

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

**Thursday, October 23, 2014**

**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 Thursday, October 23, 2014, 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 Joseph Callier, Lawrence Catuzzi, Greg Compean, Stephen Fraga, Manson Johnson, Matthew Rogers, Jr., Chau Nguyen, and Tom Sprague. Mr. Tom Waggoner, Controller of the Authority; Messrs. Gene Locke and Mark Arnold, Andrews Kurth LLP, counsel for the Authority; and Messrs. Mike Bartolotta and Trey Cash, First Southwest Company, financial advisors for the Authority, were also present. Guests in attendance were: Mr. Ryan Walsh, Harris County Judge Ed Emmett’s office; Ms. Joanye Henderson, Harris County Commissioner R. Jack Cagle’s office; Mr. Curtis Flowers, Loop Capital Markets and former Authority Board member; Mr. Franklin D. R. Jones, Greenberg Traurig, LLP; Mr. Art Morales, BOSC, Inc.; Mr. Cary Gilliam, Regions Bank; Mr. Michael Lactson, West & Associates, LLP; Mr. Doug Hall, President & CEO of the Houston Local Organizing Committee for the 2016 NCAA Men’s Final Four; and Rev. Terry Mackey, Senior Pastor, Riceville Mt. Olive Baptist Church.

1. **Call to Order.** Recognizing a quorum was present, Chairman Friedman called the meeting to order at approximately 10:10 a.m. He introduced Rev. Terry Mackey, Senior Pastor, Riceville Mt. Olive Baptist Church in Houston, who offered the invocation.
2. **Action on resolution authorizing the reappointment of Chau Nguyen, Position 2; and swearing-in ceremony relating to same.**

Chairman Friedman announced that Ms. Chau Nguyen's reappointment to Position 2 on the Authority's Board of Directors had been confirmed by the City Council of Houston. He then administered the Oath of Office to Ms. Nguyen.

**3. Action on resolution recognizing the service of former Director, James A. Baker, and authorizing the Authority's Chairman to express appreciation for that service to his family.**

Chairman Friedman called for a moment of silence in Mr. Baker's memory. He then presented a proposed resolution that recognized Mr. Baker's service to the Authority and its Board of Directors. The proposed resolution also directed Chairman Friedman to prepare a letter to Mr. Baker's family on behalf of the Board of Directors and the Authority that would express condolences for his loss and appreciation for his service. Motion was made by Director Catuzzi, seconded by Director Callier, and passed unanimously.

**4. Presentation and approval of the minutes from the Board Meeting held on August 21, 2014.** Chairman Friedman presented the draft minutes for the Board meeting held on August 21, 2014, which had been previously circulated for the Board's review. Director Sprague moved that the minutes be approved, and Director Johnson seconded the motion. The motion passed unanimously.

**5. Chairman's Report.**

Chairman Friedman stated he was pleased to announce that we are close to making a deal to refinance most of the bonds that are outstanding. He noted that while there are still many moving parts with local constituencies, he believes firm progress is being made toward a successful conclusion. Chairman Friedman noted that a Special Meeting of the Board would need to be called to approve the final documentation once everything has been aligned. He commented that this Special Meeting is expected to happen by the end of November.

Chairman Friedman asked Mr. Waggoner, Controller of the Authority, to provide the year-to-date financial update.

**6. Year-to-date Financial Update.**

Mr. Waggoner began his report by stating that he had received an email notice from the Trustee regarding the November 15 debt payment, which reported that the Authority is fully funded for payment of all debt service on both the Senior and Junior Lien bonds, which was comforting to hear one month before the payment date.

Mr. Waggoner reported that actual revenues for the third quarter of 2014 exceed budget by \$4,801,879. He stated that Motor Vehicle Rental Tax revenues exceed budget by 14.2 percent, or \$2,462,403; and that Hotel Occupancy Tax revenues exceed budget by 10.6 percent, or \$2,286,941. Mr. Waggoner further noted that actual expenditures are under budget by \$258,474, and that all expenditure categories are within the adopted budget.

Mr. Waggoner stated that the par value of the Authority's investment portfolio was \$95.3 million as of September 30, 2014; the third quarter average yield was .52 percent as compared to the benchmark yield of .05 percent; and that the weighted average maturity for the third quarter was 182 days on investments.

Chairman Friedman thanked Mr. Waggoner for his report, and asked Director Sprague for his report from the Building Committee regarding the Astros' improvements to Minute Maid Park.

**7. Building Committee Update regarding Astros' improvements to Minute Maid Park.**

Director Sprague reported that after having met with members of the Astros' organization and Mr. Waggoner, he can report that the post-season 2014/pre-season 2015 renovations planned and underway at Minute Maid Park comply with the operations and maintenance requirements of the lease agreement, and when completed, will serve to continue the Stadium's showcase reputation across the country.

Mr. Waggoner stated that he had reviewed the proposed expenditures and reported that they meet the criteria of the capital repairs and improvements section of the lease agreement. He noted that the planned expenses of approximately \$16 million will exceed the amount contributed to the asset renewal fund each year, but the Astros will fund the expenses and after review and approval of each project by the Authority, will be reimbursed from the fund over time.

**8. Chief Executive Officer's Report.** Chairman Friedman announced that unfortunately, Ms. Burke could not attend the Board meeting today because one of the flights returning her to Houston from Budapest was cancelled, and she will return to Houston tonight. He said that Ms. Burke had been in Budapest to meet with the International Weightlifting Federation, as part of a contractual requirement in anticipation of the World Weightlifting Championships to be hosted by Houston in November, 2015. Chairman Friedman noted that this will be the first time in nearly 40 years that the event has been held in the United States, there will be over 180 countries participating, and there will be worldwide television coverage of the event, effectively showcasing Houston to the world.

Other items that Ms. Burke asked Chairman Friedman to update the Board on include:

- Mr. Doug Hall is the newest member of the Authority's staff, having been General Manager of the BBVA Compass Stadium, and prior to that, General Manager of Toyota Center. The Authority is going to loan Mr. Hall to the NCAA Men's Final Four Local Organizing Committee as its President and CEO. Chairman Friedman remarked at how fortunate the Authority was to be able to add an employee of Mr. Hall's stature and experience, and asked Mr. Hall to address the Board. Mr. Hall thanked Chairman Friedman and the Board for the opportunity that has been presented. He noted that he had also worked on the staff of the 2011 Men's Final Four, so when this opportunity arose to lead the charge, he gladly accepted. He noted there is a lot of work ahead with the Regionals in 2015 and the Final Four in 2016. Mr. Hall stated that he looked forward to the challenge of improving upon a successful 2011 Final Four.
- Ms. Burke will travel to Indianapolis next month to make Houston's final presentation to the NCAA for a future Women's Final Four award.
- The Authority is looking forward to hosting the SWAC Football Championship at NRG Stadium on December 6, and the SWAC Basketball Championship at Toyota Center in March, 2015. This is the second year of a three-year award. This has been a great partnership with SWAC. They are well-pleased with the results from these events last year, and everyone looks forward to these future championships.
- The Rotary Lombardi Award event will be held December 10 at Bayou Music Center. Chairman Friedman noted that this award has been given by the Rotary Club of Houston for the last 46 years, and last year, the Authority was asked to step in to help them build it to a more prominent, prestigious award than in past years.
- International Weightlifting Championships will be held Thanksgiving week of 2015.

**9. 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 pending or potential litigation and legal matters in which attorney's duties are governed by the State of Texas (Code of Conduct), including matters related to National Public Finance Guarantee Corp and MBIA v. Harris County - Houston Sports Authority, et al, and matters related to MBIA, and Wilmington Trust v. Harris County - Houston Sports Authority and the payment of bonds and the flow of funds obligations, and matters related**

**thereto pursuant to Section 551.071; deliberation on real estate matters, pursuant to Section 551.072; and deliberation on personnel matters, pursuant to Section 551.074.**

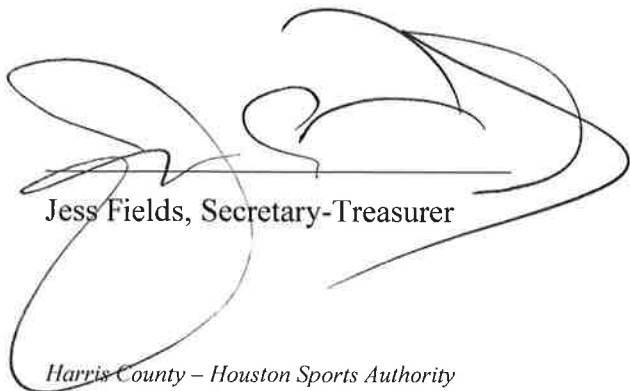
At approximately 10:42 a.m., the Board of Directors recessed into a closed meeting to deliberate on the agenda items. Following Executive Session, the Board reconvened in open session at approximately 11:25 a.m.

11. **Discussion of issues related to office space for the Harris County-Houston Sports Authority and consideration and possible action on a resolution delegating authority to the Chief Executive Officer, along with General Counsel, to negotiate terms and conditions for a new office lease, considering a new location, and further delegation to negotiate and acquire additional space at the present location.** Chairman Friedman called for a motion on this resolution, motion was made by Director Sprague, seconded by Director Rogers and passed unanimously.

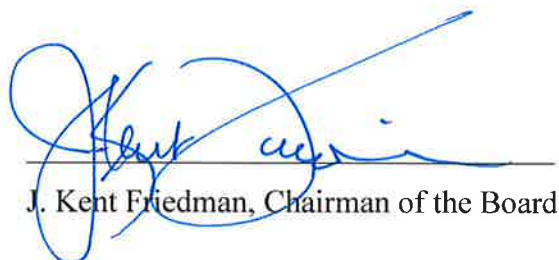
12. **Discussion and possible action on a resolution authorizing the Harris County-Houston Sports Authority to request the consent and approval of the City of Houston and Harris County for the refinancing of certain bonds and the payment of certain obligations and the issuance of new obligations related to Reliant Stadium and Toyota Center, as required by law, and other matters related thereto.** Chairman Friedman called for a motion on this resolution, motion was made by Director Johnson, seconded by Director Callier and passed unanimously.

13. **Adjournment.** There being no further business to come before the Board, and after motion made by Director Johnson and seconded by Director Rogers, the meeting was adjourned at approximately 11:35 a.m.

Adopted and approved this 4th day of December, 2014.



Jess Fields, Secretary-Treasurer



J. Kent Friedman, Chairman of the Board