

# MINUTES

## HOUSTON FIRST CORPORATION

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**BOARD OF DIRECTORS MEETING**  
**September 15, 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, September 15, 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), Sofia Adrogué, Nicki Keenan, Reginald Martin, Paul Puente, Bobby Singh, Gerald Womack, Jay Zeidman, and Council Member Robert Gallegos.*

1. **Call to Order**. The Chairman of the Board called the meeting to order at 3:05 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, the meeting minutes of July 21, 2022, were approved as presented.
4. **Presentations, Reports, and Updates**
  - A. **Houston First Chairman’s Report**

David Mincberg, Chairman, informed Board Members that an announcement would be made next week regarding the significant gains that Houston has made in the ranking of America’s Best Cities. He stated that Houston jumped from #17 to #11 in the ranking.

Mr. Mincberg stated a letter was sent to Board Members inviting them to a nonpartisan conversation on voter rights that Mayor Sylvester Turner will co-chair and encouraged them to attend.

Chairman Mincberg reported that Houston First Corporation (HFC) and Greater Houston Convention & Visitors Bureau (GHCVB) have been working together collaboratively

regarding each organization's mission and moving forward. Mr. Mincberg thanked Reginald Martin, GHCVB Chair, for working collaboratively through the process.

Mr. Mincberg asked Michael Heckman, President & CEO, to schedule the next Board meeting as a dinner meeting for an ethics presentation.

## B. Houston First President & CEO's Report

Mr. Heckman stated that the COVID crisis has passed and that HFC has dramatically recovered. HFC will outperform its budget significantly again this year. HOT collection will be slightly below the level of 2019 and is projected to increase in 2023 substantially.

Mr. Puente inquired about the status of personnel. According to Mr. Heckman, the number of staff is below pre-COVID, but HFC is continuing to hire staff as time progresses in response to corporate needs.

Cindy Decker, Vice President, Business Intelligence and Market Strategy, reported that total room revenues are back to 2019 trends since March 2022. Houston room revenues are expected to be fully recovered by 2023. Ms. Decker stated that ADR year-over-year has seen rates ahead of 2019 and has shown a great deal of rate growth in the market. Houston market supply measures low on the top 25 due to 67% of hotels being suburban or airport properties where rates are under \$100, and because the market is geographically spread out. Houston's rates are below that of competitors. Ms. Decker stated that the focus is on placing ethical business in the proper space to drive occupancy.

Holly Clapham, Chief Marketing Officer, mentioned five of the eleven campaigns for 2022: Top Chef Houston would run domestically; marketplace, which is a product of the Tourism department and a domestic retail campaign; Summer Travel was a first-time integration campaign with Mexico, which is heavy in both domestic and digital; National Business & Meetings in Wall Street Journal and meeting trades; and Hotel Deals to further assist hotels with a push for third and fourth quarters.

Ms. Decker stated that she and Ms. Clapham started using pixels in 2019 to begin tracking how marketing campaigns are performing. HFC is working with a company that tracks the pixels straight through the web into the hotels, providing an estimated room night count. Pixels have shown that 50,000 room nights have been generated since March 2022 as well as \$1.4 million in HOT revenue, resulting in an estimated \$114 million in economic impact.

Jorge Franz, Senior Vice President, Tourism and Industry Relations, stated that one of the key focuses for the Mexico Mission in 2022 was to meet with incentive planners. He reports that five participating agencies will be in Houston during October 2022. Mexico tour operators are currently promoting Houston's leisure travel products through digital and print advertising, and the highest-selling travel agents will win a trip to Houston in December 2022 to participate in a familiarization tour.

Mr. Franz reported that Brand USA, in partnership with Turkish Airlines, invited India's top tour operators to experience Houston and attend a familiarization tour to learn how to build and sell Houston products. Mr. Franz emphasized that India ranks #4 in overseas arrivals to the USA and Houston.

Mr. Franz informed the Board that the Houston Film Commission was highly involved with Comedian Mo Amer's film project called "MO," which was filmed in Houston and began airing on Netflix in August. It was an eight-episode series that was filmed in 35 Houston locations from October to December 2021. The series was projected to have a \$24 million economic impact, and there are discussions for a second season. Mr. Franz mentioned that it had a 100% rating on Rotten Tomatoes and there was buzz for Emmy and Golden Globe consideration.

Nathan Tollett, Vice President, Citywide Convention Sales, reported that attendance was at 84% from January through August 2022 which was higher than anticipated. Mr. Tollett stated that in seven of the twelve months, HFC is in a better position going into 2023, just three months out. There are currently eight citywide conventions booked in June, July, and August in 2023.

Mr. Tollett noted that the lead volume is 91% of 2019 production, room nights are at 64%, 281 bookings for 175,000 room nights, 48 new business site visits, and 40 planning visits.

Reggie Martin stated that messaging to stakeholders needs to be better due to a large amount of data and suggested an annual meeting with stakeholders. Mr. Heckman stated that a Tourism Summit was planned for 2023.

Mr. Heckman announced that the Hispanic Heritage Month Celebration would kick off on Saturday, September 17<sup>th</sup> on Avenida Plaza with an entire month of editorial and communications planned. He reported that Houston Theater Week was a huge success with nearly 20,000 tickets sold. HFC helped organize the event in conjunction with the Theater District Association. Mr. Heckman also reported that HFC is bidding for the DNC for 2024 and the RNC for 2028. A decision on the DNC bid is anticipated in early 2023.

Mr. Heckman reported that Hilton Corporation reached a bargaining agreement with Unite Here through 2025 regarding employee salaries for Hilton Americas-Houston employees resulting in immediate raises. He added that discussions for Levy and other vendors are in process.

HFC is exploring refinancing its mortgage on the Hilton Americas-Houston Hotel. The Corporation would be hosting a marketwide hotel meeting soon to listen to the challenges faced by area hotels. Mr. Heckman also reported that a letter was sent to the developer of the proposed W Hotel two weeks ago that lays out a path to move forward with the project. Finally, Mr. Heckman announced that the Consular Ball will be held on October 8, 2022, and the State of the City Luncheon will be held on November 2, 2022.

## C. Financial Report

Frank Wilson, Chief Financial Officer, reported net performance total revenues less expenses were \$23,182,149 as of July 31, 2022. Favorable major revenues variances include Hilton Americas Net Cash at \$7.5 million, Parking Revenue – Avenida at \$2.8 million, GRB Facility Rental at \$1.9 million, with HOT at \$173,615, and GRB Food and Beverage at \$181,550. Favorable major expense variances included personnel at \$2.7 million, building maintenance at \$674,718, and parking at \$97,317 under budget.

A significant improvement has been made in cash flow over 2020 and 2021, and it is likely that HFC will not be required to borrow for operating expenses in 2022.

Mr. Gerald Womack complimented the staff on their hard work under very difficult conditions and stated that good results come with good compensation.

5. **Executive Session**

Executive (closed) session pursuant to Texas Government Code Section 551.071 for purposes of consultation with an attorney.

Executive session began at 3:07 p.m. and ended at 3:50 p.m. No action was taken during Executive session.

6. **Board Business**

- A. Consideration and possible approval of an increased funding limit for the Construction Services Agreement with Manhattan Construction Company for the redevelopment of Lynn Wyatt Square for the Performing Arts.

Following a motion duly seconded, approval of an increased funding limit for the Construction Services Agreement with Manhattan Construction Company for the redevelopment of Lynn Wyatt Square for the Performing Arts passed unanimously.

7. **Adjournment** The meeting was adjourned at 4:50 p.m.