

AGENDA

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

May 25, 2023 – 3:00 P.M.

Partnership Tower, 701 Avenida de las Americas, Suite 200

Houston, Texas 77010

HOUSTON FIRST BOARD ROOM

BOARD MEMBERS:

David Mincberg (Chair), Desrye Morgan (Vice-Chair), Sofia Adrogué, Elizabeth Brock, Nicki Keenan, Reginald Martin, Ryan Martin, Alex Brennan-Martin, Paul Puenta, Bobby Singh, Tom Segesta, Gerald Womack, Jay Zeidman, Mayor Pro-Tem Dave Martin, Ex-officio, Council Member Robert Gallegos, Ex-officio

In accordance with the Texas Open Meetings Act, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting on the bulletin board located on the exterior wall of the Houston City Hall building, located at 901 Bagby. The Agenda is also available online at <https://www.houstonfirst.com>.

To reserve time to appear, come to the meeting at least ten minutes prior to the scheduled public session shown on the Agenda.

Any questions regarding this Agenda, or requests for special needs assistance, 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 – April 27, 2023**
- IV. Presentations, Reports, and Updates**
 - A. Houston First Chairman's Report
 - B. Market Update and Financial Report
 - C. Houston First President & CEO's Report
- V. Adjourn**

III. Minutes – April 27, 2023

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

April 27, 2023 – 3:00 P.M.

Partnership Tower, 701 Avenida de las Americas, Suite 200

Houston, Texas 77010

HOUSTON FIRST BOARD ROOM

The Board of Directors (“Board”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010 on Thursday, April 27, 2023, commencing at 3:00 p.m.

Written notice of the meeting including the date, hour, place, and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

The following Board Members participated in the meeting: David Minberg (Chair), Desrye Morgan (Vice-Chair), Sofia Adrogué, Alex Brennan-Martin, Reginald Martin, Paul Puente, Tom Segesta, Jay Zeidman, and Mayor Pro-Tem Dave Martin.

- I. **Call to Order.** The Chairman of the Board called the meeting to order at 3:05 p.m., and a quorum was established.
- II. **Public Comments.** None
- III. **Review and approval of minutes from prior meeting.** Following a duly seconded motion, the April 6th, 2023, minutes were approved as presented. Jay Zeidman, Board Member, was not present at the time of the vote.
- IV. **Presentations, Reports, and Updates.**
 - A. **Houston First Chairman’s Report**

Chairman, David Minberg asked Reggie Martin, Board Member, to provide an update on Houston Hospitality Alliance’s (“HHA”), previously the Greater Houston Convention and Visitors Bureau (“GHCVB”), first meeting as a new organization. Mr. Martin thanked Chairman Minberg and HFC management members Michael Heckman, President and CEO, Jorge Franz, Senior Vice President of Tourism and Industry Relations, and Karen Williams, Senior Vice President of Finance, for supporting the GHCVB. Mr. Martin acknowledged that Tom Segesta, Board Member, started HHA, and conveyed that he planned to continue its development.

- B. Houston First President & CEO's Report
[This item was removed from the meeting.]

V. **Board Business.**

- A. Consideration and possible approval of an agreement with South Texas Boiler Industries, LLC for the replacement of the boilers at Jones Hall for the Performing Arts.

Luther Villagomez, Chief Operating Officer, informed Board Members that the two items presented today were presented and approved by the Operations Committee on April 18th, 2023. He added that HFC's 2023 Budget included the following capital projects, which the Board approved in late 2022. Mr. Villagomez continued that this item pertained to replacing two boilers, and the next item concerned a roof overlay replacement.

John Gonzalez, Senior Vice President and General Manager, reported that Jones Hall required the replacement of both of its original boilers, which had exceeded their lifespan. Mr. Gonzalez provided that HFC's management recommended utilizing South Texas Boiler Industries, LLC ("South Texas"), a Historically Underutilized Business, to replace Jones Hall's boilers for an amount not to exceed \$650,000 plus a 15% contingency.

Paul Puente, Board Member, inquired into the project's selection process. Lisa Hargrove, General Counsel, explained that HFC procured South Texas through a Texas co-operative organization. Mr. Gonzalez added that HFC applied comparative pricing during its budget process in October or November 2022.

Alex Brennan-Martin, Board Member, assured the Board that the Operations Committee thoroughly discussed this item and approved the project based on the provided information. Correspondingly, Mr. Puente sought assurances that HFC's boiler replacement procurement process complied with standardized procurement practices. Ms. Hargrove responded by explaining that the procurement manual described several methods for procuring contractors, which included the option to procure contractors through a co-operative organization. Mr. Martin mentioned that Operations Committee Members sought a refresher on the procurement processes utilized by HFC when this item came before the Board.

Chairman Minberg asked Ms. Hargrove to speak with the Chair of the Procurement Committee to schedule a Procurement Committee meeting and invite Board Members to attend to review procurement processes.

Following a duly seconded motion, Board Members unanimously approved an agreement with South Texas Boiler Industries, LLC for the replacement of the boilers at Jones Hall for the Performing Arts.

- B. Consideration and possible approval of a Service Work Order with Cotton Commercial USA, Inc. for a roofing overlay project, inclusive of work on existing service and smoke hatches as well as smoke vents, at Jones Hall for the Performing Arts.

Mr. Gonzalez reported that Jones Hall's roof needed replacement because it exceeded its lifespan. Similarly, he added that the roof service hatch needed replacement because it inhibited access to the existing boilers and glass elevator and provided that all of Jones Hall's smoke vents required replacement. Correspondingly, Mr. Gonzalez provided a renovation cost analysis including a material cost of \$474,000, a labor cost of \$426,000, a crane usage cost of \$64,000, a smoke vent replacement cost of \$120,000, and a roof hatch replacement cost of \$70,000. He estimated the total renovation cost would be below HFC's project budget of \$1.6 million. Mr. Gonzalez urged that HFC's management recommended using Cotton Commercial USA, Inc. for this project, which shall not exceed \$1,155,000 plus a 10% contingency with a diversity participation goal of 30%.

Following a duly seconded motion, Board Members unanimously approved a Service Work Order with Cotton Commercial USA, Inc. for a roofing overlay project, inclusive of work on existing service and smoke hatches as well as smoke vents, at Jones Hall for the Performing Arts.

VI. **Adjourn.** The meeting adjourned at 3:26 p.m.



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HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

Sam Houston Park
DOWNTOWN

HFC BOARD ROOM
Partnership Tower
Thursday, May 25, 2023
3:00 p.m.

1 HFC BOARD MEETING

Contemporary Arts Museum Houston
MUSEUM DISTRICT



2 HFC BOARD MEETING

PUBLIC COMMENTS

Anyone who wishes to address the Board during the Public Comment session may do so by signing up on the Public Comment sign-in sheet at the front of the room.

HFC BOARD OF DIRECTORS MEETING

May 25, 2023

Houstonfirst

CityCentre Shopping Center
MEMORIAL CITY



3 HFC BOARD MEETING

MINUTES

April 27, 2023

HFC BOARD OF DIRECTORS MEETING
May 25, 2023

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JW Marriott Hotel
DOWNTOWN

HOUSTON FIRST CHAIRMAN'S REPORT

DAVID M. MINCBERG

HFC BOARD OF DIRECTORS MEETING
May 25, 2023

Houstonfirst

Memorial Park
WASHINGTON CORRIDOR

MARKET UPDATE & FINANCIAL REPORT

NATHAN TOLLETT

Vice President, Citywide Convention Sales

FRANK WILSON

Chief Financial Officer

HFC BOARD OF DIRECTORS MEETING

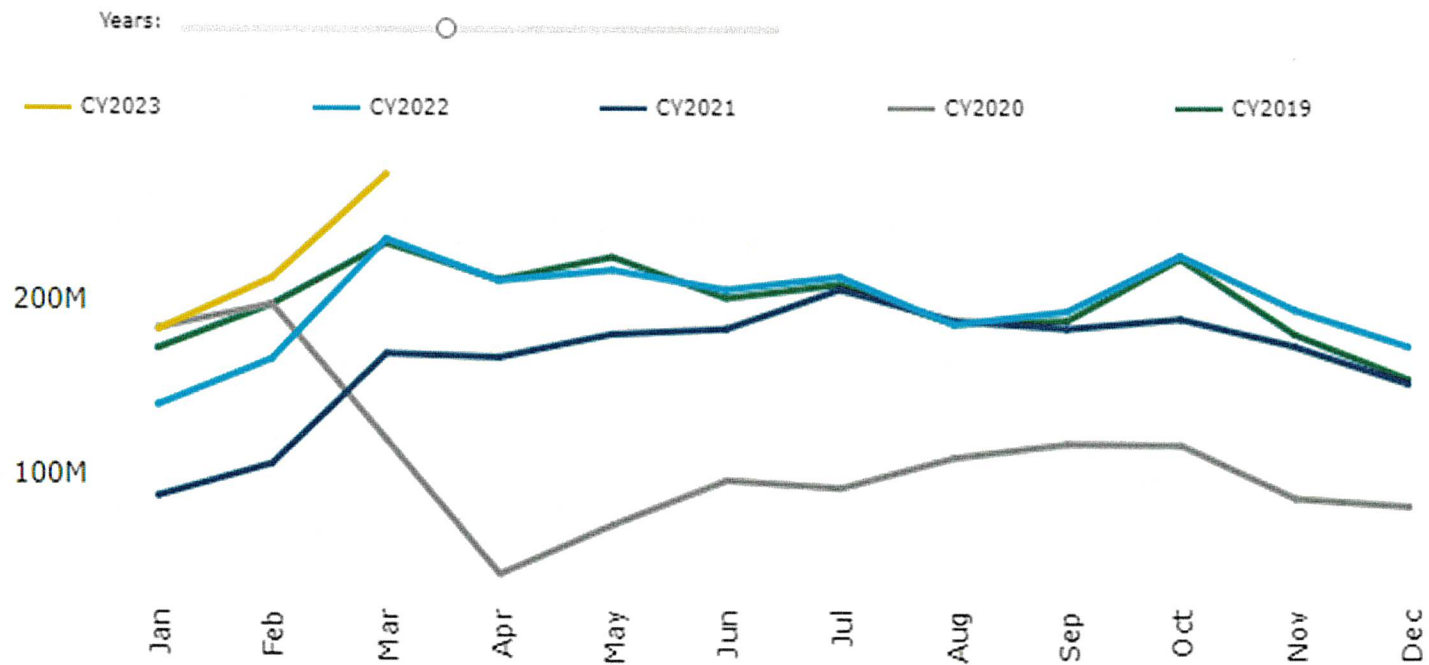
May 25, 2023

5 HFC BOARD MEETING

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HOUSTON ROOM REVENUE COMPARISON

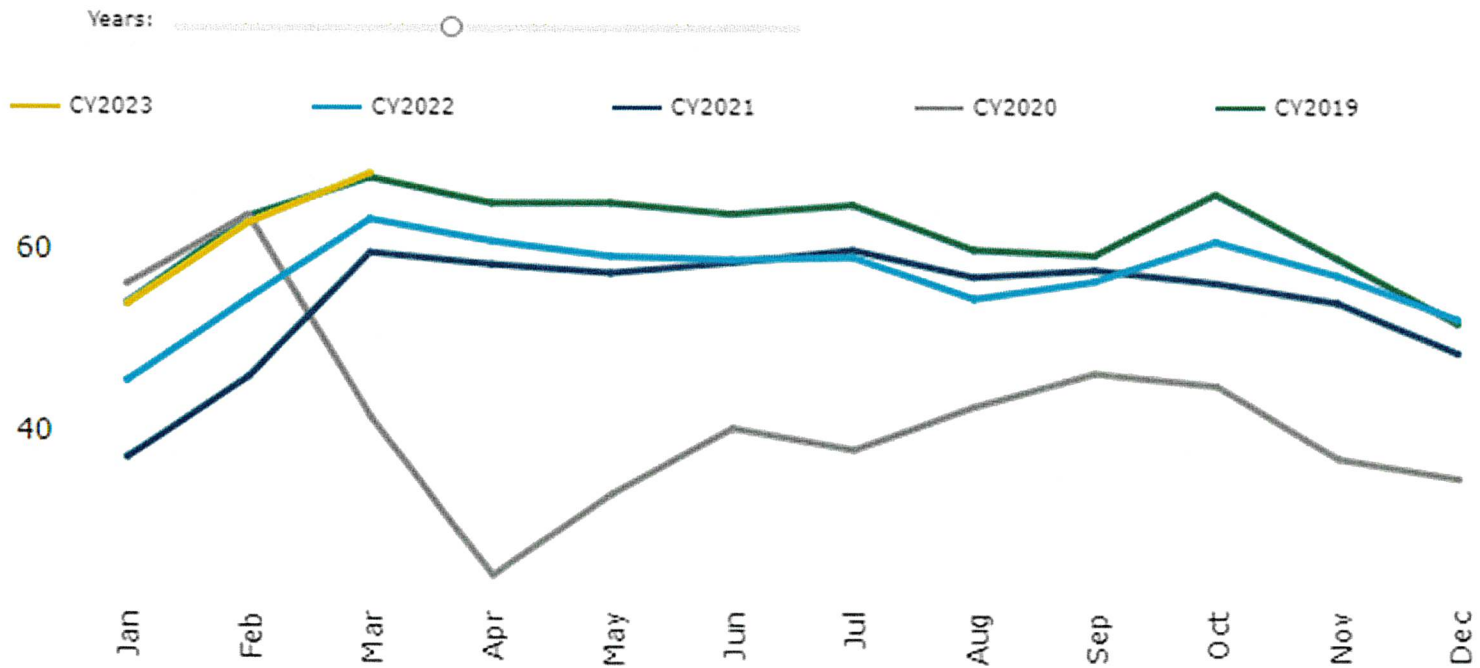
Room Revenue YOY Comparison



Source: STR, Inc

HOUSTON OCCUPANCY COMPARISON

Occupancy YOY Comparison



Source: STR, Inc

HOUSTON MARKET COMPSET

Segment Name	Occ	Var 2019
Dallas CBD/Market Center, TX	67.2	-3.1%
Nashville CBD/Downtown, TN	71.3	-3.1%
Orlando International Drive, FL	78.5	-6.7%
Houston CBD, TX	60.8	-8.5%
San Antonio CBD, TX	66.7	-9.3%
Austin CBD, TX	71.7	-9.6%
Disneyland, CA	71.4	-10.6%
Chicago CBD, IL	47.6	-15.2%
New Orleans CBD/French Quarter, LA	64.7	-17.3%
Atlanta CBD, GA	64.1	-17.5%

Segment Name	ADR	Var 2019
Atlanta CBD, GA	\$251	-1.4%
Austin CBD, TX	\$241	9.2%
Chicago CBD, IL	\$229	16.4%
Dallas CBD/Market Center, TX	\$217	18.7%
Disneyland, CA	\$209	27.0%
Houston CBD, TX	\$206	11.4%
Nashville CBD/Downtown, TN	\$202	26.6%
New Orleans CBD/French Quarter, LA	\$181	12.0%
Orlando International Drive, FL	\$166	14.0%
San Antonio CBD, TX	\$146	18.6%

LODGING SUMMARY

Houston, TX Lodging Revenue & Contribution

■ Aggregate Revenue ■ KeyData



NCAA COMPARISON

Houston Market

	<u>2016</u>	<u>2023</u>	<u>% Var</u>
Market Occ %:	78.3%	73.7%	-4.6%
Market RevPAR:	\$116.97	\$115.71	-1.1%
Market ADR:	\$149.45	\$157.02	5.1%
Market Revenue:	\$38,060,572	\$49,175,740	29.2%

% Change	Fri	Sat	Sun	Mon
Occ %	0.1%	-0.2%	-8.3%	-15.4%
Demand	30.8%	30.3%	19.8%	10.5%
RevPAR	11.0%	13.7%	-10.6%	-17.5%
ADR	10.8%	14.0%	-2.5%	-2.6%
Revenue	44.9%	48.6%	16.8%	7.7%

- Houston finished ahead in overall demand for the same weekend by **23%** and ADR up **5.1%**
- Houston CBD saw a **34%** increase in overall demand for the same weekend from 2016 with a **8%** increase in ADR
- The Galleria finished ahead in demand by **13.8%** with ADR down **3%** from the same weekend in 2016

BIGGEST IMPACT WEEKEND

FIRST Robotics & Taylor Swift

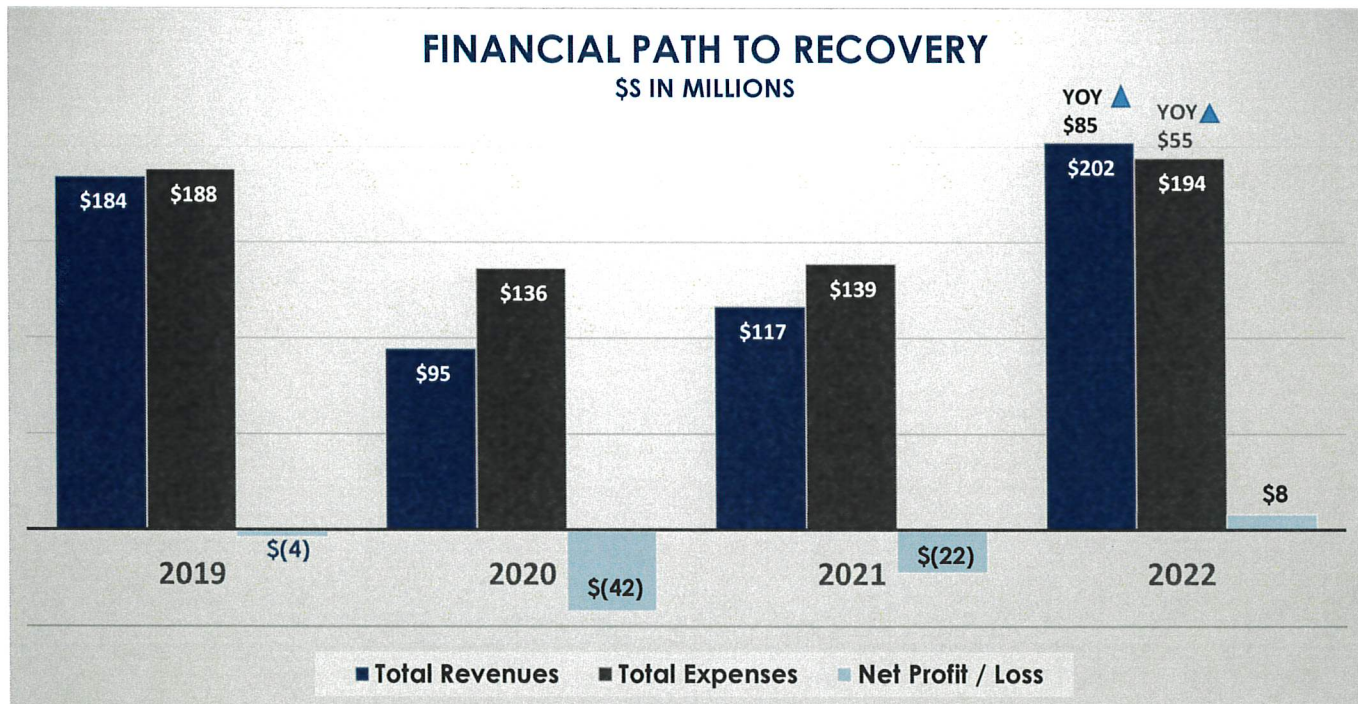
Houston Market

	<u>2019</u>	<u>2023</u>	<u>% Var</u>	Houston CBD	Galleria	Med Center/NRG
Market Occ %:	58.2%	77.7%	33.5%	42.1%	38.3%	76.1%
Market RevPAR:	\$51.96	\$106.58	105.1%	102.5%	124.2%	226.9%
Market ADR:	\$89.26	\$137.21	53.7%	42.5%	62.1%	85.7%
Market Revenue:	\$14,349,879	\$33,898,668	136.2%	114.5%	152.0%	284.5%

- The weekend ended with occupancy at **78%**, four points higher than NCAA weekend
- Houston Medical Center/NRG market achieved occupancy of **91%** through Sunday with ADR at **\$215**

FINANCIAL PERFORMANCE

2019 THROUGH 2022



Notes:

2019 Total Revenues do not include \$81.9 M of FEMA reimbursement, \$12.9 M of insurance proceeds or \$8.5 M City loan.

2020 Total Revenues do not include \$41.3 M in FEMA reimbursement.

2021 Total Revenues do not include \$4.2 M in FEMA reimbursement.

2022 Total Expenses include \$5.3 M of capital projects originally budgeted as financed, but were funded from operations – not through borrowing.

FINANCIAL PERFORMANCE

DECEMBER 31, 2022

	2022 BUDGET	2022 ACTUALS	VARIANCE
REVENUES			
Operating Revenues	\$88,059,469	\$107,146,570	\$19,087,101
Non-Operating Revenues	\$95,190,382	\$94,898,654	(\$291,728)
TOTAL REVENUES	\$183,249,851	\$202,045,224	\$18,795,373
EXPENSES			
Operating Expenses	\$92,046,594	\$ 85,897,849	\$(6,148,745)
Non-Operating Expenses	\$104,500,828	\$108,078,729	\$3,577,901
TOTAL EXPENSES*	\$196,547,422	\$193,976,578	(\$2,570,844)
TOTAL REVENUES LESS EXPENSES	\$(13,297,571)	\$8,068,646	\$21,366,217

* 2022 Total Expenses include \$5.3 M of capital projects originally budgeted as financed, but were funded from operations – not through borrowing.

FINANCIAL PERFORMANCE

DECEMBER 31, 2022

REVENUE	VARIANCE	BUDGET TO ACTUALS
Hilton Net Cash to HFC	+\$11 M	From \$30 M to \$41 M
Venue	+\$3.7 M	From \$37.9 M to \$41.6 M
Parking	+\$4.4 M	From \$17.0 M to \$21.4 M
Hotel Occupancy Tax	+ \$727 K	From \$83.6 M to \$84.3 M

EXPENSE	VARIANCE	BUDGET TO ACTUALS
Personnel	+\$3.8 M	From \$25.5 M to \$21.6 M
Food & Beverage	+\$1.0 M	From \$15.7 M to \$14.7 M
Facility Maintenance	+\$786 K	From \$ 8.5 M to \$7.7 M
Travel, Promo. & Events	+\$700 K	From \$ 5.46 M to \$4.76 M
Advertising & Promotion	+\$767 K	From \$ 7.78 M to \$7.0 M

FINANCIAL PERFORMANCE

IN 2022, MEETINGS WERE BACK

Major Meetings	Date	Attendees
NCBA Cattlecon 2022	1/28 – 2/4	6,217
Wal-Mart Stores, Inc	2/28 – 3/3	4,829
Whatabrands LLC	3/26 – 28	2,600
First Championship	4/20 – 23	35,000
Natl. Teaching Institute & Critical Care Nurses	5/15 – 19	3,500
NRA Annual Meeting	5/27 – 29	61,251
Rotary International	6/4 – 8	11,181
LCMS National Youth Gathering	7/9 – 13	19,960
National Baptist Convention USA	9/6 – 8	2,700
National Association for College Admission Counseling	9/22 – 24	6,753
Society of Petroleum Engineers	9/28 – 10/7	5,500
American Dental Association	10/13 – 17	9,897
Society of Women Engineers	10/20 – 22	14,189
Quilts, Inc.	11/8 – 10	30,000

MAJOR REVENUES & EXPENSES

YTD AS OF APRIL 30, 2023

MAJOR REVENUES	2023 Budget	2023 Actuals	Over (Under) Budget (\$)	Over (Under) Budget (%)
Hotel Occupancy Tax Collections	\$42,500,000	\$ 37,802,537	(\$4,697,463)	(11.1%)
Hilton Americas Net Cash	\$11,175,000	\$14,747,892	\$3,572,892	32.0%
GRB Facility Rental	\$2,796,720	\$3,199,663	\$402,943	14.4%
GRB Food and Beverage	\$8,844,778	\$13,602,024	\$4,757,246	53.8%
Parking Revenue-Avenida	\$3,813,969	\$3,438,633	(\$375,336)	(9.8%)
Parking Revenue-Theater District	\$2,103,636	\$2,610,878	\$507,242	24.1%
MAJOR EXPENSES	2023 Budget	2023 Actuals	Over (Under) Budget (\$)	Over (Under) Budget (%)
Personnel	\$8,827,751	\$8,331,178	(\$496,573)	(5.6%)
Security Contract	\$1,801,293	\$1,459,959	(\$341,334)	(18.9%)
Bldg. Maintenance Contract	\$2,096,452	\$1,651,739	(\$444,713)	(21.2%)
Parking Contract	\$825,657	\$837,503	\$11,846	1.4%
Janitorial Contract	\$2,204,608	\$2,268,817	\$64,209	2.9%
GRB Food and Beverage	\$6,195,746	\$8,077,998	\$1,882,252	30.4%

FINANCIAL PERFORMANCE

YTD AS OF APRIL 30, 2023

	2023 Budget	2023 Actuals	Variance
TOTAL REVENUES	\$73,808,161	\$88,781,255	\$ 14,973,094
TOTAL EXPENSES	\$74,876,222	\$75,153,095	\$276,873
TOTAL REVENUES LESS EXPENSES	\$(1,068,061)	\$13,628,160	\$14,696,221



Willow Waterhole Greenway
SOUTHWEST HOUSTON

18 HFC BOARD MEETING

HOUSTON FIRST
**PRESIDENT & CEO
REPORT**

MICHAEL HECKMAN

HFC BOARD OF DIRECTORS MEETING
May 25, 2023

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LEGISLATIVE SESSION UPDATE

SENATE BILL 1057



2023 NCAA MEN'S FINAL FOUR

(MARCH 30 – APRIL 3)

FINAL FOUR RECAP:

- **March 21-30:** Event Move-In and Signage Installation
- **March 30:** HFC Media Welcome Event
- **March 31- April 3:** Men's Final Four Fan Fest[®] Presented by Capital One
- **April 3-4:** Event Move-Out



2023 NCAA MEN'S FINAL FOUR

(MARCH 30 – APRIL 3)

FINAL FOUR ANCILLARY EVENTS BY THE NUMBERS:

- Fans from all **50 States**
- **16 Countries** Represented
- Fan Fest = **61,155 Fans Attended**
- Music Festival = **43,113 Fans Attended**
- Dribble = **3,700 Fans Attended**



2023 NCAA MEN'S FINAL FOUR

(MARCH 30 – APRIL 3)

Final Four Official Media Party



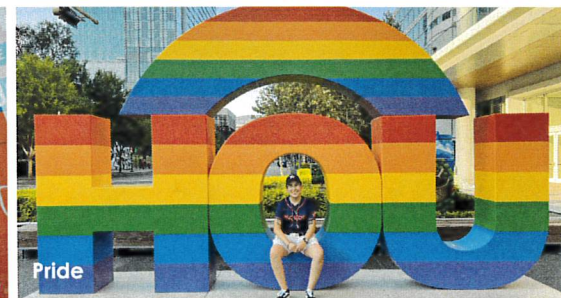
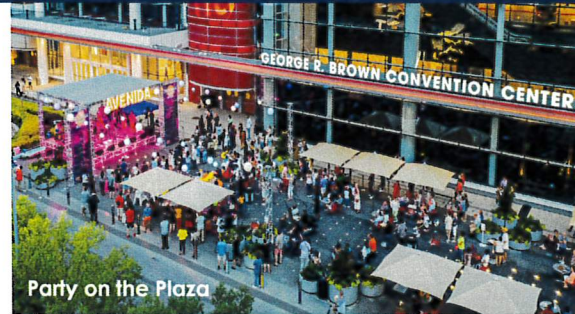
PROGRAMMING & EVENTS

May 2023:

- Party on the Plaza
- AAPI Amplified
- Comicpalooza

June 2023:

- Juneteenth Celebrations
- PRIDE Celebrations
- Blues and More at the Brown



HOUSTON WEEK | MAY 8 – 12, 2023



TMC | TEXAS
MEDICAL
CENTER



- **2 MEMORANDUM OF UNDERSTANDING CEREMONIES**
- **4 DIPLOMATIC MEETINGS**
 - Luis Donald Colosio Riojas, Mayor of Monterrey
 - Samuel Alejandro Garcia Sepulveda, Governor of Nuevo Leon
 - Miguel Torruco Marqués, Secretaria de Turismo
 - Consejo Coordinador Empresarial (CCE)
- **27 MEDIA INTERVIEWS CONDUCTED**
- **45 TRAVEL AGENTS TRAINED**

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HOUSTON WEEK | MAY 8 – 12, 2023

GOAL: CREATE LEAD GENERATION AND CONTRACT NEGOTIATION OPPORTUNITIES WITH WHOLESALERS, OPERATORS AND MEETING PLANNERS.



- 12 trade partners traveled with the Houston Trade Delegation.
 - Five hotels
 - Four attractions
 - Two DMC's
 - Houston Travel Fest
- Houston Trade Delegation attended presentations, roundtables and trade shows in Monterrey & Mexico.
- Mission provided opportunity for the Houston Trade Delegation to network and meet with top wholesalers, operators and OTA's in Monterrey and Mexico City.

HOUSTON WEEK | MAY 8 – 12, 2023



- **70 MEDIA RSVP'D** to Hola Houston CDMX
- **111 BUSINESSES ENGAGED**
 - Health Sciences, Aerospace, Airlines, Sports, and Tourism
- **199 TRAVEL TRADE CLIENTS RSVP'D** to Hola Houston events
- **212 MILLION EARNED MEDIA IMPRESSIONS GENERATED**
- **348 APPOINTMENTS WITH TRAVEL TRADE**

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LYNN WYATT SQUARE UPDATE



2023 APWA PROJECT OF THE YEAR AWARD



- Texas Chapter of the American Public Works Association (APWA) selected Wortham Theater Center as **APWA's Public Works Projects of the Year - Disaster or Emergency Construction Repair (Greater than \$75 Million)**
- Acknowledges excellence in the management and administration of public works projects, recognizing the alliance between the managing agency, the contractor, the consultant, and their cooperative achievements.
- Will receive national recognition at the **National APWA Awards Recognition Ceremony** in August 2023.



2023 DE&I HOSPITALITY INDUSTRY INTERNSHIP PROGRAM

HFC will once again host the **2023 DEI Hospitality Industry Internship Program**

Program Dates:

- June 5th – July 28th



TOURISM DIVERSITY MATTERS' APPRENTICESHIP PROGRAM

Houston First Corporation will once again participate in the **Tourism Diversity Matters' Apprenticeship Program** by hiring one (1) Apprentice in 2023.

Our Primary Functions:

- Providing an environment for the Apprentice to gain exposure across multiple departments and engage with community partners.
- Creating a growth and professional development plan for the Apprentice.



**TOURISM
DIVERSITY
MATTERS**



CORY YOUNG
2022 Apprentice

*Joined HFC Jan. 2023
Convention Services
Representative*

Houstonfirst™