,000.

Replace/Upgrade Reliant Stadium Security Workstations which Monitor the Access Control and Camera Viewing Systems (Cost: \$8,000)

PCs supporting the access control system and camera monitoring systems have met their life expectancy. Upgraded PCs are needed for improved viewing of new camera technology.

Return Air Fan Modification on Level 8 (Cost: \$20,000)

Extending the enclosure on the return air fans to safely work on the units.

Stadium Audio System Server/Workstations (Cost: \$8,000)

Replacement server for Sound Web also serves as the workstation for the PA booth. (R&R funding?)

Stadium Business Center AV Upgrade (Cost: \$66,000)

Replace all AV components (upgrade projectors to HD, Blu-ray playback, AMX controls, etc.) in all three rooms of Business Center in Stadium.

Tour Theater AV Upgrades (Cost: \$22,000)

Replace all AV components (upgrade projectors to HD, Blu-ray playback, AMX controls, etc.) in Tour Theater in Stadium.

Total: \$684,075

**Augment Existing Sound with Speaker Cabinets in Eight Locations
(Cost: \$32,000)**

Eight areas in the Arena Proper have been identified as having deficient coverage of house paging. The additional speakers will eliminate these dead zones.

Bathroom upgrades (Cost: \$12,000)

Improvement of the Arena bathrooms is needed - baby changing stations and pictures on the walls. Multiple client and guest complaints have been submitted.

Construct Ticket Windows at West Entry (Cost: \$84,000)

Ticket Windows are needed on the West side to properly service existing and future events. There are currently no permanent tickets windows on the West side.

House Lighting Replacement to provide "instant" on/off lighting capabilities and provide emergency lighting (Cost: \$44,275)

Replace the current house lighting with new energy efficient fixtures and lamps. This will improve safety for park visitors and employees by providing instant house lighting during events.

Install Aisle Lighting Using Overhead Lighting (Cost: \$45,800)

Aisle lighting is needed to insure patron safety while ascending or descending the bleachers by illuminating the stair aisles during event blackouts.

Log Cabin Ticket Booth Permanent Power (Cost: \$10,000)

Permanently install feeder and transformer that feed the log cabins at the main entrance.

Repair Suspended Ceiling in East Lobby Area (Cost: \$150,000)

The East Lobby ceiling grates are no longer being produced and many of these grates have been damaged beyond repair. This work will provide an improved lobby appearance for existing and futures events.

Replace Amplifiers Throughout Arena (Cost: \$30,000)

Amplifiers for all but the Arena Proper are approximately 17-years old and periodically fail causing down time for certain areas of the system. Replacements include related patch bays for signal routing to the amplifiers, which will replace the original equipment installed in the 1970's. The age of these patch bays are the cause for intermittence and inconsistent patching creating audio issues during events on a more frequent basis.

Replace Reliant Arena "Proper" Airwall (Cost: \$90,000)

Airwalls need to be replaced to properly accommodate events.

Replace Temporary Intercom Cable with Permanent Cable in Six Locations (Cost: \$12,000)

These six locations are most commonly used for spotlights for concerts and/or live events. Current cable runs are temporary and prone to problems since they are not in a protected environment. Interruption of service causes delays in the show presentation and dissatisfaction to our clients and tenants.

Replace Temporary Show Power with Permanent Power (Cost: \$50,000)

Replace all temporary show power wiring located throughout the Arena with permanent wiring as identified and requested by the City of Houston Fire Marshal.

Signage and Graphics (Cost: \$50,000)

Produce/install way finding and graphics throughout Arena.

West Entry Access Control Bollards (Cost: \$24,000)

Installation of 48 removable pyramid bollards to restrict vehicle access to West entry pedestrian path and provide patron safety.

West Entry Asphalt Paving Resurfacing (Cost: \$50,000)

Reliant Arena's west entrance asphalt continues to fail, resulting in potholes and tripping hazards. Construction advisors recommend removal of the existing asphalt surface, repairing the sub-base and installation of a new asphalt overlay.

Total: \$517,188

Code Required Improvements Requested by City of Houston Code Enforcement Division for Certificate of Occupancy Permit (Estimated Cost: \$2,000,000 to \$30,000,000) (Cost: \$0)

The City of Houston Code Enforcement Division and Fire Marshal spent several days evaluating Reliant Astrodome just prior to the start of the 2008 Houston Livestock Show and Rodeo events. They identified numerous code violations that they believe Reliant Park must address to receive a permanent Certificate of Occupancy to hold future events and/or provide office space in the building.

Request Reimbursement of Fire Marshal and City of Houston Code Enforcement Requested Improvements Required to Obtain Temporary Certificate of Occupancy Prior to 2008 HLS&R (Cost: \$517,188)

Total: \$2,085,000

Arc Flash Study for 4160v Switch Gear (Cost: \$25,000)

This study is required by Code and to identify and provide employees with a clear understanding of the appropriate safety precautions to take when working with high-voltage electrical equipment.

Boiler Catwalks (Cost: \$45,000)

This is an OSHA issue that catwalks are needed to safely work on boiler related equipment located above the boilers.

Central Plant Optimization (Cost: \$1,200,000)

Optimize Central Plant to enhance operations and provide energy saving of up to 28%.

Install Manometers for Flow Verification on Chillers (Cost: \$30,000)

Mercury manometers to verify water flow through the chillers.

Install Water Softeners on Cooling Tower Makeup (Cost: \$150,000)

To change water treatment from sulfuric acid to water softeners. Water softeners use a less corrosive chemical treatment (sodium chloride instead of sulfuric acid). The softeners create a safer working environment by removing the need for sulfuric acid, they will also reduce the wear on the piping and equipment. The reduction in water usage will not only provide savings but is also environmentally friendly.

Power Factor Correction for Chillers #1 thru #10 (Cost: \$80,000)

All of the Power Factor Correcting Capacitors were removed from the starter cabinets following two failures in the motor starter cabinets for the chillers in the Central Plant in which the Power Factor Correction capacitors were suspected of being the most probable cause. In order to (1) maintain the operating efficiency of the chillers and (2) provide a safe working environment, new external power factor correcting capacitors need to be installed.

Re-commissioning of Central Plant (Cost: \$275,000)

Re-commissioning of Central Plant is needed to ensure proper calibration, coordination and operation on all components and equipment of Central Plant.

Re-Tube Central Plant Boilers (Cost: \$280,000)

Labor, material and equipment to re-tube the three 1200 HP Johnstone Boilers in Central Plant. Replace all the tubes in the boilers due to age. The life of the boiler tubes is approximately 10 years and to prevent damage and leaks causing the boilers to be off line for long periods of time the tubes should be changed.

Total: \$141,500

Automatic Control Upgrades (Cost: \$34,000)

Plant 2 automatic controls were previously fed from Plant 1 in the Reliant Astrodome control center. The connection to Plant 1 was interrupted following the demolition of the old Astrohall. Since that time, Plant 2 has operated on manual controls. In order to increase operating and energy efficiencies, automatic controls need to be installed in Plant 2 and tied to the central Building Automation System.

CHW/HW Piping Insulation (Cost: \$100,000)

Pipe insulation is seriously deteriorated and needs to be replaced.

Plant 2 Fence Masking (Cost: \$7,500)

Install slatted material into the Plant 2 fence to replace the currently used wind screen that continues to be a maintenance issue.

Total: \$1,184,518

BAS Multi-view Setup (Cost: \$10,000)

Install additional monitors to watch several areas at one time.

Incident Reporting/Writing Software/Program (Cost: \$32,000)

Incident Reporting and Risk Management system for daily log reporting, incident management and subject profiling with risk analysis and assessment tools. Software would be used by all incident reporting departments on property (Inside Police, Outside Police, 24-Hour, and CSC). Software is capable of inputting "Best Practices" or procedures in response to an incident as well as visitor management (streamlining security systems). Cost includes ten (10) software licenses, training, and first year of service support.

Pipe & Drape (Cost: \$7,000)

Replace damaged equipment to allow is to reduce rental costs.

Purchase Additional Chairs (Cost: \$200,000)

To replace chairs currently on loan from another venue.

Purchase fitted table linens to be used for high priority clients (Cost: \$5,000)

Fitted linens can be purchased for \$25 per linen and could be used to improve the appearance of certain meeting room and Club level set ups and could be used on a limited basis in situations where (a high profile room during ITC, Nutcracker, etc.).

Purchase/Replace Roll & Fold Risers (Cost: \$60,000)

To replace outdated and unrepairable models and replenish the amount of operating equipment back to 70 units (by purchasing 40 @ \$1400 plus freight).

Re-cone Existing Parking Lot Speakers (Cost: \$2,000)

Cones (diaphragms) for existing speakers moved from the Astrodome when Stadium was opened.

Re-keying Reliant Park door cores (Cost: \$250,000)

Rekeying of cores for all areas at Reliant Park; cost includes software.

Redundant Storage Array (Cost: \$23,518)

Hewlett Packard iSCSI Storage Array for mirroring of VSHPERE server image. All new servers are being deployed as virtual machines. The virtual hosts access these virtual servers from a centralized storage array. In order to provide full redundancy a secondary storage unit is required.

Storage Containers for Infrequently Used Equipment (Cost: \$10,000)

Purchase four 40' x 20' containers to store ADA material not used as frequently/no longer used, in order to free up warehouse storage space for equipment used more regularly.

Supplement existing parking lot horns to provide cover in lots not currently serviced (Cost: \$85,000)

Add horns to the roof of Reliant Center to cover the Orange Lot and the Red Lot and on Reliant Stadium for additional Blue Lot coverage.

Temporary/Permanent Office Build-out for Parking Department (Cost: \$500,000)

Provide a temporary office space for Parking Department and shipping/receiving. Parking employees were previously located in the Astrodome, which is not open to the public or employees.

Total: \$7,136,616

Additional Pathways and Sidewalks (Cost: \$70,000)

Primarily around Reliant Center pathways have been worn into the landscaping. Permanent pathways need to be installed to provide safe access to facilities.

Blue Parking Lot Reseal (Cost: \$176,000)

Seal coating and crack repair to extend the lifespan of the asphalt surface and avoid more expensive resurfacing. Typical maintenance schedule for this type of work is every five years and every tenth year to re-mill asphalt.

Canopy Tents (Cost: \$7,500)

Purchase 10' x 20' canopy tents to be used by in-house Operations/Parking staff and provide break areas when working outside.

Concrete Bollards (Cost: \$21,000)

Purchase 60 pyramid bollards for use throughout the property to restrict vehicle access at pedestrian points. Approximately 50% of current inventory has some level of damage and replacement is needed.

Concrete Caulking Repair and Replacement (Cost: \$263,000)

Approximately 60% of the pathways around Reliant Park have damaged caulking or joint failure. The primary causes of failure are age, wear, cleaning and pressure washing operations and/or settlement or movement in the sealed surfaces.

Gate 7 Drive Lane Modifications (Cost: \$95,000)

The Houston Texans commissioned a study last year to identify various infrastructure improvements that could be undertaken to improve ingress and egress for events at Reliant Park. This study recommended the modification of Gate 7 from a right turn only gate to a right turn in/right turn out gate to improve access to the Blue Parking lot from the 610 Feeder.

Gate 8 Entrance Modifications (Cost: \$275,000)

Price includes a concrete drive lane and overhaul of the Toll Plaza. If asphalt is chosen for the drive lane, price drops to \$200,000.

Install Permanent Gates to Access the Astroworld Berm Storage Areas (Cost: \$15,000)

Presently using temporary fence that does not properly represent Reliant Park. Need to purchase and install permanent gates to access these areas.

Irrigation Improvements - 610 Feeder from Fannin (Cost: \$18,445)

Installation of irrigation from Fannin to Astroworld Bridge.

Irrigation Improvements - Reliant Parkway at Fannin (Cost: \$34,415)

Installation of irrigation from Gate 2 to 610 Feeder Road.

Irrigation Improvements - 610 Feeder (Cost: \$18,105)

Installation of Irrigation from Kirby to Astroworld Bridge.

Irrigation Improvements - 610 Feeder to Westridge (Cost: \$14,055)

Installation of irrigation from Gate 8 to Gate 9.

Irrigation Improvements - East Side of Kirby (Cost: \$33,900)

Installation of irrigation from Gate 11 to Westridge for area between curb and sidewalk.

Irrigation Improvements - New Kirby Drive and Fannin Street Irrigation (Cost: \$80,000)

This work is required to improve the irrigation and ground keeping outside Reliant Parks' perimeter fence lines on Kirby Drive and Fannin Street.

Irrigation Improvements - Site Irrigation Control (Cost: \$96,000)

Add campus wide electronic irrigation monitoring system to better control irrigation frequencies and reduce water usage.

Irrigation Improvements - West Side of Kirby (Cost: \$23,000)

Installation of irrigation from McNee to Westridge for area between curb and sidewalk.

Meter Loop Replacement (Cost: \$20,000)

Three lanes at seven gate locations need to be repaired to improve ingress/egress of vehicle traffic and verify "cashier ticket count-to-vehicle count" in order to prevent loss due to theft.

Parking and Site Landscape Improvements (Cost: \$160,431)

Installation of concrete pads due to pedestrian paths needed.

Portable Toll Booths (Cost: \$90,000)

Purchase six portable toll booths to be used at various entrances, depending on event needs. Toll booths will protect cashiers from elements and provide secure cash handling areas.

Purple Parking Lot Reseal & Restripe (Cost: \$26,500)

Seal coating and crack repair of 275,000 sq. ft of asphalt to extend the life span of the asphalt surface and avoid more expensive resurfacing. Typical maintenance schedule for this type of work is every five years.

Red Parking Lot Reseal & Restripe (Cost: \$66,500)

Seal coating and crack repair of 696,000 sq. ft of asphalt to extend the life span of the asphalt surface and avoid more expensive resurfacing. Typical maintenance schedule for this type of work is every five years.

Replace Main Street Pond Lighting (Cost: \$60,000)

Support structure for pond lights is corroded and can no longer support the fixtures. Work would include replacement of all fixture and fabrication and installation of new support structure. Need to be replaced with efficient LED Lighting.

Site Event Electric Improvements (Cost: \$200,000)

Allowance for various site event electric improvements to provide permanent power in locations currently using temporary sources requiring extensive labor and/or costs to install.

Site Graphics-Phase I (Cost: \$750,000)

Replacing existing signage inside Reliant Park's perimeter with an improved and more extensive guidance program will improve safety for employees and Park visitors. Also, new signage will significantly improve Park visitors experience for all events.

Site Graphics-Phase II (Cost: \$750,000)

Replacing existing signage inside Reliant Park's perimeter with an improved and more extensive guidance program will improve safety for employees and Park visitors. Also, new signage will significantly improve Park visitors experience for all events.

Southeast Landscape Bed Fill and Sod (Cost: \$33,265)

Raise existing landscape bed to meet the existing sidewalk level and add sod to prevent erosion and improve Park visitor safety by removing the tripping hazard.

Teal Parking Lot Reseal & Restripe (Cost: \$12,500)

Teal Lot located across Kirby needs to be resealed and restriped due to use and wear/tear.

Towing Capable Golf Carts (Cost: \$28,000)

As an alternate to purchasing trailers, purchase a golf cart with towing capabilities of one rack of equipment for transporting equipment (tables, chairs or handrail racks) throughout property.

Tractors (Cost: \$60,000)

Purchase two new tractors to be used throughout exterior of facility to pull axle trailers and chair/table carts.

Update Property Security Camera Systems (Cost: \$3,500,000)

Transition site security cameras from analog to digital system (256 cameras in total plus updating system hardware and software). Analog system is out of date and needs to be replaced with IP based system that is not the industry standard.

Upgrade Visitor, Guest and Contract Access System to a Universal System that can be Shared Throughout Reliant Park (Cost: \$15,000)

Application of the system can be daily by all of Reliant Park and would greatly assist with access control during the Houston Texans, HLS&R and other major events taking place at Reliant Park.

Yellow Lot Repairs (Cost: \$8,000)

Grassy areas in Lots 37 and 34 are filled with sand and need repairs.

Yellow Parking Lot Reseal & Restripe (Cost: \$116,000)

Seal coating and crack repair of 958,200 sq. ft. of asphalt to extend the life span of the asphalt surface and avoid more expensive resurfacing. Typical maintenance schedule for this type of work is every five years.

Total: \$55,000

Ventilation & Air Conditioning in the Warehouse (Cost: \$55,000)

Add proper ventilation or air conditioning for the warehouse. With the expected use, there will be people working there and we need to create a safe environment.

Total: \$2,343,734

Angle Edged Utility Racks 207 Series (Cost: \$3,600)

Required for food preparation for expanded menus in the corner stands.

Arena Stand Build-Outs (Cost: \$60,000)

Finish out the details of the stand build-outs not completed last summer for Cocktails and Margaritas on the two sides of the Arena. Improvements will increase patron satisfaction and avoid reducing equipment life span by constantly moving between buildings.

B&B Plates 7 inch-4000 (Cost: \$15,200)

Needed for small plate presentations on new banquet menu.

Banquet & Catering Equipment (Cost: \$50,000)

Replacement equipment to enhance current aging supply (chaffing dishes, coffee urns, folding tables) and keep presentation up to date.

Beverage Security Cage Covers (Cost: \$4,800)

Covers needed for Beverage Security Cage Carts.

Beverage Security Cages (Cost: \$11,400)

Beverage Security Cages to store and transport alcoholic beverages.

Blodgett Double Convection Oven (Cost: \$14,066)

Replace convection ovens at 109 & 129. These ovens are almost 10 years old and are at the end of their useful life.

Build out D2 area under seats at South East corner of Stadium to create a premium "Club" with bar and action stations. (Cost: \$500,000)

ARAMARK to potentially fund building of cooking stations and bars. Service inclusive package to watch players enter field for Texans events and package food & beverage with ticket for Rodeo Chute seats and other SMG events - Monster Truck, DOI, etc. \$1M total investment with potential ARAMARK investment of \$500,000.

Chaffing Dishes (Cost: \$33,000)

Chaffing dishes needed to replenish/replace aging equipment for proper food distribution and presentation.

China, Glass Silverware (Cost: \$60,000)

New silverware needed for events.

Club Level Bars by Entrances (Cost: \$100,000)

Update current equipment with more permanent furniture (for instance, bars) to provide more of a Club-like feel and better service ends of Club Level.

Coffee Cup-2000 (Cost: \$24,120)

Required for OTC lunch/coffee service.

Coffee Portables (Cost: \$92,000)

Better service coffee demands on show floor for OTC/Nutcracker, etc.

Cold Boxes (Cost: \$96,000)

Keep food at proper temperature for catered events.

Convection Oven Master 450 Electric with Rolling Rack (Cost: \$13,500)

Needed in the Arena - no oven located in any stands currently. Needed for expanded menus and to avoid poor food quality due to transport.

Espresso Machines (Cost: \$27,510)

Required by Starbucks - to be installed by 2/13/12

Food Portables (Cost: \$165,000)

Provide additional and new food & beverage options in Center for public food shows (OTC/Nutcracker)

Frymaster Open Pot Fryer (Cost: \$37,896)

Add fryers to upper sideline stands to increase cook times - stands do not have enough fry capability to keep up with menu and lines.

Golf Carts-Toro (Cost: \$15,430)

Better service of outdoor events for banquets.

Graphics and Menu Board Enhancements (Cost: \$240,000)

Currently using an antiquated banner system - permanent and engaging signage is needed to improve service.

Hot Boxes - Carter Hoffman for Center (Cost: \$72,000)

Needed for small plate presentations on new banquet menu.

Hot Boxes-Stadium (Cost: \$38,000)

Cres Cor hot boxes to store hot food at portables to increase servicing clients during events.

Inline Grab and Go Concept (Cost: \$48,000)

Insert along the front of one of the rear concessions shells for improved use of space to sell concessions during OTC, etc.

Mobile Food Trailers (Cost: \$160,000)

Able to use indoors or outside for applications for Texans, Rodeo and other events

Portable Action Based Fresh Food Portable Concession Carts (Cost: \$120,000)

Based on the success of the carvery, blazing dogs and ultimate nacho concepts, adding additional cars would help keep Reliant Stadium innovative, continue to drive sales and add to fan satisfaction.

Portable Cash Carts (Cost: \$38,400)

Use to place new POS at portable locations in Reliant Center.

Pro Line Glycol Power Pack (Stadium service Level) (Cost: \$72,960)

Needed to keep beer cold and fresh. Tests are underway to establish whether system needs to be replaced or if new insulation will suffice.

Salad plates-9 inch-2000 (Cost: \$11,760)

Needed for small plate presentations on new banquet menu.

Saucer-2000 (Cost: \$3,010)

Needed for OTC lunch/coffee service.

Two Additional Ice Cream Carts in Suites (Cost: \$14,000)

Increase speed of service and increase ice cream and dessert sale in suite areas.

Upgrade and Refurbish Retail Portable Locations on Main and Mezzanine Levels of Stadium (Cost: \$180,000)

Add lighting and new side walls to enhance appearance and better display merchandise and allow more items and variety in displays.

Volrath Service Carts (Cost: \$7,720)

Use to transport product in our premium areas during events.

White Wine Glasses-4000 (Cost: \$14,362)

Required to service additional bar locations at Nutcracker Market.

Total: \$3,906,020

19 Foot Scissor Lift (Cost: \$8,000)

Purchase one 19 ft. Scissor Lift for the Stadium to avoid fork-lifting a scissor lift from one venue to another, as well as save on rental costs.

32 Foot Scissor Lift (Cost: \$24,000)

Purchase three 32 ft. scissor lifts, each for the Center, Arena and Stadium to avoid fork-lifting a scissor lift from one venue to another, as well as save on rental costs.

4'x6' Forklift Baskets (Cost: \$18,000)

Purchase three single occupancy baskets for each building to be used in conjunction with forklifts for difficult to reach spaces.

Camera Head for Jetting System (Cost: \$7,000)

Camera fitting for the current jetting system to film the lines and show problem areas and breaks.

Concert Barricade (4' Blowthrough) w/Corner Turns (Cost: \$5,000)

Purchase ten additional barricades so there is no longer a need to rent for larger shows. The additional corner pieces will allow the barricade to "turn" with stage thrusts.

Desktop Workstations (Cost: \$23,000)

Purchase and replace fifteen desktop workstations for staff in Operations, Maintenance, Parking, Central Plant and Security

Digital Signage Controller for Reliant Center Kiosks (Cost: \$5,300)

Existing computers are 3 years old and run 24/7 - due for replacement. They are currently on loan to the Parking Department Command Post so the Kiosks are dark.

Elevated Seating for Law Enforcement (Cost: \$10,800)

Elevated monitoring seats for Law Enforcement - Exterior Traffic Control. These will allow for better visualization of parking areas.

Flexcam Thermal Imager (Cost: \$13,000)

Equipment to measure temperature on bearings, motors and electrical distribution equipment.

Infrared Camera (Cost: \$13,000)

Infrared Camera used to perform preventive maintenance inspections on bearing, motor and electrical equipment.

Inkjet CAD Plotter for Plan Room (Cost: \$2,500)

Dedicated CAD inkjet plotter for Stadium plan room that will print on a variety of print media (including plain paper).

Inventory Control System For Warehouse (Cost: \$3,500)

Inventory control module for Smart maintenance for the warehouse.

Line Locater (Cost: \$4,000)

Utility line locating monitor needed to efficiently and safely identify lines in and around site.

Mechanic Tools (Cost: \$20,000)

Tools for mechanics shop and golf cart life to safely work on golf carts.

Outdoor Seating & Tables (Cost: \$50,000)

Outdoor seating and tables are needed for various events, which will reduce our equipment lease expense for outdoor events.

Parking Vault Cabinets (Cost: \$2,500)

Storage of rolled ticketing stock for Cash Parking Operations.

Parking Vault Safe Cabinet (Cost: \$2,300)

A new safe is needed for the Parking Vault.

Parking Vault Tables & Chairs (Cost: \$6,500)

Equipment needed in Parking Vault to efficiently reconcile event funds.

Pick and Place Fork Lift - Walkie Stacker (Cost: \$15,000)

Warehouse designated forklift for use in warehouse and Reliant Center east storage only.

Portable Fencing (Cost: \$15,000)

Purchase sixty units of 6' x 8' fencing to reduce rental costs. To be used in lieu of bicycle racks for more secure storage areas.

Portable Jetting Machines (Cost: \$10,000)

New jetting machines for use during events to unblock drains and sanitary lines when required.

Portable Sign Trailers (Cost: \$18,000)

Purchase three double axle trailers to move parking signage throughout site.

Power Quality Analyzer (Cost: \$27,200)

Electrical monitors to monitor and analyze show power and other electrical issues.

Purchase 120ft. boom lift to have on-site for electrical work (Cost: \$210,000)

Many high areas located in the facilities require a long boom lift to reach for repairs and maintenance. This purchase would eliminate the lease of this equipment from a limited supply of commercial sources. Due to limited suppliers many times this lift is not available when it is needed.

Purchase 60 ft. Z Boom Lift with non-marking tires (Cost: \$60,000)

This is needed for various repairs located in high areas throughout the complex.

Purchase additional forklifts (Cost: \$490,000)

Purchase ten 12,000 pound forklifts which will be utilized throughout the complex, replacing some older lifts and adding to the number of lifts available for required work. Needed to eliminate rental expenses during field moves.

Purchase Dedicated Computers for Parking Command Post (Cost: \$4,900)

Currently borrowing computers for the parking command post from Kiosks in Center.

Purchase two ANSI 3500 Projectors (Cost: \$5,500)

ANSI Projector needed campus wide for event use. Currently none in inventory. Original two are unavailable or non-repairable.

Purchase Yale Model MPB040-E Battery Operated Pallet Jacks (Cost: \$7,800)

Two additional pallet jacks are needed to transport Center equipment throughout facility.

Rectangular Tables and Carts (Cost: \$49,220)

Purchase (140) 8'x 30", (25) 6' x 30", (50) 8'x 18", and (15) 6' x 18" tables. This represents replacement of 25% of current inventory for FF&E purchased during facility opening. This equipment is used throughout the complex for meetings, dinners and other tenant and customer events.

Redundant Firewall (Cost: \$4,900)

Secondary fail-over for primary Reliant Park firewall.

Replace 2-way Radio System with Full Digital System (Cost: \$1,600,000)

This option would make all other radio CIP options detailed above unnecessary. We would experience dramatic improvements, clearer voice communications on our 2-way radio system which is integral for fan/customer safety/first aid, event management, maintenance, operations, parking, technical services, concessions, cleaning, tenant communication, etc. It would make permitted integration with City of Houston and Harris County Public Safety Radios possible. It would offer individual GPS radio tracking, longer battery life, increased spectrum efficiency (support more radios simultaneously), and smaller more lightweight units. NOTE: Motorola offers a "Municipality driven" finance options of three, five and seven year payouts.

Replace BAS Servers, Workstations and Network Switch (Cost: \$16,000)

Existing servers and workstations are at end of life.

Replace flat screen TVs in Center Lobby Kiosks (Cost: \$10,400)

Purchase and replace twelve flat screens, which were installed when building opened. Several currently have "image-burn-in" issues. This would only be recommend if the controllers are replaced.

Replace Radio Batteries and Parts (Cost: \$12,000)

Purchase of approximately 100 batteries to replace original batteries that are well past their life expectancy. The older batteries don't hold a charge for very long and their weaker power condition is also a source of radio transmission/receive issues. Also includes spare parts for aging radios including antennas, clips, etc.

Replace Reliant Center Event Repeater (Cost: \$10,000)

Replace 25 year old analog repeater (moved over from Astrodome).

Replacement Golf Carts (Cost: \$105,000)

Cart inventory needs to be replaced due to wear and tear.

Replacement Phone Switch (Cost: \$650,000)

Current phone switch is no longer supported by manufacturer.

Round Tables & Table Carts (Cost: \$43,000)

Tables and Carts needed for event production.

Security System Software Upgrades (Cost: \$50,000)

System software upgrades to existing system are needed to properly log and monitor door alarms.

Stacking Chairs & Chair Carts (Cost: \$160,000)

Inventory of chairs and carts that need to be replaced/replenished for Event Production.

Steam Coil Cleaner (Cost: \$12,000)

Equipment to efficiently clean Coil on several hundred airhandlers.

Traffic Cone Trailers (Cost: \$22,000)

Purchase two cone trailers to move parking cones. Trailers will improve operational efficiencies by eliminating constant loading/unloading of vehicles and ultimately reduce labor cost.

Trailer Mounted Jetting Machine (Cost: \$19,000)

To jet out drains throughout the facility. For primary use inside the buildings where a truck cannot access.

Trunk Radio Repeater UPS Battery Replacement (Cost: \$1,200)

Replaces original UPS batteries which are now several years beyond their life expectancy.

Turbo Radios (Cost: \$31,000)

Replaces a small quantity of the most worn out and failing original analog radios with digital capable radios that are backward and forward compatible.

UPS Replacement (MIS) (Cost: \$25,000)

UPS devices needed for Server Rack.

Wheelchairs for Guest Services (Cost: \$3,500)

Additional wheelchairs needed for guest assistance.

Reliant Park Utility Management Update

Reliant Park's Energy Management Team includes representatives from Reliant Energy, SMG, the Houston Texans, the Houston Livestock Show & Rodeo, ARAMARK and HCSCC. The Energy Management Team meets regularly to monitor utility (electricity, water and natural gas) usage/cost and identify effective energy conservation opportunities for Reliant Park.

The Energy Management Team implemented numerous energy saving initiatives, including but not limited to the following:

- Installed new energy efficient LED lighting in all exterior facility signage.
- Installed new energy efficient LED lighting in all suites in Reliant Stadium.
- Installation of fixtures and compact fluorescent lamps in-lieu of incandescent lamps wherever possible to reduce energy and labor costs.
- Submitted and bid a plan for the possibility of retrofitting Exhibit Hall lighting to more efficient lighting.
- Participated in Lights Out Houston.
- Investigating renewable energy opportunities.

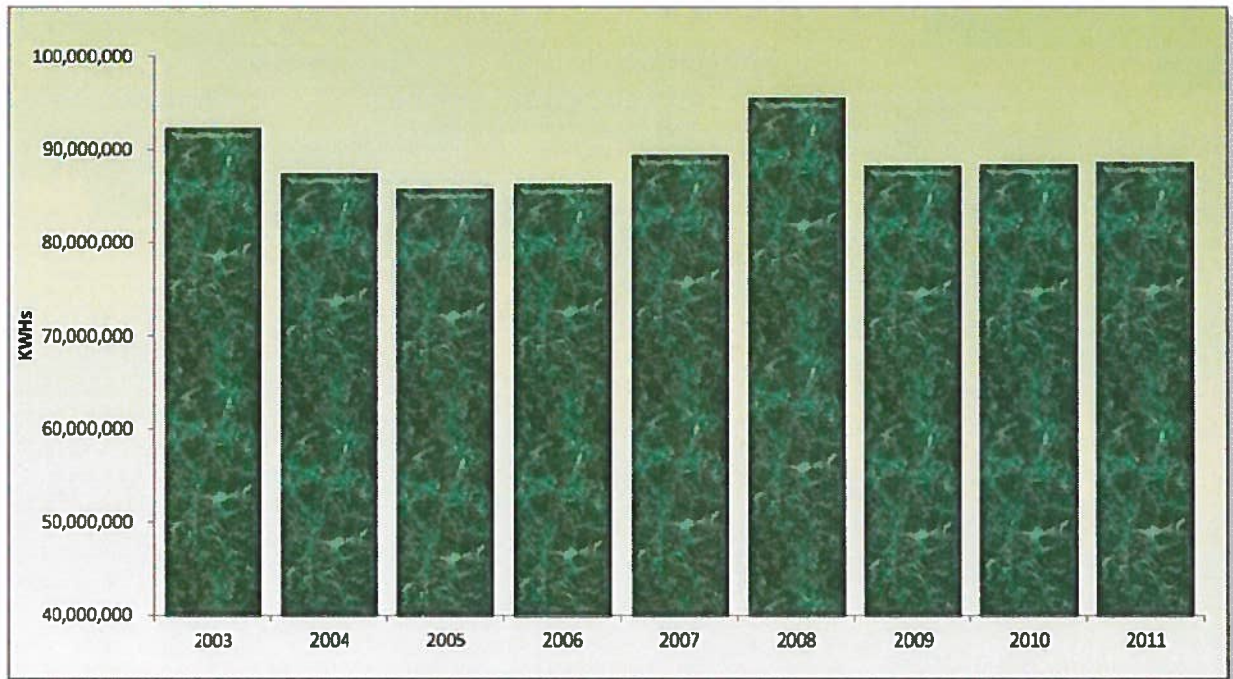
SMG has developed and implemented an energy conservation program for all Reliant Park operations. Reliant Energy is assisting as well, and has provided a detailed analysis of current Reliant Park electricity rates as well as market trends and has made recommendations to HCSCC to adjust accordingly.

For the twelve months ending with the December 2011 billing period, metered electrical usage increased (0.22%) with a total of 88,665,511 kilowatt hours (kwhs) consumed compared to 88,473,677 kwhs in 2010, metered natural gas usage decreased 7.17% with a total of 98,664 million cubic feet (mcf) consumed compared to 106,290 mcf in 2010 and metered water usage increased (1.60%) with a total of 171,776,000 consumed compared to 169,079,000 gallons in 2010.

The overall utility expense for the calendar year ending in December 2011 decreased 2.81% from the prior year. Actual expenditures for electricity decreased 2.41% with a total of \$9,512,720 paid compared to \$9,747,390 paid in 2010. Actual expenditures for gas decreased 12.72% with a total of \$580,288 paid compared to \$664,870 paid in 2010 and actual expenditures for water decreased .67% with a total of \$1,222,296 paid compared to \$1,230,508 in 2010.

The graphs on the following pages provide a summary of the utility usage in all categories (electricity, water and natural gas) from 2003-2011.

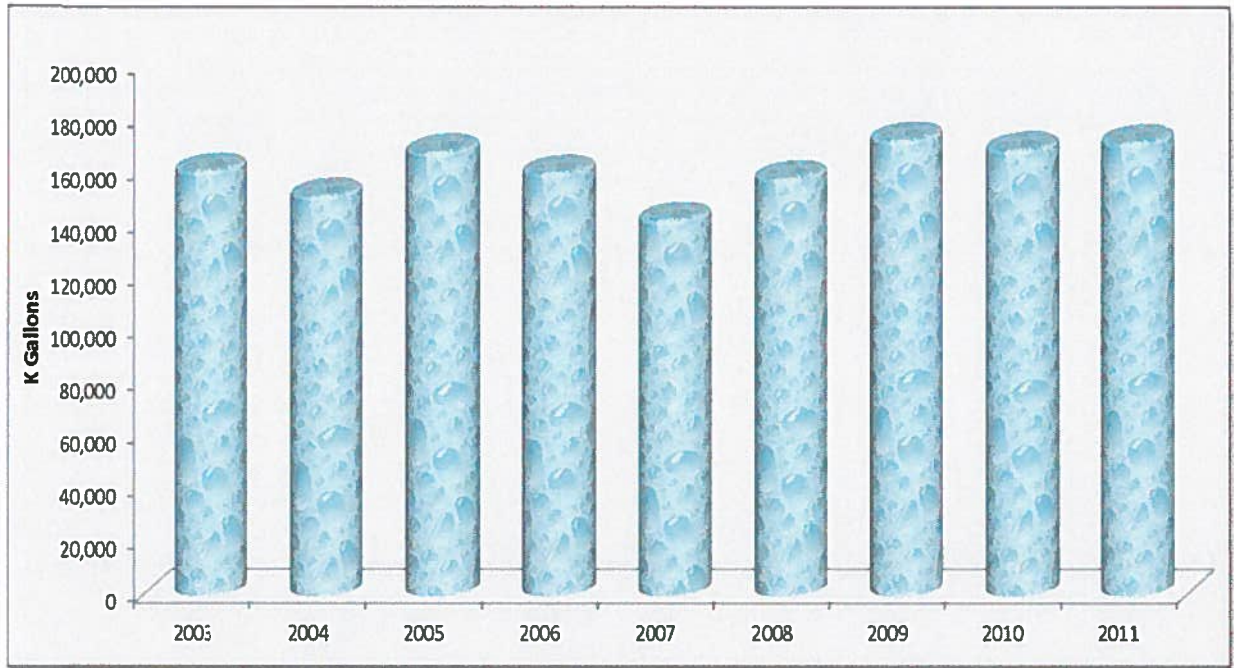
Actual Historical Electrical Usage 2003 Through 2011



<u>Year</u>	<u>KWH Usage</u>
2003	92,313,950
2004	87,493,659
2005	85,826,374
2006	86,358,197
2007	89,452,142
2008	95,581,437
2009	88,292,609
2010	88,473,677
2011	88,665,511

Electricity usage at Reliant Park for 2011 was up from 2010, for an increase of 191,834 KWHs over the prior year.

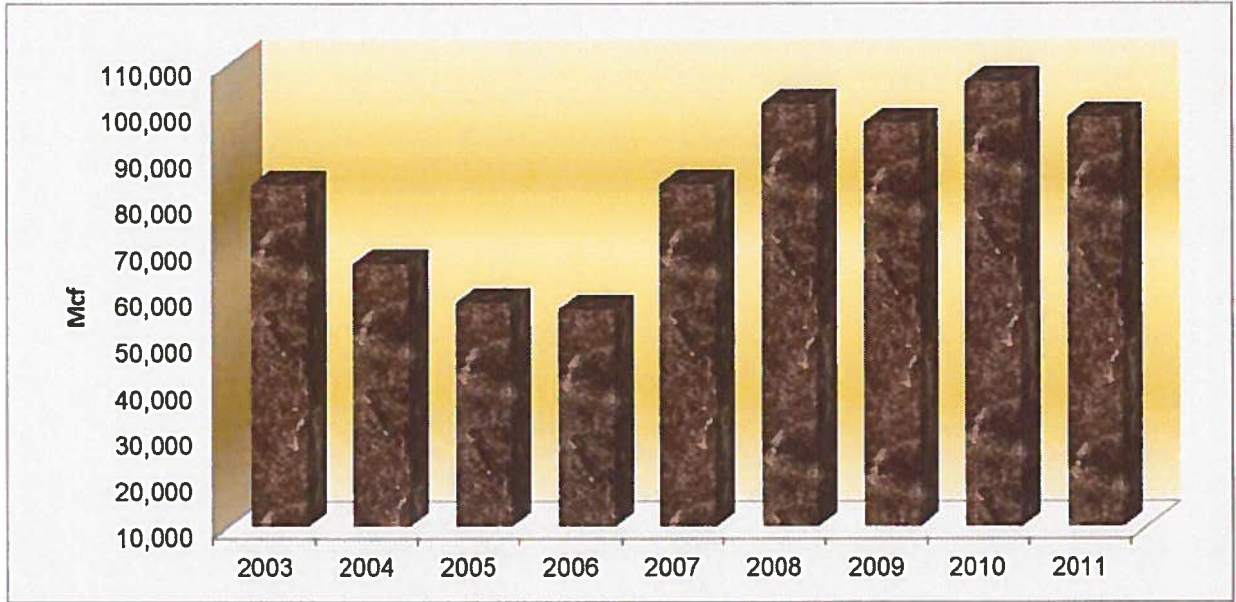
Actual Historical Water Usage 2003 Through 2011



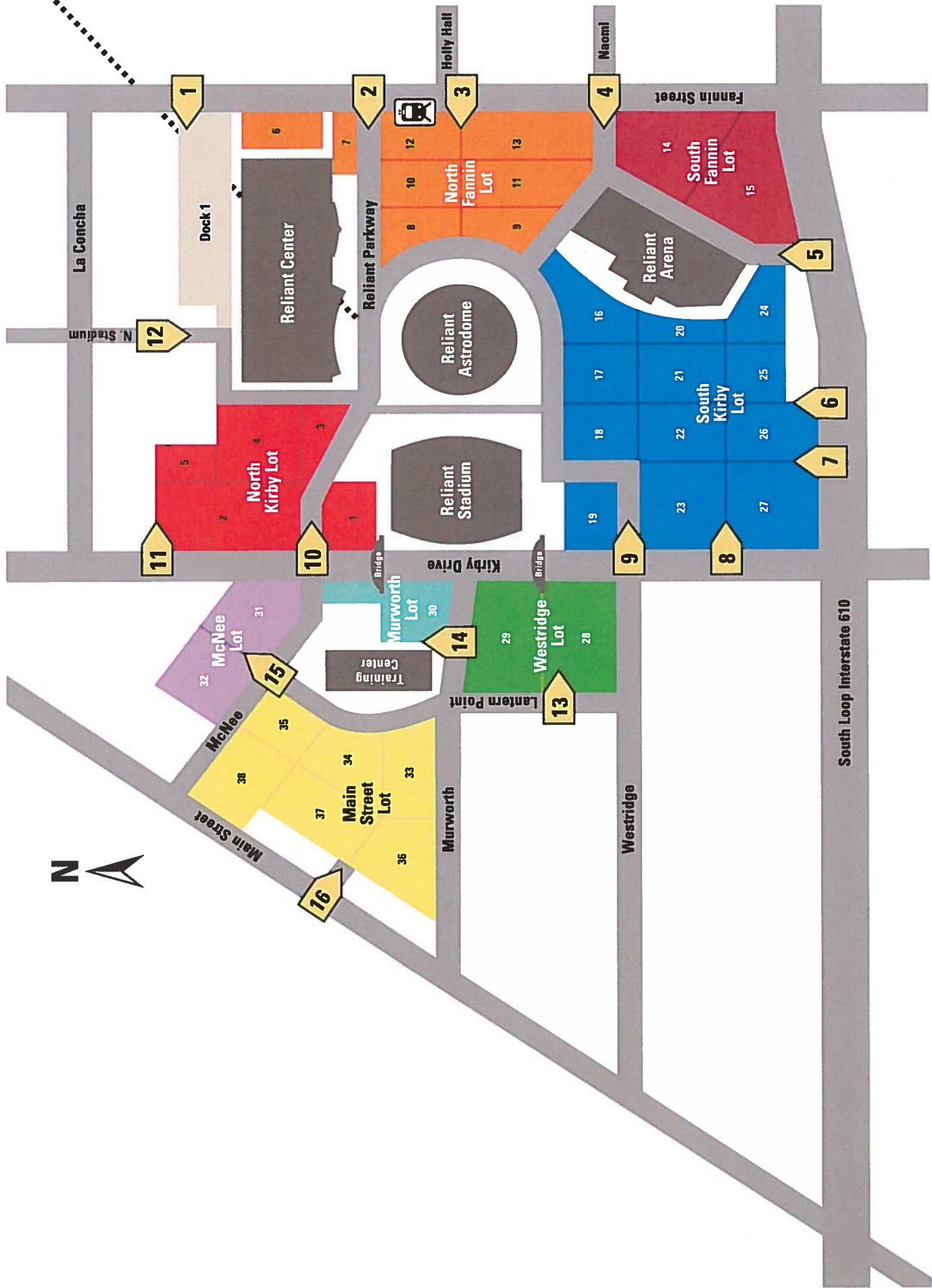
<u>Year</u>	<u>Gallons Usage</u>
2003	161,027
2004	151,531
2005	168,212
2006	160,263
2007	142,427
2008	158,311
2009	172,764
2010	169,079
2011	171,776

The 2011 consumption water usage at Reliant Park increased 2,697,000 gallons, or 1.60% from 2010.

Actual Historical Natural Gas Usage 2003 Through 2011



<u>Year</u>	<u>Natural Gas</u>
2003	83,980
2004	67,011
2005	58,613
2006	57,070
2007	84,100
2008	101,551
2009	97,422
2010	106,290
2011	98,664



Executive Summary

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1.0 Introduction

The history of Reliant Park began with the construction of the Harris County Domed Stadium, which opened in 1965. With the Astrodome as its anchor and the later addition of the Astroarena and Astrohalla, the complex was later renamed Astrodomain. In 2002 the Astrohalla was demolished and two new venues, Reliant Center and Reliant Stadium were added to what is now Reliant Park. The Astrodome and Astroarena have survived as Reliant Astrodome and Reliant Arena. Reliant Arena is still used for events, but few improvements have been made that would maintain its competitiveness with a modern building designed for similar use. Today, the Astrodome can no longer be used for public events.

In 2007, the Harris County Sports and Convention Corporation (HCSCC), a local government corporation formed to manage and develop Reliant Park, commissioned a study to assess the then current and future needs of the on-property tenants (the Houston Texans and the Houston Livestock Show and Rodeo), clients and potential clients of Reliant Park. The 2007 study (Reliant Park Master Plan) addressed concerns regarding the aging Reliant Arena, parking and traffic issues, the need for additional exhibit and meeting space for the Offshore Technology Conference (OTC) and program elements identified by the Houston Livestock Show and Rodeo (HLSR) as being essential to the continued growth of their event.

In 2010, the needs of the Reliant Park were again assessed in conjunction with discussions focusing on the possibility of repurposing the Astrodome to create a Science, Technology, Engineering and Mathematics (STEM) venue. The Reliant Park Master Plan was updated to reflect this new needs assessment. In July 2011, the HCSCC commissioned this study to provide an independent assessment of the market, financial, economic impact and funding parameters of the proposed Reliant Park Master Plan, including the options related to the future use of the Astrodome site. Harris County, The Houston Livestock Show and Rodeo, the Greater Houston Convention and Visitors Bureau, ARAMARK Sports & Entertainment, the Harris County-Houston Sports Authority, and the Houston Texans contributed to the funding of this study.

The consultant team conducted an independent analysis, as well as, a comprehensive review of the numerous reports, studies and plans related to the Reliant Park Master Plan. Meetings were held with the Harris County Judge and Commissioners, key Harris County staff, Reliant Park tenants, operators and stakeholders to assess existing conditions, site attributes and constraints and to establish project goals for future use options. For the purposes of this study, the analysis was separated into two distinct elements: the Reliant Park Master Plan and the Future Use of the Astrodome Site. Further, the scope of work proposed in the Reliant Park Master Plan was separated into two distinct projects: the Replacement Arena Project and a possible on-site Hotel. The Replacement Arena Project includes the 8,000 to 10,000 seat performance arena, 250,000 square feet of exhibition space, a 45,000 square foot ballroom and additional meeting space, a 2,500 to 3,000 car parking garage,

Executive Summary

intermodal transportation center, demolition of the current arena and various site related projects. The Astrodome evaluation focused on four options for the future use of the Astrodome site: Maintain Status Quo, Reliant Park Plaza, Astrodome Multi-Purpose Facility and Astrodome Renaissance.

The following are the consultant team's conclusions regarding the Reliant Park Master Plan including the future use of the Astrodome site:

- It is recommended that the Replacement Arena Project be developed at an estimated Project Cost of \$385.4 million, less any amounts contributed by the Houston Livestock Show and Rodeo.
- It is also recommended that Harris County pursue the Multi-Purpose Facility option for the future use of the Astrodome site at an estimated Project Cost of \$270.3 million (exclusive of the outstanding debt on the Astrodome), less any cost reductions obtained through available tax credits or sources other than Harris County property tax collections.
- In the event the Multi-Purpose Facility option is not chosen or available funds are not sufficient to support the Multi-Purpose Facility option, then Harris County should choose the Reliant Park Plaza option at an estimated Project Cost of \$63.9 million (exclusive of the outstanding debt on the Astrodome).
- It is the design team's strong recommendation that action be taken on the Replacement Arena Project and Astrodome. The improvements will have a significant positive effect on the tenants, major long term clients like OTC and committed special events including the 2016 Final Four and the 2017 Super Bowl bid. In order to derive these benefits this work must begin as soon as possible.

This Executive Summary contains the key findings and conclusions related to the feasibility and impacts of the various options contained in the Reliant Park Master Plan, including the future use of the Astrodome site. The Report should be read in its entirety to obtain the background, methods and assumptions underlying these findings.

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2.0 Consultant Team

The consultant team consisted of the following companies:

- **Conventions, Sports & Leisure International** is a leading advisory and planning firm specializing in providing consulting services to the convention, sport, entertainment and visitor industries.
- **Thinkwell** is an industry leader in the concept development and design of large-scale destination resorts, theme parks, museums/exhibits, live shows, events and attractions.
- **Entertainment + Culture Advisors** is an international advisory firm focused on economic and market analysis for world-class destination entertainment and cultural development projects.
- **Management Resources** is a management consulting firm specializing in leisure-time attractions and events, including museums, aquariums, theme parks, destination resorts, corporate brand centers, world expositions and Olympiads.
- **Populous** is a global design practice specializing in creating environments that draw people and communities together for unforgettable experiences.
- **Venue Solutions Group** is focused on management and operations of public assembly facilities with municipalities, professional sports organizations, and private sector firms.
- **Pollavision** is a works cinema experience consultant supporting owners/operators, equipment suppliers and architects in designing and integrating all aspects of film, video and digital presentation.
- **Manhattan Construction** is known for building high profile, technically difficult mega projects. Manhattan is recognized for building excellence in sports stadiums, healthcare, government, education, laboratory, aviation, transportation, convention, casino and hospitality facilities.

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3.0 Reliant Park Analysis

The Reliant Park Complex includes four venues: Reliant Stadium, Reliant Center, Reliant Arena and Reliant Astrodome. The Complex covers about 350 acres in the heart of the Harris County metropolitan area and provides parking for up to 26,000 automobiles. Reliant Park hosts a variety of public assembly events each year including sporting events, public consumer shows, conventions, trade shows and other entertainment events. The tenants at the Complex are the Houston Texans (Texans) and the Houston Livestock Show and Rodeo (HLSR). The Reliant Park Complex is also host to the annual Offshore Technology Conference and many other consumer shows and trade shows each year. Other pertinent facts that impact the analysis include the following:

- The three operational venues within Reliant Park (Reliant Arena, Reliant Center and Reliant Stadium) draw more than four million total visitors and host a combined total of 320 events annually.
- Since moving into Reliant Center and Reliant Stadium in 2002, annual attendance at the Houston Livestock Show and Rodeo has grown to over 2.2 million guests.
- The Offshore Technology Conference currently uses all of the available exhibit space in Reliant Arena and Reliant Center. Show producers have had to limit the growth of current exhibitors and in recent years have used air-conditioned tents in order to create additional exhibit space to meet the demand. The OTC has indicated that today, based on current demand, their event could use all of the exhibit space proposed in the Replacement Arena Project and most, if not all, of the exhibit space proposed in the Astrodome Multi-Purpose Facility. OTC and other event producers have expressed serious concerns regarding the condition and amenities in Reliant Arena. The location of Reliant Arena in relationship to Reliant Center, as it relates to the need for additional outdoor exhibit space on concrete to accommodate the increased demand for heavy outdoor exhibits, is also an issue.
- The lease agreement with the Texans limits event activity on their game days and restricts booking events at Reliant Park to one week per month during their season.
- The HLSR lease agreement allows for exclusive control of the premises during their show.
- Reliant Arena and the supporting exhibition and meeting spaces are well beyond the end of their expected useful life.
- In its current state, the Astrodome can no longer be used for public events.

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Financial Summary (in millions) – Reliant Park Operations

HCSCC/SMG has been successful at operating the various venues in Reliant Park, particularly given the scheduling constraints that are imposed because of the Texans and the HLSR scheduling needs. Essentially, HCSCC/SMG is able to schedule events only one week each month (the Protected Week) during the Texans' season, prior to the April preceding those months, when the NFL schedule is released. Because of this restriction, the number of large-scale conventions and trade shows that can be scheduled are limited because these types of shows book venues several years in advance. Reliant Park hosts very profitable events. However, the overhead and related expenses incurred annually cause operating income to be negative in some years. The chart below summarizes the historical financial performance at Reliant Park.

Fiscal Year	FY 2007 - 2008	FY 2008 - 2009	FY 2009 - 2010	FY 2010 - 2011	Base Operating Year
Reliant Park Operating Results					
Revenues	\$ 31.4	\$ 37.5	\$ 27.7	\$ 32.5	\$ 32.3
Expenses	\$ 31.4	\$ 35.4	\$ 30.1	\$ 33.6	\$ 32.6
Net Operating Income (Loss)	\$ -	\$ 2.1	\$ (2.4)	\$ (1.1)	\$ (0.3)

4.0 Market Analysis

Local market conditions and competitive venues are important components of assessing the potential success of the Reliant Park Master Plan and any proposed operations for the future use of the Astrodome site, including mixed-use development within the Astrodome Renaissance. The ability of a market to attract events, patrons, and generate revenues is measured, to some extent, by the size of the regional market area population and its income characteristics. Specific demographic and socioeconomic information that can affect the ability of a market to support sports and entertainment venues include

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population size, median age, age distribution, household income and corporate base. The following is a summary of the key characteristics of the Harris County market:

- Harris County is home to 23 Fortune 500 companies, ranking only behind New York and Chicago in the United States.
- Harris County was among the least impacted major metropolitan areas in the U.S. during the recent global recession and is recovering faster than the general economy, adding 62,300 jobs from September 2010 to September 2011 – highest in the United States.
- Based on the 2010 census, the Harris County metropolitan area has a population of approximately 5.7 million in the primary market (within an hour drive of the venue site) and approximately 6.9 million in the secondary market area (within a two hour drive of the venue site).
- In addition to Houston being the fourth largest city in the United States, both San Antonio (7th largest city in the U.S.) and Dallas (9th) are within 300 miles of Reliant Park, further increasing the potential market within an easy day's drive of the venues.
- Total business and tourist travel to Harris County in 2010 was approximately 9.0 million visitors.
- Harris County's convention business struggles at both Reliant Park and the George R. Brown Convention Center because of a lack of full-service hotels in close proximity to the exhibit halls.
- The Harris County metropolitan area offers its residents and visitors a significant variety of entertainment, four professional sports franchises, several major universities and a vibrant museum and cultural district. As a result, any new programming considered for the redevelopment of the Astrodome must include significant unique elements that create a destination for the region.
- Among facilities hosting live entertainment in the greater Harris County area, Cynthia Woods Mitchell Pavilion, Toyota Center, BBVA Compass Stadium, Merrell Center, Berry Center, Bayou Music Center, and House of Blues Houston represent the highest level of potential competition to the proposed performance Arena and/or the redevelopment of the Astrodome.
- While there are competitive venues in the Harris County area, there is not a mid-size indoor arena with a capacity in the 8,000 – 10,000 seat range.

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5.0 Reliant Park Master Plan Analysis

As previously mentioned, the HCSCC commissioned a series of studies to develop a Master Plan for the Reliant Park Complex. These studies considered various options to address Reliant Arena deficiencies, the future use of the Astrodome site, the possibility of an on-site hotel and other concerns regarding the Complex. HLSR and the Texans were active participants in the development of these studies and the conclusions reached. The Reliant Park Master Plan proposed construction of the following components:

Replacement Arena Project

The Replacement Arena Project includes the following components:

- Performance Arena with 8,000 to 10,000 fixed seats
- 250,000 square feet of exhibition space
- 45,000 square foot ballroom with additional meeting space
- 2,500 to 3,000 space parking garage
- Intermodal Transportation Center
- Festival Plaza
- Demolition of the current Reliant Arena and Plant II
- Site improvements and paving

Hotel

To address the need for an on-site Hotel, the Master Plan proposes construction of a hotel tower above the new exhibition space. An underground parking garage with a dedicated entrance off Fannin would support the hotel; therefore day-to-day hotel operations would not negatively affect street level activities during events. HCSCC has stated that Harris County property tax would not be used to construct the hotel. *NOTE: Detailed cost and operating information is provided in Section 5.4 On-Site Hotel.*

Astrodome

The Reliant Park Master Plan proposed three options for the future use of the Astrodome site: Reliant Park Plaza, Astrodome Multi-Purpose Facility, and Astrodome Renaissance. A fourth option, Maintain Status Quo, was added in this study. *NOTE: For*

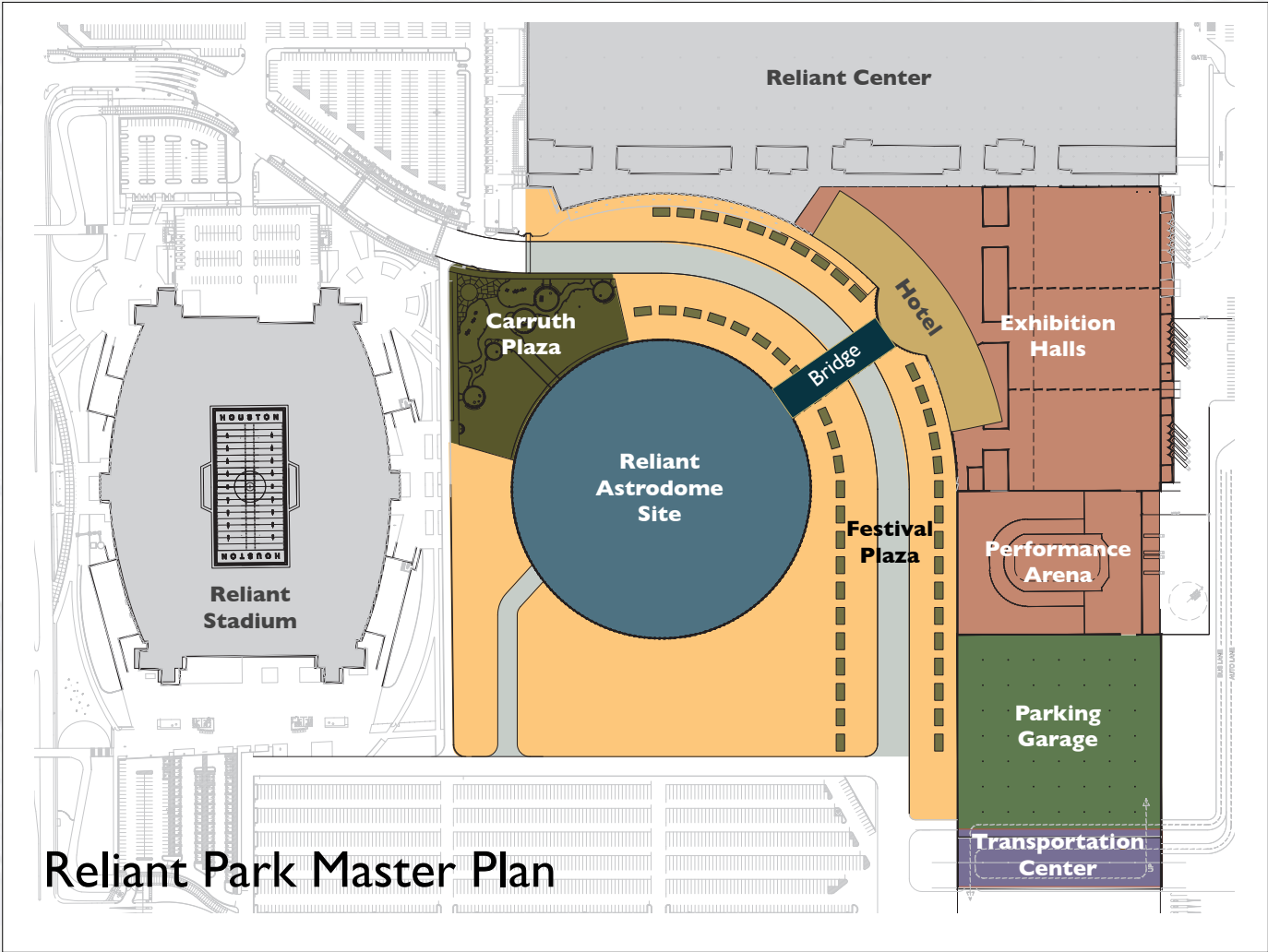
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the findings, conclusions and recommendations regarding the future use of the Astrodome site see Section 6 of the Executive Summary.

When combined with the existing facilities, the redeveloped Reliant Park Complex is anticipated to yield the following results:

- Satisfy the future needs of the Houston Livestock Show and Rodeo
- Extend the long-term relationship with the Offshore Technology Conference
- Increase parking revenues from the additional spaces available from the parking garage
- Attract larger conventions and trade shows
- Create new business opportunities and attract additional event activity
- Increase marketability and bookings for concert and entertainment events
- Allow more events to be booked simultaneously
- Increase income from arena events
- Create new income from premium seating opportunities
- Increase income from advertising and sponsorship sales
- Increase income from existing events

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Reliant Park Master Plan

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Project Costs – Reliant Park Master Plan

Master Plan Component	Project Cost
Replacement Arena Project	
Performance Arena	\$ 90.0
Exhibition & Meeting Space	204.6
Festival Plaza	14.7
Bridge (Reliant Center to Astrodome) [1]	16.4
Parking Garage	44.2
Site Paving	8.7
Demolition (Arena & Plant II)	6.7
Total	\$ 385.4
Hotel	
Hotel	\$ 335.1
Hotel Garage	\$ 51.7
Total	\$ 386.8

[1] Will only occur if the Astrodome Multi-Purpose Facility option is approved for construction.

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Preliminary Project Schedule – Reliant Park Master Plan

Reliant Park Master Plan - Preliminary Project Schedule																	
	2013			2014			2015			2016			2017				
	Texan Rodeo	OTC	Texan	Texan/GP	Texan	OTC	Texan	Texan/GP	Texan	OTC	Texan	Texan/GP	Texan	OTC	Texan	Texan/GP	Texan
Reliant Park Major Events																	
Astrodome																	
Preparation																	
Reliant Park Plaza [3]																	
Astrodome Multi-Purpose Facility [3]																	
Replacement Arena Project																	
Festival Plaza																	
Performance Arena																	
Exhibition and Meeting Space																	
Hotel																	
Parking Garage & Intermodal Transportation Center																	
Arena & Plant II Demolition																	
Site Work																	
Bridge (Reliant Center to Dome) [2]																	

[1] Next available Super Bowl bid opportunity.
 [2] Will only occur if both the Replacement Arena Project and Astrodome Multi-Purpose Facility are approved for construction.
 [3] Both options shown pending selection by Harris County

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Financial Summary (in millions) – Reliant Park Master Plan

Master Plan Component	Replacement Arena Project	Hotel [2]
Harris County Funding		
Project Cost [1]	\$ 385.4	\$ 386.8
[-] Other Funding (ie. Private, Other)	\$ -	\$ (386.8)
Total Harris County Funding	\$ 385.4	\$ (0.0)
Annual Repair and Replacement	\$ 3.9	\$ -
Operating Results		
Revenue	\$ 12.9	\$ 74.4
Expenses	(5.4)	51.2
Net Operating Income	\$ 7.5	\$ 23.2
Net Income from Third Party Operations	\$ -	TBD
Total Income (Loss)	\$ 7.5	TBD
Economic Impact		
Tax Revenue	\$ 6.5	\$ 7.1
Direct Spending	\$ 47.4	\$ 40.4
Total Output	\$ 75.3	\$ 63.7
Personal Earnings	\$ 31.1	\$ 24.9
Jobs	1,062	793

[1] Replacement Arena Project Cost would be reduced to \$370.4 million if Astrodome Multi-Purpose Facility option is not approved for construction.

[2] Represents operating results for 2019 stabilized operating year

Executive Summary

Conclusions and Recommendations

The following are the consultant team's conclusions regarding the Reliant Park Master Plan.

- It is recommended that the Replacement Arena Project be developed at an estimated Project Cost of \$385.4 million, less any amounts contributed by the Houston Livestock Show and Rodeo.
 - Depending upon the option selected for the Astrodome, additional exhibition space in the Replacement Arena Project may be required.
 - It is the design team's strong recommendation that action be taken on the Replacement Arena Project and Astrodome. The improvements will have a significant positive effect on the tenants, major long term clients like OTC and committed special events including the 2016 Final Four and the 2017 Super Bowl bid. In order to derive these benefits this work must begin as soon as possible..
- It is also recommended that HCSCC continue its efforts to secure a private developer for the on-site Hotel.
 - The analysis shows that the on-site Hotel would have a positive impact on Reliant Park.
 - The HCSCC has stated that Harris County property taxes will not be used to develop the hotel.

6.0 Astrodome Site Future Use Analysis

Options

A considerable amount of time and effort were devoted to evaluating various development and operational scenarios for the future use of the Astrodome site. Each of the development options was evaluated based on the financial and market viability of the possible option. The following options for the future use of the Astrodome site have been considered in detail in this report:

Maintain Status Quo

This option maintains the Astrodome in its current condition. The building will remain unusable and the cost of maintenance will continue to rise as the building ages and systems further deteriorate.

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Reliant Park Plaza

This option demolishes the Astrodome, fills the existing site to grade and constructs Reliant Park Plaza with perimeter support facilities for outdoor events.

Astrodome Multi-Purpose Facility

This option would renovate the Astrodome into a multi-use indoor event facility. A new event floor would be constructed at grade, existing seating would be removed, systems would be upgraded or replaced and improvements would be made to the roof and exterior skin.

Astrodome Renaissance

This option would overlay the Multi-Purpose Facility with Science, Technology, Engineering and Mathematics (STEM) programs and/or privately funded concepts, including retail, dining and entertainment (RD+E) and attractions. Approximately 400,000 square feet of new space would be created within the Astrodome to house the overlaid components. A new operating entity would be established to develop, fund and manage the Astrodome Renaissance improvements and operations. Funding for the new entity would be derived from tenant leases, philanthropic sources and other Astrodome Renaissance revenues.

While all options require public funding, the Astrodome Renaissance option as considered herein may only be pursued if the Astrodome Multi-Purpose Facility option is selected. Further, this option would only be considered if private sector and/or philanthropic funding can be found to support construction and operations. The Astrodome Renaissance option could be executed concurrently with the construction of the Astrodome Multi-Purpose Facility or at a point in the future. However, it should be noted that future construction costs would be higher.

Summary

The key findings related to the options for the future use of the Astrodome site are summarized below:

Maintain Status Quo

- Requires increasing maintenance and capital expenditures as the building ages
- Reduces the appeal of the Complex due to ongoing deterioration of the building

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- Obstructs site circulation and event operations
- Preserves the option to determine a best use in the future
- Provides no benefit from expenditures

Reliant Park Plaza

- Is the lowest publicly funded Project Cost option
- Creates additional parking
- Provides additional outdoor event space
- Reduces current Reliant Park maintenance costs
- Improves site circulation and access

Astrodome Multi-Purpose Facility

- Is the highest publicly funded Project Cost option
- Expands and supports core business
- Has a greater operating loss than the proposed Reliant Park Plaza
- Preserves the opportunity for additional future use
- Improves site circulation and access
- Provides interior, column-free, high bay exhibition space
- Creates a highly marketable, functional and unique space
- Offers ideal location for fairs, festivals and performances

Astrodome Renaissance

- All Multi-Purpose Facility findings apply, including opportunity for future use

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- Provides opportunity for third party development
 - There are significant restrictions on the site that would impact third party development
- Creates a regional destination

General Findings

- Each option has capital costs to Harris County. Additionally, all options have operating shortfalls.
- Tenant operating restrictions will make it challenging for a third party operator to justify investment in the Astrodome Renaissance.
- The STEM concept is supported by several of the stakeholders in Reliant Park and could be an important addition to the Harris County area and the local education system. Our conversations with local colleges and universities have indicated a willingness to participate in a consortium for the development of the STEM program in the Astrodome.
- The costs associated with any STEM development and operation will require the financial involvement of the private sector. This will also require the creation of management infrastructure to operate the program and maintain the facility.

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Financial Summary (in millions) – Astrodome Future Site Use Analysis

Astrodome Site Option	Status Quo	Reliant Park Plaza	Astrodome Multi-Purpose Facility	Astrodome Renaissance [3]
Harris County Funding				
Project Cost [1]	\$ -	\$ 63.9	\$ 270.3	\$ 385.4
[-] Other Funding (i.e. Private, Philanthropic, Other)	\$ -	\$ -	\$ -	\$ (115.1)
Total Harris County Funding	\$ -	\$ 63.9	\$ 270.3	\$ 270.3
Annual Repair and Replacement	\$ 1.0	\$ 0.7	\$ 2.0	\$ 2.0
Operating Results				
Revenue	\$ -	\$ 0.5	\$ 1.7	\$ 1.7
Expenses	-	(1.2)	(3.6)	(3.6)
Net Operating Income	\$ -	\$ (0.7)	\$ (1.9)	\$ (1.9)
Rent from Third Party Operations	\$ -	\$ -	\$ -	\$ 12.5
Incremental Expenses Related to Third Party Revenues				\$ (4.6)
Incremental Debt Service Related to Astrodome Renaissance	\$ -	\$ -	\$ -	\$ (8.9)
Total Income (Loss)	\$ -	\$ (0.7)	\$ (1.9)	\$ (2.9)
Economic Impact				
Tax Revenue	\$ -	\$ 0.1	\$ 0.8	\$ 8.1
Direct Spending	\$ -	\$ 0.8	\$ 6.8	\$ 77.9
Total Output	\$ -	\$ 1.3	\$ 10.8	\$ 125.5
Personal Earnings	\$ -	\$ 0.5	\$ 4.3	\$ 52.6
Jobs	0	18	153	2,221

[1] Project costs do not include outstanding Astrodome debt.

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Conclusions and Recommendations

The following are the consultant team's conclusions regarding the future use of the Astrodome site:

- It is recommended the Multi-Purpose Facility option be selected for the future use of the Astrodome site at an estimated cost of \$270.3 million*, less any cost reductions obtained through available tax credits or sources other than Harris County property tax collections.
 - This recommendation considers more than just the financial projections. It recognizes the magnitude of potential opportunities offered by this one-of-a-kind structure. In the Multi-Purpose Facility option the event floor would be over 300,000 square feet, column free and rising to a height of over 200 feet. The result is any event is possible, making Reliant Park a truly unique destination. There is simply no space like this in the world today.
 - In the event this option is not chosen or available funds are not sufficient to support the Multi-Purpose Facility option, then Harris County should choose the Reliant Park Plaza option at an estimated cost of \$63.9 million*.
 - It is the design team's strong recommendation that action be taken on the Replacement Arena Project and Astrodome. The improvements will have a significant positive effect on the tenants, major long term clients like OTC and committed special events including the 2016 Final Four and the 2017 Super Bowl bid. In order to derive these benefits this work must begin as soon as possible.
- Analysis of the Astrodome Renaissance has been unable to identify a mix of uses that can be financed today through traditional sources. However, if Harris County elects to pursue the Multi-Purpose Facility option, it preserves the Astrodome Renaissance option if other sources of funding become available.
- The Status Quo option is not recommended.

**These amounts do not include the outstanding debt on the Astrodome.*

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Alternative Funding Sources

In addition to funds provided by the County, there are three primary sources of funding for the Master Plan components and the Astrodome Multi-Purpose Facility:

- Rehabilitation Tax Credits;
- New Market Tax Credits; and
- Immigrant Investor Program (EB5) Funding.

The two tax credits are essentially grants that go to offset the total cost of the project. The EB5 funding is a type of debt that will need to be repaid. However, it can potentially be subordinated to county funds and other debt used to finance the project. Additionally, the cost of the EB5 debt is most likely very favorable for a project of this type.

Other financing vehicles (e.g. Tax Increment Reinvestment Zone bonds, Texas Economic Development Fund loans) have been identified as potential financing options, but not quantified.

A summary of each of the three alternative funding sources is set forth below:

Rehabilitation Tax Credits

Generally, a project can receive Rehabilitation Tax Credits equal to twenty percent (20%) of the total amount expended to repair or improve an historic building. However, there are several issues that would have to be addressed in order to receive these funds for the Astrodome.

First, the Astrodome would have to receive formal designation as an historic building. This is a process that would probably be successful in this case. This designation would impose specific restrictions on the maintenance of the building and would likely make it more difficult to make material alterations to the structure in the future. Second, the tax credit is available to the owner of the property. Because the HCSCC is a tax-exempt entity, an arrangement with a company that pays taxes would have to be developed that would satisfy this requirement. Third, only those expenses beyond the basis of the building are eligible in determining the amount of this tax credit. Thus, care must be taken with respect to expenditures to ensure that they are not incurred prior to the historic designation; as such, expenses could not be included and thus would lower the total amount of the potential tax credit. Fourth, if the tax credits are monetized, the value would

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be less than the total amount of the tax credit. Current market conditions indicate the monetized value would likely be 75% of the total amount of the tax credit.

New Market Tax Credits

The New Market Tax Credit Program provides a credit against Federal income taxes for investors that make “Qualified Equity Investments” (QEI) into “Community Development Entities” (CDE). Thus, the project must meet the definition of a CDE and the investment must satisfy the definition of the QEI, which should be accomplished in the case of rehabilitating the Astrodome. Once these requirements are satisfied and the credit is earned, the credit is taken over a seven-year period. However, the investment must remain in the CDE throughout the entire seven years and the total amount of the tax credit taken over that period is capped at 39% of the original investment. While the rehabilitation costs of the Astrodome would exceed \$50 million, because of current market conditions and the limited availability of allocations for New Market Tax Credits, it would likely be the case that the investment eligible would be capped at \$50 million or less. (Typical investments for which New Market Tax Credit allocations are received are between \$5 million and \$25 million.) Additionally, the monetized value of the allocation would likely be 65%, making the total amount of the New Market Tax Credits equal to \$12.187 million for all scenarios.

Immigrant Investor Program (EB5) Funding

The EB5 funding program is operated by U.S. Citizenship and Immigration Services (USCIS). USCIS requires that all investments made through this program be “at risk”, with no guarantees provided to the investors. Additionally, EB5 funds are debt, and must be repaid. However, the terms are usually significantly more favorable than other sources of private debt and similar types of financing.

The amount of funds that can be provided to a project are determined by the number of jobs (direct and indirect) that are created or retained through a project during the initial two years of the project. In addition to indirect jobs, construction jobs are included in this calculation. Once the total jobs created or retained are computed, \$1 million for every ten jobs can be loaned to the project. (This number can increase if the project is in a designated Targeted Employment Area (TEA), which is an area with unemployment at or above 150% of the national average). The TEA can be tailored based on a specific project but must be approved by USCIS.

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The chart below sets forth the amounts that could be contributed toward development costs from each of the three alternative sources:

	Replacement Arena Project	Astrodome Multi-Purpose Facility	Replacement Arena and Multi-Purpose Facility
Project Funding			
Project Cost	\$ 385.4	\$ 270.3	\$ 655.7
[-] Rehabilitation Tax Credits	\$ -	\$ (40.5)	\$ (40.5)
[-] New Market Tax Credits	\$ (7.3)	\$ (4.9)	\$ (12.2)
[-] Immigrant Investor Program (EB5) Funding	\$ (65.0)	\$ (15.0)	\$ (80.0)
Total Required Harris County Funding	\$ 313.1	\$ 209.9	\$ 523.0

Note: Appendix V contains additional information on Alternate Funding Sources.