AGENDA

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE
April 18, 2022 – 1:30 P.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HOUSTON FIRST BOARD ROOM

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 – March 3, 2022

IV. Presentations, Reports, and Updates
   A. 2021 Audit Discussion
   B. 2021 Budget Actuals
   C. Q1 Financial Report
   D. 2022 – 2023 Insurance Discussion

V. Adjourn
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. TRANSPI. CODE ANN. §431.101 et seq. and TEX LÓC. 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, March 3, 2022, at 1:30 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, Jay Zeidman, Sofia Adrogué, and Ryan Martin.

1. **Call to order.** The Chairman called the meeting to order at 2:14 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 November 16, 2021, were approved as presented.

4. **Presentations and Reports.**

   A. **CCSI to HFC Transition Update**

      President and CEO, Michael Heckman updated the Committee regarding the transition of team members from Convention & Cultural Services, Inc. ("CCSI") to Houston First, effective close of business December 31, 2021. CCSI terminated its 401(k) Plan December 31, 2021, and Houston First opened its 457(b) Plan, effective January 1, 2022. Management held numerous briefings for team members regarding the transition. The transition results from team members beginning active participation in the Houston Municipal Employees Pension System ("HMEPS") on March 11, 2022. Mr. Heckman then asked General Counsel, Lisa Hargrove, and Chief Financial Officer, Frank Wilson, to provide more detail about the settlement of the pension lawsuit and its financial impact on Houston First.
Alex Brennan-Martin stated the 401(k) Plan provided a voluntary mechanism for employees to save, but the Pension Plan has a mandatory employee contribution.

Sofia Adrogué asked if the voluntary versus mandatory contribution issue has been a distinction for employees. Mr. Heckman stated that the distinction has not been an active issue, but employees are aware of the differences.

General Counsel, Lisa Hargrove stated that the City of Houston ("City") is entering into a final settlement and release of the lawsuit. While not final yet, there is a draft written agreement, which has been produced to Houston First, and the final agreement will be presented to City Council during March. Ms. Hargrove reported that even if the final agreement has not been approved by City Council before March 11, deductions from employee pay will begin with the March 11, 2022 pay date.

The pension settlement addresses three specific tranches. The first tranche is on a go-forward basis. Beginning with the March 11 pay date, for the pay period February 19 through March 4, team members will either have three, four, or eight percent deducted on a pre-tax basis. Employee contributions will be deducted every pay period thereafter. Also beginning March 11, Houston First will send approximately 8.4% of payroll, as the employer pension contribution for each pay period, to HMEPS. Houston First will additionally fund to HMEPS on March 11 amounts due from January 1 - February 18.

The second tranche is a settlement amount payable to HMEPS of $16 million dollars representing the retroactive amount due, from approximately 2011 through 2021. The City will pay the settlement in three payments over two years. However, HFC has agreed to repay the City the $16 million in a series of payments that will begin January 2031.

The third tranche constitutes the pension "legacy liability" which represents an amount that the City underfunded HMEPS over a period of years. Several years ago, the City and HMEPS settled their disagreement over the legacy liability and the City agreed to repay the legacy liability over 30 years. Each year, the City and HMEPS calculate the current year’s legacy liability and each City department is assigned a portion of the calculated liability to include in their annual budget. Houston First is treated as a City department and must pay its portion of the legacy liability going forward. For CY2022, Houston First did not budget any funds to pay its allocated share of the liability. Since the City, which is on a FY budget, beginning each July 1, has already budgeted for the full year July 1, 2021 through June 30, 2022, it will pay the Houston First portion for this period. Beginning July 1, 2022 through December 31, 2022, the City has informed HFC that it will review our revenues and determine if Houston First can pay its portion of the legacy
liability ($1.8 million) for the final six months of 2022. For 2023 and beyond, Houston First must budget for the legacy liability, approximately $3.5 million a year in addition to 8.4% of every payroll.

Alex Brennan-Martin asked if 8.4% constituted funds that were used in the past as employer contributions into the 401(k) Plan. Lisa Hargrove responded affirmatively, and stated that the 401(k) employer contribution concluded December 31, 2021 while funds that would have been used for the employer contribution have been saved and will be utilized against employer contributions to HEMPS.

Michael Heckman commented that HFC was not involved in the actual settlement negotiations between the City and HMEPS and that Houston First had no part in decision-making.

Frank Wilson reiterated that the City is paying the $16 million settlement. Mr. Wilson then directed the Committee’s attention to a proposed repayment schedule for Houston First. By way of explanation, Mr. Wilson stated discussed three different promissory notes previously executed by Houston First to the City titled: Harvey Insurance Proceeds Loan, Harvey Loan, and Pandemic Loan. These notes are in addition to the other debt service structure. The Harvey Loan was originally $8.9 million, with $2.6 million paid back in 2021, and another $2.6 million to be paid in 2022. The payments for the different notes were purposely scheduled so that they were consecutive.

Bond debt service of $57 to $58 million is stacked through 2033, so Mr. Wilson proposed to the City that HFC start paying back the $16 million in 2034. The City requested payment to begin in 2031, which is immediately following the completion of repayment on the other two notes. HFC is deferring and capitalizing interest between 2022 and 2025; also, HFC is not paying principal or interest until 2025.

Mr. Wilson provided some additional background concerning the legacy liability. He explained that when the City was doing pension reform several years ago, it issued a billion dollars of pension bonds, $250 million of which was given to HMEPS. The City then entered into a structured payment plan for the remaining funds for 30 years. There are 25 years remaining on the payment plan. For 2022, the City owes $140 million toward that structured plan. Houston First’s percentage of the legacy liability is approximately 20% of payroll. This percentage is approximately $3.4 million annually. Mr. Heckman stated that the Mayor was well-briefed and, ultimately, made the decision.
B. Market Report

Vice President, Business Intelligence, and Market Sales, Cindy Decker discussed an article in CoStar which indicated a good outlook in the growth of office space and employees returning to the office to work. Alex Brennan-Martin noted an article in the Wall Street Journal indicating the same outlook.

The CoStar article reported that hotels are seeing 70% attendance nationwide. Houston is having similar attendance. Ms. Decker added that Marriott, Hyatt, and Hilton were 20% down from 2019. Ms. Decker then noted that there are two more city-wide conventions in 2022 than in 2019 and Houston is down 18% from 2019, so Houston is in line with trends.

The trends in 2020 were under 30% occupancy; however, the trends now indicate that the Houston market is about 50% occupancy, which is still down from 2019, but ahead of 2021. The ADR (Average Daily Rate) in Houston is down only 2% to 2019 trends, which is great news and indicates that Houston has done a great job of holding rate and pushing through the pandemic.

The downtown market was at 18% occupancy this same time in 2021 and the last three months has been at 40.6% occupancy. Houston is trending in the right direction. Conventions have been driving the rate; when conventions are in town the rates rise. Also, rates are only down 1.7% from 2019.

Ms. Decker said the Galleria market, in the last three months, is averaging 44% occupancy. This time last year occupancy was at 37%. The Galleria market is ahead of 2019 by 11%. Furthermore, the Galleria market, on the weekends, has driven the rate up so high that it is up by 30% from 2019.

Business transient room nights in Houston in 2019 made up about 40% of the market. Houston is ahead of 2021, but is down 30% from 2019. The mix is at 32% versus 40% and although room nights are down, business travel is making up about 32% of Houston business, and that is a really good sign of improvement. The travel industry is indicating that business travel is coming back and, although they are traveling less, clients are staying longer, which is a good opportunity for leisure time to visit attractions and sites in Houston.

Ms. Decker described the mix of business for room nights booked in Houston and room nights booked in Downtown. In February, Houston was at 30% mixed in Downtown for business travel, and in February 2019, Houston was at 39%. Room nights are down in the Houston area by 30% and Houston is trending ahead from 2020.
The mix of business for room nights booked in the Downtown market in February was about 30%, which is down 4% from 2019, and room nights are down about 42% in business travel.

Frank Wilson then stated the financial books for 2021 would be closed by mid-March. He reported Hotel Occupancy Tax (HOT) would be $900,000 above budget for January 2022, the Hilton Americas-Houston Hotel (“Hotel”) net cash is on budget at $2.5 million, the George R. Brown Convention Center (“GRB”) facility rental is $400,587 better than budget, the GRB food and beverage is down $684,015 due to cancellations, Avenida parking continues to overperform by $289,040, and Theater District Parking underperformed by $145,956.

The highest favorable variance is personnel, due to transitioning from CCSI to HFC. As a result of the transition, the last week of December 2021, which would have normally been paid in January 2022, was paid in December 2021, to ensure charging the appropriate company. Mr. Wilson said that this accounts for approximately $300,000 of the variance.

Mr. Wilson provided observations on other major revenues that are below budget, primarily because of a $4 million Lynn Wyatt Square contribution that was budgeted in January, but received in December. Expenses are also significantly below budget, primarily due to timing. While January saw $2 million of cancellations at the Hotel, the quarter one forecast is very favorable based on significant growth in in-the-year for-the-year business. Group business is driving transient with forecasted ADR growth of +42% YOR and +20% versus 2019, and ADR at Hilton is up to $4.45 versus budget of $202.47.

Several major groups for quarters one and two, attendance levels, pandemic/endemic progression, business travel, inflation, price of oil, interest rates, in-the-year for-the-year bookings, in-house meeting pace, international travel, ADR, RevPar, MLB collective bargaining, and labor and supply chain bottlenecks would continue to be monitored. Finally, Mr. Wilson reported that HFC continues to shift from survival to revenue recovery.

5. **Committee Business.**

   A. Consideration and possible recommendation of the 2022 Investment Policy.

   After discussion for consideration and possible recommendation of the 2022 Investment Policy, a motion was made and duly seconded and the 2022 Investment Policy was approved.

5. **Adjournment.** The meeting was adjourned at 2:51 p.m.
HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

Monday, April 18, 2022
1:30 p.m.
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.
MINUTES

March 3, 2022

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING
April 18, 2022
A. 2021 Audit Discussion

Joel Perez
Partner, Audit Services - RSM
HOUSTON FIRST CORPORATION

Required Communications and Audit Plan Overview
For the Year Ending December 31, 2021

April 18, 2022
Objectives of Pre-Audit Governance Communication

- Open lines of communication
- Understand the scope of the audit plan and deliverables
- Timeline of audit and issuance of reports
Pre-Audit Required Communication

• **Communication**—We strive to develop an effective two-way communication with the Benefits, Compensation and Finance Committee (the Committee) to understand audit matters and develop a constructive working relationship.

• **Independence**—Firm has policies and procedures to ensure RSM remains independent and complies with professional independence standards.

• **Materiality**—The auditor’s allowance for those errors and corrections detected and also those not detected as a result of audit procedures.

• **Significant Risks**—Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. We identified venue revenue recognition as it relates to the cutoff assertion as well as management override of controls as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

• **Approach to Internal Controls**—Our procedures on key controls that mitigate the risk of errors related to financial reporting requirements are performed for the purpose of reporting on the financial statements and not on the internal control system.
Responsibilities of Management

• Management’s Responsibilities
  - Preparing and fairly presenting the financial statements and schedule of expenditures of awards in conformity with accounting principles generally accepted in the U.S.
  - Establishing and maintaining effective internal controls
  - Adopting and following industry standard accounting policies
  - Identifying and ensuring compliance with laws and regulations related to its activities
  - Identification and communication of suspected fraud, unusual transactions or large transactions with related parties
  - Identification and evaluation of subsequent events
Responsibilities of the Audit Committee

• Committee’s Responsibilities
  - Oversight of financial reporting process
  - Setting an appropriate organizational “tone at the top” for creating a culture of high ethical standards surrounding financial reporting and compliance
  - Communication to auditors about:
    • audit related questions or concerns
    • suspected fraud
    • management integrity
    • unusual transactions or large transactions with related parties
Responsibilities of the Audit Firm

• Auditor’s Responsibilities
  – Conduct the audit in conformity with U.S. Generally Accepted Auditing Standards
  – Conduct the compliance audit in conformity with Government Auditing Standards and Uniform Guidance (federal funding requirement)
  – Perform audit procedures to obtain evidence about the amounts and disclosures in the financial statements
  – Evaluate the appropriateness of accounting policies
  – Evaluate the reasonableness of significant estimates
  – Consider internal control relevant to financial statement preparation but not for the purpose of reporting on the internal controls
Inquires of Governance Members Required Communication

Are you concerned, aware, or have knowledge of any of the following matters that might be significant to the financial statements?

- fraudulent financial reporting and/or risks of fraud
- management override of systems or controls
- Accounting or reporting matters that warrant particular attention during our audit
- violations of laws or regulations indicating matters needing disclosure in the financial statements
Audit Scope and Deliverables

• Audit of the financial statements of Houston First Corporation, a component unit of the City of Houston, and its subsidiary

• Compliance audit in accordance with Government Auditing Standards, Uniform Guidance and the Single Audit Act.

• Deliverables
  - Independent auditor’s report
  - Report on conduct of audit
  - Management letter, if needed
  - Government Auditing Standards report
  - Uniform Guidance auditor’s report
Timeline

• March 2022—preliminary team and client planning meetings

• April 2022—planning of the audit, preliminary fieldwork and required communications meeting

• April/May 2022—Year-end fieldwork audit procedures

• June 2021—Presentation of the results of the audit and letter on conduct of audit to the Committee
QUESTIONS AND ANSWERS
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B. 2021 Budget Actuals

Frank Wilson
Chief Financial Officer

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING
April 18, 2022
# FINANCIAL RESULTS

**YTD AS OF DECEMBER 31, 2021**

## CY 2021 FINAL

<table>
<thead>
<tr>
<th></th>
<th>Original 2021 Budget</th>
<th>Forecast 2021 Budget</th>
<th>2021 Actuals</th>
<th>Variance to Original</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$108,970,673</td>
<td>$113,154,414</td>
<td>$123,449,729</td>
<td>$14,479,056</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$164,271,916</td>
<td>$140,530,258</td>
<td>$138,726,918</td>
<td>$(25,544,998)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$(55,301,243)</td>
<td>$(27,375,844)</td>
<td>$(15,277,189)</td>
<td>$40,024,055</td>
</tr>
</tbody>
</table>

**HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING**
## BEHIND THE NUMBERS
### YTD AS OF DECEMBER 31, 2021

### REVENUE VARIANCES
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Over / (Under)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Space Rental</td>
<td>$9.7 M</td>
</tr>
<tr>
<td>Transfers From COH</td>
<td>$4.2 M</td>
</tr>
<tr>
<td>SVOG</td>
<td>$2.3 M</td>
</tr>
<tr>
<td>PPP Loan Proceeds</td>
<td>$2.6 M</td>
</tr>
<tr>
<td>Food &amp; Drink Concession</td>
<td>$(4.0 M)</td>
</tr>
<tr>
<td>Parking</td>
<td>$3.4 M</td>
</tr>
<tr>
<td>Telephony / Telecom</td>
<td>$(1.1 M)</td>
</tr>
<tr>
<td>Facility Rental</td>
<td>$211 K</td>
</tr>
<tr>
<td>Cleaning Service</td>
<td>$114 K</td>
</tr>
<tr>
<td>HOT</td>
<td>$1.9 M</td>
</tr>
<tr>
<td>Contributions</td>
<td>$958 K</td>
</tr>
</tbody>
</table>

**Total Revenue Variance**  **$14.4 M**

### EXPENSE VARIANCES
<table>
<thead>
<tr>
<th>Expense Source</th>
<th>Over / (Under)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Spending</td>
<td>$(7.2 M)</td>
</tr>
<tr>
<td>Personnel</td>
<td>$(3.9 M)</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>$(2.4 M)</td>
</tr>
<tr>
<td>Security Service</td>
<td>$(1.2 M)</td>
</tr>
<tr>
<td>Travel, Promo &amp; Events</td>
<td>$(467 K)</td>
</tr>
<tr>
<td>Insurance</td>
<td>$(838 K)</td>
</tr>
<tr>
<td>Facility Maintenance</td>
<td>$(619 K)</td>
</tr>
<tr>
<td>Janitorial</td>
<td>$(475 K)</td>
</tr>
<tr>
<td>Legal</td>
<td>$(470 K)</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>$(394 K)</td>
</tr>
<tr>
<td>Parking</td>
<td>$(363 K)</td>
</tr>
</tbody>
</table>

**Total Expense Variance**  **$(25.5 M)**
### CAPITAL EXPENDITURES

**YTD AS OF DECEMBER 31, 2021**

<table>
<thead>
<tr>
<th>Facility</th>
<th>Total</th>
<th>Projects</th>
</tr>
</thead>
</table>
| Hilton Americas - Houston | $1.7 M | Level 3 Meeting Space Renovation  
Level 4 Meeting Room Renovation  
Andover Energy Management System  
Banquet Chairs  
Heat Exchanger  
Security Camera System Upgrade  
Starbucks Equipment Refresh  
6th Floor Roof Repairs  
Suite Renovation |
| GRB Convention Center | $1 M  | Lighting Controller Upgrade  
Ballroom Carpet  
Cooling Tower Roof Deck Replacement  
Door Automation Projects  
Air Handler |
| Jones Hall         | $96 K  | Exterior LED Upgrade  
Coils Replacement |
| Miller Outdoor Theatre | $20 K | Fire Protection System  
Computer Equipment |
| Wortham Theater    | $381 K | Dimming Rack Replacement  
Fire Protection System Upgrade  
Lighting Fixture LED Upgrade  
AV Equipment Upgrade |
| Parking Garage     | $62 K  | Fire Protection System  
Computer Equipment |

**Total 2021 Capital** $8.46 M
RECOVERY TRENDS – MAJOR REVENUES
YTD AS OF DECEMBER 31, 2021

HOT

MILLIONS

$83.6 M

$58.7 M

HILTON NET CASH

Millions

$30 M

$11.2 M

FOOD & BEVERAGE

Millions

$22.2 M

$7.3 M
RECOVERY TRENDS – MAJOR REVENUES
YTD AS OF DECEMBER 31, 2021

PARKING

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$14.2 M</td>
</tr>
<tr>
<td>2019</td>
<td>$17.0 M</td>
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<tr>
<td>2020</td>
<td>$14.2 M</td>
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<tr>
<td>2021</td>
<td>$17.0 M</td>
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<tr>
<td>2022 B</td>
<td>$14.2 M</td>
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</table>

FACILITY RENTAL --EVENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
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<tbody>
<tr>
<td>2018</td>
<td>$5.9 M</td>
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<tr>
<td>2019</td>
<td>$6.0 M</td>
</tr>
<tr>
<td>2020</td>
<td>$5.9 M</td>
</tr>
<tr>
<td>2021</td>
<td>$6.0 M</td>
</tr>
<tr>
<td>2022 B</td>
<td>$5.9 M</td>
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</table>

BUILDING / SPACE RENTAL

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
</tr>
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<tbody>
<tr>
<td>2018</td>
<td>$4.2 M</td>
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<tr>
<td>2019</td>
<td>$4.2 M</td>
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<tr>
<td>2020</td>
<td>$4.2 M</td>
</tr>
<tr>
<td>2021</td>
<td>$4.0 M</td>
</tr>
<tr>
<td>2022 B</td>
<td>$4.0 M</td>
</tr>
</tbody>
</table>

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING
RECOVERY TRENDS – TOTAL REVENUES
YTD AS OF DECEMBER 31, 2021

*2019 includes $102 M of FEMA reimbursements from Harvey
RECOVERY TRENDS – EXPENSES
YTD AS OF DECEMBER 31, 2021

OPERATING & NON-OPERATING EXPENSES
(Excludes Capital)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022 B</th>
</tr>
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<tbody>
<tr>
<td>Operating</td>
<td>$92</td>
<td>$97</td>
<td>$55</td>
<td>$55</td>
<td>$92</td>
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<tr>
<td>Debt</td>
<td>$19</td>
<td>$18</td>
<td>$12</td>
<td>$13</td>
<td>$17</td>
</tr>
<tr>
<td>COH</td>
<td>$52</td>
<td>$60</td>
<td>$60</td>
<td>$58</td>
<td>$67</td>
</tr>
</tbody>
</table>

Milions
C. Q1 Financial Report

Frank Wilson
Chief Financial Officer

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING
April 18, 2022
## FINANCIAL PERFORMANCE

**YTD AS OF MARCH 31, 2022**

<table>
<thead>
<tr>
<th></th>
<th>2022 Budget</th>
<th>2022 Actuals</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$38,964,417</td>
<td>$42,336,499</td>
<td>$3,372,082</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>43,715,124</td>
<td>38,757,122</td>
<td>(4,958,002)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES LESS EXPENSES</strong></td>
<td>$(4,750,707)</td>
<td>$3,579,377</td>
<td>$8,330,084</td>
</tr>
</tbody>
</table>
FINANCIAL RESULTS DASHBOARD
YTD AS OF MARCH 31, 2022

Major Revenues (in millions)

HOT Collections and Hilton Net Cash

- HOT*: $19.0
- Budget: $18.4
- Actual Revenue: $3.6
- Parking, F & B and Facility Revenue
  - Parking: $6.5
  - Food & Beverage: $2.5
  - Venue: $6.4

Hilton Net Cash

- Budget: $6.5

Parking, F & B and Facility Revenue

- Actual Revenue: $6.5
- Net: $1.2
- Expenses: $5.2
- Revenue Budget: $5.8
- Actual Revenue: $6.4
- Net: $1.2
- Expenses: $5.2
- Revenue Budget: $4.8

Parking

- Actual Revenue: $3.6
- Net: $3.1
- Expenses: $0.5
- Revenue Budget: $3.3

Food & Beverage

- Actual Revenue: $2.5
- Net: $2.5
- Expenses: $4.0
- Revenue Budget: $5.8

Venue

- Actual Revenue: $6.4
- Net: $1.2
- Expenses: $5.2
- Revenue Budget: $4.8
FINANCIAL RESULTS DASHBOARD
YTD AS OF MARCH 31, 2022

Major Expenses (in millions)

- **Personnel**: $4.3
- **Building Maintenance**: $1.0
- **Security**: $0.9
- **Janitorial**: $1.4
- **Advertising & Promotion**: $0.8
- **Travel, Promo., Events**: $0.7

Budget:
- **Total Budget**: $5.2
- **Personnel Budget**: $1.5
- **Building Maintenance Budget**: $1.0
- **Security Budget**: $1.0
- **Janitorial Budget**: $1.1
- **Advertising & Promotion Budget**: $0.8
- **Travel, Promo., Events Budget**: $0.7

Actual:
- **Total Actual**: $4.3
- **Personnel Actual**: $1.0
- **Building Maintenance Actual**: $0.9
- **Security Actual**: $1.4
- **Janitorial Actual**: $0.8
- **Advertising & Promotion Actual**: $0.7
- **Travel, Promo., Events Actual**: $0.7

Debt Service:
- **Total Debt Service**: $16.6
- **Budget**: $16.7
- **Actual**: $16.6

* HOT for HAA (19.3%), Discovery Green, Hobby Center, MATCH, Buffalo Bayou Partnership.
CASH FORECAST
YTD AS OF FEBRUARY 2022

2022 Cash Forecast For Operations*

*Assumes budgeted revenues come to fruition and expenses are managed per the 2022 budget. Does not include borrowing for capital expenditures.

December 31, 2021 Cash Reserves: $37.3 M

$3 M Sub Note Issuance
D. 2022-2023 Insurance Discussion

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING
April 19, 2022
2022-2023 HILTON AMERICAS-HOUSTON PROPERTY INSURANCE

2021-2022
- Property Value: $488m
- Deductible: 5%/$24m (Hail, Wind, Hurricane)
- Premium: $1.662m

2022-2023
- Property Value: $514m
- Deductible: 5%/$26M with OPTION to buy-down to 3%/$15m
- Buy-down estimated cost: $500k
- Premium: $1.838m
HILTON AMERICAS-HOUSTON GENERAL LIABILITY INSURANCE

• 2021-2022
  • Everest $1m coverage
    • Premium: $114k (Indexed to Hotel Revenue)
    • Includes SAM (Sexual, Assault, Molestation)
  • Umbrella $130m coverage
    • Premium: $293k
    • Included SAM

• 2022-2023
  • Everest $1m coverage
    • Premium: $316k
    • Includes SAM (Sexual, Assault, Molestation)
  • Umbrella $100m coverage
    • Premium: Estimated $565k ($290k Increase for SAM)