

# MINUTES

## HOUSTON FIRST CORPORATION

### **JOINT BOARD OF DIRECTORS AND HOTEL COMMITTEE MEETING**

**February 15, 2019 – 9:00 A.M.**

**Partnership Tower, 701 Avenida de las Americas, Ste. 200**

**Houston, Texas 77010**

**HFC BOARD ROOM**

*The Joint Board of Directors ("Board") and Hotel 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., held a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Friday, February 15, 2019, commencing at 9:00 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 Board members participated in the meeting: David Minberg (Chair), Sofia Adrogué, Alex Brennan-Martin, Elizabeth Brock, Nicki Keenan, Ryan Martin, Paul Puente, Bobby Singh, Jay Tatum, Gerald Womack, Jay Zeidman, and Council Member David Robinson, Ex-officio.*

*The following Hotel committee members present for the meeting: David Solomon (Chair), George DeMontrond and David Minberg.*

The meeting was called to order at 9:09 a.m. and quorums were established by the Board and Committee.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meetings.** Following a motion duly seconded, the Committee minutes of January 3, 2019 were approved as presented.

Following a motion duly seconded, the Board minutes of January 17, 2019 were approved as presented.

3. **Committee/Board Business.**
  - A. **Consideration and possible approval of a Construction Agreement for the Construction Manager-at-Risk for the Hilton Americas-Houston Hotel Guestroom Renovation Project.** Frank Wilson discussed the solicitation process for the Construction Manager-at-Risk Request for Proposals for the Hilton Americas-Houston Hotel Guestroom Renovation Project and stated that four construction firms submitted proposals and participated in interviews with a selection committee

made up of HFC staff and third-party representatives with hotel construction project experience.

Mr. Wilson announced that the firm that received the highest score was DPR Construction and that they have committed to meet the 24% diversity goal for this project.

Jacques D'Rovencourt, General Manager of the Hotel, acknowledged representatives of DPR Construction in attendance at the meeting. He noted that DPR Construction previously worked with J. Arthur Gensler & Associates on construction of the Starbucks and renovation of the Executive Lounge at the Hotel.

Gerald Womack asked about the diversity participants selected for the project. The question was directed to Roger Harris, Development Specialist Manager, who explained that HFC will work with DPR Construction to select subcontractors through component work packages to meet the diversity goal set for this project.

A motion was made by a member of the Committee for approval of a Construction Agreement for the Construction Manager-at-Risk for the Hilton Americas-Houston Hotel Guestroom Renovation Project. The motion passed unanimously.

A motion was made by a member of the Board to vote on a Construction Agreement for the Construction Manager-at-Risk for the Hilton Americas-Houston Hotel Guestroom Renovation Project. The motion passed unanimously.

The Hotel Committee adjourned. The Chairman of the Board advised Committee members they were welcome to stay for the remainder of the Board meeting.

- B. Consideration and possible approval of a reallocation of funding for Manhattan Construction Company and a comparable increase to the guaranteed maximum amount for the continued repair and replacement of damages to Wortham Theater and the Theater District Parking Garage due to Hurricane Harvey. [Item taken out of order]. Jim Brownrigg, Vice President and General Manager of Turner Construction Company, gave a brief report on the status of the flood recovery project. He reported no change in the overall project budget of \$152,084,810, although, he noted the request for a reallocation of funds.

Roksan-Okan Vick provided a mitigation update. She presented a map of mitigation locations in the Theater District and reported that the recommended elevation design is 42.5 feet above mean sea level. Ms. Okan-Vick explained that the overall budget for mitigation expenses is approximately \$28 million, however, \$2.7 million had already been allocated to mitigation for the flood recovery project in the Manhattan Agreement.

Bobby Singh stated that he preferred that the \$2.7 million dollars allocated for mitigation be utilized elsewhere because the measures would not resolve future

flood incidents. Mrs. Okan-Vick responded that HFC has spent a significant amount of money to repair the Theater District facilities and it is imperative that they are protected.

Peter McStravick gave a brief update on property insurance and Frank Wilson gave a financial report on the flood recovery project.

A motion was made for the approval of a reallocation of funding for Manhattan Construction Company and a comparable increase to the guaranteed maximum amount for the continued repair and replacement of damages to Wortham Theater and the Theater District Parking Garage due to Hurricane Harvey. The motion passed unanimously.

- C. Consideration and possible approval of a subvention commitment for the 2020 DNC in Houston. [Item taken out of order]. David Mincberg provided some background and context regarding the bid for the 2020 Democratic National Convention and noted the opportunity for the City of Houston. Mr. Mincberg introduced David Staas, of Winstead P.C., to discuss the additional financial commitments being asked of HFC to host DNC 2020.

David Staas explained that the bid requirements for the DNC 2020 require Houston to raise \$5 million cash and provide a \$10 million Letter of Credit (“LOC”) backstopping fundraising efforts to host the convention. Mr. Staas stated that HFC is being asked to make a \$1 million cash contribution toward the DNC’s \$5 million cash requirement and serve as a limited guarantor under the LOC up to \$2.65 million. Additionally, according to Mr. Staas, HFC is being asked to make financial obligations via the Texas Major Events Reimbursement Program (“MERP”) in the amount of \$1.1 million as the match and up to \$8.25 million in additional expenses for reimbursement from the MERP.

Gerald Womack opined that it was important to ensure local businesses were able to benefit from participation in the event, including those contributing professional services. Denis Braham, of Winstead P.C., stated that he is aware of how important diversity is to DNC at all levels; Mr. Womack reiterated that the commitment to inclusion must be local and encompass an array of services.

Jay Zeidman asked how HFC’s financial commitment would impact company finances as well as the names of HFC’s financial partners. Denis Braham, stated that he was unable to disclose the names of the other financial partners, but that they will be vetted during the bid process.

Sofia Adrogué noted the importance of HFC’s reimbursement from the Texas Major Events Reimbursement Program and emphasized the need for transparency and inclusivity in hosting the event.

Alex Brennan-Martin asked how HFC’s use of funds would impact its bond covenant with the City of Houston as well as HFC’s credit rating. Frank Wilson

responded that the matter was under review currently and that it could have an impact.

Both Nicki Keenan and Council Member David Robinson stated HFC should be prepared in the event there is another major event like Hurricane Harvey.

Jay Zeidman asked about realistic revenues from the event. Mike Waterman and Holly Clapham-Rosenow spoke to the overall economic impact of the DNC in other cities.

Jay Zeidman also inquired about security measures for the event. Mike Waterman explained there is a national component and many security measures are federally funded, although the full event security plan will include the FBI all the way down to local law enforcement.

Ryan Martin observed that, as hosting events is a core function of HFC business, the Board should move forward with the endeavor.

A motion was made by Gerald Womack to amend the item and approve a subvention commitment that includes (i) a cash contribution in the amount of \$1 million; (ii) a limited guarantee for a LOC up to \$2.65 million; and (iii) financial obligations via the MERP in the amount of a \$1.1 million match and up to \$8.25 million in additional expenses for reimbursement from the MERP, subject to a commitment that the Host Committee make good faith efforts to meet a diversity goal of 30% for the DNC 2020 in Houston. The motion passed unanimously.

#### 4. **Presentations and Reports.**

- A. **Hilton Americas-Houston General Manager Report.** Jacques D'Rovencourt reported that things were going well at the Hotel. All artwork and carpeting has been ordered for the guestroom renovation project, which has a timeline for completion by December 31, 2019. Hilton was named the best place to work in the U.S. and also received an award for workplace diversity.
- B. **Legislative Update.** Rob Jackson provided a brief legislative update. Governor Abbott made his State of the Address on February 5, 2019. All House Committee Chairs have been named. A bill that has been active and moving is the budget for the Texas Film Commission and Tourism Department of the Governor's Office. A bill has been filed to eliminate both offices. As the filing deadline approaches on March 8, Mr. Jackson will provide additional updates to the Board.

HFC also participated in the Greater Houston Partnership HOU2ATX Event and will attend the Unity Dinner coming up.

- C. **Community Sponsorship Report.** Arcy Muñoz discussed various community events including the Greater Houston Partnership State of the City Address, Martin Luther King Day Parade with the Black Heritage Society, Hotel Lodging

Association of Greater Houston, and an event hosted at Partnership Tower for Dawson High School students. Ms. Munoz, also served on a panel for the Goldman Sachs 10,000 Small Business program and the Greater Houston Convention Visitors Bureau gained a new member as a result.

- D. 2019 Purchase Orders between \$50,000 - \$250,000. Frank Wilson provided a brief update.

5. **Announcement.**

- A. Report by the Houston First Chair. The Chairman of the Board announced that the Kinder High School for the Performing Arts was open and encouraged HFC to host an event to welcome them to the downtown area.

Mr. Mincberg informed Board Members that all emails and text messages related to HFC business are subject to the Texas Public Information Act, even if sent or received from a private server. He also discussed the Texas Open Meetings Act and encouraged Board Members to contact HFC General Counsel regarding any questions that they may have relative to both state laws.

- B. Report by Houston First President. None.

6. **Adjournment.** The meeting was adjourned at 11:20 a.m.