

WHAT IS

HoustonfirstSM?

A CORPORATE OVERVIEW





Best Places for
Businesses and
Careers

Forbes

Best Large
Cities to Live In

WalletHub

World's Most
Influential Cities

Forbes

Top 15 Places to
Go in 2015

Condé Nast Traveler

Fastest Growth
in Foreign
Visitors

U.S. Commerce
Department

Fastest Growing
County in Texas
by 2050

Austin Business
Journal

Best Places to
Travel in 2015

Travel + Leisure

Fastest Growing
Cities in 2014

Houston Chronicle



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HOUSTON FIRST OVERVIEW

OUR MISSION

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.

OUR VISION

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.

With these accomplishments and with this outlook for the future, Houston First is well positioned to strengthen Houston's image and further enrich the quality of life in our city in the decade to come.



HoustonfirstSM

SALES & MARKETING

OPERATIONS

ADMINISTRATION



Houston Film Commission
A DIVISION OF THE GREATER HOUSTON CONVENTION AND VISITORS BUREAU

VISIT**HOUSTON**



JONES PLAZA



Corporate Administration

Enterprise Development

Finance & Administration

General Counsel

Information Technology

Marketing & Communications

Public Affairs



WHAT IS HOUSTON FIRST CORPORATION?

In 2011, the City of Houston established Houston First, a local government corporation created to operate the city's convention and performing arts facilities, as well as promote Houston as a world-class destination for tourism and conventions.

Houston First's vision and efforts enrich the lives of Houstonians in a number of ways, beginning with promoting the region as a destination for tourism and convention business. The organization also works to attract film production to the area and operates theaters where world-class performances take center stage, all while managing outdoor spaces where festivals and other activities thrive.

We keep things running smoothly while the George R. Brown Convention Center and Hilton Americas-Houston play host to the world. We provide more than 10,000 parking spaces for evening theatergoers and downtown's daytime office workers. We also partner with like-minded organizations that share our passion in making Houston a better place to live, work and visit—all of which stimulates the local economy and improves overall quality of life.

Houston First's establishment was the result of more than 10 years of study. In forming the organization, the City consolidated its

Convention & Entertainment Facilities Department, and the Houston Convention Center Hotel Corporation (created by the City in 2000). This consolidation was enhanced in 2014 when Houston First and the Greater Houston Convention & Visitors Bureau (GHCVB) aligned to create a single, unified voice that speaks for the Houston product in all sales and marketing efforts.

The restructuring has streamlined our organization and improved accountability, while providing Houston First with the flexibility to adjust sales and marketing expenditures based on market conditions.

OUR DUTIES

Houston First operations include day-to-day maintenance, management and licensing of its properties as the sites of conventions and trade shows (40 major events and 200 smaller events, per year), concerts and theatrical performances (more than 600, per year), and civic events. The organization also acts as the City of Houston's agent for collection of hotel occupancy tax revenue.

A 12-member Board of Directors sets policy for the corporation and approves its major initiatives and expenditures. The City of Houston maintains an oversight role through the City Council's approval of board appointments and its annual budget. Two City Council members also sit on the Board of Directors, in ex-officio roles.

Houston First owns the Hilton Americas-Houston and manages these assets for the City of Houston:

- George R. Brown Convention Center [2]
- Hilton Americas-Houston Hotel [3]
- Jones Hall for the Performing Arts [1]
- Jones Plaza [5]
- Miller Outdoor Theatre [7]
- Talento Bilingüe de Houston [9]
- Theater District Parking
- Toyota Tundra Garage
- Wortham Theater Center [6]
- Partnership Tower - 2016 [8]
- Sunset Coffee Building - 2016 [4]

Put another way, Houston First is responsible for a myriad of event spaces and agreements:

14.7

acres of plazas and other green space

11

buildings valued in excess of \$1 billion

254

contracts and 14 leases

2,650,000

square feet of building space

10,000

parking spaces

PAID **DIRECTLY** TO THE CITY BY HOUSTON FIRST



19.3
PERCENT

of the gross receipts of the municipal hotel occupancy tax collected quarterly by HFC for the city's arts contracts (2014: 17.1 million)

\$420,000 to fund protocol services



\$1.38 million

annual lease payment for term of lease
(Consumer Price Index adjustment every five years)

\$425,000 to promote travel and hotel occupancy in Houston

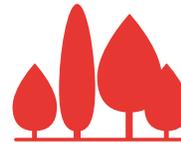


\$231,000 to fund traffic control and city administrative expenses

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



THE IMPORTANCE OF HOT REVENUE

The use of hotel occupancy tax (HOT) is restricted by state statute. HOT may only be used for certain designated purposes and must be used to directly enhance and promote the tourism and the convention industries. In fact, Texas statutes explicitly prohibit the use of HOT for general governmental purposes of a municipality. Bond covenants further specify restrictions on the use of the HOT revenues and establishes strict record keeping requirements.

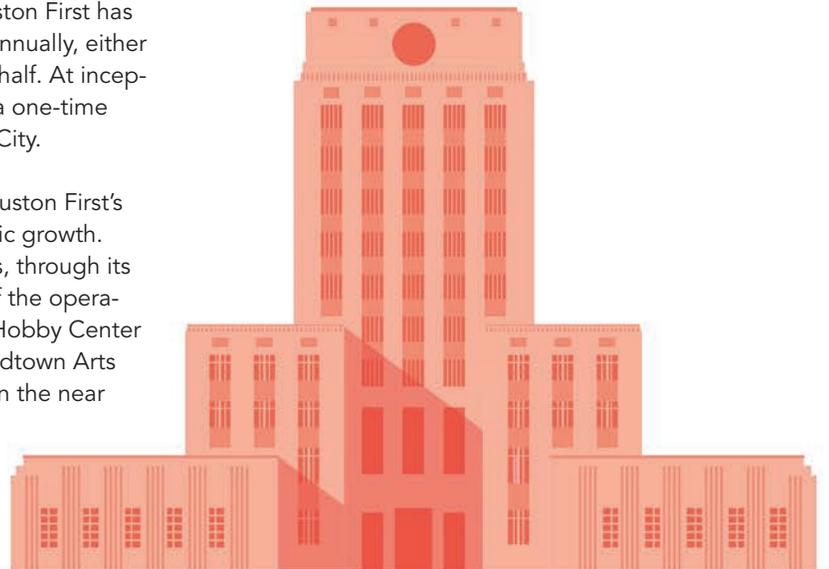
WHAT BENEFITS DOES THE CITY RECEIVE FROM HOUSTON FIRST?

The City receives an annual lease payment from Houston First for the facilities it manages. Since its formation, Houston First has paid more than \$35.8 million annually, either directly to the City or on its behalf. At inception, Houston First also made a one-time payment of \$10 million to the City.

Houston also benefits from Houston First's focus on encouraging economic growth. This is evident in tangible ways, through its regular payments in support of the operations of Discovery Green, the Hobby Center for the Performing Arts, the Midtown Arts and Theater Center Houston (in the near future), and its operating subsidy to the arts facilities.

For the long term, Houston First has established the 2025 Master Plan for the George R. Brown Convention Center. The plan called for more convention center hotel rooms, the redesign of the GRB, a walkable outdoor destination in front of its exhibit halls and a new parking garage—all currently under construction, in anticipation of Super Bowl LI in Houston in 2017. In addition, similar master plans were presented in 2015 for the Theater District and Miller Outdoor Theatre.

Houston First also interacts with partners such as the Greater Houston Partnership, Greater Houston Convention & Visitors Bureau, Hotel Lodging Association of Greater Houston, Theater District Association, Houston Downtown Management District, Bayou Place, Buffalo Bayou Partnership and the Downtown Aquarium. The company also sponsors numerous events that benefit local organizations.



The City of Houston receives these long-term benefits from Houston First:

- A single entity focused on the long-term sustainability of the operation as a whole
- Long-term maintenance of all facilities to a gold standard
- Financial support for facilities and organizations that enhance Houstonians' quality of life
- A civic vision for Houston's convention and theater products
- A unified sales and marketing voice

2011

Houston First Milestones & Accomplishments

CORPORATE LEVEL

- Participated in successful Super Bowl LI bid for 2017
- Strategically aligned with the Greater Houston Convention & Visitors Bureau, streamlining operations and creating one unified voice for the Houston product
- Unveiled new Tourism Development Plan, with specific strategies to increase tourism in the region through expanded advertising and new partnerships with key stakeholders
- Partnered with Downtown District and BG Group to launch and operate Greenlink, which has since been expanded for highly-attended conventions at GRB
- Participated in Mayor's Downtown Retail Task Force
- Committed \$450,000, per year, to fund MATCH operations once it opens
- Invested and partnered in Medical World Americas Conference and Expo, Comicpalooza, Big Brew (craft beer festival) and SpaceCom, all of which are held at the GRB
- Assumed responsibility for the collection of hotel occupancy tax revenue for the City of Houston
- Avoided changes to hotel occupancy tax regulations and made improvements to the state's event trust funds through advocacy at the Texas Legislature during its regular session in 2015
- Achieved 40 percent diversity participation in 2014 and, as of June 30, 2015, paced at 41 percent

CONVENTION DISTRICT

- Developed GRB 2025 master plan with a vision for hotel development, a vibrant Convention District and future expansion of GRB
- Designed new GRB grand entry, garage/office space, first-ever ADLA pedestrian plaza—all currently under construction
- Developed key portions of financing package for 1,000-room Marriott Marquis, a new convention headquarters hotel attached to GRB—currently under construction. The addition will make Houston the only city in Texas with two convention center hotels
- Adding at least seven new retail establishments along ADLA
- Developed incentives for downtown's new hotel development (Embassy Suites, Hampton/Homewood Suites, JW Marriott, Hotel Alessandra, Aloft and Le Meredien) resulting in a total of 8,000 additional hotel rooms by 2017
- Relocated visitors' center from City Hall to temporary home in Hilton Americas-Houston
- Brought new, upscale Pappasito's Cantina to Hilton Americas-Houston
- Developing a Starbucks on the ground floor of Hilton Americas-Houston, as one of the largest retail coffee outlets in Texas

THEATER DISTRICT

- Developed master plans for both Theater District and Miller Outdoor Theatre
- Committed final \$2.5 million to Buffalo Bayou Partnership for Sunset Coffee Building renovation, which is currently underway. Houston First will operate the facility upon completion.
- Marketing online tickets for small arts groups in Theater District
- Installed large timeline at Jones Hall, noting contributions of Jesse Jones and the building's legacy

“By late next year, people strolling the George R. Brown Convention Center plaza can take in restaurants, sidewalk cafes, landscaped walkways and a water fountain. At night, if all goes according to plan, they’ll be treated to a fog and light display. By the time the Super Bowl rolls around in 2017, the plaza is expected to host a party for 100,000. Those plans are much grander than when the project was initially bid a year ago. They evolved into a full-blown reimagining of the area surrounding eastern downtown’s Discovery Green park.”

— Houston Chronicle August, 2014





THE FUTURE OF OUR FACILITIES

THE GRB 2025 MASTER PLAN

In 2011, Houston First Corporation began the process of developing a master plan to guide the future development and success of Houston's convention center. In January 2012, the George R. Brown Convention Center 2025 Master Plan was officially released.

Because success cannot be fully realized without a broader commitment to the long-term growth of the entire convention district, the scope of the 2025 Master Plan extends beyond the walls of the GRB and includes the businesses, residents, public agencies and other stakeholders of Houston's downtown east end. The plan illustrates a best-case scenario for the public/private development of the Convention District, improvements to existing infrastructure (including the Avenida de las Americas project in front of the GRB) and eventually the future expansion of the GRB.

The GRB serves multiple users, including conventions, trade and consumer shows and a variety of local public events. Professional organizations representing convention planners and meeting planners select locations based on the total package available within a community. Indeed, cities are usually chosen on a total "destination basis" rather than merely a "facility basis."

Meeting industry surveys consistently identify the same top five factors in selecting a destination city:

- Attractions and activities
- Convention facilities
- Safety and security
- Transportation
- Hotels



The 2025 Master Plan analyzed Houston’s current package, as well as that of its competitor cities. The plan identified three key areas in need of improvement for Houston to be more competitive in today’s market. In priority order, they are:

- Attractions and activities
- Convention facilities
- Hotel package

Out of 205 groups that considered Houston for its meetings, 18 percent were lost because of inadequate housing packages (or 733,864 out of 3.9 million room nights).

Meanwhile, meeting planner surveys found a 23.6 percent increase in their likelihood of booking the GRB, once a second headquarters hotel was established.

Other studies reported similar findings. Houston First and Central Houston Civic Improvement Inc. contracted with the Houston chapter of the Urban Land Institute in January 2012 to evaluate potential development next to the GRB. After numerous interviews, a technical advisory panel recommended at least one large (1,000 rooms or more) convention center hotel west of U.S. 59 and north of Discovery Green. The panel also said public incentives were needed to encourage residential development, retail on the ground floor and to activate sidewalks.

An earlier evaluation, the Livable Centers Study, funded by the Houston-Galveston Area Council, examined ways to provide housing options close to downtown jobs for a diverse range of incomes and households. The study called for modifications to city regulations and incentives that encourage residential development in and near downtown, identifying potential land for hotels near the GRB and the requirement of ground-floor uses for designated streets (not necessarily retail).

In summary, the three studies confirm that our key priorities need to be:

- Adding 2,000-plus hotel rooms within the area
- Creating a vibrant, appealing neighborhood

Houston can gain traction in these two areas through policies that:

- Encourage and support more residential development in the area
- Require active ground floors
- Celebrate the pedestrian experience; and
- Treat the pedestrian realm as a public open space.

The plans noted that 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.



Houston's Convention Center Hotels:

THE HILTON AMERICAS – HOUSTON

The Hilton Americas-Houston opened in December 2003 as Houston's largest hotel with 1,200 rooms. Since opening, the hotel has generated more than 1 million new group room nights and enabled other downtown hotels to experience a rising average daily rate and revenue per available room.

The appreciation in value of the Hilton Americas-Houston has made it feasible to finance a second 1,000-room headquarters hotel. After paying debt service, the hotel has consistently generated a profit, including more than \$21 million funded over the past eight years to foster other economic development and municipal projects. In 2014, the hotel's original incentive rebates expired and the hotel generated approximately \$9.8 million annually in state and local taxes.

During construction, the hotel supported 1,300 construction jobs in a recessionary economy and, since opening, has employed an average of 600 full-time employees.

In 10 years, the hotel helped Houston land the following marquee events: Super Bowl (twice), Microsoft, Starbucks, NAACP, Produce Marketing Association, NCAA Final Four (twice) and NBA All-Star Weekend (twice).

The development of the hotel also spurred other development on the east side of downtown, including Discovery Green, One Park Place, Embassy Suites and Hess Tower.

“There's no question that Hilton Americas was a godsend to the convention center and convention business in Houston generally. It's not our job to brag on its performance, but the hotel is well managed, turns a profit and has played a pivotal role in the development of the surrounding area, as well as how it is being developed.”

—Houston Chronicle Editorial December, 2013



Houston's Convention Center Hotels: THE MARRIOTT MARQUIS

Acting on the critical need for a second convention headquarters hotel, Houston First recommended the selection of RIDA Development Corporation to develop the project in December 2012. The new hotel will book-end the Hilton Americas-Houston, on 2.6 acres across from the north end of Discovery Green, and will be connected to the north side of the GRB.

Based in Houston, RIDA has been one of the nation's most active convention hotel developers in the last decade and has a reputation as one of the industry's most creative developers. Lead architect on the project is Morris Architects, which designed the Moody Gardens Hotel and Convention Center in Galveston, Toyota Center and Wortham Theater Center.

The hotel, which is scheduled to open in summer 2016, will be a Marriott Marquis—the first in Houston and the sixth in the company's flagship Marriott Hotels brand portfolio. Marriott Marquis is a brand extension of Marriott Hotels, which are located in gateway cities, feature iconic architecture and multiple food and beverage venues. Marriott Marquis properties are also known for their expertise in hosting large conventions and meetings, as well as serving business and leisure travelers.

The hotel will feature more than 106,000 square feet of meeting, banquet and exhibition space; a resort-style deck and Texas-shaped "lazy river" for outdoor activities; signature restaurants; and street-level retail. These features are designed to extend a pedestrian-friendly environment downtown.

RIDA's proposal included the lowest public sector investment on the most advantageous terms: a \$325.2 million convention headquarters hotel with \$266.5 million investment from RIDA and public investment covering the balance of the project's anticipated cost.

The public investment—approved by City Council in December 2012—includes:

- \$58.7 million loan from Houston First toward land and construction costs
- 10 years of rebates on HOT and sales taxes from the State
- 20 years of HOT rebates from HFC/City
- 20 years of sales and mixed-beverage rebates and property tax abatements from the City
- Construction of a 1,900-car parking garage & sky bridge
- Improvements to Avenida de las Americas, the street in front of the GRB

Houston First is funding the public improvements, in large part by leveraging its equity position in Hilton Americas-Houston. Houston First will use its resources to fund annual debt payments. The City of Houston's general funds will not be used, meaning there is no impact on the City's general obligation debt model. RIDA will repay the loan in the form of annual garage easement payments totaling \$62 million over 50 years, split equally between the City of Houston and Houston First Corporation. In addition, City rebates could be reduced or terminated if the hotel exceeds certain revenue thresholds.



THE MARRIOTT MARQUIS: ECONOMIC IMPACT

Building the hotel will generate 3,450 construction jobs: 1,880 direct jobs and 1,570 indirect jobs. Hotel operations are anticipated to generate a total of 1,400 jobs: 800 direct jobs and an additional 600 indirect jobs.

Diversity goals for the project are 30 percent for design and construction and 17.25 percent for operations.

The hotel is forecast to produce 260,000 additional room nights, annually, for city-wide and in-house groups.

It is projected that the hotel will produce \$583 million, including \$103 million to the City (net of City rebates), in project-generated taxes over the course of 30 years.

RETURN ON INVESTMENT

The return on public investment is projected to be 18 percent, paying off the public investment in five years.



Including the Marriott Marquis, downtown will make room for ten new hotels in time for Super Bowl LI in 2017:

1. Aloft - 170 Rooms - Q2 2016*
2. Embassy Suites - 262 Suites - Now Open*
3. Hampton Inn - 168 Rooms - Q1 2016*
4. Holiday Inn - 215 Rooms - Q2 2015
5. Homewood Suites - 132 Rooms - Q1 2016*
6. Hotel Alessandra - 250 Rooms - Q3 2016*
7. JW Marriott - 325 Rooms - Now Open*
8. Le Meridien - 255 Rooms - Q4 2016*
9. Marriott Marquis - 1,000 Rooms - Fall 2016*
10. SpringHill Suites - 166 Rooms - Q2 2015

When all of these new hotels are added to downtown, Houston will have more than 2,500 additional rooms by 2017 – for a total of more than 8,000 rooms.

*Incentivized by Houston First Corporation



The Experience Transformed:

DOWNTOWN CONVENTION DISTRICT

Realities of the hospitality industry dictate that convention centers, especially those in large cities, must remain ahead of the curve. Convention attendees have certain expectations when traveling out of town.

The curiosity of attendees to visit a new destination is a key driver in an organization's decision on where to meet. Attendees expect a variety of food and beverage offerings, as do local residents. They want variety in pricing and they prefer local restaurants and food options over chain restaurants that they could find at home.

Likewise, customer desires and needs are what drive convention center improvements in other major cities. Attendees want to visit newer, more modern facilities with advanced features.

The latest trends for convention centers are to make them more pedestrian-friendly and part of the community, to become a more attractive gathering spot and to reduce cab and bus traffic.

As mentioned earlier in this report, the GRB 2025 Master Plan noted that public investments in a convention district may draw crowds for specific events but will not, by themselves, result in a "cohesive urban fabric." So how can Houston create a "cohesive urban fabric" in its convention district?

Three ways have been identified to improve the Downtown Convention District:

1. Support and encourage active ground floors with retail and transparency
2. Support and encourage residential development, knowing that retail follows residential
3. Celebrate the pedestrian experience by treating public realms as you would any public open space

"The amazing changes soon to take place on Avenida de las Americas will provide a huge benefit to Houston Rockets fans. Creating a master-planned, walkable destination will provide a fun environment both before and after the game."

—Tad Brown, CEO Houston Rockets

The redesign of Avenida de las Americas (ADLA) and the front entrance of the GRB addresses two deficiencies identified in the 2025 Master Plan:

- The need for more street-level activity
- Poor arrival experience because of congested sidewalks and confined interior lobbies that impede event ticketing, registration lines and crowd flow

Up to seven new retail, restaurant and sidewalk cafes, along with entertainment venues, will be added to the front of the GRB and the convention neighborhood as part of the bold street-scape makeover. This face-lift, combined with the three new street-level retail spaces at the Marriott Marquis, is designed to breathe new life into the Convention District, as called for in the master plan.

ADLA will be reduced to two lanes on the south end and four lanes on the north end and feature widened sidewalks and outdoor plaza space that connects people in the GRB to Discovery Green.

Meeting planners were surveyed to determine how the proposed enhancements might affect their decision to book events at the GRB. The survey found that these improvements, coupled with the addition of the Marriott Marquis and possible new marketing efforts, place Houston on a path to host 30 to 35 citywide conventions annually, up from 18.

The Houston Arts Alliance commissioned local artist Ed Wilson to create a large-scale interior sculpture for the GRB renovation. The 60-foot hanging mobile of stainless steel bird and cloud forms will capture both natural and dramatic light to create a new sense of place.

Other Convention District improvements include:

- Widened sidewalks and enhanced landscaping on Crawford, between Polk and Dallas streets, visually connecting Toyota Center to Discovery Green
- Development of the restaurant pad at Embassy Suites
- Improvements at Hilton Americas-Houston (page 13)



“The Houston Dynamo and Dash organization is excited about the new development along Avenida de las Americas. Making the street active, vibrant and pedestrian-friendly will provide a connection between the east and west side of Houston that benefits not only Dynamo and Dash fans, but all Houstonians.”

—Chris Canetti, President of
Houston Dynamo & Houston Dash

GRB PARKING GARAGE + PARTNERSHIP TOWER

In fall 2014, construction started on the GRB parking garage and the Partnership Tower, with an expected completion date of early 2016. The structure will include approximately 1,900 parking spaces and 115,500 square feet of office space. The entire structure will be connected to the GRB via sky bridge on Level 2.

The Greater Houston Partnership will occupy two floors of the office building. Houston First, Hotel & Lodging Association of Greater Houston and the Harris County-Houston Sports Authority will occupy the rest of the office building. It will be the first time that all of the organizations that promote Houston will operate from within the same structure.

A Metro light rail station will be located at the northwest corner of the building. A drop-off area for buses will be located on the ground level, inside the garage off of Rusk. A valet entrance will be on ADLA, with retail space on the ground level. The upper levels of the office space will include an outdoor terrace overlooking ADLA and the Convention District.

The office tower and parking garage are also built with a foundation design that could accommodate a 300 to 400-room hotel in the future. An RFP has been issued to develop that hotel.

For the first time, all of the organizations that promote Houston will operate from within the same building — Houston First, the Greater Houston Partnership, Hotel & Lodging Association of Greater Houston and the Harris County-Houston Sports Authority.





"Houston Ballet is an internationally recognized company. Because of the stewardship of Houston First, along with the 2025 Theater District Master Plan, the Theater District will soon achieve that same status. We are proud to be a part of designing Houston's future."

—Jim Nelson, Executive Director Houston Ballet

THEATER DISTRICT MASTER PLAN

In 2014, Houston First initiated the 2025 Theater District Master Plan, which established a vision for the future of Houston's performing arts experience downtown.

The vision calls for the:

- Reimagining of Jones Plaza as the new heart of activity in this part of the district.
- Placement of the Jones Plaza Café in the southeast corner of the block across from Jones Hall
- Redesign of Fish Plaza to reinstate the grand entrance of Wortham Center and a new transitional gateway to the bayou
- Creation of a Fish Plaza Café on the western edge of the plaza, in front of Wortham
- Narrowing of streets to encourage outdoor events and pedestrian activity
- Light installation on the Alley Theatre façade
- Implementation of an interactive art/media wall in Jones Plaza
- Redevelopment of the Bayou Place site as a central component

The Bayou Place redevelopment would break the site into three city-scaled blocks that are consistent with the scale of the downtown grid and would improve connectivity throughout the Theater District. Three new structures would encourage street life. (Existing retail and entertainment attractions could relocate to new spaces.) Building 3, in the rear of the of the existing complex, could be home to a new performance venue or other visitor attraction, while a new "shared street" without curbs would be created between Bayou Place Buildings 2 and 3 to encourage pedestrian movement.

Bagby Street would link the Civic Center District to the Theater District, as identified in the Downtown Plan of 2004. This vision would also link the Hobby Center for the Performing Arts and the Downtown Aquarium to the rest of the Theater District, since Bayou Place currently blocks this connection. Eventually, Bagby Street could serve as the pedestrian "spine" for the Theater District by connecting Hobby Center, Tranquillity Park and the Downtown Aquarium, along with new cafes and shops brought by the redevelopment of Bayou Place. Once complete, the possibility for future development to the north would remain.

MILLER OUTDOOR THEATRE 2035 MASTER PLAN

Beginning in January 2014, Houston First and key stakeholders worked in a year-long effort to create a master plan for Miller Outdoor Theatre. The new plan has a clear and practical vision for the theater and its surroundings.

The recommendations in the master plan call for Miller Outdoor Theatre to:

- Work jointly with the partners in its urban neighborhood to expand the visitor experience by improving vehicular and pedestrian access and parking
- Build partnerships with the nearby museums and the Texas Medical Center to showcase Miller to a broader and international patronage
- Create event space for private functions and expand concessions available to patrons, creating opportunities to enhance revenue
- Expand fixed seating for more convenience and enjoyment
- Phase in improvements based on incremental capital expenditures over 20 years

The master plan proposes facility improvements that could be made by 2020, on-site improvements by 2025 and off-site by 2035.

By 2020, fixed seating would be expanded to include more than 375 new permanent seats; an elevated tier at the front of the hill would define an edge to the theater that can be easily managed and maintained, with expanded seating and enhanced sight lines for an additional 200 seats, adding a total of 575 seats.

By 2025, accessibility to the hill would be increased with the addition of steps and ramps at key locations. At the top of the hill, a large shade pavilion would feature projection screens so that patrons at the top could see the performance on stage.

By 2035, the stage house would be significantly renovated, with additions on both stage left and stage right that expand wing space and improve performer and staff accommodations. New canopies on the building would act as shelters for inclement weather and a secondary concession area on stage right would act as the Miller gift shop. A new parking lot would be elongated, along the back of the stage house, to minimize its overall footprint and shorten the distance between cars and the theater.

The final phase also proposes a loading dock on stage left that would accommodate two semi-trailers and a second level atop the existing stage house to create two multi-use halls and administrative offices.

With improvements phased in over the next 20 years the grand total of the project is estimated at \$161.6 million.



OTHER PROJECTS

NCAA FINAL FOUR 2016

In April 2016, the 64 college teams that enter the NCAA Men's Basketball Tournament will arrive in Houston for the Final Four and the national championship. Once again, NRG Stadium will become the stage for the final game.

The last Final Four held in Houston was in 2011 and the activities around town will be similar in 2016. Houston First will provide event space for media before and during the event.

The fan experience for visitors will again be located inside the GRB, giving guests a unique experience in everything sports, with NCAA basketball at the center.

SUPER BOWL LI

Super Bowl LI is coming to Houston on February 5, 2017. Houston First is contributing to the effort to bring more hotel rooms and attractions for visitors. Fan and media events will be held near the GRB in an area branded "Super Bowl Central," with an estimated 1 million visitors over 10 days. The hub for these activities will be at Discovery Green, the Hilton Americas-Houston and the new Marriott Marquis. The GRB will be the site of the NFL Fan Experience within the exhibit halls and will provide areas for media and other preparations.

The fan turnout will have a positive impact on the overall Houston economy

MATCH

The Midtown Arts and Theater Center Houston, or MATCH, will be Houston's new destination for performing and visual arts. The building, which will celebrate its grand opening in early 2016, will be located at Main and Holman in Midtown, and will be home to a broad spectrum of Houston's leading and emerging arts organizations. Houston First is playing a role in the construction of MATCH by committing to a contribution of \$450,000, per year, for the first few years of the facility's operations.



SUNSET COFFEE BUILDING

The Sunset Coffee Building at Allen's Landing is a 105-year-old structure located where brothers August Chapman Allen and John Kirby Allen came ashore and established the town of Houston in 1836. The total cost of renovations is \$5.3 million, with Houston First committing to provide the final \$2.5 million in order to bring the project to life.

The renovated building will include a ground-level outdoor plaza with facilities for runners, canoeists, kayakers and bikers. Other uses will include food and beverage, office and event space.

Upon completion in 2016, Houston First Corporation will operate the facility.



“The bayou is boatable, though there is still room for improvement. Bringing folks to the banks and embracing our natural waterways will only encourage the city to make it even cleaner. When this project finally opens, it will mark a new era for Houston as our long dilapidated city port becomes a central knot tying together the citywide ribbon of greenways that is steadily being connected and improved every day.”

—Houston Chronicle Editorial February, 2013

OTHER PROJECTS

MEDICAL WORLD AMERICAS AND OTHER PARTNERED SHOWS

Houston First teamed up with the GHCVB to contribute 50 percent of funding to bring the inaugural Medical World Americas Conference and Expo to the GRB in April 2014, returning a year later for another successful event in the second year of a five-year contract.

The first year of the event drew attendees from 33 states and 32 countries, including medical professionals, scientists, researchers, procurement and supply chain executives, physicians, nurses and healthcare policymakers. More than 120 exhibitors came to the show from the U.S. and 11 from outside the country.

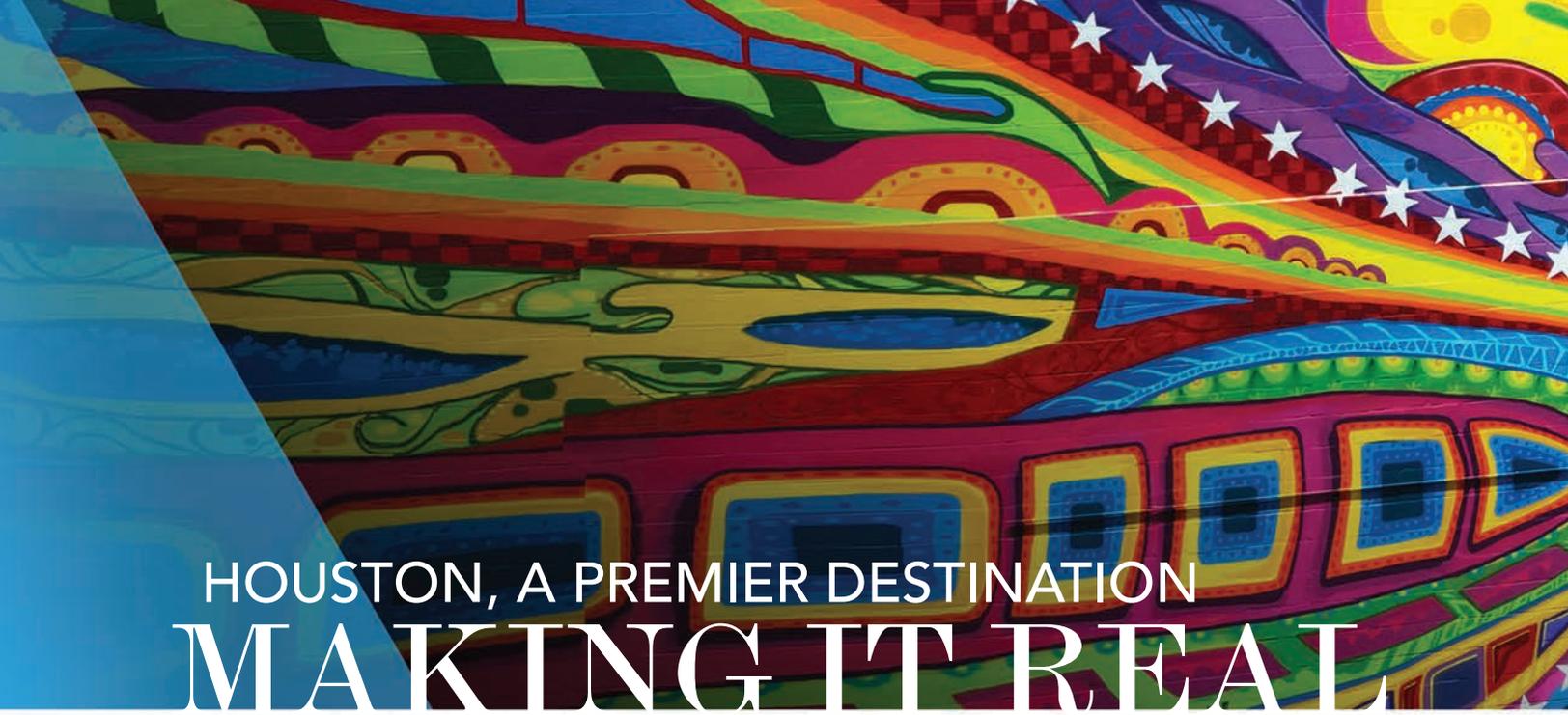
In May 2015, Houston First and the GHCVB partnered again in the successful Texas International Comic Convention, better known as Comicpalooza.

In November 2015, the Space Commerce Conference and Exposition, also known as SpaceCom, will come to the George R. Brown Convention Center. This new event is designed to unite space and business industry leaders and is a partnership between Houston First, the GHCVB and National Trade Productions, Inc.

Supported by NASA's Johnson Space Center, SpaceCom will take a distinct focus on exploring the business of space. It will catalyze the economic development of space, the creation of new business models to support that development and the application of space technologies across important industry sectors of the global economy.







HOUSTON, A PREMIER DESTINATION MAKING IT REAL

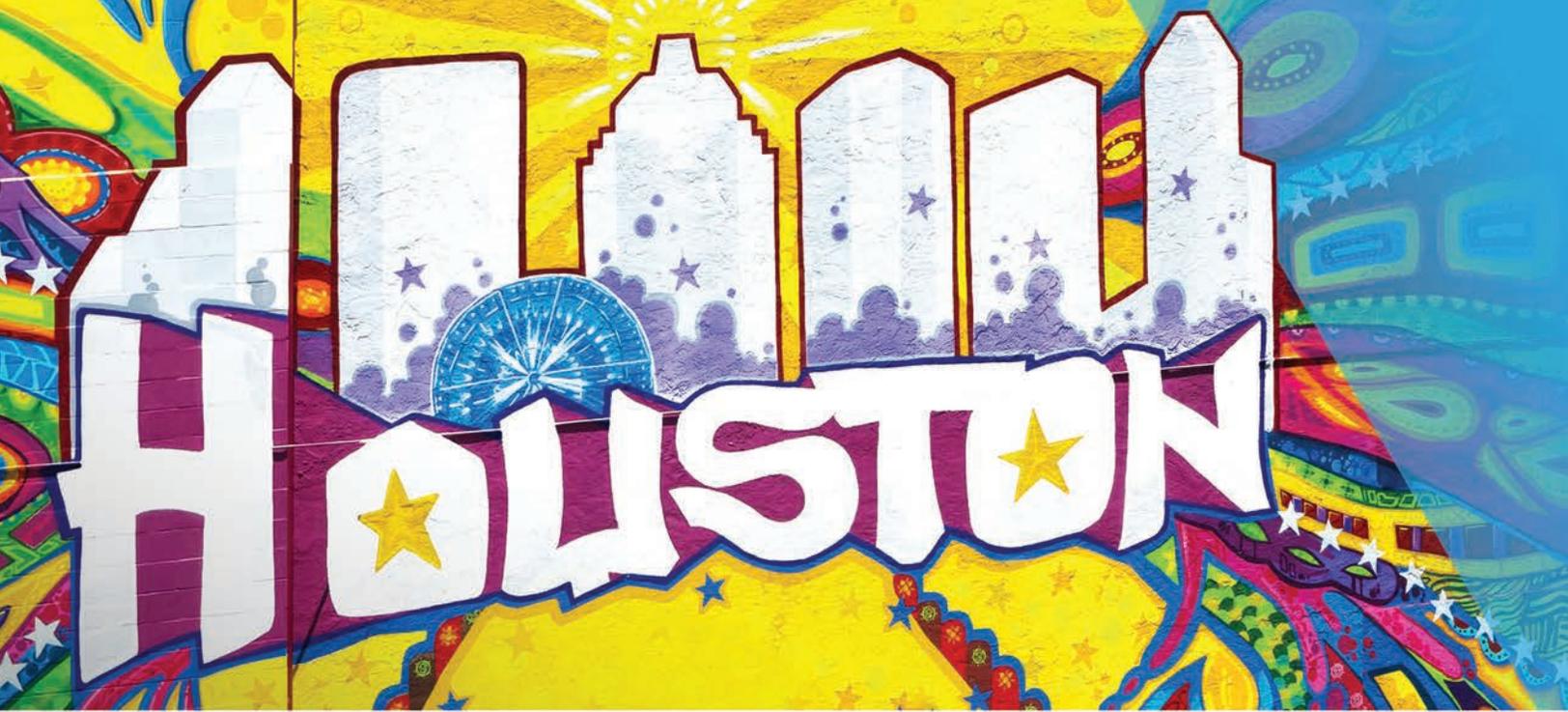
TOURISM

Houston First Corporation has prepared a comprehensive tourism development plan for Houston and the surrounding region—a blueprint showing a strong hospitality base from which to grow and several opportunities for improvement in the future.

Researchers conducted an extensive assessment of the tourism opportunities in Southeast Texas, using both primary research (interviews, site visits and surveys) and secondary research (review of materials and data).

The final report from Parter International, Inc. concluded that the time is right for an increased commitment to tourism in the Houston region, based on facts and trends. Specifically, the report found that the Houston region has:

- A significant number and variety of quality attractions
- Abundant shopping and dining
- A strong airport service
- An expanding cruise market
- Growth in the number of overseas visitors
- A high level of visitor spending
- Enhanced improvements to the quality of life, as evident from Discovery Green, Buffalo Bayou Park and other similar projects



To reach its potential as a tourism destination, however, the Houston area must address the following challenges:

- A low total number of visitors
- Transportation and signage
- The need for more partnerships
- The need for the hospitality industry to become more fully engaged in leisure promotion
- Limited regional cooperation
- A lack of “visitor domains”
- A lack of an iconic and compelling attraction
- A better located visitors center
- Attractions that are focused on local promotion
- A small staff for tourism promotion

WHERE ARE WE TODAY?

The total number of visitors to the Houston Metropolitan Statistical Area, or MSA, is 14.8 million, considerably below the level found in New York (54 million per year), Chicago (42 million) and San Antonio (31 million). Most leisure visitors to Houston come from within Texas.

Favorite activities are visiting friends and family, dining, shopping and visiting cultural attractions.

The tourism industry in the Houston MSA carries a total economic impact of \$16 billion, generating \$1.1 billion in local and state tax revenue and employing about 129,000 people. Tourism ranks tenth as an industry contribution to Houston’s Gross Domestic Product.

Out of the top 10 cities in the nation, Houston had the highest growth of international travel to the United States in 2014. Mexico is our largest international market with China growing quickly in that regard.

INITIAL RESULTS IN TOURISM

With the completion of the Tourism Development Plan, Houston First's Tourism Department is poised for continued progress with a wide-ranging program over the next few years.

The work will include a new focus on education of regional leaders about the value and impact of leisure tourism and the development of enhanced leisure products to generate visits to the city.

The Tourism Department aims to improve the visitor experience in Houston and help develop infrastructure and events specifically aimed at attracting more visitors. A regional promotion will help boost awareness of the greater 10-county Houston area.

These efforts will build on 2015 achievements with a focus on return on investment. For example:

- By the middle of 2015, Houston First tourism campaigns with online travel agencies had increased the number of incremental visitors through campaigns with Expedia and Hotels.com by 38 percent.
 - By the middle of 2015, the incremental number of room nights to Houston hotels rose by more than 57,000, which increased bookings to hotels by 34 percent.
 - The tourism team will continue to work closely with the Houston Marathon in its efforts to attract more runners to Houston from Mexico. The team plans to bring 300 new visitors to the 2016 marathon that could generate at least 1,200 new room nights.
 - The team continues to execute goals from the Tourism Development Plan by starting work on visitor centers in the Houston airports, the Galleria area and the Texas Medical Center.
- In the next year, the Tourism Department plans to determine a permanent site for the official Houston visitors center, as well as establish satellite visitors centers, with the goal of opening in time for Super Bowl LI in 2017.
 - Outreach is currently under way to more than 50 convention and visitors bureaus in the surrounding Houston area in order to establish a regional promotional plan dubbed "Houston and Beyond."
 - Houstonians are becoming advocates for the city, resulting from more than \$200,000 worth of positive publicity for tourism efforts via two new tourism commercial spots in the summer of 2015. The spots were created to encourage Houstonians to think of their city as a leisure destination.
 - In September 2015, Houston's first Tourism Summit drew more than 25 speakers who are experts in various aspects of the sector nationwide and more than 400 professionals from Houston's regional hospitality sector.
 - The advertising campaign in the Mexico market (the largest such campaign in Houston history) generated more than 30,000 room nights for Houston hotels.
 - Plans for international promotion will continue to focus on Houston's top five target markets—Mexico, Canada, the United Kingdom, Germany and China.
 - The team also plans to continue to build the matching grants program launched as a regional promotion plan, start a cooperative advertising plan, host a successful Texas Travel Industry Association Travel Summit in Houston in September of 2016, continue to educate key stakeholders about our renewed commitment to tourism, improve the Spanish website, develop a fully functional Chinese website (in 2017) and begin daily tours from the convention district.





HOUSTON FILM COMMISSION

The Houston Film Commission will continue to provide location scouting services and produce the *Houston Production Guide* in order to promote Houston, Harris County and the Eastern Gulf Coast region. The Houston Film Commission will also further advocacy efforts and host marketing events in cities that are key to the film industry.

For the next two years, the Houston Film Commission plans to:

- Find new ways to attract and facilitate products to represent the Houston area as a responsive and professional production center
- Increase the size and quality of its digital photo location library
- Engage more freelance project-specific location scouts
- Bolster its website content
- Contract with a freelance project-specific representative/coordinator in Los Angeles
- Conduct community outreach programs with advocacy for the local film and video industry
- Build deeper relationships with government agencies and Houston-based Fortune 500 companies to encourage local productions of commercials and industrial films
- Develop marketing and advertising strategies with continued print and online advertisements

Staff members will also attend, exhibit or sponsor national and regional film industry events including the Sundance Film Festival in Utah, SXSW Film Festival in Austin, the Tribeca Film Festival in New York and several others.

Long-term goals include increased production in the Houston area, developing a partnership that will lead to construction of a dedicated soundstage and securing a network television series based in Houston.

DESTINATION SALES AND SERVICES

The strategic alignment between Houston First and the Greater Houston Convention & Visitors Bureau has united and strengthened our sales efforts, which seek to drive business across the community through citywide, non-citywide, domestic and international conventions and meetings (Citywide business refers to groups that use no less than 1,500 rooms per night.).

This new sales structure puts Houston in a strong position as the city experiences major developments that will improve our ability to secure new meetings and conventions.

These events will bring tremendous positive exposure to Houston as many of the infrastructure improvements near the GRB are scheduled for completion by 2017.

In 2015, the Destination Sales Department added a new director of sales, who manages all non-citywide business opportunities with a dedicated team.

Destination Sales also added resources for pursuing weekend and holiday business across all markets.

Sales strategies for 2016-17 include:

- Consistent and frequent collaboration with hotels to create engagement in citywide business efforts
- Quarterly telemarketing blitzes to smaller and short-term business prospects
- A continued focus on weekend and holiday business
- Enhanced interaction with customers at tradeshows and travel events
- Hosting of industry conferences to expose others to the newly-improved convention campus
- Familiarization (or "fam") trips, in which the sales and services teams will bring clients to Houston for the Final Four, Super Bowl, Marriott Marquis grand opening and the completion of the GRB/ADLA project
- Targeting of the medical/life sciences vertical market for international business by engaging third-party entities that have worldwide relationships with global conferences and working with the Texas Medical Center on a strategy to solicit selected congresses



- Improved visibility at trade shows with enhanced branding and sales tools
- A program to assist with international attendance out of Mexico and Latin America for U.S. associations booking in Houston

The Destination Services Department now manages the overall client experience. The team makes sure Houston has an attractive booth presence at industry events, manages client site visits and provides services to welcome attendees and meeting planners before, during and after their event in Houston. Team members serve as the liaison between the meeting planner and member partners to ensure a positive client experience.

The Certified Tourism Ambassador Program is the responsibility of this team as well. This program is designed to enhance the Houston experience with education and training that inspires front-line hospitality staff and volunteers to work together to provide a positive client experience.

Longer-term plans by the services team include:

- Development of a taxi training program that will encourage taxi drivers to learn more about downtown and major local attractions
- Creation of a partner advisory council consisting of hoteliers, transportation providers, vendor partners and venues to establish strategies that help separate Houston from other destinations
- Creation of signature Houston events, such as those dedicated to Houston education and hospitality and targeted key industry shows
- High-end events during the NCAA Final Four and 2017's Super Bowl LI





MARKETING

In the coming years, Houston's position as the culinary and cultural capital of the South is expected to strengthen and achieve a 75 percent brand awareness for arts and culture and 82 percent for dining variety, as reported by the Travels America Annual Study (TNS). The 2014 TNS study noted that Houston has much on which to build interest and promotions, with two-thirds of travelers believing that Houston's arts/culture and leisure/entertainment excels over other cities in our competitive set.

Houstonians are becoming advocates for Houston as a result of more than \$200,000 worth of positive publicity for tourism efforts via the two new tourism commercial spots in the summer of 2015 that encourage Houstonians to think of their city as a leisure destination option.

Other advertising efforts are designed to elevate Houston's position as a premier destination for meetings and conventions. The convention district campaign, unveiled in the first part of 2015, will continue to develop as the marketing team generates awareness for Houston's rapidly growing convention district offerings.

A project to brand the convention district with a new name and signage will create a sense of space that attracts both out-of-town visitors and Houstonians to the newly-revitalized area outside of the GRB.

Media events and desk-side visits will expand Houston's presence in regional and national markets. The marketing team conducted six national and regional media events so far in 2015—in New York, Chicago, Washington, D.C., Austin, Dallas, San Antonio and New Orleans. Media pitching will continue to mid-sized markets in Texas and Louisiana, since Texas' largest markets for leisure travel are within 350 miles of Houston.

Plans for the next two years include:

- Development of a national promotional campaign plan in 2015-2016
- Maximized exposure for Super Bowl LI in 2017, working with the Host Committee to coordinate media planning and media relations for the big game throughout 2016
- Increase the social media following for both VisitHouston and MyGayHouston
- Improvement of state advertising for the Houston region in 2016



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