

# AGENDA

## HOUSTON FIRST CORPORATION

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**HOTEL COMMITTEE MEETING**  
**June 8, 2020 – 12:00 P.M.**  
**Live Video and Audio Conference Meeting**  
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**Meeting Access Password: 007204**

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**HOTEL COMMITTEE MEMBERS:**

Nicki Keenan (Chair), George DeMontrond (Co-Chair), Katy Caldwell, Alex Brennan-Martin, David Minberg, Paul Puente, David Solomon

*In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.*

*Any questions regarding this Agenda, should be directed to Lisa K. Hargrove, General Counsel at either 713.853.8965 or [Lisa.Hargrove@houstonfirst.com](mailto:Lisa.Hargrove@houstonfirst.com)*

- I. Call to Order**
- II. Public Comments**
- III. Minutes – February 10, 2020**
- IV. Presentations, Reports and Updates**
  - A. Hilton Americas-Houston General Manager Report
  - B. Hilton Americas-Houston Sales and Marketing Report
  - C. Hilton Guest Room Renovation Report
  - D. Chief Financial Officer Report
- V. Adjournment**

**III. Minutes – February 10, 2020**

# MINUTES

## HOUSTON FIRST CORPORATION

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**HOTEL COMMITTEE**  
**February 10, 2020 – 12:00 P.M.**  
**Hilton Americas-Houston Hotel**  
**Ballroom 335**  
**1600 Lamar Street**  
**Houston, Texas 77010**

*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 the Hilton Americas-Houston Hotel, Ballroom 335, 1600 Lamar Street, Houston, Texas 77010 on Monday, February 10, 2020, commencing at 12:00 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 Hotel Committee members were present for the meeting: Nicki Keenan (Chair), George DeMontrond (Co-Chair), Katy Caldwell, and David Minchberg.*

The Committee Chair Nicki Kennan called the meeting to order at 12:03 p.m. and a quorum was established.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** George DeMontrond asked that a correction be made to the minutes of September 9, 2019 to reflect that the Hilton Corporation celebrated its 100<sup>th</sup> anniversary, rather than the Hilton Americas-Houston Hotel. Following a motion duly seconded, the meeting minutes of September 9, 2019 were approved with the correction.

3. **Presentations and Reports.**

Nicki Keenan asked that all those present at the meeting introduce themselves before moving forward with item 3A.

Jacques D’Rovencourt, General Manager, informed the Committee that Janice O’Neal-Cox is retired and introduced the new Director of Sales and Marketing, Andrew Hatton.

- A. **Hilton Americas-Houston General Manager Report.** Jacques D’Rovencourt gave the General Manager Report. Mr. D’Rovencourt informed the Committee that group room nights were down, but were offset by transient business. Additionally, he said, food and beverage revenues are also down due to declines in local

catering. He also reported that total net income to the hotel is slightly over \$90,000. Mr. D'Rovencourt explained that there were additional savings in 2019 because they reduced the size of the finance team and outsourced some of those responsibilities, however, there will be changes in 2020. Overall, according to Mr. D'Rovencourt, the hotel is managing the decline in revenues due to the guestroom renovation and fire incident at the Avenida South Garage. He anticipates an increase in the RevPar index by the end of June 2020 as well as increases in ADR and net income. He added that the hotel continues to receive recognition for its stellar reputation and was awarded the Spirt Award for the 4<sup>th</sup> time in six years and is #1 for large hotels and satisfaction tracking.

Mr. D'Rovencourt provided an update on the fire incident at the Avenida South Garage. He informed the Committee that the incident took place May 2019 and remediation began in August. He noted that the project is moving forward and he anticipates remediation through March 2020. Katy Caldwell asked if the cost of repairs were covered by insurance. Mr. D'Rovencourt confirmed that expenses were covered by insurance, notwithstanding the deductible amount.

- B. Hilton Americas-Houston Sales and Marketing Report. Jason Monroe, Assistant Director of Sales, provided the Committee with the Sales and Marketing Report. Mr. Monroe stated hotel room nights were just slightly down through the end of 2019, but up in ADR overall. He explained that weekends are down, but there has been a huge push by the sales team during need dates in the third quarter. He also informed the Committee that the Hilton Worldwide sales group is visiting the hotel this week and a smaller group of sales representatives will go to Dallas for additional presentations in March. Additionally, he said, sales managers will visit the hotel for a familiarization trip, which is a great opportunity to market with groups the hotel has previously done business with as well as to generate new business through convention channels.

Committee Chair, Nicki Kennan, asked if the information provided reflects definite comparisons and inquired about tentative events for 2020. Mr. Monroe confirmed the information was definite and stated that 2020 is relatively flat, however, the sales team has seen a lot of groups with an increase in lead volumes. He also explained there is a shortfall in international travel through the beginning of the year due to public health concerns.

David Mincberg asked if there was a comparison of the Marriott Marquis Hotel. Cynthia Mondragon, Director of Revenue, provided some additional information on group compression in the market.

George DeMontrond asked if the hotel had completed a stress test to assess the coronavirus outbreak and how that might impact business. Several HFC staff members responded by stating that such an analysis is under way currently.

Mr. Monroe continued with his report and explained that room nights for 2021 are up significantly and well balanced throughout the year. He also stated while city-

wide events are down in 2021, the number of room nights are up. Mr. Monroe believes that 2021 will be a good year for hotel business. For 2022, he noted, the sales team is a head of pace for room nights booked and city-wide events, and there will be a focus on third quarter business in 2022 as they hope to secure business with Connect Meetings and all corporate associations in attendance.

- C. Asset Manager Report-CHM Warnick. Joe DeFrank of CHM Warnick provided the Asset Manager Report. Mr. DeFrank began his report with aggregate data on the top 25 markets in the U.S. Mr. DeFrank explained that supply and demand is flat in the downtown hotel market, but the data does not include information on Airbnb. He further explained that going forward, booking production is very positive and food and beverage sales are also very positive. He briefly discussed the hotel budget and stated that a pandemic, black swan effect may impact the overall U.S. economy, but may not directly impact the hotel market. Additionally, Mr. DeFrank stated he and his team are focused on value enhancement initiatives. He added that the hotel group and regional team conducted a food and beverage analysis and determined that 1600 Bar and Grill is operating at a loss; CHM Warnick is now working on a capital project for 2021 to renovate the dining space to determine if there are any savings. Mr. DeFrank explained that they also intend to complete an operations assessment to determine how management staff is deployed and are evaluating parking prices.

The Committee had additional discussion on parking rates. Mr. D’Rovencourt stated the rate for valet parking is \$45 per day, \$30 per day for self-parking, and \$53 per day for oversized vehicles.

Mr. DeFrank concluded his report by discussing the new technology being utilized by CHM Warnick to assess energy efficiency measures and e-commerce.

George DeMontrod asked if the guestroom renovation was complete. Roger Harris explained that the project was put on hold at the end of the year in 2019 to avoid further disruption of hotel business during the first quarter of 2020, but that it will be completed in the summer of 2020.

- D. Chief Financial Officer Report. Frank Wilson informed the Committee that displacement was not included in the 2020 budget; therefore, there are some re-adjustments in group room night contribution. Overall, according to Mr. Wilson, total revenues are increasing as are expenses and room nights. He noted that the guestroom renovation project will move forward as scheduled with completion in the summer of 2020. He also stated that Walker and Dunlop put together an offer memo in October 2019 to secure refinancing of the hotel loan and HFC has received 10 terms sheets. Mr. Wilson stated that AIG has submitted the most competitive proposal. A representative of Jones Lang LaSalle also briefly discussed the terms of the loan via conference call.

4. Adjournment. The meeting was adjourned at 1:10 p.m.