

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING

December 14, 2023, - 2:45 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, December 14, 2023, commencing at 2:45 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, Reginald Martin, Ryan Martin, Alex Brennan-Martin, Paul Puente, Bobby Singh, Tom Segesta, Gerald Womack, Mayor Pro-Tem Dave Martin, Ex-officio, and Council Member Robert Gallegos, Ex-officio.

- I. **Call to Order.** The meeting was called to order at 2:45 p.m. with an established quorum.

- II. **Public Comments.** Doug Smith, an involved citizen, attended the City of Houston Budget and Fiscal Affairs Committee meeting at City Hall. He noted that HFC’s 2024 included increased advertising and travel promotion expenses and a projected \$3 million reduction in Food and Beverage. Mr. Smith asked how HFC determined the forecasted expenses. He also inquired if HFC could spearhead improvements to Tranquility Park, like at Lynn Watt Square (“LWS”).

Chairman David Mincberg asked that Mr. Smith submit his budget-related questions in writing to Frank Wilson, Chief Financial Officer, and stated that the Board would investigate his Tranquility Park suggestion.

- III. **Review and approval of minutes from prior meeting.** Following a duly seconded motion, the November 16, 2023, minutes were approved as presented.

IV. Presentations, Reports, and Updates.

A. Houston First Chairman's Report.

Chairman Mincberg announced that on Wednesday, December 13, 2023, the City Council unanimously passed HFC's 2024 Budget. He thanked Lisa Hargrove, General Counsel, for her 31 years of service to the City of Houston ("City") and HFC. Bobby Singh acknowledged Ms. Hargrove's professionalism through his years as a Board Member. Gerald Womack thanked Ms. Hargrove for her hard work and dedication. In parallel, Sofia Adrogué acknowledged Ms. Hargrove's institutional knowledge and professionalism. Mayor Pro Tem Dave Martin and Council Member Robert Gallegos also expressed their appreciation for Ms. Hargrove's contributions to the Board.

Council Member Gallegos responded that he was honored to serve on HFC's Board of Directors.

B. Houston First President & CEO's Report.

Michael Heckman, President & CEO, said that HFC was creating its plan for 2024.

John Solis, Senior Vice President of Sales, and Client Services reported HFC's Tentative Production Year-to-Date as of November 2023. He stated HFC recorded 4,110,592 room nights and 2,244 meetings, compared to 3,164,064 room nights and 1,710 meetings in 2019. Mr. Solis explained that most of HFC's source leads were in-house at 59% and citywide at 39%. He added that HFC's primary business category was corporate at 54%, followed by association at 26%.

Mr. Solis presented HFC's definite production Year-to-Date data as of November 2023. He reported 488,435 room nights and 521 meetings in 2023, compared to 548,733 room nights and 404 meetings in 2019, a record year. He emphasized that HFC forecasted a robust December 2023. According to Mr. Solis, relevant major revenue categories were corporate at 38%, association at 28%, and Social, Military, Educational, Religious, and Fraternal groups at 25%. He explained that HFC's booking window was primarily twelve months, which made up 71% of bookings.

Mr. Heckman reported that the Houston Astros will bid on the 2026 World Baseball Classic ("WBC") and asked HFC and the Houston Sports Authority to aid them on their bid. He described that the event would occur in March 2026 and include 20 participating countries with 10 to fifteen games played at Minute Maid Park. He added that Nathan Tollett, Vice President of Citywide Convention Sales, will lead the WBC bid effort. Mr. Tollett briefed the Board on HFC's role in the process.

Mr. Wilson reported HFC's financials through November 30, 2023. He stated that through November 2023, except for the underperformance of Avenida Parking, all of HFC's major revenues continued to outperform HFC's expectations. According to Mr. Wilson, HFC's highest overperforming major revenues were Hotel Occupancy Tax Collections by 6.1%, GRB Food and Beverage by 15.4%, and Parking Revenue – Theater District by 15.3%. He added that Hilton Americas Net Cash was \$4.7 million or 11.6% better than budget.

According to Mr. Wilson, Jacques D’Rovencourt, General Manager of Hilton Americas-Houston Hotel, and his team nominated Second Servings, a local Houston organization, for a grant from the Hilton Global Foundation. He explained that Second Servings won the \$250,000 grant in October 2023.

Mr. Wilson reported HFC’s three most significant favorable variances under budget in major expenses were Personnel, Security Contract, and Building Maintenance Contract.

According to Mr. Wilson, HFC’s Total Revenues exceeded Total Expenses by \$29.2 million through November 30, 2023, primarily caused by a \$26.6 million favorable revenue variance to budget.

Mr. Heckman updated the Board on the Professional Conference of Managers Association (“PCMA”), which Houston will host in 2025. He added HFC will have a large activation footprint pre-promoting Houston as the PCMA’s 2025 host city at 2024’s PCMA, which will occur in San Diego in January 2024. Similarly, He said the College Football Playoff National Championship and the Tax Act Texas Bowl will happen in January 2024.

C. Presentation on Houston Botanic Gardens.

This item was taken out of order and presented after Item E.

Jill Barry, President & CEO of Houston Botanic Garden (the “Botanic Garden”), provided the Board with a brief presentation concerning the Botanic Garden. According to Ms. Barry, the Botanic Garden was a living museum formed in 2002 consisting of plant collections for educational, conservational, scientific, and display purposes. She acknowledged that Council Member Gallegos was instrumental in bringing the Botanic Garden to the area near Downtown and Hobby Airport. She highlighted that the Botanic Garden’s most important purpose was to connect nature with people. Ms. Barry added that the location hosted events and described that the event at the time was “Radiant Nature,” which was on display through February 25, 2024. She concluded by encouraging the Board to visit the Botanic Garden.

D. Update on the Convention District Transformation.

This item was taken out of order and was presented after Item B.

Luther Villagomez, Chief Operating Officer, reported that HFC met with the City to discuss the convention district transformation. He advised that discussions illuminated issues with storm drains and water lines that the project must address. Mr. Villagomez added that discussions also covered utility, street, and parking issues. He clarified that the talks focused on creating safe, walkable, and connected streets. Additionally, he conveyed conversations focused on coordinating with the City on the North Houston Highway Improvement Projects exit alignments. According to Mr. Villagomez, parking would need to address current assets and future demand.

Council Member Robert Gallegos suggested investigating making Leeland Street and Franklin Street into two-way streets.

E. Update on Lynn Wyatt Square for the Performing Arts.

This item was taken out of order and was presented after Item D.

Todd Holloman, Vice President of Venues & Live Events, reported on HFC's programming efforts and media strategies. Mr. Holloman stated LWS' opening weekend will take place over four days and consist of 11 performances. He added that over the past two and a half months, HFC coordinated 35 live musical performances and a lunch series with 21 food trucks. He emphasized that HFC coordinated "Harmonies," in partnership with Theater District Houston and Downtown Houston, which was on display through mid-February 2024. Similarly, HFC and the Botanic Garden coordinated "Radiant Nature" in collaboration.

Holly Clapham, Chief Marketing Officer, highlighted the media impact caused by LWS. She emphasized LWS created 53 articles, caused 38 social stories, and attracted 1,000 Instagram followers. Ms. Clapham highlighted that LWS reached over 16,800 journalists and 3,996 Instagram accounts via a public relations campaign.

Mr. Villagomez reported that HFC was working with Manhattan on waterproofing the LWS roof and planned to update the Board at the next meeting.

V. Adjourn. The meeting adjourned at 4:00 p.m.