

MINUTES

HOUSTON FIRST CORPORATION

**Theater District and Convention District Operations Committee
September 18, 2018 – 10:00 A.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM**

The Theater District and Convention District Operations 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., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Harris County, Texas, 77010, on Tuesday, September 18, 2018, commencing at 10:00 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: Desrye Morgan (Chair), Dean Gladden (Vice Chair), Council Member David Robinson, and Jay Tatum.

The meeting was called to order at 10:13 a.m. A quorum was established at 10:31 a.m.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** [This item was taken out of turn and discussed after a quorum was established]. Following a motion duly seconded, the minutes of August 16, 2018 were approved as presented.
3. **Presentations and Reports.**
 - A. **Flood Recovery Status.** Jim Garcia of Turner Construction Company gave the Project Manager Report. The presentation included photos of the new electrical equipment installed at Wortham Theater after the sprinkler incident. Mr. Garcia praised the efforts of the project team in working together to regain services to the area. He reviewed the overall project schedule and noted that no changes had been made. He also reviewed the project budget, which now includes additional costs related to the sprinkler incident in the amount \$3,600,000. The guaranteed maximum amount (GMAX) of \$70,000,000 remains the same. The additional costs related to the sprinkler incident include temporary power and utilities, unit substation repairs and installation, as well as insurance, bonds, and fees. A claim has been filed with the insurance carriers for both the City of Houston and Manhattan Construction Company, though neither carrier has accepted the claim.

Dean Gladden asked about the possibility of additional funding requests. Jim Garcia stated that although he could not be certain, unforeseen items could occur in the Theater District Garages, as work in the garages is not a complete as Wortham Theater. Jay Tatum asked if the project team had been put on notice regarding any unforeseen conditions. Mr. Garcia further explained that those items had been absorbed in the Manhattan contingency and no error or omissions claims had been made. The project team is currently at 90-95% in the discovery phase at Wortham Theater and approximately 40% in the Theater District Garages.

Peter McStravick, Chief Development Officer, thanked the project team for their efforts in restoring power to Wortham Theater. He stated that the collaboration, respect, and creativity of the team has been incredible. This project would normally take five to six months to complete and has been completed in three to five weeks.

Peter McStravick, with the permission of the Chair, invited Roksan Okan-Vick to provide an update on mitigation. Ms. Okan-Vick reported that mitigation estimates would be determined in the next five to six weeks. While HFC does not have a budget for mitigation, \$2,700,000 has been allocated to mitigation at Wortham Theater within the overall project budget. The biggest challenge for HFC is cash flow and reimbursement from FEMA. In the Theater District Garages, HFC is looking at traditional mitigation efforts, such as flood doors and additional protection for the stairwells based on an elevation level of Hurricane Harvey +1. Dean Gladden mentioned that the Alley Theater was required to do mitigation at a different elevation level based on the 500 year flood+2.

- B. Financial Report. Frank Wilson, Chief Financial Officer, gave a brief financial report of uses of cash related to the Wortham Theater and Theater District Garage Reconstruction Project.

4. Committee Business.

- A. Consideration and possible recommendation of additional funding for Manhattan Construction Company and a comparable increase to the guaranteed maximum amount (GMAX) for the repair and replacement of electrical equipment at Wortham Theater Center.

Peter McStravick made a request for funding in the amount of \$3,600,000 related to the sprinkler incident and an increase in the GMAX. Jay Tatum expressed concerns with having to work with two insurance companies on the same claim. Peter McStravick explained that HFC was working with the City of Houston because the Wortham Theater is on their property insurance policy. Insurance adjusters have inspected the property and HFC is doing all that it can to provide the insurance company with the necessary information. HFC is optimistic that the entire amount requested will be funded, except for a \$100,000 deductible.

Dean Gladden asked how much cash HFC had to fund everything given the request. Frank Wilson noted that HFC had not yet received an available loan from the City of Houston in the amount of \$25,000,000.

A motion was made to recommend additional funding for Manhattan Construction Company and a comparable increase to the guaranteed maximum amount (GMAX) for the repair and replacement of electrical equipment at Wortham Theater Center. The motion passed unanimously.

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

The Committee went into Executive Session at 10:41 a.m. and returned at 11:16 a.m.

6. **Adjournment.** The meeting was adjourned at 11:17 A.M.