

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE
September 13, 2019 – 11:30 A.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM

The Benefits, Compensation, and Finance Committee (“Committee”) 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., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on, Friday, September 13, 2019 commencing at 11:30 a.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 Committee Members were present for the meeting: Alex Brennan-Martin (Chair), Jay Zeidman (Co-Chair), Sofia Adrogué, John Johnson, Council Member David Martin, Ryan Martin, and David Minberg.

The Chairman of the Committee called the meeting to order at 11:32 a.m. and a quorum was established.

1. **Public Comments.** Chris Olsen, Director of the Mayor’s Office of Trade and International Affairs, discussed the 2019 Consular Ball. Mr. Olsen provided some background on the event and stated that the funds raised are used for Houston-based international events, including Sister Cities International. Mr. Olsen further stated that HFC’s support of the Consular Ball is a great opportunity to foster relationships with the Consular Corps. The Mayor’s Office requests a cash contribution of \$50,000 and \$50,000 of in-kind support for use of the George R. Brown Convention Center.

Sofia Adrogué asked Mr. Olsen to clarify the sponsorship request for 2018 and he stated that the Mayor’s Office previously requested a cash contribution of \$75,000 and received \$25,000 from the Greater Houston Convention & Visitors Bureau and \$25,000 from HFC for a total contribution of \$50,000.

Ryan Martin informed the Committee that he previously attended the Consular Ball and believes it’s a great event. He also thanked Mr. Olsen for providing additional materials regarding the request.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of the Benefits & Compensation Committee on July 24, 2018 were

approved and the minutes of the Benefits, Compensation, and Finance Committee of June 19, 2019 and August 12, 2019 were approved as presented.

3. **Presentations and Reports.**

- A. 2020 Budget Overview. Frank Wilson discussed the HFC 2020 Budget and budget process. Mr. Wilson began his presentation by recognizing Susan Tucker and members of the Finance Department for their hard work and effort.

Mr. Wilson informed the Committee of the 2020 forecast, based on economic predictions made by Bill Gilmer of the University of Houston's Bauer College of Business, who predicts that the U.S. economy will continue to slow down. He also discussed HFC's outstanding debt.

He also provided the Committee with a Hurricane Harvey reimbursement summary. Just two years after the incident, HFC has received \$44 million in FEMA reimbursements from the City of Houston. A portion of HFC's FEMA reimbursement has been retained by the City to pay Tetra Tech and to replenish the City of Houston's rainy-day fund. He also briefly discussed an additional retainage fee.

Council Member Martin asked if HFC could retain its own funds and Mr. Wilson stated the City objected to this request.

Ryan Martin asked, based on the recession rate forecast if it is prudent for HFC to refinance more of its variable rate debt to fixed rate debt. Mr. Wilson provided additional information on HFC's outstanding debt.

Sofia Adrogué asked if the consulting fees charged by the City of Houston for FEMA reimbursement were applied pro-rata.

Mr. Wilson also informed the Committee of a future business item regarding a Promissory Note for additional insurance proceeds.

Mr. Wilson continued his budget presentation with discussion of the Theater District Parking Garage and 2020 Capital Projects.

Ryan Martin asked about the projected revenue at the Hilton Americas-Houston Hotel and Mr. Wilson stated the projection was reduced due to displacement during the renovation project.

Sofia Adrogué asked what expenses were included under the fees and services line item in the Budget and Mr. Wilson and HFC staff provided further explanation.

Council Member Martin asked about sales at Launch and the use of the vacant space where the retail store was previously located. Peter McStravick provided additional information and Luther Villagomez discussed the Avenida Houston Food and Beverage Concept solicitation that lead to the opening of the Welcome Center.

Council Member Martin also asked if Jim Crane had paid the \$1 million promised to HFC. Brenda Bazan stated there was a lot of effort expended in trying to collect the money. Council Member Martin explained that it was important for HFC staff

to communicate these matters to the Board and called for more transparency. Alex Brennan-Martin stated that Council Member Martin made a fair point.

John Johnson commended Frank and Brenda on a great job with the 2020 Budget and informed the Committee that just a year ago HFC was looking at a very different financial picture. Frank thanked Mr. Johnson and stated that though cutting back on expenses is never fun, department heads have been receptive to the changes and good stewards of department resources. Jay Zeidman informed the Committee that he has been in contact with the City Controller who also expressed his satisfaction with the 2020 Budget and HFC's commitment to replenish reserves in such a short amount of time.

Sofia Adrogué congratulated staff on preparing a great briefing document. Frank Wilson thanked the Committee and stated that HFC staff is always looking to improve processes so if there's a better way to present the Budget, please let them know.

4. **Committee Business.**

- A. Consideration and possible recommendation of the Houston First Corporation 2020 Budget. Brenda Bazan clarified that in addition to recommendation of the HFC 2020 Budget the resolution included a commitment for the 2020 Consular Ball.

There was discussion regarding the Consular Ball and the sponsorship amounts approved in previous years. The Committee also asked if HFC staff requested interlocal support. Arcy Muñoz asked Sandy Gracia to provide additional information, and Mrs. Gracia stated generally a request is made to the Mayor's Office for interlocal support prior to bringing the request before the Committee, however, the City asked that HFC address the Committee first.

There was further discussion regarding additional requests from the City and Jonathan Newport stated he discussed matters with Mr. Olsen and advised him he should contact the GHCVB directly regarding any additional request.

Following a motion duly seconded, recommendation of the Houston First Corporation 2020 Budget was approved unanimously. John Johnson and David Minberg were not present for the vote.

- B. Consideration and possible endorsement of the 2019 Houston Consular Ball on Saturday, October 12, 2019, at the George R. Brown Convention Center.

Ryan Martin stated that the Committee should have additional information regarding interlocal support and proposed that the Committee approve the sponsorship request, with a stipulation that any direct costs be attributed to the Interlocal Agreement. Alex Brennan-Martin stated that the Committee does not have time to receive this information, but he is open to pursuing this matter. Ryan Martin stated that this should be clarified before HFC staff presents sponsorship requests for the Consular Ball in subsequent years.

Following a motion duly seconded, endorsement of the 2019 Houston Consular Ball was approved unanimously. John Johnson and David Minberg were not present for the vote.

Lisa Hargrove announced that a series of Committee and Board meetings previously scheduled by Pamela Walko will be removed from the HFC calendar and re-scheduled.

5. **Adjournment.** The meeting was adjourned at 1:01 p.m.