HARRIS COUNTY SPORTS & CONVENTION CORPORATION

AMENDED MEETING NOTICE OF THE BOARD OF DIRECTORS TO DESIGNATE MEETING AS A SPECIAL MEETING AND EMERGENCY MEETING
WEDNESDAY, MARCH 18, 2020 – 3:00 P.M.
Amegy Bank Tower
1717 W. Loop S.
9th Floor – Meeting Room W9D
Houston, TX 77027
Call-in #: 346-248-7799; Meeting ID: 234 025 688
Electronic Access to the agenda packet is available at:

1. Call to Order

1.a. For items which were posted, if any, as emergency or urgent public necessity items relating to the public health pandemic, the Board shall consider and take action to approve the items as emergency or urgent public necessity items requiring immediate action by the Board because of an imminent threat to public health and safety, or a reasonably unforeseeable situation including any of the reasons listed in the Open Meetings Act.

1.b. Should it be difficult or impossible to convene a quorum of the Board because an emergency or public necessity as defined in the Open Meetings Act relating to the public health pandemic, the Board shall consider and take action to approve the difficulty or impossibility of convening a quorum because of an emergency or public necessity, and if approved may conduct the meeting by recorded internet broadcast telephone conference call with audible access by the public for the open portion of the meeting at the meeting location and two-way communication provided and requiring identification of all speakers. The Board’s action to approve a telephone conference call shall designate the emergency or public necessity matters of the telephone conference call meeting as a special meeting requiring immediate action.

2. Public Comments

3. Discussion of and possible action to approve the annual purchase of Property Insurance for NRG Park and NRG Stadium and consideration and approval of certain other matters relating thereto

4. Discussion of and possible action regarding COVID-19 Response and NRG Park

5. Executive Session

The Board of Directors may go into executive session, if necessary, pursuant to chapter 551 of the Texas Government Code, including privileged and confidential attorney client communications, discussion of duties of personnel extending to duties of Executive Director, and security devices.

6. Comments or report by the Executive Director

7. Comments by Directors

8. Comments by the Chairman

9. Adjournment

Ryan M. Walsh, Executive Director
Harris County Sports & Convention Corporation
BOARD OF DIRECTORS MEETING

MARCH 18, 2020

AMEGY BANK TOWER
1717 W. LOOP S.
9TH FLOOR - MEETING ROOM W9D
HOUSTON, TEXAS 77027
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• Strategy
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• Changes in the Marketplace
• Changes in Construction Cost
• 2020 Program Comparison of 2019 to 2020
• Historical Premiums
• Aon Fee
• Appendix
  – Compensation for the Value We Deliver

This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all the terms and conditions or exclusions of such proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all the terms, exclusions and conditions of such policy(ies).

The services and placements outlined in this proposal will be provided in accordance with the terms of the notices and policies set forth in our Compensation Agreement or Engagement Letter.
Summary

Aon is proud to have Harris County Sports and Convention Corporation as a client. We pride ourselves in working with your team to provide the desired property protection of these valuable assets.

- In 2020, the following goals were mutually agreed during our strategy discussions with HCSCC held on December 4, 2019:
  
  - Market the property program to a broad panel of carriers to seek possible alternate carriers and increase market competition to ensure HCSCC has the most competitive program in the marketplace.
  
  - Maintain favorable Terms & Conditions.
  
  - Achieve rate stability for property and terrorism programs given the effect that both 2017, 2018 and now 2019 have been unprofitable for markets writing in the property space. Hurricane’s Harvey, Irma, Maria, Florence, and Michael in addition to convective storm losses, California wildfires and severe attritional losses have all contributed to three consecutive unprofitable years for many property carriers.

At the direction of HCSCC, insurable values were increased by 8.71% in 2020. The increased values were a result of a property valuation study completed in 2019. The 2020 marketing results have resulted in a 13.96% annual rate increase for the overall program costs.
Strategy

- Approached 53 Potential Markets
- Went to the Market Early
  - Initial Indications on rate were in the +15% to +25% range
- Held Underwriting Market Meetings for key incumbent carrier partners and potential new markets
- Conducted a property valuation study to ensure accuracy of values. These values have been incorporated into the 2020 – 2021 renewal data
- Maintained Shared / Layered Program Structure for Renewal
Markets Approached for 2020

- ACE Westchester
- Allianz
- Arch Specialty
- Aspen Specialty
- AWAC
- Axis E&S (A)*
- Arrowhead
- Beazley E&S
- Berkeley
- Berkshire Hathaway (A++)*
- Brit
- Catlin
- CNA
- Chubb Custom
- Colony
- CV Starr
- Essex
- Ethos
- Everest
- Genstar
- Great American
- Global Excess Partners
- Hallmark (A)*
- Hartford
- HCC
- Hiscox (A)*
- HSB (A++)*
- Ironshore
- James River (A)*
- JEM (RT Facility)
- Kinsale
- Lexington (A p XV)*
- Liberty
- Liberty E&S
- Lloyds of London*
- Maxum
- Munich RE
- Navigators
- RT Specialty SRU Facility (Lloyds)
- One Beacon
- Pioneer
- Partner Re
- QBE
- RSUI
- Sompo (A)*
- SCOR
- Scottsdale
- Swiss RE (A)*
- Tokio Marine
- Travelers
- XL
- Zurich

*Indicates those companies that are participating in 2020 program
For rating information please visit http://www.ambest.com/ratings/guide.asp
## Changes in the Marketplace

### What has changed in the marketplace since April 2019?

<table>
<thead>
<tr>
<th>Category</th>
<th>Q4'19 Comment</th>
<th>2020 Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing</td>
<td>Larger and more complex accounts experienced an average rate increase for the quarter of 24.5%. This represents a decrease compared to the prior quarter for 28.6%. Shared &amp; Layered and Quota-Share Programs experienced an average rate increase for the quarter of nearly 37.5% far exceeding the average of 14.7% for Single Carrier Programs. The quarter represents a continued firming in the market with a nominal decrease in the average. Accounts with difficult occupancies such as food, habitation frame real estate, and hazardous occupancies are experiencing significantly higher rate increases.</td>
<td>Accounts with poor experience and natural catastrophe exposures will continue to experience significant pressure. Many carriers are still pushing in the direction of what they deem to be appropriate risk based rates regardless of loss history and exposure. Simply changing program structure from single carrier to a quota-share or shared &amp; layered option may not be the alternative</td>
</tr>
<tr>
<td>Limits</td>
<td>← Majority clients purchased the same limits</td>
<td>← Meaningful changes to limits are not expected for most buyers</td>
</tr>
<tr>
<td>Deductibles/Retentions</td>
<td>← Most clients are maintaining the same deductible/retention. However, we are seeing an uptick in clients increasing their retentions to offset rate increases</td>
<td>←↑ While many buyers will continue to maintain current deductibles/retentions others may need to take on larger retentions to counter premium increases. Expect carrier scrutiny around catastrophe percentage deductibles, particularly around deductible caps</td>
</tr>
<tr>
<td>Coverage</td>
<td>← No material change in property coverage and broad property coverage is readily available in the market</td>
<td>← Cyber Property cover will continue to be underwritten carefully as uncertainty in the space continues. Hail, convective storm and wildfires have also proven problematic for many carriers.</td>
</tr>
<tr>
<td>Capacity</td>
<td>↑ Technical market capacity levels remain at an all-time high. However, within certain problematic, loss-driven classes of business, a noticeable retraction in capacity has occurred</td>
<td>↑ We have seen some insurers moving from higher maximum lines to lower working lines due to poor experience. Some carriers have exited specific occupancy classes which have proven unprofitable over time or at least moving away from primary layers.</td>
</tr>
<tr>
<td>Losses</td>
<td>↓ Global natural catastrophe insured losses year are approx. USD 58.7B with the U.S. representing about USD 29.4B. This is following 2017 and 2018, which represent the most combined insured losses ($251B) for back-to-back years on record</td>
<td>↓ The Atlantic had three quiet hurricane seasons from 2013-2015, followed by a slightly above-average season in 2016, near record-breaking levels of activity in 2017 and slightly above-average seasons in 2018 and 2019. Dr. Philip Kotzbaech will present 2020 forecast at the Aon Property Symposium</td>
</tr>
</tbody>
</table>
Changes in the Marketplace

Rate Change By Quarter – Q4 2017 through Q4 2019

HCSCC Renewal
Result: +6.84% Rate Increase

HCSCC Renewal
Result: -2.1% Rate Reduction
Changes in Construction Cost

Current Cost Indices As of July 2019

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>4/2018-4/20/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENR – Building Cost Index²</td>
<td>+2.9%</td>
<td>+3.3%</td>
<td>+3.3%</td>
<td>+2.6%</td>
</tr>
<tr>
<td>FM Global* - U.S. Industrial Buildings Average³</td>
<td>+1.6%</td>
<td>+1.2%</td>
<td>+5.2%</td>
<td>+5.2%</td>
</tr>
<tr>
<td>RSMeans – 30-City Average⁴</td>
<td>+0.8%</td>
<td>+4.0%</td>
<td>+5.5%</td>
<td>+5.6%</td>
</tr>
<tr>
<td>Marshall &amp; Swift** – U.S. Average⁵</td>
<td>0.0 to</td>
<td>+2.7 to</td>
<td>+3.2 to</td>
<td>+2.6 to</td>
</tr>
<tr>
<td></td>
<td>+0.9%</td>
<td>+3.7%</td>
<td>+6.0%</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>

* FM Indice only ranges from Jan 2018 to Jan 2019.
** The range of change shown by Marshall & Swift represents different classes of construction.


<table>
<thead>
<tr>
<th>HCSCC 2019-2020 TIV</th>
<th>HCSCC 2020-2021 TIV</th>
<th>HCSCC Change in TIV</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,158,633,006</td>
<td>$1,259,528,254</td>
<td>+8.71% Increase</td>
</tr>
</tbody>
</table>

Commercial Risk Solutions
Legal Entity Name and CA License Number (Mandatory)
Edition Date: December 7, 2019 | Proprietary & Confidential
# 2020 Program Comparison of 2019 to 2020

## 2019 Program (Current)
- **Total Limit**: $600,000,000
- **TIV 2019-2020**: $1,158,633,006

### Sublimits:
- Named Windstorm - $200,000,000
- Flood/EQ - $200,000,000
- Terrorism - $250,000,000
- NCBR - $10,000,000
- Malicious Act - $5,000,000
- Threat - $5,000,000
- B&M - $200,000,000

### Deductibles:
- AOP $250,000
- Named Wind (2%)
- Flood $500,000
- Quake $250,000
- B&M $250,000
- Terrorism $100,000

**$2,561,342**

## 2020 Program (Proposed)
- **Total Limit**: $600,000,000
- **TIV 2020-2021**: $1,259,528,254

### Sublimits:
- Named Windstorm - $200,000,000
- Flood/EQ - $200,000,000
- Terrorism - $250,000,000
- NCBR - $10,000,000
- Malicious Act - $5,000,000
- Threat - $5,000,000
- B&M - $200,000,000

### Deductibles:
- AOP $250,000
- Named Wind (2%)
- Flood $500,000
- Quake $250,000
- B&M $250,000
- Terrorism $100,000

**$3,103,211**

All estimates include approximate premium taxes, fees and Aon's service fee. The limits and deductibles are to be used for summary purposes only. Please refer to the policy for the complete listing.
Historical Property Overview

Highlights

- Premium decrease of $908K since '09 (23%)
- Average Premium of $2.892 M since '09
- Rate Reduction of 0.185% since '09 (43%)
- Average Rate of 0.273% since '09

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</tr>
</thead>
<tbody>
<tr>
<td>Premium ($M)</td>
<td>4.011</td>
<td>3.258</td>
<td>2.777</td>
<td>2.999</td>
<td>3.055</td>
<td>2.978</td>
<td>2.806</td>
<td>2.421</td>
<td>2.364</td>
<td>2.363</td>
<td>2.561</td>
<td>3.103</td>
</tr>
<tr>
<td>TIV ($M)</td>
<td>930.7</td>
<td>1,006.4</td>
<td>1,006.4</td>
<td>1,031.5</td>
<td>1,054.0</td>
<td>1,088.9</td>
<td>1,106.7</td>
<td>1,112.9</td>
<td>1,130.6</td>
<td>1,158.6</td>
<td>1,259.4</td>
<td></td>
</tr>
<tr>
<td>Rate (% of TIV)</td>
<td>0.431%</td>
<td>0.324%</td>
<td>0.276%</td>
<td>0.298%</td>
<td>0.296%</td>
<td>0.283%</td>
<td>0.258%</td>
<td>0.219%</td>
<td>0.212%</td>
<td>0.209%</td>
<td>0.221%</td>
<td>0.246%</td>
</tr>
</tbody>
</table>
Aon Fee

- 2019 Broker Fee (included in total cost)
  - $240,000

- 2020 Proposed Broker Fee (included in total cost)
  - $240,000
Appendix

- Compensation for the Value We Deliver
Compensation for the Value We Deliver

Aon is an insurance broker and, when serving as your retail insurance broker, in addition to or in lieu of compensation you may pay, Aon may earn compensation which relates in whole or in part to your insurance placement.

For policy level commissions, Aon endeavors to receive compensation using standard commission rates by line of business that we seek to achieve with insurers in advance of individual policy placements. We believe this creates a fairer marketplace among insurers and allows our insurers to focus on the client’s needs and risk history, not on commission rate negotiation. In turn, because insurers will be evaluated on their capabilities, clients will be able to more easily compare quotes.

Aon’s standard commission rates differ by line of business and, when placed in the U.S. market, are up to the following commission rates: Aviation, 17.5%; Casualty, 18.5%; Cyber, 17.5%; Energy, 20%; Entertainment, 20%; Environmental, 18%; Marine 20%; Med Mal/Healthcare, 17.5%; Professional/E&O, 17.5%; Property, 18%; Product Recall, 20%; Financial Lines, 18%; Healthcare, 20%; Surety, 35%; Terrorism, 25%; Trade Credit, 17.5%; and Workers Compensation, 15%. Where an Aon broker is placing a policy in the London or Bermuda market, Aon endeavors to earn 20% on those lines of business. Where Aon has created a facility with proprietary terms and conditions negotiated, the Aon standard commission rates range from 20% - 22.5%. Some lines of business are not conducive to standardization because they are subject to state filing regulations, state-specific rates and/or industry-specific rates. The standard commission rates we achieve do not include program business (e.g.: franchises, sponsored groups) or large deductible programs.

In addition, Aon provides certain administrative and other related placement services to markets. Compensation of up to 7.5% for these services may take the form of a national additional commission (NAC) or a subscription market brokerage (SMB). Collecting these commissions will not change the premium quoted.

Compensation paid to Aon may vary based upon a number of factors, including the insurance contract and the insurer you select, the volume of business and/or profitability of business we place with each insurer. Therefore, Aon may be considered to have an incentive to place insurance coverages with a particular insurance company. We strive for transparency with each Client and the final decision regarding coverage and market options is the Client’s decision.

If you are interested in receiving Aon’s standard commission grid and/or a Commission Disclosure Report identifying the individual commission rates on your placements or compensation expected to be received based in whole or in part on any alternative quotes, ask your Account Executive or write us at aon.us.broking@aon.com.
About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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www.aon.com

Contact

Kevin Holley
Account Executive
Aon Commercial Risk Solutions
+1.832.476.6511
kevin.holley@aon.com

Amy Keith
Property Broker
Aon Commercial Risk Solutions
+1.832.476.5658
amy.keith@aon.com
B
Discussion of and possible action regarding COVID-19 Response and NRG Park
Directions to Amegy Tower & Parking Map
1717 West Loop S. | Houston, TX 77027

Note: You can enter the bank parking from the 610 feeder as well as on Post Oak Park Dr.
- Once you have parked, take the elevators to the Lobby.
- Once in the Lobby, take the elevators to the 10th floor to check-in with the receptionist.

Traveling East On I-10:
Travel east on I-10 for approximately 17 miles
Merge onto I-610 S via EXIT 763
Take EXIT 9A toward San Felipe Rd
Make a U-Turn & Continue on West Loop S to your destination

Traveling South on Southwest Freeway 59 from Downtown:
Travel south and take the exit toward Interstate 610 N
Keep left and merge onto I-610 N
Take exit 9 toward San Felipe Rd/Post Oak Blvd
Continue on West Loop S to your destination

Traveling North on Southwest Freeway 59:
Travel North and take the exit toward Interstate 610 N
Keep left and merge onto I-610 N
Take exit 9 toward San Felipe Rd/Post Oak Blvd
Continue on West Loop S to your destination