

# MINUTES

## HOUSTON FIRST CORPORATION

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**BOARD OF DIRECTORS MEETING**  
**September 26, 2019 – 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, September 26, 2019, 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), Sofia Adrogué, Elizabeth Brock, Ryan Martin, Paul Puente, Reginald Martin, Alex Brennan-Martin, Bobby Singh, 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.** Reverend Sadvaque Cius discussed the sale of City of Houston property located on Texas Avenue. Reverend Cius stated that the transaction approved by the HFC Board lacked transparency and further promotes a “pay to play” mentality. He further outlined sections of the government code that require certain formalities in the sale of public land, including the use of an up-to-date appraisal and the implementation of a development plan, neither of which were utilized in this business transaction. He concluded his statement by asking the HFC Board to make things right.

Chairman Mincberg stated that the HFC Board is not the proper body to bring forth this issue.

Jay Khusanh, Houston attorney and local taxpayer, also came before the Board to address the sale of the property located on Texas Avenue. Mr. Khusanh further outlined the requirements of a public sale and stated that the land should be advertised in the local newspaper and should include the procedures of a public auction. He further explained that none of these requirements were met because the City of Houston cited an exception to the rule of law, however, even those requirements were not followed as the property was sold under fair-market value. The City’s agenda regarding this item was based on an

appraisal that was three years old. Mr. Khusanh asked why none of the necessary procedures took place in this transaction.

Al Kashani stated he was hesitant to come before the HFC Board in fear of retaliation against him, but after seeing the bravery of Greta Thunberg, he felt it necessary to speak up on this controversial issue regarding the sale of the land located on Texas Avenue. He explained that four years ago he and his team submitted a proposal to HFC regarding the hotel project, and as part of that proposal he submitted a proposal for the development of the land located at Texas Avenue. He was later shocked to learn of the sale of the land through Wayne Dolcefino. Mr. Kashani stated that the HFC Board was not informed of all the information regarding the sale and asked Board Members to do the math on how under-valued the land was when it was sold to Astros owner, Jim Crane, in an insider deal. He requested that those Board Members in support of the sale of the land contact the Mayor as the sale was conducted illegally and improperly.

Wayne Dolcefino stated his message should serve as a warning to the HFC Board. Mr. Dolcefino stated he is not a fan of the bureaucracy of HFC due to the lack of transparency and that there are several Board Members who have conflicts of interests. He hopes that HFC and the City can eliminate the “pay to play” mentality. He further explained that he runs an investigative media firm and is paid by clients to uncover corruption and the land deal at Texas Avenue was a bad deal. The HFC Board owes a responsibility to do what’s in the best interest of taxpayers. Mr. Dolcefino offered his services for free to HFC if they ever want to research future deals, but he stated that he will volunteer his time and that of his staff to uncover smelly deals to ensure they stop.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of August 15, 2019 were approved as presented.

3. **Presentations and Reports.**

A. **Report by Houston First Chairman.** [This item was taken out of order and discussed at the conclusion of Board Business].

The Chairman informed the HFC Board that on Monday, October 7, 2019 at 10:30 a.m. a special event will be hosted by Mayor Sylvester Turner at Jones Plaza. He thanked Roksan Okan-Vick for putting the event together and further stated he could not share any news regarding the event, however, a special announcement will be made.

B. **World Petroleum Congress Update.** Michael Heckman provided a brief overview of the 2020 World Petroleum Congress (“WPC”). He explained that a lot of work has been done behind the scenes to create the best WPC that the world has ever seen, thanks in large part to Jeff Shellebarger. Mr. Heckman provided a brief introduction and stated that Mr. Shellebarger retired in April after 35 years as the President of Chevron North America. He’s also a champion for Houston and is very passionate about the city’s success.

Jeff Shellebarger provided an update of the WPC 2020 and stated that it took ten years to capture this wonderful event. He also recognized the HFC Board for its



initial support in forming the WPC Host Committee. Mr. Shellebarger informed the Board that there is a lot of local support for WPC and that he had a meeting just last week with Mayor Turner, who is very much looking forward to the event.

Mr. Shellebarger provided a brief overview of WPC and its mission to bring together a delegation of countries with oil and gas resources and provide a forum to help build and sustain the capability of those resources. He stated that it is projected that WPC will produce \$80 million in economic impact and it is the mission of the Host Committee to deliver an exceptional event and the best WPC in history. He provided a brief timeline of the progress of the event and stated that he and his team hope to have an entire scope of the event, sponsorship and exhibition sales, and event registration up and running by the beginning of next year. Additionally, Mr. Shellebarger has been working with Roger Harris to create a Supplier Diversity Program similar to the program created during the Super Bowl. He concluded the update by announcing that the WPC website will go live in two weeks and presenting sponsors will be announced next week.

Chairman Minberg thanked Mr. Heckman and Mr. Shellebarger for their presentation and stated he is excited to see their commitment to diversity efforts.

Gerald Womack stated that from the on-set when WPC was announced, he has shown great interest in diversity and the HFC Board initially discussed a 30% diversity goal. Mr. Womack further stated he wants to ensure that the diversity goal is met and that HFC is providing opportunities for diverse professionals, in addition to service workers. Mr. Womack stated that HFC should energize institutions such as TSU. He further added that it is important that HFC does its due diligence. Mr. Shellebarger stated he understands Mr. Womack's concerns and the WPC's objectives are 100% aligned. He also invited Mr. Womack to come by and see the diversity of the WPC team.

Desrye Morgan echoed Mr. Womack's comments and asked that Roger Harris work with the Host Committee to provide regular updates so that they can see the progress of those diversity efforts and so that the Board can be of assistance as needed.

- C. Proposed Airport Corridor District. Chairman Minberg recognized Roksan Okan-Vick, Claudia Williamson, interim CEO & President of Scenic Houston, and Jonathan Day.

Roksan provided a brief introduction of the proposed Airport Corridor District and stated HFC and Scenic Houston have been working in partnership for some time as they share similar missions. She discussed the success of the Broadway Corridor initiative supported by HFC and the Greater Houston Convention & Visitors Bureau in 2016. Ms. Okan-Vick further explained that the intent behind the Airport Corridor District is to improve visitors first impressions of the City and that the request before the HFC Board is not a funding request, but an endorsement of a letter to be signed by the Board Chairman and HFC President & CEO.

Ms. Okan-Vick then introduced Mr. Jonathan Day, long-term member of Scenic Houston, Of Counsel at Hunton Andrews Kurth LLP, and former City Attorney.

Mr. Day asked that the Board join in support of the Airport Corridor Initiative. Mr. Day further explained that Scenic Houston felt the best way to improve the City's image was to create an Airport Corridor District by amending the City's sign code. Through creation of an Airport Corridor, the city can address all maintenance and on-premise signage to create a requirement that signs be both smaller and lower. Additionally, there are some 60 abandoned sign structures, which the initiative hopes to address. There is a lot of support for the initiative and Mr. Day expects to bring the item to City Council next month for approval.

Council Member Robinson asked Mr. Day to clarify the map presented and stated he was unaware of one of the corridors illustrated. Mr. Day stated that the map provided was approved by the City's Planning Department.

Ryan Martin asked for additional clarification on "abandoned signs" and "signs not in use." Mr. Day provided additional information and noted that sign owners may be cited for abandoned signs.

Bobby Singh asked if the airport system has been engaged and Mr. Day stated they are highly enthusiastic about the initiative, but they are unable to provide any financial resources due to FAA regulatory restrictions.

Gerald Womack asked if any TIRZ was involved and in support of this project and Mr. Day stated the Downtown TIRZ has been very supportive as has TxDOT. TxDOT, however, is interested in a cooperative effort and management district to address sign maintenance. Mr. Womack also thanked Scenic Houston for the tremendous work done to improve the Gulf Meadows community.

Alex Brennan-Martin also noted the work completed in Gulf Meadows and asked if there is any opposition to this initiative. Mr. Day stated the Houston Sign Association has expressed some opposition to any restrictions for sign height or size.

- D. HFC President & CEO Update. Brenda Bazan provided a brief update and informed the Board that the Marketing & Communications Department has recently re-designed the Visit Houston website, which went live today. Additionally, Public Relations has been working with Hemisphere Magazine on a publication that highlights different states and Houston will be featured in a 30-40 page spread in November. The Marketing Department also shot 17 videos of different Houston neighborhoods for the HFC YouTube Channel and noted that the video will be used by the Houston realtors.

She also announced that the Tourism Department hosted media from the UK for the Texans vs. Jacksonville Jaguars game. This media FAM was in advance of the upcoming Texans vs. Jaguars game in London, which will include a pre-promotion event hosted by Jorge Franz and members of the Tourism Department to educate fans abroad on the arts, culture, and cuisine of Houston.



In conclusion, she informed the Board that Peter McStravick has resigned from HFC to take on a new role with the Houston Rodeo and his last day with HFC will be October 11.

Jay Zeidman asked if there was a plan in place to address Peter's responsibilities and Brenda confirmed that there are some preliminary plans, but nothing has been finalized; however, she will communicate the final plan to the Board at a later date.

Desrye Morgan also announced the grand opening of the Welcome Center on October 17, 2019 immediately following the next Board meeting.

- E. 2020 Budget Overview. Frank Wilson stated his remarks will be brief but powerful. He provided a brief overview of the major themes of the 2020 budget process.

He also provided an update on the Hurricane Harvey Recovery Project and informed the Board that Wortham Theater is 90% complete and the Theater District Parking Garage is 75% complete.

Mr. Wilson stated that HOT assumptions for 2020 are based on HFC consultants, who project a 5.6% increase in HOT. Additionally, HFC projects a 7% increase in Hilton revenues.

He also provided information on HFC's outstanding debt and a Hurricane Harvey reimbursement summary. Council Member Martin asked for further clarification.

Mr. Wilson outlined a high-level picture of major initiatives for 2020, including PCMA and informed the Board that HFC staff had breakfast with downtown hoteliers this week who expressed an interest in opting into the proposed fee.

Mr. Wilson concluded his presentation with the figures for the HFC 2020 Budget.

Alex Brennan- Martin complimented Frank and his team on providing the Benefits, Compensation, and Finance Committee with a tremendous amount of information and managing HFC funds well during this difficult period.

Jay Zeidman further stated he has spoken with the City Controller who is pleased with HFC's progress and commitment to replenishing reserves in such a short amount of time.

Reginald Martin asked what HFC's debt services were pre and post Hurricane Harvey and Mr. Wilson stated that debt service has only increased by 2%.

Desrye Morgan stated there may be some opportunities to refinance debt and also thanked Frank for his leadership and a job well done.

Gerald Womack thanked Roger Harris and Mitch Miskowski for keeping him informed on purchase orders and their commitment to increasing diversity.

Bobby Singh recognized HFC staff and those working hard to maintain the George R. Brown Convention Center on its 32<sup>nd</sup> birthday.

#### 4. **Board Business—Consent Agenda.**

A. Consideration and possible approval of the Houston First Corporation 2020 Budget.

This item passed unanimously on the Consent Agenda.

B. Consideration and possible approval of funding for the Hilton Americas- Houston Hotel and garage remediation, restoration, and repairs. [Item 4B was removed from the Consent Agenda.]

Desrye Morgan began the discussion with a positive report from a hotel guest who stayed at the Hilton Hotel during Tropical Storm Imelda and thanked Jacques D’Rovencourt and his staff for their exemplary service.

Jacques D’Rovencourt explained that remediation and repairs to the Avenida South Garage following the Memorial Day incident are on-going. He further explained that the scope of work and costs of repairs initially approved by insurance has increased to a 10-week project. All expenses will be reimbursed to HFC, excluding the deductible amount.

Gerald Womack asked if any previous remediation work has been completed and Mr. D’Rovencourt confirmed it has not.

Bobby Singh informed the Board that the item includes additional funding for the guestroom renovation project to be completed by Cotton and Mr. D’Rovencourt provided additional information.

Gerald Womack asked if a solicitation had been issued for the additional services and what was the diversity component. The Chairman asked Roger Harris to provide additional information. Mr. Harris explained that two groups were approached regarding remediation services and Cotton was selected. He also stated that Cotton has committed to meet a 24% diversity goal for the project.

Bobby Singh stated upon additional research of Cotton he was happy to see the services provided are best in class.

Paul Puente asked what portion of the remediation and repairs would be covered by insurance and HFC staff clarified all expenses will be covered for the Avenida South Garage, excluding a \$250,000 deductible.

Following a motion duly seconded, this item passed unanimously.

C. Consideration and possible endorsement of the City of Houston’s adoption of revisions to the sign ordinance designating an Airport Corridor District, addressing abandoned signs, and providing for new technology.

This item passed unanimously on the Consent Agenda.

D. Consideration and possible approval of a Promissory Note with the City of Houston. [Item 4D was removed from the Consent Agenda].

Frank Wilson stated the Mayor approved \$25 million in insurance proceeds to HFC as a result of Hurricane Harvey. The HFC Board approved a promissory note with the City of Houston for \$12.5 million last year, however, those funds have since been used. HFC desires to enter into a second Promissory Note for \$12.5 million. However, the City Finance Department reduced the amount of funds provided to \$8.9 million because HFC received business interruption insurance.

Council Member Martin asked why the funds given to HFC have been scaled back if the business interruption proceeds were paid out of a separate policy. He further stated that this is another instance of the City taking advantage of HFC and he would be happy to go back to the City to negotiate a fair deal.

Alex Brennan-Martin stated he agreed with Council Member Martin and stated that if HFC has paid the premium, we should be treated fairly.

Gerald Womack stated that we should let Council Member Martin take the lead if he is willing to help HFC.

Brenda Bazan further explained that the requirement of HFC to repay the promissory note with the City may change if the allocation of City insurance proceeds changes, but Council Member Martin stated that is highly unlikely.

Ryan Martin stated since HFC has no control over FEMA or insurance allocations, if we fail to sign a promissory note with the City, the City will simply withhold funds.

Sofia Adrogué explained maybe it is worth having one more conversation with the City regarding the promissory note and Council Member Martin echoed that sentiment.

Chairman Mincberg asked for a motion to amend the item on the floor and HFC staff clarified that the motion was written to allow for further negotiations.

Following a motion, duly seconded the item passed unanimously.

Brenda Bazan informed the Board that a 2020 calendar of all Board and Committee meetings will be issued in mid-October.

6. **Adjournment.** The meeting was adjourned at 4:56 p.m.