

MINUTES

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE
November 1, 2022 – 8:30 A.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HFC Board Room

The Hotel Committee (“Committee”) 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., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Tuesday, November 1, 2022, commencing at 8:30 a.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 Committee Members were present for the meeting: Nicki Keenan (Chair), Ryan Martin (Vice-Chair), George DeMontrond, and Paul Puente.

1. **Call to Order.** The Chair called the meeting to order at 8:37 a.m., and a quorum of Committee Members was established.
2. **Public Comments.** None
3. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, June 23, 2022, meeting minutes were approved as presented.
4. **Committee Business.**
 - A. **Consideration and possible recommendation of the 2023 Hilton Americas-Houston Hotel Budget.**

Jacques D’Rovencourt, General Manager of the Hilton Americas-Houston Hotel (Hotel), mentioned a new mural on the south side of the Hotel named Fight or Flight. The mural is one of nine art-scale works displayed around downtown Houston, which address climate change, green energy, innovation, human rights, education for all, and social equity.

Mr. D’Rovencourt reported on the 2022 Forecast vs. the 2022 Budget. Mr. D’Rovencourt forecasted total revenues at approximately \$12.8 million over budget and total expenses at roughly \$2.2 million over budget resulting in a net income of about \$10.2 million over



budget. He also forecasted an average room rate of \$13.95 over budget and RevPAR of \$7.32 over budget.

Mr. D'Rovencourt compared the 2022 Forecast to the 2019 Actual, which is the benchmark. Total actual revenues for 2019 are approximately \$4.4 million over the 2022 forecast, and actual expenses for 2019 are roughly \$8.7 million over the 2022 forecast, with substantial net income for 2019 at approximately \$4.2 million under the 2022 forecast. He added that the actual average room rate for 2019 was \$20.32 under the 2022 forecast. RevPAR is forecasted at -\$8.33 for 2022.

Cynthia Mondragon, Director of Revenue Management, reported that ADR Year-to-Date Comp Set is 209.39 with an Index of 101.5 and RevPAR Year-to-Date Comp Set is 112.92 with an Index of 100.5.

Mr. D'Rovencourt informed the Committee Members that the roof project over the Grand Ballroom area, which began in early October 2022, is nearing completion.

Mr. D'Rovencourt reported on the 2023 Budget vs. the 2022 Forecast. He stated that total revenues for 2023 are \$10,573,463 over the 2022 forecast, total expenses for 2023 are \$6,929,104 over the 2022 forecast, and net income for 2023 is \$2,554,626 over the 2022 forecast.

Mr. D'Rovencourt also reported on the 2023 Budget vs. 2019 Actuals, as a baseline, for comparison. He stated that total revenues for 2023 are \$6,123,217 over 2019 actuals; total expenses for 2023 are \$-1,791,602 under 2019 actuals, and net income for 2023 is \$7,315,373 over the 2022 forecast.

Ms. Mondragon then reported the 2023 industry forecasts and stated that in 2023 the industry would be at 106.5% recovery of 2019, driven by the average rate of 112% in 2019. In addition, she said that year-over-year, RevPAR is up at 13.7% versus the average of 11.6% forecasted.

Jason Monroe, Director of Sales, identified budget assumptions for Group business: SMERF (Social, Military, Educational, Religious, Fraternal) will be down in room nights to 2019 and 2022 but up in rate by 16% to 2022, but company meetings will continue to drive recovery, and convention association will reach 2019 percentages.

Mr. Monroe continued with the budget assumptions for transient business. He stated that quick RevPAR recovery is budgeted at 109.3% compared to 2019 and is driven by an average rate of 119.1%.

Deanne Kelly, Hotel Manager, stated that the 2023 Capital Budget includes a Roof replacement, a Hotel/meeting room internet refresh, a Hotel public spaces sound system upgrade, a Waterproof/seal loading dock, Mechanical upgrades, and Department operational equipment.

The 2023 Hilton Americas-Houston Hotel Budget was approved as presented following a motion duly seconded.

Adjourn. The meeting adjourned at 9:20 a.m.