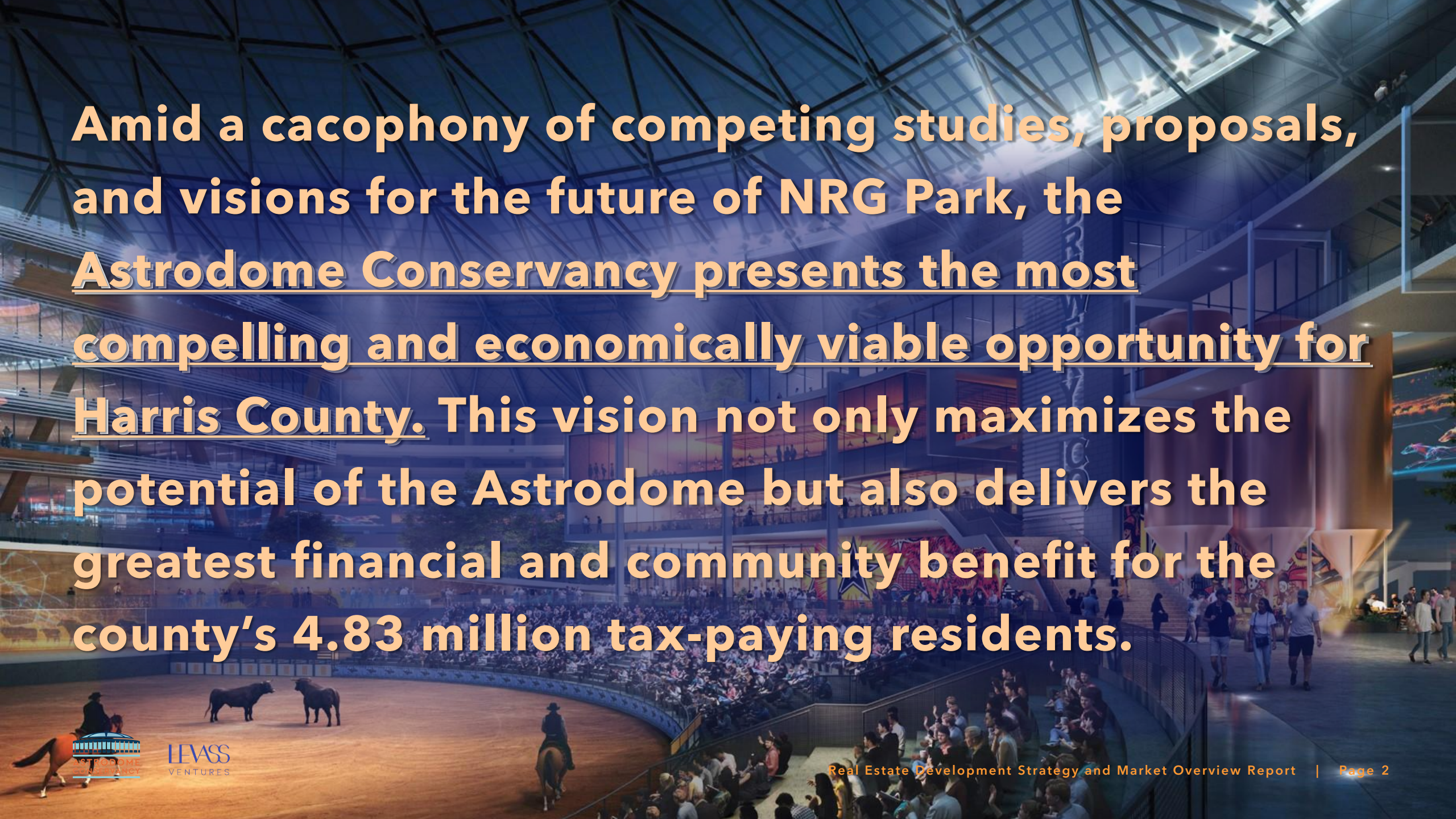




Real Estate Development Strategy and Market Overview

February 28, 2025

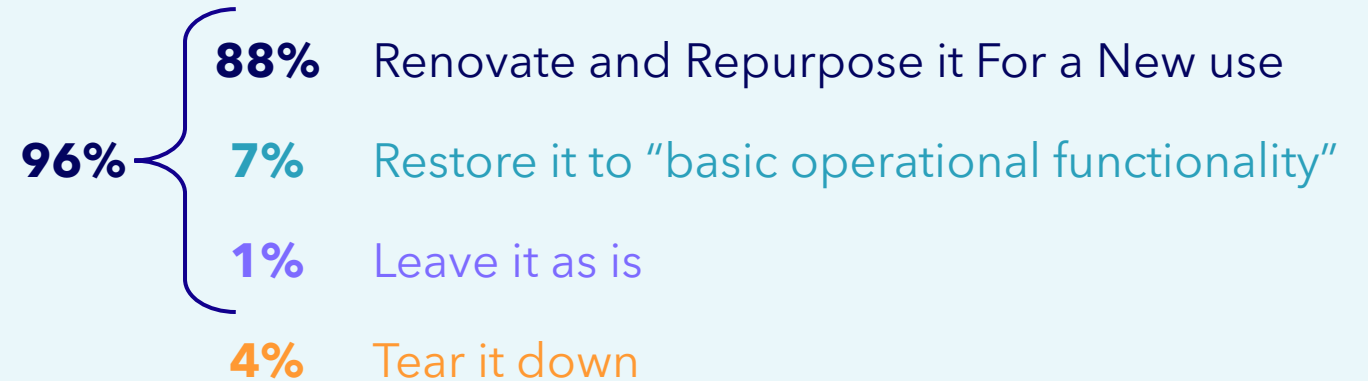
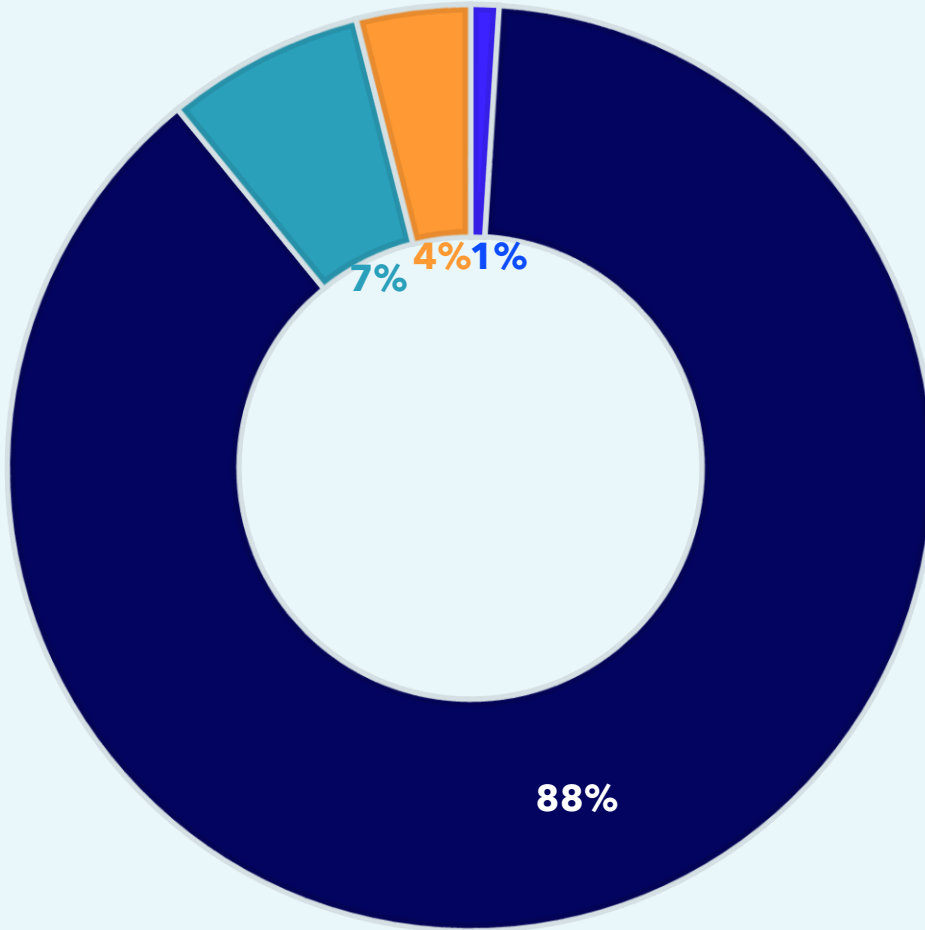
LEVASS
VENTURES



Amid a cacophony of competing studies, proposals, and visions for the future of NRG Park, the Astrodome Conservancy presents the most compelling and economically viable opportunity for Harris County. This vision not only maximizes the potential of the Astrodome but also delivers the greatest financial and community benefit for the county's 4.83 million tax-paying residents.

Strong Public Support for Astrodome Repurposing

96% of Houstonian's are in favor of repurposing the Astrodome according to a recent poll by Houston Business Journal (462 total votes)

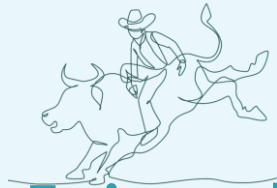


Leveraging Public Investment

A \$270 million public investment is expected to attract over \$570 million in private investment, achieving a 2.1X return ratio on public investment.

Events Arena

~12,000 Seats & 120 event/year



**Estimated
Development Budget:
\$270M**

Commercial Development **Hotel, Office, Retail, Parking**



**Estimated
Development Budget:
\$570M**

~1/3 of project costs

\$840M

~2/3 of project costs

**Project Cost
New Arena, Hotel, Office, Retail,
Entertainment Complex**

A More Cost-Effective Arena

Incorporating a new arena into the existing Astrodome saves Harris County taxpayers \$270M as compared to preliminary proposed new construction options.

	<u>Scenario A</u>	<u>Scenario B</u>
	<i>Arena Outside Dome</i>	<i>Arena Inside Dome</i>
Gross Development Costs	\$350M	\$270M
Less Historic Tax Credits	\$0M	-\$90M
Less Demolition Avoidance	<u>\$0M</u>	<u>-\$100M</u>
Total Net Arena Costs	\$350M	\$80M
Comparative Savings (A - B)	\$270M	

*Note: The \$350 million estimate is intended for direct comparison with similar Tier-One arena facilities and does not include additional livestock handling and exhibition spaces. Recent design solicitations by the Sports Commission have estimated project costs as high as \$600 million, incorporating significant show areas and livestock housing for the HLSR. The \$350 million figure strictly covers the cost of the Tier-One arena itself. However, current Astrodome Conservancy designs include optional external facilities for livestock accommodations, which are not factored into the total estimates provided in this report.



Attracting Private Investment Via Federal and State Capital

The Astrodome is the only facility at NRG Park eligible for substantial State and Federal tax credits which makes the project viable for private investment. A project of this scale can receive ~ \$300M in a state and federal cash infusion, of which ~\$210M can be used for private development components.

A	Commercial Development Budget	\$570M
B	Federal and State Tax Credits (non-arena)	- \$210M
C = A - B	Private Investment (Equity & Debt)	= \$360M

Early Estimated Private Investment Returns:

- >9% Stabilized Yield
- >30% IRR



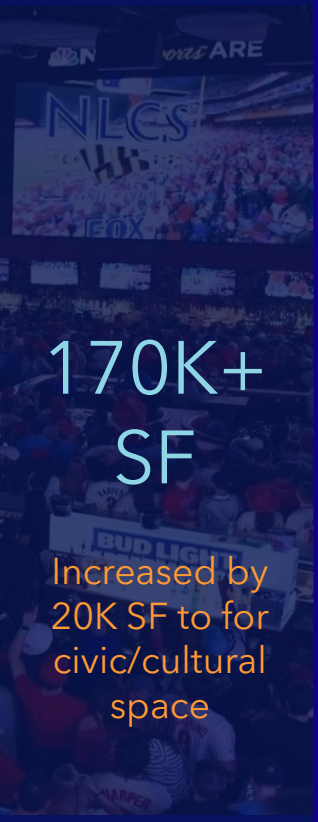
The Timing is Ripe: Redeveloping the Astrodome can correct past missteps of the late-1990s NRG leases.

- **Sustainable Long-Term Upkeep:** A dedicated PILOT prevents costly deferred maintenance that plagues NRG Stadium.
- **Secured Financing Without Local Competition:** Leveraging federal & state funds.
- **Maximizing NRG Park's Potential:** Astrodome can fulfill its role as a year-round attraction.
- **Eliminating Outdated Restrictions:** Remove outdated blackout dates.
- **Renewing Political Support:** County elections in 20 months.

8 Key Takeaways

- 1. Public-Private Flexibility:** This proposal assumes the County retains ownership of Dome and the land at NRG Park but is flexible in its approach to structuring development and ownership regimes for the new improvements within the Dome.
- 2. Financial Viability:** Up to 45% of project costs qualify for Historic Tax Credits, but the project will need bridge financing to manage the time lag between redevelopment investments and the receipt of these credits.
- 3. Arena Savings (\$80M + \$90M + \$100M):** An arena within the astrodome saves Harris County taxpayers nearly \$270M as compared to a comparable free-standing new arena because of **i)** \$80M in development savings; **ii)** \$90M in historic tax credit benefits, and **iii)** \$100M in demolition avoidance.
- 4. Tax Incentives:** Commercial ventures like the hotel, office, and retail will benefit from reduced occupancy costs achieved through property tax abatements due to County ownership of the land and structure. A PILOT generating \$4.6M in direct revenue is assumed to be used for long-term maintenance and care of the Astrodome building.
- 5. Cost Analysis:** Base building (i.e, the Astrodome structure itself) improvements require deeper scrutiny as they are the primary factor affecting the financial viability of commercial activities within the Astrodome.
- 6. Holistic Program:** Redevelopment must leverage the Astrodome's iconic status, integrating sports and Texas-inspired elements and forming partnerships with local brands to reflect Houston's culture.
- 7. Strategic Partnerships:** Active collaboration with Harris County, is critical for project viability. Synergizing with the activities of the Rodeo and Texans increases the financial performance of the proposed development.
- 8. Economic Impact:** The project will generate \$1.5B in economic activity, create 8,400 construction job-years, and 3,700 permanent jobs, contributing \$135M annually in direct employment compensation. It will also generate \$237M in net fiscal benefits over 30-years.

Modified Redevelopment Program

Hotel	Office	Venue	Retail / F&B	Parking	Livestock	And...
 300 Rooms Reduced by 200 rooms; Avg. room area adjusted to 650 GSF	 150K SF Reduced by 50K SF	 12,000 Seats Increased by 2,000 fixed seats and 4,000 total seats assuming floor seats.	 170K+ SF Increased by 20K SF to for civic/cultural space	 1,500 Spaces	 In Parking Decks	 Data Farm 300K GSF of interstitial concourses removed; 490K remains for alternative uses

Project Scale: Opportunities for Incremental Growth

Astrodome redevelopment can be envisioned as an incremental process, layering in additional programs to maximize flexibility and feasibility. This approach allows for adaptive reuse, aligning with market demands and stakeholder interests while leveraging the structural and historical significance of the space.

Increased Complexity and Budget	A: Shell Rehab	Create a “cold, dark box” space, preserving the structure without active programming. Rationale: Demonstrates preservation costs (~\$100M) are comparable to demolition.
	B: Retail Activation	Incorporate 100,000-150,000 SF of retail space to the main concourse. Impact: Establishes the Astrodome as a mixed-use destination and supports surrounding developments.
	C: Structured Parking	Incorporate approximately 1,500 structured parking spaces. Benefit: Supports event parking needs while enhancing access to NRG Park.
	D: Event Venue	Develop a venue with a capacity of 10-12,000 seats. Opportunity: Attract concerts, esports, and large-scale events to diversify programming and drive revenue.
	E1: Hotel Integration	Build a ~300-key hotel with meeting space. Value: Enhances NRG Park’s appeal as a conference and tourism hub while generating year-round activity.
	E2: Office Space	Introduce 100,000 SF of office space. Purpose: Attracts commercial tenants, offering steady revenue streams and daytime activation.
	F: Upper Concourse	Bring the upper concourse up to code and program it with unique uses. Examples: Experiential attractions, cultural installations, and other uses to create a dynamic destination.

8 Reasons to Redevelop and Repurpose the 8th Wonder

Eight Reasons Why.

#1

**It houses the
County's new
arena at a
\$270M savings**

- i. The County Design RFP calls for a new **\$350M** arena. This proposal meets that need and extends to host Tier-One national touring events.
- ii. The Astrodome can easily accommodate that scale facility and can be built for **\$80M** less than a new ground up area.
- iii. Historic Tax Credits further reduce Arena development costs by **\$90M**.
- iv. Putting the arena in the Astrodome also saves an additional **\$100M** in demolition costs avoided by preserving the Astrodome.
- v. It does not necessitate revenue kept on-site from hotel occupancy tax (HOT)...Though it can still contribute to generating new HOT revenue streams.

Eight Reasons Why.

#2

The Astrodome is the only NRG Park facility eligible for \$300 million in tax credits

- i. Federal historic tax credits of 20% and State tax credits of 25% provide nearly **\$300M** in project funding.
- ii. No other development or renovation at NRG park could access these funds.
- iii. This cash infusion obviates the need for accessing local public funds that can be used elsewhere at NRG Park.

Eight Reasons Why.

#3

It Attracts Significant Private Investment

- i. **\$570M in** private project investments (all of the program excluding the arena) is de-risked via **\$210M+** in historic tax credits and other federal and state tools.
- ii. Other federal financial tools for sustainability and Transit Oriented Development further increase private market investment viability.
- iii. There is noted market demand for experiential retail, hotel, and administrative office facilities.
- iv. Alternative uses for upper concourse spaces that leverage power load sent to building.

Eight Reasons Why.

#4

**It is a
Net-Positive for
the Rodeo
and the Texans**

- i. ~12,000 fixed-seat event venue provides opportunity for year-round rodeo entertainment
- ii. 1,500 integrated parking spaces available for Texans' VIPs and Rodeo guests
- iii. Improved gameday experiences with pre- and post-game activity
- iv. Livestock storage for March celebration
- v. Opportunity for inclusion of HQ offices
- vi. Opportunity to include a museum and celebration of rodeo and Texas culture
- vii. Design includes a path ("Rodeo Boulevard") that connects Rodeo events at the stadium to activity in NRG Center.
- viii. Hotel for teams, fans, Rodeo guests and visitors.
- ix. Vibrancy and activity improves Houston's ability to attract major events (Superbowl, Final Four, etc.)

Eight Reasons Why.

#5

It Generates Significant Economic Benefits

- i. **8,400** job-years (4,700 direct, 3,700 indirect) of employment through development. 2,100 workers per year on average during construction.
- ii. **\$1.65B** in direct and indirect economic activity generated through development.
- iii. **3,750** permanent jobs created (2,675 direct, 1,075 indirect).
- iv. **\$72M** in direct annual employment compensation.

Eight Reasons Why.

#6

It Generates Significant Fiscal Benefits

- i. **\$330M** in gross fiscal benefits to City, County, Metro and others via sales tax, HOT tax, and other payments
- ii. **\$237M** in net fiscal benefits to City, County, Metro and others after deducting associated public costs
- iii. **\$105M** in net present value of fiscal benefits as compared to \$0M in a “do nothing approach”
- iv. Proposed **~\$4.6M** in annual PILOT (Payment in Lieu of Taxes) generated for long-term maintenance of Astrodome

Eight Reasons Why.

#7

It is Sustainable

- i. Preservation of the 'Dome's structure has significant carbon capture benefits as carbon avoided by repositioning is 61% of the total replacement carbon.*
- ii. Preservation obviates the need to truck in 260,000 tons of soil to fill the hole.
- iii. It also eliminates 15,000 truck trips to remove the Dome's demolished structure.
- iv. Geothermal system can produce >3,000 tons of cooling/heating capacity and save \$1.7M per year in energy costs. (5% *yield on investment*)

*Source: Gensler, October 2024, Carbon Impact of Astrodome Preservation and Repositioning

Eight Reasons Why.

#8

Preservation is the Right Thing to Do

- i. The Astrodome is listed on the National Register of Historic Places for both its architectural and cultural significance by the US National Park Service; also designated and protected as a State of Texas Antiquities Landmark by the Texas Historical Commission.
- ii. The Dome is perhaps the greatest iconographic symbol of Houston's triumphant 20th century growth.
- iii. The Dome and its programming will connect future generations to the City's past.
- iv. Over 96% of Houstonians agree that the Dome should be preserved according to a recent poll.
- v. Houston has a growing appreciation of preservation via major projects like the Ion, Julia Ideson Library, Post HTX, Hermann Park Clubhouse, and River Oaks Theater.