

# AGENDA

## HOUSTON FIRST CORPORATION

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**BENEFITS, COMPENSATION, AND FINANCE COMMITTEE**

**November 16, 2021 – 10:00 A.M.**

**Partnership Tower, 701 Avenida de las Americas, Ste. 200**

**Houston, Texas 77010**

**HOUSTON FIRST BOARD ROOM**

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**COMMITTEE MEMBERS:**

Alex Brennan-Martin (Chair), Jay Zeidman (Vice-Chair), Sofia Adrogué, John Johnson, Mayor Pro-Tem Dave Martin, Ryan Martin, David Mincberg

*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 at either 713.853.8965 or [Lisa.Hargrove@houstonfirst.com](mailto:Lisa.Hargrove@houstonfirst.com)*

- I. Call to Order**
- II. Public Comments**
- III. Minutes – September 21, 2021**
- IV. Committee Business**
  - A. Consideration and possible recommendation of the annual election of Officers pursuant to the Houston First Corporation Bylaws.
    - i. Michael Heckman, President & CEO
    - ii. Frank Wilson, Treasurer
    - iii. Lisa Hargrove, Secretary
    - iv. Frank Wilson, Investment Officer
  - B. Consideration and possible recommendation of the Houston First Corporation 2022 Budget.
- V. Adjourn**

**III. Minutes – September 21, 2021**

# MINUTES

## HOUSTON FIRST CORPORATION

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**BENEFITS, COMPENSATION, AND FINANCE COMMITTEE**  
**September 21, 2021 – 8:30 A.M.**  
**Partnership Tower, 701 Avenida de las Americas, Ste. 200**  
**Houston, Texas 77010**  
**HFC Board Room**

*The Benefits, Compensation, and Finance 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, September 21, 2021 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: Alex Brennan-Martin (Chair), Jay Zeidman (Vice Chair), Sofia Adrogué, John Johnson, Ryan Martin, and Mayor Pro-Tem Dave Martin.*

The Committee Chair called the meeting to order at 8:34 a.m. and a quorum was established.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of August 18, 2021 were approved as presented.

Sofia Adrogué and Mayor Pro-Tem Dave Martin arrived late and did not participate in the vote.

3. **Committee Business.**

- A. **Consideration and possible recommendation of the Houston First 2020 Annual Financial Audit.**

HFC Chief Financial Officer, Frank Wilson, introduced, HFC Controller, Stephany Bland, and HFC Assistant Controller, Karen Tang, as members of the Finance team responsible for overseeing the HFC 2020 annual audit.

Ms. Tang then provided a brief overview of HFC’s 2020 financials. She then introduced Joel Perez of RSM US LLP to discuss the results of the audit.

Mr. Perez thanked the HFC Finance team for their assistance in completing the audit. He then introduced several members of the RSM audit team before proceeding with his report. Mr. Perez began with a discussion of the goals and

objectives of the audit and his role as auditor. He also informed the Committee that the audit does not include looking at every transaction, but rather the financial components and risk associated with them. He then provided several highlights related to HFC's 2020 financials. Mr. Perez stated that RSM issued an unmodified opinion and the results reflect no material misstatements or deficiencies in internal controls by HFC. He further explained that the audit process was more challenging this year due to the early adoption of new accounting policies related to GASB No. 87. Mr. Perez then introduced Margie Oyedepo to provide the required communications as part of the audit process.

Ms. Oyedepo also thanked the HFC Finance team for their help throughout the audit process. She then discussed all required communications. She stated that there were no unusual transactions and no audit adjustments. There were also no uncorrected misstatements or disagreements with management and the overall audit was consistent with last years' results.

Stephen Yoe of Yoe CPA, LLC then discussed his role as a diverse partner working with RSM. Mr. Yoe thanked HFC for the opportunity to participate in the audit engagement. Mr. Yoe explained that he worked side by side with the RSM team, who provided him with two new laptops to complete several key components of the audit. He concluded his remarks by stating that his experience has been rewarding both financially and professionally because it has prepared his firm for more complex accounting efforts.

Mayor Pro-Tem Martin stated that the audit includes great historical information on the relationship between HFC and the City of Houston (City).

Alex Brennan-Martin thanked all those involved with the audit process and congratulated the team on a job well done.

The Committee had further discussion regarding the audit results.

Following a motion duly second, a recommendation of the Houston First Corporation 2020 Annual Financial Audit was approved unanimously.

B. *Consideration and possible recommendation of an Insurance Brokerage and Risk Management Services Agreement between Houston First Corporation and Arthur J. Gallagher Risk Management Services, Inc.*

Frank Wilson discussed the solicitation process for an experienced insurance broker. He stated that HFC received three proposals and the incumbent firm, Arthur J. Gallagher Risk Management Services, Inc., received the highest score.

Mayor Pro-Tem Martin discussed the nature of insurance and bidding on a product you do not yet have.

HFC General Counsel, Lisa Hargrove, explained that the solicitation is governed by Texas law and will only allow HFC to accept a flat fee so a number of firms did not participate in the solicitation because they are not allowed to accept commissions or limit the number of hours worked on a monthly basis. She also stated that the current representative from Gallagher, Mike Kessler, has been a

great person to work with and is extremely responsive to requests of HFC management.

HFC Diversity Specialist Manager, Roger Harris, discussed the diversity goal under the contract and explained that he increased the previous goal of 33% to 35%.

Following a motion duly seconded, a recommendation of the Insurance Brokerage and Risk Management Services Agreement between Houston First Corporation and Arthur J. Gallagher Risk Management Services, Inc. was approved unanimously.

- C. Consideration and possible recommendation of actions necessary to effectuate the transfer of employees from Convention & Cultural Services, Inc. (CCSI) to Houston First Corporation effective January 1, 2022, including, but not limited to, (i) approval of a notice of termination of the existing Services Agreement between CCSI and Houston First; (ii) transfer of sponsorship to, and the assumption by, Houston First of each employee benefit plan, program, policy or arrangement sponsored by CCSI (other than the CCSI 401(k) Plan) as well as any trust agreements, insurance plans and all service agreements related to such plans, or provided on, or on behalf of, the employees or CCSI, that are applicable to such transfer; and (iii) establishment of a deferred compensation 457(b) Plan for certain eligible employees as well as approving an agreement to administer the 457(b) Plan.

HFC President & CEO, Michael Heckman, provided a brief overview of the ongoing litigation between the City and the Houston Municipal Employee Pension System (HMEPS). The Texas Supreme Court ruled that Convention & Cultural Services Inc. (CCSI) employees are members of the pension system, but it is unclear when the matter will be settled between the City and HMEPS and the amount due, if any, is assessed. Mr. Heckman stated that HFC is in communication with the City and the City Attorney and has requested several months' notice to complete the administrative steps necessary to effectuate the transfer of all CCSI employees to HFC, effective January 1, 2022. Mr. Heckman also explained that HFC Vice President of Public Affairs, Jonathan Newport, will host meetings with staff to effectively communicate the transition and answer any questions regarding employee benefits.

Lisa Hargrove then went into further detail of the administrative steps necessary to effectuate the transfer of all employees to HFC.

John Johnson encouraged management to be mindful of communications with staff and the use of the word "termination."

Mr. Heckman stated that he is very sensitive to the challenges faced by HFC staff and wants to address any rumors or gossip regarding the transition.

Sofia Adrogué stated that the employee meetings could also be a good opportunity for team building.

There was further discussion among the Committee regarding employee communications and professional financial resources as needed.

Following a motion duly seconded, the Committee recommended the actions necessary to effectuate the transfer of employees from Convention & Cultural Services, Inc. (CCSI) to Houston First Corporation effective January 1, 2022, including, but not limited to, (i) approval of a notice of termination of the existing Services Agreement between CCSI and Houston First; (ii) transfer of sponsorship to, and the assumption by, Houston First of each employee benefit plan, program, policy or arrangement sponsored by CCSI (other than the CCSI 401(k) Plan) as well as any trust agreements, insurance plans and all service agreements related to such plans, or provided on, or on behalf of, the employees or CCSI, that are applicable to such transfer; and (iii) establishment of a deferred compensation 457(b) Plan for certain eligible employees as well as approving an agreement to administer the 457(b) Plan unanimously.

#### 4. **Presentations and Reports.**

- A. **Five-Year Financial Forecast.** Frank Wilson provided a brief presentation that began with a discussion of HFC revenues and expenses through August 2021. He then provided the historical trend for hotel occupancy taxes (HOT) based on information provided by Dr. Bill Gilmer of the University of Houston. He then asked HFC Vice President of Business Intelligence and Market Strategy, Cindy Decker, to discuss hotel trends.

Ms. Decker stated that hotels have seen a steady increase in occupancy and ADR and occupancy levels in the downtown market are consistently over 50%. According to Ms. Decker, Houston is now top five in RevPar and has also seen the most increase in supply. With regard to business travel, Houston previously ran at 30% and is currently trending between 10% and 12%, but Ms. Decker is optimistic there will be continued improvement.

Mr. Wilson then continued with his report and a discussion of the HOT forecast over the next five years. He also briefly discussed the budget process and priorities for 2022.

The Committee discussed the positive outlook for HOT over time.

5. **Adjournment.** The meeting was adjourned at 10:07 a.m.

**IV. (A) Consideration and possible recommendation of the annual election of Officers pursuant to the Houston First Corporation Bylaws.**

- i. Michael Heckman, President & CEO**
- ii. Frank Wilson, Treasurer**
- iii. Lisa Hargrove, Secretary**
- iv. Frank Wilson, Investment Officer**

**Consideration and possible recommendation of the annual election of Officers pursuant to the Houston First Corporation Bylaws.**

**RESOLVED**, that the Benefits, Compensation, and Finance Committee of Houston First Corporation hereby recommends the following Officers:

- i. Michael Heckman, President & CEO
- ii. Frank Wilson, Treasurer
- iii. Lisa Hargrove, Secretary
- iv. Frank Wilson, Investment Officer



**IV. (B) Consideration and possible recommendation of the Houston  
First Corporation 2022 Budget.**

**Consideration and possible approval of the Houston First Corporation 2022 Budget.**

**RESOLVED**, that the Benefits, Compensation, and Finance Committee of Houston First Corporation hereby recommends the Houston First Corporation 2022 Budget.

Houstonfirst<sup>SM</sup>

HOUSTON FIRST CORPORATION

# BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

A photograph of a person walking a dog on a paved path in a park. The person is silhouetted against the bright sunlight. The path curves through a green lawn with scattered red leaves. In the background, a city skyline with several tall buildings is visible under a clear sky. The sun is low in the sky, creating a warm, golden light.

**HFC Board Room**  
**Partnership Tower**  
Tuesday, November 16, 2021  
10:00 a.m.



# PUBLIC COMMENTS

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Anyone who wishes to address the committee during the Public Comment session may do so by signing up on the Public Comment registration form at the front of the room.

**HFC BENEFITS, COMPENSATION, AND FINANCE  
COMMITTEE MEETING**

November 16, 2021





# MINUTES

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September 21, 2021

**HFC BENEFITS, COMPENSATION, AND FINANCE  
COMMITTEE MEETING**

November 16, 2021





# COMMITTEE BUSINESS

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**A.** *Consideration and possible recommendation of the annual election of Officers pursuant to the Houston First Corporation Bylaws.*

- i. Michael Heckman, President & CEO*
- ii. Frank Wilson, Treasurer*
- iii. Lisa Hargrove, Secretary*
- iv. Frank Wilson, Investment Officer*

**HFC BENEFITS, COMPENSATION, AND FINANCE  
COMMITTEE MEETING**

November 16, 2021





# COMMITTEE BUSINESS

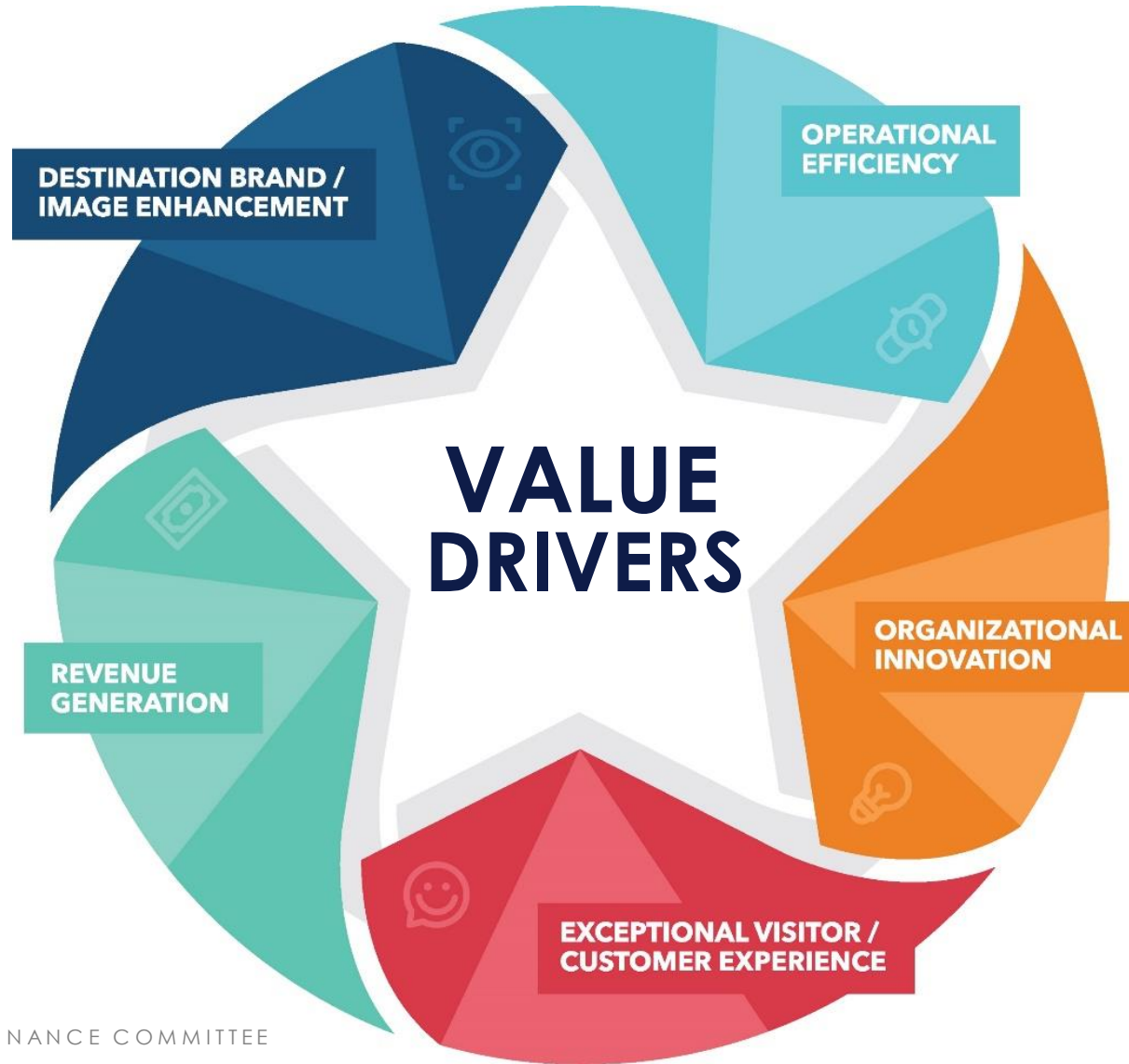
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- B. Consideration and possible recommendation of the Houston First Corporation 2022 Budget.*

**HFC BENEFITS, COMPENSATION, AND FINANCE  
COMMITTEE MEETING**

November 16, 2021

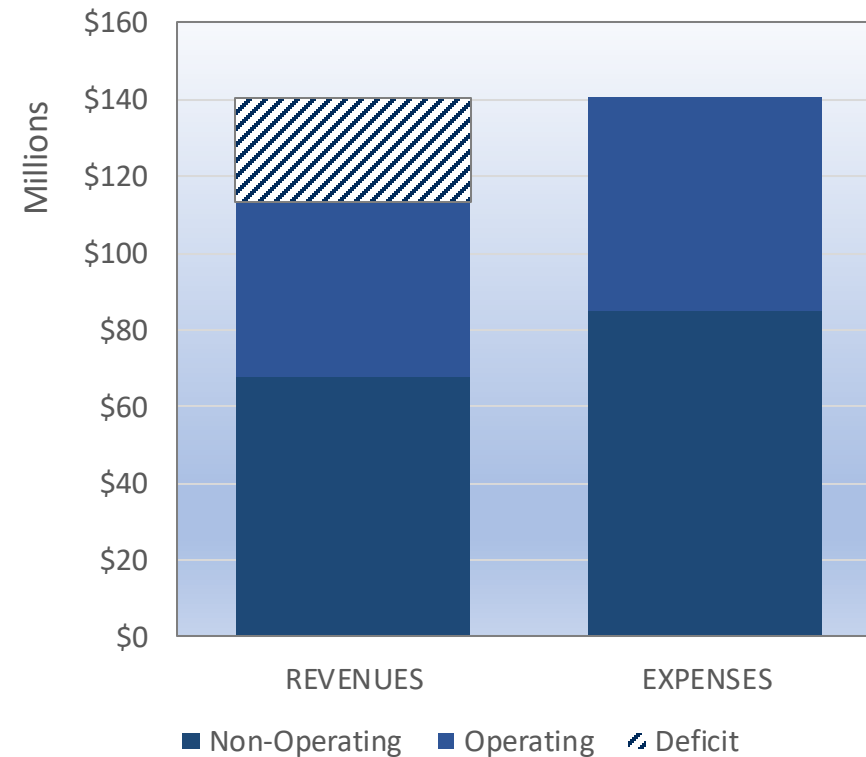
# CORE OF VALUE CREATION





# CY 2021 BUDGET FORECAST

- **Total Revenues forecast to be \$113 M**, including \$7.2 M of Contributions for LWS and \$4.2 M of FEMA reimbursements
- Operating Expenses forecast to be \$55.7 M and Non-Operating Expenses of \$84.9 M, for **Total Expenses of \$140.5 M**
- Forecast to finish year with **(\$27.4 M) deficit**
- Reduced deficit due to **City loan of \$10 M, \$4.6 M of forgivable PPP loans, refinancing of bonds** (saving \$4.9 M) and **significant expense reductions**
- In addition to bond refinancing for savings, also refinanced the \$125 M loan on HAH with favorable terms through 2026.



# CY 2021 BUDGET FORECAST

(\$ in millions)

	2021 Budget	2021 Forecast	CHANGE
<i>Operating Revenue</i>	\$40.4	\$45.5	\$5.1
<i>Non-Operating Revenue</i>	68.6	67.6	-1.0
<b>TOTAL REVENUE</b>	<b>\$109.0</b>	<b>\$113.1</b>	<b>\$4.1</b>
<i>Operating Expense</i>	\$66.9	\$55.7	-\$11.2
<i>Non-Operating Expense</i>	97.4	84.8	-12.5
<b>TOTAL EXPENSE</b>	<b>\$164.3</b>	<b>\$140.5</b>	<b>(\$23.7)</b>
<b>REVENUE IN EXCESS OF EXPENSE</b>	<b>(\$55.3)</b>	<b>(\$27.4)</b>	<b>\$27.9</b>

# FACTORS INFLUENCING CY 2021 BUDGET FORECAST

- **Hilton Americas Revised 2021 Budget** providing \$12.3 M versus \$1.2 M in Net Cash – based on stronger than budgeted recovery of catering and in-the-year-for-year-sales.
- **\$10 M loan from COH** (2<sup>nd</sup> half of \$20 M total)
- **\$6 M subordinated note** borrowing
- **\$2 M PPP Forgivable Loan** (2<sup>nd</sup> draw) for CCSI
- **\$2.6 M PPP Forgivable Loan** for Houston First Holdings (Hilton-Americas)
- **\$2.2 M SVOG** provide relief for the Theater District in funding personnel, capital, insurance, and supplies
- **Strong management of expenses and cash management** in face of reduced revenues due to meeting cancelations in first half of year
- **Dr. Seuss Experience** in the GRB for 3 months generating \$ 442 K in revenue.
- **\$2.25 M:** amount by which **Convention District Parking forecast to outperform budget** due to consumer shows in Q1 and Q2



# 2022 PRIORITIES



- Launch of unified brand campaign
- Accelerate promotion of Houston as an attractive location for TV and Film projects
- Increase investment in Mexican market to return Houston as the top destination for Mexican travelers by 2023
- Celebrate grand opening of Lynn Wyatt Square for the Performing Arts
- Aggressively refill convention sales pipeline for future years
- Use intelligent analytics to identify high-value sales prospects
- Live event programming at Avenida Houston and Wyatt Square

# 2022 PRIORITIES



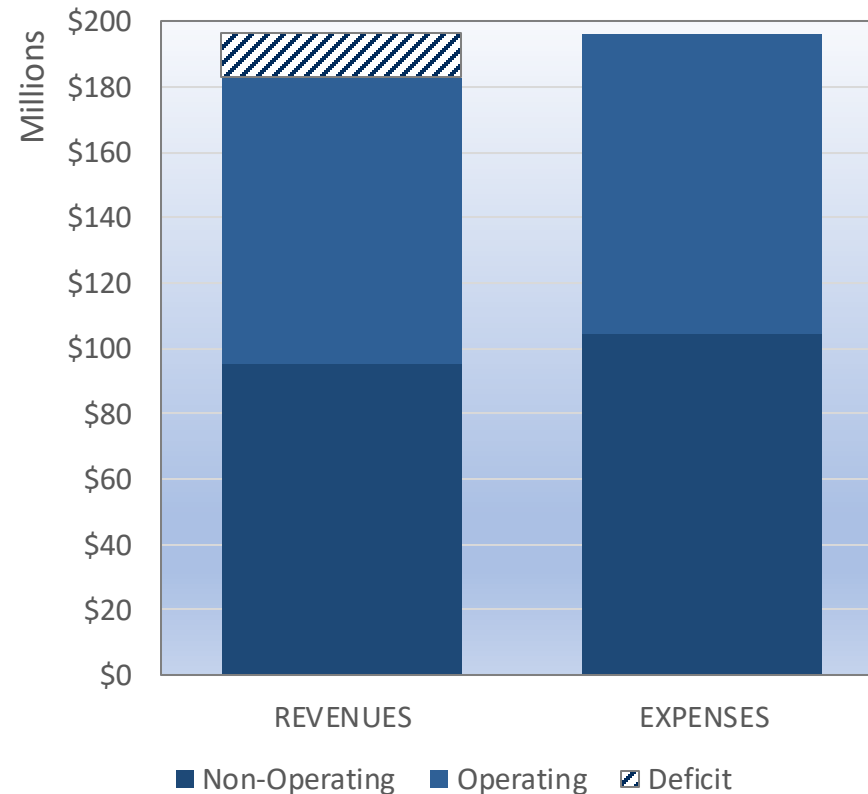
- Initiate a rapid and sustained recovery for travel from Europe and Asia by Q3
- Develop & launch B2B & B2C annual events
- Promote Houston as a leisure destination through an integrated, omni-channel marketing approach
- Collaborate with surrounding-area DMOs for co-op marketing that stretch dollars and benefit the region



# PROPOSED CY 2022 BUDGET

## RETURN TO “NORMAL”

- **Total Revenues for CY 2022: \$183.2 M**
- **Total Expenses for CY 2022 are \$196.5 M**
- Budget includes **-\$13.3 M deficit** largely due to lingering COVID impacts on business travel and HOT revenues
- Assumptions:
  - COVID variants do not deter return to in-person meetings
  - Business travel and hotel stays return
  - Downtown office workers return to in-person work downtown and resume parking in TD garage
  - 49% recovery of HOT to \$83.6 M
  - 150% recovery of Hilton EBIDTA to \$30 M
  - 200% recovery of F & B Revenue to \$21 M
  - 54% recovery of Parking Revenue to \$17 M



# PROPOSED CY 2022 BUDGET HIGHLIGHTS

(\$ in millions)

	2021 Forecast Budget	2022 Proposed Budget	CHANGE
<i>Operating Revenue</i>	\$45.5	\$88.0	\$42.5
<i>Non-Operating Revenue</i>	67.6	95.2	27.6
<b>TOTAL REVENUE</b>	<b>\$113.1</b>	<b>\$183.2</b>	<b>\$70.1</b>
<i>Operating Expense</i>	\$55.7	\$92.0	\$36.3
<i>Non-Operating Expense*</i>	84.9	104.5	19.6
<b>TOTAL EXPENSE</b>	<b>\$140.6</b>	<b>\$196.5</b>	<b>\$55.9</b>
<b>REVENUE IN EXCESS OF EXPENSE</b>	<b>(\$27.5)</b>	<b>(\$13.3)</b>	<b>\$14.2</b>

\*Includes \$66.5 M in debt service, \$15 M to HAA, \$3.4 M contributions to City and other stakeholders.

# PROPOSED CY 2022 BUDGET

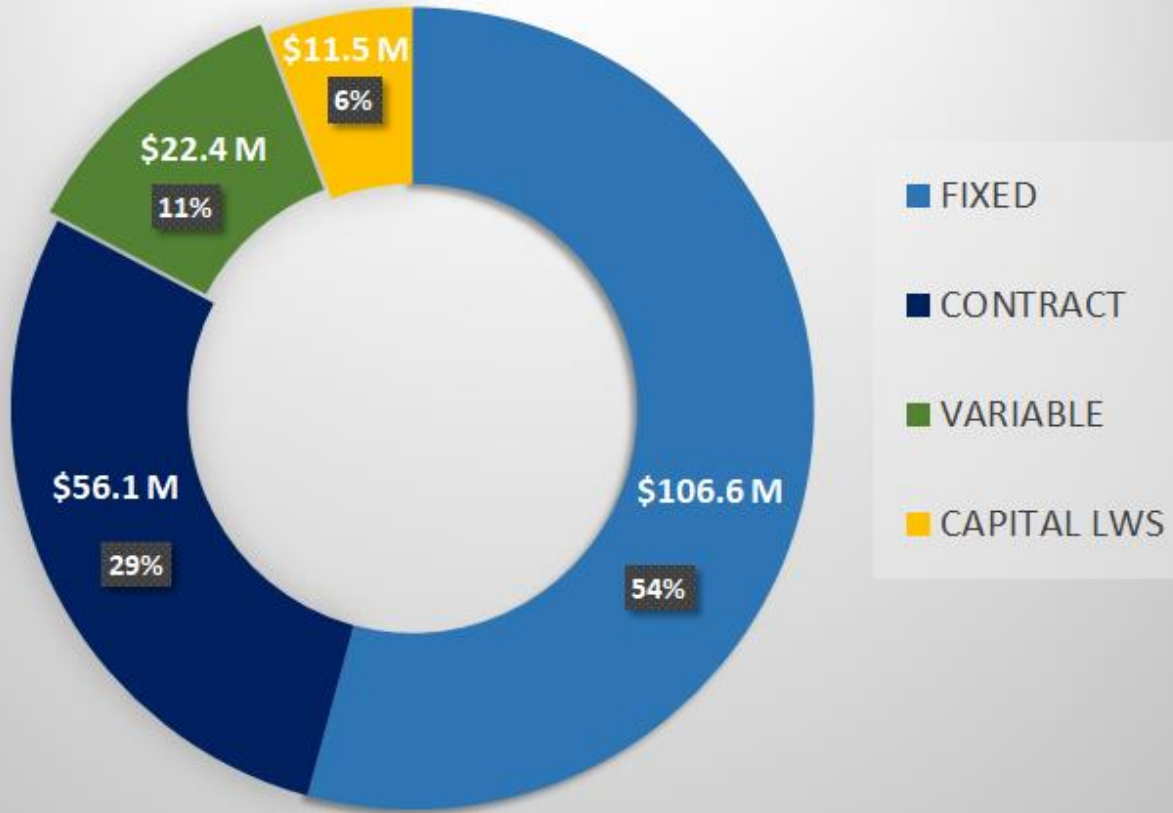
## How We Address Budget Deficit

- \$20 M subordinated note program issuance (to fund \$13 M deficit and \$14.8 M of capital) – if necessary. After \$20 M use of sub note program, \$78 M should be available if needed
- \$8 M of organic and non-organic revenue growth not-budgeted
- Stimulus funding from COH
- Goal: finish 2022 with \$20 M in emergency cash reserves



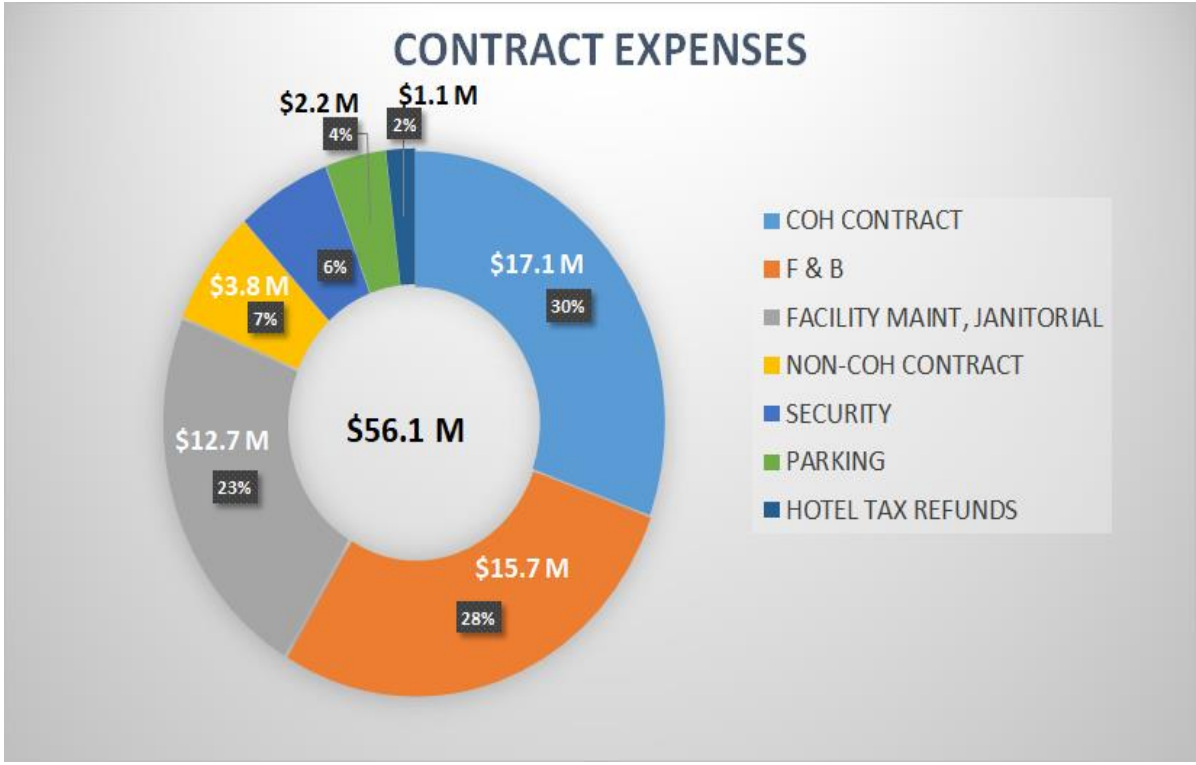
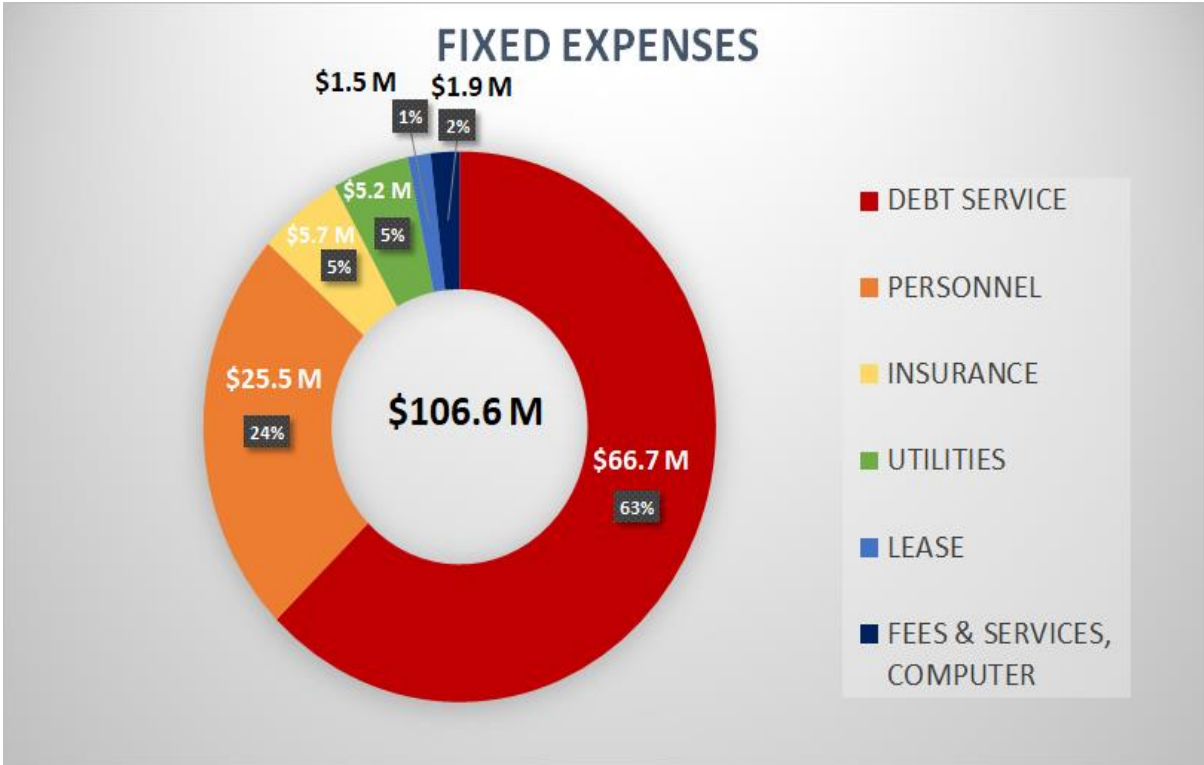
# PROPOSED CY 2022 BUDGET HIGHLIGHTS

CY 2022 BUDGET EXPENSE SEGMENTS

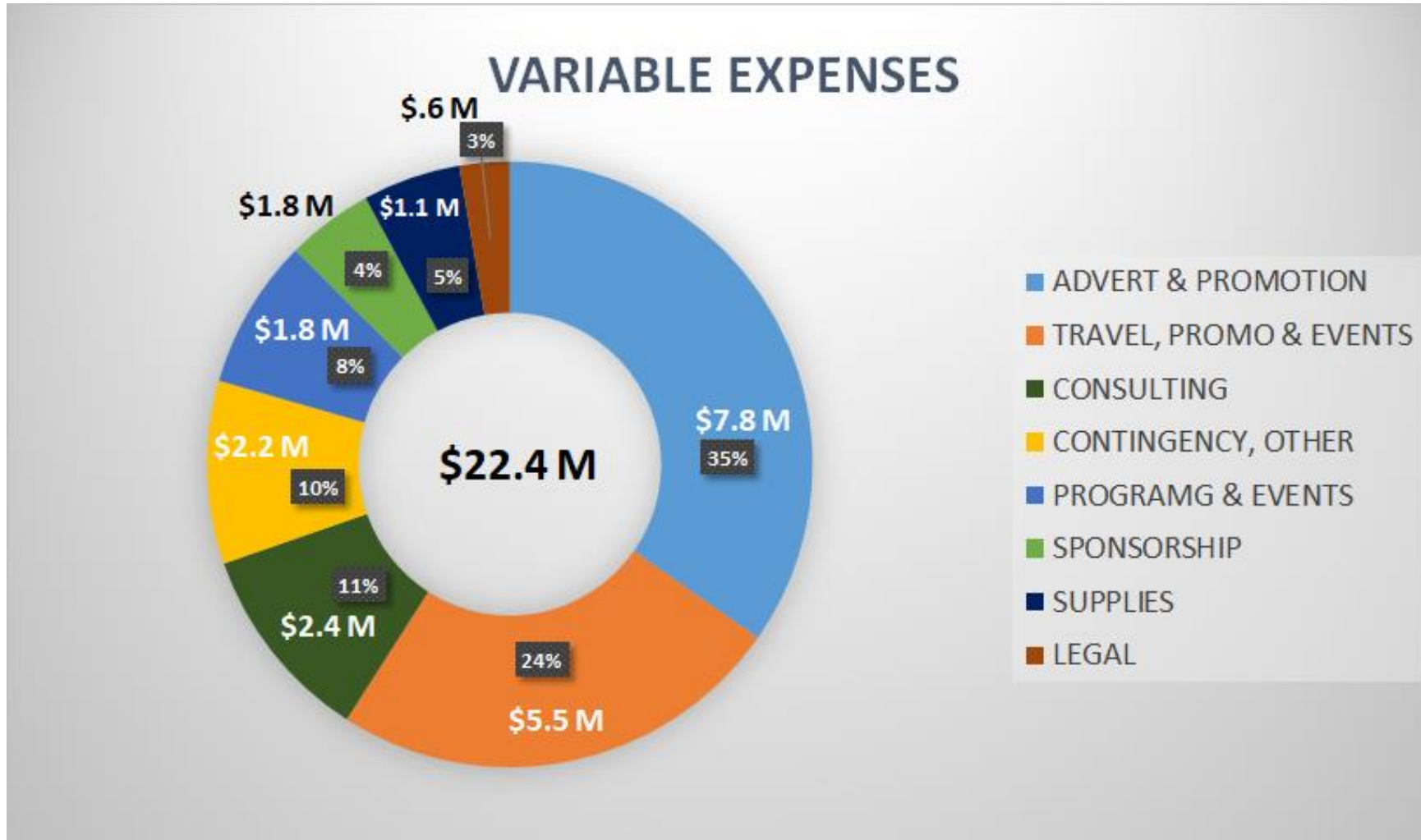


	2022 BUDGET	%
Variable	\$ 22,425,088	11.4%
Contract	56,075,645	28.5%
Cap LWS	11,471,000	5.8%
Fixed	106,575,689	54.2%
TOTAL	\$ 196,547,422	100%

# PROPOSED CY 2022 BUDGET HIGHLIGHTS



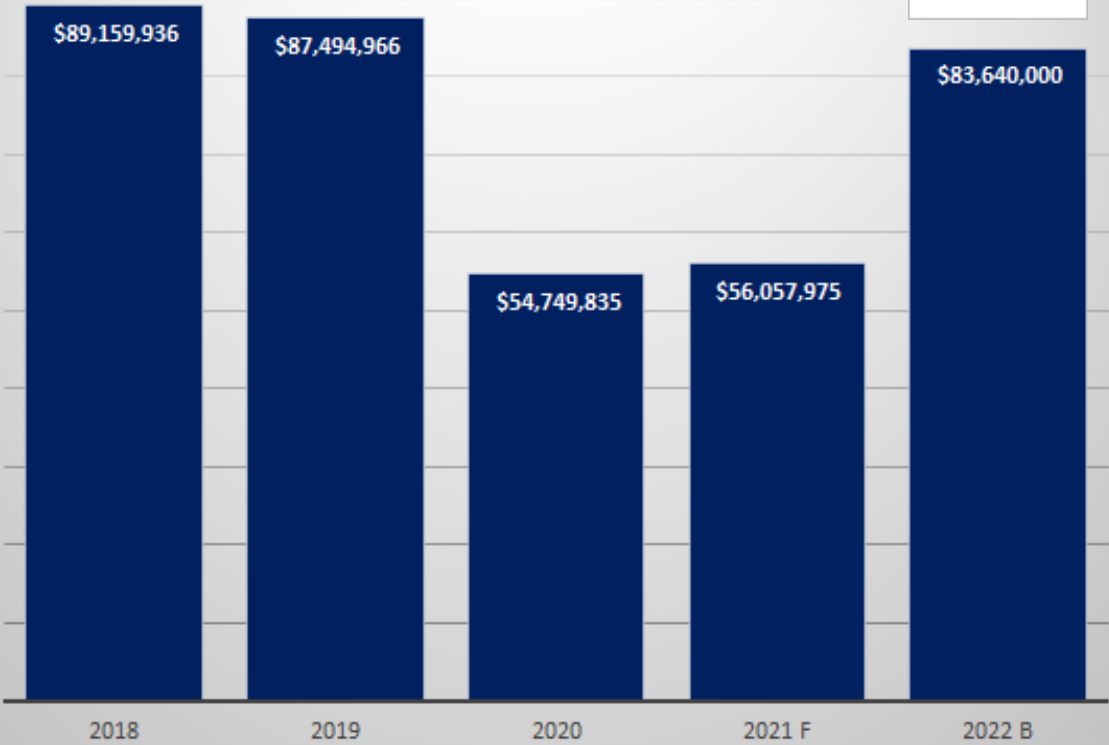
# PROPOSED CY 2022 BUDGET HIGHLIGHTS



# MAJOR REVENUE TRENDS

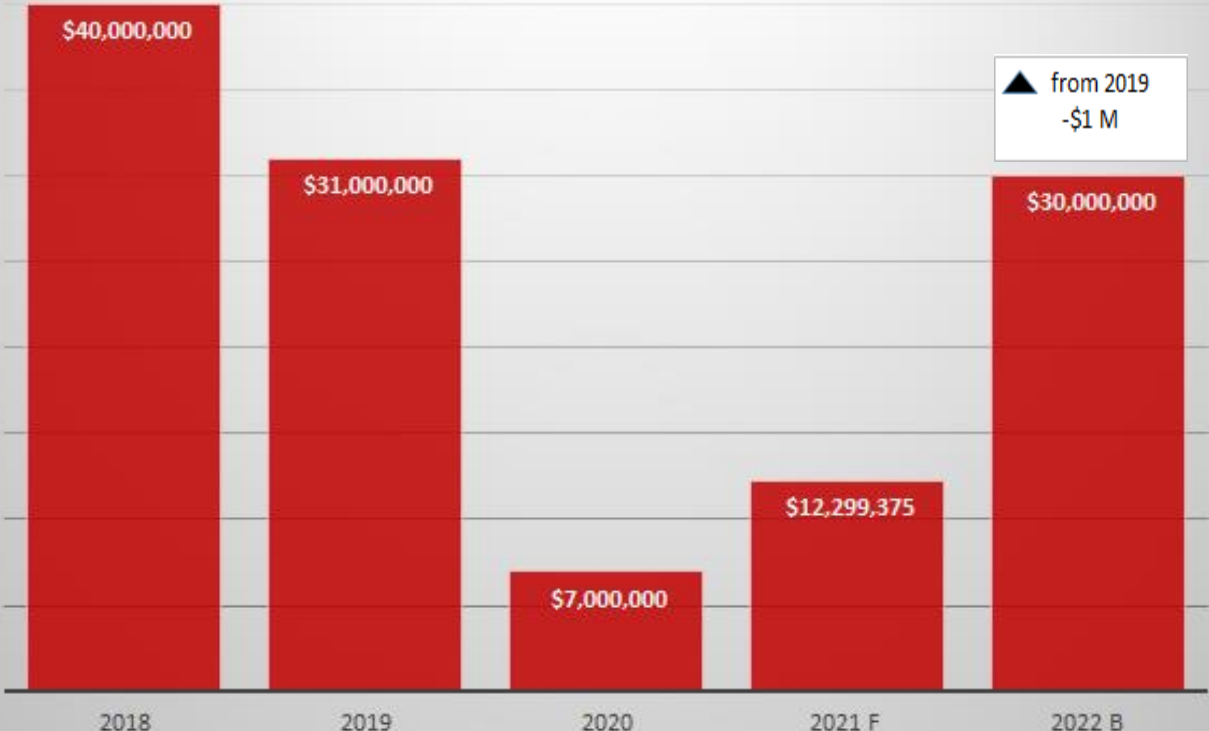
### HOT

▲ from 2019  
-\$3.8 M



### Hilton Net Cash to HFC

▲ from 2019  
-\$1 M

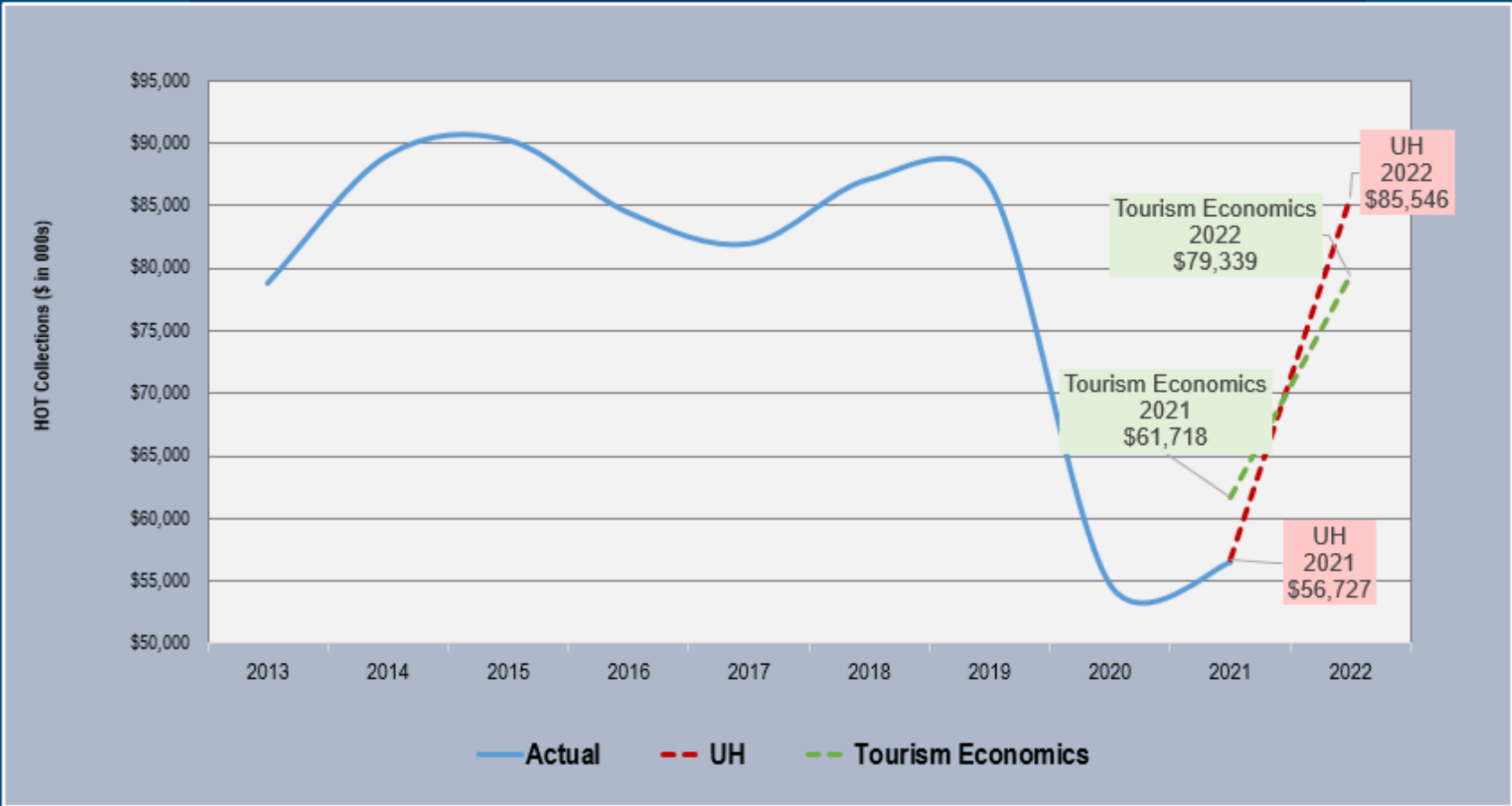


# HISTORICAL HOT AND THE 2022 FORECAST

## HISTORICAL HOT REVENUE

	Actual (\$ in 000s)	% chng y/y
2004	43,110	6.2%
2005	44,877	4.1%
2006	54,519	21.5%
2007	59,262	8.7%
2008	66,439	12.1%
2009	57,617	-13.3%
2010	54,525	-5.4%
2011	60,801	11.5%
2012	69,392	14.1%
2013	78,777	13.5%
2014	88,979	13.0%
2015	90,183	1.4%
2016	84,395	-6.4%
2017	81,927	-2.9%
2018	87,080	6.3%
2019	86,458	-0.7%
2020	54,772	-36.6%
2021	56,058	2.3%

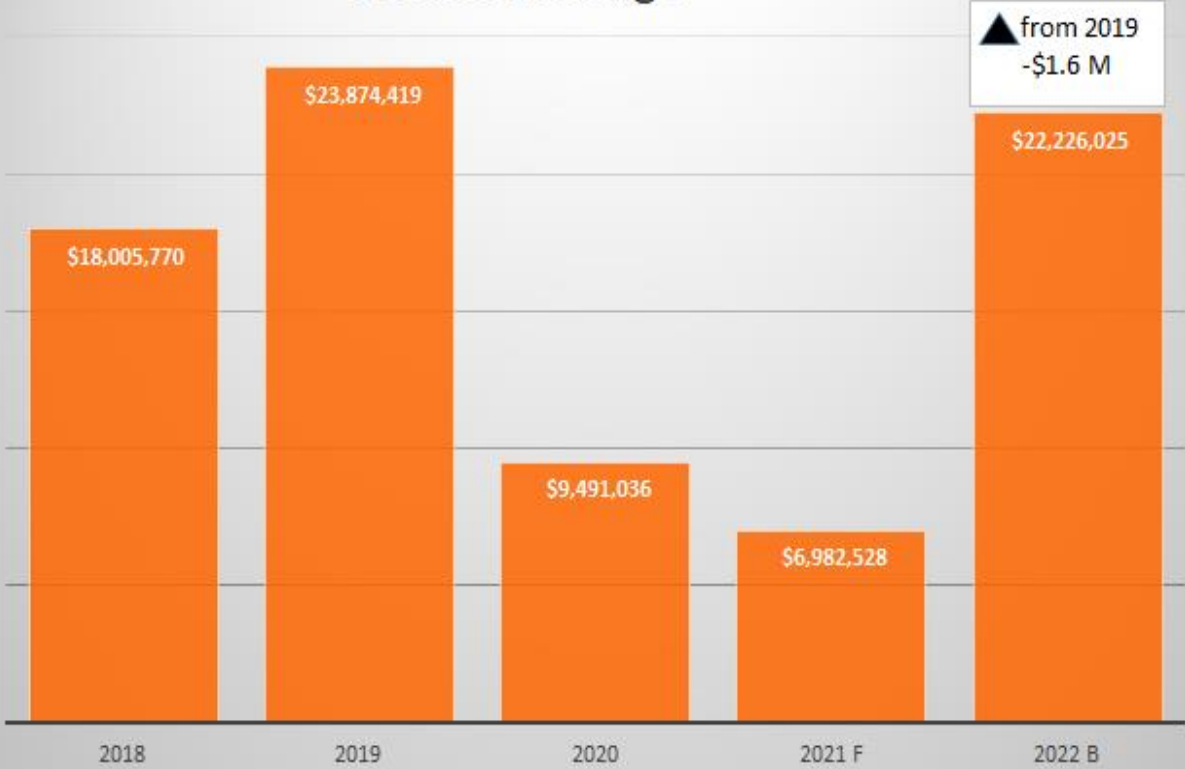
## CONSULTANT FORECASTS 2020 - 2022



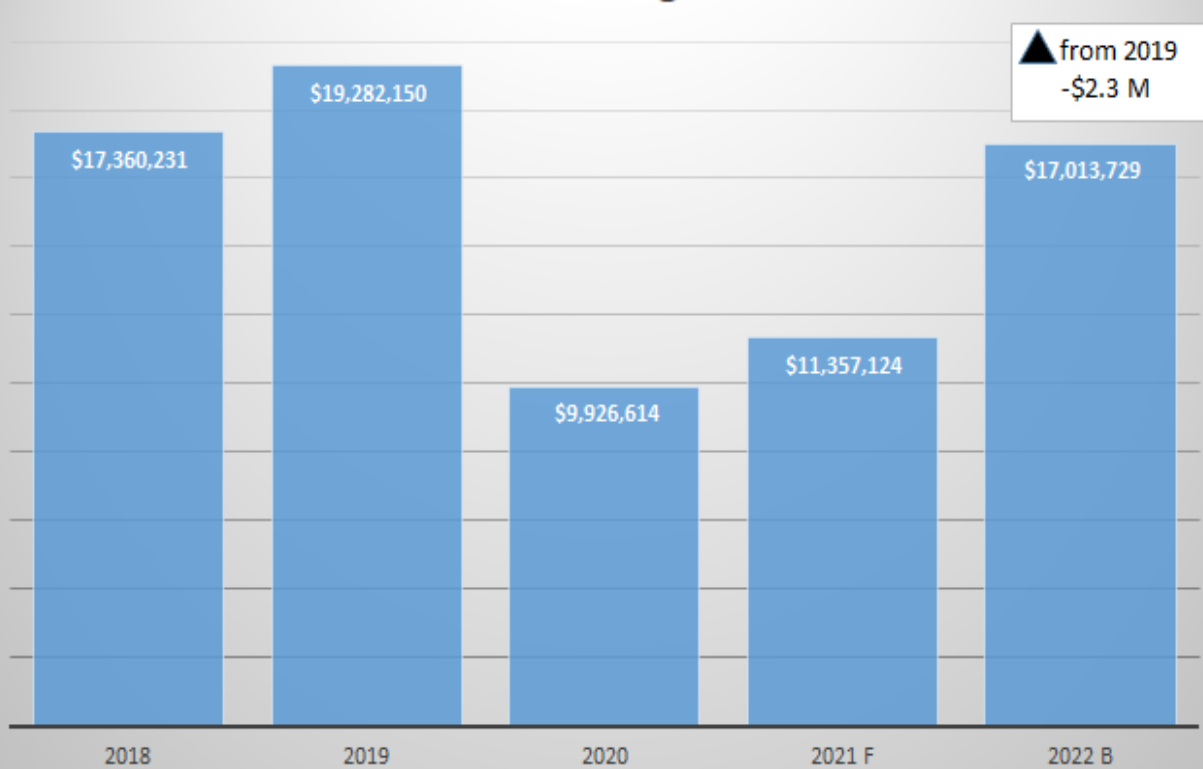
\* 2021 Forecast assumes fourth quarter revenue is \$17,166

# MAJOR REVENUE TRENDS

### Food & Beverage



### Parking

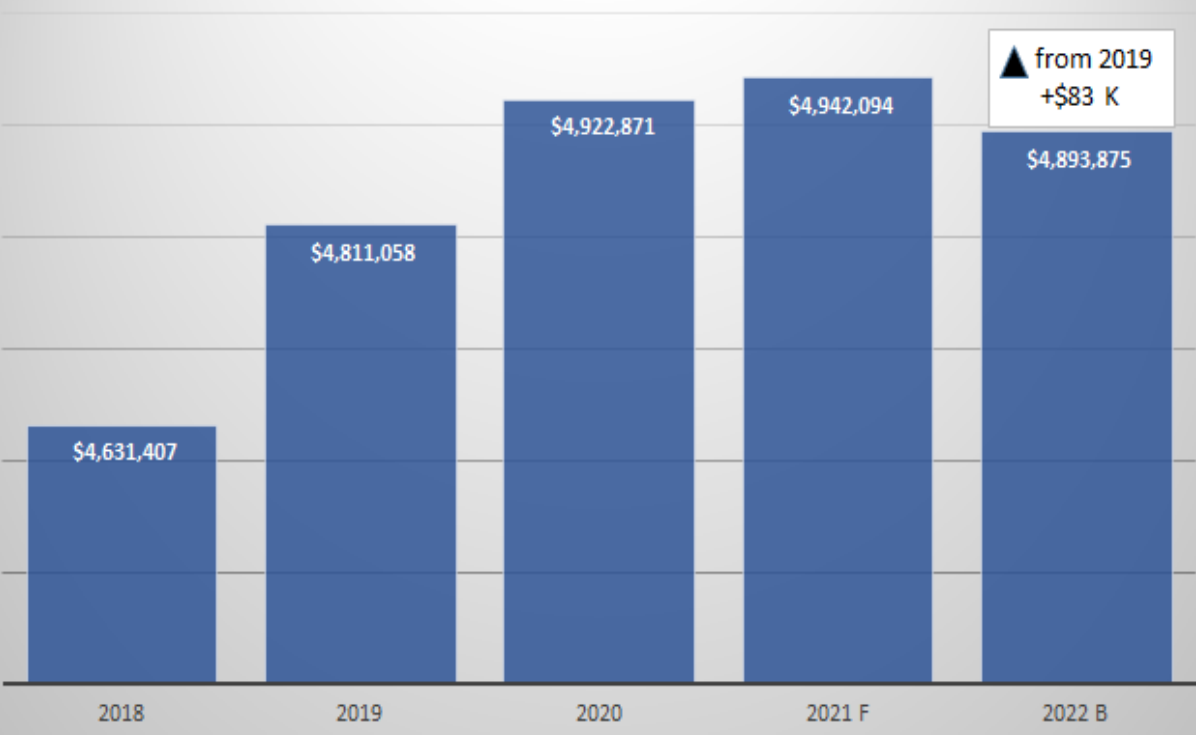


# MAJOR REVENUE TRENDS

### Facility Rental-Events



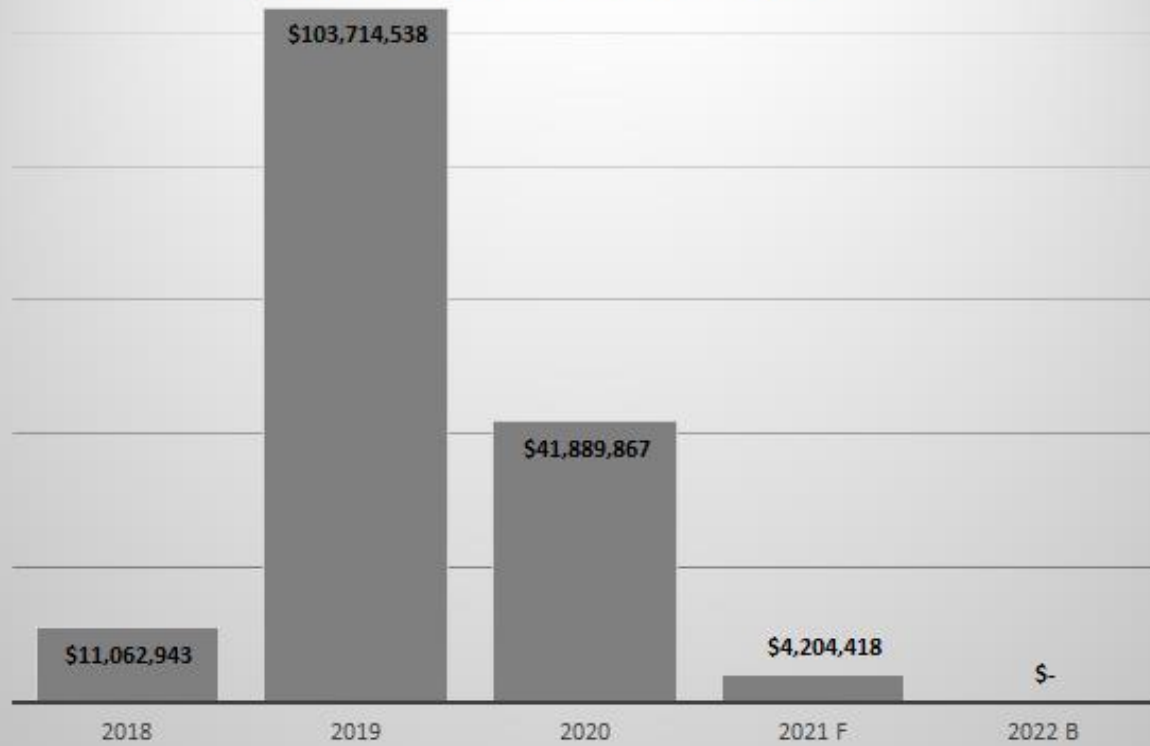
### Building / Space Rental





# MAJOR REVENUE TRENDS

Transfers From COH (FEMA)



Total Revenues

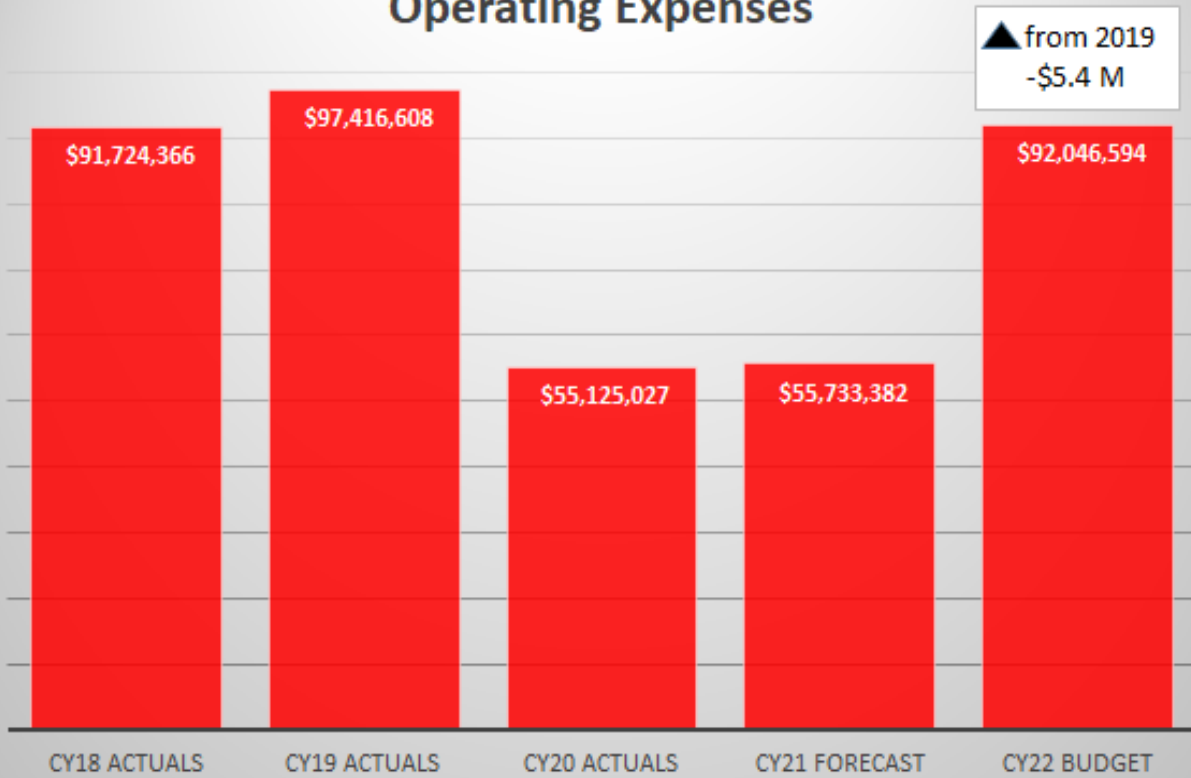


\*Excluding FEMA reimbursements: -\$2 M delta from 2019

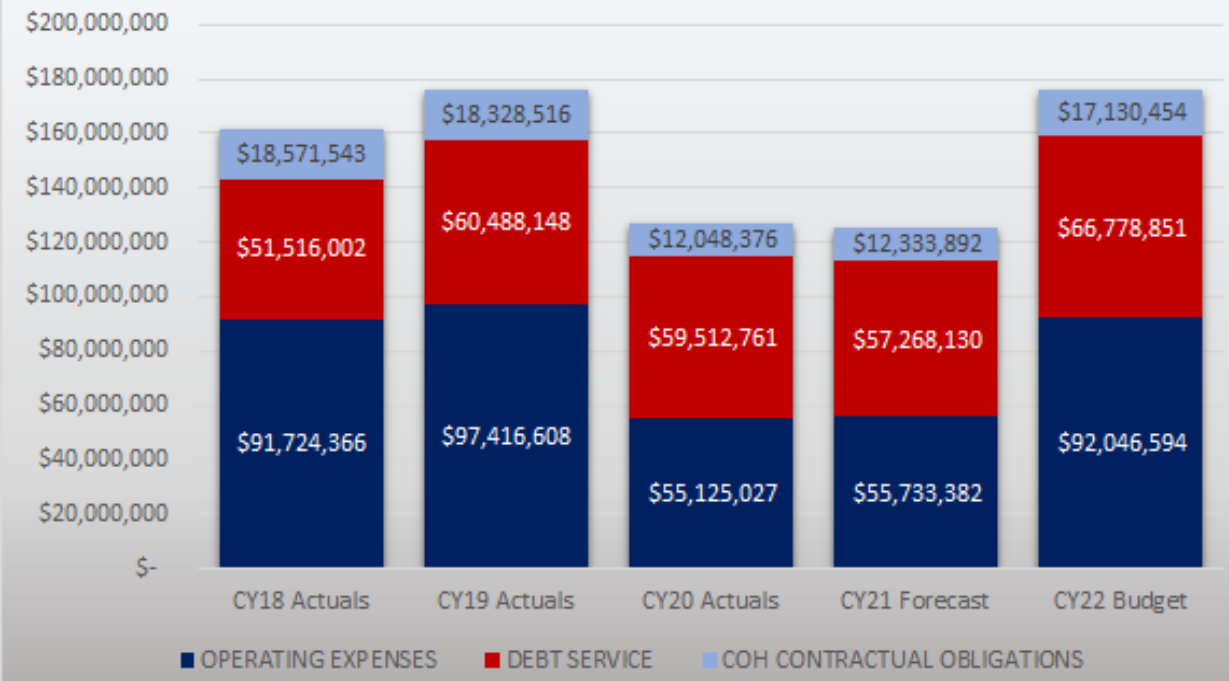


# OPERATING EXPENSE TRENDS

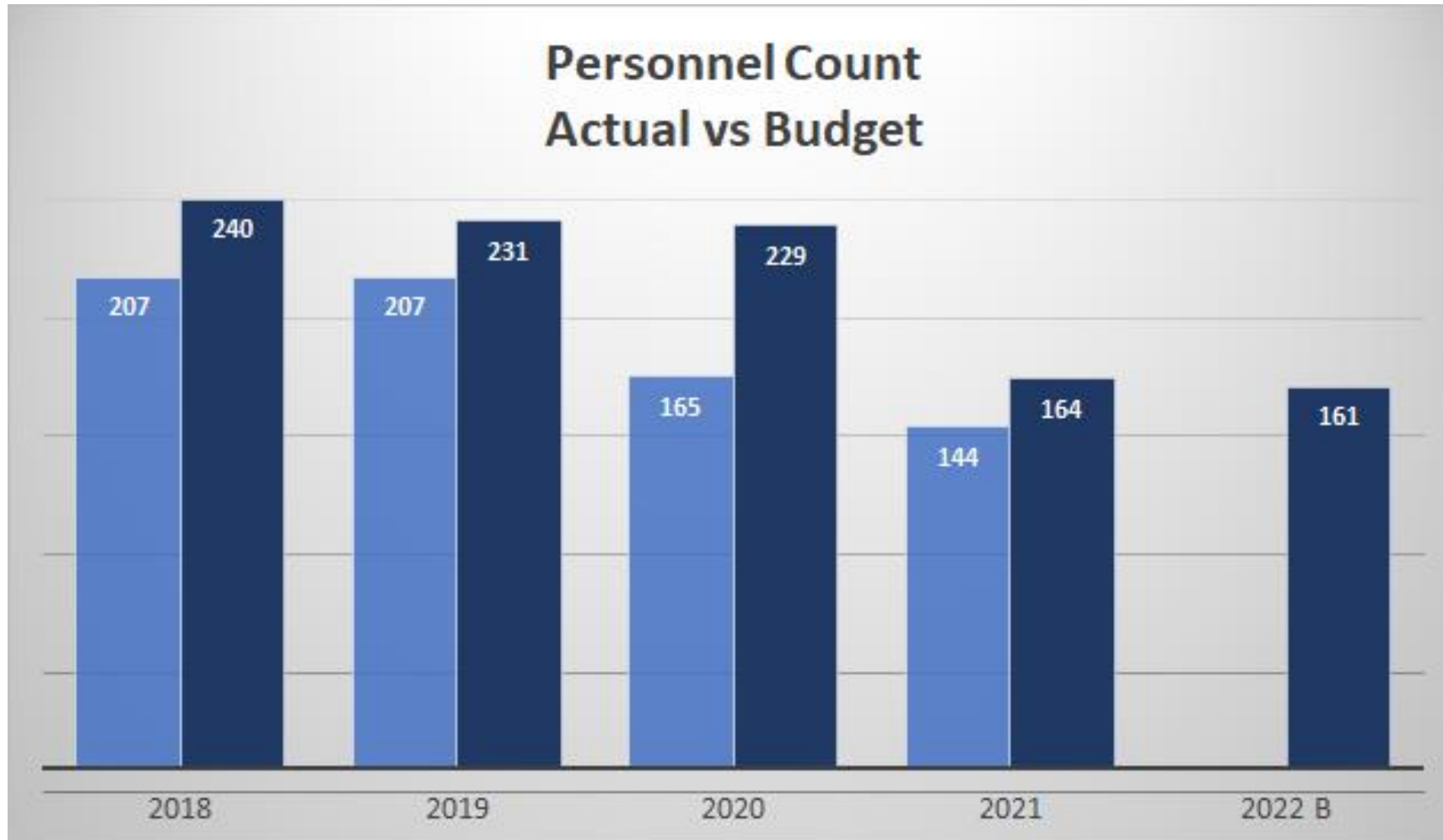
## Operating Expenses



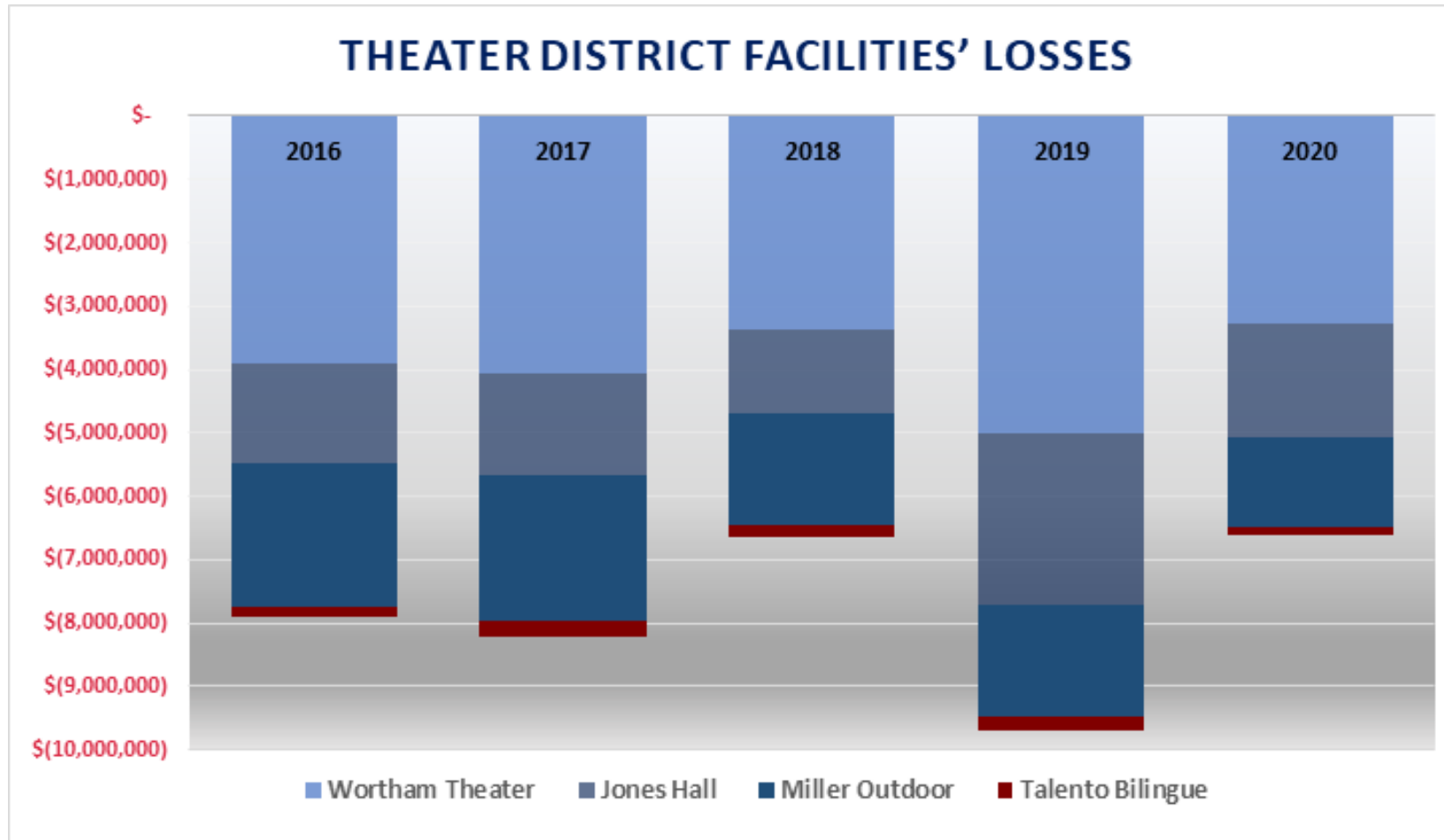
## Operating & Non-Operating Expenses (Excludes Capital)



# PROPOSED CY 2022 BUDGET HIGHLIGHTS



# STRUCTURAL BUDGET BURDEN



Total TD Loss  
2016-2020

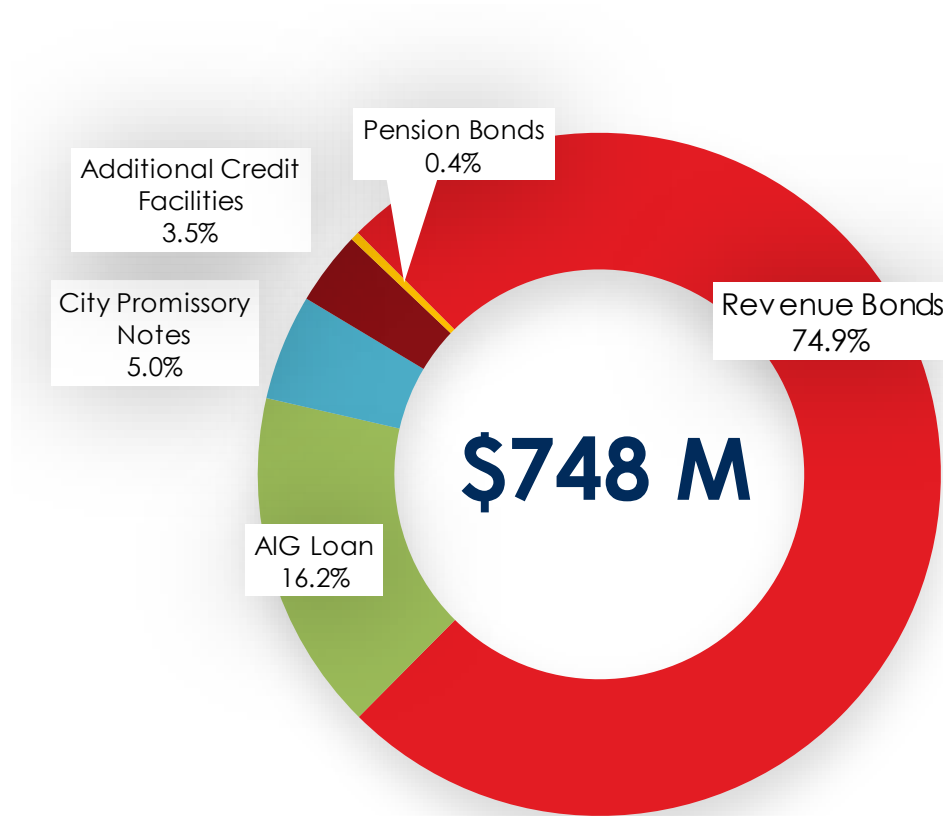
**(\$39.0 M)**

# CONTRIBUTIONS TO COH & STAKEHOLDERS

Transfers to City	(\$ in 000s)
HAA (19.3% HOT)	\$15,344
Promotion	425
Protocol	470
Traffic Administration	242
Hobby Center HVAC	279
Annex Garage	370
<b>Total</b>	<b>\$17,130</b>

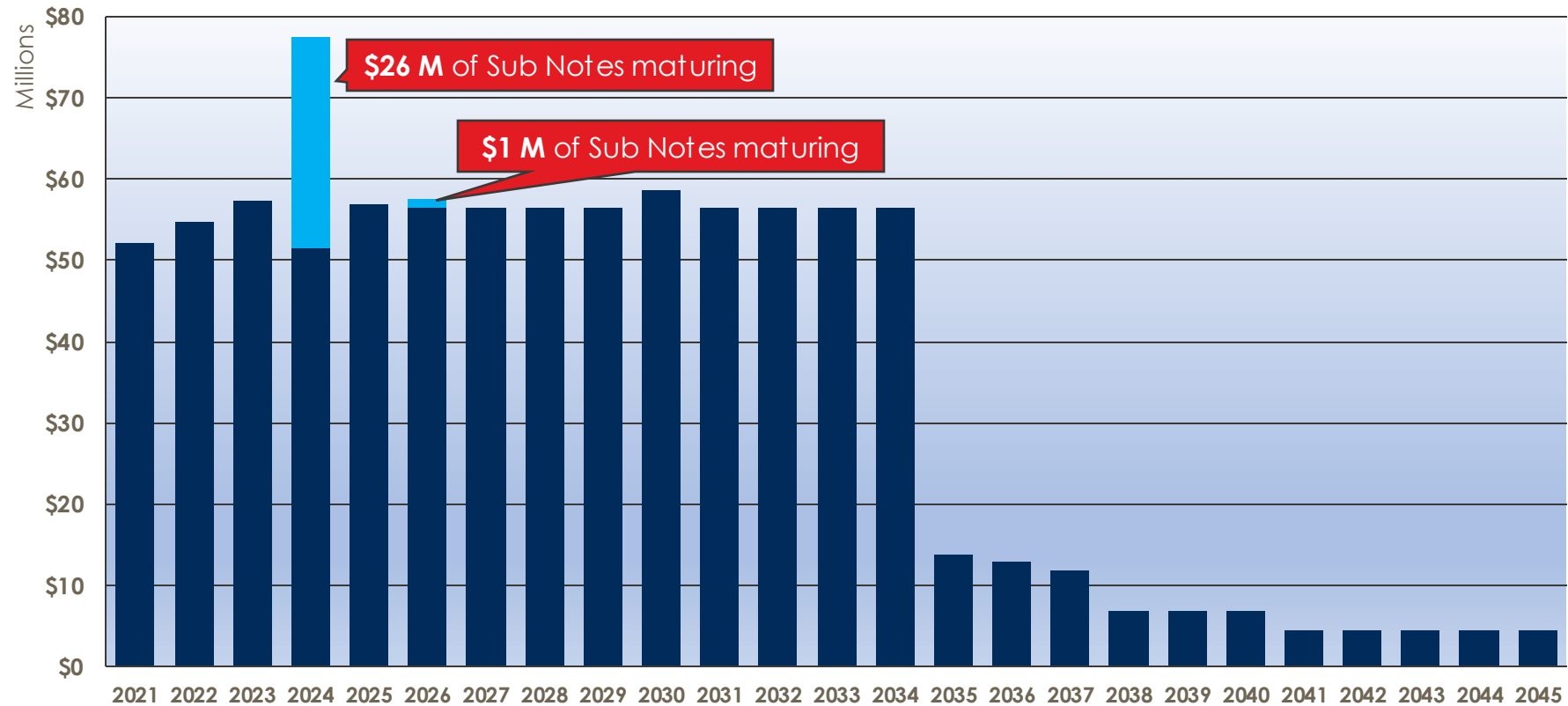
Transfers to Stakeholders	(\$ in 000s)
Discovery Green	\$1,528
Hobby Center	1,100
MATCH	450
Buffalo Bayou Partnership	556
<b>Total</b>	<b>\$3,634</b>

# OUTSTANDING DEBT



Series	In 000's
2001B	\$ 245,330
2014	67,730
2015	111,875
2017	10,300
2019	87,445
2021	31,165
AIG Mortgage Loan	125,000
2019 5-year	6,300
2019 10-year	12,500
2021 10-year	20,000
2017 Sub. Lien Series A	26,000
JP Morgan	1,000
2008A	2,995
2005	189
<b>TOTAL:</b>	<b>\$ 747,829</b>

# ANNUAL C&E AND HFC BOND DEBT SERVICE



# PROPOSED CY 2022 BUDGET

## Operating Revenues & Expenses

	CY19 Actuals	CY21 Budget	CY21 Forecast	CY22 Budget	2021 Proj. vs 2022 Budget
<i>Venue Revenue</i>	\$ 73,055,432	\$ 27,010,048	\$ 32,319,238	\$ 67,979,890	\$ 35,660,652
<i>Parking</i>	\$ 19,282,150	\$ 10,844,860	\$ 11,357,124	\$ 17,013,729	\$ 5,656,605
<i>Miscellaneous</i>	\$ 1,053,336	\$ 2,505,765	\$ 1,839,026	\$ 3,065,850	\$ 1,226,824
<b>Operating Revenues</b>	<b>\$ 93,390,918</b>	<b>\$ 40,360,673</b>	<b>\$ 45,515,388</b>	<b>\$ 88,059,469</b>	<b>\$ 42,544,081</b>
<i>Personnel</i>	\$ 26,227,584	\$ 20,108,920	\$ 16,352,120	\$ 25,493,968	\$ 9,141,848
<i>Advertising &amp; Promotion</i>	\$ 7,691,486	\$ 3,689,300	\$ 3,503,547	\$ 7,784,547	\$ 4,281,000
<i>Travel, Promotion, and Events</i>	\$ 5,177,047	\$ 1,834,356	\$ 1,472,853	\$ 5,460,432	\$ 3,987,579
<i>Facility Maintenance</i>	\$ 8,715,495	\$ 4,865,918	\$ 4,929,638	\$ 8,519,550	\$ 3,589,912
<i>Food and Beverage</i>	\$ 16,716,532	\$ 8,243,199	\$ 5,795,006	\$ 15,746,824	\$ 9,951,818
<i>Security</i>	\$ 4,141,859	\$ 4,350,066	\$ 3,349,996	\$ 3,431,473	\$ 81,477
<i>Utilities</i>	\$ 4,737,098	\$ 4,699,719	\$ 4,384,331	\$ 5,169,980	\$ 785,649
<i>Parking</i>	\$ 3,465,167	\$ 2,078,246	\$ 1,512,505	\$ 2,190,859	\$ 678,354
<i>Janitorial</i>	\$ 6,318,350	\$ 3,270,880	\$ 2,411,443	\$ 4,169,912	\$ 1,758,469
<i>Insurance</i>	\$ 4,286,186	\$ 5,798,035	\$ 4,752,653	\$ 5,679,229	\$ 926,576
<i>Lease Expense</i>	\$ 1,470,164	\$ 2,250,950	\$ 2,249,058	\$ 1,526,450	\$ (722,608)
<i>Consulting</i>	\$ 3,600,081	\$ 1,860,448	\$ 1,648,973	\$ 2,382,200	\$ 733,227
<i>Supplies</i>	\$ 1,412,423	\$ 873,579	\$ 387,729	\$ 1,173,300	\$ 785,571
<i>Fees &amp; Services</i>	\$ 962,823	\$ 568,400	\$ 630,100	\$ 848,725	\$ 218,625
<i>Computer Services</i>	\$ 1,102,990	\$ 1,181,939	\$ 1,410,169	\$ 1,078,486	\$ (331,683)
<i>Legal Expense</i>	\$ 349,821	\$ 750,000	\$ 474,871	\$ 600,000	\$ 125,129
<i>Other</i>	\$ 1,041,501	\$ 461,390	\$ 468,389	\$ 790,659	\$ 322,270
<b>Operating Expenses</b>	<b>\$ 97,416,608</b>	<b>\$ 66,885,345</b>	<b>\$ 55,733,382</b>	<b>\$ 92,046,594</b>	<b>\$ 36,313,212</b>
<b>Net Income From Operations</b>	<b>\$ (4,025,690)</b>	<b>\$ (26,524,672)</b>	<b>\$ (10,217,994)</b>	<b>\$ (3,987,125)</b>	<b>\$ 6,230,868</b>

# PROPOSED CY 2022 BUDGET

## Non-Operating Expenses & Revenues

	CY19 Actuals	CY21 Budget	CY21 Forecast	CY22 Budget	2021 Proj. vs 2022 Budget
<i>Hotel Occupancy Tax (Current &amp; Delinquent Contributions)</i>	\$ 87,494,966	\$ 56,800,000	\$ 56,057,975	\$ 83,640,000	\$ 27,582,025
<i>Net Available Pledged Rev. Transfer</i>	\$ 103,714,538	\$ 0	\$ 4,204,418	\$ -	\$ (4,204,418)
<i>Interest Income</i>	\$ 2,165,186	\$ 250,000	\$ 176,633	\$ 215,382	\$ 38,749
<b>Non Operating Revenue</b>	<b>\$ 194,634,690</b>	<b>\$ 68,610,000</b>	<b>\$ 67,639,026</b>	<b>\$ 95,190,382</b>	<b>\$ 27,551,356</b>
<i>Sponsorship Expense</i>	\$ 1,009,299	\$ 552,500	\$ 439,239	\$ 1,033,950	\$ 594,711
<i>Non-COH Contractual Obligations</i>	\$ 3,344,318	\$ 3,420,000	\$ 3,000,267	\$ 3,836,573	\$ 836,306
<i>Programming &amp; Events</i>	\$ 1,435,598	\$ 785,000	\$ 799,321	\$ 1,800,000	\$ 1,000,679
<i>Contingency</i>		\$ 1,000,000		\$ 1,400,000	\$ 1,400,000
<i>Capital Spending</i>	\$ 2,981,357	\$ 15,689,048	\$ 10,051,509	\$ 11,471,000	\$ 1,419,491
<i>Debt Service</i>	\$ 60,488,148	\$ 62,323,498	\$ 57,268,130	\$ 66,778,851	\$ 9,510,721
<i>COH Contractual Obligations</i>	\$ 18,328,516	\$ 12,616,525	\$ 12,333,892	\$ 17,130,454	\$ 4,796,562
<i>Hotel Tax Refunds</i>	\$ 2,451,343	\$ 1,000,000	\$ 904,519	\$ 1,050,000	\$ 145,481
<b>Non Operating Expense</b>	<b>\$ 90,035,974</b>	<b>\$ 97,386,571</b>	<b>\$ 84,796,876</b>	<b>\$ 104,500,828</b>	<b>\$ 19,703,952</b>
<b>Total Revenue less Expenses</b>	<b>\$ 100,573,026</b>	<b>\$ (55,301,243)</b>	<b>\$ (27,375,844)</b>	<b>\$ (13,297,571)</b>	<b>\$ 14,078,273</b>
<b>Capital - Prior Year Carry Forward</b>		\$ 1,067,000		\$ 1,976,629	\$ 1,976,629
<b>Capital - Financed Projects</b>	\$ 32,475,366	\$ 75,000	\$ 304,995	\$ 14,921,915	\$ 14,616,920
<b>Disaster Expense</b>	\$ 26,382,885	\$ 2,061,420	\$ 1,751,003	\$ 263,000	\$ (1,488,003)
<b>Total Revenues</b>	<b>\$ 288,025,607</b>	<b>\$ 108,970,673</b>	<b>\$ 113,154,414</b>	<b>\$ 183,249,851</b>	<b>\$ 70,095,437</b>
<b>Total Expenses</b>	<b>\$ 187,452,581</b>	<b>\$ 164,271,916</b>	<b>\$ 140,530,258</b>	<b>\$ 196,547,422</b>	<b>\$ 56,017,164</b>
<b>Net Profit/(Loss)</b>	<b>\$ 100,573,026</b>	<b>\$ (55,301,243)</b>	<b>\$ (27,375,844)</b>	<b>\$ (13,297,571)</b>	<b>\$ 14,078,273</b>



# FIVE-YEAR PROJECTION

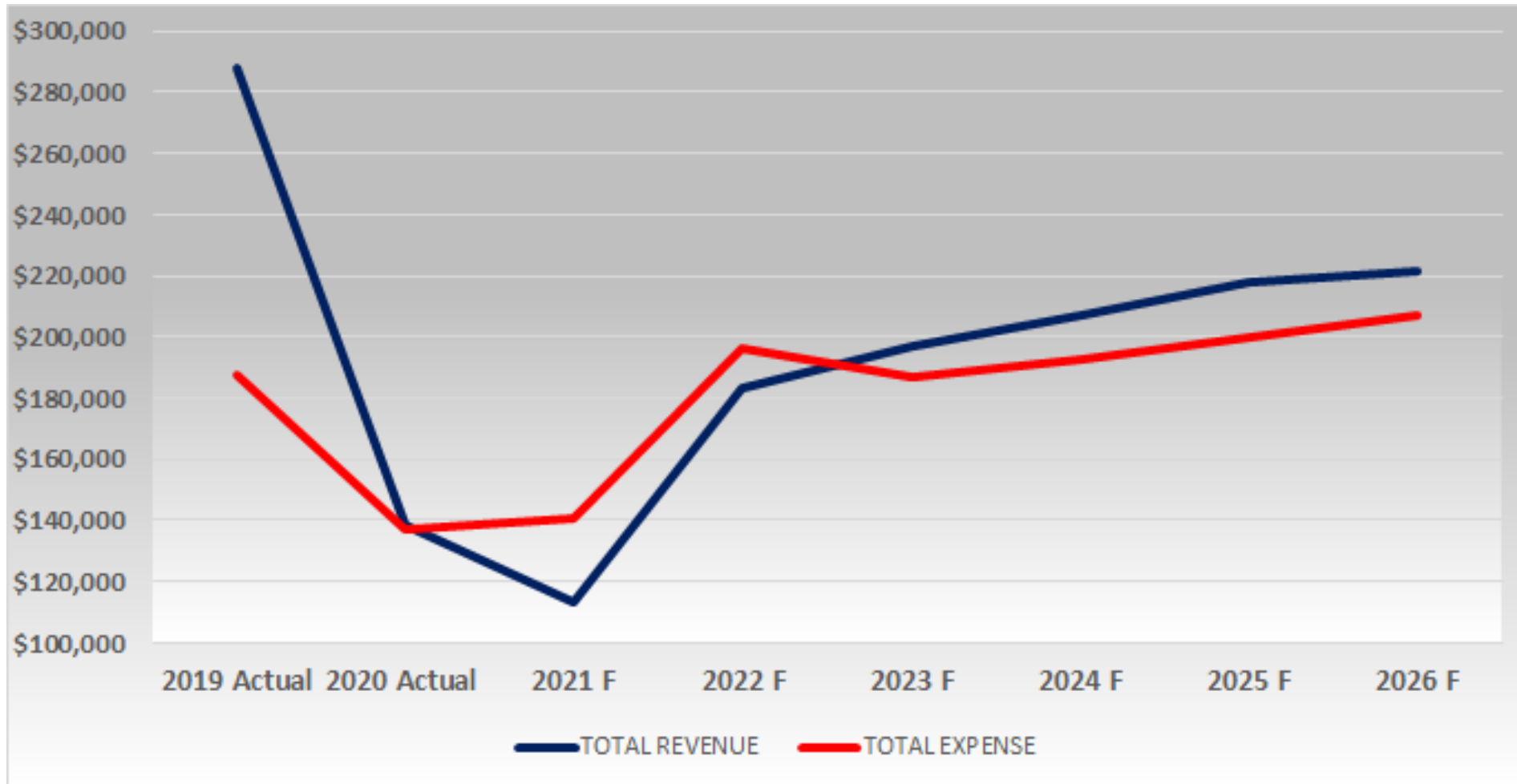
(\$\$ in 000)

<b>BASELINE</b>								
	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 F</b>	<b>2022 B</b>	<b>2023 F</b>	<b>2024 F</b>	<b>2025 F</b>	<b>2026 F</b>
<b>REVENUE</b>								
<b>HOT</b>	\$ 87,495	\$ 54,749	\$ 56,057	\$ 83,640	\$ 97,858	\$ 103,891	\$ 110,124	\$ 112,327
<b>HILTON EBIDTA</b>	31,000	7,000	12,299	30,000	35,820	40,000	42,813	43,412
<b>PARKING</b>	19,282	9,927	11,357	17,013	18,990	19,596	20,576	21,193
<b>VENUE REVENUE</b>	18,181	11,579	13,038	15,754	16,000	16,608	16,900	17,445
<b>F &amp; B REVENUE</b>	23,874	9,491	6,982	22,226	23,205	23,500	24,148	23,407
<b>ALL OTHER REVENUE*</b>	108,192	46,048	13,420	14,616	5,022	3,150	3,308	3,473
<b>TOTAL REVENUE</b>	\$ 288,024	\$ 138,794	\$ 113,153	\$ 183,249	\$ 196,895	\$ 206,745	\$ 217,868	\$ 221,257
% Change		-51.8%	-18.5%	61.9%	7.4%	5.0%	5.4%	1.6%
<b>EXPENSE</b>	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 F</b>	<b>2022 F</b>	<b>2023 F</b>	<b>2024 F</b>	<b>2025 F</b>	<b>2026 F</b>
<b>OPERATING EXPENSE</b>	\$ 97,417	\$ 55,125	\$ 55,733	\$ 92,046	\$ 96,648	\$ 101,481	\$ 106,555	\$ 111,882
Growth Rate					5.0%	5.0%	5.0%	5.0%
<b>NON-OPERATING EXPENSE</b>	90,062	81,727	84,797	104,501	90,000	91,000	93,000	95,000
<b>TOTAL EXPENSE</b>	\$ 187,479	\$ 136,852	\$ 140,530	\$ 196,547	\$ 186,648	\$ 192,481	\$ 199,555	\$ 206,882
<b>TOTAL REVENUE</b>								
<b>LESS EXPENSE</b>	\$ 100,545	\$ 1,942	\$ (27,377)	\$ (13,298)	\$ 10,247	\$ 14,264	\$ 18,314	\$ 14,374

\*Includes \$103.7 M of FEMA reimbursement in 2019 and \$40.7 M in 2020

# FIVE-YEAR PROJECTION

(\$s in 000)



\*Includes \$103.7 M of FEMA reimbursement in 2019 and \$40.7 M in 2020

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