TO: Mayor via City Secretary **REQUEST FOR COUNCIL ACTION**

SUBJECT: Resolution approving issuance and sale by Harris County-Houston Sports Authority of tax-exempt and taxable venue district revenue bonds to refinance and restructure outstanding venue district obligations.	**Category #**	**Page 1 of 1**	**Agenda Item#**

FROM (Department or other point of origin): Department of Finance	**Origination Date:** 10/29/2014	**Agenda Date**
DIRECTOR'S SIGNATURE: Kelly Dunn	**Council District Affected:** All	
For additional information contact: Jennifer Olenick **Phone:** 832-393-9112	**Date and identification of prior authorizing Council action:**	

RECOMMENDATION: (Summary)

Adoption of a Resolution approving issuance and sale by Harris County-Houston Sports Authority of tax-exempt and taxable venue district revenue bonds in one or more series to refinance and restructure outstanding venue district obligations.

Amount of Funding: **Not Applicable**	**Finance Budget:**

Source of Funding: [ ] General Fund [ ] Grant Fund [ ] Other (Specify) [ ] Enterprise Fund

SPECIFIC EXPLANATION:

The Harris County-Houston Sports Authority ("Sports Authority") was created jointly by the City of Houston (the "City") and Harris County (the "County") for the purpose of financing and developing venues for Houston's professional sports teams, including the Astros, Texans and Rockets, and the Houston Rodeo. The primary methods of financing for the sports venues includes the existing hotel occupancy and car rental taxes ("HOT/CRT taxes") imposed by the Sports Authority in 1997. With the approval of the City and the County, the Sports Authority issued bonds and other obligations for the financing of Minute Maid Park in 1998 and NRG Stadium and Toyota Center in 2001 and 2002 (collectively, the "Venue District Obligations").

The Sports Authority has spent the last 18 months working on a plan to refinance and restructure its existing debt. In this regard, it has worked to negotiate agreements with the tenants and other stakeholders of the sports venues, including a proposed settlement with the bond insurer that would result in the dismissal of certain lawsuits filed separately by the bond insurer and the trustee which are currently pending.

Based on the current plan of finance, which is subject to change, the Sports Authority expects to issue approximately $620 million of bonds secured by HOT/CRT taxes, $70 million of bonds secured by NRG Stadium revenues and $60 million of bonds secured by Toyota Center revenues.

Section 335.073(a) of the Local Government Code requires approval by the City and the County of bonds to be issued by the Sports Authority. The board of directors of the Sports Authority took formal action on October 23, 2014, requesting that the City and County approve the issuance of bonds. In order to move forward with the finance plan, the Sports Authority must now obtain formal approval from the City and County to authorize the Sports Authority to issue bonds to refinance and restructure some or all of the Venue District Obligations. The Sports Authority expects the County to consider the item on or about November 11, 2014.

Should both the City and the County approve, the Sports Authority will be authorized to issue bonds in one or more tax-exempt and taxable series to refund and restructure some or all of the existing Venue District Obligations. The aggregate principal amount of the bonds is not expected to exceed $750 million, exclusive of costs of issuance, premium and deposits for reserves. With this transaction, the City will continue to honor its existing contractual commitments of 1998 and 2001 to rebate on-site City sales taxes for the NRG Stadium financing, including the refunding and replacement bonds. Other revenues to be pledged to certain of the bonds include NRG Stadium parking and admission taxes imposed by Sports Authority.

The Finance Department recommends adoption of a Resolution approving the Sports Authority's issuance of the bonds.

REQUIRED AUTHORIZATION

Finance Director:	**Other Authorization:**	**Other Authorization:**