

# AGENDA

## HOUSTON FIRST CORPORATION

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**BOARD OF DIRECTORS MEETING**  
**July 23, 2020 – 3:00 P.M.**  
**Live Video and Audio Conference Meeting**  
**Join the Meeting [Here](#)**  
**Meeting Room Password: 962690**

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**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](mailto: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 – June 18, 2020**
- IV. Presentations, Reports, and Updates**
  - A. Report by Houston First Chairman
  - B. HFC President & CEO Report
  - C. Chief Financial Officer Report
  - D. Hilton Americas-Houston Hotel Report
- V. Executive Session**

Executive (closed) session pursuant to Texas Government Code Section 551.074 for the purpose of deliberations regarding evaluation of the performance of the President & CEO of the Corporation.
- VI. Adjourn**

**III. Minutes – June 18, 2020**

# MINUTES

## HOUSTON FIRST CORPORATION

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**BOARD OF DIRECTORS MEETING**  
**June 18, 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, June 18, 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 Mincberg (Chair), Desrye Morgan (Co-Chair), Nicki Keenan, Sofia Adrogué, Elizabeth Brock, Alex Brennan-Martin, Reginald Martin, Ryan Martin, Paul Puente, Bobby Singh, Gerald Womack, Jay Zeidman, Council Member Dave Martin, Ex-Officio, and Council Member David Robinson, Ex-Officio.*

The Chairman called the meeting to order at 3:02 p.m. and a quorum was established, with all Board members virtually present.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of May 21, 2020 were approved as presented.
3. **Presentations and Reports.**
  - A. **Report by Houston First Chairman.** Chairman Mincberg that he hopes everyone is well and acknowledged how challenging of a time it has been for everyone both personally and professionally. He stated the Houston First family has been working very hard and he recognized Brenda Bazan and her team, Frank Wilson, Luther Villagomez, John Solis, John Gonzalez, and Holly Clapham-Rosenow. He also recognized a number of Board members, including Sofia Adrogué and Council Member David Robinson for their participation in stakeholder meetings. He acknowledged Tom Segesta for his participation with the Mayor’s Taskforce and Jay Zeidman and Ryan Martin for being a part of the ideation committee. The Chairman also spoke on how critical the next eighteen months will be for HFC and thanked Ryan Martin for his participation with long-range planning. He also acknowledged Reginald Martin for a very powerful and moving text message and Alex Brennan-Martin for his service as Chair of the Benefits, Compensation, and

Finance Committee. Lastly, the Chairman recognized Vice Chair, Desrye Morgan, for her counsel. He added that if he has failed to recognize anyone, it is an oversight and he wants to hear from everyone because there is a lot of work to be done. He stated it will take a lot of collective wisdom and from time to time Board members will have it out with one another, but there is no other group of individuals with whom he would rather work.

- B. HFC President & CEO Report. Brenda Bazan informed the Board that a member of the HFC family, Clarence Winston, passed away and thanked everyone who attended the funeral, including Gerald Womack as representative of the Board. She also explained there was a fundraising effort in memory of Mr. Winston and those funds were used to plant 82 trees in his memory.

She also informed the Board that the executive search for a Chief Destination Officer is complete and an offer has been made to Angela Wise out of Las Vegas. She noted that Ms. Wise was interviewed by representatives of the Marriott Marquis, Tom Segesta, and the incoming Chair of the Greater Houston Convention & Visitors Bureau (GHCVB), John Johnson, and the decision to hire her was unanimous. Ms. Wise will start on Monday, June 22, 2020, Ms. Bazan stated, and she looks forward to scheduling meetings with members of the Board to meet her.

Ms. Bazan echoed the sentiments of the Chairman and stated it has been a challenging time for HFC and will continue to be financially over the next eighteen months, but a group will continue to address long-range planning for the organization. She also addressed a need for further awareness in light of the death of George Floyd. She further explained that many employees reached out to her in order to have discussions related to racial injustice so HFC will move forward with those efforts. On a personal note, Ms. Bazan stated she has become more aware of what and how she says things and has taken some time to further her own knowledge and stated that the organization will do the same internally. Ms. Bazan stated as the destination management organization for the City, HFC needs to be a part of the change.

Gerald Womack asked if and when employees will receive notice of layoffs and stated HFC should provide as many resources as possible, including counseling to employees that may be faced with a difficult financial situation. Brenda Bazan stated she sent a letter to all employees ten days ago that explained at the end of the term for the Paycheck Protection Program (PPP) loan, all employees will be impacted in some way via a pay reduction, furlough, or layoff and individual meetings will take place on June 30. If an employee is on the furlough list, she said, HFC will pay that employees benefits through the end of the benefit year. For those employees that are laid off, Ms. Bazan mentioned that HFC has contracted with a third-party that will provide counseling, resume assistance, and interviewing skills and practice. Mr. Womack raised concerns with the timeline and Ms. Bazan stated she would be happy to call Mr. Womack to discuss things further.

Elizabeth Brock asked as HFC assesses its financial situation and potential furloughs, is this the right time to bring in a new officer, and if so, what is HFC's justification. Ms. Bazan stated in discussions on long-range planning, one of the first topics addressed was the company's core functions, which include sales and marketing and operations. Ms. Bazan further explained that sales and marketing

specifically will be a critical component of HFC's path forward so there was a need to fill the position of Chief Destination Officer. She also added that she had discussions with the Chairman about moving forward with the hiring process and he was also in support of the decision.

Reginald Martin stated he has some concerns with the optics of bringing in a high salary position at the same time the company is undergoing layoffs and furloughs. Mr. Martin also asked if the Chief Destination Officer is aware that she is also subject to the furlough or is she exempt from those requirements. Ms. Bazan stated she is aware of the financial situation and the offer made includes a 10% pay reduction.

Gerald Womack asked if the Chief Destination Officer was also made aware that if she fails to perform within the next six months she can face furlough. Ms. Bazan stated all staff members are at-will employees.

Jay Zeidman stated he fully supports HFC's decision because we have to get back to business, but asked that staff provide a competitive analysis of other cities at a subsequent meeting. Ms. Bazan acknowledged the comments from Mr. Zeidman and added that staff can put together a formal presentation.

Paul Puente asked if HFC assessed the timing of the layoffs because additional unemployment assistance ends July 25. Ms. Bazan informed the Board that HFC initially instituted a furlough at the end of March, but was able to bring all employees back because of the PPP loan so there was no disruption in pay and all employees have been paid in full for ten additional weeks.

The Chairman requested that Ms. Bazan contact any Board members that have raised questions regarding this matter and Ms. Bazan confirmed that she would reach out to all Board members.

The Chairman then moved to discuss items 4C-4G at the conclusion of Board Business.

- C. Marketing Update. Chief Marketing Officer, Holly Clapham-Rosenow, began her report by addressing HFC's efforts to push the trend for hotels and stated that she would be happy to discuss things further with any Board member that have questions. She explained that part of the overall rebound effort is to promote Houston as a clean and safe destination. She stated that a venue and event task force was created to share protocols, best practices, and create a unified effort to pledge the City's commitment to safe and clean facilities. Ms. Clapham-Rosenow noted that she was brought on board and is in discussions with the Houston Airport System and Hotel Lodging Association, while Jorge Franz, Sr. VP of Tourism, is working with the Museum District and various other attractions. The campaign, she explained, is a unified city-wide effort called, "Houston Clean" and includes not only venues and events, but other segments of the hospitality industry with an interest in the unified branding effort. She added that the venue and event task force is a robust group and includes, professional sports teams, the Mayor's Office of Special Events, Houston Rodeo, and the Houston Marathon Committee among other organizations. Ms. Clapham-Rosenow discussed the plan in further detail and noted that the Houston Airport System has already agreed to integrate "Houston

Clean” in their own branding effort, “Fly Safe” and that the hotel community is working to develop its own unique seven-point plan.

Alex Brennan-Martin asked who is leading the branding initiative and Ms. Clapham-Rosenow stated the campaign is largely a collaborative effort.

Sofia Adrogué thanked Ms. Clapham-Rosenow and her team for their efforts. She asked if other cities have created similar branding efforts and if the marketing team will address recent societal concerns. Ms. Clapham-Rosenow stated the best example of this type of branding effort was conducted by Disney and there have been other destinations such as Chicago that launched smaller efforts, but no other city has launched an effort on this scale. She further explained that media efforts are going toward the hotel rebound campaign and Visit Houston channels have aligned with communities calling for change and equality. According to Ms. Clapham-Rosenow, they are also pitching stories about the Juneteenth celebration in Essence Magazine and other major publications. Ms. Adrogué and Mr. Womack asked that information be shared.

Ryan Martin stated HFC has been very successful in forming multi-stakeholder partnerships and “Houston Clean” sounds like another great example.

- D. Sales Report. John Solis, Sr. VP of Sales & Client Services, provided the sales report. Mr. Solis began his presentation with HFC’s sales production through June 15, 2020. As of mid-June, he said, HFC has generated 31 leads compared to 81 leads this time last year. Year-to-date, he clarified, HFC is down 60% in leads and 60% in the volume of room nights associated from those leads. In the first half of June, according to Mr. Solis, there have been 14 new cancellations and approximately 122 cancelled meetings year-to-date; this equates to a loss of approximately 390,000 room nights. Mr. Solis also discussed tentative leads from mid-March through the end of May, noting that 62% of meetings are on pause as organizations determine how communities are reacting. He mentioned that Sales has also been monitoring city-wide events and discussed the outlook through first quarter 2021. Mr. Solis stated the Republican Party of Texas is scheduled to host a meeting in July and PCMA will host a virtual hybrid program in January 2021. He said that with the recent news of the Boston Marathon going virtual, it is likely that the Houston Marathon will follow. He mentioned that Sales team was able to secure the National Safety Council who moved its event from another city to Houston and intends to meet in March 2021. Sales, according to Mr. Solis, continues to send communications to its clients based on Houston’s key industries. In conclusion, Mr. Solis provided a summary of a recent meeting with the Client Advisory Board, who have opined that the first quarter 2021 is too soon to host large meetings, especially as travel bans are in effect for organizations through the end of 2020; the majority of organizations are producing hybrid shows or 100% virtual shows and intend to do so moving forward, although there are some concerns on how to monetize virtual events; organizations are also experiencing hiring freezes, furloughs, and the like and continue to work remotely through October; and that communication is more valuable than advertising at this time to address COVID-19 threat levels and safety protocols.

Sofia Adrogué asked for further clarification on lead generation and organizations that chose to host events in other cities. Mr. Solis stated the data presented reflects typical competition.

Council Member David Robinson stated it has been a hardcore meeting and thanked everyone for their work, but asked questioned the creative energy of the group. He mentioned the passion with which fellow Board member Nicki Keenan spoke at the on-set of the pandemic and stated HFC has got to come out of this crisis strong. He expressed some frustration with Jorge Franz not presenting to the Board in two months on tourism. He ended his remarks by stating we are Houston and we have to show some spirit in the face of some hard measures.

Ryan Martin echoed those sentiments and stated the ideation and long-range planning group will address these concerns.

The Chairman acknowledged the comments and stated he will see if Jorge Franz is available to provide a report at the next Board meeting.

Sofia Adrogué stated we are all advocating for belligerent optimism and hopes HFC continues to work toward those things in our next efforts and reports.

- E. Facilities Report. John Gonzalez, Sr. VP of Operations, provided the facilities report on behalf of Luther Villagomez. Mr. Gonzalez began his report with an update on the Republic State Convention. He noted that the event will move forward in July and the operations team is in communication with event organizers.

Mr. Gonzalez explained that hurricane preparation for the Wortham Center is underway with the assistance of Roksan Okan-Vick and her team. Next week, he said, staff will deploy the temporary muscle wall to avoid a potential storm event during the state convention or any other scheduled events.

He added that signage at Partnership Tower is already in place due to HR Director, Tim Moyer, who has prepared a training video for employees when they return back to the office. Mr. Gonzalez noted that additional safety measures have also been underway at Jones Hall with the removal of 206 seats and HFC will host an event on July 4th with the City of Houston that will not have any audience seating.

Mr. Gonzalez said that Operations took measures to secure HFC facilities during recent demonstrations and none of the facilities were damaged other than graffiti which has been removed. He added at that restaurant tenants on Avenida Houston, Grotto, Salt Grass, and the Rustic are all open, but Kulture, Pappadeaux's and Avenida Eats remain closed; the Starbucks located in GRB and the FedEx Office store will re-open during the state convention.

Mr. Gonzalez provided additional information on the upcoming 4<sup>th</sup> of July Freedom Over Texas event hosted by the Mayor's Office of Special Events in concert with the Houston Symphony. The event, he explained, is being overseen by Todd Holloman, Director of Live Events and Experiences. Mr. Gonzalez stated this will be a spectacular event and the first event that HFC has hosted since March 6, 2020. He added that Christine West, the Cultural Programs Manager, also



continues to work on community outreach and heritage month events; she has also overseen the restoration of Sweeny Clock.

In conclusion, Mr. Gonzalez discussed his efforts and those of other HFC team members as part of the “Houston Clean” initiative. He also thanked all employees for their preparation of the new HFC safety protocols that will be presented to the Operations Committee.

- F. Chief Financial Officer Update. Frank Wilson informed the Board that he will distribute a written financial report.
- G. Hilton Americas-Houston Hotel Report. Jacques D’Rovencourt, General Manager of the Hilton Americas-Houston Hotel (Hotel), provided the hotel report. Mr. D’Rovencourt stated the Hotel continues to see an increase in transient demand on the weekends with an average occupancy of 20% during the week and 30% occupancy on the weekends. Occupancy is still being driven by the Texas Army National Guard, he noted, who have extended its deployment through July 31, 2020. Mr. D’Rovencourt noted that this will result in an additional 7,200 room nights for the Hotel in addition to the 13,000 room nights already incurred and, with the Texas Army National Guard and the Republican Party of Texas, the Hotel expects to exceed 50% occupancy over July 15-17, 2020.

Mr. D’Rovencourt said that last Thursday the Hotel hosted its first banquet with over 200 guests and the Hotel worked with Hilton Corporate to implement the company’s new event-ready social distancing and COVID prevention guidelines and the event was a success. Tonight, he added, the Hotel will re-open the lobby bar which has been closed since March to compliment Starbucks as the exclusive food and beverage service available. Mr. D’Rovencourt said the Executive Rooftop Lounge will remain closed until further notice as will valet, concierge, and bell services. He further noted that the sales team also continues to work with customers to do virtual updates and site visits.

On June 2, in connection with Interfaith Ministries of Greater Houston, Mr. D’Rovencourt said the Hotel hosted a prayer meeting prior to the Floyd Family Peace March with close to 100 faith leaders in attendance. Lastly, Mr. D’Rovencourt informed the Board that the Hotel received the Hilton Hotel and Resorts 2019 Award of Excellence for the 9<sup>th</sup> year in a row. He then introduced Roksan-Okan Vick, Urban Development Officer, to provide a Hotel guestroom renovation update.

Board members congratulated Mr. D’Rovencourt on a job well done. Ms. Adrogué asked what impression the Texas Army National Guard have of the City of Houston. Mr. D’Rovencourt stated that the Hotel provides the soldiers with breakfast and laundry service so it has become their home for over three months. Overall feedback has been very positive, he added, and the extension of their stay is a testament to their comfort-level with the Hotel.

Elizabeth Brock stated in discussions with many organizations there are safety concerns with hosting large gathering so it would be great for the Hotel to promote any successful events via social media. Mr. D’Rovencourt agreed and stated a



teaser was released by Hilton corporate regarding the event-ready campaign, but the Hotel will continue to promote its successes.

Roksan Okan-Vick provided a brief update on the Hotel guestroom renovation. She stated that the project is still underway as work is being completed on floors seven through thirteen. She explained that the project is roughly halfway through completion and it remains on budget and ahead of schedule.

4. **Board Business.** [Items taken out of order beginning with Item 5B followed by Item 5A].

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

Frank Wilson began his report by acknowledging department heads who have been able to restructure and reduce department budgets from 2018 through 2020 to have a balanced budget. Mr. Wilson provided information on the HOT forecast, prepared by VP of Market Strategy, Cindy Decker, who projects \$4.5 million in HOT collections in third quarter 2020 and HFC budgeted \$23 million. For fourth quarter 2020, she projects HOT collections of \$6.5 million, an almost 70% reduction in HFC's original HOT projection compared to last year. Mr. Wilson noted that Ms. Decker projects that the first and second quarters of 2021 will be a challenge for HFC, but anticipates by the third and fourth quarters, collection will return to previous levels. Mr. Wilson also provided the Board with projections on HOT collections and Hilton net cash prepared by Dr. Phil Scheps, who builds and updates HFC's intermediate term model. Mr. Wilson noted that both Dr. Scheps and Ms. Decker had similar projections for HOT collections for 2020 through 2021, and that Dr. Scheps projections for Hilton net cash are similar to that of HOT collections with a slow return to pre-pandemic levels in four years.

With regard to the 2020 revised budget, Mr. Wilson added that, while HFC projects a significant deficit in revenues, it does not foresee any issues making debt service payments in 2020 or 2021. HFC, he said, has budgeted \$103.5 million in total revenues for 2020 and \$139 million in total expenses; these reductions represent a 48% decrease in revenues and a 28% decrease in expenses due to the pandemic, leaving HFC with a \$35 million deficit. This deficit, he said, will be funded by a combination of banking borrowings and reserves. Mr. Wilson further explained that this year has been HFC's most challenging and as result the company has made severe reductions in the budget. Mr. Wilson explained that operating revenues are projected to go down \$66 million and operating expenses are projected to go down \$39 million dollars, while non-operating expenses, mainly HOT, are projected to be down \$28 million and non-operating expense are projected to be down \$18.9 million. Mr. Wilson concluded his report by stating early projections show that HFC could experience another deficit year in 2022.

Chairman Minckberg asked about is the projected cash loss for 2021; Mr. Wilson stated that the very tentatively figure is currently \$28 million. Mr. Wilson added that HFC is planning for the worst and hoping for the best, so the information provided represents an extreme potential outcome.

Alex Brennan-Martin commented that revenues evaporated overnight right on the heels of Hurricane Harvey, but HFC is paying down debt and it has debt facilities

available north of its obligations for bond covenants. Mr. Brennan-Martin stated this will help HFC to weather the storm placing the company in a lot better position than some of its competitors.

Gerald Womack asked what the variance is related to personnel and Mr. Wilson replied that the largest component is related to the PPP loan.

Reginald Martin asked is there is a way to rank what revenue streams are most likely to come back first. Mr. Wilson stated hotels in the outlining areas such as the Galleria area are already seeing increases in revenues and explained that revenues, in order of priority for HFC, include HOT, Hilton net cash, and parking revenues.

Following a motion duly seconded, the motion for approval of a revised 2020 budget for Houston First Corporation was approved unanimously.

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

Following a motion duly seconded, Frank Wilson provided a detailed report of the External Audit Services solicitation. Mr. Wilson outlined the goals and objectives of the Request for Qualifications (RFQ) process, including information included on the HFC website, excerpts from the HFC Procurement Manual and Texas Local Government Code. He presented the solicitation timeline, advertisements, selection criteria, and selection committee. Mr. Wilson also explained that the diversity component of the solicitation was not scored with all other criteria and was scored separately by Roger Harris, Development Specialist Manager. Mr. Wilson discussed the blind scoring process as a way to preserve anonymity. HFC received, according to Mr. Wilson, a total of eight statements of qualifications and the top-three firms with the highest scores participated in virtual interviews with the selection committee. Upon further scoring and evaluation, he stated, the firm that received the highest score was RSM US LLP. Mr. Wilson concluded his report with a discussion of RSM US LLP's experience with convention and hotel facilities and the key terms of the agreement; he noted that RSM US LLP proposed fees in an amount not to exceed \$184,328 and has committed to meet HFC's 30% diversity goal.

Chairman Mincberg noted several Board Member had questions and/or comments and asked Gerald Womack if he would like to speak first followed by Bobby Singh and Reginald Martin.

Gerald Womack deferred to Mr. Singh and stated he would like to speak last as the Procurement Chair.

Bobby Singh stated he appreciates how thorough Mr. Wilson and his team are in presenting information and data in support of the item. Mr. Singh stated he has tried to educate himself on the item so the question is not if he is comfortable with moving forward, but rather if the Board is comfortable moving forward as a body given concerns that have been brought forth. The audit process, he noted, is a very serious matter and it is important to hire the right partner, especially during these times, but there are questions out there that remain unanswered. Mr. Singh

then put forth a motion to table item 5B, which was duly seconded by Reginald Martin.

After acknowledging the motion and second, Chairman Minberg stated in discussions on parliamentary rules with Lisa Hargrove, General Counsel, he was reminded that motions to table take precedent and are not debatable. The Chairman then called for a roll-call vote conducted by Ms. Hargrove with the Vice Chair and Chair voting last.

Council Member Dave Martin asked as a point of order for discussion on the motion to table item 5B. Ms. Hargrove clarified that the motion to table item 5B was not debatable. Chairman Minberg provided further explanation and stated that while he will entertain procedural questions for clarification, not questions on debate or discussion of the motion.

Jay Zeidman noted that the Board typically allows the Committee Chair speak on an item. The Chairman clarified that this is not a typical Board action and the motion to table has precedence and is a non-debatable item that was properly made and seconded.

Reginald Martin asked that he be allowed to speak after the item is called to a vote and the Chairman stated he would be allowed to do so if the item was not tabled.

Elizabeth Brock asked if the item would go back to the committee should the Board vote to table the item. The Chairman stated that it would be at the discretion of staff to determine how to proceed.

Sofia Adrogué asked if Board members could ask questions regarding the parameters of time given there are some timing sensitives and the Chairman stated those questions are beyond the scope of the motion to table.

Ryan Martin asked is it the prerogative of the person that made the motion to table to delay that motion out of respect for members of the Board to hear more of the concerns regarding this item. The Chairman explained that the individual could withdraw the motion and it could be re-made at a later time in the discussion. Mr. Martin then stated he defers to the individual that made the motion.

The Chairman then asked Lisa Hargrove to call for a roll-call vote to table item 5B. The vote was as follows: Sofia Adrogué voted yes; Elizabeth Brock voted yes; Nicki Keenan voted no; Reginald Martin voted yes; Ryan Martin voted yes; Alex Brennan-Martin voted no; Paul Puente was not present; Bobby Singh voted yes; Tom Segesta was not present; Gerald Womack voted yes; Jay Zeidman voted no; and Desrye Morgan voted yes. Chairman Minberg announced he would not vote.

The Chairman announced that the motion to table possible consideration and approval of an External Audit Services Agreement with RSM US LLP passed with a vote of 7-3. The Chairman stated the effect of the vote is to send the item back to staff for further consideration as there has been a great amount of discussion among Board members. He then asked Ms. Hargrove if the Board might proceed with discussion and the Procurement Chair could share an observation that is helpful to staff. Ms. Hargrove stated since the item has been carried to a vote and

removed from the agenda any further discussion would not be appropriate at this time.

Council Member Martin asked the Chairman about compliance the Open Meetings Act during discussions amongst Board members, such as a walking quorum. The Chairman replied that his conversations have been with far less with a quorum and emphasized the importance of compliance and avoiding a walking quorum.

The Chairman then asked that Mr. Wilson avail himself to any Board members in support of the motion to table the item.

5. **Adjournment.** Prior to announcing the adjournment, the Chairman asked that Holly Clapham-Rosenow create a survey to distribute to the Board to assess everyone's level of comfort with in-person meetings going forward.

The meeting was adjourned at 5:20 p.m.

#### **IV. Presentations, Reports, and Updates**

# Houstonfirst™

## Houston First Corporation Board of Directors Meeting

Live Video & Audio Conference Meeting  
Thursday, July 23, 2020  
3:00 p.m.



# Houstonfirst™

## Public Comments

*HFC Board of Directors Meeting  
July 23, 2020*

# Houstonfirst™

Minutes – June 18, 2020

*HFC Board of Directors Meeting  
July 23, 2020*



# Houstonfirst™

## Houston First Corporation Chairman's Report

David M. Mincberg, Board Chair

*HFC Board of Directors Meeting  
July 23, 2020*

# Houstonfirst™

## Houston First Corporation President & CEO Report

Brenda W. Bazan, President & CEO

*HFC Board of Directors Meeting  
July 23, 2020*



Strategic & COVID-19  
Economic Recovery Task  
Force

# RECOVERY TASK FORCE



Ryan Martin  
Task Force Lead



Desrye Morgan  
Task Force Member



Nicki Keenan  
Task Force Member



Elizabeth Brock  
Advisory Task Force Member



Reginald Martin  
Advisory Task Force Member



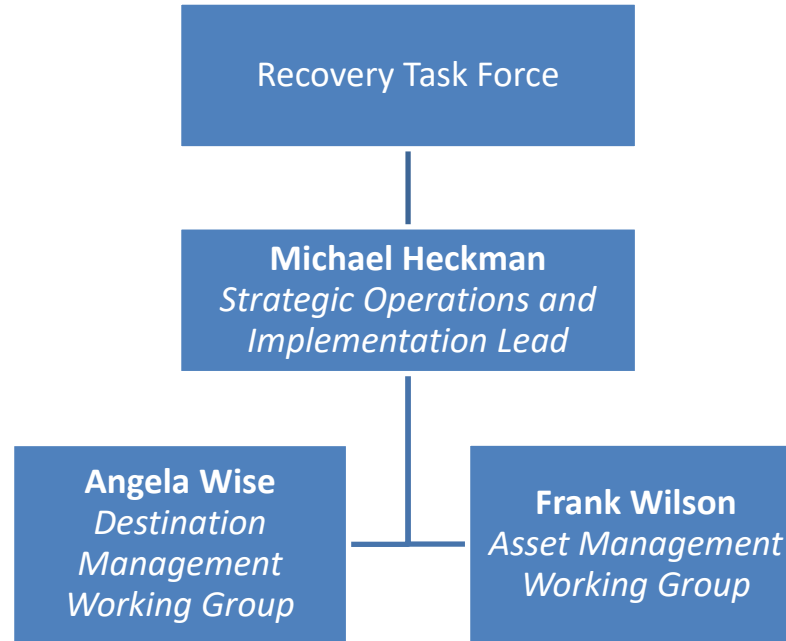
Council Member David Robinson  
Advisory Task Force Member



# OBJECTIVE

Identify and implement strategies that will successfully lead the destination and corporation through the current COVID environment. This resilience planning should seek to provide solutions that will generate the earliest return possible. This will include – but not be limited to – financial, entrepreneurial and marketing strategies that will lead to value creation for the company and HFC’s stakeholders. Speed, flexibility, innovation and creativity are primary tenets of this planning process.

# TASK FORCE STRUCTURE



# Strategic Operations & Implementation Lead Role

Achieve optimal results for the corporation by driving the overall planning process and associated results. Manage and develop, as appropriate, synergies between working groups which would lead to greater value creation. Lead the thorough, yet expeditious, process of analysis of proposed ideas and their alignment with master strategies. Prioritize and present recommendations to CEO for consideration.

# Destination Management Working Group Role

Create actionable plans that advance Houston's position and drive results in both the leisure and meetings markets. Priorities should be placed on ideas and strategies that deliver the most immediate impact. Availability of resources should be considered, but should not be limiting in the ideation process.

## **Working Group Members:**

Angela Wise, Group Lead

Michael Heckman

Holly Clapham

Jorge Franz

John Gonzalez

Nathan Tollett

Aimee McCurtain

# Asset Management Working Group Role

Canvass all current HFC corporate assets (physical and otherwise) and creatively find new revenue streams and enhance current ones. All opportunities should be considered that will improve HFC's financial position and create structures for future value.

**Working Group Members:**

Frank Wilson, Group Lead

Michael Heckman

Roksan Okan-Vick

Luther Villagomez

Jacques D'Rovencourt

Paul Casso

John Solis

An aerial night photograph of a modern city plaza. The scene is dominated by a large, illuminated blue sculpture with a curved, ribbed design. A large crowd of people is gathered around the sculpture and in the plaza. In the background, there are several modern buildings with glass facades and a prominent red cylindrical structure. The lighting is a mix of blue and white, creating a vibrant atmosphere. A sign for 'AVENIDA' is visible on a building in the distance.

# STRATEGIC & COVID-19 ECONOMIC RECOVERY TASK FORCE UPDATE

JULY 23, 2020



An aerial photograph of a university campus. In the foreground, a long, narrow reflecting pool stretches from a circular plaza towards the background. The pool is flanked by dense green trees. To the right of the pool, there is a large, circular green field, possibly a sports field or lawn. In the background, a city skyline with various skyscrapers is visible under a clear sky. The overall scene is a mix of nature and urban development.

*“IN THE MIDDLE OF  
DIFFICULTY LIES  
OPPORTUNITY”*

*- ALBERT EINSTEIN*



## »»» CORE OBJECTIVES

- Identify & Develop Short-Term COVID-19 Economic Survival Strategy for Destination & HFC
- Develop an Innovative Long-Term Planning Strategy
- Implement a Collaborative, Efficient & Focused Operational Plan
- Create Value for Community Hospitality Stakeholders



# »»» GUIDING PRINCIPLES

- Energize a Collaborative & Innovative Spirit Amongst Management Team
- Encourage a Culture of Entrepreneurial Creativity
- Prioritize Ideas & Concepts According to Most Immediate Impact
- Laser Focus on Achieving Results





## ACTIONS SINCE KICKOFF CALL

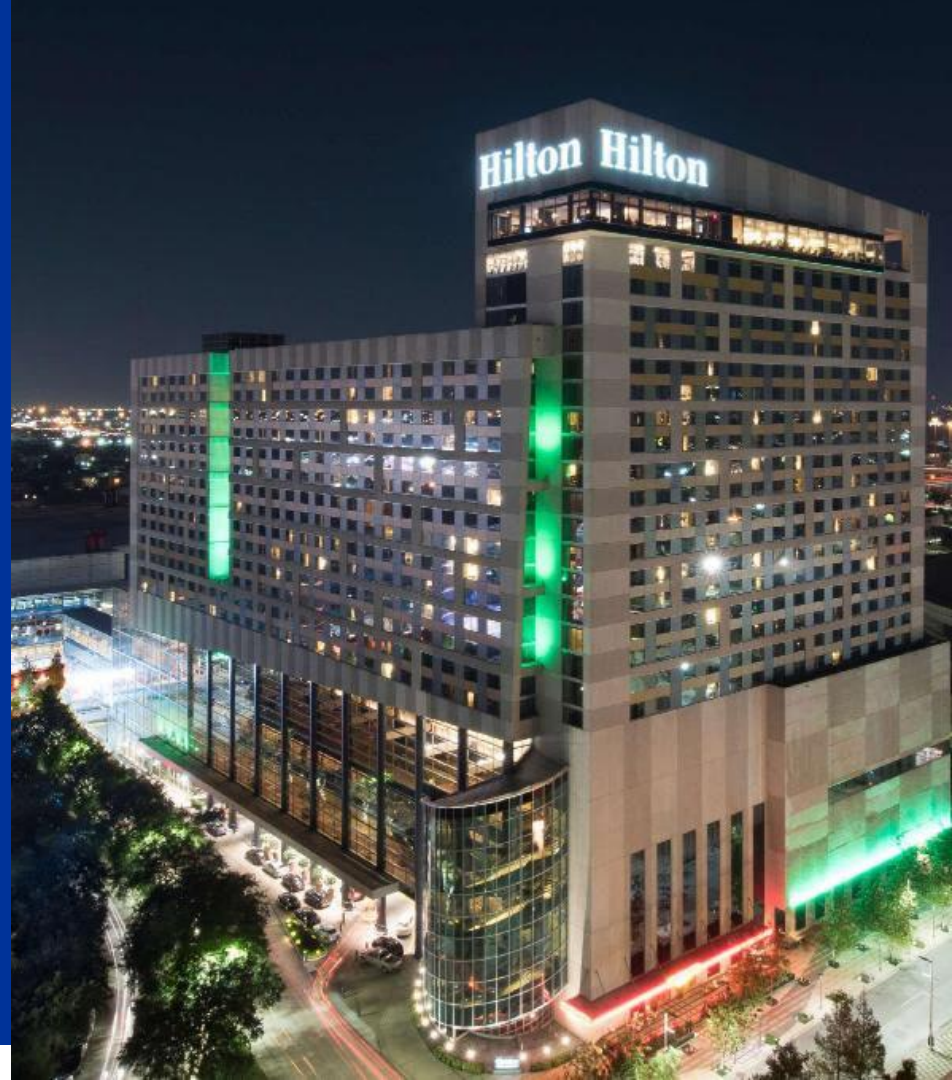
- Established Priorities Across Working Groups
- Daily Meetings & Ideation Sessions
- Identified Cross-Functional Opportunities



# ASSET MANAGEMENT WORKING GROUP

## AREAS OF DISCUSSION

- Create a Virtual Studio in GRB
- Short-Term Uses of Facilities
- Accelerate & Expand Commercialization of Facilities & Intellectual Property
- Review Real Estate Portfolio for Monetization Opportunities
- Explore Public/Private Partnership Opportunities







## DESTINATION MANAGEMENT WORKING GROUP

### AREAS OF DISCUSSION

- Monetization & Enhancements to Houston Marketplace
- Expansion of Houston Clean Program
- Co-Location of Meetings
- Staycation Promotions
- Series of Events at Avenida & Downtown





## IMMEDIATE NEXT STEPS

- Advance Ideas for Business Analysis
- Develop a Streamlined Process for Implementation
- Keep Teams Motivated & Focused

THANK YOU

# Chief Destination Officer 30 Day Observations & Action Plans

Angela Wise  
Chief Destination Officer  
Houston First Corporation

# FIRST 30 DAYS OBSERVATIONS

By Chief Destination Officer

*“When nothing is sure, everything is possible.”*

- Margarat Drabble, Author

1

MICE SALES

Meetings, Incentives,  
Conventions & Events

2

LEISURE SALES

3

DESTINATION  
MARKETING

4

ORGANIZATIONAL



MEETINGS, INCENTIVES,  
CONFERENCES & EXHIBITIONS  
SALES



## INDUSTRY OBSERVATIONS - MICE

### 01 Health & Safety is a #1 Priority

- Corporations need to mitigate risk and the shared responsibility they have in organizing meetings
- Meeting Planners need to ensure attendee and vendor safety <sup>1</sup>

### 02 Meetings Industry is Evolving

- Most meetings, in particular large meetings & tradeshows, are not likely to happen in next 18 months <sup>2 3 4</sup>
- Meeting types are evolving (hybrid, virtual, etc.) <sup>5 6</sup>

### 03 People Still Want to Gather

- This will happen slowly and will be in smaller groups <sup>7</sup>
- There are business sectors that are still meeting <sup>8</sup>

### 04 Meeting Planners Primary Focus is Rebooking Meetings

- Many meetings planners need to rebook business to ensure their business objectives are moving forward <sup>9</sup>
- Rebooking of meetings into the future creates compression and date displacement

## HOUSTON FIRST OBSERVATIONS - MICE

We need to think differently about the MICE business. Now is the time to redefine the way we look at group business, as the industry evolves in the interim.

Focus on Citywides	→	Small Groups, SMERF and Consumer Events
Traditional Sales Models	→	Develop New Sales Models
Reactionary Approach to Health & Safety	→	Proactive Approach with Houston Clean
Selling Assets	→	Selling a Brand

# MICE SALES ACTION ITEMS

## Enhance Existing Sales Model

- Target industries we know are still meeting, albeit smaller meetings
- SMERF (social, military, education, religious and fraternal), hyperloop transport, robotics, genetic medicine, DNA data storage, food chain transformation, healthcare transformation, 3D/4D printing, vertical farming, precision farming, nanotechnology/automatically precise manufacturing, digital & synthetic biology, nuclear fusion, AI, VR, wireless energy, alternative energy sources, space technology, cryptocurrencies/blockchain technology, supersonic flight, etc.
- Immediately reach out to existing clients in these verticals, that have been past definite clients or lost business, to understand their business needs
- Research and build a proactive target list in these areas that can be prospect

## Develop New Sales Models

- Look to Develop/Evolve Sales Models: Hybrid Events, Co-Located Events, Corporate / Consumer Events, Four Walled Virtual Meeting Space and Consumer Events
- Ensure team structure supports strategy of proactive lead generation sales for small groups and growth industries
- Make communication with stakeholders a priority as the business model shifts in the near term
- Review concessions and pricing structures for groups in near term

## Exemplify Houston is Safe

- Houston Clean MICE Initiative
- Lead Generation Thought Leadership Event

## Develop MICE Brand

- Develop key tenants for the MICE audience that dovetails the brand of Houston
- Possible considerations around Green Meetings, Technology, Innovations, Business Forward Outlook, etc.



LEISURE SALES

# INDUSTRY OBSERVATIONS – LEISURE SALES

## 01 Health & Safety is a #1 Priority

Consumers want to feel safe and be given permission its safe to travel <sup>10</sup>

## 03 Communities Want to Collaborate

Partners want to be a part of defining and actively building success

## 02 Leisure Will Be the First Segment to Come Back

- Domestic business will be the first back <sup>11 12 13</sup>
- There is pent up demand <sup>14</sup>
- Experiential offerings will be in high demand <sup>15</sup>

## 04 Third Party Partners Have Defined Solutions to Rebuild

Third party leisure partners and private business groups have dollars we should be tapping into <sup>16 17</sup>



# HOUSTON FIRST OBSERVATIONS – LEISURE SALES

We need to think differently about tourism, with a focus on leisure sales initiatives.

Focus on International



Focus on Domestic

Some Past Relationships with Leisure Partners



Stronger Emphasis on Leisure Sales Partners to Help Grow Our Business

Revenue Drivers Sit on Owned Channels



Expand Revenue Drivers to Third Party Channels

Visitation KPIs



Expand KPIs to Directly Drive Business of Stakeholders

# LEISURE SALES ACTION ITEMS

## Refocus Efforts to Drive Domestic Leisure Travel

- Invert our Leisure Sales (Tourism) model with a renewed focus on driving domestic tourism
- Market the vast area of Houston and experiences we have in Houston, from The Woodlands to Galveston, to the leisure traveler
- Exploit partnership with Travel Texas

## Re-Engage Partners with Domestic Leisure Traveler in Mind

- Airports & Airlines
- Hotel Partners
- Travel Texas
- Third Party Partners - OTAs, Travel Agents, Tour Operators, Receptive Operators

## Leverage Third Party Funding Opportunities to Fuel Tourism

- Find ways to exploit the pending Government Tax Credit, lead by US Travel Association, offering \$4k per household to travel in 2020
- Take advantage of Expedia's Revive and Relief Program offering additional funding to Houston First for their long-standing partnership
- Take advantage of Hotelbeds Relief program offering additional funding opportunities
- Expand relationship with Airbnb, and look to add Houston experiences as a new revenue channel, given a subset of travelers are using home rental options in effort to feel safe when traveling

## Lead with an Experiential Offering

- Appeal to consumers desire to get out
- Target locals with experiences they can participate in their own backyard
- Showcase experiences for local Houstonians to share with visiting friends and relatives
- Develop Houston Tours

## Marketplace 2.0

- Evaluate performance & profitability of the marketplace (expenses & compensation model)
- Broaden the distribution of the marketplace to third party partners (e.g. OTAs)
- Identify top Houston drivers (i.e. food, shopping, sports, etc.) to focus content highlighting these drivers
- Expand Marketplace Offering - more experiences (from The Woodlands to Galveston), Restaurants, Outdoor Activities, Gift Cards, Corporate Incentive Programs, At Home Experiences
- Partner with educational institutions to provide individual "field trip" experiences for students and families doing virtual learning programs



# DESTINATION MARKETING

# INDUSTRY OBSERVATIONS – DESTINATION MARKETING

## 01 Sensitivity Around Message

- Desire to ensure message is not “tone deaf” <sup>18</sup>
- Need to be nimble to starts and stops in marketing due to changing community conditions

## 02 Budget Reductions

- Need to do more with less.
- Become more reliant on owned and earned channels <sup>19</sup>
- Drive stronger lower funnel conversion metrics <sup>20</sup>

## 03 Content, Content, Content

Increased speed to market to create more disposable content to engage consumers and constituency bases

## 04 Build Marketing Campaigns from the Inside Out

- Locals will be the first to rebound driving tourism economy in their home city <sup>21</sup>
- Regional drive markets will be the next group to rebound
- Travel is expected to begin rebounding late Q3-Q4 <sup>22</sup>

# HOUSTON FIRST OBSERVATIONS - DESTINATION MARKETING

We have a strong marketing arm and communication channels. There is opportunity for us to extend those more readily to our stakeholders to drive revenue and enhance communication.

- Robust Offering of Owned Media Channels → Maximize Owned Media Channels to Their Fullest Potential
- Current Marketing Budget Allocated Through Labor Day → Expand Marketing Budget to Sustain Through End of Year
- Development of Houston Clean → Immediate Scalable Launch of Houston Clean ASAP
- Intermediate Industry Communication from HFC → Extended and Regular Communication from HFC
- Desire to Create Strong Brand for Houston → Develop Brand of Houston that Better Leverages our Diverse Offerings, Culture & History



# DESTINATION MARKETING ACTION ITEMS

## Maximize Owned Channels to their Potential

- Web Site - Review and improve merchandising and additional booking engine opportunities on our web site
- Social Media Influencers - Establish aggressive influencer program in Q3/Q4 that showcases Houston Clean and all the experiences Houston has to offer. Utilize influencer content to bolster social media.
- Co-Op Initiatives through Third Parties

## Increase Communication To Constituencies Groups

- Monthly HFC Newsletter
- Monthly MICE Newsletter
- Monthly Leisure Partner Travel Agent Newsletter
- Expansion of Houston Insider

## Maximize Houston Clean Initiative

- Ensure Houston Clean is prominent on all communication channels
- Ensure we have a dedicated Houston Clean MICE initiative

## Source Additional Marketing Funding

- Given we only have marketing funds to support our efforts through Labor Day, we need to look to additional revenue sources to fund Houston marketing

## Refine Marketing Campaign Effectiveness

- Ensure KPIs for advertising campaigns, include revenue metrics that directly drive bookings and sales across hotels, restaurants and attractions
- Additionally look at ways to show economic growth (e.g. tourism and hospitality jobs)

## Houston Brand Development

- Begin building the pillars of the Houston brand we want to roll out in 2021 and beyond as travel begins to rebound
- Align our vision with stakeholders and partners so we are consistently communicating the shared vision of the Houston brand
- Engage Houstonians to proliferate our brand

## ORGANIZATIONAL COMMITMENT



People First. We will be successful as an organization if we collaborate and work together as a unit.



We need to be nimble and move Quickly.



We need to be bold and not afraid of failure, or the need to pivot from ideas that are not successful.



Profitability. Profitability. Profitability. If it does not drive or directly influence profit, it should not be a priority.

# APPENDIX

1. 73.6% of people surveyed feel attending a conference is unsafe. Destinations Analyst, July 12, 2020
2. Expectations for meetings < 500 attendees drops, though still more likely than larger events . More than half (56 percent) of planners surveyed are now eyeing the first half of 2021 as the earliest time frame for rescheduled meetings, with the remaining 17 percent pushing dates into the latter half of 2021 or beyond. Northstar Meetings Group, July 15, 2020
3. When asked how many attendees do you plan to have at your next meeting/event, 75% of planners indicated 101-500 attendees, 32% indicated 501-1,000, 25% indicated 1,001 -5,000 and 10% indicated 5,001+ attendees (multiple selections were allowed). Coastal Communications Corporation – The Meetings Magazine, July 15, 2020
4. According to a survey of meeting planners, less than half (48%) of meeting planners believe the first half of 2021 is the soonest live events should be held and nearly one-third (32%) believe live events should not be held until the second half of 2021 or later. Destination Analyst, July 12, 2020
5. Nearly 80 percent of planners surveyed expect an increased need for virtual event platforms. "Virtual/hybrid meetings are here to stay," said a respondent. "We need to become/get experts on the technology and methodology to have successful meetings." Northstar Meetings Group, July 15, 2020
6. 77% of meeting planners surveyed feel virtual/live hybrid meetings will be the norm for the next year, Destinations Analyst, July 12, 2020
7. Expectations for meetings < 500 attendees drops, though still more likely than larger events Northstar Meeting Group, July 15, 2020
8. Hyperloop transport, robotics, genetic medicine, DNA data storage, vertical farming, nuclear fusion, AI, nanotechnology, VR and supersonic flight to name a few. These sectors will all need events, says Rohit, in order to showcase their new ideas, products, secure funding and share knowledge. IMEX, July 13, 2020
9. 59.64% of meeting planners are rebooking meetings. Northstar Meetings Group, July 15, 2020
10. 10 A marketing proposition which emphasizes safety, value and promotions could well be required, based on the sentiment we've seen elsewhere in this research. Global Web Index Coronavirus Research Wave 5, July 2020
11. 90% decrease in international travelers throughout the remainder of this year, compared to only a 5% decrease in the number of domestic travelers. Domestic trips now account for 57% of all insured travel throughout 2020, opposed to just 12.3% in 2019. Squaremouth, June 19, 2020
12. US Travel Association June 2020 Forecast
13. Vacation plans for the next year are dominated by domestic vacations (48%) and local staycations (32%). Global Web Index Coronavirus Research Wave 5, July 2020
14. Of the respondents when asked about traveling now 11.0% say they are already in a "back traveling" state of mind; and another 11.1% say they are ready to travel with no hesitations. In addition, 35.3% say they could be convinced to take a trip this year that they hadn't previously considered. Destinations Analysts, July 12, 2020
15. Experiences when traveling are a priority to leisure travelers. Nearly 60% of respondents want brand new experiences – 43.8% want outdoor experiences, 43.2% want culinary experiences, 42.7% want cultural experiences. Destinations Analyst, July 2020
16. Expedia Group will take 25 percent of the compensation it earned from a property in 2019 and turn it into marketing credits if the property chooses to participate. The company will reduce its commissions from partners by 10 percent for three months and extend pay-at-the hotel compensation for 90 days after the stay. Skift, May 28, 2020
17. Explore America Travel Credit Stimulus Forbes, June 23, 2020
18. There is continued sensitivity around advertising and marketing messages amid a global pandemic. US Travel Association, May 2020
19. Destinations International, June 2020
20. Destinations International, June 2020
21. 58% of leisure travelers say they will substitute vacations with staycations for the remainder of the year. The Harris Poll, July 2020
22. Nearly 40% of respondents expect to begin traveling by Fall. Destination Analyst, July 12, 2020

## Ancillary Industry Insights

- Home rental websites experience the most traffic for the second week in a row among hotels and accommodations searches in the U.S. at 8.4 M for Airbnb and 5.1 M for VRBO in the last week. Simiarweb Coronavirus Impact Study
- 27.6% of American travelers feel safer staying in a hotel compared to 21.3% of Americans who prefer to stay in an Airbnb or vacation home rental. Note that younger travelers are much more trusting of Airbnb/vacation home rental safety compared to older travelers. Adara Covid-19 Tracker
- 57.6% of Americans say they are planning a staycation rather than a vacation this summer, which is the highest it's been since March. Adara Covid-19 Tracker
- Overall, there's an increase of 21.7% in the driving index around the country. Americans continue to drive longer distances.

THANK YOU

# Houstonfirst™

## Chief Financial Officer Update

Frank Wilson, Chief Financial Officer

*HFC Board of Directors Meeting  
July 23, 2020*



# Recent Updates

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- **Debt Restructuring** – Mayor Turner did not feel comfortable proceeding with a debt restructuring. Instead, he offered release of certain FEMA reimbursement and insurance funds.

Harvey / FEMA Reimbursement to be Released	Amount
10% Holdback	\$ 11.5 M
TEDM Holdback	11.3 M
Direct Admin Cost	5.9 M
Insurance Proceeds*	20.0 M
<b>TOTAL</b>	<b>\$48.7 M</b>

\*Loan

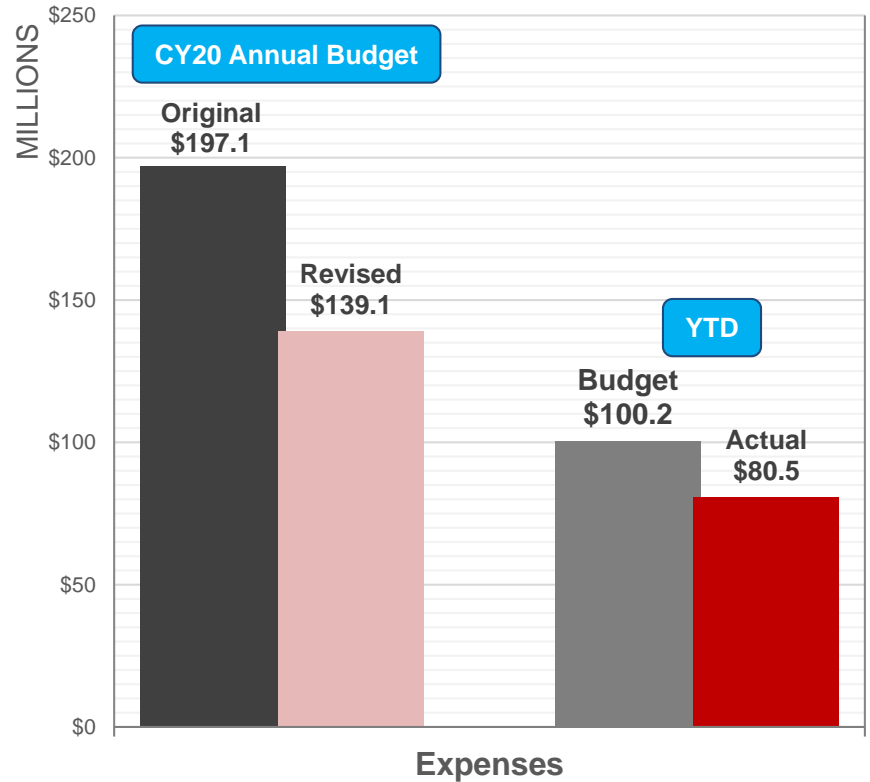
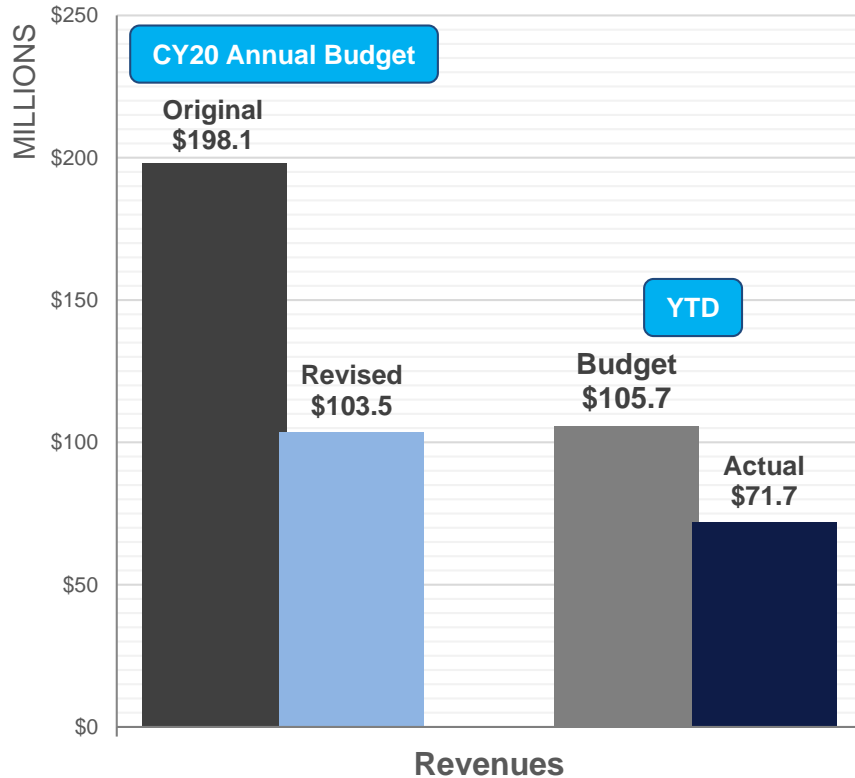
# Recent Updates

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- **Tenant Report–**
  - None of our restaurant tenants have paid rent since March 2020. One has not paid any rent in 2020.
  - Arts Groups have paid through June.
- **COVID-19 Relief Funds** – While \$3 M has been allocated, we have not yet received these funds.

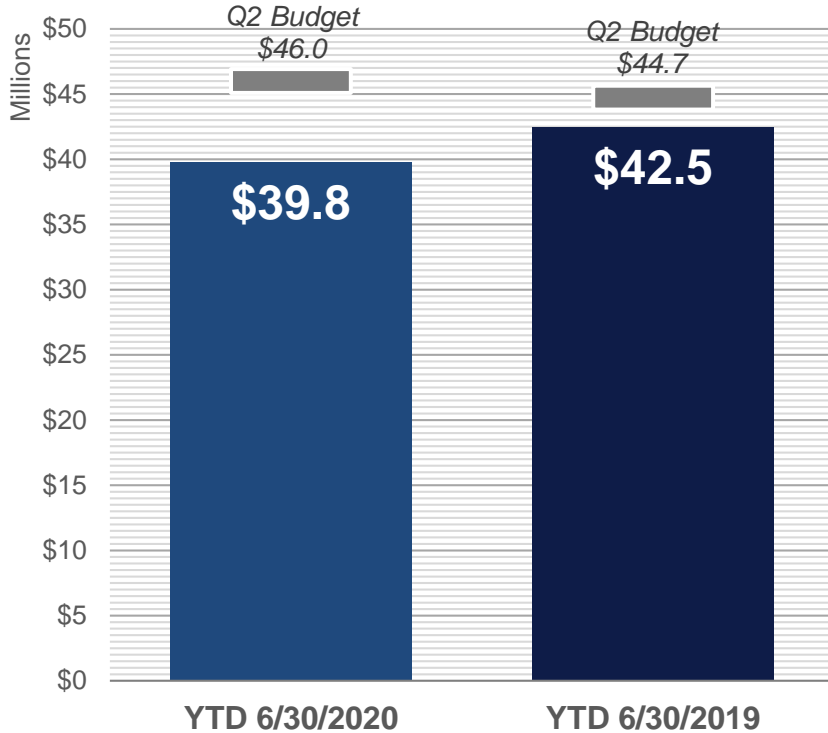
# HFC Financial Results

YTD as of June 30, 2020

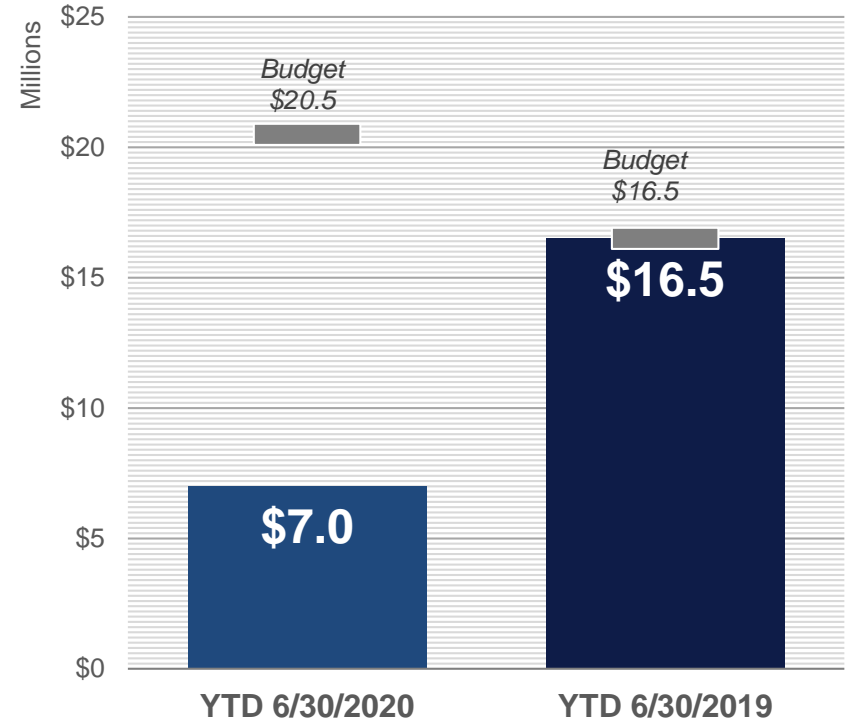


# Major Revenues

## HOT Current Collections

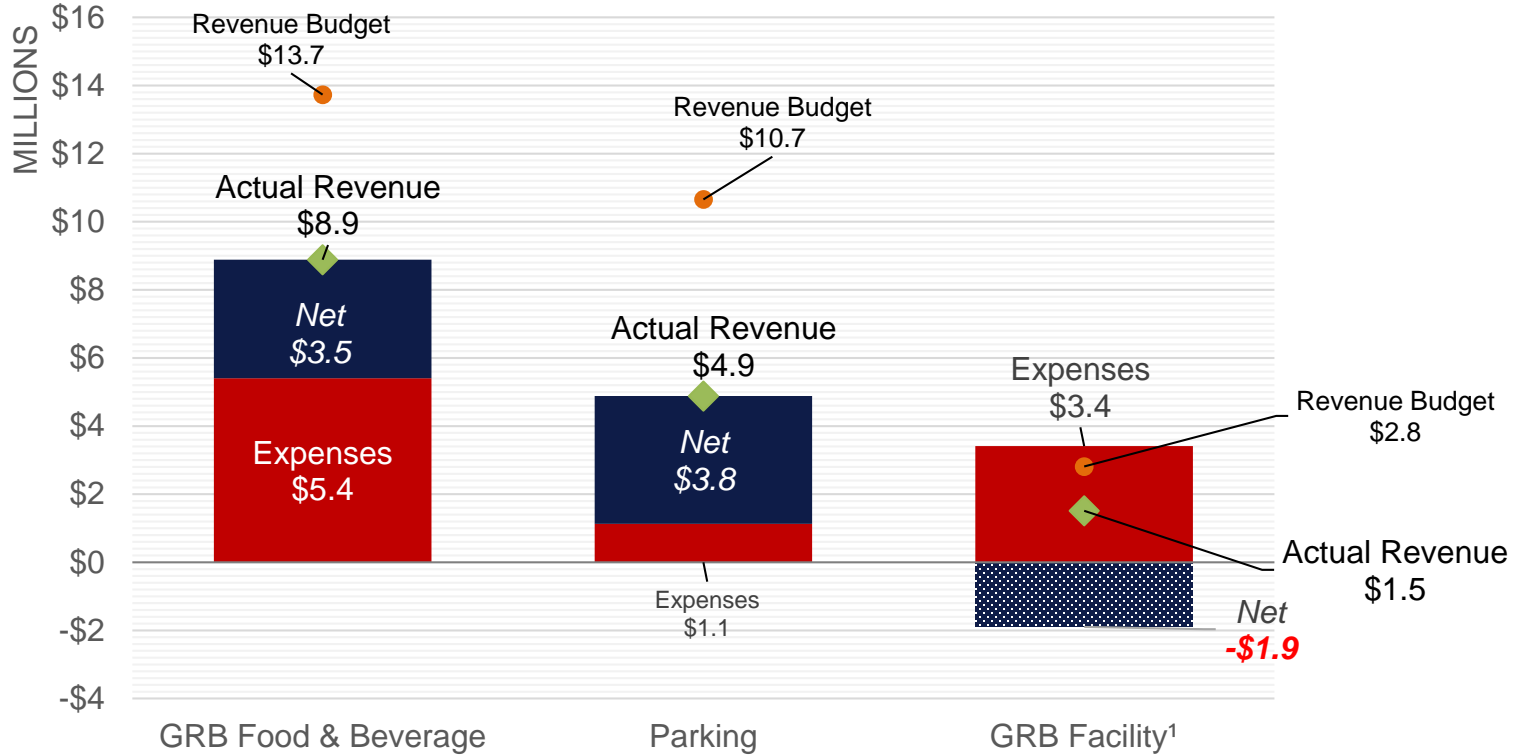


## Hilton Net Income Trend



# Other Major Revenues (Net)

YTD as of June 30, 2020

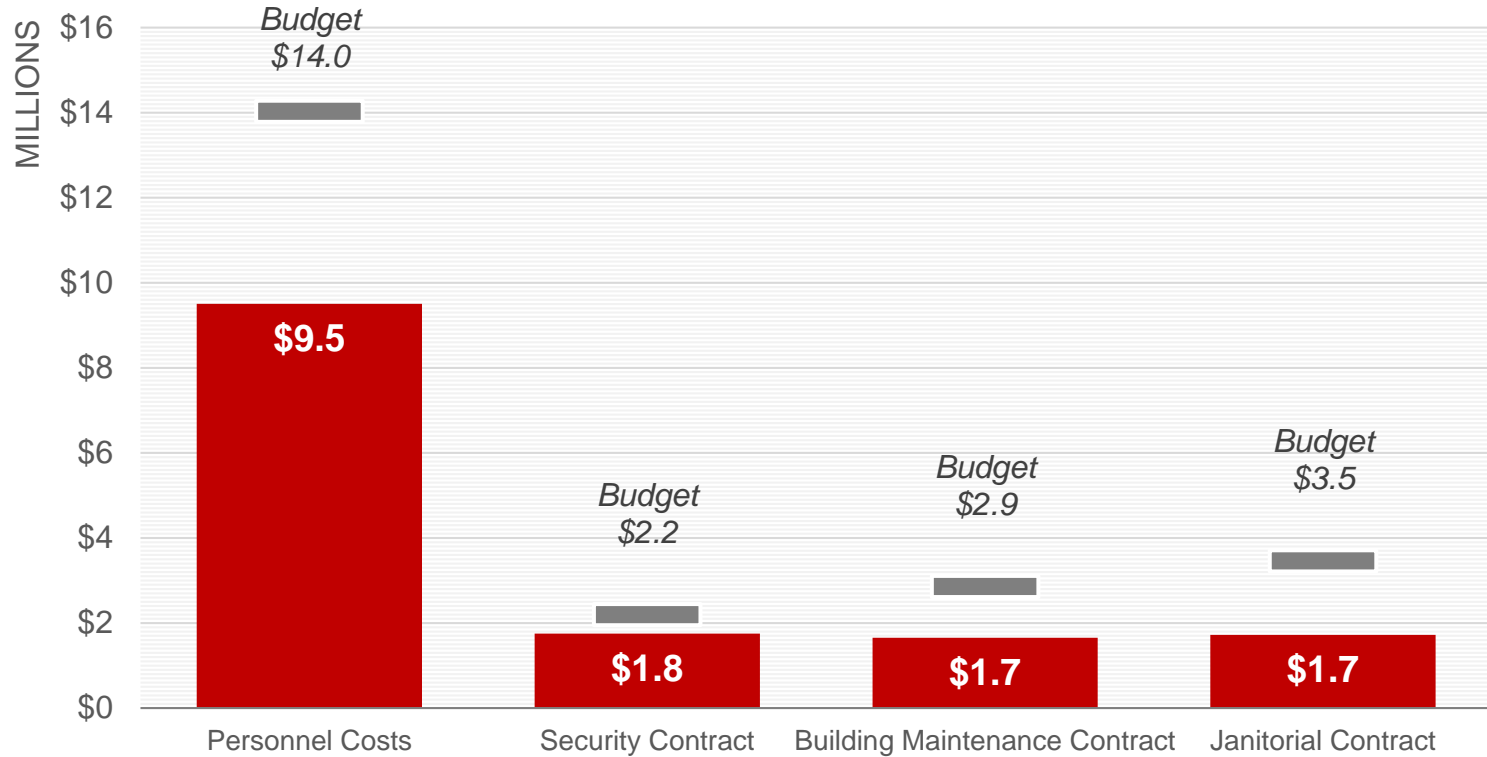


<sup>1</sup> Venue expenses include: security, building maintenance, and janitorial expenses.



# Major Expenses

YTD as of June 30, 2020



# PO Report

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Included in the handouts last night was our June PO reports of purchases between \$50,000 and \$250,000. There were 3 items purchased in anticipation of the Republican State Convention.

- EMIST sanitation supplies, including liquid sanitation product, backpacks and roller carts for use in our facilities, \$101,247
- Infrared cameras (temperature scanners), accessories and training, \$107,000
- Touchless water faucets and water closet flush valves, \$57,317

THANK YOU

The logo for Houstonfirst, featuring the word "Houstonfirst" in a white, serif font with a trademark symbol. The background is a blue-tinted photograph of a modern building with a glass facade and a curved architectural element.

# Houstonfirst™

The title of the report, "Hilton Americas-Houston Hotel Report", displayed in a large, white, sans-serif font. A vertical white line is positioned to the left of the text.

## Hilton Americas-Houston Hotel Report

Jacques D'Rovencourt, General Manager – Hilton Americas Houston

*HFC Board of Directors Meeting  
July 23, 2020*

# Houstonfirst™

## Executive Session

Executive (closed) session pursuant to Texas Government Code Section 551.074 for the purpose of deliberations regarding evaluation of the performance of the President & CEO of the Corporation.

*HFC Board of Directors Meeting  
July 23, 2020*

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[www.HoustonFirst.com](http://www.HoustonFirst.com)