

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE
June 19, 2019 – 2:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM

The Benefits, Compensation, and Finance Committee ("Committee") of Houston First Corporation (the "Corporation" or "HFC"), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV'T. CODE ANN. §394.001 et seq., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Wednesday, June 19, 2019, 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: Alex Brennan-Martin (Chair), Sofia Adrogué, Ryan Martin, and David Minckberg.

The meeting was called to order at 2:15 p.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 Benefits and Compensation Committee minutes of July 24, 2018 and Governance, Audit, & Finance Committee minutes of May 1, 2018 were approved as presented.
3. **Presentations and Reports.**
 - A. **CFO Update.** Frank Wilson presented the CFO report.

Mr. Wilson informed the Committee that contracts between the City of Houston and Airbnb have been signed and collections will begin in July 2019. It is estimated that HFC will receive an additional \$3 million annually, but the first payment will not be received until October.

The Hilton Americas-Houston Hotel is on budget. The year-to-date occupancy is slightly down and is in line with displacement due to the guestroom renovation project. According to Mr. Wilson, all major expense categories are below budget, excluding food and beverage at the George R. Brown Convention Center which has increased expenses due to increased revenues.

He also explained that 30% of sales will go toward paying debt service this year.

Mr. Wilson concluded his report with a summary of Hurricane Harvey related expenses. HFC has paid a total of \$59 million for the recovery project with 80% of invoices paid for the Theater District Garages and 90% of invoices for repairs to Wortham Theater.

- B. Performance Review Timeline. Karen Williams stated that HFC will be changing the performance review timeline. The timeline for 2019 will shift the review period from May through April to January through December.
- C. Non-Executive Team Bonus Program. Karen Williams explained that performance measures for 2019 are a corporate wide focus. All employees, with the exception of those participating in other incentive programs or executive level staff members, are eligible to participate in the bonus program. Employees will be evaluated on three initiatives, with achievement of the corporate-wide diversity goal weighing the highest. Alex Brennan-Martin asked if there is a 360-performance review and Ms. Williams stated that there is not, however, a review will be conducted between the supervisor and employee.

Frank Wilson announced that a diversity report will be presented at the August Committee Meeting. Presently HFC exceeds the corporate-wide diversity goal of 30%.

- D. Overview of 2020 Budget Process & Strategic Plan. Frank Wilson also informed the Committee that the 2020 budget timeline will be accelerated. HFC staff will begin providing targets to departments in early July and expect the budget to be complete in late August. HFC staff will bring the 2020 Budget to the Committee/Board for approval during September.
- E. Summer Internship Program. Arneita McKinney provided an update on the HFC 2019 Summer Internship Program. HFC selected twelve interns for the summer internship program that will run from July 10, 2019 through August 2, 2109. According to Ms. McKinney, HFC has selected the most diverse group of interns to date, representing ten colleges and universities with five different languages spoken. The recruitment process began in March 2019 and HFC received over one hundred applications. Ms. McKinney concluded her report with an overview of various enrichment opportunities and scheduled events for summer interns.

David Minckberg asked what HFC pays the summer interns and Ms. McKinney stated interns are paid \$15/hr and law and graduate level students are paid \$20/hr.

4. Committee Business

- A. Consideration and possible ratification of the 2019 Incentive Plans. Karen Williams explained that the only department that has had a goal change this calendar year

is the sales department. Ms. Williams further detailed the incentive program and there was discussion among Committee members.

A motion as made to approve the ratification of the 2019 Incentive Plans. The motion passed unanimously.

- B. Consideration and possible recommendation of the Houston First 2018 Annual Audit. Frank Wilson thanked the Finance Department, namely Karen Tang and Stephany Bland, for assisting with the 2018 Annual Audit. Mr. Wilson then introduced Elaine Reyes and Linda Luong of Deloitte to give the audit report.

Ms. Reyes informed the Committee that the audit report was clean and HFC did not have any material misstatements. Ms. Reyes identified several important disclosures regarding facility leases, a financial guarantee for the World Petroleum Congress in 2020, insurance proceeds from Hurricane Harvey, and additional insurance coverage.

A motion was made to approve the HFC 2018 Annual Audit. The motion passed unanimously.

- C. Consideration and possible recommendation of funding for remediation and any required repairs to the Avenida South Garage resulting from the Memorial weekend fire incident. Luther Villagomez discussed the fire incident that occurred in the Avenida South Garage over Memorial Day weekend. Mr. Villagomez discussed the importance of moving forward with necessary repairs to the garage and showed photos of the substantial damage resulting from the fire.

Lisa Hargrove stated that there is an on-going investigation into the origin of the fire. The Houston Fire Department originally reported that the fire was caused by the AT&T cell tower, however, HFC received video-footage that shows a non-operating vehicle may have been the actual cause of the fire.

Peter explained that HFC will be responsible for payment of a \$250,000 deductible and will be reimbursed through insurance proceeds for the remaining expenses.

A motion was made to approve funding for remediation and any required repairs to the Avenida South Garage. The motion passed unanimously.

5. **Adjournment.** The meeting was adjourned at 2:51 p.m.