

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
November 18, 2021 – 3:30 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, November 18, 2021, commencing at 3:30 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 (Vice-Chair), Sofia Adrogué, Elizabeth Brock, Nicki Keenan, Alex Brennan-Martin, Ryan Martin, Paul Puente, Tom Segesta, Gerald Womack, Jay Zeidman, and Council Member David Robinson, Ex Officio.

1. **Call to Order.** The Chairman of the Board called the meeting to order at 3:34 p.m. and a quorum was established.
2. **Public Comments.** None.
3. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of October 21, 2021 were unanimously approved.

Vice-Chair Desrye Morgan arrived at 3:37 p.m. and did not vote on the minutes.

4. **Presentations and Reports.**
 - A. **Houston First Chairman’s Report.** The Chairman commented on the State of the City Event produced by Houston First and asked Board Member Elizabeth Brock for her comments. Ms. Brock stated there was a phenomenal turnout and she received great feedback. Ms. Brock stated that the event was first class and she commented that HFC knows how to stage an event. She further stated she was proud to serve on the Houston First Board and thanked all Board Members for their support and for the support from the HFC Team.

Mr. Mincberg stated that he, Vice-Chair, Desrye Morgan, and President & CEO, Michael Heckman, had lunch with the new president of Texas Southern University, Dr. Lesia Crumpton, and Houston First staff Tracey Prince and Georgette Webber,

to discuss ways for HFC and TSU to collaborate. Dr. Crumpton had a broad range of ideas from urbanization to Australia's concept of a light show. There is a real opportunity to partner with TSU as the president has a dynamic approach and is looking for partner organizations.

Desrye Morgan informed the Board that the meeting was outstanding as there was a discussion of events with revenue components and she is excited about the continued relationship.

The Chairman then discussed the grand opening of the POST Houston located in downtown Houston. Approximately 40-70,000 were in attendance for the opening weekend. POST Houston is a new unique and iconic destination. Vice-Chair, Desrye Morgan, asked about opportunities to collaborate with HFC.

Council Member Robinson stated that the Chairman made great remarks at the POST Houston grand opening and developer Frank Liu recognized Houston First as a partner. Council Member Robinson congratulated HFC for its support for the project.

Mr. Mincberg then announced the Grand Opening of Toro Toro located on the third floor of the Four Seasons Hotel. Tom Segesta stated the concept is out of a Dubai Hotel and has had enormous positive feedback.

The Chairman stated he toured the new land bridge on Memorial Drive and the driving tunnels. The 360 views are just breathtaking and this location will be where all future photos will occur. Plans to open the first quarter of 2022.

The Chairman then announced that an Ismaili Center is being built near downtown and that Council Member Robinson made outstanding remarks at a recent celebratory event. Remarks were focused on the Ismaili spirit, design of the facility, as well as that it will be the jewel of the neighborhood on Allen Parkway. Everyone in the architectural professional community was represented at the event. The facility will be gorgeous and, in addition to the event festivities, there was a reading of the Quran. Construction will take three years.

Finally, Mr. Mincberg concluded his remarks by referring to the upcoming budget presentation. He noted that putting together a budget for HFC is normally complicated, but in a pandemic, it is complex. The budget process is a tremendous endeavor and accomplishment, especially compared to where HFC was fiscally 12 months ago. He offered kudos to management and the Finance team.

- B. HFC President & CEO Report. Michael Heckman reported that Top Chef has wrapped production and the show is no longer a secret. He also informed the Board that The Bachelor was also filmed in Houston for a two-hour destination date.

Chief Marketing Officer, Holly Clapham, stated that at one time there were hundreds of producers in Houston and there is a chance film projects will want to bring other productions to Houston due to all the buzz. Some of the Top Chef contestants are having side conversations about spin-offs. Ms. Clapham is very proud of the Houston community. Samantha Brown will air in January. There is an opportunity to maximize film productions, but Houston faces challenges securing a warehouse to convert into a sound stage, because warehouses are scarce and expensive. Promoting future space at NRG, where Top Chef was filmed, is a possible film location.

David Mincberg gave high praise to Ms. Clapham and her team for the amount of work that went into soliciting productions.

Michael Heckman, touched on the transition of employees from CCSI to HFC. He stated that Vice President of Public Policy, Jonathan Newport, has held 32 meetings with team members and that 97% of staff had attended the meetings.

Michael Heckman asked Senior Vice President of Sales, John Solis, to give an update on sales matters. Mr. Solis stated that there were no conversations with groups about cancellations in 2022. He recently attended a great industry event in Las Vegas and the news was all positive.

Michael Heckman discussed the recent Dia de los Muertos Parade and Festival and asked Jorge Franz to provide further information. Mr. Franz stated the producer is based in Dallas, thought it was a great opportunity and his team was looking for an avenue to highlight Hola Houston and put it in front of the Latino Community. There were approximately 10-15 thousand attendees and, he stated, there is a bright future for this event.

Elizabeth Brock was sorry she could not attend, but was very proud to hear Houston was hosting this event as San Antonio has had a weekend event for some time. She stated she would like to participate next year. Several Board Members concurred and stated they would like to dress up and ride on a float in the parade.

Cindy Decker provided a market update. Houston was down 80% in the early part of the pandemic, but was only down 22% and 15% year-over-year. RevPar was up 18% (Revenue Per Available Room). Occupancy, week over week, closed in on a 10-point gap from 30-40 points. As of yesterday, business travel is at 14% of market shared previously. The only other Texas city in the top 25 is Dallas and Houston is in the top ten market year-to-date.

Michael Heckman stated that the World Petroleum Congress event was a long time coming, but would be held December 5th-9th. He shared a list of 22 confirmed oil and energy ministers from around the world. The event will not be what he thought pre-pandemic from a size perspective, but all of the thought leaders will be present. Mayor Turner will provide an opening address to all delegates. Seventy countries will be represented. The George R. Brown Convention Center

is ready to host the delegation. HPD is engaged to deal with protestors and high-level security will be available.

5. **Board Business.**

A. Consideration and possible approval of the annual election of Officers pursuant to the Houston First Corporation Bylaws.

Lisa Hargrove, General Counsel, informed the Board that November is the corporate annual meeting and the Board must elect a slate of officers. Item 5A, a proposed slate of officers, was presented to the Benefits, Compensation, and Finance Committee where the item was approved unanimously.

Following a motion duly seconded, the approval of the annual election of Officers pursuant to the Houston First Corporation Bylaws, was approved unanimously.

B. Consideration and possible approval of the Houston First Corporation 2022 Budget.

Mr. Minberg stated that he met with Mayor Sylvester Turner last week and discussed the HFC proposed 2022 budget. The Mayor asked questions and seemed pleased with the progress made this year.

Jay Zeidman mentioned that significant work went into establishing the budget. HFC will have another deficit for 2022, but had to make strategic investments. There are unchangeable fixed costs due to the maintenance and operation of facilities. There is greater improvement in advertising, marketing, travel, etc., but these costs are required to produce future returns. The Benefits, Compensation and Finance Committee voted to approve the item unanimously and the Committee has full confidence in the management team.

Alex Brennan-Martin discussed debt service and other fixed costs. He reported that the job that management performed last year to control expenses makes it easier to be supportive of another deficit budget and management has earned the Committee's trust and support.

Gerald Womack stated that, when he reviewed the budget and saw an increase in expenses for team members, he was pleased that employees will have jobs, particularly in this difficult market.

Michael Heckman stated that team members were his number one asset and diversity will continue to be a top priority.

Chief Financial Officer, Frank Wilson, recognized the Finance team for their efforts. He then began with the 2021 budget forecast. The Hilton Americas-Houston Hotel gave HFC more cash than originally projected due to improvements in operations.

The Hotel's major theme of the year was discipline with regard to expenses that remained well below budget.

Ryan Martin stated that the corporate plan is working and he has a lot of faith for next year

Mr. Wilson then began his discussion of the 2022 proposed budget. He discussed some of the assumptions with regard to increased activity and also a return to office workers in downtown Houston. He is bullish on revenues based on data from outside consultants. Mr. Wilson then stated how HFC will overcome the budget deficit. He is looking to determine if stimulus funding will be available from the City. He expects to finish the year with some cash on hand for cash reserves. Mr. Wilson then shared debt information and the money due to the City. While HFC's budget has significant fixed costs, the biggest segment is related to debt service. He provided a further breakdown of contract vs. fixed expenses vs. variable expenses. Finally, he discussed contributions to the City and various stakeholders.

Nicki Keenan asked questions about staffing and whether the Sales team had been reduced. Mr. Solis stated that he was down three Sales team members, but he had the same number of positions. Employees were moving to other industries and being discriminating about where they want to work. Mr. Solis then reported that he is being aggressive about hiring someone in Chicago. Ms. Keenan agreed and stated many industry persons have moved to real estate or senior living. Mr. Solis stated that salaries are comparable, but the demand is aggressive. He concluded by stating that he had lost several candidates to Marriott, but continues to work with Human Resources.

In response to a question from Board Member Keenan, Cindy Decker stated we are slightly behind for 2023 from the 2019 pace, but this is because conventions that would have booked, just have not confirmed. For 2022, HFC is behind 2019 trends by approximately 20% as many annuals are holding back. John Solis stated there are still travel bans within associations and corporations, so they have not been able to see the campus. Cindy Decker stated the beauty is that the Sales team has prime dates for Houston in 2023 because it was always a need year so Houston is in a good position to get corporations and short-term business. Nicki Keenan stated hats off to the Marketing team for continuing to push leisure travel. Everything HFC did to market Houston as a destination really does matter and it forced HFC into a previously untapped market.

Following a motion duly seconded, the Houston First 2022 budget was approved unanimously.

Board Members then commented on the budget materials. Ms. Clapham stated artist David Maldonado provided the artwork and she was thankful to have him as a partner. Mr. Maldonado is the same artist that provided art for Top Chef. Mr. Heckman stated everything is produced, laid out, and designed internally.

Mr. Mincberg concluded the meeting by stating that he does not anticipate a meeting of the Board in December, but there may be one if required for business

purposes. He then announced the tree lighting event is being held in the main lobby at the George R. Brown Convention Center to be followed by a reception.

6. **Adjournment.** The meeting was adjourned at 4:59 p.m.