

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

Thursday, April 10, 2014

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, April 10, 2014, 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, Gregory Compean, Jess Fields, Stephen Fraga, Pam Gardner, Matthew Rogers, Jr., Chau Nguyen Todd, and Tom Sprague. Ms. Janis Schmees Burke, Chief Executive Officer of the Authority, Mr. Tom Waggoner, Controller of the Authority, and Mr. Gene Locke, Andrews Kurth LLP, counsel for the Authority, were also present. Guests in attendance were: Mr. Mark Arnold, Andrews Kurth LLP; Mr. Trey Cash, First Southwest Company, financial advisors for the Authority; Mr. Ryan Walsh, Harris County Judge Emmett’s office; Ms. Joanye Henderson, Harris County Commissioner R. Jack Cagle’s office; Mr. Court Koening, Harris County Commissioner Steve Radack’s office; Mr. Doug Hall, General Manager, BBVA Compass Stadium; Mr. Art Morales, BOSC, Inc.; Mr. Robert P. Jacob; and Mr. Chris Domingo, Jones Day.

1. Call to Order. Recognizing a quorum was present, Chairman Friedman called the meeting to order at approximately 10:00 a.m. He introduced Rabbi David Rosen, Senior Rabbi at Congregation Beth Yeshurun, who offered the invocation.

2. Presentation and approval of the minutes from the Board Meeting held on February 6, 2014. Chairman Friedman presented the draft minutes for the Board meeting held on February 6, 2014, which had been previously circulated for the Board’s review. Director Catuzzi moved that the minutes be approved, and Director Compean seconded the motion. The motion passed unanimously.

3. Chairman's Report.

a. Update on status of Sports Authority bonds (Series 2001C, D and E Bonds).

Chairman Friedman reported that the final redemption payment to JPMorgan Chase on these bonds will be made on May 10, 2014, and this \$125 million series of 30-year bonds will have been paid off in five years.

Chairman Friedman then asked Director Fields, as Chairman of the Finance Committee, for his report.

4. Financial Update

a. Presentation and discussion of Quarterly Investment Report and Quarterly Portfolio Compliance Report for quarter ending December 31, 2013. Director Fields reported that the market value of the portfolio at December 31, 2013, was \$66,760,525, and noted that the weighted average bond equivalent yield at cost for the portfolio was .61 percent, compared to the benchmark 9 month treasury constant maturity of .50 percent. Director Fields said that the general objectives of the Investment Policy were met.

b. Discussion and possible action on resolution approving the Authority's Fixed Assets Capitalization Policy, and other matters related thereto. Director Fields stated that the Authority currently defines equipment as items of non-expendable tangible personal property having a life of more than one year and an acquisition cost of \$1,000 or more per unit. He said this is what is referred to as the capitalization threshold. Director Fields reported that the Government Finance Officers Association (GFOA) recommends a minimum capitalization threshold of \$5,000. He stated that the Finance Committee recommends the capitalization threshold for equipment purchases be increased to \$5,000 to comply with the recommendations of the GFOA, and put that motion to the Board. The motion was seconded by Director Baird, and passed unanimously.

c. Discussion and possible action on resolution approving the Authority's Investment Policy, and other matters related thereto. Director Fields stated that in compliance with the Public Funds Investment Act, the Authority must adopt an investment policy annually. He said that the Authority contracts with Harris County Financial Services to oversee the investments for the Authority, in coordination with the Authority's staff and the Trustee for the Authority's bonds. Director Fields noted that the Authority's Controller presents a report of investment activity and earnings each quarter to the Finance Committee. He made the motion that the Board adopt the resolution and Investment Policy located behind Tab D of the Board Agenda book, and that Mr.

Waggoner, the Authority's Controller, be appointed as the Authority's Investment Officer. The motion was seconded by Director Sprague, and passed unanimously.

d. Discussion and review of unaudited 2013 year-end financials, and other matters related thereto. Director Fields reported that revenues from Motor Vehicle Rental Tax collections were 20 percent higher than budget, and nine percent higher than the previous year. He said the Hotel Occupancy Tax collections were 41 percent higher than budget, and 14 percent higher than last year. Director Fields also reported that expenses are under budget except for professional fees, which include legal fees over budget due to expenses incurred related to the MBIA litigation.

e. Discussion and review of the February 28, 2014 year-to-date financials, and other matters related thereto. Director Fields reported that revenues from Motor Vehicle Rental Tax collections for the period are .03 percent under budget, primarily because a 14 percent increase was budgeted when reviewing the numbers from last year, and we are .03 percent below that 14 percent projection, yet are 6.4 percent higher than the previous year. He said the Hotel Occupancy Tax collections were 24 percent higher than budget, and 8.6 percent higher than last year. Director Fields stated that expenses for the period are under budget except for professional fees, which are over budget, again due to the expenses incurred related to the MBIA litigation.

Chairman Friedman reminded the Directors that individual Personal Financial Statements are due to the Texas Ethics Commission (the "Commission") on or before April 30. He also said that if the April 30 deadline cannot be met for any reason, an additional 60 days to file can be requested through the Commission; however, the request for an extension must be made before the April 30 filing deadline.

Chairman Friedman also noted that all Board members have participated in the ethics training update sessions conducted by the Authority's counsel, Gene Locke. He thanked Mr. Locke for his assistance with this program.

Chairman Friedman announced that former Director, Jim Baker, was undergoing treatment at MD Anderson Cancer Center, followed by a moment of silence for individual thoughts and prayers on behalf of Mr. Baker.

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

5. Chief Executive Officer's Report. Ms. Burke shared information on the following items, upcoming events and bids:

- BBVA Compass Stadium's Award of Distinction from the Urban Land Institute;
- *Sports Business Journal* article spotlighting SWAC Commissioner Duer Sharp and the Basketball and Football Championships in Houston;
- A clip from Fox 26's television coverage on the SWAC Basketball Championship at Toyota Center;
- March 11 – 15: SWAC Basketball Championships, including College Expo Day;
- April 1: Opening Day at Minute Maid Park;
- April 4 – 7: Junior Volleyball Association World Challenge at Reliant;
- June 7: USA Men's National Rugby Team vs. Scotland Rugby, including a wheelchair rugby event, at BBVA Compass Stadium. Mr. Hall mentioned that the DASH women's soccer team was kicking off its inaugural season this upcoming weekend, which would run through August, and encouraged everyone to support them.
- June 27 – 29: Grand Prix and Yellow Party at Reliant Park;
- June 28 – July 5: USA Volleyball Boy's Junior Nationals at the George R. Brown;
- July 11 – 15: Transplant Games of America at venues throughout the City;
- July 21 – 27: USA Track & Field National Junior Olympic Championships;
- December 6: SWAC Football Championships at Reliant Stadium;
- 2015 World Weightlifting at the George R. Brown; and
- 2015 NCAA Men's Basketball Regionals at Reliant Stadium.
- Outstanding large bids and projects include the Rotary Lombardi Awards, 2016 U. S. Olympic Trials – Gymnastics; 2018-20 NCAA Women's Final Four; and 2018 World Cup Rugby.
- The Sports Authority was named Sports Commission of the Year by the National Association of Sports Commissions. Ms. Burke asked the staff to step in and accept her thanks for the hard work and congratulations from the Board. The celebration continued with the presentation of customized, commemorative cakes contributed by Directors Compean and Sprague.
- Ms. Burke revealed the Authority's updated website.

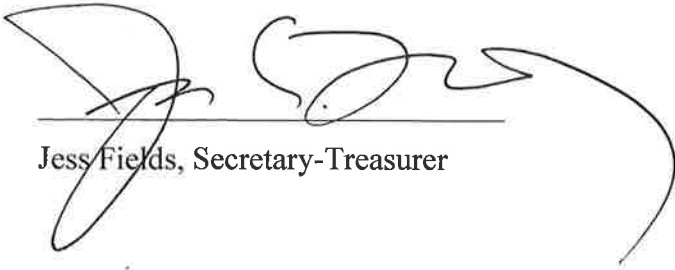
6. Chairman Friedman announced that, pursuant to provisions of Chapter 551, Texas Government Code, the Board shall deliberate in Executive Session on the following:

Consultation with attorneys on pending or potential litigation and legal matters in which attorney's duties are governed by the State of Texas (Code of Conduct), including matters related to *National Public Finance Guarantee Corp and MBIA v. Harris County - Houston Sports Authority, et al*, and matters related to MBIA, and *Wilmington Trust v. Harris County – Houston Sports Authority* and the payment of bonds and the flow of funds obligations, and matters related thereto 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 10:40 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 11:10 a.m.

5. **Adjournment.** There being no further business to come before the Board, and after motion made by Director Compean and seconded by Director Baird, the meeting was adjourned at approximately 11:15 a.m.

Adopted and approved this 5th day of June, 2014.



Jess Fields, Secretary-Treasurer



J. Kent Friedman, Chairman of the Board