

MINUTES

HOUSTON FIRST CORPORATION

**Operations Committee Meeting
November 1, 2022 – 1:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HOUSTON FIRST 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., held a meeting at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010 on Tuesday, November 1, 2022, commencing at 1:00 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 participated in the meeting: Desrye Morgan (Chair), Reginald Martin (Vice-Chair), Elizabeth Brock, Dean Gladden, and Tom Segesta.

1. **Call to Order.** The Committee Chair called the meeting to order at 1:06 p.m., and a quorum was established.
2. **Public Comments.** None.
3. **Review and approval of minutes from prior meetings.** Following a motion duly seconded, the minutes of September 14, 2022, were approved as presented.
4. **Committee Business.**
 - A. **Consideration and possible recommendation of the 2023 Convention and Cultural Facilities and Services Budget.**

Michael Heckman reviewed that Houston First Corporation’s (“HFC”) role is to drive economic impact and generate demand as the Destination Management Organization for Houston, and create value for numerous stakeholders and businesses that will ripple throughout the community to positively impact the entire City. Mr. Heckman highlighted the three strategic pillars: transformational leadership, destination development, revenue diversification, and asset growth. He reiterated that for departments to spend money on an initiative, it must touch one or more of the following value drivers: destination brand/image enhancement, operational efficiency, organizational innovation, exceptional visitor/customer experience, or revenue generation.

Mr. Heckman indicated that the COVID financial crisis is now in the past and that HFC has fully recovered. He emphasized that HFC believes that 2023 is expected to have the highest HOT tax collections in the City's history and added that travel in 2023 is strong.

Frank Wilson, Chief Financial Officer, reported a 2022 Total Revenue Forecast of \$194.2 million compared to a 2022 Budget of \$183.3 million, a 2022 Total Expense Forecast of \$192.7 million compared to a 2022 Budget of \$196.5 million with a 2022 Revenue in Excess of Expense of \$1.5 million compared to a 2022 Budget of \$-13.2 million resulting in a \$14.7 million change for 2022. HFC will finish 2022 in the black by \$1.5 million.

Mr. Heckman identified the priorities for 2023, which include: proliferating Houston's Unified Brand, leveraging and capitalizing on high-profile events, building upon the success of Houston Week in Mexico, developing a 10-year Destination Development Plan, understanding and enhancing the 360° visitor experience, continuing and improving digital 'smart targeting', increasing the use of social media influencers, accelerating long-term city-wide convention sales, attracting national impact events, developing annual events that drive economic impact, using the opening of Lynn Wyatt Square as a catalyst, amplifying Heritage Month, and developing infrastructure and economic models for TV & film projects.

Mr. Wilson presented the Proposed CY 2023 Budget with Total Revenues budgeted at \$207.6 million, Total Expenses at \$205.9 million, and Revenues in Excess of Expenses at \$1.6 million. Additionally, HFC budgeted \$29 million for Capital Expenditures based on assumptions.

Todd Holloman, Vice President of Venues and Live Events, stated that the 2023 Operations Priorities at the George R. Brown Convention Center (GRB) include drawing visitation to the area, supporting restaurants and parking revenue through public events on Avenida de las Americas, and generating events as a new revenue opportunity. These events will include amplifying Heritage Months, March Madness Watch Parties, and Final Four; hosting Party on the Plaza; launching Blues and More at the Brown coinciding with Astros home games; and showcasing local talent through a new, original music series called Avenida Live.

John Gonzalez, Senior Vice President and General Manager, stated other priorities include improving aesthetics and upgrading security to enhance the safety of staff, clients, and visitors.

Mr. Gonzalez said 2023 Operations Priorities for the Theater District include enhancing the theater district parking experience, and expanding the small-device user experience by replacing Wi-Fi access points. A priority for Lynn Wyatt Square is to create a vibrant, comfortable, and peaceful space through regular activities, interactive art installations, small-stage concert series, and heritage month programming.

Mr. Gonzalez also conveyed 2023 Operations Priorities for Jones Hall include improving the speed of patron flow in and out of the facility, modernizing facility aesthetics, increasing facility accessibility for blind/low-vision guests, and enhancing ADA compliance. Priorities for the Wortham Center include increasing the number of

sales bookings for the theater, expanding the facilities accessibility to blind/low-vision guests, and enhancing ADA compliance.

The Operations Priorities in 2023 for Parking Facilities include reducing customer frustrations, increasing utilization, ensuring optimal guest safety, and meeting the increased demand for electric vehicle powering options.

Luther Villagomez, Chief Operating Officer, stated that all HFC facilities are focusing on providing a safer and more secure environment for staff and partners/tenants, and defending against cyber attacks through training.

Mr. Wilson reported that the preliminary annual operating cost for Lynn Wyatt Square is \$1,724,960. He explained that the 2023 Operations Budget includes Convention & Cultural Facilities, IT, and Urban Development.

Following a motion duly seconded, the 2023 Convention and Cultural Facilities and Services Budget was approved as presented.

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

Mitch Miszkowski, Purchasing Agent, described the bid process and informed the Committee that management recommends approving a Janitorial Cleaning Services Agreement between HFC and Caring Commercial Cleaning, Inc., which is an Asian-owned business based in Sugar Land, Texas that is MBE-certified by the City of Houston.

Following a motion duly seconded, the Janitorial Cleaning Services Agreement between Houston First Corporation and Caring Commercial Cleaning, Inc. was approved.

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

Michael Heckman explained that the Foundation for Jones Hall has been undergoing a capital campaign to improve certain aspects of Jones Hall. The City of Houston has agreed to contribute to the Foundation via the City's Interlocal Agreement with Houston First Corporation. Management is requesting authorization to enter into an agreement with the Foundation for Jones Hall to forward the \$2.5 million from the City of Houston.

Following a motion duly seconded, the Funding Agreement between Houston First Corporation and The Foundation for Jones Hall was approved.

D. Consideration and possible recommendation 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.

Roksan Okan-Vick, Urban Development Officer, explained the request is \$960,000 for Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, to: update

2019 Theater District mitigation design documents to incorporate all HMP and other updates to 4 sets: Wortham, Blue Garage, Green Garage, and Yellow Garage, provide permit sets, provide CDs for bidding, and provide estimated cost and schedule for construction. Diversity participation is currently at 46%. The request includes reimbursables and a 20% contingency.

Ms. Okan-Vick stated that HFC was involved in restoration work since 2017, which included mitigation work to Wortham Theater. She mentioned that HFC had agreed to complete design documents only and not to bid and manage the construction.

Reginald Martin stated he was concerned about HFC's responsibilities as we advance on this project. He suggested tabling the item until the City provides clarity. Desrye Morgan and Elizabeth Brock agreed. Ms. Brock added that she is concerned with the process and wishes to fully understand the extent of HFC's commitment. Dean Gladden raised concerns about not moving forward with this item because it could lead to FEMA's potential denial of future reimbursement requests.

Ms. Okan-Vick emphasized that the agreement is to complete the design only and that there is a time limit for this money to be available. She reiterated that FEMA might deny money for future damage.

Following a motion duly seconded to table the motion to increase 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 was passed. Dean Gladden voted against tabling the motion.

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

Lisa Hargrove, General Counsel, stated that this request is for \$700,000 for Page Southerland Page, Inc., which was selected in November 2021 through an RFQ process to provide design services for various smaller capital projects.

Mr. Villagomez identified that their services would include structural repairs concerning the safety of Theater District garages, structural and drainage reviews for re-roofing projects at Hilton Americas-Houston Hotel, glass elevator replacement at Jones Hall, GRB building automation system, and facility assessments at Wortham and Jones Hall.

Following a motion duly seconded, funding for an Engineering Services Agreement between Houston First Corporation and Page Southerland Page, Inc. for various services was approved.

5. Adjourn. The meeting adjourned at 2:36 p.m.