

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

SUBJECT: Approve a motion authorizing and approving Houston First Corporation's calendar year 2018 budget	Category #	Page 1 of 1	Agenda Item#
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FROM: (Department or other point of origin): Dawn Ullrich Director, Convention and Entertainment Facilities Department	Origination Date November 14, 2017	Agenda Date
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DIRECTOR'S SIGNATURE: 	Council Districts affected: All
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For additional information contact: Jonathan Newpqrt Phone: 713-853-8245	Date and identification of prior authorizing Council Action: N/A
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RECOMMENDATION: (Summary)
Approve motion authorizing and approving Houston First Corporation's calendar year 2018 budget

Amount of Funding: NO FUNDING REQUIRED	Finance Budget:
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SPECIFIC EXPLANATION:
Effective July 1, 2011, the City entered into an Interlocal Agreement and Lease Agreement relating to the consolidation of the City's Convention and Entertainment Facilities Department ("CEFD") and the Houston Convention Center Hotel Corporation (now Houston First Corporation or "HFC"). Pursuant to the Interlocal Agreement, the City Council is asked to review HFC's annual budget for the upcoming year. As such, attached hereto is HFC's proposed budget for calendar year 2018.

Under the Lease Agreement, HFC is responsible for maintaining and operating various properties leased from the City, including the George R. Brown Convention Center, Wortham Theater Center, Jones Hall, Miller Outdoor Theatre, Talento Bilingüe de Houston, Theater District Parking Garage, and various parks and outdoor spaces (collectively, the "Leased Properties"). HFC's budget ensures that the Leased Properties continue to be managed at the highest levels for calendar year 2018. In compliance with CEFD's bond requirements, pledged revenues, which include certain Hotel Occupancy Taxes ("HOT") and parking revenues, as well as debt-related expenses, will continue to be recorded on the City's books prior to a transfer to HFC of the remaining "Net Available Pledged Revenues", as prescribed in the Interlocal Agreement. For calendar year 2018, HFC has projected \$85 million for current HOT revenue, of which 19.3% (pursuant to Sec. 351.103 (c) of TX Tax Code) is paid quarterly to the City to fund the City's arts-related contracts. Additionally, the calendar year 2018 budget includes a lease payment to the City of \$1.4 million, payment of \$1.159 million to the City for protocol services, promotion of business travel, and traffic control services within and around the Avenida Houston. Finally, the calendar year 2018 budget includes payment by HFC, on the City's behalf, of \$1.164 million to Discovery Green and \$1.1 million to the Hobby Center for the Performing Arts.

This item was presented at the November 28, 2017 meeting of the Budget & Fiscal Affairs Committee.

The Convention and Entertainment Facilities Department recommends approval of HFC's calendar year 2018 budget.

REQUIRED AUTHORIZATION

Finance Department	Other Authorization	Other Authorization