

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

August 3, 2023 – 3:00 P.M.

Partnership Tower, 701 Avenida de las Americas, Suite 200

Houston, Texas 77010

HOUSTON FIRST BOARD ROOM

The Board of Directors (“Board”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010 on Thursday, August 3rd, 2023, commencing at 3:00 p.m.

Written notice of the meeting including the date, hour, place, and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

The following Board Members participated in the meeting: David Mincberg (Chair), Sofia Adrogué, Nicki Keenan, Reginald Martin, Ryan Martin, Alex Brennan-Martin, Bobby Singh, Tom Segesta, Gerald Womack, Mayor Pro-Tem Dave Martin, Ex-officio, and Council Member Robert Gallegos, Ex-officio.

- I. **Call to Order.** Chairman David Mincberg called the meeting to order at 3:05 p.m. and a quorum was established. Alex Brennan-Martin was not present at the time of the vote.
- II. **Public Comments.** Congresswoman Sheila Jackson Lee attended the meeting and remarked about Houston’s downtown development. She emphasized that Houston was a city of neighborhoods and encouraged HFC to tout Houston’s stories. She stressed her acquisition of federal funding for public transit and how she championed mobility efforts while in her Congressional role.

Gerald Womack, Board Member, thanked Congresswoman Lee for her assistance during Hurricane Katrina and other catastrophic Houston events during her tenure on Houston’s City Council and as a Congresswoman.

Barry Mandel, former President of Discovery Green, detailed he was one month into retirement, but wished to attend the meeting to thank HFC’s Board for its partnership. Mr. Mandel explained that a leadership program called Emerging Leaders existed during his tenure as the head of the Theater District. He added that Kathryn Lott, a participant in the program, assumed his role as Discovery Green’s new President, making her the park’s third president.

Several Board Members and Congresswomen Lee expressed their appreciation for Mr. Mandel’s work and his years of partnership and service to Houston.

III. **Review and approval of minutes from prior meeting.** Following a duly seconded motion, the June 22, 2023, and July 11, 2023, minutes were approved as presented. Board Member Alex Brennan-Martin was not present at the time of the vote.

IV. **Presentations, Reports, and Updates.**

A. **Houston First Chairman's Report.**

Chairman Mincberg announced that Board Members received Save the Date invitations for Mayor Sylvester Turner's Celebration and the Mayor's State of the City. He added that for the past two years, HFC organized and effectuated the State of the City and noted how this would be Mayor Turner's last State of the City event.

B. **Houston First President & CEO's Report.**

Michael Heckman, President & CEO, reported that HFC's 2023 Diversity, Equity, and Inclusion Summer Internship Program concluded. He explained that the program began from discussions between himself, Chairman Mincberg, and Reginald Martin, a Board Member. He also noted that Reginald Martin suggested the program as a partnership between HFC and the Greater Houston Convention and Visitors Bureau. According to Mr. Heckman, this year's program was a rousing success. Nine interns rotated between different departments and recognized Karen Williams, Tim Moyer, and Daronde Gamble for their efforts. Chairman Mincberg thanked Reginald Martin for initiating the program and his contributions.

Todd Holloman, Vice President of Venues and Live Events, detailed a list of future programming and events, including the Optik Installation, which debuted on July 4, 2023, and would continue through Labor Day weekend. Mr. Holloman added that future events would include the Party on the Plaza celebrating National Hispanic Heritage Month on Saturday, September 16, 2023, and City Lights, which would run from November 17, 2023, through January 2, 2024. He highlighted that HFC partnered with Discovery Green for the Optik Installation and Party on the Plaza.

Mr. Heckman transitioned into updating the Board on HFC's convention business. He emphasized HFC's bustling summer convention business and highlighted how two significant June 2023 events attracted a combined 18,000 attendees and how five large July 2023 events garnered a combined 52,600 attendees.

Jorge Franz, Vice President of Tourism and Industry Relations, informed the Board that the Houston Insider Program ("HIP") would relaunch on August 24, 2023, and that the program's first training session would be for JW Marriott Galleria's staff in the Hilton Americas Hotel. Mr. Franz added that the program would be offered in-person and online. He stressed that HIP focused on educating and engaging Houston's hospitality industry, training frontline staff and hotel Sales Directors and Managers, and providing Houston visitors with a world-class experience.

Mr. Franz announced that Texas lawmakers approved \$200 million for the Texas Moving Image Industry Incentive Program for 2023 through 2025. He asserted the program would provide a competitive grant/rebate incentive, which was managed and administered by the Texas Film Commission. Mr. Franz stated that Alfred Cervantes, Executive Director of the Houston Film Commission, was a juror for "Narrative & Documentary Features" for the Guanajuato International Film Festival. He also highlighted that the movie "ICK" would be filmed in Houston during August 2023 and directed by Joseph Kahn, who produced many of Taylor Swift's music videos.

Holly Clapham, Chief Marketing Officer, explained that Houston Theater Week ("HTW") was Houston's largest recorded consumer promotion dedicated to live theater and performing arts. Ms. Clapham noted that HTW was a week-long promotion that allowed art enthusiasts and novelists to utilize an exclusive online Buy One Get One Free deal. She highlighted that the inaugural event in 2022 was a success and expected the 2023 event to be an even grander success. Ms. Clapham closed by noting this year's HTW would run from August 14, 2023, through August 20, 2023.

Frank Wilson, Chief Financial Officer, reported HFC's financials through June 30, 2023. He stated that all of HFC's major revenues through June 2023, aside from Avenida Parking, outperformed expectations. Mr. Wilson also provided that HFC's highest overperforming major revenues included Hotel Occupancy Tax Collections at \$8.2 million, Hilton Americas-Houston Hotel Net Cash at \$2.8 million, and George R. Brown Convention Center ("GRB") Food and Beverage at \$3.6 million.

According to Mr. Wilson, all major expenses were performing at or below budget, except for GRB Food and Beverage, which was over budget by \$2.3 million. He added that HFC's three most favorable financial variances in major expenses were Personnel, Security Contract, and Building Maintenance Contract. According to Mr. Wilson, Total Revenues exceeded Total Expenses by \$15.3 million, attributed to a favorable \$19 million revenue variance to budget.

Mr. Heckman announced that Lynn Wyatt Square was on schedule for substantial completion around the end of September 2023 and that a grand opening would follow.

According to Mr. Heckman, HFC would schedule a Sales Production and Booking Pace evaluation in September 2023 to evaluate HFC's economic positioning, guide HFC's outlook, and illuminate existing opportunities.

Mr. Heckman mentioned that HFC Management recently attended the Destinations International Annual Meeting, which revealed how competitors invested in their convention centers and destination products. Correspondingly, he emphasized the importance of remaining ahead of competitors.

Mr. Heckman notified the Board that a Market-wide Hotel meeting would be scheduled this month to evaluate sales, tourism, and marketing and added that Board Members would be invited to attend.

Mr. Womack inquired about HFC's hotel distribution list composition. He stated he wished to ensure HFC provided equal opportunities to every hotel, including smaller hotels. Mr. Heckman responded that he would provide Mr. Womack with the list. In parallel, Reginald Martin requested that HFC create a shareable digital marketing piece to reach a larger pool of hotels.

Mr. Heckman concluded by announcing that Great Place to Work certified HFC as a Great Place to Work for the second year.

V. Board Business.

A. Consideration and possible approval of a Framework Agreement for the 2028 Republican National Convention in Houston, Texas, between Houston National Convention Host Committee 2028, Republican National Committee, City of Houston and Houston First Corporation.

Mr. Heckman stated that HFC bid to host the 2028 Republican National Convention ("RNC"). In parallel, he mentioned that HFC was bipartisan and offered to host the 2020 and 2024 Democratic National Conventions. Mr. Heckman explained that HFC always seeks and pursues events that create economic value for Houston. He informed the Board that the RNC required a framework agreement signed by the RNC, the City of Houston ("City"), the Host Committee, and HFC. According to Mr. Heckman, the language for the framework agreement was agreed upon and would be presented to and voted on by the City Council on August 9, 2023. He also informed the Board that HFC expected an RNC decision in late August 2023.

David Staas, Attorney with Winstead PC, explained that the agreement outlined each party's role. He noted that the RNC would be obligated to hold the 2028 Convention in Houston, and HFC would facilitate DMO functions and grant a license agreement for the use of the GRB. Mr. Staas indicated that the City would provide essential services such as police, fire, security, and Emergency Medical Services in and around the convention complex. Mr. Staas also detailed that the Houston Police Department would be a lead agency. According to Mr. Staas, the Host Committee would be responsible for hosting-related funding; however, the City and HFC would not be accountable to the RNC for fundraising.

Council Member Robert Gallegos, an Ex-officio Board Member, stated he would be voting against this item at City Council due to increased violence against Latinos and the state's firearm and immigration policies. He said that he was the only Latino and LGBT Council Member on Houston's City Council, which represented the largest and most diverse city in the nation; therefore, he would not support the event.

Ryan Martin, Board Member, asked about the economic impact the event would have on the region. Mr. Heckman responded that the 2016 Convention had nearly a \$200 million impact on Cleveland, the host city.

Following a duly seconded motion, a Framework Agreement for the 2028 Republican National Convention in Houston, Texas, between Houston National Convention Host Committee 2028, Republican National Committee, City of Houston and Houston First Corporation was approved unanimously, with Ex-officio Council Member Robert Gallegos registering his dissent. Board Member Alex Brennan-Martin was not present at time of the vote.

- B. Consideration and possible approval of the designation of a geographic area within the City of Houston to be known as "Project Financing Zone Number One, City of Houston, Texas" ("Zone") and providing an expiration date for the Zone; making certain findings related thereto; directing the Texas Comptroller of Public Accounts be notified of the Zone's creation within thirty days of its designation; requesting the Texas Comptroller of Public Accounts deposit incremental hotel-associated tax revenues collected by or forwarded to the Texas Comptroller of Public Accounts into a separate suspense account held in trust for Houston First Corporation; providing for notification to the Texas Comptroller of Public Accounts in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and containing other related matters; providing a severability clause; and providing an effective date.

Mr. Heckman explained that administratively, HFC needed to notify the Comptroller's Office of the GRB's Project Finance Zone before Senate Bill 1057 goes into effect on September 1st, 2023. He explained that the zone would be a three-mile radius around the GRB and that HFC could receive state funds beginning January 1, 2024.

Mr. Staas detailed the approval process to designate the zone. He explained that part of the resolution would determine that the GRB, including any expansion, related improvements, and related infrastructure, was a qualifying project for eligibility to use the tax revenue proceeds.

Mr. Heckman emphasized that HFC envisioned using the funds to reimagine the GRB and convention district within the limits of the law.

Alex Brennan-Martin, Board Member, joined the meeting.

Chairman Minberg stated that Ryan Martin was a Chairman of the Long-range Strategic Planning Committee; therefore, it was appropriate that he lead the project. Mr. Womack requested that procurement be included, to which Chairman Minberg agreed.

Following a duly seconded motion, the designation of a geographic area within the City of Houston to be known as "Project Financing Zone Number One, City of Houston, Texas" ("Zone") and providing an expiration date for the Zone; making certain findings related thereto; directing the Texas Comptroller of Public Accounts be notified of the Zone's creation within thirty days of its designation; requesting the Texas Comptroller of Public Accounts deposit incremental hotel-associated tax revenues collected by or forwarded to the Texas Comptroller of Public Accounts into a separate suspense account held in trust for Houston First Corporation; providing for notification to the Texas Comptroller of Public Accounts in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and containing other related matters; providing a severability clause; and providing an effective date was approved unanimously.

VI. Executive Session.

Executive (closed) session pursuant to Texas Government Code Section 551.074 for the purpose of reviewing and evaluating the performance of the President & CEO of the Corporation.

The Board commenced an Executive Session at 4:22 p.m., which ended at 5:02 p.m.

VII. Adjourn. The meeting adjourned at 5:02 p.m.