

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

May 20, 2021– 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, May 20, 2021, 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), Desrye Morgan (Vice Chair), Sofia Adrogué, Elizabeth Brock, Ryan Martin, Alex Brennan-Martin, Paul Puente, Tom Segesta, Bobby Singh, Gerald Womack, Jay Zeidman, and Council Member David Robinson, Ex-Officio. Also in attendance was Council Member Michael Kubosh.

The Chairman of the Board called the meeting to order at 3:03 p.m. and a quorum was established.

1. **Public Comments.** Elizabeth Martin addressed the Board on behalf of Texas Hospitality Partners to announce a number of exciting opportunities with music artist and entrepreneur Curtis Jackson, a/k/a 50 Cent, moving to Houston. Ms. Martin stated that Mr. Jackson hopes to further his relationship with the Houston Film Commission. She also discussed the G Unity Foundation and Mr. Jackson’s partnership with the Houston Independent School District to create an entrepreneurial initiative in three high schools. In conclusion, she said that the continued relationship between Houston First Corporation and Texas Hospitality Partners is very important as the two entities work together to promote Houston.

Paul Puente asked about the possibility of building film studios in Houston. Ms. Martin stated that she is not at liberty to discuss this matter in detail, but there have been discussions with Mayor Sylvester Turner.

Ryan Martin asked for more information regarding the G Unity Foundation. Ms. Martin explained that the G Unity Foundation is a philanthropic organization, founded by Mr. Jackson, whose mission is to empower youth. Mr. Jackson and his team at G-Unit Music, she said, are also in discussions about improving the entertainment industry in Houston to compete with cities like Atlanta.

Elizabeth Brock expressed her excitement. The Vice Chair echoed those sentiments and stated that there is a lot of synergy and opportunity to work together.

The Chairman thanked Ms. Martin for her time. He then recognized Council Member Michael Kubosh for attending the meeting.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of April 15, 2021 were approved as presented.

HFC General Counsel, Lisa Hargrove, announced that the amended minutes of March 25, 2021 are available on the Houston First website.

3. **Presentations and Reports.**

- A. **Legislative Update.** HFC Vice President of Public Affairs, Jonathan Newport, stated that thousands of bills have been filed and only four percent have passed both the Texas House and Senate with 11 days remaining in the legislative session. The state budget has improved tremendously, he said, and all programs important to HFC are funded. Mr. Newport stated that he is keeping a close eye on a local hotel bill that would allow for the expansion of hotel occupancy taxes to improve public parks. A number of bills related to visitor perception, he said, have gained traction namely voting rights, transgender discrimination with youth participation in interscholastic sports, the prohibition of hormone blockers or gender confirmation surgery for minors, constitutional carry, and the heartbeat abortion bill that was recently signed into law by Texas Governor Greg Abbott. Mr. Newport then announced that the State Events Trust Fund remains intact and an omnibus bill has been filed to add additional qualifying events. He concluded his report by discussing the recent executive order filed by Governor Abbott no longer making face masks mandatory in schools and government buildings. Council Member David Robinson then was asked to discuss legislation to protect the Texas Gulf Coast.

Council Member Robinson stated that he worked with a number of lawmakers on a bipartisan bill to create the Gulf Coast Protection District that is instrumental to the overall protection and infrastructure of our region. He said that he attended an in-person event in Austin with HFC Senior Vice President of Tourism and Industry Relations, Jorge Franz, and tourism and industry experts are extremely bullish on a return to business.

Ryan Martin asked how concerned the Board should be with the controversial bills discussed and their impact on business operations during HFC's recovery.

HFC Acting President and CEO, Michael Heckman, stated that HFC has received some inquiries from clients regarding some of the controversial bills discussed and it would be naïve to believe there will be no impact, but HFC continues to work closely with lawmakers.

- B. **Houston First Chairman Report.** The Chairman stated that he participated in a meeting with Ira Mitzner and HFC management at the Marriott Marquis regarding

a return to business and the alignment between the Marriott and Hilton Americas Houston-Hotel (Hotel). Additional meetings will be held, he said, with other downtown hoteliers. He then announced that Comicpalooza will take place on July 17-18, 2021 at the George R. Brown Convention Center (GRB). He thanked Mayor Sylvester Turner and all Board Members in attendance at the Lynn Wyatt Square Ground Planting Ceremony. Additionally, the Chairman discussed the opening of Dr. Seuss at the GRB and the UFC Fan Fest hosted on Avenida Houston. The Chairman also announced that management is working on a proposal for an exciting business opportunity that will further promote Houston. The Chairman discussed HFC's long-term strategic plan and a recent meeting held with Michael Heckman, Ryan Martin, and Jay Zeidman regarding the future of the organization. HFC closed on a new loan for the Hotel, he said, and thanked all members of management and outside legal counsel for overseeing the transaction. HFC, he said, will host the State of the City address later this year. He concluded his report by discussing several live galas he attended and a return to the gala season.

- C. Houston First Acting President & CEO Report. Michael Heckman began his report with an update on Asian American and Pacific Islander (AAPI) Heritage Month. He then asked Bobby Singh to discuss his participation.

Bobby Singh stated that he worked closely with management to create a collage that reflects a broad range of countries and individuals from different socioeconomic backgrounds and thanked HFC Chief Marketing Officer, Holly Clapham, and her team for doing a phenomenal job.

Mr. Heckman stated that management has adopted a comprehensive approach to communications for AAPI Heritage Month culminating in a live-event and fashion show that has been postponed due to inclement weather.

Holly Clapham explained that the Marketing team began creating content in April to spotlight different AAPI communities and restaurants. She thanked HFC team member, Tracey Prince, for coordinating a meeting with the James Beard Foundation in New York. Ms. Clapham stated that a local restaurant will receive a proclamation from a Houston city official in support of the Chinese restaurants' movement.

Mr. Heckman then proceeded with his report and announced that Houston will virtually participate in a prestigious WRLDCTY 2021 event in October to demonstrate thought leadership on a global stage with city planners, leaders, and entrepreneurs. He then asked HFC Vice President of Market Strategy, Cindy Decker to provide a market update.

Ms. Decker stated that Houston hotels are in the top 25 market in the U.S. and the top 10 for occupancy as Houston continues to recover at a faster rate than many cities. She recently attended an event hosted by the Hotel Lodging Association, she said, with analysts that show Houston as leading the nation in group rooms and pick-up through year end.

Tom Segesta thanked Ms. Decker for her report and stated that the downtown hotel market continues to improve every month with an increase in business travel and convention business.

Mr. Heckman then briefly discussed the UFC Fan Fest on Avenida Houston. He then asked HFC Chief Operating Officer, Luther Villagomez, to provide further detail.

Mr. Villagomez stated that the UFC Fan Fest was very successful and included four major partners and approximately 9,000 attendees. That there was a lot of great press, he said, with the weigh-in and press conference that took place at the GRB.

Mr. Heckman then provided an event update and announced the return of live performing arts events. He also asked Mr. Villagomez to give a brief update on HFC's contract partners and their ability to provide proper staff as operations increase through year end. In conclusion, Mr. Heckman announced the official return to the office for HFC staff and the adoption of a new flexible workplace policy.

Ryan Martin asked if there was going to be a celebration to commemorate a return to live performing arts events. There was further discussion from Board Members regarding a collaborative approach between performing arts groups.

Paul Puente asked about potential business opportunities for commercial space with NASA and Space X. The Board had further discussion.

The Chairman thanked Mr. Heckman for his report and stated that an organization is only as good as its people, and while the Board and management agonized over a reduction in staff last year, keeping the right people has allowed HFC to move forward. The Chairman also informed the Board that HFC received some information from Texas Hospitality Partners regarding the W Hotel that is under review.

- D. Financial Update. HFC Chief Financial Officer, Frank Wilson announced the refinance of a \$125 million loan at the Hotel. Hotel room revenues, he said, have exceeded the amount budgeted due to occupancy levels in April and Hotel management will complete a revised budget. He then informed the Board that HFC has applied for the Shuttered Venues Operator Grant Program and has submitted documentation for the Paycheck Protection Program (PPP) for the SBA loan received by HFC in the amount of \$4.2 million. HFC anticipates full loan forgiveness, he said, as the funds were used for allowable expenses. Mr. Wilson concluded his financial update with an overview of HFC's major revenues and expenses.

Ryan Martin asked about potential savings and operating expenses going into 2022.

Alex Brennan-Martin stated that hotel occupancy tax collections made in the 3rd and 4th quarters will not be actualized until 2022, and HFC will continue to face financial challenges due to debt service through 2034. There was further discussion regarding debt service and long-term planning.

Council Member Robinson discussed the funding received by the City from the American Rescue Plan and stated that there are a lot of opinions on how the funds should be distributed, but the City must be careful in how it utilizes this infusion of cash.

4. **Adjournment.** The meeting was adjourned at 4:50 p.m.