

Houston First Corporation

April 2016



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



The graphic features a central white banner with blue and red accents. On the left, a blue panel shows a person in a lab coat with the text 'Pioneering MEDICAL DISCOVERIES'. The central banner has the text 'HOUSTON is... THE FUTURE OF MEDICINE' with a DNA helix icon. Below this, it lists three achievements: 'the LARGEST MEDICAL COMPLEX in the world', '#1 CANCER CENTER IN THE WORLD', and 'Largest Concentration of MEDICAL PROFESSIONALS in the World'. A small photo of a city skyline is on the right. At the bottom, it says 'Visit HOUSTON.com/medical'.

Pioneering
MEDICAL
DISCOVERIES

HOUSTON is...
THE FUTURE OF MEDICINE

the
LARGEST
MEDICAL
COMPLEX
in the world

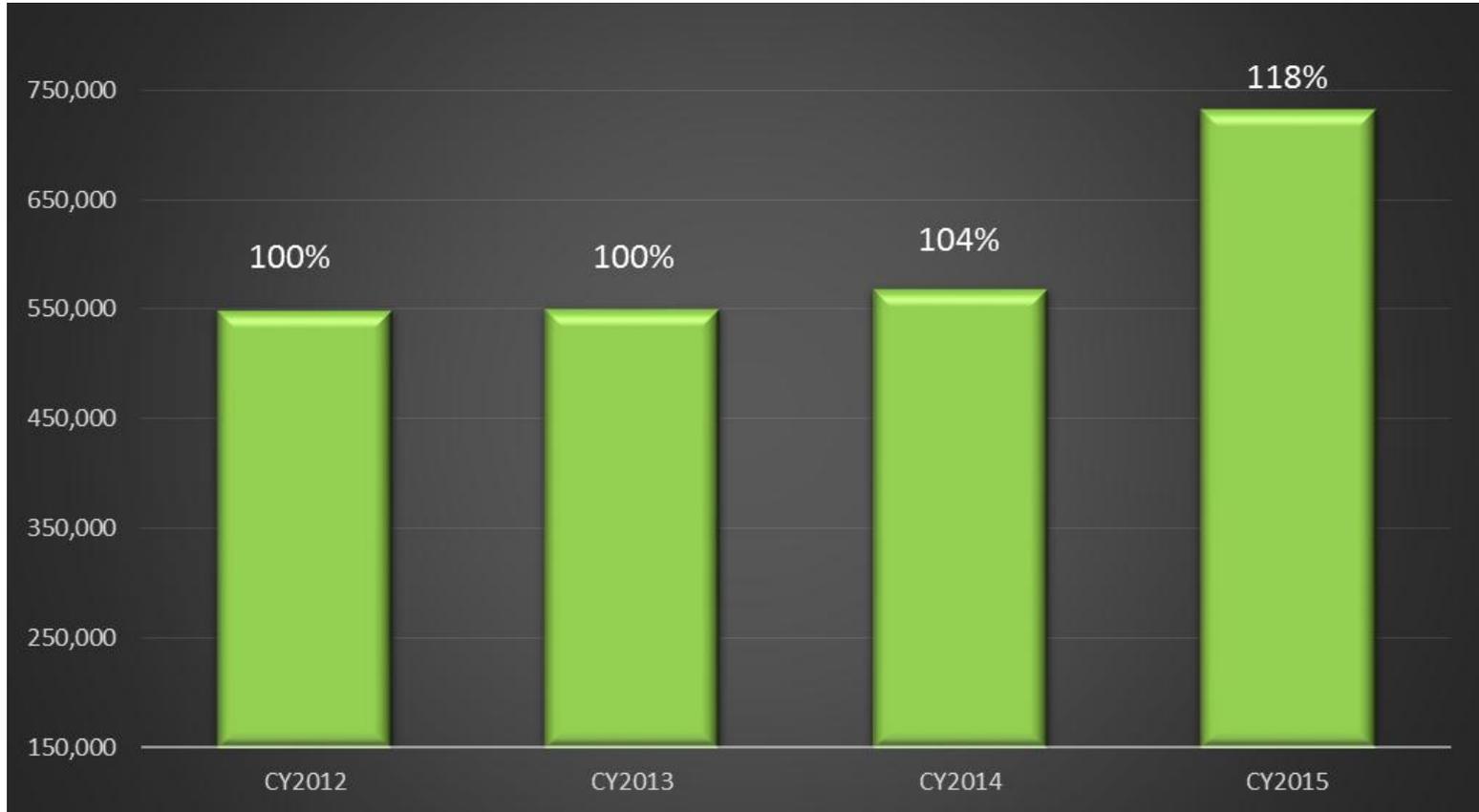
#1 CANCER CENTER
IN THE WORLD

LARGEST
Children's Hospital
in the World

Largest
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Visit HOUSTON.com/medical

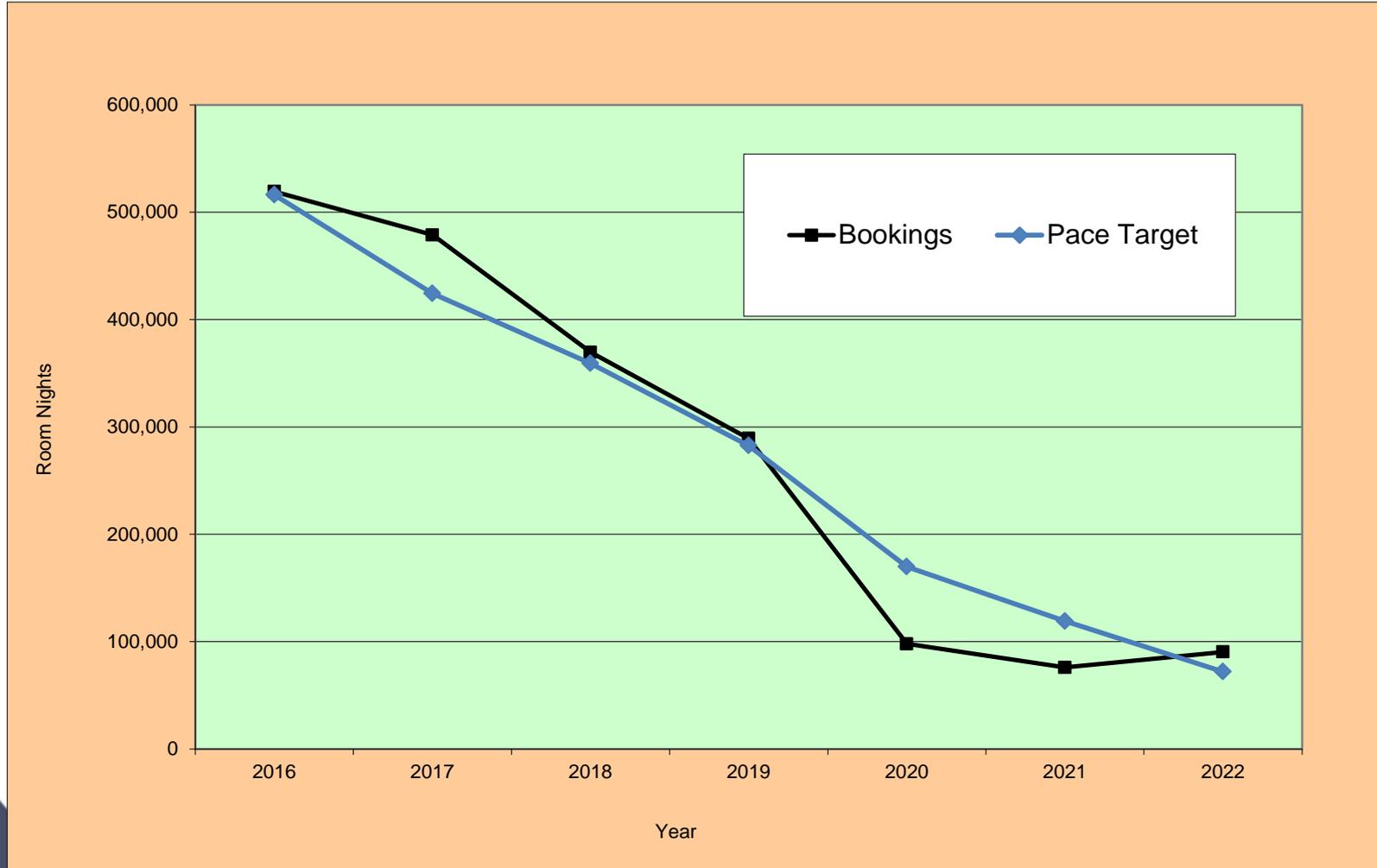
Destination Sales Team Historical Production



Top Bookings in 2015

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

Definite Room Night Bookings vs Target

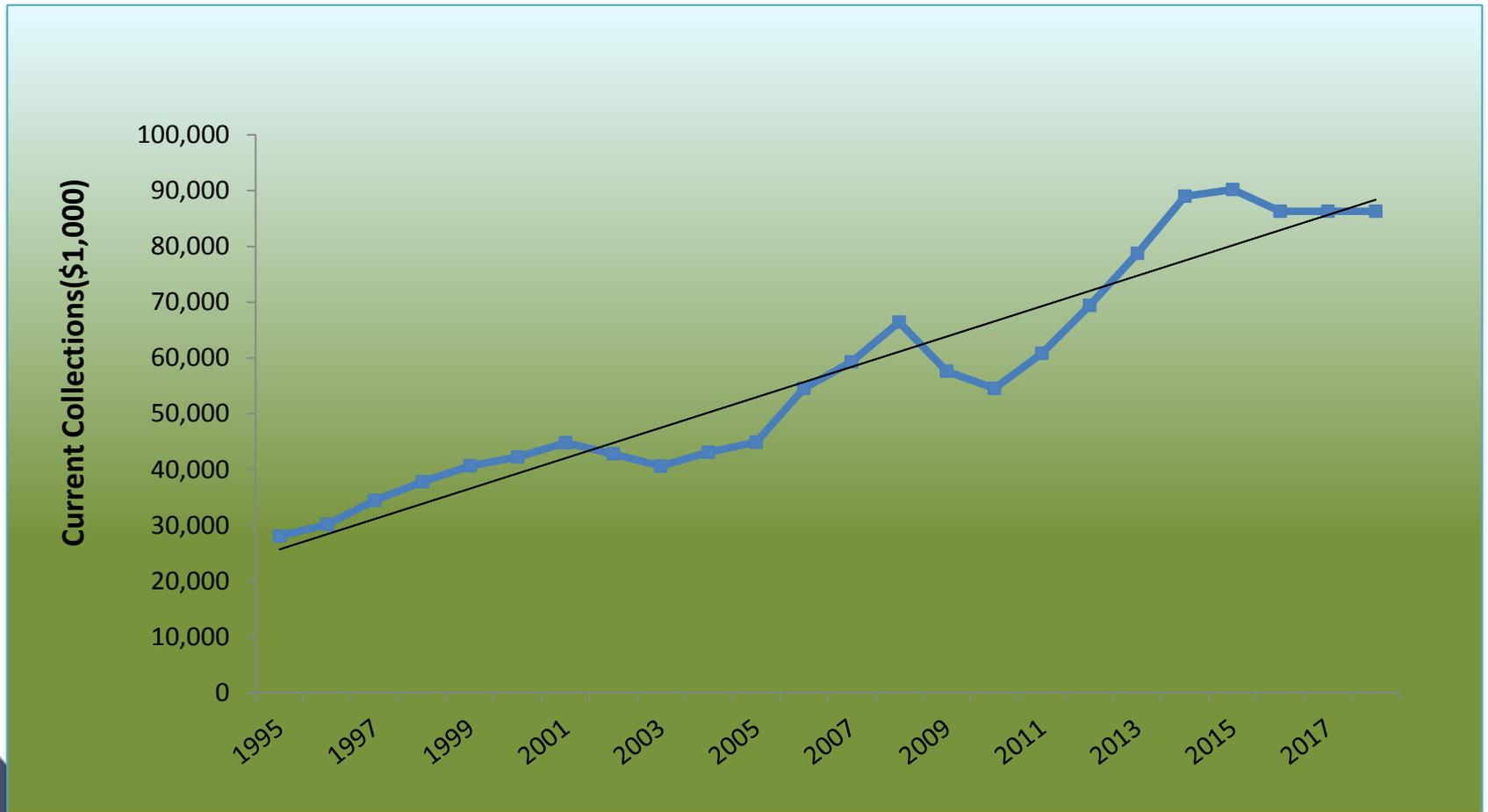


Financial Information

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

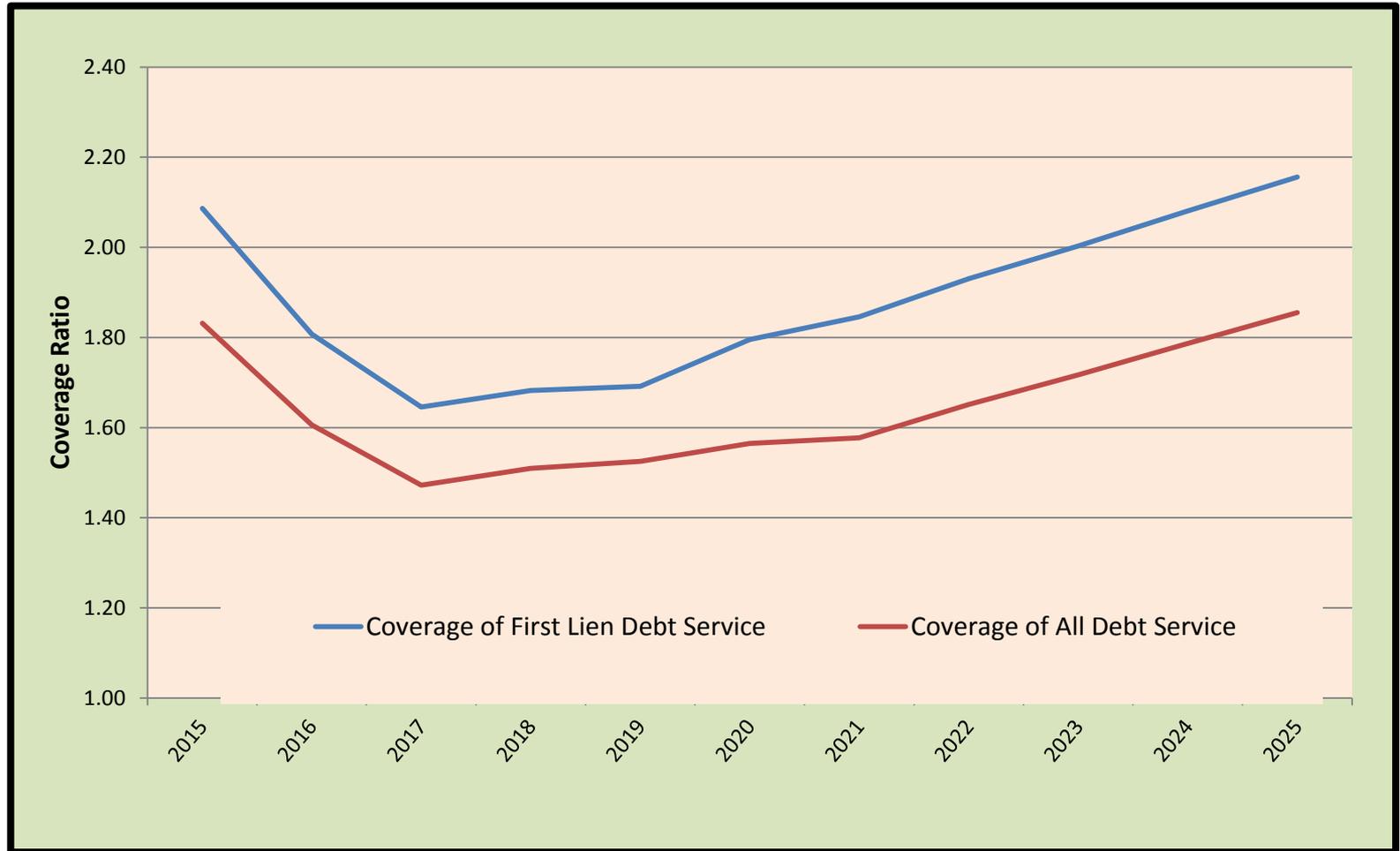
TOTAL

\$748.5 MM

Revenue Pledged To Bonds



Debt Service Coverage



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

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

IN DEVELOPMENT

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

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 (I45 @ US 59) – 148 Units – June 2016

TOTAL OF 2,478 UNITS

Planned:

Block 73 – 267 Units

Block 98 – 314 Units

Blocks 330 & 346 – 550 Units

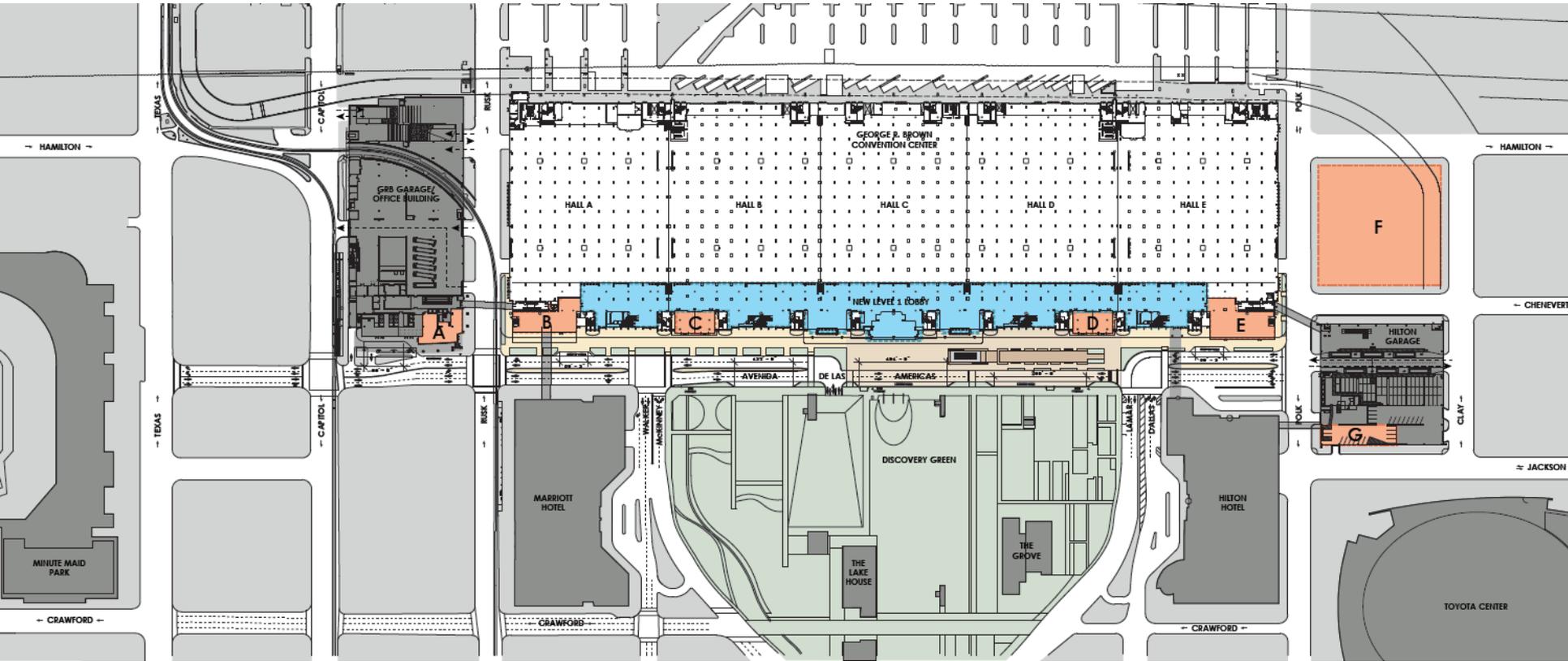
Block 365 – 220 Units

Block 384 – 302 Units

Marlowe 100 Units

TOTAL OF 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





Houstonfirst.



The Campus

