

MINUTES

HOUSTON FIRST CORPORATION

Operations Committee
September 5, 2019 - 2:00 p.m.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM

The Operations Committee ("Committee") of Houston First Corporation (the "Corporation" or "HFC"), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV'T. CODE ANN. §394.001 et seq., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Harris County, Texas, 77010, on Thursday, September 5, 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: Desrye Morgan (Chair), Reginald Martin (Co-Chair), Alex Brennan-Martin, Kathryn McNeil, Dean Gladden, and Council Member David Robinson.

The meeting was called to order at 2:02 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 meeting minutes of June 14, 2019 were approved as presented.
3. **Presentations and Reports.**
 - A. **Operations Update.** [This item was combined with item 3B].
 - B. **2020 Overview and Budget.** [This item was taken out of turn]. Brenda Bazan began the presentation by thanking Susan Tucker for her patience and guidance in moving through the strategic planning process. She then discussed HFC's mission, vision, and values as well as the strategic focus areas. She provided examples of organizational excellence by reporting on the performance of the Hilton Americas-Houston Hotel and good stewardship by announcing that the HFC 2020 Budget includes a line item for the replenishment of reserves.

Mrs. Bazan stated that just two years after Hurricane Harvey that the City of Houston has helped HFC recover \$44 million in FEMA reimbursements.

She concluded the 2020 Budget Overview by discussing HFC's corporate initiatives for the upcoming year and also informed the Committee that the 2020 balanced scorecard is forthcoming.

Frank Wilson then discussed the HFC 2020 Budget and major themes that guided the budget process, which include a balanced budget, recovery of reserves, the Hilton Renovation Project, and mitigation of Wortham Theater and the Theater District Parking Garages. Mr. Wilson informed the Committee that he would provide a high-level budget overview for now and then present a more detailed presentation for the Benefits, Compensation, and Finance Committee. He began the presentation with the projected 2019 year-end and 2020 revenues, which assume an increase of 5.6% over the projected 2019 budget for HOT 2019. Mr. Wilson stated that it is projected that HFC will finish \$2,126,171 in the black in 2019 and \$1,017,275 in 2020.

He also discussed corporate initiatives such as PCMA, the Jones Plaza Redevelopment Project, reserve replenishment, and capital projects. On the expense side, HFC has reduced operating expenses due to several vacant positions that are expected to be filled in 2020.

Dean Gladden asked about the increase in parking prices and stated that the Theater District Parking Garages have the most expensive event parking at \$15. Luther Villagomez clarified that the daily rate for Theater District Parking facilities has been low for some time and HFC is looking to increase rates based on current market conditions.

Mr. Villagomez recognized his team and the personnel in both the Theater District and Convention District who have re-dedicated their time to centralize operations post Hurricane Harvey. He also informed the Committee that the increase in the Convention and Cultural Facilities Budget is due to increases in food and beverage services from Levy as HFC is challenged with balancing mixed business with gross food sales and catering.

Reginald Martin asked if staff could provide information on the top revenue producing events so that he may be more informed about the best type of business opportunities for HFC. Mr. Villagomez briefly explained that corporate events tend to generate the highest food and beverage sales, but that he would be happy to produce a list.

According to Mr. Villagomez, operational expenses for the George R. Brown Convention Center ("GRB") have also increased due to wage rate increases under the janitorial services and parking operations contracts.

Desrye Morgan asked what was included in the "Other" category of the facilities budget and Mr. Villagomez stated that the line item includes consulting services for the structural engineer for capital projects at GRB and Jacobs Engineering for the TXDot Project.

Frank Wilson then discussed the budget at Theater District Facilities and stated it is HFC's goal to return parking and food and beverage revenues to pre-Hurricane Harvey conditions. He also clarified that "Sponsorships" were related to contractual agreements with the Performing Arts organizations, Discovery Green, Greenlink etc.

Dean Gladden inquired about the Jones Hall Redevelopment Project and there was discussion regarding changes to the original design while funds are still being raised to move forward with the project.

Mr. Gladden then recognized HFC staff on a good presentation and a job well done in a tough economy. Desrye Morgan echoed those sentiments and asked about operations of Talento Bilingue de Houston ("TBH"). HFC staff informed the Committee that HFC will continue to support the operation of TBH and provide facility maintenance. HFC is meeting with the City of Houston to determine the best way to move forward.

4. **Committee Business.**

A. Consideration and possible recommendation of the 2020 Convention and Cultural Facilities Budget.

Following a motion duly seconded, the 2020 Convention and Cultural Facilities Budget was approved unanimously.

B. Consideration and possible recommendation of the Houston First Corporation Operations Committee Charter. [This item was removed from the agenda.]

5. **Adjournment.** The meeting was adjourned at 2:45 p.m.