

HARRIS COUNTY – HOUSTON SPORTS AUTHORITY
MINUTES OF THE BOARD OF DIRECTORS MEETING
Thursday, June 4, 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 Thursday, June 4, 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 Joseph Callier, Jess Fields, Stephen Fraga, Pam Gardner, Manson B. Johnson, Matthew Rogers, Jr., and Tom Sprague. Mr. Tom Waggoner, Controller for the Authority; Mr. Gene Locke and Mr. Mark Arnold, Andrews Kurth LLP, counsel for the Authority; and Mr. Trey Cash, First Southwest Company, financial advisors for the Authority, were also present. Guests in attendance were: Mr. Mike Sullivan, Harris County Tax Assessor-Collector; Ms. Joanye Henderson, Harris County Commissioner R. Jack Cagle’s office; Mr. Jim Crane, Owner and Chairman, Houston Astros; Marcel Braithwaite, Senior Vice President – Business Operations, Houston Astros; Mr. Hunter Yurachek, Vice President for Intercollegiate Athletics, University of Houston; Ms. Angela Dunlap and Ms. Karmyn Jefferies, Grant Thornton LLP; Mrs. Cheryl Sprague; Mr. Brian Taggart, MLB Sports; Mr. Mark Berman, KRIV Channel 26 News; and Rev. Scott Harbison, St. Luke’s Presbyterian Church, Houston, Texas.

1. **Call to Order.** Recognizing a quorum was present, Chairman Friedman called the meeting to order at approximately 10:00 a.m. He introduced Rev. Scott Harbison, pastor of St. Luke’s Presbyterian Church, Houston, Texas, who then offered the invocation.

2. **Presentation and approval of the minutes from the Board Meeting held on June 4, 2015.**

Chairman Friedman presented the draft minutes for the Board meeting held on June 4, 2015, which had been previously circulated for the Board’s review. Director Sprague moved that the minutes be approved, and Director Gardner seconded the motion. The motion passed unanimously.

3. **Chairman's Report.**

a. **Introduction of Mr. Jim Crane, Chairman of the Board of the Houston Astros.**

Chairman Friedman introduced Mr. Crane, who thanked the Board for its support of the Astros' organization and the ongoing plans to improve the ballpark and maintain the Stadium as a great venue for the City and the fans. Mr. Crane noted that this year, remodeling had taken place on the Club level, offices, locker rooms and workout facilities, and that plans were being made now for future enhancements to the ballpark, which would be brought before the Board. Chairman Friedman thanked Mr. Crane for his comments, and said that the Board appreciated the Astros' stewardship of the Stadium. Director Sprague, speaking as Chairman of the Building Committee, noted that communication with the Astros' organization and the working relationship with Mr. Braithwaite has been outstanding, and conveyed the Board's appreciation for that line of communication.

b. **Task force formation for baseball stadium evaluations.** Chairman Friedman stated that it was important for the Board to stay ahead of the curve on the Authority's stadiums as they begin to age, beginning with the baseball stadium. He said that a task force would be formed with a few of the Board members to visit other professional sports stadiums and observe what is being done correctly, as well as incorrectly, to maintain and improve the buildings. Chairman Friedman said that he had asked Director Sprague, as Chairman of the Building Committee, and Director Gardner to be on this task force. He issued an invitation to other Board members who might have an interest in this process to let him know, but also noted that care must be exercised to ensure there would not be a quorum of the Board present during these observational trips. Chairman Friedman said that travel plans had not been formulated at this time, but that once definite plans had been made, it was possible that a two-day trip would be required to each of the selected venues.

c. **Introduction of Mr. Hunter Yurachek, Vice President of Intercollegiate Athletics, University of Houston.** Chairman Friedman welcomed Mr. Yurachek and invited him to address the Board. Mr. Yurachek thanked the Board for its invitation, and conveyed the University's appreciation to the Authority for its great partnership over the years. He said that under Dr. Renu Khator's leadership and direction, student attendance numbers at the University of Houston have risen to become the second largest in Texas, just behind the University of Texas. Mr. Yurachek said that the University had embarked on approximately \$250 million in new facility projects on campus, and many are in the Athletics Department, including a basketball development center/practice facility and renovations that will bring a state-of-the-art track and field complex to the University. He gave an

exciting update on the football program, which now boasts the brand-new \$120 million TDECU Stadium, and new Head Football Coach, Tom Herman, at the helm. He noted that future plans call for a proposed \$60 million renovation of the 50-year old Hofheinz Pavilion, which will be presented to the Board of Regents for approval in August. Mr. Yurachek said that once those plans are approved, the men's and women's basketball program will have need of another venue while renovations take place. He encouraged community support of the University's sports programs, and extended an invitation to the Board to reach out to him directly for a tour of the campus' athletic facilities at any time. Chairman Friedman thanked Mr. Yurachek and said that the Authority looked forward to continuing its great partnership with the University of Houston.

d. Discussion on Personal Financial Statements due to Texas Ethics Commission by June 30. Chairman Friedman reminded the Directors that Personal Financial Statements are due at the Texas Ethics Commission on June 30 for those who filed for a 60-day extension. He encouraged those who had questions on this matter to reach out to Mr. Locke.

e. Report on status of HB 3402 and SB 633 relating to the Texas Event Trust Funds program. Chairman Friedman reported that these bills were passed this last legislative session and related to the Texas Event Trust Funds, which the Authority accesses for assistance with marketing the County and the City for sporting events. He noted that with HB 3402, the Authority sought to eliminate several procedural steps and gain more direct access to the Funds. Chairman Friedman said that the companion bill, SB 633, was a broader bill which moved the oversight of the program from the Comptroller's Office to the Governor's Office of Economic Development. He said that the passage of these bills is very favorable to the Authority, and thanked Mr. Arnold and Mr. Hernandez from Andrews Kurth for very successfully shepherding them through the legislature.

f. Update on events. Chairman Friedman stated that Ms. Burke had circulated her update on activities and sporting events to the Board, and a copy was in the Directors' folders. He noted that she was traveling to Poland to meet with International Weightlifting Federation contacts as a contractual requirement in connection with the Authority's hosting of the World Championships in Houston in November.

4. Grant Thornton LLP to give independent auditors' report for year 2014. Chairman Friedman asked Director Fields, as Chairman of the Finance Committee, to report on the Authority's 2014 financial audit. Director Fields introduced Ms. Angela Dunlap, Partner, and Ms. Karmyn Jeffries, Manager-Audit Services, from Grant Thornton LLP, and asked them to give their report.

Ms. Dunlap conveyed Grant Thornton's appreciation for the opportunity to perform the annual audit service for the Authority. She reported that their team had met with the Finance Committee prior to the Board meeting, and walked through this presentation regarding the conduct of the audit for the Authority for the December 31, 2014 financial statements.

Ms. Dunlap said that with respect to the financial statements, Grant Thornton LLP issued an unqualified, or clean, opinion on the financial statements of the Authority for calendar year ending December 31, 2014, meaning that the financial statements are free of material misstatement and are in accordance with Generally Accepted Accounting Principles. She noted that this year was unique with the debt transactions entered into by the Authority, and there was extra accounting work and time associated with that aspect.

Ms. Dunlap stated there were no scope limitations relative to the audit, meaning that they were able to talk with whomever they needed to talk with and look at any documents that were needed for review in order for them to render their audit opinion. She stated that it was a very smooth audit process, and the audit team appreciated the excellent cooperation from the Authority's staff. Ms. Dunlap said that this good relationship and open communication with the Authority staff continued throughout the year and her team appreciates that relationship. She stated that the Board can rely on the accuracy of financial information received from the Authority's staff on a regular basis.

Ms. Dunlap further noted that there were no unresolved audit issues, Grant Thornton will finalize the report shortly after Ms. Burke's return, and will issue a final copy of the report within the next two weeks.

Chairman Friedman and Director Fields thanked Grant Thornton for their great work on the audit, and especially thanked Mr. Waggoner for all of his hard work, not only on the annual audit, but with the financing transactions this last year.

5. Financial Update.

a. Presentation and discussion of Quarterly Investment Report and Quarterly Portfolio Compliance Report for quarter ending March 31, 2015, and other matters related thereto. Director Fields reported that the total investment portfolio for the Authority was \$88,636,890, invested primarily in money market funds. He noted that the portfolio's yield for the quarter exceeded the benchmark and all investments complied with the Authority's Investment Policy.

b. **Discussion and review of Investment Policy investment recommendations; and other matters related thereto.** Director Fields stated that the Finance Committee reviewed several investment options for the operating account and debt service reserve funds presented by Mr. Waggoner, and concurred with the recommendation to invest most of the funds out to December 30, 2015.

c. **Discussion and review of the 2015 year-to-date financials, and other matters related thereto.** Director Fields noted that for the first quarter of 2015, the Motor Vehicle Rental Tax revenues for the first quarter 2015 are under budget by approximately four percent. He stated that an increase in Motor Vehicle Tax revenue for the months of May and June is expected due to recent flood-related car rentals. Director Fields reported that Hotel Occupancy Tax collections were over budget by eight percent. He further reported that all expenditure categories are within budget.

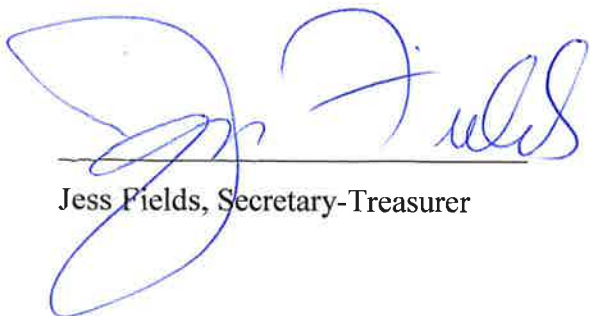
6. **Chairman Friedman announced that, pursuant to provisions of Chapter 551, Texas Government Code, the Board shall deliberate in Executive Session on the following: Consultation with attorneys on legal matters; deliberation on real estate matters; and deliberation on personnel matters.**

At approximately 10:27 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 11:02 a.m.

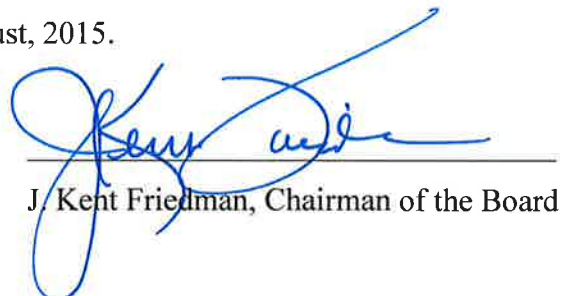
9. **Comments by Directors.**

10. **Adjournment.** There being no further business to come before the Board, and after motion made by Director Gardner and seconded by Director Fields, the meeting was adjourned at approximately 11:04 a.m.

Adopted and approved this 6th day of August, 2015.



Jess Fields, Secretary-Treasurer



J. Kent Friedman, Chairman of the Board