

AGENDA

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
October 22, 2020 – 3:00 P.M.
Live Video and Audio Conference Meeting
Join the Meeting [Here](#)
Meeting Room Password: 962690

BOARD MEMBERS:

David Mincberg (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, Council Member Dave Martin, Ex-officio, Council Member David Robinson, Ex-officio

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.

Any questions regarding this Agenda, 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** – October 1, 2020
- IV. Presentations, Reports, and Updates**
 - A. Houston First Chairman Report
 - B. HFC Acting President & CEO Report
 - C. Executive Search Firm Update

V. Board Business

- A. Consideration and possible approval of the Houston First 2019 Annual Financial Audit.
- B. Consideration and possible approval of an Operations and Maintenance Services Agreement with TDIndustries, Inc.
- C. Consideration and possible approval of (i) a Lease Agreement between the City of Houston, as Landlord, and Houston First Corporation, as Tenant, for approximately 2.4668 acres of land at Hermann Park and (ii) a Sublease between Houston First Corporation, as Sublessor, and the Hermann Park Conservancy, as Sublessee, for the subject land to facilitate the renovation and restoration of the historic golf clubhouse building and for continued operations of such facility.

VI. Adjourn

III. Minutes – October 1, 2020

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
October 1, 2020 – 3:00 P.M.
Live Video and Audio Conference Meeting

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 via Live Video and Audio Conference on Thursday, October 1, 2020, commencing at 3:00 p.m.

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda was posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.

The following Board members participated in the meeting: David Minberg (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, Council Member Dave Martin, Ex-Officio, and Council Member David Robinson, Ex-Officio.

1. **Call to Order.** The Chairman called the meeting to order at 3:00 p.m. and a quorum of Board Members was present virtually.
2. **Public Comments.** Al Kashani of Texas Hospitality Partners, L.P. addressed the Board to provide an update on the W Hotel development. Mr. Kashani stated that, despite the challenges with COVID-19 and the financial markets, he and his team are working hard to move forward and have made progress on the design and development of the hotel. He also informed the Board that he will continue to provide regular status updates. Mr. Kashani explained that, while he has exercised the force majeure provision under the contract with Houston First Corporation (“HFC”), he continues to move forward because it is important to build the W Hotel in downtown Houston and restore economic activity. He also asked that the Board consider forming an ad hoc committee made of up members of the community, hoteliers, and business leaders to generate innovative ideas and ways to support the City of Houston during these challenging times.

John Preston of Preston Banks Construction discussed his experience working with HFC. Mr. Preston stated that his company is a growing and developing business that was established in 2013 and now has offices in Houston and San Antonio. Preston Banks Construction, he explained, served as a sub-contractor in conjunction with Manhattan Construction on the Hurricane Harvey recovery project at Wortham Theater. Mr. Preston stated that the project was an overall success, and he had as many as 22 employees. He thanked everyone involved and stated that he looks forward to engaging HFC again on

future projects. Mr. Preston concluded his remarks by thanking Frank Wilson, Chief Financial Officer, for making himself available via Roger Harris to ensure that his company was paid in a timely fashion.

The Chairman thanked Mr. Preston for addressing the Board and acknowledging Frank Wilson. He also stated that he hopes HFC can be a part of Mr. Preston's growing success in becoming a billion-dollar organization.

Gerald Womack also thanked Mr. Preston for his remarks. Mr. Womack stated that it is exciting to see the MWBE firms that participate in the diversity program, and he is also thankful to staff for encouraging him to be a part of what is going on at HFC. He also shared that the Procurement Department is grateful for his participation because it is such a great success story.

Desrye Morgan congratulated Mr. Preston on his success. She also asked if there is anything that would be helpful to him in order to further grow his business. Mr. Preston explained that entrepreneurs are always in a growth phase and what is required is both readily available intellectual capital and financial capital. He further explained that all professionals can benefit from continuing education and if those opportunities become available and he and his business partner are excited to participate. Ms. Morgan stated that unique skills are sometimes required in these sorts of projects and was curious if they posed any challenges. Mr. Preston replied that working with companies such as HFC that require large general contractors to engage with small contractors is invaluable because it allows small firms to show their skills and that they are just as capable.

Sofia Adrogué thanked Mr. Kashani and Mr. Preston for their time. Ms. Adrogué thanked Mr. Preston for his authentic and pragmatic words. She stated that it is a grind for many, but that he clearly has the grit and gravitas. She also thanked him for taking the time to acknowledge her colleagues and all the hard work that is being done. She wished Mr. Preston good luck and asked that he remember HFC when he becomes a billion-dollar business.

Paul Puente stated that he appreciates Mr. Preston for sharing his story and the work that he completed at Wortham Theater. Mr. Puente explained that it is a tough project to undertake and the ability of the buildings to withstand recent tropical storms is a testament to his great work. He also thanked Mr. Kashani for the update on the W Hotel project. Mr. Puente acknowledged the challenges and delays that COVID-19 have caused many construction projects. He also stated that, while he is anxious for the project to move forward, he wants to ensure that it is done safely.

Ryan Martin asked if there is an anticipated timeline for the project with an understanding that it is a dynamic time. Mr. Preston replied that he believed the project at Wortham Theater is near completion, but can confirm that information with Manhattan Construction. Mr. Kashani stated that the W Hotel is three years away from opening and construction will take between 18 to 24 months. He does not anticipate ground breaking and/or air breaking given the iconic nature of this project until approximately 8 to 12 months.

The Chairman then requested that the Board move forward with the meeting agenda and thanked both Mr. Preston and Mr. Kashani.

3. **Review and approval of minutes from prior meeting.**

Following a motion duly seconded, the meeting minutes of August 13, 2020 and August 31, 2020 were approved with corrections on pg.4 of the minutes of August 13, 2020, and a correction on pg. 3 of the minutes of August 31, 2020.

Board member Elizabeth Brock was not present for the vote.

4. **Presentations and Reports.** [Item was taken out of order and discussed following Board Business].

- A. **Houston First Chairman Report.** The Chairman informed the Board that Tom Segesta, Chair of the Greater Houston Convention & Visitors Bureau (GHCVB), has been working on charting a new path forward and both he and Michael Heckman have been in contact. Subsequent to the last Board meeting, the Chairman added, the GHCVB named Reginald Martin as Chair-elect. The Chairman congratulated Mr. Martin and stated they have had several conversations as part of an effort to bring representatives of the GHCVB and HFC together. The Chairman explained that much progress has been made and he commends the GHCVB for its efforts, though made more difficult due to COVID-19, and both organizations will continue to work together.

He also informed the Board that the Acting President & CEO, Michael Heckman, is in constant communication with him and the Vice Chair, Desrye Morgan. He also explained that, due to the improved communication, the Chairman has eliminated the need for frequent meetings with the executive team.

The Chairman recognized Board member Elizabeth Brock, who joined the meeting. He stated that he believes all Board Members are present at this time and will discuss this matter later in the meeting. He then asked Mr. Heckman to proceed with the Acting President & CEO report.

Michael Heckman acknowledged that the Chairman, Vice Chair, and many other Board Members have made themselves available and he greatly appreciates the feedback and guidance.

- B. **HFC Acting President & CEO Report.** Mr. Heckman explained that his report will outline a number of projects and priorities, as well as the destination, particularly how HFC plans to move into 2021 with its business planning and budget process. He also noted the vibrant photos included in the presentation and stated that he has asked staff to include some of the beautiful destinations that the city has to offer.

He then shared the graphics created by the Marketing team as part of the Mayor Turner's anti-littering campaign led by Mayor-Pro Tem, Martha Castex-Tatum. According to Mr. Heckman, the Mayor's Office was very excited about the work completed by HFC in just two days. He also shared some of the external messaging that HFC has created to celebrate Hispanic Heritage Month via editorials, social media and the HFC intranet.

Mr. Heckman explained that it is a challenging time for the Sales and Marketing teams due to budget cuts and the on-going pandemic and, as a result, HFC has had to rethink the way it does business. He shared one such example with the

virtual media visit held by the Marketing team to commemorate Cultural Wellness Month. He also reported that, despite the difficulties, the Sales team continues to face due to the large number of cancellations, 92% of the room nights have been rebooked for future years. Additionally, the number of tentative room nights available has increased and lead volume is starting to pick up. A fortune 500 company, he added, has agreed to a three-year deal for 2025, 2026, and 2027, and their anticipated spend for food and beverage at the George R. Brown Convention Center (“GRB”) is approximately \$3 million annually with 5,000 rooms on peak. During phase one of the recovery plan, Mr. Heckman explained, Marketing led a campaign to promote staycations and hotel business. He added that HFC is now entering into Phase 2 recovery that is largely driven by the Recovery Task Force. Mr. Heckman said that the virtual studio at GRB is available and the Sales team continues to market the space to clients; Sales has also generated interest for those hosting a hybrid meeting in 2021. Revenue development continues to be of high importance for HFC, according to Mr. Heckman, who assured the Vice Chair that HFC will look for revenues any and everywhere that it can to support projects such as the redevelopment of Lynn Wyatt Square, among others. He informed the Board that Jorge Franz, Senior Vice President of Tourism, is currently in the process of developing an economic grant proposal in the amount of \$800,000. He added that staff continue to look into creative ways to bring outdoor events and programming back to Avenida Plaza, Discovery Green, and the Theater District this fall. Lastly, he said, HFC is also working with the Mayor’s Office to implement a process for the safe return of live events, and there are a number of protocols that the Operations team has put in place at all facilities. Mr. Heckman stated that staff continue to work with clients to instill confidence and a key component is the Houston Clean initiative.

Mr. Heckman explained that, as HFC moves forward with 2021 planning, HFC has several areas of focus: value creation, brand building, and saving and booking meetings and conventions. Mr. Heckman stated that he has committed to improving communication both internally and externally to stakeholders. He believes that the frequency and quality of communication are important and has asked staff to do a communication audit and look at ways to be more efficient. The strategic theme going into 2021, according to Mr. Heckman, will be “Value Creation” and HFC has identified five value drivers: organizational innovation, destination brand/image enhancement, operational efficiency, revenue generation, and exceptional visitors/customer experience. In conclusion, Mr. Heckman stated that HFC is very focused on 2021 because it will be a tough year and requires a lot of performance, but he is confident that his leadership team will be able to deliver.

Tom Segesta thanked Mr. Heckman for his presentation. He also stated that it is important for HFC to look at ways to support the business community as a whole. He discussed the challenges faced by the hotel community and stated that this initiative should be incorporated into recovery planning. Mr. Heckman agreed and also spoke about a need to further engage business travelers.

Alex Brennan-Martin echoed the sentiments of Mr. Segesta and asked if Chief Marketing Officer, Holly Clapham, is aware of any initiatives centered around promoting business travel. He also commented that he is shocked that 92% of

room nights have been rebooked for future years and that 60% have committed to signing a contract.

Tom Segesta stated that the sales numbers look good for future years, but that there should be a focus on the short-term because it is critical to the health of the destination.

Gerald Womack asked if HFC was monitoring any changes in occupancy to office space in the downtown area. Mr. Heckman stated that Bob Eury and his team would likely have that information. Mr. Womack also asked about any changes to HFC staff that are laid off or furloughed. Mr. Heckman stated as HFC moves forward with the 2021 budget, it will continue to monitor business needs and the ability of HFC to make changes to staffing levels. To the extent that HFC is able to support additional staff, he said, it will do so, though it continues to be a challenging time for the organization through the remainder of the year and into 2021.

- C. Chief Financial Officer Report. Frank Wilson began by thanking Tim Smith, Director of IT, and Georgette Weber, Senior Executive Assistant to the Acting President & CEO, for bringing everyone together virtually and accommodating any changes to his presentation. He also recognized Susan Tucker, Director of Strategic Planning, for her contributions to the economic grant submission earlier discussed, and also for creating a model and structure for the 2021 strategic planning process.

Frank Wilson then began the CFO report with a diversity update. He explained that HFC spent \$565,755 with diverse partners in August 2020 and, year-to-date through August, \$37.7 million with diverse firms. Mr. Wilson noted that HFC has met a 36% diversity goal and, although expenditures will remain low through the end of the year due to COVID, staff have a continued commitment to diverse partners and accountability on this important metric.

Mr. Wilson informed the Board that HFC has received \$16 million of FEMA receipts from the City of Houston and thanked Council Member Martin and Council Member Robinson. According to Mr. Wilson, HFC has also been focused on reducing its average monthly cash burn rate. He added that the burn rate from June 2020 through December 2020 is \$6 million due to significant reductions in monthly operating expenses. He added that HFC is projected to end the year with cash reserves of \$19 million and an additional \$20 million of emergency reserves. The 2019 annual audit is going well, according to Mr. Wilson, and HFC anticipates that the report will be available in two weeks. Additionally, he said, vendor selection for operations and maintenance services is on-going; a walk-through was conducted last week and proposals are due on October 5. Mr. Wilson added that selection for landscaping services is also currently underway and proposals are due on October 15. Mr. Wilson briefly announced that the 2021 budget will be presented to both the Committees and Board in November, and that HFC has scheduled training on unconscious bias and institutional racism.

Mr. Wilson stated that overall economic activity expanded in Houston for the third month in a row according to the Houston Purchasing Managers Index, although manufacturing contracted. He added that the component that saw the most movement was sales and lead times, but this is likely indicative of a rebound rather

than recovery. Mr. Wilson also shared a graph of the GDP impact thanks to data provided by Board member, Sofia Adrogué. Mr. Wilson discussed various recovery scenarios for the hotel industry, which indicate a slow return to pre-COVID levels through 2023 or later.

Mr. Wilson went on to explain that HFC earned parking revenues of \$22 million in 2019 and is forecasting \$9 million in parking revenues in 2020, and that staff recently met to discuss marketing strategies to win back contract parking. Mr. Wilson explained that this is important because most of the Theater District parking revenues are pledged to HFC's bond holders. Mr. Wilson predicts that parking revenues will return much quicker than other revenue streams in 2021. Christophe Malsang, Vice President of Parking, reported that there has been an increase of 24 monthly parkers and transient revenue by \$2,000 a day. Mr. Wilson said parking revenues were \$6,000 a day pre-COVID. Mr. Wilson thanked Paul Beckman for sharing photos of the new and improved parking garages in the Theater District and Holly Clapham for devoting marketing resources to restoring this important piece of business.

Mr. Wilson concluded his report by sharing HFC financials through August 2020, and noted that HFC continues to have reductions in hotel and occupancy tax collections, net cash from the Hilton Americas-Houston Hotel, food-and-beverage revenues, and parking revenues. He added that expenses remain near or below budget, though there is a \$100,000 overage in personnel expenses due to the use of benefits prior to a reduction in personnel.

Tom Segesta asked if HFC is unable to lower its burn rate, would HFC then go through its reserves quickly in 2021. Mr. Wilson responded in the affirmative.

As a follow up, the Vice Chair asked if the reserves in question are inclusive of the funds committed to debt service. Mr. Wilson explained that the debt service reserves are separate. She also asked if there has been any recent update to the Moody's report. Mr. Wilson stated that the latest report completed two weeks ago provided a broad sector review. The Vice Chair also announced that the Houston Sports Authority recently completed a successful restructuring.

- D. Facility Operations Report-Tropical Storm Beta. Luther Villagomez, Chief Operating Officer, provided a brief report. On August 25, 2020, Mr. Villagomez gave an extensive presentation on hurricane preparedness with 23 named storms. He stated that he and his team have been very busy the last four months with hurricane preparations. He added that Operations was in constant communication with the Office of Emergency Preparedness, building tenants, and resident companies prior to Tropical Storm Beta. He also shared photos of the water elevation alongside Wortham Theater, and discussed some of the measures put in place before Beta made landfall. In conclusion, Mr. Villagomez thanked the Operations team and HFC partners for their hard work during this hurricane season.

Michael Heckman acknowledged Mr. Villagomez and the Operation teams for their tremendous efforts during a difficult hurricane season.

The Chairman echoed those comments and explained that he receives a lot of positive feedback from City Hall regarding HFC's response to hurricane preparedness.

Council Member Robinson asked who was the photographer that took the photos included in the presentation and Mr. Villagomez stated that he and his team were responsible.

- E. Discussion: Open Meetings Act. The Chairman informed the Board that Lisa Hargrove, HFC's General Counsel, and David Staas of Winstead, PC will provide a presentation on the Open Meetings Act ("Act"). He explained that the presentation includes information on permissible communications between Board Members and staff and hosting in-person meetings. The Chairman further explained that he attempted to schedule the Board meeting in-person, but that there were a few Board Members who were uncomfortable and the meeting was re-scheduled to be hosted virtually. He added that he would, however, like to discuss the option of future in-person meetings and how HFC might accommodate all Board Members.

Lisa Hargrove stated that as the organization has been navigating COVID-19 and virtual meetings, there has been a significant interest in sharing information amongst Board Members and with staff. She explained that HFC is subject to the Act, which exists to provide the public with access to any information shared with the Board. In the last legislative session, she added, there were changes to the Act so legal is now working with Mr. Staas to determine ways that information can be shared in compliance with the Act. Ms. Hargrove explained that she will provide more information to the Board in upcoming meetings. She then introduced David Staas to discuss how HFC can conduct in-person meetings in the future while accommodating those Board Members who would prefer not to attend in-person.

David Staas stated that the Act is an important topic in the COVID-19 environment. Mr. Staas said that he understands that HFC is interested in resuming in-person meetings with a forum of the Board physically present, though understandably there are a number of Board Members who would prefer to participate remotely. From a legal compliance prospective, he explained, there is an interplay of pre-COVID open meetings laws and specific provisions related to use of technology and emergency executive orders issued by Governor Abbott that provide conditional waivers of some specific requirements. For a couple decades, he noted, technology has pushed the means by which communication between governmental bodies can occur and has been trying to keep up, which have been accelerated due to the pandemic. Mr. Staas said the Board can still have a quorum of its members present in-person and have less than a quorum of Board Members participates via video conference, but specific conditions must be met. Specifically, he said, less than a quorum of the Board Members and employees may participate remotely in an open meeting if both audio and video feed, like Zoom, is broadcast live from the meeting. Additionally, he said, a quorum of the body must physically be present at a single location, and the Chair or other presiding member must also be physically present at the location. He added that a meeting notice that specifies the meeting location of a quorum of the physical body must also be posted. Members that wish to participate remotely will not count toward the meeting quorum, he explained, though they may participate in discussions or vote on any

items included in the meeting agenda. Mr. Staas also touched on a few of the technical requirements, noting that some of the technical video conference requirements adopted pre-COVID and promulgated by the Texas Department of Information and Resources have been waived during COVID. Additionally, any audio and video recording must be made of the entire meeting and must be made available to the public. Mr. Staas concluded that HFC can conduct an in-person meeting with a quorum present and some of its members may participate via video conference.

The Chairman thanked Mr. Staas for his presentation. He also asked that Mr. Heckman circulate communications on the number of Board Members that wish to participate in-person, and stated that staff will address the necessary technical requirements needed to comply with the Act. He stated that he is highly cognizant of the need for social distancing and wearing masks and, if the Board is able to move forward with in-person meetings, HFC will ensure that we not only meet, but exceed, any safety requirements.

The Vice Chair stated that she has some concerns with meeting in-person, though she is committed to her position despite the uncertainty of the pandemic. She also stated if the City of Houston and other local agencies are not meeting in person, as volunteers on the Board, and given she is also not meeting in-person in her paid position, she does not understand the need to meet in-person. The Chairman stated that is an appropriate response, but it is the responsibility of the Board to demonstrate to people that it is safe to gather in Houston.

Council Member Dave Martin stated that his colleague, Council Member Edward Pollard, sits at the meeting table in City Hall by himself to make a statement that he is ready to resume in-person meetings. He also stated that Mayor Turner asked him directly how the in-person meeting at HFC was conducted and when he explained that the meeting was virtual there was some concern. He went on to report that Mayor Turner said he will host the State of the City address at GRB and there is ample space to properly host a socially distanced meeting. Council Member Martin also stated that some people will feel uncomfortable, just as he felt given a number of emails circulated regarding an accounting firm selected in which he was unaware of the result, and believed that the discussion was related to this matter.

The Vice Chair stated that she understands the challenges and, if there is a solution, as discussed, to safely hosting a hybrid meeting she is open to the idea, but we should remain mindful.

Tom Segesta thanked the Chairman for his mention of the GHCVB and stated that they are working hard because it is important to engage all 190 members to support the destination given the challenges faced. He also stated that the virus has not changed, but what is most important is that we change our behavior. He also asked Mr. Heckman and Rob Jackson, Chief Policy Officer, what can be done to remove Harris county from a level red threat due to a decrease in the number of COVID cases. Rob Jackson responded that the only viable option is an appeal to Harris County Judge Lina Hidalgo, who is receiving a lot of pressure to reduce the threat level, but has so far been resistant.

The Chairman concurred with Mr. Jackson's comments that lobbying the County Judge is the appropriate response.

Council Member Dave Martin also shared recent data from the medical center.

Paul Puente echoed the comments of the Vice Chair and stated that a lot of people in the construction industry have had to continue to work throughout the pandemic, but he does not want to take any unnecessary risk and is also uncomfortable with meeting in-person.

5. **Board Business** [Item was taken out of order and discussed following the approval of meeting minutes].

A. *Consideration and possible approval of the Competitive Sealed Proposal method for the redevelopment of Lynn Wyatt Square for the Performing Arts.*

Following a motion duly seconded, the Board discussed the approval of this item. The Vice Chair stated that the Operations Committee was informed of all of the nuances associated with the construction project at Lynn Wyatt Square, and unanimously agreed that the competitive sealed proposal method is the most effective procurement method for this project.

Roksan Okan-Vick, Urban Development Officer, gave a presentation on the construction of Lynn Wyatt Square. She also recognized staff members, Kristi Gollwitzer, Roger Harris, and Dey Rodriguez. Ms. Okan-Vick stated that HFC led a very successful fundraising campaign to raise the funds needed to complete the redevelopment project and noted, due to the generous \$10 million donation of Lynn Wyatt, that the square will be renamed in her honor. According to Ms. Okan-Vick, HFC also received donations from private foundations and hopes to continue its fundraising efforts. Ms. Okan-Vick shared renderings of Lynn Wyatt Square and discussed the scope of the project and its complexity. According to Ms. Okan-Vick, the overall project budget will be between \$18-19 million and includes both public and private funds from the Downtown Redevelopment Authority, HFC, as well as those previously named. If approved by the Board, she said, staff will issue a solicitation for a construction contractor to be selected by the end of 2020 and construction will begin in early 2021. She announced that the anticipated grand opening of Lynn Wyatt Square is April 2022. She added that the timeline for build-out of the restaurant concept is slightly different and, in the event a restaurant operator is not in place by April 2022, HFC will engage its in-house food service caterer to provide temporary food service. Ms. Okan-Vick discussed several different procurement methods and explained why the competitive sealed proposal method is best suited for the construction project. She also stated that the City of Houston utilizes the competitive sealed proposal method extensively, and the Downtown Redevelopment Authority, which is a major partner in the project, utilizes this method exclusively.

Council Member David Robinson explained that there was a full and thorough discussion with the Operations Committee and stated that, while he is a non-voting member of the Board, he feels that the competitive sealed proposal method is a prudent and appropriate approach given the complexity of the project, as presented by Ms. Okan-Vick.

Bobby Singh concurred with Council Member Robinson and stated that the Operations Committee deliberated on the procurement method proposed at length and the decision was unanimous. He also thanked Ms. Okan-Vick for her thorough presentation.

Nicki Keenan asked if a special event space will be incorporated into the project and the size of the restaurant concept. Ms. Okan-Vick replied that the restaurant is approximately 6,000 gross square feet and she will obtain the exact number of seats. She added that there is a large open-air area for outdoor seating and the restaurant will include two levels, which can accommodate special events and, additionally, the lawn area is available for special events and can easily be tented to provide additional shade. She further explained that other corners of the square may be utilized for more intimate performances, and a significant programming exercise was conducted to make sure that the square is a lively place at all times.

Ryan Martin stated that he would like to commend management on their thoughtfulness on the approach from a procurement standpoint in applying the best principles for this process.

Gerald Womack echoed those sentiments and asked how HFC will select a restaurant operator. Ms. Okan-Vick explained that there will be a rigorous solicitation process with certain criteria, and a selection committee will make a recommendation to the Board. Mr. Womack also asked about the diversity goal set for the construction project. Ms. Okan-Vick stated that the diversity goal set for the project is 24%. She explained that both she and Roger Harris reviewed the various trades associated with the project and identified a list of 25 trades and their respective cost estimates. She also stated that she believes 24% is a healthy diversity goal, but that the contractor selected should be able to exceed that goal.

The Vice Chair stated that she is very excited about the project and has been working on it in various capacities and iterations for several years and is pleased with the progress; however, she urged staff to engage diverse communities that might also be interested in donating to the project. She also stated that Lynn Wyatt Square is a space for everyone, and diverse communities should also have the opportunity to invest in order to make the space more inviting for all. Ms. Morgan requested that Ms. Okan-Vick and others truly commit to expanding fundraising efforts for Lynn Wyatt Square to diverse communities.

The Chairman stated that he would meet with the Vice Chair and Ms. Okan-Vick separately to discuss ways to jumpstart fundraising efforts.

Paul Puente asked if prevailing wage is part of the project and General Counsel, Lisa Hargrove, confirmed that information. He also asked about maintenance and if staff has considered the annual landscaping costs. Ms. Okan-Vick stated that staff has taken maintenance into account and the landscaping proposed is as low-maintenance as possible and includes a number of sustainable plants. She added that HFC will also use sponsorship dollars, once available, and revenues from the restaurant to supplement maintenance costs.

Council Member Dave Martin stated that the redevelopment is a beautiful project and he applauds the efforts of staff and their ability to limit HFC expenses to \$3.6 million. Council Member Martin also echoed the comments of the Vice Chair that HFC should continue to solicit more donations from people of diverse backgrounds and eliminate the contribution

by HFC entirely, if possible. He stated that he has some concerns with the economics of the project, but he believes that the project will be great for the area. He also asked if Jim Crane was previously involved with the project. The Chairman explained that Jim Crane was previously involved, but has elected to sponsor the Memorial Park golf course.

Frank Wilson confirmed that the contribution of HFC is \$3.6 million at this time, and that HFC will be the last to contribute. Mr. Wilson also noted that HFC previously committed to spend \$5 million.

Following a motion duly seconded, the approval of the competitive sealed proposal method for the redevelopment of Lynn Wyatt Square for the Performing Arts was approved unanimously.

Board Member Elizabeth Brock was not present for the vote.

6. **Adjournment.** The meeting was adjourned at 5:04 p.m.



HOUSTON FIRST
**BOARD OF
DIRECTORS MEETING**



McGovern Centennial Gardens
MUSEUM DISTRICT

**LIVE VIDEO & AUDIO
CONFERENCE MEETING**
Thursday, October 22, 2020
3:00 p.m.



PUBLIC COMMENTS

Anyone who wishes to address the board during the Public Comment session may do so by clicking the **“Raise Hand”** icon to be acknowledged. You may also click the **Q&A** icon to type in your comments.

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

Houstonfirst

Rice University
TEXAS MEDICAL CENTER/MUSEUM DISTRICT



03 HFC BOARD MEETING

MINUTES

October 1, 2020

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

Houstonfirst



Batanga
MARKET SQUARE

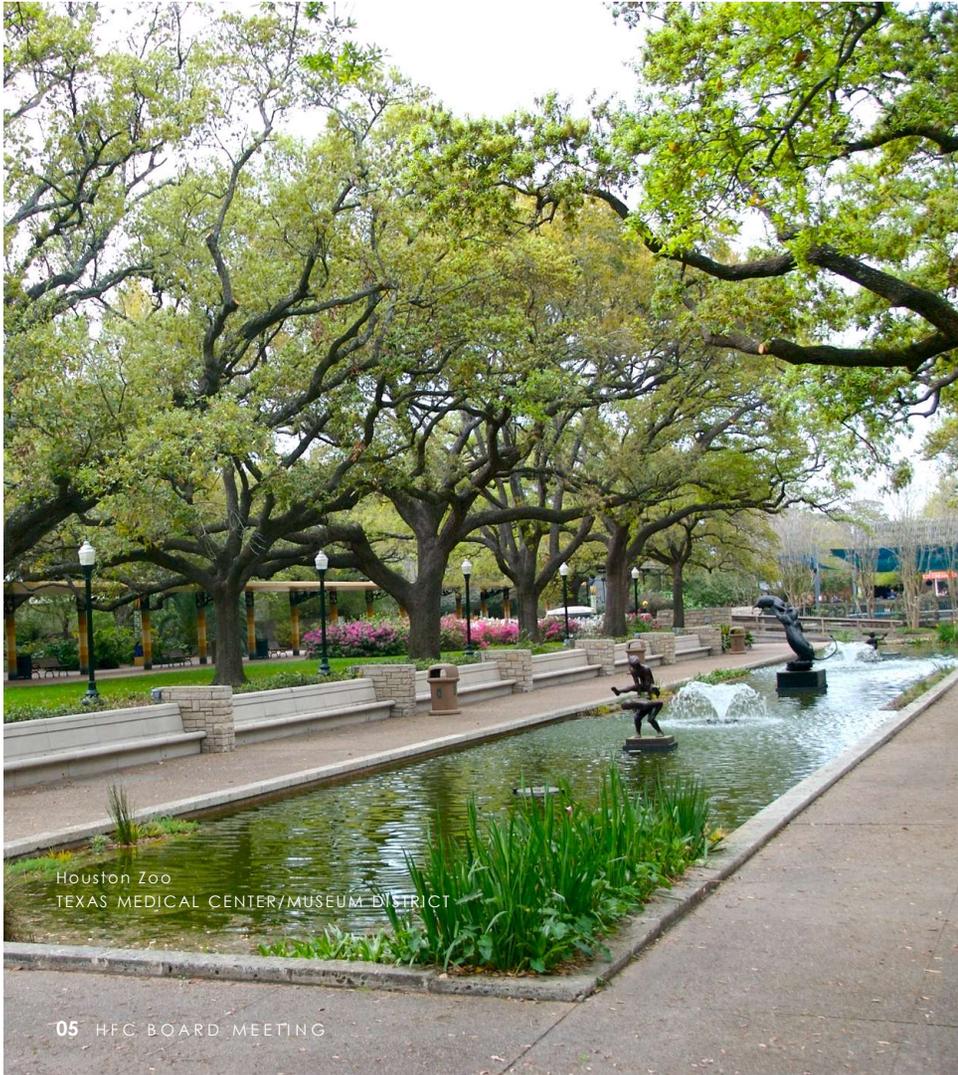
04 HFC BOARD MEETING

HOUSTON FIRST CHAIRMAN'S REPORT

DAVID M. MINCBERG

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

Houstonfirst



HOUSTON FIRST
**ACTING PRESIDENT
& CEO REPORT**

MICHAEL HECKMAN

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

Houstonfirst



UPDATES

- **RECOVERY & CULTURAL EVOLUTION**
 - Idea Generation
 - Agile Entrepreneurial Organization
- **CONVENTION SALES ACTIVITY**
 - Connect Conference
- **HOUSTON BRAND UNIFICATION**

Miller Outdoor Theatre
MUSEUM DISTRICT



07 HFC BOARD MEETING

HOUSTON FIRST 2021 BUSINESS PLAN & BUDGET PREVIEW

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

Houstonfirst

Chinatown
SOUTHWEST

STATE OF PLAY

- Historic Disruption of Tourism & Convention Industries
- Since March – Nearly 200 Meetings & Conventions Canceled or Rescheduled
- Nearly 550,000 Room Nights & \$330M Economic Impact Have Evaporated
- HFC's Revenue Streams Severely Impacted
- Soft 1st Half of 2021 for Conventions
- Extraordinary Lack of Visibility

Galveston Island Historic Pleasure Pier
GALVESTON

2020 FORECAST

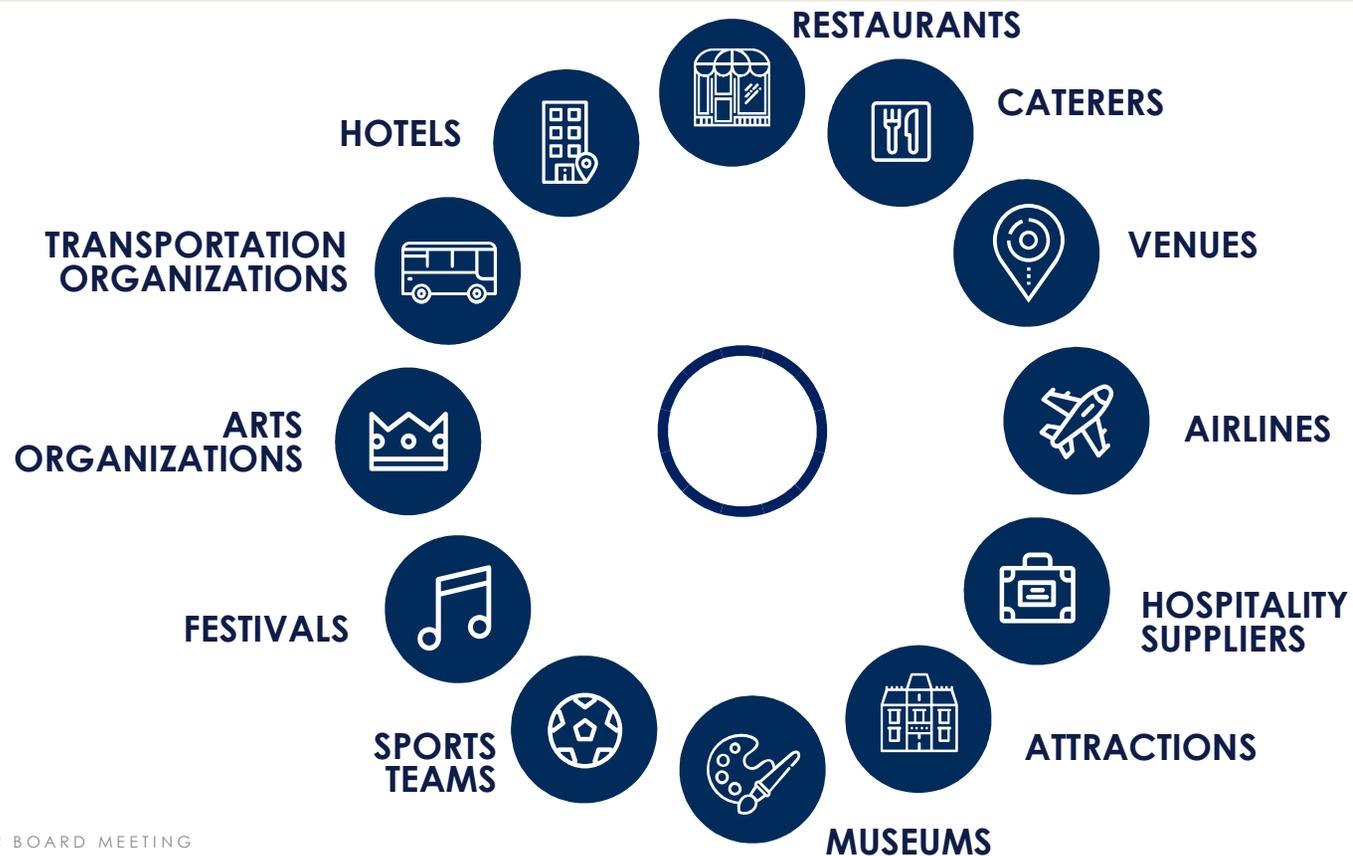
- In July, Forecast was for - \$35.5 M operating deficit
- Now forecast is for - \$25M
- Achieved through:
 - Expense Reductions & Management of Burn Rate
 - FEMA Reimbursements of \$16M



HFC'S ROLE

- In addition to operating Houston's Convention & Entertainment Facilities, HFC drives economic impact and demand generation as the Destination Marketing Organization.
- These efforts create value for numerous stakeholders across our Community and create jobs through the economic impact of tourists and visitors.

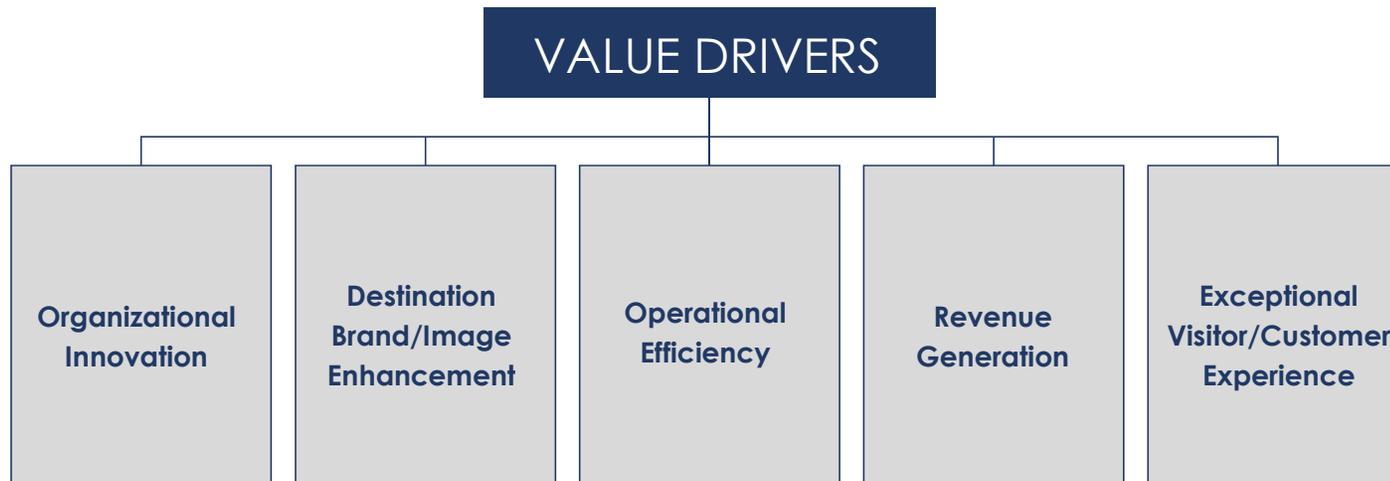
OUR STAKEHOLDERS



2021 STRATEGIC THEME: **VALUE CREATION**

VALUE CREATION will drive the Houston First recovery and long-term resiliency efforts, serving as the foundation for 2021 business planning.

It includes innovation in everything we do and sell, promoting Houston's brand appeal and awareness, lowering costs while improving productivity, generating revenue, and delivering unparalleled experiences. A unified commitment to Value Creation benefits our company, as well as our hospitality community and other stakeholders.

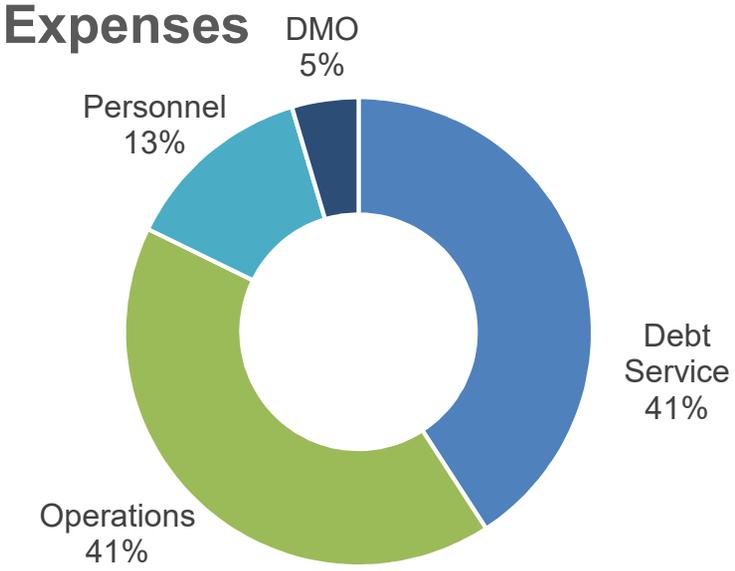
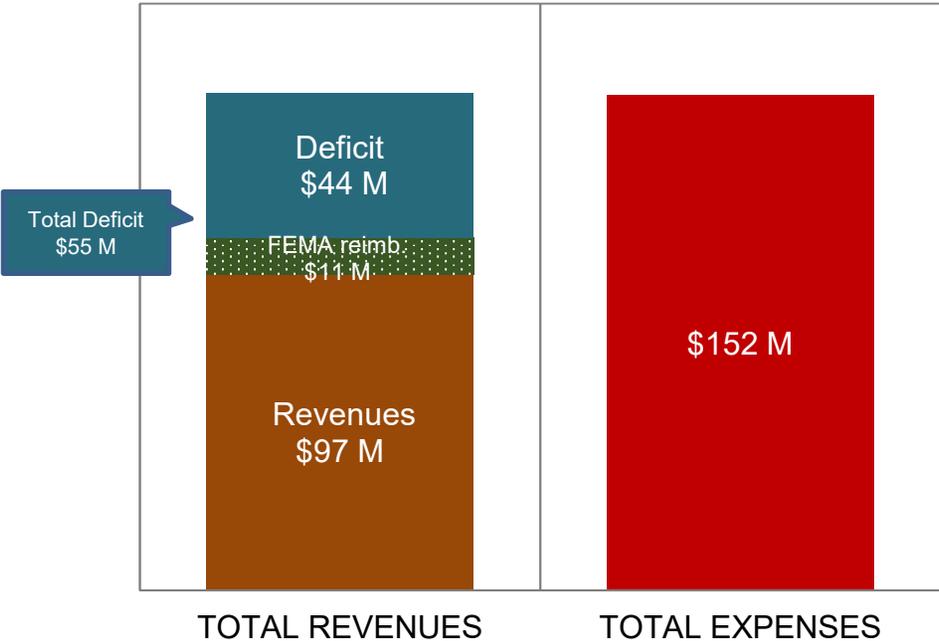




2021 BUDGET DESIGN PREVIEW

- Due to the economic and pandemic uncertainty, we are preparing the most challenging budget in the corporation's history
- Our fiscal stewardship will balance budget cuts with targeted investments that will drive business and demand and will align with our strategy for recovery.
- 2021 Budget prepared as a transition year to put company in best possible position for post-pandemic period
- Budget planned so that expenses will be lower in the first half of the year, and higher in the second half of the year
- Minimal capital expenditures

2021 PRELIMINARY BUDGET ESTIMATE



Graffiti Park, GONZO247
EAST END

EXPENSE OBLIGATIONS

Annual General Fund Contributions \$3.1 M

\$1.45 M lease payment
470 K Promotion
450 K Protocol
240 K Traffic Administration
450 K MATCH

HAA Contribution – HOT

\$16.5 M in 2019

Annual Contributions to City Assets (not managed by HFC) \$2.8 M

\$1.1 M Hobby Center Foundation
1.2 M Discovery Green
505 K Buffalo Bayou Maintenance

Houston Police Officer's Memorial
BUFFALO BAYOU PARK



16 HFC BOARD MEETING

2021 BUDGET KEY TAKEAWAYS

- Budget process during dual health and economic crises requires difficult choices to assure survival of the HFC enterprise
- We are planning in climate best characterized by its VUCA (volatility, uncertainty, complexity and ambiguity)
- Our commitment is to conservative stewardship of the assets entrusted to Houston First, while fulfilling our commitments to our broad array of stakeholders and partners in the hospitality sector
- Fulfilling these commitments will require difficult choices and careful prioritization of diminished resources

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THANK YOU



HOUSTON FIRST
**EXECUTIVE SEARCH
FIRM UPDATE**

DESRYE MORGAN

HFC Board of Directors Vice Chair

HFC BOARD OF DIRECTORS MEETING

October 22, 2020

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BOARD BUSINESS

A. Consideration and possible approval of the Houston First 2019 Annual Financial Audit.

PRESENTERS

Karen Tang

Assistant Controller – Houston First Corporation

Joel Perez

Partner, Audit Services - RSM

Margie Oyedepo

Supervisor, Audit Services - RSM

HFC BOARD OF DIRECTORS MEETING

October 22, 2020

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CityCentre
MEMORIAL

20 | HFC BOARD MEETING

HOUSTON FIRST 2019 ANNUAL REPORT

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

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OPERATING UNITS

- **INCLUDED:**

- Leased Assets (operations formerly included in CEFD)
- Hilton Americas-Houston Hotel
- Visit Houston (operations formerly included in GHCVB)

- **EXCLUDED:**

- Convention and Entertainment Facilities Department (CEFD) debt and fixed assets
- Greater Houston Convention and Visitors Bureau remaining operations

NET POSITION

- **TOTAL ASSETS INCREASED \$99 MILLION OVER 2018**
 - Cash and cash equivalents up \$31 million
 - Fixed Assets-net up \$44 million
- **TOTAL LIABILITIES INCREASED \$20 MILLION OVER 2018**
 - New money borrowings
 - 2019 bonds - \$50 million
 - COH new loans - \$21.4 million
 - Principal payments - \$54 million



RESULTS OF OPERATIONS

- **INCOME OVER EXPENSES - \$79 million**
 - \$68 million increase over 2018
 - largest increase was in non-operating revenues from transfers from COH for FEMA and insurance proceeds.

REVENUE SOURCE IN 2019

(FROM HIGH TO LOW)

- Transfer from City of Houston \$154M
- Hotel revenue \$92M
- Venue revenue \$25M
- Parking revenue \$14M

EXPENSES OF 2019

(FROM HIGH TO LOW)

- **Hotel expenses** (cost of goods sold, direct costs related to Hilton)
\$41M
- **General and administrative** (indirect marketing, management fees, rebates, legal, information technology)\$40M
- **Venue expenses** (maintenance, personnel, janitorial, utilities) \$31M
- **Visit Houston** (destination marketing, tourism, destination sales)
\$23M



REVENUE FLUCTUATIONS

- **Transfer from City of Houston** – increased \$65 million from City transfer of FEMA and insurance proceeds
- **Hotel revenue (Hilton America's revenue)** – decreased \$5 million from taking rooms out of service for the Room Refresh project

EXPENSE FLUCTUATIONS

FROM 2018 TO 2019

(FROM HIGH TO LOW)

EXPENSES DECREASED:

- Disaster expense decreased by about \$7 million – 2019 Harvey spend capital rather than expense
- General and administrative expenses decreased by \$6 million – one-time payment in 2018 to exit lease and personnel reductions
- Sponsorship expense decreased \$1 million – 2018 included DNC bid expenses

EXPENSES INCREASED:

- Interest expense increased \$3 million – increase in average principal outstanding
- Hotel expense increased \$3 million - Hilton room renovation cost in 2019

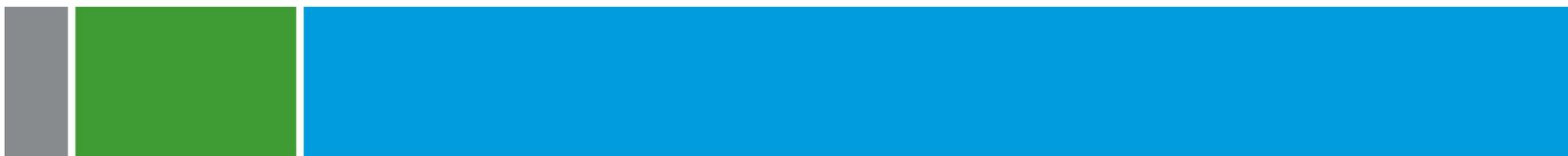
THANK YOU

THE POWER OF BEING UNDERSTOOD



HOUSTON FIRST CORPORATION

Report to the Members of the Benefits, Compensation and Finance
Committee of the Board of Directors



Audit for the Year Ended December 31, 2019

October 22, 2020





To the Members of the Benefits, Compensation and
Finance Committee of the Board of Directors
Houston First Corporation
Houston, Texas

Dear Members:

We are pleased to present this report related to our audit of the financial statements of Houston First Corporation (the Corporation) as of and for the year ended December 31, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the members of the Benefits, Compensation and Finance Committee, Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Houston First Corporation.

Agenda

Topic

Audit overview and scope	5
Results of the independent audit	6
Required communications	7-9
Role of subcontractor—Yoe CPA, LLC	10
Closing comments	11
Questions and answers	12

Audit overview and scope

- The Corporation's financial statements
 - Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
 - Our responsibility is to express an opinion on the financial statements based on our audit.
 - Scope of the audit:
 - Includes examining evidence, on a test basis, supporting the amounts and disclosures included in the financial statements
 - Includes an assessment of the internal control structure for purposes of auditing the amounts and disclosures in the financial statements, but not for providing an opinion on internal control
 - Includes an assessment of accounting principles, significant estimates made by management and disclosures to the financial statements
 - Objective of financial statement audit—to report whether the financial statements are fairly presented in conformity with required standards

Results of the independent audit

- Financial statement audit results:
 - Opinion on the financial statements: **Unmodified**
 - The **financial statements are presented fairly**, in all material respects, in conformity with accounting principles generally accepted in the United States of America
 - **No reportable deficiencies** on internal control were noted

Required communications

Matter to Report	No	Yes	Comments
Preferability of accounting policies and practices	✓		In our view, in such circumstances, the Corporation has selected the preferable accounting practice and follows standards set fourth by the Governmental Accounting Standards Board (GASB).
Adoption of, or change in, accounting policies	✓		The Corporation did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.
Significant unusual transactions	✓		We noted no significant unusual transactions during the course of our audit.
Audit adjustments	✓		There were no audit adjustments made to the final trial balance presented to us for our audit.
Uncorrected misstatements	✓		We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Required communications (continued)

Matter to Report	No	Yes	Comments
Disagreements with management	✓		We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
Consultations with other accountants	✓		We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant issues discussed with management	✓		No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant difficulties encountered in performing the audit	✓		We did not encounter any significant difficulties in dealing with management during the audit.
Internal controls over financial reporting	✓		There were no reportable internal control deficiencies noted during the course of our audit.

Required communications (continued)

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
<p>Depreciable life of property and equipment</p>	<p>The depreciable life of property and equipment is set at the estimated useful life of the related asset.</p>	<p>The determination is made at the time the asset is placed into service and involves various judgments and assumptions, including the estimated useful life and prior experience.</p>	<p>Based on the results of the audit procedures performed, we concluded the estimates used by management are reasonable.</p>

Role of subcontractor—Yoe CPA, LLC

- In an effort to partner with and assist the Corporation in its responsibility to foster the development and growth of diverse companies, we have teamed up with Yoe CPA, LLC, a subcontractor to RSM. This firm is a diverse company and is classified as a HUB enterprise.
- Yoe CPA, LLC service team included Stephen Yoe and Victor Bustamante.
- Worked side-by-side with RSM service team throughout the audit.
- First time working together as one firm.
- Yoe CPA, LLC was issued RSM laptops to facilitate integration of the two firms and provide for a seamless client service experience.
- Areas primarily worked on included the following:
 - Investments
 - Capital assets
 - Long-term debt
 - Revenues
 - Expenses

Closing comments

- Thank you for the vote of confidence and opportunity to serve as Houston First Corporation's independent audit firm.
- The Corporation is a large organization with diverse operations and revenue streams
- Non-routine year:
 - COVID-19 pandemic
 - Substantial remote environment
 - Compressed timeline
- Factors contributing to successfully completing the audit:
 - Experienced and committed management team
 - RSM's hospitality (hotel) and GASB industry experience
 - Constant and sound communication
 - Great teamwork

QUESTIONS AND ANSWERS

THANK YOU FOR
YOUR TIME AND
ATTENTION

RSM US LLP

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www.rsmus.com

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Truck Yard
EAST END

43 HFC BOARD MEETING

BOARD BUSINESS

- A. Consideration and possible approval of an Operations and Maintenance Services Agreement with TDIndustries, Inc.*

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

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Houston BCycle
DOWNTOWN

44 HFC BOARD MEETING

HOUSTON FIRST OPERATIONS & MAINTENANCE SERVICES RFP

PRESENTERS

Mitch Miskowski
Purchasing Agent

John Gonzalez
Senior Vice President & General Manager

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

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GOALS & OBJECTIVES

Houston First Corporation (“HFC”) requests responsive proposals from experienced contractors to provide operations and maintenance services. The Proposer selected is to furnish all labor, supervision, supplies, and other goods and services necessary to provide preventative maintenance and needed repairs throughout HFC’s meeting facilities, theaters, offices, garages, and landscaped properties. Services are to be provided on an as-needed basis, 24 hours per day, seven days per week, 365 days per year, including all holidays.

PROCESS OF SOLICITATION

August



8.31: RFP Issue Date

September



9.10: Pre-Bid Meeting

9.24: Submission Deadline

October



10.13: Proposal Evaluation

10.22: HFC Board Recommendation

SOLICITATION MEDIA ADVERTISEMENT

Notice of Solicitation:

- B2G Notifications
- City Council Members
- HFC Board Members
- Community Stakeholders

Publications Advertised:

**HOUSTON
BUSINESS JOURNAL**

美南新闻
Southern Chinese Daily News

LaVoz HOUSTON
DE HOUSTON CHRONICLE

Defender
Network.com

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SELECTION CRITERIA

Evaluation Points

	Transmittal Letter:	15
	Company Profile:	20
	Management Strategy:	25
	Diversity Commitment:	10
	Pricing:	30
	Interviews:	20

SELECTION COMMITTEE

John Gonzalez, CMP

Senior Vice President & General Manager
Houston First Corporation

Christophe Malsang

Vice President of Parking
Houston First Corporation

Dey Rodriguez

Capital Projects Manager
Houston First Corporation

Al Whaley

Director of Maintenance & Engineering, ASM
Global-NRG Park

Edgar Moctezuma

Director of Stadium Operations & Engineering
Houston Dynamo | Houston Dash
BBVA Stadium

PROPOSERS & SCORES



Score: 292



Score: 445



Score: 375



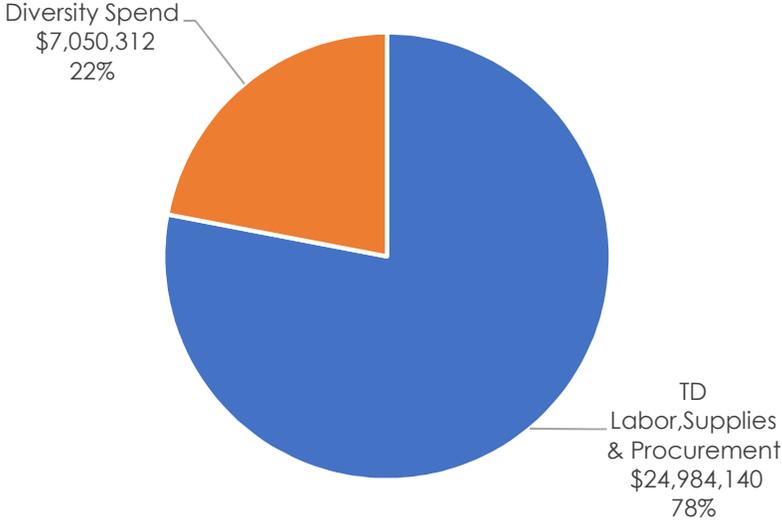
Score: 487

RECOMMENDATION: TDINDUSTRIES, INC.

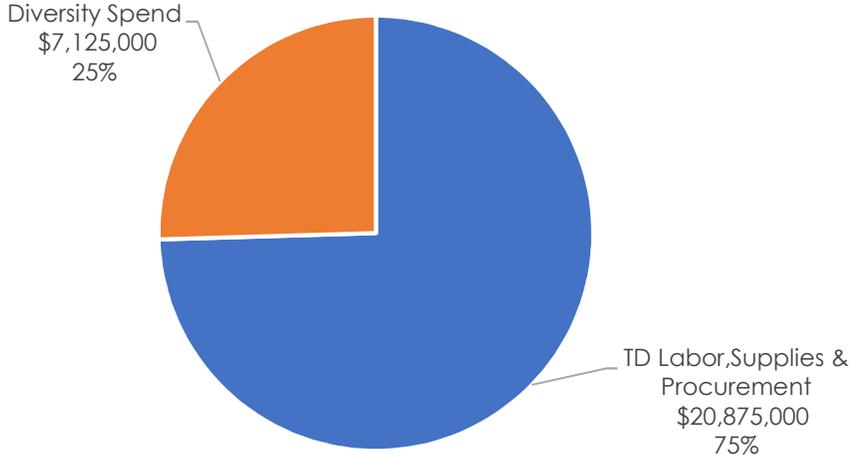
- TDIndustries is an employee-owned company founded in Texas in 1946, opening a Houston office in 1980.
- They currently have over 2800 employees in 3 states (Texas, Arizona, and Colorado).
- Local clients include City of Houston, Houston Community College and Lone Star College
- As the incumbent, they are well-versed in working with HFC and within its facilities.
- They are committed to HFC's Diversity goal of 25%.

TD INDUSTRIES DIVERSITY SPEND

2015 - 2020 TOTAL CONTRACT VALUE \$32 M



2020 - 2024 TOTAL CONTRACT VALUE: \$28 M



TDI will provide mentor/mentee opportunities for minority companies to provide fountain maintenance and other preventative maintenance projects.

TDI DIVERSITY PARTNERS

Abilities Unlimited, Inc.

Astros Fence

Blumenthal Inc.

Burgoon Company

Competitive Choice Partners

EDH Plumbing Contractors, LLC

Houston ChemSafe

Jan Koehn, CIH Inc.

JF Filtrations, Inc.

JPS Drywall, Inc.

Kentech, Inc.

MEK Interiors & Floors

South Texas Boiler Industries, Inc.

Tejas Office Products, Inc.

Turtle & Hughes, Inc.

Wholesale Electric

Sabine Street Bridge, Segway Tour
BUFFALO BAYOU PARK/DOWNTOWN



54 HFC BOARD MEETING

BOARD BUSINESS

- B. Consideration and possible recommendation of (i) a Lease Agreement between the City of Houston, as Landlord, and Houston First Corporation, as Tenant, for approximately 2.4668 acres of land at Hermann Park and (ii) a Sublease between Houston First Corporation, as Sublessor, and the Hermann Park Conservancy, as Sublessee, for the subject land to facilitate the renovation and restoration of the historic golf clubhouse building and for continued operations of such facility.

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

Houstonfirst



HERMANN PARK GOLF CLUBHOUSE

PRESENTERS

LISA HARGROVE

General Counsel

DOREEN STOLLER

President – Hermann Park Conservancy

HFC BOARD OF DIRECTORS MEETING

October 22, 2020

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Hermann Park Historic Clubhouse Renovation and Historic Tax Credit Funding

Presentation to
Houston First Corporation

Renovation of Historic Clubhouse



- ***Constructed in 1935***
- ***\$5.8 million renovation project including landscaping, parking lot and maintenance fund***

Historic Tax Credit Programs



- **State program issues tax credits for up to 25% eligible expenses, 20% for federal program**
 - Structures must be eligible for National Register or otherwise historically significant
 - Buildings must be income producing
- **Municipalities are not eligible for tax credits, but operating partners are eligible**
 - Must have long-term lease to meet IRS definition of building as depreciable asset
 - Significantly in excess of 39 years
- **Houston City Charter prohibits entering into agreements in excess of 30 years with corporations but longer term agreements are possible with public entities and LGCs**

Lease Structure to Comply with Tax Credit Program Requirements



- **Conservancy has existing development and concession agreements with the City to renovate and operate the building**
 - Special Events Venue
 - Earned income dedicated to park maintenance
- **City and Houston First entering into 49 year lease agreement**
 - Term meets IRS requirements for tax credits
 - Houston First assumes rights and responsibilities of Conservancy's operating agreements
 - Ability to sublease
- **Houston First and Conservancy enter into a sublease**
 - Conservancy assumes all rights and responsibilities
 - Commission payments can be paid directly to City
 - Ability to sublease to partnership using federal tax credits



Thank You





TERMS & CONDITIONS

- Term of Agreement: 49 years
- Leased Premises: 4.4668 acres located at 6001 Fannin Street, inclusive of the historic Hermann Park golf clubhouse
- Hermann Park Conservancy renovating the clubhouse for use as an event rental facility for functions
- All responsibilities assigned to Houston First under the Lease Agreement are transferred to the Hermann Park Conservancy.
- No expense to Houston First.

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ACTION ITEMS REQUESTED

- Approve Lease Agreement between the City of Houston and Houston First
- Approve Sublease between Houston First and the Hermann Park Conservancy

HFC BOARD OF DIRECTORS MEETING
October 22, 2020

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V. (A) Consideration and possible approval of the Houston First 2019 Annual Financial Audit.

Consideration and possible approval of the Houston First 2019 Annual Financial Audit

DESCRIPTION: Houston First Corporation (the “Corporation”) entered into an External Audit Services Agreement with RSM US LLP to conduct the year-end audit of the Corporation’s consolidated financials for the year ending December 31, 2019. Staff now requests Board approval of the audit as presented.

RESOLVED, that the Board of Directors hereby approves the Houston First 2019 Annual Financial Audit.

V. (B) Consideration and possible approval of an Operations and Maintenance Services Agreement with TDIndustries, Inc.

Consideration and possible recommendation/approval of an Operations and Maintenance Services Agreement with TDIndustries, Inc.

DESCRIPTION: On August 31, 2020, Houston First Corporation (the “Corporation”) issued a request for proposals (“RFP”) from experienced contractors to provide preventative maintenance and repairs to all HFC facilities, parking garages, and landscaped properties.

DESCRIPTION: On August 31, 2020, Houston First Corporation (the “Corporation”) issued a request for proposals (“RFP”) from experienced contractors to provide preventative maintenance and repairs to all HFC facilities, parking garages, and landscaped properties. The Corporation received a total of four proposals. All four firms were invited to participate in in-person interviews with the selection committee, and upon evaluation and re-scoring of proposals submitted, the company that received the highest score was TD Industries, Inc. (“TDI”). The Corporation and TDI will enter into an Operations and Maintenance Services Agreement (“Agreement”) with a five-year total management fee of \$4,438,629.84, plus applicable labor rates. TDI has also agreed to meet a 25% diversity goal.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions with respect to an Operations and Maintenance Services Agreement:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves the negotiation and finalization of an Operations and Maintenance Services Agreement (the “Agreement”) between Houston First Corporation and TDI based upon the above parameters together with such conditions or modifications that are approved by the Chairperson or Acting President, as they may determine to be in the best interest of the Corporation and to execute such Agreement; each acting alone hereby is, severally and 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 Agreement in a form as approved by either the Chairperson or the Acting 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 Chairperson, Acting President and Chief Executive Officer, Chief Operating Officer, General Counsel, and Chief Financial Officer of this Corporation are each hereby designated by this 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 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.

V. (C) Consideration and possible approval of (i) a Lease Agreement between the City of Houston, as Landlord, and Houston First Corporation, as Tenant, for approximately 2.4668 acres of land at Hermann Park and (ii) a Sublease between Houston First Corporation, as Sublessor, and the Hermann Park Conservancy, as Sublessee, for the subject land to facilitate the renovation and restoration of the historic golf clubhouse building and for continued operations of such facility.

Consideration and possible recommendation/approval of a (i) Lease Agreement between the City of Houston, as Landlord, and Houston First Corporation, as Tenant, for approximately 2.4668 acres of land at Hermann Park and (ii) a Sublease between Houston First Corporation, as Sublessor, and the Hermann Park Conservancy, as Sublessee, for the subject land to facilitate the renovation and restoration of the historic golf clubhouse building and for continued operations of such facility.

DESCRIPTION: Hermann Park, located at 6001 Fannin Street, Houston, Texas, is owned by the City of Houston (the “City”) and is operated by the Hermann Park Conservancy (“HPC”). HPC is undertaking a multi-million-dollar renovation and restoration of the historic golf clubhouse building located on the property into a special events venue open to the public for rent. In order for HPC to qualify for certain historic tax credits for the renovation and restoration of the clubhouse, HPC must hold a long-term interest in the property on which the clubhouse is located. The City is unable to lease the property for a period longer than thirty years, pursuant to Article II, Section 17 of the City’s Charter; therefore, Houston First Corporation (the “Corporation”) has agreed to enter into a Lease Agreement (“Master Lease”) as, Tenant, with the City, as Landlord, of approximately 2.4668 acres in the park, including the clubhouse and nearby parking lot(s). Pursuant to the Master Lease, the Corporation will enter into a Sublease, as Sublessor, with HPC, as the Sublessee, for continued operations of the facility.

The term(s) of the Master Lease and Sublease are fifty years, and all rents are due and payable to the City. As Tenant under the Master Lease, the Corporation is not responsible for any tenant duties or obligations including, but not limited to, renovation and restoration of the clubhouse, maintenance and operations of the clubhouse as a special events venue, nor remittance to the City, as all duties and obligations have been passed through to HPC under the Sublease.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions with respect to a Lease Agreement and Sublease Agreement:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves the negotiation and finalization of (i) a Lease between Houston First Corporation (the “Corporation”) and the City of Houston, and (ii) a subsequent Sublease Agreement between the Corporation and Hermann Park Conservancy (collectively the “Agreements”) based upon the above parameters together with such conditions or modifications that are approved by the Chairperson or Acting President, as they may determine to be in the best interest of the Corporation and to execute such Agreements; each acting alone hereby is, severally and 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 Agreements in a form as approved by either the Chairperson or the Acting President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the Agreements by any Authorized Person; and

FURTHER RESOLVED, that each of the Chairperson, Acting President and Chief Executive Officer, Chief Operating Officer, General Counsel, and Chief Financial Officer of this Corporation are each hereby designated by this Corporation as an “Authorized Person” for purposes of this resolution and with respect to the Agreements to be executed hereunder; and

FURTHER RESOLVED, that the Agreements 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.