

AGENDA

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
August 13, 2020 – 3:00 P.M.
Live Video and Audio Conference Meeting
Join the Meeting [Here](#)
Passcode: 962690

BOARD MEMBERS:

David Mincberg (Chair), Desrye Morgan (Vice-Chair), Sofia Adrogué, Elizabeth Brock, Nicki Keenan, Reginald Martin, Ryan Martin, Alex Brennan-Martin, Paul Puente, Bobby Singh, Tom Segesta, Gerald Womack, Jay Zeidman, Council Member Dave Martin, Ex-officio, Council Member David Robinson, Ex-officio

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.

Any questions regarding this Agenda, should be directed to Lisa K. Hargrove, General Counsel at either 713.853.8965 or Lisa.Hargrove@houstonfirst.com.

Code of Business Conduct and Ethics – As a reminder, under Houston First Corporation's Code of Business Conduct and Ethics Policy, if you have a potential conflict of interest that you have not previously disclosed relating to a transaction or arrangement being discussed or voted on, you should notify the Chair and refrain from voting on the transaction or arrangement and recuse yourself from the discussion on the matter at hand. You should have received a copy of the Policy, but if not, let us know and we will provide one for you.

- I. Call to Order**
- II. Public Comments**
- III. Minutes – July 23, 2020**
- IV. Presentations, Reports, and Updates**
 - A. Report by Houston First Chairman
 - B. HFC Acting President & CEO Report
 - C. Chief Financial Officer Report
 - D. Hilton Americas-Houston Hotel Report
 - E. Facilities Report

V. Board Business

- A. Consideration and possible approval of the designation of Michael Heckman as an authorized signatory with Frank Wilson on HFC bank accounts.
- B. Consideration and possible approval of an External Audit Services Agreement with RSM US LLP.

VI. Adjourn

III. Minutes – July 23, 2020

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
July 23, 2020 – 3:00 P.M.
Live Video and Audio Conference Meeting

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 via Live Video and Audio Conference on Thursday, July 23, 2020, commencing at 3:00 p.m.

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda was posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.

The following Board members participated in the meeting: David Mincberg (Chair), Desrye Morgan (Co-Chair), Nicki Keenan, Sofia Adrogué, Elizabeth Brock, Alex Brennan-Martin, Reginald Martin, Ryan Martin, Paul Puente, Bobby Singh, Gerald Womack, Jay Zeidman, Council Member Dave Martin, Ex-Officio, and Council Member David Robinson, Ex-Officio. Also in attendance was Council Member Leticia Plummer.

The Chairman called the meeting to order at 3:01 p.m. and a quorum was established, with all Board members virtually present.

1. **Public Comments.** Paul Puente addressed the Board regarding concerns with the termination of healthcare benefits for approximately 450 hospitality workers at the Hilton Americas-Houston Hotel (Hotel). Mr. Puente mentioned HFC’s cash reserves and also informed the Board that hotel employees at the Marriott Marquis will receive healthcare benefits through October 2020.

Council Member David Robinson stated that many members of City Council have voiced similar concerns regarding Hotel employees. He added that he has strong opinions on the matter and looks forward to discuss the matter further.

Chairman Mincberg informed the Board that he will share comments regarding hospitality workers at the Hotel in his Chairman’s Report.

Council Member Leticia Plummer also addressed the HFC Board via video chat in full support of the comments made by Council Member Robinson and Paul Puente and offered her assistance.

2. **Review and approval of minutes from prior meeting.**

Following a motion duly seconded, the meeting minutes of June 18, 2020 were approved as presented. Elizabeth Brock was not present for the vote.

3. **Presentations and Reports.**

- A. **Report by Houston First Chairman.** [Item taken out of order. The Chairman relinquished his time to the HFC President & CEO to present the President's Report first followed by the Chairman's Report.]

Chairman Mincberg stated he has a number of items to address so his report will run long, but the Board will not conduct an Executive Session nor will there be any voting items on the agenda but there will be some extensive reports.

1) The Chairman stated that the Board meeting is normally held the third Thursday of the month, but was pushed back due to the then pending Republican State Convention. There was no convention, he noted, and instead HFC has spent the last 30 days' in extensive discussions, negotiations, and ultimately litigation. He stated that the matter has been litigated in State District Court, the Texas Supreme Court, Federal District Court, and the 5th Circuit Court of Appeals and, in all but one instance, HFC prevailed, though the adverse decision by Judge Lynn Hughes in the Federal District Court rehearing was quickly overturned by the 5th Circuit Court of Appeals. Mr. Mincberg stated that, due to the recent spike of coronavirus cases in Houston, the convention was cancelled based on those considerations and those considerations only. The Chairman then asked Lisa Hargrove, HFC General Counsel, to provide more information.

Lisa Hargrove announced that yesterday there was a hearing in the Federal District Court and Judge Hughes orally ordered the dismissal of the case and he also orally dissolved the injunction that required HFC to host the Republican State Convention at the George R. Brown Convention Center (GRB). She added that HFC received a non-suit from the plaintiff in the federal court and is awaiting a written order from the judge. Ms. Hargrove went on to explain that one lawsuit is still pending with the Republican Party of Texas in the 333rd District Court for breach of contract, and that HFC previously had a hearing in the 333rd District Court in which Dr. Perse testified, and the judge made significant findings of fact that HFC was within its right to issue notice of force majeure. She added that HFC will file a motion to get the case dismissed. Ms. Hargrove stated it has been two weeks of a wild ride, but HFC has been well represented by outside counsel and the City of Houston (City) has done a great job as well.

Chairman Mincberg thanked Ms. Hargrove for her role in overseeing HFC's legal matters.

2) The Chairman stated at last month's meeting the Board considered staff's recommendation of an auditor to provide an independent audit as required by the City. He added that there was a motion to table the item and very little discussion,

but there was a clear sense that there were concerns among the Board with moving forward. He explained that, as a result, he met with the Chair of the Procurement Committee, Gerald Womack, and the Co-Chair of the Procurement Committee, Ryan Martin, along with Frank Wilson and outside independent legal counsel, Adrian Patterson. Chairman Mincberg stated that the meeting went well, as all parties worked collaboratively to come up with the best course of action. Mr. Patterson reviewed the original RFQ issued by HFC including a review of the grading and scoring matrix, and was of the opinion that the solicitation process was followed properly.

Mr. Mincberg stated that, although Mr. Patterson did not find any irregularities in the solicitation process, due to findings related to the prevailing bidder, he recommended that HFC issue a new solicitation. He explained that a new RFQ, reviewed by Mr. Patterson, was issued on Monday and responses are due in 10 days. The Chairman noted that responses are due more quickly than usual, but everyone who previously responded to the RFQ was contacted and confirmed that 10 days is sufficient time to prepare a response, including any new participants. The new RFQ, he added, requires a fast turn-around in responses as the work needs to be completed in order to timely meet the City's requirements.

The Chairman concluded by explaining that all respondents will be interviewed after responses are submitted and will be graded and scored accordingly. The recommendation of the selection committee will then be brought to the Board expeditiously, he said, which may require a special meeting of the Board. The Chairman stated he is pleased with the overall process, as several Board members previously raised concerns and thanked Frank Wilson, Gerald Womack, and Ryan Martin for their efforts.

Gerald Womack thanked the Chairman for including the Procurement Committee in this process as well as HFC staff. Mr. Womack also thanked the other HFC Board members that supported the decision to further review the procurement process.

Ryan Martin thanked staff for ensuring the process was conducted right given HFC's stature in the community and for the people HFC does business with. Mr. Martin stated it's important to him personally and as a Board member that HFC's systems work well and he is happy they were able to come to a resolution.

Chairman Mincberg also requested that Mr. Womack and Mr. Martin re-evaluate the HFC Procurement manual to ensure it is working as intended and re-convene as a Committee. After such time, they should return to the Board before year-end with further recommendations in consultation with senior staff and outside legal counsel.

Council Member Dave Martin asked why HFC issued a new RFQ. The Chairman replied that Mr. Patterson raised some concerns about the outcome and some

information provided by Mr. Womack concerning the winning firm as they were found to have an SEC finding and failed to disclose this material information.

Council Member Dave Martin stated that SEC findings are very common with businesses and that, if HFC began to eliminate firms for findings, Mr. Patterson's firm would be eliminated, as would the Vice-Chair's firm. Council Member Martin added that he is not happy that HFC has decided to issue a new RFQ and that the Board is not responsible for the selection process. Chairman Minberg stated that the finding was not a disqualifier in and of itself, but outside legal counsel stated the failure to disclose the information rose to a level of materiality.

Gerald Womack stated the SEC finding was not the only issue raised concerning the RFQ and said several Board members also raised concerns with how the solicitation was written.

Council Member Martin asked what new stipulations have been added to the RFQ to ensure we do not have any issues moving forward. Chairman Minberg stated that staff re-wrote the RFQ and it was reviewed and approved by Mr. Patterson.

Nicki Keenan asked what was wrong with the first RFQ if it had to be re-written and has HFC now set a new precedent. Chairman Minberg stated he cannot say the re-issuance of the RFQ is precedent setting, but a number of Board members raised concerns and based on the recommendation of outside legal counsel the solicitation was re-issued.

3) The Chairman addressed the organizational re-focus on HFC's long-term strategic plan. He said that there have been many discussions regarding the future of HFC and Brenda Bazan and Ryan Martin have set up various committee structures to address this matter over the next 18 months. The Chairman informed the Board that he has authorized Ms. Bazan to promote Michael Heckman to the position of Chief Operating Officer of Strategic initiatives, effective immediately. He added that, as a result of other personnel changes, namely Ms. Bazan's resignation, this position will report directly to the Chair or the Chair's designee, Ryan Martin. The Chairman then asked Board member, Ryan Martin to provide a report followed by Michael Heckman.

Ryan Martin congratulated Mr. Heckman and stated his leadership proved effective with the World Petroleum Congress and Comicpalooza and many other events that bring out the best of HFC. Mr. Martin gave a brief overview of the responsibilities of the Strategic & COVID-19 Economic Recovery Task Force (Task Force). He explained that long-range planning includes short, medium, and long-range planning over the next 18 months and for the foreseeable future. Mr. Martin also explained that his role as part of the Task Force is to set the strategic vision under which HFC begins to move forward in a COVID adjusted world, which requires the following: 1) survival; 2) recovery of institutional business; and 3) diversification of operations. Mr. Martin then shared the members of the HFC Board that make up the Recovery Task Force and further explained the objectives of the group. Mr.

Martin also outlined the structure of the Task Force that is made up of the Asset Management Working Group led by Frank Wilson and the Destination Management Working Group led by Angela Wise who both report directly to Mr. Heckman. Mr. Martin then asked Michael Heckman to continue the report.

Michael Heckman stated he is happy to take on the challenge of Chief Operating Officer of Strategic Initiatives. He provided more detail on the various working groups and noted that the current members are not the sole participants as the initiative is an organization-wide effort. Mr. Heckman stated the real goal of the destination management working group is value generation as quickly as possible because the hospitality industry is struggling. He explained that the asset management working group will look at all of HFC's assets, both tangible and intangible, and the monetization of those assets in order to aid HFC's financial health. He noted that the core objectives of both working groups will be survival for the destination and HFC, a long-term planning strategy, implementation of a focused operational plan, and creating value for the hospitality community. The guiding principles throughout this process, according to Mr. Heckman, include collaboration and innovation and a culture of entrepreneurial creativity. Mr. Heckman referred to Ms. Wise's earlier comment about HFC being bold and not afraid of failure. He announced that a kickoff meeting took place on July 8 and the working groups have been meeting daily since then. He added that there was also a joint session of the working groups as some ideas generated require cross-functional support from marketing. He explained that some of the ideas generated by the asset management working group include, creation of a virtual studio to sale to conventions and corporate groups, short-term use of facilities, commercialization of facilities and IP, review of the real estate portfolio, and review of all public-private partnerships. According to Mr. Heckman, ideas that have been generated by the destination management working group include, monetization of enchantments and the Houston Experience Marketplace, expansion of Houston Clean, co-location of meetings, promoting staycations, and creating a series of events downtown and on Avenida Houston. Lastly, Mr. Heckman discussed the immediate next steps of the initiative with the help of members across the organization.

Chairman Mincberg thanked Mr. Heckman and Ryan Martin as well as other Board members that have shown tremendous support of the Task Force.

Paul Puente congratulated Mr. Heckman on his new role and thanked the entirety of the Task Force. He then asked if the Task Force was authorized to make decisions on behalf of the Board. Chairman Mincberg explained that any item that required Board approval will still be brought before the full Board.

Elizabeth Brock noted that, at the last Board meeting, Council Member Robinson addressed the overall tone and energy of the meeting and she is glad that staff listened to the recommendation and changed the direction of the meeting. She also congratulated Mr. Heckman and stated she wants to see him be successful because failure is not an option. She also thanked Nicki Keenan for her feedback

and expertise as well as Angela Wise and Ryan Martin. Ms. Brock stated she is very excited about HFC's direction. She also asked about Mr. Heckman's title and clarification if there are co-Chief Operating Officers. The Chairman explained that Mr. Heckman has a specific function, and thanked Ms. Brock for her comment on defining the role properly.

4) The Chairman addressed the treatment of Hotel employees and former HFC employees. The Chairman stated he is very appreciative of everyone's thoughts and very sensitive to those directly impacted and to those in decision-making. He further explained that this is a terrible situation and he has had to lay off individuals in his business life, as have many Board members. He expressed deep pain for the people that are impacted, and stated that he is especially pained because before we were working in an economy where there was sub 4% employment, and now many individuals will have a tough time. The Chairman stated that HFC staff are trying to figure out how to best proceed and carefully weighing the organizations finances. He also stated a lot of comments have been made about \$46 million in reserves and that's a true statement, but the unfortunate reality is that the money will be gone by the end of calendar year 2020. The Chairman concluded his remarks on recent layoffs by stating that the Board and staff are pained and he wishes there was a better solution.

5) The Chairman announced that all Board members should have received a written resignation from Brenda Bazan and he will make personal remarks later, but would like to inform the Board of next steps. The Chairman said he has spoken at length with Vice-Chair, Desrye Morgan, as evidenced by his phone records. The Chairman then discussed the requirements under the Texas Public Information Act as an aside. He then continued his discussion regarding next steps and stated that he has also communicated with City Hall. The Chairman stated that several Board members have reached out to him regarding candidates for the position as well as thoughts on the process. He said he has authorized Lisa Hargrove to prepare an RFQ to solicit an executive search firm to conduct a nation-wide search that will be issued on Monday and advertised for 21 days. The Chairman said he will appoint a selection committee to review responses for a period of two weeks for the hiring of an executive search firm and that the recommendation of the selection committee will be presented to the Board for review and approval. He said the anticipated search time for a permanent CEO will be by January 1, 2021. In the interim, Mr. Mincberg added, the Mayor will appoint an acting President. The Chairman said he has already visited with the Mayor and, to date, 13 names have been submitted to the Chairman. He informed the Board that should Board members wish to suggest a name and/or request their own name for consideration, due to Open Meetings requirements, they should do so by contacting Lisa Hargrove directly. He said any conversations with Ms. Hargrove will be held strictly in confidence and she will reveal that Board members name, only if authorized to do so. Additionally, he said that Ms. Hargrove is not authorized to disclose the 13 candidates already submitted nor any other comments she has received. The Chairman said he will scale the list of prospective candidates down to three names and submit them to the Mayor for final approval. The Chairman concluded his

remarks by stating that the selection of an acting President will be made in fairly short order.

Paul Puente asked about the best method of contacting Lisa Hargrove. The Chairman stated that he wished he could speak with all Board members, but has been advised by legal counsel he is unable to do so and suggest that Board members contact Ms. Hargrove by phone.

Elizabeth Brock asked if the Chairman would present the final list of names to the Board for further review. The Chairman clarified that the final decision is a mayoral decision.

Alex Brennan-Martin asked if HFC is working within its bylaws. Lisa Hargrove stated she has reviewed the bylaws and explained that both the acting President and successor President must be appointed by the Mayor. She went on to explain that, for the permanent position, the individual will be appointed by the Mayor and that decision will be brought to City Council for a vote. She also explained that the individual is appointed as the Director of the Convention and Entertainment Facilities Department of the City of Houston and, under Chapter 12 of the City Code of Ordinances, thereby becomes the President of HFC.

The Chairman added stated that there are two separate actions taking place at this time in selecting an acting President and a permanent President, but when the time comes to select a permanent President, HFC will manage the process alongside the executive search firm and conduct interviews prior to presenting the recommendation to the Mayor.

As a point of clarification, Mr. Brennan-Martin asked if the selection of an acting President required City Council action. Ms. Hargrove confirmed that it does not.

Gerald Womack asked who would make the decision of the three names that will be presented to the Mayor. The Chairman replied that he was asked to do so.

6) The Chairman addressed the retirement of Brenda Bazan and her service to the City of Houston over the last 25 years and then to HFC. The Chairman stated Ms. Bazan was there from the inception of HFC, long before his time on the Board, and she was kind enough to mentor him on the financial aspects of the organization. He stated he found Ms. Bazan to be well informed and motivated by one thing only, which is the good of Houston. When the CEO position became available, he said, they conducted an interview at a breakfast at the Hotel and he knew right away Ms. Bazan had the job. Since that time, he added, Ms. Bazan has worked tirelessly for HFC and the City of Houston. The Chairman stated that Ms. Bazan has earned the respect of the HFC Board, the organization, and all of those she has worked at City Hall. He also shared the remarks of Mayor Turner who stated "how remarkable her 25 years of service to the City have been." In conclusion, the Chairman stated that Ms. Bazan leaves HFC with his personal best

wishes for her future and knows that whatever she decides for her next chapter she will be very successful.

Sofia Adrogué shared her thoughts and stated Ms. Bazan is selfless, seasoned, steady, strong, smart, and bold. She stated it is a real testament that Ms. Bazan has supported our beloved City of Houston for nearly a quarter century. She also stated that she is honored and proud to have worked with Ms. Bazan and she can not thank her enough. She hopes they can keep in touch and continue to meet along with other members of the Board and is cognizant that while Ms. Bazan may not serve in her official role, she will never not have the City of Houston close to her heart. Lastly, Ms. Adrogué thanked Ms. Bazan again for her steady, selfless, and seasoned leadership.

Elizabeth Brock echoed the sentiments of Ms. Adrogué and stated that we all hope to retire someday so she is both happy and jealous of Ms. Bazan. She thanked Ms. Bazan for her friendship and leadership and asked that we all celebrate her retirement in the proper fashion when everyone can meet again. She also thanked Ms. Bazan for her service and dedication and for her love for Houston.

Ryan Martin stated it has been a pleasure to have known and worked with Ms. Bazan during his time on the Board and stated that she is an amazing person and leader and he wishes her the best. He also stated he has a lot of respect for her loyalty and commitment.

Gerald Womack stated he could not thank Ms. Bazan enough for her kindness and noted that she has never said “no” to him. He also stated that in the last several years, Ms. Bazan has truly helped moved the organization in a direction that reflects many Houstonians and that he cannot thank her enough for her service and friendship.

The Chairman shared a comment from Council Member Leticia Plummer wishing Ms. Bazan the best of luck and thanking her for her amazing service to the City. Council Member Plummer also stated Ms. Bazan will be missed.

Council Member David Robinson shared his remarks on behalf of the entire City Council on Ms. Bazan’s perseverance during some of Houston’s most difficult times with Hurricane Harvey the on-going pandemic, and incredible circumstances in her own personal life. Council Member Robinson thanked Ms. Bazan for her bravery, fortitude, and courage and stated that he is grateful for her service to the City and steady leadership. He stated that Ms. Bazan has earned a just reward in whatever she can imagine going forward and he wishes her only the best. He also looks forward to her continued friendship and stated God bless you.

Paul Puente echoed the sentiments of all other Board members and thanked Ms. Bazan for her friendship and leadership. He also stated he is only a phone call away should she need anything in the future.

The Chairman also shared a note from Deborah McNulty at City Hall thanking Ms. Bazan for being a terrific friend and champion for Houston's arts community her efforts during Hurricane Harvey and wished Ms. Bazan all the best.

Ms. Bazan thanked all who spoke for their kind words both individually and collectively. Ms. Bazan stated Houston will always be close to her heart and, although she may not serve in an official capacity, she will always be around because she loves this City and HFC, and the people in it, which is the key to HFC's success. She emphasized the need to care for the people within the organization and the City, who are so friendly and welcoming. She stated the people of Houston touched her heart from day one and it has never stopped. She also stated that everything that has been accomplished by HFC could not have been done without the Board, City Council and the Mayor. She thanked everyone and the predecessors before who have helped HFC get to where it is today because it takes a village. She also spoke of the passion of everyone involved and stated she has loved every minute and while it breaks her heart, she knows that she made the right decision and she will do all that she can from the sidelines as a volunteer.

B. HFC President & CEO Report. [Item taken out of order].

HFC President & CEO, Brenda Bazan, informed the Board that all HFC facilities are prepared for inclement weather. She noted that the muscle wall at Wortham Theater was deployed and staff will continue to monitor the situation through the weekend.

Ms. Bazan introduced Chief Destination Officer, Angela Wise, and stated that, in lieu of the President's Report, she has asked Ms. Wise to provide the Board with her 30-day observations.

Ms. Wise thanked all Board members for the warm welcome, noting she has had the chance to meet one-on-one, and stating that she looks forward to meeting the remaining Board members in the coming weeks. Ms. Wise began her presentation with a quote by Margaret Drabble: "When nothing is sure, everything is possible." She explained that her 30-day observations are organized into four main categories: MICE (meetings, incentives, conventions, and events); leisure sales; destination marketing; and organizational management.

Ms. Wise explained that meeting planners are prioritizing the health and safety of attendees, employees etc. and the meetings industry is evolving as a lot of large meetings and trades shows will not take place over the next 18-24 months. As a result, she added, many events have moved to virtual or hybrid events, but people still want to gather and there are certain business segments that continue to meet. She also explained that meeting planners are primarily focused on rebooking meetings as quickly as possible. As it relates to HFC specifically, she said there has been a strong focus on city-wides, though she believes the focus should be on small groups, SMERFs, and consumer events. She added that the organization

needs to develop new sales models and a proactive approach to health and safety in promoting the Houston Clean initiative and the company's long-term objectives should be to sell the Houston brand. Ms. Wise then discussed some of the sales action items regarding the MICE segment.

With regard to leisure travel, Ms. Wise observed that health and safety is still the main priority, but the leisure market will be the first segment to come back, specifically the local travel economy through staycations and the drive market. She also observed that experiential offerings are in high demand with people stuck in their homes and her final point is that communities want to collaborate with HFC. Ms. Wise noted there are a lot of third-party partners in the leisure segment that have dollars that the company should be tapping into. She further explained while the organization has been very successful in focusing on the international market, there will be a renewed focus on domestic travel and an emphasis on strengthening relationships with our leisure partners. She is also exploring revenue drivers in order to expand the company's reach as well as reviewing HFC's KPIs. Ms. Wise said leisure sales action items include expanding our partnership with Travel Texas, expanding our reach into the Houston region, and tapping into funds from our partners like Expedia that offer relief programs.

Ms. Wise observed that there is increased sensitivity around messaging as it relates to destination marketing and there is also a need to be nimble, and that budget restrictions in the travel industry exist across the board as organizations are asked to do more with less. She stated that there is an increased desire for disposable content to re-engage customers in a timely fashion and build marketing campaigns from the inside out. Ms. Wise announced that the sales team is starting to see some demands in third and fourth quarter, although they have not reached pre-COVID levels. As an organization, she said, HFC must maximize its owned media channels and expand the marketing budget through the end of the year. Ms. Wise recognized Holly Clapham-Rosenow and the marketing team for their work on the Houston Clean campaign and expressed the need for an immediate scalable launch of the campaign. There are also opportunities, she added, for HFC to extend more communication to its stakeholders and develop the Houston brand. Ms. Wise addressed some of the action items, including merchandising and expanding HFC's social media presence.

Lastly, Ms. Wise discussed the operational commitment she and her team have to the organization in putting people first by working together as a unit, being nimble and working quickly, being bold and not afraid of failure, and emphasizing profitability.

Ms. Bazan then announced the conclusion of her report.

Chairman Mincberg thanked Ms. Wise for her comprehensive presentation.

Paul Puente asked if Ms. Wise was working with Michael Heckman to attract medical organizations and intended to utilize statistical data. Ms. Wise explained

that some of the information requested will be addressed with the Houston Clean initiative and, as healthcare is one of the segments that continues to meet, there are opportunities for business.

- C. Chief Financial Officer Report. Frank Wilson began his report by thanking Ms. Bazan for hiring him and bringing him down from the Chicago and that he now loves the weather and can work out every day. He also thanked Ms. Bazan for her mentorship, passion, and sensitivity in all things.

Mr. Wilson then provided the 2020 diversity update, noting that HFC's general operational spend through May was \$1.7 million, of which \$392,000 or 23% was spent with diverse partner companies. He stated that HFC's total spending for service contracts through May was \$5.2 million of which \$3.2 million or 61% was spent with diverse partner companies, and that HFC's spend on revenue contracts was \$13.1 million, of which \$3.2 million or 24% was spent with diverse companies. Mr. Wilson added that a total of \$2.9 million has been spent by HFC for the Theater District recovery project thus far in 2020, of which \$1.7 million or 60% was spent with diverse companies. He noted further that the total spend for HFC's miscellaneous contracts is \$5.3 million, of which \$2.2 million or 44% was spent with diverse companies. He stated that HFC's total spend through May 2020 is \$27.9 million of which \$10.7 million was sent with diverse companies, and that HFC's diversity participation is at 38% through May. Mr. Wilson informed the Board that HFC's spending will dramatically decrease through year-end due to the pandemic, but he wanted to highlight HFC's performance through May. He noted that the demographics by ethnic group show 43% participation with Hispanic companies, 37% with Caucasian HUB and WBE companies, 14% with African-American companies and 6% with Asian companies.

Mr. Wilson then discussed a few other recent updates. He explained in the previous Board meeting there was a brief discussion about restructuring the debt of HFC that is approximately \$58 million annually. Mr. Wilson said he has met twice with Mayor Turner, who did not feel comfortable moving forward with his current plan because it would have extended HFC's debt and violated two of the City's financial policies. Instead, according to Mr. Wilson, Mayor Turner offered to provide certain FEMA reimbursements that were previously withheld as well as certain insurance funds that total \$48.7 million over the next several years. He added that the Mayor also encouraged HFC to look at lending programs through the CARES Act and the Federal Reserve Mainstreet Lending Program.

At this time, according to Mr. Wilson, none of the restaurant tenants on Avenida Houston have paid rent since March 2020 and one restaurant tenant has failed to pay rent this year. He added that arts groups have all paid rent through June and reported that HFC received \$3 million in COVID relief funds from the City to install touchless systems and purchase additional equipment and signage in HFC facilities.

Mr. Wilson then provided a report on HFC's financials through June 2020. He stated HFC's 2020 revised annual budget is \$103.5 million and said, thus far, HFC has received actual revenues of \$71.7 million, \$34 million short of the original year-to-date budget. On the expense side, he added, HFC has revised its budget and incurred \$80.5 million in actual expenses through June, which is \$20 million below budget. He also stated that HFC's expenses through June exceed revenues by \$8.8 million. He noted that not much has changed with hotel occupancy tax (HOT) collections, but HFC has received \$455,000 of HOT from Airbnb. In addition, he said, HFC has received \$462,000 in delinquent HOT payments since the beginning of July. In June, according to Mr. Wilson, HFC did not receive net cash from the Hotel, but thanks to the Texas Army National Guard, occupancy at the Hotel has been running at approximately 50%. He noted that all major revenues are below budget and all expenses remain below budget, with the most significant decrease in expenses due to personnel expenses. Lastly, Mr. Wilson addressed the recent purchase of several items in anticipation of the Republican State Convention included on the purchase order report.

Ryan Martin questioned why HFC has subsidized rent payments for restaurant tenants and if HFC considered if restaurants were eligible for loans under the Paycheck Protection Program (PPP). Mr. Wilson explained that because restaurants were closed March, April, and May, there was no reasonable expectation that tenants would pay rent, and that the decision was made to provide forbearance and re-negotiate the terms of each lease at a later time. He also stated that he is not aware of which businesses received PPP loans. Mr. Martin further explained that the purpose of the PPP is to pay expenses related to rent and said it would be unfortunate to know that HFC was one of the first parties that did not receive funds if restaurants benefited from those funds.

Jay Zeidman asked if any of the restaurant leases were currently up for renewal. Mr. Wilson offered to follow-up with a list of expiration dates.

Luther Villagomez, HFC Chief Operating Officer, stated most of the restaurant tenants have expressed an interest in adding an additional term to their contract and none have expressed an interest in discounting service with HFC. Mr. Villagomez stated he feels strongly that once events return so will revenues, as there have been no events at the GRB since March 8, 2020. He also announced that Pappas intends to re-open its restaurants on Avenida in late-August or the first of September and that Rustic continues to operate, but with significantly less business.

Paul Puente asked if HFC does become aware that restaurant tenants have leveraged PPP loans is there any recourse.

Rob Jackson, HFC Chief Policy Officer, explained that it is a grey area on whether or not individuals can compel businesses to disclose receipt of PPP funds. Furthermore, he said, while rent is one of the allowable expenses under the

program for loan forgiveness, there is no mandate that the funds be used for that purpose.

Mr. Martin commented that if HFC do not put pressure on individuals when in a tough situation, they will not feel pressure.

- D. Hilton Americas-Houston Hotel Report. Jacques D’Rovencourt, General Manager of the Hotel, provided a brief operations report. Mr. D’Rovencourt stated that the Hotel extended the furlough of 526 members of the team due to a continued decline in business related to COVID-19. He stated that he had hoped they could bring back team members more quickly, but this is no longer the case as the hospitality industry continues to suffer. He explained that the impact of COVID-19 on Hotel operations has been significant as the Hotel continues to deal with cancellations and reductions in travel through the end of the year. The Hotel, he said, is projected to end July with an occupancy of 18% and forecast 8% occupancy in August as the Texas Army National Guard will end their stay. Mr. D’Rovencourt stated that, in addition to trying to retain, re-book, and move clients to future years, they have also been focusing on the Hotel’s short-term needs and key business markets. The three markets that meet these criteria include, according to Mr. D’Rovencourt, are government/military, medical, and education. He noted that there were more than 20,000 room nights associated with the Army National Guard and the Hotel has confirmed another 30 soldiers have been deployed and will come stay at the Hotel. The Hotel, he said, is registered to receive all government lodging requests and is connected with as many government agencies as possible. Mr. D’Rovencourt added that, on the medical front, with the spike of COVID-19 cases in Houston, there is a shortage of nurses and medical professionals who are being brought to Houston from all over the country; the Hotel has reached out to a number of employment agencies and has booked over 200 room nights from healthcare workers and is waiting for further information about an award of future contracts. He added that the Hotel is working with an association for large exams to conduct testing in vacant guest rooms in order to address social distancing protocols. Mr. D’Rovencourt also explained that the Hotel has continued to host galas and banquets for universities in the downtown-area and have reached out to the schools that require additional classroom space, orientation, and dorm facilities in the short-term.

Mr. D’Rovencourt concluded his report with an update on the Hotel guest room renovation. He stated that the project is on budget and has encountered less remediation through final completion of the project. He noted that the Hotel has regained control of three floors in the Hotel and the general contractor still has four floors to complete. The project, he said, is slightly behind schedule with a new completion date of September 4, 2020.

Paul Puente asked if the Hilton has had any communication about the termination of healthcare benefits with furloughed employees, as the Marriott Marquis intends to extend its benefits through October 2020. Mr. D’Rovencourt stated he is not familiar with the collective bargaining agreement at the Marriott Marquis, but the

provisions of the Hilton collective bargaining agreement control healthcare eligibility and the employers and employees' contributions. Mr. D'Rovencourt stated that employees who will lose their healthcare insurance have received communication from Unite Here and the Operating Engineers Union about their options and any communications regarding the extension of the furlough period have come directly from the Hotel.

Council Member David Robinson stated the discussion at City Hall was about the immediate need of Hotel employees and the importance of providing bilingual support and information on healthcare assistance at a low-cost. He also added on a personal note that he feels very strongly about the need for action.

Reginald Martin asked if the Hotel is providing any post-service support, such as healthcare resources, bilingual translators, and a resource center at the Hotel. Mr. D'Rovencourt stated he can reach out to union representatives to provide those resources. Mr. Martin stated he believes that is the Hotel's responsibility at a minimum, as he did not address previous comments made regarding HFC's restaurant tenants, but as a restaurant operator, Mr. Martin stated he is fully aware of what individuals are up against and the challenges that hospitality workers face.

Council Member Robinson also commented that the Health Department may be able to provide additional help with many of the matters discussed and offered his assistance to Mr. D'Rovencourt.

Gerald Womack stated he agrees whole-heartedly with all the comments made by his fellow Board members. Mr. Womack also stated when people rave about the service at the Hotel, it is due to the efforts of hotel employees so it is critical to do all that we can to help them.

Nicki Keenan stated as it relates to additional assistance there are a lot of things the Hotel can do and Landry's had to do the same, as it furloughed 40,000 employees' company-wide. Ms. Keenan stated Landry's looked into programs that could provide support and provided food service for 90-120 days in Houston. She also stated the other necessary component is job assistance and while we believe there are no opportunities in the hospitality industry, they are in sore need of housekeepers in Lake Charles, Louisiana and that the Golden Nugget is sold out every weekend. She added that they have held jobfairs with grocery stores and mentioned that hospitals need workers as well.

The Chairman thanked Ms. Keenan for her contribution to the discussion and stated that the Vice-Chair, Desrye Morgan has asked to speak.

Ms. Morgan stated she would be remiss if she did not extend her sincere wishes to Ms. Bazan in her retirement and wished her endless days of relaxation and doing what she loves. Ms. Morgan stated she has enjoyed the journey and looks forward to the day that they can meet again for lunch. She also stated be safe, be well, but most importantly be blessed.

Ms. Bazan thanked Ms. Morgan for her remarks and noted that many Board members look forward to catching up over lunch, and she will now have the time to do so.

4. **Executive Session** [Item was removed from the agenda.]

Executive (closed) session pursuant to Texas Government Code Section 551.074 for the purpose of deliberation regarding evaluation of the performance of the President & CEO of the Corporation.

5. **Adjournment**. The meeting was adjourned at 5:20 p.m.

V.(A) Consideration and possible approval of the designation of Michael Heckman as an authorized signatory with Frank Wilson on HFC bank accounts.

Consideration and possible approval of the designation of Michael Heckman as an authorized signatory with Frank Wilson on HFC bank accounts

DESCRIPTION: Houston First Corporation (the “Corporation”) requires dual signatures for checks and other instruments as part of its system of internal financial controls. On July 21, 2020, Brenda W. Bazan, President & CEO of the Corporation, submitted her resignation; Michael Heckman, former Chief Operating Officer of Strategic Initiatives, was appointed Acting President & CEO, effective August 6, 2020.

To ensure the continuity of internal financial controls, and in furtherance of the best interests of the Corporation, Michael Heckman, Acting President & CEO, is to be confirmed as co-signatory with Frank Wilson, Chief Financial Officer, who is to be reconfirmed hereby, as an authorized signatory on bank accounts for the Corporation. Documents required to effectuate the change, including several fixed forms issued by major financial institutions, are to be approved and authorized.

RESOLVED, that the Board of Directors of the Corporation approves the following resolutions with respect to the designation of Michael Heckman as an authorized signatory with Frank Wilson on Corporation Bank Accounts:

RESOLVED, that the Board of Directors of Houston First Corporation (the “Corporation”) hereby approves, authorizes and appoints Michael Heckman, Acting President & CEO, as co-signatory with Frank Wilson, Chief Financial Officer, on all bank accounts owned or controlled by the Corporation, and further authorizes the removal of its outgoing President & CEO, Brenda Bazan, on all such accounts.

FURTHER RESOLVED, that any Authorized Persons (as defined below) shall, for and on behalf of the Corporation, prepare, sign and submit such agreements, forms and other documents necessary to modify the approved signatories accordingly, including, by way of example and not limitation, the Core Signer Authorization with JP Morgan Chase Bank, N.A and any of its affiliates, and the Banking Resolution and Certificate of Incumbency with Bank of America, N.A. and any of its affiliates, respective copies of which are enclosed herewith and acknowledged hereby for all purposes; and

FURTHER RESOLVED, that each of the Chairperson, President and Chief Executive Officer, Acting President and Chief Executive Officer, General Counsel, and Chief Financial Officer of this Corporation are each hereby designated by this Corporation as an “Authorized Person” for purposes of this resolution and with respect to the agreements, forms and other documents required to be prepared, sign and submitted, together with such conditions or modifications that are approved by the Chairperson or President, as they may determine to be in the best interest of the Corporation and to execute same; and each acting alone hereby is, severally and without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of the Corporation to execute and deliver same to the appropriate third parties, such approval to be conclusively established by the execution and delivery by any Authorized Person in all respects for all purposes.



Core Signer Authorization

V1.3_09_30_19

What is this form?

This form allows the Customer to:

- designate officers who manage the Customer's relationship (Managing Officers), and
- provide contact details and an example of each Managing Officer's signature.

This form applies to all Accounts and Services that each Customer has, or in the future may have, with JPMorgan Chase Bank, N.A., and any of its affiliates (the Bank).

Definitions

A defined term has the meaning given in the Account Terms unless defined here or the context indicates otherwise.

Part 1: Customer

If you need to add more entities, Part 1 continues on the last page.

Legal name	<input type="text"/>	TIN/SSN	<input type="text"/>
Organization	<input type="text" value="Choose organization type"/>		
Government Entity	<input type="text"/>	If type is "other", describe here:	<input type="text"/>

Part 2: Managing Officer

Managing Officer authorities

Customer authorizes each Managing Officer to, on its behalf:

- open, maintain or close an Account
- enroll in, agree to use or terminate a Service
- receive, sign or acknowledge any Items, and Account or Service agreements, notices, terms or documents
- order Account payments by paper or electronic means
- give or verify an Instruction
- endorse Items payable to the Customer
- change or withdraw the authority of account signers and Authorized Persons, and
- delegate one or more of these authorities in writing.

If this section is left blank, then the Certifying Officer will be the only Managing Officer for all Accounts and Services.

For a Managing Officer of a **Sole Proprietorship**, this authorization:

- constitutes a durable power-of-attorney appointing each Managing Officer as the Customer's "Attorney-in-fact," and
- will survive the Customer's incompetence, incapacity, or disability.




Managing Officer details


Use this part to add, remove or update a Managing Officer. Each Managing Officer should sign below unless the Customer is relying on a different document containing their signature, which the Bank can accept in its sole discretion.

Check this box if the Managing Officer details provided on this form supersede all previous documentation:

If you are:

- adding a Managing Officer, complete all fields
- removing a Managing Officer, complete "Name" only, or
- updating a Managing Officer's details, complete "Legal name" and any other applicable field.

What action are you taking for this Managing Officer?	Adding this Managing Officer		
Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature 	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>		

What action are you taking for this Managing Officer?	Adding this Managing Officer		
Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature 	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>		

What action are you taking for this Managing Officer?	<input type="text"/>		
Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature 	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>		

What action are you taking for this Managing Officer?	<input type="text"/>		
Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature 	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>		

Customer agreement

Customer agrees that:

- it has received and is bound by the Account Terms and any applicable Service Terms, supplements, or amendments, and
- a Managing Officer is an Authorized Person under the Account Terms.



Part 3: Certification

The Certifying Officer for a:

- **Business Trust, Corporation, Limited Liability Company or Unincorporated Association** must be the CEO, CFO or COO; president, vice president or treasurer; secretary or assistant secretary; or equivalent officer
- **Trust** must be all trustees or as specified in the trust agreement
- **Joint Venture** must be each joint venturer or as specified in the organizational and governing documents
- **Political Action Committee** must be the committee treasurer or assistant treasurer
- **General Partnership or Limited Partnership** must be the managing partner, or each partner if a managing partner has not been designated, or as specified in the organizational and governing documents
- **Sole Proprietorship** must be the only owner of a business that is not a corporation, partnership, limited liability company, or any other form of business entity, or
- **Government Entity** must be the public official who is legally authorized to establish and administer the Government Entity's financial accounts (Financial Officer), or the custodian of the Government Entity's official records (Certifying Official).

Certifying Officers

I certify that for each Customer identified in Part 1:

- I am authorized to sign this document on the Customer's behalf, and
- all statements in this document are correct and consistent with its organizational and governing documents.

Are you also a Managing Officer? Yes No

Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>	Date	<input type="text"/>

Are you also a Managing Officer? Yes No

Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>	Date	<input type="text"/>

Certifying Officer (Government Entities only)

If a Financial Officer has signed above, an official other than the Financial Officer must also sign below.

The Certifying Officer below certifies that the Financial Officer:

- holds the office indicated above
- is authorized to administer the Accounts and to take all actions and enter into all agreements described in this Authorization, and
- is the person whose signature appears above.

Are you also a Managing Officer? Yes No

Name	<input type="text"/>	Title	<input type="text"/>
Business email	<input type="text"/>	Signature	<input type="text"/>
Business phone	<input type="text"/>		
Mobile phone	<input type="text"/>	Date	<input type="text"/>

Note: Please enable Macros

CLIENT INFORMATION

Please select one of the following options:

- New Resolution/Incumbency
- Update Incumbency *(Used to Add or Delete individual authorized signers)*
- Supersede Resolution/Incumbency *(Replaces any and all prior banking resolutions)*

ORGANIZATION LEGAL NAME (Must match legal name indicated in company formation documents)

- **This Banking Resolution and Certificate of Incumbency will apply to all accounts the Organization maintains with us.**
- **The Organization adopts the following Banking Resolution and Certificate of Incumbency (with specimen signatures)***

The undersigned certifies that:

1) Any individual (each an "Authorized Signer") with any of the following Titles

Title:	
Title:	
Title:	

Add Row

is authorized, acting alone, including by electronic signature, electronic record or other electronic form, (a) to establish accounts from time to time for the Organization at Bank of America, N.A. (the "Bank"), as well as to operate and close such accounts, (b) to enter into any and all agreements and transactions contemplated by the provision of treasury management services by the Bank, including but not limited to Electronic Funds Transfer Services, and (c) designate persons to operate each such accounts including closing the account, and to designate persons to act in the name and on behalf of the Organization/Client with respect to the establishment and operation of treasury management services.

2) the person whose signature, name, and title appear in the "AGREEMENT, TAX INFORMATION CERTIFICATION and AUTHORIZATION" section of the Deposit Account Documentation Signature Card or Amendment to Signature Card ("Signature Card") and those persons listed below on the Incumbency Certificate, are Authorized Signers who are authorized, including by electronic signature, electronic record or other electronic form, to establish accounts and to designate persons to operate each such account and to execute contracts and agreements (including treasury management service agreements, including but not limited to Electronic Funds Transfer Agreements) with the Bank and that the signatures of such Authorized Signers are genuine.

3) the persons who signed in the Designated Account Signers section of the Signature Card or Amendment to Signature Card are authorized to operate any accounts opened with the deposit account documentation unless otherwise noted on the Signature Card, and that the signatures of such Designated Account Signers are genuine.

4) the foregoing is a complete, true and correct copy of the banking resolutions adopted by the Board of Directors, the Members or the General Partners, Commission, Council or Governing Board as applicable, of the Organization, government entity or authority and that the resolutions are still in full force and effect and have not been amended or revoked and do not exceed the objects or powers of the Organization, government entity, authority or the powers of its management or Governing Board, Commission or Council.

Incumbency Certificate:

Add/Delete	Name	Title	Signature
Select One			
Select One			
Select One			

Add Row

* If you choose to provide your own Banking Resolution and Certificate of Incumbency (with specimen signatures), it must be attached to the signature card.

This Banking Resolution and Certificate of Incumbency must be signed as follows:

- **Corporations:** Secretary or assistant secretary of the company **must** sign.
- **Any Partnership type:** One of the general partners must sign. If the general partner is an organization, show the name of the general partner and include capacity of signer.
- **Limited Liability Company:**
 - **Member Managed LLC:** One of the members or an officer of the company must sign. If the member or manager is an organization, show the name of the member or manager and include capacity of signer.
 - **Manager Managed LLC:** The manager or managers or an officer authorized of the company must sign. If the member or manager is an organization, show the name of the member or manager and include capacity of signer.
- **Other unincorporated organizations:** An officer of the organization who is authorized by the by-laws or operating agreement of the company must sign.

<ul style="list-style-type: none"> • Government entities, authorities or agencies: An authorized signer of the government entity/authority who is authorized by the statutes must sign. 			
In Witness Whereof, I have hereunto set my hand as (title) of the Organization listed above			
Title:			
Type or Print Name of Certifying Individual			
Name of Company who is General Partner or Member, leave blank if not applicable. (Type or print Name of company including the legal name of any member, managing member, manager, or general partner who is signing and who is not an individual)			
Signature:		Date:	

**V.(B) Consideration and possible approval Consideration and possible approval
of an External Audit Services Agreement with RSM US LLP.**

Consideration and possible approval of an External Audit Services Agreement with RSM US LLP

DESCRIPTION: Houston First Corporation (the “Corporation”) issued a Request for Qualifications (“RFQ”) for External Audit Services from experienced firms of Certified Public Accountants to perform professional audit services on July 21, 2020.

The successful firm selected will conduct year-end audits of the Corporation’s consolidated financials in conformity with generally accepted accounting principles. Preference was given to firms with qualified personnel able to perform professional audit services for a governmental entity and the hospitality industry, with a preference for those firms with hotel, convention center, food and beverage, and/or parking experience.

On August 3, 2020, the Corporation received a total of five Statements of Qualifications (each, a “SOQ”) from respondents. A selection committee interviewed all respondents, and upon evaluation and scoring of all SOQs, the firm that received the highest score was RSM US LLP.

Staff recommends that the Board approve an External Audit Services Agreement (“Agreement”) with RSM US LLP for a term of two years, with three one-year extensions at the sole option of the Corporation based on hourly rates for services by position, subject to a not-to-exceed amount of \$898,800 for the full five years, assuming no more than 1,200 audit hours per year. RSM US LLP has also agreed to meet a 30% diversity goal under the Agreement.

RESOLVED, that the Board of Directors of the Corporation approves the following resolutions with respect to an agreement for External Audit Services:

RESOLVED, that the Board of Directors of Houston First Corporation (the “Corporation”) hereby approves and authorizes the finalization and negotiation of an External Audit Services Agreement (the “Agreement”) with RSM US LLP; together with such conditions or modifications that are approved by the Chairperson or President, as they may determine to be in the best interests of the Corporation and to execute such Agreement; each acting alone hereby is, severally and without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of the Corporation to execute and deliver the Agreement in a form as approved by either the Chairperson or the President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the Agreement by any Authorized Person; and

FURTHER RESOLVED, that each of the Chairperson, President and Chief Executive Officer, Acting President and Chief Executive Officer, General Counsel, and Chief Financial Officer of this Corporation are each hereby designated by this Corporation as an “Authorized Person” for purposes of this resolution and with respect to the Agreement to be executed hereunder; and

FURTHER RESOLVED, that the Agreement executed by any Authorized Person, for and on behalf of and in the name of this Corporation before or following the adoption of the foregoing resolution, in connection with the described transaction, be and is hereby ratified, confirmed and approved in all respects for all purposes.

HoustonfirstSM

Houston First Corporation Board of Directors Meeting

Live Video & Audio Conference Meeting
Thursday, August 13, 2020
3:00 p.m.

Houstonfirst™

Public Comments

*HFC Board of Directors Meeting
August 13, 2020*

Houstonfirst™

Minutes – July 23, 2020

*HFC Board of Directors Meeting
August 13, 2020*

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Houston First Corporation Chairman's Report

David M. Minberg, Board Chair

*HFC Board of Directors Meeting
August 13, 2020*

Houstonfirst™

Houston First Corporation Acting President & CEO Report

Michael Heckman, Acting President & CEO

*HFC Board of Directors Meeting
August 13, 2020*



THANK YOU BRENDA

She has served this city for 25 years with distinction and was an integral part of the team that created and formed Houston First.

Not only will Brenda's accomplishments be remembered, her character and integrity should be admired, as well as the way she cared for each one of us.

WEEK 1

- ✓ Reviewed Critical Company Issues
- ✓ Held Leadership Team and Executive Team meetings
- ✓ Board Member Communication
- ✓ Recovery Task Force Meeting



WEEK 1

- ✓ Initiated Scheduling of Calls with City Council Members
- ✓ Alignment with GHCVB Leadership





FOCUS: RECOVERY & STABILITY

RECOVERY & STABILITY



EQUALITY
& INCLUSION



STAFF
ENROLLMENT



CULTURAL
EVOLUTION



COMMUNICATION



BUDGET & STRATEGY
ALIGNMENT

PROGRESS UPDATE



ASSET MANAGEMENT WORKING GROUP UPDATE



COMPLETE

Create a Virtual Studio in GRB

Accelerate & Expand Commercialization of Facilities & Intellectual Property



IN PROGRESS

Review Real Estate Portfolio for Monetization Opportunities

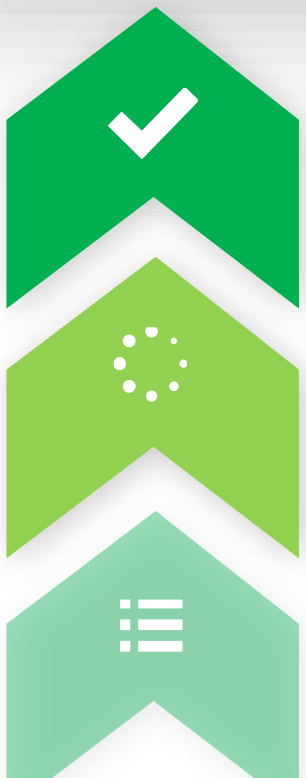
Short Term Uses of Facilities



PENDING

Explore Public/Private Partnership Opportunities

DESTINATION MANAGEMENT WORKING GROUP UPDATE



COMPLETE

Expansion of Houston Clean Program

Staycation Promotions

IN PROGRESS

Monetization & Enhancements to Houston Marketplace

Co-Location of Meetings

Series of Events at Avenida & Downtown



ASPIRE to INNOVATE

The logo for Houston First, featuring the word "Houstonfirst" in a white, serif font with a trademark symbol. The background is a blue-tinted photograph of a modern building with a large, curved, metallic sculpture in the foreground.

Houstonfirst™

The title "Chief Financial Officer Update" in a white, serif font, positioned below the Houston First logo. A vertical white line is on the left side of the text.

Chief Financial Officer Update

The name and title "Frank Wilson, Chief Financial Officer" in a white, serif font, positioned below the title.

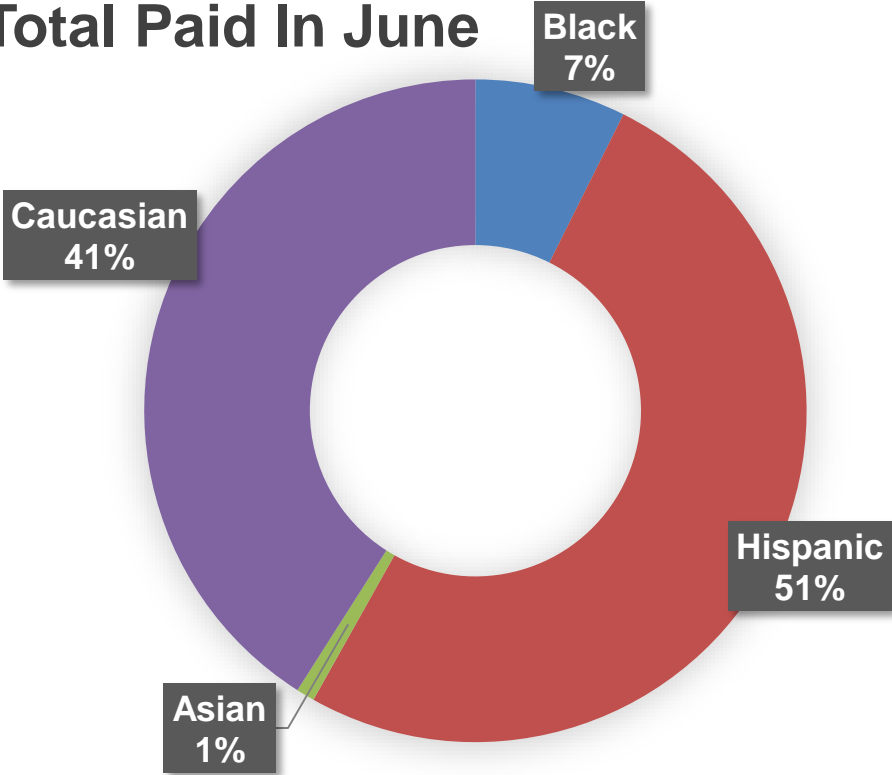
Frank Wilson, Chief Financial Officer

The text "HFC Board of Directors Meeting" and "August 13, 2020" in a white, italicized serif font, positioned in the bottom left corner.

HFC Board of Directors Meeting
August 13, 2020

2020 Diversity Update

Total Paid In June



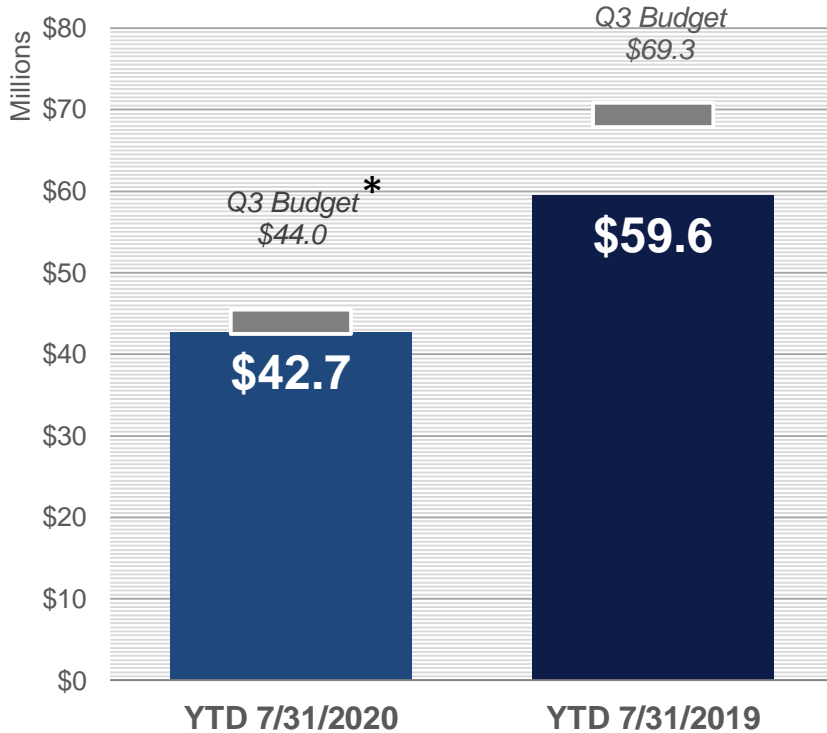
Black	\$ 44,711
Hispanic	307,561
Asian	5,452
Caucasian	248,238
TOTAL:	\$605,962

Recent Updates

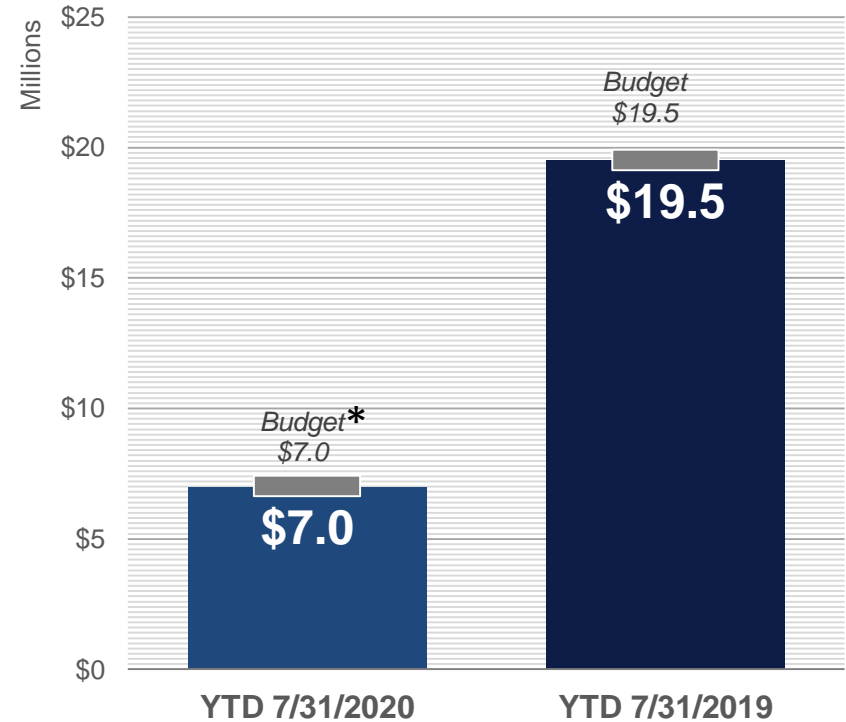
- **FEMA Receipts**– Received FEMA reimbursement, \$11.9 M, and insurance funds of \$1.8 M
- **Burn Rate Reduction**– We have worked hard to reduce our monthly burn rate from \$8 to \$10 M+ to \$6 M to \$7 M. Further reducing our burn rate will be critical to our survival during this uncertain time.
- **Budget Season Begins**– We have begun the early phase of our CY 2021 Budget season with work beginning with our revenue producing departments. This budget season will likely prove especially daunting, not just because of reduced expectations of revenues for the year, but for uncertainty of when meetings and travel can resume.

Major Revenues

HOT Current Collections



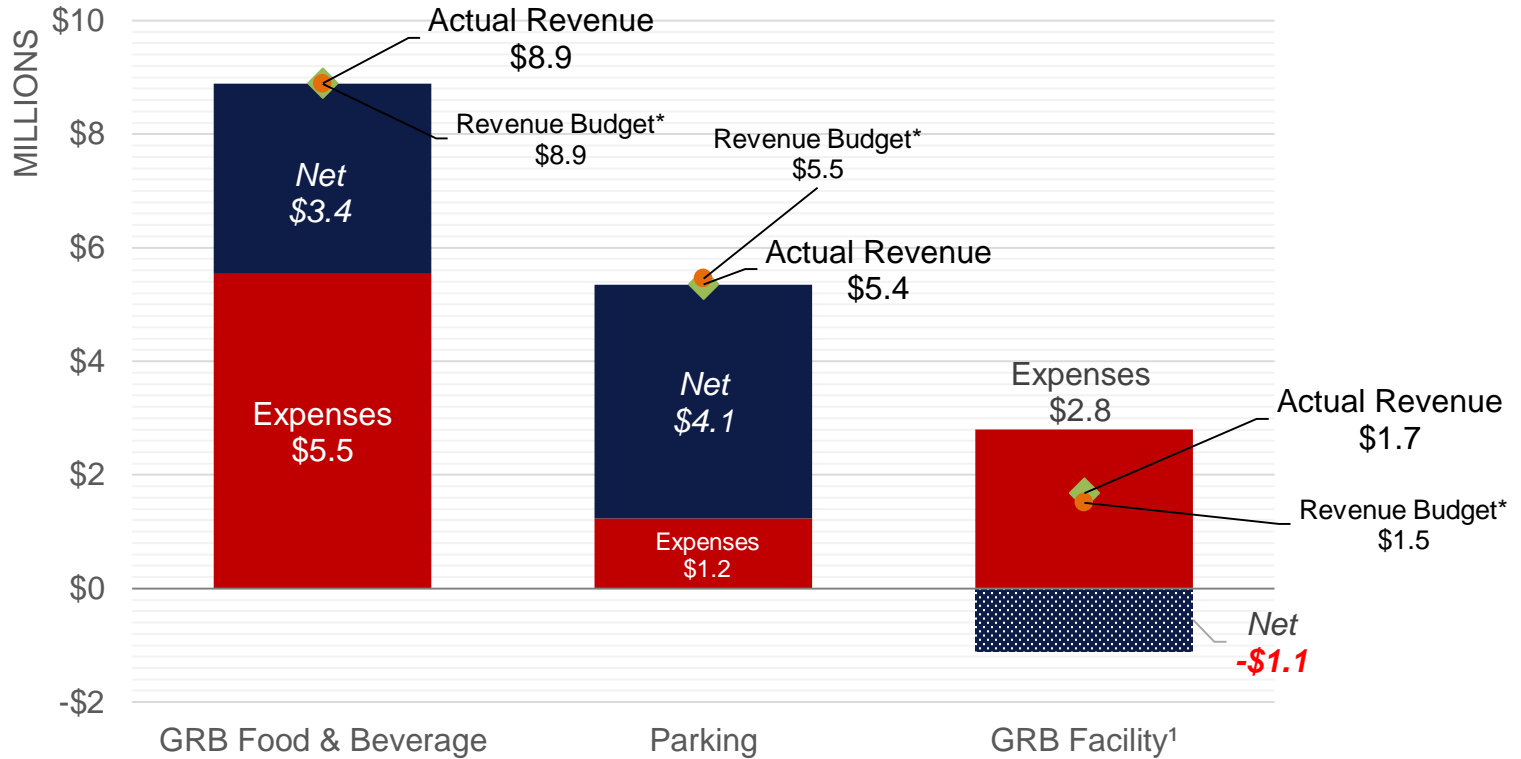
Hilton Net Income Trend



*CY 2020 REVISED

Other Major Revenues (Net)

YTD as of July 31, 2020

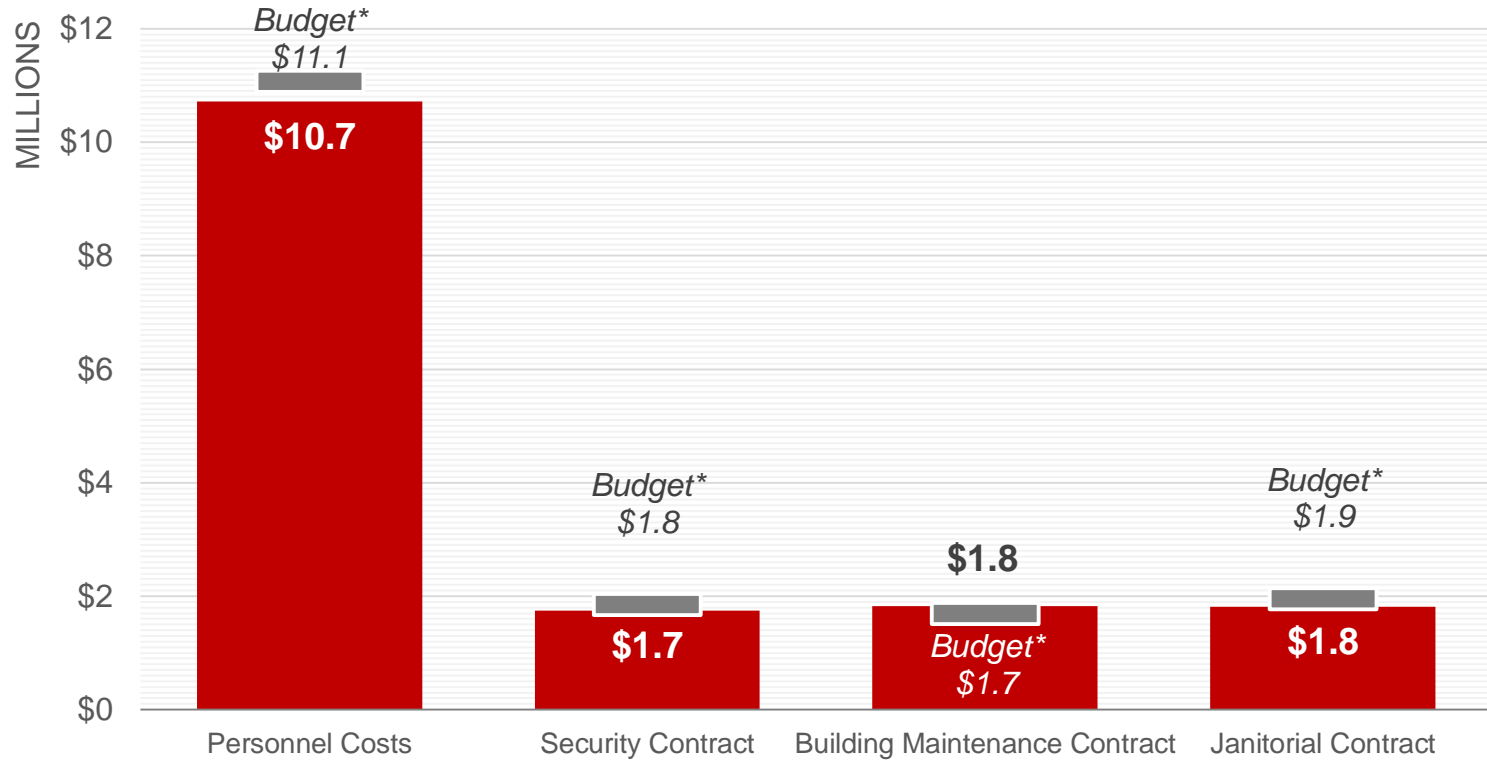


*CY 2020 REVISED

¹ Venue expenses include: security, building maintenance, and janitorial expenses.

Major Expenses

YTD as of July 31, 2020



*CY 2020 REVISED

THANK YOU

Houstonfirst™

Hilton Americas-Houston Hotel Report

Jacques D’Rovencourt, General Manager – Hilton Americas Houston
Roksan Okan-Vick, Urban Development Officer

*HFC Board of Directors Meeting
August 13, 2020*

FINANCIAL UPDATE

FULL YEAR FORECAST VS. BUDGET

				2020 Forecast	
					vs. 2020 Budget
		<u>2020 Forecast</u>	<u>2020 Budget</u>		<u>Variance</u>
Total Revenues	\$	29,189,832	\$	101,130,656	\$ (71,940,824)
Net Income	\$	(1,714,831)	\$	36,680,535	\$ (38,395,366)
Projections are as of August 6th, 2020 and are subject to economic climate and changes.					

CANCELLATIONS

JUNE/JULY 2020

Name of Company/Organization	Room Nights
Quilts	4,830
Deere & Company	3,570
Anime Matsuri	1,909
STAT Cast	1,554
JWC/SOHO	1,228
ATMIA	1,010
AIHA	721
Society of Exploration Geophysicists	658
TAHP	470
TEAMS	356
ENTELEC	342
National Waterways	324
Republican Party of Texas	298
Lifestyles Unlimited	202
Total	17,472

STR

SMITH TRAVEL RESEARCH

STR UPDATE: JUNE 2020

June 2020

	Occupancy (%)			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (RGI)
Current Month	23.0	9.6	238.6	29.91	15.55	192.3
Year To Date	36.4	29.3	124.2	67.36	59.60	113.0
Running 3 Month	19.8	5.6	354.2	23.01	8.50	270.8

GROUP ROOM REVENUE BOOKING POSITION

2021 - 2022

As of July 27, 2020	Definite Position	Crossover Goal – (YE 2020)	Variance to Goal	Variance Pace YOY
2021	\$25,375,497	\$31,800,000	-\$6,424,503	-\$766,077
2022	\$22,750,619	\$27,000,000	-\$4,249,381	\$119,628

UPDATES

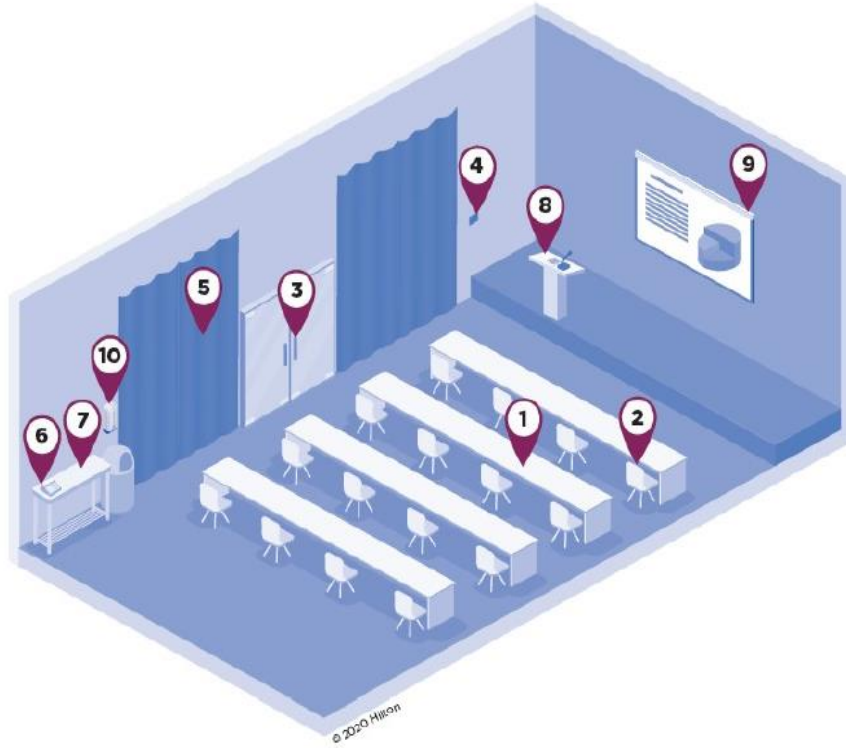
CLEANSTAY
BY HILTON

Hilton

®

EventReady[™]
with CleanStay

10 High Touch, Clean Areas in Event Space



- 1 TABLES

- 2 CHAIRS

- 3 DOOR PULLS

- 4 THERMOSTAT & LIGHTING CONTROLS

- 5 WINDOW SHADE & DRAPE CONTROLS

- 6 ROOM PHONES

- 7 STATIONARY ROOM FURNITURE

- 8 PODIUM & STAGE ITEMS

- 9 AUDIO VISUAL EQUIPMENT

- 10 SANITIZING STATIONS

Meetings & Events Execution

● SANITIZING STATIONS

CLEAR ENTRY / EXIT POINTS –
ONE WAY CIRCULATION

Event Set

SAFE & SOCIALLY RESPONSIBLE

Avoid guest contact with doors and handles where possible.

Define Entry / Exit route with planters, barriers or screens.

Create space at entry / exit points – one way circulation paths recommended.

Physical Distancing:
Event Set – Theatre



Provide clear circulation signage.

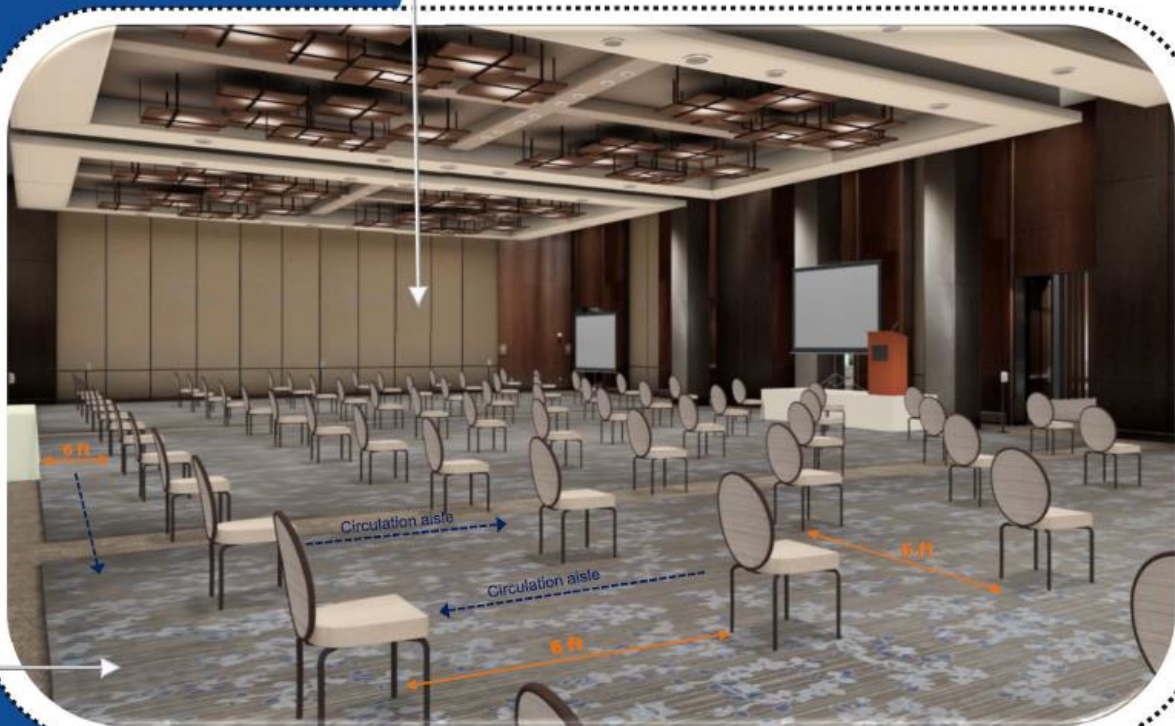


Omit FF&E items at circulation pinch points.



Provide hand sanitizer at key access points.

CLEAR ENTRY / EXIT POINTS –
ONE WAY CIRCULATION



Meetings & Events Execution

Hilton

Event Set

SAFE & SOCIALLY RESPONSIBLE

Avoid guest contact with doors and handles where possible.

Define Entry / Exit route with planters, barriers or screens.

Create space at entry / exit points – one way circulation paths recommended.

Physical Distancing:
Event Set – Theatre



Provide clear circulation signage.

SANITIZING STATIONS

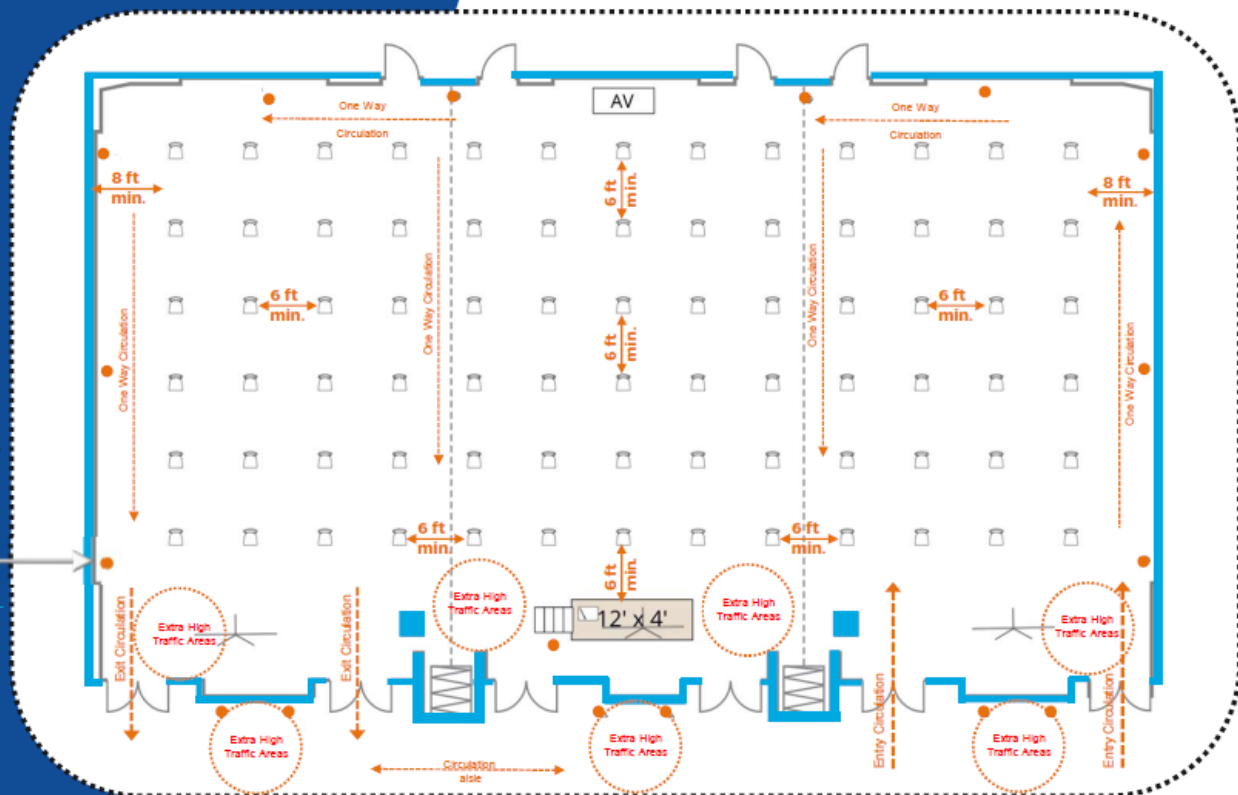
CLEAR ENTRY / EXIT POINTS – ONE WAY CIRCULATION



Omit FF&E items at circulation pinch points.



Provide hand sanitizer at key access points.



Thursday, August 20th, 2020

HBJ BUSINESS
IMPACT AWARDS

HONOREES ANNOUNCED

Baker Tilly	Combined Arms	Gulf Coast Distillers	Medical Bridges	Pariveda Solutions	The Arts of Healing Foundation
Boys & Girls Club of Greater Houston	Construction Concepts	Hilton Americas - Houston	Oaks Cleaners	Premier Coil Solutions	Vanguard Cleaning Systems

The Business Impact Awards recognizes companies that have taken extraordinary measures to assist their employees or community during the Covid-19 pandemic.

THANK
YOU

Hilton Americas Room Renovation Progress Update

Kristi Gollwitzer
Roger Harris
Dey Rodriguez

Houston First
August 2020



Project Scope

1. 1200 rooms and hallways on 15 guestroom floors

1. Construction activities for all rooms:
 - Removal of FF&E to be saved
 - Liquidation of remaining FF&E
 - Demolition
 - Remediation (incl. bldg. envelope work as needed)
 - Build Back
 - Final FF&E placing
 - Initial inspection & punch list
 - Final inspection and acceptance



Project Schedule



Month of	2019												2020									
	January	Feb	March	April	May	June	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	July	August	Sept	
Pre-Construction		Pre- Construction																				
Group 1 Construction (Levels 6,14-22)							Group 1 Rooms															
Group 2 Construction (Levels 7-13)													Construction break				Group 2 Rooms					
Remediate Levels 12-13																						
Remediate Levels 10-11																						
Remediate Levels 8-9																	Remediation					
Remediate Levels 7																						
Renovate Levels 12-13																						
Renovate Levels 10-11																						
Renovate Levels 8-9																						
Renovate Level 7																						

Project Budget

Group 1 rooms (Complete) **\$30,414,000**

- Includes all FF&E and art for all rooms

Group 2 rooms **\$16,555,000**

Total **\$46,969,000**



Project Completion Status

1. **602 rooms (Group 1) completed at the end of 2019**
2. **598 rooms (Group 2) to be completed by Sep. 7th 2020**
 - **Demolition and Remediation on all rooms complete**
 - **426 rooms fully complete**
 - **172 rooms in the works towards full completion**



A few pictures



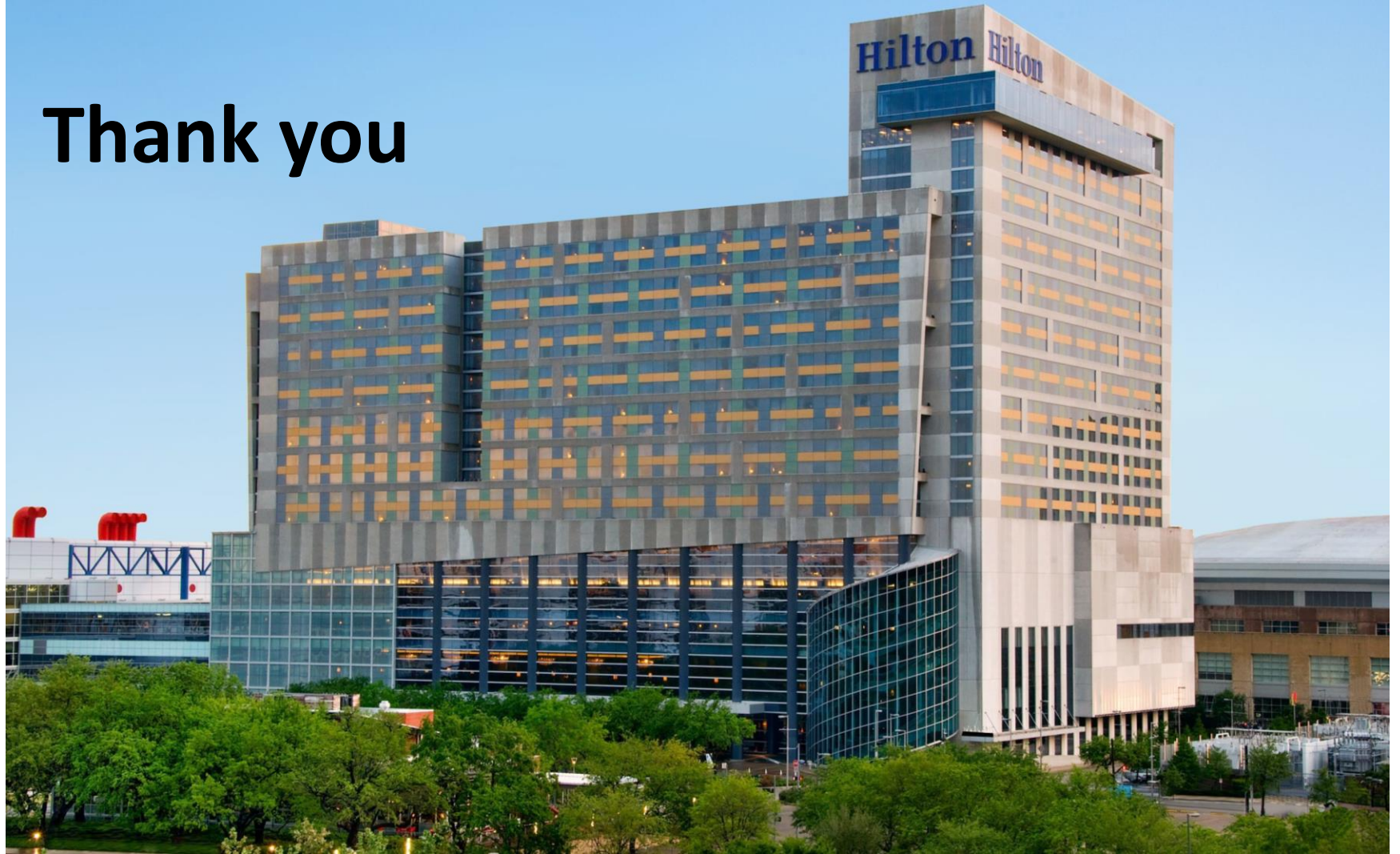
A few pictures



A few pictures



Thank you



THANK YOU

Houstonfirst™

Facilities Report

John Gonzalez, Sr. Vice President of Operations & General Manager

*HFC Board of Directors Meeting
August 13, 2020*

Virtual Studio



REVENUE GENERATOR

- Equipment Fee
- For use by show organizers
- On-site interviews

Theater District Virtual Performances

Houston Symphony
"Living Room" Virtual Concert Series
August 15th, 22nd, & 29th



Houston Grand Opera
Cullen Live

The first event is
Live from The Cullen: Tamara Wilson
Recording on August 31st / Release on
Friday, September 11 at 7:30pm

HGO.org



Houstonfirst

LIVE at the GRB! In-Door Movie / Sporting Events

REVENUE GENERATOR

- Entry fee \$35 - \$50
- Use Exhibit Halls to show film / sports – socially distanced spaces
- Lawn chair seating allowed
- App to pre-order popcorn, street tacos, buckets of beer, restaurant delivery service

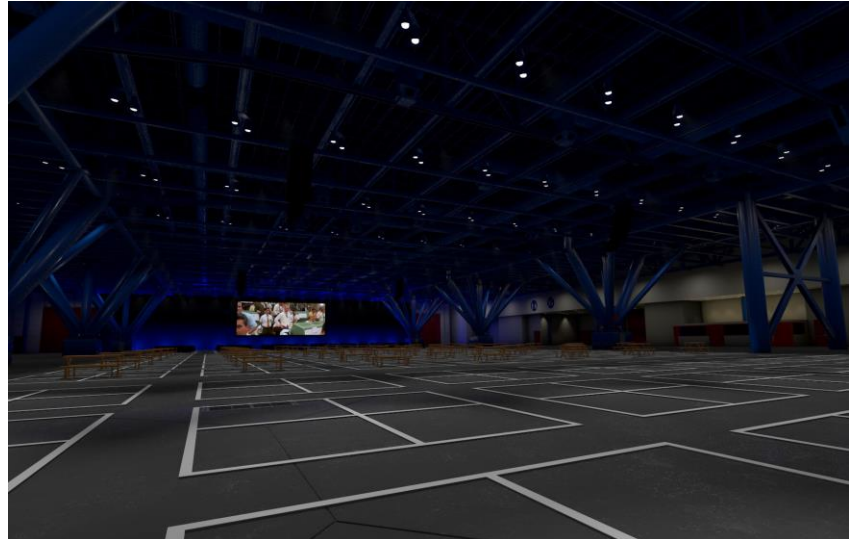
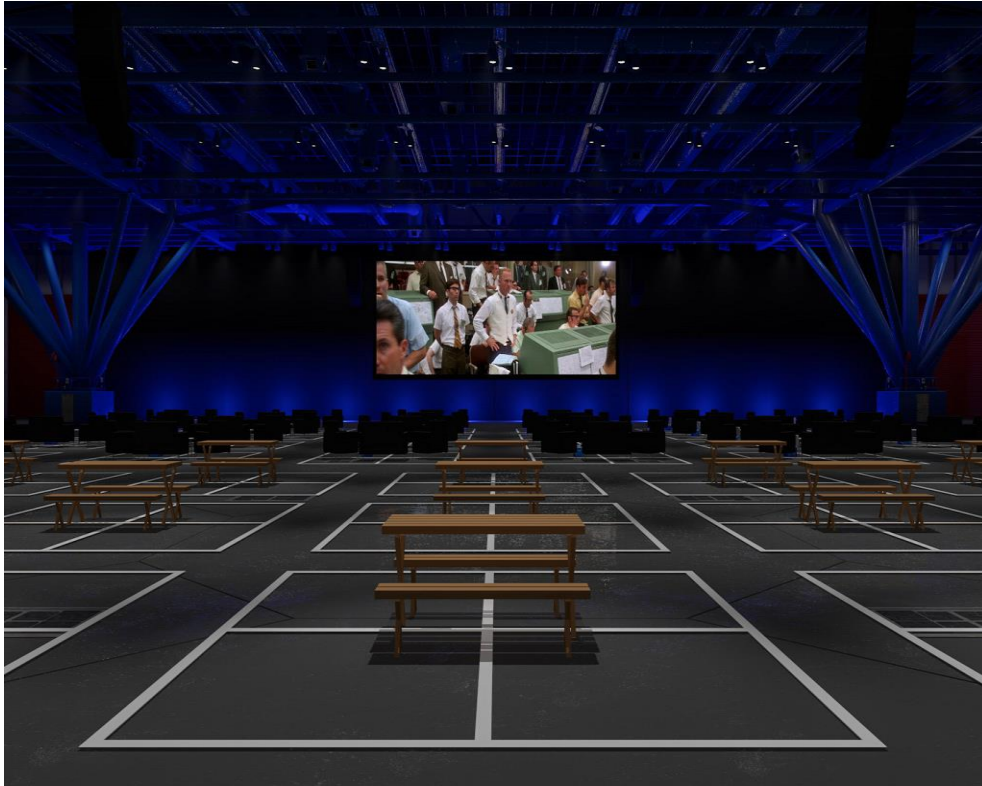


732 squares
for 4-6 people
(using 3 halls)

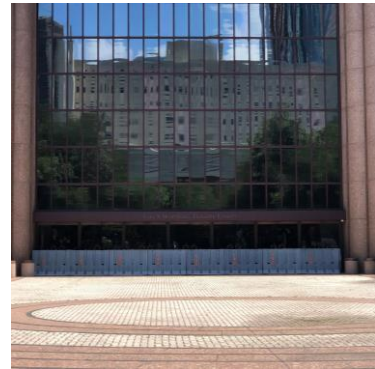
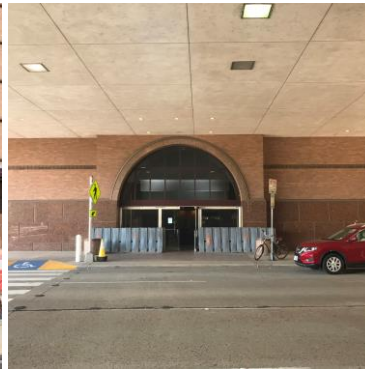
- 25 VIP
- 50 Picnic tables
- 50 Open for reservation
- 20' x 60' FP Screen

LIVE at the GRB!

In-Door Movie / Sporting Events



Hurricane Preparedness



Flood Doors and Muscle Wall
Wortham Theater Center

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Board Business

A. Consideration and possible approval of the designation of Michael Heckman as an authorized signatory with Frank Wilson on HFC bank accounts.

*HFC Board of Directors Meeting
August 13, 2020*

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Board Business

B. Consideration and possible approval of an External Audit Services Agreement with RSM US LLP.

*HFC Board of Directors Meeting
August 13, 2020*

Goals and Objectives

Select highly-qualified and experienced Certified Public Accounting Firm with the proven ability, available personnel to perform professional audit services for a governmental and hospitality entity.

Solicitation Process

July



7/21: RFP Issue Date

August



8/3: Submission Deadline

8/6: Proposal Evaluation & Interviews

8/13: Board Recommendation



9/30 REQUIRED AUDIT COMPLETION DATE

Solicitation Advertisement

Publications Advertised:

**HOUSTON
BUSINESS JOURNAL**

houston
Forward Times

Indo American News

SERVING SOUTH ASIANS SINCE 1982

¡QUE ONDA!
MAGAZINE
A Hispanic News & Entertainment Publication

Notice of Solicitation:

- B2G Notifications
- City Council Members
- HFC Board Members
- Community Stakeholders

Selection Criteria

	Points
 Transmittal Letter	20
 Experience	40
 Key Personnel	20
 Diversity Commitment	10
 Interviews	10
TOTAL	100

Selection Committee

Houstonfirst



Karen Tang
Assistant Controller



Susan Tucker
Director, Strategic Planning



Karen Williams
Vice President, Finance




Hilton
AMERICAS-HOUSTON

Elizabeth Woods
Director of Finance



 **SRIDA** DEVELOPMENT
CORPORATION

Aurel White
VP Asset Management

Diversity Scoring



Roger Harris
Dev. Specialist Mgr.,
Houston First

*Attendee not on
selection committee*



Adrian Patterson
Partner, Orrick

Proposers: 5



Recommendation:



- RSM entered the Houston market in 2013 and currently employs 300 in its Galleria office
- Public sector and hospitality experience includes governments, school districts, real estate, parking, hotels, food & beverage, and resorts in various states including Texas, Florida, Kansas, Missouri, Colorado, Iowa, and Oklahoma
- RSM finished 1st in 4 of 5 categories, 2nd in experience
- Fees will not exceed \$179,760 per year
- Committed to completing audit by September 30, 2020.

Recommendation:



- RSM is committed to HFC 30% diversity goal
 - Plan was reviewed and approved by Roger Harris
- Subcontractor - Yoe CPA, LLC
 - Houston Based
 - Certified by COH, Metro, HMSDC, WBENC, & HUB.
 - Experience with accounting, audit and tax services for real estate, non-profit organization, universities, schools and government entities
 - Clients include: City of Houston, Houston Airport Systems, Metro, HISD

Recommendation:



Relevant Financial Audit Experience:	
Austin Convention Enterprises	Hilton Hotel
City of Austin Convention Catering and Concession Services	convention center vendor
Austin Bergstrom Landhost Enterprises	Hilton Hotel
Henry B. Gonzalez Convention Center, San Antonio	convention center
Miami Beach Convention Center	convention center
Overland Park Convention Center	convention center
US Cellular Center, Cedar Rapids, IA	convention center / event center operations
Tulsa Performing Arts Center	event center

Additional Firm Experience



Audit Clients	
Hyatt Regency Dallas	hotel
Brookfield Properties	hotel / hospitality
Sheraton Chicago	hotel
Sheraton Toronto	hotel
Hilton Des Moines, Polk County, IA	hotel
Hilton Los Cabos, Mexico	hotel
Walt Disney World Swan and Dolphins Resorts	resort / hospitality
The Hay Adams, Washington DC	hotel
Diplomat Beach Resort Hollywood Florida (Hilton Brand)	resort / hospitality
Ritz Carlton at Lake Oconee	hotel

RSM Service Team



Margie Oyedeop
Supervisor, Audit Services



Michelle Horaney
Partner, Audit Services



Kristi D. Sharp
Partner, Audit Services



Joel Perez
Partner, Audit Services



Kevin Smith
Partner, Audit Services



Angela Dawson
Senior Director, Audit Services



Taimur Ghazi
Director, Risk Consulting



Tino Robledo
Senior Manager, Audit Services

THANK YOU

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www.HoustonFirst.com