

# MINUTES

## HOUSTON FIRST CORPORATION

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### **BENEFITS, COMPENSATION & FINANCE COMMITTEE**

**December 13, 2019– 9:00 A.M.**

**George R. Brown Convention Center**

**1001 Avenida de las Americas, Houston, Texas 77010**

**Executive Boardroom—3<sup>rd</sup> Floor**

*The Benefits, Compensation, and Finance Committee (“Committee”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., posted a meeting at the George R. Brown Convention Center, 1001 Avenida de las Americas, Houston, Harris County, Texas, 77010, on, Friday, December 13, 2019 commencing at 9:00 a.m.*

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

*The following Committee Members were present for the meeting: Alex Brennan-Martin (Chair), Jay Zeidman (Co-Chair), Sofia Adrogué, and John Johnson.*

The Chairman of the Committee called the meeting to order at 9:07 a.m. and a quorum was established.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of September 13, 2019 were approved as presented.
3. **Presentations and Reports.**
  - A. **Chief Financial Officer Update.** Frank Wilson provided the Committee with a financial update. Mr. Wilson stated that, based on the overall national economic outlook, alarm bells are premature regarding a recession. He then discussed hotel occupancy tax (“HOT”) trends through October 2019. According to Mr. Wilson, collections equal \$77.2 million and HFC is projected to finish 2019 with \$822,591 in revenue over expenses. Revenues at the Hilton Americas-Houston Hotel (“Hotel”) are slightly below budget due to displacement from the guestroom renovation project. However, food and beverage revenues at the George R. Brown Convention Center (“GRB”) exceed budget. He concluded his presentation with an update on invoices paid for the Hurricane Harvey Recovery Project at Wortham Theater and the Theater District Parking Garages.

John Johnson asked if all FEMA reimbursements have been applied toward reducing debt. Mr. Wilson explained that all funds received have been applied to

debt, thus far, but going forward, staff will determine the division of the FEMA reimbursements between reserves and other expenses. Mr. Wilson also briefly discussed the funds withheld by the City in the event of deobligation.

Alex Brennan-Martin stated HFC staff should have a discussion with the City regarding any funds withheld.

Lisa Hargrove provided a pension update and outlined HFC's financial obligation. Ms. Hargrove explained that HFC will pay 9% or \$1.7 million toward employee contributions in addition to a future pension legacy liability of 20% or \$3.7 million annually. However, it could be several more months before any plan is implemented.

B. Human Resources Update. Tim Moyer, Human Resources Director, introduced himself to the Committee. Mr. Moyer stated he is thrilled to be a part of HFC and discussed his background and previous HR experience. Mr. Moyer stated his vision for the company is to put people first. He further discussed his first initiative, a corporate-wide survey issued to all employees, to better understand the corporate culture. The results of the survey indicated room for improvement so a cross functional team of HFC employees was selected to work together to refine HFC's core values.

C. 2019 Strategic Plan and Scorecard—Q3 Update. Susan Tucker provided the year-to-date results of the HFC Strategic Plan through September 2019. According to Ms. Tucker, the KPIs for sales and financial stewardship are on track despite HOT collections showing a slight variance as well as room nights booked. Ms. Tucker also stated there is a slight variance in revenues at the Theater District Parking Garages due to on-going construction related to Hurricane Harvey that will extend through 2020.

Alex Brennan-Martin asked about room nights booked and impact weeks and Ms. Tucker stated she would have to review that information and report back to the Committee at a later date.

D. Diversity Update—Q3 Update. Roger Harris stated that HFC has reached an overall corporate diversity goal of 36%. Mr. Harris then provided an overview of diversity participation in various large service contracts.

Sofia Adrogué asked specifically about the valet services agreement with Sovereign Services. Mr. Harris stated that the previous diversity goal was too high and upon further evaluation he approved a six percent diversity goal. At this time, Sovereign Services is meeting their goal, however, they continue to look for ways to increase diversity participation.

John Johnson asked that if HFC's overall diversity participation goal is 30%, why would HFC accept contract goals below that percentage. Mr. Harris further explained the methodology of the HFC Diversity Program and explained that not all contracts have enough divisible work to establish a diversity goal. Moreover, the standard upheld by HFC is a "good faith" standard; therefore, HFC cannot require each proposer to satisfy the same diversity goal. Mr. Johnson stated he



understood, but staff should be prepared to answer the question as to why HFC may hold one firm to one standard over another.

Mr. Harris also provided information on diversity participation by ethnic breakdown, noting that diversity participation is slightly lower in the Asian demographic. However, the majority of diversity participation is a direct result of construction contracts. Mr. Harris and his team continue to participate in a number of outreach events to share information about business opportunities with HFC, including HFC Opportunity Day and the 2019 Houston Minority Supplier Diversity Council Scholarship Luncheon attended by Brenda Bazan. Mr. Harris also shared a list of local publications that HFC uses to advertise its solicitations.

Alex Brennan-Martin suggested that the list of local publications be shared with other HFC Board Members as well as information about upcoming outreach events. Mr. Brennan-Martin also impressed upon staff that as many of the existing construction contracts end, HFC should be aware of the impact it will have on future diversity participation.

#### 4. **Committee Business**

A. Consideration and possible recommendation of the annual election of Officers pursuant to the Houston First Corporation Bylaws.

Following a motion duly seconded, the annual election of HFC Officers was approved unanimously.

B. Consideration and possible recommendation of an increase to the overall Project Budget for the Guestroom Renovation Project at the Hilton Americas-Houston Hotel and an increase to the Guaranteed Maximum Amount ("GMAX") for DPR Construction.

Jacques D'Rovencourt discussed the guestroom renovation project and stated that construction was temporarily suspended. New methods have been implemented that will extend completion of the project into 2020. As a result, expenses related to remediation, storage fees, and a change in scope have increased the overall project budget. According to Mr. D'Rovencourt, renovation of 600 guest rooms will be completed by December 31, 2019 and the remaining guest rooms will be completed in third quarter of 2020.

John Johnson asked what happened to all of the old hotel room furniture and Mr. D'Rovencourt stated that the Hotel is working with a liquidator. Mr. D'Rovencourt also explained that the construction stoppage is necessary because the first quarter of 2020 is one of the busiest times for the Hotel and would lead to revenue loss.

Roger Harris then discussed the new proposed project budget in an amount not to exceed \$46,969,157.

John Johnson asked about customer feedback on the newly renovated rooms and Mr. D’Rovencourt stated that the overall response has been positive.

Following a motion duly seconded, a motion for an increase to the overall Project Budget for the Guestroom Renovation Project at the Hilton Americas-Houston Hotel and an increase to the Guaranteed Maximum Amount (“GMAX”) for DPR Construction was approved unanimously.

- C. Consideration and possible recommendation of additional reallocated funding for Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, for two modified task orders for the continued repair and replacement of damages to the Wortham Theater and Theater District Parking Garage due to Hurricane Harvey.

Roksan Okan-Vick shared photos of the work completed at Wortham Theater and the Theater District Parking Garages due to the Hurricane Harvey Reconstruction Project. According to Ms. Okan-Vick, the project schedule will be complete at Wortham Theater and the Theater District Parking Garages by the end of first quarter 2020. However, mitigation efforts will continue in phases due to funding.

Ms. Okan-Vick then explained that the task orders issued to Harrison Kornberg Architects, LLC and Arup Texas, Inc. must be amended to add more funding for Wortham mitigation and to complete construction documents. She also confirmed that the current request is not for additional funds, but rather a reallocation of funds from the existing project budget.

Alex Brennan-Martin asked what HFC has done regarding the large hole located at Bayou Place and Ms. Okan-Vick stated that the hole has been sealed as well as a breach located under Rusk Street. Invoices for both project expenses will be submitted to FEMA for reimbursement.

Following a motion duly seconded, a motion for additional reallocated funding for Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, for two modified task orders for the continued repair and replacement of damages to the Wortham Theater and Theater District Parking Garage due to Hurricane Harvey was approved unanimously.

Prior to adjournment, Brenda Bazan announced the upcoming Open House on Monday, December 16, 2019.

5. **Adjournment.** The meeting was adjourned at 10:20 a.m.