

2. **Remembering former Board Member, Michael Fleming.** Chairman Friedman took a moment to remember former Board member, Michael Fleming, who died on July 1 at the young age of 57. He said that in addition to his service to this Board, Michael was a prominent Houston attorney and was also a twice-elected Harris County Attorney. Chairman Friedman asked that all present join him in a moment of silence to remember Michael, and to remember his widow, Natalie, and their six children in their loss of husband and father.

3. **Action on resolution recognizing the reappointments of Cindy Clifford, City Position 1, and Willie Alexander, City Position 3; and the appointment to the Board of Nomaan Husain, City Position 2; and swearing-in ceremony relating to same.** Chairman Friedman congratulated Ms. Clifford and Mr. Alexander for their reappointment to the Board for another two years and welcomed Mr. Husain to the Board. He noted that all three appointments had been approved by City Council. Chairman Friedman then administered the Oath of Office to the appointees.

4. **Presentation and approval of the minutes from the Board of Directors Meeting held on June 24, 2020; and the Special Board Meetings held on July 22 and August 27, 2020.** Chairman Friedman presented the draft minutes from the Board Meeting held on June 24, 2020; and the Special Board Meetings held on July 22 and August 27, 2020, all of which had been previously circulated for the Board's review, and called for a motion to approve. Motion was made by Director Woods, seconded by Director Catuzzi, and upon call for a vote of the Board, passed unanimously.

5. **Financial Report.**

a. **Discussion and review of Quarterly Investment Report and Quarterly Compliance Report for 2020 Quarter 2.** Director Callier, as Chair of the Authority's Finance Committee, presented the investment results for the six months ending June 30, 2020. He reported that the Authority's investments are in compliance with the Public Funds Investment Act, and earnings totaled \$821,900; the average portfolio bond equivalent yield was at a rate of .52 percent versus the benchmark rate of .12 percent.

Director Callier spoke to the COVID 19-related shutdowns that began in March of this year and said that they will have a negative impact on the Hotel Occupancy Tax (HOT) and Motor Vehicle Rental Tax (MVRT) collections for the remainder of the year. The pandemic response by the federal government was to quickly lower short-term interest rates to provide liquidity and stimulate the economy. This has resulted in a dramatic reduction in short-term overnight interest rates from 1.45 percent in February, to .08 percent at the end of June. Director Callier said that due to extreme pressure on HOT and MVRT collections, along with a steep reduction in interest rates, the Authority

will not make its 2020 year-to-date budget for investment income of \$2 million, and that the current forecast is \$953,314 by year's end.

b. Discussion and review of unaudited year-to-date financials. Director Callier gave the unaudited financial update as of August 31, and said that MVRT revenue is under budget by 30 percent, or roughly \$4.7 million; and HOT revenue is over budget by 7.5 percent, or approximately \$1.4 million. Because there was a very strong first quarter, and because collections are always behind by a couple of months, he said it is anticipated that the next quarter's reporting will be where the major impact of the downturn in tax revenues caused by the pandemic will be seen.

Director Callier noted that the Authority's staff has done an excellent job of saving wherever possible to help offset the projected loss of revenues. He said that G&A expenses are projected to be under budget by a little over \$1.3 million, and the Finance Committee is comfortable with where the year-end budget projections currently stand.

c. Review and approval of event budgets. Director Callier stated that the Finance Committee approves individual event budgets before any dollars are spent and also reviews those budgets on the back end when the event is closed out. To date, he noted that all event budgets that have been presented and closed out in 2020 have broken even or made a modest profit. He said that the next large event currently in the planning stages is the AAU Junior Olympics, which is planned to take place in August of 2021. Director Callier said that the staff has presented a budget based on experience and attendance numbers that shows a healthy profit similar to other host years, but only time will tell as to whether adjustments will need to be made to those figures based on limited venue capacities, social distancing measures and/or lower projected attendance numbers predicated upon public sentiment about travel. Director Callier noted that the staff is prepared to adjust as needed.

Director Callier closed by thanking Ms. Burke, Mr. Waggoner and Mr. Ochoa for their efforts and hard work in successfully managing the Authority's finances in difficult times. He further noted that the Finance Committee has discussed and is recommending the next item on the Agenda, which Chairman Friedman will now present.

6. Discussion and possible action on resolution approving the defeasance of the Authority's 2001H Bonds out of amounts in the Debt Repayment Account scheduled to occur on October 9, contemporaneously with the closing of the larger refunding previously approved; authorizing

certain officers to carry out all necessary actions related thereto; approval of the Escrow Agreement in connection therewith; and other matters related thereto. Chairman Friedman reminded everyone that the drop in hotel tax collections and motor vehicle tax collections has put the ability of the Authority to meet its financial obligations going forward in question, so the Authority embarked on a program of issuing some new bonds to ensure sufficient liquidity for several years in order to meet its obligations. He said that the cost of doing this is that more interest payments will have to be paid over the terms of the bonds and increasing the maturity date three more years to 2056, but as the Board approved in its last meeting, it is understood that this is a stop-gap measure. Chairman Friedman noted that no one knows how long or how deep the trough is going to be, but all are optimistic that sometime next year, this will be coming back. He said that not knowing this for certain, the Authority bought several years' worth of cushion by restructuring these bonds to allow the Hotel Occupancy Tax and Motor Vehicle Tax collections to rebound somewhere near where they were at the first quarter of this year when the Authority was on track to have the biggest year on record. He said that the restructuring is close to being finalized. Additionally, he noted that both rating agencies, Moody's and Standard & Poor's, have maintained the bond ratings where they are now, which is a reflection of their approval of the course the Authority is taking. As everyone knows the Authority has always anticipated refinancing its debt in 2024, and if things come back to where they were, that will be easily accomplished. Conversely, he said, if they don't rebound, what we're doing now will make that more difficult; however, this is the right thing to be doing now and the Authority is buying time. Chairman Friedman then asked Mr. Cash to bring everyone up to speed on current status and what can be expected over the next couple of weeks.

Mr. Cash reiterated that the purpose of the transaction is to reduce debt service over the next few years with increases after that. He said that the item on the Agenda today is the defeasance of a little less than \$2 million of debt that comes due in 2021 and 2022, out of funds that are already on hand and are in the MBIA Debt Repayment Account. Mr. Cash said that normally we would try to use this money for bonds that are further out, but in this case, there is an opportunity to create a little more room for the refunding by doing this near-term defeasance. He noted that this was worked out with the bond insurers as well, before bringing it to the Board. Mr. Cash said that the rest of the refinancing has already been approved, and we are on target to price within the next week. His quick overview of the pricing next week is that we are looking at selling somewhere between \$100 and \$110 million worth of refunding bonds -- some will be tax-exempt, some will be taxable and most will mature between 2054 and 2056.

Chairman Friedman asked Mr. Waggoner and Mr. Ochoa to speak to where collections will be in terms of percentages for 2021 and 2022, compared to where they were. Mr. Ochoa stated projections were based on a 60 percent (60%) decline in 2021, improving gradually to 52 percent

(52%) in 2022, and a stronger 38 percent (38%) in 2023 and 2024. Mr. Cash said that a stress test was created as we went through the rating process. Ms. Burke noted that the Authority's numbers were more conservative than those of the rating agencies. She said that over the years the Authority has been very frugal and conservative, and is in a good place with its G&A, compared to what's happening around the country with most sports events and tourism organizations. She commended Mr. Waggoner and Mr. Ochoa for an outstanding job of helping to keep expenses down, pointing to areas where expenses can be eliminated or reduced, and providing guidance on how to survive until we emerge from this period of time.

Chairman Friedman then called for a motion on the matter. Motion was made by Director Catuzzi, seconded by Director Callier, and upon call for a vote of the Board, was passed unanimously by the Board members in attendance.

Chairman Friedman then asked Ms. Burke for her Chief Executive Officer's Report.

7. **Chief Executive Officer's Report.**

- Ms. Burke reported that since the beginning of the COVID pandemic, weekly calls have been scheduled with many sports organizations, both locally and nationally, wherein participants trade information, discuss and exchange ideas, and report on different approaches to problem-solving, etc. These include:
 - In her role as Chairman of the national Sports Events & Travel Association, she keeps in close touch with the 800 sports organizations that make up its membership.
 - Participates in weekly calls with the large market destinations, or the top 25 sports organizations in the nation.
 - As President of the Houston Chapter of Women in Sports & Entertainment (WISE) organization, she exchanges ideas with women in WISE chapters in 23 other cities across the country on a recurring monthly call, as well as a weekly call with the local chapter board members who have representatives from each major sports organization in Houston.
 - Participates in biweekly calls with the Texas Sports Coalition, which is made up of approximately 35 cities who have a convention and visitors bureau, sports division or sports commission to discuss the Events Trust Fund and other items that pertain solely to Texas, including what lobbying needs there might be; how to stay strong and survive.

- Along with Mr. Arnold, joined the Houston Clean Group, which is made up of all of the sports teams, Houston Marathon, Mayor's Office of Special Events, the Rodeo -- literally everyone who puts on events in the region and is concerned about getting back to business. This venue and event task force holds weekly calls.
- Through all of these relationships, calls and meetings, the Authority is able to get a good idea of what's happening and to keep an eye on the pulse of the industry.
- The International Olympic Committee has chosen July 23, 2021, as the date that Opening Ceremonies will be conducted for the 2020 Tokyo Olympics.
- The Bureau of Labor Statistics' job report is watched closely and is showing some gains in the leisure/hospitality sector, but not the business sector, which is expected to come back much later. Hotel unemployment remains at 35 percent (35%). The American Hotel & Lodging association reports that two-thirds of hotels are operating at occupancy levels below those needed to meet debt obligations. There is lobbying at the federal level for some assistance, because the current pace cannot continue, or debt obligations will not be met.
- The Transportation Security Administration is reporting this year's travel numbers are 69 percent (69%) lower than last year's numbers; leisure travel is starting to show slow improvement but business travel is still down.
- Patti Smith was named Game Changer of the Year by Sports ETA and joins previous Authority recipients, Chris Massey and Holly Kesterson, who have been nationally recognized by peer organizations. Patti is responsible for developing and growing the Houston Sports Awards, Houston's Sports Hall of Fame, and the Brothers in Arms scholarship.
- Plans for next year's Sports Awards will be scaled down from the mega event everyone is used to seeing. Some plans being explored are an outdoors event on a golf course, and possibly conduct it in conjunction with the Insperity Invitational scheduled for April 2021. The Insperity Invitational is part of the PGA Tour, so there will be star power and national media in attendance. Sports Awards will be much smaller, but we anticipate a red carpet, dinner, the Brothers in Arms segment and also to be able to name some Hall of Famers for 2021. Insperity is a big sponsor of the Sports Awards event, and they have indicated their desire to continue their sponsorship of the event.
- NCAA has announced that the award of future Division championships will take place on October 14. Between Division I, Division II and Division III, 83 championships will be awarded.
- On October 15, NCAA will go out to bid for all of the fall sports that were cancelled this year that now they plan to do in the winter of 2021. The Events staff is looking closely at the bid requirements for these.

- AAU Junior Olympics will take place in August of 2021. It normally brings 45-50,000 people to Houston. Events staff has been conducting monthly calls with AAU. A large portion of the event is the track and field element, which is an outdoor event held at Turner Stadium in Humble.
- World Transplant Games was to be held in May 2021, but was cancelled due to COVID. We wanted to do something for the transplant community though, so the 2021 World Transplant Games will be a virtual 5K AnyWay event. It is a virtual race around the world. Our goal is to have 12,000 participants. Registration costs have been kept low so that everyone can participate. We are working closely with Texas Medical Center institutions, as well as state, national and international transplant community organizations. Teams normally are made up of those who have had a transplant or are a donor, but in 2021, anyone can participate – nurses, doctors, friends, etc. “AnyWay” has two meanings – we’re doing it AnyWay and you can do it AnyWay you want – walk, hike, golf, run, row, swim, bowl, etc. To date, participants from 17 states and 20 countries have registered.
- Ms. Burke asked Mr. Canetti for a brief update on the 2026 World Cup bid. Highlights of his report included:
 - 17 candidate host cities in the U.S. are vying to host one of ten spots, and Houston is one of those 17 cities looking to be in the final ten.
 - Decision was to have come at the end of 2020, but has been substantially impacted by the pandemic.
 - FIFA has not been able to start the process of site visits, and at this point, a decision is not expected to come until late 2021.
 - Matches will take place in June of 2026 at NRG park and will be the equivalent of hosting six Super Bowls over the course of a three-week period, and will have an economic impact of \$800 million to \$1.3 billion.
 - All of the fundraising was made in anticipation of a decision last year, but with that decision having been pushed further out, another \$200,000 will need to be raised to cover the last six months of next year.
 - FIFA is beginning to engage potential host cities more. Its latest request is for a response to a third-party consultant’s report on human rights that was done on all of the prospective host cities. Mr. Canetti said all of those reports were rather damaging, and many of the cities are at a loss as to how to respond to FIFA. He said that the Houston Bid Committee’s Human Rights Sub-committee will address and successfully defend any concerns in the report. Ms. Minal Patel Davis, the Mayor’s Special Advisor on Human Rights and Domestic Violence, leads that Sub-committee, and thanks to her leadership, Houston will be able to handle that project easily and

send a substantial report back to FIFA in terms of how we are going to mitigate the risks they have brought to our attention. He noted that this will be an excellent opportunity to show our city's united approach to the whole bid.

- Mr. Canetti reported that an invitation to join the Host Committee Board of Directors has been extended to Mr. Dan Friedkin, a Houstonian who has purchased AS Roma, an Italian soccer club, which is one of the top 20 soccer clubs worldwide. Mr. Canetti said that to have a local person on the Board like Mr. Friedkin, now a worldwide player in the game of soccer, will be a huge advantage for Houston.
- Mr. Canetti closed his report by stating that anyone who would like to join one of the Sub-committees will be welcome. Those Sub-committees are Human Rights, Climate Action, Social Environmental Responsibility, Grass Growing, Grow the Game of Soccer and Sports Tech.

9. **EXECUTIVE SESSION: 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.** Chairman Friedman announced that there were no items to be addressed in Executive Session.

10. **Adjournment.** There being no further business to come before the Board, and after motion made by Director Callier, and seconded by Director Woods, and upon call for a vote of the Board, the motion passed unanimously, and the meeting was adjourned at approximately 11:00 a.m.

Adopted and approved this 19th day of November, 2020.

J. Kent Friedman, Chairman of the Board

Laura Murillo, Secretary