

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
June 23, 2022 – 3:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HOUSTON FIRST BOARD ROOM

The Board of Directors (“Board”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010, on Thursday, June 23, 2022, commencing at 3:00 p.m.

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

The following Board Members participated in the meeting: David Mincberg (Chair), Desrye Morgan, Sofia Adrogué, Nicki Keenan, Alex Brennan-Martin, Tom Segesta, Jay Zeidman, Mayor Pro-Tem Dave Martin, Ex-Officio, Council Member Robert Gallegos, Ex-officio.

1. **Call to Order.** The Chairman of the Board called the meeting to order at 3:10 p.m., and a quorum was established.
2. **Public Comments.** None
3. **Review and approval of minutes from prior meetings.** Following a motion duly seconded, April 21, 2022, meeting minutes were unanimously approved.
4. **Presentations and Reports.**
 - A. **Houston First Chairman’s Report.**

Chairman David Mincberg recognized the following members of the audience: Booker Morris, Deputy District Director from Congresswoman Sheila Jackson Lee’s office. Rachel Maxey, Director of External Affairs for City Council Member Mary Nan Huffman’s office, and two interns, Macon Boane and Nicholas Antake.

Mr. Mincberg announced that the University of Houston (UH) Black Alumni Association will honor UH Alum and Houston First’s distinguished Vice-Chair Desrye Morgan during its 4th Annual Heritage Brunch with the Distinguished Alumni Award.

Mr. Mincberg noted that HFC did an exceptional job putting on the Juneteenth program and stated that there was an enormous turnout at Miller Outdoor Theatre.

Mr. Mincberg mentioned that the National Rifle Association (NRA) convention took place without incidents, despite unfortunate circumstances. He emphasized that hosting the convention was a legal matter in that the NRA had a contract that must be honored, and the event went off flawlessly.

B. Houston First President & CEO's Report.

President & CEO, Michael Heckman, reported that HFC is in a strong financial position, and 2022 is more normalized.

Mr. Heckman acknowledged the horrible tragedy in Uvalde, Texas, and expressed the sadness, everyone, at HFC felt. Mr. Heckman added that HFC did not have the ability to absorb the tragedy because of the enormous responsibility of keeping people safe while under a very intense spotlight during the NRA convention. There were over 61,000 total attendees with zero arrests and zero incidents. Mr. Heckman acknowledged a successful collaborative effort across multiple agencies and departments.

Mr. Heckman stated that management recently was in Washington, DC to present Houston's bid for the 2024 Democratic National Convention (DNC). The DNC will come to Houston for a site visit in July and will make a final decision by Fall 2022.

Mr. Heckman reiterated that Juneteenth had a great crowd at Miller Outdoor Theatre. As the Destination Marketing Organization, HFC has a broader responsibility than just events facilitated by HFC by also promoting all of the events happening Juneteenth weekend through public relations efforts, editorial, and social media.

John Solis, Senior Vice President of Sales & Client Services, reported that from January 2022 to May 15, 2022, convention attendance has averaged over 85% of forecasts, which is up significantly from the beginning of 2022, and hotel room blocks are at 94%. Lead volumes are strong at 91% of 2019 production, while associated room nights are at 64% of the same time frame. There are 29 city-wides scheduled for 2022 with 12 remaining. Mr. Solis noted that 50% of these city-wides have never convened in Houston before, so there is a great opportunity to showcase the Avenida campus and Houston. The city-wides will average 9,000 attendees per convention which translates into roughly 110,000 attendees scheduled to come through Houston from now until year-end. Mr. Solis added that there is a city-wide event schedule every month with the months of June, September, and October having multiple city-wides scheduled. Mr. Solis emphasized that one of the most significant associations that have booked for the first time in Houston is the American Dental Association. Groups that are booked

that have not been in Houston recently are the Society of Women Engineers and John Deere. Finally, Mr. Solis stated there is a strong increase in the planning and site visits from clients.

Frank Wilson, Chief Financial Officer, reported year-to-date 2022 Actual Revenues are \$83,475,376 vs 2022 budget of \$78,084,429, 2022 Actual Expenses are \$75,681,946 vs 2022 budget of \$83,273,311, and Variance of Revenues less Expenses is \$12,982,313. George R. Brown Convention Center (GRB) Facility Rental is up 47% from budget, GRB Food and Beverage is up 5%, Parking Revenue – Avenida is up 4.95% from budget, and Parking Revenue – Theater District is down 6.5% from the budget. Hilton Americas Net Cash is up 19% from budget and Hotel Occupancy Tax collections are up 3.6% from budget. Larger variances in Major Expenses include personnel and building maintenance which are 22% below budget and housekeeping which is 42% above budget.

Cindy Decker, Vice President, Business Intelligence and Market Strategy, stated that she reviews airline travel and arrival. Ms. Decker said she measures the index and compares that to 2019, which is currently the baseline overall. The index for air travel to Houston was 107% in January 2020 and 100% in April 2022, and has been over 90% since then. The domestic and international visitor index for Houston was 100% in 2019 and, currently, the domestic visitor index is 106% with the international visitor index at 69%. The average combined index of domestic and international visitors will be back to 100% by 2023.

Ms. Decker reported that year-to-date room revenue is near 2019 trends. Business travel is still down about 30%, but is slowly trending upwards. The Houston market occupancy & ADR trends are close to 2019 numbers.

Mr. Heckman informed the Board that Destinations International (DI) had a speaking opportunity at the 2022 annual U.S. Conference of Mayors and they invited himself and Mayor Sylvester Turner to give a panel talk. Mr. Heckman noted that Mr. Jack Johnson, DI's Chief Advocacy Officer, remarked that Houston is "a model for the way that a DMO and a Mayor work together to promote a city."

Mr. Heckman circulated a Food and Wine magazine and asked Holly Clapham, Chief Marketing Officer, to explain how the magazine was used to innovatively relay our message to clients. Ms. Clapham stated that HFC partnered with a company named M&I to do a white label, which is wrapping a magazine with six pages of Houston content and targeting the top 1000 clients who receive a free six-month subscription. Each year clients are surveyed to discuss efficiency and effectiveness and it has become a marketing initiative where clients look forward to what complimentary subscription they will receive and the content as well, allowing the ability to connect the dots from marketing to engagement with the Sales and Services team which is the goal with this type of marketing.

Mr. Heckman reported that Houston was one of sixteen North American cities selected to host matches for the World Cup in 2026. There will be four years of planning and a host committee will be formed to initiate this work. He announced that the GRB has upgraded from Silver Leadership in Energy and Environmental Design to Gold designation and emphasized this was a tremendous achievement for a 35-year-old facility. Top Chef ended its season as the number one watched show on cable that is non-news and non-sports.

Mr. Heckman informed the Board that labor negotiations at the Hilton Americas-Houston Hotel are still ongoing, but are close to being finalized with Unite Here. In mid-July, Manchester City will play Club America at NRG Stadium and HFC will help promote this event in partnership with the Houston Texans and Lone Star Sports Entertainment. He reminded Board Members that Comicpalooza will occur July 15 -17. The State of the City luncheon will occur on September 1st. HFC will be producing this event with Cindy Clifford and Elizabeth Brock as co-chairs.

5. **Board Business**

- A. Consideration and possible approval of a job order with ERC Environmental & Construction Services, Inc. for demolition, steel build back, and related services pertaining to the removal of the existing Exhibit Hall A3/B3 airwall in the George R. Brown Convention Center.

John Gonzalez, Senior Vice President and General Manager of Convention and Cultural Services, reported that this item is a capital project in the 2022 budget and would likely start in July, with Board approval, and be finalized by December 2022. The project is the removal of a 25-year-old bleacher system with a concrete wall that was original to the GRB allowing 224,000 contiguous square feet of space which will maximize the space on the north end of the GRB and will allow for more flexibility of space.

Following a motion duly seconded, the job order with ERC Environmental & Construction Services, Inc. for demolition, steel build back, and related services pertaining to the removal of the existing Exhibit Hall A3/B3 airwall in the George R. Brown Convention Center was approved unanimously.

- B. Consideration and possible approval of an amendment to the George R. Brown Convention Center Airwall Replacement Agreement between Houston First Corporation and Rob Pelletier Construction, Inc. to furnish and install an airwall in Exhibit Hall A3/B3.

Mr. Gonzalez stated that this is part two of the A3/B3 project, with the demolition work being the first phase and the second phase adding partitions back. Rob Pelletier Construction, Inc. is the current contractor for the maintenance and repair of the GRB airwalls and is a sole source provider.

Following a motion duly seconded, an amendment to the George R. Brown Convention Center Airwall Replacement Agreement between Houston First Corporation and Rob Pelletier Construction, Inc. to furnish and install an airwall in Exhibit Hall A3/B3 was approved unanimously.

C. Consideration and possible approval of an Agreement between Houston First Corporation and Superior Building Services, Inc. for the George R. Brown Convention Center Wash and Seal Project.

Mr. Gonzalez reported that this project is to wash the GRB and then seal the joints and moldings for a complete wash and seal of the building. This project requires washing by hand because the GRB cannot be power washed. Superior is also the current provider for window cleaning.

Following a motion duly seconded, an Agreement between Houston First Corporation and Superior Building Services, Inc. for the George R. Brown Convention Center Wash and Seal Project was approved unanimously.

D. Consideration and possible approval of a job order with Chamberlin Houston, LLC for the Hilton Americas-Houston Hotel Sixth Floor Ballroom Roof Overlay Project.

Ms. Okan-Vick, Urban Development Officer, stated that the sixth-floor ballroom roof is an original Hotel roof that is 19 years old and has reached the end of its useful life. The roof was identified by the Hotel insurer (AFM) as needing to be replaced. The 55,000 square foot section of the sixth-floor Hotel roof is the largest of the four sections that needs to be replaced, starting with the sixth-floor as the first phase and the other three sections done in the second phase in 2023. Ms. Okan-Vick reiterated that the roof is past its 10 to 15-year life expectancy and will be replaced with a single-ply overlay with a 20-year warranty and a life expectancy of 20 to 30 years.

Following a motion duly seconded, the job order with Chamberlin Houston, LLC for the Hilton Americas-Houston Hotel Sixth-Floor Ballroom Roof Overlay Project was approved unanimously.

6. **Adjournment.** The meeting adjourned at 4:12 p.m.