Strategic Plan Framework

MISSION
To enhance the quality of life, advance economic prosperity and promote the Houston region.

VISION
Promote Houston as a premier global destination, building partnerships to improve the quality of life of Houstonians, and becoming a top revenue generator for the Houston region.

VALUES
Accountability
Best in Class Culture
Collaboration
Diversity & Inclusion
Employee Fulfillment
Innovation
Integrity
Passion for Houston

STRATEGIC AREAS OF FOCUS

3 Pillars:

 organisational excellence

steership

enhance the destination

Top Short-Term Initiatives
- Culture & Career Development
- Development and Partnership
- Product Brand Unity
- Revenue Growth
- Visitation Growth

Top Long-Term Priorities
- Drive Economic Development
- Elevate Awareness of Houston's Brand
- Flood Mitigation
- Lead the Promotion of Houston as a Premier Global Destination
- North Houston Highway Improvement Project ("NHHIP") in regard to the GRB-TxDOT Project

HoustonFirst
ORGANIZATIONAL EXCELLENCE

We are consistently achieving the highest standards of operation, execution and customer service.

MEETINGS & CONVENTIONS

Fifth consecutive year setting a new record for future meetings and conventions with 816,023 room nights booked in 2018 (43% increase over 2014)

GEORGE R. BROWN CONVENTION CENTER

EYP Architecture & Engineering Renovation/Restoration Honors (AIA Houston Design Awards competition)

HILTON AMERICAS- HOUSTON

For the 8th consecutive year, Hilton won the Hilton Brand Award of Excellence in 2018 (the only Hilton Property for 8 consecutive years to have earned this distinction)

COMMITMENT TO DIVERSITY

For the 6th consecutive year, exceeded corporate diversity spending goal in 2018

37%

$197 M

$197 Million paid to diversity firms since program inception in 2012
We are diligent stewards of our assets and resources strategically applied to enable the successful fulfillment of our mission.

Houston First is responsible for these assets:
- George R. Brown Convention Center
- Hilton Americas - Houston
- Jones Hall for the Performing Arts
- Jones Plaza
- Miller Outdoor Theatre
- Talento Bilingüe de Houston
- Theater District Parking
- Toyota Tundra Garage
- Wortham Theater Center
- Partnership Tower

Houston First is responsible for a myriad of events, venues, and parking spaces:
- 2,650,000 square feet of building space
- $1.0 Billion asset valuation of buildings
- 10,000 parking spaces

**COMMITMENT TO FINANCIAL HEALTH**

- 2020 reserve replenishment: $1 M

**NEW REVENUE SOURCE: SHORT-TERM RENTALS**

- HOT collection agreement with AIRBNB potential annual increase: $3 M

**HURRICANE HARVEY RECOVERY**

- Cost to recover Wortham Theater & Theater District Parking Garage: $153 M
- Reimbursement to date from FEMA within two years of disaster: $44 M
ENHANCE THE DESTINATION

We are leading catalysts to enhance the Houston Region products, experiences, quality of life, and quality of place.

- **Hilton Guest Room Renovation**
  - $37M

- **Jones Plaza Redevelopment**
  - $5M

- **Public Space Programming Increased Attendance**
  - 30% YOY

- **Visitation Growth**
  - 22.3 M

- **Houston Experience Marketplace 2018 Sales**
  - $136K

- **50th Anniversary Lunar Landing Earned Media Value**
  - $3M
Key Bookings

2020

AMCP Academy of Managed Care Pharmacy®

2023

TASBO

National Federation of the Blind

2024

PASS

ASMS

HOSA Future Health Professionals

PCMA

NCA

College Football Playoff

Houstonfirst
2020 Major Themes

Strategy Plan Focused On Destination Houston

• Balanced Budget
• Recovery of Reserves
• Hilton Guest Room Renovation
• Mitigation of Wortham and TD Garages
2020 Budget Process

Revenue and Expense Targets

- Budget process involved projecting both 2019 year end & 2020 revenues.

- **HOT** assumptions were based on outside consultants’ view of the Houston and US economies. In 2020 we assumed **5.6% increase** over 2019 projected.

- **Hilton revenue** assumed to go up 7%.

- **Parking** assumed to return to pre-Harvey levels, **an increase of 11.7%**.
CY20 Budget Major Revenues

($ in millions)

- HOT: $93.3
- Hilton: $39.2
- Operating Rev.: $42.5
- Interest Income: $1.0
- Parking: $22.1

Total: $198.1 M
CY20 Budget Major Expenses

($ in millions)

- Capital Spending: $5.8
- COH Contractual Obligations: $19.5
- Debt Service: $60.6
- Non-Operating Exp.⁴: $14.1
- DMO¹: $25.0
- Administration²: $12.5
- Operations³: $59.6
- Debt Service: $60.6

Total: $197.1 M

¹ Sales, Tourism, Marketing, Event Services, Client Services, Event Development, Memberships
² Executive, Finance, Enterprise Development, General Counsel
³ Theater & Convention District Operations and Retail
⁴ Sponsorships, Contingency, Hotel Tax Refunds
2020 Proposed Budget

- Budgeting Total Revenues to Exceed Expenses by $1M


- $5.8 M of capital in the operating budget (Hilton) and $6.5 M (other facilities) to be financed.

<table>
<thead>
<tr>
<th></th>
<th>2019 PROJECTION</th>
<th>2020 BUDGET</th>
<th>VARIANCE</th>
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</thead>
<tbody>
<tr>
<td>TOTAL REVENUES</td>
<td>$189,492,099</td>
<td>$198,080,609</td>
<td>$8,588,509</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>187,365,928</td>
<td>197,063,333</td>
<td>9,697,406</td>
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<tr>
<td>TOTAL REVENUE LESS EXPENSES</td>
<td>$2,126,171</td>
<td>$1,017,275</td>
<td>($1,108,896)</td>
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## 2020 Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Stand-alone property Insurance</td>
<td>$1.9 M</td>
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<tr>
<td>PCMA</td>
<td>$1.8 M</td>
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<tr>
<td>Reserves Replenishment</td>
<td>$1 M</td>
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<tr>
<td>Additional personnel in Sales &amp; Client Services</td>
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<tr>
<td>Jones Plaza Redevelopment</td>
<td>$1.67 M</td>
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2020 Capital Budget

Hilton Americas-Houston
$5.8M

Life/Safety and Operational Risk
$6.5M

Mitigation
$6M
Good Morning America Retweeted

Ginger Zee 🔄 @Ginger_Zee · 24m
Houston — you brought it! Thank you. #gmaroadtrip @michaelstrahan
@LaraSpencer & Louise Strahan @GMA
2019 By the Numbers

45,923 attendees
46 states | 16 countries

700 volunteers 
600+ exhibitors
45,849 Email Subscribers Opted in
83,000 Social media followers
2019 Guests

- Emilia Clarke & Nathalie Emmanuel
- John Wesley Shipp
- Cast of Anamaniacs
- Grant Gustin