

# MINUTES

## HOUSTON FIRST CORPORATION

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### **BOARD OF DIRECTORS MEETING**

**July 21, 2022 – 3:00 P.M.**

**Partnership Tower, 701 Avenida de las Americas, Suite 200**

**Houston, Texas 77010**

**HOUSTON FIRST BOARD ROOM**

*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 at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010, on Thursday, July 21, 2022, commencing at 3:00 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 Board Members participated in the meeting: Desrye Morgan, (Vice-Chair), Sofia Adrogué, Elizabeth Brock, Reginald Martin, Alex Brennan-Martin, Tom Segesta, and Gerald Womack.*

1. **Call to Order.** The Chairman of the Board called the meeting to order at 3:08 p.m. and a quorum was established.
2. **Public Comments.** None  
  
Alexandra Smith, District Caseworker/Field Representative from Congresswoman Sheila Jackson-Lee’s office was in attendance.
3. **Review and approval of minutes from prior meetings.** Following a motion duly seconded, the meeting minutes of June 23, 2022, were unanimously approved.
4. **Board Business**
  - A. **Consideration and possible approval of the Houston First 2021 Annual Financial Audit.** Frank Wilson, Chief Financial Officer, reported that the leased assets (George R. Brown Convention Center, Wortham Theater, Jones Hall, Miller Outdoor Theatre, Parking, and Partnership Tower, Hilton Americas-Houston Hotel, and destination marketing expenses were included in the annual report, but did not include Convention and Entertainment Facilities Department debt and fixed assets expenses.

Mr. Wilson reported total assets decreased by \$8 million over 2020 and total liabilities increased by \$14.4 million over 2020 due to the receipt of a \$20 million loan from the City of Houston, a note of \$6 million with Regions, a \$2.6 million PPP loan which will be forgiven in 2022, and a \$16 million pension settlement with the City.

Mr. Wilson stated there is an overall net loss of \$18.4 million, which is a decrease of \$2.9 million from 2020. Revenues in 2021 came from four sources; \$57.1 million from Intergovernmental Revenue from the City of Houston, \$42.6 million from Hilton Americas-Houston Hotel \$21.1 million from the venues, and \$11.5 million from Avenida parking. Expenses in 2021 were \$28.9 for the facilities, \$27.6 million for general administrative, \$15.2 million for the Hilton Americas-Houston Hotel, and \$11.9 million for Visit Houston.

Total operating revenues increased by \$16.8 million due to the recovery in the hospitality and convention industries from the COVID-19 pandemic. Hotel revenues benefited from the increase in leisure travel in Houston and a 56% increase in occupancy. In addition, operating expenses increased \$5.9 million to \$116.6 million in 2021 due to increased use of the managed facilities and an increase of \$1.3 million in depreciation expense.

Total non-operating revenues (expenses) decreased by \$9.1 million from 2020 due to \$16 million related to pension settlement and offset by a \$10.3 million revenue increase (\$2.3 million grant revenue and \$8 million from the fund-raising organization for Lynn Wyatt Square).

Joel Perez, Partner at RSM US LLP, stated that the financial and compliance audit report was performed under Government Auditing Standards due to federal funding. Mr. Perez reported that there were no significant changes to the planned audit strategy and did not identify audit adjustments or uncorrected misstatements. Mr. Perez emphasized that RSM did not identify material weaknesses or significant deficiencies and that it was a clean audit.

Mr. Perez commented that RSM teamed up with Yoe CPA, LLC, a minority-owned business, as a subcontractor to partner with and assist HFC in its responsibility to foster the development and growth of diverse companies. Mr. Stephen Yoe, Managing Partner, thanked RSM and HFC for the opportunity to participate in and assist with the audit.

After discussion for consideration and possible recommendation of the Houston First 2021 Annual Financial Audit, a motion was made and duly seconded for approval. The motion passed unanimously.

5. **Executive Session** Executive (closed) session pursuant to Texas Government Code Section 551.071 to permit the Board of Directors to discuss pending litigation with counsel began at 3:37 p.m. No action was taken during the executive session, which ended at 4:02 p.m.
6. **Adjournment** The meeting was adjourned at 4:06 p.m.