

HARRIS COUNTY – HOUSTON SPORTS AUTHORITY
MINUTES OF THE BOARD OF DIRECTORS MEETING
Thursday, December 15, 2016

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 HFC Board/Training Room on the second floor of Partnership Tower, 701 Avenida de las Americas, Houston, Texas 77010, commencing at 10:00 a.m. on Thursday, December 15, 2016. 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 Willie Alexander, Joseph Callier, Larry Catuzzi, Cindy Clifford, Jess Fields, Ron Franklin, Manson Johnson, Laura Murillo, Bruce Oakley, Matt Rogers, Tom Sprague and Robert Woods. Ms. Janis Schmees Burke, Chief Executive Officer for the Authority; Mr. Tom Waggoner, Controller for the Authority; Mr. Mark Arnold, Andrews Kurth LLP, Counsel for the Authority; and Mr. Trey Cash, First Southwest Company, a division of Hilltop Securities, Financial Advisors for the Authority, were also present.

Guests in attendance were: Father Paul Felix, Pastor, Annunciation Catholic Church, Houston; Mr. Steve Dormand, County Commissioner Steve Radack’s office; Houston City Council Member and former Authority Board Member, David P. Martin; former Houston City Council Members Anne Clutterbuck and Sue Lovell; Mr. Jonathan Newport, Houston First Corporation; Mr. Marcel Braithwaite and Mr. Dan O’Neill, Houston Astros; Mr. Doug White, World Corporate Games; Ms. Jessamy Tang, The Matthew Foundation; Ms. Mary Benton, PCI; Ms. Stephanie Kuzydyn and Mr. Matt Kayser, KHOU-TV; and Mr. V. F. Bennett, HTV.

1. Call to Order. Recognizing that a quorum was present, Chairman Friedman called the meeting to order at approximately 10:00 a.m. Before getting started, he conveyed the Board’s thanks

and appreciation to Ms. Burke and the Authority's staff for their outstanding efforts throughout the year that made 2016 a very good year for the Authority. Chairman Friedman then introduced Father Paul Felix, Pastor, Annunciation Catholic Church, Houston, who offered the invocation.

2. **Discussion and possible action on resolution authorizing the reappointments to the Board of Directors of the Harris County – Houston Sports Authority of Larry Catuzzi, County Position 7; and the appointment of Ronald G. Franklin, City Position 2; and swearing-in ceremony relating to same.** Chairman Friedman then administered the Oath of Office to Directors Catuzzi and Franklin.

3. **Public Comments.** Director Sprague commented that the TASO Houston Baseball Umpires Scholarship Foundation presented 17 scholarships to deserving Houston-area high school seniors in 2016. He then presented Chairman Friedman and the J. Kent Friedman Foundation with a plaque from the Scholarship Foundation in recognition and appreciation of his generous donation and support. Director Sprague then took the opportunity to present the Foundation's appreciation to the Houston Astros' organization for its support of this endeavor. Mr. Marcel Braithwaite, Senior Vice President of Business Operations for the Houston Astros, accepted the memento.

4. **Presentation and approval of the minutes from the Board Meeting held on October 6, 2016.** Chairman Friedman presented the draft minutes from the Board meeting held on October 6, 2016, which had been previously circulated for the Board's review, and called for a motion to approve. Motion was made by Director Woods, seconded by Director Callier, and passed unanimously.

5. **Chairman's Report.**

a. **Update on 2017 AdvoCare 100 Texas Bowl.** Chairman Friedman stated that this event will be held at NRG Stadium on December 28, with Kansas State playing Texas A&M. He noted that this is a great showcase for Houston during this time of the year, and encouraged all to participate.

b. **List of Officers and Committees for 2017.** Chairman Friedman said that the list of the Authority's Officers and Board Committees for 2017 were in the folders at the Directors' seats. He thanked the Directors for their willingness to serve.

c. **Schedule of Board of Directors meetings for 2017.** Chairman Friedman noted that the schedule of meetings for 2017 was also in their folders, and said that Ms. Jeanes would send calendar invitations to everyone so that the dates can be put on calendars for the entire year.

6. **Discussion and possible action on resolution adopting new Vision and Mission Statements for the Authority; and approving other matters related thereto.** Chairman Friedman stated that the Vision and Mission Statements located at Tab C in the Agenda Book are a result of the recently held Board Retreat, and focus on a fresh outlook for the Authority. He called for a motion to approve the resolution, motion was made by Director Sprague, seconded by Director Fields, and passed unanimously

7. **Building Committee & Stadium Task Force Update.** Chairman Friedman noted that the Authority has been focused on the professional sports stadiums' upkeep and maintenance, to ensure that they remain state-of-the-art facilities. He asked Director Sprague, Chair of the Building Committee, for his report. Director Sprague said that this evaluation is an ongoing process, and includes holding individual meetings with each of the teams and stadium operations staff to ensure the same goals are achieved by all parties. Chairman Friedman said that the Authority's designated staff liaison on this project has been Mr. Doug Hall, who brings his valuable experiences at Toyota Center and BBVA Compass Stadium, to the table.

8. **Marketing Committee Update.** Chairman Friedman called upon Director Rogers, Chair of the Marketing Committee, for his report. Director Rogers advised that the Marketing Committee had met and discussed several items that will be advantageous and beneficial to the Authority. Ms. Burke noted that many sports commissions throughout the country host well-recognized annual awards programs in their communities, and the Authority's staff is developing plans for an October launch date for its inaugural program. Director Alexander asked specifically about the Authority's name recognition in the community. Ms. Burke said that while the Authority is very well known nationally and internationally as leaders in the sports industry, she recognized that the focus of the awards event needs to help connect the Authority to the community. Director Rogers encouraged active participation in the community by the Directors in achieving this goal.

9. Finance Committee Report.

a. Review of Quarterly Investment Report and Quarterly Portfolio Compliance Report for Quarter Ending September 30, 2016. Director Fields reported that investment earnings for the third quarter totaled \$195,289. At September 30, the average portfolio bond equivalent yield was at a rate of .71%, which reflects an exceptional market rate for the third quarter, according to First Southwest. Investment earnings for 2016 are expected to total \$625,400, compared to \$127,000 in 2015. He noted that all investments are in compliance with the Public Funds Investment Act.

b. Discussion of unaudited 2016 year-to-date financials. Director Fields reported that Motor Vehicle Rental Tax revenue collections were \$21,476,081, which are ahead of year-to-date budget by one-half of one percent (.5%). He noted that Hotel Occupancy Tax collections were \$24,711,960, which exceeded the budget by five (5%) percent. He reported that investment income is 200% over budget, which is due to Mr. Waggoner and his team's close management of the investment accounts which has allowed the Authority to move from single-digit increases in past years. Director Fields stated that all expenditures are under budget by approximately four (4%) percent.

c. Discussion of proposals submitted for external audit services for the 2016 audit year. Director Fields stated that the Finance Committee reviewed notes from the staff related to the proposals received for external audit services for the 2016 year. The staff was asked to provide additional information on the proposals at the next Finance Committee meeting in January, 2017, and the Committee will make its recommendation to the Board at the February, 2017 meeting. Chairman Friedman noted that the request for proposals for an external audit firm was no reflection on the Authority's current audit firm of Grant Thornton over the past five years, but was considered to be a best-practices action.

10. Chief Executive Officer's Report.

Ms. Burke's report included updates on:

- WISE Partner of the Year Award
- Insurance coverage update on the professional stadiums and Directors & Officers liability
- Super Bowl update details provided by Mr. Doug Hall included comments on the Authority's partnership and support, including the loan of four of its staff members to assist the Host Committee in several areas; recruitment of 10,000 volunteers – the most

of any Super Bowl in history; discussion on transportation; an overview of downtown activities at Discovery Green and the George R. Brown; and the opening of the Marriott Marquis. In response to requests from Directors Clifford and Murillo, Ms. Burke and Mr. Hall will make notices of the many press events surrounding the Super Bowl available to the Directors, who can distribute to their contacts and databases, thereby raising more awareness of the Authority in the community.

- Ms. Burke introduced Ms. Jessamy Tang of The Matthew Foundation, sponsor of the Super Fest event the day before Super Bowl Sunday. She explained that Super Fest is a football and cheerleading clinic for persons with disabilities meant to raise awareness in the local community. Ms. Tang presented a video showing action from last year's inaugural event, and noted that the Foundation is very collaborative with many local organizations that help to endow funds for research. She asked for the Authority's assistance to promote locally by getting the word out, posting the event on its website, etc. Director Franklin asked for a plan from the Authority to show how it might specifically assist to build awareness of this organization and the event. Director Alexander recommended that Ms. Tang reach out to the local HEART organization, whose members include people of color who are mentally and physically disabled. Director Woods offered contact with former NFL player organizations who might become involved.
- Recap of NCAA DI Men's Soccer College Cup Championships
- Mr. Doug White, World Corporate Games, gave a video presentation with a brief overview of the Games that are coming to Houston in November, 2017. The Games are an 18-sport program available to all businesses of any size, and promotes team building, as well as health and well-being of the workforce. Any organization can compete no matter the size. There are 26,000 member organizations having a total of one million participants around the world. Division and regional games are held over the course of a year, and the champions are invited to the World Games.

11. 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.

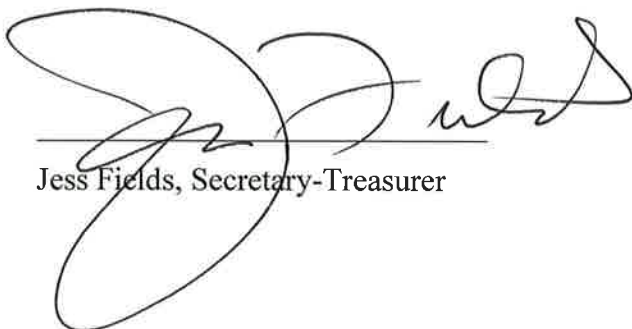
At approximately 11:10 a.m., the Board of Directors recessed into a closed meeting to deliberate on the agenda items. Following Executive Session, the Board reconvened in open session at approximately 12:10 p.m.

12. Discussion and possible action on a resolution approving the 2017 General and Administrative Budget, and approving other matters related thereto. Upon return from Executive Session, Director Fields presented the Authority's 2017 General and Administrative Budget with estimated revenues, expenses and amount available for debt service and other obligations. Chairman Friedman called for a motion on the resolution to approve the 2017 Budget as presented. Motion was made by Director Fields, seconded by Director Callier, and passed unanimously.

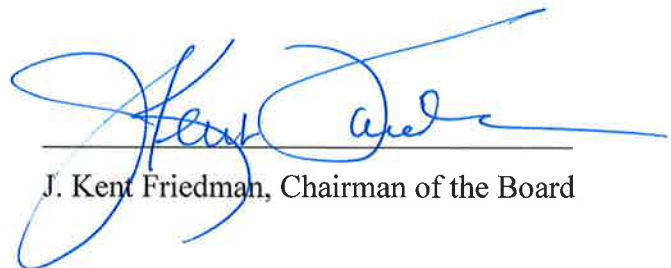
13. Comments by Directors.

14. Adjournment. There being no further business to come before the Board, and after motion made by Director Sprague and seconded by Director Catuzzi, the meeting was adjourned at approximately 12:15 p.m.

Adopted and approved this 16th day of February, 2017.



Jess Fields, Secretary-Treasurer



J. Kent Friedman, Chairman of the Board