

AGENDA

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

November 9, 2022 – 11:30 A.M.

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

COMMITTEE MEMBERS:

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

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

- I. **Call to Order**
- II. **Public Comments**
- III. **Minutes – October 20, 2022**
- 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 2023 Budget.

C. Consideration and possible recommendation of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

V. Adjourn

III. Minutes – October 20, 2022

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE
October 20, 2022 – 3:00 P.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, Thursday, October 20, 2022, at 3:00 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 were present for the meeting: Alex Brennan-Martin (Chair), John Johnson, and Ryan Martin.

1. **Call to order**. The Chairman called the meeting to order at 3:04 p.m. and a quorum was established.
2. **Public Comments**. None
3. **Review and approval of minutes from prior meeting**. Following a motion duly seconded, the minutes of July 15, 2022, were approved as presented.
4. **Presentations, Reports, and Updates**
 - A. **President & CEO’s Report**.

Michael Heckman, President and CEO, remarked that HFC is in process of finalizing the 2023 budget process. Each committee that oversees the individual departmental budgets will review their respective budgets, and then the full corporate budget will be presented to the Benefits, Compensation, and Finance Committee on November 9th for approval.

Mr. Heckman reported that HFC has fully recovered from the pandemic from an operations perspective and business has normalized. Finally, HFC will have a balanced budget for 2023.

B. Financial Report.

Frank Wilson, Chief Financial Officer, presented a five-year financial forecast. Through September 2022, major revenues are \$14.6 million above budget, and major expenses are \$2.1 million below budget. Mr. Wilson emphasized that the Hilton Americas-Houston Hotel continues to exceed budget in spectacular fashion with net assets at \$9.5 million over budget.

The largest reduction in major expenses is personnel at approximately \$2.7 million under budget. The largest unfavorable major expense is for janitorial services at approximately \$1.2 million over budget.

HOT is forecasted to be \$94.5 million in 2023.

Mr. Wilson provided five-year revenue forecast assumptions which included a forecast model growth and stress factors for baseline, mild recession, and deep recession. He reported Baseline Revenue Stress / Growth for 2024 at 7%, 2025 at 5%, 2026 at 4%, and 2027 at 3%; Mild Recession Revenue Stress / Growth for 2024 at -2%, 2025 at -0.5%, 2026 at 7%, and 2027 at 3%; Deep Recession Revenue Stress / Growth for 2024 at -8%, 2025 at -4%, 2026 at 12%, and 2027 at 3%.

Mr. Wilson reported a five-year HOT forecast for baseline, mild recession, and deep recession with Baseline for 2023 at \$99 million, 2024 at \$105.9 million, 2025 at \$111.2 million, 2026 at \$115.7 million, and 2027 at \$119.1 million; Mild Recession for 2024 at \$97.00 million, 2025 at \$96.5 million, 2026 at \$103.3 million, and 2027 at \$106.4 million; Deep Recession for 2024 at \$91.1 million, 2025 at \$87.4 million, 2026 at \$97.9 million, and 2027 at \$100.8 million.

Finally, HFC's rating was affirmed as an A rating, and the outlook was changed from negative to stable.

5. Adjourn – The meeting adjourned at 3:51 p.m.

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

Consideration and possible approval of the Annual Election of Officers pursuant to the Houston First Corporation Bylaws.

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves 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 2023 Budget.

Consideration and possible approval of the Houston First Corporation 2023 Budget.

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves the Houston First Corporation 2023 Budget.

IV. (C) Consideration and possible recommendation of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

Consideration and possible approval of a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

DESCRIPTION: On October 18, 2022, Houston First Corporation and the Greater Houston Convention & Visitors Bureau (GHCVB) executed a Letter of Intent for a Services Termination Agreement in which both parties agreed upon the terms and conditions to be included in a definitive Services Termination Agreement. The Letter of Intent includes a provision that the original Services Agreement, executed by the parties in 2014, will terminate on January 6, 2023.

Effective on or before January 6, 2023, the following will occur:

- Houston First will cease staff support;
- GHCVB will adopt a new name, mission statement and bylaws unrelated to Destination Marketing Organization (DMO) functions and will recognize Houston First as the official DMO for the Houston region;
- GHCVB will return all previously received municipal hotel occupancy tax funds to Houston First which Houston First will expend before December 31, 2023 on any of the following: destination branding/engagement projects destination demand driving advertising services, hosting media and clients for the 2023 Men's Final Four, and tourism mission to Mexico;
- Houston First will pay \$1.5 million to the GHCVB for transfer of the sole member interest in Comicpalooza LLC, inclusive of all rights, titles, and interests in and to, all contracts, agreements, intangible and tangible personal property, intellectual property rights and other property;
- GHCVB will appoint a President and hire staff;
- GHCVB will also transfer all existing intellectual property to Houston First, inclusive of Visit Houston;
- Houston First will effectuate the transfer of membership data, corporate books and records, and financial records to the GHCVB; and
- Houston First will host and support the DEI Internship for summer 2023.

During a period of 90 days from and after January 6, 2023, Houston First may provide continued interim administrative services in support of a smooth transition.

In connection with the conveyance of Comicpalooza LLC, Houston First will form a limited liability company (Subsidiary) under the laws of the state of Texas, with Houston First as the sole member thereof, and, in connection therewith, and, if necessary or required, execute a limited liability company agreement with respect to such Subsidiary.

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

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the negotiation, finalization and execution of a Services Termination Agreement (the "Agreement") between Houston First Corporation and the Greater Houston Convention & Visitors Bureau, inclusive of the

conveyance of Comicalooza LLC from the GHCVB to a newly formed Subsidiary of Houston First Corporation, together with such conditions or modifications to the Agreement or formation of the Subsidiary that are approved by the President and CEO, as he may determine to be in the best interest of Houston First Corporation and to execute such Agreement and all other instruments, documents and agreements as may be necessary or desirable to effectuate the conveyance of Comicalooza LLC to the Subsidiary; the President and Chief Executive Officer hereby is, without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of Houston First Corporation to execute and deliver the Agreement and other transaction documents, in forms as approved by the President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the Agreement as well as other transaction documents by any Authorized Person; and

FURTHER RESOLVED, that each of the President and Chief Executive Officer and General Counsel of Houston First Corporation are each hereby designated by Houston First Corporation as an "Authorized Person" for purposes of this resolution and with respect to the Agreement and other transaction documents to effectuate the conveyance of Comicalooza LLC to be executed hereunder; and

FURTHER RESOLVED, that the Agreement and other transaction documents to effectuate the conveyance of Comicalooza LLC executed by any Authorized Person, for and on behalf of and in the name of Houston First Corporation before or following the adoption of the foregoing resolution, in connection with the described transaction, be and is hereby ratified, confirmed, and approved in all respects for all purposes.

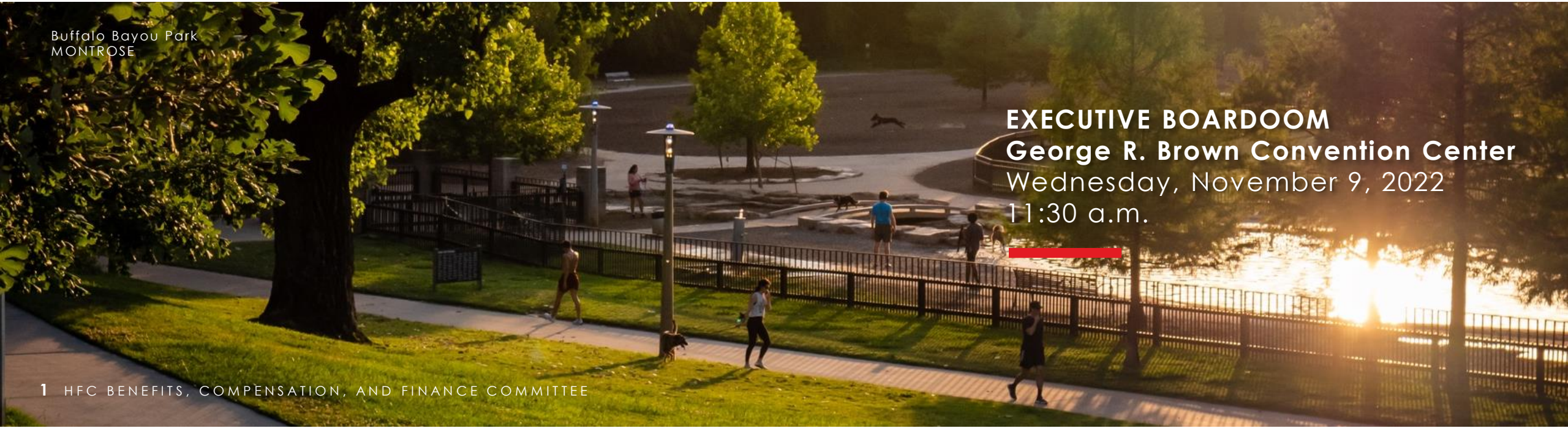
FURTHER RESOLVED, that Houston First shall be authorized to act in the various capacities reflected below in connection with the conveyance of Comicalooza LLC:

Capacity	Entities
For Itself	Houston First Corporation
As sole member	Subsidiary



HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING



Buffalo Bayou Park
MONTROSE

EXECUTIVE BOARDROOM
George R. Brown Convention Center
Wednesday, November 9, 2022
11:30 a.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 registration form at the front of the room.

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

November 9, 2022



MINUTES

October 20, 2022

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

November 9, 2022



COMMITTEE BUSINESS

- A.** Consideration and possible recommendation of the annual election of Officers pursuant to the Houston First Corporation Bylaws.
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HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

November 9, 2022



COMMITTEE BUSINESS

- A. Consideration and possible recommendation of the Houston First Corporation 2023 Budget.

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

November 9, 2022

HFC'S ROLE



- HFC drives economic impact and demand generation as the Destination Marketing Organization for Houston.
- The value created by HFC for numerous stakeholders and businesses ripples throughout the community to positively impact the entire City.

STRATEGIC PILLARS

TRANSFORMATIONAL LEADERSHIP

Enhance and employ organizational relevance by inspiring, influencing, and leading key stakeholder groups in furtherance of HFC's mission and value for Houston.

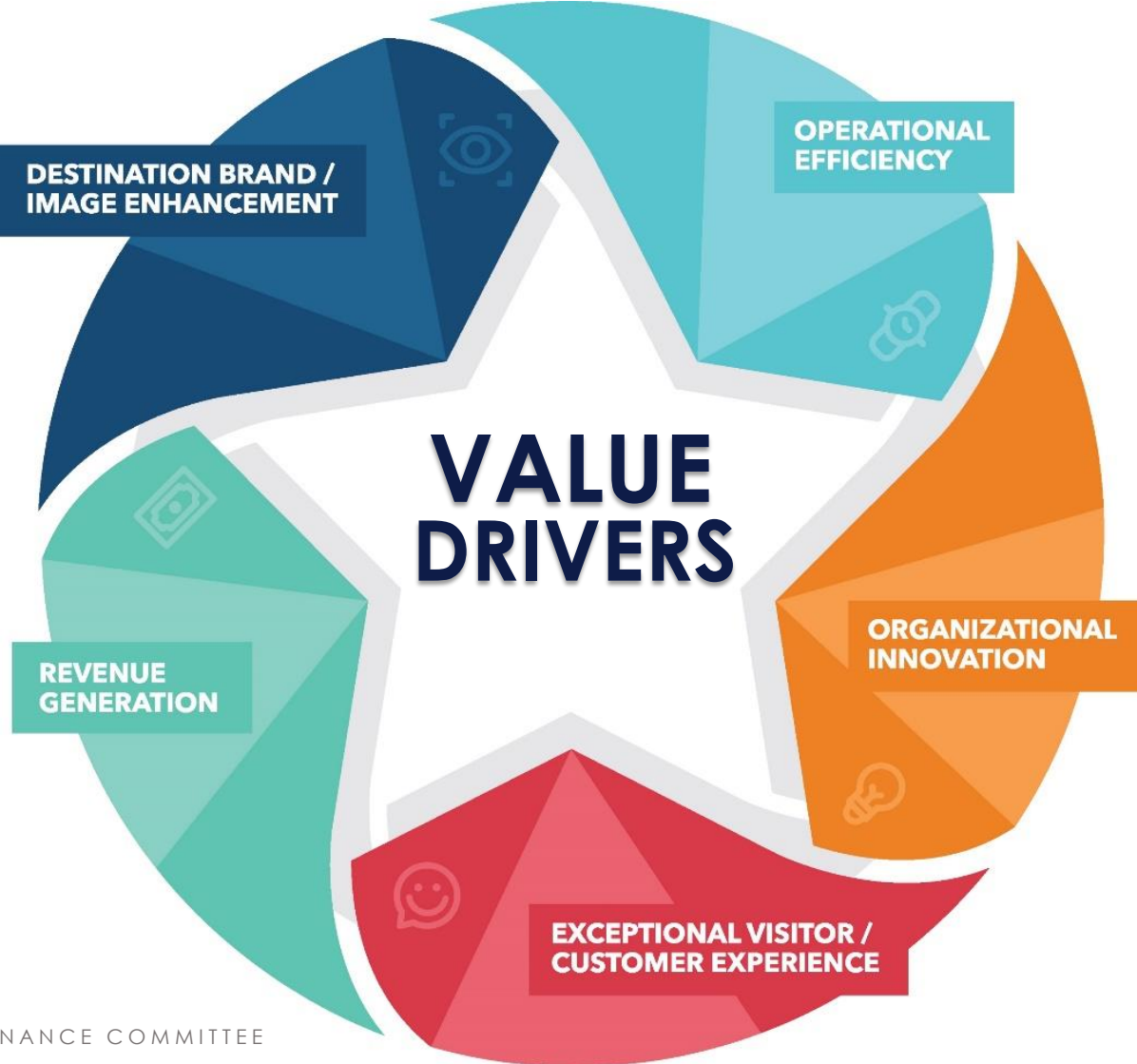
DESTINATION DEVELOPMENT

Serve as a catalyst for initiatives that strengthen Houston's global reputation, increase travel to the city, and improve HFC's economic impact to the community.

REVENUE DIVERSIFICATION & ASSET GROWTH

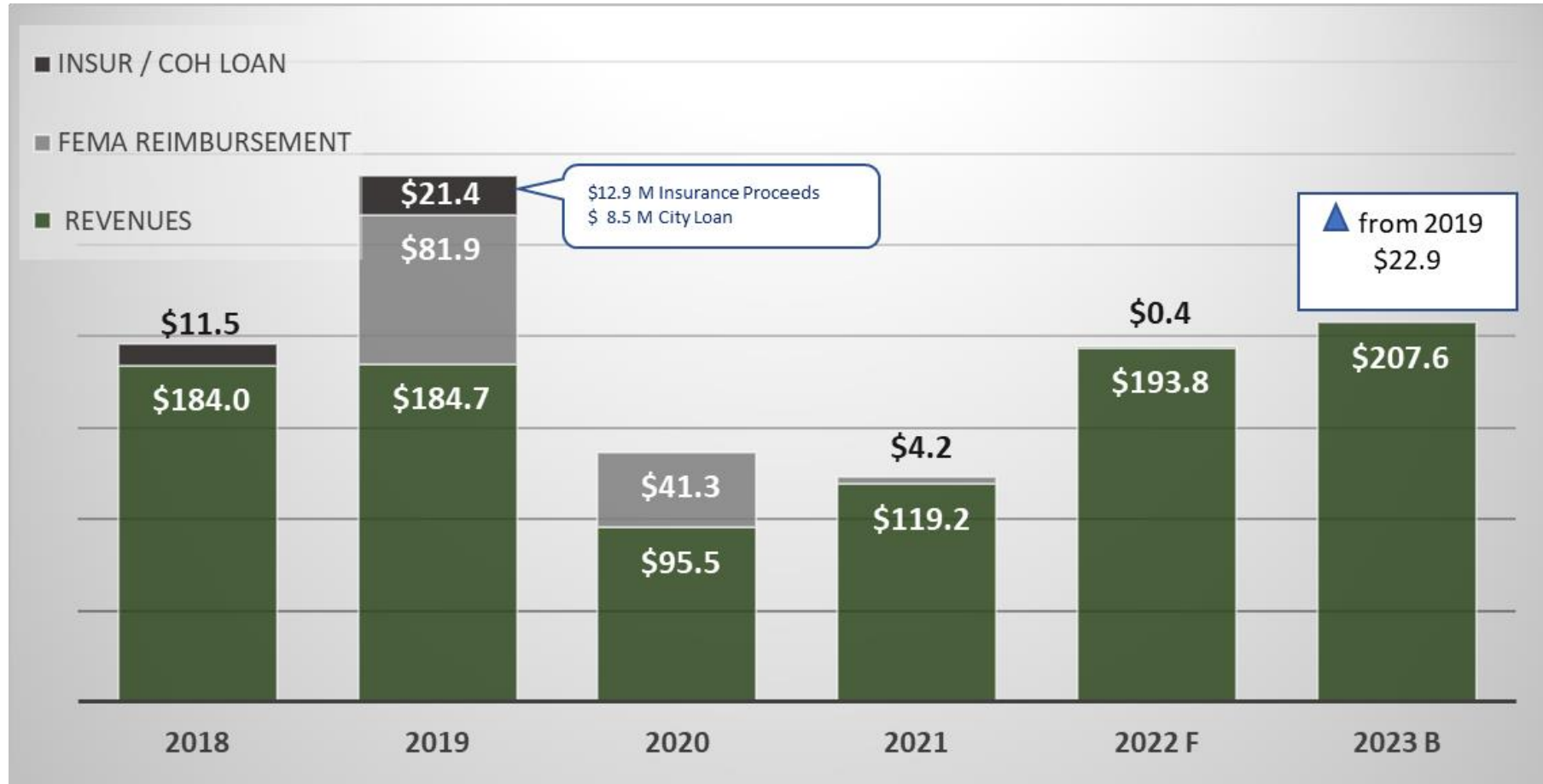
Advance new opportunities for additional revenue streams, asset growth, and financial mechanisms that strengthen HFC's financial outlook and viability.

CORE OF VALUE CREATION



MAJOR REVENUE TRENDS

\$s in millions



CY 2022 BUDGET VERSUS FORECAST

	2022 Budget	2022 Forecast	CHANGE
<i>Operating Revenue</i>	\$88.1	\$95.4	\$7.3
<i>Non-Operating Revenue</i>	95.2	98.8	3.6
TOTAL REVENUE	\$183.3	\$194.2	\$10.9
<i>Operating Expense</i>	\$92.0	\$88.5	(\$3.5)
<i>Non-Operating Expense</i>	104.5	104.2	(0.3)
TOTAL EXPENSE	\$196.5	\$192.7	(\$3.8)
REVENUE IN EXCESS OF EXPENSE	(\$13.2)	\$1.5	\$14.7

(\$ in millions)

Houstonfirst

FACTORS INFLUENCING CY 2022 BUDGET FORECAST



- **Hilton Americas Net Cash exceeding budget by at least \$5.5 M**, providing \$35.5 M versus \$30 M in Net Cash – based on stronger than budgeted recovery of ADR and catering.
- **HOT** collection driven by compression and recovery of occupancy and ADR throughout the Houston market.
- **Venue Revenue** outperforming budget by \$6.5 M, F & B contributing \$2 M of that variance. Additionally, Facility Rental outperformed budget by \$1.8 M.
- **Strong management of expenses and cash management** reducing debt by \$6 M
- **\$2.7 M:** amount by which **Convention District Parking forecast to outperform budget** due to stronger than expected attendance at meetings, plus demand driven by concerts, sporting events and dynamic pricing in the face of rising labor costs.

2023 PRIORITIES



- **Proliferate Houston's Unified Brand** among businesses and organizations across our community
- **Leverage and capitalize on high-profile events** like the Final Four to drive brand messaging
- **Build upon success of Houston Week in Mexico** and continue engagement and investment to make Houston the top US destination for the Mexican traveler
- **Develop a 10-year Destination Development Plan** that charts a vision for making the Houston Region even more globally competitive as a visitor and business destination
- **Understand and enhance the 360° visitor experience**
- **Continue and improve digital 'smart targeting'** of consumers to maximize travel opportunities

2023 PRIORITIES



- **Increase use of social media influencers** that create authentic and engaging promotion of Houston
- **Accelerate long-term city-wide convention sales**, while maximizing short-term opportunities for 2023
- **Attract national impact events** like the DNC, RNC
- **Develop annual events that drive economic impact** and enhance Houston's brand like a Juneteenth Celebration and Wine & Food Festival
- **Use opening of Lynn Wyatt Square as a catalyst** for vibrancy in the Theater District
- **Amplify Heritage Month** activities across all channels
- **Develop infrastructure and economic models for TV & film projects**

PROPOSED CY 2023 BUDGET



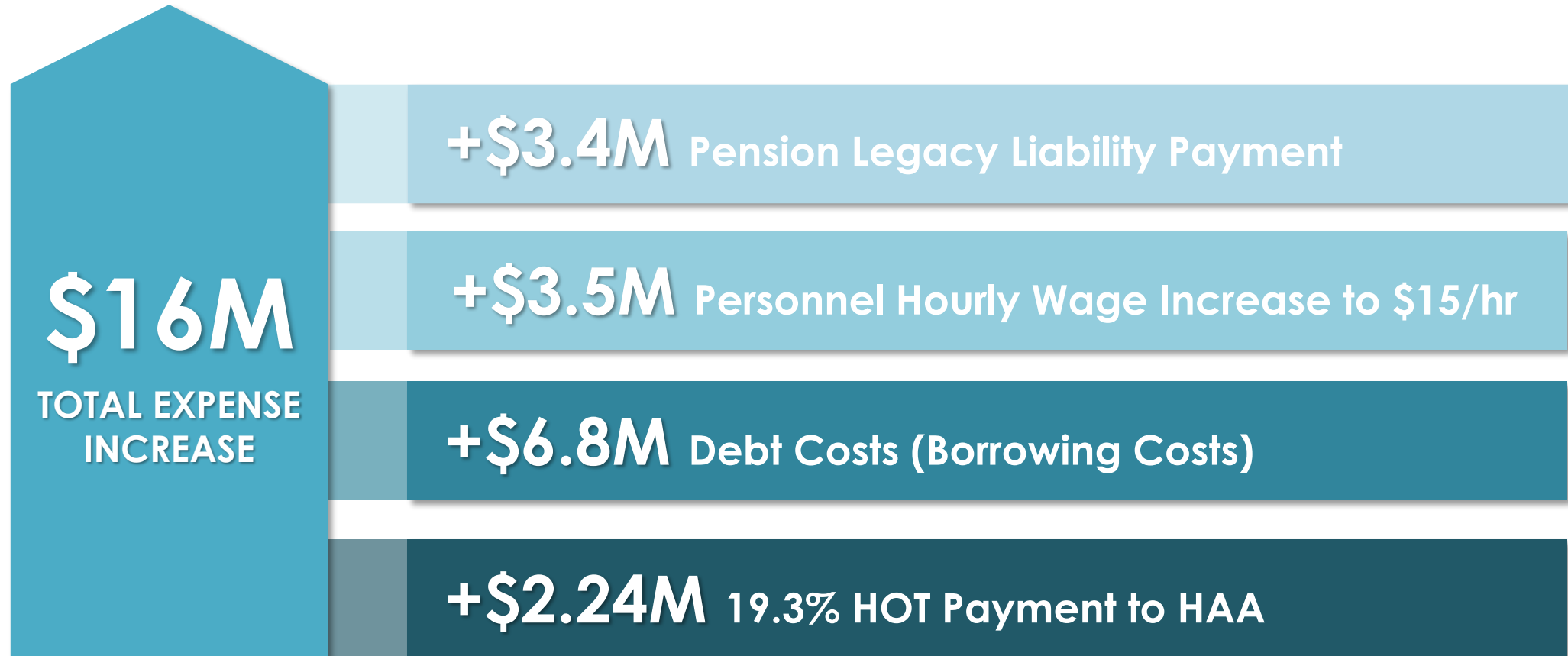
POSITIONED FOR GROWTH & RESILIANCY

Total Revenues for CY 2023:	\$207.6 M
Total Expenses for CY 2023:	\$205.9 M
Revenues in Excess of Expenses:	\$1.6 M
Capital Expenditure:	\$29 M

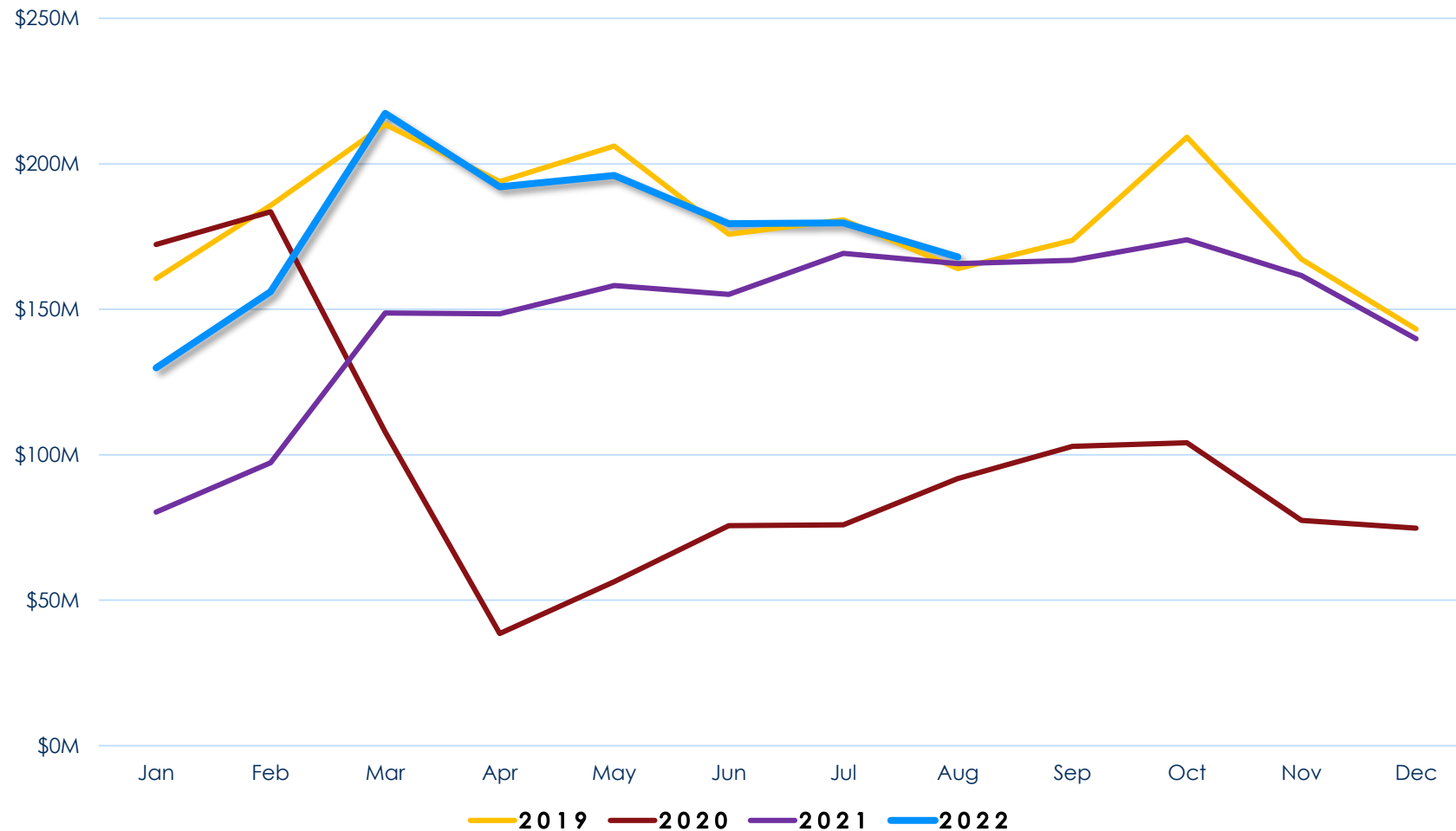
ASSUMPTIONS

- No recession in 2023, BUT monitoring indicators and business metrics carefully
- Leisure travel continues
- Business travel continues improvement
- Hotel occupancy and rates improve
- Corporate meeting demand continues
- Return to offices slowly improves
- Concerts, sporting and other events drive parking
- Continued inflation pressure
- Rising interest rate environment

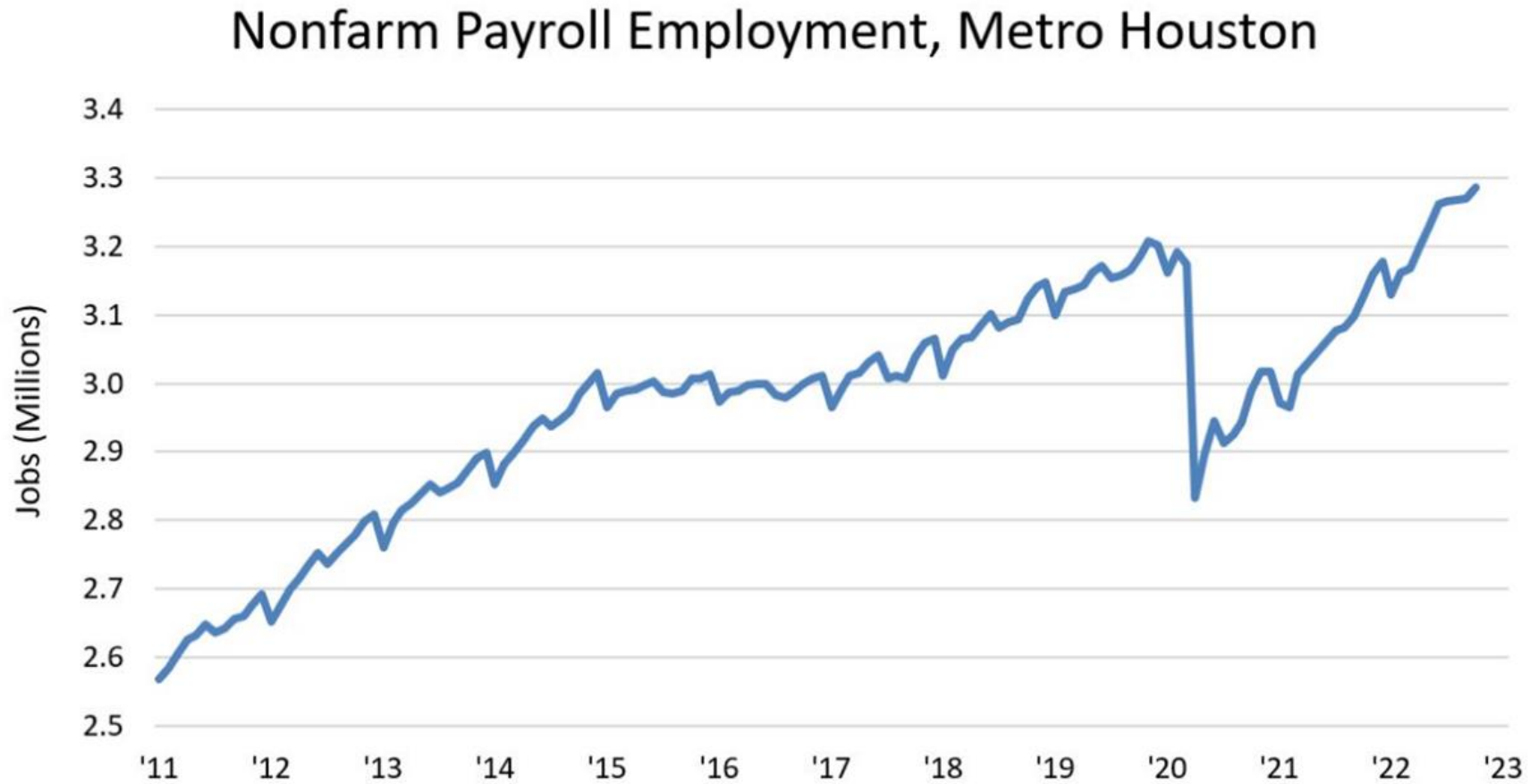
INCREMENTAL EXPENSE INCREASES



TOTAL HOTEL REVENUE TO THE MARKET



HOUSTON EMPLOYMENT



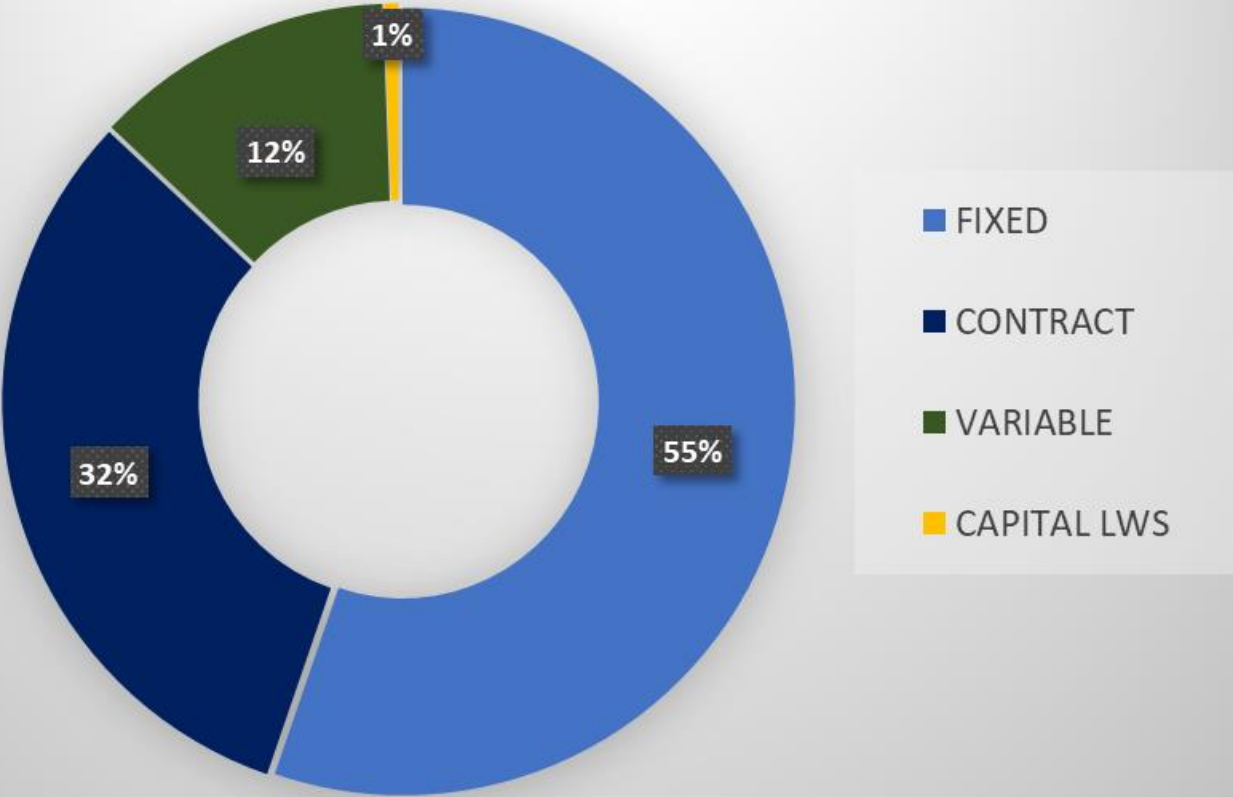
PROPOSED CY 2023 BUDGET SUMMARY

	2022 Forecast Budget	2023 Proposed Budget	CHANGE
<i>Operating Revenue</i>	\$95.4	\$108.1	\$12.7
<i>Non-Operating Revenue</i>	98.8	99.5	0.7
TOTAL REVENUE	\$194.2	\$207.6	\$13.4
<i>Operating Expense</i>	\$88.5	\$100.0	\$11.5
<i>Non-Operating Expense</i>	104.2	106.0	1.8
TOTAL EXPENSE	\$192.7	\$206.0	\$13.3
REVENUE IN EXCESS OF EXPENSE	\$1.5	\$1.6	\$0.1

(\$ in millions)

PROPOSED CY 2023 BUDGET SUMMARY

CY 2023 BUDGET EXPENSE SEGMENTS

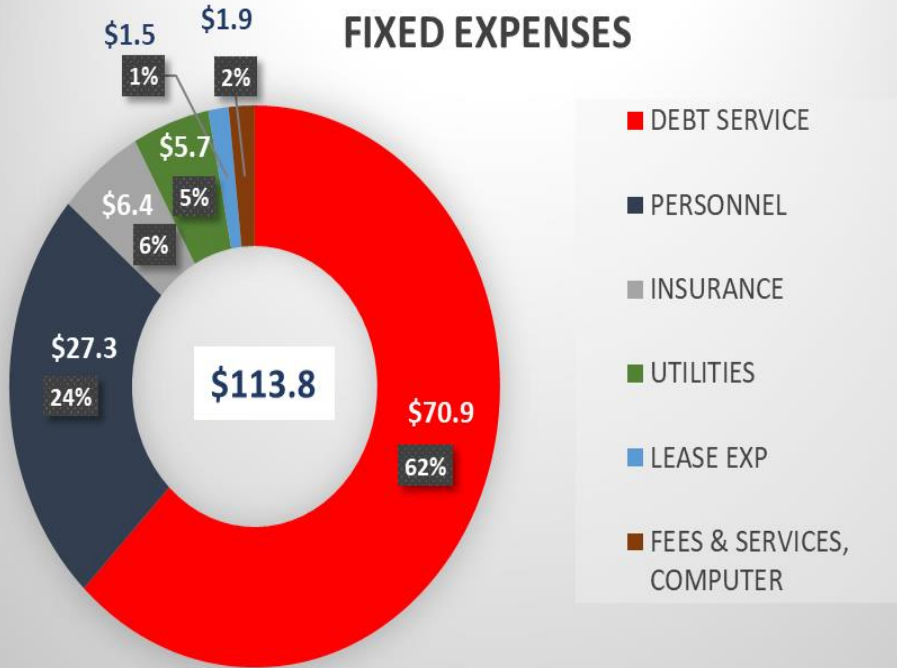


	2023 BUDGET	%
Variable	\$ 25,500,689	12%
Contract	65,399,597	32%
Cap LWS	1,215,582	1%
Fixed	113,855,325	55%
TOTAL	\$ 205,971,193	100%

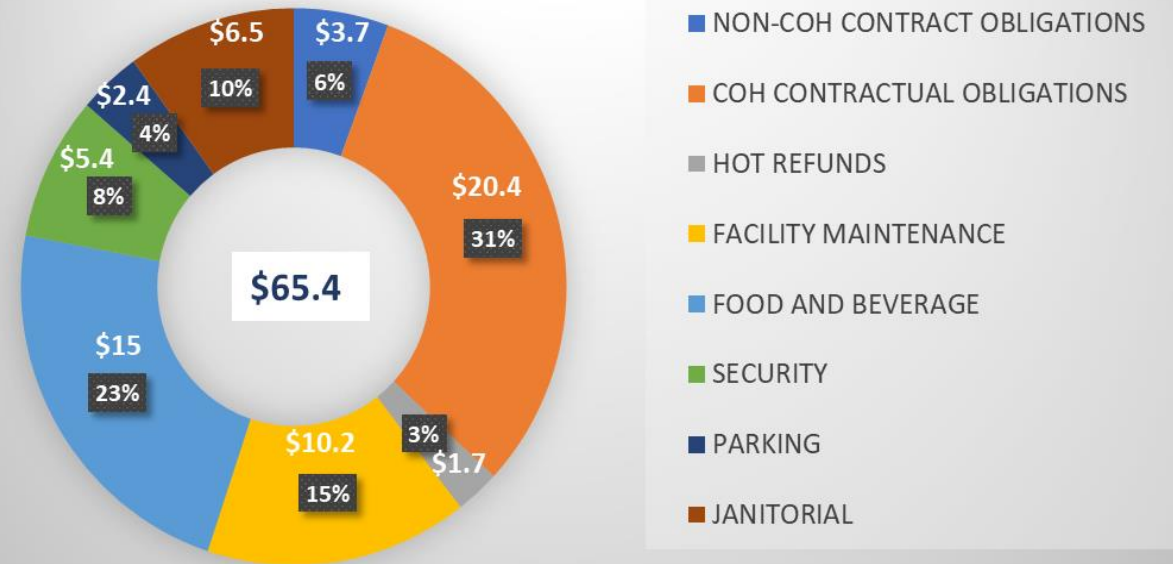
PROPOSED CY 2023 BUDGET HIGHLIGHTS

\$s in millions

FIXED EXPENSES

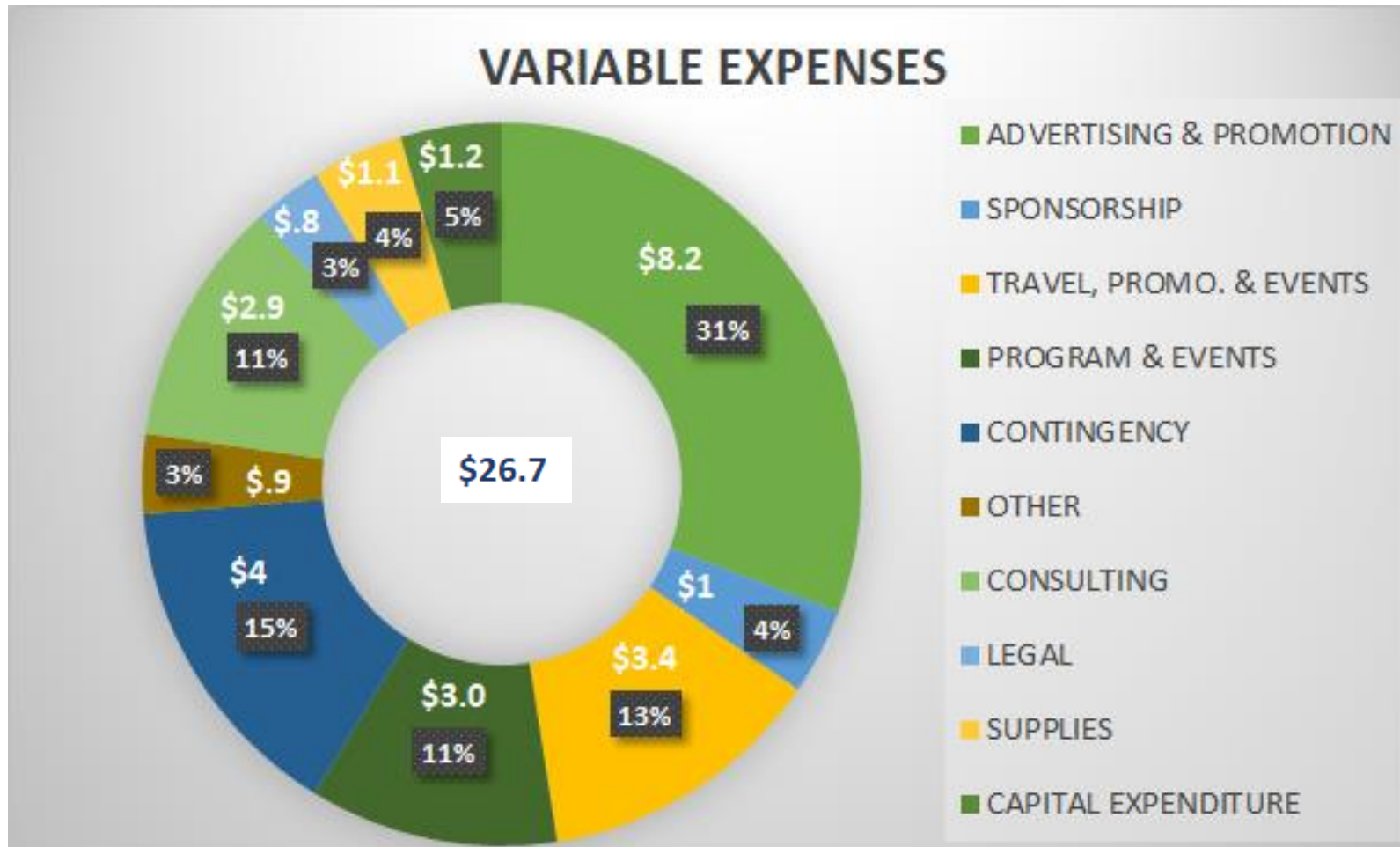


CONTRACTUAL EXPENSES



PROPOSED CY 2023 BUDGET HIGHLIGHTS

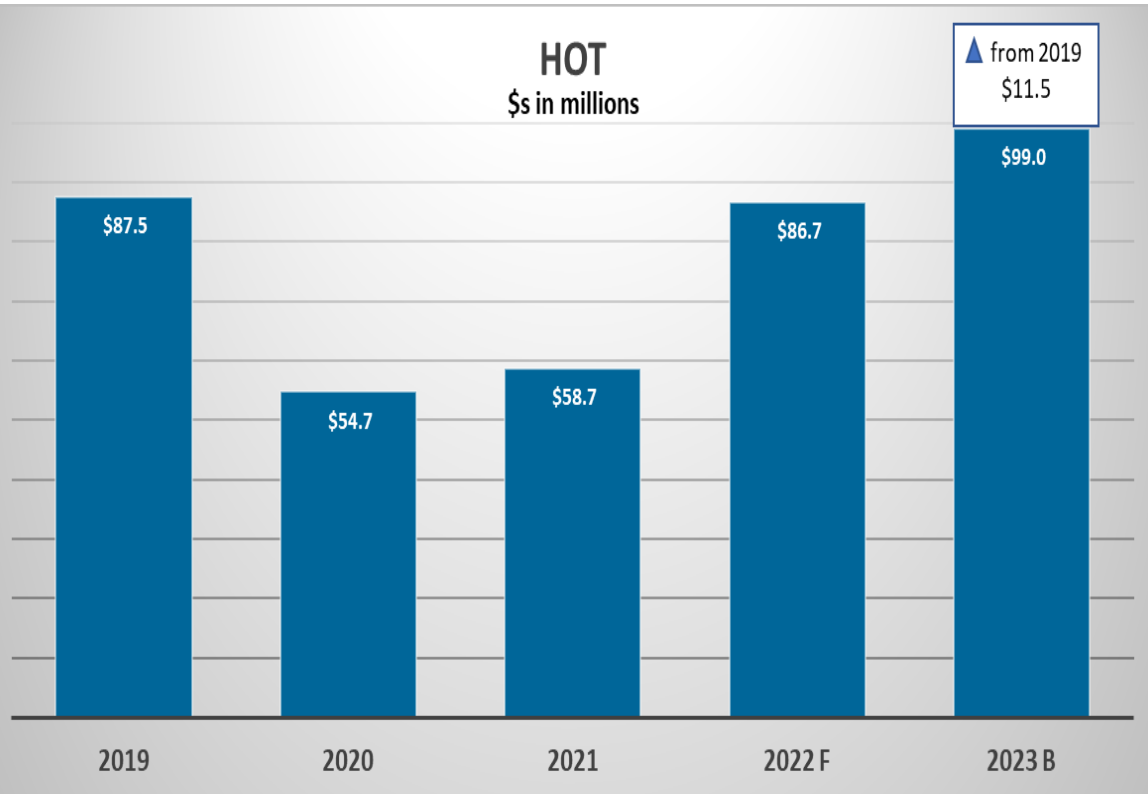
\$s in millions



MAJOR REVENUE TRENDS

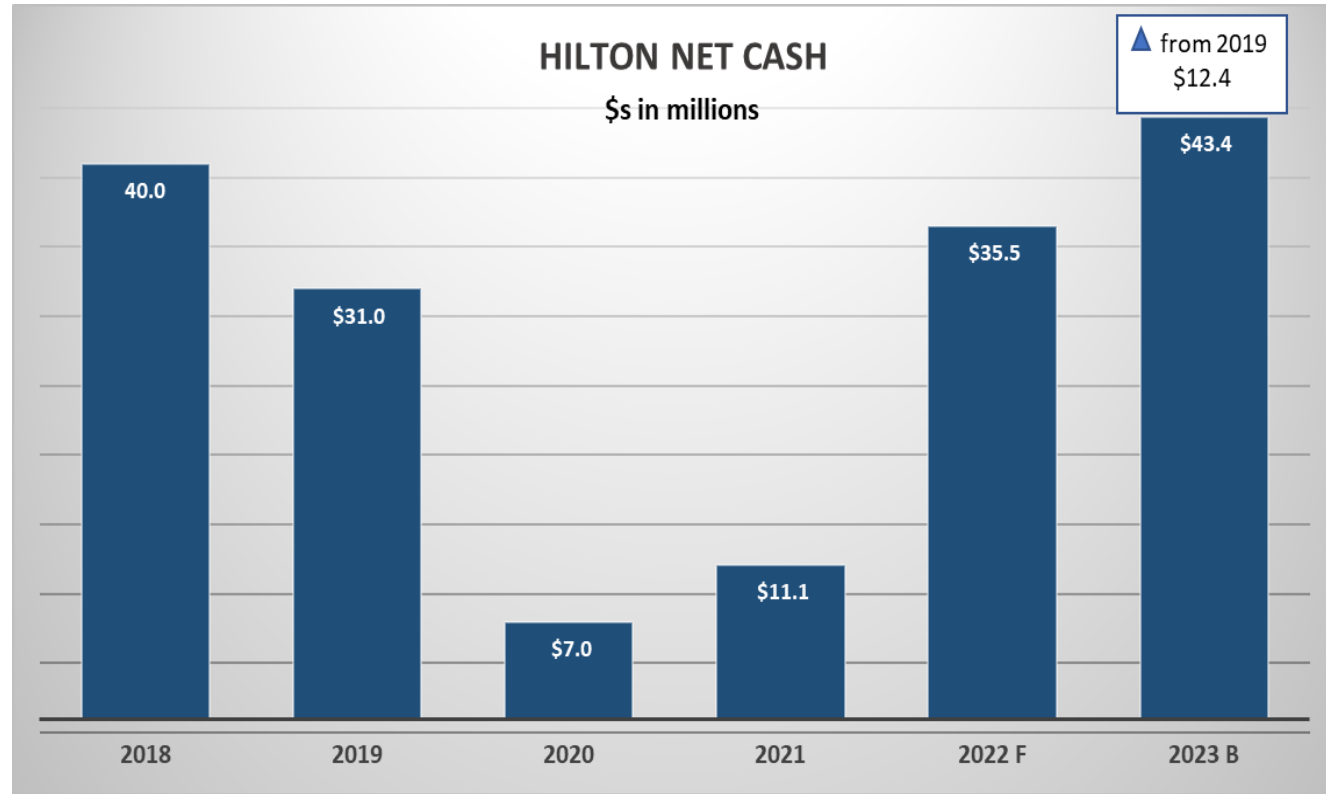
HOT
\$s in millions

▲ from 2019
\$11.5



HILTON NET CASH
\$s in millions

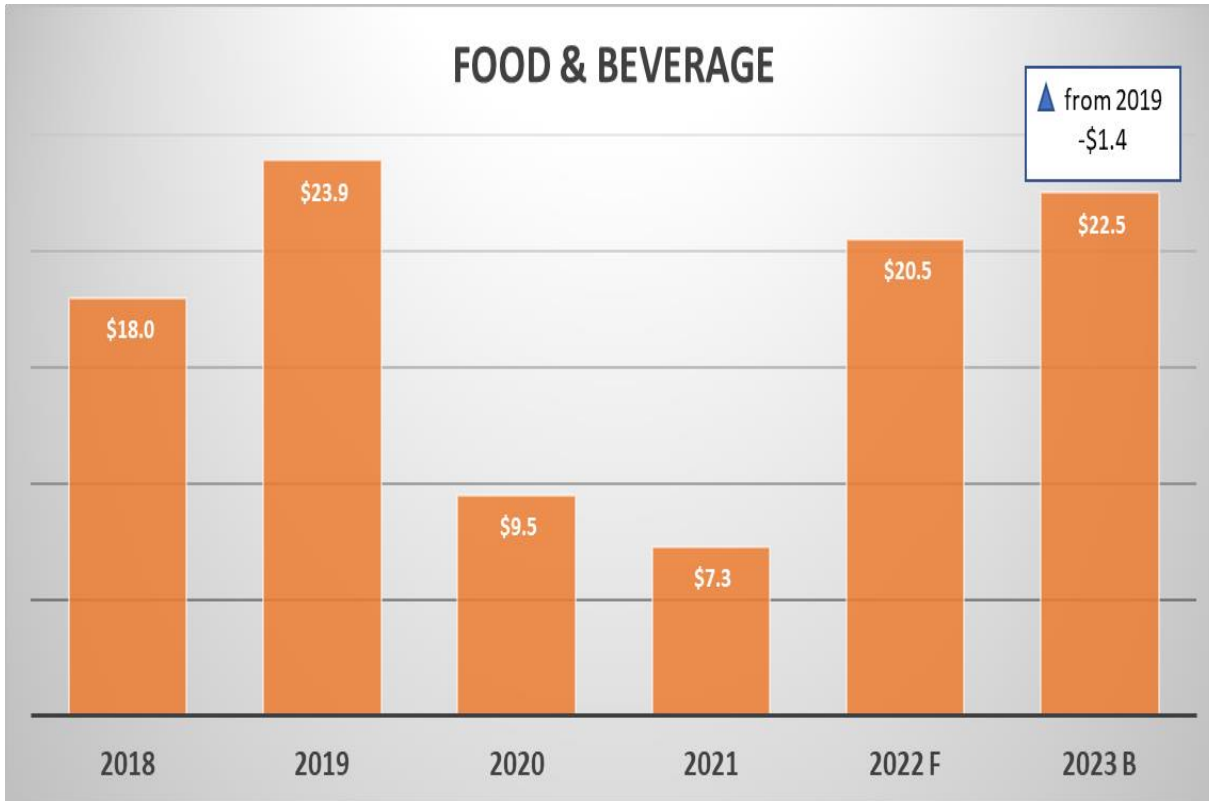
▲ from 2019
\$12.4



MAJOR REVENUE TRENDS

\$s in millions

FOOD & BEVERAGE



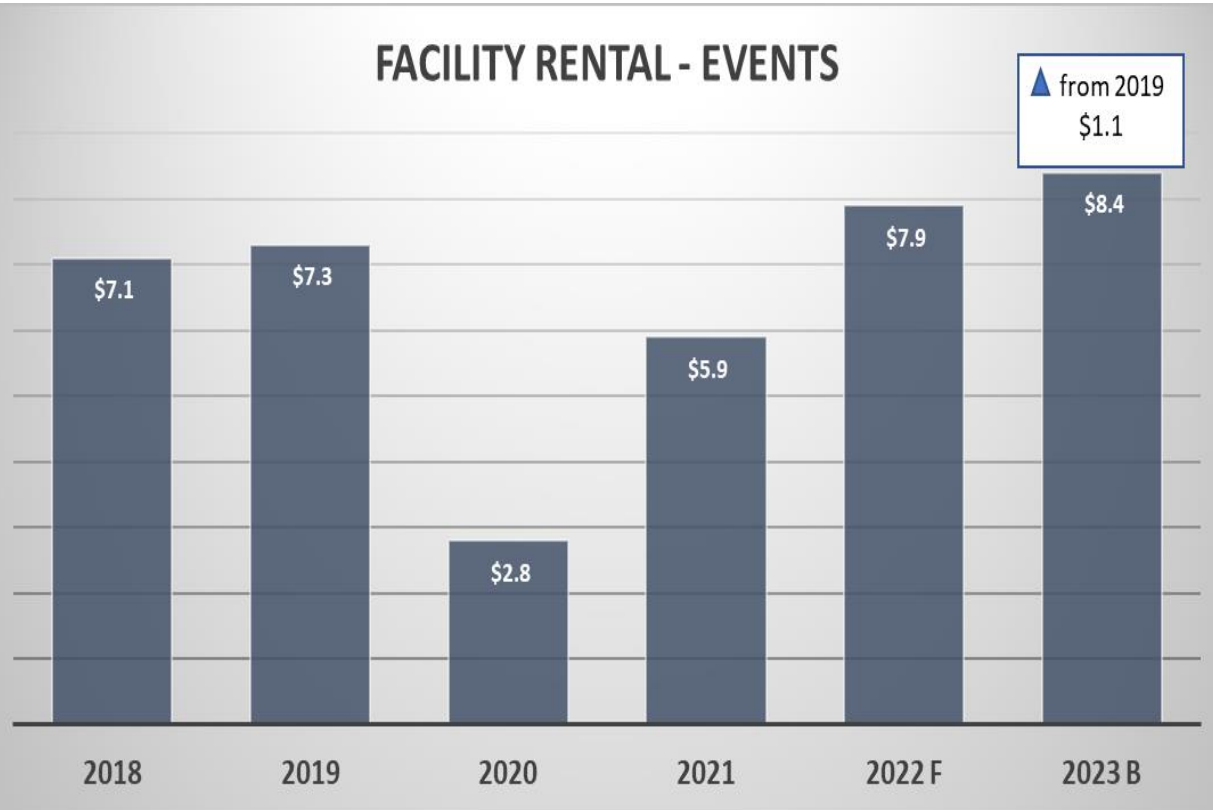
PARKING



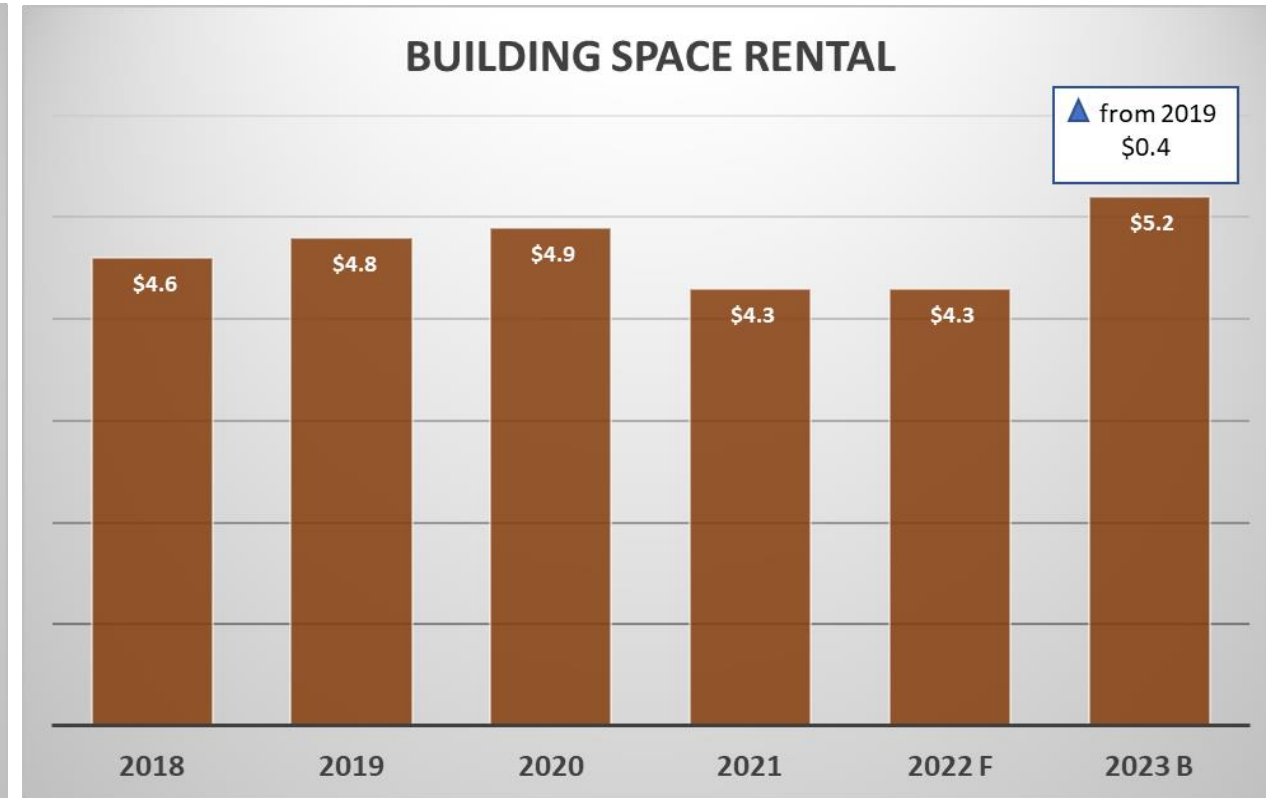
MAJOR REVENUE TRENDS

\$s in millions

FACILITY RENTAL - EVENTS

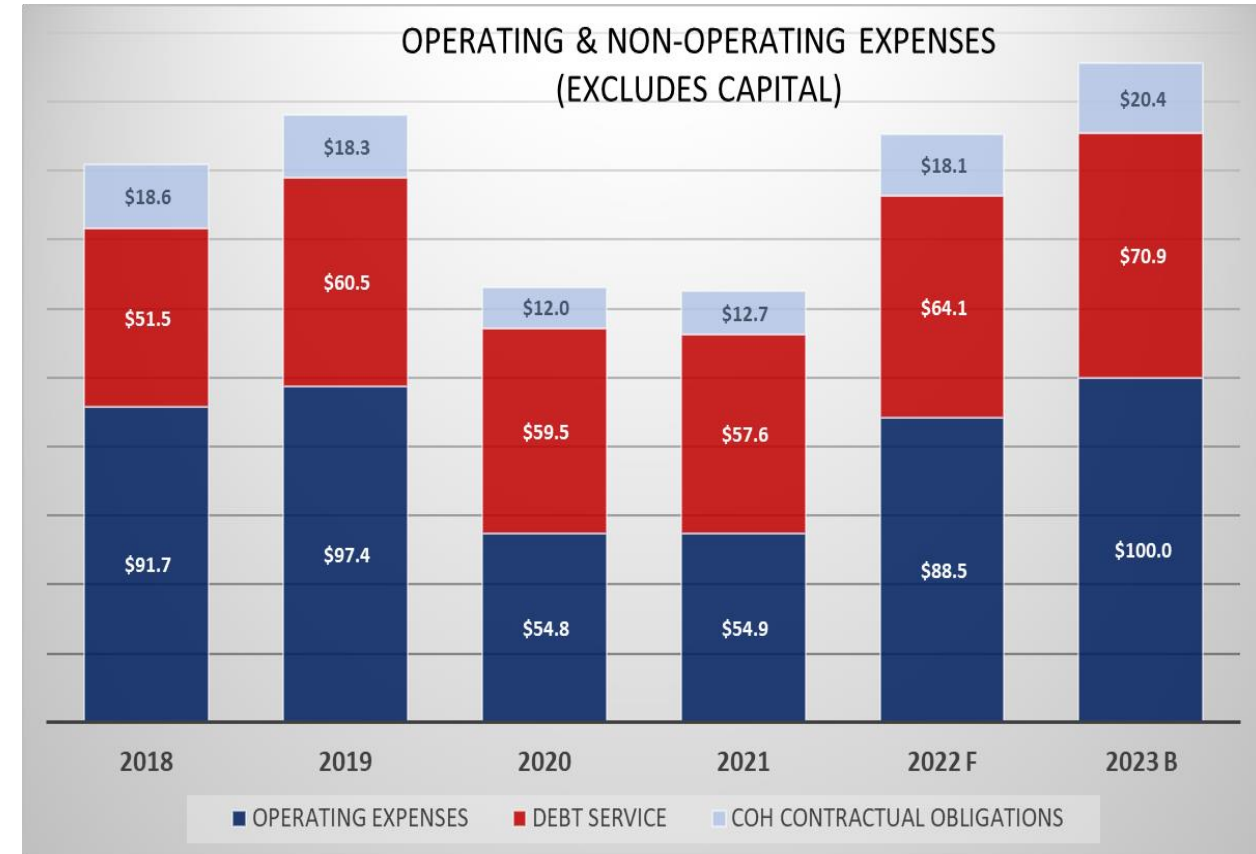
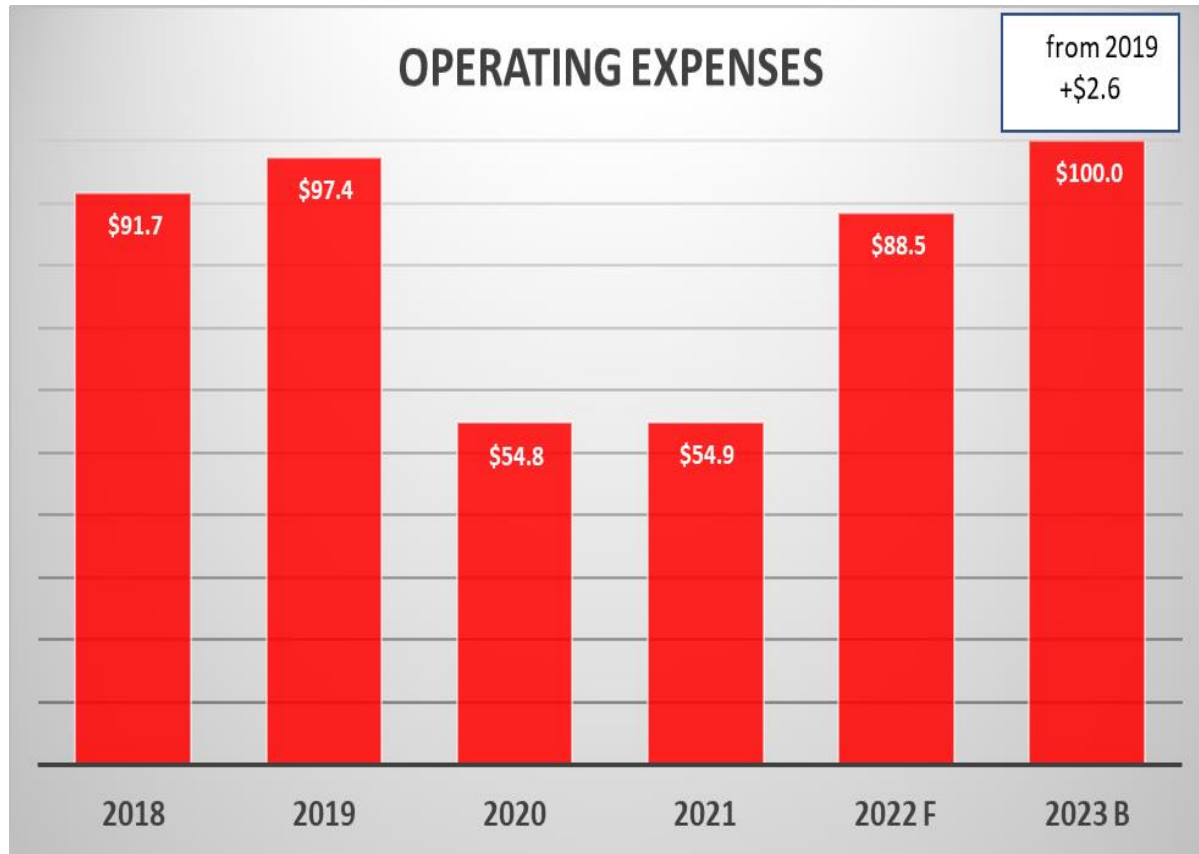


BUILDING SPACE RENTAL

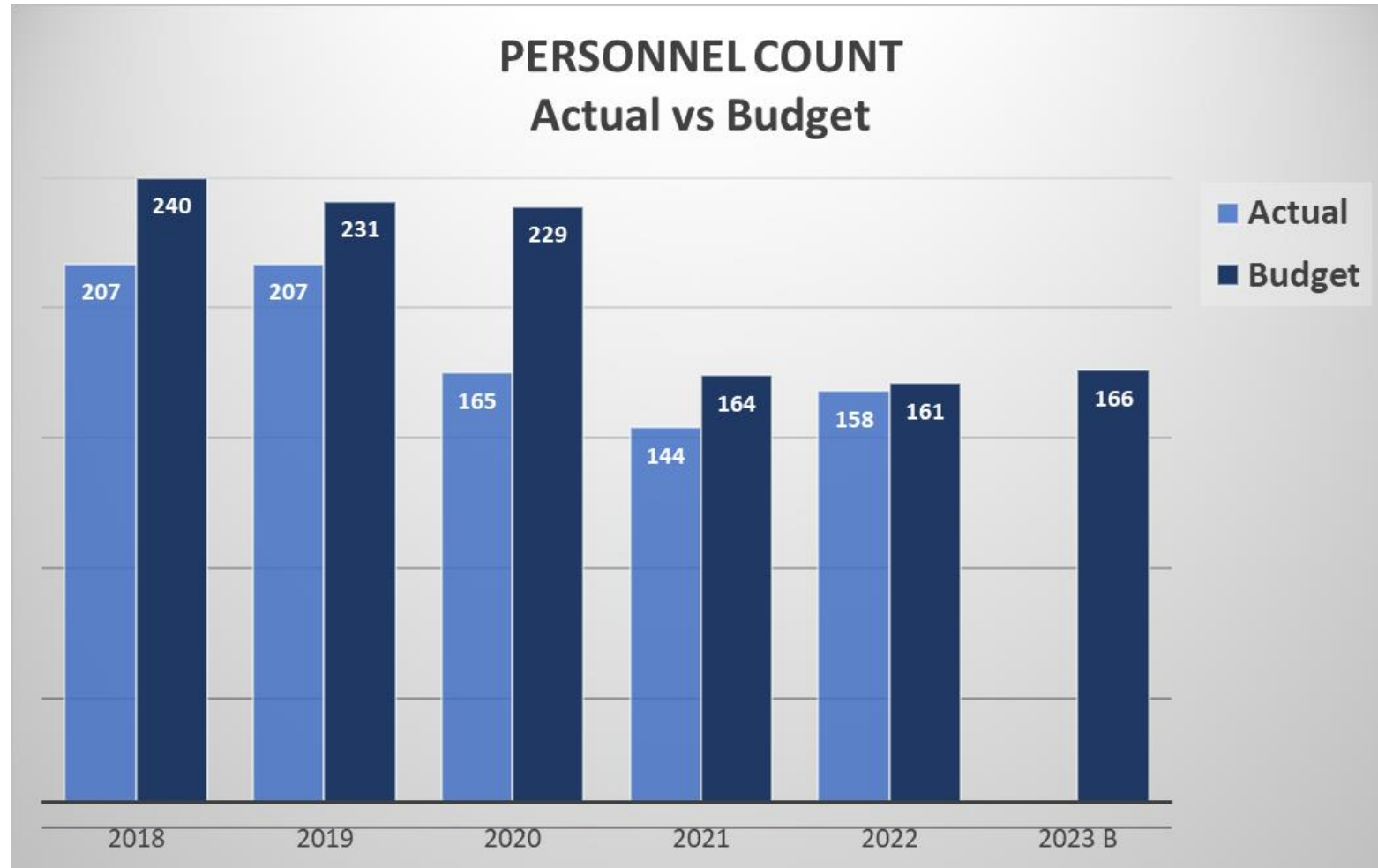


OPERATING EXPENSE TRENDS

\$s in millions

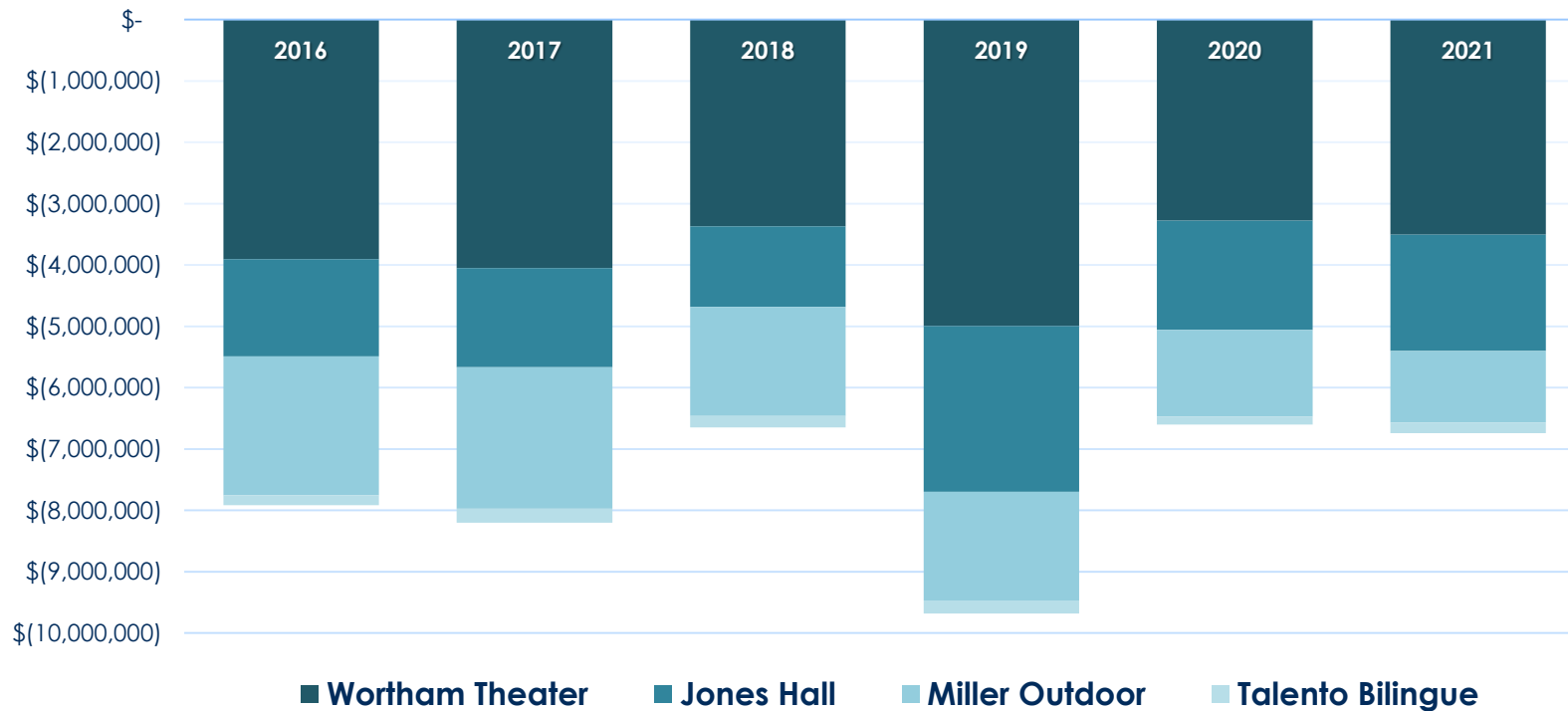


PROPOSED CY 2022 BUDGET HIGHLIGHTS



STRUCTURAL BUDGET BURDEN

THEATER DISTRICT FACILITIES' LOSSES



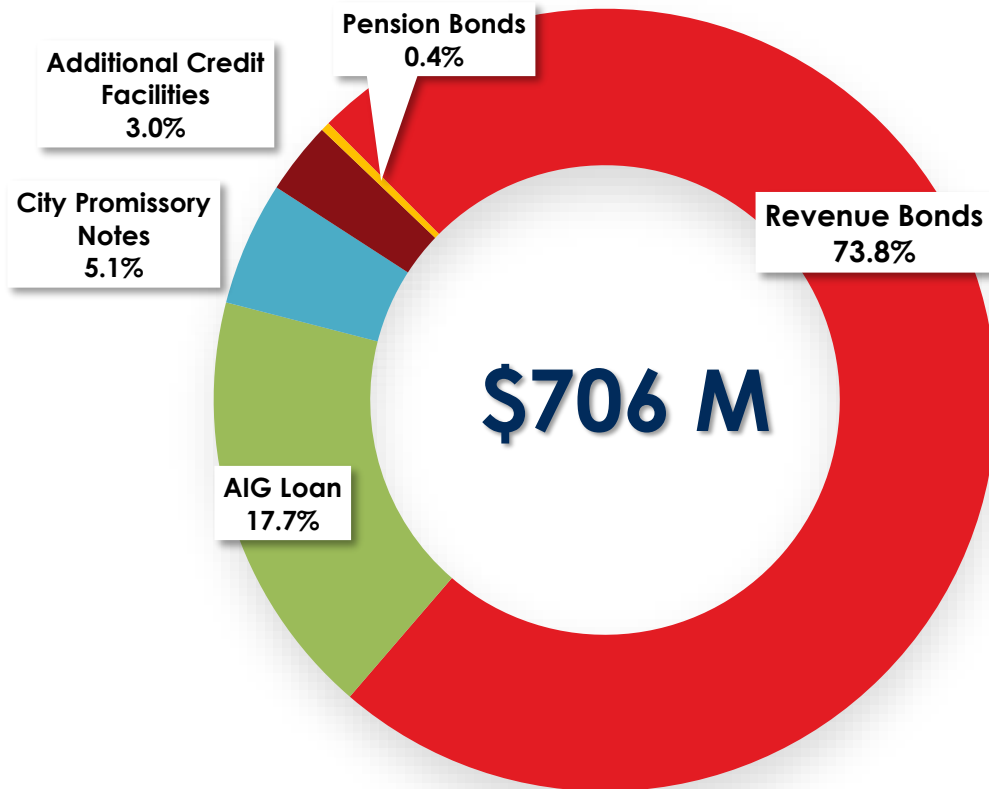
\$45.8 M
TOTAL LOSS
(2016 – 2021)

CONTRIBUTIONS TO COH & STAKEHOLDERS

Transfers to City	(\$ in 000s)
HAA (19.3% HOT)	\$18,721
Promotion	425
Protocol	470
Traffic Administration	242
Hobby Center HVAC	279
Annex Garage	370
Total	\$20,507

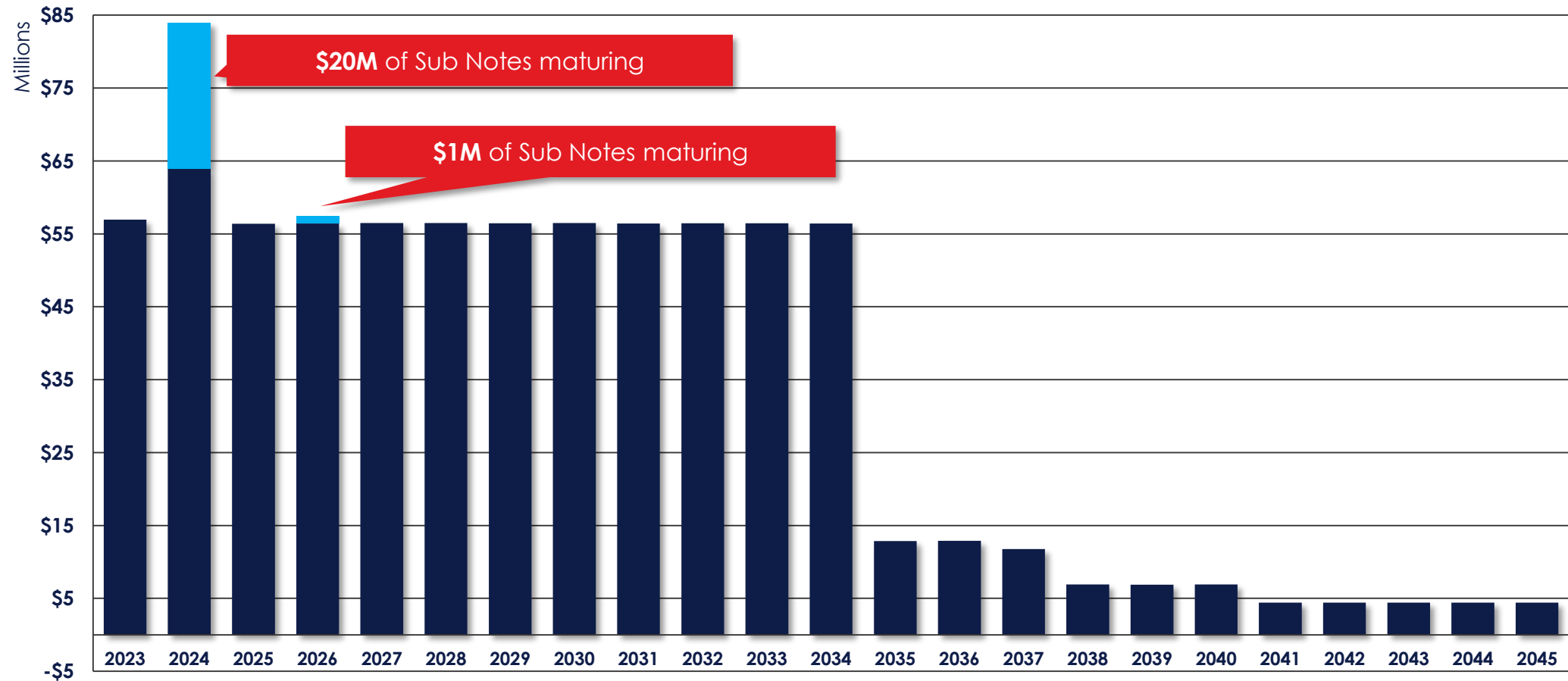
Transfers to Stakeholders	(\$ in 000s)
Discovery Green	\$1,368
Hobby Center	1,100
MATCH	450
Buffalo Bayou Partnership	556
Total	\$3,474

OUTSTANDING DEBT



Series	In 000's
2001B	\$ 233,479
2014	66,695
2015	103,740
2017	29,363
2019	78,800
2021	29,035
AIG Mortgage Loan	125,000
2019 5-year	3,700
2019 10-year	12,500
2021 10-year	20,000
2017 Sub. Lien Series A	20,153
JP Morgan	1,000
2008A	2,420
2005	189
TOTAL:	\$ 705,921

ANNUAL C&E AND HFC BOND DEBT SERVICE



PROPOSED CY 2023 BUDGET

OPERATING REVENUES AND EXPENSES

	CY20 Actuals	CY21 Actuals	CY22 Original Budget	CY22 Forecast	CY23 Budget
Venue Revenue	\$ 25,850,412	\$ 31,595,097	\$ 67,980,859	\$ 74,547,546	\$ 85,315,300
Parking.	\$ 9,926,614	\$ 14,229,842	\$ 17,013,729	\$ 19,173,288	\$ 19,903,565
Miscellaneous	\$ 2,736,848	\$ 1,449,284	\$ 3,065,850	\$ 1,690,222	\$ 2,852,400
Operating Revenues	\$ 38,513,874	\$ 47,274,224	\$ 88,060,438	\$ 95,411,055	\$ 108,071,265
Personnel	\$ 18,646,807	\$ 16,160,887	\$ 25,493,968	\$ 22,525,180	\$ 27,341,382
Advertising & Promotion	\$ 2,450,197	\$ 3,364,624	\$ 7,784,547	\$ 7,411,447	\$ 8,212,233
Travel, Promotion, and Events	\$ 867,770	\$ 1,367,197	\$ 5,460,432	\$ 5,460,374	\$ 3,457,040
Facility Maintenance	\$ 4,277,642	\$ 4,934,726	\$ 8,519,550	\$ 7,659,367	\$ 10,191,295
Food and Beverage	\$ 6,996,557	\$ 5,791,908	\$ 15,746,824	\$ 14,239,740	\$ 14,943,235
Security	\$ 3,346,949	\$ 3,124,623	\$ 3,431,473	\$ 3,676,024	\$ 5,454,933
Utilities	\$ 3,698,662	\$ 4,244,417	\$ 5,169,980	\$ 5,486,753	\$ 5,767,314
Parking	\$ 1,735,425	\$ 1,714,503	\$ 2,190,859	\$ 2,107,951	\$ 2,424,329
Janitorial	\$ 2,201,173	\$ 2,795,664	\$ 4,169,912	\$ 5,588,946	\$ 6,534,287
Insurance	\$ 5,019,366	\$ 4,960,057	\$ 5,679,229	\$ 5,540,553	\$ 6,411,273
Lease Expense	\$ 728,681	\$ 2,248,881	\$ 1,526,450	\$ 1,525,067	\$ 1,525,410
Consulting	\$ 1,954,114	\$ 1,465,621	\$ 2,382,200	\$ 2,942,712	\$ 2,943,600
Supplies	\$ 451,662	\$ 356,660	\$ 1,173,300	\$ 770,294	\$ 1,092,784
Fees & Services	\$ 525,224	\$ 562,911	\$ 848,725	\$ 865,267	\$ 928,650
Computer Services	\$ 1,086,506	\$ 1,140,314	\$ 1,078,486	\$ 1,091,456	\$ 1,002,096
Legal Expense	\$ 385,764	\$ 279,101	\$ 600,000	\$ 544,754	\$ 830,000
Other	\$ 452,537	\$ 421,206	\$ 790,659	\$ 1,061,841	\$ 947,482
Operating Expenses	\$ 54,825,036	\$ 54,933,300	\$ 92,046,594	\$ 88,497,727	\$ 100,007,343
Net Income From Operations	\$ (16,311,162)	\$ (7,659,076)	\$ (3,986,156)	\$ 6,913,328	\$ 8,063,922

PROPOSED CY 2023 BUDGET

NON-OPERATING REVENUES AND EXPENSES

	CY20 Actuals	CY21 Actuals	CY22 Original Budget	CY22 Forecast	CY23 Budget
Hotel Occupancy Tax (Current & Delinquent)	\$ 54,749,835	\$ 58,710,348	\$ (83,640,000)	\$ (86,695,273)	\$ (99,000,000)
Contributions	\$ 770,000	\$ 10,601,405	\$ (11,335,000)	\$ (11,335,000)	\$ -
Net Available Pledged Rev. Transfer	\$ 42,146,484	\$ 6,712,965	\$ -	\$ (416,035)	\$ -
Interest Income	\$ 564,875	\$ 150,787	\$ 215,382	\$ 340,187	\$ 515,969
Non-Operating Revenues	\$ 98,231,194	\$ 76,175,506	\$ 95,190,382	\$ 98,786,495	\$ 99,515,969
Non Operating Revenue	\$ 98,231,194	\$ 76,175,506	\$ 95,190,382	\$ 98,786,495	\$ 99,515,969
Sponsorship Expense	\$ (136,295)	\$ 378,063	\$ 1,033,950	\$ 632,458	\$ 1,032,550
Non-COH Contractual Obligations	\$ 3,295,870	\$ 2,982,070	\$ 3,836,573	\$ 3,854,275	\$ 3,679,656
Programming & Events	\$ 748,666	\$ 741,284	\$ 1,800,000	\$ 1,751,906	\$ 2,985,000
Contingency			\$ 1,400,000	\$ 1,500,000	\$ 4,000,000
Capital Spending	\$ 3,631,660	\$ 8,466,238	\$ 11,471,000	\$ 13,140,838	\$ 1,215,582
Debt Service	\$ 59,512,761	\$ 57,573,226	\$ 66,778,851	\$ 64,120,826	\$ 70,879,200
COH Contractual Obligations	\$ 12,048,376	\$ 12,748,217	\$ 17,130,454	\$ 18,157,818	\$ 20,455,416
Hotel Tax Refunds	\$ 2,511,691	\$ 904,519	\$ 1,050,000	\$ 1,051,063	\$ 1,716,446
Non Operating Expense	\$ 81,612,728	\$ 83,793,618	\$ 104,500,828	\$ 104,209,183	\$ 105,963,850
Total Revenue less Expenses	\$ 307,304	\$ (15,277,188)	\$ (13,296,602)	\$ 1,490,640	\$ 1,616,041
Capital - Prior Year Carry Forward			\$ 1,976,629	\$ -	\$ 11,415,367
Capital - Financed Projects	\$ 18,725,026	\$ 213,400	\$ 14,921,913	\$ 6,459,305	\$ 18,122,312
Disaster Expense	\$ 11,857,463	\$ 1,378,525	\$ 263,000	\$ 274,573	\$ -
Total Revenues	136,745,068	123,449,729	183,250,820	194,197,551	207,587,234
Total Expenses	136,437,764	138,726,918	196,547,422	192,706,911	205,971,193
Net Profit/(Loss)	307,304	(15,277,188)	(13,296,602)	1,490,640	1,616,041

PROPOSED CY 2023 BUDGET

MAJOR VARIANCES

REVENUE VARIANCES		
Hotel Occupancy Tax	+12.3 M	From \$86.7 M to \$99 M
Hilton Net Cash to HFC	+\$7.9 M	From \$35.5 M to \$43.4 M
Venue	+\$2.9 M	From \$39.0 M to \$41.9 M
Parking	+\$2.2 M	From \$19.2 M to \$21.4 M
Food & Drink Concession	+\$2.0 M	From \$20.5 M to \$22.5 M
EXPENSE VARIANCES		
Debt Service	+\$6.7 M	From \$64.1 M to \$70.9 M
Personnel	+\$4.8 M	From \$22.5 M to \$27.3 M
Facility Maintenance	+\$2.5 M	From \$ 7.6 M to \$10.1 M
Security	+\$1.7 M	From \$ 3.6 M to \$ 5.4 M
Advertising & Promotion	+800 K	From \$ 7.4 M to \$ 8.2 M



COMMITTEE BUSINESS

- C. Consideration and possible recommendation of a Letter of Intent for a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau.

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

November 9, 2022

SERVICES TERMINATION AGREEMENT

Greater Houston Convention & Visitors Bureau (GHCVB)

- Adopt a new name, mission statement and bylaws unrelated to Destination Marketing Organization (DMO) functions.
- Recognize Houston First as the official Destination Management Organization for the Houston region.
- Return all previously received municipal HOT funds to Houston First.
- Transfer all existing intellectual property to Houston First, inclusive of Visit Houston.
- GHCVB will appoint President and hire staff.

Houston First Corporation (HFC)

- HFC will cease staff support.
- Expend returned municipal HOT funds before December 31, 2023 on any of the following:
 - Destination branding/engagement projects
 - Destination demand driving advertising services
 - Hosting media and clients for the 2023 Men's Final Four, and tourism mission to Mexico
- Pay \$1.5 million to the GHCVB for transfer of the sole member interest in Comicpalooza LLC.
- Effectuate the transfer of membership data, corporate books and records, and financial records to the GHCVB.
- Host and support the DEI Internship for Summer 2023.

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