

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE
August 12, 2019 – 11:45 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, Monday, August 12, 2019 commencing at 11:45 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), and David Mincberg.

Also present were Board Members Nicki Keenan, Paul Puente, and Elizabeth Brock.

The Chairman of the Committee called the meeting to order at 11:48 a.m. and no quorum was established.

1. **Public Comments.** Alejandra Cajero of the Office of State Senator Carolyn Alvarado asked for the Committee’s support for the Northside Redevelopment Center Senior Citizen Picnic. She further explained that attendees will also have an opportunity to receive health screenings and immunizations. Ms. Cajero stated she is requesting in-kind support and the use of the George R. Brown Convention Center (“GRB”) to host the event.

Leonard Hayes spoke on behalf of Life Management and the Martini Blu Jazz Festival. Mr. Hayes explained that Life Management assists with a number of causes including, human trafficking, LGBTQ youth, and assisting youth with parents that are incarcerated.

Mr. Hayes stated that the Martini Blu Jazz Festival is one of the largest in the area. The event was previously held in Galveston and had over 9,000 attendees; however, they have faced some challenges and would like to host the event in Houston. Many major cities such as New Orleans host similar events that bring large groups together and Mr. Hayes would like to do the same in Houston.

David Mincberg asked for more details regarding when the event will be held and what venues will be utilized. Mr. Hayes stated that the Jazz Festival will take place Sept. 7-8, 2019. He has already reached out to several downtown hotels, including the Marriott Marquis and has booked sixty rooms. The event will be held at Midtown Park; however, he would like to use the GRB as an additional space, as needed.

Mr. Hayes then introduced Denise Leonard, Director of the Life Management Center, to further discuss the organization's initiative and how they intend to utilize the \$20,000 in sponsorship support requested from HFC.

Council Member Dwight Boykins provided additional information on the Martini Blu Jazz Festival and clarified that the primary focus of the event is to promote jazz music and generate tourists' dollars for the City of Houston.

Frank Wilson recommended several local jazz musicians that Mr. Hayes should contact including, Vincent Gardner of Jazz Houston and Chaz Jordan, musical director of Kulture Restaurant.

Paul Puente asked Mr. Hayes if he had previously requested sponsorship support from the City of Galveston and he explained that the event is self-funded and that this is the first time they have reached out for sponsorship support.

John Abodeely thanked HFC for being a critical-partner to the Houston Arts Alliance ("HAA") by making sure the arts community is strong in Houston and working to bring back Wortham Theater. Mr. Abodeely stated that the HAA has undergone a transformation and is more service-oriented and inclusive in order to reflect the diversity of the arts community. He further explained that part of the transformation includes elevating the annual gala to raise private funds for local talent. Mr. Abodeely asked that the Committee approve a request for \$5,000 in sponsorship support for the HAA Annual Gala to go directly to local artists.

David Mincberg informed the Committee that he received a personal invite from Mr. Abodeely to attend the gala.

Tasmina Lakhani, Development Manager of the H.E.A.R.T. Program, addressed the Committee. Ms. Lakhani stated that the H.E.A.R.T. Program was created to help intellectually disabled adults gain access to services such as education and job training. Many participants in the program work at the Houston Live Stock Show and Rodeo as well as various other sporting events. H.E.A.R.T. has also launched a pilot program in partnership with the University of Houston Downtown that provides students internship opportunities.

Ms. Lakhani asked for the Committee's sponsorship support of \$5,000 for the upcoming luncheon, chaired by HFC Board Member, Elizabeth Brock. Chairman Mincberg stated that he was also familiar with the phenomenal work of the organization.

Jessica Morales spoke on behalf of a global Jewish organization who's mission it is to share the concerns and understanding of all minorities. Ms. Morales explained that it has been several years but they would like to host, America's Table, a Thanksgiving luncheon where all walks of life and faith can come together with a theme of democracy and equal opportunity. She further explained that the organization is working with Community of

Conscience Houston to elevate the event from previous years and will collect canned goods to donate to the Houston Food Bank. Ms. Morales requests sponsorship support in the amount of \$5,000. She also informed the Committee that Chairman David Minberg is an Ex-officio Member of the Board.

2. **Review and approval of minutes from prior meeting.** A quorum of the Committee was not present for the meeting; no action was taken.

3. **Presentations and Reports.**

- A. **Chief Financial Officer Update.** Frank Wilson stated actual financial performance is going well and expenses remain below budget, likely as a matter of timing.

To date, HFC has received \$44 million in FEMA reimbursement, but majority of the funds received have been used to pay down debt with Regions Bank.

Mr. Wilson stated that the forecast for HOT collections has been revised by HFC's consultants and it's likely HFC will not meet its goal by year end. Additionally, projections for next year are also trending aggressively.

The Hilton Americas-Houston Hotel is performing well with net cash to HFC on budget, however, banquet and catering revenues are down slightly.

Food and beverage revenues at the GRB are very high. Additionally, a new contractor, Winpark, has taken over the operations of the Parking Management Systems, effective July 1, 2019 and promises to be aggressive in the collection of parking revenues.

According to Mr. Wilson, all major expenses are at budget or below, including debt services.

Majority of the expenses related to the Hurricane Harvey Recovery Project have been paid with 92% of expenses paid for Wortham Theater and approximately 80% of expenses paid in the Theater District Garages. Mr. Wilson also informed the Committee of the additional expenses for insurance and mitigation.

Mr. Wilson then provided the Committee with an overview of HFC's financial model based on historical data. The model includes three scenarios: 1) a mild recession in 2021; 2) a mild recession in 2022; and 3) a severe recession in 2021.

Alex Brennan-Martin commented that the results of the financial model were a good news story, but also serve as a cautionary tale for years to come.

- B. **2019 Strategic Plan Scorecard Update.** Susan Tucker provided a mid-year update on the 2019 Strategic Plan. According to Ms. Tucker, the KPI's for financial

stewardship tied to the performance of the sales team have been met and the sales team is a head of pace on room nights booked.

Additionally, the Hilton Guestroom Renovation Project is on-track to be completed by December 31, 2019. Renovations to the 19th floor and 6th floor have been completed and the 6th floor has been returned to full service.

Alex-Brennan Martin stated that the information provided was easy to follow and thanked Ms. Tucker for her great output.

- C. Procurement Update. Roger Harris provided an update on procurement year-to-date and informed the Committee that \$197 million has gone to diversity partners since the inception of the HFC Diversity Program. According to Mr. Harris, HFC continues to exceed the 30% corporate-wide diversity goal and has met a diversity goal of 37%. He also informed the Committee that there is a narrowing gap between diverse ethnic groups.

Mr. Harris discussed some of the outreach events held and an upcoming economic opportunity day that will take place in October. He also announced that HFC recently received an award for Supplier Diversity Champion.

He concluded his presentation by informing the Committee that diversity participation under the Theater District Recovery Project is going well and stated that he will provide more information on the Hilton Guestroom Renovation Project at a later date.

Alex Brennan Martin asked what's next as many of HFC's large contracts expire and Mr. Harris stated that it is important for HFC to remain strategic in its initiatives.

- D. Mid-Year 2019 Diversity Report. Frank Wilson informed the Committee that HFC adopted a Procurement Manual earlier this year with extensive revisions from the Procurement Committee and HFC staff. As a result, the new manual has created affirmative disclosure requirements and changes to the published bid or request for proposals solicitation. Some notable changes include the updated conflicts of interest section, vendor code of conduct, and protest procedures. Mr. Wilson stated that the overall results of adopting the Procurement Manual have been positive and 83 transitional companies have been certified.

Paul Puente reiterated the importance of having policies in place that level the playing field and give everyone a fair opportunity and thanked everyone for adopting the HFC Procurement Manual.

- E. Pension Update. Lisa Hargrove explained about a year ago the City of Houston ("City") came to HFC and indicated that the on-going lawsuit between the City and

the Houston Municipal Employee Pension System (“HMEPS”) was being bifurcated. Since that time, the City has requested funds from HFC in the amount of \$440,000 for attorneys’ fees to settle the Texas Public Information Act claim and provide a release of claims, which was approved by the HFC Board in March. A settlement agreement has been fully executed by all parties and the information requested by HEMPS has been released.

Ms. Hargrove informed the Committee that a meeting will be held between HFC and the City to discuss how HFC will resolve the payments due retroactively and the amounts due going forward that must be paid into the pension system. The City hopes to have matters completed within the next 60-90 days, however, HFC believes it will take longer. According to Ms. Hargrove, if HFC is responsible for payment retroactively the ask would be \$8-10 million to be paid overtime. Additionally, HFC will need to move employees from CCSI to HFC, inform employees that HFC is no longer contributing to the 401K plan, implement a 457 plan, and provide employees with additional education on the pension system.

The City has filed an appeal, but it’s likely a number of changes could take effect in the next six months. Ms. Hargrove stated she will provide an update in September.

4. **Committee Business.**

A. Consideration and possible endorsement of a sponsorship request submitted by the Houston Arts Alliance for their October 16, 2019 Annual Gala.

Committee Chair, Alex Brennan-Martin, advised the Committee that members were able to have a discussion regarding items 4A-4E, but they were unable to take any action because they failed to meet a quorum.

Arcy Muñoz began the discussion with an overview of the community sponsorship budget for the year and historical data on sponsorship support for various organizations.

Ms. Muñoz informed the Committed that the HAA Annual Gala will be held at the Prohibition Theater and historically the request of the organization has been a cash contribution of \$5,000 and is the same for this year.

Alex Brennan-Martin stated HFC should evaluate the amounts for historical sponsorships. HFC’s ability to provide sponsorship support is limited; therefore, we shouldn’t pick and choose big winners, but rather what goes to our core constituency.

Committee members asked for the input of HFC staff and David Minberg suggested that the Committee evaluate each request on the basis of historical data and its core constituency.

Rob Jackson agreed and stated he believes a \$5,000 contribution is appropriate for the HAA Annual Gala.

- B. Consideration and possible endorsement of a sponsorship request submitted by the American Jewish Committee for their November 22, 2019 America's Table (Breakfast).

Rob Jackson stated historically this organization has not been supported. The organization has requested \$5,000; however, the mission of the organization does not speak to HFC's core continuity. He recommends that the Committee deny the request.

- C. Consideration and possible endorsement of a sponsorship request submitted by the Life Management Center for their September 7, 2019 Martini Blu Jazz Festival.

Rob Jackson stated that HFC has never worked with the organization and the request is for \$20,000. He recommends that the Committee deny the request.

David Mincberg and Nikki Keenan noted some uncertainty with the discussion of the outreach efforts and how the funds requested would be used.

- D. Consideration and possible endorsement of a sponsorship request submitted by the Metropolitan Transit Authority of Harris County, Texas for the 12th Annual "Have a H.E.A.R.T." (Luncheon).

Rob Jackson stated there is no historical data on the event, but the request is for \$5,000.

David Mincberg stated HFC should look to improve workplace skills. He also noted that Metro is being honored at the event for their workplace program and providing meaningful employment to disabled persons. Nikki Keenan echoed that sentiment and agreed that the mission of the organization speaks to HFC's core constituency.

Rob Jackson recommends that the Committee grant the request, but noted if \$3,000 gets HFC a table at the event they should reduce the amount given.

- E. Consideration and possible endorsement of a sponsorship request submitted by the Northside Redevelopment Center for their Senior Citizen Picnic (Luncheon).

Rob Jackson informed the Committee that the request from the organization is in-kind support and use of the GRB; therefore, he recommends that the Committee grant the request.

5. **Adjournment.** The meeting was adjourned at 1:21 p.m.