

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
November 15, 2018 – 3:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM

The Board of Directors ("Board") 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. GOVT. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Thursday, November 15, 2018, 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 Board members participated in the meeting: David Mincberg (Chair), Desrye Morgan (Vice Chair), Katy Caldwell, Alex Brennan-Martin, Elizabeth Brock, Gerald Womack, Jay Zeidman, Jay Tatum, Ryan Martin, Paul Puente, and Council Member David Robinson, Ex-officio. Council Member Dave Martin, Ex-officio arrived at 3:07 p.m.

The Chairman of the Board called the meeting to order at 3:02 p.m. and a quorum was established.

1. **Public Comments.** Mr. Joshua Reiss addressed his concerns about gun violence. As a member of law enforcement he is concerned about the number of upcoming gun shows being allowed to take place at the George R. Brown Convention Center ("GRB"). As an attorney he understands that contracts can be broken. He urged the Board to review the gun show contracts and to stop allowing these shows to be held at the GRB.

Mr. Malla Mekala with Infodat International, Inc. expressed his appreciation and thanked HFC for the opportunity to provide IT support to the company.

Mr. Sam Merchant, also with Infodat International, Inc., echoed Mr. Mekala's sentiments and thanked HFC for the opportunity to service the contract for IT support. He then thanked Roger Harris for his leadership and for his recommendations.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of October 18, 2018 were approved as presented. Council Member Dave Martin was not present for the vote.

3. Presentations and Reports.

- A. Flood Recovery Status. Jim Brownrigg, Vice President and General Manager at Turner Construction Company, gave the Project Manager Report.

Mr. Brownrigg stated that the front-of-house work at Wortham Theater was complete and now the project team was focused on back of house repairs. He stated the project team would be working around the Nutcracker and other scheduled performances. The work on the garages continues as well.

Mr. Brownrigg referenced the budget, stating that there was an increase of \$3.6 million due to the sprinkler event, resulting in a projected budget of \$73.6 million.

- B. Financial Report. Frank Wilson, Chief Financial Officer, gave a brief financial report on expenses related to the Hurricane Harvey recovery project. He touched on the line items and specifically noted that the increase in expense for security was due to the temporary lighting in the Theater District Garages.
- C. Community Sponsorship Report. Arcy Muñoz, Community Relations Manager, reviewed the Community Relationship Sponsorships spreadsheet and offered to answer any questions. No questions were posed by the Board.
- D. 2019 Legislative Agenda. Rob Jackson discussed the significance of recent election results in Harris County, statewide elections, and federal elections.

The primary goals for the 2019 Texas Legislative Session are to educate the public sector, protect hotel occupancy tax revenues, protect major events, regain ground with film incentives, oppose negative legislation that may impact tourism, oppose limits on innovative technology, advocate for full funding of tourism in Texas, and work in favor to mandate and unify the school start date.

Mr. Jackson stated it was likely that the “Bathroom Bill” would not be an issue discussed in the upcoming legislative session.

Gerald Womack stated that we should use whatever measures possible to support the film industry. He emphasized that we have to have film incentives and we need a plan of action. Mr. Jackson replied by stating that a plan is being formulated right now, but it is uncertain who will be the Speaker of the House. Once the decision has been made, HFC will reach out to the Speaker of House on that issue.

Council Member Dave Martin suggested reaching out to Louisiana and Georgia to discuss their publicity as a result of film incentives. Rick Ferguson stated that he is working with organizations that have access to industry and state-wide advocacy groups with lobbyists who support Houston’s interests. Mr. Womack responded that the Houston Film Commission should have its own lobbyists who will advocate for HFC exclusively.

David Minberg asked Mr. Jackson to report back to the Board about having an independent lobbyist.

- E. 2018 Purchase Orders between \$50,000 - \$250,000. Mr. Wilson stated a spreadsheet with purchase orders between \$50,000 and \$250,000 had been included in the Board materials. He reviewed the list of Purchase Orders and asked if there were any questions.

Jay Zeidman mentioned that he and Ryan Martin had met previously to discuss reducing the number of consultants utilized by HFC. Mr. Wilson stated that reductions in consultants had already been made and more reductions would be made when possible.

Paul Puente addressed a couple of line items for A/V services to ensure no contracts had been duplicated. Mr. Puente also mentioned he was concerned with warranties applying to specific installations. Peter McStravick stated he would verify there are no additional soft costs.

Mr. Womack asked if these contracts would eventually revolve and then allow other vendors an opportunity to participate. He stated he was concerned about the process and who made the decisions. He suggested that other business enterprises and MWBE's be given an opportunity after existing companies had been on the list for a few years.

- F. Smithsonian Initiative. Todd Holloman, Director of Convention Services, stated that he works on Avenida Houston programming and was happy to announce a new initiative, Smithsonian in Your Community, in partnership with the Smithsonian Institute. This initiative celebrates our heritage and jointly presents public programming that highlights Houston's history, culture, and diversity.

Desrye Morgan stated that Houston is the first city that the Smithsonian has opened up this opportunity to and that they would like to premiere a film in Houston in the future.

Council Member Robinson expressed his support of the concept while noting that any significant financial expenditures would need to be reviewed by the appropriate committee and Board.

4. **Board Business.**

- A. *Consideration and possible approval of the annual election of officers pursuant to the Houston First Corporation Bylaws.*

- i. Brenda Bazan, President
- ii. Frank Wilson, Treasurer
- iii. Lisa Hargrove, Secretary
- iv. Frank Wilson, Investment Officer

Following a motion duly seconded, the item passed unanimously.

B. Consideration and possible approval of the 2019 Hilton Americas-Houston Hotel's Strategic Plan and Budget.

Jacques D'Rovencourt, Hotel Manager, gave a brief overview of the CY19 Budget and Strategic Plan.

Mr. Puente stated he has always been impressed with the Hilton and the great job of the Hotel staff.

Following a motion duly seconded, the item passed unanimously.

C. Consideration and possible approval of the 2019 Houston First Corporation's Strategic Plan and Budget, inclusive of Capital Plans.

Mr. Wilson focused on the major themes for the 2019 budget process, which include a Balanced Budget, Strategic Planning, Complete Harvey Recovery, and the Hilton Refresh. He stated that the debt financed capital was new in 2019 and focused on the Hilton Refresh and capital projects which addressed life, safety, and operational risks.

A motion was made and duly seconded. Mr. Womack requested discussion on the item.

Mr. Womack stated he had concerns regarding the budget for the Houston Film Commission for the West Coast Initiative. He would prefer to hire a public relations firm in California for this service. He stated this would reduce housing costs and that he has real reservations about this position.

Mr. McStravick opined that selling is a relationship business, and it takes a long time to develop trust. While it sounds intuitive to have a public relations firm, he explained it is best to have someone in person to attend events and be present twenty-four hours.

Mr. Womack asked why HFC needs a person when California already has public relations firms that have relationships with the film industry. He stated we should not be spending money on a person to be in California to promote Houston.

Ms. Morgan asked if there were other cities sending representatives to California and stated that she agreed with Mr. Womack's concerns.

Elizabeth Brock asked how HFC determined the West Coast Initiative was best practice.

Alex Brennan-Martin stated that to his knowledge it takes years to secure a film project. It is a long term investment, but we do need to evaluate this position and the results.

After discussion by the Committee, the first motion was made by Katy Caldwell to approve the 2019 Houston First Strategic Plan and Budget, inclusive of Capital Plans. The motion failed.

Gerald Womack made a second motion to amend the item by approving the 2019 Budget, excluding funding for the West Coast Initiative. Paul Puenta seconded the motion. The motion failed.

Having previously voted against the first motion made by Katy Caldwell, Elizabeth Brock made a third motion to adopt the full 2019 Houston First Strategic Plan and Budget, inclusive of Capital Plans as presented. Desrye Morgan seconded the motion. The motion passed.

Elizabeth Brock asked the Board Chair to place the West Coast Initiative on the December Agenda.

D. Consideration and possible approval of an Elevator–Escalator Maintenance and Repair Services Agreement with Elevator Repair Service, Inc.

Following a motion duly seconded, the item passed unanimously.

5. **Executive Session.** Executive (closed session) pursuant to Texas Government Code Section 551.072 for the purpose of deliberations regarding real estate matters.

The Board entered Executive Session at 4:36 p.m. and returned from Executive Session at 5:18 p.m. No action was taken during Executive Session. Katy Caldwell had to leave the meeting at 5:01 p.m.

6. **Board Business Continued.** Consideration and possible approval of a Letter of Intent regarding property located at the intersection of Texas Avenue and Avenida de las Americas, Houston, Texas.

A motion was made to approve a Letter of Intent regarding property located at the intersection of Texas Avenue and Avenida de las Americas, Houston, Texas. The motion passed unanimously. Katy Caldwell was not present for the vote.

7. **Announcement.** The next Board meeting will be held December 20, 2018 at 3:00 P.M.
8. **Adjournment.** The meeting was adjourned at 5:19 p.m.