

AGENDA

HOUSTON FIRST CORPORATION

OPERATIONS COMMITTEE MEETING
May 14, 2020 –2:00 P.M.
Live Video and Audio Conference Meeting
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Access Password: 401073

COMMITTEE MEMBERS:

Desrye Morgan (Chair), Reginald Martin (Co-Chair), Alex Brennan-Martin, Elizabeth Brock, Dean Gladden, Kathryn McNeil, Council Member David Robinson, Tom Segesta, Bobby Singh

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.

Any questions regarding the Agenda, should be directed to Lisa K. Hargrove, General Counsel at either 713-853-8965 or Lisa.Hargrove@houstonfirst.com

- I. Call to Order**
- II. Public Comments**
- III. Minutes – December 18, 2019**
- IV. Presentations, Reports and Updates**
 - A. Programming Update
 - B. Operations Update
 - C. Urban Development Update
 - D. Chief Financial Officer Update
- V. Adjournment**

III. Minutes – December 18, 2019

MINUTES

HOUSTON FIRST CORPORATION

**Operations Committee Meeting
December 18, 2019 – 1:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM**

The 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, Houston, Harris County, Texas, 77010, on Wednesday, December 18, 2019, commencing at 1:00 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 Committee members were present for the meeting: Desrye Morgan (Chair), Reginald Martin (Co-Chair), Alex Brennan-Martin, Dean Gladden, Council Member David Robinson, and Tom Segesta.

The Chair called the meeting to order at 1:04 p.m. and a quorum was established at 1:14 p.m.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of September 5, 2019 were approved as presented. Dean Gladden was not present for the vote.
3. **Presentations and Reports.**

Operations Update. Luther Villagomez gave a year-end operational update. Mr. Villagomez began the presentation with an update on the I-69 project with TxDot. At this time, the RFQ has been issued by TxDot in order to qualify potential companies that can complete the project. HFC will issue its specifications when an RFP has been issued to ensure the George R. Brown Convention Center (“GRB”) remains operational. According to Mr. Villagomez, HFC anticipates that an RFP will be issued in 2021 for a design build-entity that HFC can work more closely with to determine the construction schedule.

Council Member David Robinson stated that HFC’s focus has primarily been on maintaining operations at the GRB. HFC has been working with a consulting group on a number of matters including analysis on utilities and the movement of traffic. In general, there has been healthy discussion surrounding transportation congestion with the sports

teams, hotel industry, Houston Metro, City of Houston, and TxDot. Council Member Robinson stated he is very impressed with the leadership of HFC staff and is happy to be a part of the on-going discussions regarding the project.

Desrye Morgan thanked Council Member David Robinson and Luther Villagomez for their leadership and engagement with the project. Ms. Morgan then asked if there was a contingency plan with regard to major events at the GRB. Mr. Villagomez explained that once a design build-entity has been selected, TxDot will coordinate traffic in the loading dock area behind GRB and construction will be completed in phases. A lot of sequences will be completed over the next few years, and in 2021, HFC staff will inform customers concerning next steps.

Council Member Robinson further explained that this is a long-range planning exercise and Luther is setting HFC up to thrive, not just survive. He also stated that what he has seen is very promising with regard to the needs of HFC and facility operations and he will remain guardedly optimistic.

Mr. Villagomez then presented a brief video that summarized operations for the year. He discussed some of the notable highlights including food and beverage sales of \$24 million for the year due to a good mix of convention business and \$21 million in sales for restaurant tenants.

Desrye Morgan asked for more information regarding the GRB honeybees. Mr. Villagomez explained that Levy farms the bees and the GRB is in its second year of the program in collaboration with Texas A&M University. He also clarified that while Levy does not collect much honey, it is a nice program and Ms. Morgan is welcome to visit them any time.

Desrye Morgan also asked about the possibility of GRB utilizing a mobile drug store and stated she would share a photo of the CVS machine used at the airport. Mr. Villagomez explained that some items are sold at the retail stores, however, it may be an option for guests when the stores are closed.

Tom Segesta congratulated Mr. Villagomez on a good year and discussed the testimonials included in the highlight video from clients as evidence of the operation team's appreciation for conventioners. Mr. Segesta asked if clients complete surveys and generate ideas for improvements to the facility and possible capital expenditures. Mr. Villagomez clarified that clients generally provide feedback related to their experience with the event specifically, but operations does use a client advisory group and works with John Solis and the sales team. He further explained that the team is aware that certain areas of the GRB need a refresh and he has discussed some ideas with Roksan Okan-Vick and Brenda Bazan and anticipates some initiatives will take place in 2020.

To conclude his update, Mr. Villagomez announced that the GRB received an award for its food donation program.

4. **Committee Business**

A. Consideration and possible recommendation of a Wireless Audio Upgrades Agreement with L-D Systems, LP for Miller Outdoor Theatre.

Mitch Miskowski discussed the Wireless Audio Upgrades RFP process. Mr. Miskowski stated that a diversity goal was not established for this project, after consultation with Roger Harris, because the RFP was primarily for parts. A total of five proposals were received and L-D Systems, LP received the highest score. The total value of the contract is \$346,750, of which \$320,000 is strictly for equipment.

Dean Gladden stated that the Alley Theater uses LD-Systems too and they do a good job.

Following a motion duly seconded, a Wireless Audio Upgrades Agreement with L-D Systems, LP for Miller Outdoor Theatre was approved unanimously.

B. Consideration and possible recommendation of a Listing Agreement with CBRE Group, Inc. for brokerage services with respect to restaurant space on Lynn Wyatt Square for the Performing Arts.

Roksan Okan-Vick discussed the Lynn Wyatt Square development project and showed the Committee a rendering of the space as well as the anticipated restaurant concept. According to Ms. Okan-Vick, the restaurant will have two levels. The bottom level will be a restaurant space and the second level will be a café and bar area. The restaurant will include a very generous terrace space complete with a green roof. Ms. Okan-Vick explained that the request of the Committee is to provide a recommendation for the restaurant broker selected, CBRE Group, Inc., to assist staff with the selection of a restaurant operator.

Mitch Miskowski then provided a brief overview of the RFP process. The RFP was advertised in a number of publications and with the local chambers of commerce. A total of three proposals were received and the company that received the highest score was CBRE Group, Inc. According to Mr. Miskowski, CBRE Group, Inc. had the highest scores in the pricing, experience, and qualifications categories. Mr. Miskowski also stated that the selection committee was impressed with the firm's project team and their ability to connect with the millennial market.

Council Member David Robinson asked if HFC staff has spoken with Ms. Wyatt regarding her ideas for Lynn Wyatt Square. Ms. Okan-Vick stated she did not speak with Ms. Wyatt specifically regarding the restaurant concept, however, Ms. Wyatt has expressed an interest in reaching out to younger generations as they will be responsible for continuing the arts.

Reginald Martin stated he has some concerns and asked the following questions: What will the broker be deciding for HFC? What is HFC's financial obligation long-term, and is it similar to the relationship with the restaurant tenants located on Avenida Houston? Mr. Martin further explained he does not look at the restaurant space located in Lynn Wyatt Square as just another lease space and wants to ensure that the restaurant is successful long-term.

Mr. Villagomez explained that HFC does not have answers to all the questions at this time. He further explained that an RFP for the restaurant tenant will be issued, but HFC is aware that it needs to have a restaurant operator that can be flexible and sustain the bandwidth necessary to operate a restaurant downtown. In terms of size, there is also some flexibility in converting or blocking off certain areas of the restaurant space.

Reginald Martin asked if there is potential for two restaurant operators. He explained that there is a lot of activation within the space so it may be challenging for one operator to manage alone and very few restaurant operators can do both. Ms. Okan-Vick stated that HFC staff envisioned one operator, but it is a possibility to select two. She also stated HFC staff understands many of the concerns raised by the Committee and is approaching this project gingerly.

Mr. Villagomez stated having learned a lot from Discovery Green and the Grove, Levy will remain a food service partner so food and beverage services at Lynn Wyatt Square will not be exclusive.

Tom Segesta asked if the restaurant operator will get to choose the interior designer for the lease space. Ms. Okan-Vick stated the space will be leased as a shell so the restaurant operator will have the opportunity to complete the design.

Desrye Morgan asked about the agreement term with CBRE Group, Inc. and Mitch Miskowski confirmed that the agreement will be for a term of twelve months. Ms. Morgan stated she wants to be sure whatever pitfalls HFC experienced before, it is careful to avoid in the future, and HFC has the right professionals involved including members of the Committee with restaurant experience.

Alex Brennan-Martin stated this is a unique opportunity. He further explained that there have not been many restaurants developed in the downtown area; therefore, sales by restaurant seats has been lower coming into a soft market. This factor along with the nature of Jones Hall performance season should be taken into consideration. He too stated he has some concerns and asked about the large restaurant space at 8,000 sq. ft. Mr. Brennan-Martin stated based on the concept and seasonal business, when the theater is growing, the restaurant will do much better, but the bigger driver will be the number of restaurants chasing a small number of customers in the downtown area.

Ms. Morgan stated HFC should have some flexibility on the size of the restaurant if the structure has not yet been built and Mr. Villagomez concurred.

Mr. Martin stated it would have been helpful to have A' La Carte at the meeting because HFC staff is asking the Committee to vote on the listing agent, however, the food concept is much more important.

Ms. Okan-Vick stated she can arrange for A' La Carte to speak to the Committee and Council Member Robinson stated perhaps HFC staff can circulate a memo. He further explained that there is a lot of concern about the configuration and the overall market for the restaurant concept and he wants to make sure the interest level is appropriate.

Frank Wilson explained that, as a member of the selection committee, he too asked questions to the restaurant brokers, but assured the Committee that HFC is very much in the beginning stages of the project. Ms. Okan-Vick echoed his sentiments.

Following a motion duly seconded, a recommendation for a Listing Agreement with CBRE Group, Inc. for brokerage services with respect to the restaurant space on Lynn Wyatt Square for the Performing Arts was approved unanimously.

5. **Adjournment**. The meeting was adjourned at 1:51 p.m.