

AGENDA

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

August 1, 2023 – 3:00 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 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

- I. Call to Order**
- II. Public Comments**
- III. Minutes – June 22, 2023**
- IV. Presentations, Reports, and Updates**
 - A. Year-To-Date Financial Report
- V. Committee Business**
 - A. Consideration and possible recommendation of a Framework Agreement for the 2028 Republican National Convention in Houston, Texas, between Houston National Convention Host Committee 2028, Republican National Committee, City of Houston and Houston First Corporation.
 - B. Consideration and possible recommendation of the designation of a geographic area within the City of Houston to be known as "Project Financing Zone Number One, City of Houston, Texas" ("Zone") and providing an expiration date for the

Zone; making certain findings related thereto; directing the Texas Comptroller of Public Accounts be notified of the Zone's creation within thirty days of its designation; requesting the Texas Comptroller of Public Accounts deposit incremental hotel-associated tax revenues collected by or forwarded to the Texas Comptroller of Public Accounts into a separate suspense account held in trust for Houston First Corporation; providing for notification to the Texas Comptroller of Public Accounts in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and containing other related matters; providing a severability clause; and providing an effective date.

VI. Adjourn

III. Minutes – June 22, 2023

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

June 22, 2023 – 2:00 P.M.

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

Houston, Texas 77010

HOUSTON FIRST 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., held a meeting at the George R. Brown Convention Center (GRB), 701 Avenida de las Americas, 2nd Floor Boardroom, Houston, Harris County, Texas 77010 on Thursday, June 22nd, 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: Alex Brennan-Martin (Chair), Jay Zeidman (Vice-Chair), Sofia Adrogué, and Ryan Martin.

- I. **Call to Order.** The Committee Chair called the meeting to order at 2:00 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 May 16th, 2023, minutes for were approved as presented. Sofia Adrogué, Board Member, was absent for the vote.
- IV. **Committee Business.**
 - A. **Consideration and possible recommendation for the Houston First 2022 Annual Financial Audit**

Stephany Bland, HFC’s Controller, reported that HFC’s Annual Audit included Venues, Hilton Americas-Houston Hotel, Visit Houston (Destination Marketing, Tourism, Destination Sales), and Parking Garages. She added that her determinations excluded the City’s Convention and Entertainment Facilities Department debt and fixed assets.

Ms. Bland indicated that her findings showed a change in net position with an increase of \$38 million. She added that HFC used \$25 million of its position increase to pay down debt and \$13 million to fund capital projects without acquiring debt.

According to Ms. Bland, HFC's total assets decreased by \$2.6 million, and total liabilities decreased by \$27 million. Ms. Bland reported that HFC's four highest revenues were Hotel Revenues at \$86.5 million, Intergovernmental Revenues from Primary Government at \$74.2 million, Venue Revenues at \$41.1 million, and Avenida Parking Revenues at \$18.3 million. She highlighted that all HFC's revenues doubled from 2021, except for parking revenues. Ms. Bland emphasized 2021 revenue variances, including Hotel at 103%, Venue at 95%, Parking at 58%, and Other at 105%.

Ms. Bland reported that HFC's four highest expenses in 2022 were Venue at \$48.8 million, General and Administrative at \$35.9, Hotel at \$28.3 million, and Visit Houston at \$20.1 million. She noted that the variance increases were 87% for Hotel, 56% for Venue, 28% for Parking, 68% for Visit Houston, and 30% for General and Administrative. According to Ms. Bland, HFC's COVID-19 recovery caused total operating revenues in 2022 to increase by 94% to \$152.6 million and operating expenses to increase by 43% to \$166.5 million. She also indicated that HFC experienced a \$13 million increase in hotel expenses and a \$17.6 million increase in venue expenses.

According to Ms. Bland, HFC's non-operating revenues increased to \$32.4 million due to a \$16 million pension-related settlement in 2021 and a \$17.1 million primary government revenue increase.

Tino Robledo, RSM's Senior Director and Engagement Leader, provided the results of HFC's 2022 Financial Audit. He explained that HFC did not change the planned audit strategy significantly, as communicated to the Benefits, Compensation, and Finance Committee. He added he did not believe there were any significant risks after those reported on March 21, 2023. Mr. Robledo said that in 2022, HFC adopted Pensions' accounting and financial reporting standards. He added that there were no audit adjustments, uncorrected misstatements, or any reportable internal control deficiencies identified in the audit. He concluded by noting HFC's audit was clean.

Mr. Robledo emphasized that RSM was committed to HFC's diversity participation initiative and introduced their subcontractor Stephen Yoe of Yoe CPA, LLA ("Yoe CPA"). Mr. Yoe explained that Yoe CPA was a minority-owned business that worked alongside RSM's team for the audit. He stated Yoe CPA primarily assisted RSM with audit items like investments, capital assets, long-term debt, and selected income statement line items.

Mr. Robledo revealed that the pension addition was the only audit difference from 2021 and stated that the method used to determine values was consistent with authoritative literature. He reiterated that HFC's audit had no significant issues, disagreements, difficulties, or contentions with management. He added that the audit did not include consultations with other accountants regarding accounting or auditing matters. Mr. Robledo then reemphasized that HFC's audit was clean.

Following a duly seconded motion, the recommendation for the Houston First 2022 Annual Financial Audit was approved as presented.

V. **Adjourn.** The meeting adjourned at 2:24 p.m.

IV. (A) Consideration and possible recommendation of a Framework Agreement for the 2028 Republican National Convention in Houston, Texas, between Houston National Convention Host Committee 2028, Republican National Committee, City of Houston and Houston First Corporation.

Consideration and possible approval of a Framework Agreement for the 2028 Republican National Convention.

DESCRIPTION: On behalf of Houston and being officially charged with marketing and promoting Houston for major events and leisure tourists, as well as activities that enhance the destination appeal of Houston, Houston First is bidding for the 2028 Republican National Convention ("RNC") which will generate goodwill, enhance the worldwide renown and prestige of the City, and create substantial beneficial economic and fiscal activity for the City.

The Framework Agreement will be the overall agreement for hosting the 2028 Convention among the RNC, the City of Houston, Houston First, and the Houston National Convention Host Committee 2028, the Convention's local host committee (the "Host Committee"). Most of the obligations will be between the RNC and either Houston First or the local host committee. Consistent with the City's Support Resolution (adopted on July 13, 2022), the City will provide essential City services, and cooperate in the planning process for the Convention with respect to City functions and permitting. The City will serve as the lead local agency for the event's security plan, which will make the City eligible for financial assistance from the Federal government to reimburse qualifying public safety expenses (anticipated to be consistent with past presidential nominating conventions of both major political parties).

Houston First is tasked under the Framework Agreement with providing support, hospitality, and welcoming functions in connection with the 2028 Convention; securing all hotels and venues necessary for hosting the Convention; and entering into a license agreement with the Host Committee for the George R. Brown Convention Center.

The Framework Agreement is expected to be placed on the City's August 9nd Council Agenda for review and approval. Houston First will consider the Framework Agreement as part of its Board Agenda on August 3rd. The RNC intends to make its site selection decision the week of August 21st and announce the decision on August 24th.

If selected as the site of the 2028 Republican National Convention, all parties are expected to execute the Framework Agreement immediately after selection. Thereafter, during the intervening years, further refinements will be negotiated and documented, including, but not limited to, financial obligations of the parties, among others.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves and authorizes the finalization and execution of the Framework Agreement for the 2028 Republican National Convention; together with such conditions or modifications that are approved by the President and Chief Executive Officer, as he may determine to be in the best interest of Houston First Corporation, and to execute such Framework Agreement; 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 Framework Agreement in a form as approved by the President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the Framework Agreement 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 Framework Agreement to be executed hereunder; and

FURTHER RESOLVED, that the Framework Agreement 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.

IV. (B) Consideration and possible approval of the designation of a geographic area within the City of Houston to be known as "Project Financing Zone Number One, City of Houston, Texas" ("Zone") and providing an expiration date for the Zone; making certain findings related thereto; directing the Texas Comptroller of Public Accounts be notified of the Zone's creation within thirty days of its designation; requesting the Texas Comptroller of Public Accounts deposit incremental hotel-associated tax revenues collected by or forwarded to the Texas Comptroller of Public Accounts into a separate suspense account held in trust for Houston First Corporation; providing for notification to the Texas Comptroller of Public Accounts in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and containing other related matters; providing a severability clause; and providing an effective date.

HOUSTON FIRST CORPORATION

August 3, 2023

RESOLUTION

Consideration and possible approval of the designation of a geographic area within the City of Houston to be known as "Project Financing Zone Number One, City of Houston, Texas" ("Zone") and providing an expiration date for the Zone; making certain findings related thereto; directing the Texas Comptroller of Public Accounts be notified of the Zone's creation within thirty days of its designation; requesting the Texas Comptroller of Public Accounts deposit incremental hotel-associated tax revenues collected by or forwarded to the Texas Comptroller of Public Accounts into a separate suspense account held in trust for Houston First Corporation; providing for notification to the Texas Comptroller of Public Accounts in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and containing other related matters; providing a severability clause; and providing an effective date.

WHEREAS, Section 351.1015, TEXAS TAX CODE, as amended by S.B. 1057 in the 88th Regular Session of the Texas Legislature, 2023 (as amended, the "Act") applies to a qualified project located in a municipality with a population of at least 2,000,000 persons;

WHEREAS, the City of Houston (the "City") had a population of 2,304,580 persons according to the 2020 Census;

WHEREAS, the Act applies to a local government corporation that is authorized to collect a municipal hotel occupancy tax and is located in a county with a population of 3,300,000 or more persons;

WHEREAS, Harris County had a population of 4,731,145 persons according to the 2020 Census;

WHEREAS, Houston First Corporation ("HFC") is a local government corporation created by the City under Chapter 431, TEXAS TRANSPORTATION CODE, which is authorized by the City to collect a municipal hotel occupancy tax;

WHEREAS, a local government corporation to which the Act applies may act as a municipality under the Act and is considered to be a municipality for purposes of the Act;

WHEREAS, with respect to a local government corporation to which the Act applies, the term "qualified project" includes a venue and any related infrastructure (as such terms are defined in the Act);

WHEREAS, as defined under the Act, the term "venue" includes a convention center and related improvements;

WHEREAS, as authorized by the Act, the George R. Brown Convention Center, inclusive of any expansion thereof, located at 1001 Avenida de las Americas, Houston, Texas 77010, along with related improvements and any related infrastructure (inclusive of related infrastructure that is developed or constructed in conjunction with the expansion of, or that otherwise enhances, the George R. Brown Convention Center or the expansion thereof) is a "qualified project" under the Act (the George R. Brown Convention Center, the expansion thereof and related improvements and related infrastructure, inclusive of that developed or constructed in conjunction with the expansion of, or that otherwise enhances, the George R. Brown Convention Center or the expansion thereof, are collectively herein called the "Qualified Project");

WHEREAS, the Act permits HFC to pledge incremental hotel-associated revenue generated within the designated project financing zone for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, and equip the Qualified Project; and

WHEREAS, as authorized by the Act, HFC wishes to designate an area of the City that is within a three-mile radius of the center of the Qualified Project as a project financing zone in order to use and pledge hotel-associated revenue for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, and equip the Qualified Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HOUSTON FIRST CORPORATION THAT:

SECTION 1. The Board of Directors of HFC approves the following resolutions based upon the above findings and determinations:

SECTION 2. The Board of Directors of HFC hereby designates the area of the City depicted in the map attached hereto as Exhibit A, which is hereby made a part of this Resolution for all purposes, as a project financing zone pursuant to and in accordance with the Act. This project financing zone shall be known as "Project Financing Zone Number One, City of Houston, Texas" (the "Zone"). The Zone shall expire on the thirtieth anniversary of the effective date of this Resolution or, so long as no bonds issued by HFC related to the Qualified Project remain outstanding, an earlier expiration date designated by a Resolution of HFC's Board of Directors adopted after the effective date of this Resolution.

SECTION 3. After reviewing all information before it regarding the establishment of the Zone, the Board of Directors of HFC hereby makes the following determinations and findings of fact:

- The statements and facts set forth in the recitals of this Resolution are true and correct.
- The Qualified Project constitutes a "qualified project," as such term is defined in the Act.
- The latitude and longitude of the center of the Qualified Project is as follows:

George R. Brown Convention Center, Houston, 1001 Avenida de las Americas:

Latitude: 29° 45' 09" N.; Longitude: -95° 21' 30" W

- The boundaries of the Zone encompass an area that is within a three-mile radius of the center of the Qualified Project.

SECTION 4. The Board of Directors of HFC hereby directs its President and CEO to notify the Texas Comptroller of Public Accounts (the "Comptroller") of the designation of the Zone within 30 calendar days after the effective date of this Resolution and to request the Comptroller (i) to deposit incremental hotel-associated revenue collected by or forwarded to the Comptroller into a suspense account (the "Suspense Account") to be held in trust for HFC pursuant to the terms and conditions of the Act and (ii) to notify HFC in writing of the date of the first deposit into the Suspense Account. In addition, the President and CEO of HFC is hereby directed to notify the Comptroller in the event that Qualified Project activities are abandoned or if Qualified Project activities are not commenced by the fifth anniversary of the date of the Comptroller's first deposit to the Suspense Account.

SECTION 5. This Resolution shall take effect on September 1, 2023.

SECTION 6. If any section, paragraph, clause, or provision of these Resolutions shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of these resolutions.

SECTION 7. The Board hereby authorizes the Chairperson and President to take all further actions and all other things, as may be necessary desirable or appropriate to carry out or assist in carrying out the purposes of these resolutions.

SECTION 8. It is hereby found, determined, and declared that sufficient written notice of the date, hour, place, and subject of the meeting of the Board at which these Resolutions were adopted was posted at a place convenient and readily accessible at all times to the general public at the City of Houston City Hall for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, TEXAS GOVERNMENT CODE, and that this meeting has been open to the public as required by law at all times during which these resolutions and the subject matter thereof have been discussed, considered, and formally acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

SECTION 9. All acts, transactions or agreements undertaken prior to the adoption of these Resolutions by any member of the Board of Directors or any representatives of HFC in connection with the matters authorized by these Resolutions and all actions incidental thereto and hereby ratified, confirmed and adopted by HFC.

APPROVED AND ADOPTED, August 3, 2023 to be EFFECTIVE as of September 1, 2023.

APPROVED AS TO FORM:

By: _____

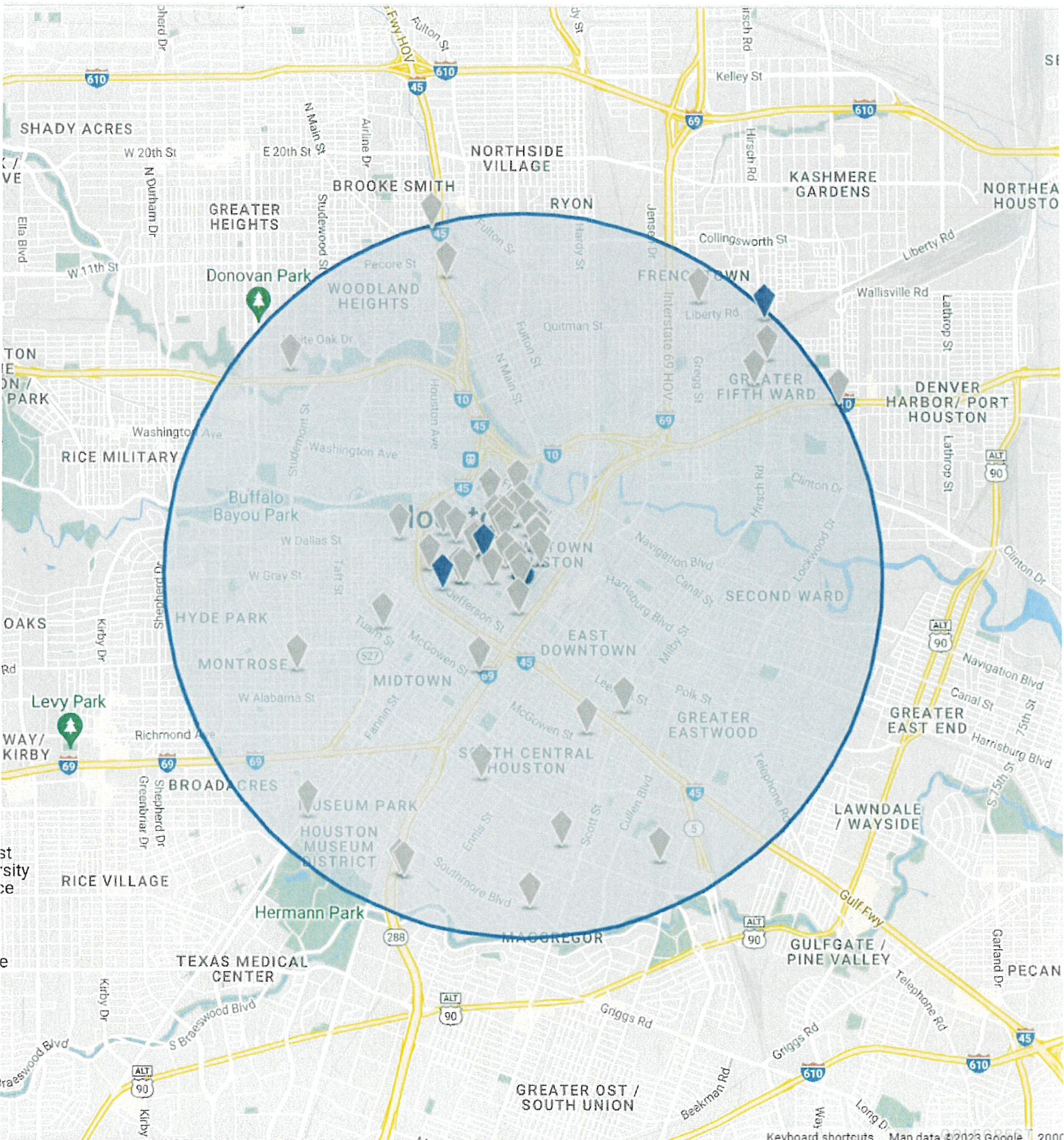
Lisa K. Hargrove, General Counsel

HOUSTON FIRST CORPORATION

By: _____

David Minckberg, Chairman

Exhibit A



Houstonfirst™

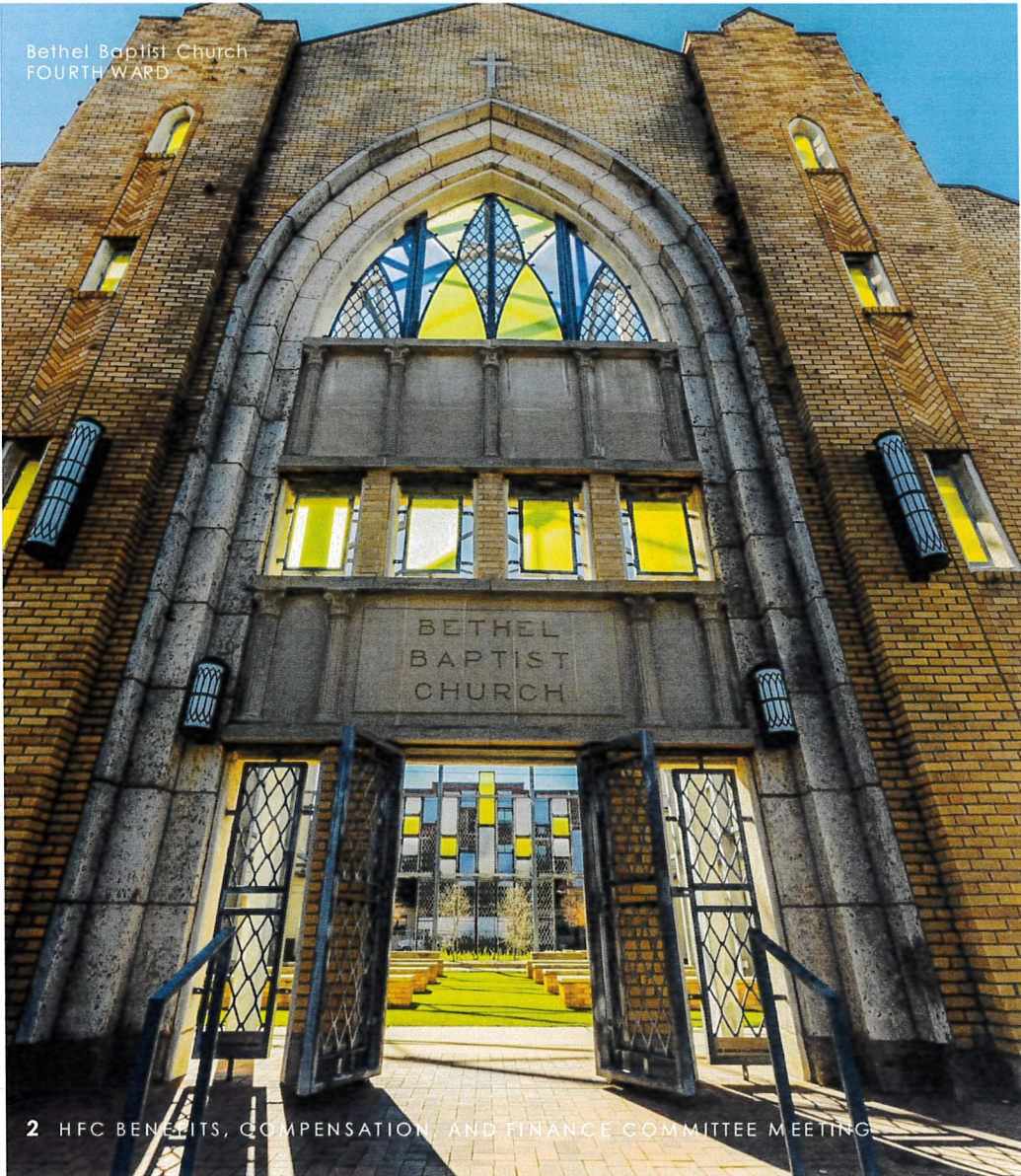
HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

Sculpture Garden
MUSEUM DISTRICT

HFC BOARD ROOM
Partnership Tower
Tuesday, August 1, 2023
3:00 p.m.

1 HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING



Bethel Baptist Church
FOURTH WARD

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 BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

August 1, 2023

Hermann Park Reflection Pool
MUSEUM DISTRICT

MINUTES

June 22, 2023

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

August 1, 2023

3 HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

Houstonfirst

Houston Symphony
THEATER DISTRICT



4 HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

COMMITTEE UPDATE

A. Year-To-Date Financial Report.

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

August 1, 2023

Houstonfirst

MAJOR REVENUES & EXPENSES

YTD AS OF JUNE 30, 2023

MAJOR REVENUES	2023 Budget	2023 Actual	Over (Under) Budget (\$)	Over (Under) Budget (%)
Hotel Occupancy Tax Collections	\$42,500,000	\$50,765,356	\$8,265,356	19.4%
Hilton Americas Net Cash	\$22,350,000	\$25,227,530	\$2,877,530	12.8%
GRB Facility Rental	\$3,884,730	\$4,021,361	\$136,631	3.5%
GRB Food and Beverage	\$13,241,639	\$16,872,392	\$3,630,753	27.4%
Parking Revenue-Avenida	\$5,985,695	\$5,474,017	(\$511,678)	(8.5%)
Parking Revenue-Theater District	\$3,224,377	\$4,175,518	\$951,141	29.5%
MAJOR EXPENSES	2023 Budget	2023 Actual	Over (Under) Budget (\$)	Over (Under) Budget (%)
Personnel	\$13,745,613	\$13,119,078	(\$626,535)	(4.6%)
Security Contract	\$2,718,610	\$2,238,148	(\$480,462)	(17.7%)
Bldg. Maintenance Contract	\$3,071,323	\$2,607,383	(\$463,940)	(15.1%)
Parking Contract	\$1,195,791	\$1,240,613	\$44,822	3.7%
Janitorial Contract	\$3,293,488	\$3,368,182	\$74,694	2.3%
GRB Food and Beverage	\$8,161,736	\$10,469,361	\$2,307,625	28.3%

FINANCIAL PERFORMANCE

YTD AS OF JUNE 30, 2023

	2023 Budget	2023 Actual	Variance
TOTAL REVENUES	\$99,581,298	\$118,582,478	\$19,001,180
TOTAL EXPENSES	\$106,263,956	\$103,287,492	(\$2,976,464)
TOTAL REVENUES LESS EXPENSES	(\$6,682,658)	\$15,294,986	\$21,977,644

Rothko Chapel
MONTROSE

COMMITTEE BUSINESS

- A. Consideration and possible recommendation of a Framework Agreement for the 2028 Republican National Convention in Houston, Texas, between Houston National Convention Host Committee 2028, Republican National Committee, City of Houston and Houston First Corporation.

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

August 1, 2023

POST Houston
DOWNTOWN



8 HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

2028 REPUBLICAN NATIONAL CONVENTION FRAMEWORK AGREEMENT

OBLIGATIONS OF THE RNC, CITY OF HOUSTON, HOST COMMITTEE AND HFC:

- RNC is obligated to hold the 2028 Convention in Houston.
- Host Committee to provide support, hospitality, and welcoming functions, to raise funds for all costs and expenses it incurs in hosting the Convention.
- City of Houston to provide police, fire, security, and EMS in and around the convention complex and will receive a federal security grant.
- Houston First to provide standard hosting obligations consistent with other similar events; enter into a license agreement for the GRB; and assist in securing other venues, including parking lots, as reasonably requested.

Houstonfirst

Houston Farmers Market
GREATER HEIGHTS

HOUSTON
FARMERS
MARKET

9 HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

COMMITTEE BUSINESS

- B. Consideration and possible recommendation of the designation of a geographic area within the City of Houston to be known as "Project Financing Zone Number One, City of Houston, Texas" ("Zone") and providing an expiration date for the Zone; making certain findings related thereto; directing the Texas Comptroller of Public Accounts be notified of the Zone's creation within thirty days of its designation; requesting the Texas Comptroller of Public Accounts deposit incremental hotel-associated tax revenues collected by or forwarded to the Texas Comptroller of Public Accounts into a separate suspense account held in trust for Houston First Corporation; providing for notification to the Texas Comptroller of Public Accounts in the event that qualified project activities are abandoned or not commenced within five years of the initial deposit to the suspense account; and containing other related matters; providing a severability clause; and providing an effective date.

HFC BENEFITS, COMPENSATION, AND FINANCE COMMITTEE MEETING

August 1, 2023

Houstonfirst

Discovery Green
DOWNTOWN

SB 1057 ACTION

PROJECT FINANCING ZONE KEY DATES

- Establish a three-mile Project Finance Zone around the George R. Brown Convention Center.
- Notify Texas Comptroller's Office on **September 1, 2023**.
- **January 1, 2024** – HFC Eligible to Receive Funds from State of Texas.

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