

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

Thursday, February 16, 2017

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, February 16, 2017. 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: Pastor Rick Sylvester, Spirit of Life Apostolic Church, Houston; Houston City Council Member and former Authority Board Member, David P. Martin; Houston City Council Member Jack Christie; Ms. Danielle Bartz, Director, Boards and Commissions, Office of the Mayor, City of Houston; Mr. Dave Walden and Mr. August Williams, Harris County Commissioner Jack Morman’s office; Ms. Joanye Henderson, Harris County Commissioner Jack Cagle’s office; Mr. Colin Parish and Ms. Amanda Schar, Statehouse Consultants; Mr. Jonathan Newport, Houston First Corporation; Ms. Sallie Sargent and Ms. Dolores Lozano, Houston Super Bowl Host Committee; and Mr. Robert Belt, Belt Harris Pechacek, LLLP.

1. **Call to Order.** Recognizing that a quorum was present, Chairman Friedman called the meeting to order at approximately 10:00 a.m. He acknowledged special guests, Houston City Council Members David Martin and Jack Christie. Council Member Martin extended a personal thank you to the Board for its support of Super Bowl and commended the Authority's staff and the 10,000 volunteers who represented the City so well throughout Super Bowl week. Chairman Friedman then introduced Pastor Rick Sylvester, from Spirit of Life Apostolic Church, who offered the invocation.

2. **Public Comments.** None

3. **Presentation and approval of the minutes from the Board Meeting held on December 15, 2016.** Chairman Friedman presented the draft minutes from the Board meeting held on December 15, 2016, which had been previously circulated for the Board's review, and called for a motion to approve. Motion was made by Director Fields, seconded by Director Catuzzi, and passed unanimously.

4. **Chairman's Report.**

a. **Super Bowl Recap.** Chairman Friedman introduced Ms. Sallie Sargent, Houston Super Bowl Host Committee CEO, and as she made her way to the podium, he invited Authority staff members present to stand and be publicly acknowledged for their hard work and contributions that made Super Bowl the outstanding success that it was. Ms. Sargent thanked the Board for its support, members of the Authority's staff, and all of the volunteers who worked so hard to make this Super Bowl the benchmark that future host cities will have to meet. A video presentation was shown that recapped all of the Super Bowl events and highlighted the numerous records that were broken, including most-watched Super Bowl with 172 million viewers; 1.3 million visitors and fans; 10,000-plus volunteers who worked over 140,000 hours; and 78 local grantees who received a total of \$4 million to be used for youth health and wellness, education and community enhancement programs in Harris County and Houston. She closed her presentation by noting that community support was the key ingredient in the success. Chairman Friedman thanked Ms. Sargent for her outstanding efforts over the past two years in the planning and subsequent execution of a stellar event.

b. **Report by Colin Parish of Statehouse Consultants on pending legislative bills relating to gun control and the State's event trust funds; and other matters related thereto.**

Chairman Friedman introduced Mr. Colin Parish, Statehouse Consultants, who, on behalf of the Authority, is closely monitoring the movement of all proposed legislation currently in the State Legislature that could have an impact on the Authority and its ability to bring events to Harris County and Houston. Mr. Parish gave a brief overview of these proposed bills which relate to gun control; the

Event Trust Funds program; regulation of the use of multi-occupancy private spaces (the “bathroom bill”); and restriction of drones operating over a sports venue. Mr. Parish stated that more information will be forthcoming, and assured the Board that all of the proposed legislation will continue to be monitored closely, and his office will provide updates on a regular basis. Chairman Friedman stressed the importance of these proposed pieces of legislation and the potential impact to the Authority.

c. **Reminder that Personal Financial Statements are due to State’s Ethics Commission by April 30, 2017; a 60-day extension to June 30 may be granted if extension request filed before April 30, 2017.** Chairman Friedman reminded the Directors that individual Personal Financial Statements are due to the State’s Ethics Commission by April 30 (for 2017, that deadline will be May 1). He noted that a 60-day extension to June 30 may be granted if an extension request is filed before May 1, 2017. Chairman Friedman stated that the Authority’s Legal Counsel, Mr. Mark Arnold, is available to assist the Board with any questions pertaining to the legal aspects of the requirement.

5. **Chief Executive Officer’s Report.**

Ms. Burke’s report included updates on:

- An overview of the financial structure of the Authority, which had been prepared by Mr. Trey Cash of First Southwest, the Authority’s financial advisors, was provided at the Finance Committee meeting on February 15. Ms. Burke commented that this was a very good explanation of the history of how the bond funds flow and how the Authority operates financially. She noted that a tutorial session could be scheduled if any of the Board members requested it.
- Ms. Burke noted that the latest edition of the Greater Houston Partnership magazine, *Opportunity Houston*, was in the Directors’ packets. She said that there were a number of sports-related articles, including an interview with Chairman Friedman on the history of the Authority and the stadiums’ construction.
- The American Leadership Forum will recognize Kenny and Ann Friedman and honor them as leadership role models in the community at an event on April 26.
- Ms. Burke also called attention to the February 2 Moody’s Investor Service’s article in the Directors’ packets. It was an opinion as to how Moody’s viewed the expected financial effect of the Super Bowl for the Authority as a result of the event.

- Ms. Burke called on Mr. Chris Massey, Director of Events, to report on the Authority's Super Bowl involvement, and other upcoming events. He included information on:
 - Youth Bowl – an event spearheaded by NFL player, Andre Johnson's mother, highlighted a football and dance clinic while also providing STEM activations to more than 500 kids.
 - SuperFest – an event similar to Youth Bowl for youths with physical or mental disabilities. Approximately 100 kids took part in this event that brought out Houston Texans' Coach Bill O'Brien and NFL cheerleaders.
 - NFL Women's Initiative – more than 200 girls from 12 different school districts in the Houston area participated.
 - Clients from PRO12 Rugby and the College Football Playoff were hosted over Super Bowl weekend.
 - Bassmaster Classic will be held March 24-26. More than 100,000 people are expected to attend the fan- and family-friendly events that are all absolutely free to the public. These include the Outdoor Fishing Expo at the George R. Brown Convention Center, competition weigh-in at Minute Maid Park, and the live fishing on Lake Conroe. More than 900 HISD students will partake in the "Get Hooked on Fishing" program, made possible by a community partnership program, where they will learn about fishing and be given a rod and reel. Our military and first responders will be honored with a Military Appreciation Day and a First Responders Appreciation Day. Chairman Friedman observed that to put this in perspective, that 140,000 people came to town for Super Bowl week, and 100,000 are expected for Bassmaster so, this is a major event in the world of fishing.
 - Discussions continue with Toyota Center and the Rockets for the NBA All-Star Bid for 2020 & 2021.
 - The Authority is a finalist to host the 2017 Prospect Cup, an international youth soccer tournament, comparable to the Little League World Series.
 - NCAA Championship bids pending include DI Men's & Women's Golf 2022; DIII Women's Golf 2019-2021; DI Women's Soccer 2018-2021; and DI Basketball 1st & 2nd Round 2019-2022.

Director Catuzzi then commented that the University of Houston and Rice University football fields were used for Super Bowl practice fields, but that there had not been much recognition of those efforts. He recommended that these schools be acknowledged for their outstanding contribution to Super Bowl in Houston. Mr. Hall reported that while the practice sites were not confidential, they were not advertised for security reasons. He stated that both schools had received new, sod practice fields from the Host Committee with gratitude for their participation.

6. **Executive Session.** Chairman Friedman stated there was no need for an Executive Session, and called on Director Fields, as Chair of the Finance Committee, for his report.

7. **Finance Committee Report.**

a. **Discussion and approval of a resolution authorizing the engagement of the firm of Belt Harris Pechacek, LLP, to serve as auditors for the Authority for the next three years, beginning with fiscal year 2016, and approving other matters related thereto.** Director Fields stated that at its meeting on January 18, 2017, the Finance Committee unanimously agreed to recommend to engage the firm of Belt Harris Pechacek, LLP, for the Authority's external audit services for the next three years, beginning with the fiscal year 2016 audit. Director Fields made a motion to approve Belt Harris Pechacek, LLP, as the Authority's audit firm, motion was seconded by Director Catuzzi, and passed unanimously.

b. **Review of preliminary year-end financials.** Director Fields reported that Motor Vehicle Rental Tax revenue collections for 2016 were \$24,442,425, which were under budget by less than one-half of one percent (.5%). He stated that the Hotel Occupancy Tax collections were \$28,449,564, which were under budget by approximately one percent (1%). Director Fields noted that the Authority's investment income is approximately 220% over budget, which is due to Mr. Waggoner and his financial team's efforts in managing the Authority's funds. He said that all expenditures are under budget by approximately one (1%) percent, but noted that Event Host and Bid Fees are over budget by \$542,000 because of bid fees paid for the 2017 Bassmaster Classic (\$500,000), and the World Corporate Games (\$221,000).

c. **Review of Harris County's Investment Policy's changes to its approved broker list, effective March 1, 2017, which will be incorporated into the Authority's Investment Policy.** Director Fields reported that the Harris County Financial Services Department provided the Authority with a revised list of approved banks and broker/dealers that the County will use for investment

transactions, effective March 1, 2017. He noted that the Agenda stated an effective date of March 31, 2017, but it is March 1, 2017. Director Fields stated that the Finance Committee is requesting the Board's approval of the same list and to incorporate it into the Authority's Investment Policy for 2017, and made a motion to that effect. Motion was seconded by Director Catuzzi, and passed unanimously.

d. Quarterly Investment Report and Quarterly Portfolio Compliance Report for quarter ending December 31, 2016. Director Fields reported that Mr. Waggoner and his financial team discovered errors in the report furnished by the Harris County Department of Financial Services and have asked for the report to be corrected. This report will be submitted at the next Board meeting.

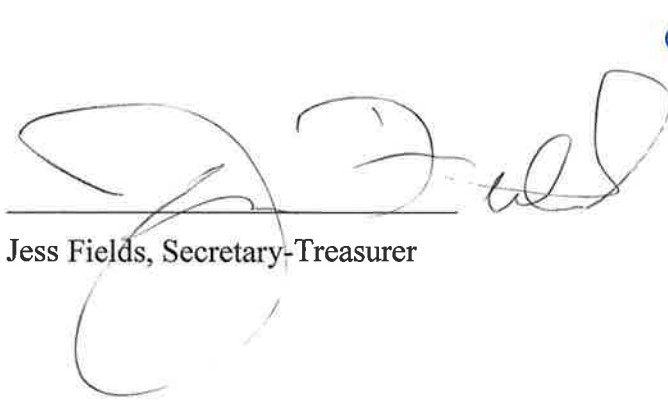
e. Moody's Investor Services press release. Director Fields stated a report released by Moody Investor Services on February 2, 2017, was a positive report on the Authority, and estimates that the Super Bowl will yield a \$1 million jump in Hotel Occupancy Tax collections versus a similar period last year. He noted this amount is approximately 3.5% of the \$28.5 million total collected in 2016. In response to a question from Director Catuzzi, Mr. Cash will investigate Moody's negative credit watch on the Authority, and report back to the Board.

8. Comments by Directors.

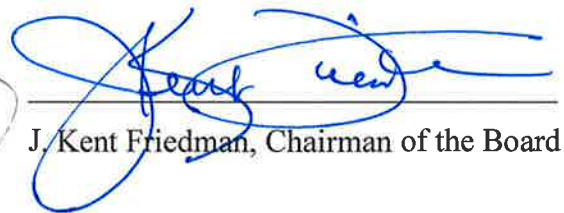
- Director Franklin requested a discussion on the Authority's position on Senate Bill 6 be posted to the Agenda for the next Board meeting, and Directors Clifford and Oakley agreed. Mr. Parish noted that this is a piece of legislation that had not been referred to a committee nor has it been posted for a hearing at this time, but his firm would continue to monitor and report to the Authority.
- Mr. Arnold cautioned the Directors that the time for a briefing and further debate and discussion on this matter should be in a publicly posted meeting. Chairman Friedman responded that he would make sure that this matter could be discussed at the next Board meeting.

9. Adjournment. There being no further business to come before the Board, and after motion made by Director Sprague, seconded by Director Fields, the meeting was adjourned at approximately 11:15 a.m.

Adopted and approved this 27th day of April, 2017.



Jess Fields, Secretary-Treasurer



J. Kent Friedman, Chairman of the Board