

**HARRIS COUNTY – HOUSTON SPORTS AUTHORITY
MINUTES OF THE BOARD OF DIRECTORS MEETING**

Wednesday, December 2, 2015

STATE OF TEXAS }
HARRIS COUNTY – HOUSTON }
SPORTS AUTHORITY }

A meeting of the Board of Directors (the “Board”) of the Harris County – Houston Sports Authority (the “Authority”), a sports and community venue district, was held in the O’Connell Board Room of the offices of the Greater Houston Convention and Visitors Bureau, 1331 Lamar Street, Suite 700, Houston, Texas, on Wednesday, December 2, 2015, commencing at 10:00 a.m. Written notices of the meeting, including the date, hour, place and agenda for the meeting, were posted in Harris, Fort Bend and Montgomery Counties in accordance with the Texas Open Meetings Act. The following Directors participated in the meeting: Chairman J. Kent Friedman, Directors Bruce Oakley, Joseph Callier, Larry Catuzzi, Gregory Compean, Jess Fields, Stephen Fraga, Pam Gardner, Manson Johnson, Chau Nguyen, Matt Rogers, and Tom Sprague. Ms. Janis Schmees Burke, Chief Executive Officer for the Authority; Mr. Tom Waggoner, Controller for the Authority; Mr. Gene Locke and Mr. Mark Arnold, Andrews Kurth LLP, Counsel for the Authority, were also present. Guests in attendance were: Reverend Presbyter Michael Lambakis, Dean, Annunciation Greek Orthodox Cathedral, Houston; Ms. Valoree Swanson, Harris County Tax Assessor-Collector’s office; Mr. Ryan Walsh, Harris County Judge Emmett’s Office; Ms. Joanye Henderson, Harris County Commissioner R. Jack Cagle’s office; Mr. Dave Martin, Houston City Council Member District E, and former member of the Authority’s Board of Directors; Mr. Billy Burge, former Chairman of the Board of the Authority; Mr. Carl Warwick, former member of the Authority’s Board of Directors; Mr. Chris Canetti, President of Houston Dynamo and BBVA Compass Stadium; Mr. Paul Byrne, Vice President of Stadium Operations, BBVA Compass Stadium; Mr. Samir Mayur, Houston Astros and Minute Maid Park; Mr. Doug Hall, 2016 NCAA Men’s Final Four; Ms. Cindy Clifford, The Clifford Group; Mr. Denis Braham, Winstead PC; family and friends of Mr. Jerry Dinkins, former Director of Facilities for the Authority: Ms. Jennifer Hamer, daughter; Mr. Jerry Dinkins, Jr., son; and former co-workers and

friends, Ms. Rhonda Middlesteadt and Ms. Heather Mize; Mr. Mark Berman and Mr. Doug Biggers, KRIV Channel 26; Ms. Drachan Johnson, Administrative Assistant for Director Johnson; and Ms. Misha Ferguson King, MK Development – Urban Integration Alliance.

1. **Call to Order.** Recognizing that a quorum was present, Chairman Friedman called the meeting to order at approximately 10:00 a.m. He then introduced The Reverend Presbyter Michael Lambakis, Dean, Annunciation Greek Orthodox Cathedral, Houston, who offered the invocation.

2. **Action on resolution recognizing the service of Harris County – Houston Sports Authority’s retired Director of Facilities, Jerry T. Dinkins, Jr., and authorizing the Authority’s Chairman to express its appreciation for that service to his family.** Chairman Friedman called for a motion on the resolution which acknowledged the vital role Mr. Dinkins played in completing the professional sports stadiums in Houston. Motion was made by Director Catuzzi, seconded by Director Johnson, and passed unanimously.

Ms. Burke then shared a very moving digital tribute which had been prepared to honor Mr. Dinkins in music and photos.

Chairman Friedman then asked Ms. Jennifer Hamer, daughter, and Mr. Jerry T. Dinkins, Jr., son, to step forward. Houston City Council Member and former member of the Authority’s Board of Directors, Dave Martin presented a special tribute to Mr. Dinkins in the form of a Proclamation from the City of Houston, which named September 25 as Jerry T. Dinkins, Sr. Day.

Chairman Friedman presented a framed copy of the Authority’s resolution and a letter expressing condolences to the family. Former Board members, Billy Burge and Carl Warwick, then shared their memories of Mr. Dinkins, as did Director Larry Catuzzi, all having worked with him very closely for many years, while constructing the stadiums.

3. **Action on resolution recognizing the reappointment by the Commissioners Court of Harris County, Texas, of Bruce D. Oakley, Position 10, to the Board of Directors of the Harris County – Houston Sports Authority; and swearing-in ceremony relating to same.** Chairman Friedman then administered the Oath of Office to Director Oakley.

4. **Public Comments.** None.

5. **Presentation and approval of the minutes from the Board Meeting held on October 1, 2015.** Chairman Friedman presented the draft minutes for the Board meeting held on October 1, 2015, which had been previously circulated for the Board's review. Director Fields moved that the minutes be approved, and Director Sprague seconded the motion. The motion passed unanimously.

6. **Election of officers to serve as Vice-Chairman and Secretary/Treasurer; and approving other matters related thereto.** Chairman Friedman reported that both Directors Catuzzi and Fields have agreed to continue to serve in those positions, and called for a motion on the resolution approving these officer positions. Motion was made by Director Gardner, seconded by Director Fraga, and passed unanimously.

7. **Chairman's Report.**

a. **Ad hoc committee update relating to the general upkeep of the professional sports stadiums, and other matters related thereto.** Chairman Friedman reported that the ad hoc committee which was formed relating to the upkeep of the stadiums continues to move forward with the process. He said that the committee members are Directors Gardner and Sprague. Chairman Friedman stated that the search continues for a consultant to assist with the process. He further added that the management teams at each of the stadiums have been very cooperative, and we are looking forward to working with them to ensure that the stadiums continue forward in their current general capacities for a long time to come.

b. **Update relating to the Authority's administrative office relocation due to the current sublease with the Greater Houston Convention & Visitors Bureau becoming obsolete with their realignment with Houston First Corporation, and other matters related thereto.** Chairman Friedman asked Ms. Burke to provide an update to the Board on this matter. Ms. Burke said that the Authority has an agreement with Houston First on a ten-year lease, with two five-year renewals, that will allow the Authority and its staff which is now overly crowded into 2,800 square feet to move into approximately 10,000 square feet of office space. She noted that this expansion will really help the Authority with all of the events on the horizon. Ms. Burke noted that the building is under construction now, and will house the organizations that sell the City, including the Greater

Houston Partnership, Houston First Corporation, the Greater Houston Convention & Visitors Bureau, the staff of the George R. Brown Convention Center, and the Hotel & Lodging Association of Greater Houston.

c. **Update on status of plans for Board Retreat.** Chairman Friedman reported that plans continue on the scheduling of a Board retreat, the purpose of which would be to provide an opportunity to discuss intermediate and long-term strategic plans for the future of the Authority. He noted that two proposals for a facilitator for this Retreat have been received, but a third proposal is still needed so that a decision can be made.

d. **Schedule of 2016 Board of Directors Meetings.** Chairman Friedman noted that the schedule of meetings for 2016 was included at Tab E of the Agenda Book. He said that Ms. Jeanes would send calendar invitations to everyone so that the dates can be put on calendars for the entire year.

8. **Discussion and possible action on agreements approving and consenting to the transfer of certain indirect ownership interests in Dynamo Stadium LLC, and other matters related thereto.**

Chairman Friedman called the Directors' attention to the items in their folders which contained the old and new ownership structure charts, as well as biographical sketches of the new indirect owners, which related to this transfer of ownership interests. He then asked Mr. Chris Canetti, President of the Houston Dynamo and Dynamo Stadium, for a brief update on this item.

Mr. Canetti thanked the Directors for the opportunity to speak to the Board. He reported that currently, the Houston Dynamo team is owned and operated by the Anschutz Entertainment Group (AEG). AEG is also the owner of Major League Soccer's LA Galaxy team. Mr. Canetti stated that it is a rare occurrence for one organization to own two teams in MLS; and in the case where the Dynamo met the Galaxy in the World Cup Finals, it presented a somewhat awkward situation.

Mr. Canetti stated that it was inevitable at some point that there would be a need for a transfer of ownership wherein AEG would no longer be the majority partner for two MLS teams, which would result in separate ownership of each team. He reported that there are very serious negotiations ongoing with AEG and Mr. Gabriel Brener for Mr. Brener to take over the majority ownership of the Dynamo team.

Mr. Canetti said that Mr. Brener has been a minority partner of the Dynamo since 2006, along with Oscar de la Hoya, and at this point, Mr. Brener's intentions are to become the majority owner and

operator. He further commented that Mr. Brener had local ties to Houston and the community, he is passionate about the Houston Dynamo, and has been very active and engaged in the business over the years, and is committed to the success of the Dynamo, the Dash and BBVA Compass Stadium. Mr. Canetti noted that he was looking forward to the completion of the transaction.

In response to a question from Director Catuzzi, Mr. Canetti stated that the outlook for MLS and Women's Major League Soccer is bright and both leagues continue to expand growth at a rapid pace.

Chairman Friedman noted that Mr. Arnold, the Authority's counsel, has been working diligently on the documents, and is comfortable with them. He then called for a motion on the resolution approving and consenting to the transfer of ownership interests in Dynamo Stadium LLC. Motion was made by Director Fields, seconded by Director Catuzzi, and passed unanimously.

Chairman Friedman asked Director Fields to provide the financial update.

9. Finance Committee Update.

a. Discussion and review of the 2015 year-to-date financials; and

Director Fields reported that as of October 31, 2015, the actual year-to-date Motor Vehicle Tax revenues as of October 31, 2015, are currently under 2014 revenues by .05%, and are under the 2015 year-to-date budget by 3.77%. He reported that the actual year-to-date Hotel Occupancy Tax revenues are under 2014 revenues by 2.23%, and are under the 2015 year-to-date budget by 10.62%. Director Fields noted that all expenditures are under year-to-date budgeted amounts except for the office expense category, which is over budget due to a timing difference.

b. Discussion and review of the proposed 2016 General and Administrative Budget.

Director Fields noted that the Authority is estimating \$89,487,516 in revenues for 2016, and said this estimate includes \$54.3 million for Motor Vehicle Rental and Hotel Tax revenues, which is about 4% less than the projected 2015 actual, based on the slowdown in travel related to the oil industry slump. He reported that a budget of \$3,965,176 in General and Administrative expenses is being proposed. The expenditure budget includes funding for the move and buildout of new office space that will be leased from Houston First Corporation, activities related to events, and the acquisition of events.

In summary, Director Fields estimates that \$85,522,340 will be available for debt service after G&A expenses. The funding requirement for debt service and other obligations in 2016 totals

approximately \$55 million. He stated that the proposed budget provides adequate funding to meet the proposed G&A budget, and the funding requirement for debt service and other contractual obligations.

Director Fields reported that the Finance Committee has met and is in concurrence with the proposed 2016 G&A budget. Chairman Friedman noted that 2016 revenue projections are less than 2015 because of the economy, and Director Fields concurred, noting that a very conservative approach is being taken in light of the current downturn. Chairman Friedman also commented that the proposed 2016 G&A budget is basically flat as compared to 2015.

10. Discussion and possible action on resolution approving the 2016 General and Administrative Budget; and approving other matters related thereto.

Chairman Friedman called for a motion to approve the resolution located at Tab H in the Agenda Book. Motion was made by Director Catuzzi, seconded by Director Gardner, and passed unanimously.

Chairman Friedman asked Ms. Burke to provide the Chief Executive Officer's Report, and complimented the entire staff on the success of the Weightlifting Championships which just concluded.

11. Chief Executive Officer's Report. Ms. Burke's report included:

- a. Highlights of the highly successful International Weightlifting World Championships
 - Averaged 80,000 social media posts per day;
 - Super Bowl viewership will be 115 million, compared to the 1.1 billion in viewership in 200 countries across the world;
 - In addition to ESPN, our secondary broadcast partners, BeIn Sport, reported that the Weightlifting Championships were trending higher in Central and South America than soccer, and this had never happened in Weightlifting;
 - The IWF President said that Houston has set a new standard and changed the sport forever – have never had a digital background, have never had ten world records broken, have never had 112 countries participating in a world championships event – there were just so many firsts for Houston that has set the standard for future Championships the world over. He said that he had been President of the IWF for 45 years, and said it was the best World Championships he had ever seen.

- The staff worked so hard and what they accomplished over nine days of competition with very little sleep was simply unbelievable, and that was just the execution of the event. The planning of it took four years. They ensured the tremendous success of the event.
 - Extended thanks and appreciation to all of the Board members who attended the event.
 - The USOC Chairman, Larry Probst, flew in, and was very excited about what was being done in Houston. Because the U. S. is bidding for the 2024 Olympics, he felt that Houston showed the world what could be done on the international stage.
- b. SWAC Football Championship will be held at NRG Stadium on December 5, and we are expecting 45,000, which will break the all-time attendance record. She thanked Directors Manson and Rogers for their efforts toward the success of the SWAC events.
- c. 46th Annual Rotary Lombardi Award event will take place on December 9. Ms. Burke expressed the Authority's appreciation to Director Nguyen for her assistance with media.
- d. Reported that the Authority's office will be closed between the Christmas and New Year's holidays.

12. Chairman Friedman announced that, pursuant to provisions of Chapter 551, Texas Government Code, the Board shall deliberate in Executive Session on the following: Consultation with attorneys on legal matters; deliberation on real estate matters; and deliberation on personnel matters.

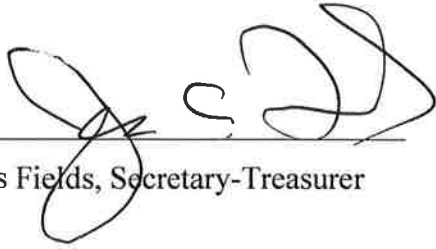
At approximately 11:05 a.m., the Board of Directors recessed into a closed meeting to deliberate on the agenda items. Following Executive Session, the Board reconvened in open session at approximately 11:25 a.m.

Mr. Doug Hall gave a brief update on the NCAA Final Four following Executive Session.

13. Comments by Directors.

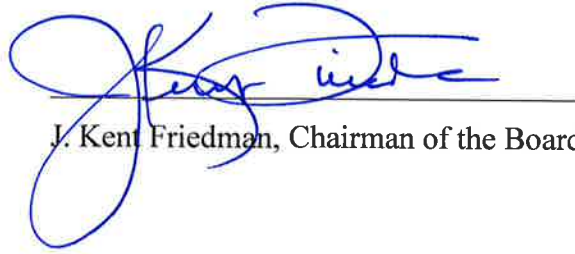
14. Adjournment. There being no further business to come before the Board, and after motion made by Director Sprague and seconded by Director Gardner, the meeting was adjourned at approximately 11:30 a.m.

Adopted and approved this 4th day of February, 2016.



A handwritten signature in black ink, appearing to read 'Jess Fields', written over a horizontal line.

Jess Fields, Secretary-Treasurer



A handwritten signature in blue ink, appearing to read 'J. Kent Friedman', written over a horizontal line.

J. Kent Friedman, Chairman of the Board