

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

Thursday, October 5, 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, October 5, 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, 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 Kenyon 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: Mr. Phil Owen, Harris County Judge Emmett’s office; Mr. Steve Dormand, Harris County Commissioner Steve Radack’s office; Ms. Joanye Henderson, Harris County Commissioner Jack Cagle’s office; Houston City Council Member and former Authority Board member, Mr. David P. Martin; Ms. Kelly Cashman, Andrews Kurth Kenyon LLP; Ms. Tina Peterman, First Southwest Company, a division of Hilltop Securities; Mr. Tad Brown, President & CEO, Houston Rockets; Mr. Bob Eury, President, Central Houston, Inc.; The Reverend Arthur C. Callaham, Canon Vicar, Christ Church Cathedral, Houston; Ms. Misha Ferguson King; Ms. Arleas Kea; and Ms. Cheryl Sprague.

1. Call to Order. Recognizing that a quorum was present, Chairman Friedman called the meeting to order at approximately 10:00 a.m. He introduced Rev. Callaham, who then offered the invocation.

2. **Discussion and possible action on resolution recognizing the reappointment to the Board of Directors of the Harris County – Houston Sports Authority of J. Kent Friedman as Chairman of the Board and the reappointment of Joseph Alan Callier, County Position 12; and swearing-in ceremony relating to same.** Director Johnson, as senior member of the Board, administered the Oath of Office to Chairman Friedman, who, in turn, administered the Oath of Office to Director Callier.

3. **Presentation and approval of the minutes from the Board Meeting held on June 1, 2017.** Chairman Friedman presented the draft minutes from the Board meeting held on June 1, 2017, which had been previously circulated for the Board's review, and called for a motion to approve. Motion was made by Director Clifford, seconded by Director Fields, and passed unanimously.

4. **Public Comments.** Ms. Misha Ferguson King addressed the Board regarding a proposal to repurpose the Astrodome and the land surrounding it. Chairman Friedman advised Ms. King that the Authority had no role in the oversight of NRG Park as it was owned by Harris County. He stated that the Harris County Sports & Convention Corporation was Harris County's entity that was created to manage NRG Park and all of its facilities, including the Astrodome, and he encouraged Ms. King to contact that entity.

5. **Chairman's Report.**

a. **Mr. Bob Eury, President, Central Houston, Inc., to address the Board regarding the planned expansion of Interstate 69/Highway 59, and the effect it is expected to have on the Astros and Dynamo parking lots.** Mr. Eury gave a detailed presentation on the Texas Department of Transportation's ("TxDOT") North Houston Highway Improvement Project ("NHHIP"), which has the distinction of having seven of the top 35 congested traffic areas in the State. He said that the project had been in the works for the past 15 years, and has recently picked up speed. Summarizing, Mr. Eury stated that TxDOT has plans for approximately 28 miles of roadway improvements in the area that will take approximately nine years to complete and will implement major changes to Interstates 69 (Highway 59), 45 and 10 in central Houston. He stated that there are several concepts being debated, but this massive urban project is projected to cost \$7 billion, one of the largest in history.

Mr. Eury noted that the starting point for the Houston area will be the Interstate 69 and 610 Loop exchange in The Galleria area, one of the most congested interchanges in the State, will last approximately three years, and is projected to begin in early 2018. The proposed realignment and redesign of Interstates 69, 45 and 10 in the area of the George R. Brown Convention Center will directly affect the Astros' Parking Lots A and B, as those are projected to become part of a rerouted,

below-grade freeway system with an overhead community park (“Cap Park”) that will serve the sports and convention district. Chairman Friedman noted that the loss of two parking lots is a major part of the discussions on the Astros’ lease extension. He said that he expects that TxDOT will have to condemn these parking lots to facilitate the anticipated changes, and the Authority’s obligation in this regard will be to give whatever monies it receives from the State to the Astros for the team to provide for its own parking.

Mr. Eury said that the Harris County – Houston Sports Authority, Houston First Corporation, Central Houston, Inc., East Downtown District, and all of the professional teams and tenants, collectively, will need to have input with TxDOT because the timeline is moving forward quickly. At Chairman Friedman’s request, Mr. Eury agreed to serve as the point person to coordinate any and all meetings necessary with the affected parties. Ms. Burke commented about the effects this project will have on future bids, where the project would be in terms of construction in any given year, putting buildings in projected green spaces, etc., thereby pointing out the need for close coordination among all parties as discussions begin with TxDOT.

b. Update on Stadium Task Force. Chairman Friedman asked Mr. Doug Hall to provide an update on the activities of the Stadium Task Force that had been formed to ensure that Houston’s professional sports stadiums remain state-of-the-art facilities. In keeping with the mission of the Task Force to glean more insight into maintenance, operating budgets and upkeep practices followed at comparable baseball stadiums, Mr. Hall reported that the Task Force had first toured Minute Maid Park, which opened in 2000, and used it as a reference point before visiting other stadiums. He said that over a two-day period, the Task Force travelled to Citizen’s Bank Park in Philadelphia, which opened in 2004; Baltimore’s Camden Yards, which opened in 1994; and Washington Nationals’ Park, which opened in 2008. Mr. Hall gave a brief update on original construction costs, management responsibilities, capital repairs, and repairs and maintenance costs gleaned from each. He discussed the comparisons, similarities and differences of each of the stadiums to Minute Maid Park.

Director Sprague, as Chairman of the Stadium Task Force, thanked Mr. Hall for coordinating the trip. He said that the visits to these baseball stadiums were very beneficial in that they provided the Task Force with information necessary to be in a position to make recommendations to the full Board that will enable the Authority to ensure that Minute Maid Park is kept in state-of-the-art condition for years to come. Director Sprague said that he also realized the importance of the excellent

communication that the Authority has with the Astros organization in order to meet those goals. These sentiments were echoed by other members of the Task Force.

c. Tad Brown, President & CEO of the Houston Rockets, to address the Board.

Chairman Friedman introduced Mr. Brown, who gave a current status report on the sale of the Houston Rockets. Mr. Brown conveyed Mr. Alexander's message of personal gratitude and appreciation to this Board for the great partnership that has been enjoyed over the years with the Authority, the city and the entire community for the support that has always been shown to him, his family and the team.

Mr. Brown said that he expects NBA approval of the sale of the Rockets to Mr. Tilman Fertitta within the next day or two, and there will be a press conference disclosing the details. He said that a little over five weeks elapsed from the time of the announcement that the team was for sale until its completion. Throughout the process, Mr. Brown said that it had been very important to Mr. Alexander and the organization that a smooth transition be accomplished before the Rockets' regular season began. He noted that it was also important that the new owner have a commitment to this city, as well as have the resources and competitive drive to keep the Rockets at the top of their game. Mr. Brown believes that the sale to Mr. Fertitta accomplishes all of this.

d. Update on staff's efforts during Hurricane Harvey. Chairman Friedman extended the Board's deepest thanks and appreciation to the Authority's staff for their incredible efforts and exemplary work that helped citizens in Houston and Florida to recover in the aftermath of Hurricane Harvey and all of the resulting devastation. He further noted that many of the staff continue to donate personal time to help this community with ongoing recovery efforts, and asked the Directors to join him in a standing ovation for Ms. Burke and her staff.

6. Chief Executive Officer's Report.

a. Update on activities and sporting events. Ms. Burke reported that through its many relationships throughout the country, the community has received over \$130,000 designated for Hurricane Harvey relief efforts, and that a meeting of the Sports Authority Foundation would be held to ensure that any funds sent to the Foundation are spent in a wise way in the community. She then asked Ms. Patti Smith, Public Relations Director for the Authority, to give an update on the Authority's 20th Anniversary Celebration, and plans for the inaugural Houston Sports Awards to be held in February 2018.

Through a video presentation, Ms. Smith said that the Anniversary Celebration was a huge success and well-received by all who had touched the Authority – past and present. She commented that there had been concern about holding it so soon after Hurricane Harvey, but in keeping with the Mayor’s request to return to normal as quickly as possible, it was decided to turn it into a fundraising event, as well, which was well-received by all attendees.

Ms. Smith gave a video presentation with details surrounding what will be the inaugural Houston Sports Awards event at the Hilton Americas on February 8, 2018. She updated the Board with details on sponsors, invitees, and the award selection process itself.

Ms. Burke then called upon Mr. Chris Massey, Director of Events, for his update of upcoming events and pending bids. Mr. Massey first expressed thanks and appreciation to Commissioner’s Court and City Council for recognizing the Authority’s award as the National Association of Sports Commission’s Sports Commission of the Year Award for 2017. His presentation included a list of bids in progress, which are:

- 2018 Mexico Men’s National Team Tour (soccer)
- 2018 USA Rugby Men’s National Team vs. Scotland
- 2018-2020 BMX National Championships
- 2019 USA Fencing North American Cup
- 2019 USA Rugby Youth Summit
- 2019 USA Racquetball Nationals
- 2019 USA Softball Annual Meeting
- 2019 USATF Junior Olympic Championships
- 2021 World Transplant Games
- 2021-2023 Taekwondo World Championships
- 2022 US Bowling Congress Open Championships
- 2026 World Cup
- NFL Draft
- NCAA Men's Final Four
- NCAA Women's Final Four
- College Football Playoffs

- Super Bowl
- MLB All-Star Game

Mr. Massey also announced that the Authority had recently been awarded the 2018 American Flag Football Championship scheduled for July 12 at BBVA Compass Stadium; and the 2020 WWE Royal Rumble, set for January 26 at Minute Maid Park, and January 28 at Toyota Center.

He gave a brief report on events that had occurred in 2017 or were still to come this year, which included:

- 2017 Olympic Day
- 2017 Gateway to Gold
- 2017 World Corporate Games
- 2017 WWE Survivor Series
- Hosting the United Bid Committee Host City Meetings and Press Conference for the 2026 World Cup, noting there will be representatives from 32 U. S., Canadian and Mexican cities for these meetings.

Chairman Friedman thanked Mr. Massey, and recognized Ms. Burke and her staff for all of their efforts and hard work to bring these events to our community.

7. Update from Finance Committee Chairman.

a. Discussion and review of investment results through August, 2017. Director Fields reported that the Authority had \$107,459,433 of investable funds as of August 31, 2017. He noted that interest earnings through August totaled \$667,892, which exceeded budget by 30%. The Authority budgeted \$786,250 for interest earnings in 2017, and is forecasting those earnings to be \$1,008,568, which will exceed the budget by approximately 28%.

b. Discussion and review of unaudited 2017 year-to-date financials. Director Fields reported that Motor Vehicle Rental Tax revenue collections of \$16,447,311 through August are over budget by 1.1%. He noted that collections for the same time period in 2016 were \$17,158,293, making the 2017 collections 4.2% less than 2016. Director Fields stated that the Hotel Occupancy Tax collections of \$22,488,521 through August are over budget by 9.16%. He reported that collections for the same time period in 2016 were \$21,978,649, making the 2017 collections 2.3% more than 2016. He also reported that all expenditures are within budget as of August 31.

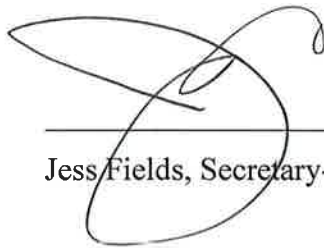
8. Chairman Friedman announced that, pursuant to provisions of Chapter 551, Texas Government Code, the Board shall deliberate in Executive Session on the following:

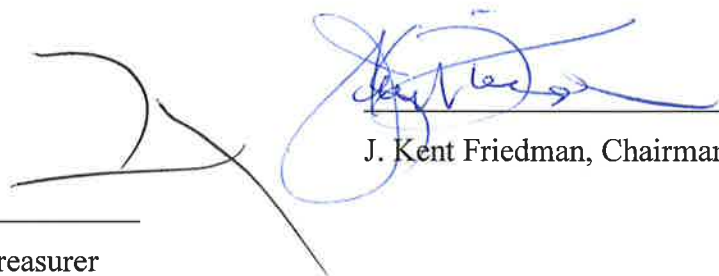
Consultation with attorneys on legal matters; deliberation on real estate matters; and deliberation on personnel matters. At approximately 11:30 a.m., the Board of Directors recessed into a closed meeting to deliberate on the agenda items. Following Executive Session, the Board reconvened in open session at 11:59 a.m.

9. Comments by Directors. Director Sprague thanked everyone for their support for a golf tournament to be held at Quail Valley on October 20 that will benefit the Deaf/Blind/Multiple Handicap Association of Texas, and invited all who might be interested to attend. Director Rogers announced his retirement from the City of Houston's Fire Department after 31 years of service and received the congratulations of everyone present.

10. Adjournment. There being no further business to come before the Board, and after motion made by Director Sprague and seconded by Director Woods, the meeting was adjourned at approximately 12:04 p.m.

Adopted and approved this 7th day of December, 2017.



Jess Fields, Secretary-Treasurer

J. Kent Friedman, Chairman of the Board