

AGENDA

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
June 18, 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 – May 21, 2020**
- IV. Presentations, Reports, and Updates**
 - A. Report by Houston First Chairman
 - B. HFC President & CEO Report
 - C. Marketing Update
 - D. Sales Report
 - E. Facilities Report
 - F. Chief Financial Officer Report
 - G. Hilton Americas-Houston Hotel Report

V. Board Business

- A. Consideration and possible approval of a revised 2020 budget for Houston First Corporation.

- B. Consideration and possible approval of an External Audit Services Agreement with RSM US LLP.

VI. Adjourn

III. Minutes – May 21, 2020

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
May 21, 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, May 21, 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 (Co-Chair), Nicki Keenan, Sofia Adrogué, Elizabeth Brock, Alex Brennan-Martin, Reginald Martin, Ryan Martin, Paul Puente, Tom Segesta, Bobby Singh, Jay Zeidman, and Council Member David Robinson, Ex-Officio.

The Chairman of the Board called the meeting to order at 3:05 p.m. and a quorum was established, with all Board members virtually present. He discussed a few housekeeping rules before proceeding with the meeting agenda.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.**

Following a motion duly seconded, the meeting minutes of April 23, 2020 were approved unanimously as presented. Elizabeth Brock was not present for the vote.

3. **Presentations and Reports.**

A. **Report by Houston First Chairman.** Chairman Minberg stated that the last thirty days have been very busy meeting with several groups to assess the impact of the pandemic on HFC. He noted that he continues to participate in a regular stakeholder meeting with forty participants, including HFC senior staff, Council Member David Robinson, Sofia Adrogué, and representatives of every group HFC works with directly. He added that, six-to-eight weeks ago, he and the Vice Chair, Desrye Morgan, began participating in HFC senior staff meetings. Those meetings have dealt with some very difficult subjects, he said, but all of the issues have been thoroughly vetted by himself and the Vice Chair, and others have gone to the Benefits, Compensation, and Finance Committee led by Alex Brennan-Martin. The Chairman mentioned that he also serves

on the Mayor's Task Force with Tom Segesta as a representative of the Greater Houston Convention Visitors Bureau and the hotel industry.

Chairman Mincberg said he has had discussions with City Hall on the status of HFC that range from profits and losses to the process of re-opening facilities. Mr. Mincberg noted that HFC has to work within the public health discussion in order to bring business back to Houston. The Chairman recognized Holly Clapham-Rosenow, Chief Marketing Officer, for her recent radio interview, and stated that the interview solidified his belief that the discussion should be framed in two ways: What do we do today, and what do we do tomorrow? He stated that the latter is what the Board is responsible for over the next eighteen months and, given their wealth of experience and background, Board members can help shape the future of HFC over the next twenty years. He informed the Board that a long-range planning group is being formed and includes senior staff and a Board member, Ryan Martin, and encouraged all other Board members that are interested to be part of the process. The Chairman concluded his report by stating that this will be the focus of the Board over the next several months, as HFC will have to make decisions at a time when resources are limited, so it will be a challenge to determine HFC's position in 2021 and beyond.

- B. HFC President & CEO Report. Brenda Bazan stated many hours have been spent preparing for the return of visitors and employees, and that she continues to have phone calls bi-weekly with other DMO CEOs across the State of Texas to discuss how they are responding to this crisis. She added that Luther Villagomez and John Solis also have regularly scheduled phone calls with their counterparts in Texas and across the country and that, as mentioned during the report by the Chairman, she participates in bi-weekly phone calls with HFC stakeholders in which a number of Board members participate.

Ms. Bazan informed the Board that Mr. Villagomez will provide an update on the guidelines for operating the facilities during COVID-19. She added that Mr. Villagomez is working with Tim Moyer, HR Director, on the guidelines for providing a safe work environment for HFC team members. Once approved, she said, these guidelines will be communicated to employees while they are still working remotely; they will also receive training. Upon returning to work, she said, there will be follow-up training to reinforce the new guidelines. She further explained that the guidelines address key areas such as personal protective equipment, safety officers, signage, and elevator and escalator usage. The document is a work in progress, according to Ms. Bazan, though she will keep the Board updated, and has committed to provide a final draft to the Board Chair and Vice Chair for feedback. She noted that HFC has requested guidance from Dr. David Persse with the City of Houston Health Department and will share relevant procedures with other stakeholders and organizations within the city.

Ms. Bazan stated the area that has consumed a lot of her time and that of the executive and leadership teams is the future of HFC; specifically, what HFC will look like as it emerges from the crisis. She explained this is also a work in progress, but HFC must go back to the basics and core responsibilities for which HFC is responsible. As mentioned in prior CFO reports, she said, this is necessary as a result of the significant

reduction of revenue due to the impact of COVID-19 on the hospitality industry, low oil prices, and the on-set of a national recession. She informed the Board that the recent survey results distributed to Board members also included plans for the executive team to return to the Board with news plans for 2021 in late summer or early fall 2020. Ms. Bazan then introduced Holly Clapham-Rosenow to provide an update on the new "MissingHou" campaign, focusing on Houston and hotels to the drive market for staycations.

Ms. Clapham-Rosenow stated that the Marketing team is working on its rebound campaign, but has not relinquished any efforts to support the immediate hospitality market. The campaign, she said, is a centralized hotel-retail campaign; the Marketing team continues to communicate with hotels, and they have surveyed 84 different hotel properties gathering detail on their sales and marketing and standardized safety protocols. This week, she noted, the Marketing team deployed thirteen hotel packages on the Visit Houston website. Ms. Clapham-Rosenow thanked all hoteliers in attendance for their focus on hotel packing during this time, as it is a critical component to promotion. She went on to say that the first soft promotion will take place later today and then Friday and Saturday will be the first out to market activation via social media.

Marketing will also continue to conduct research on travel behavior, interests, motivators, as well as testing a creative during the rebound campaign, according to Ms. Clapham-Rosenow. On June 1, she added, they will deploy an online travel agency on the Visit Houston website, as Marketing is working with a company called Rootrez, similar to Expedia or Travelocity, though this service will be embedded on the website to optimize conversions. On June 8, she said, they will launch the campaign on two digital ad exchanges, focusing on the Houston MSA; the following week, they will layer in three additional platforms. Ms. Clapham-Rosenow said that in July, Marketing will expand its reach into Texas, unless data reflects otherwise, but this will be an A.I. produced campaign so that marketing can deliver products to those most interested. In conclusion, Ms. Clapham-Rosenow added that conversion pixels will be included on all advertising campaigns to determine if the ads have achieved HFC's goal of converting hotel rooms.

Ms. Bazan added, with regard to her earlier statements on the future of HFC, that she has spoken to a number of Board members over the last eight-to ten days and will speak with the remaining Board members next week. She also informed the Board that a legislative update was disturbed to Board members prior to the meeting and Rob Jackson is available to answer any questions.

- C. Sales Report. John Solis, Sr. Vice President of Sales and Client Services, began his presentation with a sales report through May 2020 year-to-date. With regard to tentative activity, he said, there are thirty leads through mid-May, which is 30% of sales usual production. He added that tentative room nights are 59,142, which is a 62% decrease year-to-date. Mr. Solis explained that, of the thirty leads generated through May, it is likely those groups also went to Austin, San Antonio, Dallas, and Fort Worth, because there is a lot of shopping in the market, but not a lot of closure. With regard to cancelled meetings, he said, they are up to 102 cancellations, because they lost

sixteen meetings in early May. According to Mr. Solis, this is equal to a loss of nearly 340,000 room nights year-to-date. Compared to other key cities in Texas that have losses between 150,000 to 200,000 room nights, he said, Houston has seen a spike because OTC is included those figures.

Mr. Solis then discussed all citywide conventions through first quarter 2021, at the request of Chairman Minberg. In May, according to Mr. Solis, there were three cancellations, one convention moved to a fall date, and the Republican Party of Texas moved its convention to July 2020. In both June and July, he said, there were three originally scheduled conventions and all six have cancelled. An event scheduled for September has moved to October, he noted, and Quilts is still scheduled to host an event in October, but has reduced its footprint by 40%. Mr. Solis said that he and Luther Villagomez continue to discuss what the event may look like given the demographics of attendees. In November, he said, there was one cancellation and the Science Teachers of Texas remain; the group has decided to move event registration to July so the sales team will continue to monitor the situation. In December, he added, there were two events scheduled, WPC, which has been moved to December 2021 and a corporate event; however, the group has notified the sales team that they are considering future dates through 2023. He went on to say that in January 2021, there are three events scheduled, including the Houston marathon and PCMA. Mr. Solis explained there has been a lot of dialogue among the Board regarding the importance of this industry event, as PCMA meets twice a year, once in June, and in the month of January, but PCMA has recently cancelled their June program.

Mr. Solis said that the Sales team will meet with meeting organizers on July 15 to discuss the future of the January program. All three meetings scheduled for February 2021 are intact, according to Mr. Solis, and in March they have four meetings scheduled. So far there has been one cancellation and one postponement, he added, and the Teachers of English recently hosted a successful virtual planning meeting. Mr. Solis also informed the Board that in March 2020, the sales team was expecting to secure an event that pulled out of Singapore for a trademark association, but their board has recently decided to host a fully virtual event. He added that the Sales team hopes that the organization will give Houston an opportunity to host the event in 2024 or 2025.

Lastly, Mr. Solis shared a series of survey responses with the Board based on travel activity. The data, he said, shows that an overwhelming amount of people feel it is unsafe to attend conventions and conferences. Similarly, he added, 50% of travelers are very uncomfortable traveling on a plane. Mr. Solis stated the drive market will do much better and in discussions with his counterparts, the only other major city in Texas that has an event scheduled in July is the Texas High School Coaches Association in San Antonio. Mr. Solis also reported that the survey results showed that between May and September, only about 26% of people feel comfortable traveling by airplane and 34% anticipate they will not fly again until 2021. The survey, he noted, also outlined some of the operational practices that hotel guests expect to see in the future, including high-tech cleaning protocols. Data also reflects the comfort level of individuals with states re-opening, he said, which differ by region; however, the

majority of those who support re-opening in their home state, do not support the travel of out-of-state visitors.

Alex Brennan-Martin asked if the Sales team has a sense of when people will begin to plan for large gatherings. Mr. Solis stated the biggest concerns are the communities' stance on social gatherings and whether or not they can provide assurances if a group decides to come to Houston, but neither of those matters are clear. Mr. Solis explained that some cities have closed their convention centers altogether until there is a vaccine, so there are some opportunities, but they cannot provide these groups with guarantees or more assurances than any other community. Mr. Solis stated large gatherings will likely not take place until next year.

Council Member Robinson asked about the possibility of the NBA re-opening in Houston. Luther Villagomez stated that he spoke with a few representatives, but this was just an inquiry, and the NBA will likely re-open in Orlando. Nicki Keenan added that Disney was the deciding factor.

- D. Facilities Report. Luther Villagomez, Chief Operating Officer, provided the facilities report. Mr. Villagomez discussed the new protocols related to COVID-19 and his participation on a task force with all sports and theater facilities. The goal of the task force, he said, is to create a seamless approach to re-opening for all guests and patrons within the City of Houston. Mr. Villagomez stated he hopes to have a finished document for review by the Operations Committee in the next eight-to-ten days. HFC is also considering a certification with the International Association of Venue Managers to certify all housekeeping and cleaning plans at all facilities. He added that Operations will also continue to use hospital grade disinfectant for public spaces and restrooms and rely on stairwells and escalators to direct foot traffic.

Mr. Villagomez said that the George R. Brown Convention Center (GRB) is 52 days away from hosting the Texas State Republican Convention, and staff is 99% sure the event will move forward as planned. According to Mr. Villagomez, the Operations team is waiting to receive plans on how the group will comply with social distancing protocols, and they hope to be event ready after the 4th of July holiday, as it critical to be prepared because there will be a lot of eyes on the event.

Mr. Villagomez said that the City of Houston will use space in Exhibit Hall A3 to set up a call center for contact tracing for the next six months. The call center, he said, could grow up to 500 employees depending on the growth of activity, but HFC will receive some rental income over the next several months.

Prior to the start of COVID-19, Mr. Villagomez explained, HFC completely automated all parking systems in the Theater District; parking systems are now synced with the Convention District and will allow for more touchless operations. Additionally, Mr. Villagomez said he has been in contact with the Houston Symphony who are preparing to host virtual events in July and some smaller events in August, if possible. Both the Houston Ballet and the Houston Opera, he said, are on a holding pattern as they

consider hosting smaller events, as it is difficult to maintain proper social distancing in a back-stage environment in order to keep performers safe.

Paul Puente asked if there have been any requests from contractors for funding to implement safety protocols. Mr. Villagomez explained that he has not heard of any such assistance requests, as he works primarily with general contractors who manage the trades, though he can find out if the general contractors have more information.

The Chairman then introduced Frank Wilson to provide the CFO report, and asked that Council Member David Robinson also speak to the financial position of the City of Houston.

- E. Chief Financial Officer Report. Frank Wilson provided the CFO report. On April 27, 2020, he said, HFC's loan through the Paycheck Protection Program (PPP) was funded in the amount of \$4,180,675, which allows HFC to cover payroll expenses with a forgivable loan over the next eight weeks. On May 4, he added, the Hilton mortgage loan of \$125 million was extended for a year with the existing lender, AIG, with terms that are comparable to HFC's previous loan. He added that reimbursements for Hurricane Harvey have been very good. So far, he said, FEMA has obligated \$134 million, \$109 million has been received by the City of Houston, and HFC has received \$94 million. Mr. Wilson said that the money received by HFC has primarily been used to pay down debt related to recovery projects; HFC was also notified that another one of its project worksheets has been funded and the City of Houston has received \$3.5 million. Mr. Wilson stated HFC should receive its share of those funds any day now. He also informed the Board that the State of Texas recently passed legislation that will take funding out of the rainy-day fund to pay the local FEMA match, and HFC could receive as much as \$8.4 million. Additionally, he said, HFC has submitted a request to the City of Houston for \$6 million from the federal COVID-19 Relief Fund to pay for required capital improvement expenses required for the pandemic. As Mr. Wilson explained, several HFC managed facilities are over thirty years old and require upgrades and devices, such as touchless systems.

Mr. Wilson shared some data from Johns Hopkins University on the global impact of COVID-19. According to Mr. Wilson, it was recently reported that the U.S. has 4.3% of the world's population, and now has over 29% of the world's deaths related to COVID-19. He said that, as of yesterday, in Harris County, there were 10,095 confirmed cases of the coronavirus and 210 confirmed deaths. However, Mr. Wilson stated missing from the data metric was the total number of recoveries so he reviewed additional data from the Texas Medical Center and metro-Houston. This data, he added, reflects that while Texas and Houston re-open their economies, neither have yet to flatten the curve. The information does show, according to Mr. Wilson, that the number of hospitalizations is a fraction of the number of reported positive cases. Mr. Wilson added that one could infer that, as we continue to re-open the economy, the numbers may increase, but this number is based on our adherence to social distancing. He further explained that the data was presented because HFC's finances and the national and global economy are inextricably linked to the health crisis. On a more

positive note, he stated that he believes once the health crisis is under control, there will be an increase in oil and gas prices and a rebound in employment.

Mr. Wilson then presented HFC's financials through April 30, 2020. Due to a strong January and February, he said, total revenues of \$57 million were short of the budget by \$21.5 million. HFC's expenses through April were \$58.7 million or \$10.1 million below budget. Year-to-date through April, he added, HFC's expenses exceed revenues by \$1.7 million. Mr. Wilson explained that the summer months are HFC's slow season and, while HFC anticipates \$1.5 million in revenues from rental of GRB for a contact tracing call-center, and the Texas Republican State Convention, it will be quiet in the convention center. He went on to say that, with regard to hotel occupancy taxes (HOT), for the first quarter at \$21 million in HOT collections, HFC was only \$2.6 million below budget but through April, HFC is \$16.8 million below budget. He explained that, as approximately ten hotels have not paid their second quarter HOT, HFC may close the gap, but with travel bans and shelter in place orders in mid-March, HFC will not be able to close the gap entirely. He said that HOT collections for the year could fall as much as 50% below the 2020 approved budget, and added that Hilton net cash to HFC is also \$6.5 million below budget, but the hotel has a strong book of business for the fall. All other major revenues have struggled during this time as well, according to Mr. Wilson, including GRB facility rentals, food-and-beverage revenues, and parking revenues. In contrast, he said, all major expenses are at or below budget due to venue closures.

Mr. Wilson went on to discuss HFC's diversity spend from 2018-2019. The total spend over this time period to diverse businesses, he said, was \$93.5 million. He also outlined the total spend among different demographic groups and informed the Board that the dollar distribution closely represents the demographics of Houston. He also addressed the misconception that HFC's diverse spend is predominantly due to construction activity, and provided data that reflects roughly half of HFC's diversity spend is with HFC's other vendors.

Sofia Adrogué thanked Mr. Wilson for his efforts and presenting the historical data related to diversity spend.

Reginald Martin asked for a comparison of Houston and other major markets under the PPP to ensure we have the talent in place when business returns. Brenda Bazan stated that, in discussions with her counterparts across Texas, many organizations have either furloughed or laid off employees because they did not qualify for the PPP as 501(c)(6) organizations. Frank Wilson added that many stakeholders, such as the Opera, Alley Theater and Houston Symphony, have also applied for PP loans. Brenda Bazan noted that they have also received some funding and brought back employees. As a follow-up, Mr. Martin asked if there were any concerns with the loan being fully forgiven. Mr. Wilson stated the challenge is that the PPP is a new program, using the metaphor of a plane being put together in flight, but added that the program guidelines provide a fairly straightforward set of rules.

Chairman Minberg stated that Mr. Martin raised an important question about what do we do tomorrow and how we position HFC. He stated that he has asked Ms. Bazan to speak with every Board member one-by-one to address questions and ensure HFC has the talent necessary to go forward.

Paul Puente thanked Mr. Wilson for his report and the information regarding diversity spend. He also asked if HFC has any information on how many of the diverse firms represented are local businesses. Mr. Wilson stated 99.9% of the business are local.

Bobby Singh also thanked Mr. Wilson for providing the data points on diversity spend. He stated he wished he had not presented the fourth graph, but as a body of work HFC's efforts are exemplary and thanked staff for amplifying diverse businesses. Mr. Singh stated that, while he is not swayed by the demographics of Houston, the numbers speak volumes and serve as a good reminder that HFC is monitoring diversity spend.

Desrye Morgan asked what percentage of the diverse vendors are prime contractors. Mr. Wilson stated the information before him is not organized in that fashion, and those figures vary by group, not quite in the middle, but that it is certainly not all subcontractors.

Tom Segesta asked if there is a year-end Houston First forecast. Mr. Wilson stated he and his team are working on a new forecast to be presented to the Benefits, Compensation, and Finance Committee and full Board in June.

Alex Brennan-Martin thanked Mr. Wilson and the executive team for their efforts informed the Board that we should all feel as comfortable as we can feel right now.

Chairman Minberg added one final comment to Mr. Martin's earlier point and thanked Nicki Keenan for her impassioned speech several months ago about how HFC is going to be prepared for tomorrow. He then introduced Council Member David Robinson.

Council Member Robinson stated yesterday, at City Hall, the Budget and Fiscal Affairs Committee held a special meeting to discuss the "trends report" on the theme of the future. He mentioned that Council Member Dave Martin, Mayor Pro-Tem, and Chair of the Budget and Fiscal Affairs Committee hosted a session with Controller, Chris Brown. Within that meeting, he said, it was very bleak in prospect, and City Council held its first fully virtual meeting with one of the City Council Members testing positive for COVID-19. In the first week of June, he added, the City of Houston expects to adopt any amendments brought forth by the Council regarding the City's Fiscal Year Budget with a final vote by mid-June. Council Member Robinson said that he and Council Member Martin were able to highlight HFC's efforts, Brenda's leadership, and PPP money within those discussions with the City Controller, though the session ended with a very bleak outlook, which also featured a presentation with Elizabeth Brock of Center Point Energy with regard to the upcoming Hurricane season. He noted the

Council Member Robinson ended his report with a quote from City Controller, Chris Brown, who stated, "It's going to be a tough few years. Houston First Corporation has got the right idea, cutting expenses along with the sharp revenue downturn." HFC, according to Council Member Robinson, is getting a lot of positive support from City Council.

Chairman Mincborg thanked Council Member Robinson and Council Member Martin. He stated that it is important for City Council to know exactly what is going on at HFC and he appreciates their direct communication with their fellow City Council Members.

- F. Hilton Americas-Houston Hotel Report. Jacques D'Rovencourt, General Manager of the Hilton Americas-Houston Hotel (Hotel) provided the Board with the Hotel report. Mr. D'Rovencourt stated the year continues to be fluid, but he will have a better understanding of the balance of the year in the next few weeks and hopes to provide a detailed report in the Hotel Committee meeting in June. In the short-term, he said, the Hotel welcomed the Texas Army National Guard in mid-April for 30 days at approximately 225 rooms per night. Since then, he added, their deployment has been extended through June 24th. According to Mr. D'Rovencourt, this represents close to 15,000 room nights for the Hotel and has helped keep the Hotel at over 25% occupancy on a consistent basis. Since stay-at-home orders have been lifted, he added, the Hotel has experienced an increase in demand over the weekends. Last weekend, he said, the Hotel had a little over 30% occupancy and will experience similar numbers in the upcoming Memorial Day weekend. Mr. D'Rovencourt presented the STAR Report to give Board members a perspective on the impact of 25% occupancy compared with other hotels. In conjunction with Gallery Furniture, Volunteer Houston, and Interfaith Ministries, he said, the Hotel is participating in a face mask donation drive. Mr. D'Rovencourt explained that the Hilton Clean Stay program will officially launch in June to address new cleaning protocols in order to build confidence in hotel guests and keep both guests and team members safe. The Hotel also participated in the front-line medical professional's room program, he noted, which ends in May, and Mr. D'Rovencourt shared some positive feedback from one of the hotel guests.

Chairman Mincborg then asked that Board member Elizabeth Brock discuss her recent presentation regarding Hurricane preparedness at the close of the meeting before introducing Roksan Okan-Vick, Urban Development Officer, to give an update on the hotel guestroom renovation project.

Ms. Okan-Vick provided a quick update on how well the room refresh project has been moving forward despite the pandemic. She said that a total of 1,200 rooms are being renovated, and 598 of them were completed at the end of 2019. HFC is now, according to Ms. Okan-Vick, completing renovation of the second group of rooms that are scheduled to be completed by August 2020. She said that the overall project budget of \$47 million approved by the HFC Board remains intact. Ms. Okan-Vick also shared photos and explained the new health-screening process and stated thus far there have been no incidents.

Paul Puente asked about the budget for remediation costs. Ms. Okan-Vick noted that the budget estimate has proven accurate and provided additional clarification.

Bobby Singh recognized the hard work of Ms. Okan-Vick and the Hilton team for their efforts in moving forward with the project in spite of these difficult times.

Moving on, Chairman Mincberg stated it is hard to imagine the challenges the City of Houston may face with a hurricane during the pandemic and asked Elizabeth Brock to provide more information.

Ms. Brock thanked Council Member Robinson for participating in the elected officials' briefing earlier today and Chairman Mincberg for allowing her to address the Board. Ms. Brock stated that the forecast for upcoming hurricane is predicted to be particularly active. Ms. Brock discussed some of the challenges faced in managing hurricane season in a COVID environment, and explained that there is now way to predict what areas might be impacted, or whether there will be a water event or a wind event.

She said that they are planning ahead with regard to prioritization of hospitals, securing food supplies and mutual assistance, including utility workers from other states. She noted that thousands of hotel rooms were used by utility workers during Hurricane Ike and Hurricane Harvey and that, due to new health-and-safety guidelines, they will need additional space to accommodate workers.

Ms. Brock explained the importance of technology implementation and noted that a document is available that can be shared on emergency planning and safety tips that could be disseminated by elected officials. In the discussion, she said, Mayor Turner also highlighted the strain on resources as a result of the pandemic and the importance of reducing the demand on emergency personnel.

Chairman Mincberg stated that it can be difficult to imagine the scene at the GRB during Hurricane Harvey during the era of social distancing, and noted the challenge to staff. Ms. Brock agreed and stated that a number of staging sites used previously are now being used for COVID-19 testing and emphasized that now is the time to plan.

Chairman Mincberg suggested that Ms. Bazan consider adding the topic of hurricane preparedness to future meetings he and the Vice Chair have scheduled with HFC staff. Brenda Bazan explained that staff has tested and done a dry run on how to prepare HFC facilities, especially the Theater District, for a high level of water, and will talk to Elizabeth Brock about how procedures might be enhanced.

Desrye Morgan suggested that, in light of the recent dam break in Michigan, HFC might contact its counterparts to see how the disaster was handled in light of social distancing. Chairman Mincberg replied that we could benefit from talking to those who have experienced unanticipated natural disasters and how they are responding during these times.

4. **Adjournment.** The meeting was adjourned at 4:52 p.m.

**V. (A) Consideration and possible approval of a revised 2020 budget for
Houston First Corporation.**

Houston First Corporation

2020 Budget Presentation - Summary

Total

	CY20 Original Budget	CY20 Proposed Revised Budget	Variance
<i>Venue Revenue</i>	\$ 77,879,187	\$ 25,017,823	\$ (52,861,364)
<i>Parking</i>	\$ 22,126,219	\$ 8,234,858	\$ (13,891,361)
<i>Miscellaneous</i>	\$ 3,830,211	\$ 3,793,450	\$ (36,761)
Operating Revenues	\$ 103,835,617	\$ 37,046,130	\$ (66,789,487)
<i>Personnel</i>	\$ 28,758,381	\$ 20,029,632	\$ (8,728,749)
<i>Advertising & Promotion</i>	\$ 7,472,080	\$ 2,262,324	\$ (5,209,756)
<i>Travel, Promotion, and Events</i>	\$ 3,230,442	\$ 147,135	\$ (3,083,307)
<i>Facility Maintenance</i>	\$ 8,820,476	\$ 4,815,917	\$ (4,004,559)
<i>Food and Beverage</i>	\$ 13,945,730	\$ 6,725,000	\$ (7,220,730)
<i>Security</i>	\$ 4,485,332	\$ 3,262,993	\$ (1,222,339)
<i>Utilities</i>	\$ 5,520,858	\$ 4,818,681	\$ (702,178)
<i>Parking</i>	\$ 3,580,316	\$ 1,769,737	\$ (1,810,579)
<i>Janitorial</i>	\$ 6,936,567	\$ 3,059,926	\$ (3,876,641)
<i>Insurance</i>	\$ 4,683,880	\$ 5,024,055	\$ 340,175
<i>Lease Expense</i>	\$ 1,454,000	\$ 729,639	\$ (724,361)
<i>Consulting</i>	\$ 2,339,950	\$ 2,000,000	\$ (339,950)
<i>Supplies</i>	\$ 1,717,269	\$ 740,798	\$ (976,472)
<i>Fees & Services</i>	\$ 1,097,600	\$ 728,509	\$ (369,091)
<i>Computer Services</i>	\$ 1,300,000	\$ 1,075,000	\$ (225,000)
<i>Legal Expense</i>	\$ 725,000	\$ 425,309	\$ (299,691)
<i>Other</i>	\$ 1,212,491	\$ 558,640	\$ (653,851)
Operating Expenses	\$ 97,280,373	\$ 58,173,293	\$ (39,107,080)
Net Income From Operations	\$ 6,555,244	\$ (21,127,163)	\$ 27,682,407
<i>Hotel Occupancy Tax (Current & Delinquent)</i>	\$ 93,250,000	\$ 52,630,000	\$ (40,620,000)
<i>Contributions</i>	\$ -	\$ 770,000	\$ 770,000
<i>Net Available Pledged Rev. Transfer</i>	\$ -	\$ 12,245,480	\$ 12,245,480
<i>Interest Income</i>	\$ 994,992	\$ 811,573	\$ (183,419)
Non Operating Revenue	\$ 94,244,992	\$ 66,457,053	\$ (27,787,939)
<i>Sponsorship Expense</i>	\$ 8,171,353	\$ 4,184,262	\$ (3,987,092)
<i>Contingency</i>	\$ 3,500,000	\$ -	\$ (3,500,000)
<i>Capital Spending</i>	\$ 5,836,505	\$ 3,821,691	\$ (2,014,814)
<i>Debt Service</i>	\$ 60,382,110	\$ 59,276,037	\$ (1,106,073)
<i>COH Contractual Obligations</i>	\$ 19,467,991	\$ 11,088,758	\$ (8,379,233)
<i>Hotel Tax Refunds</i>	\$ 2,425,000	\$ 2,511,691	\$ 86,691
Non Operating Expense	\$ 99,782,959	\$ 80,882,439	\$ (18,900,520)
Total Revenue less Expenses	\$ 1,017,277	\$ (35,552,549)	\$ 36,569,826
Capital - Prior Year Carry Forward	\$ (10,300,277)		\$ (10,300,277)
Capital - Financed Projects	\$ (6,530,000)	\$ (13,970,711)	\$ 7,440,711
Disaster Expense	\$ (8,801,299)	\$ (9,007,413)	\$ 206,114

V. (B) Consideration and possible approval of an External Audit Services Agreement with RSM US LLP.

Consideration and possible approval of an External Audit Services Agreement with RSM US LLP.

DESCRIPTION: Houston First Corporation (“HFC”) issued a Request for Qualifications (“RFQ”) for External Audit Services from experienced firms of Certified Public Accountants to perform professional audit services. The responsibilities of the firm selected include year-end audits of HFC’s consolidated financial statements and the completion of a financial report in accordance with generally accepted auditing standards.

HFC received eight Statements of Qualifications (“SOQs”) from experienced accounting firms. Upon review and scoring of all SOQs received, the HFC Selection Committee conducted interviews with the top three firms. After further evaluation and re-scoring of SOQs, the firm that received the highest score was RSM US LLP.

Staff recommends that the Board approve an External Audit Services Agreement (“Agreement”) with RSM US LLP in an amount not-to-exceed \$920,644 for a term of five years. RSM US LLP has also agreed to meet a 30% diversity goal under the Agreement.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions with respect to an agreement for External Audit Services:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the finalization and negotiation of an Agreement for External Audit Services (the “Agreement”) with RSM US LLP; together with such conditions or modifications that are approved by the Chairperson or 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 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, 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.