

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

August 15, 2019 – 3:00 P.M.

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

Houston, Texas 77010

HFC 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, Houston, Harris County, Texas, 77010, on Thursday, August 15, 201, 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 Minberg (Chair), Desrye Morgan (Vice Chair), Sofia Adrogué, Ryan Martin, Paul Puente, Elizabeth Brock, Nicki Keenan, Reginald Martin, Bobby Singh, Tom Segesta, Gerald Womack, Jay Zeidman, and Council Member David Robinson, Ex-officio. Also present was Council Member Greg Travis.

The Chairman of the Board called the meeting to order at 3:04 p.m. and a quorum was established.

1. **Public Comments.** Al Kashani came before the Board to discuss the status of the W Hotel to be located on top of Partnership Tower. He spoke in favor of the project and said that it will generate a lot of jobs and revenue for the downtown area. He also stated has everything in place to move forward: finances, developers, and architects.

Bill Franks also spoke before the Board regarding the W Hotel project. Mr. Franks stated that he is hopeful that HFC and his team are near the end of negotiations, but he has been in the business for a long time and the nature of the project has caused some unique issues and taken a lot of ingenuity.

Board Members Elizabeth Brock and Bobby Singh both posed questions and the Chairman of the Board stated they should be discussed during executive session.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of June 20, 2019 and July 9, 2019 were approved as presented.

3. Presentations and Reports.

- A. Report by Houston First Chairman. Chairman Mincberg asked the Board if they would be interested in having a future meeting at Space Center Houston or a tour of the facility. The inquiry was received with favorable responses.

Chairman Mincberg gave a brief procurement update and informed the Board that the new Procurement Manual has been implemented and reports are very good. He thanked members of the Procurement Committee and HFC staff that worked on the Procurement Manual.

He also informed the Board that for several weeks' members of the HFC Board and Executive Team have facilitated meetings with members of the Greater Houston Convention & Visitors Bureau ("GHCVB") to discuss the relationship between the two entities. Generally, there are many areas of accord, but there is some discussion regarding the role of the GHCVB and their mission moving forward, specifically how HFC can provide better support. Vice Chair Desrye Morgan stated both entities had numerous common interests and that there is broad agreement that HFC is the DMO or destination marketing organization.

Chairman Mincberg stated that the second session was more difficult regarding the role of the President of the GHCVB. Discussion was open and frank in determining if the position should be held by two people. There was no consensus on the experience required for the position, title, reporting, reporting lines, compensation, or the search committee. Chairman Mincberg then asked Tom Segesta to share a few words.

Tom Segesta stated that discussions have been good and both entities are working on building trust in the relationship. He further explained that there are some things that have to be worked through in attracting conventions and making Houston a major player globally. There is a lot more to discuss before a final decision is made, but both entities want to make sure they do what is best.

Reginald Martin also stated that discussions have been very good and a lot of progress has been made. He also stated that the GHCVB has to focus on three main areas: memberships, capital events, and entrepreneurial ideas.

Nicki Keenan stated as a representative of the hotel and entertainment industry, it is necessary to have a DMO to help Houston get to the next tier. Additionally, she wanted to impress upon the group that we should remain thoughtful in our approach otherwise we could risk going backwards.

Desrye Morgan stated in all matters, HFC is committed to working together with the GHCVB.

B. HFC President & CEO Update.

Hilton Americas-Houston Hotel Guestroom Renovation Project

Brenda Bazan provided an update on the Hilton Americas-Houston Hotel room renovation project. Floors 19 and 6 have been completed and renovation of floors 17 and 18 are underway. HFC is on schedule to complete the project by the end of the year. At this time, there has only been one survey submitted to hotel guests to provide feedback on the newly renovated rooms, but generally the responses have been positive.

Welcome Center

The new Welcome Center located on the first level of the GRB opened on July 15 and HFC has received a lot of good press and positive feedback thanks to the teamwork of Sydney Dao, Jorge Franz, and Chef Edward de la Garza. Brenda Bazan informed the Board that the grand opening will take place in October.

Hurricane Harvey Recovery Project

Brenda Bazan announced that construction of Wortham Theater is now substantially complete. Additional work is on-going in the Theater District Parking Garages, but HFC anticipates the work will be completed by the end of the year, including the Hobby Tunnel, City Hall Tunnel, and Concourse Tunnel. Additionally, Phase 1 mitigation will be completed in 2020.

David Mincberg clarified that work on the City Hall Tunnel will be postponed until a flood proof door is available.

Operations

The sales team continues to perform well and is above target by 18% from last year's number of room nights booked. They have also booked nine city-wides.

Brenda Bazan informed the Board that the media exposure from the 50th Anniversary of the Apollo 11 moon landing was phenomenal thanks in large part to Holly and the marketing team. They have also created another great marketing tool with the Houston AR app, which is the first of its kind and has been placed in the Wallstreet Journal. All Board Members have received a copy of the paper for review to see how the application works.

Bobby Singh briefly discussed the media event hosted by the marketing team at Hobby Airport for the 50th Anniversary Celebration. He also stated that a friend in New York reach out to him regarding the ad in the Wall Street Journal so he's excited to see forward-looking ads that help differentiate Houston.

Paul Puente informed the Board about a potential business opportunity in hosting the International Teacher's Union Convention at the GRB.

- C. Chief Financial Officer Update. Frank Wilson provided a brief financial update. Thus far, HFC has received \$44 million in FEMA reimbursements used to pay down debt through Regions Bank. HOT is \$2.2 million below budget and forecasters have revised the HOT forecast for this year so HFC may not reach its goal by year end.

The Hilton Americas-Houston Hotel had a strong first quarter, but room revenue has declined due to the renovation project. Fortunately, net income to HFC is still on budget due to a slightly higher ADR.

GRB food and beverage sales as well as facility rental is up. The new contractor for parking management systems has stated they will be more aggressive in managing parking assets and generating revenues for HFC.

All major expenses are at budget or below budget, with the largest expense going to debt services.

Mr. Wilson informed the Board that the budget process is underway and will be brought to the Board for approval at next month's meeting.

Jay Zeidman asked about how the budget would be presented to Board Members and Mr. Wilson stated each Committee will have oversight of the department budgets recommended to the Board for approval.

4. Executive Session. Executive (closed) session pursuant to Texas Government Code Section 551.072 for the purpose of consultation with Houston First Counsel regarding certain real estate matters regarding a hotel on top of Partnership Tower.

The Board entered executive session at 3:55 p.m. and returned at 5:05 p.m. No action was taken.

5. Executive Session. "Pursuant to Tex. Gov. Code 551.074, the Board of Directors will convene in a closed session to consult with Houston First attorneys to seek advice on certain legal matters in which the duty of the attorney is governed by the State Bar of Texas Rules of Professional Conduct and to deliberate certain personnel matters, including the appointment, employment and duties of the President & Chief Executive Officer of the Greater Houston Convention & Visitors Bureau.

The Board entered executive session at 5:06 p.m. and returned at 5:32 p.m. No action was taken.

6. Board Business. Consideration and possible approval of one or more job descriptions for the candidates for the position of President & Chief Executive Officer of the Greater Houston Convention & Visitors Bureau.

A motion was made, and duly seconded for discussion. Bobby Singh asked Reginald Martin what his reservations are with the selection process.

Reginald Martin stated as an organization we need KPI's and analytical measures and he has not had enough time to review the item. The GHCVB has had one hire since the alignment and it did not work so he'd rather see the process done right rather than done quickly. Tom Segesta clarified that the position evolved.

Bobby Singh stated that there will continue to be on-going discussions on both sides, and Reginald Martin stated he's also been told there are financial limitations.

Desrye Morgan made a motion to withdraw the item. The motion was withdrawn and no action was taken.

7. **Adjournment.** The meeting was adjourned at 5:37 p.m.