

AGENDA

HOUSTON FIRST CORPORATION

OPERATIONS COMMITTEE MEETING

November 8, 2021 – 1:30 P.M.

Partnership Tower, 701 Avenida de las Americas, Suite 200

Houston, Texas 77010

HOUSTON FIRST BOARD ROOM

COMMITTEE MEMBERS:

Desrye Morgan (Chair), Reginald Martin (Vice-Chair), Alex Brennan-Martin, Elizabeth Brock, Dean Gladden, Meg Booth, Council Member David Robinson, Tom Segesta, Bobby Singh

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 the Agenda, should be directed to Lisa K. Hargrove, General Counsel at either 713-853-8965 or Lisa.Hargrove@houstonfirst.com

- I. Call to Order**
- II. Public Comments**
- III. Minutes – August 25, 2021**
- IV. Committee Business**
 - A. Consideration and possible recommendation of the 2022 Convention and Cultural Facilities and Services Budget.
- V. Adjourn**

III. Minutes – August 25, 2021

MINUTES

HOUSTON FIRST CORPORATION

**Operations Committee Meeting
August 25, 2021 – 2:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HFC Board Room**

The Operations Committee (“Committee”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Wednesday, August 25, 2021, commencing at 2:00 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 Committee Members were present for the meeting: Desrye Morgan (Chair), Reginald Martin (Vice-Chair), Alex Brennan-Martin, Dean Gladden, Tom Segesta, and Bobby Singh.

1. The Committee Chair called the meeting to order at 2:03 p.m. and a quorum was established.
2. **Public Comments.** None.
3. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of February 11, 2021 were approved as presented.

Meg Booth arrived at 2:10 p.m. and did not participate in the vote.

4. **Presentations, Reports, and Updates**

The Committee Chair took items out of order and moved to Committee Business before the Programming and Event Update.

A. **Programming and Event Update.**

HFC Senior Vice President & General Manager of Convention & Cultural Services, John Gonzalez, provided a brief update on events at the George R. Brown Convention Center (GRB). According to Mr. Gonzalez, fifty events have been hosted at the GRB through June with a total attendance of 443,085 year-to-date. He also announced the reopening of Wortham Theater and Jones Hall for the performance season in September. He also informed the Committee that HFC continues to enforce increased safety and security protocols at all HFC facilities to combat the spread of COVID-19.

He then shared the calendar of events in the Convention District through year-end. In conclusion, Mr. Gonzalez stated that the Operations team is enthusiastic and working diligently to manage the increased activity at HFC facilities.

HFC President & CEO, Michael Heckman, also discussed the success of the Dr. Seuss Experience and the tremendous effort of all HFC staff in the execution of this entrepreneurial opportunity for HFC. He then introduced Todd Holloman to provide a live events and programming update.

HFC Director of Live Events and Experiences, Todd Holloman, began his report with an overview of past live events and programming on Avenida Houston, starting with the UFC Weigh-In & Fan Experience that took place in May that had approximately 11,000 attendees over two days. He said HFC continues to commemorate cultural heritage month and in June celebrated Pride at Avenida Houston. Mr. Holloman explained that the GRB also hosted Comicpalooza and Shriners International in July and HFC worked collaboratively with the City of Houston to obtain the first city-wide parade permit since the onset of COVID-19. Mr. Holloman also discussed some of the on-going events that will take place on Avenida Houston such as Coffee & Cars and Blues on the Brown. Discovery Green, he said, will also continue to host Flea by Night the third Saturday of each month. He added that HFC has partnered with Discovery Green to host a Lamborghini Festival on Sunday, October 3, 2021. Mr. Holloman then discussed an upcoming art exhibition in celebration of Hispanic Heritage Month that will be on display at Partnership Tower and the *Monumentales* exhibition curated from Oaxaca, Mexico that will include eight-foot-tall Day of the Dead skulls displayed on Avenida Houston and in Discovery Green. He then concluded his presentation with a discussion of a permanent mural installation created by artist David Maldonado at Jones Hall that was developed in partnership with the Houston Symphony and Society for the Performing Arts. Mr. Holloman explained that the mural will serve as both a decorative and wayfinding piece. He then asked Meg Booth to share a few remarks.

Ms. Booth stated that there are actually four separate murals and she is excited for the addition to Jones Hall and the color and vibrance that the artwork will bring to the theater.

5. **Committee Business.**

A. Consideration and possible recommendation of a Lighting Controls Upgrade Construction Services Agreement with Prism Electric, Inc.

HFC Purchasing Agent, Mitch Miszkowski, discussed the solicitation process for a qualified electrical contractor for the replacement of the lighting controls system at George R. Brown Convention Center. After he explained some of the challenges with the current lighting system due to a lack of available parts, he discussed the solicitation criteria and HFC's advertisement efforts. He noted that HFC received three responses and the lowest qualified bid was submitted by Prism Electric, Inc. Mr. Miszkowski stated that Prism Electric has provided services to HFC at other

HFC facilities. He then asked HFC Development Specialist Manager, Roger Harris, to discuss the diversity participation goal under the agreement.

Mr. Harris stated that he set a 15% diversity participation goal in the invitation to bid after discussions with the GRB Operations team. He explained that Prism Electric has agreed to contract with a Hispanic-owned business, Elect-Net, to provide all equipment under the project, and that they expect to achieve a 66% diversity goal.

Bobby Singh asked several follow-up questions regarding the solicitation and management confirmed that the solicitation was a low bid.

Following a motion duly seconded, a recommendation of the Lighting Controls Upgrade Construction Services Agreement with Prism Electric, Inc. was approved unanimously.

6. **Adjournment**. The meeting was adjourned at 2:38 p.m.

**IV. (A) Consideration and possible recommendation of the 2022
Convention and Cultural Facilities and Services Budget.**

Consideration and possible recommendation of the 2022 Convention and Cultural Facilities and Services Budget.

RESOLVED, that the Operations Committee of Houston First Corporation hereby recommends the 2022 Convention and Cultural Facilities and Services Budget.

HoustonfirstSM

HOUSTON FIRST CORPORATION

OPERATIONS COMMITTEE MEETING



HFC BOARD ROOM
Partnership Tower
Monday, November 8, 2021
1:30 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 page at the front of the room.

HFC OPERATIONS COMMITTEE MEETING

November 8, 2021

MINUTES

August 25, 2021

HFC OPERATIONS COMMITTEE MEETING

November 8, 2021



COMMITTEE BUSINESS

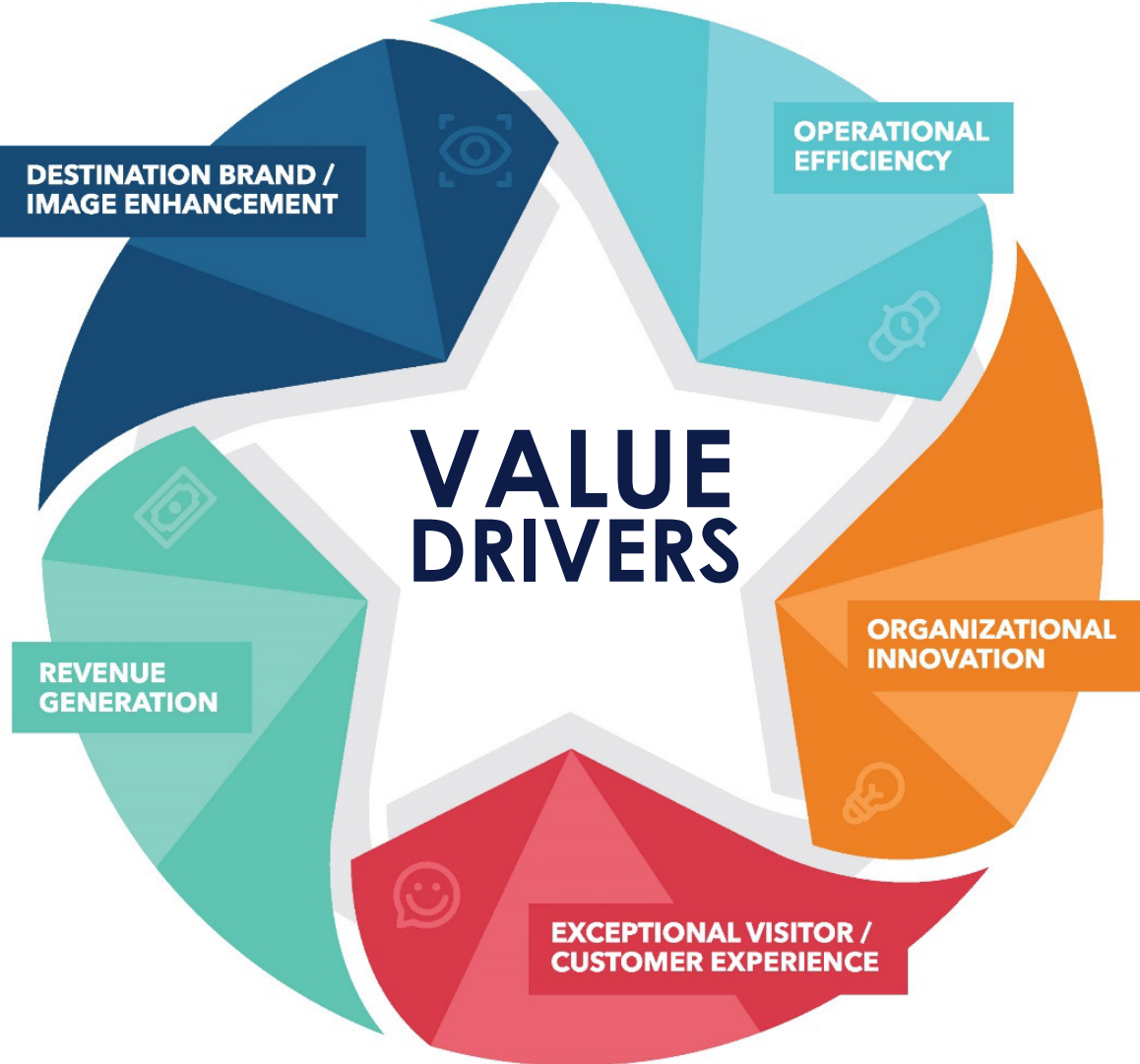
- A. *Consideration and possible recommendation of the 2021 Convention and Cultural Facilities and Services Budget.*

HFC OPERATIONS COMMITTEE MEETING
November 8, 2021

HFC'S ROLE

- HFC drives economic impact and demand generation as the Destination Marketing Organization for Houston.
- The value created by HFC for numerous stakeholders and businesses ripples throughout the community to positively impact the entire City.

CORE OF VALUE CREATION



TOP 2021 ACCOMPLISHMENTS



- Outperformed budget by **nearly \$28 million**
- Secured Emmy-award winning **Top Chef**, Samantha Brown's **Places to Love**, and a "destination date" episode of **The Bachelor**
- Developed **unified brand essence & messaging** for Houston
- Promoted, through PR and earned media, Houston as a destination in key markets, resulting in **140 stories** and **more than 2.2 billion impressions**
- Celebrated the groundbreaking for **Lynn Wyatt Square for the Performing Arts**

TOP 2021 ACCOMPLISHMENTS



- Hosted 59 in-person events in the GRB
- Expanded use of data analytics to allow HFC to discover new opportunities and respond to market changes
- Through an entrepreneurial partnership, hosted the uniquely immersive Dr. Seuss experience in a three-month run in the GRB
- Created safe environments that alleviated operational burdens for tenants and provided reassurance to attendees
- Rebooked or rescheduled 100% of events that cancelled 2021 conventions

CY 2021 BUDGET VERSUS FORECAST

(\$ in millions)

	2021 Budget	2021 Forecast	CHANGE
<i>Operating Revenue</i>	\$40.4	\$45.5	\$5.1
<i>Non-Operating Revenue</i>	68.6	67.6	(1.0)
TOTAL REVENUE	\$109.0	\$113.1	\$4.1
<i>Operating Expense</i>	\$66.9	\$55.7	(\$11.2)
<i>Non-Operating Expense</i>	97.4	84.9	(12.5)
TOTAL EXPENSE	\$164.3	\$140.6	(\$23.7)
REVENUE IN EXCESS OF EXPENSE	(\$55.3)	(\$27.5)	\$27.9

2022 PRIORITIES



- Launch of unified brand campaign
- Accelerate promotion of Houston as an attractive location for TV and Film projects
- Increase investment in Mexican market to return Houston as the top destination for Mexican travelers by 2023
- Celebrate grand opening of Lynn Wyatt Square for the Performing Arts
- Aggressively refill convention sales pipeline for future years
- Use intelligent analytics to identify high-value sales prospects
- Live event programming at Avenida Houston and Wyatt Square

2022 PRIORITIES

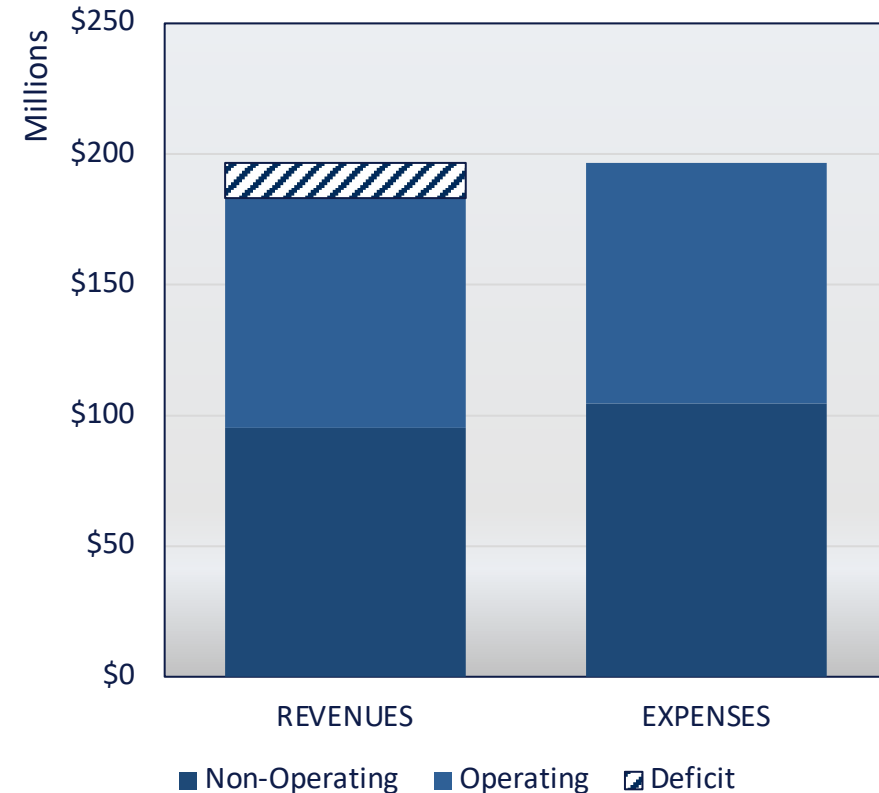


- Initiate a rapid and sustained recovery for travel from Europe and Asia by Q3
- Develop & launch B2B & B2C annual events
- Promote Houston as a leisure destination through an integrated, omni-channel marketing approach
- Collaborate with surrounding-area DMOs for co-op marketing that stretch dollars and benefit the region

PROPOSED CY 2022 BUDGET

RETURN TO “NORMAL”

- **Total Revenues for CY 2022: \$183.2 M**
- **Total Expenses for CY 2022: \$196.5 M**
- Assumptions:
 - COVID variants do not deter return to in-person meetings
 - Business travel and hotel stays return
 - Downtown office workers return in a material way to in-person work downtown and resume parking in TD garage



MAJOR REVENUE INCREASES

Anticipating over \$70 million increase year-over-year in major revenue categories:

- HOT: **\$56m to \$84m**
- Parking: **\$11m to \$17m**
- Hilton Americas-Houston: **\$12m to \$30m**
- Venue: **\$9m to \$16m**
- Food & Beverage: **\$7m to \$21m**



PROPOSED CY 2022 BUDGET SUMMARY

(\$ in millions)

	2021 Forecast Budget	2022 Proposed Budget	CHANGE
<i>Operating Revenue</i>	\$45.5	\$88.0	\$42.5
<i>Non-Operating Revenue</i>	67.6	95.2	27.6
TOTAL REVENUE	\$113.1	\$183.2	\$70.1
<i>Operating Expense</i>	\$55.7	\$92.0	\$36.3
<i>Non-Operating Expense*</i>	84.9	104.5	19.6
TOTAL EXPENSE	\$140.6	\$196.5	\$55.9
REVENUE IN EXCESS OF EXPENSE	(\$27.5)	(\$13.3)	\$14.2

*Includes \$66.5 M in debt service, \$15 M to HAA, \$3.4 M contributions to City and other stakeholders.

2022 OPERATIONS PRIORITIES

- Improving occupancy and revenue of Theater District venues by aggressively seeking concerts, social gatherings and corporate event bookings
- Lynn Wyatt Square (LWS)
 - On-time completion and within budget of LWS for the Performing Arts
 - LWS restaurant solicitation, award, and construction for restaurant opening
- Continue robust and active programming for LWS & Avenida Houston
- Collaborate in plans to launch a new annual signature event for Avenida Houston campus 2023
- Develop and pursue opportunities for innovation of visitor and attendee experience
- Work cross departmentally to maximize commercialization and revenue opportunities at venues

2022 OPERATIONS PRIORITIES

- Increase monthly contract parkers to pre-pandemic levels
- Host an Event Services and Contractors Association (ESCA) Board Meeting and a General Service Contractor FAM to promote GRB as a premier meetings destination
- Increase event parking for all events in and around theaters and Avenida Houston
- Information Technology security and performance upgrades
- Monitor status of NHHIP 2026 Project
- Organize a job fair to attract staff for HFC partners in Food and Beverage, Security, Maintenance & Engineering

2022 CAPITAL PROJECTS

- GRB A3/B3 wall demolition and procurement of air walls
- Jones Hall actor's elevators
- Jones Hall life-safety / alarm system
- Theater District Garage structural inspection and repair work
- Completion of Lynn Wyatt Square for the Performing Arts
- IT network security, storage, server replacements
- HFC facilities FF&E renew and replacement / major maintenance and repairs
- Wortham and Theater District Parking Garage mitigation

2022 OPERATIONS BUDGET*

	CY19 Actuals	CY21 Budget	CY21 Forecast	CY22 Budget	CY19 Actuals vs 2022 Budget Variance
Operating Revenues	\$ 61,756,269	\$ 36,815,673	\$ 31,545,821	\$ 55,083,619	\$ (6,672,650)
<i>Personnel</i>	\$ 8,592,650	\$ 5,703,931	\$ 4,906,052	\$ 6,594,627	\$ 1,998,023
<i>Travel, Promotion, and Events</i>	\$ 184,062	\$ 133,345	\$ 86,781	\$ 332,655	\$ (148,593)
<i>Facility Maintenance</i>	\$ 8,715,495	\$ 4,865,918	\$ 4,929,638	\$ 8,519,550	\$ 195,945
<i>Food and Beverage</i>	\$ 16,716,532	\$ 8,243,199	\$ 5,795,006	\$ 15,746,824	\$ 969,708
<i>Security</i>	\$ 4,141,859	\$ 4,350,066	\$ 3,349,996	\$ 3,431,473	\$ 710,386
<i>Utilities</i>	\$ 4,737,098	\$ 4,699,719	\$ 4,384,331	\$ 5,169,980	\$ (432,882)
<i>Parking</i>	\$ 3,465,167	\$ 2,078,246	\$ 1,512,505	\$ 2,190,859	\$ 1,274,308
<i>Janitorial</i>	\$ 6,318,350	\$ 3,270,880	\$ 2,411,443	\$ 4,169,912	\$ 2,148,438
<i>Insurance</i>	\$ 3,623,342	\$ 4,807,035	\$ 4,375,272	\$ 4,957,868	\$ (1,334,526)
<i>Consulting</i>	\$ 1,276,234	\$ 697,700	\$ 527,713	\$ 837,500	\$ 438,734
<i>Supplies</i>	\$ 1,363,705	\$ 841,758	\$ 352,807	\$ 1,103,880	\$ 259,825
<i>Fees & Services</i>	\$ 507,011	\$ 279,250	\$ 266,124	\$ 476,525	\$ 30,486
<i>Computer Services</i>	\$ 1,103,446	\$ 1,181,939	\$ 1,410,169	\$ 1,078,486	\$ 24,960
<i>Other</i>	\$ 384,108	\$ 273,565	\$ 294,748	\$ 499,664	\$ (115,556)
Operating Expenses	\$ 61,129,060	\$ 41,426,551	\$ 34,602,585	\$ 55,109,803	\$ 6,019,257
Net Income From Operations	\$ 627,209	\$ (4,610,878)	\$ (3,056,764)	\$ (26,184)	\$ (653,393)
<i>Contributions</i>	\$ 1,260,000	\$ 11,360,000	\$ 7,000,000	\$ 11,335,000	\$ 10,075,000
<i>Interest Income</i>	\$ 20,831	\$ 50,000	\$ 50,000	\$ 48,462	\$ 27,631
Non Operating Revenue	\$ 1,280,831	\$ 11,410,000	\$ 7,050,000	\$ 11,383,462	\$ 10,102,631
<i>Non-COH Contractual Obligations</i>	\$ 2,841,267	\$ 3,319,500	\$ 2,899,767	\$ 3,634,410	\$ (793,143)
<i>Programming & Events</i>	\$ 1,148,014	\$ 700,000	\$ 714,321	\$ 1,750,000	\$ (601,986)
<i>Capital Spending</i>	\$ 2,341,801	\$ 13,536,600	\$ 8,396,562	\$ 11,471,000	\$ (9,129,199)
<i>COH Contractual Obligations</i>	\$ 645,933	\$ 645,973	\$ 650,281	\$ 649,402	\$ (3,469)
Non Operating Expense	\$ 6,977,014	\$ 18,202,073	\$ 12,660,931	\$ 17,504,812	\$ (10,527,798)
Total Revenue less Expenses	\$ (5,068,974)	\$ (11,402,951)	\$ (8,667,695)	\$ (6,147,534)	\$ (1,078,561)
Capital - Prior Year Carry Forward		\$ 1,000,000		\$ 574,251	\$ 574,251
Capital - Financed Projects		\$ 75,000	\$ 304,995	\$ 11,636,795	\$ 11,636,795
Disaster Expense	\$ 25,631,154	\$ 2,061,420	\$ 1,751,003	\$ 263,000	\$ (25,368,154)
Total Revenues	\$ 63,037,101	\$ 48,225,673	\$ 38,595,821	\$ 66,467,081	\$ 3,429,980
Total Expenses	\$ 68,106,074	\$ 59,628,624	\$ 47,263,516	\$ 72,614,615	\$ (4,508,541)
Net Profit/(Loss)	\$ (5,068,974)	\$ (11,402,951)	\$ (8,667,695)	\$ (6,147,534)	\$ (1,078,561)

*Includes budget for Convention & Cultural Facilities, IT, and Urban Development

Houstonfirst™

www.HoustonFirst.com