

MINUTES

HOUSTON FIRST CORPORATION

Governance, Audit & Finance

July 25, 2018 – 2:00 P.M.

**Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM**

The Governance, Audit & 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, July 25, 2018, 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: Katy Caldwell (Chair), Council Member Dave Martin (Vice Chair), Alex Brennan-Martin, Ryan Martin, and Jay Zeidman.

The Chairman of the Committee called the meeting to order at 2:04 p.m. and a quorum was established.

1. **Public Comments.** Pamela Quiroz, Director of the Center for Mexican American Studies at the University of Houston, spoke about Latino Art Now. This is the premiere Latino art event in the country with artists, curators, collectors, and scholars showcasing Latin American artists. It's anticipated that over 250,000 visitors will attend the conference and it has already gained the support of thirty-six local partners.

Roberto Tejada, Professor of Art History at the University of Houston, also spoke about Latino Art Now and representation of art that highlights the Latin American experience.

Council Member Robert Gallegos confirmed his support for Latino Art Now and has spoken with the Mayor and others interested in the event. He stated that other cities where the event has previously been held had the full support of their entire city and it would be a shame if the City of Houston did not do the same.

Grace Saeenz attended the Center for Latin American Studies at the University of Houston. She believes Latino Art Now will have a great impact culturally and educationally as the first city-wide event held in a long time. The event will also have economic impact from the amount of tourist dollars it helps generate.

Katy Caldwell asked for clarification on the sponsorship request from HFC. The grant was reduced from \$50,000 to \$27,000. They have also requested a city-date for use of Discovery Green, use of shuttles for transportation, banners, and 250 discounted room

nights. In exchange for its contributions, HFC will be listed as a sponsor on all published materials.

Ryan Martin asked more about the local partnerships and what ethnic groups were represented in the event. Pamela Quiroz explained there was a wide spectrum of local partners involved.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of January 8, 2018 and April 18, 2018 were approved as presented.

3. **Presentations and Reports.**

A. **Year to Date Financial Reports & Projections.** Frank Wilson, Chief Financial Officer, gave a financial report through June of 2018. There is a strong positive variance due to the performance of the Hilton Americas-Houston Hotel ("Hotel") and Hotel Occupancy Taxes ("HOT"). HOT collections are trending toward \$87,000,000 on budget due to new hotels that have paid slightly over \$400,000 in HOT this year. The Hotel is performing well, primarily due to parking revenues and food and beverage sales. There is a continued favorable occupancy trend and the Hotel has had twelve sell-outs this year. It is projected to finish the year at \$8,600,000 over budget. There has also been a strong positive variance in operating expenses for personnel of \$668,389 due to vacant positions and not paying executive bonuses.

Council Member Dave Martin and Alex Brennan-Martin asked how much cash was needed compared to the operating budget. The Hotel refresh project will cost over \$30,000,000. The I-69 project will incur cost of \$3,900,000 by the end of 2019 and could cost as much as \$20,000,000 over the next five years. The Wortham project depends on funding from the City of Houston. At this time, \$10,000,000 in insurance proceeds have been paid to HFC and HFC may be entitled to an additional \$25,000,000. In addition, HFC may also incur \$20,000,000-\$25,000,000 in mitigation expenses.

Katy Caldwell asked that Frank Wilson and HFC's financial advisor provide an update of the Long Term Cash & Debt Model to determine the cash needs over time, including the impact of the pension decision at the next meeting of the Committee in August.

B. **2019 Business Plan & Budget Process.** Brenda Bazan, President & CEO, and Frank Wilson both discussed the 2019 Business Plan process. This year HFC has adopted a balanced scorecard initiative, which is a strategic process that focuses on a corporate-wide view, rather than departmental goals. Teams of HFC employees have been charged with determining performance measures for a number of corporate-wide objectives. Katy Caldwell encouraged staff to include the Board of Directors in the strategic planning process.

Frank Wilson gave an overview of the budget process and stated his goal was to have a balanced budget for 2019.

4. **Committee Business.**

- A. **Consideration of, and possible recommendation of a sponsorship request submitted by Latino Art Now for its 2019 Conference.** Rob Jackson, VP of Public Affairs, explained that a letter was sent to all community partners seeking sponsorship opportunities with HFC regarding a reduction in HFC's cash flow. Katy Caldwell clarified that the event would take place in 2019 and stated that she wanted to figure out the best way to support the initiative. Both Katy Caldwell and Council Member Dave Martin suggested there be further discussions between event organizers and HFC staff to clarify the amount of room nights requested and determine if HFC could contribute additional in-kind contributions to offset cash contributions.

This item was referred back to HFC staff to meet with representatives of Latino Art Now to refine their request.

- B. **Consideration of, and possible recommendation of a sponsorship request submitted by the City of Houston for Labor Trafficking/Supply Chain Event.** Rob Jackson explained that this request normally flows through the Interlocal Agreement with the City of Houston in the form of an in-kind contribution, however, the event is being held at the Hobby Center this year. The City of Houston requests a cash contribution of \$1,700 to pay for food and beverage.

As a sponsor, HFC will be displayed on the event website and receive tickets to the event. The motion to fund the sponsorship request submitted by the City of Houston for Labor Trafficking/Supply Chain Event passed unanimously.

5. **Announcements.** Peter McStravick gave an update on the term for 4 Houston Center due to expire in August 2018. Brenda Bazan announced that the Benefits & Compensation Committee approved a 3% merit-based increase for all employees.
6. **Adjournment.** The meeting was adjourned at 3:11 p.m.