



December 16, 2010

**Harris County
Sports & Convention
Corporation**

One Reliant Park
Houston, TX
77054

832.667.1841
Fax 832.667.1410

Dr. Richard Raycraft
Harris County Budget Office
1001 Preston, Room #938
Houston, Texas 77002

RE: Harris County Sports & Convention Corporation
Fiscal Year 2011-2012 Budget Request

Dear Dr. Raycraft:

Enclosed for Commissioners Court consideration is the General & Administrative Budget for Fiscal Year 2011-2012 for Harris County Sports & Convention Corporation (HCSCC). This budget was approved for transmittal by HCSCC's Board of Directors on December 15, 2010. This budget includes a request for funding in the amount of \$7,228,000 from Harris County to replace funding previously provided by the Harris County Houston Sports Authority and funding in the amount of \$4,370,000 from Harris County for the property insurance premium.

HCSCC is working with the Reliant Park Facility Manager, SMG, to finalize the budget for park operations for FY2011-2012. The staff of HCSCC plans to finalize this review for the HCSCC Board's February 2011 monthly meeting. At that time, SMG's budget for park operations will be considered by the HCSCC Board along with the final budget for HCSCC for FY2011-2012. A copy of this final budget will be filed with Commissioners Court for the March 2011 budget hearings.

HCSCC wishes to point out to the Commissioners Court that significant liabilities related to the operations of Reliant Park remained unfunded. The Corporation has obtained property insurance for Reliant Park on behalf of Harris County, but the property insurance obtained is subject to deductibles based on the value of the buildings. This deductible must be funded in the event of a loss by Harris County. Additionally, in previous CIP requests, HCSCC has identified funding requirements for a renewal & replacement fund for Reliant Park. HCSCC has not received funding for this request and the financial impact will begin to be realized as the buildings and equipment at Reliant Park continue to age.

Thank you for your assistance regarding this matter. We are available to discuss this budget request as necessary. Please contact me if you have any questions or need additional information relative to the budget.

Sincerely,



Willie P. Loston
Executive Director

cc: Don Whitten - HCSCC
Tom C. Waggoner - HCSCC
File

RESOLUTION NO. 2010-1202

STATE OF TEXAS §
HARRIS COUNTY SPORTS & §
CONVENTION CORPORATION §

**RESOLUTION APPROVING BUDGET OF HARRIS COUNTY SPORTS &
CONVENTION CORPORATION FOR FISCAL YEAR 2011 - 2012**

WHEREAS, the Harris County Sports & Convention Corporation (the "Corporation") evaluated its financial needs, revenue projections and expense projections for fiscal year 2011 - 2012;

WHEREAS, the Corporation's budget for fiscal year 2011 - 2012 is attached hereto (the "2011 - 2012 Budget");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS (THE "BOARD") OF THE HARRIS COUNTY SPORTS & CONVENTION CORPORATION THAT:

Section 1. Approval of the 2011 - 2012 Budget. The Board hereby approves and adopts the Corporation's 2011 - 2012 Budget in the attached form.

Section 2. Authorization to execute and deliver documents and approval of certain other matters. The Board hereby authorizes the Chairman, Vice Chairman, Secretary/Treasurer, Executive Director or any other officer to execute and deliver, or to cause to be executed and delivered, any documents or instruments that are necessary in order to evidence the approval contemplated in Section 1 above or to carry out the purpose and intent of this Resolution and to perform the obligations of the Corporation under this Resolution, including but not limited to all such acceptances and other writings required in order to accept and cause the 2011- 2012 Budget to become enforceable, effective and binding.

Section 3. Further Actions. The Board further authorizes and directs the Chairman, Vice Chairman, Secretary/Treasurer, Executive Director or any other officer to take all actions and to do all things, as may be necessary, desirable, proper or appropriate to carry out or assist in carrying out the purposes of this Resolution. The taking of any such action shall conclusively evidence the appropriateness or necessity thereof.

Section 4. Enforceable and Binding Act. Any agreement authorized by this Resolution shall become upon execution and delivery the enforceable and binding act and obligation of the Corporation.

Section 5. Exhibits Incorporated by Reference. Any Exhibit attached hereto shall be and hereby is incorporated by reference into and made a part of this Resolution for all purposes.

Section 6. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Board at which this Resolution was adopted was posted at a place convenient and readily accessible at all times to the general public, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered, and formally acted upon. The Board further ratifies, approves and confirms such written notice and the contents and postings thereof.

Section 8. Ratification and Confirmation. All acts, transactions or agreements undertaken prior to the adoption of this Resolution by any member of the Board of Directors or any officers or other representatives of the Corporation in connection with the matters authorized by this Resolution and all actions incidental thereto are hereby ratified, confirmed, approved and adopted by the Corporation.

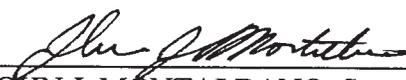
Adopted at Board of Directors meeting held on December 15, 2010

EXECUTED THIS 15th day of December 2010 by the Chairman of the Corporation.

HARRIS COUNTY SPORTS & CONVENTION CORPORATION

By: 
EDGARDO E. COLÓN, Chairman

The undersigned certifies that Edgardo E. Colón is the Chairman of the Corporation and is authorized to deliver this Certified Resolution. This resolution has not been repealed, amended or rescinded and is in full force and effect as of the date of its execution.

By: 
JOHN J. MONTALBANO, Secretary/Treasurer

Schedule A

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
SCHEDULE OF PROJECTED REVENUES AND EXPENDITURES
FOR THE PERIOD OF MARCH 1, 2011 - FEBRUARY 28, 2012

REVENUES AND OTHER SOURCES	Proposed FY2012 Budget	Approved FY2011 Budget	Increase/ Decrease
Revenues - Unrestricted			
400-00 - County Funding - Property Insurance - Non Stadium	\$ 2,185,000.00	\$ 2,185,000.00	\$ -
403-02 - Income From Operations	60,000.00	1,016,805.00	(956,805.00)
403-01 - Promotion/Event Revenue - Mgmt. Fee	820,000.00	820,000.00	0.00
404-01 - Sponsorship Revenue	1,046,430.00	1,046,430.00	-
405-01 - Sports Authority O&M Funding	-	-	-
415-00 - Interest Income	3,000.00	1,000.00	2,000.00
Total Revenues - Unrestricted	4,114,430.00	5,069,235.00	(954,805.00)
Revenues - Restricted			
400-01 - County Funding - Stadium Property Insurance	2,185,000.00	2,185,000.00	-
400-01 - County Funding - Restricted (Non-Ad Valorem Tax)	7,228,000.00	7,228,000.00	-
Total Revenues - Restricted	9,413,000.00	9,413,000.00	-
Other Sources - Prior-Year CarryOver	1,105,974.61	1,982,935.75	(876,961.15)
REVENUES AND OTHER SOURCES - TOTAL	\$ 14,633,404.61	\$ 16,465,170.75	\$ (1,831,766.14)
EXPENDITURES AND OTHER USES			
Expenditures - Unrestricted			
615-00 - Audit Fees	\$ 65,000.00	\$ 65,000.00	\$ -
625-00 - Legal Services	125,000.00	150,000.00	(25,000.00)
627-00 - Professional Consulting Services	10,000.00	10,000.00	-
630-00 - Accounting Services	7,000.00	7,000.00	-
635-00 - Insurance - Director & Officer'	33,421.29	33,421.29	(0.00)
636-00 - Insurance - General Liability	39,854.36	39,854.36	0.00
637-00 - Insurance - Excess Liability	25,985.26	25,985.26	(0.00)
638-00 - Insurance - Commercial Automobile	-	-	-
640-10 - Insurance - Property Insurance Other than Stadium	2,185,000.00	2,185,000.00	-
640-15 - Insurance - Flood	9,000.00	9,000.00	-
639-00 - Insurance - Crime & Employee Di	1,351.94	1,351.94	0.00
645-00 - Office Supplies - Other	9,836.75	9,836.75	-
645-10 - Plant Service	5,157.87	5,157.87	(0.00)
647-00 - Equipment Repairs	1,200.00	1,200.00	-
650-00 - Postage	1,615.08	1,615.08	(0.00)
656-00 - Non-Capital Equipment & Furniture	5,000.00	10,000.00	(5,000.00)
670-00 - Courier Service	5,609.73	5,609.73	(0.00)
675-00 - Telephone	500.00	500.00	-
677-00 - Printing	10,000.00	10,500.00	(500.00)
680-00 - Computer & Technology	-	-	-
697-00 - Membership Dues	2,000.00	2,000.00	-
687-00 - Dues and Subscriptions	3,500.00	3,500.00	-

Schedule A

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
 SCHEDULE OF PROJECTED REVENUES AND EXPENDITURES
 FOR THE PERIOD OF MARCH 1, 2011 - FEBRUARY 28, 2012

EXPENDITURES AND OTHER USES	Proposed FY2012 Budget	Approved FY2011 Budget	Increase/ Decrease
640-00 - Travel Expense	10,000.00	10,000.00	-
658-00 - Turf - Topsoil, Sand, etc.	572,777.20	-	572,777.20
665-00 - Local Travel	3,200.00	2,976.80	223.20
685-00 - Bank Service Charges	10,000.00	7,817.23	2,182.77
690-00 - Business Development	1,210.00	1,210.00	-
696-00 - Annual County Rent	1.00	1.00	-
698-00 - Annual Corporation Charter Fee	5.00	5.00	-
700-02 - Facility Management Fee	670,000.00	670,000.00	-
700-07 - Building Repair (Unrestricted)	30,912.81	772,000.00	(741,087.19)
700-09 - Stadium Roof Inspection	30,000.00	-	30,000.00
700-14 - Park Operations	30,912.81	1,500,000.00	(1,469,087.19)
700-19 - Annual Fee - City of Houston	2,840.24	2,840.24	-
700-32 - Day Lot Staffing	25,000.00	29,386.26	(4,386.26)
700-41 - Annual Trustee Fee	-	-	-
700-47 - Concessionaire Maint. Fund	240,858.43	240,858.43	-
700-48 - Vehicle License/Registration	250.00	250.00	-
700-51 - Annual Payment - SMG Equip. Loan	150,000.00	150,000.00	-
700-60 - Working Capital Reserve	-	181,707.88	(181,707.88)
900-00 - Staffing Expense	678,000.48	668,520.48	9,480.00
623-00 - Retirement Plan Match	43,541.58	43,541.58	-
623-10 - Retirement Plan Administration	3,000.00	3,000.00	-
926-00 - SpecteraDental	3,404.32	3,230.82	173.50
927-00 - Employee Healthcare	113,035.50	113,035.50	-
928-00 - Employee Life Insurance	2,507.00	2,507.00	-
934-00 - Workers Compensation	1,539.30	1,373.57	165.73
950-00 - Payroll Taxes	51,376.67	71,376.68	(20,000.01)
Total Expenditures - Unrestricted	<u>5,220,404.61</u>	<u>7,052,170.75</u>	<u>(1,831,766.14)</u>
Expenditures - Restricted			
640-10 - Insurance - Property - Reliant Stadium	2,185,000.00	2,185,000.00	-
700-06 - Parking Revenue Pledge	4,000,000.00	4,000,000.00	-
700-07 - Building Repair - Restricted	728,000.00	728,000.00	-
700-60 - Working Capital Reserve (Restricted) See Note 1	2,500,000.00	2,500,000.00	-
Total Expenditures - Restricted	<u>9,413,000.00</u>	<u>9,413,000.00</u>	<u>-</u>
EXPENDITURES AND OTHER USES - TOTAL	<u>\$ 14,633,404.61</u>	<u>\$ 16,465,170.75</u>	<u>\$ (1,831,766.14)</u>

Note 1 - Previously budgeted in the Stadium Renewal & Replacement Fund held by a trustee.