

# MINUTES

## HOUSTON FIRST CORPORATION

**BOARD OF DIRECTORS MEETING**  
**August 16, 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. GOV'T. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Thursday, August 16, 2018, commencing at 3:00p.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), Sofia Adrougé, Elizabeth Brock, Katy Caldwell, Nicki Keenan, Paul Puente, Bobby Singh, Jay Tatum, Gerald Womack, Jay Zeidman, Council Member David Robinson, Ex-officio and Council Member Dave Martin, Ex-officio.*

The Chairman of the Board called the meeting to order at 3:05 p.m. and a quorum was established.

1. **Public Comments.** Willy Gonzalez, President of Unite Here 23, spoke on behalf of 3,000 hospitality workers in Houston that support the development of the W Hotel. He noted that the union already has a relationship with the meeting exchange program, which brings convention groups to Houston. He opined that the addition of the W Hotel will bring many additional jobs to the City of Houston.

Chuck Gremillion of Construction Career Collaborative ("C3") spoke in favor of the W Hotel. Mr. Gremillions stated that C3 is committed to ensuring all hourly workers on the W Hotel development project receive proper safety training and set forth a good example for the craft workforce. He noted that Houston must remain competitive in the industry and the W Hotel will be a great addition to the city.

William "Bill" Franks, Steven Yaray, and Al Kashani all spoke on behalf of the W Hotel development team. They thanked HFC for the opportunity to bring the W Hotel to the downtown Houston area. Mr. Kashani thanked HFC for the challenges they put forth and stated that he feels very good about the project. He also thanked his team and family who traveled from Switzerland and Dubai to show their support. Mr. Kashani emphasized that

the project was not about a hotel, but rather transforming the downtown area and creating jobs for Houston residents.

Chairperson Mincberg recognized Council Member Jack Christie in the audience and invited him to address the Board. Council Member Christie discussed a meeting he had with a number of major developers regarding transforming the downtown Houston area. He added that, in September, he intends to present the information to Mayor Sylvester Turner and anticipates another meeting to further discuss this project. He noted that the project will include the entire Westside of downtown Houston, including the Theater District. In conclusion, Council Member Christie reiterated his excitement about the project and stated that, once complete, there will be no city in America with facilities like the City of Houston.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of July 19, 2018 were approved as presented.

3. **Presentations and Reports.**

A. **Flood Recovery Status.** Jim Brownrigg of Turner Construction Company gave the Project Manager Report. His presentation included photos of the active worksite such as the completed ticket office. Mr. Brownrigg stated that the project schedule remains the same, with the following key dates: Open House-August 26, 2018; Brown Load In-September 22, 2018; First Performance-September 26, 2018; and Cullen Load In-September 29, 2018. In closing, he noted that the project is still on budget with a guaranteed maximum amount of \$70,000,000 and an owner's contingency of \$5,171,185.

Mr. Brownrigg briefed the Board on a recent head failure during the sprinkler pressurization in the 7th floor electrical room at Wortham Theater. He said the entire project team worked together to address remediation and return power and airflow to Wortham, and that they will finalize a solution and replace the damaged switch gear in order to meet the September 1 deadline.

In closing, Mr. Brownrigg noted that the project architect (Harrison Kornberg Architects/ARUP) is requesting additional funding in the amount of \$1,800,000 for continued conceptual mitigation items and administration support. Relatedly, he added that Turner Construction Company has requested funding in the amount of \$1,700,000 through final completion of the project, with additional FEMA consulting services during calendar year 2019.

David Mincberg recognized Turner Construction, Jason Fuller of Manhattan Construction, and HFC staff including Brenda Bazan, Sheila Turkiewicz, Carylton Campbell, Peter McStravick, and Holly Clapham-Rosenow for their efforts to communicate the electrical incident and prevent further damage to the area.

B. **Financial Report.** Frank Wilson, Chief Financial Officer, briefly discussed the in-depth financial report and long-term financial model presented to the most recent Governance, Audit & Finance Committee. He stated that hotel occupancy taxes are strong and there is a 7.2% increase from last year. Mr. Wilson added that the Hilton Americas-Hotel has had fourteen sell-outs this year, along with five city-wide

events, such as the AKA Boulee; food-and-beverage sales are up \$1,400,000 due to the AKA Boulee; and parking revenues are also up due to the Houston Astros and other events.

Desrye Morgan requested that future presentations include larger font. She also asked if HFC planned to do a stress test as done in the past. Frank stated that he would look into accommodating the request. Additionally, Desrye asked what the overall financial impact was from the AKA Boulee. Frank did not have the exact figure available, but stated the projected city-wide impact was \$13,800,000.

In his closing remarks, Frank directed the attention of the Board to a special report on recent Purchase Orders between \$50,000 and \$250,000.

Jay Zeidman asked for an update on where HFC was in the FEMA reimbursement process. Frank explained that project worksheets had been put in the system, but the City of Houston had not received any funds from FEMA claims, and that HFC does not anticipate any reimbursement for four-to-five years.

- C. Community Sponsorship Report. Arcy Muñoz, Community Relations Manager, discussed the Community Relations Program. She stated that the program is designed to develop strategic investment opportunities in line with HFC's mission and values that enhance the community. Ms. Muñoz explained that community partners must complete an application that is submitted to the HFC Executive Team, with certain applicants referred to the Governance, Audit & Finance Committee for determination. She also provided a report of all approved events and their value for the period of May 2018 to November 2018, and noted that the information is also available in Diligent for further review.

Council Member Dave Martin stated that he and the Governance, Audit & Finance Committee agreed to send a strong message that HFC should not provide any cash contribution this year due to finances and limit its support to in-kind contributions. He stated that it is crucial that the Executive Team and HFC Board have a consistent message when organizations and members of City Council come to HFC.

Peter McStravick explained that the Executive Team heard and understood the concerns expressed by the Committee, and noted that the events included in the report were made earlier this year. Council Member David Robinson echoed the sentiments of Council Member Martin and stated HFC should be fully transparent to all applicants regarding the scarcity of support due to budget constraints and Hurricane Harvey specifically.

Bobby Singh stated that while he did understand the need for a consistent message, what he did not want to see was that HFC was no longer helping any of the community groups we have supported. Gerald Womack expressed his concurrence with Mr. Singh.

David Minberg suggested that HFC look at the number of requests from new organizations compared to existing partnerships. He acknowledged the strain on resources and opined that soft encouragement of groups HFC has supported in the past is preferable to looking for new partnership opportunities.

Jay Ziedman asked if there was a budget allocated for sponsorships. Arcy Muñoz answered that the 2018 budget was \$375,000 and the remaining balance for 2018 is \$137,000.

Gerald Womack stated that HFC staff should inform the community partners it would be unable to provide the level of support it had in years past. Jay Ziedman, and several HFC staff clarified that such a notice had been sent to all groups.

Gerald Womack stated he had some concerns with the information provided because it did not identify which of the vendors were MWBEs. David Minberg agreed and ask that HFC staff provide that information.

- D. Purchase Orders between \$50,000-\$250,000. David Minberg referenced comments on the report made earlier by Frank Wilson and asked that the report be made available in Diligent to ensure there was a clear picture at all levels of operations.

David Minberg also acknowledged Council Member Jerry Davis and Andy Icken, Chief Development Officer of the City of Houston for their attendance.

4. **Board Business.** [Items 4A-4D were taken out of turn and discussed after the Executive (closed session) pursuant to Texas Government Code Section 551.072 for the purpose of deliberations regarding real estate.]
- A. *Consideration of, and possible approval of a contract amendment with Turner Construction Company to provide continued project management services related to Hurricane Harvey. The motion passed unanimously.*
  - B. *Consideration of, and possible approval of additional funding for Harrison Kornberg Architects, LLC and ARUP, Texas Inc., a joint venture, to provide continued design services related to Hurricane Harvey through final construction. The motion passed unanimously.*
  - C. *Consideration of, and possible approval of an amendment to the Development Management Agreement with Griffin Partners, Inc. for Avenida Houston. The motion passed unanimously.*
  - D. *Consideration of, and possible approval of a Procurement Manual for Houston First Corporation. David Minberg noted that this item was withdrawn from the agenda and thanked Gerald Womack, Chair of the Procurement Committee for overseeing this project to completion, at which time it will be considered by the Board.*
5. **Executive Session.** Executive (closed session) pursuant to Texas Government Code Section 551.072 for the purpose of deliberations regarding real estate.

[This item was taken out of turn to ensure sufficient time for discussion. The Board entered executive session at 3:49 p.m. and returned from executive session at 4:59 p.m.]

6. **Board Business Continued.**

*E. Consideration of, and possible approval regarding Partnership Tower Hotel Development with Texas Hospitality Partners, LLC d/b/a Houston Hospitality Partnership.*

A motion was made to approve the Letter of Intent submitted by Texas Hospitality Partners, LLC d/b/a Houston Hospitality Partnership for a Partnership Tower Hotel Development. The motion passed; Board Members Katy Holmes and Nicki Kennan voted against the motion.

David Minberg commended Peter McStravick, Steven Jacobs, Andy Icken, David Solomon, and Lisa Hargrove for their hard work and efforts on this item.

7. **Executive Session.** Executive (closed session) pursuant to Texas Government Code Section 551.071 for the purpose of consulting with an attorney. The Board entered executive session at 5:05 p.m. and returned at 5:15 p.m.

8. **Adjournment.** The meeting was adjourned at 5:15 p.m.