Houston First - Evolution

- Local government corporation - successor organization to the Houston Convention Center Hotel Corporation (HCCHC).
- HCCHC was created to: design, develop, build and operate the hotel known as Hilton Americas-Houston.
- In 2011, City Council expanded its role to operate, on behalf of the City, through a lease agreement, its performance venues and convention facilities and renamed it Houston First Corporation (HFC).
- The Convention and Entertainment Facilities Department - remains a department of the City and its pledged revenues and debt remain on the City’s books.
- In 2014, HFC aligned with the Greater Houston Convention and Visitors Bureau to coordinate and manage the governance, collection and expenditure of HOT, net of debt service, and to align the marketing and promotional programs for convention business.
Houston First Mission and Vision

- The mission of Houston First Corporation is to enhance quality of life, advance economic prosperity and promote the Houston region by inspiring:
  
  - The world to think Houston first;
  - Houstonians to believe in Houston first; and,
  - Houston to deliver first-class hospitality.

- In 2015, Houston First established a new vision for our region with a statement that illustrates how the world should see Houston in the next 10 years:

  Houston is one of the world’s premier destinations – it’s the place to be.
Houston First Governance

- The 12-member Board of Directors sets policy for the corporation and approves its major initiatives and expenditures.
- Two City Council members also sit on the Board of Directors, in ex-officio roles.
- The City of Houston maintains an oversight role through:
  - Approval of board appointments
  - Annual budget review
  - Approval of City-related debt
- Code of Conduct
Houston First Facility Responsibilities

- Day-to-day maintenance, management and licensing of 11 City-owned buildings, valued in excess of $1 billion
- 2,650,000 sq.ft. of building space
- 1,200-room Hilton Americas-Houston
- 14.7 acres of plazas and other green space
- 10,000 garage and parking lot spaces
- 254 contracts and 14 leases
- 225 employees
Convention/Destination Sales
Destination Sales 2015 Results

- **Record team room nights produced.**
  - 733,000 Room nights booked.
  - $504 million in economic spend
  - 118% to goal and 129% to prior year.

- **Lead Generation**
  - Maximize sales opportunities for: hotels, GRB, NRG
  - Capitalize on key dates, events and core industries

- **Site Inspections**
  - One-on-one opportunities to showcase Houston’s meeting package
Destination Sales Team Historical Production

- CY2012: 100%
- CY2013: 100%
- CY2014: 104%
- CY2015: 118%
### Top Bookings in 2015

<table>
<thead>
<tr>
<th>Account</th>
<th>RNS</th>
<th>Econ Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore Technology Conference</td>
<td>98,105</td>
<td>$62,814,891</td>
</tr>
<tr>
<td>FIRST Robotics</td>
<td>72,114</td>
<td>$61,288,337</td>
</tr>
<tr>
<td>Masjid Muhammadi</td>
<td>19,530</td>
<td>$48,277,681</td>
</tr>
<tr>
<td>Rotary International</td>
<td>35,110</td>
<td>$33,625,092</td>
</tr>
<tr>
<td>World Ventures</td>
<td>12,913</td>
<td>$24,350,000</td>
</tr>
<tr>
<td>National Rifle Association</td>
<td>20,760</td>
<td>$23,049,195</td>
</tr>
<tr>
<td>Quilts, Inc.</td>
<td>14,620</td>
<td>$11,394,111</td>
</tr>
<tr>
<td>American Association of Professional Landmen (NAPE)</td>
<td>11,142</td>
<td>$8,997,260</td>
</tr>
<tr>
<td>American Nurses Association</td>
<td>16,920</td>
<td>$7,809,798</td>
</tr>
<tr>
<td>Association of Equipment Manufacturers</td>
<td>6,801</td>
<td>$7,585,143</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>308,015</strong></td>
<td><strong>$ 289,191,508</strong></td>
</tr>
</tbody>
</table>
Definite Room Night Bookings vs Target

- Bookings
- Pace Target

Year:
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
- 2022

Room Nights:
- 600,000
- 500,000
- 400,000
- 300,000
- 200,000
- 100,000
- 0
Financial Information
Hotel Occupancy Tax
Use Restricted by State Statute

- Must directly enhance/promote tourism and convention industries
- Permits debt service on bonds issued for convention and tourism-related facility construction
- Explicitly prohibits use for general government purposes (i.e., police/fire)
- Bond covenants further restrict use of HOT revenues
HOT Collections and Long Term Trend
Outstanding Debt

CEFD - HOT/Parking Revenue Bonds  $623.5 MM
- Refunding pre-2001 debt
- Hilton Americas-Houston Hotel construction and GRB 2004 expansion
- 2014-2016 convention district improvements
- Discovery Green land purchase
- Convention District Garage construction
- Matures 2033-2039

Hilton Mortgage Loan  $125.0 MM
- 2014-2016 convention district improvements
- Matures May 2020

TOTAL  $748.5 MM
Revenue Pledged To Bonds

![Graph showing revenue pledged to bonds over years 2015 to 2025. The graph indicates a trend of increasing revenue from 2015 to 2025.](image-url)
Debt Service Coverage

Coverage Ratio

Coverage of First Lien Debt Service
Coverage of All Debt Service

Paid Directly to the City by Houston First

- Initial lump sum payment of $10 million in 2011
- 19.3 percent of the gross receipts of the hotel occupancy tax collected by HFC for the City’s arts contracts (2016 budget: $16.6 million)
- $470,000 to fund Protocol services
- $1.49 million in annual lease payments for term of lease
- $446,250 to promote travel and hotel occupancy in Houston
- $231,000 to fund traffic and security control in the convention district area
Paid on Behalf of the City by Houston First

- $1.13 million to support operations at Discovery Green
- $14 million operating subsidy to the arts facilities
- $1.1 million to Hobby Center
Capital Projects Funding Strategy

- Annual capital projects funded on pay-as-you-go basis from facility renewal and replacement reserves.

- New facility construction or major facility expansion funded by tax-exempt revenue bonds or by leveraging equity position in Hilton.
Transformation of the George R. Brown Convention Center
Confirmation from Independent Studies

- Priorities:
  1. Adding 2000+ hotel rooms within the area; and,
  2. Creating a vibrant, appealing neighborhood

- Public investments in the area draw a lot of people for specific events but they have not, by themselves, resulted in a cohesive urban fabric in the surrounding neighborhood.
Marriott Marquis
Marriott Marquis
# Hotels in the Central Business District

## EXISTING

<table>
<thead>
<tr>
<th>HOTEL</th>
<th># of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athens Hotel Suites</td>
<td>23</td>
</tr>
<tr>
<td>Best Western</td>
<td>76</td>
</tr>
<tr>
<td>Club Quarters</td>
<td>274</td>
</tr>
<tr>
<td>Courtyard by Marriott</td>
<td>185</td>
</tr>
<tr>
<td>Crowne Plaza</td>
<td>259</td>
</tr>
<tr>
<td>DoubleTree Houston Hotel</td>
<td>350</td>
</tr>
<tr>
<td>Embassy Suites</td>
<td>262</td>
</tr>
<tr>
<td>Four Seasons Hotel</td>
<td>404</td>
</tr>
<tr>
<td>Hampton Inn/Homewood Suites</td>
<td>300</td>
</tr>
<tr>
<td>Hilton Americas Houston</td>
<td>1200</td>
</tr>
<tr>
<td>Holiday Inn Express</td>
<td>134</td>
</tr>
<tr>
<td>Holiday Inn (Savoy)</td>
<td>215</td>
</tr>
<tr>
<td>Hotel Icon</td>
<td>135</td>
</tr>
<tr>
<td>Hyatt Regency</td>
<td>947</td>
</tr>
<tr>
<td>JW Marriott (806 Main)</td>
<td>325</td>
</tr>
<tr>
<td>Lancaster Hotel</td>
<td>93</td>
</tr>
<tr>
<td>Magnolia Hotel</td>
<td>314</td>
</tr>
<tr>
<td>Residence Inn by Marriott</td>
<td>171</td>
</tr>
<tr>
<td>SpringHill Suites</td>
<td>166</td>
</tr>
<tr>
<td>The Sam Houston Hotel (Alden Hotel)</td>
<td>100</td>
</tr>
<tr>
<td>Westin</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total Rooms</strong></td>
<td><strong>6133</strong></td>
</tr>
</tbody>
</table>

## IN DEVELOPMENT

<table>
<thead>
<tr>
<th>HOTEL</th>
<th># of Rooms</th>
<th>Estimated Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aloft</td>
<td>170</td>
<td>2nd Qtr 2016</td>
</tr>
<tr>
<td>Le Meridien</td>
<td>255</td>
<td>2nd Qtr 2017</td>
</tr>
<tr>
<td>Hotel Alessandra</td>
<td>225</td>
<td>2nd Qtr 2017</td>
</tr>
<tr>
<td>Marriott Marquis Convention Center Hotel</td>
<td>1000</td>
<td>4th Qtr 2016</td>
</tr>
<tr>
<td><strong>Total Rooms</strong></td>
<td><strong>1650</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Grand Total Rooms** 7783
Creating a “cohesive urban fabric – a destination”

1. Support and encourage active ground floors with retail and transparency.

2. Support and encourage residential development (because retail follows residential).

3. Celebrate the pedestrian experience by treating the public realm as you would public open space.
**Downtown Residential Development**

**Under Construction:**
- Market Square Tower by Woodbranch – 463 Units – March 2017
- Alliance Residential, Block 334 – 207 Units – June 2015
- Hines Market Square – 274 Units
- Catalyst by Marquette Companies – 361 Units – December 2017
- Former Texaco Building, 1111 Rusk – 323 Units – November 2015
- The Finger Companies, 500 Crawford – 400 Units – May 2015
- Block 242 – Allied Orion Group – 302 Units
- Hamilton Apartments (I-45 @ US 59) – 148 Units – June 2016

**Planned:**
- Block 73 – 267 Units
- Block 98 – 314 Units
- Blocks 330 & 346 – 550 Units
- Block 365 – 220 Units
- Block 384 – 302 Units
- Marlowe 100 Units

**TOTAL OF 2,478 UNITS**

**TOTAL OF 1,753 UNITS**
Convention District Projects
Parking Garage & Office Tower
Parking Garage, Office Tower & Future Hotel
New Central Entrance and Activation of Sidewalks
The New GRB Concourse
Restaurant Concept
The Campus