

AGENDA

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE MEETING

September 5, 2023 – 1:30 P.M.

**George R. Brown Convention Center, 3rd Floor Executive Board Room
1001 Avenida de las Americas
Houston, Texas 77010**

HOTEL COMMITTEE MEMBERS:

Nicki Keenan (Chair), Ryan Martin (Vice-Chair), George DeMontrond, David Mincberg, Paul Puente

In accordance with the Texas Open Meetings Act, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting on the bulletin board located on the exterior wall of the Houston City Hall building, located at 901 Bagby. The Agenda is also available online at <https://www.houstonfirst.com>.

To reserve time to appear, come to the meeting at least ten minutes prior to the scheduled public session shown on the Agenda.

Any questions regarding this Agenda, or requests for special needs assistance, should be directed to Lisa K. Hargrove, General Counsel, by phone at 713.853.8965 or by email at Lisa.Hargrove@houstonfirst.com

- I. Call to Order**
- II. Public Comments**
- III. Minutes – June 29, 2023**
- IV. Committee Business**
 - A. Consideration and possible recommendation of additional funding for the Hilton Americas-Houston Hotel Roof Project with Chamberlin Houston, LLC.
- V. Adjourn**

III. Minutes – June 29, 2023

MINUTES

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE MEETING

June 29, 2023 – 2:00 P.M.

**George R. Brown Convention Center, 3rd Floor Executive Board Room
1001 Avenida de las Americas
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., held a meeting at the George R. Brown Convention Center (GRB), 1001 Avenida de las Americas, 3rd Floor Executive Board Room, Houston, Harris County, Texas 77010 on Thursday, June 29th, 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), David Minberg, and George DeMontrond.

- I. **Call to Order.** The Committee Chair called the meeting to order at 2:04 p.m. and a quorum was established.
- II. **Public Comments.** None
- III. **Review and approval of minutes from prior meeting.** Following a duly seconded motion, the February 14th, 2023, minutes were approved as presented.
- IV. **Presentations, Reports, and Updates.**
 - A. **Hilton-Americas-Houston General Manager Report**

Jacques D’Rovencourt, General Manager for the Hilton Americas-Houston Hotel (“Hilton”), reported that 2023 was turning out to be a successful financial performance comeback year with several areas exceeding expectations. Nevertheless, Mr. D’Rovencourt clarified that the Hilton had a few areas falling short, but he highlighted that the laggards were net positive. According to Mr. D’Rovencourt, in December 2022, the Hilton was awarded an unbudgeted Delta Airlines contract representing approximately 16,000 permanent room nights for 2023, mitigating its decreased variance in transient room nights for 2023. He added that growth in group room nights would also reduce the Hilton’s variance.

Mr. D’Rovencourt emphasized that most groups during 2023 had met or exceeded expectations and that several groups contributed to good catering. He also reported that the Hilton expected to exceed budgeted group room nights for 2023.

According to Mr. D'Rovencourt, a few visiting groups to the Hilton failed to meet their contracted performance resulting in over \$1 million in attrition, primarily collected from one group in February 2023.

Mr. D'Rovencourt disclosed that 2023 parking revenues were negative due to the decline in transient room nights.

Hilton had its highest recorded revenue month in March 2023, partly because of CERAWEEK, the world's premier energy conference. He added that the Hilton expected July 2023 to have one of the highest recorded group room nights, with 20,000 reserved.

Mr. D'Rovencourt updated Committee Members on phase two of the Hilton's roof project, which included improvements to the 8th, 18th, 20th, and 25th floors. He stated that the project was progressing and explained how Robert Tai of Gensler created drawings for FM Global's approval and crafted a projected timeline for work.

According to Mr. D'Rovencourt, Hilton's recruitment and staffing improved compared to 2022 and early 2023.

Hilton Worldwide partnered with Forbes in early 2023 to conduct a hotel-wide customer service refresher resulting in the Hilton scoring some of the highest service scores amongst various Hilton properties and other Houston hotels.

Mr. D'Rovencourt provided a performance update for May 2023's YTD Actual versus May 2023's YTD Budget with a variance. He explained that Hilton had an Actual versus Budget of \$4.5 million in total revenues, \$1.5 million in total expenses, and \$3 million in net income. Hilton's 2023 Forecast versus the 2023 Budget yielded \$4.4 million in total revenues, \$1.5 million in total expenses, and \$3 million in net income. Hilton's Total Year 2023 Forecast versus the Total Year 2019 Budget had a variance of \$10.5 million in total revenues, \$261,000 in total expenses, and \$10.4 million in net income.

Cynthia Mondragon, Director of Revenue Management for the Hilton, reported on the Smith Travel Research for May 2023's Year-to-Date versus Comp Set. She stated the Occupancy Index was 107.5%, and the RevPAR Index was 105.2 compared to 101 in 2022. Ms. Mondragon added that the Hilton maintained its year-to-date RPI rank of three of seven.

Jason Monroe, Director of Sales for the Hilton, reported that definite business for the third quarter of 2023 demonstrated positive numbers for July 2023. He added that Hilton expected two groups with over 6,500 room nights and two others with just over 3,200 room nights. Hilton expected to host several groups, with the two largest groups booking 3,600 and 2,300 room nights during August 2023. Similarly, Mr. Monroe stated that the Hilton expected three groups, each booking more than 2,000 room nights during September 2023.

Mr. Monroe emphasized that Hilton's fourth quarter looked solid. He then noted that the Hilton expected six events with over 14,000 room nights in October 2023, five with over 6,000 room nights in November 2023, and three with just over 3,600 room nights in December 2023.

According to Mr. Monroe, as of June 23rd, 2023, the Hilton had 157,518 Group Rooms scheduled, which would be 18% higher than in 2022. He also reported that the Hilton expected 106,681 Group Rooms for 2024, 55,297 Group Rooms for 2025, and 46,552 Group Rooms for 2026.

Ms. Mondragon emphasized the Hilton's continued marketing and media efforts, like its use of social media, partnerships, traditional media, brand.com, and OTA. She also highlighted a Houston Life TV segment focused on Comicpalooza and Pride Month.

B. Hilton-Americas-Houston Commercial Service and Culture Report

Deanne Kelly, Hotel Manager for the Hilton, reported on Service Scores for May YTD 2023. Ms. Kelly explained that Hilton's "overall experience" for May 2023 was 73.1, and YTD was 72.4, seven points better than in 2022. She noted "overall service" was 79.5 for May 2023 and 78.2 YTD, almost eight points better than in 2022. According to Ms. Kelly, "cleanliness of guest rooms" was 82.8 for May 2023 and 80.4 YTD, nearly six points better than in 2022. Ms. Kelly also noted that "feeling welcomed" was 93 for May 2023 and 92 YTD, almost two points higher than in 2022. She concluded that Hilton's reputation index was 74.6%, four points higher than its next competitor.

Ms. Kelly announced that the Hilton received the Award of Excellence again, making it eleven years in a row that the Hilton was honored with the award.

V. Adjourn. The meeting adjourned at 3:01 p.m.

IV. (A) Consideration and possible recommendation of additional funding for the Hilton Americas-Houston Hotel Roof Project with Chamberlin Houston, LLC

Consideration and possible approval of additional funding for the Hilton Americas-Houston Hotel Roof Project with Chamberlin Houston, LLC.

BACKGROUND – CONTINUED ROOF PROJECT:

Previously, Affiliated FM Insurance Company (AFM”), the property insurer for the Hilton Americas-Hotel (the “Hotel”), determined that multiple floors of the Hotel required roof renovations. Therefore, AFM agreed to provide property coverage with a five percent deductible till the Hotel completed its roofing improvements. Then, it would reduce the Hotel’s property deductible to three percent. Houston First Corporation (“HFC”) and Hotel Management determined that the prudent course of action was to comply with AFM’s roofing request.

In April 2022, HFC and Hotel Management brought a roofing project specifically for the 6th-floor ballroom roof, which was approved. Chamber Houston LLC was selected for the work, which commenced soon after. To date, Chamberlain completed the 6th-floor ballroom roof project.

In February 2023, HFC and Hotel Management brought the roof project before HFC’s Hotel Committee and Board of Directors, which approved additional design services with Gensler and approved the issuance of a new job order for Chamberlain Houston, LLC (“Chamberlain”) for the remainder of the roofs in an amount not to exceed \$2,020,000.00 (inclusive of a contingency).

After completing uplift testing during work, it was determined that a roof overlay would not remedy AFM’s Hotel roof concerns; therefore, the rest of the Hilton’s roofs would need to be corrected differently than initially planned. HFC and Hilton Management evaluated their options and concluded that the Hotel’s best roofing option would be to replace the existing roof, which would require additional funding.

NEW FUNDING – FUNDING REPLACEMENT OF REMAINING HILTON ROOFS:

For 2023, the Hotel budgeted for the completion of the roof overlay project to include both the completion of the design work by Gensler and the issuance of a new job order to Chamberlain for the actual work itself. With the additional funding, Chamberlin will be responsible for furnishing all labor, materials, equipment, services, insurance, and project supervision. Specifically, the project will consist of a multi-phase roof and curtainwall renovation. The additional roofing project funding will include a 10% contingency for a total project cost of \$2,701,662.00.

The Diversity Goal for Chamberlin’s work at the Hotel remains at 25%.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions based upon the above parameters; and,

RESOLVED, that the Board of Directors of HFC hereby approves and authorizes additional funding of \$2,701,662.00 for the Hotel’s roof project for Chamberlin to be used in accordance with the above parameters, together with such conditions or modifications that are approved by the President and CEO, as he may determine to be in the best interest of HFC.

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE MEETING

Buffalo Bayou Cistern
RICE MILITARY / WASHINGTON AVE.

EXECUTIVE BOARD ROOM
George R. Brown Convention Center
Tuesday, September 5, 2023
1:30 p.m.

PUBLIC COMMENTS

Anyone who wishes to address the Committee during the Public Comment session may do so by signing up on the Public Comment sign-in sheet at the front of the room.

HFC HOTEL COMMITTEE MEETING
September 5, 2023



MINUTES

June 29, 2023

HFC HOTEL COMMITTEE MEETING

September 5, 2023

HOUSTON FIRST COMMITTEE BUSINESS

- A. Consideration and possible recommendation of additional funding for the Hilton Americas-Houston Hotel Roof Project with Chamberlin Houston, LLC.

PRESENTERS

ROKSAN OKAN-VICK

Urban Development Officer

JACQUES D'ROVENCOURT

General Manager – Hilton Americas-Houston Hotel

HFC HOTEL COMMITTEE MEETING

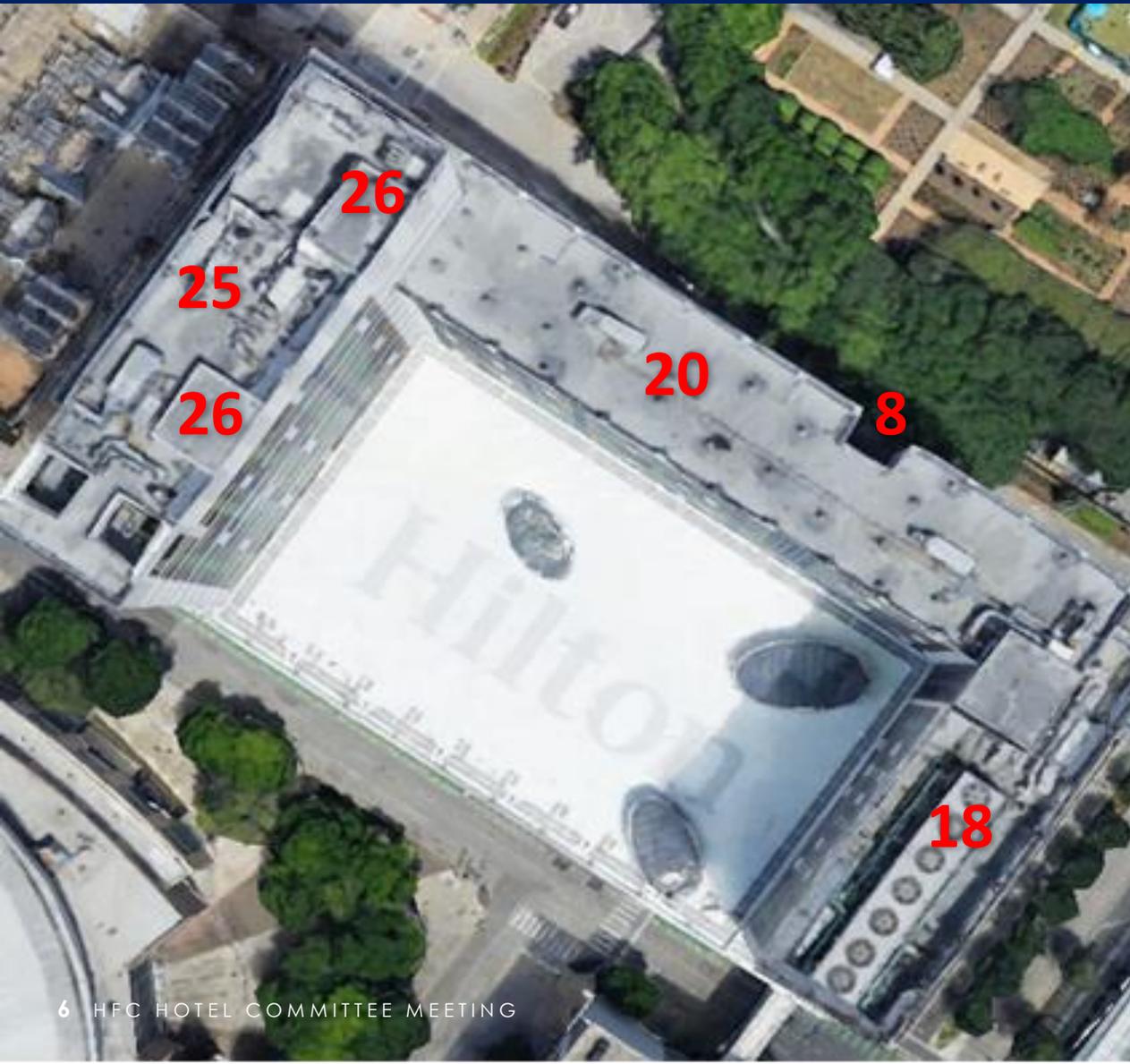
September 5, 2023

HILTON ROOF REPLACEMENT PROJECT



- Hilton 6th Floor Roof was completed as an overlay project.
- Per FM Global requirements, the remaining roofs were tested for wind uplift.
- **88%** of the roof membranes failed.
- As a result, FM Global requires full replacement, in lieu of an overlay.
- Schedule: **Aug. 28, 2023 - Mar. 1, 2024**
- Insurance renewal: **May 1, 2024**

HILTON ROOF REPLACEMENT PROJECT



Proposal for Roof Replacement	\$4,476,056
February 2023 Board Resolution	(\$2,020,000)
Additional Funding for Replacement	\$2,456,056
10% Contingency	\$245,606
Current Request	\$2,701,662

- Requesting additional funding to the Hilton CY23 budget for the remaining outstanding costs.

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