### HOUSTON FIRST CORPORATION

# MINUTES OF HOUSTON FIRST CORPORATION BOARD OF DIRECTORS September 14, 2016

The Board of Directors of Houston First Corporation (the "Corporation"), a Texas non-profit 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 the George R. Brown Convention Center, 1001 Avenida de las Americas, Houston, Texas, on Wednesday, September 14, 2016, commencing at 2:00 P.M. Written notice of the meeting, including the date, hour, place and agenda, was posted in accordance with the Texas Open Meetings Act. The following members participated in the meeting: David Mincberg, Phyllis Bailey, Alex Brennan Martin, Katy Caldwell, C.C. Conner, Jr., Fernando Cuellar, Irma Diaz-Gonzalez, Harry Greenblatt, Desrye Morgan, Paul Puente and David Solomon. Council Member Martin, Council Member Robinson and Gerald Womack were absent. Council Members Gallegos and Kubosh were also in attendance.

David Mincberg called the meeting to order at approximately 2:04 P.M. and a quorum was established. Chairman Mincberg introduced himself, recognized Council Members Gallegos and Kubosh and welcomed new Board Member Paul Puente.

#### 1. Public Comments.

Ira Mitzner spoke on behalf of the Marriott Marquis and provided an update on the progress of the Marriott, which is anticipated to open on or around November 28, 2016. He also reported that the MWBE participation was at 28%. Mr. Mitzner continued with an overview of the hotel industry, the challenging economics and emphasized that more short-term dollars would be needed to market and sell Houston.

Rico Bullock, HS Direct, spoke to the Board about his lack of vacation time, sick time, health insurance and retirement benefits. He requested that HS Direct provide the same benefits as Midwest Maintenance. Howard Aplan, also of HS Direct, spoke about the lack of benefits. Katy Martinez, Grievance Director of SEIU Texas, appealed to the Board to provide benefits for subcontracting companies. Chairman Mincberg requested that Houston First Corporation's General Counsel prepare a memorandum for the HFC Board with a copy to City Council, that explains what the Corporation can and cannot do related to providing benefits to employees of subcontractors.

<u>Approval of Minutes.</u> Desrye Morgan mentioned that the June 14, 2016 minutes stated that a deeper dive into the MWBE participation numbers would take place at this meeting and it was agreed that the deep dive would occur at the November 10<sup>th</sup>, 2016 meeting. A motion was made and duly seconded to approve the minutes of the June 14, 2016 meeting as presented. Council Members Martin and Robinson were not in attendance at the time of the vote.

The Board took Item V.A. out of order:

3. <u>Consideration and possible approval of the Houston First Corporation 2015 Annual Audit.</u> Elaine Reyes and Scott Elliott from Deloitte & Touche provided an overview of the 2015 Annual Audit which was reviewed and discussed in greater detail at the Governance, Audit & Finance Committee meeting. Ms. Reyes stated that a clean opinion was issued for the 2015 financial statements. As a clarification, it was proposed that the caption on the item be changed from "approval" to "acceptance". Following discussion on the item, a motion was made and duly seconded to accept the opinion of the auditors on the Houston First Corporation 2015 Annual Audit as presented.

## 4. Presentations

Kim Sterling provided a presentation on behalf of the Foundation for Jones Hall. She stated that they were currently reviewing the components of the Jones Hall Master Plan and committed to return to the Board in three to four months to present their recommendations.

Sallie Sargent, CEO of the Houston Super Bowl LI Host Committee, appeared before the Board to provide updates regarding upcoming events, efforts to take the Super Bowl activities into the communities, volunteer recruitment and orientation, the Business Connect MWBE program, and the monies that would go back to the communities. Regarding the last item, Ms. Sargent stated that there was a separate advisory board in place to govern the community giving process. Paul Puente asked that the Host Committee share the guidelines on how the monies will be distributed.

Irma Diaz-Gonzalez, Desrye Morgan and David Solomon left the room prior to discussions on Item VB.

5. Consideration and possible approval of a First Amendment to the Sponsorship Agreement with the Houston Super Bowl LI Host Committee. Katy Caldwell, chair of the Governance, Audit & Finance Committee, introduced this item and explained that this item was fully vetted at the Governance, Audit & Finance Committee meeting held on September 12, 2016. This amendment subordinates the Corporation's right to be repaid before any other creditor with funds received by the Host Committee from the State's Major Event Reimbursement Program; this right was subordinated to allow the Host Committee to enter into a commercial loan in an amount not to exceed \$16,000,000 plus interest and other related charges. The Corporation will receive consideration through interest payments, use of real estate during Super Bowl and ratification of the Host Committee's intent to repay the sums owed to the Corporation from the Sponsorship Agreement and the Reimbursement Agreement. Following discussion on this item, a motion was made and duly seconded to approve the First Amendment to the Sponsorship Agreement with the Houston Super Bowl LI Host Committee.

Irma Diaz-Gonzalez, Desrye Morgan and David Solomon returned to the room following the discussion and approval of this item.

- 6. Consideration and possible approval of an Additional Sponsorship Amount with the Houston <u>Cinema Arts Society</u>. Katy Caldwell, chair of the Governance, Audit & Finance Committee, introduced this item as it was fully reviewed and discussed at the Committee meeting on August 31, 2016. Michael Heckman explained that approval of this item would result in an additional sponsorship of \$50,000 in cash and in-kind contributions to the original sponsorship of \$50,000. After a motion was made and duly seconded, the Board of Directors approved the additional sponsorship amount with the Houston Cinema Arts Society.
- 7. <u>Consideration and possible approval of "The ICE and Roller Rink at Discovery Green"</u> <u>sponsorship.</u> This item was reviewed and discussed at the August 31, 2016 Governance, Audit & Finance Committee meeting. Committee Chair, Katy Caldwell, provided a summary of the benefits to the Corporation for the proposed \$75,000 sponsorship investment, which include title sponsorship of "Santa, Visit Houston First" during the "ICE at Discovery Green" event; title sponsorship of Houston First's "Roller Rink at Discovery Green"; prominent branding and recognition on site and through various media outlets and promotional channels; and, corporate hospitality benefits. Following discussion on this item, a motion was made and duly seconded to approve the sponsorship for "The ICE and Roller Rink at Discovery Green."
- 8. <u>Consideration and possible approval of the policy related to future convention services agreements.</u> This item was reviewed and discussed at the Hotel Committee meeting on September 13, 2016. David Solomon explained that the convention services policy was initially put into place to incent new development around the George R. Brown Convention Center. Peter McStravick provided a handout of existing hotels and those in development. Due to the success of this initiative, a recommendation was made to suspend approval of new convention services agreements until the summer of 2018 to allow the existing and upcoming hotel inventory to be digested. One exception to the suspension is the proposed hotel over the Partnership Tower garage. Following discussion on this item, a motion was made and duly seconded to approve the policy suspension of future convention services agreements, with the exception of the item mentioned above, until summer of 2018.

## 9. Updates

- A. Jorge Franz provided updates on the Tourism Summit, Matching Grants Program, and introduced Carla Fiorito, winner of U.S. Travel/ESTO 2016 Rising Star Award.
- B. Peter McStravick gave an update on Avenida de las Americas construction and retail.
- C. Dawn Ullrich gave an update on Houston First's move to the Partnership Tower. She also extended an invitation to the Board to attend the 1<sup>st</sup> Anniversary of MATCH being held on October 2<sup>nd</sup>. Finally, Ms. Ullrich mentioned the upcoming tours and the budget calendar.

The meeting adjourned at approximately 3:51 p.m.

/s/

Pamela Walko, Secretary