

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

Thursday, February 5, 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, February 5, 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 Philamena Baird, Joseph Callier, Lawrence Catuzzi, Greg Compean, Jess Fields, Stephen Fraga, Manson Johnson, Chau Nguyen, Matthew Rogers, Jr., and Tom Sprague. Mr. Tom Waggoner, Controller for the Authority; Mr. Mark Arnold, Andrews Kurth LLP, counsel for the Authority; and Mr. Mike Bartolotta and Mr. 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. Doug Hall, President & CEO of the Houston Local Organizing Committee for the 2016 NCAA Men’s Final Four; Mr. Marcel Braithwaite, Senior Vice President – Business Operations, Houston Astros; Mr. Steve Guerrero and Mr. Robin Kirk, Houston Independent School District, Austin High School; Ms. Natalie A. Lee-Walker, member of the public; and Rev. Amy Grizzle-Kane, South Main Baptist 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. Amy Grizzle-Kane, Adult & Outreach Minister, South Main Baptist Church Downtown, who then offered the invocation.

2. Action on resolution recognizing the reappointment to the Board of Directors of the Harris County – Houston Sports Authority of Philamena Baird, Position 1; and swearing-in ceremony relating to same. Chairman Friedman announced that Director Baird’s reappointment to

the Authority's Board of Directors had been confirmed previously by Houston City Council, and then administered the Oath of Office to Director Baird. Chairman Friedman presented the resolution recognizing this action, motion was made by Director Catuzzi, seconded by Director Compean, and passed unanimously.

3. **Public Comments.** In response to Chairman Friedman's call for public comments, Mr. Steve Guerrero, Principal, and Robin Kirk, Head Football Coach, of Stephen F. Austin High School in the Houston Independent School District, individually addressed the Board. Each spoke about current programs, and new programs being put into place. Mr. Guerrero and Coach Kirk offered the school's support and participation in any opportunities that become available through the Authority's activities in the area, including the need for volunteers for events, which will contribute to the students' overall growth and future development. They recognized the Authority's involvement and support in the East End community with appreciation, and asked for its support to carry out this vision for the students.

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

5. **Chairman's Report.**

a. Chairman Friedman noted that Mayor Bob Lanier, who recently passed away, was the architect of the Authority, and asked the Board to observe a moment of silence in his memory to recognize his contribution to this entity, and his many contributions to the City of Houston.

b. **Update on status of Authority's bonds.** Chairman Friedman reported that the Authority had been successful in refinancing the majority of its bonds, and conveyed grateful appreciation to its financial advisors, Mr. Bartolotta and Mr. Cash of First Southwest Company, and to its counsel, Mr. Mark Arnold, Andrews Kurth LLP, whose diligence and hard work made the restructuring the tremendous success it is. He called upon the Authority's financial advisors, Mr. Mike Bartolotta and Mr. Trey Cash, to give an update on what the restructuring means to the organization going forward.

Mr. Bartolotta thanked the Authority on behalf of First Southwest Company for its discipline and faith over a long, arduous process to reach a very successful conclusion. He thanked Chairman Friedman for his leadership, the Board, Ms. Burke, and Mr. Waggoner for a marvelous job. Mr. Bartolotta said that eight (8) main things were accomplished:

- (1) Eliminated MBIA and Wilmington Trust litigations;

- (2) New Trustees are UMB, Bank of New York and Amegy Bank;
- (3) Eliminated cross-pledges between Toyota Arena and NRG Stadium; those flows are now much more simplified in that each facility stands unto itself;
- (4) Repaid all deferred amounts under the term-out – Houston Livestock Show & Rodeo, and the Harris County Sports & Convention Corporation were repaid;
- (5) All of the outstanding subordinated notes and debt outstanding were restructured at significant interest rate savings (from 9 percent down to 5-1/2 percent);
- (6) Addressed the next ten (10) years of growth issues to zero percent growth on the new C liens, and two percent growth overall;
- (7) Investment-grade ratings were restored on the top tier debt;
- (8) Total estimated interest rate savings on the transaction is between \$90 and \$100 million, which is a significant amount of savings to the Authority.

Chairman Friedman thanked Mr. Bartolotta for his summary, and reminded everyone that First Southwest Company has been the Authority's financial advisors since the inception of the organization.

c. Announcement of 2014 Board Committees. Chairman Friedman stated that one of the Chairman's responsibilities is to annually appoint Committees of the Authority's Board. He then circulated his proposal for Committee review, and participation and discussion as necessary. There being no discussion, motion was made by Director Fields to accept the Committee list as presented, seconded by Director Sprague, and passed unanimously. He expressed his thanks for all of the Directors' efforts that keep the Authority headed in the right direction. Chairman Friedman noted that the list also shows Board participation and willingness to serve on some of the event-specific local organizing committees, and encouraged other Board members who wanted to become more involved to participate on these committees for a very rewarding experience.

6. Chief Executive Officer's Report.

Ms. Burke added her thanks and appreciation to Mr. Bartolotta, Mr. Cash, Mr. Waggoner and Mr. Arnold for all of their hard work on the Authority's successful debt restructuring.

Ms. Burke said that preliminary numbers for 2014 show that revenues are high and expenditures are low, thanks to Mr. Waggoner's management of the General & Administrative Budget. She noted that the Finance Committee will meet when these are finalized and the Board will be given an in-depth report at its next meeting. In a very high-level report, Ms. Burke said that actual revenues

exceed budget by \$7.4 million. She noted that Motor Vehicle Tax Revenue exceeds budget by 14.63 percent, and Hotel Tax Revenues exceed budget by 9.05 percent. Ms. Burke said that actual expenditures are under budget by \$375,350, and that all expense categories are within budget.

a. Update on activities and sporting events. Ms. Burke reported that in 2014, there were 12 major events that the Authority supported with its small staff. She said that economic impact studies performed by outside firms showed that these events produced \$2.9 million in local tax revenues and produced \$116.8 million in total economic impact:

- Rotary Lombardi Award - \$185,000 was donated to three local organizations involved in cancer research. Ms. Burke read several notes of praise and appreciation to the Authority, its team members and its role the event from several sponsors, including M.D. Anderson Children's Cancer Center, Texas Children's Hospital and the American Cancer Society here in Houston. She noted that this was also the inaugural year for a High School Lombardi Award, and that was extremely well-received. She then showed a clip of highlights of the event created by Fox SportsNet, which was also a sponsor this year. Ms. Burke stated that the last two years the Authority has been involved with this event have been the most successful in its history. The Authority's success will serve as a benchmark going forward.
- SWAC 2014 Football Championships – total attendance was 39,568, which is 583 more than 2013, and this was accomplished without the Battle of the Bands. The announcement of the teams was two weeks later in 2014 than in 2013, and one of the schools, Alcorn State, was a smaller school; however, they had a big draw with quarterback John Gibbs, a local Houstonian. The Authority's events team quickly put a marketing plan together for the Alcorn community with media spots that were paid for by the Authority in a driven effort to boost attendance numbers, and this was successful. Ms. Burke noted that the Authority cannot buy or give away tickets, but through its local business partners, 1,040 tickets were given to local kids through the Community Partnership members, working with the Houston Independent School District and the World Youth Foundation. She noted that all of the decisions are not made by the Authority and require approval from SWAC, but the Authority will keep trying to push in the right direction. The post-game concert was successful in that everyone stayed after the game. In answer to Director Johnson's question, Ms. Burke stated that the economic impact of this event is approximately \$25 million. Director Rogers thanked Ms. Burke and the staff for a phenomenal event.

- AdvoCare Texas Bowl – is owned by ESPN, but the Authority has continued to be involved. Chairman Friedman and Directors Baird and Catuzzi serve on its Board. The season’s kick-off game in September featured Louisiana State University and University of Wisconsin, and it was a sell-out. In December, the AdvoCare Texas Bowl hosted the Universities of Texas and Arkansas, and had 71,000 in attendance. The 2015 kick-off game will pit Texas A & M against Arizona State. After 2015’s event, the projection is that over \$1 million will have been given to DePelchin Children’s Home in Houston. The bowl game is always held in December, which is historically a time when hotels are sitting empty and there are not many events scheduled, so it is a great event for our community.
- First Quarter of 2015 will bring:
 - Half Marathon Nationals in connection with Chevron Houston Marathon
 - NCAA Division I Men’s Basketball Regionals
 - SWAC Basketball Championships
- Other projects scheduled for 2015 include:
 - BMX Park – The Authority is working on this project with the City which will be built on 14 acres directly across the street from the world’s largest skate park. We have involved the U. S. Olympic Committee and USA/BMX and USA Cycling to make it an Olympic training facility.
 - Grand Prix – The Authority is working with the City and the County to bring the Grand Prix races back and to find a new, permanent location.
 - SWAC – Because of its great success in Houston, SWAC would like to relocate its headquarters to Houston from Birmingham. The Mayor and some members of City Council have asked the Authority to get involved and lend assistance in finding space.
 - IWF World Weightlifting Championships – Official logo was launched, the equipment supplier’s name will be announced next, and pre-sale of tickets will begin next week. This event will happen over Thanksgiving week this year, and it is the first time it has been held in the U. S. in nearly 40 years.
 - Staff and contractor interviews are ongoing.
 - Sarah Marie Blanton on the Authority’s staff has been named Ms. Texas.
 - Vikki Adamson, who has done a wonderful job for the Authority on the SWAC Basketball and Football Championships, as well as the Transplant Games and Rotary Lombardi

Award events, will be moving back to Scotland when her husband transfers in April, and she will be missed.

- The Authority is working with Houston First, the Convention & Visitors Bureau, and the professional teams, to cohesively market the City for all sporting events, no matter how large or how small.

- As approved by the Board last year, it appears that the transition of the Tundra Garage to the City will move forward quickly. The Authority will retain access to some parking spots, and will also be able to use it for volunteers working events.

- Outstanding and/or upcoming bids:

- College Football Championships for 2018-2019-2020
- USOC Paralympic Events include Gateway to Gold which is important to the City's Parks & Recreation Department; also working on becoming an Olympic Training Center for Power Soccer and Team Handball
- Beach Volleyball
- Major League Baseball Winter Meetings
- Major International Soccer Event
- World Transplant Games for 2019, which have never been held in the U. S.

- Other upcoming, booked events that the staff is working on include:

- SWAC 2015 Basketball Championships
- NCAA Men's South Regionals 2015
- Major League Lacrosse All Star Weekend will be held in June at BBVA Compass Stadium for the first time in Houston, and will be nationally televised by CBS Sports Net.
- Rotary Lombardi Awards 2015
- SWAC 2015 Football Championships
- SWAC 2016 Basketball Championships
- NCAA Men's Basketball Final Four 2016
- AAU Junior Olympics 2016
- U. S. Olympic Processing Center for 2016 Rio Games
- Astros' major projects

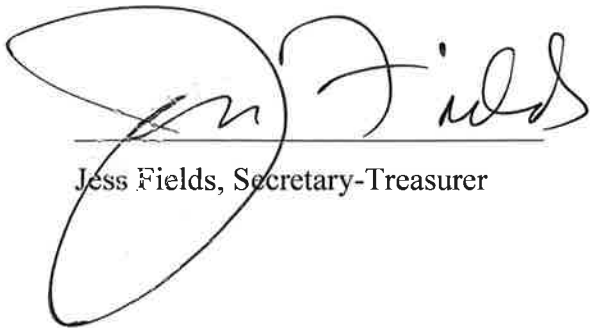
Chairman Friedman called upon Mr. Hall, who gave a brief update on the NCAA Men's Regionals and the Final Four.

7. 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, including considerations related to the Chief Executive Officer.


At approximately 11:05 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 11:57 a.m.

8. Adjournment. There being no further business to come before the Board, and after motion made by Director Compean and seconded by Director Fraga, the meeting was adjourned at approximately 12:10 p.m.

Adopted and approved this 2nd day of April, 2015.



Jess Fields, Secretary-Treasurer



J. Kent Friedman, Chairman of the Board