

AGENDA

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
November 10, 2022 – 3:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HOUSTON FIRST BOARD ROOM

BOARD MEMBERS:

David Minckberg (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, Mayor Pro-Tem Dave Martin, Ex-officio, Council Member Robert Gallegos, Ex-officio

In accordance with the Texas Open Meetings Act, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting on the bulletin board located on the exterior wall of the Houston City Hall building, located at 901 Bagby. The Agenda is also available online at <https://www.houstonfirst.com>.

To reserve time to appear, come to the meeting at least ten minutes prior to the scheduled public session shown on the Agenda.

Any questions regarding this Agenda, or requests for special needs assistance, 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 – September 15, 2022**
- IV. Presentations, Reports, and Updates**
 - A. Houston First Chairman’s Report

V. Board Business

- A. Consideration and possible approval of the annual election of Officers pursuant to the Houston First Corporation Bylaws.
 - i. Michael Heckman, President & CEO
 - ii. Frank Wilson, Treasurer
 - iii. Lisa Hargrove, Secretary
 - iv. Frank Wilson, Investment Officer
- B. Consideration and possible approval of the Houston First Corporation 2023 Budget.
- C. Consideration and possible approval of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.
- D. Consideration and possible approval of a Funding Agreement between Houston First Corporation and The Foundation for Jones Hall.
- E. Consideration and possible approval of a Janitorial Cleaning Services Agreement between Houston First Corporation and Caring Commercial Cleaning, Inc.
- F. Consideration and possible approval of funding for an Engineering Services Agreement between Houston First Corporation and Page Southerland Page, Inc. for various services.
- G. Consideration and possible approval of increased funding for the Recovery Architectural Services Agreement with Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, the issuance of a new task order(s) for additional design services related to updating and completing mitigation documents for Wortham Theater and Theater District Parking Garages due to Hurricane Harvey, and a First Amendment to such Agreement.

VI. Adjournment

III. Minutes – September 15, 2022

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
September 15, 2022 – 3:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HOUSTON FIRST BOARD ROOM

The Board of Directors (“Board”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010, on Thursday, September 15, 2022, commencing at 3:00 p.m.

Written notice of the meeting including the date, hour, place, and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

The following Board Members participated in the meeting: David Mincberg (Chair), Sofia Adrogué, Nicki Keenan, Reginald Martin, Paul Puente, Bobby Singh, Gerald Womack, Jay Zeidman, and Council Member Robert Gallegos.

1. **Call to Order**. The Chairman of the Board called the meeting to order at 3:05 p.m., and a quorum was established.
 2. **Public Comments**. None
- Eric Goodwine, Representative from Congresswoman Sheila Jackson Lee’s office, arrived at 4:29 p.m. and attended the remainder of the meeting.
3. **Review and approval of minutes from prior meetings**. Following a motion duly seconded, the meeting minutes of July 21, 2022, were approved as presented.
 4. **Presentations, Reports, and Updates**
 - A. **Houston First Chairman’s Report**

David Mincberg, Chairman, informed Board Members that an announcement would be made next week regarding the significant gains that Houston has made in the ranking of America’s Best Cities. He stated that Houston jumped from #17 to #11 in the ranking.

Mr. Mincberg stated a letter was sent to Board Members inviting them to a nonpartisan conversation on voter rights that Mayor Sylvester Turner will co-chair and encouraged them to attend.

Chairman Mincberg reported that Houston First Corporation (HFC) and Greater Houston Convention & Visitors Bureau (GHCVB) have been working together collaboratively

regarding each organization's mission and moving forward. Mr. Mincberg thanked Reginald Martin, GHCVB Chair, for working collaboratively through the process.

Mr. Mincberg asked Michael Heckman, President & CEO, to schedule the next Board meeting as a dinner meeting for an ethics presentation.

B. Houston First President & CEO's Report

Mr. Heckman stated that the COVID crisis has passed and that HFC has dramatically recovered. HFC will outperform its budget significantly again this year. HOT collection will be slightly below the level of 2019 and is projected to increase in 2023 substantially.

Mr. Puente inquired about the status of personnel. According to Mr. Heckman, the number of staff is below pre-COVID, but HFC is continuing to hire staff as time progresses in response to corporate needs.

Cindy Decker, Vice President, Business Intelligence and Market Strategy, reported that total room revenues are back to 2019 trends since March 2022. Houston room revenues are expected to be fully recovered by 2023. Ms. Decker stated that ADR year-over-year has seen rates ahead of 2019 and has shown a great deal of rate growth in the market. Houston market supply measures low on the top 25 due to 67% of hotels being suburban or airport properties where rates are under \$100, and because the market is geographically spread out. Houston's rates are below that of competitors. Ms. Decker stated that the focus is on placing ethical business in the proper space to drive occupancy.

Holly Clapham, Chief Marketing Officer, mentioned five of the eleven campaigns for 2022: Top Chef Houston would run domestically; marketplace, which is a product of the Tourism department and a domestic retail campaign; Summer Travel was a first-time integration campaign with Mexico, which is heavy in both domestic and digital; National Business & Meetings in Wall Street Journal and meeting trades; and Hotel Deals to further assist hotels with a push for third and fourth quarters.

Ms. Decker stated that she and Ms. Clapham started using pixels in 2019 to begin tracking how marketing campaigns are performing. HFC is working with a company that tracks the pixels straight through the web into the hotels, providing an estimated room night count. Pixels have shown that 50,000 room nights have been generated since March 2022 as well as \$1.4 million in HOT revenue, resulting in an estimated \$114 million in economic impact.

Jorge Franz, Senior Vice President, Tourism and Industry Relations, stated that one of the key focuses for the Mexico Mission in 2022 was to meet with incentive planners. He reports that five participating agencies will be in Houston during October 2022. Mexico tour operators are currently promoting Houston's leisure travel products through digital and print advertising, and the highest-selling travel agents will win a trip to Houston in December 2022 to participate in a familiarization tour.

Mr. Franz reported that Brand USA, in partnership with Turkish Airlines, invited India's top tour operators to experience Houston and attend a familiarization tour to learn how to build and sell Houston products. Mr. Franz emphasized that India ranks #4 in overseas arrivals to the USA and Houston.

Mr. Franz informed the Board that the Houston Film Commission was highly involved with Comedian Mo Amer's film project called "MO," which was filmed in Houston and began airing on Netflix in August. It was an eight-episode series that was filmed in 35 Houston locations from October to December 2021. The series was projected to have a \$24 million economic impact, and there are discussions for a second season. Mr. Franz mentioned that it had a 100% rating on Rotten Tomatoes and there was buzz for Emmy and Golden Globe consideration.

Nathan Tollett, Vice President, Citywide Convention Sales, reported that attendance was at 84% from January through August 2022 which was higher than anticipated. Mr. Tollett stated that in seven of the twelve months, HFC is in a better position going into 2023, just three months out. There are currently eight citywide conventions booked in June, July, and August in 2023.

Mr. Tollett noted that the lead volume is 91% of 2019 production, room nights are at 64%, 281 bookings for 175,000 room nights, 48 new business site visits, and 40 planning visits.

Reggie Martin stated that messaging to stakeholders needs to be better due to a large amount of data and suggested an annual meeting with stakeholders. Mr. Heckman stated that a Tourism Summit was planned for 2023.

Mr. Heckman announced that the Hispanic Heritage Month Celebration would kick off on Saturday, September 17th on Avenida Plaza with an entire month of editorial and communications planned. He reported that Houston Theater Week was a huge success with nearly 20,000 tickets sold. HFC helped organize the event in conjunction with the Theater District Association. Mr. Heckman also reported that HFC is bidding for the DNC for 2024 and the RNC for 2028. A decision on the DNC bid is anticipated in early 2023.

Mr. Heckman reported that Hilton Corporation reached a bargaining agreement with Unite Here through 2025 regarding employee salaries for Hilton Americas-Houston employees resulting in immediate raises. He added that discussions for Levy and other vendors are in process.

HFC is exploring refinancing its mortgage on the Hilton Americas-Houston Hotel. The Corporation would be hosting a marketwide hotel meeting soon to listen to the challenges faced by area hotels. Mr. Heckman also reported that a letter was sent to the developer of the proposed W Hotel two weeks ago that lays out a path to move forward with the project. Finally, Mr. Heckman announced that the Consular Ball will be held on October 8, 2022, and the State of the City Luncheon will be held on November 2, 2022.

C. Financial Report

Frank Wilson, Chief Financial Officer, reported net performance total revenues less expenses were \$23,182,149 as of July 31, 2022. Favorable major revenues variances include Hilton Americas Net Cash at \$7.5 million, Parking Revenue – Avenida at \$2.8 million, GRB Facility Rental at \$1.9 million, with HOT at \$173,615, and GRB Food and Beverage at \$181,550. Favorable major expense variances included personnel at \$2.7 million, building maintenance at \$674,718, and parking at \$97,317 under budget.

A significant improvement has been made in cash flow over 2020 and 2021, and it is likely that HFC will not be required to borrow for operating expenses in 2022.

Mr. Gerald Womack complimented the staff on their hard work under very difficult conditions and stated that good results come with good compensation.

5. **Executive Session**

Executive (closed) session pursuant to Texas Government Code Section 551.071 for purposes of consultation with an attorney.

Executive session began at 3:07 p.m. and ended at 3:50 p.m. No action was taken during Executive session.

6. **Board Business**

- A. Consideration and possible approval of an increased funding limit for the Construction Services Agreement with Manhattan Construction Company for the redevelopment of Lynn Wyatt Square for the Performing Arts.

Following a motion duly seconded, approval of an increased funding limit for the Construction Services Agreement with Manhattan Construction Company for the redevelopment of Lynn Wyatt Square for the Performing Arts passed unanimously.

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

V. (A) Consideration and possible approval of the annual election of Officers pursuant to the Houston First Corporation Bylaws.

- i. Michael Heckman, President & CEO**
- ii. Frank Wilson, Treasurer**
- iii. Lisa Hargrove, Secretary**
- iv. Frank Wilson, Investment Officer**

Consideration and possible approval of the Annual Election of Officers pursuant to the Houston First Corporation Bylaws.

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves the following officers:

- i. Michael Heckman, President & CEO
- ii. Frank Wilson, Treasurer
- iii. Lisa Hargrove, Secretary
- iv. Frank Wilson, Investment Officer

**V. (B) Consideration and possible approval of the Houston First Corporation
2023 Budget.**

Consideration and possible approval of the Houston First Corporation 2023 Budget.

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves the Houston First Corporation 2023 Budget.

V. (C) Consideration and possible approval of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

Consideration and possible approval of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

DESCRIPTION: On October 18, 2022, Houston First Corporation and the Greater Houston Convention & Visitors Bureau (GHCVB) executed a Letter of Intent for a Services Termination Agreement in which both parties agreed upon the terms and conditions to be included in a definitive Services Termination Agreement. The Letter of Intent includes a provision that the original Services Agreement, executed by the parties in 2014, will terminate on January 6, 2023.

Effective on or before January 6, 2023, the following will occur:

- Houston First will cease staff support;
- GHCVB will adopt a new name, mission statement and bylaws unrelated to Destination Marketing Organization (DMO) functions and will recognize Houston First as the official DMO for the Houston region;
- GHCVB will return all previously received municipal hotel occupancy tax funds to Houston First which Houston First will expend before December 31, 2023 on any of the following: destination branding/engagement projects destination demand driving advertising services, hosting media and clients for the 2023 Men's Final Four, and tourism mission to Mexico;
- Houston First will pay \$1.5 million to the GHCVB for transfer of the sole member interest in Comicpalooza LLC, inclusive of all rights, titles, and interests in and to, all contracts, agreements, intangible and tangible personal property, intellectual property rights and other property;
- GHCVB will appoint a President and hire staff;
- GHCVB will also transfer all existing intellectual property to Houston First, inclusive of Visit Houston;
- Houston First will effectuate the transfer of membership data, corporate books and records, and financial records to the GHCVB; and
- Houston First will host and support the DEI Internship for summer 2023.

During a period of 90 days from and after January 6, 2023, Houston First may provide continued interim administrative services in support of a smooth transition.

In connection with the conveyance of Comicpalooza LLC, Houston First will form a limited liability company (Subsidiary) under the laws of the state of Texas, with Houston First as the sole member thereof, and, in connection therewith, and, if necessary or required, execute a limited liability company agreement with respect to such Subsidiary.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions based upon the above parameters:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the negotiation, finalization and execution of a Services Termination Agreement (the "Agreement") between Houston First Corporation and the Greater Houston Convention & Visitors Bureau, inclusive of the

conveyance of Comicalooza LLC from the GHCVB to a newly formed Subsidiary of Houston First Corporation, together with such conditions or modifications to the Agreement or formation of the Subsidiary that are approved by the President and CEO, as he may determine to be in the best interest of Houston First Corporation and to execute such Agreement and all other instruments, documents and agreements as may be necessary or desirable to effectuate the conveyance of Comicalooza LLC to the Subsidiary; the President and Chief Executive Officer hereby is, without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of Houston First Corporation to execute and deliver the Agreement and other transaction documents, in forms as approved by the President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the Agreement as well as other transaction documents by any Authorized Person; and

FURTHER RESOLVED, that each of the President and Chief Executive Officer and General Counsel of Houston First Corporation are each hereby designated by Houston First Corporation as an "Authorized Person" for purposes of this resolution and with respect to the Agreement and other transaction documents to effectuate the conveyance of Comicalooza LLC to be executed hereunder; and

FURTHER RESOLVED, that the Agreement and other transaction documents to effectuate the conveyance of Comicalooza LLC executed by any Authorized Person, for and on behalf of and in the name of Houston First 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.

FURTHER RESOLVED, that Houston First shall be authorized to act in the various capacities reflected below in connection with the conveyance of Comicalooza LLC:

Capacity	Entities
For Itself	Houston First Corporation
As sole member	Subsidiary

V. (D) Consideration and possible recommendation of a Funding Agreement between Houston First Corporation and The Foundation for Jones Hall.

Consideration and possible approval of a Funding Agreement between Houston First Corporation and The Foundation for Jones Hall.

Description: The City of Houston (City) and Houston First have entered into an Interlocal Agreement in which the City will pay \$2.5 million dollars to Houston First for the continued upgrades to the acoustics, infrastructure, safety, audience accessibility, and amenities of Jones Hall for the Performing Arts.

HFC has further agreed, pursuant to the Interlocal Agreement, to transfer the \$2.5 million to The Foundation for Jones Hall to improve the quality of the experience at Jones Hall.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions based upon the above parameters:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the finalization and execution of a Funding Agreement (the "Agreement") between Houston First Corporation and The Foundation for Jones Hall (Foundation), together with such conditions or modifications that are approved by the President and Chief Executive Officer, as he may determine to be in the best interest of Houston First Corporation, and to execute such Agreement; the President and Chief Executive Officer hereby is, without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of Houston First Corporation to execute and deliver the Agreement in a form as approved by 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 President and Chief Executive Officer and General Counsel of Houston First Corporation are each hereby designated by Houston First 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 Houston First 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.

V. (E) Consideration and possible recommendation of a Janitorial Cleaning Services Agreement between Houston First Corporation and Caring Commercial Cleaning, Inc.

Consideration and possible approval of a Janitorial Cleaning Services Agreement between Houston First Corporation and Caring Commercial Cleaning, Inc.

DESCRIPTION: On July 29, 2022, Houston First issued a Best Value Invitation to Bid for Janitorial Cleaning Services for all managed facilities. On September 15, 2022, 12 proposals were received. All proposers were interviewed by the selection committee and all bids were then evaluated. The proposer with the highest score is Caring Commercial Cleaning, Inc. The proposed Janitorial Cleaning Services Agreement engages Caring Commercial Cleaning, Inc. to perform janitorial cleaning services, subject to the parameters set forth below:

- The term of the Agreement begins on January 1, 2023, and is for five years.
- The Diversity Participation Goal remains at 33%.
- The minimum hourly wage paid under the Agreement may not be less than \$15.00 per hour.

Caring Commercial Cleaning, Inc. is certified by the City of Houston as an Asian-owned Minority Business Enterprise

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions based upon the above parameters:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the execution of a Janitorial Cleaning Services Agreement (the "Agreement") between Houston First Corporation and Caring Commercial Cleaning, Inc., together with such conditions or modifications that are approved by the President and Chief Executive Officer, as he may determine to be in the best interest of Houston First Corporation, and to execute such Agreement; the President and Chief Executive Officer hereby is, without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of Houston First Corporation to execute and deliver the Agreement in a form as approved by 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 President and Chief Executive Officer and General Counsel of Houston First Corporation are each hereby designated by Houston First 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 Houston First 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.

V. (F) Consideration and possible approval of funding for an Engineering Services Agreement between Houston First Corporation and Page Southerland Page, Inc. for various services.

Consideration and possible approval of funding for an Engineering Services Agreement between Houston First Corporation and Page Southerland Page, Inc. for various services.

DESCRIPTION: On September 24, 2021, Houston First issued a Request for Qualifications to provide Engineering Services on an as-needed basis. On October 27, 2021, 19 sets of qualifications were received. Proposers were ranked and Page Southerland Page, Inc. was ranked with the highest score. An Engineering Services Agreement with Page Southerland Page, Inc. was subsequently executed and a few small task orders have been performed under the Agreement.

Management requests that the Board of Directors approve an amount not to exceed \$700,000, going forward, for use on an as-needed basis, in response to project-specific task orders. At this time, it is anticipated that services would be utilized for construction drawings for structural repairs to the Theater District Parking Garages, drainage and structural reviews related to Hilton roof replacements, a facility assessment, inclusive of mechanical, electrical and plumbing systems, for Jones Hall and Wortham Theater, a review of operational services to replace the glass elevator at Jones Hall, a review of design and structural plans for the W Hotel to be located on top of Partnership Tower, and services related to the installation of a new building automation system for the George R. Brown Convention Center.

The diversity goal for the Engineering Services Agreement with Page Southerland Page, Inc. is 24%. An appropriate goal for each individual task order will be determined based upon the services to be performed and the divisiveness of the work.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions with regard to the Engineering Services Agreement with Page Southerland Page, Inc.:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes an amount not to exceed \$700,000, going forward, for use on an as-needed basis, in response for the issuance of project specific task orders; together with such conditions or modifications that are approved by the President and Chief Executive Officer, as he may determine to be in the best interest of Houston First Corporation, and to execute such task orders; the President and Chief Executive Officer hereby is, without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of Houston First Corporation to execute and deliver each such task order in a form as approved by the President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of a task order by any Authorized Person; and

FURTHER RESOLVED, that each of the President and Chief Executive Officer and General Counsel of Houston First Corporation are each hereby designated by Houston First Corporation as an "Authorized Person" for purposes of this resolution and with respect to the issuance of task orders to be executed hereunder; and

FURTHER RESOLVED, that any task orders executed by any Authorized Person, for and on behalf of and in the name of Houston First 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.

V. (G) Consideration and possible approval of increased funding for the Recovery Architectural Services Agreement with Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, the issuance of a new task order(s) for additional design services related to updating and completing mitigation documents for Wortham Theater and Theater District Parking Garages due to Hurricane Harvey, and a First Amendment to such Agreement.

Consideration and possible approval of increased funding for the Recovery Architectural Services Agreement with Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, the issuance of a new task order(s) for additional design services related to updating and completing mitigation documents for Wortham Theater and Theater District Parking Garages due to Hurricane Harvey, and a First Amendment to such Agreement.

DESCRIPTION: With regard to the Recovery Architectural Services Agreement (Agreement) with Harrison Kornberg Architects, LLC and ARUP, Texas Inc. (HKA-ARUP), Houston First management requests that the Board of Directors approve the following matters related to continued mitigation for Wortham Theater and Theater District Parking Garages:

- (i) Additional funding in an amount not to exceed \$960,000, inclusive of a contingency;
- (ii) Issuance of a new task order(s) for additional design services through the mitigation construction bidding process; and
- (iii) Execution of a First Amendment with HKA-ARUP to extend the Agreement term and containing other terms and conditions.

To date, expenditures under the HKA-ARUP Agreement total approximately \$10.2 million dollars. The joint venture has achieved 46% diversity participation toward a goal of 30%. HFC has had approximately 77% of its expenses reimbursed by FEMA.

The final design, permitting and the construction bid process, is estimated to be completed in late 2024.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions with respect to the Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, Agreement:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the following

- (i) Additional funding in an amount not to exceed \$960,000, inclusive of a contingency;
- (ii) Issuance of a new task order(s) for additional design services through the mitigation construction bidding process; and
- (iii) Execution of a First Amendment to extend the Agreement term and containing other terms and conditions;

together with such conditions or modifications that are approved by the President & Chief Executive Officer, as he may determine to be in the best interest of the Corporation and to execute such Contract Amendments, Task Orders, Directives or other documents (collectively the "Transaction Documents") as may be required to effectively document the above three matters; the President and Chief Executive Officer is, 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 Transaction Documents in a form as approved by President & Chief Executive Officer, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the Transaction Documents by any Authorized Person; and

FURTHER RESOLVED, that each of the President and Chief Executive Officer and General Counsel of this Corporation is each hereby designated by this Corporation as an "Authorized Person" for purposes of this resolution and with respect to the Transaction Documents to be executed hereunder; and

FURTHER RESOLVED, that the Transaction Documents 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

Hines Lake
MEMORIAL PARK

**HFC Board Room
Partnership Tower**
Thursday, November 10, 2022
3:30 p.m.



PUBLIC COMMENTS

Anyone who wishes to address the Committee during the Public Comment session may do so by signing up on the Public Comment sign-in sheet at the front of the room.

HFC BOARD OF DIRECTORS MEETING
November 10, 2022



MINUTES

September 15, 2022

HFC BOARD OF DIRECTORS MEETING
November 10, 2022



HOUSTON FIRST
**CHAIRMAN'S
REPORT**

DAVID M. MINCBERG

HFC BOARD OF DIRECTORS MEETING
November 10, 2022



BOARD BUSINESS

- A.** Consideration and possible approval of the annual election of Officers pursuant to the Houston First Corporation Bylaws.
- i. Michael Heckman, President & CEO
 - ii. Frank Wilson, Treasurer
 - iii. Lisa Hargrove, Secretary
 - iv. Frank Wilson, Investment Officer

HFC BOARD OF DIRECTORS MEETING

November 10, 2022



BOARD BUSINESS

- B. Consideration and possible approval of the Houston First Corporation 2023 Budget.

MICHAEL HECKMAN

President & Chief Executive Officer

FRANK WILSON

Chief Financial Officer

HFC BOARD OF DIRECTORS MEETING

November 10, 2022

PROPOSED 2023 STRATEGY & BUDGET

Approval Process

NOVEMBER 1, 2022

OPERATIONS COMMITTEE

- Cultural Facilities & Services
- Convention Facilities & Services
- Information Technology
- Urban Development

HOTEL COMMITTEE

- Hilton Americas – Houston Hotel

NOVEMBER 9, 2022

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

- HFC Corporate Budget

NOVEMBER 7, 2022

SALES, TOURISM, AND MARKETING COMMITTEE

- Enterprise Strategy
- Marketing
- Sales, Client & Event Services
- Tourism & Industry Relations

NOVEMBER 10, 2022

HFC BOARD OF DIRECTORS

- HFC Corporate Budget

STRATEGIC PILLARS

TRANSFORMATIONAL LEADERSHIP

Enhance and employ organizational relevance by inspiring, influencing, and leading key stakeholder groups in furtherance of HFC's mission and value for Houston.

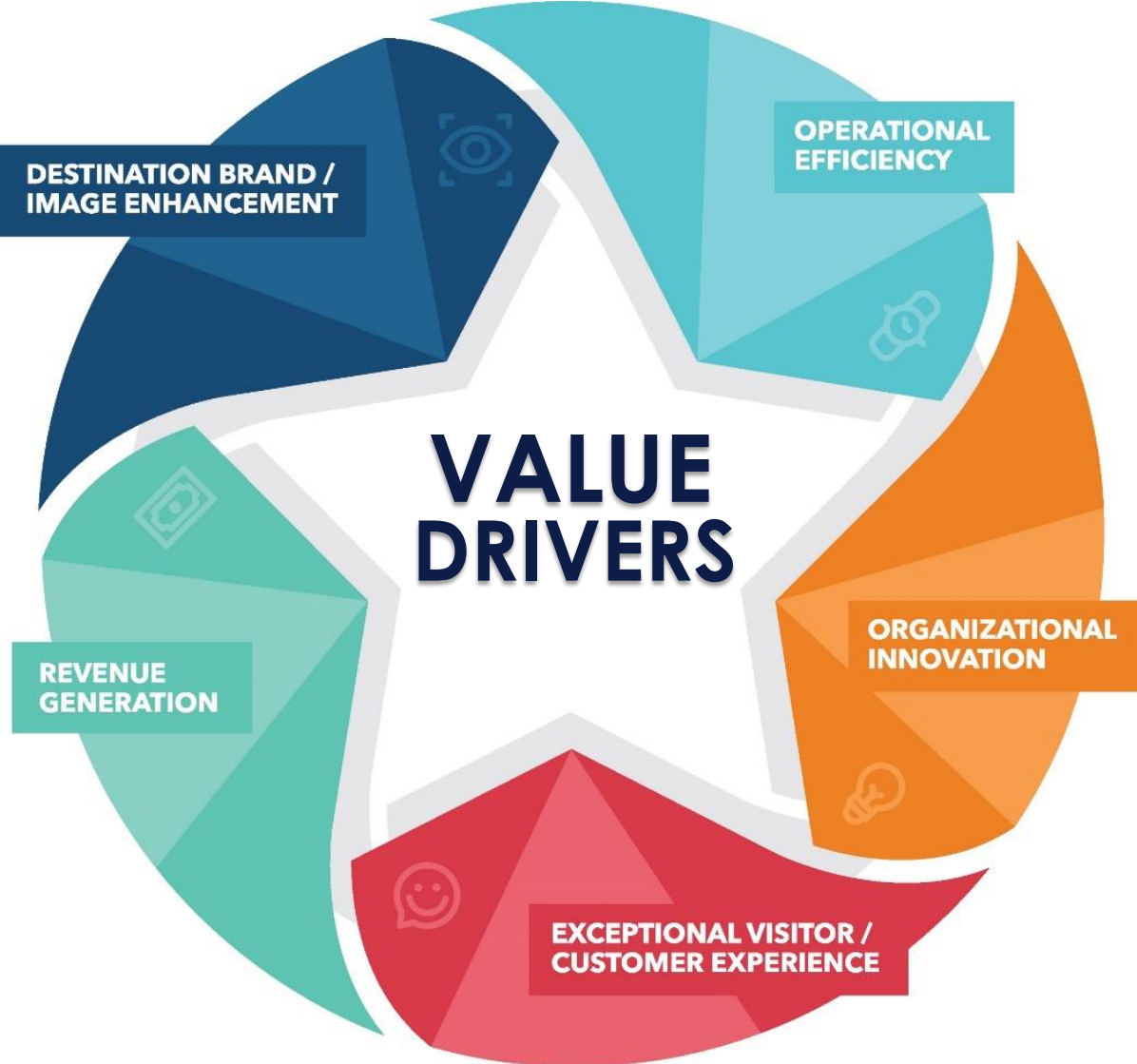
DESTINATION DEVELOPMENT

Serve as a catalyst for initiatives that strengthen Houston's global reputation, increase travel to the city, and improve HFC's economic impact to the community.

REVENUE DIVERSIFICATION & ASSET GROWTH

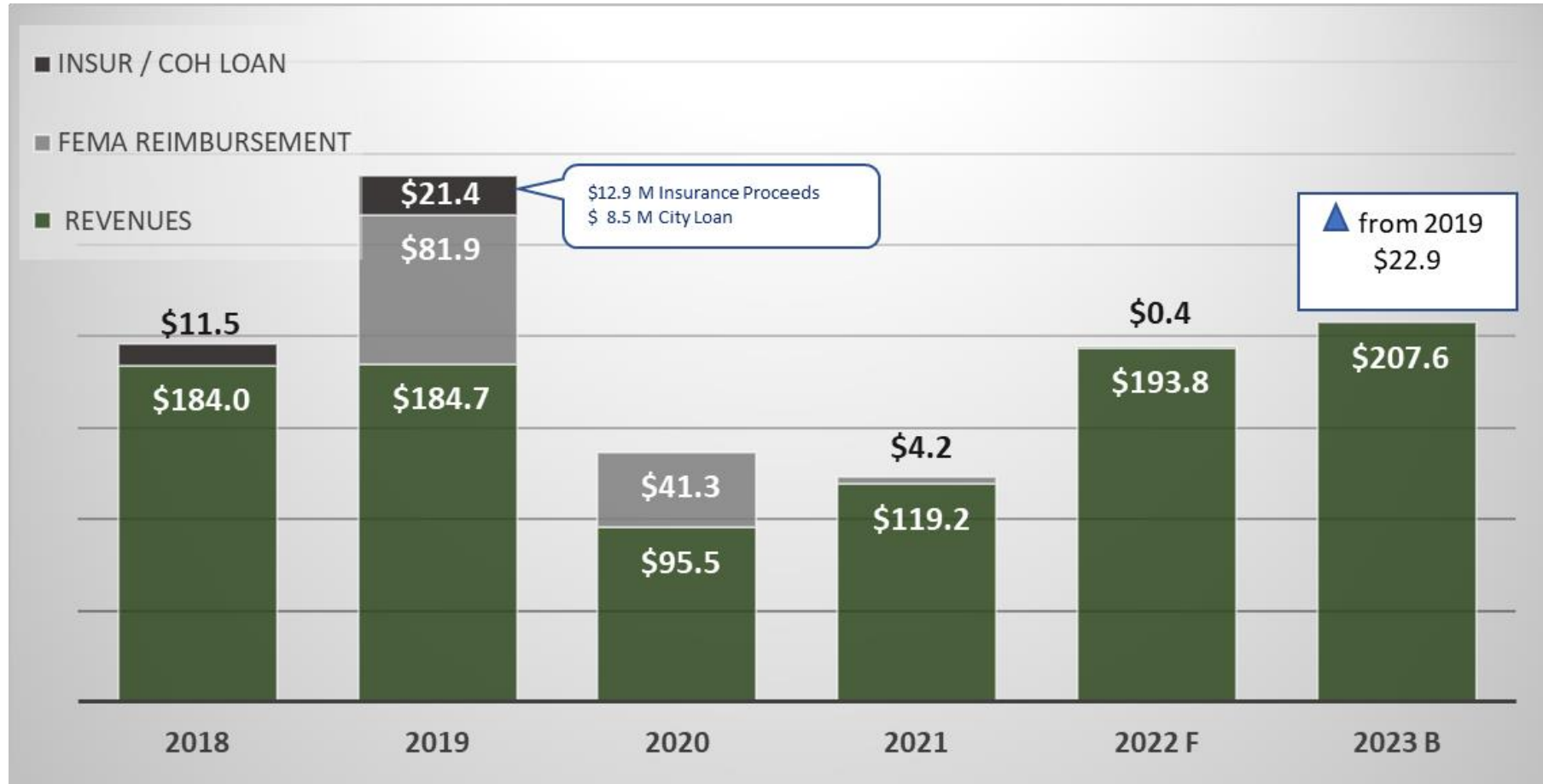
Advance new opportunities for additional revenue streams, asset growth, and financial mechanisms that strengthen HFC's financial outlook and viability.

CORE OF VALUE CREATION

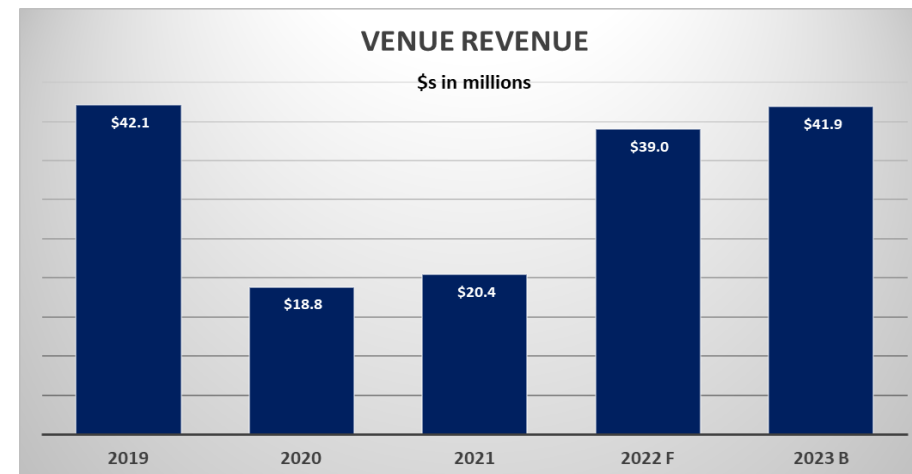
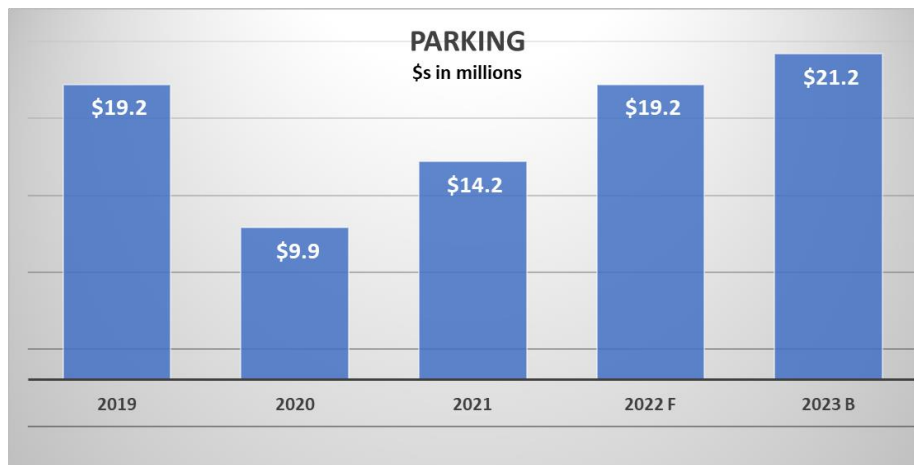
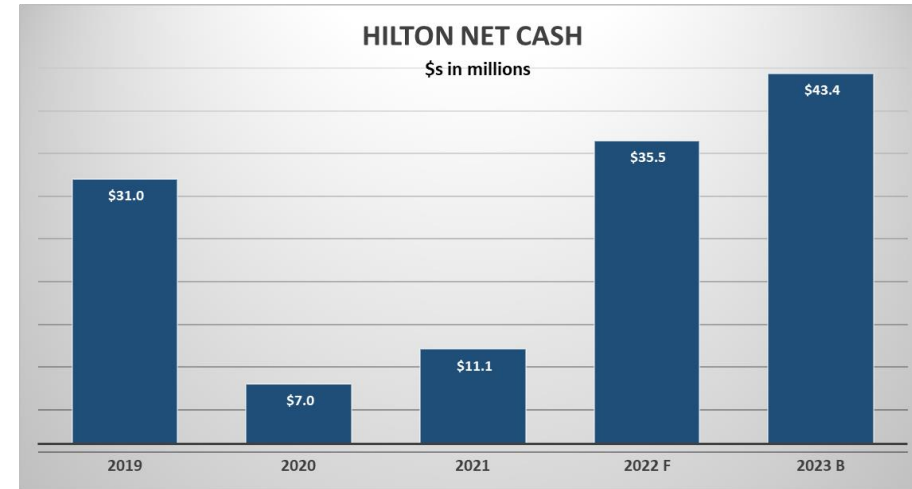
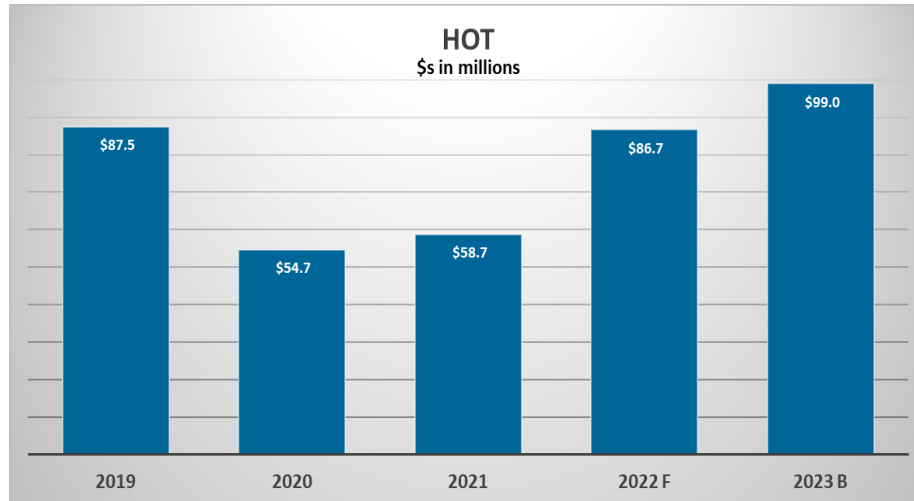


MAJOR REVENUE TRENDS

\$s in millions



RECOVERY PERFORMANCE



CY 2022 BUDGET VERSUS FORECAST

	2022 Budget	2022 Forecast	CHANGE
<i>Operating Revenue</i>	\$88.1	\$95.4	\$7.3
<i>Non-Operating Revenue</i>	95.2	98.8	3.6
TOTAL REVENUE	\$183.3	\$194.2	\$10.9
<i>Operating Expense</i>	\$92.0	\$88.5	(\$3.5)
<i>Non-Operating Expense</i>	104.5	104.2	(0.3)
TOTAL EXPENSE	\$196.5	\$192.7	(\$3.8)
REVENUE IN EXCESS OF EXPENSE	(\$13.2)	\$1.5	\$14.7

(\$ in millions)

2023 PRIORITIES



- **Proliferate Houston's Unified Brand** among businesses and organizations across our community.
- **Leverage and capitalize on high-profile events** like the Final Four to drive brand messaging.
- **Build upon success of Houston Week in Mexico** and continue engagement and investment to make Houston the top US destination for the Mexican traveler.
- **Develop a 10-year Destination Development Plan** that charts a vision for making the Houston Region even more globally competitive as a visitor and business destination.
- **Understand and enhance the 360° visitor experience.**
- **Continue and improve digital 'smart targeting'** of consumers to maximize travel opportunities.

2023 PRIORITIES



- **Increase use of social media influencers** that create authentic and engaging promotion of Houston.
- **Accelerate long-term city-wide convention sales**, while maximizing short-term opportunities for 2023.
- **Attract national impact events** like the DNC and RNC.
- **Develop annual events that drive economic impact** and enhance Houston's brand like a Juneteenth Celebration, and Wine & Food Festival.
- **Use opening of Lynn Wyatt Square as a catalyst** for vibrancy in the Theater District.
- **Amplify Heritage Month** activities across all channels.
- **Develop infrastructure and economic models for TV & film projects.**

PROPOSED CY 2023 BUDGET



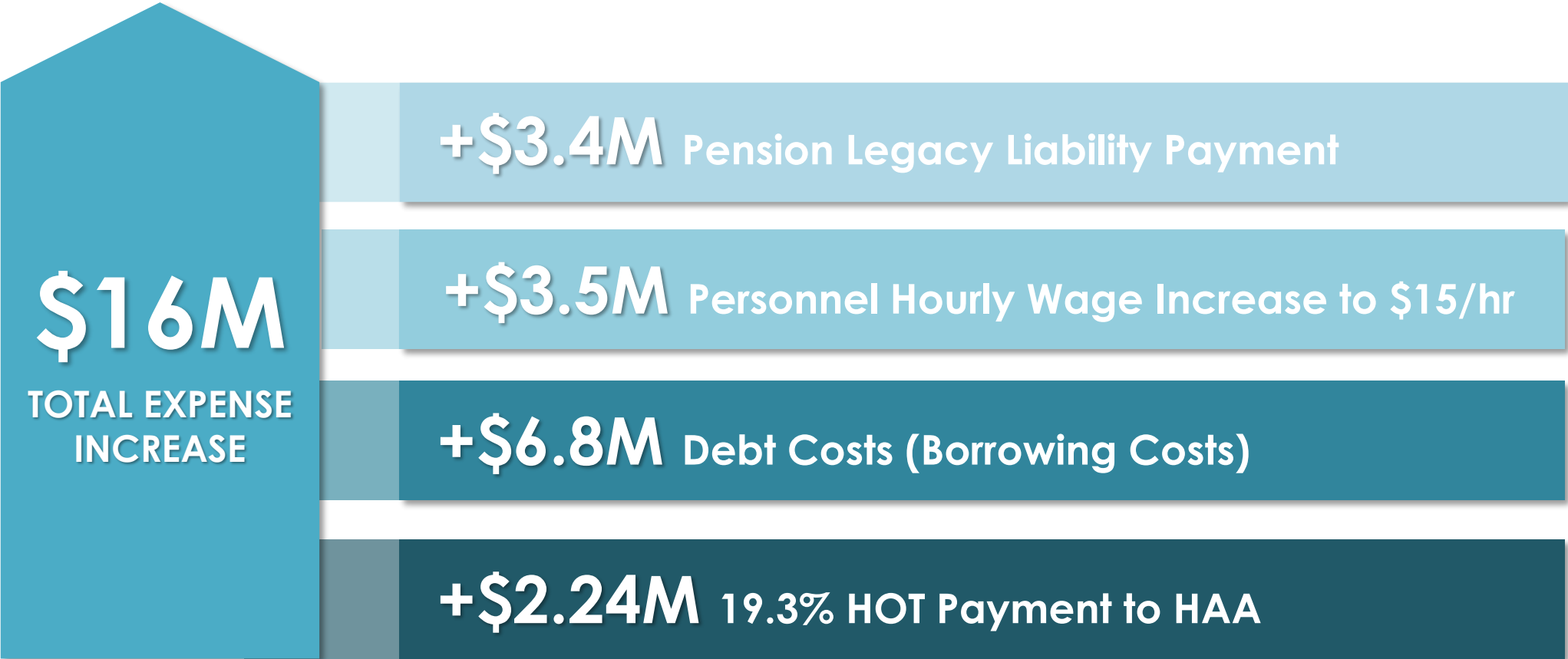
POSITIONED FOR GROWTH & RESILIENCY

Total Revenues for CY 2023:	\$207.6 M
Total Expenses for CY 2023:	\$205.9 M
Revenues in Excess of Expenses:	\$1.6 M
Capital Expenditure:	\$29 M

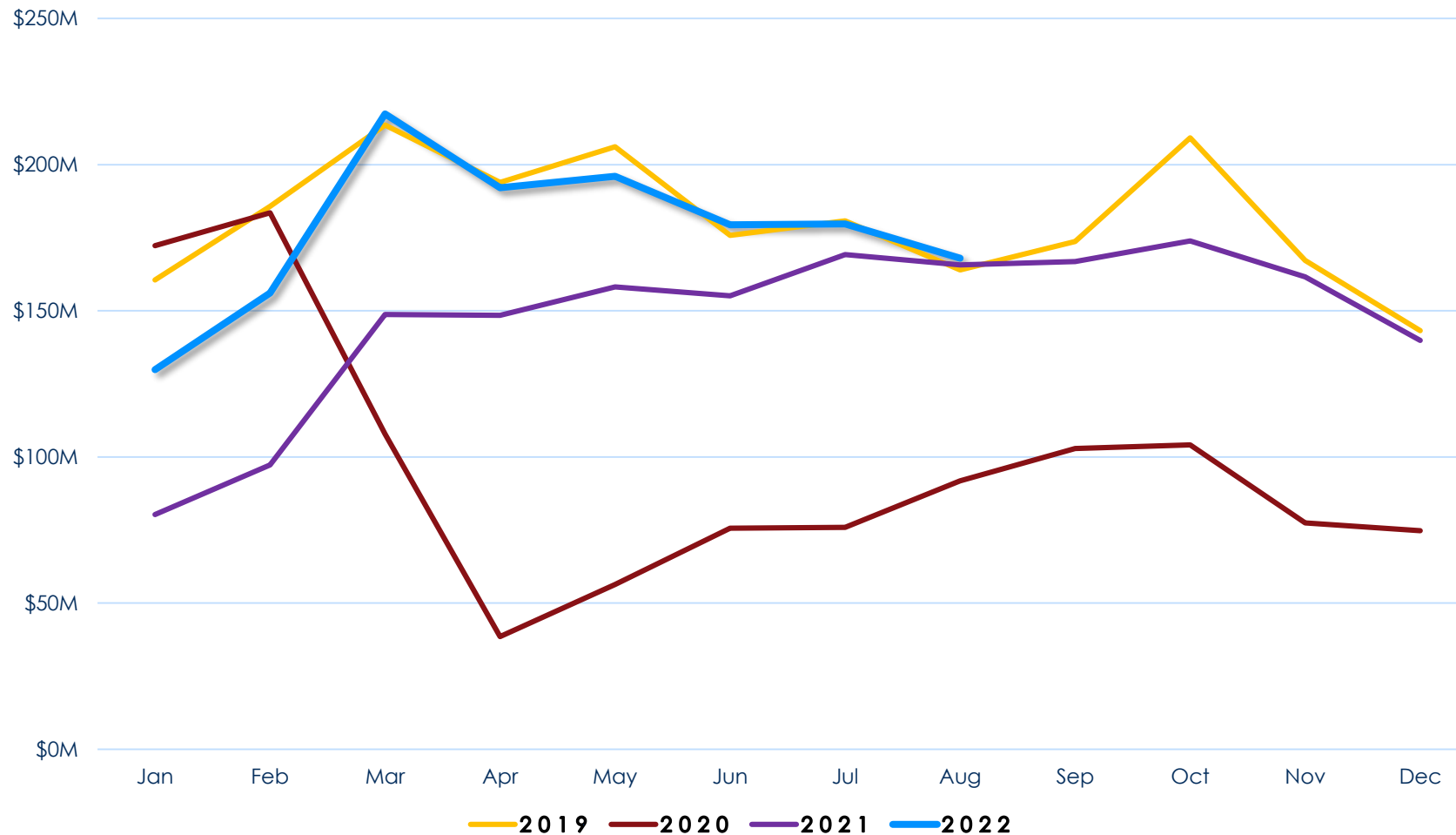
ASSUMPTIONS

- No recession in 2023, BUT monitoring indicators and business metrics carefully
- Leisure travel continues
- Business travel continues improvement
- Hotel occupancy and rates improve
- Corporate meeting demand continues
- Return to offices slowly improves
- Concerts, sporting, and other events drive parking
- Continued inflation pressure
- Rising interest rate environment

INCREMENTAL EXPENSE INCREASES



TOTAL HOTEL REVENUE TO THE MARKET



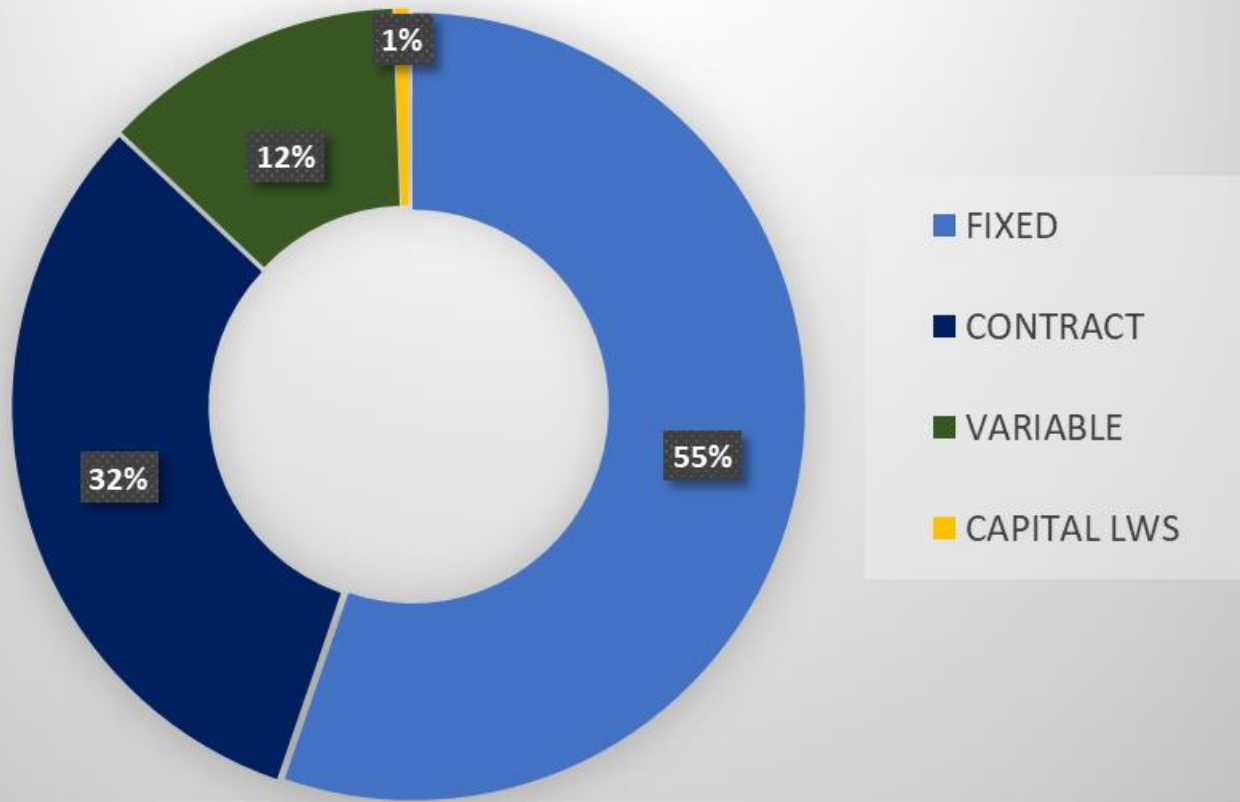
PROPOSED CY 2023 BUDGET SUMMARY

	2022 Forecast Budget	2023 Proposed Budget	CHANGE
<i>Operating Revenue</i>	\$95.4	\$108.1	\$12.7
<i>Non-Operating Revenue</i>	98.8	99.5	0.7
TOTAL REVENUE	\$194.2	\$207.6	\$13.4
<i>Operating Expense</i>	\$88.5	\$100.0	\$11.5
<i>Non-Operating Expense</i>	104.2	106.0	1.8
TOTAL EXPENSE	\$192.7	\$206.0	\$13.3
REVENUE IN EXCESS OF EXPENSE	\$1.5	\$1.6	\$0.1

(\$ in millions)

PROPOSED CY 2023 BUDGET SUMMARY

CY 2023 BUDGET EXPENSE SEGMENTS

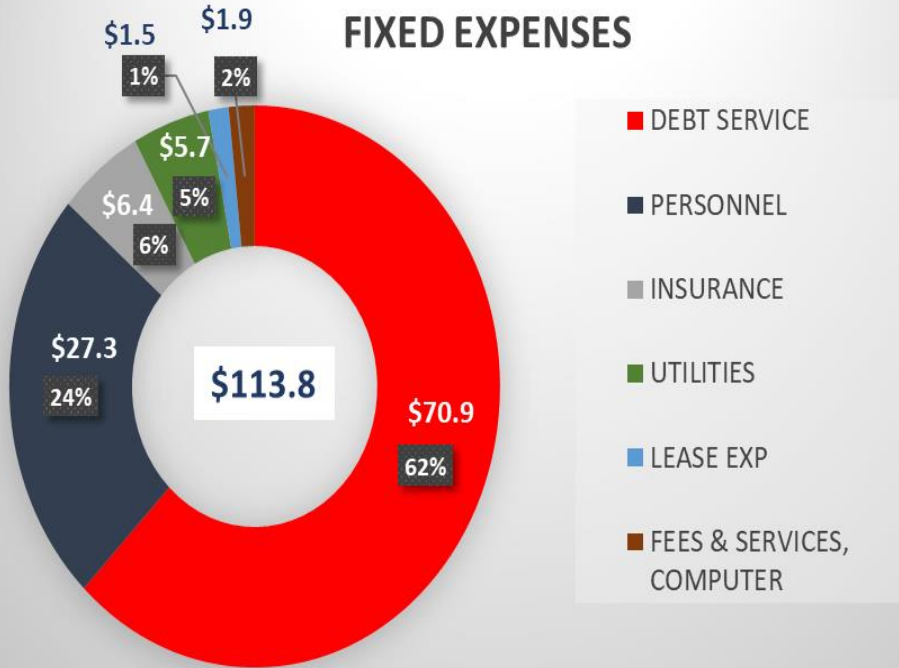


	2023 BUDGET	%
Variable	\$ 25,500,689	12%
Contract	65,399,597	32%
Cap LWS	1,215,582	1%
Fixed	113,855,325	55%
TOTAL	\$ 205,971,193	100%

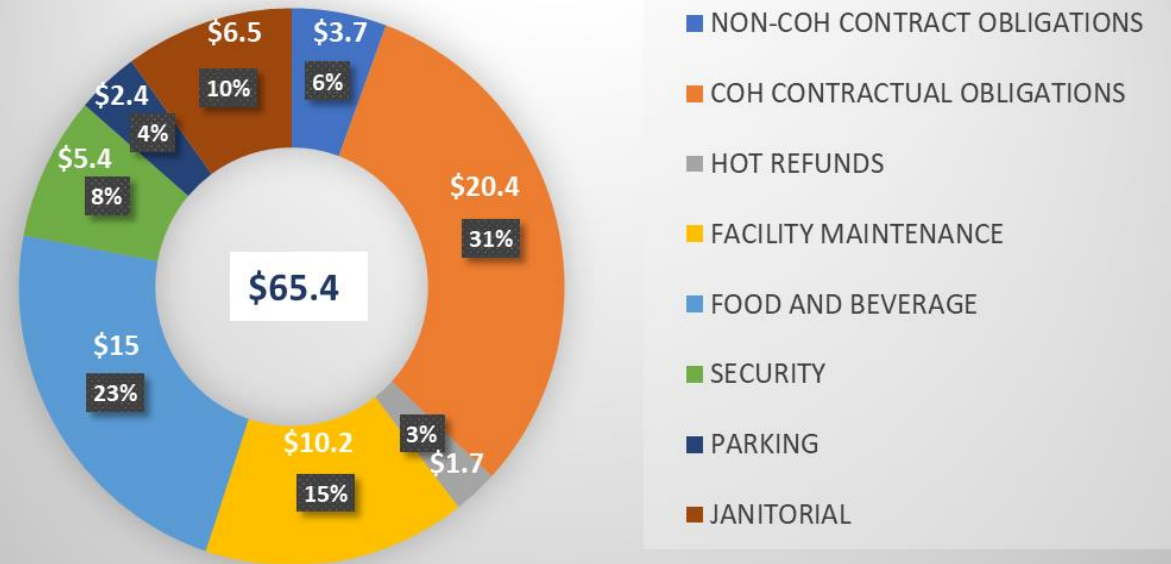
PROPOSED CY 2023 BUDGET HIGHLIGHTS

\$s in millions

FIXED EXPENSES

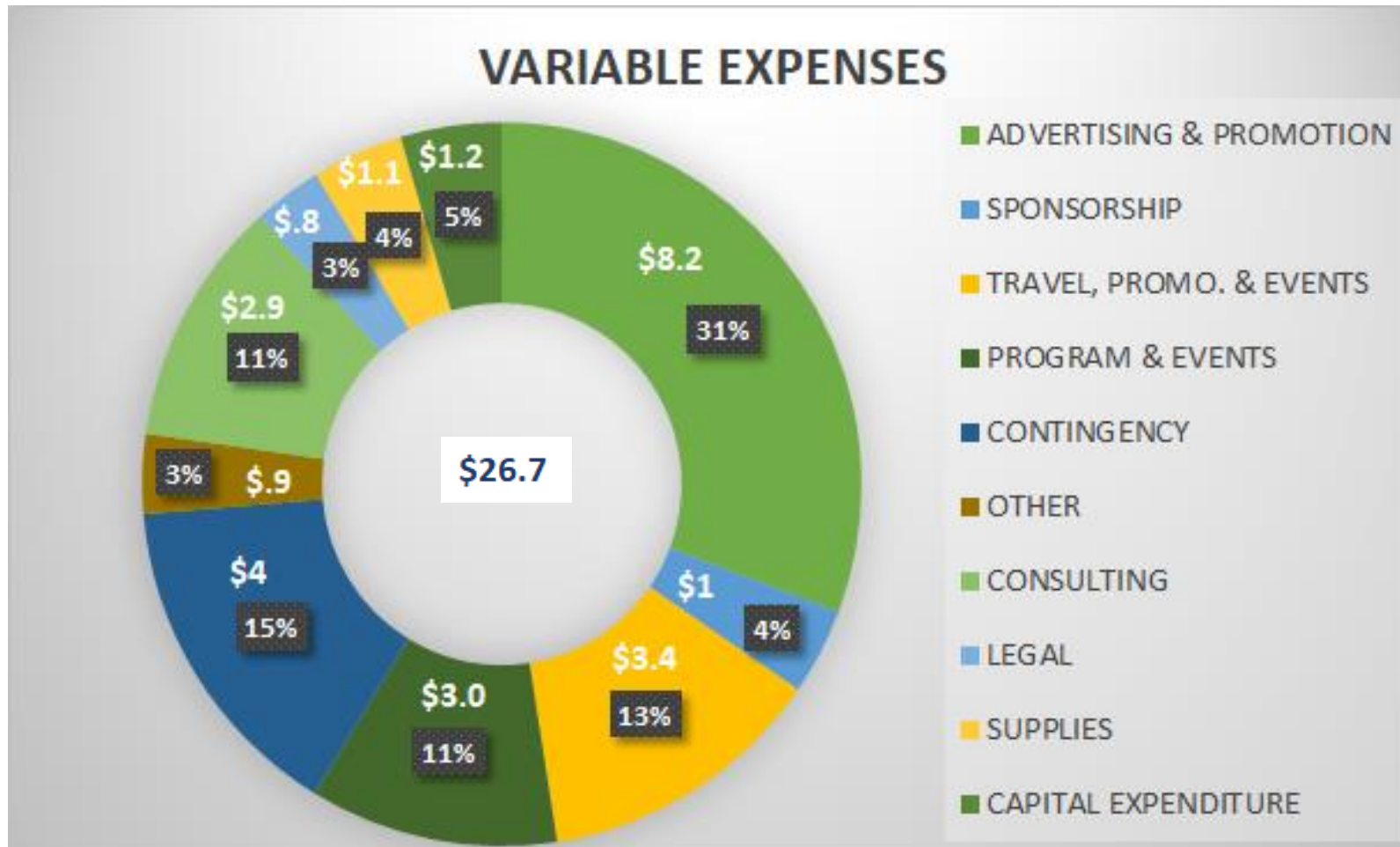


CONTRACTUAL EXPENSES



PROPOSED CY 2023 BUDGET HIGHLIGHTS

\$s in millions



CONTRIBUTIONS TO COH & STAKEHOLDERS

Transfers to City	(\$ in 000s)
HAA (19.3% HOT)	\$18,721
Promotion	425
Protocol	470
Traffic Administration	242
Hobby Center HVAC	279
Annex Garage	370
Total	\$20,507

Transfers to Stakeholders	(\$ in 000s)
Discovery Green	\$1,368
Hobby Center	1,100
MATCH	450
Buffalo Bayou Partnership	556
Total	\$3,474

2023 CAPITAL PROJECTS

GEORGE R BROWN CONVENTION CENTER

- Roof Repairs
- Balcony Modification to Prevent Leaks
- Tables/Chairs (3,000 ballroom chairs, approx. cost \$150-\$200/chair)
- Public Area Furniture
- Risers/Pallet Jacks
- Boom Lift (Qty: 1)
- Forklift (Qty: 1)
- Electronic Wheelchair Ramp
- Replace Crosswalk Pavers with Concrete @ ADLA Intersections (Qty: 4)
- New Signage Cutter
- Automated North GRB Ramp Gate System
- Replacement of Automatic Transfer Switch 1 & 3 (Per TDI, these are not working properly & are needed during storms)

MILLER OUTDOOR THEATRE

- Replace 50-ton Roof Condensing Units & Evaporator Coils (Qty:2)
- Stage, Pit Floor & A/C Replacement (Design 2023, Construction 2024)
- Two A/C mini splits for box office & janitorial office
- Replace Water Fountains
- Bicycle Racks

JONES HALL

- Replace 10,000 lbs. Glass Elevator
- Replace Roof
- Roof Smoke Hatch Replacement (Qty: 6) (Life Safety- includes roof work)
- Replace Encore Café Tables & Chairs
- Replace Rooftop Perimeter Incandescent Lights with LED Strips
- Install New Water Conditioning System
- Boiler Replacement (Qty:2)
- Jones Backstage Funding
- Replace 50-ton Roof Condensing Units & Evaporator Coils (Qty:2)

WORTHAM THEATER CENTER

- Purchase Forklift (Qty: 1)
- Replace Tables & Chairs
- Repair Fish Plaza Pavers
- Green Room Refresh
- Replace Rooftop Perimeter Incandescent Lights with LED Strips
- Install New Water Conditioning System
- WCOC Backstage Funding
- Flood Mitigation in Theater District

OTHER TD PROJECTS

- Flood Mitigation in Theater District
- Lynn Wyatt Square ("LWS") Completion
- TDPG - Structural Assessment '22, Phased Repairs '23-'26
- Technology Replacements/Refresh/Network & Server Upgrades
- Technology Replacements / Refresh/ Network & Server Upgrades
- Parking Garage Operations Projects
- Cameras
- Civic Art

TOTAL PROJECTS: \$29 MILLION

PROPOSED CY 2023 BUDGET

OPERATING REVENUES AND EXPENSES

	CY20 Actuals	CY21 Actuals	CY22 Original Budget	CY22 Forecast	CY23 Budget
Venue Revenue	\$ 25,850,412	\$ 31,595,097	\$ 67,980,859	\$ 74,547,546	\$ 85,315,300
Parking.	\$ 9,926,614	\$ 14,229,842	\$ 17,013,729	\$ 19,173,288	\$ 19,903,565
Miscellaneous	\$ 2,736,848	\$ 1,449,284	\$ 3,065,850	\$ 1,690,222	\$ 2,852,400
Operating Revenues	\$ 38,513,874	\$ 47,274,224	\$ 88,060,438	\$ 95,411,055	\$ 108,071,265
Personnel	\$ 18,646,807	\$ 16,160,887	\$ 25,493,968	\$ 22,525,180	\$ 27,341,382
Advertising & Promotion	\$ 2,450,197	\$ 3,364,624	\$ 7,784,547	\$ 7,411,447	\$ 8,212,233
Travel, Promotion, and Events	\$ 867,770	\$ 1,367,197	\$ 5,460,432	\$ 5,460,374	\$ 3,457,040
Facility Maintenance	\$ 4,277,642	\$ 4,934,726	\$ 8,519,550	\$ 7,659,367	\$ 10,191,295
Food and Beverage	\$ 6,996,557	\$ 5,791,908	\$ 15,746,824	\$ 14,239,740	\$ 14,943,235
Security	\$ 3,346,949	\$ 3,124,623	\$ 3,431,473	\$ 3,676,024	\$ 5,454,933
Utilities	\$ 3,698,662	\$ 4,244,417	\$ 5,169,980	\$ 5,486,753	\$ 5,767,314
Parking	\$ 1,735,425	\$ 1,714,503	\$ 2,190,859	\$ 2,107,951	\$ 2,424,329
Janitorial	\$ 2,201,173	\$ 2,795,664	\$ 4,169,912	\$ 5,588,946	\$ 6,534,287
Insurance	\$ 5,019,366	\$ 4,960,057	\$ 5,679,229	\$ 5,540,553	\$ 6,411,273
Lease Expense	\$ 728,681	\$ 2,248,881	\$ 1,526,450	\$ 1,525,067	\$ 1,525,410
Consulting	\$ 1,954,114	\$ 1,465,621	\$ 2,382,200	\$ 2,942,712	\$ 2,943,600
Supplies	\$ 451,662	\$ 356,660	\$ 1,173,300	\$ 770,294	\$ 1,092,784
Fees & Services	\$ 525,224	\$ 562,911	\$ 848,725	\$ 865,267	\$ 928,650
Computer Services	\$ 1,086,506	\$ 1,140,314	\$ 1,078,486	\$ 1,091,456	\$ 1,002,096
Legal Expense	\$ 385,764	\$ 279,101	\$ 600,000	\$ 544,754	\$ 830,000
Other	\$ 452,537	\$ 421,206	\$ 790,659	\$ 1,061,841	\$ 947,482
Operating Expenses	\$ 54,825,036	\$ 54,933,300	\$ 92,046,594	\$ 88,497,727	\$ 100,007,343
Net Income From Operations	\$ (16,311,162)	\$ (7,659,076)	\$ (3,986,156)	\$ 6,913,328	\$ 8,063,922

PROPOSED CY 2023 BUDGET

NON-OPERATING REVENUES AND EXPENSES

	CY20 Actuals	CY21 Actuals	CY22 Original Budget	CY22 Forecast	CY23 Budget
Hotel Occupancy Tax (Current & Delinquent)	\$ 54,749,835	\$ 58,710,348	\$ (83,640,000)	\$ (86,695,273)	\$ (99,000,000)
Contributions	\$ 770,000	\$ 10,601,405	\$ (11,335,000)	\$ (11,335,000)	\$ -
Net Available Pledged Rev. Transfer	\$ 42,146,484	\$ 6,712,965	\$ -	\$ (416,035)	\$ -
Interest Income	\$ 564,875	\$ 150,787	\$ 215,382	\$ 340,187	\$ 515,969
Non-Operating Revenues	\$ 98,231,194	\$ 76,175,506	\$ 95,190,382	\$ 98,786,495	\$ 99,515,969
Non Operating Revenue	\$ 98,231,194	\$ 76,175,506	\$ 95,190,382	\$ 98,786,495	\$ 99,515,969
Sponsorship Expense	\$ (136,295)	\$ 378,063	\$ 1,033,950	\$ 632,458	\$ 1,032,550
Non-COH Contractual Obligations	\$ 3,295,870	\$ 2,982,070	\$ 3,836,573	\$ 3,854,275	\$ 3,679,656
Programming & Events	\$ 748,666	\$ 741,284	\$ 1,800,000	\$ 1,751,906	\$ 2,985,000
Contingency			\$ 1,400,000	\$ 1,500,000	\$ 4,000,000
Capital Spending	\$ 3,631,660	\$ 8,466,238	\$ 11,471,000	\$ 13,140,838	\$ 1,215,582
Debt Service	\$ 59,512,761	\$ 57,573,226	\$ 66,778,851	\$ 64,120,826	\$ 70,879,200
COH Contractual Obligations	\$ 12,048,376	\$ 12,748,217	\$ 17,130,454	\$ 18,157,818	\$ 20,455,416
Hotel Tax Refunds	\$ 2,511,691	\$ 904,519	\$ 1,050,000	\$ 1,051,063	\$ 1,716,446
Non Operating Expense	\$ 81,612,728	\$ 83,793,618	\$ 104,500,828	\$ 104,209,183	\$ 105,963,850
Total Revenue less Expenses	\$ 307,304	\$ (15,277,188)	\$ (13,296,602)	\$ 1,490,640	\$ 1,616,041
Capital - Prior Year Carry Forward			\$ 1,976,629	\$ -	\$ 11,415,367
Capital - Financed Projects	\$ 18,725,026	\$ 213,400	\$ 14,921,913	\$ 6,459,305	\$ 18,122,312
Disaster Expense	\$ 11,857,463	\$ 1,378,525	\$ 263,000	\$ 274,573	\$ -
Total Revenues	136,745,068	123,449,729	183,250,820	194,197,551	207,587,234
Total Expenses	136,437,764	138,726,918	196,547,422	192,706,911	205,971,193
Net Profit/(Loss)	307,304	(15,277,188)	(13,296,602)	1,490,640	1,616,041



BOARD BUSINESS

- C. Consideration and possible approval of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

MICHAEL HECKMAN

President & Chief Executive Officer

LISA HARGROVE

General Counsel

HFC BOARD OF DIRECTORS MEETING

November 10, 2022

SERVICES TERMINATION AGREEMENT

Greater Houston Convention & Visitors Bureau (GHCVB)

- Adopt a new name, mission statement and bylaws unrelated to Destination Marketing Organization (DMO) functions.
- Recognize Houston First as the official Destination Management Organization for the Houston region.
- Return all previously received municipal HOT funds to Houston First.
- Transfer all existing intellectual property to Houston First, inclusive of Visit Houston.
- GHCVB will appoint President and hire staff.

Houston First Corporation (HFC)

- HFC will cease staff support.
- Expend returned municipal HOT funds before December 31, 2023 on any of the following:
 - Destination branding/engagement projects
 - Destination demand driving advertising services
 - Hosting media and clients for the 2023 Men's Final Four, and tourism mission to Mexico
- Pay \$1.5 million to the GHCVB for transfer of the sole member interest in Comicpalooza LLC.
- Effectuate the transfer of membership data, corporate books and records, and financial records to the GHCVB.
- Host and support the DEI Internship for Summer 2023.



BOARD BUSINESS

- D.** Consideration and possible approval of a Funding Agreement between Houston First Corporation and The Foundation for Jones Hall.

MICHAEL HECKMAN

President & Chief Executive Officer

HFC BOARD OF DIRECTORS MEETING

November 10, 2022



BOARD BUSINESS

- E. Consideration and possible approval of a Janitorial Cleaning Services Agreement between Houston First Corporation and Caring Commercial Cleaning, Inc.

FRANK WILSON
Chief Financial Officer

HFC BOARD OF DIRECTORS MEETING
November 10, 2022

HFC RECOMMENDATION

CARING COMMERCIAL CLEANING

- **Asian-owned business** – COH MBE certified
- **Based in Sugar Land, TX**, founded in 2007
- **Fee at \$2,678,252** below \$2,888,688 avg of the 12 proposals
- **Current clients include**
 - Harris County, Metro, HCC and HISD
- **Diversity Partner (33% Goal)**
 - The Cleaning Source
 - Hispanic-owned business – COH MBE certified



BOARD BUSINESS

- F. Consideration and possible approval of funding for an Engineering Services Agreement between Houston First Corporation and Page Southerland Page, Inc. for various services.

LUTHER VILLAGOMEZ
Chief Operating Officer

HFC BOARD OF DIRECTORS MEETING
November 10, 2022

REQUEST: \$700,000

1. WHO – Page Southerland Page, Inc.

- Selected November 2021 through RFQ Process

2. WHY – To provide **design services** for various smaller capital projects

3. WHAT – **AE Services** for items like:

- TD garages structural repairs for safety
- Hilton roof structural and drainage reviews for re-roofing projects
- Jones Hall glass elevator replacement
- GRB BAS system
- Wortham and Jones Hall facility assessments





BOARD BUSINESS

- G. Consideration and possible approval of increased funding for the Recovery Architectural Services Agreement with Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, the issuance of a new task order(s) for additional design services related to updating and completing mitigation documents for Wortham Theater and Theater District Parking Garages due to Hurricane Harvey, and a First Amendment to such Agreement.

MICHAEL HECKMAN

President & Chief Executive Officer

HFC BOARD OF DIRECTORS MEETING

November 10, 2022

REQUEST: \$960,000

- 1. WHO – Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture**
- 2. WHY – To update 2019 Theater District mitigation design documents**
- 3. WHAT – Main scope elements:**
 - Incorporate all HMP and other updates to 4 sets:
 - **Wortham**
 - **Green garage**
 - **Blue garage**
 - **Yellow garage**
 - Provide permit sets
 - Provide CDs for bidding
 - Provide estimated cost and schedule for construction
- 4. Diversity participation to date @ 46%**
- 5. Includes reimbursables and 20% contingency**



BUDGET STATUS

	<u>2/18/21 APPROVED \$</u>	<u>11/01/22 PROPOSED \$</u>	<u>VARIANCE \$</u>
Recovery, Restoration & Mgmt.	142,540,727	142,540,727	0
Initial Project Design, Doc, & CA	10,299,083	10,299,083	0
Mitigation Completion Design	0	960,000	960,000
Total Project Budget	152,839,810	153,799,810	960,000

Total FEMA Reimbursement to date: \$127,700,000 (84%)

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