

MINUTES

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE MEETING

November 9, 2023 – 2:00 P.M.

Partnership Tower, 701 Avenida de las Americas, Suite 200

Houston, Texas 77010

HOUSTON FIRST 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., held a meeting at the Partnership Tower, 701 Avenida de las Americas, 2nd Floor Board Room, Houston, Harris County, Texas 77010 on Thursday, November 9, 2023, commencing at 2:00 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 Committee Members participated in the meeting: Nicki Keenan (Chair), Ryan Martin (Vice-Chair), George DeMontrond, David Mincberg, and Paul Puente.

- I. **Call to Order.** Committee Chair Nicki Keenan called the meeting to order at 2:02 p.m. with an established quorum.
- II. **Public Comments.** None
- III. **Review and approval of minutes from prior meeting.** Following a duly seconded motion, the September 5, 2023, minutes were approved as presented.
- IV. **Committee Business**
 - A. **Consideration and possible recommendation of the 2024 Hilton Americas-Houston Hotel Budget.**

Jacques D’Rovencourt, General Manager of Hilton Americas-Houston (“Hilton”), recapped the Hilton’s 2023 budget and forecast projections for the remainder of the year. Mr. D’Rovencourt stated that the Hilton significantly increased revenues, especially in rooms and food-and-beverage revenue. He highlighted that room revenue outperformed its budget and indicated Hilton exceeded its group room revenue estimates.

Mr. D’Rovencourt illustrated that pharmaceutical group bookings tremendously boosted annual revenues. According to Mr. D’Rovencourt, the Hilton team plans to continue pursuing the pharmaceutical market in 2024.

According to Mr. D’Rovencourt, the Hilton received its 14th consecutive outstanding quality assurance audit this year. He highlighted that the Hilton improved its service

scores year over year, and the Hilton team was confident that it would receive its 12th consecutive Hilton Brand Award of Excellence for 2023.

Cynthia Mondragon, Commercial Director of Hilton, said the Hilton outperformed its 2023 budget and exceeded its competitive set. According to Ms. Mondragon, Hilton's Year-to-date was growing due to the Hilton's record-breaking business during 2023's summer months, which the Hilton attributed to its July 4th business. Ms. Mondragon explained that demand was historically lower during that week; however, July 2023 and August 2023 were record-making market share months. Ms. Mondragon added that the Hilton finished July 2023 and August 2023 higher than the RevPar index compared to the Hilton's historical trend. She clarified that October 2023 had fewer citywide conventions compared to October 2022; however, in the year, for the year bookings contributed to the RevPAR success in October.

Committee Chair Keenan commented on the caliber and diversity of citywide business brought to Houston and, more specifically, the downtown area during 2023 compared to other years. She also commended the Hilton team on effectively filling weeks with business during periods that were typically difficult to fill with groups.

Mr. D'Rovencourt continued the presentation by reviewing the Hilton's 2024 forecast compared to 2023. He said he and the Hilton team worked with Hilton corporate and HFC in preparing its 2024 budget. He said that the Hilton's team believed the Hilton's budget was aggressive, which the Hilton team would work very hard to achieve. Mr. D'Rovencourt added that the Hilton expected room revenue to grow in 2024. He explained that the Hilton expected the group average rate to increase by about \$14 year over year, with the transient average rate expected to increase by \$12. Mr. D'Rovencourt expected Group F&B trend increases to continue into 2024. He emphasized that the Hilton aimed to book four or five new large galas in 2024, which the Hilton had not secured within the past few years while retaining current bookings.

According to Mr. D'Rovencourt, the Hilton's 2024 budget required significant cost increases due to its management agreement. He detailed that the agreement requires the base management fee to increase and the centralized service fees to increase yearly. In parallel, Mr. D'Rovencourt believed that the Hilton's property insurance would increase in 2024. He noted that he expected occupancy to increase slightly in 2024, with an expected RevPAR increase.

Jason Monroe, Director of Sales of Hilton, reported the Hilton's group bookings budget assumptions. Mr. Monroe noted that September 2023 was a big month Hilton's for the Hilton. He stated that company meetings would continue to be a key driver to the Hilton's success due to the continued short-term nature of their booking window. Mr. Monroe conveyed that Social, Military, Education, Religious, and Fraternal groups would increase room nights compared to 2023.

Ms. Mondragon said the Hilton team planned to utilize "leisure" to assist in building base over need periods such as holiday weeks, minimal group coverage, etc. She added that she projected 2024 business travel to grow in occupancy due to consortia and corporate negotiated segments.

Ms. Mondragon explained that her assumptions included that the Hilton would convert at least four pharmaceutical groups, successfully capture citywide affiliate business

through meeting planner relationships, utilize the Hilton's unique infrastructure to capitalize on branding revenue, as well as confirm definite repeat groups and "citywides" performing higher than historical levels. Ms. Mondragon also assumed that the Hilton would continue to rise in food-and-beverage spending compared with minimums from corporate meetings.

Ms. Mondragon transitioned into explaining the Hilton's local catering data. She noted that Q2 was a high-traffic period for galas, and Q4 was a high-traffic period for holiday parties and non-profit galas. According to Ms. Mondragon, the Hilton team would strategize to book highest revenue events on prime dates first and offer incentives to others to book non-peak dates (like Thursday and Sunday).

Mr. D'Rovencourt discussed some of the Hilton's notable capital projects for 2024, which included restaurant/spa/5th-floor design fees. He also noted that the Hilton planned to replace its original pool air conditioning unit, convert three neon Hilton roof signs to LED lighting, make mechanical upgrades, and improve departmental operations equipment.

Following a duly seconded motion, recommendation of the 2024 Hilton Americas-Houston Hotel Budget was approved unanimously.

V. **Adjourn.** The meeting adjourned at 2:47 p.m.