

**DRAFT**  
**MINUTES OF THE MEETING OF THE**  
**SPORTS AUTHORITY FOUNDATION**  
**THURSDAY, OCTOBER 10, 2019**

**STATE OF TEXAS**                    }  
**CITY OF HOUSTON**                }  
**COUNTY OF HARRIS**              }

A meeting of the Board of Directors of the Sports Authority Foundation (the “Foundation”), a Texas nonprofit corporation, was held in the offices of the Harris County – Houston Sports Authority (the “Authority”), located on the fourth floor of the Partnership Tower, 701 Avenida de las Americas, Houston, Texas 77010, commencing at 9:00 a.m., on Thursday, October 10, 2019. Written notices of the meeting were posted in Harris, Fort Bend and Montgomery Counties in accordance with the Texas Open Meetings Act. The following Directors were in attendance: J. Kent Friedman, Janis Burke, Jess Fields, Joseph Callier, June Deadrick, Stephen Fraga and David Martin, constituting a quorum. Mr. Mark Arnold, Hunton Andrews Kurth, LLP, counsel for the Authority; Ms. Tina Melo, Fizer Beck; and Mr. Tom Waggoner and Mr. Phil Ochoa for the Authority, were also present.

1.     **Call to order and introduction of guests in attendance.** Chairman Fraga noted that a quorum was present and called the meeting to order at 10:00 a.m.
  
2.     **Presentation and approval of the Minutes of the Board of the Foundation held on July 22, 2019.** Chairman Fraga presented the draft Minutes of the July 22 meeting, which had previously been circulated to the Directors. There were no comments or changes, and after motion made by Director Fields, seconded by Director Friedman, the Minutes were approved unanimously.

**3. Discussion and possible action regarding engagement of the law firm of Fizer Beck as counsel to the Foundation; and other matters relating thereto.** Ms. Burke gave a brief recap of the formation of the Foundation and its non-profit status that assists with fundraising efforts for the Authority's sporting events. She reported that since the last meeting, Mr. Waggoner, Mr. Ochoa and she had completed a non-profit training session. Ms. Burke said that since the formation of the Foundation, it had become increasingly evident that more separation between the Authority and the Foundation was needed. She said that with the recommendation and concurrence of the Authority's counsel, Mr. Mark Arnold, a search was undertaken for a law firm that specializes in charitable and non-profit organizations. Ms. Burke then introduced Ms. Tina Melo, of the law firm of Fizer Beck, who addressed the Board.

Ms. Melo gave an introduction to the firm and a synopsis of her qualifications. She said that given the current relationship between the Authority and the Foundation, any recommendations made will be centered on the current structure of the Foundation to determine what changes, if any, might be made to further separate and delineate the roles of the two entities. Ms. Melo said that structurally, the Foundation and the Authority are sister organizations, but not from a tax standpoint. She will also investigate the possibility of restructuring the organization. Ms. Melo also discussed the possibility of crafting service agreements between the Authority and the Foundation that will more clearly define the two organizations. Mr. Arnold commented that it made sense for the Authority and the Foundation to have separate legal representation.

After motion made by Director Fields and seconded by Director Friedman, the motion to retain the services of Fizer Beck as the Foundation's counsel, passed unanimously. Chairman Fraga was authorized to execute the Engagement Letter between the Foundation and Fizer Beck as presented.

Chairman Fraga then asked Mr. Waggoner for the financial update.

**4. Financial Update.**

Mr. Waggoner noted that at the last meeting in July, we finalized and reported on the 2019 Sports Awards event, and said that this Profit & Loss Report reflects those final expenses

and the distribution of the remaining funds to support the activities of the events of the Authority. He said that there is a year-to-date net loss as of September 30, 2019; however, sponsorships and table sales for the 2020 Sports Awards event are being received at this time, and the negative number will be reversed by the end of the calendar year.

Mr. Waggoner noted that the Foundation's financials are reviewed annually by the independent auditors who perform the Authority's audit, and the Foundation's numbers are included in the Authority's annual audit report. There is not a separate audit report issued for the Foundation at this time.

Mr. Waggoner reported that the Foundation received an extension from the IRS to file Form 990 until November 15. This is the only public financial form that every foundation and/or charitable organization must file with the IRS.

Mr. Waggoner said that the Fund Balance at the beginning of the 2019 calendar year was \$615,062.26. As of September 30, 2019, year-to-date Income is \$547,256.99 and Expenses are \$1,150,156.10, resulting in a 2020 year-to-date loss of (\$602,899.11). The total Fund Balance as of September 30, 2019, is \$12,163.15. Ms. Burke explained that the negative numbers shown now are due strictly to timing issues; funds are being collected in the fall and winter for the Sports Awards event in 2020, and as table sales and sponsorships increase, these numbers increase as we approach the end of the year.

Mr. Waggoner further explained the current year's program results, which detailed revenues, event expenses, including charitable contributions, and operating expenses. Director Friedman requested that the financial reports be provided to the Directors prior to the Board meetings.

Ms. Burke said that collections will reach \$700,000 in sponsorships and \$325,000 in table sales before the end of 2019 for the 2020 event, but noted that expenses will appear in the 2020 budget year. She said this is because the Foundation operates on a cash basis, as opposed to an accrual basis.

**5. Update regarding Foundation-related sales, marketing, and sponsorship initiatives.**

Chairman Fraga asked Ms. Burke for her update on these items.

- The BMX Bike Park grand opening and the STEM initiatives associated with it that will benefit local schools in the Houston, Humble, Aldine and Alief School Districts. The STEM program will need approximately \$100,000 to launch and complete.
- The 2019 Hall of Fame honorees who will be inducted at the 2020 Houston Sports Awards event are Carl Lewis, Mary Lou Retton and Rudy Tomjanovich; and Bob McNair will receive the Lifetime Achievement Award.
- Ms. Burke presented a break-even budget for the 2020 Houston Sports Awards, with \$1,045,000 in revenues and that same amount in expenses. Compared to the 2019 event, the expense estimate will be increased by \$100,000 and revenues are being lowered by \$300,000 to account for the absence of the teams' sponsorships.
- Incorporating the Houston Symphony into the Sports Awards event; will serve as a fundraiser of sorts for them and they will play live music during the show.

At the conclusion of Ms. Burke's report, Chairman Fraga called for a motion to approve the proposed budget for the 2020 Houston Sports Awards. Motion was made by Director Friedman, seconded by Director Martin, and approved unanimously.

Ms. Burke commented that Mr. Arnold and Ms. Melo suggested that there be a formal agreement put into place between the Authority and the Foundation that allows the Authority to conduct the Awards event on behalf of the Foundation. This will be an action item at a future meeting of the Foundation's Board.

**6. Chairman Fraga 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, 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 9:50 a.m., the Board of Directors recessed into a closed meeting to deliberate on the agenda items. Ms. Burke said that Ms. Melo will conduct a review of the Foundation's organizational documents and Bylaws and make recommendations

with regard to any updates or revisions that may be needed. The Board will discuss all options to be presented by Ms. Melo and decide on further action at the next Foundation Board meeting.

7. **Reconvene in Public Session and announce any items from Executive Session requiring Board action.** Following Executive Session, the Board reconvened in open session at 10:02 a.m. Chairman Fraga called for any items of business to come out of Executive Session.

8. **Adjournment.** There being no further business to come before the Board, and after motion made by Director Friedman, and seconded by Director Deadrick, the meeting adjourned at approximately 10:06 a.m.

Adopted and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

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Stephen Fraga, Chairman

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June Deadrick, Secretary