

MINUTES

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

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 George R. Brown Convention Center, 3rd Floor Executive Board Room, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010 on Wednesday, November 9, 2022, at 11:30 a.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), Jay Zeidman (Vice-Chair), Sofia Adrogué, Mayor Pro-Tem Dave Martin, and Ryan Martin.

1. **Call to order.** The Chairman called the meeting to order at 11:39 a.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 October 20, 2022, were approved as presented.
4. **Presentations, Reports, and Updates**
 - 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

Lisa Hargrove, General Counsel, informed the Committee Members that they are presented with a slate of officers during the November annual corporate meeting for confirmation.

Following a motion duly seconded, the slate of the annual election of Officers pursuant to the Houston First Corporation Bylaws was approved unanimously.

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

Michael Heckman, President, and CEO, stated it had been a good budget process through each committee and that Houston First Corporation's ("HFC") operating philosophy is that it has recovered from the pandemic. HFC has overperformed on the budget for 2022 and will deliver a balanced budget for this year. He explained the process, as in previous years, for approving the budget: each committee reviews the strategies and budgets for each portion of the corporation's budget. The entire corporation's budget is then presented to the Benefits, Compensation, and Finance Committee for approval before submission to the Board of Directors for ultimate consideration and approval.

Mr. Heckman reviewed the role of HFC, which is to drive economic impact and demand generation as the Destination Marketing Organization for Houston and create value for numerous stakeholders and businesses that will ripple throughout the community to to impact the entire City positively.

Mr. Heckman highlighted the three strategic pillars: transformational leadership, destination development, revenue diversification, and asset growth. He stated that for departments to spend money on an initiative, it needs to touch one or more of the following value drivers: destination brand/image enhancement, operational efficiency, organizational innovation, exceptional visitor/customer experience, or revenue generation.

Michael reported that the budget for 2023 will be up by almost \$23 million from 2019.

Frank Wilson, Chief Financial Officer reported a 2022 Total Revenue Forecast of \$194.2 million compared to a 2022 Budget of \$183.3 million; a 2022 Total Expense Forecast of \$192.7 million compared to a 2022 Budget of \$196.5 million with a 2022 Revenue of Excess of Expense of \$1.5 million compared to 2022 Budget of \$-13.2 million resulting in a \$14.7 million change for CT 2022. Mr. Wilson stated that HFC will finish 2022 in the black by \$1.5 million.

Mr. Heckman identified the priorities for 2023, which include: proliferate Houston's Unified Brand, leverage and capitalize on high-profile events, build upon the success of Houston Week in Mexico, develop a 10-year Destination Development Plan, understand and enhance the 360° visitor experience, continue and improve digital 'smart targeting', increase the use of social media influencers, accelerate long-term city-wide convention sales, attract national impact events, develop annual events that drive economic impact, use the opening of Lynn Wyatt Square as a catalyst, amplify Heritage Month, and develop infrastructure and economic models for TV & film projects.

Mr. Wilson presented the Proposed CY 2023 Budget with Total Revenues budgeted at \$207.6 million, Total Expenses at \$205.9 million, and Revenues in

Excess of Expenses at \$1.6 million. Additionally, Capital Expenditures are at \$29 million based on assumptions.

Following a motion duly seconded, the Houston First Corporation 2023 Budget was approved as presented.

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

Mr. Heckman explained that the Greater Houston Convention & Visitors Bureau ("GHCVB") is forging ahead as a different organization under a new name and mission. He stated that strategic sessions took place with the GHCVB Executive Committee with the outcome resulting in a new mission focusing on three pillars: advocacy, member services, and workforce development. They will serve their members as a hospitality trade association and also wanted to manage its own affairs. The Services Termination Agreement between GHCVB and HFC cleanly and amicably separates the two organizations and allows the GHCVB to hire their own staff and president, at which time HFC will cease staff support.

Following a motion duly seconded, a Services Termination Agreement between Houston First Corporation and Greater Houston Convention & Visitors Bureau was approved unanimously. Mayor Pro-Tem Martin was not present at the time of the vote.

5. **Adjourn** – The meeting adjourned at 1:30 p.m.