

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.

2. **Approval of Minutes.** 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 10th, 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. **Consideration and possible approval of the Houston First Corporation 2015 Annual Audit.**

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.

