

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

August 18, 2021 – 8:30 A.M.

Partnership Tower, 701 Avenida de las Americas, Ste. 200

Houston, Texas 77010

HFC Board Room

The Benefits, Compensation, and Finance Committee (“Committee”) 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., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas 77010 on, Wednesday, August 18, 2021 commencing at 8:30 a.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 Committee Members were present for the meeting: Alex Brennan-Martin (Chair), Jay Zeidman (Vice Chair), John Johnson, Ryan Martin, and David Mincberg.

The Chairman called the meeting to order at 8:32 a.m. and a quorum was established.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of July 26, 2021 were approved as presented.
3. **Presentations and Reports.**

A. **23rd World Petroleum Congress Update-** Jeff Shellebarger, Chairman of the 23rd World Petroleum Congress (WPC) and Sallie Sargent, Chief Operating Officer, of WPC, gave an update on the status of the conference. Mr. Shellebarger stated that the organizing committee is in good shape despite the uncertainty surrounding COVID-19 and he thanked HFC for its generosity. He stated that the health and safety of all attendees is their highest priority as they continue to monitor the ongoing pandemic. WPC’s financial position is stable due to a strong sponsorship position three years ago, he said. The organizing committee continues to work tirelessly to ensure the event is first class as well as building a strong brand around Houston. He further explained that the organizing committee is planning for 3,500 attendees, but will market for well above that number and hope to leverage the strong local audience of those who attended OTC. Additionally, WPC will showcase companies that produce alternative energy sources not seen in other parts of the world. Deliverables to HFC include repayment of a \$4 million loan and capital cost in the amount of \$92,000, repayment of pre-organization formation expenses and expenses under the HFC Services Agreement, as well a commitment to meet a 25% goal under the Supplier Diversity Program.

HFC President & CEO, Michael Heckman, stated that the WPC organizing committee is working closely with Roger Harris to track diversity spend. He also confirmed that HFC Board Member, Bobby Singh, is a part of the organizing committee and is closely monitoring diversity participation.

Mr. Shellebarger then presented the WPC budget in further detail.

There was further discussion among Committee Members regarding exhibition sales and registration. Sallie Sargent provided additional information on sales and ways to maximize the event footprint. Mr. Shellebarger also informed the Committee that WPC is prepared to adjust the conference by reducing the event from four days to three days and adding additional virtual components as necessary.

Jay Zeidman asked for additional information regarding the promotion of alternative energy. Mr. Shellebarger discussed the disconnect among countries surrounding carbon neutrality, energy demand, and the components needed to obtain certain environmental goals and why Houston would be a great place to showcase alternative technology.

Mr. Heckman thanked Mr. Shellebarger for his continued leadership and stated while the execution of WPC will not be what they had anticipated, the host committee has organized a great program and it is very important for Houston to host a global meeting.

The Committee Chair asked about possible scenarios for the event and stated what is most important to HFC is that the company not take a loss this year.

David Mincberg asked if management had further insight on hotel bookings, which they do not have at this time.

Mr. Shellebarger concluded the discussion by stating that the host committee remains optimistic that the event will be a great success because the demand for the global energy industry to come together remains.

B. Financial Report-Houston First Corporation Chief Financial Officer, Frank Wilson, discussed HFC's finances through June. He began his presentation with an update and stated that \$4.2 million received by Convention & Cultural Services, Inc. from the Paycheck Protection Program has been forgiven. He also announced that HFC received a grant in the amount of \$660,503 that will be used for capital projects in the Theater District. Additionally, he stated that the City of Houston bond refunding will result in \$4.9 million in budget savings to HFC. Mr. Wilson informed the Committee that total revenues are \$5.6 million below budget and expenses are \$12.2 million below budget. Hotel occupancy taxes (HOT) are trending at \$38.8 million through third quarter and will exceed budget due to leisure travel. Parking revenues are also exceeding budget due to increased activity in the convention district with events like Dr. Seuss, the UFC experience, Comicpalooza, and the Houston Astros home games.

Ryan Martin asked how management feels about the budget forecast through year-end. Mr. Wilson stated that any changes in budget are still dependent upon COVID-19. Mr. Heckman added that, while there has been an increase in activity in downtown Houston and arts groups will begin performing in September, a number of offices will not reopen to scale until 2022.

Cindy Decker stated that hotel occupancy in downtown Houston has been at 60% week-over-week so HOT collections will be near budget this year. She stated that business travel has increased slightly due to professionals in the finance, consulting, and IT industries. She further stated if hotel occupancy continues to improve, Houston could see record numbers in 2022.

Mr. Wilson continued with his financial report and discussed the financial highlights for the Hilton Americas-Houston Hotel that reflects continued improvement. He also stated that HFC hopes to finish the year with \$31 million in reserves and does not anticipate that HFC will seek additional bank borrowing.

Alex Brennan-Martin asked when management might seek additional funding. Mr. Wilson stated that it is a possibility if there is a worsening Delta variant situation. He also explained that HFC is currently in the budget process and must assess how it will end the year.

Mr. Heckman stated that management will have more information in the coming month and be able to have a more strategic discussion.

John Johnson stated that management's ability to exceed budget revenues given the uncertainty surrounding COVID-19 shows great discipline and is commendable.

In conclusion, Mr. Wilson gave a brief preview of the HFC 2022 budget.

C. Staff Retention- Mr. Heckman stated that management is working to obtain data on market conditions and asked HFC Senior Vice President of Finance, Karen Williams, to give a brief update.

Ms. Williams explained that HFC has engaged Octagon Consulting to complete a market compensation survey with an equity analysis. She further explained that the firm will conduct a market study of all HFC positions compared to similarly situated businesses and conduct an analysis of pay equity based on ethnicity and gender. The firm will then make recommendations to management who will present the information to the HFC Board in six weeks.

5. Adjournment. The meeting was adjourned at 9:46 a.m.