

# MINUTES

## HOUSTON FIRST CORPORATION

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**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**

*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 Partnership Tower, 701 Avenida de las Americas, 2<sup>nd</sup> Floor Boardroom, Houston, Harris County, Texas 77010 on Tuesday, August 1<sup>st</sup>, 2023, commencing 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 participated in the meeting: Alex Brennan-Martin (Chair), Sofia Adrogué, John Johnson, Mayor Pro-Tem Dave Martin, and Ryan Martin.*

- I. **Call to Order.** The Committee Chair called the meeting to order at 3:02 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 June 22<sup>nd</sup>, 2023, minutes were approved as presented. Committee Members Sofia Adrogué and Ryan Martin were absent for the vote.
- IV. **Presentations, Reports, and Updates**
  - A. **Year-To-Date Financial Report**

Frank Wilson, Chief Financial Officer, reported HFC’s financials through June 30<sup>th</sup>, 2023. He stated that apart from Avenida Parking’s underperformance, all major revenues exceeded expectations through June 2023. Mr. Wilson continued that HFC’s highest overperforming major revenues included Hotel Occupancy Tax (“HOT”) Collections by 19.4%, George R. Brown Convention Center (“GRB”) Food and Beverage by 27.4%, and Theater District Parking Revenue by 29.5%.

According to Mr. Wilson, all major of HFC’s expenses were performing at or below budget, except for GRB Food and Beverage, which surpassed budget by 28.3%. He added that HFC’s three most significant variances in major expenses were Personnel, Security, and Building Maintenance.

Mr. Wilson highlighted that Total Revenues exceeded Total Expenses by \$15.3 million due to a favorable budgetary revenue variance of \$19 million.

## 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.

Michael Heckman, President and CEO, stated that HFC placed a bid on the 2028 Republican National Convention ("RNC") and worked through the process for the past year. He continued that the RNC required an executed framework agreement between HFC, the City of Houston, the RNC, and the Host Committee for HFC to proceed in the selection process. According to Mr. Heckman, the language for the framework agreement was negotiated and would be presented to and voted on by City Council on Wednesday, August 9th, 2023. He stated that HFC expected a decision by the RNC by the end of August 2023.

David Staas, Outside Counsel, explained the overall agreement. He outlined that if the RNC selected HFC, then the RNC would hold the 2028 Convention in Houston and HFC would provide DMO functions and execute a license agreement to use the GRB. Mr. Staas added that the City would provide essential city services like police, fire, security, and Emergency Medical Services in and around the convention complex. He noted that the Houston Police Department would be a lead agency. According to Mr. Staas, the Host Committee would be responsible for raising money for hosting-related expenses. Correspondingly, he highlighted that HFC and the City of Houston were not contractually obligated to the RNC to raise funds.

Mr. Heckman added that HFC would support the Host Committee in pursuing and securing state funding through the Major Event Funding Program, and the Host Committee would acquire the balance through private financing.

Following a duly seconded motion, a 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 was approved.

- 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.

Mr. Heckman explained that Senate Bill 1057 established a Project Zone within a three-mile radius of the GRB and how the State would provide HFC with a portion of

HOT within the area based on incremental State HOT that exceeded a benchmark set in 2023. According to Mr. Heckman, the issue before the Board was establishing the three-mile radius administratively. He highlighted that the law goes into effect on September 1<sup>st</sup>, 2023, when HFC would notify the Texas Comptroller's Office of its eligibility to receive funds from the State of Texas beginning January 1st, 2024.

Mr. Staas added that HFC could use funds for qualifying projects as defined in the statute. He explained that the resolution would convey that the GRB and any related expansion, improvements, and infrastructure were qualifying projects that could use the proceeds of the tax revenues.

Mr. Heckman emphasized that HFC envisioned funds for reimagining the GRB and convention district within the limits of the law.

Following a duly seconded motion, a 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 was approved.

**VI. Adjourn.** The meeting adjourned at 3:40 p.m.