

MINUTES

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE
June 8, 2021 – 1:30 P.M.
Hilton Americas-Houston Hotel
Ballroom of the Americas “AB,” 2nd Floor
1600 Lamar Street
Houston, Texas 77010

The Hotel 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 the Hilton Americas-Houston Hotel, 1600 Lamar Street, Houston, Harris County, Texas, 77010, on June 8, 2021, commencing at 1:30 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.

1. The Chair called the meeting to order at 1:30 p.m. and a quorum of Committee Members was established with the following members present: Nicki Keenan (Chair), David Minckberg, George DeMontrond, and Paul Puente.
2. **Public Comments.** None.
3. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of November 16, 2020 were approved as presented.
4. **Presentations and Reports.**
 - A. **Discussion regarding Convention Services Agreement.**

HFC Interim President & CEO, Michael Heckman, informed the Committee that a hotel property located in downtown Houston has requested an extension under their Convention Services Agreement (Agreement) with HFC due to a financial hardship related to the COVID-19 pandemic. Mr. Heckman then discussed the terms and conditions of the agreements between HFC and five downtown hotels. He also informed the Committee that no other requests have been made at this time.

George DeMontrond suggested that management create a system of restitution to allow struggling hotels to recover.

Mr. Heckman stated that should HFC agree to provide an extension for one hotel, it would likely have to assist all other hotels that entered into an agreement with HFC.

Nicki Keenan agreed with the comments made by Mr. Heckman and stated that all five downtown hotels suffered the same hardship.

Mr. Heckman stated that it is his recommendation that HFC decline to extend the Agreement.

Mr. DeMontrond asked if management's decision will damage the relationship between HFC and downtown hoteliers. Mr. Heckman explained that hotels have requested additional support regarding rebates from the Texas legislature, however, they have been unsuccessful in doing so. He also discussed the work done by HFC to promote staycations and help generate business.

- B. Hilton Americas-Houston General Manager Report. General Manager of the Hilton Americas-Houston Hotel (Hotel), Jacques D'Rovencourt, gave a brief report. Mr. D'Rovencourt began his report by introducing the members of the Hilton Executive Team. He stated that the Hotel is in a better financial position than when he presented the budget last year and the Committee approved a budget reforecast for 2021.

According to Mr. D'Rovencourt, the Hotel has exceeded room and parking revenues, but remains below budget in local catering; additionally, hotel expenses have been reduced through the second half of the year. He explained that there were approximately 600 team members this time last year and the number of team members has been reduced to approximately 130 for the first six months of the year; however, the Hotel hopes to increase the number of staff members to 300 by year end. He then provided statistics on hotel occupancy through May, which reflects continued improvement. He also discussed the re-opening of hotel services such as the valet, spa, and Pappasito's Restaurant.

The Committee Chair congratulated Hotel management on the increase in net income despite the challenges faced due to COVID-19. She asked if management has had difficulty with staff returning to work. Mr. D'Rovencourt stated that there have been no staffing issues at this time with housekeeping.

Mr. D'Rovencourt further explained that the figures for transient and group room activity temporarily flipped, but the Hotel is starting to see an increase in past trends. He also stated that the Hotel has hosted a number of weddings, specifically in the Pan-Asian demographic. He then asked Cynthia Mondragon, Hilton Director of Revenue, to provide a brief report.

Ms. Mondragon provided the STR report. She stated that the Hotel finished at 94.1 RGI with a good overall performance for the month of April. She also discussed the Hotel's performance in comparison to the national competitive set. The Hotel,

she explained, continues to highlight leisure travel campaigns with a focus on online travel agents (OTAs) through paid media campaigns with OTAs to promote hotel stays along with Visit Houston.

Andrew Hatton, Hilton Director of Sales and Marketing, then provided a brief sales report. Mr. Hatton stated that the Hotel's group sales position for 2022 is slightly lower than expected, but he believes it will be a successful year due to pent-up demand.

Mr. Heckman added that a number of corporations have moratoriums on business travel that will be lifted in 2022.

Mr. Hatton then discussed some of the new industries represented in corporate group business. He then discussed the Hotel's booking position for 2023 and 2024.

George DeMontrond asked if there has been a decrease in hotel availability due to hotels going out of business. HFC Vice President of Business Intelligence & Market Strategy, Cindy Decker, explained that inventory for the Houston market has in fact increased.

Paul Puente asked about the number of volleyball tournaments hosted in 2021. Ms. Mondragon stated that Houston has benefited from an increase in closures in Dallas. The Chair echoed the comments of Hotel management and stated that youth sports have sustained many hotels during a decline of group business and Houston is very fortunate.

Mr. Hatton concluded his report by stating that the Hotel is holding space for FIFA in 2026 should Houston win the bid and is working hard to secure business opportunities with the sports market.

Jacques D'Rovencourt concluded his report by announcing that the Hotel is ranked #1 on the Hilton Big Box rankings for hotel cleanliness. He also stated that a quality assurance audit was recently conducted and the Hotel received a score of 98.6 out of 100. The Hilton, he noted, also continues to be recognized as one of the Top 50 Companies for Diversity and one of the Best Companies to Work for in the U.S.

5. **Committee Business.**

A. Consideration and possible approval of the revised 2021 Hilton Americas-Houston Hotel budget.

Ms. Mondragon discussed the Hotel's transient and recovery assumptions from 2021, which she said reflects a slight increase quarter over quarter. There was further discussion on the mix of group and transient business as well as hotel rooms for the World Petroleum Congress (WPC).

Mr. Heckman stated that there is a lot of interest globally, but there remains some hesitation due to travel restrictions. He stated it is likely that hosting WPC will result in a good week for Houston, but there is concern regarding volume.

Cindy Decker stated that the attendance at NAPE and OTC will be slightly lower than expected, but noted that the NRA will host an event over the Labor Day holiday.

David Minckberg asked about group activity in the month of November. Ms. Decker stated that there will be a number of smaller groups meeting but no city-wide events.

Mr. D'Rovencourt then provided a review of the changes in the 2021 budget through year end.

Following a motion duly seconded, the revised 2021 Hilton Americas-Houston Hotel budget was approved unanimously.

6. **Adjournment.** The meeting was adjourned at 2:51 p.m.